

Worcestershire Housing Market Assessment Monitoring 2009/10

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

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For more information contact:

Chris Baker
Research and Intelligence Unit
Worcestershire County Council

Email: cbaker1@worcestershire.gov.uk
Tel: 01905 768333

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1. Introduction

1.1 Change in Government

Following the general election on 6th May 2010, a coalition government was formed, the first since World War II. The top priority for the government from day one has been to tackle the huge budget deficit, but it has also taken a number of steps to alter or abolish government departments together with significant changes in national policies, such as the intention to abolish Regional Spatial Strategies, announced by the Secretary of State for Communities and Local Government on 6th July 2010.

There have been few other announcements regarding housing but the following are laid out in the coalitions programme for government¹:

- Committed to increasing the supply of affordable housing.
- Give communities new powers to form housing trusts that will enable them to provide the homes they want, where they think it is most appropriate.
- Provide incentives for local authorities to deliver sustainable development, including for new homes and businesses.
- Explore a range of measures to bring empty homes into use.
- Committed its support to those who aspire to own their own home through shared ownership schemes and helping social tenants and others to own/part-own their home and other measures.

1.2 Approach of Assessment Monitoring

The Worcestershire Housing Market Assessment Monitoring 2009/10 is an annual update to the sub-regional Strategic Housing Market Assessment 2005/06 for the South Housing Market Area (April 2007) and last year's 2007/08 Monitoring Report. However, it now focuses on just Worcestershire and its subsequent Local Housing Market Areas (LHMAs), following the decision from Stratford-on-Avon and Warwick District Councils to leave the South Housing Market Area.

The approach used for the monitoring builds on that from the previous monitoring document and is fully in accordance with the Government's Strategic Housing Market Assessments Practice Guidance Version 2 (August 2007) and Planning Policy Statement 3: Housing (PPS3) (November 2006). The monitoring report focuses on data from 2009/10, although as a lot of this data is not available until a considerable time after April 2010, references have been made to more recent information where appropriate.

¹ The Coalition: Our Programme for Government on Communities and Local Government, CLG, 2010. <http://www.communities.gov.uk/documents/corporate/pdf/1657233.pdf>

The monitoring has used the resources of Worcestershire County Council's Research and Intelligence Unit, in addition to the six District and Borough Councils in Worcestershire and a number of Registered Social Landlords (RSLs). The North and South Worcestershire Delivery Groups have monitored the progress of the report and continue to refine the methodology and identify additional information sources for future revisions.

1.3 Monitoring Aims

The aims of the monitoring process are to:

- Ensure data is updated on an annual basis to enable the projections to be monitored and adjusted as necessary.
- Compare the findings and conclusions of previous housing market assessments using new data and information sources, identifying areas where projections need to be adjusted.
- Provide annually updated technical and policy advice for Core Strategy Development, Worcestershire Housing Strategy and Local Development Documents for all local authorities.

1.4 Monitoring Objectives

- Analysis of latest trends and survey data to produce a detailed update to the South Housing Market Area Assessment, including the main changes over the past year and directions of change.
- Enable local authorities to think spatially about the nature and influence of housing market areas in respect to their local area and develop long-term strategic views of housing need and demand to inform core strategies.
- Provide a robust evidence to support policies in Local Development Frameworks about the level of affordable housing required, including the need for different sizes and types of affordable housing to enable the development of balanced communities.
- Support authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors and assessment of key drivers and relationships within local housing markets.
- Draw together most of the evidence required for local authorities to appraise strategic housing options and social housing allocation priorities, the role of intermediate housing, stock renewal, conversion, demolition and transfer.
- Provide information and data in a format that enables it to be shared between all interested parties, including the creation of a dedicated website resource.

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

2.1 Background

The main characteristics that define local housing markets are price comparability, commuting trends and leisure activities. However, the relationship of these characteristics is not reflected by local administrative boundaries. The West Midlands Regional Housing Strategy (RHS) and Regional Spatial Strategy (RSS) defined four sub-regional housing markets, the Central, North, South and West Housing Market Areas.

The monitoring now covers a different area to previous reports. The study area now comprises of the six districts of Worcestershire rather than the previous South Housing Market Area which comprised of Worcestershire and the two districts of South Warwickshire (Stratford-on-Avon and Warwick). Within this defined area, Worcestershire County Council's Research and Intelligence Unit proposed eight Local Housing Market Areas (LHMAs), which form the framework of the Assessment and any future monitoring. These areas are listed in the table below.

Table 1: Local Housing Market Areas

Local Housing Market Area	Description
Bromsgrove	Bromsgrove town and immediate surroundings only
Droitwich	Droitwich town, Cutnall Green, Wychbold and Hanbury
Evesham	Evesham town, the Littletons and Lenches, plus Harvington, Honeybourne and Elmley Castle
Malvern	Malvern town and southern parts of the district only
Pershore	Pershore, and a small area mainly to the south west
Redditch	Redditch town and rural areas to the south west only
Worcester	Worcester city, plus surroundings to the edges of Pershore, Malvern, Bromyard, Tenbury & Droitwich
Wyre Forest	Kidderminster, Stourport, Bewdley, Cleobury Mortimer and Hartlebury

The eight Local Housing Market Areas exclude some parts of the county. In particular, northern areas of Bromsgrove and Wyre Forest Districts which are closely related to Dudley and Birmingham. They also exclude the outlying settlements of Tenbury and Broadway, neither of which exhibits strong connections with the main towns in Worcestershire where local housing market areas are centred, or with main towns in adjacent sub-regions.

Conversely, three of these areas extend into parts of Herefordshire and Shropshire, but are limited in terms of coverage and population. These small areas have not been included within the South Housing Market Area Assessment and therefore are not included in the monitoring. A map of the LHMA's can be found in Appendix 1.

The total estimated population of Worcestershire is 556,548², an increase of 2.7% on the population in 2001, lower than the increase for the West Midlands overall of 3.1%. Bromsgrove has seen the largest increase (6.3%), whereas Redditch is the only district to have seen a decrease (-0.1%).

The monitoring presents information by both Local Housing Market Area and District, where possible. It should also be noted that this will result in two different totals, as the sum of the eight Local Housing Market Areas will not equal the sum of the six Districts because they cover different geographical areas.

2.2 Changes within the Worcestershire Housing Market Area

2.2.1 Earnings and Household Income

Mean gross annual earnings³ (residence based) of all employees for 2010 increased in some districts and decreased in others compared with 2009 figures. Malvern Hills has the highest mean income of £28,063 and Redditch has the lowest at £20,656.

Table 2: Annual Mean Earnings for All Employees by District, 2010

District	Residence based Earnings	Workplace based Earnings
Bromsgrove	£27,995	£20,229
Malvern Hills	£28,063	£21,395
Redditch	£20,656	£23,290
Worcester City	£24,248	£22,205
Wychavon	£25,947	£22,254
Wyre Forest	£22,259	£17,788
Worcestershire	£24,800	£21,455

Source: Annual Surveys of Hours and Earnings 2010, ONS.

Note: The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard error of an estimate to the estimate. The CV for the figures above is typically between 5% and 20%.

Workplace earnings are lower in general than residence-based earnings, with the exception of only Redditch (Table 2). This imbalance suggests people who are employed within the county are earning less than those commuting outside the county to work.

The biggest differential can be seen in Bromsgrove where residential based earnings are nearly £8,000 per annum higher than workplace based earnings, due to the fact that many residents of Bromsgrove commute to jobs in Birmingham.

² Mid-2009 Population Estimates, ONS, 2010

³ Annual Survey of Hours and Earnings (ASHE), ONS, 2010

Mean household incomes⁴ increased in 2010 from the previous year (1.4%), but at a slower rate than in previous years. This rate of increase is above that seen regionally (-0.1%) and nationally (0.8%). Bromsgrove has the highest mean household income in Worcestershire at £40,896, which was also the largest annual change of 3.2%. Wyre Forest has the lowest at £33,790 and only saw an annual change of 0.1%.

2.2.2 Economy and Employment

Over the past year there have been several signs that the UK economy has begun to recover from the downturn that started with the collapse of the sub-prime housing market in July 2007, leading to the 'credit crunch'. The UK formally exited recession in Q4 2009, after six successive quarters of contraction to the UK economy and has seen economic growth in 2010. The UK economy grew by 1.2% in the second quarter of 2010.⁵

2010 has showed signs of economic recovery with economic growth, an increase in productivity in the first two quarters of the year, unemployment falling slightly and the percentage of the working age population claiming Job Seekers Allowance also decreasing.

In the West Midlands region, the urban areas are expected to experience the most fragile economic recovery in terms of growth in GVA and jobs. However, recovery is expected to be strongest in areas clustered in the south and east of the region, including Worcestershire.

2.2.3 Housing Market

Since the autumn of 2007, the housing market has experienced a marked change from steady growth to a rapid decline with large house price falls and then subsequent price rises again.

There were a number of reasons for this large decline in house prices and fundamental change to the housing market:

- House prices are unaffordable for first-time buyers
- Collapse of the sub-prime market
- Reduced availability of credit/mortgages
- Rising cost of living

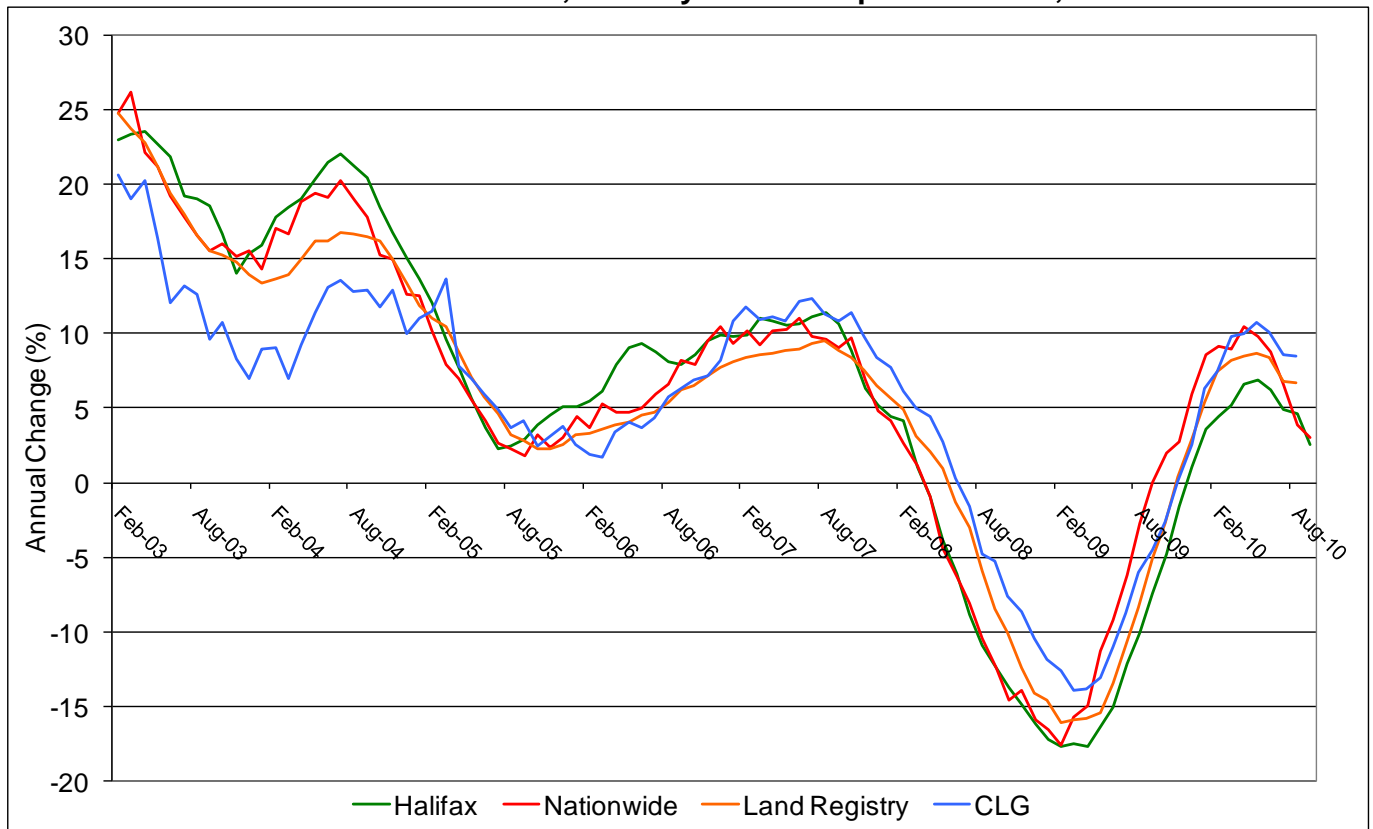
In the second half of 2009 and the first half of 2010, house prices have begun to rise again after a period of falling prices. The main reason for this rise has been attributed to the lack of supply within the market. The supply of new houses coming onto the market has been unable to keep up with levels of demand. Lending has also been increasing steadily throughout 2009, but remortgaging is still very subdued due to low interest rates and many people benefitting from tracker or standard variable rates (SVRs).

⁴ PayCheck 2009, CACI

⁵ Office for National Statistics, 2010.

Since the middle of 2010, the supply of houses on the market has increased above demand and subsequently we have started to see prices fall away again. The following chart presents the annual change in house prices on a monthly basis as measured by the major house price indexes.

Chart 1: House Price indexes, January 2003 to September 2010, UK



Source: Halifax, Nationwide, Land Registry and CLG, 2010

There has been a significant amount of media coverage on the housing market over the past few months as house prices have started to fall away again. Many commentators are predicting this to continue but this was also the case a year ago, but they were proved wrong.

The approach used in Defining Local Housing Market Areas in Worcestershire can be found in the Technical Appendices accompanying the Assessment.

Appendix 1 of the Monitoring Technical Appendices contains a map of the Local Housing Market Areas within the South Housing Market Area.

Appendix 2 presents household incomes over the past five years.

3. Overview of Methodology

3.1 Housing Needs Assessment Model

The Government's practice guidance⁶ does not make any significant alterations to the needs assessment model outlined in the draft practice guidance, where the model is based upon the Basic Needs Assessment Table developed for the 'Local Housing Needs Assessment: A Guide to Good Practice' by Bramley et al (DETR, 2000). There are small differences in the wording but the overall calculation remains the same.

Backlog Reduction (Gross Current Housing Need) <i>Plus</i>	The total number of households in need at the date of the assessment monitoring 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 housing 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.

⁶ Strategic Housing Market Assessments Practice Guidance Version 2 (Department for Communities and Local Government, August 2007)

The practice guidance also states that committed supply of new affordable housing should be added to the Annual Supply figure, before arriving at a net additional shortfall. However, this would make the monitoring process more complicated, as the level of committed supply may not equal the actual out-turn and therefore it is more straightforward to express the Net Annual Shortfall as above.

3.2 Key Aspects to the Monitoring Process

The approach to planning for housing set out in Planning Policy Statement: Housing 3 (PPS3) requires local planning authorities and regional planning bodies to have regard to housing market areas and market information when developing policies in local development frameworks and regional spatial strategies. Therefore, trends and changes in housing market area conditions need to be monitored regularly using the 'plan, monitor, manage' approach to planning for housing. Monitoring will need to be undertaken on a continuous and pro-active basis.

The monitoring process provides an update to all the main tables included within the strategic housing market assessment and subsequent monitoring; however, it also provides a commentary of any significant directional changes and the factors influencing those changes. The data is updated on an annual basis and will enable projections to be monitored and adjusted as necessary. Furthermore, the monitoring follows government guidance and incorporates any changes made to this guidance.

3.2.1 Building on Knowledge and Findings from the Assessment

Possibly the most important aspect of the monitoring process is to compare the trends and changes in the housing market area in order to inform the direction of change with regards to housing affordability. Utilising up to date information and data allows any patterns of changes to be identified and then it is important to understand their impact on local housing markets.

Where relevant, reference has been to the Assessment and previous annual monitoring reports with findings compared with past data and information that was presented. It is important to identify any changes that will have a significant effect on housing demand, supply and affordability.

3.2.2 Analysis of Strategic Housing Market Assessments

The West Midlands Regional Assembly (WMRA) commissioned ECOTEC to undertake analysis of the methodologies and findings of the six Strategic Housing Market Assessments produced by sub-regional housing market partnerships between 2006 and 2008.⁷

⁷ Analysis of Strategic Housing Market Assessments in the West Midlands: Stage 1 Technical Report, ECOTEC, January 2009.

The purpose of the study was to compare the outputs of the sub-regional Strategic Housing Market Assessments and then to provide insight into how comparable the figures produced are given that different methodologies were used to produce them. The analysis then provides a basis for determining whether the outputs of the individual Assessments can be added together to form a robust regional level picture.

The main conclusion of this piece of work was that due to the significant differences in the approaches taken to measure housing need, the results produced by the six Strategic Housing Market Assessments can not be considered to be truly comparable. Due to the differences in methodologies one must either accept the Strategic Housing Market Assessment outputs at face value or consider a new 'top down' study in which a consistent methodology is applied to all parts of the region.

The main differences in methodology are put down to varying interpretations of the Practice Guidance. This is particularly true with regard to the two areas of fundamental difference in the treatment of committed supply and households in need occupying social sector dwellings.

However, the reasons for the methodology employed within the South Housing Market Area Assessment and subsequent monitoring have been clear and therefore this monitoring report does not steer away from this to ensure comparability. There will be a new Assessment, which will be commissioned during winter 2010 and completed by August 2011.

3.2.3 Developing Planning for Housing Policies

The findings of the strategic housing market assessment and monitoring help local planning authorities and regional planning bodies to develop a robust evidence base to inform the development of spatial housing policies. Current and future housing demand figures can be considered against future affordable housing supply figures derived from strategic housing land availability assessments.

3.2.4 Regional Spatial Strategies

As discussed later in Chapter 4, the Coalition Government intends to abolish the Regional Spatial Strategies through its forthcoming Decentralisation and Localism Bill. However, the annual monitoring will provide an element of the region's housing need and demand allowing for aggregation in the future if required.

3.2.5 Local Development Frameworks

At a local level, the evidence and findings contained within this current monitoring report and future monitoring will provide local authorities with an understanding of both the local housing market area and county in which they are located. This will help the development of local development frameworks and plans, including spatial objectives and housing strategies.

The assessment and monitoring presents the level of housing provision required based on a number of complex assumptions. It will help to inform Local Development Framework's approach to achieving a balanced mix of housing and developing affordable housing targets, including both social rented and intermediate housing. In addition, local authorities will have evidence to identify the type and size of affordable housing required.

4. Regional and Sub-Regional Strategy

4.1 The Current Regional Spatial Strategy

The current planning policy framework for Worcestershire is Regional Planning Guidance for the West Midlands – RPG11, which was adopted in June 2004 and became the Regional Spatial Strategy (RSS).

Following on from the original announcement on 27th May 2010 the Secretary of State for Communities and Local Government revoked the Regional Spatial Strategies on 6th July 2010

The 6th July revocation decision was then subject to challenge in the Cala Homes (South) Ltd case (2010 EWHC 2866). This was decided on 10th November 2010 and the outcome was to quash the 6th July 2010 revocation. The Secretary of State has decided not to appeal this decision.

The effect of the Cala Homes decision is twofold:

- The 6th July 2010 revocation decision has been quashed and as a consequence, the RSS as it stood on 5th July forms an ongoing part of the development plan.
- However, the intention to abolish RS remains as announced on 27th May 2010. This intention will be given statutory effect in due course.

Local Planning Authorities will be required to use local information to establish the level of housing needed for their areas and in identifying a long term supply of housing land rather than a top down figure being imposed by the regional housing target.

4.2 Regional Spatial Strategy Revision

The Regional Spatial Strategy, published in June 2004, was in the process of being revised in three phases. As part of Phase Two, a preferred option was submitted to the Secretary of State in December 2007 as the draft Revision to the RSS. Following the submission of the Preferred Option, a formal consultation exercise was undertaken in 2008. A considerable amount of technical work, discussions and consultation has taken place in developing the preferred option.

An Examination in Public (EiP) was conducted between 28th April 2009 and 24th June 2009, which included seven sitting weeks. The EiP Panel issued Guidance Notes which gave all participants and non-participants essential information on the procedures to be followed at the examination.⁸

⁸ www.planning-inspectorate.gov.uk/pins/rss/west_midlands_phase_two/documents/wmrss_notes_for_guidance_feb_09.pdf

The Panel Report on the WMRSS Revision Phase Two EiP⁹ was published by Government Office for West Midlands on 28th September 2009. An updated addendum to the Panel Report was released on the 25th November 2009 which addressed some minor inaccuracies. The Secretary of State was due to consider the Report, together with representations made on the draft RSS, but subsequently this process has been halted.

This monitoring report has included the housing proposals from the EiP Panel Report for information as a lot of the evidence base and technical work conducted for RSS Revision remains valid and will be used to inform the new local planning frameworks.

Table 3: Housing Proposals 2006-2026 from EiP Panel Report

District	RSS Revision Phase Two Preferred Option (Net) 2006-2026	EiP Panel (Net) 2006-2026	As % of Region	Increase	% Increase
Bromsgrove ¹	2,100	4,000	1.0	1,900	90.5
Malvern Hills	4,900	5,000	1.3	100	2.0
Redditch ²	6,600	7,000	1.8	400	6.1
Worcester City ³	10,500	11,000	2.8	500	4.8
Wychavon	9,100	9,500	2.4	400	4.4
Wyre Forest	3,400	4,000	1.0	600	17.6
Worcestershire	36,600	40,500	10.2	3,900	10.7
West Midlands Region	365,600	397,900	100.0	32,300	8.8

¹ Further study should be undertaken in the context of a Core Strategy Review on the potential for sustainable provision of a further 2,000-3,000 dwellings for the 2021-26 period.

² Around 4,000 within the Borough and around 3,000 in Bromsgrove District adjacent to the Redditch boundary.

³ At least 3,500 will be in Worcester City, at least 3,500 in Malvern Hills adjacent the West boundary of the City and the remainder split between the City, Malvern Hills and Wychavon Districts adjacent to or in the vicinity of the City as determined in the joint Core Strategy.

4.3 Affordable Housing

4.3.1 Regional Requirements

Until the RSS is abolished reference should be made to the housing figures in the RSS Revision Phase Two Preferred Option (PO) report 2007. Therefore, the regional target for affordable housing is a minimum of 6,000 gross per annum, with both social rent and intermediate tenure housing contributing to meeting the need for affordable housing.

⁹ <http://www.gos.gov.uk/gowm/Planning/515750/panelreport09/?a=42496>

4.3.2 Regional Performance Update

Affordable housing provision in the West Midlands region has been averaging approximately 3,500 per annum between 2001/02 and 2009/10¹⁰. This is only just over half of the minimum target for affordable housing as was specified in the RSS Revision Phase Two Preferred Option. The total number of gross completions across the Region in the same period is 144,018, which equates to an annual gross build rate of 18,002. During this time period, 18.5% of all housing completions have been affordable.

4.3.3 Worcestershire Requirements

The indicative minima gross target for affordable housing for the South Housing Market Area within the RSS Phase Two Preferred Option was 1,000 dwellings per annum. This target includes both social rented and intermediate tenure housing provision, but the sub-region has not come near to ever delivering this level of provision.

The Worcestershire Local Area Agreement contains a target for the number of affordable homes delivered, National Indicator 155, which is a three year cumulative target of 1,175 gross completions up to 2010/11. In the first two years, there have been 1,040 completions so this target looks like it will be exceeded comfortably.

4.3.4 Worcestershire Performance Update

The following table gives the proportion of affordable housing completions, both subsidised and unsubsidised, by District as informed from the Housing Strategy Statistical Appendix (HSSA) and Regional Housing Land Availability Surveys 2001/02 – 2009/10.

Table 4: Affordable Housing Completions by District (2001/02 to 2009/10)

District	Affordable Completions ¹	Total Completions ¹	Affordable Proportion
Bromsgrove	508	3,108	16.3%
Malvern Hills	419	2,010	20.8%
Redditch	569	2,427	23.4%
Worcester City	817	2,808	29.1%
Wychavon	532	2,988	17.8%
Wyre Forest	544	2,810	19.4%
Worcestershire	3,389	15,116	22.4%

¹Both present total gross completions

Source: Housing Strategy Statistical Appendix (HSSA), CLG, 2009. West Midlands Residential Housing Land Availability Survey, 2001/02 to 2009/10.

¹⁰ Housing Strategy Statistical Appendix (HSSA) and Regional Housing Land Availability Survey 2001-2010

In Worcestershire, Worcester City has had the highest proportion of affordable housing completions between 2001/02 and 2009/10 (29.1%) and Bromsgrove has had the lowest (16.3%). In 2009/10, there were slightly less affordable completions than in the previous year, but more than any other year over the past decade.

The annual average of affordable housing completions between 2001/02 and 2009/10 is 377 across the county. Future affordable housing supply is examined in Chapter 9, along with an estimate of the amount of affordable housing required.

4.4 Regional Housing Strategy

The West Midlands Regional Housing Strategy (RHS) along with the RSS is based on household projections, which have increased substantially over recent years' due to inward migration pressures.

The West Midlands Regional Housing Allocation Strategy 2008-2011 builds upon the evidence base that was assembled to inform the development of the Regional Housing Strategy 2005. Regional housing issues have been identified and prioritised for capital investment between 2008 and 2011. Investments will continue to be implemented through the RHS. A number of strategic sites were identified across the Region including one site in Malvern Hills consisting of 70 rural affordable housing units.

4.5 Middle Quinton Eco-town

The "Middle Quinton" Eco-town was proposed by private developers in response to the Government's Eco-towns Prospectus which was launched in July 2007. The suggested site for Middle Quinton was located largely in Stratford-on-Avon District and partly in Wychavon District. The vision of the proposed town is to deliver 6,000 homes including 2,000 affordable homes and a number of new services and infrastructure.

The six local authorities affected by the Middle Quinton proposal agreed a response to the Government's draft eco-towns PPS together with a detailed critique of the Sustainability Appraisal of the Middle Quinton proposal. The authorities raised a number of concerns about the suitability of this location for such a form and scale of development. These concerns included the incompatibility of the eco-town concept with the need to meet housing needs where they arise, the eco-town's potential to divert investment away from areas in need of regeneration, and significant issues concerning the provision of infrastructure to service the development.

Subsequently the "Middle Quinton" scheme was not included in the Government's list of proposed eco-town locations shown in the eco-towns supplement to PPS1. The latter also set out minimum standards to be applied to eco-town proposals to foster the sustainability of these schemes. Furthermore, Middle Quinton was not included in the list of eco-town proposals announced by the Housing Minister in December 2009.

Communities and Local Government wrote to all authorities concerned with the Middle Quinton eco-town proposal in June 2010. In July 2010, the Secretary of State for Communities and Local Government confirmed that Regional Spatial Strategies were to be revoked and return decision making powers on housing and planning to local councils. Any further planning work in relation to Middle Quinton would be a matter for the local authorities concerned and the Government will not support an eco-town if the local community is opposed to it.

The landowners have made representations to the core strategy for South Worcestershire.

5. The Current Housing Market

Local housing markets can exhibit a range of very different characteristics to one another due to demographic and geographical factors. These factors are identified within this section and can be compared in a number of different ways.

Towards the end of 2007 and into 2008 we have seen the housing market experience a significant downturn, but as finance has become cheaper for those able to access it, the housing market and prices improved through 2009 and into 2010. The following chapter analyses the change in house prices over the past year and how this has impacted on affordability.

5.1 Average Property Prices – Sales Completed in 2009/10

Land Registry data gives the price, type and location of sold properties within a given timescale but not its size (number of bedrooms). Therefore, it is only possible to make comparisons over time of how property prices have increased in certain areas and by type of accommodation.

Land Registry data was obtained for both new-build and re-sale properties sold in 2009/10, broken down by price, property type and location. This allows the number of properties within any given price band to be determined, as well as the average and lower quartile prices for any geographical level (e.g. District, Local Housing Market Area).

Table 5: Average Sale Prices and Number of Sales by Local Housing Market – 2009/10

Local Housing Market Area	Average Sale Price	Number of Sales	Change from 2008/09
Bromsgrove	£200,988	657	-1.9%
Droitwich	£190,504	326	-6.9%
Evesham	£206,162	492	1.7%
Malvern	£207,870	603	-5.0%
Pershore	£201,370	139	-19.6%
Redditch	£167,726	898	-1.6%
Worcester	£192,827	1,651	0.7%
Wyre Forest	£174,584	961	-2.7%
Total	£189,571	5,727	-1.5%

Source: Land Registry Bespoke Report

Table 5 shows house prices have decreased by 1.5% from 2008/09 to 2009/10 across all Local Housing Market Areas. Prices fell across six of the eight Local Housing Market Areas, with the greatest falls seen in Pershore (-19.6%) and Droitwich (-6.9%). Evesham and Worcester experienced a modest rise in average sale prices from the previous year, 1.7% and 0.7% respectively. Only two Local Housing Market Areas have an average property price under the new £175,000 stamp duty threshold for first time buyers. The highest house prices are exhibited in Malvern (£207,870).

In 2009/10, there were 961 more sales than in the previous year, equivalent to 20.2% increase in completed sales compared to 2008/09. These figures show that the slowdown seen in the housing market towards the end of 2007 showed signs of improvement in 2009/10.

Table 6: Average Sale Prices and Number of Sales by District – 2009/10

District	Average Sale Price	Number of Sales	Change from 2008/09
Bromsgrove	£223,243	1,114	-6.3%
Malvern Hills	£233,701	921	-2.0%
Redditch	£156,500	836	-3.0%
Worcester City	£167,259	1,240	-1.5%
Wychavon	£225,199	1,361	-7.7%
Wyre Forest	£166,772	914	-5.3%
Worcestershire	£197,477	6,386	-2.7%

Source: Land Registry Bespoke Report

Worcestershire has seen house prices decrease by 2.7% over the past year to an average of £197,477, smaller than the 5.2% decrease last year but still following a downward trend. In fact prices began to increase towards the end of 2009 and into 2010. The largest decrease can be seen in Wychavon at -7.7% and the smallest in Worcester City, -1.5%. In 2009/10, there was an increase of 23.6% in sales on the previous year.

Additional to the data presented in Table 5 for LHMA's, the Land Registry price paid data has been tabled to show the proportion of all properties sold in 2009/10 by price band for each property type. This analysis provides a means of comparing different areas, for house types that could meet the needs of a first time buyer, although not necessarily representative of the overall housing stock. This is presented in Appendix 4, however conclusions from those data tables is highlighted below:

- Redditch and Wyre Forest LHMA's have consistently had the greatest supply of entry-level housing, with 28.8% and 26.4% of properties sold in 2009/10 for under £120,000. Supply in the lower price brackets is generally limited across Worcestershire with just 10.1% of properties in Malvern sold for less than £120,000.
- 92.6% of detached properties sold in 2009/10 were for over £160,000, a decrease on the two previous years, 94.2% and 97.4% respectively.
- In 2009/10, there was again an increase in the supply of semi-detached properties for under £120,000 than the previous two years, 12.4% compared to 8.9% and 4.9% respectively.
- There are large variances in the supply of properties in different price bands across all the LHMA's:
 - Over two-thirds of semi-detached properties sold in Redditch and Wyre Forest were below £160,000, a much higher proportion than other LHMA's.

- Droitwich, Redditch and Wyre Forest had a considerably higher proportion of terraced houses that sold for less than £120,000, with approximately half of all terraced properties sold for this value or less.
- Malvern and Worcester have had a higher proportion of flats or maisonettes that have sold for more than £140,000 than other LHMA.s.
- Redditch, Worcester and Wyre Forest have the best supply of terraced properties across Worcestershire, with Redditch and Wyre Forest being the most affordable with many available for £120,000 or less.
- The supply of flats in Pershore is extremely limited but in larger urban towns there is a good supply at lower than average values. Particularly Evesham and Redditch, where 75.7% and 86.1% flats respectively were sold for less than £120,000.

5.2 Lower Quartile Property Prices – 2009/10

Lower quartile price is standard indicator for the approximate cost of 'entry-level' prices¹¹. This price is the figure a quarter of the way along the price spectrum, such that three quarters of prices are higher than this reference point and a quarter of the prices are lower than this. As it represents the lower end of the housing market, it is a useful figure to use when examining affordability.

Using the lower quartile price avoids taking the very bottom end market price, which could reflect properties in poor condition or intermittent and poorly distributed. Levels of supply are important to consider also because a small number of properties available at this price will in theory limit the number of people able to afford to access the housing market.

Lower quartile prices for all properties and the number of sales, for each district and local housing market are an important indicator in projecting the tenure requirement of future housing supply. They can also be used to identify the income required (and monthly cost) of house purchase at this level, therefore establishing a level of affordability.

The costs in the following tables are based on a 95% repayment mortgage over 25 years at an average mortgage rate of 4.18%¹², the average interest rate for all mortgage types in 2009/10. Income multipliers of 3.5 for a single income and 2.9 for a joint income are assumed¹³ in line with government practice guidance. This formula produces a good estimate of the income required and monthly costs, but doesn't factor in sensitivities such as interest rate changes and different mortgage terms (e.g. interest only, part capital and interest etc).

¹¹ Recommended in the Government's Practice Guidance Version 2 – August 2007

¹² Source: Council for Mortgage Lenders - BankSearch Regulated Mortgage Survey

¹³ A household is considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households (Practice Guidance Version 2 - August 2007)

Table 7: Lower Quartile Prices and Number of Sales by Local Housing Market Area – 2009/10

Local Housing Market Area	Lower Quartile Price	Change from 2008/09	Number of Sales at LQ	95% of LQ Price	Single Income Required	Joint Income Required	Monthly Mortgage Cost
Bromsgrove	£132,000	-3.3%	167	£125,400	£35,829	£43,241	£682
Droitwich	£130,000	-3.0%	82	£123,500	£35,286	£42,586	£671
Evesham	£139,050	0.0%	123	£132,098	£37,742	£45,551	£718
Malvern	£146,500	4.6%	151	£139,175	£39,764	£47,991	£757
Pershore	£135,000	-14.2%	36	£128,250	£36,643	£44,224	£697
Redditch	£115,000	-4.2%	229	£109,250	£31,214	£37,672	£594
Worcester	£132,500	-1.9%	414	£125,875	£35,964	£43,405	£684
Wyre Forest	£116,000	-1.7%	242	£110,200	£31,486	£38,000	£599
Total	£128,000	-3.7%	1,438	£121,600	£34,743	£41,931	£661

Source: Land Registry Bespoke Report

The lower quartile price across all eight Local Housing Market Areas decreased by 3.7% over the last year to £128,000. This equates to a monthly payment of £661 for a 95% repayment mortgage over 25 years. The lower quartile price is highest in Evesham and Malvern, £139,050 and £146,500 respectively, which means that it is very difficult for first time buyers to enter this market. Redditch has the lowest lower quartile price at £115,000.

All areas saw a decrease in price compared to 2008/09, with the exception of Malvern that experienced a rise of 4.6% and Evesham where there was no change. Pershore saw the largest fall of -14.2%; however, it had by far the smallest number of sales at or below this level making the value less robust. A total of 1,438 sales took place at or below the lower quartile price for all eight local housing market areas, representing an increase of 124 sales (or 9.4%) on the previous year.

Table 8: Lower Quartile Prices and Number of Sales by District – 2009/10

District	Lower Quartile Price	Change from 2008/09	Number of Sales at LQ	95% of LQ Price	Single Income Required	Joint Income Required	Monthly Mortgage Cost
Bromsgrove	£142,375	-3.8%	278	£135,256	£38,645	£46,640	£735
Malvern Hills	£156,000	4.0%	232	£148,200	£42,343	£51,103	£806
Redditch	£112,125	-4.2%	209	£106,519	£30,434	£36,731	£579
Worcester City	£125,000	0.0%	319	£118,750	£33,929	£40,948	£646
Wychavon	£145,000	-3.3%	347	£137,750	£39,357	£47,500	£749
Wyre Forest	£114,775	-1.1%	228	£109,036	£31,153	£37,599	£593
Worcestershire	£130,000	-3.7%	1,619	£123,500	£35,286	£42,586	£671

Source: Land Registry Bespoke Report

Worcestershire has seen a 3.7% decrease in the lower quartile price to £130,000 in 2009/10, the same decrease as the eight LHMA's. To afford to buy at this level it requires a single income of £35,286 or a joint income of £42,586.

Half of the districts in Worcestershire have high entry-level property prices of over £140,000, which is above the threshold for where stamp duty applies, although first-time buyers are now exempt from stamp duty up to £175,000.

The number of sales at lower quartile as presented in the previous two tables is used to project the annual supply of market housing that is available to meet the needs of newly forming households (Chapters 12 and 13).

The incomes required to access the housing market at the lower quartile level and monthly mortgage costs involved, can be used to identify the implications of providing accommodation for households able to afford 75% and 50% of lower quartile prices.

Income requirements and monthly costs for 1 and 2 bedroom properties in each District, and on the same basis as Table 8, are included in Appendix 3.

5.3 Current Prices and Availability – April 2010

The analysis of Land Registry data for all sales in a full year gives a comparison of the property type, relative numbers and price bands by location, but does not differentiate between bedroom numbers, which is crucial in order to identify the market entry cost for properties required by different sizes and household compositions. This of particular importance so that a ‘matching exercise’ can be performed between the size of property and household composition of newly forming households. For example, a one bedroom property would, under a strict application of the statutory overcrowding rules, be sufficient for a single person or couple household, but not for a household with children.

The analysis of a property sales and rental website focuses on one bedroom properties, two bedroom flats, two bedroom houses and three bedroom properties. The sample contains properties advertised on the property website in March and April 2010 for all postcode sectors covering Worcestershire.

The property website used covers around 90% of all properties for sale at any time, which gives a comprehensive representation of the level of supply availability and respective asking prices. The sale figures have been adjusted to reflect the difference between sale and asking prices over the two-month period of the sample data, and vary across postcode districts.

Table 9: Lower Quartile Prices of House Sizes by District – April 2010

District	1 Bed Sale	1 Bed Rent	2 Bed Sale	2 Bed Rent	3 Bed Sale	3 Bed Rent
Bromsgrove	£68,163	£375	£101,808	£500	£127,215	£550
Malvern Hills	£84,707	£363	£123,660	£488	£169,459	£650
Redditch	£90,855	£425	£103,581	£525	£104,490	£540
Worcester City	£82,394	£395	£123,511	£525	£146,514	£650
Wychavon	£72,994	£395	£119,034	£533	£153,842	£669
Wyre Forest	£75,715	£363	£109,275	£478	£127,540	£531
Worcestershire	£77,389	£395	£109,874	£525	£134,783	£595

Source: Property Website, April 2010

For the second year running, the 'entry-level' sale prices by bedroom number have decreased by approximately 5% over the year, which complements the Land Registry data, where there has been a 3.7% decrease across Worcestershire. Land Registry data typically has a time lag due to the nature of how property prices are recorded. The lower quartile price for a one bedroom property in Worcestershire is around 5% lower than a year ago, compared to a slightly higher decrease for two and three bedroom properties.

Over the second half of 2009 prices began to rise again as demand from certain house buyers increased but supply remained constrained. As supply has increased through 2010, demand has begun to weaken as first-time buyers are still finding it difficult to enter the market. Redditch and Wyre Forest typically have the lowest market-entry prices for most property sizes and unsurprisingly Malvern Hills and Wychavon have the highest, consistent with the other house price data analysed. The one-bedroom lower quartile sale price and rental figure for Redditch is slightly misleading and is a result of a smaller sample of data compared to other districts.

The availability of properties at this entry-level, particularly one bedroom properties is limited and therefore many people would not be able to access the open market at this level even if they wanted to. This problem is magnified in more rural areas where availability is almost none existent. There is a greater amount of two bedroom properties available but prices are still out of the reach of many first-time buyers. In Worcestershire, two bedroom properties typically command a premium of between 20% and 50% over one bedroom properties.

The cost of renting decreased slightly into 2010 as a number of sellers decided to rent their properties instead resulting in an increased supply of properties and therefore more competition in the rental market but decreased supply in the sale market. The cost of renting is highest in Wychavon and lowest in Wyre Forest.

- Over the past four years, the predominantly urban districts within Worcestershire, Redditch and Worcester City have the highest availability of one, two and three bedroom properties for sale.
- The supply of one bedroom properties for sale is around a quarter of two bedroom properties across all districts in Worcestershire.
- Three bedroom properties in Worcestershire, where the supply is 80% greater than two bedroom properties, on average commands a 23% premium over a two bedroom property (two bedroom properties command a 42% premium over one bedroom properties).
- Worcester City has the highest number of rental properties available, which accounts for just over a quarter of all private rented properties available within Worcestershire.
- Worcester City and Wychavon have the largest selection of rental properties available but Malvern Hills has the smallest selection and therefore commands higher prices.
- Malvern Hills and Redditch have a more limited supply of rental properties. Malvern Hills also has the smallest supply of properties available for sale.

5.4 Price Increases

Property prices have risen sharply over the last decade and some years have seen very high annual increases. Over the past three years, the housing market has changed considerably since the 'credit crunch' in late 2007. Price increases have generally been driven to a significant extent by demand outstripping supply and changes in interest rates. Interest rates have been fairly steady between 2002 and 2007, ranging between 4% and 6%, but when the UK entered into a recession, interest rates were cut sharply from 5% down to 0.5% in March 2009 and have remained at this level ever since.

Interest rate cuts have been needed to kick-start the economy and have helped the housing market and in particular improved mortgage lending, although the number of mortgages being approved is still significantly less than in 2007. Many first-time buyers don't have a large deposit and therefore are offered worse rates than those with larger deposits. The level of deposit is the main factor in determining the mortgage rate offered and 5% or 10% deposit loans are unlikely to be coming back in the foreseeable future.

Recent data towards the end of 2010 show that house prices are falling away again as there is a shortage in demand. Many analysts are reluctant to forecast house prices into 2011 but generally think prices will not be much different to their current levels.

The following table analyses annual property prices over the last nine years by District, as historical evidence is only available at this level.

Table 10: Average Prices for All Properties 2001-2009 by District

District	2001	2002	2003	2004	2005	2006	2007	2008	2009	Last 3 Years Change
Bromsgrove	£142,053	£163,800	£189,478	£210,241	£216,000	£229,620	£237,318	£244,723	£222,806	-3.0%
Malvern Hills	£141,517	£181,374	£199,861	£224,832	£232,167	£253,319	£266,987	£245,078	£233,860	-7.7%
Redditch	£98,912	£112,221	£134,013	£153,770	£152,298	£160,687	£169,608	£163,516	£153,787	-4.3%
Worcester City	£98,612	£119,738	£141,017	£159,811	£165,389	£176,296	£188,252	£177,644	£166,246	-5.7%
Wychavon	£140,130	£155,343	£186,518	£213,952	£223,621	£231,229	£250,191	£246,979	£222,998	-3.6%
Wyre Forest	£99,818	£114,208	£140,011	£158,431	£166,746	£171,426	£182,801	£181,501	£165,577	-3.4%
Worcestershire	£119,552	£138,857	£163,331	£185,107	£190,848	£200,329	£213,400	£208,789	£196,293	-2.0%
West Midlands Region	£95,015	£111,429	£131,135	£151,183	£158,751	£168,854	£175,464	£171,598	£167,569	-0.8%
England & Wales	£119,436	£138,370	£156,505	£178,899	£189,983	£204,235	£219,804	£217,192	£213,490	4.5%

Source: Land Registry Bespoke Reports

Across the West Midlands Region, prices have decreased by 0.8% over the past 3 years, a smaller decrease than seen across Worcestershire. England & Wales has seen an increase of 4.5% over the 3-year period but this figure is largely influenced by the housing market in London and the South East. The smallest decreases can be seen in Bromsgrove (-3.0%) and the largest in Malvern Hills (-7.7%). The average property price in Worcestershire is approximately £30,000 greater than the regional average.

The difference between average property prices is extremely varied between Districts with a distinct 2-way split between the least and most expensive. Bromsgrove, Malvern Hills and Wychavon have an average property price above the national average and considerably above that of Redditch, Worcester City and Wyre Forest.

Appendix 4 contains a breakdown of price increases by property type for each District.

5.5 Housing Affordability

A good indicator in measuring affordability within a specific area is the ratio of lower quartile house prices to lower quartile earnings. The data presented here is lower quartile earnings as specified within the Housing Market Information: Advice Note¹⁴ and relates to an individual rather than a household. Household incomes have also been considered later. Analysing affordability provides information about the accessibility of certain types and locations of housing to local people. The lower the affordability ratio, the more affordable the housing is to local people.

Table 11: Housing Affordability Ratio by District, 2001-2009 (Lower Quartile Earnings^{1,2})

District	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bromsgrove	6.14	8.02	8.24	9.18	9.45	9.14	9.90	9.65	8.52
Malvern Hills	6.31	8.08	9.33	10.09	10.05	10.25	10.84	10.12	7.98
Redditch	4.77	5.15	6.07	6.44	6.97	7.54	7.89	7.46	6.42
Worcester City	5.10	5.74	6.63	7.65	8.26	8.27	8.66	8.38	7.22
Wychavon	6.13	6.99	8.00	8.48	9.22	9.35	9.35	9.40	7.36
Wyre Forest	5.15	5.84	6.28	7.93	8.37	7.59	7.74	7.72	6.94
Worcestershire	5.49	6.28	7.05	7.98	8.34	8.27	8.44	8.25	7.27

¹ Lower quartile earnings is workplace based annual incomes of full-time employees

² Lower quartile house prices from Land Registry are for the first half of the year only, so it is comparable to the ASHE data which is as at April

Source: Land Registry Bespoke Reports, Annual Survey of Hours and Earnings 2001-2009 (ONS) and CLG Live Tables.

The affordability ratio is highest in Bromsgrove and Malvern Hills, where lower quartile house prices are high relative to the rest of Worcestershire. Affordability ratios have generally decreased in 2008 with the exception of Wyre Forest, which has seen a decrease over the past two years as house prices have fallen.

Redditch and Wyre Forest have the lowest ratios and this is where house prices are lowest relative to Worcestershire, 6.42 and 6.94 respectively, however this lower quartile multiplier implies even at this level, many people will be excluded from purchasing even lower quartile market housing. Guidance suggests a single earner can be considered to afford to buy a home if it costs 3.5 times their gross income.

¹⁴ Housing market core indicator 1, Housing Market Information: Advice Note (Communities and Local Government: London, May 2007). See <http://www.communities.gov.uk/documents/planningandbuilding/pdf/322999>

The emphasis of this ratio is on assessing the affordability for those on lower quartile incomes, which will include young households and first-time buyers. However, this applies to single households looking to buy on their own or with financial assistance. It does not account for joint incomes of couple households or those looking to buy with friends, which has become ever more popular over recent years.

The affordability ratio of all districts has worsened (i.e. increased) over the last ten years, which implies lower quartile house prices have been rising faster than lower quartile earnings and that there is also a housing market imbalance, with underlying demand for housing significantly higher than supply.

Affordability ratios for both median house prices and earnings and lower quartile house prices and earnings, from 1997, can be found in Appendix 4. The following table presents the ratio of lower quartile household incomes to lower quartile house prices.

Table 12: Housing Affordability Ratio by District, 2009 (Lower Quartile Household Incomes)

District	Lower Quartile House Price ¹	Lower Quartile Household Income	Affordability Ratio
Bromsgrove	£142,375	£19,868	7.17
Malvern Hills	£156,000	£17,429	8.95
Redditch	£112,125	£17,461	6.42
Worcester City	£125,000	£16,566	7.55
Wychavon	£145,000	£18,169	7.98
Wyre Forest	£114,775	£15,958	7.19
Worcestershire	£130,000	£17,477	7.44

¹ Lower quartile house prices from Land Registry are for the whole year
Source: Land Registry Bespoke Reports and PayCheck 2010, CACI.

The affordability ratio for household incomes in Worcestershire is similarly to that for earnings, which suggests that the majority of households in the lower quartile of incomes are single earner.

When comparing affordability ratios based on lower quartile household income, Malvern Hills and Wychavon have the highest affordability ratios. Therefore the cost of market entry in Malvern Hills for households with incomes in the lower quartile is at least 8.95 times their household income. As with lower quartile earnings, Redditch has the lowest affordability ratio, where house prices and typically the lowest but incomes aren't necessarily low in all areas of the district. The lower quartile household incomes in Redditch are comparable to other districts and slightly above the equivalent figure for the whole of Worcestershire.

6. Influences on Housing Supply and Demand

This chapter looks at what changes, if any, have occurred over the past year and the implications of the previous two chapters on housing supply and demand. In particular, information from the 2010 Residential Land Availability Survey for the West Midlands.

6.1 Population and Household Growth

The population within the West Midlands Region has risen by 3.1% between 2001 and 2009¹⁵. Over the same period, Worcestershire has seen population growth of 2.6%. There has been a small decline in the population of Redditch (-0.1%) and Bromsgrove has had a much larger than average rate of population growth (6.2%). The reason why Redditch has not seen any population growth is the fact it has a younger age profile than other districts, with many more births than deaths, however, this is being counteracted by a net outward migration of a similar magnitude.

Worcester City has seen its population grow by 1.4% since 2001 but there is a historic pattern of outward migration to surrounding rural areas within Malvern Hills and Wychavon.

The 2008-based long-term Sub-national Population Projections (SNPP) were published in May 2010. Between 2011 and 2031, the population within the West Midlands Region is expected to increase by 577,000 or 28,850 per annum, a small decrease on the 2006-based projections, which predicted an increase of 30,365 per annum.

The largest changes can be seen in older age groups, as people aged 60+ are predicted to live longer. The 90+ population is expected to grow by 72,000 over the next 20 years, equivalent to a 163% increase from 2011. The only age range expected to see a decrease is those aged 40-49. In Worcestershire, the population is expected to increase by 38,800 between 2011 and 2031, equivalent to 1,940 per annum. The largest increase is expected to be located in Bromsgrove, with the population rising by 12,000 over this period.

The 2006-based Household Projections were published in March 2009 and take account of the 2006-based Population Projections (published in June 2008). The 2008-based Household Projections are expected to be published by the end of 2010 and be based on the 2008-based Population Projections. As with most areas of the county, Worcestershire's household growth is expected to be mainly one-person households and therefore the average household size of the household growth is expected to be much below the current household size.

¹⁵ 2001 and 2009-Mid Year Population Estimates, Office for National Statistics, 2010.

6.2 Migration

6.2.1 International Migration from Overseas

Average annual net migration into the West Midlands from overseas over the period 2004-2009 is around 12,500. Levels of international migration into the Region have varied greatly year-on-year reflecting government policy and partly world events (e.g. EU expansion). ONS have recently revised the way in which international migrants are counted and distributed around the country.

The revised figures suggest that EU Accession in May 2004 has had a negligible effect in terms of gross numbers moving into the West Midlands, at least at the Regional level. Overseas migration into the Region has been fairly constant since 2001, with very little noticeable increase since 2004. This situation is in contrast to the national pattern, as the UK has seen an increase in the amount of immigration, by about 80,000 since the expansion of the EU.

Almost all (90%) of the net inflow of overseas migrants coming into the West Midlands prefer the Metropolitan Area as a destination, in particular Birmingham, which receives an average net flow of around 6,350 per annum. Worcestershire has a much smaller gain due to net international migration, gaining on average 300 people per annum. It should be noted that the level of in-migration has changed considerably over this time period, with a net outflow from Worcestershire of around -100 in 2004/05 changing to a net inflow into Worcestershire of +900 in 2007/08, although the figure did fall back again to +500 in 2008/09.

Historically the region loses net migrants to the UK; the level of this migration has fluctuated over time, as changes in house prices and affordability have taken effect. Net migration out of the West Midlands to England and Wales over the last five years (2004-2009) averages over 7,500 per annum. Around half of the losses tend to be in the student and young adult (16-24) age group, although there is also evidence of a migration outflow in the 25-44 and to a lesser extent the pre-retirement (45-64) age ranges.

Analysis of inter-regional migration into Worcestershire shows significant outflows from Bromsgrove, Redditch, Wychavon and Wyre Forest, most notably to the South West region.

6.2.2 Migration within the West Midlands

There is an established pattern of net migration within the region of the conurbation consistently losing migrants to the rest of the West Midlands Region. Between 2004 and 2009 net outward intra-regional migration from the Metropolitan Area has averaged 8,800 per annum with families accounting for the majority of losses. Average net migration from the West Midlands into Worcestershire in 2004-2009 is almost 2,000, but the figure has been declining in recent years and stands at 1,500 in 2008-9.

The rural shires gain substantially from intra-regional moves. A large part of Worcestershire's gain is due to the migration of families from Birmingham into neighbouring Bromsgrove, but also to a lesser extent into Wychavon and Wyre Forest. Malvern Hills has a lower inflow from the conurbation but has a substantial inflow from other parts of the region, including the other Worcestershire districts. In contrast, the urban districts of Redditch and Worcester City both record a net loss to the West Midlands region in 2004-2009. Worcestershire experiences a significant inward migration from the Metropolitan Area, as well as from the East of England.

6.3 New Housing Supply within the West Midlands Region

Housing supply in the West Midlands Region has continued to be above levels suggested within the current RSS. The RSS Revision Phase Two Preferred Option recommended a net annual requirement (i.e. including demolitions) for 18,280 new homes across the Region between 2006 and 2026. This equates to a 25% increase from the current RSS target level of housing provision (2011-2021) of 14,650 per annum.

With the current RSS process uncertain, Local Government Secretary Eric Pickles is giving Councils the freedom to prepare their local development plans without having to follow top-down targets from a regional level. It has also been pledged that there will be direct and substantial benefits for councils who support construction with the money being used to help ensure more new homes are built for local people, and matched with more new jobs and investment.

6.4 New Housing Supply for Worcestershire

In Worcestershire, there has been a significant over-supply of new housing against current RSS requirements. Between 2001/02 and 2009/10, 9% more dwellings have been built than the RSS requirement. A moratorium on new planning permissions has been in place in Bromsgrove for some time to slowdown the rate of new supply, which applies to all applications except affordable or 'local choice' schemes.

The total number of new dwellings completed in 2009/10 in Worcestershire was 1,123; a reduction from 1,236 in 2008/09, while the current RSS target level of completions for 2007/11 is 1,200 per annum, dropping to 1,000 per annum for 2011-2021. However, the RSS Phase 2 Preferred Option gives a revised requirement of 1,830 per annum, significantly above current RSS target levels, but slightly below historic completion rates.

At RSS planned annual average rates of housing provision, there is 9.5 years committed land supply in Worcestershire. When comparing against the RSS Revision Phase Two Preferred Option, this reduces to 5.3 years committed land supply. In comparison, the West Midlands Region has 6.5 years committed land supply – split 8.3 years within the Major Urban Areas (MUAs) and 4.9 years in Other Areas.

If Worcestershire continues to build at past levels, it would exceed the RSS housing requirement targets. Furthermore, the RSS housing requirement targets are 'minima' in the MUAs, whereas they are 'maxima' targets outside the MUAs. This is the reason that some Local Authorities have had to introduce moratoria type policies.

In 2009/10, 59% of all new supply in Worcestershire was from windfalls and hence the potential land supply is likely to be much more than 5.3 years, which will continue to have implications for the proportion of affordable housing that can be secured in the future.

The latest population and household projections together with net in-migration into Worcestershire continue to show an increasing demand for housing, which looks set to continue into the future.

The RSS seeks to concentrate longer-term strategic housing development in five specific locations, known as sub-regional foci, with Worcester being one of these¹⁶ and is considered capable of providing balanced and sustainable growth. This will inevitably help to meet local needs in the short-term but there are significant infrastructure constraints in Worcester, which will inhibit significant growth in the medium and longer term.

6.5 Affordable Housing Supply across Worcestershire

The latest HSSA returns (2009/10) show that there was an average of 450 affordable completions per annum over the past 4 years. For 2010/11 the figure is projected to increase marginally to 466. The RHS and RSS Phase 2 Preferred Option both had affordable housing supply targets at a sub-regional level but as this monitoring work now only concentrates on Worcestershire, these figures can no longer be compared.

However, Worcestershire's Local Area Agreement (LAA) does have a target for affordable housing supply (NI 155), with delivery currently above this level.

The HSSA also forecasts proposed affordable completions in 2010/11. These projected figures are very much a cautionary approach aimed at giving a realistic representation of future affordable completions. Across all districts there are many other schemes that are contained within the district planning systems, of which many are speculative and are unlikely to go ahead, hence why a more moderated view has been taken.

¹⁶ Rugby, Shrewsbury, Telford and Warwick/Leamington are the other sub-regional foci within the West Midlands outside the Major Urban Areas.

These projections show that supply will increase marginally next year to 466 from a current rolling average of 450.

Table 13: Affordable Completions by District – 2001/10 and 2010/11

District	2001/10 average per annum	2006/10 average per annum	2010/11 Planned
Bromsgrove ¹	56	87	62
Malvern Hills	47	55	80
Redditch ¹	63	69	64
Worcester City	91	119	110
Wychavon	59	48	107
Wyre Forest	60	72	43
Worcestershire	377	450	466

Source: HSSA Returns, 2001/02 to 2009/10, CLG Interform.

Affordable completions per annum have averaged 450 over the past 4 years across Worcestershire. Affordable completions are expected to increase marginally in 2010/11, particularly in Malvern Hills and Wychavon. It is very difficult to obtain a longer-term projection of affordable housing provision beyond 2010/11 because new schemes will be entering the planning process and the delivery of larger allocated sites will vary due to timing issues, affordable housing threshold policies and changes in national planning policy.

Table 14: Affordable Completions by Type and District – 2009/10 and 2010/12

District	2009/10 Completions		2010/12 average per annum	
	Social Rented	Intermediate	Social Rented	Intermediate
Bromsgrove	70	19	93	40
Malvern Hills	46	45	21	38
Redditch	75	36	37	48
Worcester City	70	22	48	7
Wychavon	36	8	102	8
Wyre Forest	60	15	48	32
Worcestershire	357	145	354	173

Source: HSSA Returns, 2009/10, CLG Interform

The table above gives a breakdown of social rented and intermediate affordable completions in 2009/10 and a projection of completions for the next two years. Social rented accommodation is still the preferred tenure over intermediate, which includes shared ownership, shared equity and intermediate rent products. Social rented completions accounted for 71.1% of affordable completions in 2009/10 and are predicted to account for 67.2% over the next two years. The number of intermediate affordable completions continues to increase on an annual basis.

A large proportion of completions in Worcestershire are a result of small windfall sites that are below affordable housing thresholds and larger sites that have been completed in recent years but were negotiated with lower proportions of affordable housing (targets) and higher thresholds. Recently, threshold and percentage policies have changed resulting in a larger proportion of affordable housing being built.

Table 15: Potential Affordable Housing Supply Post 2011 by District (Based on RSS Phase Two Revision EiP Panel Report)

District	Indicative Annual Average 2006-2026	Affordable Proportion			2010/12 average per annum (Table 13)
		30%	40%	50%	
Bromsgrove	200	60	80	100	133
Malvern Hills	250	75	100	125	59
Redditch	350	105	140	175	85
Worcester City	550	165	220	275	55
Wychavon	475	143	190	238	110
Wyre Forest	200	60	80	100	80
Worcestershire	2,025	608	810	1,013	521

Source: RSS Phase Two EiP Panel Report and HSSA (Table 13)

The forthcoming abolition of the RSS will require that local authorities address strategic planning and infrastructure issues at a local level. Local planning authorities will be responsible for establishing the right level of local housing provision through their core strategy documents.

If the proportion of new affordable housing increased from its present level of 22.4% (Table 4) to 40% (some districts now have affordable housing targets at this level for larger sites), this would significantly increase the number of new affordable homes, but this is unlikely in the short to medium term as new policy is likely to reduce overall new housing supply rather than increase it.

The current level of affordable housing provision seems likely to increase slightly up to 2012 with a small increase in intermediate completions, which have been growing over the past couple of years. House building has slowed during the economic downturn, but in some cases this has provided opportunities for RSLs to convert private stock to affordable housing. Beyond 2012, increases in some districts will be strongly dependent on increasing affordable housing proportions above their current levels. However, it is unlikely affordable completions will reach 40% of total new supply as over half of completions in recent years have been windfalls.

6.6 Housing Mix

Overall average density of housing completions in Worcester City of 60.4 dwellings per hectare is the highest in the county, with Wychavon, a rural local authority, having the lowest average density of housing completions of 13.4 per hectare.

Houses accounted for more completions than flats, 61.2% compared to 38.8%. Wyre Forest had the highest proportion of flat completions with 69.4%, above that of Worcester City where flat building has been typically highest in recent years with a number of large scale inner city developments that have taken place.

The highest proportion of house completions can be seen in Wychavon with 86.5% of all completions being houses.

6.7 Aspirations

The English Housing Survey (EHS) began in April 2008 and brings together two former CLG housing surveys, the English House Condition Survey (EHCS) and the Survey of English Housing (SEH). The English Housing Survey (EHS) 2008/09¹⁷ found that 27% of social renters said that they expected to become homeowners eventually – compared to 59% of private renters. Both have seen a 3 percentage point increase on the previous year's results of 24% and 56% respectively. Of these people who expect to buy, 10% of social renters were expecting to buy in the next 2 years, compared with 24% of private renters.

Nearly half of those social renters (44%) who expect to become homeowners said they expected that the home they bought would be the home they are currently renting. This compares with only 13% of the private renters who expect to buy their current accommodation.

6.8 First-Time Buyers

The Council for Mortgage Lenders publish a number of statistics regarding first-time buyers including lending and affordability figures. A report was also produced in May 2007 entitled, "Affordability – Are parents helping?"¹⁸ which discussed how parents are helping first-time buyers get onto the property ladder.

With interest rates being at an all time low for over 18 months, it suggests it would be a good time for first-time buyers to enter the market. However, mortgage finance is not necessarily available at an affordable rate, unless households have a sizeable deposit, as banks look to lower their lending risk and rebuild the capital lost in the UK recession.

¹⁷ Communities and Local Government, www.communities.gov.uk/ehs

¹⁸ <http://www.cml.org.uk/cml/filegrab/032007Affordability.pdf?ref=5390>

The following table shows the number of loans to first-time buyers along with other interesting information about first-time buyers.

Table 16: First-time Buyers – Lending and Affordability, West Midlands, 2009/10

Month	Number of Loans	% of Total for House Purchase	Value of Loans (£m)	Age of Borrower	Advance (£)	Income (£)	Advance (%)	Income Multiple	Interest Payments as % of Income
				Median	Median	Median	Median	Median	Median
Apr 09	1,100	40	100	27	90,000	30,000	80	2.98	15.5
May 09	1,100	40	102	28	90,995	30,100	80	2.98	15.4
Jun 09	1,300	40	127	28	90,249	30,142	76	2.98	14.9
Jul 09	1,500	38	152	28	90,995	30,000	76	3.00	14.9
Aug 09	1,500	40	149	28	92,799	30,000	79	3.06	15.1
Sep 09	1,600	41	151	28	90,000	29,483	76	3.05	14.6
Oct 09	1,700	40	166	28	90,049	30,000	80	3.05	14.3
Nov 09	1,600	41	154	28	91,800	29,811	78	3.09	14.4
Dec 09	2,000	41	197	28	97,750	30,536	76	3.16	14.2
Jan 10	900	38	86	28	85,000	27,854	79	3.10	13.1
Feb 10	1,200	41	107	28	88,000	28,356	76	3.14	12.9
Mar 10	1,400	41	138	28	90,000	27,967	80	3.21	13.8

Source: Council for Mortgage Lenders, Table ML2. CML/BankSearch Regulated Mortgage Survey.

Table 16 highlights that lending and affordability for first-time buyers across the West Midlands is relatively unchanged over 2009/10. The number of loans peaked at 2,000 in December 2009 but the % of these loans that accounted for house purchases remained constant, indicating that first-time buyers are integral to the housing market mechanism.

The median advance has remained around £90,000 but over recent months the table shows first-time buyers have required smaller incomes to access the housing market, as mortgage rates have fallen over the year. The average deposit for a first-time buyer ranges between 20% and 25%. Therefore using this information, the average sale price for a first-time buyer in the West Midlands in March 2010 was £112,500, marginally up on the same month the previous year.

Income multiples have begun to increase again as more first-time buyers have entered the market with a lower median income. Interest payments as a percentage of income have also decreased as interest rates have remained low, which suggests affordability is generally improving but this is very much reliant on the mortgage products being available to first-time buyers.

In the current market, it is still prominent that house builders and developers are offering special deals and offers to first-time buyers and other home movers to help sell properties on their new developments and ultimately stimulate the housing market. These offers include paid deposits, interest free loan on certain percentage of property value, contributions towards mortgage payments and stamp duty/legal fees being paid.

7. Supply and Demand in the Social Sector

In past monitoring reports, social housing stock data has been collected on an annual basis from Registered Social Landlords (RSLs) and Local Authorities. This has enabled an effective way of monitoring social sector supply and turnover through re-lets, to identify the types and locations of properties that become available over a year. By comparing this with the number of waiting list applicants for each category of property, it is possible to gauge levels of either shortage or surplus.

This chapter looks at each Local Housing Market Area and District to compare social housing stock, stock turnover and demand in relation to supply. The following tables provide an update of the supply and demand position within the social sector.

7.1 Social Housing Stock

Table 17: Social Housing Stock by Local Housing Market Area, 2009/10

Local Housing Market Area	1 bed		2 bed flats		2 bed other		3 bed		4+ bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	No.
Bromsgrove	1,072	36.4	467	15.8	354	12.0	1,018	34.5	38	1.3	2,949
Droitwich	737	33.4	240	10.9	374	16.9	753	34.1	105	4.8	2,209
Evesham	766	28.5	162	6.0	751	28.0	987	36.7	20	0.7	2,686
Malvern	1,015	32.0	536	16.9	602	19.0	948	29.9	66	2.1	3,167
Pershore	292	32.1	51	5.6	248	27.3	308	33.8	11	1.2	910
Redditch	2,891	37.9	794	10.4	1,391	18.3	2,323	30.5	222	2.9	7,621
Worcester	2,347	31.2	1,135	15.1	1,144	15.2	2,740	36.4	159	2.1	7,525
Wyre Forest	771	16.3	612	12.9	1,012	21.4	2,240	47.3	104	2.2	4,739
Total	9,891	31.1	3,997	12.6	5,876	18.5	11,317	35.6	725	2.3	31,806

Note: Totals include general needs and sheltered stock, but is likely to be under-estimate as not all RSLs provided their full stock profiles.

Source: Schedules provided by LA and RSL stockholders.

The proportions of property types in Table 17 vary by property size and between HMAs, particularly two bedroom properties.

Nearly a third of social housing stock is made up of one bedroom properties of which the majority are flats. Of the large proportion of one bedroom properties, 45% are either sheltered bedsits or flats. Redditch has a particularly high proportion of one bedroom properties (37.9%), whereas Wyre Forest's (16.3%) has by far the lowest.

31% of the social housing stock is made up of two bedroom properties, split between flats (12.6%) and houses and bungalows (18.5%). Three bedroom houses account for over a third of the eight LHMA's social housing stock, almost all of which are houses. Nearly half of Wyre Forest's social housing stock is made up of 3 bedroom properties.

Four bedroom and larger houses make up just 2.3% of the overall stock. Bromsgrove, Evesham and Pershore have well below the average number of larger properties, whereas Droitwich has a particularly large proportion of 4+ bedroom houses, at 4.8%, over twice the average.

Table 18: Social Housing Stock by District, 2009/10

District	1 bed		2 bed flats		2 bed other		3 bed		4+ bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	No.
Bromsgrove	1,364	36.3	571	15.2	484	12.9	1,290	34.3	47	1.3	3,756
Malvern Hills	1,272	29.7	638	14.9	944	22.0	1,357	31.7	73	1.7	4,284
Redditch	2,873	38.3	792	10.6	1334	17.8	2,281	30.4	222	3.0	7,502
Worcester City	2,025	31.9	987	15.6	823	13.0	2,356	37.2	149	2.4	6,340
Wychavon	2,081	29.3	665	9.4	1725	24.3	2,487	35.0	141	2.0	7,099
Wyre Forest	728	16.1	575	12.8	940	20.9	2,161	47.9	104	2.3	4,508
Worcestershire	10,343	30.9	4,228	12.6	6,250	18.7	11,932	35.6	736	2.2	33,489

Note: Totals include general needs and sheltered stock, but is likely to be under-estimate as not all RSLs provided their full stock profiles.

Source: Schedules provided by LA and RSL stockholders

Some variation can be seen between the six districts social housing stock within Worcestershire. However the total county proportions are almost identical to those for local housing market areas.

Over the past couple of years there has been an increasing demand for local authorities for sub-district or sub-LHMA information. Appendix 8 contains a breakdown of social housing stock by both Parish and Ward by property use but is also available with property type and number of bedrooms on request.

7.2 Stock Turnover – Social Housing Re-Lets

Tables 19 and 20 present stock turnover, which is used to project the level of social housing supply and estimate the shortfall in affordable housing supply. Turnover rate is calculated by the number of re-lets as a proportion of the total stock.

Table 19: Social Housing Re-Lets by Local Housing Market Area – 2009/10
(Number of re-lets, and re-lets as % of total stock number, i.e. turnover rate)

Local Housing Market Area	1 bed		2 bed flats		2 bed other		3 bed		4+ bed		Total No.
	No.	%	No.	%	No.	%	No.	%	No.	%	
Bromsgrove	144	13.4	90	19.3	22	6.2	60	5.9	1	2.6	317
Droitwich	90	12.2	29	12.1	32	8.6	23	3.1	8	7.6	182
Evesham	90	11.7	22	13.6	55	7.3	47	4.8	0	0.0	214
Malvern	125	12.3	69	12.9	48	8.0	57	6.0	5	7.6	304
Pershore	34	11.6	3	5.9	17	6.9	18	5.8	0	0.0	72
Redditch	152	5.3	73	9.2	61	4.4	64	2.8	8	3.6	358
Worcester	311	13.3	199	17.5	121	10.6	204	7.4	16	10.1	851
Wyre Forest	62	8.0	32	5.2	41	4.1	27	1.2	0	0.0	162
Total	1,008	10.2	517	12.9	397	6.8	500	4.4	38	5.2	2,460

Source: Local Authority and RSL stock and lettings records, re-aggregated to Local Housing Market Areas

One in ten of all one bedroom properties became available in 2009/10, which equates to an average length of tenancy of almost 10 years. A marginally higher turnover rate (12.9%) can be seen for 2 bed flats.

Flats in general have a shorter average length of tenancy when compared to houses or bungalows. For example, one bedroom properties, which the majority of are flats, make up 31.1% of the social housing stock (Table 17), but account for 41.0% of the total re-lets.

The turnover rate for family houses is much different. Taking two bed other, three bed and 4+ bed properties together have a turnover rate of just 5.2%; or alternatively and average length of tenancy of around 19 years. The turnover rate for one and two bedroom flats is 11.0%, equivalent to an average length of tenancy of 9 years.

Therefore, in terms of social housing supply, one and two bedroom flats cater for over two times as many households as the same number of houses. This is an important factor when considering the types of properties required meeting backlog and newly arising need.

Table 20: Social Housing Re-Lets by District – 2009/10
(Number of re-lets, and re-lets as % of total stock number, i.e. turnover rate)

District	1 bed		2 bed flats		2 bed other		3 bed		4+ bed		Total No.
	No.	%	No.	%	No.	%	No.	%	No.	%	
Bromsgrove	174	12.8	104	18.2	39	8.1	78	6.0	3	6.4	398
Malvern Hills	160	12.6	80	12.5	70	7.4	78	5.7	6	8.2	394
Redditch	151	5.3	73	9.2	57	4.3	64	2.8	8	3.6	353
Worcester City	261	12.9	181	18.3	101	12.3	188	8.0	15	10.1	746
Wychavon	251	12.1	86	12.9	124	7.2	112	4.5	9	6.4	582
Wyre Forest	59	8.1	21	3.7	38	4.0	26	1.2	0	0.0	144
Worcestershire	1,056	10.2	545	12.9	429	6.9	546	4.6	41	5.6	2,617

Source: Local Authority and RSL stock and lettings records

The number of social re-lets across Worcestershire is marginally higher than that for the eight LHMA's, due to the larger geographical area. However, the turnover rates are almost identical to those presented in Table 19, with three and 4+ bedroom properties having the lowest turnover rates. One and two bedroom flats have the highest turnover with the average tenancy length being around 9 years.

7.3 The Ratio of Current Need to Supply from Social Housing Re-Lets

The ratio of the number of waiting list applicants to the number of social housing re-lets in a year gives a nominal waiting time. This is the third year since the introduction of a sub-regional Choice Based Lettings (CBL) scheme, resulting in a more comprehensive dataset than last year's monitoring.

7.3.1 CBL Background

The new sub-regional CBL scheme is called Home Choice Plus¹⁹ and it is a common allocations scheme that operates across 5 of the 6 Worcestershire Local Authorities, which include Bromsgrove, Malvern Hills, Worcester City, Wychavon and Wyre Forest. Redditch operates its own similar CBL scheme and is also the only authority that still owns its own housing stock.

The scheme gives applicants a single access point, as they only need to be registered once and this will then allow them to 'bid' on any of the vacancies advertised across any of the participating Local Authority areas. This system is interactive and involves registered households actively bidding for up to three properties through a weekly bidding cycle. Bids can be removed and replaced at any time throughout the cycle.

¹⁹ www.homechoiceplus.org.uk

7.3.2 Advantages of using CBL data

The main advantages of using a sub-regional CBL scheme are:

- Consistent data across all authorities as one single database
- Same policies apply for all authorities and therefore comparable
- Data is easier to extract as it can be done once rather than six times
- Data can be easily reported
- Allows local connection to be analysed and therefore more accurately determine where housing need is located
- Offers choice from a range of housing options

As CBL has now been functioning successfully for a couple of years and this has allowed the system to be publicised and residents to become familiar with it. However, it is difficult to assess whether this is a realistic reflection of those households with a housing need, as there is likely to be people in housing need that are still not registered on the CBL scheme, but on the other hand, people that are registered that don't have a housing need but have registered for other reasons, such as a preference to obtain a social house as a cheaper tenure option.

The system has become more familiar with Local Authorities, allowing the quality of data to improve and better and more thorough analysis. The main benefit of a joint sub-regional scheme is that the data is consistent across all authorities allowing for comparative analysis. There are still areas to be improved such as data quality and completeness and locating where housing need exists.

7.3.3 Social Housing Need

Table 21 shows the number of applicants who are in housing need, for each property type in each LHMA, then divides them by the number of social housing re-lets as presented in Table 21. For example, the total of 3,535 applicants in need shown in Table 21 as requiring a 1 bedroom property is divided by the 1,008 re-lets for 1 bedroom properties in Table 19. The result is 3.5, or in other words, all those applicants in theory could be accommodated in 3 ½ years.

The definition of social housing need has been amended to create a better estimate based on how households are banded through the respective CBL schemes. For Bromsgrove, Malvern Hills, Worcester City, Wychavon and Wyre Forest, the following households have been classified as having a housing need:

- Priority
- Gold or Gold Plus
- Silver or Silver Plus
- Bronze or Bronze Plus based on the following criteria:
 - Non-singles or single aged 25+ living with parents/relatives
 - Sharing/lodging with friends
 - In Institution/Hostel
 - Aged 65+ not in any of above

The sub-regional scheme currently has five local authority members in Worcestershire with Redditch having their own scheme, which is different in a few respects. The scheme allocates its own Council and Housing association stock through an assessment of applicants' housing need. They are awarded a banding and an amount of points to reflect their need. People with medical conditions that are severely affected by their housing situation will potentially also be given greater opportunity to move. The allocation policy is also separate and slightly different to that of the sub-regional scheme operated by other districts.

As Redditch Borough Council uses a slightly different CBL scheme, the assumptions made are marginally different; includes all households in the Gold or Silver bandings with 30 or more points.

Table 21: Social Need: Re-lets and Waiting Time by Local Housing Market Area
(Number of applicants in housing need and number of year's nominal waiting time)

Local Housing Market Area	1 bed		2 bed flats		2 bed other		3 bed		4+ bed		Total No.
	No.	Years	No.	Years	No.	Years	No.	Years	No.	Years	
Bromsgrove	230	1.6	199	2.2	53	2.4	18	0.3	7	7.0	507
Droitwich	277	3.1	112	3.9	85	2.7	38	1.7	20	2.5	532
Evesham	466	5.2	199	9.0	140	2.5	69	1.5	24	N/A	898
Malvern	218	1.7	92	1.3	41	0.9	18	0.3	12	2.4	381
Pershore	126	3.7	52	17.3	32	1.9	15	0.8	8	N/A	233
Redditch	849	5.6	262	3.6	281	4.6	130	2.0	64	8.0	1,586
Worcester	805	2.6	175	0.9	265	2.2	109	0.5	60	3.8	1,414
Wyre Forest	564	9.1	294	9.2	147	3.6	58	2.1	29	N/A	1,092
Total	3,535	3.5	1,385	2.7	1,044	2.6	455	0.9	224	5.9	6,643

Source: Local Authority waiting lists, excluding applicants not in current housing need, and Table 19

The 'Years' column signifies the length of time on average it takes to accommodate the need – therefore the higher the number, the greater length of time it takes for that property type to become available (i.e. higher demand).

The LHMA's table relates to new applicants only and does not account for the needs of existing social rented tenants who have a need to transfer, just as they do not take account of lettings to existing tenants. However, the District tables can take account of transfer needs, and the figures have been adjusted to reflect the net requirement for property types on the assumption that all transfer needs are met.

The total number of applicants in need has decreased by around 20%, reflecting the alteration to the housing need definition, even though the total number of applicants for CBL has increased. Waiting times have declined as the number of households in housing need has reduced and social re-lets have increased. Waiting times for 2-bedroom houses has decreased from 3.6 to 2.6 years and the waiting time for 3-bedroom properties has decreased from 1.6 to 0.9 years.

The highest ratios of housing need to supply are consistently for 4 bedroom properties, with an average waiting time of 5.9 years. However, there are big differences between LHMA's and high ratios for 4 bedroom properties are a consistent trend over time, which is a result of a very low number of re-lets for this type of property. However, the need has decreased considerably this year due to the definition change of housing need.

In the District tables, where transfer needs have been accounted for, the need for larger properties generally increases. This is because existing tenants would generally like a larger property than the one they currently occupy.

Table 22: Social Need: Re-lets and Waiting Time by District (Net of Transfer Needs)
(Number of applicants in housing need and number of year's nominal waiting time)

District	1 bed		2 bed flats		2 bed other		3 bed		4+ bed		Total
	No.	Years	No.	Years	No.	Years	No.	Years	No.	Years	No.
Bromsgrove	305	1.8	507	4.9	119	3.1	8	0.1	61	20.3	1,000
Malvern Hills	383	2.4	121	1.5	48	0.7	27	0.3	77	12.8	655
Redditch	735	4.9	236	3.2	276	4.8	109	1.7	180	22.5	1,536
Worcester City	781	3.0	25	0.1	259	2.6	-6	N/A	193	12.9	1,253
Wychavon	1,185	4.7	522	6.1	283	2.3	151	1.3	123	13.7	2,264
Wyre Forest	671	11.4	314	15.0	130	3.4	-39	N/A	115	N/A	1,191
Worcestershire	4,060	3.8	1,725	3.2	1,115	2.6	250	0.5	749	18.3	7,899

Source: Local Authority waiting lists, excluding applicants not in current housing need, and Table 20

Table 21, social housing need by LHMA, only takes account of the property requirements of waiting list applicants, as there is no means of apportioning the needs of existing tenants who have applied for a transfer. It excludes all applicants from outside any LHMA, even if they are within any of the six districts.

Conversely, Table 22 is district-based and therefore is able to take account of these applicants, showing the net property requirement based on the assumption that all transfer needs are met. This will increase the demand for some property types (e.g. single adults living with friends or relatives requiring a one bedroom property) and reduce it for others, but have no overall net effect on the total need figure. It also includes all applicants, regardless of their present location, which partly explains the higher figures as this includes parts of the districts that are outside the LHMA boundaries.

The waiting times for Worcestershire are comparable to the total of all eight LHMA's, but are higher for the 1-bed, 2-bed flats and 4+ bed houses, but lower for 3-bed houses. This is the result of taking transfers into account, which tends to increase the need for both smaller and larger properties, i.e. applicants either under occupying or overcrowding. 3-bedroom properties have the shortest waiting times on average of half a year, which is the result of a net outwards movement of transfers and reallocation of stock.

An important issue to note is that social housing re-lets are cyclical and therefore comparing year-on-year data does not always provide an accurate and reliable comparison. Therefore it is better to look at past trends to understand how the number of social re-lets might be changing and this will improve as further monitoring work is completed.

Social re-lets taken from the annual HSSA are looked at in more detail in 10.2.2.

8. Current Unmet Housing Need (Backlog)

8.1 Principle of Backlog Reduction

The two main elements of housing need are:

- Existing households with unmet needs (Backlog Need) and;
- Housing need that will arise in the future (Newly Arising Need)

The monitoring compares the increase or reduction of Backlog Need and Newly Arising Need, as well as considering a realistic rate for reducing the Backlog Need.

8.2 Appropriate Rate of Reduction

The recommended minimum period is 5 years, which equates to an annual reduction of 20% from the starting figure. The original assessment used a 10% annual backlog reduction or a period of 10 years. For the annual monitoring, it has been decided that a rate of backlog reduction is more realistic over a 5-year period, i.e. an annual reduction of 20%. The reasons for this decision are listed below:

- Complies with the minimum time period that should be considered according to the government guidance.
- Other sub-regional housing market areas are using the assumption of a 20% annual backlog reduction and therefore allows for comparison.²⁰
- Since the introduction of choice-based lettings and a complete dataset, analysis of the waiting list has shown that a larger proportion of applicants would be releasing properties than previously suggested, based on less reliable Local Authority housing waiting list data.

²⁰ Analysis of Strategic Housing Market Assessments in the West Midlands: Stage 1 Technical Report, ECOTEC, February 2009

8.3 Backlog Reduction

Tables 23 and 24 show the number of housing register applicants currently in housing need. By taking these figures and apply reduction rates of 10% and 20%, the annual requirement for affordable housing to meet this backlog can be established for both Local Housing Market Areas and Districts.

Table 23: Rates of Backlog Reduction by Local Housing Market Area

Local Housing Market Area	Total in Need (Table 21)	20% Reduction Per Annum	10% Reduction Per Annum
Bromsgrove ¹	511	102	51
Droitwich	532	106	53
Evesham	900	180	90
Malvern	381	76	38
Pershore	233	47	23
Redditch	1,586	317	159
Worcester	1,416	283	142
Wyre Forest ¹	1,010	202	101
Total	6,569	1,314	657

¹ Excludes applicants within Bromsgrove and Wyre Forest Districts that are outside the LHMA (and within the Dudley and Birmingham LHMA)

The result of a new definition of housing need has resulting in a small reduction in the total need across the LHMA, even though the total number of applicants across the county has increased by over 5,000 from 15,497 to 20,545.²¹ There has been an increase in applications across the county as the relatively new choice-based lettings scheme has developed since its introduction.

Table 24: Rates of Backlog Reduction by District

District	Total in Need (Table 22)	20% Reduction Per Annum	10% Reduction Per Annum
Bromsgrove	1,000	200	100
Malvern Hills	655	131	66
Redditch	1,536	307	154
Worcester City	1,253	251	125
Wychavon	2,264	453	226
Wyre Forest	1,191	238	119
Worcestershire	7,899	1,580	790

The total need for Worcestershire has decreased by just over 1,400 since last year due to the methodological alteration. The total need equates to 38% of all applicants.

²¹ Comparison between 1st April 2009 and 1st April 2010

8.4 Waiting List Analysis

Analysis of the waiting list information shows that approximately a quarter of all applicants in housing need are living with parents/relatives and are often single person households in terms of being housed. Nearly half of those in housing need in Redditch living with their parents/relatives. A further 14% of applicants are either sharing or in an institution and show similar characteristics to those living with parents/relatives. Worcester has the highest proportion of applicants in housing need that are sharing (29%).

12% of total applicants are owner-occupiers, who are nearly all single people and couples with no children, of which these are generally elderly. The highest proportions of owner-occupiers can be found in Bromsgrove (31%) and Wyre Forest (25%).

Finally of those households in housing need, private renting accounts for 16% of applicants. The proportion of applicants privately renting is highest in Redditch (34%). Wychavon's waiting list data has a number of applicants where the current tenure is unknown and therefore does not allow a realistic comparison to other Districts.

9. Future (Newly Arising) Housing Need

9.1 The Principle of Projecting Newly Arising Need

The methodology for projecting the number of households who will be in housing need in the future remains the same as previously stated in the initial Assessment and monitoring update.

The two main aspects of future (newly arising) housing need are:

- **Newly forming households (gross per year)** - the proportion of these households unable to buy or rent in the market.
- **Existing households falling into need** - whose personal circumstances change and they can no longer meet their minimum reasonable housing requirements.

Within the two main aspects, there are two key characteristics of households that will be in future housing need:

- **Household composition** – understanding the size and therefore the property requirements of the household.
- **Income** – determining the tenure that these households are able to afford.

Newly arising need is considered in the same way as backlog need – by location, property size and type, and tenure. Therefore this provides consistency with previous assessments of housing need.

9.2 Methodology

In order to make comparisons with the figures produced in the previous year no alterations have been made to the methodology²², which is based on the housing needs assessment model outlined in the government's latest practice guidance. All projections are based on assumptions and recent past information to provide a reliable forward-looking indicator. This update will allow figures to be compared and differences to be understood and adjusted if necessary to provide a reliable basis for formulating or modifying policies and strategies.

It should be noted that migration has not been considered in projecting future arising housing need for the same reasons they weren't included in the Assessment. It is very difficult to make assumptions about the income profile of those moving out of Worcestershire, as well as in-migrants. It is not as straight forward as just including the in-migrants who are unable to afford, as this would create an unbalanced view. Further updating may allow a better judgment to be made on the income profiles of migrants.

²² Estimating Future (Newly Arising) Housing Need, Research and Intelligence Unit, Worcestershire County Council

9.3 Forward Projections

The model only assesses demand for a particular year, in this case 2010, using an established methodology. In order to assess future housing need, it is necessary to project household formation going forward, alongside other demographic trends. The main objective of the monitoring is to update not only the tables and data within this report but also apply new sub-regional, regional and national projections to the future housing needs model.

Tables for future years, namely 2011, 2016, 2021 and 2026 can be found in Appendix 6, while figures for just 2010 are presented here. There is a marginal decrease in the total number of new households up to 2016, but then increases after that year, especially from 2021 onwards.

Table 25: Annual Newly Arising Need by Local Housing Market Area - 2010

LHMA	Total New Households	Unable to Buy	Unable to Buy or Rent	Able to Buy at 75% LQ or Rent	Either	Rent Only	Able to Buy at 50% LQ	Unable to Buy at 50% LQ
Bromsgrove	519	199	157	42	38	4	75	82
Droitwich	203	105	69	36	23	13	16	53
Evesham	345	179	118	61	39	22	27	91
Malvern	343	196	118	78	32	46	20	99
Pershore	89	46	30	16	10	6	7	23
Redditch	686	335	236	99	90	9	69	168
Worcester	987	537	342	195	89	106	68	274
Wyre Forest	887	462	295	167	99	68	58	237
Total	4,059	2,059	1,366	693	420	273	340	1,026

Source: Worcestershire County Council Future Housing Needs Model

The key figures from Table 25 are those **unable to buy or rent** and those **unable to buy at 50% lower quartile**, or in other words, those who can only afford social rented housing. The methodology and future housing needs model used is the same as within the original Assessment and more detail of this can be found in Appendix 7 of the Technical Appendices that accompanied the Assessment²³.

The number of households projected to be unable to buy or rent within the LHMA's in 2010 is 1,366 per annum, which represents 33.7% of all newly forming households across all LHMA's. This represents a decrease of 1.1 percentage points on the previous year.

²³ Estimating Future (Newly Arising) Housing Need, Research and Intelligence Unit, Worcestershire County Council

Those households unable to buy at 50% of the lower quartile price are those who can only afford social rented housing, even if more affordable types of intermediate housing were available. This figure is 1,026 per annum, which equates to 25.3% of all newly forming households across all LHMA's, a decrease of 2.1 percentage points on last year.

Both key figures show a small improvement in affordability over the past four years, mainly as a result of property price falls since early 2008. Gross household formation from the latest ONS projections is lower than last year but household incomes have increased.

The level of housing supply is also an important factor to consider alongside cost. The difference between the numbers unable to buy (2,059) and those unable to buy or rent (1,366) has remained fairly static year on year – now stands at 693. These households cannot afford to buy, but can afford to privately rent subject to the supply being sufficient. If the supply does not meet this requirement then this group would be excluded by availability and not cost. However, due to the slowdown and stagnation in the housing market, more rented properties came onto the market and increased supply and competition significantly. But with many households still finding it difficult to access mortgage finance, rental prices have remained strong.

From Table 25, 2,000 newly forming households can afford to buy (49%), again this assumption is reliant on the supply of market housing being sufficient to meet this demand if it exists. Obviously, not all households that can afford to buy market housing will do because they may have different preferences, i.e. prefer to privately rent.

One of the main reasons for the housing market being stagnant is the lack of first-time buyers due to lack of mortgage finance and especially affordable mortgages. Households that are at an advantage are those looking to trade up to a larger and more expensive property because the gap has become smaller in actual price terms.

As has been the case in the previous four years the model has been run, the affordability calculations do not account for housing benefit, which would enable more households to afford private rented accommodation. These findings are discussed in more detail in Chapter 12, in terms of the types of affordable housing required.

Table 26 presents the same projections as in Table 25 but now for districts instead of local housing market areas.

Table 26: Annual Newly Arising Need by District - 2010

District	Total New Households	Unable to Buy	Unable to Buy or Rent	Able to Buy at 75% LQ or Rent	Either	Rent Only	Able to Buy at 50% LQ	Unable to Buy at 50% LQ
Bromsgrove	848	322	255	67	62	5	124	131
Malvern Hills	555	318	192	126	52	74	32	160
Redditch	655	320	226	94	87	7	66	160
Worcester City	732	396	254	142	63	79	51	203
Wychavon	869	451	297	154	98	56	69	228
Wyre Forest	861	447	286	161	96	65	56	230
Worcestershire	4,520	2,254	1,510	744	458	286	398	1,112

Source: Worcestershire County Council Future Housing Needs Model

Note: Figures may not sum due to rounding

The figures presented in Table 26 follow the same trends as those in Table 25 and are marginally greater because the six districts cover a larger area than the eight LHMA's. The projected annual newly arising need is lower than last year's equivalent projection (4,520 compared to 4,567). These two tables provide the projected level of need from newly forming households that is then used to calculate the annual shortfall in affordable housing supply (Chapters 11-13).

The new figures now use the ONS official 2006-based Household Projections, which are based on official 2006-based Population Projections produced by ONS. The Survey of English Housing (SEH)²⁴ has been used to calculate the proportion of all households that are newly forming resulting in an estimated annual gross household formation of 4,520 in 2009/10, compared to 4,567 in 2008/09.

The latest data analysed by the model shows a marginally higher proportion of all household types unable to buy or rent on the open market. Couple households with no children are the mostly likely to be able to afford market housing but lone parent households remain largely unchanged with nearly all unable to afford to buy or rent.

When looking at intermediate housing prices, 50% and 75% lower quartile, affordability has improved for all household types at the both the 50% and 75% lower quartile level. The combined result of these changes in proportion has meant a decrease in the number of newly forming households across all districts being unable to afford to buy or rent, as well as unable to buy at 50% lower quartile. Simply, this has resulted in a reduction in the number of newly arising households in housing need, which contributes a similar proportion to that of the backlog need in terms of the annual gross housing need.

²⁴ The 2005/06 Assessment used 2002/03 and 2003/04 data and the 2009/10 monitoring uses 2007/08 and 2008/09 data.

9.4 Households Falling Into Need

The second component of newly arising need is existing households falling into need. There are several ways in which these households might be identified as is discussed in the Assessment. The monitoring uses the same method as described in the Worcestershire County Council Report, “Estimating Future (Newly Arising) Housing Need”, which simplified takes all eligible homeless households and subtracts those households who are no longer accommodated by parents, relatives or friends, or have left an institution. Although this method may not catch all households falling into need – not all households will be recorded as homeless as they may be given assistance to prevent this. But it is the most reliable basis for establishing need and can be easily monitored.

Table 27: Households Falling into Need by Local Housing Market Area – 2009/10

Local Housing Market Area	Total Households ¹	Number of Households Falling into Need ²	% of Total Households
Bromsgrove	21,626	37	0.17
Droitwich	11,291	17	0.15
Evesham	18,536	28	0.15
Malvern	19,055	25	0.13
Pershore	6,043	9	0.15
Redditch	39,741	34	0.09
Worcester	56,745	313	0.55
Wyre Forest	44,933	189	0.42
Total	217,970	652	0.30

¹ Calculated by apportioning Total Households in Table 26 by the pattern of households recorded in the 2001 Census

² Calculated by apportioning Number of Households Falling into Need in Table 26 by pattern of households recorded in 2001 Census

Source: ONS and Interform, 2010

Across the eight LHMA's in Worcestershire, there has been a slight increase in the number of households falling into need compared to the previous year, 652 up from 609. In particular, Worcester City has seen a significant increase of 75. Overall, an estimated 0.30% of all existing households have fallen into housing need in 2009/10.

Table 28: Households Falling into Need by District – 2009/10

District	Total Households ¹	Number of Households Falling into Need	% of Total Households
Bromsgrove	38,441	66	0.17
Malvern Hills	32,350	43	0.13
Redditch	34,055	31	0.09
Worcester City	40,968	291	0.71
Wychavon	50,933	78	0.15
Wyre Forest	43,250	192	0.44
Worcestershire	239,997	701	0.29

¹ Official ONS 2006-based Household Projections for 2009
Source: ONS and Interform, 2010

Again a small increase can be seen in existing households falling into need in 2009/10 in Worcestershire compared to the previous year, 701 compared to 657 in 2008/09.

9.5 Total Annual Newly Arising Housing Need

To establish the total annual newly arising housing need, the figures in Tables 25 and 27 (for Local Housing Market Areas) and Tables 26 and 28 (for Districts) are combined.

Further elements of housing need have not been included and there is no reliable way of calculating them – those leaving institutions (care homes, prison, hospital) and in-migrant households. As previously discussed²⁵, this group is identified within the guidance but out-migrants are not and therefore both have been excluded.

9.6 Gross Annual Affordable Need

The gross annual need for affordable housing is calculated by taking the current unmet housing need (backlog) in addition to the newly arising housing need.

Backlog Reduction	Tables 23 and 24	Middle column gives a 20% annual reduction figure
Newly Forming Households	Tables 25 and 26	Number of households unable to buy or rent in the market
Households Falling Into Need	Tables 27 and 28	Existing households falling into housing need

The combination of the three inputs of need is presented in Table 29 (LHMAs) and Table 30 (Districts).

²⁵ Chapter 14 of Estimating Future (Newly Arising) Housing Need, Research and Intelligence Unit, Worcestershire County Council

**Table 29: Gross Annual Housing Need by Local Housing Market Area
(Excluding applicants from outside the local housing market areas)**

Local Housing Market Area	Backlog Reduction at 20% (Table 23)	Newly Forming Households Unable to Buy or Rent (Table 25)	Households Falling Into Need (Table 27)	Gross Annual Housing Need
Bromsgrove	102	157	37	296
Droitwich	106	69	17	192
Evesham	180	118	28	326
Malvern	76	118	25	219
Pershore	47	30	9	86
Redditch	317	236	34	587
Worcester	283	342	313	938
Wyre Forest	202	295	189	686
Total	1,313	1,365	652	3,330

Note: Excludes applicants from outside the local housing market areas

**Table 30: Gross Annual Housing Need by District
(Including applicants from outside the districts)**

District	Backlog Reduction at 20% (Table 24)	Newly Forming Households Unable to Buy or Rent (Table 26)	Households Falling Into Need (Table 28)	Gross Annual Housing Need
Bromsgrove	200	255	66	521
Malvern Hills	131	192	43	366
Redditch	307	226	31	564
Worcester City	251	254	291	796
Wychavon	453	297	78	828
Wyre Forest	238	286	192	716
Worcestershire	1,580	1,510	701	3,791

Note: Includes applicants from outside the districts

Tables 29 and 30 establish the gross annual affordable housing need, but this needs to be reconciled against the annual level of affordable housing supply in order to achieve a net requirement. The gross annual housing need has decreased from the previous year (7.5% across Worcestershire), which is largely the result of a decrease in backlog need. The modified methodology for assessing housing need is the main driver for this change. Newly forming households unable to buy or rent in the market has fallen slightly but households falling into need has risen slightly and almost cancel each other out.

10. Future Housing Supply – Market and Affordable

10.1 Predicting Future Housing Supply

The previous chapter has established the gross annual need for affordable housing and therefore we must also consider the supply of future housing. Revised predictions on past trends are made about the extent of future housing supply based on evidence and information previously considered and the views of stakeholders. The monitoring is required to update projections of both the supply of market and affordable housing in the near future, and compare this to the gross annual housing need (Chapter 9).

It is extremely difficult to predict future house supply, especially as the housing market has recently seen a severe downturn. As house builders have begun to struggle in the economic climate, many developments have been mothballed. When the economy has picked up sufficiently house builders will begin work again on these sites.

10.2 Turnover of Existing Housing Stock

10.2.1 Market Housing

The number of property sales in 2009/10 increase by 23.6% from the previous year. The number of sales generally peaks in the summer months with lower demand seen at the end and beginning of the year. Sales began to decrease as prices started to fall and mortgage finance dried up during the UK recession but over the past year or so the number of sales has started to increase.

Tables 7 and 8 show the number of sales at the lower quartile in 2009/10, which has increased by 21.2% for LHMA's and 25.1% for districts.

10.2.2 Affordable Housing

Intermediate affordable housing stock²⁶ has been increasing in recent years but still accounts for less than 3% of the overall affordable housing stock. Therefore the monitoring still uses the re-letting of social rented properties to provide the level of affordable housing supply from existing stock.

Tables 19 and 20 in Chapter 7 show the number of social rented properties re-let to new tenants in 2009/10, from lettings information provided directly by individual stockholders.

The Housing Strategy Statistical Appendix (HSSA) is based on information collected by all Local Authorities and submitted to CLG. It allows comparisons to be made with previous years and in 2009/10, there were 118 or 5.2% more re-lets to new tenants. However, since 2002/03 there has been a general downward trend in re-lets until 2007/08 where this trend has reversed and social re-lets have risen across the county.

²⁶ Includes shared ownership, intermediate rent and HomeBuy.

As within the original Assessment, each district has been considered individually before projecting the annual level of social re-lets. Appendix 5 contains the results of this examination for each district and the methodology employed. An average of social re-lets over the past three years has been used to project the annual level.

Table 31: Projected Annual Level of Social Re-lets by District

District	Projected Annual Level of Social Re-lets	Increase/Decrease on 2008/09 Projection
Bromsgrove	279	0
Malvern Hills	264	+8
Redditch	540	+10
Worcester City	424	+106
Wychavon	456	-1
Wyre Forest	426	-5
Worcestershire	2,389	+118

Source: Appendix 5 – taken from annual HSSA (HIP) returns, 2009/10.

The biggest difference from the 2008/09 projections is in Worcester City, where the projected annual level of social re-lets has increased by 106, causing an increase of similar magnitude across the county. This was mainly the result of a large number of re-lets in 2009/10. Overall, the total for the Worcestershire has seen a rise of 118 re-lets, or 5.2%.

The Government's practice guidance²⁷ suggests that projected future annual supply of social re-lets should be based on past trends. Generally, the average number of re-lets over the previous three years should be taken as the predicted annual level and this should not include any transfers, just re-lets to new households.

As identified in Table 31, social re-lets follow a cyclical pattern and therefore it is difficult to obtain an accurate future projection. With social re-lets within the existing stock making up the majority of affordable housing supply, a moderated view needs to be taken.

²⁷ Strategic Housing Market Assessments Practice Guidance Version 2 (Department for Communities and Local Government, August 2007)

10.3 New Housing Supply

A Regional Housing Land Availability Survey is undertaken every year within the West Midlands region, which gathers information of past and future net completions, affordable completions and future housing commitments. Using this information, together with land availability data provided directly by each local authority, shown in Tables 13 and 15, a district-based analysis of both market and affordable housing supply for the period 2010/11 is shown in Table 32.

Table 32: Predicted New Housing Supply – 2009/11 and Post 2011 by District

District	2001/11 Forecast ¹	2001/10 Comps	Predicted 2010/11 Comps	Annual Average for 2010/11			Annual Average for Post 2011 ³	
				Total	Market	Affordable ²	Total	Affordable
Bromsgrove	3,150	2,987	153	153	91	62	200	80
Malvern Hills	2,237	1,985	252	252	172	80	250	100
Redditch	2,536	2,437	100	100	36	64	350	140
Worcester City	3,152	2,805	347	347	237	110	550	220
Wychavon	3,086	2,866	200	200	93	107	475	190
Wyre Forest	2,947	2,740	225	225	182	43	200	80
Worcestershire	15,958	14,681	1,277	1,277	811	466	2,025	810

¹ 2001/10 Completions (Net) + Predicted 2010/11 Completions (Net)

² From Table 13

³ From Table 14 and assuming 40% of all housing completions are affordable (RSS Revision Phase 2 EiP Panel Report)

Source: Regional Housing Land Availability Survey 2010

10.3.1 Market Housing

The total amount of new housing supply for 2010/11 as shown in Table 32 is slightly lower than the average number of completions for 2001/10 (1,277 per annum compared with 1,303). Post 2011, on the basis of the RSS Phase 2 EiP Panel Report, it was projected there will be 2,025 per annum, above the average number of completions seen between 2001 and 2010 on an annual basis.

10.3.2 Affordable Housing

The level of affordable housing supply is unlikely to change dramatically up to 2011 although the past few years have seen higher completions due to the difficult times seen with the housing market. Past affordable completions are below current housing strategies target levels of provision (RSS and RHS). An increase in supply is heavily dependent on policy changes, including affordable housing thresholds and contributions from small sites when Local Authorities adopt new Local Development Frameworks and Core Strategies. Furthermore, government funding through the Homes and Communities Agency for RSLs to develop their own sites will be an important factor, especially for rural exception sites.

In 2009/10, windfall sites made up approximately six in every ten housing completions within Worcestershire, a significant drop from the previous year. To achieve the level of supply suggested in Table 32 beyond 2011, the current proportion of affordable housing provision (22.4%, Table 4) needs to be increased further with the help of smaller sites providing an element of affordable housing where strategically needed and affordable housing thresholds will need to be at 40% for larger sites.

Table 33 apportions the future supply of affordable housing to Local Housing Market Area, based on detailed forecasts to 2011 and a need based assumption for post 2011.

Table 33: New Affordable Housing – 2010/11 and Post 2011 by Local Housing Market Area

Local Housing Market Area	Annual Average for 2010/11	Annual Average Post 2011
Bromsgrove	35	46
Droitwich	24	42
Evesham	39	69
Malvern	47	59
Pershore	13	23
Redditch	68	158
Worcester	147	273
Wyre Forest	49	88
Total	422	758

Note: The apportionment of district forecasts to local housing markets has been made on the basis of household numbers from the 2001 Census. Site-by-site identification has been not been possible due to the nature of the data.

The predicted new affordable housing supply up to 2011 has increased by 32% from the previous year. Post 2011 an increase is visible as figures have been based on the RSS Revision Phase 2 EiP Panel Report and assuming 40% of all housing completions are affordable, as this is the best estimate at the present time, even though the RSS has been revoked.

Therefore affordable housing supply over the next year is going to increase slightly but could possibly increase significantly in the longer-term if the new coalition government adopts the correct policies to support affordable housing supply growth. Future monitoring will identify any changes to this current prediction. However, due to the economic downturn and severe effect this has had on the house-building industry, it is difficult to predict the impact on new affordable housing completions. In the longer term, post 2011, it is very difficult to predict housing supply and therefore even more difficult to predict affordable housing supply, as this is also dependent on other factors, such as policy decisions, land supply and government funding.

10.4 Government Policy Changes

On 13th December 2010, the Localism Bill was unveiled by Communities and Local Government Secretary Eric Pickles. The Bill contains a package of reforms aimed to devolve greater power and freedoms to councils and neighbourhoods, establish powerful new rights for communities, revolutionise the planning system, and give communities control over housing decisions.

For councils the Localism Bill will fundamentally change their freedom to act in the interest of their local communities through a new general power of competence. Rather than needing to rely on specific powers, the new power is intended to give councils the legal reassurance and confidence to innovate, drive down costs to deliver more efficient services.

The Localism Bill contains a number of measures related to housing including:

- **Housing Targets:** Regional strategies aimed at building three million homes by 2020 are being scrapped. Communities Secretary Eric Pickles tried to do so using discretionary powers but lost a court battle to housing developer Cala Homes. The Localism Bill will remove the primary legislation which set up the strategies.
- **Charges on developers:** Changes to the "community infrastructure levy" charges local councils set on developers to contribute towards local infrastructure - including ensuring some money goes directly to the neighbourhood where developments have been built, so it can be spent on local facilities such as cycle paths or playgrounds if needed.
- **Local Development:** The bill will stop the Planning Inspectorate being able to make changes to local plans, which guide development in areas. Instead the inspector will assess plans and will have to judge them "sound" before they can be adopted - but will only suggest changes at the request of the local authority. It also introduces "neighbourhood plans", with the idea that parish councils and "neighbourhood forums" come together to decide where new shops, offices or homes should go and what green spaces to protect - which is then voted on by local people in local referendums. They will be able to define developments which should have automatic planning permission.
- **Planning Permission:** Local communities will be able to propose development which, if it meets certain safeguards and gets 50% of support in a local referendum, will be able to built without planning permission. It is aimed at tackling lack of building in rural areas where planning authorities restrict building but local people want new housing or other facilities. Also big developments will require early consultation with local people to let them comment and collaborate on things like design - before plans are finalised. Developers would have to consider opinions raised before submitting planning applications. The bill also confirms the abolition of Infrastructure Planning Commission - instead ministers will take decisions on big planning projects such as airports and wind farms.

- **Social Housing:** The bill includes measures to allow councils to decide who goes on their housing waiting lists - although central government will set the categories considered to have the greatest housing needs. It also includes plans to make it easier for tenants to move to other social housing and for an internet-based "national home swap scheme" allowing tenants to see properties across England with tenants looking to exchange homes.

Changes to the "homelessness duty" will mean councils can offer people private sector accommodation instead of being obliged to offer social housing. Councils will be able to offer new social housing tenants shorter, fixed-term tenancies - ending the right to a council house for life. The bill also changes the financing of council housing - councils will be able to keep rental income to spend on maintaining homes. And it includes changes to the regulatory system for social housing - including the abolition of the Tenant Services Authority and changes to the ombudsman regime for social housing complaints.

- **Home Information Packs:** The bill will officially abolish Hips, the packs containing property information, title deeds and local searches which were introduced in 2007 in England and Wales to speed up the house-selling process. They have been suspended since 21st May 2010 and sellers will still have to get energy performance certificates under separate legislation.

10.5 Social Housing Changes

Further to the measures listed above, a number of further changes to social housing have been announced including a new 'Affordable Rent' model to be offered by housing associations from April 2011.²⁸

Affordable Rent is designed to:

- maximise the delivery of new social housing by making the best possible use of constrained public subsidy and the existing social housing stock
- provide an offer which is more diverse for the range of people accessing social housing, providing alternatives to traditional social rent

Affordable Rent will offer housing associations the flexibility to convert vacant social rent properties to Affordable Rent at re-let, at a rent level of up to 80 per cent of market rent. Housing associations will be able to convert vacant properties to Affordable Rent where they have reached an investment agreement with the Home and Communities Agency about how additional rental income will be reinvested in the supply of new affordable housing.

The Homes and Communities Agency has a capital budget of almost £4.5bn over the Spending Review period to fund affordable housing supply, of which around £2bn will support the delivery of new Affordable Rent homes (the total also includes £2.3bn to meet existing commitments).

²⁸ <http://www.communities.gov.uk/statements/housing/1792187>, Communities and Local Government.

While grant funding will primarily target Affordable Rent, there may be some scope for delivery of Low Cost Home Ownership as part of the agreements, where this is appropriate for local circumstances and helps to promote the overall supply of affordable homes. Ministers intend to make the payment of grant funding conditional on transparency.

It is envisaged that Affordable Rent properties will be allocated in the same way that social rent properties are now. The existing regulatory obligation on associations to co-operate with local authorities' strategic housing function on the allocation of social rent properties will also apply to Affordable Rent. Similarly we envisage that existing lettings arrangements operated by local authorities and housing associations will continue to apply and that Affordable Rent properties will, where appropriate, be made available through choice-based lettings and through the adoption of appropriate local lettings policies.

Affordable Rent properties will not be subject to the rent restructuring policy that applies to social rented housing. Housing associations will be able to let an Affordable Rent property (whether a converted void or new build) at up to 80 per cent of market rent for an equivalent property for that size and location. The association's calculation of the market rent would need to be based on a residential lettings estimate for a property of the appropriate size, condition and area.

The Government has already published radical proposals to give greater flexibility to both local authority and housing association landlords over the types of tenure they can offer to social housing tenants.²⁹ In particular, the Government believes that it is no longer right to require that every social tenancy should be for life regardless of the household's particular circumstances. The aim is to create a more flexible system so that scarce public resource can be focused on those who need it most.

It is envisaged that the first Affordable Rent properties will be let during 2011-12, before wider tenure reform proposals are due to come on stream.

²⁹ <http://www.communities.gov.uk/publications/housing/socialhousingreform>, Communities and Local Government.

11. Amount of Affordable Housing Required

11.1 Calculating Affordable Housing Requirements

The gross annual need for affordable housing has been derived in Chapter 9 by combining the proportion of newly forming households unable to buy or rent in the market with existing households falling into housing need. The level of annual supply from both existing stock (re-lets) and new housing completions has been examined in Chapter 10. Therefore, combining the conclusions of both these chapters together allows a calculation to be made on whether there will be a shortfall or surplus of affordable housing to meet the identified housing need.

11.2 Local Housing Market Area Requirements

Table 34: Annual Affordable Housing Shortfall by Local Housing Market Area

(Excluding applicants from outside the local housing market areas)

Local Housing Market Area	Gross Annual Housing Need (Table 29)	Annual Supply from Re-lets (based on trend analysis) (Table 31) ¹	Annual New Supply (2010/11) (Table 33)	Annual Shortfall (Surplus) (2010/11)
Bromsgrove	296	222	35	39
Droitwich	192	143	24	25
Evesham	326	168	39	119
Malvern	219	204	47	(32)
Pershore	86	56	13	17
Redditch	587	548	68	(29)
Worcester	938	484	147	307
Wyre Forest	686	479	49	158
Total	3,330	2,304	422	604

¹ The apportionment of district forecasts to local housing markets has been made on the basis of applying the ratio of Table 19 and Table 20 and applying it to the projected annual level of social re-lets by District (Table 31)

The housing need identified in Table 34 by Local Housing Market Area has been made on the basis of where the applicant is currently housed and it is assumed that they want to be housed in the same Local Housing Market Area, but this is certainly not always the case. Individuals will have a preference on location due to a number of reasons such as employment and family connections.

The introduction of a sub-regional choice-based lettings scheme has helped data to be gathered more consistently but has still not solved the problem of assessing need on a preferred location rather than assuming the need is present in their current location. A new application form has been developed to collect this data more effectively and allow this analysis to happen in the future. Applicants are now asked for their preferred area and what their local connection to the area is, which will be particularly useful for applicants outside Worcestershire who would prefer to live in the area.

An annual affordable housing surplus does not necessarily indicate over-supply, but rather all the housing needs designated in that particular LHMA are met by the supply. It may be more appropriate for this housing need to be met in an area where the applicant has employment of family connections. This indicates that there is continued scope to meet some of the housing needs of adjoining larger settlements, which can be seen to have substantial shortfalls, in particular Worcester and Wyre Forest.

11.3 District Requirements

**Table 35: Annual Affordable Housing Shortfall by District
(Including applicants from outside the districts)**

District	Gross Annual Housing Need (Table 30)	Annual Supply from Re-lets (based on trend analysis) (Table 31)	Annual New Supply (2010/11) (Table 32)	Annual Shortfall (Surplus) (2010/11)
Bromsgrove	521	279	62	180
Malvern Hills	366	264	80	22
Redditch	564	540	64	(40)
Worcester City	796	424	110	262
Wychavon	828	456	107	265
Wyre Forest	716	426	43	247
Worcestershire	3,791	2,389	466	936

The annual shortfall is greater for all the districts because they include backlog of need that arises from both outside the districts and also from parts of the districts that are outside the Local Housing Market Area boundaries. The annual shortfall across Worcestershire is estimated at 936, which is considerably below the last two year's projections but similar to the level seen in 2005/06 and 2006/07.

Gross annual housing need has fallen as backlog need has decreased from the previous year. The annual supply from re-lets has increase by over 100 as a result of Worcester City's revised projection. Estimated annual new supply has been revised upwards ever so slightly, but the reduction in need coupled with an increase in supply has resulted in the shortfall becoming smaller.

The annual shortfall of all Worcestershire districts has decreased compared to the previous year.

11.4 Longer term Change – Net Household Growth

Tables 34 and 35 provide a net annual need for the current year based on the assumptions used to derive this need. This is only a short-term view, accounting for projected supply; however, a longer term change needs to be considered. This is not as simple as multiplying the annual need by time period of interest because it wouldn't take account of dissolution, migration and changes in newly forming households.

Over a longer period, the market will inevitably adjust as households move up the property ladder and therefore release properties at the 'bottom' end of the market more appropriate for first-time buyers. Hence, it is important to look at household projections going forward to examine what housing need may exist over the next 20 years. The table below shows the number of additional households (net change) that will form between 2006 and 2026.

Table 36: Net Household Change 2006-2026 by Household Type and District

District	Couple Household – No Children	Couple Household – With Children	Lone Parent	One Person Households	Multi-Person Households	Total
Bromsgrove	1,742	1,596	290	5,757	81	9,466
Malvern Hills	766	702	-74	5,523	384	7,301
Redditch	549	503	180	4,705	490	6,427
Worcester City	396	363	108	5,116	513	6,497
Wychavon	1,733	1,588	49	7,663	597	11,630
Wyre Forest	650	596	5	6,332	463	8,045
Worcestershire	5,836	5,348	558	35,096	2,528	49,366

Source: ONS Official 2006-based Household Projections

Just over 70% net household change over the next 20 years is expected to be a result of growth in one person households, which has a significant impact on housing. Both couple households with and without children are expected to account for roughly the same net household change, 10.8% and 11.8% respectively. Lone parents and multi-person households are by far the smallest household types and equally the net household change is small.

The RSS Revision Phase Two EiP Panel Report proposes a total of 40,500 net new houses for Worcestershire between 2006 and 2026, 82.0% of the projected net household change over the same period.

Table 37 outlines the annual shortfall of affordable housing provision. If this amount could be met annually, then the figures in the table below show the projected housing need that may arise over the 20-year period between 2006 and 2026.

These figures are calculated by applying the percentage of new households unable to afford to buy or rent in the open market in 2006 to the projected change in net households as detailed in Table 36.

Table 37: Net Affordable Housing Need 2006-2026 by Household Type and District

District	Couple Household – No Children	Couple Household – With Children	Lone Parent	One Person Households	Total ¹
Bromsgrove	265	755	268	2,939	4,228
Malvern Hills	138	399	-73	2,957	3,421
Redditch	108	265	174	2,725	3,272
Worcester City	85	208	107	2,913	3,314
Wychavon	331	868	48	4,182	5,430
Wyre Forest	126	307	5	3,513	3,950
Worcestershire	1,053	2,804	529	19,229	23,615

¹ Multi-person households have been excluded³⁰

Source: ONS Official 2006-based Household Projections

The total number of households projected to be in affordable housing need over the next 20 years is approximately 24,000 but this is likely to change once the new 2008-based Household Projections become available.

Affordability is most prominent in lone parent households with over 92% unable to buy or rent, followed by one-person and couple households with children households (51%-58% and 47%-57% respectively). Couple households with no children have the least affordability issues (15%-21% unable to buy or rent), which is to be expected, as these are likely to be joint income households with much lower outgoings than other household types. Furthermore, incomes are much higher and therefore the majority will be able to afford to buy on the open market.

Wychavon has the highest affordable housing need over the next 20 years, whereas Redditch has the lowest.

³⁰ The theoretical reasoning behind this exclusion is contained in Estimating Future (Newly Arising) Housing Need, Research and Intelligence Unit, Worcestershire County Council

12. Type and Tenure of Affordable Housing Required

12.1 Summary of Requirements by Tenure

Tables 38 and 39 below provide a summary of overall housing need, supply and shortfalls that have been presented in Tables 34 and 35 earlier, by tenure.

The tables have been broken down into some key components:

- **Annual Gross Need** – Total number of properties in each tenure required each year to meet the housing need. **Backlog Reduction** and **Falling Into Need** assumes one third could afford to buy at 50% lower quartile if the supply was available, and the remaining two thirds could only afford social rent. The tenure split for **Newly Forming Households** assumes that each household will seek the most expensive tenure they could afford.
- **Total Supply** – the amount that is available to meet Gross Annual Need. The number of **Lower Quartile Sales** will be available to those who can **Buy at 100% LQ** price, and any properties released for sale by households moving from owner occupation to the social sector will be included in this figure. **Social Re-lets** of existing stock available to new tenants makes up the **Social Rent** supply.
- Although no figures are available for **Private Rent** supply, the number released by households who need to access the social sector will be part of that supply and can be related to the number of newly forming households who will need that tenure. **Supply at 75% LQ** is treated as nil – there maybe some re-sales of shared ownership properties at or below this well, but these will be negligible. **Supply at 50% LQ** across Worcestershire is nil.
- **Annual Shortfall or (Surplus)** – the difference between the **Annual Gross Need** and **Total Supply**
- **Annual Subsidised Affordable Housing Need** – the combination of the annual shortfall or surplus of those who can **Buy at 50% LQ** and those that can only afford **Social Rent**.

12.2 Local Housing Market Area Summary

Table 38: Annual Housing Need & Supply by Tenure – Total of All 8 Local Housing Market Areas

Source	Buy at 100% LQ ⁴	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 29) ¹	0	0	0	438	876	1,314
Newly Forming (Table 25)	2,000	273	420	340	1,026	4,059
Falling Into Need (Table 27) ¹	0	0	0	217	435	652
Annual Gross Need	2,000	273	420	995	2,337	6,025
Re-sales at LQ (Table 7)	1,438	0	0	0	0	1,438
Social Re-lets (Table 34)	0	0	0	0	2,304	2,304
From Falling Into Need (Table 27) ²	Included in re-sales	435	0	0	0	435
From Backlog Reduction (Total of 1,086 from waiting list x 20%)		217	0	0	0	217
Total Supply: Existing Stock	1,438	652	0	0	2,304	4,394
Annual Shortfall or (Surplus)	562	(379)	420³	995	33	1,631
Annual Need: Subsidised Affordable Housing				1,028		
Annual New Supply 2010/11 (Table 32/33)	734		422			1,156
Annual New Supply Post 2011 (Table 32/33)	1,137		758 (at 40%)			1,895

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

⁴ Total new households less the number unable to buy = number able to buy at 100% LQ

The table above shows that although the housing market has recovered slightly over the period, there has still been a shortfall in open market housing, causing prices to increase again. The housing market has been very different over the past few years since the economic downturn, which before saw over-supply but prices were still rising.

The private rented sector has sufficient supply, relatively unchanged across Worcestershire from the previous year. It is extremely difficult to quantify the amount of private rented accommodation that is needed. The amount that would be released by meeting the needs of existing households (652) would be more than sufficient for those who can afford this tenure (273). But an important point that has been highlighted on continuously is the fact that the private rented sector acts as a repository for any unmet housing need and therefore additional pressures are placed on this tenure from households who cannot afford the full cost without the assistance of housing benefit.

The supply of social rented housing in 2009/10 was 2,304, but is still just below the amount required for the 2,337 who can't afford to access the market at even 50% lower quartile. Adding the number who can afford up to 50% lower quartile gives a total requirement for subsidised affordable housing to 3,332 and a total shortfall of 1,028 (compared to 1,494 last year).

It is assumed that each district will deliver all of its new housing supply, both market and affordable, within the boundaries of the combined eight Local Housing Market Areas. However, this is certainly not the case, as some of the new housing supply within Bromsgrove and Wyre Forest is likely to be in parts of the district that lie within the adjacent Birmingham and Dudley LHMA.

The amount of affordable housing required for social rent is relatively small due partly to the number of re-lets increasing during the year. There is a much greater need for those households who can afford to buy up to 50% lower quartile, however, if these need cannot be met, these households have no other choice than social rent.

In the longer-term, post 2011, the projected new supply assuming a 40% affordable housing proportion, will meet 74% of the total affordable housing need.

12.3 District Summary

Table 39: Annual Housing Need & Supply by Tenure – Worcestershire

Source	Buy at 100% LQ ⁴	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	527	1,053	1,580
Newly Forming (Table 26)	2,266	286	458	398	1,112	4,520
Falling Into Need (Table 28) ¹	0	0	0	234	467	701
Annual Gross Need	2,266	286	458	1,159	2,632	6,801
Re-sales at LQ (Table 8)	1,619	0	0	0	0	1,619
Social Re-lets (Table 31)	0	0	0	0	2,389	2,389
From Falling Into Need (Table 28) ²	Included in re-sales	467	0	0	0	467
From Backlog Reduction (Total of 1,233 from waiting list x 20%)		247	0	0	0	247
Total Supply: Existing Stock	1,619	714	0	0	2,389	4,722
Annual Shortfall or (Surplus)	647	(428)	458³	1,159	243	2,079
Annual Need: Subsidised Affordable Housing				1,402		
Annual New Supply 2010/11 (Table 32)	811		466		1,277	
Annual New Supply Post 2011 (Table 32)	1,215		810 (at 40%)		2,025	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

⁴ Total new households less the number unable to buy = number able to buy at 100% LQ

The supply of open market housing for sale has risen from last year as the housing market starts to recover, although it wouldn't meet the needs of those households who can afford the cost. However, this tenure is largely determined by market conditions rather than housing need.

There seems to be an adequate supply of private rented properties but this is generally an over-estimate as the sector provides a backfill for unmet housing need from other tenures.

The supply of social rented housing at 2,389 is over 90% of the amount required for those who can afford nothing else (2,632). With the addition of 1,159 households who can only afford to purchase at up to 50% lower quartile, the total requirement for subsidised affordable housing increases to 3,791 with an annual shortfall of 1,402 (compared to 1,827 last year).

Next year, the annual supply of new affordable housing is predicted to be 466, less than the 502 completions this year and a third of the total amount required. Beyond 2011, if affordable housing constitutes an average of 40% of total new supply, this would amount to 810 units per year or 58% of the amount required to meet the affordable housing shortfall in full. It is unlikely that the delivery of affordable housing will in fact be 40% of all new completions.

In the short-term, the amount of affordable housing required for social rent is around half the level of supply. This level of supply is likely to remain fairly constant in the near future but could increase in the future dependent on policy changes.

The projected levels of new affordable housing supply continue to be lower than projected annual levels of affordable housing need and therefore care consideration of the split between social rented and low cost home ownership tenures will be required to maximise the number of households that are provided for within this shortfall.

13. Affordable Housing Requirements by District

This chapter monitors the change in affordable housing requirements over the past year. It takes the previous chapter's sub-regional overview of the type of affordable housing required, and looks in more detail at each District. Appendix 7 contains the same comparable tables for Local Housing Market Areas.

13.1 Bromsgrove District

Table 40: Annual Housing Need and Supply by Tenure

Source	Buy at 100% LQ	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	67	133	200
Newly Forming (Table 26)	526	5	62	124	131	848
Falling Into Need (Table 28) ¹	0	0	0	22	44	66
Annual Gross Need	526	5	62	213	308	1,114
Re-sales at LQ (Table 8)	278	0	0	0	0	278
Social Re-lets (Table 31)	0	0	0	0	279	279
From Falling Into Need (Table 28) ²	Included in re-sales	44	0	0	0	44
From Backlog Reduction (Total of 106 from waiting list x 20%)		21	0	0	0	21
Total Supply: Existing Stock	278	65	0	0	279	622
Annual Shortfall or (Surplus)	248	(60)	62³	213	29	492
Annual Need: Subsidised Affordable Housing				242		
Annual New Supply 2010/11 (Table 32)	91		62		153	
Annual New Supply Post 2011 (Table 32)	120		80 (at 40%)		200	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

The annual shortfall of affordable housing (242) is more than the projected annual new housing supply for next year (62). This shortfall is a small decrease on the previous year. Post 2011 it is projected that supply may increase to 80 units per annum.

The level of need for any potential supply of new housing at no more than 75% lower quartile (62) is less than the total amount of market housing predicted after 2011 (120). This is likely to be an underestimate and the need will not be met unless enough low cost market housing is developed at the right price levels. Recently in Bromsgrove, a number of intermediate rent properties were developed creating a new tenure between open market and typical social rented accommodation.

Table 9 shows that the lower quartile cost for a 1 bedroom property is £68,163, compared to £101,808 and £127,215 for 2 and 3 bedroom properties respectively. Therefore 75% of these figures would be £51,122, £76,356 and £95,411 respectively as targets for low cost market housing.

Appendix 3 sets out income requirements, monthly costs and target prices for low cost market housing, to illustrate what is required from new supply to meet this need.

At projected levels of annual housing supply up to 2011, new supply is estimated to meet 26% of the shortfall predicted and therefore either some of the housing need will be displaced or unmet. The shortfall for social rent is much less than that for buying at 50% lower quartile, but unmet need at 50% lower quartile where there is very limited supply will add to the requirement for social rent. Hence, a balance in new supply between these two tenures is vital in meeting the overall need, by maximising the number of affordable dwellings and prioritising the most acute housing needs.

13.2 Malvern Hills District

Table 41: Annual Housing Need and Supply by Tenure

Source	Buy at 100% LQ	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	44	87	131
Newly Forming (Table 26)	237	74	52	32	160	555
Falling Into Need (Table 28) ¹	0	0	0	14	29	43
Annual Gross Need	237	74	52	90	276	729
Re-sales at LQ (Table 8)	232	0	0	0	0	232
Social Re-lets (Table 31)	0	0	0	0	264	264
From Falling Into Need (Table 28) ²	Included in re-sales	29	0	0	0	29
From Backlog Reduction (Total of 118 from waiting list x 20%)		24	0	0	0	24
Total Supply: Existing Stock	232	53	0	0	264	549
Annual Shortfall or (Surplus)	5	21	52³	90	12	180
Annual Need: Subsidised Affordable Housing				102		
Annual New Supply 2010/11 (Table 32)	172			80		252
Annual New Supply Post 2011 (Table 32)	150			100 (at 40%)		250

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

The supply of open market sale housing from within the existing housing stock, at or below the lower quartile price (164) is almost the same as the number of newly forming households that can afford this cost. As the housing market has improved more properties have been selling at this price level.

Supply of private rented accommodation is very difficult to quantify, but the amount released by meeting the needs of existing households (53) doesn't quite meet the needs of those who can afford it (74).

Social rented housing supply has increased marginally from last year due to a greater number of re-lets in 2009/10 increasing the 3-year average. However, this isn't quite enough to meet the level required for those who can afford nothing else. The total requirement for subsidised affordable housing is 366, with a supply of 264 leaves a shortfall of 102 per annum, a decrease of just over 10% from last year. The short-term level of new supply equates to 78% of this annual shortfall.

There are a total of 52 households that can afford to purchase at no more than 75% lower quartile. The private sector may be capable of meeting this need but it is more likely that this would add to the subsidised affordable housing need due to a lack of products available at this price, increasing the shortfall further.

Table 9 shows that the lower quartile cost for a 1 bedroom property is £84,707, compared to £123,660 and £169,459 for 2 and 3 bedroom properties respectively. Therefore 75% of these figures would be £63,530, £92,745 and £127,094 respectively as targets for low cost market housing.

Appendix 3 sets out income requirements, monthly costs and target prices for low cost market housing, to illustrate what is required from new supply to meet this need.

The amount of additional affordable housing required is dominated by products that are pitched at 50% lower quartile (e.g. shared ownership, intermediate rent). However, as supply of these products is relatively small, the majority of this need will need to be met by social rented accommodation and therefore meeting the shortfall is a balance of the two tenures.

13.3 Redditch Borough

Table 42: Annual Housing Need and Supply by Tenure

Source	Buy at 100% LQ	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	102	205	307
Newly Forming (Table 26)	335	7	87	66	160	655
Falling Into Need (Table 28) ¹	0	0	0	10	21	31
Annual Gross Need	335	7	87	178	386	993
Re-sales at LQ (Table 8)	209	0	0	0	0	209
Social Re-lets (Table 31)	0	0	0	0	540	540
From Falling Into Need (Table 28) ²	Included in re-sales	21	0	0	0	21
From Backlog Reduction (Total of 526 from waiting list x 20%)		105	0	0	0	105
Total Supply: Existing Stock	209	126	0	0	540	875
Annual Shortfall or (Surplus)	126	(119)	87³	178	(154)	118
Annual Need: Subsidised Affordable Housing				24		
Annual New Supply 2010/11 (Table 32)	36		64		100	
Annual New Supply Post 2011 (Table 32)	210		140 (at 40%)		350	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

The supply of open market sale housing from within the existing stock at or below the lower quartile price (209) is below the number of newly forming households that can afford the cost (335). However, some of these households will be able to afford a higher cost.

There are more private rented properties likely to be released than the anticipated need within the district (119 surplus).

Social re-lets in the borough have been increasing and over the last 3 years have averaged 540 per annum. This supply is more than sufficient to accommodate those households who can afford nothing else, but adding the number of households estimated to be able to afford 50% lower quartile, this produces a shortfall of 24.

Table 9 shows that the lower quartile cost for a 1 bedroom property is £90,855, compared to £103,581 and £104,490 for 2 and 3 bedroom properties respectively. Therefore 75% of these figures would be £68,141, £77,686 and £78,368 respectively as targets for low cost market housing.

Appendix 3 sets out income requirements, monthly costs and target prices for low cost market housing, to illustrate what is required from new supply to meet this need.

A reduction in existing households falling into need is the main contributor to a reduction in the annual gross need for affordable housing. The shortfall of households able to purchase at 50% lower quartile dominates the subsidised affordable housing need due to the high level of social re-lets. The amount of affordable housing planned in the next year is more than the shortfall presented. However, this is very much dependent on a higher than average level of social re-lets being sustained. Beyond 2011, the annual new supply of affordable housing is predicted to increase.

13.4 Worcester City

Table 43: Annual Housing Need and Supply by Tenure

Source	Buy at 100% LQ	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	84	167	251
Newly Forming (Table 26)	336	79	63	51	203	732
Falling Into Need (Table 28) ¹	0	0	0	97	194	291
Annual Gross Need	336	79	63	232	564	1,274
Re-sales at LQ (Table 8)	319	0	0	0	0	319
Social Re-lets (Table 31)	0	0	0	0	424	424
From Falling Into Need (Table 28) ²	Included in re-sales	194	0	0	0	194
From Backlog Reduction (Total of 217 from waiting list x 20%)		43	0	0	0	43
Total Supply: Existing Stock	319	237	0	0	424	980
Annual Shortfall or (Surplus)	17	(158)	63³	232	140	294
Annual Need: Subsidised Affordable Housing				372		
Annual New Supply 2010/11 (Table 32)	237			110		347
Annual New Supply Post 2011 (Table 32)	330			220 (at 40%)		550

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

The number of re-sales at the lower quartile price has increased marginally from the previous year and a small shortfall is still present. A huge surplus of private rented properties (158) still exists but this tenure acts a fall back for many others so likely to be an over estimate.

The average number of social re-lets of the past 3 years has increased by over 100 to 424. Social re-lets in 2008/09 and 2009/10 are over double what they were the two previous years. The gross annual need for affordable housing has remained static but this increase in supply has resulted in a smaller shortfall (140) compared to the previous year. With the addition of those households who cannot afford to buy at greater than 50% lower quartile, there is a total shortfall of 372, over three times greater than the projected level of supply in 2010/11. Projected supply post 2011 equates to 59% of the annual affordable housing shortfall.

Housing need at not more than 75% lower quartile (63) equates to 19% of the total new market housing supply projected post 2011 (330).

Table 9 shows that the lower quartile cost for a 1 bedroom property is £82,394, compared to £123,511 and £146,514 for 2 and 3 bedroom properties respectively. Therefore 75% of these figures would be £61,796, £92,633 and £109,886 respectively as targets for low cost market housing.

Appendix 3 sets out income requirements, monthly costs and target prices for low cost market housing, to illustrate what is required from new supply to meet this need.

There is a clear need for different tenures of affordable housing. Within Worcester, there have been a few large-scale developments that have enabled tenures other than social rented to increase their stock. Further developments of this nature will be required to sustain this increase in stock and help meet the shortfall of need that is being presented.

13.5 Wychavon District

Table 44: Annual Housing Need and Supply by Tenure

Source	Buy at 100% LQ	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	151	302	453
Newly Forming (Table 26)	418	56	98	69	228	869
Falling Into Need (Table 28) ¹	0	0	0	26	52	78
Annual Gross Need	418	56	98	246	582	1,400
Re-sales at LQ (Table 8)	347	0	0	0	0	347
Social Re-lets (Table 31)	0	0	0	0	456	456
From Falling Into Need (Table 28) ²	Included in re-sales	52	0	0	0	52
From Backlog Reduction (Total of 102 from waiting list x 20%)		20	0	0	0	20
Total Supply: Existing Stock	347	72	0	0	456	875
Annual Shortfall or (Surplus)	71	(16)	98³	246	126	525
Annual Need: Subsidised Affordable Housing				372		
Annual New Supply 2010/11 (Table 32)	93			107		200
Annual New Supply Post 2011 (Table 32)	285			190 (at 40%)		475

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

The number of re-sales at or below the lower quartile price has increased by almost 100 resulting in a small shortfall of open market sale housing. Although the total supply of private rented housing is difficult to quantify, the amount that would be released by meeting the needs of existing households creates a small surplus.

The annual gross need for social rented housing has decreased by 100 due to a reduction of the same magnitude in the backlog reduction, with the housing need criteria of waiting list data changing slightly. The number of re-lets has remained constant resulting in a shortfall of 126. Adding the 246 households who could afford up to 50% lower quartile increases the shortfall of subsidised affordable housing to 372.

If the supply of housing post 2011 followed the RSS Phase Two Preferred Option and affordable housing amounted to 40% of this level, 190 units would be built per annum, representing just over half of the shortfall.

The annual level of need for housing at no more than 75% lower quartile cost (98) amounts to 34% of the open market housing proposed post 2011 (285).

The 3-year average supply of social re-lets has increased slowly over recent years. Therefore other forms of affordable housing are also required to help supplement the large need that exists within the district. The shortfall of social rented and those that can afford 50% lower quartile cost is fairly substantial and is evidence to show a balance of different tenures is required to meet housing needs.

Table 9 shows that the lower quartile cost for a 1 bedroom property is £72,994, compared to £119,034 and £153,842 for 2 and 3 bedroom properties respectively. Therefore 75% of these figures would be £54,746, £89,276 and £115,382 respectively as targets for low cost market housing.

Appendix 3 sets out income requirements, monthly costs and target prices for low cost market housing, to illustrate what is required from new supply to meet this need.

13.6 Wyre Forest District

Table 45: Annual Housing Need and Supply by Tenure

Source	Buy at 100% LQ	Private Rent	Buy at 75% LQ	Buy at 50% LQ	Social Rent	Total
Backlog Reduction (Table 30) ¹	0	0	0	79	159	238
Newly Forming (Table 26)	414	65	96	56	230	861
Falling Into Need (Table 28) ¹	0	0	0	64	128	192
Annual Gross Need	414	65	96	199	517	1,291
Re-sales at LQ (Table 8)	228	0	0	0	0	228
Social Re-lets (Table 31)	0	0	0	0	426	426
From Falling Into Need (Table 28) ²	Included in re-sales	128	0	0	0	128
From Backlog Reduction (Total of 164 from waiting list x 20%)		33	0	0	0	33
Total Supply: Existing Stock	228	161	0	0	426	815
Annual Shortfall or (Surplus)	186	(96)	96³	199	91	476
Annual Need: Subsidised Affordable Housing				290		
Annual New Supply 2010/11 (Table 32)	182			43		225
Annual New Supply Post 2011 (Table 32)	120			80 (at 40%)		200

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% LQ – this may well underestimate the need for social rent

² Tenure split is based on the assumption that 1/3 will come from owner occupation and 2/3 from private rent

³ Maybe an underestimate – makes no allowance for any of the backlog or falling into need

The supply of open market sale housing at or below lower quartile within the existing housing stock has increased slightly but so has the gross need meaning the shortfall is relatively unchanged. A surplus is visible in the private rented sector but this sector picks up many of the households who cannot access other market or intermediate housing tenures.

The supply of social rented housing (426) has remained fairly constant compared to the previous year but there has been a decreasing trend in the number of re-lets over the last decade (Appendix 5). The need for social rented housing is greater than the supply and therefore a shortfall of 91 exists. Adding those who are unable to afford to buy above 50% lower quartile gives a total subsidised affordable housing shortfall of 290. This is a 10% increase on the previous year, which is the result of an increase in gross need, especially from the backlog reduction and existing households falling into need.

The level of new supply in 2010/11 of 43 equates to just 15% of this shortfall. Post 2011 affordable housing supply could increase dependent on funding and policy changes but would still be substantially below the annual need. The level of need for housing at not more than 75% lower quartile cost (96) equates to 80% of the total new open market housing proposed post 2011.

As has already been mentioned, social re-lets have been declining in Wyre Forest, which means that extra pressure will be placed on increasing the supply of other forms of affordable housing.

Table 9 shows that the lower quartile cost for a 1 bedroom property is £75,715, compared to £109,275 and £127,540 for 2 and 3 bedroom properties respectively. Therefore 75% of these figures would be £56,786, £81,956 and £95,655 respectively as targets for low cost market housing.

Appendix 3 sets out income requirements, monthly costs and target prices for low cost market housing, to illustrate what is required from new supply to meet this need.

13.7 Local Housing Market Areas Summary

Table 46: Affordable Shortfalls and Supply – All LHMA's

Local Housing Market Area	Need: Buy at 50% LQ	Need: Social Rent	Annual Affordable Shortfall	Affordable Supply: 2010/11 (current policy)		Supply: Post 2011	
Bromsgrove	121	(47)	74	35	47.3%	46	62.2%
Droitwich	57	(8)	49	24	49.0%	42	85.7%
Evesham	96	62	158	39	24.7%	69	43.7%
Malvern	53	(37)	16	47	294%	59	369%
Pershore	26	4	30	13	43.3%	23	76.7%
Redditch	186	(146)	40	68	170%	158	395%
Worcester	266	188	454	147	32.4%	273	60.1%
Wyre Forest	188	19	207	49	23.7%	88	42.5%
Total	993	35	1,028	422	41.1%	758	73.7%

13.8 Worcestershire Summary

Table 47: Affordable Shortfalls and Supply – All Districts

District	Need: Buy at 50% LQ	Need: Social Rent	Annual Affordable Shortfall	Affordable Supply: 2010/11 (current policy)		Affordable Supply: Post 2011	
Bromsgrove	213	29	242	62	25.6%	80	33.1%
Malvern Hills	90	12	102	80	78.4%	100	98.0%
Redditch	178	(154)	24	64	267%	140	583%
Worcester City	232	140	372	110	29.6%	220	59.1%
Wychavon	246	126	372	107	28.8%	190	51.1%
Wyre Forest	199	91	290	43	14.8%	80	27.6%
Worcestershire	1,158	244	1,402	466	33.2%	810	57.8%

The estimated annual shortfall of affordable housing is less than the previous year, 1,402 compared to 1,727. The housing need of households that can afford to buy at 50% lower quartile or less is significantly greater than the need of those who can only afford social rent. However, as referred to on previous occasions in this report and previous monitoring reports, any unmet housing need of those unable to buy at 50% lower quartile will add to the need for social rent.

Affordable housing supply under current policies is estimated to meet 33.2% of housing need in Worcestershire up to 2011 and 57.8% post 2011 subject to policy changes.

14. Summary of Annual Changes

2009/10 has seen a mixed picture emerge for both the UK economy and subsequently the housing market also. The economy has begun to grow again after a period of 18 months contraction and after a sustained period of house price falls, the market has begun to pick up with sales increasing but prices more volatile. Forecasts for 2011 are static or small decrease in house prices and the tightening lending criteria now being used by lenders is inevitably going to make it harder for first-time buyers to access the market at an affordable rate.

Average sale prices for properties within Worcestershire decreased by 2.7% in 2009/10 compared to the previous financial year but prices began to rise in late 2009 after a period of decrease and a similar timed pattern has emerged in 2010. However, the number of sales increased by over 20% with some households able to take advantage of the depressed market conditions. The lower quartile price for properties in Worcestershire decreased to £130,000 (-3.7%), but again the number of properties sold at or below this level was more than the previous year.

The projected number of affordable housing completions next year (2010/11) is 466, less than the number of completions in any of the last two years but just above the average number of the last five years. The RSS Phase Two Preferred Option presented a minima target of 1,000 per annum and the Regional Housing Strategy had a target of 1,123 per annum, both across the South Housing Market Area.

It is difficult to project the number of affordable housing completions in the short-term and virtually impossible beyond a few years. Therefore the monitoring reports have taken a cautionary approach to projecting future completions in order to obtain a realistic outlook, which means more speculative developments are overlooked.

The total social rented housing stock in Worcestershire is 33,489 and social re-lets increased by 9% over the year to 2,617. The number of re-lets of 1 bedroom properties and 2 bedroom flats haven't changed that much but the number of re-lets of 2 bedroom houses and 3 bedroom properties have increased considerably. Re-lets of 4+ bedroom properties is still very low.

The total gross annual need in Worcestershire has decreased by just over 300 households to 3,791. All districts with the exception of Worcester City have seen a decrease in gross need with current backlog need almost entirely the cause of this change. A change in the methodology of assessing the need of those households in the Bronze and Bronze Plus bandings on Home Choice Plus has reduced the number of households on the waiting list classified as having a housing need, but also the number of households on the waiting list has decreased

The total number of waiting list applicants classified as having a housing need has decreased from 9,324 to 7,899, with the biggest falls seen in Worcester City, Wychavon and Wyre Forest. There are a couple of reasons for this reduction; firstly there has been a decrease in the number of households on the waiting list and secondly, the criterion for assessing housing need has changed slightly as described earlier. The average waiting time for a property in Worcestershire has decreased from 3.9 years in 2008/09 to 3.0 years in 2009/10.

Waiting times for 1 bedroom properties have remained unchanged at almost 4 years. However, for other properties they have decreased caused by a reduction in need and an increase in the number of re-lets. There is still an issue with the quality of data within the choice-based letting system and this is continually being improved.

The assumption of backlog need reducing by 20% per annum has been used throughout the last three monitoring reports. Newly forming households unable to buy or rent open market housing is the main contributor to gross annual housing need, followed by backlog reduction from the waiting list. However, in terms of need for subsidised affordable housing, the backlog need reduced significantly more and was the main contributor to an overall reduction in annual gross housing need. Newly arising need and existing households falling into need have remained relatively constant.

The number of households unable to buy at 50% lower quartile or unable to buy or rent have both fallen, however, the former by a larger proportion due to a reduction in the number of households classified as being in housing need.

The projected annual level of social re-lets, which are based on an examination of the annual Housing Strategy Statistical Appendix (HSSA), have increased by approximately 100 across the county, with Worcester City accounted for nearly all of this change. Combining this projection with the projected annual new supply of affordable housing and subtracting from the gross annual housing need results in the annual shortfall or surplus for affordable housing.

The annual affordable shortfall has changed as presented in the table below.

Table 49: Annual Affordable Housing Shortfall by District – 2005/06 to 2009/10

District	2005/06	2006/07	2007/08	2008/09	2009/10
Bromsgrove	286	335	205	277	242
Malvern Hills	1	19	96	120	102
Redditch	61	140	100	94	24
Worcester City	340	313	376	469	372
Wychavon	223	662	579	507	372
Wyre Forest	135	320	181	260	290
Worcestershire	1,046	1,789	1,537	1,727	1,402

Changes have been similar across the eight local housing market areas as to the district figures shown above.

The annual affordable housing shortfall across the county has remained above 1,000 over the past five years since the original assessment, although there have been small changes to methodology and data collection through the years. Only Wyre Forest has seen an increase in its shortfall in 2009/10. The shortfall figures are estimations of housing need and should not be used as targets. However, they do show a degree of magnitude for the need of affordable housing.

In summary, annual need for subsidised affordable housing in Worcestershire has increased from the original assessment, but decreased from the previous three year's of monitoring. Newly forming (arising) households are the biggest contributors to gross annual housing need and are determined by household and population projections. Backlog need is an examination of waiting lists and those who have a housing need. The analysis hasn't changed drastically over time but local authority systems have been developed and improved. Households falling into need have followed a decreasing trend but this year saw a small increase. Affordable housing supply remains fairly constant year-on-year and hence gross annual housing need is the main driver for changes in the shortfall.

15. Future Monitoring

References have been made throughout this report to data and information presented within the original housing market assessment and the previous annual monitoring compares to the updated annual data. The monitoring is not a complete repeat of the whole assessment process, but findings and conclusions have been compared to identify and trends or directions of change that may have occurred.

Projections have also been monitored and adjusted as necessary, although there haven't been any major changes in methodology, allowing for a direct comparison between years. However, changes in methodology may be required in future years to take account of the way data is collected and changing government guidance.

There will be a new assessment commissioned in early 2011, which will be completed by the end of summer 2011. The new assessment will look at 2010/11 data but also consider any major methodology changes to the way in which housing need is calculated, such as:

- ECOTEC Report – Analysis of SHMAs in West Midlands: Stage 1 Technical Report
- Backlog need assumptions – bandings and criteria
- Newly arising need – levels of affordability
- Intermediate affordable housing supply

It is intended that future updating will then use the new assessment as its basis and look to measure trends and changes in the housing market going forward.