

Malvern Hills

Strategic Housing Market Assessment 2019

Malvern Hills District Council

Final Report

September 2019

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Executive Summary

Introduction

The Malvern Hills Strategic Housing Market Assessment (SHMA) 2019 provides the latest available evidence to help to shape the future planning and housing policies of the area. This study will support forthcoming reviews of the South Worcestershire Development Plan (SWDP) and similar reports have been prepared for Worcester City and Wychavon which are also located in the SWDP area.

The SHMA findings will also be used to inform the development of local housing strategies and the commissioning of new affordable and other housing products in each authority area. It considers the need for affordable housing and the size, type and tenure of housing need for different groups within the communities. This research provides an up-to-date analysis of the social, economic, housing and demographic characteristics of the area.

The SHMA (2019) method incorporates:

- extensive review analysis and modelling of existing (secondary) data;
- an online survey of stakeholders; and
- interviews with estate and letting agents.

The findings from the study provide an up-to-date, robust and defensible evidence base for policy development, in accordance with Government policy and guidance.

Housing market context

House prices

Median house prices in the Malvern Hills District have been consistently higher than those for the West Midlands region and for England as a whole¹.

During 2018, median prices across the Malvern Hills were £262,500, compared with £184,000 across the West Midlands².

Dwelling stock

This 2019 study assumes a total of 35,220 dwellings³. There are 1,041⁴ vacant properties, indicating a dwelling vacancy rate of 3%. There are an estimated 29,816 households living in Malvern Hills⁵.

Based on 2011 Census household data, the tenure profile of Malvern Hills is:

¹ Land Registry Price Paid Data

² Land Registry Price Paid Data

³ MHCLG 2017 Dwelling stock estimate

⁴ MHCLG 2017 Vacancy statistics

⁵ 2016-based MHCLG household projections; 2018 households

- 71.9% owner occupied being 42.5% owned outright;
- 29.4% owned with a mortgage or loan or shared ownership;
- 14.9% affordable (rented from a social landlord); and
- 13.2% private rented or living rent free.

The latest 2017 Valuation Office Agency data reports that:

- 13.8% are 1 or 2-bedroom houses;
- 34.8% are 3-bedroom houses;
- 21.4% are 4 or more-bedroom houses;
- 5.6% are 1-bedroom flats;
- 7.8% are 2 or more-bedroom flats;
- 9.7% are 1 or 2-bedroom bungalows; and
- 6.9% are 3 or more-bedroom bungalows.

Demographic drivers

The population of the district is projected to increase over the period 2016-2030, from 76,600 to 82,100⁶ an overall increase of 7.2%. There will be a marked increase in the number and proportion of older residents. The population aged 65+ years is expected to increase by 31% from 21,000 in 2016 to 27,500 in 2030⁷. This compares with an increase of 38% across the West Midlands and 45.1% across England.

Economic drivers

Across Malvern Hills, 60.7% of Household Reference People (HRP) are economically active and in employment (2011 Census) and a further 17.8% are retired from work, 3.8% are unemployed, 2.5% are students and 15.2% are economically inactive.

According to the 2011 Census, 55.7% of residents in employment work within the district, with the remainder commuting out of the district to work in areas such as Worcester (15.6%), Wychavon (5%), Herefordshire (4.2%), 7.4% elsewhere West Midlands and 12% outside the West Midlands.

The ONS identifies that across the district, incomes are higher than the regional average and similar to the national average. Lower quartile earnings in 2017 were £21,208, compared with £20,124 across the West Midlands and £21,273 across England. Median incomes were £27,122 compared with £27,636 across the West Midlands and £29,869 across England⁸.

⁶ ONS 2016-based Subnational Population Projections

⁷ ONS 2016-based Subnational Population Projections

⁸ ONS 2018 Annual Survey of Hours and Earnings

Dwelling need, type and mix

This SHMA report considers **future housing need** based on the 'standard methodology' outlined in National Planning Practice Guidance (PPG). Using 2014-based household projections and latest (2018) affordability indicators, the minimum local housing need arising in Malvern Hills is 405 dwellings each year. Further analysis has been prepared by Edge Analytics to verify that the dwelling need calculation, using the standard methodology, is appropriate for Malvern Hills. Future employment change scenarios confirmed that this number of new dwellings will sufficiently support economic growth.

The scale of **affordable requirements** has been assessed using latest (July 2018) housing register data. The overall gross shortfall of affordable housing is 473 dwellings each year but due the supply of annual affordable lettings and a strong planned delivery of affordable housing, the net shortfall is 72 each year. It is important that the council maintains an appropriate affordable housing target to ensure the continued delivery of affordable housing to support long-term community sustainability. It is recommended that 64.5% of new affordable dwellings have one-bedroom, 23.9% two-bedrooms, 9.6% three-bedrooms and 2.1% four or more-bedrooms.

SWDP policy 15 sets out the current affordable housing policy for the district:

- on sites of 15 or more dwellings on greenfield land, 40% of the units should be affordable and provided on site; and
- on sites of 15 or more dwellings on brownfield land, 30% of the units should be affordable and provided on site.

The overall market and affordable mix by dwelling type, size and tenure is summarised in Table ES1. Note that this illustrates the mix on the basis of the quantity of housing need arrived at using the standard method (405 dwellings per annum) and applying a policy of 30% affordable housing to the quantity of overall annual need.

Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 and 2-bedroom house	16	13	29
3-bedroom house	124	11	136
4 or more-bedroom house	70	2	72
1-bedroom flat	-16	46	29
2 and 3-bedroom flat	7	17	24
1-bedroom bungalow	-13	28	15
2-bedroom bungalow	64	0	64
3 or more-bedroom bungalow	33	0	33
Other	3	0	3
TOTAL	287	118	405

Note totals tenure may vary slightly due to rounding errors

Source: arc⁴

A broad tenure split of 80% rented and 20% intermediate tenure as set out in the council's 2016 Affordable Housing Supplementary Planning Document (SPD) remains appropriate.

The needs of other groups

Over the period 2016 to 2030, the number of **older person households** is going to increase by around 4,146 households. According to national survey data collected by arc4, the majority of these households want to stay in their home with help and support when needed. There is a need to increase the supply and diversify the range of specialist older persons' housing. Analysis suggests across Malvern Hills an increase of 610 units of specialist older person (C3) dwellings such as extra care and retirement housing (which is part of the overall housing need); and an increase in around 398 units of C2 residential care dwellings. C2 and C3 are classifications defined in planning policy to distinguish between residential and institutional accommodation such as care homes.

Regarding **housing for people with disabilities**, it is estimated that 25.1% of all residents have an illness/disability and this is expected to increase to 27.5% by 2030. It is estimated there are around 298 households requiring wheelchair accessible dwellings in Malvern Hills.

Given the ageing population of the district and the identified levels of disability amongst the population, it is recommended that a policy to provide new homes built to **accessibility standards** is included in the local plan. It is recommended that, subject to financial viability testing, a minimum of 1% of new dwellings should be built to M4(3) dwelling standard (wheelchair use dwellings) and 20% of new dwellings should be built to M4(2) dwelling standard (accessible and adaptable dwellings).

There is expected to be an increase of around 200 dwellings needing adaptation across all households to 2030.

There is interest in **self and custom-build** and at May 2018, 48 people had registered for a self/custom build plot, with need, across the district.

1. Introduction

Background and objectives

- 1.1 The Malvern Hills District Strategic Housing Market Assessment (SHMA) 2019 has been commissioned by Malvern Hills District Council ('the Council') to provide an up-to-date evidence base to inform the development of the council's local plan and other strategies.
- 1.2 This study will support forthcoming reviews of the South Worcestershire Development Plan (SWDP). The SHMA findings will also be used to inform the development of local housing strategies and the commissioning of new affordable and other housing products in each authority area.
- 1.3 The SHMA supports the requirements of the National Planning Policy Framework (NPPF 2019) and associated Planning Practice Guidance (PPG) including February 2019 PPG on *Housing Need* which sets out the standard method for assessing housing need and available evidence to help to shape the future planning and housing policies of the area.
- 1.4 The South Worcestershire Development Plan presented an 'Objectively Assessed Housing Need' (OAHN) range of 26,700 to 27,300 for the 2006-2030 plan period, underpinned by an economic-led approach. Data to inform this calculation was prepared by Edge Analytics and published by AMION Consulting in 2014. The adopted plan was published in 2016, stating the economic and housing growth aspirations for South Worcestershire districts.
- 1.5 Since the evidence base was prepared for South Worcestershire, a 'standard methodology' for determining housing numbers has been adopted by the Ministry of Housing, Communities and Local Government (MHCLG) and a range of new data sources have become available. The purpose of this study is to set out the new approach for assessing need and how this relates to a broader range of demographic evidence.
- 1.6 This 2019 SHMA study includes a review of the housing market, an assessment of future need, the identification of the housing needs of specific groups and a consideration of the requirement for affordable housing.
- 1.7 The overall evidence base will satisfy the requirements of Government policy and guidance, as set out within 2019 NPPF and PPG.

Government policy and guidance

- 1.8 The latest National Planning Policy Framework (NPPF) was published in February 2019 and associated Planning Practice Guidance (PPG) was updated in February and June 2019. The NPPF 2019 sets out the Government's planning policies for England and how these are expected to be applied. Paragraph 10 of the NPPF states that plans and decisions should apply a '*presumption in favour of sustainable development*'. As part

of this, in relation to plan-making, it sets out that this means that *‘strategic policies should, as a minimum, provide for objectively assessed needs for housing...’⁹*.

- 1.9 Paragraph 59 provides an important context to the policy for housing delivery, as follows:

‘To support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.’

- 1.10 It goes on to state (paragraph 60) that:

‘To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.’

- 1.11 The NPPF 2019 (paragraph 65) requires that:

‘strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. Within this overall requirement, strategic policies should set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations.’

- 1.12 The NPPF 2019 (paragraph 61) states that:

‘The size, type and tenure of housing need for different groups in the community, should be assessed and reflected in planning policies including but not limited to:

- *those who require affordable housing;*
- *families with children;*
- *older people;*
- *students;*
- *people with disabilities;*
- *service families;*
- *travellers;*
- *people who rent their homes; and*
- *people wishing to commission or build their own homes’.*

⁹ NPPF Feb 2019, Paragraph 10

- 1.13 In addition, the NPPF 2019 paragraph 62 sets out that: *‘where a need for affordable housing is identified, planning policies should specify the type of affordable housing required...’*.
- 1.14 The Localism Act 2010 introduced the ‘Duty to Cooperate’ as a replacement for Regional Spatial Strategy and this requirement is also established in National Planning Policy (NPPF 2019, paragraphs 24-27). Section 110 of the Act requires local authorities and other bodies, including Local Enterprise Partnerships to cooperate in maximising the effectiveness of strategic matters within development plan documents. The provision of housing development is a strategic priority and the council will have to ensure that it is legally compliant with the Localism Act at local plan examination.

Funding for new housing

- 1.15 In October 2018 the Government announced the “geographical targeting” of five Homes England programmes to direct 80% of their funding to high affordability areas as defined by house prices to household income ratios. These funding streams which are targeted at land assembly, infrastructure, estate regeneration and short-term housebuilding will spatially focus £9.740bn of public sector investment across England in the period up to 2024. This announcement followed an earlier statement in June by the Ministry of Housing Communities and Local Government (MHCLG) which stated that newly available grant for approximately 12,500 social rented housing outside of London should be targeted at local authority areas which exhibited high affordability issues when measuring the gap between market and social rents across England.
- 1.16 An important context to the debate about the spatial targeting of housing resources is the development of the National Productivity Investment Fund. This lists five housing funds:
- Accelerated Construction Fund
 - Affordable Housing
 - Housing Infrastructure Fund;
 - Small Sites infrastructure Fund
 - Land Assembly Fund
- 1.17 Collectively these funds account for £12.185bn of investment over the period 2017-18 to 2023-24. The spatial targeting of Social Housing Grant announced by MHCLG was based on a simple formula which compared average social housing rents with average private sector rents with eligibility being restricted to those areas where there was a difference of £50 per week or more between the two tenures. The decision made by MHCLG to target resources on the basis of house prices, rents and incomes produces very different outcomes compared to targeting on the basis of measurements of need.

Definitions

- 1.18 Definitions relating to affordable housing are presented in the NPPF 2019 (Annex 2):

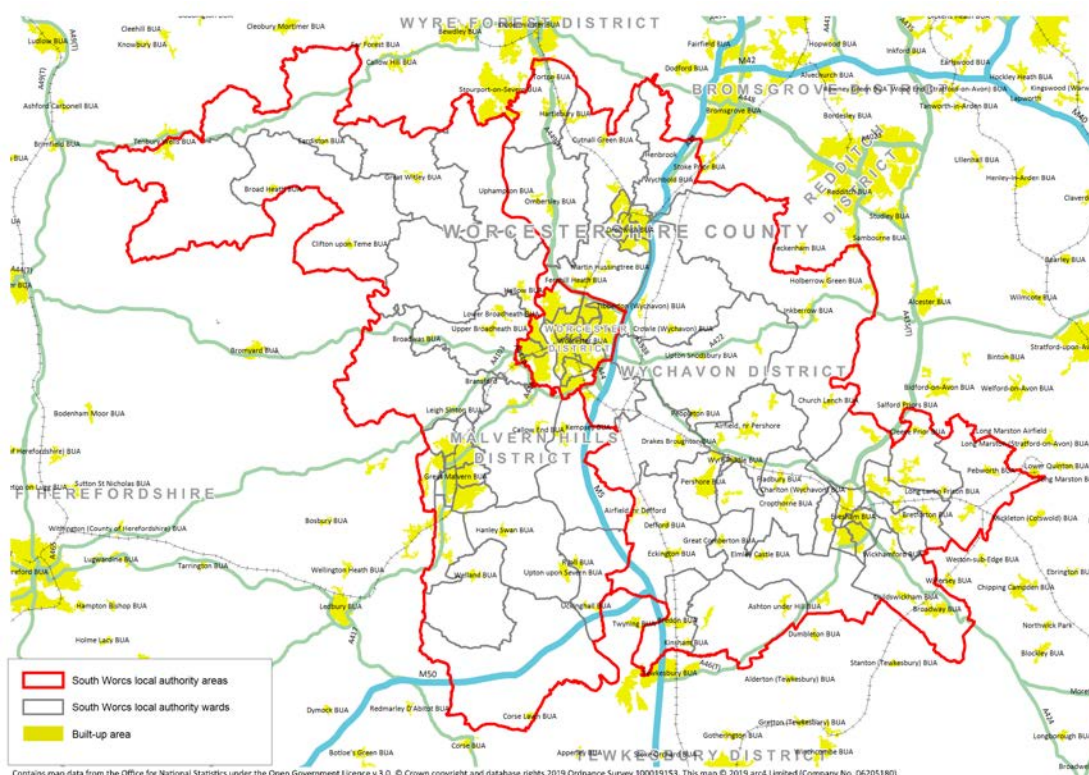
Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for social rent or affordable rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes, affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.

Geography

- 1.19 Map 1.1 illustrates the geographical context of Malvern Hills District within the County of Worcestershire and neighbouring areas.

Map 1.1 Malvern Hills District and the wider South Worcestershire geographical context



- 1.20 Malvern Hills District is located within the County of Worcestershire, in the West Midlands of England. The other two South Worcestershire authorities, Wychavon District and Worcester City, border the East of Malvern Hills District. Beyond the northern boundary is the district of Wyre Forest (Worcestershire) and Shropshire Unitary authority. To the West of the District is the unitary authority of Herefordshire. The district of the Forest of Dean and Tewksbury borough lies to the South. The resident population of the district is estimated at around 77,200 people in 2018¹⁰.
- 1.21 Larger settlements within the district include Tenbury Wells, Malvern Town and Upton upon Severn.
- 1.22 The data in this report has been presented at parish and ward level depending on data availability. The 2011 Census data is available down to postcode level and for the purposes of this report, this data has been presented based on 62 parishes (Table 1.1) and/or ward (Table 1.2). Where data is originally at Lower Super Output Area (LSOA) level it is not possible to fit this data to the parish geography and therefore, when this is the case, the data has been presented by ward. Map 1.2 shows the geography within Malvern Hills District.

Table 1.1 Parishes in Malvern Hills

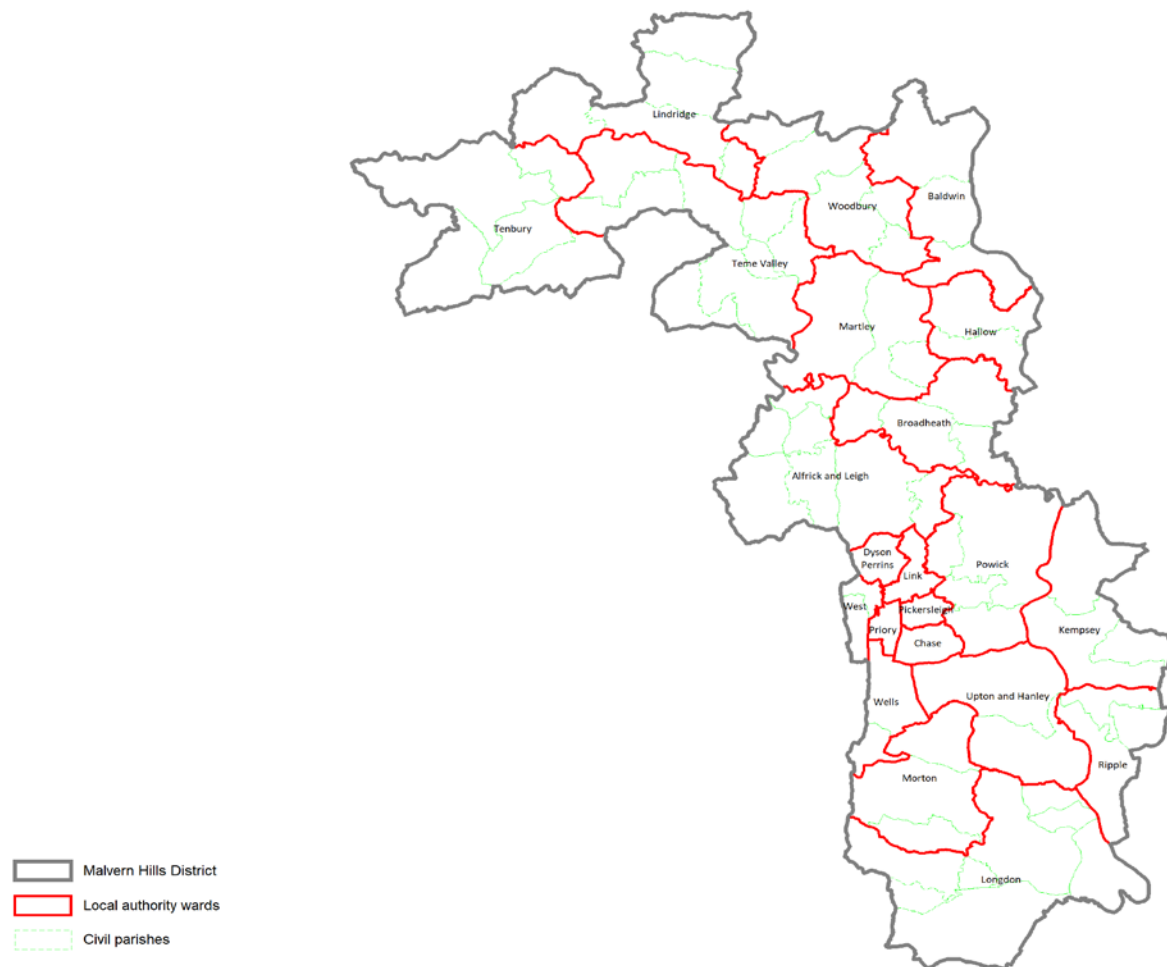
Abberley	Hallow	Newland
Alfrick	Hanley	Pendock

¹⁰ 2016-based Subnational Population Projections (ONS)

Astley and Dunley	Hanley Castle	Pensax
Bayton	Hill Croome	Powick
Berrow	Hillhampton	Ripple
Birtsmorton	Holdfast	Rochford
Bockleton	Holt	Rushwick
Bransford	Kempsey	Severn Stoke
Broadheath	Knighton on Teme	Shelsley Beauchamp
Broadwas	Kyre	Shelsley Kings
Bushley	Leigh	Shrawley
Castlemorton	Lindridge	Stanford with Orleton
Clifton upon Teme	Little Witley	Stockton on Teme
Cotheridge	Longdon	Stoke Bliss
Doddenham	Lower Sapey	Suckley
Earl's Croome	Lulsley	Tenbury
Eastham	Madresfield	Upton-upon-Severn
Eldersfield	Malvern	Welland
Great Witley	Malvern Wells	West Malvern
Grimley	Mamble	Wichenford
Guarlford	Martley	

Table 1.2 Wards in Malvern Hills

Alfrick and Leigh	Morton
Baldwin	Pickersleigh
Broadheath	Powick
Chase	Priory
Dyson Perrins	Ripple
Hallow	Teme Valley
Kempsey	Tenbury
Lindridge	Upton and Hanley
Link	Wells
Longdon	West
Martley	Woodbury

Map 1.2 Parishes and Wards within Malvern Hills District

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Research methodology

- 1.23 A multi-method approach has been adopted, which contains:
- a review of relevant secondary data including the 2011 Census, house price trends, 2016 ONS sub-national population projections and 2014 MHCLG household projections, CORE lettings data and MHCLG statistics;
 - modelling of data; and
 - interviews with estate and letting agents operating within the District.
- 1.24 Further information on the research methodology is presented at Appendix A.

Report structure

- 1.25 The Malvern Hills District SHMA 2019 report is structured as follows:
- **Chapter 2** reviews the national and strategic policy context within which the research needs to be positioned;
 - **Chapter 3** considers the main features of the housing market dynamics, including house price and rental trends, migration and travel to work patterns;
 - **Chapter 4** reviews the current housing market and provides a detailed analysis of the main tenures;
 - **Chapter 5** considers the need for all types of housing, including affordable housing need and a consideration of household groups with particular housing requirements;
 - **Chapter 6** considers housing need in the district;
 - **Chapter 7** sets out an assessment of dwelling type and mix for future housing development within the district; and
 - **Chapter 8** concludes the report with a summary of findings and a consideration of strategic issues.
- 1.26 The report includes a substantial technical appendix, which provides detailed material that underpins the core outputs of the SHMA. The technical appendix material includes:
- General methodology (Appendix A);
 - Policy review (Appendix B);
 - Housing need calculations (Appendix C);
 - Agent review (Appendix D).

2. Policy and strategic review

- 2.1 The purpose of this chapter is to set out the policy and strategic context for housing delivery in Malvern Hills District.

National context

- 2.2 The European Union Referendum of June 2016 resulted in significant changes in the political climate at a number of levels. Changes in Government leadership – with the appointment of Theresa May as Prime Minister – quickly led to discussions regarding the direction of housing and planning policy. Alongside significant delays (and in some cases abandonment) in the implementation of secondary legislation relating to aspects of the Housing and Planning Act 2016; conference speeches, ministerial statements and the Housing White Paper (February 2017) indicated a change in attitude towards housing policy. The 2016-17 Administration signalled a broader ‘multi-tenure’ housing strategy, including support for a range of tenures in addition to home ownership. The Neighbourhood Planning Act 2017 was passed with the intention of strengthening neighbourhood planning by ensuring that decision-makers take account of well-advanced neighbourhood development plans and giving these plans full legal weight at an earlier stage.
- 2.3 The snap general election of June 2017 created a new wave of political change and uncertainty, although the overall Government leadership remains under Conservative control and ministers appear keen to keep housing as a key domestic policy priority.
- 2.4 A detailed national policy review is presented at Appendix B.

Strategic context

- 2.5 The district sits within one of the Local Enterprise Partnership (LEP) areas¹¹, Worcestershire. Whilst the LEPs have no statutory land use planning powers, they are responsible for determining local economic priorities and undertaking activities to drive economic growth and local job creation.
- 2.6 The Worcestershire LEP (WLEP) includes the authority areas of Bromsgrove, Redditch, Worcester City, and Malvern Hills, along with Wychavon. WLEP’s Vision is:
- “To build a connected, creative, dynamic economy that delivers increased prosperity for all those who choose to live, work, visit and invest in Worcestershire.”*
- 2.7 The vision of the WLEP is to create the following by 2025:
- 25,000 new jobs,
 - Increase GVA by 2.9bn, and
 - Create 21,500 new homes.

¹¹ Note that LEP areas could be changing and LEP review was published in July 2008 <https://www.gov.uk/government/news/government-proposes-shake-up-of-local-enterprise-partnerships>

Local context

- 2.8 The South Worcestershire Development Plan (SWDP)¹² was adopted and published in February 2016. This forms the Local Plan for Worcester City, Wychavon and Malvern Hills local authority districts for the period 2006 to 2030.
- 2.9 The plan sets out a vision for South Worcestershire in 2030. The plan's vision statement covers a range of topics, including housing:
- "In 2030 south Worcestershire remains a highly desirable place in which to live and work. The planned growth in housing and employment, supported by the work of the Worcestershire Local Enterprise Partnership, has created a robust, competitive local economy...."*
- "...South Worcestershire residents have access to a range of housing types and tenures that help to meet the needs of young families, older people and single households..."*
- "...Affordable and accessible housing is widely available and helps to secure and sustain local communities, services and facilities".*
- 2.10 A series of five SWDP objectives are set out; these have been designed to help to deliver the vision. They are:
- A. Economic Success that is Shared by All
 - B. Stronger Communities
 - C. A Better Environment for Today and Tomorrow
 - D. Improving Health and Well-being
 - E. Communities that are Safe and feel Safe
- 2.11 The plan contains 7 strategic policies to deliver the development strategy:
- SWDP 1: Overarching Sustainable Development Principles;
 - SWDP 2: Development Strategy and Settlement Hierarchy;
 - SWDP 3: Employment, Housing and Retail Provision Requirement and Delivery;
 - SWDP 4: Moving Around South Worcestershire;
 - SWDP 5: Green Infrastructure;
 - SWDP 6: Historic Environment; and
 - SWDP 7: Infrastructure.
- 2.12 Further policies providing detailed guidance are contained within policies SWDP 8 to SWDP 63.
- 2.13 The South Worcestershire authorities started a review of the SWDP in 2017 in order to meet the Government requirement that local plans should be updated every five

¹² South Worcestershire Development Plan <http://www.swdevelopmentplan.org/wp-content/uploads/2016/06/The-Adopted-SWDP-February-2016.pdf>

years; the revised SWDP is required by 2021. A 'preferred options' stage was consulted upon in December 2018 and it is expected that a revised SWDP will be approved and published by 2021.

- 2.14 The new Local Plan will have a plan period of 2016-2041.

Neighbourhood Development Plans

- 2.15 The 2011 Localism Act introduced new planning powers for neighbourhood fora to produce local planning policy to reflect local priorities. Such policies must be in accordance with local plan strategic policies. Once adopted, Neighbourhood Development Plans form part of the statutory development plan for the area and must be taken into consideration when determining planning applications. Across Malvern Hills District there are currently three adopted neighbourhood plans:
- Clifton upon Teme Neighbourhood Area (plan made in 2017);
 - Kempsey Neighbourhood Area (plan made in 2017); and
 - Martley, Knightwick & Doddenham Neighbourhood Area (plan made in 2018).
- 1.27 A further 12 parishes are currently designated as neighbourhood planning areas and plans are under preparation.

Concluding comments

- 2.16 The main purpose of this chapter has been to consider the general policy and strategic context within which this research needs to be positioned. The Government has established its housing and planning priorities within the context of local decision-making and accountability, reduced capital expenditure on housing, fundamental changes to welfare, a changing role for social rented housing, and a need for future housing investment to support economic growth.
- 2.17 The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In a challenging economic climate and taking into account updated National Planning Policy, this SHMA 2019 provides the Council with an excellent range of material to inform the new local plan and shape local and sub-regional strategic housing priorities.

3. Understanding District Housing Market Dynamics

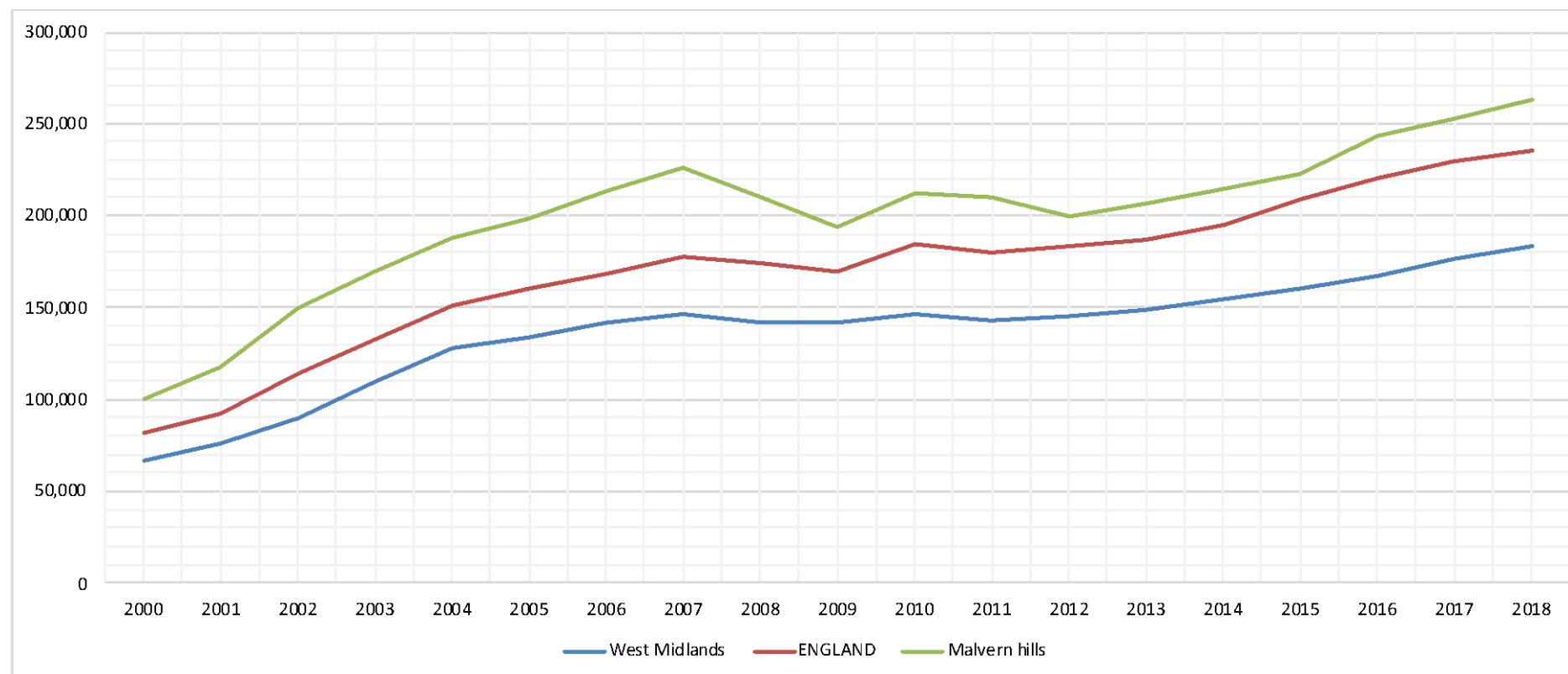
Introduction

- 3.1 The purpose of this chapter is to assess the geographical context of the housing market in the Malvern Hills District and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the dynamics of the Malvern Hills local housing market emerges.
- 3.2 This chapter considers house price trends, relative affordability, household migration, travel-to-work patterns and dwelling completions data for the district.

House price trends

- 3.3 Figure 3.1 shows how house prices in the district have changed over the years 2000 to 2018, based on full-year Land Registry price paid data. This is compared with the West Midlands region and England as a whole.
- 3.4 Median house prices in the Malvern Hills District have been consistently higher than those for the West Midlands region and for England as a whole. The district's house prices more than doubled in the period 2000-2007, rising from £100,000 in 2000 (West Midlands median was £67,000) to £227,500 in 2007 (West Midlands median was £147,000). The next period, 2008 to 2014 saw prices decrease and stagnate reflecting regional and national trends, with prices fluctuating and only rising to just below the 2007 median price (£225,000) by 2015. However, the rate of growth has accelerated in the last three years.

Figure 3.1 Median house price trends for years 2000 to 2018: Malvern Hills, the West Midlands and England



Source: Data produced by Land Registry © Crown copyright 2018

- 3.5 Overall, median prices have increased from £100,000 in the year 2000 to £262,500 in 2018, an increase of 162.5%. Table 3.1 sets out comparative house price change over this period, ranked in order of percentage change from highest to lowest. This indicates that the rate of growth in Malvern Hills has been comparable with the neighbouring areas of South Worcestershire and most other neighbouring local authorities but lagged behind the growth experienced in the West Midlands and England as a whole.

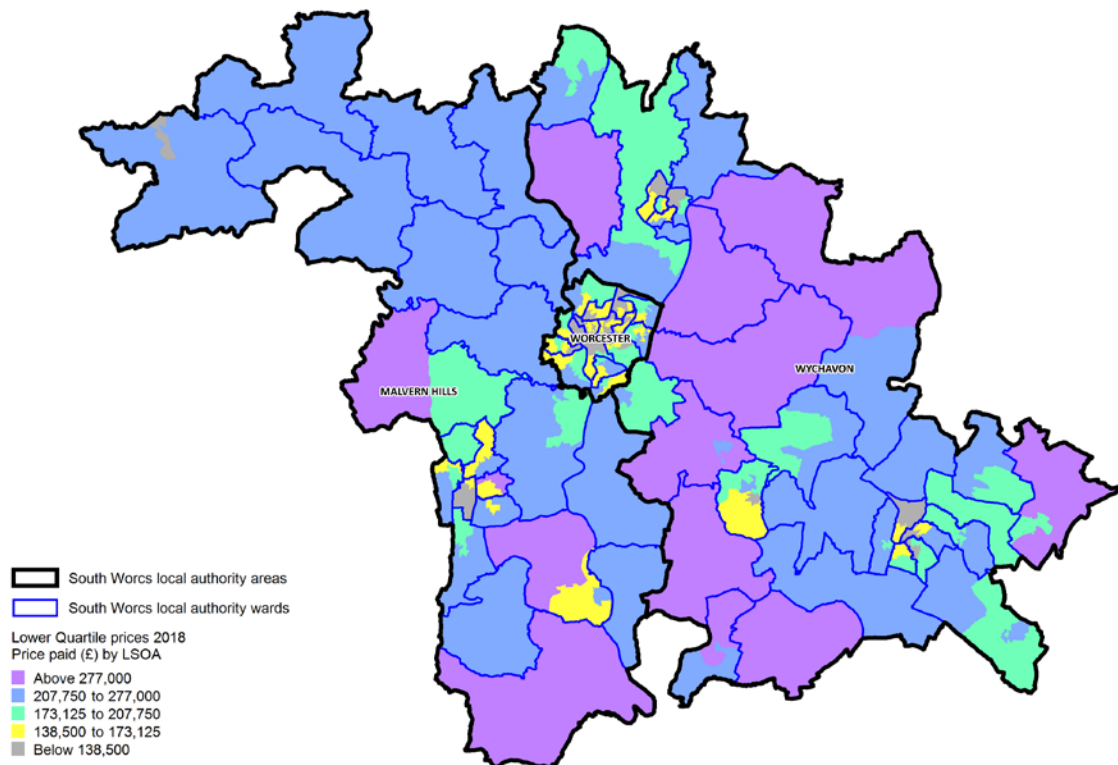
Table 3.1 Comparative house price change 2000-2018 with neighbouring local authority areas, the West Midlands and England

Location	Median price (£)		% Change 2000-2018
	2000	2018	
Tewkesbury	£89,375	£255,000	185.3
England	£82,000	£235,000	186.6
Shropshire	£75,000	£212,000	182.7
Forest of Dean	£74,500	£215,000	188.6
West Midlands	£67,000	£184,000	174.6
County of Herefordshire UA	£83,500	£232,500	178.4
Cotswold	£133,375	£338,000	153.4
Malvern Hills	£100,000	£262,500	162.5
Worcester City	£73,000	£192,500	163.7
Wyre Forest	£69,000	£181,000	162.3
Wychavon	£103,000	£260,000	152.4
Redditch	£77,000	£197,250	156.2
Stratford-on-Avon	£123,000	£300,000	143.9
Bromsgrove	£111,000	£277,500	150.0

Source: Data produced by Land Registry © Crown copyright 2018

- 3.6 During 2018, median prices as reported by the Land Registry across the Malvern Hills District were £262,500 and lower quartile prices were £193,250. The distribution of median and lower quartile house prices during 2018 is illustrated in Maps 3.1 and 3.2. These indicate relatively higher prices in the central and southern parts of the District.

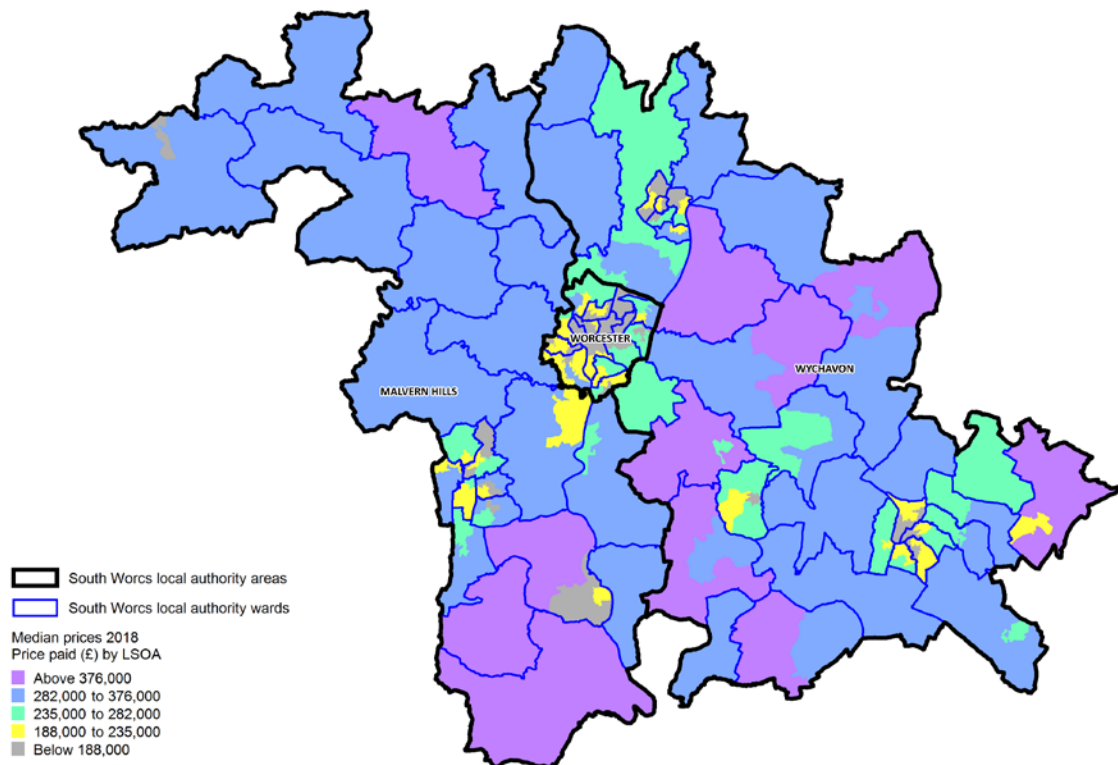
Map 3.1 Lower quartile house prices 2018 by LSOA within the wards of Malvern Hills District and the adjacent South Worcestershire authorities



Source: Contains HM Land Registry data and adapted map data from the Office for National Statistics under the Open Government Licence v.3.0.
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Source: Data produced by Land Registry © Crown copyright 2018

Map 3.2 Median house prices 2018 by LSOA within wards across Malvern Hills District and the adjacent South Worcestershire authorities



Source: Data produced by Land Registry © Crown copyright 2018

Relative affordability

- 3.7 The relative affordability of open market dwellings in the district is compared with neighbouring local authorities in the West Midlands, the South West and England. Tables 3.2 and 3.3 produced by ONS, are based on a ratio of earnings to house prices using Land Registry price paid and ONS workplace-based and resident-based Annual Survey of Hours and Earnings data.
- 3.8 Relative affordability is ranked, based on workplace-based least-to-most affordable). The district is the fourth least affordable of the 11 neighbouring local authority areas.
- 3.9 The district had a lower quartile house price to income ratio in 2018 of 10.18, i.e. lower quartile house prices are 10.18x lower quartile gross earnings. This compares with a regional figure of 6.89 and national figure of 7.29. Note that under residence-based data, the affordability ratio is lower, indicating that properties are slightly more affordable to those living in the district.

Area	Workplace-based				Resident-based			
	2015	2016	2017	2018	2015	2016	2017	2018
Cotswold	11.45	12.89	12.96	12.39	11.35	12.55	12.22	11.77
Malvern Hills	9.25	10.79	10.75	10.18	8.89	9.24	8.92	9.19
Bromsgrove	10.84	11.56	10.40	10.69	7.45	8.30	8.41	9.06
Stratford-on-Avon	9.89	10.33	10.0	10.56	9.38	10.14	10.11	10.12
Wychavon	8.81	9.39	9.48	9.85	8.95	9.20	10.11	9.77
Forest of Dean	7.82	8.82	9.04	8.61	6.92	7.52	7.36	8.14
County of Herefordshire	8.82	8.51	8.77	9.51	8.67	8.22	8.91	9.03
Tewkesbury	8.22	8.13	8.69	8.63	8.19	8.67	8.96	9.78
Shropshire	7.99	8.16	8.55	8.15	7.50	7.79	7.72	7.76
Redditch	7.79	7.53	7.90	7.96	8.16	7.52	7.95	8.14
Wyre Forest	7.05	7.32	7.75	7.94	6.56	6.62	7.19	7.37
Worcester City	8.06	7.77	7.45	7.63	7.24	7.77	7.38	7.71
England	7.11	7.16	7.26	7.29	7.11	7.16	7.26	7.29
West Midlands	6.49	6.54	6.68	6.89	6.50	6.53	6.65	6.88

Sources: ONS Ratio of house price to earnings

- 3.10 In terms of relative affordability based on median prices, Malvern Hills is the second least affordable local authority area compared with its 11 neighbours, with a median income to house price ratio in 2018 of 11.31 as illustrated in Table 3.3. This is again based on Land Registry price paid and ONS Annual Survey of Hours and Earnings data. This compares with a regional figure of 6.78 and national figure of 8.00. Note that under residence-based data, the affordability ratio is again lower (indicating that properties are slightly more affordable to those living in the district).

Table 3.3 Relative affordability of median prices by local authority area

Area	Workplace-based				Resident-based			
	2015	2016	2017	2018	2015	2016	2017	2018
Cotswold	12.10	13.20	14.00	13.63	10.97	11.51	11.01	10.96
Malvern Hills	9.68	10.37	10.79	11.31	8.63	9.02	8.09	9.77
Bromsgrove	10.33	10.39	10.36	10.60	7.60	8.07	7.93	8.22
County of Herefordshire	9.66	8.86	9.48	9.82	8.98	8.10	9.34	9.27
Wychavon	8.84	9.35	9.47	9.82	8.25	8.74	8.94	9.00
Stratford-on-Avon	9.68	9.54	9.30	10.41	9.40	9.25	9.35	10.02
Forest of Dean	8.07	8.23	8.73	9.09	6.68	6.54	6.44	7.80
Shropshire	7.60	7.81	8.52	8.11	7.12	7.12	7.72	7.77
Tewkesbury	8.22	7.98	7.92	8.50	7.33	7.77	7.92	9.30
England	7.52	7.72	7.91	8.00	7.53	7.72	7.91	8.00
Wyre Forest	7.08	7.35	7.39	8.26	6.12	6.41	6.78	6.91
Redditch	7.32	7.15	7.67	8.25	8.02	7.66	7.60	8.20
Worcester City	7.00	6.94	6.71	6.79	6.57	6.88	6.47	6.85
West Midlands	6.27	6.38	6.63	6.78	6.29	6.40	6.63	6.80

Sources: ONS Ratio of house price to earnings

Household migration

- 3.11 Data reported in the 2011 Census provides evidence from which the degree of self-containment of the district can be assessed. PAS guidance recommends that migration data are tested and that at least 70% of all migration excluding long-distance migration should be contained within the HMA. A suitable test are two migration containment ratios:
- **Supply side (origin):** moves within the area divided by all moves whose origin is in the area, excluding long-distance moves; and
 - **Demand side (destination):** moves within the area divided by all moves whose destination is in the area, excluding long-distance migration.
- 3.12 Table 3.4 presents the relevant migration data for the district. Of the total 6,710 moving residents in the year preceding the census, 47.2% originated in Malvern Hills, 10.9% from Worcester, 5.7% from County of Herefordshire, 4.3% from Wychavon and 12.2% from elsewhere in the West Midlands and 19.8% from elsewhere in the UK. Excluding long-distance (elsewhere UK) moves, the base is 5,381 movers of whom 58.9% originated in Malvern Hills.
- 3.13 Table 3.5 summarises the containment ratios that apply to the origin and destination of moving residents. In line with PPG guidance, this excludes long-distance migration (which in this case is taken as moves from outside the West Midlands). Based on these criteria, the origin containment ratio is 58.9% and the destination is 60.9%. This indicates reasonably high level of self-containment in terms of population migration.

Table 3.4 Flows of residents (all moves)						
Origin/ Destination	Supply Side (Origin)			Demand Side (Destination)		
	All Moves		Excluding Long Distance Moves	All Moves		Excluding Long Distance Moves
	Number	%	%	Number	%	%
Malvern Hills	3,168	47.2	58.9	3168	45.4	60.9
Worcester	729	10.9	13.5	733	10.5	14.1
Herefordshire, County of	380	5.7	7.1	365	5.2	7.0
Wychavon	287	4.3	5.3	218	3.1	4.2
Shropshire	144	2.1	2.7	147	2.1	2.8
Wyre Forest	138	2.1	2.6	148	2.1	2.8
Birmingham	122	1.8	2.3	114	1.6	2.2
Rest of West Midlands	413	6.2	7.7	310	4.4	6.0
Elsewhere UK	1,329	19.8		1,773	25.4	
Total	6710	100.0	100	6,976	100.0	100
Base (excluding long-distance moves)			5,381			5,203

Source: 2011 Census

Table 3.5 Containment ratios			
Origin	Moves within the area	All moves originating in the area	Containment Ratio
	3,168	5,381	58.9%
Destination	Moves within the area	All moves whose destination is in the area	Containment Ratio
	3,168	5,203	60.9%

Travel to work trends

- 3.14 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in the Malvern Hills District travel to other areas together with details of how many people commute into the area. Table 3.6 presents this data and indicates that 55.7% of people who live in Malvern Hills work in the area; by comparison, 61.8% of workers in Malvern Hills, live in the district. This indicates a clear net outward movement of workers and illustrates that Malvern Hills is part of a wider functional economic area including Worcester.

Table 3.6 Malvern Hills 2011 Census commuting flows: workers (aged 16-74 years)			
Where do people who live in Malvern Hills work?			
Live	Work	Number	%
Malvern Hills	Malvern Hills	17,681	55.7
	Worcester	4,967	15.6
	Wychavon	1,599	5.0
	Herefordshire, County of	1,341	4.2
	Birmingham	834	2.6
	Tewkesbury	703	2.2
	Wyre Forest	635	2.0
	Shropshire	516	1.6
	Cheltenham	381	1.2
	Bromsgrove	365	1.1
	Gloucester	321	1.0
	Other	2,418	7.6
Workers		31,761	100.0
Where to people who work in Malvern Hills live?			
Live	Work	Number	%
Malvern Hills	Malvern Hills	17,681	61.8
Worcester		3,904	13.6
Wychavon		1,265	4.4
Herefordshire, County of		1,835	6.4
Birmingham		284	1.0
Tewkesbury		392	1.4
Wyre Forest		717	2.5
Shropshire		566	2.0
Cheltenham		168	0.6
Bromsgrove		243	0.8
Gloucester		95	0.3
Other		1,483	5.2
Jobs		28,633	100.0

Source 2011 Census

- 3.15 In terms of defining market areas, the ONS provides a definition of Travel to Work (TTW) areas as follows:

'The current criterion for defining TTWs is that generally at least 75% of an area's resident workforce in the area and at least 75% of the people who work in the area also live in the area...however, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted'¹³.

- 3.16 On this basis, it is concluded that Malvern Hills District cannot be considered to be self-contained in terms of the travel-to-work patterns of its own resident working

¹³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/commutingtoworkchangeoftraveltoworkareas/2001to2011>

population; however, it is part of a wider functional economic area extending into Worcester City in particular.

Housing market area

- 3.17 Malvern Hills is a broadly self-contained housing market area in terms of migration but is part of a wider functional economic area extending across Worcestershire. This corroborates the findings of the Worcestershire Economic Development Needs Assessment (September 2018) which concludes that *'the primary functional economic market area for the South Worcestershire area can be approximated by the Worcestershire County area. A broader area extending to Stratford-upon-Avon, Cotswold, Tewkesbury and Cheltenham local authorities in the south and east and Birmingham in the north would be an approximation of a secondary functional economic area for South Worcestershire.'*¹⁴ This evidence provides continued justification for the South Worcestershire Development Plan area.

Concluding comments

- 3.18 The purpose of this chapter has been to consider the general housing market context of district and its inter-relationships with other areas. By reviewing house prices, relative affordability, migration, travel to work patterns and dwelling completions, a picture of the market dynamics of the District emerges.
- 3.19 House prices in the district are considerably higher than the West Midlands average and also higher than England. In 2017, the median house price in Malvern Hills was £262,500 compared to £184,000 across the West Midlands and £235,000 across England. The lower quartile house price, according to the Land Registry in the District was £193,250 compared to £135,000 across the West Midlands and £150,000 across England.
- 3.20 Relative affordability, taking account of average earnings, reflects the cost of housing. Malvern Hills is less affordable than the England and West Midlands average and compared with its 11 neighbouring authorities, it is the second least affordable.
- 3.21 Analysis of migration and travel to work data indicates that the district is broadly self-contained in terms of migration but part of a wider functional economic area which is also corroborated by the South Worcestershire Economic Development Needs Assessment. This evidence provides continued justification for the established South Worcestershire Development Plan area for planning policy purposes.

¹⁴ Paragraph 6.6 of the South Worcestershire Economic Development Needs Assessment, September 2018

4. Housing stock review

Introduction

- 4.1 The purpose of this chapter is to explore the characteristics of the district's housing stock focusing on the current stock profile, house condition and tenure characteristics. This includes a detailed analysis of the major tenures: owner occupation, private rented and affordable housing.

Estimates of current dwellings in terms of size, type, condition, tenure

- 4.2 There are several sources of data that estimate the scale and attributes of the districts dwelling stock. According to the latest (2017) MHCLG data there are a total of **35,220** dwellings across the district and of these 1,041 are vacant. This is a vacancy rate of 3.0% which compares to a vacancy rate of 2.5% across England. Malvern Hills achieves the 'transactional vacancy level' benchmark of 3%, which represents the proportion of stock which would normally be expected to be vacant to allow movement within the market.
- 4.3 Valuation Office Agency data 2017 reports a total of 33,750 dwellings. VOA data 2018 reports 35,430 dwellings. 2017 VOA data provides a detailed breakdown of property type and number of bedrooms by sub-area and has been presented in this chapter.
- 4.4 The baseline number of dwellings for the district's three main settlement areas are:
- Malvern Town - 16,140
 - Tenbury Wells - 1,810
 - Upton upon Severn - 1,410
- 4.5 Baseline dwelling statistics for each of the ward areas are set out in Table 4.1 based on 2017 VOA data¹⁵.

¹⁵ 2018 data breakdown was not available at the time of drafting this report

Table 4.1 Dwelling stock by ward	
Ward	Total Dwellings
Alfrick and Leigh	1,480
Baldwin	830
Broadheath	1,500
Chase	2,870
Dyson Perrins	1,920
Hallow	800
Kempsey	1,770
Lindridge	930
Link	3,080
Longdon	800
Martley	800
Morton	810
Pickersleigh	2,780
Powick	1,600
Priory	2,090
Ripple	770
Teme Valley	830
Tenbury	1,810
Upton and Hanley	2,070
Wells	1,480
West	1,920
Woodbury	810
Malvern Hills District total	33,750

Source: Malvern Hills District VOA 2017

Note: Numbers subject to rounding so total dwelling stock differs slightly from MHCLG estimate

Property size and type

- 4.6 Table 4.2 shows the breakdown of dwelling stock by type and number of bedrooms (size) of dwellings by settlement area and Table 4.3 shows the breakdown by ward.
- 4.7 One-and two-bedroom houses account for 13.8% of overall dwelling stock and the proportion is highest in Tenbury Wells settlement (19.9%) and the following three wards; West (20.3%), Tenbury (19.9%), Baldwin (19.3%).
- 4.8 Three or more-bedroom houses account for 56.2% of overall dwelling stock however the proportions are lower in each the three settlement areas. The proportion is lowest in Upton upon Severn (43.3%). In the following wards over two-thirds of dwelling stock are three or more-bedroom houses; Lindridge (68.8%), Longdon (68.8%), Morton (67.9%), Broadheath (66.6%).
- 4.9 Flats account for 13.4% of dwelling stock; the majority of which have one or two bedrooms (12.3%). The proportions are higher in the Malvern Town and Upton upon Severn settlement areas where around a fifth of dwellings are one or two-bedroom flats (20.1% and 20.6% respectively). At ward level, Priory has the highest proportion of flats (55% flats), followed by Link (24%).

- 4.10 Bungalows account for 16.6% of dwelling stock. 9.7% have one or two-bedrooms and 6.9% have three or more-bedrooms. The proportion of bungalows is highest in Tenbury Wells settlement (18.8%) and lowest in Malvern Town (13.5%). In Ripple ward 41.6% of dwellings are bungalows.

Table 4.2 Dwelling type and size by settlement

Dwelling type	Settlement (%)			District Total
	Malvern Town	Tenbury Wells	Upton upon Severn	
1 or 2-bedroom house	12.9	19.9	17.0	13.8
3-bedroom house	34.7	32.0	29.8	34.8
4 or more-bedroom house	17.0	18.8	13.5	21.4
1 or 2-bedroom flat	20.1	9.9	20.6	12.3
3 or more-bedroom flat	1.7	0.6	1.4	1.1
1 or 2-bedroom bungalow	8.9	12.2	13.5	9.7
3 or more-bedroom bungalow	4.6	6.6	4.3	6.9
Total	100%	100%	100%	100%
Base (valid data)	16,140	1,810	1,410	33,730

Source: Malvern Hills VOA Data 2018

Table 4.3 Dwelling type and size by ward

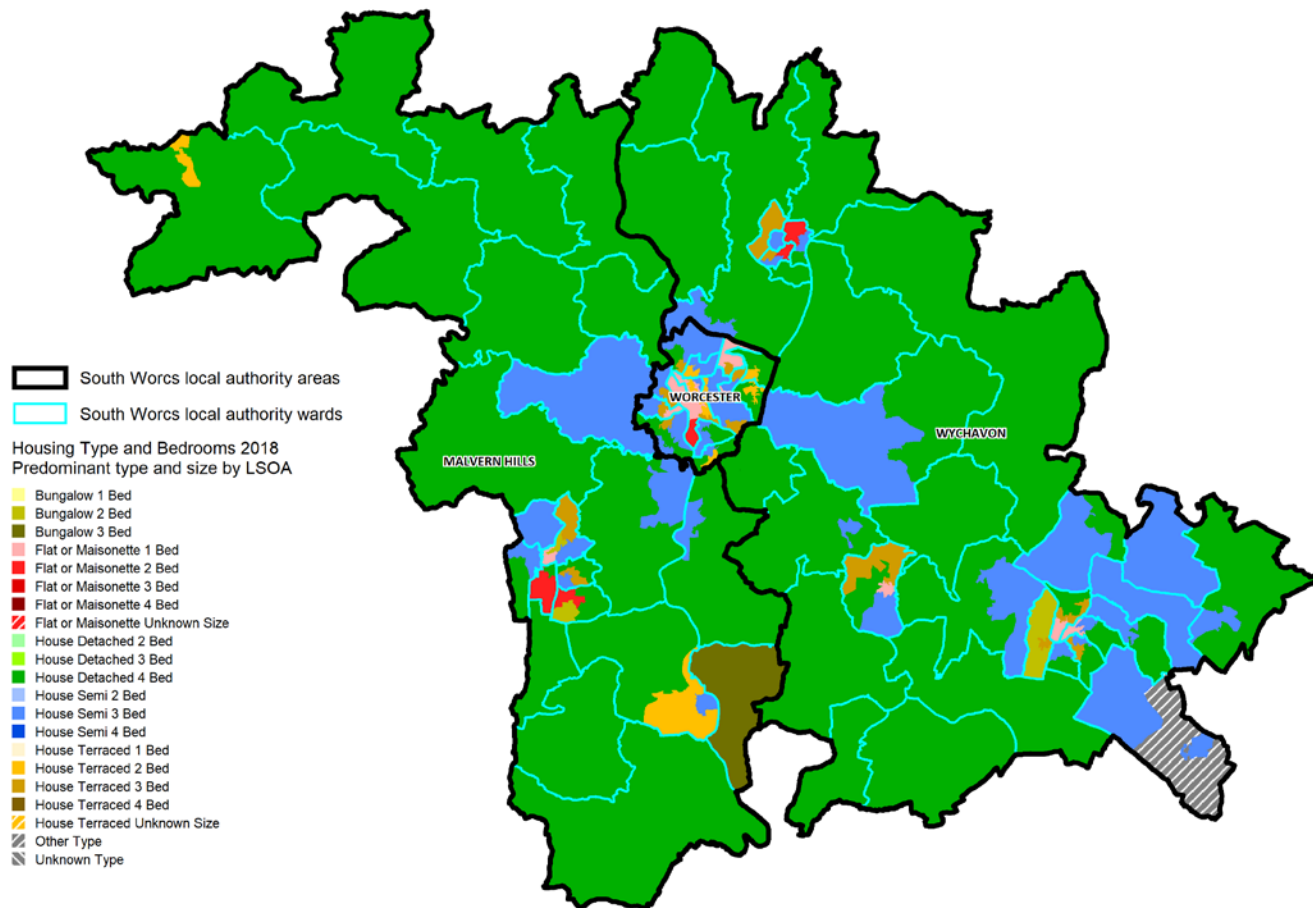
Dwelling type	Ward (%)										
	Alfrick and Leigh	Baldwin	Broadheath	Chase	Dyson Perrins	Hallow	Kempsey	Lindridge	Link	Longdon	Martley
1 or 2-bedroom house	14.2	19.3	11.3	9.8	14.6	15.0	11.3	15.1	15.6	16.3	11.3
3-bedroom house	33.8	27.7	43.3	33.1	45.3	31.3	41.2	38.7	32.1	37.5	28.8
4 or more-bedroom house	31.1	28.9	23.3	18.1	18.2	26.3	23.2	30.1	11.0	31.3	27.5
1 or 2-bedroom flat	2.0	0.0	2.0	16.0	7.8	10.0	6.2	2.2	22.7	1.3	6.3
3 or more-bedroom flat	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	1.3	0.0	0.0
1 or 2-bedroom bungalow	9.5	13.3	10.7	14.6	8.9	7.5	10.7	6.5	10.7	6.3	13.8
3 or more-bedroom bungalow	9.5	10.8	9.3	8.0	5.2	10.0	7.3	7.5	6.5	7.5	12.5
Total	100	100	100	100	100	100	100	100	100	100	100
Base (valid data)	1,480	830	1,500	2,870	1,920	800	1,770	930	3,080	800	800

Table 4.3 (Continued) Dwelling type and size by ward

Dwelling type	Ward (%)											
	Morton	Pickersleigh	Powick	Priory	Ripple	Teme Valley	Tenbury	Upton and Hanley	Wells	West	Woodbury	District Total
1 or 2-bedroom house	9.9	14.0	11.3	4.8	7.8	14.5	19.9	16.9	11.5	20.3	13.6	13.8
3-bedroom house	37.0	43.2	39.4	18.2	28.6	33.7	32.0	31.4	33.1	37.5	30.9	34.8
4 or more-bedroom house	30.9	10.4	25.6	20.1	20.8	27.7	18.8	19.3	31.1	19.3	33.3	21.4
1 or 2-bedroom flat	2.5	19.4	5.0	47.4	1.3	1.2	9.9	14.5	10.1	13.0	1.2	12.3
3 or more-bedroom flat	0.0	0.4	0.0	7.7	0.0	0.0	0.6	1.0	2.0	1.6	0.0	1.1
1 or 2-bedroom bungalow	11.1	10.4	10.6	0.5	19.5	9.6	12.2	11.6	6.8	5.7	8.6	9.7
3 or more-bedroom bungalow	8.6	2.2	8.1	1.4	22.1	13.3	6.6	5.3	5.4	2.6	12.3	6.9
Total	100	100	100	100	100	100	100	100	100	100	100	100%
Base (valid data)	810	2,780	1,600	2,090	770	830	1,810	2,070	1,480	1,920	810	33,730

Source: Malvern Hills VOA Data 2018

4.11 Map 4.1 summarises the predominant dwelling stock type and size by LSOA for Malvern Hills and adjacent South Worcestershire authorities.

Map 4.1 Predominant dwelling type and size: Malvern Hills and adjacent South Worcestershire authorities

Source: Table CTSOP4.1 2018, Valuation Office Agency. Contains adapted map and data from the Office for National Statistics under the Open Government Licence v.3.0.
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Dwelling age

- 4.12 The age profile of the dwelling stock in the district is summarised in Table 4.4. The majority of the district's dwellings have been built prior to 1919 (29.2%). Since the end of the Second World War, the highest rates are between 1965 and 1982 (23.1%).

Table 4.4 Age of dwelling		
Age of Dwellings	Number	%
pre-1919	10,250	29.2
1919-44	2,340	6.7
1945-64	5,580	15.9
1965-82	8,090	23.1
1983-99	4,470	12.7
post 1999	4,330	12.4
Total	35,060	100.0
Unknown	370	
Grand Total	35,430	

Source: Malvern Hills VOA Data 2018

House condition

- 4.13 The English Housing Survey (2013/14) provided national data on dwelling condition. Applying national trends to the stock profile of Malvern Hills would suggest that around 21.5% of dwelling stock is non-decent, which is higher than the national average of 20.6% (Table 4.5). The number of dwellings likely to fail the minimum standard of decent homes criteria is estimated to be 13.1% (compared with 11.9% nationally).
- 4.14 A full definition of what constitutes a decent home is available from MHCLG¹⁶ but in summary a decent home meets the following four criteria:
- it meets the current statutory minimum for housing;
 - it is in a reasonable state of repair;
 - it has reasonably modern facilities and services; and
 - it provides a reasonable degree of thermal comfort.

¹⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7812/138355.pdf

Table 4.5 Dwelling stock condition in England and Malvern Hills estimates								
England		Fails decent homes criteria					All dwellings in group (000s)	% dwellings
Dwelling age (ehs)	-	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	-	40.1	28.7	11.2	3.9	11.9	4,648	20.0
1919-44	-	24.1	13.1	7.6	1.7	7.6	3,930	16.9
1945-64	-	16.6	8.0	3.6	2.0	5.7	4,505	19.4
1965-80	-	17.5	8.8	1.8	1.9	7.6	4,757	20.5
1981-90	-	17.6	4.7	*	.9	13.5	1,953	8.4
post 1990	-	1.5	1.5	*	*	*	3,460	14.9
Total		20.6	11.9	4.6	1.9	7.5	23,254	100.0
Malvern Hills		Fails decent homes criteria (estimate)					All dwellings	% dwellings
Dwelling age (ehs)	Dwelling age (voa)	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	pre-1919	4,112	2,941	1,148	395	1223	10,250	29.2
1919-44	1919-44	563	307	177	40	178	2,340	6.7
1945-64	1945-64	928	444	203	109	319	5,580	15.9
1965-80	1965-82	1,413	709	148	154	613	8,090	23.1
1981-90	1983-92	410	110	*	22	314	2,330	6.6
post 1990	post 1992	95	95	*	*	*	6,470	18.5
Total		7,522	4,606	1,676	720	2,646	35,060	100.0
% of all stock in Malvern Hills		21.5	13.1	4.8	2.1	7.5		
National % (as above)		20.6	11.9	4.6	1.9	7.5		

Source: English Housing Survey 2013 table AT3.13 data applied to 2018 Valuation Office Agency dwelling stock age profile

Note '**' indicates sample size too small for reliable estimate

Housing development (past and planned)

Past trends in housing delivery

- 4.15 Over the ten years, 2006/07 to 2017/18 there has been an average of 258 completions (net) per year across the district. (Table 4.6). Of these, an average of 79 have been affordable dwellings and 179 have been private dwellings.

Table 4.6 Net dwelling completions 2006/07 to 2017/18			
Year	Affordable Completions	Private Completions	Total Dwelling Completions
2006/07	39	144	183
2007/08	23	276	299
2008/09	100	156	256
2009/10	51	171	222
2010/11	74	63	137
2011/12	115	114	229
2012/13	8	168	176
2013/14	53	131	184
2014/15	95	163	258
2015/16	117	206	323
2016/17	90	273	363
2017/18	188	279	467
12-year Total	953	2,144	3,097
Annual Average	79	179	258

Source: Annual Monitoring Report (AMR) 2018

- 4.16 Table 4.7 sets out the annual dwelling targets presented in policy SWDP 3 of the South Worcestershire Development Plan. Table 4.8 sets out the annual requirements for the constituent areas.
- 4.17 A comparison of net annual completions and the adopted core strategy annual target is set out in graphical form in Figure 4.1.

Table 4.7 Overall dwelling targets 2006 to 2030 across the South Worcester Development Plan Area

Sub Area	Area	Area Sub-Total	Market Housing	Affordable Housing
Wider Worcester Area (WWA)	Wider Worcester Area	12,150	8,350	3,800
	Wider Worcester Area (Worcester City)	6,800	5,100	1,700
	Wider Worcester Area (Malvern Hills and Wychavon*#)	5,350	3,250	2,100
Malvern Hills (excluding WWA)	Malvern Hills (excluding WWA)	5,650	3,950	1,700
Wychavon (excluding WWA)	Wychavon (excluding WWA)	10,600	7,300	3,300
	South Worcestershire	28,400	19,600	8,800

Source: South Worcestershire Councils

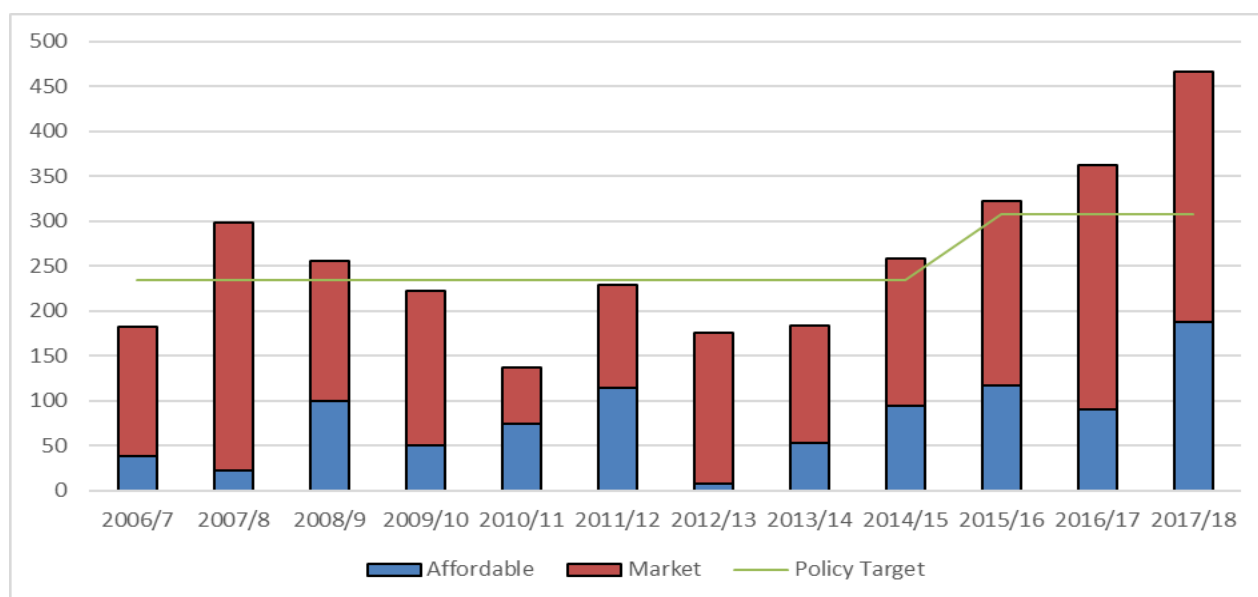
*Located within the districts(s) of Malvern Hills District and Wychavon District

#For monitoring purposes, the target (market housing and affordable housing) for that part of the WWA within Malvern Hills District 4,450 and the target for that part of WWA within Wychavon District is 900.

Table 4.8 Annual dwelling targets 2006 to 2030 across the South Worcester Development Plan Area

Area	Area Sub-Total	2006-2015	2015-18	2018-30
Wider Worcester Area (Worcester City)	6,800	283	371	261
Wider Worcester Area (Malvern Hills)	4,450	0	0	371
Wider Worcester Area (Wychavon)	900	56 (2014/15 only)	56	56
Malvern Hills (excluding WWA)	5,650	235	308	217
Wychavon (excluding WWA)	10,600	442	578	407
South Worcestershire	28,400	960 (1,016 in 2014/15)	1,314	1,314

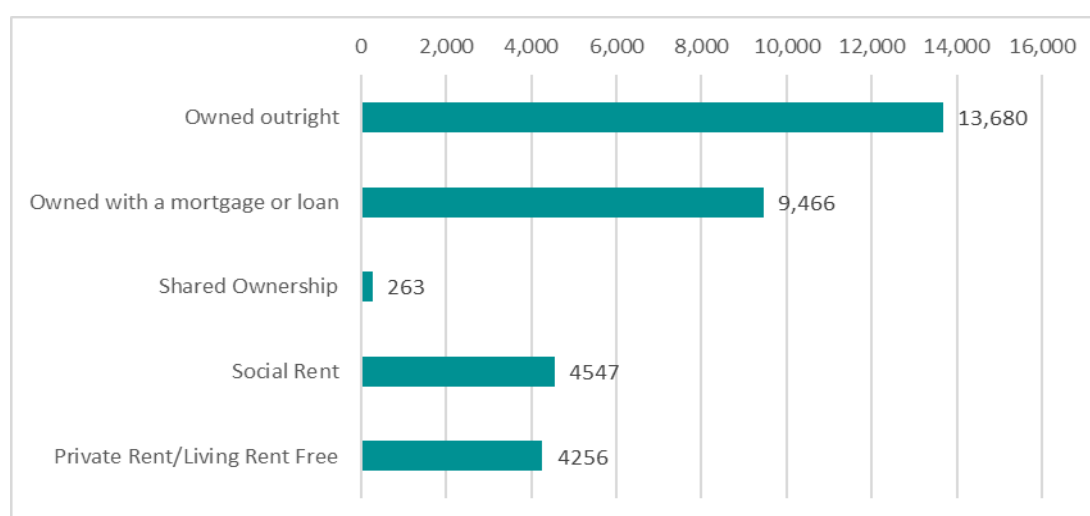
Source: as above

Figure 4.1 Dwelling completions compared with the annual Core Strategy target

Source: AMR 2018 and SWDP Plan Targets

Housing tenure

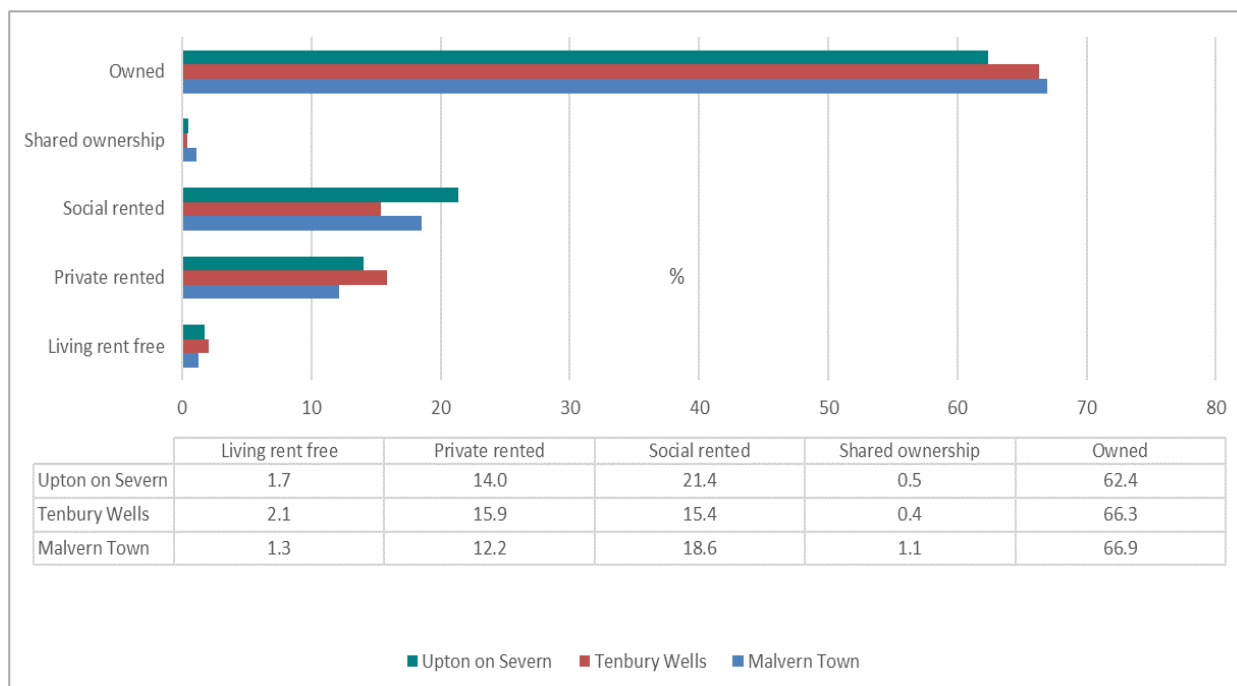
- 4.18 The 2011 Census provides a broad range of household data relating to the tenure of occupied dwellings. There are also several sources which provide more up to date information on the tenure of the dwelling stock.
- 4.19 Based on the 2011 Census, the tenure profile of the district is summarised in Figure 4.2. Overall, 71.9% of occupied dwellings were owner-occupied, 14.9% were rented from a social housing provider, 13.2% were private rented (including tied accommodation/living rent free).

Figure 4.2 Malvern Hills: tenure profile of occupied dwellings

Source: 2011 Census

4.20 Figure 4.3 summarises the tenure profile by settlement area. Malvern Town and Tenbury Wells had around two-thirds owner-occupied dwellings compared with 62.4% in Upton on Severn. Social renting was highest in Upton on Severn (21.4%) and lowest in Tenbury Wells (15.4%). The proportion of private renting was highest in Tenbury Wells (15.9%) compared to 12.2% in Malvern Town.

Figure 4.3 Malvern Hills Settlement Areas: tenure profile of occupied dwellings



Source: 2011 Census

4.21 The ONS has produced subnational dwelling stock by tenure estimates for local authorities across England 2012-2017. They show¹⁷ that:

- owner occupied stock was 69.8% of total stock in 2012 and 70.8% in 2017;
- private rented stock was 16.6% in 2012 and 15.6% in 2017;
- by deduction, affordable stock represented around 13.6% of stock in both 2012 and 2017.

4.22 Data from the Regulator of Social Housing SDR return 2018 suggest the affordable stock represents 15.4% of all dwellings.

4.23 These data would suggest that the tenure profile in Malvern Hills has not particularly changed since the 2011 census. Note that the 2011 census relates to households and the ONS data relates to dwellings.

¹⁷ Sample errors exceed +/-5% for these data

The owner-occupied sector

- 4.24 According to the 2011 Census, 71.9% of households across the district were owner occupiers. 42.5% of all households (13,680) own outright and 29.4% of all households (9,466) have a mortgage or loan.
- 4.25 In terms of the characteristics of owner-occupied stock, 94.3% of dwellings were houses or bungalows, and this was made up of 54.9% detached, 30.2% semi-detached and 9.2% terraced. 5.7% of owner-occupied dwellings were flats/apartments. 2.5% of dwellings had one-bedroom, 20.3% had two-bedrooms, 42.1% had three-bedrooms and 35.1% had four or more-bedrooms¹⁸.
- 4.26 Over the period 2000 to 2018, Land Registry data reveals that lower quartile, median and average house prices across the district increased dramatically. This is summarised in Table 4.9. As shown in Table 3.1, house price change in Malvern Hills (+162.5%) has been similar to that experienced in neighbouring South Worcestershire Districts of Worcester City (163.7%) and Wychavon (152.4%) but lagged behind regional (174.6%) and national (186.6%) price increases.
- 4.27 It is interesting to note that in the year 2000, a household income of £18,579 was required for a lower quartile price to be affordable; by 2018 this had increased to £55,214. In comparison, an income of £26,714 was required for a median priced property to be affordable in 2000 compared with £75,000 in 2018.

Table 4.9 Lower Quartile and median price and income required to be affordable				
benchmark	House Price (£)		Income to be affordable*	
	2000	2018	2000	2018
Lower Quartile	£72,250	£193,250	£18,579	£55,214
Median	£100,000	£262,500	£26,714	£75,000

Source: Data produced by Land Registry © Crown copyright 2018

*Assuming a 3.5x income multiple and a 10% deposit is available

- 4.28 A range of socio-economic and demographic information on residents has been obtained from the 2011 Census. Some interesting observations relating to owner-occupiers include:
- 31.6% of owner occupiers are older (65 or over) singles and couples;
 - 22.9% are couples (under 65 with no children);
 - 18.3% are couples with children under 18;
 - 10.1% are singles (under 65);
 - 7.1% are couples with non-dependent children;
 - 2.8% are lone parents with non-dependent children;

¹⁸ 2011 Census data

- 2.5% are lone parents with children under 18 and 4.7% are other household types;
- 1.28 61.6% of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment, a further 35.8% are wholly retired from work and 2.6% are not economically active;
- 1.29 39.7% of households in owner occupation are aged over 65. 60.3% are aged under 64, with 33.2% being between the ages of 50 and 64 and 22.9% aged between 35 and 49.
- 4.29 Estate agents operating across Malvern Hills District were interviewed. At Tenbury, agents reported considerable and growing demand for both entry level and family homes. There is a limited supply of reasonably priced (£150,000 to £200,000) 3-bedroom homes. In Great Malvern, there is good choice and diversity within the housing stock. In Upton-upon-Severn there is an aspiration for additional housing particularly affordable.

The private rented sector

- 4.30 The Government's Housing Strategy (November 2011)¹⁹, set out the Government's plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.
- 4.31 The private rented sector in England is growing; the Census figures for 2011 confirmed that the sector totalled 16.8% of the dwelling stock, an increase from 8.8% in 2001. Increasing house prices pre-2007 and the struggling sales market when the down turn came are both factors that have underpinned the growth of the rental market for both 'active choice' renters and 'frustrated would-be' homeowners. Tenure reform and less accessible social rented housing are also likely to be an increasing factor to the growth in the private rented sector and the sector clearly now plays a vital role in meeting housing need, affordable need as well as providing an alternative to homeownership.
- 4.32 Local authorities have an important enabling and regulatory role in ensuring that the private rented sector meets these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.
- 4.33 The private rented sector accommodates around 13.2% (4,256) of households across the Malvern Hills district.
- 4.34 According to the 2011 Census, around two-thirds (67.5%) of private rented stock consisted of houses or bungalows, and this was made up of 27.8% detached, 27.5% semi-detached and 12.2% are terraced. Around one-third (32.5%) of private rented dwellings in the district were flats or apartments. 17.4% of private rented dwellings

¹⁹ *Laying the Foundations; A Housing Strategy for England, 2011*

have one-bedroom, 38.1% have two-bedrooms, 31.9% have three-bedrooms and 12.6% have four or more-bedrooms²⁰.

- 4.35 In terms of the cost of renting, Tables 4.10 and 4.11 set out the comparative median and lower quartile rents for Malvern Hills, West Midlands and England as a whole.
- 4.36 The tables indicate that 2017 median (£693 pcm) and lower quartile (£581 pcm) rental prices are lower in the district than national levels but higher than the regional levels.
- 4.37 Comparing the rental price in 2017 with that in 2010 indicates that there has been an inflation increase of around 7.3% in median and 2.2% decrease in lower quartile rental prices in the district. The rate of increase in median rentals is lower in the district than across the West Midlands and the small decrease for lower quartile rentals compares to an increase in the region. Compared to England, the increase in median rental prices has been much lower in Malvern Hills and the local decrease for lower quartile rates is in contrast to an increase in England.

Table 4.10 Comparative median rental price 2010-2017			
Location	Median price by year (£)		% change 2010-2017
	2010	2017	
Malvern Hills	646	693	+7.3%
West Midlands	546	641	+17.4%
England	893	1,101	+23.3%

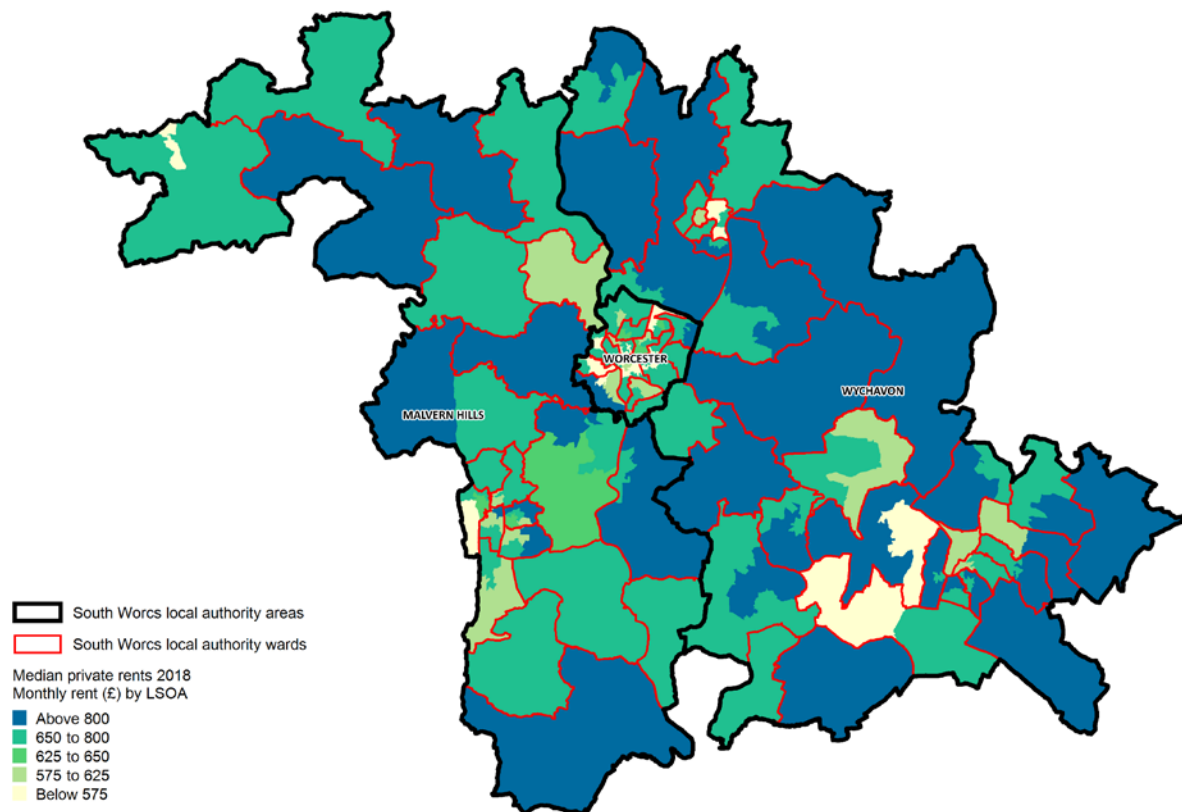
Source: Zoopla PPD 2018

Table 4.11 Comparative lower quartile rental price 2010-2017			
Location	Lower quartile price by year (£)		% change 2010-2017
	2010	2017	
Malvern Hills	594	581	-2.2%
West Midlands	472	498	+5.5%
England	598	676	+13.0%

Source: Zoopla PPD 2018

- 4.38 In terms of spatial variation, Map 4.2 shows 2018 median rents across the wards of Malvern Hills and South Worcestershire more generally. This indicates that the district private rents are mixed, with the majority of prices in the middle two bands of the range; between £620 and £940 per month.

²⁰ 2011 Census data

Map 4.2 South Worcestershire median rents 2018 by LSOA within wards

Source: © Zoopla 2019 Marketview. Contains adapted census and map data from the Office for National Statistics under the Open Government Licence v.3.0.
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Source: © 2018 Zoopla Limited

- 4.39 The private rented sector houses a proportion of low-income households that are eligible for assistance with rental costs. The amount that can be claimed is capped to a local allowance that varies by area. The cap is estimated by the VOA and published in the form of a local housing allowance rate for a broad market area.
- 4.40 The Local Housing Allowance rates for Malvern Hills were examined. Four Broad Rental Market Areas (BRMAs) affect the district: Cheltenham, Gloucester, Worcester North and Worcester South BRMAs²¹:

Cheltenham BRMA:

- Shared accommodation rate - £70.40 per week
- 1-bedroom rate - £111.83 per week
- 2-bedroom rate - £143.34 per week

²¹ A Broad Rental Market Area is an area 'within which a person could reasonably be expected to live having regard to facilities and services for purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport and from those facilities and services'. A BRMA must contain 'residential premises for a variety of types, including such premises held on a variety of tenures' PLUS 'sufficient privately rented residential premises, to ensure that, in the rent officer's opinion, the LHA for the area is representative of the rents that a landlord might reasonably be expected to obtain in that area' Source: VOA BRMA statistics

- 3-bedroom rate - £174.43 per week
- 4-bedroom rate - £240.59 per week

Gloucester BRMA:

- Shared accommodation rate - £68.18 per week
- 1-bedroom rate - £92.05 per week
- 2-bedroom rate - £122.36 per week
- 3-bedroom rate - £147.13 per week
- 4-bedroom rate - £187.14 per week

Worcester North BRMA:

- Shared accommodation rate - £61.45 per week
- 1-bedroom rate - £92.05 per week
- 2-bedroom rate - £117.70 per week
- 3-bedroom rate - £133.32 per week
- 4-bedroom rate - £176.56 per week

Worcester South BRMA:

- Shared accommodation rate - £70.32 per week
- 1-bedroom rate - £99.06 per week
- 2-bedroom rate - £128.19 per week
- 3-bedroom rate - £153.02 per week
- 4-bedroom rate - £193.98 per week

4.41 Table 4.12 shows the adjoining local authority LHA rates for a comparison with the above rates.

BRMA	Shared accom. rate	1 bed rate	2 bed rate	3 bed rate	4 bed rate
Worcester North BRMA	61.45	92.05	117.70	133.32	176.56
Birmingham BRMA	57.34	98.87	123.90	132.00	173.41
Coventry BRMA	67.62	92.05	111.48	128.19	170.67
Black Country BRMA	60.00	86.30	104.89	120.29	151.50
Herefordshire BRMA	58.20	92.05	117.37	135.19	168.05
Shropshire BRMA	67.89	87.41	109.32	129.47	170.67
Solihull BRMA	73.25	116.53	149.59	172.60	230.14
Staffordshire North BRMA	53.58	80.55	90.90	109.32	139.84
Warwickshire South BRMA	74.02	122.66	154.87	181.80	246.50
Worcester South BRMA	70.32	99.06	128.19	153.02	193.98
Cheltenham BRMA	70.40	111.83	143.34	174.43	240.59
Gloucester BRMA	68.18	92.05	122.36	147.13	187.14

Source: VOA / LHA rates per week

- 4.42 Census 2011 data on private rented tenants suggests that in terms of household type:
- 14.8% of those living in private rent are older (65 or over); 27.2% are singles aged under 65;
 - 19.4% are couples (under 65 with no children);
 - 18.1% are couples with children;
 - 2.6% are couples with non-dependent children;
 - 8.6% are lone parents;
 - 2.1% are lone parents with non-dependent children; and
 - 7.3% are other household types;
- 1.30 74.8% of Household Reference People (Heads of Household) living in private rent are in employment and a further 3.5% are unemployed;
- 1.31 26.7% of households in private rent are aged between 16 and 34, 33.6% are aged between 35 and 49. Only 18.0% are aged over 65.
- 4.43 Latest data from the Department for Work and Pensions (November 2018) indicates that 847 households living in the private rented sector claim Housing Benefit.

Affordable Housing

- 4.44 There are two key sources of secondary data which can explore the characteristics of the affordable housing sector:
- the 2011 census;
 - the Regulator of Social Housing's Statistical Data Return (SDR) 2018.
- 1.32 The SDR provides up to date information on overall dwelling stock number and size of dwellings. The 2011 census provides a broader range of data on the characteristics of households living in affordable housing.
- 4.45 The 2018 SDR identified a total of 5,194 affordable units comprising 4,207 general needs, 67 supported, 594 dwellings for older people and 326 intermediate tenure dwellings. Using a base of 35,220 dwellings in the district in 2018, 14.7% of all dwellings are affordable units. Of these, 28.5% have one-bedroom, 38.5% have two-bedrooms, 31% have three-bedrooms and 2% have four or more-bedrooms.
- 4.46 The 2011 Census found that there around 4,547 households lived in an affordable (social rented) property across the Malvern Hills District, being 14.1% of all occupied dwellings.
- 4.47 Of the affordable housing stock across Malvern Hills, 63.8% of dwellings are houses or bungalows, of which 4.5% are detached, 39.8% are semi-detached and 19.4% are terraced. 36.2% of affordable dwellings are flats or apartments. In terms of property size of occupied affordable stock, 31.0% of affordable dwellings have one-bedroom,

35.6% have two-bedrooms, 30.1% have three-bedrooms and 3.4% have four or more-bedrooms.

- 4.48 Within the affordable sector, around 29.7% of Heads of Households were aged over 65, 20.5% were aged between 16 and 34 and 49.5% were aged between 35 and 64.
- 4.49 43.5% of Household Reference People within the affordable sector were in employment; 30% were wholly retired from work, 11.8% were long-term sick or disabled, 6.3% were unemployed, and 8.4% were other economically inactive.
- 4.50 Around 25.1% of households contained singles or couples aged over 65; 22.1% were single occupants aged under 65; 16.9% of households were couples with children under 18; 13.6% were lone parent households; 10.5% were couples under 65 with no children; 4.2% were lone parent households with non-dependent children; 4% were couples with non-dependent children, and around 3.7% were 'other' household types.

Concluding comments

- 4.51 This chapter has explored the current housing market dynamics affecting and influencing the housing market within the district. It has provided detail on the current profile of dwellings by type, tenure and size along with house condition and prices.
- 4.52 2017 VOA data that the majority of dwellings in the district are houses (70.0%), 16.6% are bungalows and 13.4% are flats/apartments. 8.3% have one-bedroom, 27.5% have two-bedrooms, 41.4% have three-bedrooms and 22.9% have four or more-bedrooms.
- 4.53 The 2011 census reported that 72.7% of households lived in owner occupation, 14.1% in affordable tenures and 13.2% in private rented accommodation.
- 4.54 An analysis of house prices and private rental costs indicates that open market housing has become more expensive in the district in recent years.

5. Affordable housing need and the needs of different groups

Introduction

- 5.1 The 2019 National Planning Policy Framework (Paragraph 61) requires that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policy. It sets out that these should include, but not be limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.
- 5.2 The NPPF (Paragraph 62) also states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required.
- 5.3 The 2019 PPG considers how the housing need of particular groups relates to overall housing need calculated using the standard model:

‘The need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is on the basis that the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.

When producing policies to address the need of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the constraint of the overall need established.

The standard method for assessing housing need does not breakdown the overall figure into different types of housing. Therefore, the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

The household projections that form the baseline of the standard method are inclusive of all households including Gypsies and Travellers as defined with Planning Policy for Traveller Sites²²

- 5.4 In considering the need for different types of housing, the 2019 PPG makes specific reference to: affordable housing, housing for older people, housing for people with disabilities, the private rented sector, self-build and custom housebuilding and student housing.
- 5.5 This chapter uses secondary data sources to assess affordable housing requirements in the district. It also considers the needs of particular groups to equip the council and its strategic partners in making policy decisions regarding future housing development.

²² Paragraph: 017 Reference ID: 2a-017-20190220

Affordable Housing Needs Assessment

- 5.6 As set out in the NPPF, a robust and defensible assessment of affordable housing need is essential for the development of housing policies.
- 5.7 The NPPF defines affordable housing as follows:
‘housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)...’ (Annex 2).
- 5.8 The NPPF provides detailed definitions of different forms of affordable housing; this is set out in Chapter 1 of this report.
- 5.9 PPG 2019 states *‘all households whose needs are not met by the market can be considered in affordable housing need’*²³.
- 5.10 This section therefore considers affordable housing need for those households who cannot afford to meet their needs in the open market through home ownership or private rental.
- 5.11 A range of secondary data sources are used to provide the robust and transparent evidence base required to assess housing need across the district. This is presented in detail at Appendix C of this report. This chapter summarises the information.
- 5.12 A detailed analysis of the following factors quantifies the shortfall of affordable housing:
- households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market; and those who can afford private rent but cannot afford to buy;
 - new households forming who cannot afford to buy or rent in the market;
 - existing households likely to fall into need; and
 - the supply of affordable housing through social/affordable renting and intermediate tenure stock.
- 5.13 Table 5.1 summarises the various stages of the analysis. A detailed discussion of the modelling is presented at Appendix C along with further breakdowns of affordable need data by ward and parish.

²³ PPG 2019 Paragraph 018 Reference ID: 2a-018-20190220

Table 5.1 Affordable Needs Assessment Summary for Malvern Hills (five years 2018/19 to 2022/23)		
		MALVERN HILLS TOTAL
Stage1: CURRENT NEED		
1.1	TOTAL in need and cannot afford open market (buying or renting)	1,276
Stage 2: FUTURE NEED		
2.1	New household formation (gross per year)	527
2.2	% new households requiring affordable housing	55.2%
2.3	Number of new households requiring affordable housing	291
2.4	Existing households falling into need	Included in Stage 1
2.5	Total newly-arising housing need (gross each year)	291
Stage 3: AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need	364
3.2	Surplus stock	0
3.3	Committed supply of new affordable units	See comments at para 5.14
3.4	Total affordable housing stock available (3.1+3.2+3.3)	364
3.5	Annual supply of social re-lets (net)	348
3.6	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	53
3.7	Annual supply of affordable housing (3.5+3.6)	401
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED		
4.1	Total backlog need (1.1-3.4)	912
4.2	Quota to reduce over 5 years (20%)	20%
4.3	Annual backlog reduction	182
4.4	Newly-arising need	291
4.5	Total annual affordable need	473
4.6	Annual affordable capacity	401
5.1	Net annual imbalance	72

- 5.14 The above analysis indicates a net imbalance of 72 affordable dwellings each year over the next five years across the district based on the latest available data from the council's housing register. This is a minimum need as it is based on the number of households who have expressed a need for housing on the housing register.
- 5.15 There is an affordable newbuild pipeline supply of around 335 affordable dwellings which will further help to address the imbalance. Given the scale of need, it is important that the Council maintains an affordable housing target to ensure the continued delivery of affordable housing to support long-term community sustainability.

Size of affordable dwellings

- 5.16 Regarding the size of affordable dwellings to be built, the housing register evidence would suggest a skew towards smaller dwellings as this is based on the allocation policy

recognised position on an assessment of a household's housing needs rather it's wants or aspirations (Table 5.2).

Table 5.2 Affordable need by number of bedrooms		
Number of bedrooms	% of registered households	Current supply (%)
1-bedroom	64.5	28.5
2-bedrooms	23.9	38.5
3-bedrooms	9.6	31.0
4 or more bedrooms	2.1	2.0
Total	100.0	100.0

- 5.17 The assumptions underpinning each stage of the needs assessment model are presented in Appendix C.

Tenure split

- 5.18 No tenure preference data is available from the housing register. The overall tenure split based on arc⁴ national studies is 65% rented and 35% intermediate tenure. However, a final tenure split also needs to consider the current planning policy context as set out in the 2019 NPPF. This states in para 64:

'where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership'.

- 5.19 The current tenure split in the SWDP is 80% rented and 20% intermediate tenure (see Affordable Housing SPD 2016) and this remains an appropriate target, although the proportion of intermediate tenure dwellings may increase in the light of the NPPF. For instance, within larger developments:
- If 40% affordable housing is sought, 30% would be rented and 10% ownership (75/25 split);
 - If 30% affordable housing is sought, 20% would be rented and 10% ownership (67/33 split);
 - If 20% affordable housing is sought, 10% would be rented and 10% ownership (50/50 split)

Relative affordability of housing tenure options

- 5.20 The relative cost of alternative housing options across Malvern Hills, the main settlement areas and the parishes is explored in the tables below.
- 5.21 This includes affordable and market rent options and intermediate tenure options, including shared ownership. Table 5.3 shows the cost at the settlement and district level for alternative tenure options and Table 5.4 shows the income required. Tables 5.5 and 5.6 replicate the analysis at ward level. Caution should be taken when drawing

conclusions from the data at ward level due to the small numbers of sales and rents recorded at this geography in a single year. Wards for which no sales or rents were recorded have been excluded from the tables.

This analysis indicates that for open market housing at district-level, the minimum income required is £27,648 to rent at lower quartile or entry-level prices or £49,693 for buying at lower quartile or entry-level house prices. These amounts vary by settlement area. The household income needed for entry-level renting and home ownership is lowest in Tenbury Wells

Table 5.3 Cost of alternative tenure options by main settlement area

Tenure option	Price (2018)			
	Tenbury Wells	Malvern Town	Upton on Severn	Total
Social Rent	£433	£433	£433	£433
Affordable Rent	£489	£489	£489	£489
Market Rent - Lower Quartile	£408	£576	£550	£576
Market Rent - Median	£561	£663	£676	£676
Market Rent - Upper Quartile	£713	£776	£724	£823
Market Sale - Lower Quartile	£145,500	£173,000	£180,000	£193,250
Market Sale - Median	£216,500	£235,000	£232,500	£262,500
Market Sale - Average	£250,458	£264,012	£287,948	£302,421
Starter Home	£173,200	£188,000	£186,000	£210,000
Shared ownership (50%)	£108,250	£117,500	£116,250	£131,250
Shared ownership (25%)	£54,125	£58,750	£58,125	£65,625
Help to buy	£216,500	£235,000	£232,500	£262,500
Discounted home ownership	£175,321	£184,808	£201,564	£211,695

Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, SDR 2018

Table 5.4 Income required for alternative tenure options by main settlement area

Tenure option	Income required (2018)			
	Tenbury Wells	Malvern Town	Upton on Severn	Total
Social Rent	£20,767	£20,767	£20,767	£20,767
Affordable Rent	£23,473	£23,473	£23,473	£23,473
Market Rent - Lower Quartile	£19,584	£27,648	£26,400	£27,648
Market Rent - Median	£26,928	£31,824	£32,448	£32,448
Market Rent - Upper Quartile	£34,224	£37,248	£34,752	£39,504
Market Sale - Lower Quartile (assumes 10% deposit)	£37,414	£44,486	£46,286	£49,693
Market Sale - Median (assumes 10% deposit)	£55,671	£60,429	£59,786	£67,500
Market Sale - Average (assumes 10% deposit)	£64,403	£67,889	£74,044	£77,765
Starter Home	£44,537	£48,343	£47,829	£54,000
Shared ownership (50%)	£41,423	£44,819	£44,360	£49,868
Shared ownership (25%)	£34,232	£37,014	£36,638	£41,149
Help to buy	£43,300	£47,000	£46,500	£52,500
Discounted home ownership	£47,587	£50,162	£54,710	£57,460

Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, SDR 2018

Table 5.5 Cost of alternative tenure options by ward

Tenure option	Price (2018)											
	Alfrick and Leigh	Baldwin	Broadheath	Chase	Dyson Perrins	Hallow	Kempsey	Lindridge	Link	Longdon	Martley	Morton
Social Rent	£433	£433	£433	£433	£433	£433	£433	£433	£433	£433	£433	£433
Affordable Rent	£489	£489	£489	£489	£489	£489	£489	£489	£489	£489	£489	£489
Market Rent - Lower Quartile	£598	£598	£715	£559	£650	£451	£693	£576	£594	£815	£477	£598
Market Rent - Median	£901	£750	£849	£624	£750	£459	£897	£750	£650	£899	£550	£709
Market Rent - Upper Quartile	£1,248	£949	£923	£823	£823	£750	£1,200	£849	£724	£1,201	£901	£1,248
Market Sale - Lower Quartile	£217,950	£235,000	£245,000	£206,000	£178,000	£222,500	£221,500	£220,000	£169,000	£329,000	£250,000	£249,500
Market Sale - Median	£319,000	£348,000	£286,995	£253,525	£223,000	£340,000	£326,250	£320,000	£212,500	£480,000	£335,000	£420,000
Market Sale - Average	£341,907	£385,160	£349,736	£275,721	£246,547	£348,284	£329,317	£347,444	£232,261	£460,167	£350,235	£419,040
Starter Home	£255,200	£278,400	£229,596	£202,820	£178,400	£272,000	£261,000	£256,000	£170,000	£384,000	£268,000	£336,000
Shared ownership (50%)	£159,500	£174,000	£143,498	£126,763	£111,500	£170,000	£163,125	£160,000	£106,250	£240,000	£167,500	£210,000
Shared ownership (25%)	£79,750	£87,000	£71,749	£63,381	£55,750	£85,000	£81,563	£80,000	£53,125	£120,000	£83,750	£105,000
Help to buy	£319,000	£348,000	£286,995	£253,525	£223,000	£340,000	£326,250	£320,000	£212,500	£480,000	£335,000	£420,000
Discounted home ownership	£239,335	£269,612	£244,815	£193,005	£172,583	£243,799	£230,522	£243,210	£162,583	£322,117	£245,165	£293,328
Tenure option	Price (2018)											
	Pickersleigh	Powick	Priory	Ripple	Teme Valley	Tenbury	Upton and Hanley	Wells	West	Woodbury	Total	
Social Rent	£433	£433	£433	£433	£433	£433	£433	£433	£433	£433	£433	
Affordable Rent	£489	£489	£489	£489	£489	£489	£489	£489	£489	£489	£489	
Market Rent - Lower Quartile	£624	£598	£550	£750	£901	£408	£550	£596	£501	£650	£576	
Market Rent - Median	£650	£793	£650	£849	£1,001	£561	£676	£737	£661	£849	£676	
Market Rent - Upper Quartile	£823	£997	£750	£875	£1,651	£713	£724	£836	£731	£1,148	£823	
Market Sale - Lower Quartile	£170,000	£210,000	£128,975	£247,500	£245,000	£145,500	£180,000	£203,500	£179,000	£240,000	£193,250	
Market Sale - Median	£196,301	£287,500	£205,000	£334,998	£298,000	£216,500	£232,500	£272,500	£242,500	£401,250	£262,500	
Market Sale - Average	£223,471	£311,745	£273,953	£356,321	£327,844	£250,458	£287,948	£305,269	£303,507	£379,771	£302,421	
Starter Home	£157,040	£230,000	£164,000	£267,998	£238,400	£173,200	£186,000	£218,000	£194,000	£321,000	£210,000	
Shared ownership (50%)	£98,150	£143,750	£102,500	£167,499	£149,000	£108,250	£116,250	£136,250	£121,250	£200,625	£131,250	
Shared ownership (25%)	£49,075	£71,875	£51,250	£83,749	£74,500	£54,125	£58,125	£68,125	£60,625	£100,313	£65,625	
Help to buy	£196,301	£287,500	£205,000	£334,998	£298,000	£216,500	£232,500	£272,500	£242,500	£401,250	£262,500	
Discounted home ownership	£156,430	£218,221	£191,767	£249,425	£229,491	£175,321	£201,564	£213,688	£212,455	£265,840	£211,695	

Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, SDR 2018

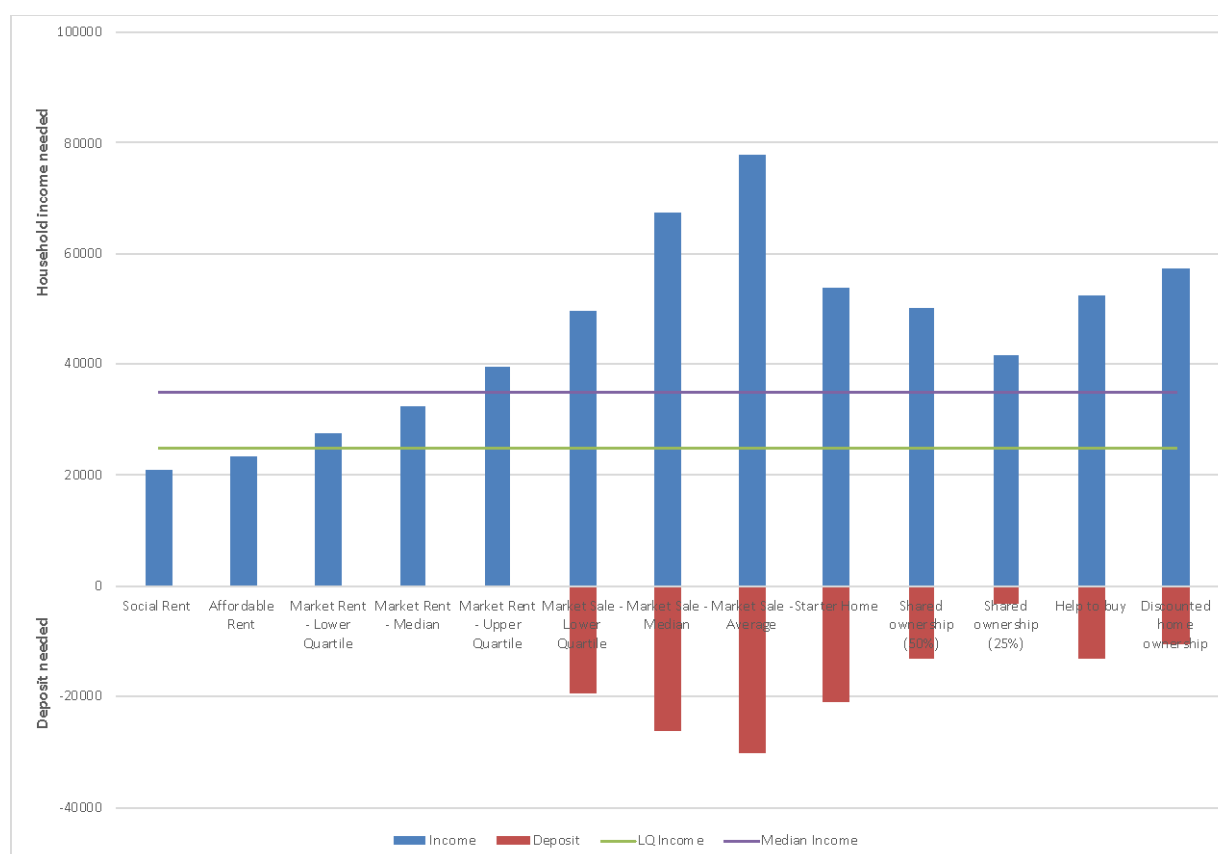
Table 5.6 Income required for alternative tenure options by ward

Tenure option	Income required (2018)											
	Alfrick and Leigh	Baldwin	Broadheath	Chase	Dyson Perrins	Hallow	Kempsey	Lindridge	Link	Longdon	Martley	Morton
Social Rent	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767
Affordable Rent	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473
Market Rent - Lower Quartile	£28,704	£28,704	£34,320	£26,832	£31,200	£21,648	£33,264	£27,648	£28,512	£39,096	£22,896	£28,704
Market Rent - Median	£43,248	£36,000	£40,752	£29,952	£36,000	£22,032	£43,056	£36,000	£31,200	£43,152	£26,400	£34,008
Market Rent - Upper Quartile	£59,904	£45,552	£44,304	£39,504	£39,504	£36,000	£57,600	£40,752	£34,752	£57,624	£43,248	£59,904
Market Sale - Lower Quartile	£56,044	£60,429	£63,000	£52,971	£45,771	£57,214	£56,957	£56,571	£43,457	£84,600	£64,286	£64,157
Market Sale - Median	£82,029	£89,486	£73,799	£65,192	£57,343	£87,429	£83,893	£82,286	£54,643	£123,429	£86,143	£108,000
Market Sale - Average	£87,919	£99,041	£89,932	£70,900	£63,398	£89,559	£84,681	£89,343	£59,724	£118,329	£90,061	£107,753
Starter Home	£65,623	£71,589	£59,039	£52,154	£45,874	£69,943	£67,114	£65,829	£43,714	£98,743	£68,914	£86,400
Shared ownership (50%)	£60,239	£65,563	£54,364	£48,220	£42,616	£64,094	£61,570	£60,423	£40,689	£89,794	£63,176	£78,780
Shared ownership (25%)	£49,644	£54,004	£44,832	£39,799	£35,210	£52,801	£50,734	£49,794	£33,631	£73,851	£52,050	£64,830
Help to buy	£63,800	£69,600	£57,399	£50,705	£44,600	£68,000	£65,250	£64,000	£42,500	£96,000	£67,000	£84,000
Discounted home ownership	£64,962	£73,180	£66,450	£52,387	£46,844	£66,174	£62,570	£66,014	£44,130	£87,432	£66,545	£79,618
Tenure option	Income required (2018)											
	Pickersleigh	Powick	Priory	Ripple	Teme Valley	Tenbury	Upton and Hanley	Wells	West	Woodbury	Total	
Social Rent	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	£20,767	
Affordable Rent	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	£23,473	
Market Rent - Lower Quartile	£29,952	£28,704	£26,400	£36,000	£43,248	£19,560	£26,400	£28,608	£24,024	£31,200	£27,648	
Market Rent - Median	£31,200	£38,064	£31,200	£40,752	£48,048	£26,928	£32,448	£35,376	£31,728	£40,752	£32,448	
Market Rent - Upper Quartile	£39,504	£47,856	£36,000	£42,000	£79,248	£34,224	£34,752	£40,128	£35,064	£55,104	£39,504	
Market Sale - Lower Quartile	£43,714	£54,000	£33,165	£63,643	£63,000	£37,414	£46,286	£52,329	£46,029	£61,714	£49,693	
Market Sale - Median	£50,477	£73,929	£52,714	£86,142	£76,629	£55,671	£59,786	£70,071	£62,357	£103,179	£67,500	
Market Sale - Average	£57,464	£80,163	£70,445	£91,625	£84,303	£64,404	£74,044	£78,498	£78,045	£97,655	£77,766	
Starter Home	£40,382	£59,143	£42,171	£68,914	£61,303	£44,537	£47,829	£56,057	£49,886	£82,543	£54,000	
Shared ownership (50%)	£37,715	£54,505	£39,408	£63,320	£56,576	£41,663	£44,648	£52,039	£46,580	£75,770	£50,300	
Shared ownership (25%)	£31,195	£44,956	£32,599	£52,193	£46,678	£34,472	£36,926	£42,988	£38,526	£62,443	£41,581	
Help to buy	£39,260	£57,500	£41,000	£67,000	£59,600	£43,300	£46,500	£54,500	£48,500	£80,250	£52,500	
Discounted home ownership	£42,460	£59,232	£52,051	£67,701	£62,290	£47,587	£54,710	£58,001	£57,666	£72,156	£57,460	

Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, SDR 2018

Table 5.7 Assumptions in assessing income required for alternative tenure options		
Tenure	Tenure price assumptions (and data source)	Affordability assumptions
Social rent	Latest prices (Regulator of Social Housing 2018 Statistical Data Return)	Affordability 25% of income
Affordable rent	Latest prices (Regulator of Social Housing 2018 Statistical Data Return)	Affordability 25% of income
Market Rent – lower quartile	2018 prices (Land Registry)	Affordability 25% of income
Market Rent – median	2018 prices (Land Registry)	Affordability 25% of income
Market Rent – upper quartile	2018 prices (Land Registry)	Affordability 25% of income
Market Sale – lower quartile	2018 prices (Land Registry)	90% LTV, 3.5x income
Market Sale – median	2018 prices (Land Registry)	90% LTV, 3.5x income
Market Sale – average	2018 prices (Land Registry)	90% LTV, 3.5x income
Starter Home	20% discount on full value (assumed to be median), 10% deposit on discounted portion, remainder mortgage based on 3.5x income	90% LTV, 3.5x income
Shared ownership (50%)	Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	90% LTV, 3.5x income for equity and 25% of income for rental element
Shared ownership (25%)	Total price based on median price and 25% ownership. Mortgage based on 20%. 10% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	90% LTV, 3.5x income for equity and 25% of income for rental element
Help to buy	Total price based on median price. Mortgage based on 75% equity. 20% loan and deposit of 5%. Loan fee of 1.75% in year 6 of outstanding equity loan increasing annually from yr7 at RPI+1%	75% LTV, 3.5x income
Discounted home ownership	70% of average price	90% LTV, 3.5x income

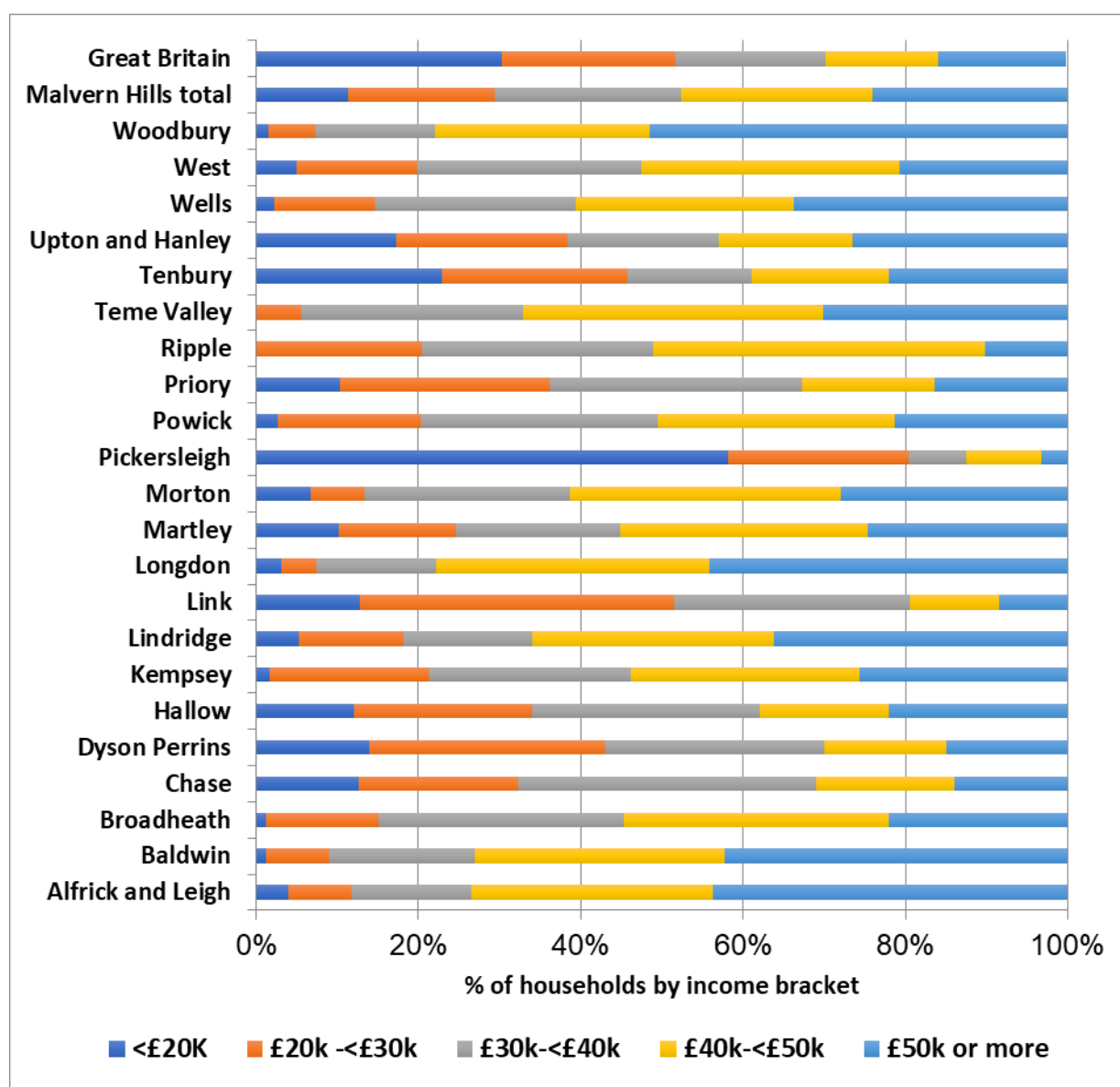
5.22 Figure 5.1 summarises in graphical form the relative affordability of alternative tenures at the district level, setting out the income and deposit required for different options set against prevailing lower quartile and median earnings. It uses lower quartile and median earnings derived from CAMEO for 2018.

Figure 5.1 Affordability by tenure

Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, CLG, HCA, CAMEO 2018

Note: The deposit requirements are shown on the figure as a negative number

- 5.23 This indicates that only social rent is affordable for households on lower quartile incomes. Households on median incomes can afford a higher proportion of housing options including affordable and market rent up to median prices. By comparison, the majority of people – could not afford dwellings for sale on the open market at either the lower quartile level, the average or the 75th percentile level and starter homes. The data shows the particular problem faced by households who do not have either existing equity or savings.
- 5.24 Ward-level household income data has been sourced for Malvern Hills using CAMEO data. The distribution of household income is summarised in Figure 5.2. This indicates considerable variation in income distribution by ward. For households with lower incomes (less than £20,000 each year), Pickersleigh is an outlier compared to other wards as 58.2% are in this lowest bracket. The second highest proportion of households earning less than £20,000 is in Tenbury at 22.9%. In Link, over half of households (51.5%) earn less than £30,000. High income households were particularly prevalent in Woodbury (where 51.5% had an income of £50,000 or more), Longdon (44.2%), Alfrick and Leigh (43.8) and Baldwin (42.3%).

Figure 5.2 Distribution of household income

5.25 Table 5.8 shows the Local Housing Allowance (LHA) rates from four BRMAs that apply to Malvern Hills District. Table 5.8 also shows the relative affordability of Local Housing Allowance rates in the district, along with the proportion of households who can/cannot afford based on CAMEO income data (2018). Table 5.8 highlights the proportions of households who can afford each LHA category and those who cannot by BRMA.

Table 5.8 LHA rates (monthly) for Malvern Hills BRMAs and relative affordability				
Rate	Rate per week	Annual Income required	% of households who can afford	% of households who cannot afford
Worcester North				
Shared accommodation rate	£61	£12,782	92.6	7.4
1-bedroom rate	£92	£19,146	83.5	16.5
2-bedroom rate	£118	£24,482	76.1	24.0
3-bedroom rate	£133	£27,731	71.6	28.4
4-bedroom rate	£177	£36,724	57.7	42.3
Worcester South				
Shared accommodation rate	£70	£14,627	90.0	10.0
1-bedroom rate	£99	£20,604	83.5	16.5
2-bedroom rate	£128	£26,664	74.6	25.4
3-bedroom rate	£153	£31,828	66.8	33.2
4-bedroom rate	£194	£40,348	50.5	49.5
Cheltenham				
Shared accommodation rate	£70	£14,643	90.0	10.0
1-bedroom rate	£112	£23,261	79.0	21.0
2-bedroom rate	£143	£29,815	68.6	31.4
3-bedroom rate	£174	£36,281	74.6	25.4
4-bedroom rate	£241	£50,043	28.0	72.0
Gloucester				
Shared accommodation rate	£68	£14,144	91.9	8.1
1-bedroom rate	£92	£19,136	89.5	10.5
2-bedroom rate	£122	£25,376	79.6	20.4
3-bedroom rate	£147	£30,576	70.6	29.4
4-bedroom rate	£187	£38,896	52.2	47.8

Source: VOA LHA rates and TransUnion UK CAMEO Segmentation Income Data

Household Groups with specific housing needs

Introduction

- 5.26 The 2019 NPPF Paragraph 61 acknowledges that there are a range of household groups who have particular housing requirements. It sets out that the needs of different groups should be assessed and reflected in planning policy in terms of the size, type and tenure of housing. It states that these households include but are not limited to those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.
- 5.27 The needs of those who require affordable housing have been addressed in the previous section of this chapter. The following sections look at other groups and consider their particular housing needs.

- 5.28 The PPG²⁴ states *'The need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is on the basis that the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. When producing policies to address the need of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the constraint of the overall need established'*.
- 5.29 The PPG makes specific reference to housing for older people; housing for people with disabilities; the private rented sector; and self-build and custom housebuilding. The following sections look at other groups and consider their particular housing needs in the light of the NPPF and specific PPG considerations.

Families with children

- 5.30 The 2011 Census found that families (that is couples and lone parents) with children accounted for 33.0% of households across the district. Families with dependent children made up 23.0% of the total and families that were couples and lone parents with adult children (aged 18 or over) living with them made up 9.0%.
- 5.31 According to the 2014-based CLG household projections, the number of households with children is expected to decrease marginally, by around 272 over the period 2016-2030.
- 5.32 arc⁴ national data (Table 5.9) indicates that families require the following range of dwellings, especially three and four-bedroom homes. Nationally, 75.3% of families live in three and four-bedroom dwellings. Evidence from the national arc4 database suggests that there is a particular aspiration towards living in a four-bedroom dwelling, but families tend to expect to move to a three-bedroom dwelling.

	Current Dwelling (%)	Aspiration (%)	Expectation (%)
1 or 2-bedroom house	17.5	7.7	16.4
3-bedroom house	45.7	37.8	45.3
4 or more-bedroom house	29.6	44.4	28.0
1 or 2-bedroom flat	4.0	1.9	3.5
3 or more-bedroom flat	0.6	0.8	0.7
1 or 2-bedroom bungalow	0.7	2.5	2.9
3 or more-bedroom bungalow	1.6	3.6	2.2
Other	0.2	1.2	1.1
TOTAL	100.0	100.0	100.0
Base	304,451	70,433	68,425

Source: arc⁴ national surveys

²⁴ 2019 PPG Paragraph: 017 Reference ID: 2a-017-20190220

Housing for older people

- 5.33 PPG notes that *'the need to provide housing for older people is critical as people are living longer and the proportion of older people in the population is increasing'*²⁵.
- 5.34 A major strategic challenge for the council is to ensure appropriate housing provision, adaptation and support for its older population. The number of people across the district aged 65 or over is projected to increase significantly during the plan period, from 21,000 in 2016 to 27,500 by 2030, a 31% increase²⁶. The increase in the population aged 85 or over is considerable, rising from 3,100 to 4,900 persons during the period 2016-2030, 58.1% increase.
- 5.35 According to 2014-based household projections²⁷, the number of households headed by someone aged 60 and over is expected to increase by 4,146. The arc⁴ national household survey evidence indicates that the majority (65%) of older people want to stay in their own homes with help and support when needed. However, it is important to diversify the range of older persons' housing provision.
- 5.36 arc⁴ national data (Table 5.10) indicates that older people are normally living in three- and four-bedroom houses but there are strong aspirations and expectations towards bungalows and smaller houses. Given the likely increase in older person households, it is important that the council recognises the impact this will have on the range of dwelling types and sizes needed over the plan period.

Table 5.10 Older person housing choices			
	Current Dwelling (%)	Aspiration (%)	Expectation (%)
1 or 2-bedroom house	14.2	14.0	10.8
3-bedroom house	36.3	19.2	18.2
4 or more-bedroom house	15.7	7.0	5.5
1 or 2-bedroom flat	14.4	16.1	19.7
3 or more-bedroom flat	0.5	0.7	1.1
1 or 2-bedroom bungalow	12.4	25.3	28.0
3 or more-bedroom bungalow	5.8	13.7	11.1
Other	0.7	3.9	5.7
TOTAL	100.0	100.0	100.0
Base	436,735	43,855	38,615

Source: arc⁴ national surveys

- 5.37 The PPG indicates that *'The health and lifestyles of older people will differ greatly, as will their housing needs. Strategic policy-making authorities will need to determine in relation to their plan period the needs of people who will be approaching or reaching*

²⁵ Paragraph: 020 Reference ID: 2a-020-20180913

²⁶ ONS 2016-based Subnational population projections

retirement as well as older people now'. It continues 'Strategic policy-making authorities will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services and providing more options for older people to move could also free up houses that are under occupied. These matters have been considered in County-wide extra care and older persons housing strategies.'

5.38 The PPG recommends the following are considered in an assessment of older persons' need:

- the future need for specialist accommodation (e.g. sheltered, enhanced sheltered, extra care, registered care), broken down by type and tenure;
- the need for care in residential institutions (C2); and
- the role of general housing and in particular bungalows and homes that can be adapted to meet a change in needs.

Future need for older person accommodation and residential care institutions

5.39 Table 5.11 sets out the categories of older person accommodation as expressed by the Elderly Accommodation Counsel (EAC) and checked against the Statistical Data Return of social housing providers. The EAC website provides an excellent source of information regarding the current range of older persons' provision in the district.

Table 5.11 Categories of older person accommodation		
Category	Number of units	Description
Age-exclusive housing	478	Schemes or developments that cater exclusively for older people, usually incorporate design features helpful to older people, and may have communal facilities such as a residents' lounge, guest suite and shared garden, but do not provide any regular on-site support to residents.
Care homes	462	A residential setting where a number of older people live, usually in single rooms, and have access to on-site care services. Since April 2002 all homes in England, Scotland and Wales are known as 'care homes', but are registered to provide different levels of care. A home registered simply as a care home will provide personal care only - help with washing, dressing and giving medication. This is classed as C3 sheltered accommodation.
Care home with nursing	559	A home registered as a care home with nursing will provide the same personal care but also have a qualified nurse on duty twenty-four hours a day to carry out nursing tasks. These homes are for people who are physically or mentally frail or people who need regular attention from a nurse. This is classed as C2 residential care provision.
Enhanced sheltered/close case	101	Sheltered housing that provides more in facilities and services than traditional sheltered housing but does not offer the full range of provision that is found in an Extra Care housing scheme.
Retirement housing	288	Housing developments of a similar type to sheltered housing (see below), but built for sale, usually on a leasehold basis. Note that most housing association accommodation is listed as retirement housing by the EAC.
Extra Care housing	155	Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very sheltered housing, assisted living, or simply as 'housing with care'. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages. It is a popular choice among older people because it can sometimes provide an alternative to a care home.
Sheltered housing*	215	Sheltered housing means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors. Note the 2017 SDR identifies 590 sheltered housing units. As the EAC tends to include these as Retirement Housing, the balance of 87 has been included in this row
Total	2,258	.

Source: EAC database www.housingcare.org.uk

*All Housing Association dwellings are listed as retirement housing but they have been recategorized as sheltered in this table.

5.40 Note the 2018 Regulator of Social Housing Statistical Data Return states a total of 594 units of older person accommodation.

1.33 C2 and C3 are classifications defined in planning policy to distinguish between residential (C3) and institutional (C2) accommodation such as care homes.

- 5.41 Across the district, there are around 2,258 units of older persons' accommodation. This includes 1,021 units of residential care (C2) dwellings. The ownership breakdown of older persons' stock, according to the EAC database is 38.6% housing association, 41.8% private companies, 13% small/family business, 5.2% charity and 1.4% local authority.
- 5.42 Table 5.12 considers the ratio of older people to current provision and then applies this ratio to future household projections. Over the plan period to 2030, this results in the need for 1,040 additional units of older persons' accommodation, broken down into 570 units of specialist older (C3 planning use class) and 470 additional units of residential care provision (C2 planning use class). Assuming a 12-year period, this gives annualised figures of 74 total, 48 (C3) and 39 (C2). The Worcestershire Extra Care Housing Strategy 2012-2026 identified a need for 872 units of extra care accommodation 2026, with 77.1% owned and 22.9% rented.

Table 5.12 Estimated future need for specialist older person accommodation				
Current provision	Number of units 2018	Number aged 75 and over 2018	Number aged 75 and over 2030 (projected)	Change in need
	-	10,200	14,900	
	-	Ratio of population to current provision	Ratio applied to 2030 population	
Specialist older person (C3)	1,237	0.121	1,807	570
Residential Care (C2)	1,021	0.100	1,491	470
Total	2,258		3,196	1,040

The role of general housing and in particular bungalows and homes that can be adapted to meet a change in needs

- 5.43 PPG comments that 'Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs. Local authorities will therefore need to identify the role that general housing may play as part of their assessment.'²⁸ Having established the likely profile of dwellings occupied by older person households, it is evident that around one half live in three- and four or more-bedroom houses. There are also around 5,600 bungalows in the district accounting for 16.6% of overall stock and 4,520 flats accounting for 13.4% of stock which will be providing accommodation for older people.
- 5.44 Given that the majority of older people want to remain in their own homes with help and support when necessary, there will be an increasing need to adapt existing homes. The actual scale of existing adaptations in the home nationally has been explored in the 2015/16 English Housing Survey (Table 5.13). This identifies that, adaptations to bathrooms and grab rails are most frequently found in existing dwellings. Table 5.13

²⁸ Paragraph: 017 Reference ID: 2a-017-20190220

estimates the number of households likely to have adaptations in Malvern Hills District based on national data.

- 5.45 Table 5.13 then factors in the likely change in households (an 8.3% increase by 2030 of 2,475 households) to establish the likely increase in the need to adapt existing dwellings.

Table 5.13 Likely level adaptation and future need for adaptations in the home

Type of adaptation	% dwellings with adaptations	Malvern Hills expected adaptations 2018	Malvern Hills expected adaptations 2030	Change in number of dwellings needing adaptations
Adapted bathroom	6.9	2,057	2,228	171
Grab rails	6.6	1,968	2,131	163
Adapted kitchen	2.8	835	904	69
Electrical modifications	2.1	626	678	52
Stair lift	1.7	507	549	42
Ramps	1.6	477	517	40
Hoists	0.5	149	161	12
Base	23,542	29,816	32,291	

Source: English Housing Survey 2015-16

Wheelchair accessible dwellings

- 5.46 According to the English Housing Survey 2015/16, nationally 3.4% of households include a wheelchair user: 1% use the wheelchair inside the home and 2.4% use a wheelchair only outside. Applying these proportions to the district, there are 298 households requiring wheelchair accessible dwellings. There is no source data stating the actual number of wheelchair accessible dwellings currently in the district.
- 5.47 It is recommended that 1% of new dwellings should be built to a wheelchair accessible standard. Need for such accommodation should be monitored over the plan period to assess whether there is increasing need for wheelchair adapted dwellings, particularly in the light of the ageing population profile.

People with disabilities

- 5.48 A range of data are available which can be used to estimate the number of people with disabilities in the district including the Census, national disability prevalence rates applied to the local population and the number receiving Disability Living Allowance.

Census 2011 data

- 5.49 The Census recorded a baseline of broad measures of disability across the population. Table 5.14 reports that across Malvern Hills, 4.9% of residents stated they were in bad or very bad health (and particularly associated with older age groups) and a further 14.0% were in 'fair' health. The majority (81.2%) were in 'very good or good health'.

Overall, the 2011 Census estimated that around 13,628 residents were in fair or bad/very bad health.

Table 5.14 Long-term health problem or disability in Malvern Hills			
Age Group	Measure of health (%)		
	Very good or good health (%)	Fair health (%)	Bad or very bad health (%)
Age 0 to 15	97.6	1.9	0.5
Age 16 to 24	94.5	4.2	1.3
Age 25 to 34	91.8	6.2	2.0
Age 35 to 49	87.7	8.9	3.4
Age 50 to 64	79.3	14.7	6.0
Age 65 to 74	67.6	25.2	7.2
Age 75 to 84	50.2	38.0	11.8
Age 85 and over	34.1	45.5	20.4
All categories: Age	81.2	14.0	4.9
Base	58,594	10,104	3,524

Source: 2011 Census Table DC3302EW

- 5.50 The Census also reported that 5,694 (7.9%) Malvern Hills residents reported that their daily activities were limited 'a lot'. This is 1.4% lower than the figure for England (8.3%). The figures for residents reporting that their daily activities were limited 'a little' are slightly higher for Malvern Hills (7,909) (10.9%) than England 9.3%.

National disability prevalence rates applied to Malvern Hills

- 5.51 The ONS Family Resources Survey provides national data on the number of people with disabilities by age group and the nature of the disability (Table 5.15). This can be applied to population projections by age group to establish the likely number of residents who have a disability at the start of the plan period and how this is likely to change over the plan period 2016-2030.
- 5.52 Although the number of people does not necessarily translate to a specific housing need, it provides a further insight into the likely range of disabilities experienced by residents in the district. The baseline of around 19,218 people with an impairment/disability is higher than that reported in the 2011 Census (those with fair or bad/very bad health). Overall, this analysis estimates that 25.1% of households have at least one resident with a disability and this is expected to increase to 27.5% by 2030.

Table 5.15 Estimate of the number of people with a specific disability			
Disability	Estimated of residents with Disability		
	2016	2030	Change
Mobility	9,993	11,739	1,745
Stamina/breathing/fatigue	7,431	8,729	1,298
Dexterity	5,381	6,321	940
Mental health	4,228	4,966	738
Memory	3,139	3,687	548
Hearing	2,819	3,311	492
Vision	2,498	2,935	436
Learning	2,562	3,010	447
Social/behavioural	1,473	1,731	257
Other	2,883	3,386	503
Base (total in households with disability)	19,218	22,574	3,356
% of population with disability	25.1%	27.5%	+2.4%

Source: ONS Family Resources Survey 2016/17 and ONS 2016-based population projections

Benefit claimants - disability living allowance (DLA) by disabling condition

- 5.53 The Department of Work and Pensions (DWP) publishes information about the number of people receiving Disability Living Allowance (DLA) and the conditions associated with the claim. Table 5.16 indicates that 2.2% of the population receive DLA, with 3.8% of all residents under 16 and 3.6% of all residents aged 65 and over in receipt of DLA. The disabling conditions reported by district residents in receipt of DLA are shown in Table 5.17 and indicates that the most prevalent conditions are learning difficulties and arthritis.

Table 5.16 DLA claimants by age group				
Age group	Number of claimants	% of claimants	Population 2018	% population DLA claimant
Under 16	430	25.4	11,300	3.8
16-24	50	3.0	7,600	0.7
25-49	210	12.4	19,500	1.1
50-64	240	14.2	17,200	1.4
65 and over	760	45.0	21,000	3.6
Total	1,690	100.0	76,600	2.2

Source: NOMIS

Table 5.17 DLA claimants by disabling condition

Disabling Condition	Age Group			
	<65	65+	Total	% of total
Learning Difficulties	320	20	340	20.1
Arthritis	40	240	280	16.6
Neurological Diseases	60	30	90	5.3
Back pain - other / precise diagnosis not specified	20	60	80	4.7
Disease of the muscles, bones or joints	30	50	80	4.7
Psychoneurosis	40	40	80	4.7
Unknown / transfer from attendance allowance	60	20	80	4.7
Hyperkinetic syndromes	70	0	70	4.1
Multiple sclerosis	30	30	60	3.6
Behavioural disorder	60	0	60	3.6
Spondylosis	10	40	50	3.0
Cerebrovascular disease	20	30	50	3.0
Psychosis	30	20	50	3.0
Blindness	30	10	40	2.4
Heart disease	10	30	40	2.4
Trauma to limbs	10	20	30	1.8
Diabetes mellitus	20	10	30	1.8
Chest disease	0	20	20	1.2
Chronic fatigue syndromes	10	10	20	1.2
Dementia	0	20	20	1.2
Malignant disease	10	10	20	1.2
Parkinson's disease	0	10	10	0.6
Severely mentally impaired	10	0	10	0.6
Terminally Ill	0	10	10	0.6
Total	930	760	1,690	

Note: data may not sum correctly due to rounding of source material

Source: Nomis and DWP 2018

Recommendations for optional accessible building standards

- 5.54 In 2015, the Government introduced new optional accessibility standards for dwellings that could be adopted into planning policy by a local authority. Leeds City Council has produced a helpful paper setting out its approach to understanding optional accessible building standards²⁹ which forms the basis for material in this section of the report.
- 5.55 Three national accessibility standards are contained within Part M Volume 1 of the Building Regulations³⁰ as set out in Table 5.18. The M4(1) visitable dwelling is the

²⁹ Leeds City Council Core Strategy Selective Review: Accessible housing need assessment background paper February 2018

³⁰ https://www.planningportal.co.uk/info/200135/approved_documents/80/part_m_-_access_to_and_use_of_buildings

mandatory minimum standard applied to all new dwellings. Only one accessible housing standard can apply to any dwelling. The M4(2) accessible and adaptable dwelling standard is based on, and in 2015 effectively replaced, the 'Lifetime Homes' standard.

Table 5.18 Summary of accessible housing standards

Standard Label	Standard title	Level of accessibility provided	Mandatory or optional
M4(1)	Visitable dwellings	Level access not necessarily provided into the dwellings – few accessibility features	Mandatory
M4(2)	Accessible and adaptable dwellings	Level access is provided into the dwelling – easy to adapt to make more accessible – not suitable for most wheelchair users	Optional
M4(3)	Wheelchair user dwellings	Dwellings suitable for wheelchair users: either wheelchair accessible or wheelchair adaptable	Optional

Source: Leeds City Council Core Strategy Selective Review: Accessible housing need assessment background paper February 2018

5.56 Figures 5.3 and 5.4 below define these optional accessibility standards. They are taken directly from the Government's practice guidance.

Figure 5.3 Explanation of optional accessibility standard M4(2)

- In the Secretary of State's view, optional requirement M4(2) will be met where a new dwelling makes reasonable provision for most people to access the dwelling and incorporates features that make it potentially suitable for a wide range of occupants, including older people, those with reduced mobility and some wheelchair users. Reasonable provision is made if the dwelling complies with all of the following.
- Within the curtilage of the dwelling, or of the building containing the dwelling, it is possible to approach and gain step-free access to the dwelling and to any associated parking space and communal facilities intended for the occupants to use.
 - There is step-free access to the WC and other accommodation within the entrance storey, and to any associated private outdoor space directly connected to the entrance storey.
 - A wide range of people, including older and disabled people and some wheelchair users, are able to use the accommodation and its sanitary facilities.
 - Features are provided to enable common adaptations to be carried out in future to increase the accessibility and functionality of the dwelling.
 - Wall-mounted switches, socket outlets and other controls are reasonably accessible to people who have reduced reach.

Figure 5.4 Explanation of optional accessibility standard M4(3)

In the Secretary of State's view, optional requirement M4(3) will be met where a new dwelling makes reasonable provision, either at completion or at a point following completion, for a wheelchair user to live in the dwelling and use any associated private outdoor space, parking and communal facilities that may be provided for the use of the occupants. Reasonable provision is made if the dwelling complies with all of the following.

- a. Within the curtilage of the dwelling or of the building containing the dwelling, a wheelchair user can approach and gain step-free access to every private entrance to the dwelling and to every associated private outdoor space, parking space and communal facility for occupants' use.
- b. Access to the WC and other accommodation within the entrance storey is step-free and the dwelling is designed to have the potential for step-free access to all other parts.
- c. There is sufficient internal space to make accommodation within the dwelling suitable for a wheelchair user.
- d. The dwelling is wheelchair adaptable such that key parts of the accommodation, including sanitary facilities and kitchens, could be easily altered to meet the needs of a wheelchair user or, where required by a local planning authority, the dwelling is wheelchair accessible.
- e. Wall-mounted switches, controls and socket outlets are accessible to people who have reduced reach.

5.57 Given the ageing population of the district and the identified levels of disability amongst the population, it is recommended that a policy to provide new homes built to accessibility standards is included in the local plan. On the basis of available evidence, it is therefore recommended that:

- a minimum of 1% of new dwellings should be built to M4(3) dwelling standard based on national proportions of households where a resident uses a wheelchair inside the home;
- a minimum of 20% based on the proportion of households who would currently benefit from M4(2) accessible housing

1.34 The evidence indicates that 18.9% of residents are in fair/bad health); 25.1% of residents in households are estimated to have a disability and 18.8% of residents in households have their activities limited in some way.

5.58 It should be noted however that any percentage requirements for accessible housing are subject to cumulative viability testing. It is also recommended that needs are monitored closely given the ageing population over the plan period.

Homeless households

5.59 Ministry of Housing, Communities and Local Government (MHCLG) homelessness statistics for the year 2017/18, indicate that a total of 58 decisions were made on households declaring themselves as homeless across the district (Table 5.19). Of these households, 36% were assessed as homeless and in priority need. Over the eight years 2010/11 to 2017/18, an annual average of 63 decisions were made across the district and an average of 47 households each year were assessed as homeless and in priority need. The overall trend has been a fall in the number of households being accepted as

homeless each year however the number has remained fairly static over the past three years.

Table 5.19 Homeless decisions and acceptances 2010/11 to 2017/18

Year	Decisions made	Accepted as homeless
2010/11	76	65
2011/12	70	55
2012/13	57	39
2013/14	59	52
2014/15	69	51
2015/16	55	37
2016/17	58	39
2017/18	58	36
Total	76	65
Annual Average	63	47

Source: MHCLG Homelessness Statistics

Travellers

- 5.60 The 2011 Census identified 131 residents of Gypsy and Traveller ethnicity (including those living in bricks and mortar accommodation) within the three main settlement areas:
- 69 lived in Malvern Town;
 - 12 lived in Tenbury Wells;
 - 0 lived in Upton upon Seven.
- 5.61 Whilst the majority of residents, (81) lived in the three main settlement areas, 38% (50) live in other localities.
- 5.62 There was a total of 48 households of whom 42 lived in bricks and mortar accommodation and 6 lived in a caravan or other mobile or temporary structure.
- 5.63 Caravan Count data for July 2018 showed a total of 43 Gypsy and Traveller caravans. 42 were located on authorised sites; private caravans (32) and social rented (10). One caravan was located on an unauthorised site on Travellers' own land and is classified as 'not tolerated'.
- 5.64 The Travelling Showperson Caravan Count (January 2018) identified 44 Travelling Showperson caravans which are located on authorised sites and are all private with permanent planning permission.
- 5.65 The 2016 Worcestershire Gypsy and Traveller Accommodation Assessment Addendum Report identified an overall need for 6 pitches over the five-year period 2014/15 to 2017/18.

Service families

- 5.66 Any housing need arising from service families should be picked up through the housing register. This group is specifically identified in the Homes Choice Plus allocations policy which covers South Worcestershire.

Students

- 5.67 There is limited need for bespoke student accommodation in Malvern Hills.

Demand for self and custom housebuilding

- 5.68 The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.
- 5.69 The following section presents key findings from the register as at May 2018 from a policy perspective. As at that date there were 47 individual applicants. 14 applicants stated that they would be willing to be part of a joint project with other self-builders.
- 5.70 In our experience, location of plots is the key issue and it is also the hardest matter to analyse from a register. This is because some applicants are specific, defining locations precisely others are broader requirements. So, our analysis assigns an area preference to the nearest main town as, if sites are allocated in future by the council, they are most likely to be in or adjacent to existing settlements. However, the following labels should be interpreted as including the surrounding area:
- 5 applicants were seeking the Stourport on Severn area;
 - 8 applicants were seeking the Great Malvern area;
 - 3 applicants were seeking the Upton on Severn area;
 - 1 applicant was seeking Tenbury and
 - 1 applicant was seeking either Great Malvern or Upton on Severn; and
 - 29 applicants were seeking any area within Malvern Hills District.
- 5.71 Some applicants were also seeking plots outside of Malvern Hills District:
- 2 elsewhere in Worcestershire; and
 - 15 in Worcestershire and adjacent counties.
- 5.72 Various plot sizes and types were estimated by applicants and there were inconsistencies with units of measurement.
- 7 applicants were seeking 0.2 ha or under;
 - 10 applicants were seeking 0.2 to 0.5 ha;
 - 8 applicants were seeking 0.5 ha or over; and
 - 22 unable to determine from the information provided.
- 5.73 In terms of number of bedrooms sought:

- 0 applicants sought a sought 1-bedroom home;
 - 10 applicants sought a 2-bedroom home;
 - 22 applicants sought a 3-bedroom home;
 - 13 applicants sought a 4-bedroom home;
 - 2 applicants sought a 5 or more-bedroom home.
- 5.74 In terms of the built form:
- 6 applicants sought a detached bungalow;
 - 39 applicants sought a detached house; and
 - 2 applicants were seeking other forms (e.g. equestrian)
- 5.75 Regarding available budget many indicated a range, so we have taken the lowest point of the range:
- 7 applicants indicated a budget of £100,000 to £200,000;
 - 9 applicants indicated a budget of £200,001 to £300,000;
 - 12 applicants indicated a budget of £300,001 to £500,000;
 - 15 applicants indicated a budget of over £500,000; and
 - 4 applicants declined to answer.
- 5.76 15 applicants stated that the funding would come from 'savings' only, 11 applicants stated 'savings and mortgage' other responses indicted some combination of savings, equity from their current home, property that they own and/or a mortgage.
- 5.77 Based upon a report published by the by the council as at October 2017, there have been a number of planning consents from self and custom builders on plots secured by the applicants. The council has been able to identify these as they are exempted from CIL contributions. On this basis as at December 2017 seven consents were granted for a net 5 additional dwellings.
- 5.78 We examined the council's weekly planning list for a 13-week period ending June 2018. We were looking for single dwellings undergoing construction or conversion. We are unable to determine the fraction that are self or custom build from the listing and recognise that the CIL exemption is a clear indication of self and custom build projects. Nevertheless, an indication of the scale of building on individual plots is relevant to the potential for self and custom building in the district. On this basis 21 projects were identified approximately 80 per year.
- 5.79 The implication of this evidence is that a small number of self and custom builders have managed to obtain plots and planning consents in Malvern Hills but there is potential for more given the scale of building on single plots. However, the number of applications recorded on the register would indicate need for the council to make plots available through the planning system in suitable locations

Black, Minority, Ethnic Households

- 5.80 Census 2011 data reveals that the proportion of 'white' residents within the district is 97.6%, with 95.2% of residents being White British. Asian/Asian British residents account for 1.2% of the district's population, 0.9% are of mixed/multiple ethnicity, 0.2% are Black/African/Caribbean/Black British and 0.1% are of other ethnic origin.
- 5.81 The main tenure category of the BME households in the district is owner occupation (around 58.3%, compared with 72.7% of all households). 27.7% live in the private rented sector (13.2% across all households) and around 14.0% in the social rented sector (14.1% of all households).

Overcrowding/under-occupancy

- 5.82 In relation to occupancy levels, the 2011 Census reports that across the district, 46% of households live in accommodation with at least two spare bedrooms, 33.2% have one spare bedroom, 19.1% have sufficient bedrooms relative to the household composition and 1.7% of households are overcrowded. Overcrowding is most apparent in households comprising couples with children, lone parents and other household types (which can include friends sharing and multi-generational households).

Table 5.20 Under / Over Occupancy by household type

Household Type	Occupancy rating				Total	Base
	Under Occupied (+2 bedrooms)	Under Occupied (+1 bedroom)	Balanced	Over crowded		
Single	42.9	35.4	21.7	0.0	100.0	9,555
Couple no children	71.1	24.3	4.6	0.0	100.0	10,765
Couple with children	29.9	42.5	25.0	2.6	100.0	7,777
Lone Parent	14.3	35.2	44.3	6.2	100.0	2,535
Other	23.5	31.3	32.6	12.5	100.0	1,580
Total	46.0	33.2	19.1	1.7	100.0	32,212

Source: Census 2011

Summary

- 5.83 This chapter has set out the affordable housing need in the district and presented evidence relating to a broad range of needs groups as set out in the NPPF. It is expected that the overall development of housing in line with the housing requirement will support these groups. Particular attention should be paid to considering the needs of older people when developing future housing given that this group is a key driver in the housing market.
- 5.84 A need for affordable housing has been established and the latest housing register evidence and lettings data indicates there is a current net annual imbalance of 72 affordable dwellings across the district. Based on housing register need and a broader analysis of household need, it is recommended that 64.5% of new affordable dwellings

have one-bedroom, 23.9% two-bedrooms, 9.6% three-bedrooms and 2.1% four or more-bedrooms. Future delivery of affordable housing will help address this imbalance, but the actual scale of delivery will be determined by local plan policies, the economic viability of delivery, the development programmes of housing association partners, opportunities for private developers to build affordable homes and the ability of the council to build its own affordable homes.

- 5.85 This chapter has also considered household groups with specific needs and in summary:
- The needs of families should be met through general development, with a particular need for three and four-bedroom dwellings;
 - The number of older person households is expected to increase by around 4,146 over the period 2016-30.
- 1.35 There are particular aspirations across older person households for bungalows, flats and smaller houses. Given the demographic changes taking place and the ageing of the population, delivering an appropriate range of new dwellings for older people needs to be a strategic priority for the council. Widening the choice in alternative housing options for older people would also help the overall operation of the housing market. This would provide the ability of households to trade up into properties released by older people;
- 1.36 A range of data has been assembled which sets out the likely number of people with disabilities. According to the 2011 Census, around 13,600 residents were in fair or bad/very bad health. The daily activities of around the same number of residents (13,600) were limited by their health. The application of national disability estimates to the local population in 2016 indicated that around 19,200 residents had a disability, and this is expected to increase to around 22,600 by 2030 (an increase of around 3,400). Not all residents with a disability will require alternative housing or significant support in the home. Disability Living Allowance data indicates that around 2.2% of the population receive DLA and this is mainly associated with arthritis (amongst people aged 65+) and learning difficulties (amongst under 16-year olds);
- 1.37 This report recommends that the council considers introducing optional accessibility standard for both M4(2) and M4(3) dwellings and that M4(2) standards are likely to meet the needs of most current and future residents over the plan period. It is recommended that as a minimum 1% of new build dwellings meet M4(3) standard and 20% meet M4(2) standard.

6. Housing need in Malvern Hills District

Introduction

- 6.1 The South Worcestershire Development Plan (SWDP) presented an Objectively Assessed Housing Need (OAHN) range of 26,700 to 27,300 for the 2006-2030 plan period, underpinned by an economic-led approach. Data to inform this calculation was prepared by Edge Analytics and published by AMION consulting in 2014. The adopted plan was published in 2016, outlining economic and housing growth aspirations for South Worcestershire districts. Since the SWDP evidence base was prepared for South Worcestershire, the 2019 National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG) has proposed a 'standard methodology' for determining housing need and a range of new data sources have become available. The purpose of this chapter is to set out the new approach for assessing need and how this relates to a broader range of demographic evidence.

Establishing housing need

- 6.2 The 2019 National Planning Policy Framework (Paragraph 60) states:
- 'to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance - unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for'.*
- 6.3 The updated 2019 PPG defines housing need as:
- 'an unconstrained assessment of the number of homes needed in an area'³¹ and 'should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations'.*
- 1.39 PPG sets out how the requirements of the NPPF are to be achieved through the standard method for calculating a minimum annual local housing need. This involves setting a baseline, adjustment for affordability, taking account of existing strategic plans and any need which cannot be met from neighbouring authorities. Although premised on delivering at least the minimum number of dwelling established by the standard method, PPG also makes provision for further uplifts or in exceptional circumstances a lower figure.
- 6.4 The plan period being considered in this update is the period 2016-2041. However, housing numbers for the first 5 years (2016 to 2021) are already set out and adopted in the South Worcestershire Development Plan. This update therefore considers the

³¹ Paragraph: 001 Reference ID: 2a-001-20190220

housing number for the remainder of the proposed plan period for the South Worcestershire development Plan Review 2021-2041 (20 years).

- 6.5 Further demographic analysis has been undertaken by Edge Analytics to verify that the dwelling need calculation using the standard methodology is appropriate for the South Worcestershire Authorities. This is in line with 2019 PPG which states that there may be circumstances where identified need can be higher than the number identified in the standard method. The demographic analysis also considers the extent to which jobs growth is supported.
- 6.6 The Edge Analytics study takes account of the latest available data:
- Mid-year population estimates and components of change 2012–2016 from the Office for National Statistics (ONS), including revisions to the estimation of international migration;
 - 2016-based national population projections (NPP) from ONS;
 - 2016-based sub-national population projections (SNPP) from ONS;
 - 2014-based sub-national population projections (SNPP) from ONS;
 - 2014-based household projection model from MHCLG;
 - Unemployment rates to 2017 from ONS model-based data;
 - Long-term labour participation forecasts from the Office for Budget Responsibility (OBR) released in 2017;
 - Experian March 2018 economic forecasts.
- 6.7 This chapter should be read in conjunction with the report ‘South Worcestershire Demographic Forecasts and Analysis’ which has been prepared by Edge Analytics (June 2018). Although 2016-based household projection data from MHCLG was published in September 2018, Government interim guidance is to use the 2014-based projections. It is also expected that councils will keep the housing need figure under regular review in response to changing information up to the submission of the local plan.

Step 1: Setting the baseline

- 6.8 2019 Planning Practice Guidance³² states that a baseline should be set using national household projections for the local authority area. The most recent projections need to be used to calculate the average annual household growth over a 10-year consecutive period using the current year as the starting point. Although the current year should be the base year, because targets have already been set in the SWDP, the starting point for the updated analysis is 2021: this is assumed to be reasonable and pragmatic assumption. Government advice recommends the use of 2014-based household projections. This is stated in the February 2019 PPG³³ which also states that

³² PPG 2019 Paragraph 004 Reference ID: 2a-004-20190220

³³ PPG 2019 Paragraph 005 Reference ID: 2a-005-20190220

'any method that relies on the 2016-based household projections will not be considered³⁴.

- 6.9 For the district, over the period 2021-2031, the total number of households under the 2014-based household projections is set to increase from 34,936 to 37,717, a total change of 2,781 households or 278 each year (Table 6.1). Note that using the reference period 2019-2029, the total change in households is virtually the same at 2,771 or 277 each year.

Table 6.1 Household change under 2014-based household projections				
Projection	2021 Households	2031 households	2021-31 Household change	Annual change
DCLG 2014-based	34,936	37,717	2,781	278

Step 2: An adjustment to take account of affordability

- 6.10 Planning Practice Guidance recommends a further market signals adjustment based on the affordability of the area. PPG states:

*'then adjust the average annual projected household growth figure (generated in step 1) based on the affordability of the area. The most recent median workplace-based affordability ratios published by the ONS at a local authority level should be used'*³⁵.

- 6.11 The adjustment is based on an affordability ratio using median house prices to median earnings, with data published annually by the Office for National Statistics. An adjustment factor is applied to the underlying household change data to establish what the level of uplift is to respond to market signals:

$$\text{Adjustment factor} = 1 + ((\text{Local Affordability Ratio} - 4)/4) * 0.25$$

- 6.12 The latest affordability ratio (2018) and associated affordability uplift is set out in Table 6.2.

Table 6.2 Affordability ratios and affordability uplift		
Year	Median price to income affordability ratio	Adjustment factor*
2018	11.31	1.4569

* Adjustment factor is $1 + ((\text{Local Affordability Ratio} - 4)/4) * 0.25$

Source: ONS Ratio of house price to workplace-based earnings

³⁴ PPG 2019 Paragraph 015 Reference ID: 2a-015-20190220

³⁵ PPG 2019 Paragraph 004 Reference ID: 2a-004-20190220

6.13 The reason for the affordability adjustment is set out in PPG 2019:

'An affordability adjustment is applied as household growth on its own is insufficient as an indicator of housing demand because:

- household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.*

*The affordability adjustment is applied in order to ensure that the standard method for assessing local housing need responds to price signals and is consistent with the policy objective of significantly boosting the supply of homes. The specific adjustment in this guidance is set at a level to ensure that minimum annual housing need starts to address the affordability of homes.'*³⁶

6.14 Table 6.3 sets out the components of the dwelling need calculation using 2021 as a base and applying the latest available (2018) affordability ratios. The basic demographic need under the 2014-based DCLG household projections are presented along with the affordability adjustment to establish the total annual dwelling need using the standard methodology $(278 \times 1.4569) = 405$ therefore the affordability adjustment is $(405 - 278) = 127$.

Table 6.3 Components of the dwelling need calculation 2021-2031			
Base Year 2021	Baseline demographic need	Affordability Adjustment	Total dwelling need under standard methodology
DCLG 2014-based	278	127	405

Step 3: Capping the level of any increase

6.15 PPG states that:

*'the standard methodology may identify a minimum local housing need figure that is significantly higher than the number of homes currently being planned for. The cap is applied to help ensure that the minimum local housing need figure calculated using the standard methodology is as deliverable as possible'*³⁷. The PPG continues *'the cap reduces the minimum number generated by the standard method but does not reduce housing need itself. Therefore, strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need about the capped level is planned for as soon as is reasonably possible'*³⁸

³⁶ PPG 2019 Paragraph 006 Reference ID: 2a-006-20190220

³⁷ PPG 2019 Paragraph 007 Reference ID: 2a-007-20190220

³⁸ PPG 2019 Paragraph 007 Reference ID: 2a-007-20190220

- 6.16 How the cap is calculated 'depends on the current status of relevant strategic policies for housing'³⁹.
- 6.17 For authorities that have adopted their local plan in the last five years, the new annual local need figure should be capped at 40% above the annual requirement figure currently set out in the local plan. The South Worcestershire Development Plan 2006-2030 establishes a net annual requirement for 1,183 dwellings across the three local authority areas (and so a 40% cap would be $1,183 + (40\% \times 1,183) = 1,656$ dwellings). Therefore, under the parameters set out in the PPG no cap on delivery is required.

Housing need using the standard methodology

- 6.18 Based on the standard methodology and 2018 affordability ratios, the minimum local housing need for Malvern Hills District is 405 dwellings each year and 1,257 for South Worcestershire as a whole.

Potential adjustments to the evidence base

- 6.19 The MHCLG stated that the standard methodology is to be revised to ensure that the Government target of delivering 300,000 dwellings by the mid-2020s is achieved. As a temporary measure, the MHCLG recommends the use of 2014-based household projections in the assessment of housing need which is embedded in 2019 PPG. The needs calculation methodology may be subject to further revision.

Housing need uplift

- 6.20 PPG 2019 also considers where a higher figure than the standard methodology may need to be considered:

'The standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.'

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*

³⁹ PPG 2019 Paragraph 004 Reference ID: 2a-004-20190220

- *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

*There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.*⁴⁰

- 6.21 In addition to calculating need using the standard methodology, additional analysis by Edge Analytics tests the extent to which the standard method output should vary based on the specific demographic circumstances of Malvern Hills.

Testing the standard methodology assumptions

- 6.22 Having established future housing need using the standard methodology, further demographic analysis has taken place to ensure that the scale of housing delivery supports economic growth and longer-term trends in demographic change have been taken into account. Edge Analytics developed a range of growth scenarios for the district. For each scenario, historical data is included for the 2001-16 period, with scenario results presented for the 2016-2041 plan period. The starting point of the scenario analysis is the ONS 2014-based sub-national population and household projections. Alternative trend scenarios, developed using varying migration assumptions, are developed and compared to the ONS 2014-based benchmark scenario. In addition, population and housing growth outcomes linked to future employment growth are derived using key assumptions in economic activity rates, unemployment and commuting.
- 6.23 The demographic scenarios prepared are summarised as follows:
- **SNPP-2016:** this replicates the ONS 2016-based Sub-National Population Projections (SNPP) for the district;
 - **SNPP-2014:** this replicates the ONS 2014-based SNPP for the district;
 - **PG Short Term:** Internal migration rates and international migration flow assumptions are based on a six-year historical period (2010/11 to 2015/16) and incorporating fertility and mortality assumptions from the latest 2016-based SNPP;
 - **PG Long Term:** Internal migration rates and international migration flow assumptions are based on a fifteen-year historical period (2001/02 to 2015/16) and incorporating fertility and mortality assumptions from the latest 2016-based SNPP.

⁴⁰ PPG 2019 Paragraph 010 Reference ID: 2a-010-20190220

- 6.24 Edge Analytics also considered alternative assumptions regarding household formation rates⁴¹ on housing need which factor in a higher level of household formation.
- 6.25 Edge Analytics also considered the potential impact of alternative economic activity rates and commuting ratio assumptions on the population and dwelling growth required to support the forecast change in employment under forecasts prepared by Experian through the following scenario modelling:
- **Baseline Experian** forecast which uses economic assumptions (economic activity, unemployment rate and commuting) derived from the Experian model;
 - **Employment-led OBR** which compares how the Office for Budget Responsibility (OBR) assumptions on economic activity might influence population growth in South Worcestershire under Experian's employment growth forecasts;
 - **Employment-led CR** which considers the potential impact of maintaining a stable commuting ratio (CR) over the plan period, in line with the 2011 Census commuting ratio; assumptions on economic activity rates and unemployment rate remain consistent with the Experian forecast.
- 6.26 The results of the various scenario models are summarised in Table 6.4 and in more detail in Figure 6.1.

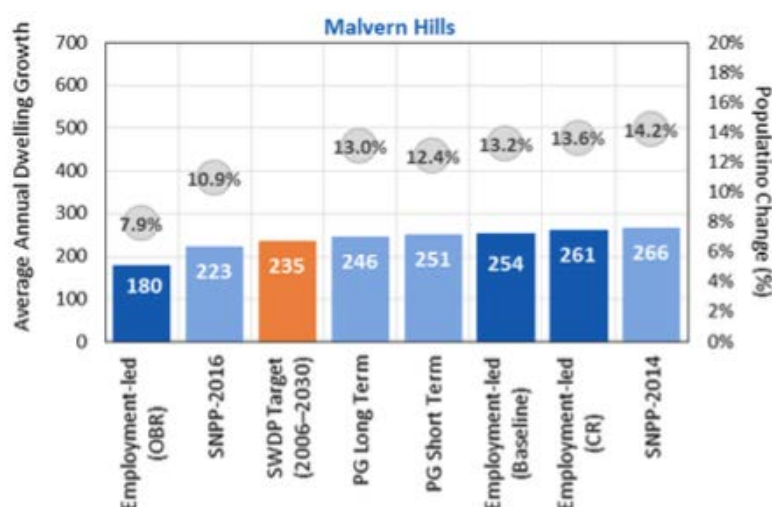
Table 6.4 Comparison of impact of different scenario testing on annual housing, Malvern Hills District	
Scenario	Malvern Hills *
Employment-led OBR	180
Employment-led Baseline	254
Employment-led CR	261
PG Long Term	246 (299)
PG Short Term	251 (302)
SNPP 2014	266 (321)
SNPP 2016	223 (274)
Application of MHCLG Methodology 2021-31 and using 2018 affordability ratio	405
SWDP Target (2006-30)	235

*Headship rate sensitivity in brackets

- 1.40 N.B the MHCLG methodology and SWDP targets refer to different plan periods than the demographic and employment-led scenarios

⁴¹ The 2014-based headship rates for the young adult male age groups have been adjusted to return to 2001 headship rates by the end of the plan period. This sensitivity analysis evaluates how a return to higher household growth rates could manifest itself in higher dwelling growth outcomes

Figure 6.1 Population change and average annual dwelling growth under the employment-led scenarios, demographic-led scenarios, MHCLG and SWDP



Source: Edge Analytics

6.27 Over the plan period 2016-41:

- demographic scenarios indicate a dwelling need range of between 223 and 266;
- alternative household formation rate assumptions result in a range of 274 to 321;
- employment-led scenarios result in a growth range of 180 to 261.

6.28 This compares with the standard method output of a minimum of 405 and the SWDP target of 235 additional homes. All demographic and employment-led scenarios including headship rate sensitivity analysis result in lower dwelling requirements than the standard method output.

6.29 All of the demographic scenarios support economic growth across the district and South Worcestershire generally. The SHMA evidence therefore does not suggest that there is any need to provide more than the minimum number of dwellings established through the MHCLG standard methodology in the SWDP review period. That said, the NPPF does state that needs which cannot be met within neighbouring areas should also be taken into account. Under the duty to cooperate, councils will engage with neighbouring local authorities as part of the plan-making process.

7. Dwelling type and mix

Introduction

- 7.1 The purpose of this section is to describe the method used by arc4 to establish future dwelling type and size mix across the district. It presents the baseline data used as a starting point for the analysis and how data are interpreted to establish a reasonable view on dwelling type and mix.

Starting points

- 7.2 There are three main data sources which provide the starting point for the analysis:
- household projections;
 - dwelling stock information and
 - national estimates of the relationships between households and dwellings derived from arc⁴ household surveys.

Household projections

- 7.3 These are used to establish the number of households by Household Reference Persons (HRP) and household type using the 2014-based data, and how this is expected to change over the local plan period 2016 to 2030.
- 7.4 The change in the number of households over this period can be established and, assuming that the dwelling needs of these households do not change significantly over the plan period, the potential impact on type and number of bedrooms of future dwellings can be determined.

Dwelling stock

- 7.5 The latest Valuation Office Agency (VOA) data provides a summary of dwelling type (house, flat, bungalow) and size (number of bedrooms) as at September 2018.

Relationship between households and dwellings

- 7.6 arc⁴ has prepared data on the relationship between the age of Household Reference Person, household type and dwellings occupied by type and size. This is a unique secondary data source and has been derived from amalgamating household survey data from around 40,000 households. The data available is summarised in Table 7.1.

Table 7.1 Age groups, household type and dwelling types and number of bedrooms used			
Age group of HRP	Household type	Dwelling type	Dwelling size
15_24	One person household	House	1-bedroom
25_34	Couple only household	House	2-bedrooms
35_44	Household with 1 or 2 child(ren)	House	3-bedrooms
45_59	Household with 3 children	House	4 or more-bedrooms
60_84	Other multi-person household	Flat	All
85+	All	2-bedroom flat	
		3 or more-bedroom flat	
		1-bedroom bungalow	
		2-bedroom bungalow	
		3 or more-bedroom bungalow	
		All	

Source: arc⁴ household surveys

- 7.7 For each age group, the proportion of HRPs by household type living in different type/size and size of dwelling has been estimated. Table 7.2 provides an example of the data for the 15-24 age group. Further analysis considers the relationship between age and household type with what moving households within those groups would like/aspire to move to and expect to move to.

Applying the data at district level

- 7.8 Applying the data at district level is done in a systematic way. Firstly, the change in the number of households by age group and household type is established from household projections. Assuming that the dwelling needs of these households do not change over the plan period, the overall impact on type/size of dwellings can be determined. Table 7.3 presents the baseline demographic data for the district. The total number of households is expected to increase by around 2,941 over the plan period using 2014-based DCLG household projections⁴². Analysis however indicates an absolute decline in households where the HRP is aged 15-44. The most substantial growth is in households where the HRP is aged 45 or over and in particular those where the HRP is aged between 60 and 84.

⁴² Note that 2016-based household projection data was published in late 2018 but Government advice is to use previous 2014-based projections in housing need analysis

Table 7.2 Example of the relationship between dwelling type/size and household type by age group (15 to 24-year age group used)

HRP Age group	Dwelling type/size	Household type					Total
		One Person	Couple only	with 1 or 2 Children	with 3 Children	Other Multi-person	
15-24	1-bedroom house	0.4	3.0	0.0	0.0	0.0	1.0
	2-bedroom house	13.4	22.1	58.1	18.9	14.6	25.7
	3-bedroom house	14.1	17.0	27.3	72.6	11.0	18.5
	4 or more-bedroom house	0.0	1.2	0.9	6.9	46.9	12.7
	1-bedroom flat	63.5	27.5	0.2	0.0	0.0	22.0
	2-bedroom flat	6.1	26.3	13.0	0.0	24.1	17.8
	3 or more-bedroom flat	0.2	0.1	0.3	1.6	3.5	1.1
	1 or 2-bedroom bungalow	2.4	0.3	0.0	0.0	0.0	0.6
	3 or more-bedroom bungalow	0.0	0.0	0.1	0.0	0.0	0.0
	1-bedroom other	0.0	0.0	0.0	0.0	0.0	0.0
	2-bedroom other	0.0	2.4	0.0	0.0	0.0	0.7
	3 or more-bedroom other	0.0	0.0	0.0	0.0	0.0	0.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0
HRP Age group	Number of bedrooms	Household type					Total
		One Person	Couple only	with 1/2 Children	with 3 Children	Other Multi-person	
15-24	1	64.3	30.6	0.2	0.0	0.0	23.1
	2	21.4	51.0	71.1	18.9	38.6	44.6
	3	14.3	17.2	27.7	74.2	14.5	19.6
	4 or more	0.0	1.2	0.9	6.9	46.9	12.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: arc⁴ surveys

Table 7.3A Change in number of households by age group 2016-2030				
Age group	Household Type	Year		Change 2016-2030
		2016	2030	
15-24	One person	178	181	3
	Couple only	110	95	-15
	Household with 1 or 2-children	180	188	8
	Household with 3-children	14	14	0
	Other multi-person	70	56	-14
	Total	552	534	-18
25-34	One person	799	529	-270
	Couple only	882	497	-385
	Household with 1 or 2-children	1,463	824	-639
	Household with 3-children	368	188	-180
	Other multi-person	178	112	-66
	Total	3,690	2,150	-1,540
35-44	One person	637	817	180
	Couple only	706	608	-98
	Household with 1 or 2-children	2,493	2,397	-96
	Household with 3-children	716	586	-130
	Other multi-person	267	194	-73
	Total	4,819	4,602	-217
45-59	One person	1,347	1,897	550
	Couple only	2,759	2,482	-277
	Household with 1 or 2-children	2,197	2,741	544
	Household with 3-children	301	383	82
	Other multi-person	2,031	1,703	-328
	Total	8,635	9,206	571
60-84	One person	4,234	5,065	831
	Couple only	4,917	6,832	1,915
	Household with 1 or 2-children	91	228	137
	Household with 3-children	11	12	1
	Other multi-person	1,388	1,732	344
	Total	10,641	13,869	3,228
85+	One person	685	1,250	565
	Couple only	210	463	253
	Household with 1 or 2-children	1	3	2
	Household with 3-children	0	0	0
	Other multi-person	114	212	98
	Total	1,010	1,928	918

Continued overleaf/...

Table 7.3B Change in number of households by age group 2016-2030				
Age group	Household Type	Year		Change 2016-2030
		2016	2030	
ALL	One person	7,880	9,741	1,861
	Couple only	9,584	10,976	1,392
	Household with 1 or 2-children	6,427	6,381	-46
	Household with 3-children	1,410	1,184	-226
	Other multi-person	4,049	4,010	-39
	Total	29,350	32,291	2,941

Source: DCLG 2014-based household projections (subject to rounding).

7.9 Table 7.4 applies the national data on dwelling occupancy to the demographic trends in the district. The two right hand columns indicate the likely change in demand for dwelling types and sizes and how this translates to an overall percentage change in dwelling requirement. The majority of need will be for 3-bedroom (42.3%) and 2-bedroom (28.3%) followed by 4 or more-bedroom (17.9%) and 1-bedroom dwellings (11.6%). Regarding dwelling type, analysis suggests a broad split of 58.5% houses, 27.7% bungalows (or level-access accommodation), 13.0% flats and 0.8% other.

Table 7.4 Impact of change in households by age group on dwellings occupied								
Dwelling type/size	Age group of Household Reference Person						Total	% change
	15-24	25-34	35-44	45-59	60-84	85+		
1-bedroom house	0	-25	-2	7	32	4	16	0.5
2-bedroom house	-5	-399	-38	93	430	113	194	6.6
3-bedroom house	-3	-599	-87	223	1194	257	986	33.5
4 or more-bedroom house	-2	-147	-53	138	529	61	526	17.9
1-bedroom flat	-4	-146	-15	39	230	108	212	7.2
2-bedroom flat	-3	-168	-13	33	213	99	160	5.4
3 or more-bedroom flat	0	-16	-2	4	17	9	11	0.4
1-bedroom bungalow	0	-4	0	4	73	40	112	3.8
2-bedroom bungalow	0	-18	-2	15	301	165	462	15.7
3 or more-bedroom bungalow	0	-8	-3	13	186	51	240	8.2
1-bedroom other	0	-7	0	0	3	4	0	0.0
2-bedroom other	0	0	-1	1	12	5	17	0.6
3 or more-bedroom other	0	-4	0	0	9	1	6	0.2
Total	-18	-1,540	-217	571	3,228	918	2,942	100.0
Dwelling type/size	Age group of Household Reference Person						Total	% change
	15-24	25-34	35-44	45-59	60-84	85+		
1	-4	-182	-18	50	338	156	340	11.6
2	-8	-585	-54	143	955	382	832	28.3
3	-4	-625	-92	240	1,405	319	1,243	42.3
4 or more	-2	-147	-53	138	529	61	526	17.9
Total	-18	-1,540	-217	571	3,228	918	2,942	100.0

Note totals by age group may vary slightly due to rounding errors

Source: DCLG 2014-based household projections and arc⁴ survey data

- 7.10 This analysis can be applied to the housing need range established for the district as set out in Table 7.5.

Table 7.5 Overall annual dwelling mix based on range of housing need			
Annual dwelling need = 405			
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 and 2-bedroom house	16	13	29
3-bedroom house	124	11	136
4 or more-bedroom house	70	2	72
1-bedroom flat	-16	46	29
2 and 3-bedroom flat	7	17	24
1-bedroom bungalow	-13	28	15
2-bedroom bungalow	64	0	64
3 or more-bedroom bungalow	33	0	33
Other	3	0	3
Total	287	118	405
Dwelling type	Market (70%)	Affordable (30%)	Total
House	210	27	237
Flat	-10	63	53
Bungalow	84	28	112
Other	3	0	3
Total	287	118	405
Number of bedrooms	Market (70%)	Affordable (30%)	Total
1	-29	76	47
2	86	28	115
3	160	11	171
4	70	2	72
Total	287	118	405

Source: arc⁴

- 7.11 As the housing register only provides data on number of bedrooms, reasonable assumptions have been made regarding the range of dwellings by type for different bedroom sizes (Table 7.6).

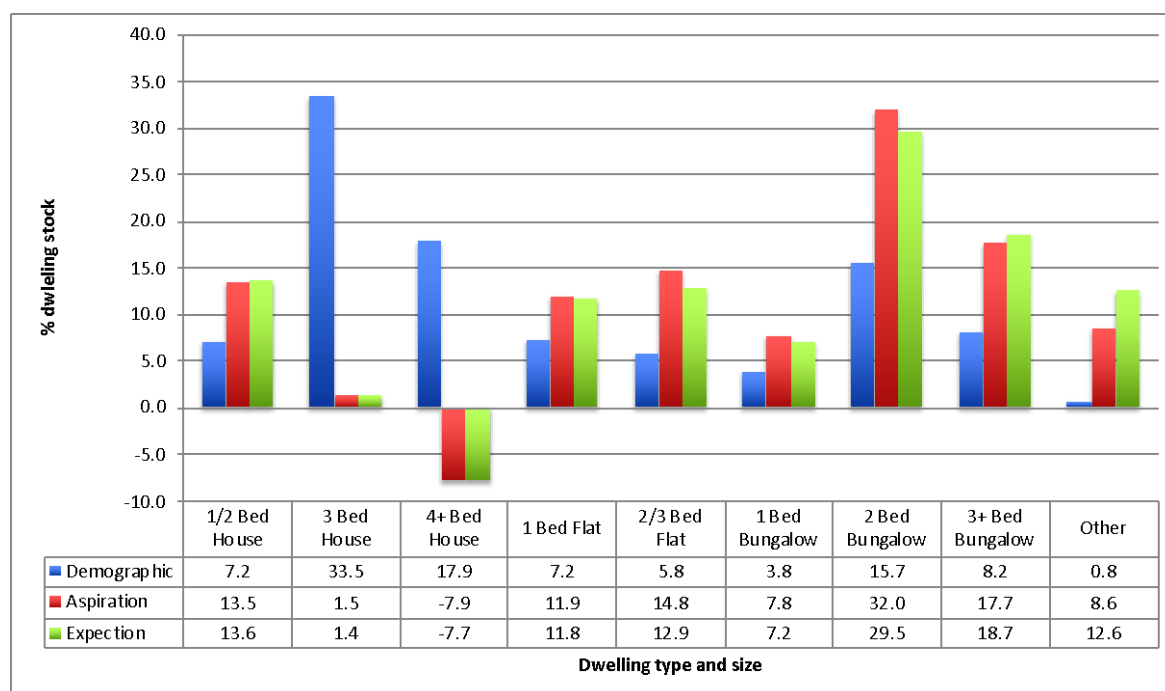
Table 7.6 Assumptions regarding the profile of affordable dwellings by number of bedrooms and dwelling type				
No. beds required	Dwelling type			
	House	Flat	Bungalow	Total
1	10%	60%	30%	100%
2	20%	60%	20%	100%
3	100%			100%
4	100%			100%

Source: arc⁴

Household aspirations and expectations

- 7.12 Analysis has also considered the dwelling type and size aspirations (likes) and expectations of households planning to move, by age group and household type. The result of this analysis is presented in Figure 7.2. This shows a skewing of need towards smaller dwellings, with a particular focus on bungalow/level access provision. This is driven by the aspirations of an ageing population. This analysis points to the potential and dramatic impact of the housing requirements of an ageing population on delivery.

Figure 7.2 Summary of dwelling types under baseline demographic, aspiration and expectation



Source: CLG 2014-based household projections and arc⁴ household survey data applied to household projections

Concluding comments

- 7.13 This analysis draws upon evidence from household surveys carried out by arc⁴ which establishes the link between household type, age group and the range of dwellings occupied. It also considers the impact of future aspirations on dwelling need and the particular impact of an ageing demographic on the range of dwellings appropriate for that population in particular.
- 7.14 We would commend this analysis for further consideration by the council and the significance it may play in determining appropriate ranges of housing development over the plan period.

8. Conclusion: policy and strategic issues

- 8.1 This document has been prepared to equip the council and its partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work also takes account of existing and emerging Government policy and guidance.
- 8.2 The SHMA will help the council to plan for a mix of housing based on demographic trends, market trends and the needs of different groups in its communities. Specifically, the SHMA identifies the future scale of additional housing needed by housing type, tenure and number bedrooms required by considering market demand relative to supply. It also identifies a continued affordable housing imbalance across the district.
- 8.3 This concluding chapter summarises key messages from the research findings, structured around a commentary on the current and future housing markets and key local strategic issues.

Housing need 2021-2031 according to the standard method

- 8.4 The Government's standard methodology establishes a minimum need for **405** dwellings each year over the period 2021-2031 based on the (2014-based) MHCLG household projections and latest (2018) affordability ratios.
- 8.5 Further scenario analysis has been prepared by Edge Analytics to verify that the dwelling need calculation using the standard methodology is appropriate for Malvern Hills. Employment-led scenarios confirm that the proposed scale of new dwellings will be sufficient to support economic growth; and a dwelling-led scenario has considered the impact of including vacant dwellings in dwelling need statistics.

Affordable housing need

- 8.6 The scale of affordable requirements has been assessed using latest (July 2018) housing register data. The overall net annual imbalance is calculated to be 72 affordable dwellings each year. The evidence suggests that 64.5% of new affordable dwellings should have one-bedroom; 23.9% two-bedrooms, 9.6% three-bedrooms and 2.1% four or more-bedrooms.

Meeting the needs of older people and those with disabilities

- 8.7 Particular attention should be paid to considering the needs of older people when developing future housing given that this group is a key driver in the housing market. There are particular aspirations across this group for bungalows, flats and smaller houses. Given the demographic changes taking place and the ageing of the population, delivering an appropriate range of new dwellings for older people needs to be a strategic priority for the council. Widening the choice in alternative housing options for older people would also help the overall operation of the housing market. This

would provide the ability of households to trade up into properties released by older people.

- 8.8 Based on available evidence, it is identified that over the plan period there is expected to be an increase in demand for older persons' accommodation with a need for 1,008 units of older person units comprising 610 units of specialist older persons accommodation (C3) and 398 residential care units (C2).
- 8.9 A range of data has been considered to estimate the number of people with disabilities and overall it is estimated that 25.1% of residents have an illness/disability and this is expected to increase to 27.5% by 2030. It is estimated that there will be a need to adapt at least 170 existing dwellings over the plan period to meet the needs of the general population.
- 8.10 Given the ageing population in Malvern Hills and the identified levels of disability amongst the population, it is recommended that a policy to provide new homes built to accessibility standards is included in the local plan. It is recommended (subject to financial viability testing) that a minimum of 1% of new dwellings should be built to M4(3) dwelling standard (wheelchair use dwellings) and 20% of new dwellings should be built to M4(2) dwelling standard (accessible and adaptable dwellings).

Final comments

- 8.11 The evidence presented in this SHMA suggests that there are three main policy areas that require particular attention from both a planning and housing policy perspective:
- the challenge of enabling the quantity and mix of housing that needs to be delivered;
 - the challenge of ensuring that the housing and support needs of older people are met going forward; and
 - ensuring that new development takes account of the particular needs across housing market sub-areas within the district.

List of Technical Appendices

- Technical Appendix A: Policy review
- Technical Appendix B: Affordable housing need
- Technical Appendix C: Agent review

Technical Appendix A: policy review

- A.1 Under the Conservative and Liberal Democrat Coalition Government, the period 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy. This was set within the context of national austerity and an economic policy of deficit reduction and public spending cuts following a period of recession and financial turbulence. The reforms championed localism, decentralisation and economic growth.
- A.2 This agenda continued to be pursued under the leadership of David Cameron following the election of a majority Conservative Government in May 2015. Further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act 2016 was intended to provide the legislative basis for a number of Conservative Manifesto commitments, including the flagship Starter Homes scheme. The Act also made provisions for other aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- A.3 The European Union Referendum of June 2016 resulted in significant changes in the political climate at a number of levels. Changes in Government leadership – with the appointment of Theresa May as Prime Minister – quickly led to discussions regarding the direction of housing and planning policy. Alongside significant delays (and in some cases abandonment) in the implementation of secondary legislation relating to aspects of the Housing and Planning Act 2016; conference speeches, ministerial statements and the Housing White Paper (February 2017) indicated a change in attitude towards housing policy. The 2016-17 Administration signalled a broader ‘multi-tenure’ housing strategy, including support for a range of tenures in addition to home ownership. The Neighbourhood Planning Act 2017 was passed with the intention of strengthening neighbourhood planning by ensuring that decision-makers take account of well-advanced neighbourhood development plans and giving these plans full legal weight at an earlier stage.
- A.4 The snap General Election of June 2017 created a new wave of political change and uncertainty, although the overall Government leadership remains under Conservative control and ministers are keen to keep housing as a key domestic policy priority.

2010-2015 (Coalition Government)

- A.5 Following the Coalition Agreement of May 2010, the Localism Act 2011 was passed with the express intention of devolving power from central Government towards local people. The Localism Act set out a series of measures to seek a substantial and lasting shift of powers including:
- new freedoms and flexibilities for local government, including directly elected mayors and empowering cities and other local areas;
 - new rights and powers for communities and individuals;

- reform to make the planning system more democratic and more effective, including the abolition of regional spatial strategies (RSS), the introduction of the 'Duty to Cooperate', neighbourhood planning, Community 'Right to Build', reforming the community infrastructure levy and reforming the Local Plan process; and
 - reform to ensure that decisions about housing are taken locally.
- A.6 In terms of housing reform, the Localism Act enabled more decisions about housing to be made at the local level. Local authorities were granted greater freedom to set their own policies about who can qualify to go on the waiting list in their area. In addition, the Act allowed for more flexible tenure arrangements for people entering social housing, with social landlords able to grant tenancies for a fixed length of term rather than lifetime tenancies for all. In respect to homelessness, the Act allowed local authorities to meet their homelessness duty by providing private rented accommodation, rather than in temporary accommodation until long-term social housing becomes available. The Act also reformed social housing funding, allowing local councils to keep the rent they collect and use it locally to maintain their housing stock.
- A.7 The **National Housing Strategy for England, *Laying the Foundations: A Housing Strategy for England***, was published in November 2011 under the Coalition Administration and it currently remains in place. The Strategy acknowledged some of the problems within the housing market and set out the policy response. The measures set out promote home ownership, including a new-build mortgage indemnity scheme (providing up to 95% loan-to-value mortgages guaranteed by Government) and a 'FirstBuy' 20% equity loan scheme for first-time buyers.
- A.8 The National Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the document reaffirms the programme of reforming this sector, including *'changes to the way people access social housing, the types of tenancies that are provided and the way the homelessness duty is discharged'*. The private rented sector is considered to play *'an essential role in the housing market, offering flexibility and choice to people and supporting economic growth and access to jobs'*. The document sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.
- A.9 The National Housing Strategy set out the objectives of preventing homelessness, protecting the most vulnerable and providing for older people's housing needs. However, it also confirmed a radical package of welfare reforms, including a reduction in Housing Benefit, changes to the Local Housing Allowance (Housing Benefit in the private sector) and the introduction of 'Universal Credit' to replace other means-tested working age benefits and tax credits.
- A.10 The first **National Planning Policy Framework (NPPF)** was published in March 2012 but it has now been superseded by the NPPF 2018 (July 2018), as set out below.
- A.11 **National Planning Practice Guidance (PPG)** on a range of specific topics has been made available through an online system since March 2014. PPG topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and

Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.

- A.12 Revisions to both NPPF and PPG were published for consultation in March 2018. Revised NPPF was published in July 2018, alongside some revisions to PPG, with further revisions anticipated.

2015-2016 (Conservative Government under David Cameron)

- A.13 Following the election of a majority Conservative Government in May 2015 under David Cameron, the Government's **Summer Budget 2015** was presented to Parliament by the then-Chancellor George Osborne. The Budget set out widespread reforms to the welfare system, including a four-year freeze on working-age benefits; a reduction in the household benefit cap; restrictions on Child Tax Credit; training requirements for those on Universal Credit aged 18 to 21; the removal of automatic entitlement to Housing Benefit for those on Universal Credit aged 18 to 21; and the removal of the Family Premium element of Housing Benefit for new claims from April 2016. Alongside these welfare cuts, it was announced that rents for social housing will be reduced by 1% per year for four years, while tenants on incomes of over £30,000, or £40,000 in London, will be required to pay market rate (or near market rate) rents. A review of 'lifetime tenancies' was confirmed, with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the Right to Buy to housing association tenants and the introduction of Help to Buy ISAs.
- A.14 Alongside the Summer Budget 2015 the Government published a 'Productivity Plan', ***Fixing the foundations: Creating a more prosperous nation*** (10th July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy. Of particular relevance to housing was the topic regarding 'planning freedoms and more houses to buy'. This set out a number of proposals in order to increase the rate of housebuilding and enable more people to own their own home, including a zonal system to give automatic planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase powers and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.
- A.15 The **Spending Review and Autumn Statement 2015 (November 2015)** continued the policy themes of the Summer Budget. This included:
- Plans to extend the 'Local Housing Allowance' to social landlords so that the Housing Benefit paid to tenants living in housing association properties will be capped at the LHA rate;
 - A new 'Help to Buy Shared Ownership' scheme, removing restrictions on who can buy shared ownership properties to anyone with a household income of less than £80,000 outside London and £90,000 in London;
 - 'London Help to Buy' – an equity loan scheme giving buyers 40% of the new home value (as opposed to 20% under the Help to Buy scheme);

- 200,000 'Starter Homes' to be built over the following five years;
 - From 1st April 2016 an extra 3% in stamp duty to be levied on people purchasing additional properties such as buy-to-let properties or second homes;
 - Right to Buy extension to housing association tenants;
 - £400 million for housing associations and the private sector to build more than 8,000 new 'specialist' homes for older people and people with disabilities;
 - Consulting on reforms to the New Homes Bonus, with a preferred option for savings of at least £800 million which can be used for social care; and
 - A commitment to extra funding for targeted homelessness intervention.
- A.16 In December 2015, DCLG published a **Consultation on proposed changes to national planning policy**, which was open for consultation until February 2016. This consultation sought views on some specific changes to NPPF in terms of the following:
- broadening the definition of affordable housing, to expand the range of low-cost housing opportunities for those aspiring to own their new home;
 - increasing residential density around commuter hubs, to make more efficient use of land in suitable locations;
 - supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and
 - supporting the delivery of Starter Homes.
- A.17 The March 2018 publication of a Draft Revised NPPF is set out below.
- A.18 The 2015-16 Parliament saw several Acts passed with special relevance to housing and planning, implementing some of the policies set out in the preceding Budgets:
- The Cities and Local Government Devolution Act 2016 makes provision for the election of mayors for the areas of combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government's devolution plans for England, facilitating its vision of a 'Northern Powerhouse'.
 - The Welfare Reform and Work Act 2016 makes provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.
 - The Housing and Planning Act 2016 sets out the legislative framework for the Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- A.19 The **Budget 2016 (March 2016)** continued the policy emphasis of promoting home ownership and facilitating first-time buyers to enter the market. A new 'Lifetime ISA'

was announced, extending the principle of the Help to Buy ISA by incentivising saving for under-40s. Of relevance to the private rented sector were stamp duty increases for institutional investors and the withholding of capital gains reductions from companies investing in residential property. In seeking to deliver more homes for ownership, announcements were made of further planning reforms; releasing public land for development; and a £1.2 billion Starter Homes Fund for brownfield remediation. The anticipated 'duty to prevent' homelessness was not announced, but instead the Chancellor committed £115 million to preventing and reducing rough sleeping.

- A.20 A **Technical consultation on Starter Homes regulations (March 2016)** sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposed that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares). However, secondary legislation relating to Starter Homes has still not been published.

Post EU-Referendum (Theresa May Administration)

- A.21 The resignation of David Cameron following the European Union Referendum of June 2016 and subsequent appointment of Theresa May as Prime Minister led to a Cabinet reshuffle and a change in the policy climate within Government. The **Autumn Statement (2016)** brought an important focus onto housing; provisions included:
- £1.4 billion of extra cash to build 40,000 affordable homes, with a relaxation of restrictions on grant funding;
 - £2.3 billion Housing Infrastructure Fund to pave the way for up to 100,000 new homes to be built in areas of high demand;
 - £3.15 billion of the Affordable Homes Programme will be given to London to deliver 90,000 homes;
 - New regional pilots of the Right to Buy extension, allowing more than 3,000 tenants to buy their properties;
 - £1.7 billion to pilot 'accelerated construction' on public sector land;
 - Letting agents in the private rented sector to be banned from charging fees; and
 - Confirmation that compulsory Pay to Stay will not be implemented for councils.
- A.22 The Autumn Statement indicated a clear shift in housing policy, away from an exclusive focus on homeownership and towards boosting overall housing supply. A removal of grant-funding restrictions will allow housing associations to increase the delivery of sub-market rented housing, including affordable rented, shared ownership and rent-to-buy homes.

- A.23 Many of the ‘flagship’ housing policies of the Cameron Administration have their legislative basis in the provisions of the Housing and Planning Act 2016 but require further secondary legislation. Their implementation has been subject to ongoing delay and seems increasingly unlikely to be carried forward in practice as originally envisaged. These schemes include the Voluntary Right to Buy, the higher asset levy (intended to fund the building of new homes) and Pay to Stay (no longer compulsory for councils).
- A.24 The **Housing White Paper, *Fixing our broken housing market***, was published in February 2017. The White Paper proposed a number of changes to reshape the approach to housebuilding and increase housing supply. These changes centred around the following four areas:
- Planning for the right homes in the right places, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.
 - Building homes faster, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.
 - Diversifying the market, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.
 - Helping people through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.
- A.25 In April 2017 some of the welfare reform provisions came into effect. This included Universal Credit claimants aged 18-21 no longer being able to claim benefits to support their housing costs unless they fit into at least one of 11 exemption

categories. However, the Government also announced that they were cancelling controversial plans to cap benefit for Supported Housing tenants at the LHA rates.

A.26 During the 2016-17 Parliament there were two Acts that gained Royal Assent that have particular relevance to emerging housing policy:

- The Neighbourhood Planning Act 2017 aims to speed up the delivery of new homes by strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, use of the planning register and the reform of compulsory purchase. During its passage through Parliament, the Bill was subject to various amendments, including changes to the Local Plan process to allow the Secretary of State to intervene and invite county councils to prepare or revise Local Plans where districts have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities. This followed the recommendations of the Local Plans Expert Group (LPEG) report of March 2016. Some of the provisions of the Act require secondary legislation. A commencement order introduced in July 2017 under the Act requires post-examination neighbourhood plans to be treated as 'material considerations' in the determination of planning applications.
- The Homelessness Reduction Act 2017 requires councils to seek to prevent homelessness by starting work with households threatened with homelessness 56 days in advance of the date on which they are expected to become homeless (28 days earlier than under the previous legislation). It also requires the provision of advisory services to specified groups including (but not limited to) people leaving prison, young people leaving care, people leaving armed forces, people leaving hospital, people with a learning disability and people receiving mental health services in the community. The Act sets out that councils must assess and develop a personalised plan during the initial presentation to the service. In addition, they must help prevent an applicant from becoming homeless and take reasonable steps to help those who are eligible for assistance to secure accommodation for at least six months (during a 56 day period before a homeless decision can be made). The Act dissolves the local connections rules apart from a duty to provide care leavers with accommodation (under the Children Act 1989) to the age of 21.

A.27 Following the snap General Election in June 2017, Theresa May's Conservative Government formed an alliance with the DUP and the Cabinet was subject to another reshuffle.

A.28 **Planning for homes in the right places** was published for consultation in September 2017, setting out the Government's proposals for a standardised approach to assessing housing need. The overall rationale is that local authorities across England currently use inconsistent methods to assess housing requirements, leading to long debates over whether local plans include the correct housing targets. The proposed new standardised approach to assessing housing need therefore aims to have all local authorities use the same formula to calculate their housing requirement. The standardised approach would set a minimum figure, but local authorities would be able to increase their target from this baseline, for example if they plan for employment growth and want to provide an uplift in housing provision to account for this. The consultation document proposes that the new housing need calculation

method would be applied for assessing five-year housing land supply from 31st March 2018 onwards.

- A.29 The **Autumn Budget 2017** (November 2017) included a range of provisions focused on housing, although these were welcomed cautiously by some who would have preferred a greater emphasis on affordability. Provisions included:
- A commitment to be providing 300,000 new homes per year by the mid-2020s;
 - A total of £15.3 billion of new capital funding, guarantee and loan-based funding;
 - £1 billion of extra borrowing capacity for councils in high demand areas to build new affordable homes;
 - £1.5 billion of changes to Universal Credit, including scrapping the seven-day waiting period at the beginning of a claim, making a full month's advance available within five days of making a claim and allowing claimants on housing benefit to continue claiming for two weeks;
 - £125 million increase over two years in Targeted Affordability Funding for LHA claimants in the private sector who are struggling to pay their rents;
 - Stamp duty scrapped on the first £300,000 for first-time buyers (on properties worth up to £500,000);
 - New Housing First pilots announced for West Midlands, Manchester and Liverpool;
 - Power to councils to charge 100% Council Tax premium on empty properties;
 - Five new garden towns; and
 - A review to look at land banking, including considering compulsory purchase powers.
- A.30 In December 2017 the Government announced new measures to crack down on bad practices, reduce overcrowding and improve standards in the private rented sector. The measures have been introduced under the provisions of the Housing and Planning Act 2016.
- A.31 The £5 billion Housing Infrastructure Fund is a Government capital grant programme to help unlock new homes in areas with the greatest housing demand, assisting in reaching the target of building 300,000 homes a year by the mid-2020s. Funding is awarded to local authorities on a highly competitive basis. The fund is divided into 2 streams, a Marginal Viability Fund (available to all single and lower tier local authorities in England to provide a piece of infrastructure funding to get additional sites allocated or existing sites unblocked quickly with bids of up to £10 million) and a Forward Fund (available to the uppermost tier of local authorities in England for a small number of strategic and high-impact infrastructure projects with bids of up to £250 million). On 1st February 2018, the Minister for Housing, Communities and Local Government, Sajid Javid and Chancellor Philip Hammond announced that 133 council-led projects across the country will receive £866 million investment in local housing projects, the first wave of funding from the £5 billion Housing Infrastructure Fund. The finances will support vital infrastructure such as roads, schools and bridges. On 18th February 2018, Housing Minister Dominic Raab announced a £45 million cash injection into 79 key community projects across 41 local authorities to councils to combat

barriers that would otherwise make land unusable for development. This will support building up to 7,280 homes on council-owned land.

- A.32 In March 2018 the Ministry of Housing, Communities and Local Government (MHCLG) published a **Draft Revised National Planning Policy Framework** (Draft Revised NPPF) for consultation. Alongside this the Government also published **Draft Planning Practice Guidance** (Draft PPG) on the following topics: Viability, Housing Delivery, Local Housing Need Assessment, Neighbourhood Plans, Plan-making and Build to rent.
- A.33 **Draft PPG: Housing Delivery** requires that authorities demonstrate a five-year land supply of specific deliverable sites to meet their housing requirements. The five-year land supply should be reviewed each year in an annual position statement. Areas which have or are producing joint plans will have the option to monitor land supply and the Housing Delivery Test over the joint planning area or on a single-authority basis. Draft PPG sets out that where delivery is under 85% of the identified housing requirement, the buffer will be increased to 20% with immediate effect from the publication of Housing Delivery Test results.
- A.34 **Draft PPG: Local Housing Need Assessment** sets out the expectation that strategic plan-making authorities will follow the standard approach for assessing local housing need, unless there are exceptional circumstances that justify an alternative. This approach is set out in three steps: setting the baseline using household projections; an adjustment to take account of market signals (particularly affordability); and the application of a cap on the level of increase required. The draft guidance states that the need figure generated by the standard method should be considered as the 'minimum starting point' in establishing a need figure for the purposes of plan production.
- A.35 The **Revised National Planning Policy Framework (NPPF)** was published in July 2018 and updated in February 2019. It introduces a housing delivery test for local authorities, which will measure the number of homes created against local housing need. The Revised NPPF 2018/9 also introduces a new standardised method of calculating housing need; this approach uses the Government's household growth projections and applies an affordability ratio to the figures, comparing local house prices with workplace earnings to produce a need figure. The Government has said that it will consider adjusting the methodology in order to ensure it meets the target of delivering 300,000 new homes per year by the mid-2020s. The presumption in favour of sustainable development includes a requirement that strategic policies should, as a minimum, provide for objectively assessed needs for housing.
- A.36 **The Housing Delivery Test Measurement Rule Book** was also published in July 2018. This sets out the methodology for calculating the Housing Delivery Test (HDL) measurement. The HDL is the annual measurement of housing delivery performance, to commence in November 2018.

Technical Appendix B: Detailed Affordable Housing Need Calculations

Introduction

- B.1 The purpose of this section is to set out the affordable housing need calculations for the district using the framework for analysis established in the 2019 PPG.
- B.2 Housing register data and data on affordable housing lettings provides an appropriate source of data from which a robust assessment of need can be calculated.
- B.3 Housing needs analysis and affordable housing modelling has been prepared in accordance with PPG guidance at the district level. In summary, the model reviews in a step-wise process:
- Stage 1: Current housing need (gross backlog)
 - Stage 2: Newly-arising need
 - Stage 3: Likely future affordable housing supply
 - Stage 4: Total and annual need for affordable housing
- B.4 Table B1 provides an overall summary of needs analysis and a description of each stage of the model is then discussed in detail in this Appendix.

Table B1 Needs Assessment Summary for Malvern Hills			
Step	Stage and Step description	Calculation	District Total
Stage1: CURRENT NEED			
1.1	TOTAL in need and cannot afford open market (buying or renting)	Total	1,276
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on 1.55% national household formation rate	527
2.2	% of new households requiring affordable housing	% based on actual affordability of households forming	55.2%
2.3	Number of new households requiring affordable housing	Number cannot afford	291
2.4	Existing households falling into need	Annual requirement	Captured in 1.1
2.5	TOTAL newly-arising housing need (gross each year)	2.3 + 2.4	291
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need		364
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	Over 5 years	See para C.39
3.4	Total affordable housing stock available	3.1+3.2+3.3	364
3.5	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	348
3.6	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	53
3.7	Annual supply of affordable housing	3.5+3.6	401
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.1-3.4	912
4.2	Quota to reduce over Plan Period (5%)		20%
4.3	Annual backlog reduction	Annual requirement	182
4.4	Newly-arising need	2.4	291
4.5	Total annual affordable need	4.3+4.4	473
4.6	Annual affordable capacity	3.7	401
4.7	NET ANNUAL SHORTFALL (4.5-4.6)	NET	72

Source: Council Data, RP Core Lettings and Sales data

Stage 1: Current households in affordable housing need

- B.5 PPG 2019⁴³ states that ‘strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of:
- the number of homeless households;
 - the number of those in priority need who are currently housed in temporary accommodation;
 - the number of households in over-crowded housing;
 - the number of concealed households;
 - the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
 - the number of households from other tenures in need and those that cannot afford their own homes, either to rent or to own if that is their aspiration.’
- B.6 PPG 2019 notes that care should be taken to avoid double-counting and to only include those households who cannot afford to access suitable housing in the market.
- B.7 Using the latest (July 2018) Council housing register data, an up to date position on the number of households in overall need can be established.

Homelessness

- B.8 Table B2 considers trends in decisions and acceptances of homeless households and indicates that an annual average of 47 households have been accepted as homeless.

Table B2 Homeless decisions and acceptances 2010/11 to 2017/18		
Year	Decisions made	Accepted as homeless
2010/11	76	65
2011/12	70	55
2012/13	57	39
2013/14	59	52
2014/15	69	51
2015/16	55	37
2016/17	58	39
2017/18	58	36
Total	76	65
Annual Average	63	47

Source: MHCLG Homelessness Statistics

⁴³ Paragraph: 020 Reference ID: 2a-021-20190220

Overcrowding and concealed households

- B.9 The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible, with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.
- B.10 The model takes account of households in need due to overcrowding.

Total current housing need summary

- B.11 Analysis indicates a total of 1,276 households who are in housing need which represents 4.3% (1,276/29,816) of all households (arc⁴ would expect between 5 and 10% of households in need based on our other studies). As accurate household income data is not available from housing register data, it is assumed that all households on the register are in need of affordable housing as the allocation policy restricts access to the housing register for those on a higher income. The relative affordability of alternative tenure options has been tested using CAMEO household income.

Stage 2: Newly-arising affordable need

- B.12 The 2019 PPG considers how the number of newly-arising households likely to need affordable housing: *'Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current cost in this process but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing.'*⁴⁴

New household formation (gross per year)

- B.13 The national household formation rate reported in the English Housing Survey is currently 1.55% based on the latest three-year average national rate reported in the English Housing Survey over the period 2013/14 to 2015/16. Applying the gross national household formation rate, to household estimates, this establishes an annual household formation of 527.

⁴⁴ PPG 2019 Paragraph: 021 Reference ID: 2a-021-20190220

- B.14 Accurate income data is not available from the housing register; therefore, we have tested the extent to which newly-forming households could afford lower quartile open market prices drawing upon arc⁴ national data which indicates that 55.2% could not afford open market prices or rents (291 each year).

Existing households expected to fall into need

- B.15 The housing register will contain households who have fallen into need however it is difficult to isolate this figure from the data available, therefore, we expect that this is already captured in step 1.1.

Total newly arising housing need (gross per year)

- B.16 Total newly arising need is calculated to be 291 households each year across the District.

Stage 3: Affordable housing supply

- B.17 The 2019 PPG states how the current stock of affordable housing supply should be calculated:
- *the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;*
 - *suitable surplus stock (vacant properties); and*
 - *the committed supply of new net affordable homes at the point of the assessment (number and size).⁴⁵*
- B.18 Total affordable housing stock available = Dwellings currently occupied by households in need + surplus stock + committed additional housing stock – units to be taken out of management.

Step 3.1 Affordable dwellings occupied by households in need

- B.19 This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need.
- B.20 A total of 364 households are current occupiers of affordable housing in need. Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the model assumes that these households will move within affordable housing stock in the next 5 years to address their housing need.

⁴⁵ Paragraph: 022 Reference ID: 2a-022-20190220

Step 3.2 Surplus stock

- B.21 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across the District.

Step 3.3 Committed supply of new affordable units

- C.22 Latest information from the Council indicates that there are **335** affordable dwellings which are due to be built 2019/20 onwards. The impact on this committed supply is considered once the overall scale of affordable need is established in the conclusions to this analysis.

Step 3.4 Total affordable housing stock available

- B.23 It is assumed that there are 364 social (affordable) rented dwellings available arising from households moving within the stock over the next 5 years. .

Step 3.5 Annual supply of social re-lets

- B.24 Over the period 2014/15 to 2016/17, there has been an annual average of around 348 affordable dwellings let.

Step 3.6 Annual supply of intermediate re-lets/sales

- B.25 Affordable housing supply data indicates a total of 53 intermediate tenure dwellings have been built across the District over the three years 2014/15 and 2016/17, resulting in an annual average supply of 53.

Summary of Stage 3

- B.26 Overall, the model assumes a stock of 401 affordable dwellings coming available from existing households currently living in affordable accommodation and moving to offset their need. In addition, the model assumes there is an annual affordable supply through general lettings of 348 dwellings and the sale of 53 intermediate tenure dwellings.

Comment on supply of stock

- B.27 Under the latest PPG, analysis no longer considers units to be taken out of management. The analysis also does not consider in the impact of right to buy losses as this is not covered in PPG.

Stage 4: Estimate of total annual need for affordable housing

Overview

- B.28 Analysis has carefully considered how housing need is arising within the District by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.
- B.29 This has been reconciled with the overall supply of affordable dwellings. Based on the affordable needs framework model, analysis suggests that **there is an overall annual net imbalance of 72 dwellings each year**. It is therefore important that the Council maintains an affordable housing target to ensure the continued delivery of affordable housing to support long-term community sustainability.
- B.30 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1 Total backlog need

- B.31 Step 4.1 is the total backlog need which is derived from the number of households in Step 1.1 minus total affordable housing stock available (Step 3.4). The total backlog need is 912.

Steps 4.2 to 4.6

- B.32 Step 4.2 is a quota to reduce the total backlog need which is assumed to be 20% (this was the standard modelling assumption in former CLG guidance).
- B.33 Step 4.3 is the annual backlog reduction based on Step 4.2 (182 each year).
- B.34 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (291 each year).
- B.35 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (473 each year) (*this is also the gross need*).
- B.36 Step 4.6 is the annual social/affordable rented and intermediate tenure capacity based on Step 3.7 (401 each year).

Total gross and net imbalance

- B.37 The overall gross imbalance across Malvern Hills is 473 affordable dwellings each year. After taking into account supply of affordable accommodation, the net imbalance is 72 each year.
- B.38 There is an affordable newbuild pipeline supply of around 335 dwellings over the next 5 years. This will make considerable inroads into the affordable shortfall and evidences that the Council has effective affordable housing policies in place to help address affordable need, and justifies the continuation of these policies in the forthcoming Local Plan.

Relationship between current housing stock and current and future needs

- B.39 The 2019 PPG states that 'Strategic policy-making authorities will need to look at the current stock of different sizes and assess whether these match current and future needs'⁴⁶. The analysis of affordable housing need therefore includes a review of the dwelling sizes of new affordable units.
- B.40 Table B3 presents the latest (2018 Statistical Data Return) data which identifies the current profile of affordable dwelling stock by number of bedrooms and how this compares with identified affordable need based on housing register evidence. This identifies a market shift in the need towards smaller affordable dwellings and in particular one-bedroom dwellings.

Table B3 Affordable dwelling stock by number of bedrooms and identified shortfalls from affordable needs analysis		
Number of bedrooms	Current supply %	Affordable Need %
1 (including. bedsits)	28.5	64.5
2	38.5	23.9
3	31.0	9.6
4 or more	2.0	2.0
Total	100.0	100.0
Base	5,194	72.0

Source: Regulator of Social Housing Statistical Data Return 2018 Toolkit; 2018 Housing Register

⁴⁶ 2019 PPG Paragraph 023 Reference ID: 2a-023030190220

Technical Appendix C: Agent review

Key findings

- C.1 The agent review was carried out at the same time for the three districts of Worcester City, Wychavon and Malvern Hills. The main towns of the districts and the City of Worcester were visited and a minimum of two estate and letting agents were interviewed in each. In addition, new build agents were visited wherever possible.
- C.2 Overall, interviews and observations revealed that:
- local housing markets overlap neighbouring local authorities especially Herefordshire and Shropshire to the north and the Cotswolds to the south east;
 - this overlap is not considered significant as it occurs in rural areas that have low numbers of households;
 - most towns and the city seem to have reasonably diverse and balanced markets without major gaps;
 - the gaps that have been identified are mostly move up housing for first time movers and suitable housing for elderly downsizers;
 - re-sale agents told us that supply levels are generally low and considered that Brexit was causing uncertainty;
 - most local markets attract local people rather than incomers. Evesham is the exception with the highest proportion of sales and lettings going to incomers notably from Oxford and further afield;
 - town and city prices are low compared with other markets;
 - rural housing can be relatively more expensive but remains low compared to housing in Cheltenham and the Cotswolds;
 - most new-build we came across is being delivered at median local house prices and above with relatively little being affordable to lower income working households;
 - house building on a significant scale is planned or under construction to the south of the City of Worcester;
 - there appears to have been little private sector response to provide purpose-built housing needed due to the significant expansion of the university although some larger permissions for student housing to the west of Worcester.

Malvern Hills District

- C.3 At Tenbury, agents pointed out that the town was fairly isolated being 10 miles from the nearest alternative main towns and places of employment and as such, Tenbury and its surrounding area was highly self-contained in terms of housing, services, schooling and leisure. It is a tourist visitor attraction which helps to sustain the small businesses on the high street. Agents said that they operate a 10 mile radius which

takes the local market outside. It is in the centre of a working countryside and houses outside the town are much more expensive than within. We were told that the town had seen a lot of new development over the last 10 years, but more was needed. Entry level prices £120,000 to £140,000 were affordable to first time buyers who were in competition with investors.

- C.4 However, agents told us that the gap in supply was move up housing for first time movers. There was very limited supply of 3-bedroom homes for owner occupation priced at between £150,000 and £200,000. 4-bedroom homes tended to be slow to sell. Many families needing 3-bedroom homes would move into the private rented sector or relocate. Older people tend to 'stay put' but some will be tempted to downsize if a house or bungalow comes onto the market that has been improved and requires no work. Agents stressed that investors were dictating the market and getting good returns on both entry level and family homes for which there was considerable and growing demand.
- C.5 At Great Malvern we found a lively historic town that was a major visitor attraction. Agents said that they operated within a 15-mile radius which took their local market beyond the district boundary. Agents told us that due to successive and continuing waves of development there was choice and diversity within the housing stock. Most recent development enabled households to take advantage of Help to Buy terms for a mixture of houses and apartments. There was clearly a premium element within the residential sector in both the town and surrounding countryside. 2-bedroom homes would start from £150,000 and sales agents told us that these were affordable to many local first-time buyers. The only concern expressed by agents was regarding the villages. We were told that ageing village residents were seeking to move into the town to be closer to services. Some of the larger homes they were seeking to relocate to were slow to sell. Whilst a phase of development was nearing completion there was no site agent to interview.
- C.6 Upton-upon-Severn is a small historic market town and civil parish. Although this is a small town, we noted that there is a significant marina and boatyard. Through our literature review we note that there is an aspiration for additional housing particularly affordable housing which will be enabled by the flood risk mitigation which is now largely complete.