

Malvern Hills, Worcester City and Wychavon Strategic Housing Market Assessment 2019

Summary Report for the South Worcestershire Development Plan Area

Final Report
September 2019

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Executive Summary

Introduction

The South Worcestershire Strategic Housing Market Assessment (SHMA) Summary Report provides a summary of the findings of detailed SHMAs prepared for Malvern Hills, Worcester City and Wychavon local authority areas. 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 community. This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the area.

The SHMA (2019) comprises:

- a review of existing (secondary) data, data analysis and modelling;
- 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

Prices in Wychavon and Malvern Hills have been consistently higher than the regional and national median prices; prices in Worcester City have been consistently lower than the English median but higher than the West Midlands median¹.

During 2018, median prices were £262,500 in Malvern Hills, £192,500 in Worcester and £260,000 in Wychavon. This compares compared with £179,500 across the West Midlands² and £235,000 across England.

Dwelling stock

This 2019 study assumes a total of 136,780 dwellings across the SWDP area³. There are 3,586⁴ vacant properties, indicating a dwelling vacancy rate of 2.6% compared with 2.5% across England. There are an estimated 131,179 households living in the SWDP area⁵.

Based on 2011 Census household data, the tenure profile of Wychavon is: 69.7% owner occupied, 14.9% private rented or living rent free and 15.4% affordable (rented from a social landlord).

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

The latest 2017 Valuation Office Agency data reports that:

- 14.3% are 1 or 2-bedroom houses, 38.8% are 3-bedroom houses, 20.1% are 4 or more-bedroom houses;
- 7.5% are 1-bedroom flats, 7.6% are 2 or more-bedroom-flats; and
- 6.5% are 1 or 2-bedroom bungalows, 4.2% are 3 or more bedroom-bungalows and 1% are other types of dwelling.

Demographic drivers

The population of the SWDP area is projected to increase by 8.2% over the period 2016-2030, from 301,700 in 2016 to 326,300 in 2030⁶. There will be a marked increase in the number and proportion of older residents. The population aged 65 years or older, is expected to increase by 32.6% from 67,700 in 2016 to 89,800 in 2030⁷. This compares with an increase of 38% across the West Midlands and 45.1% across England over the period 2016-2030.

Economic drivers

Across the SWDP area, 64.4% of Household Reference People (HRP) are economically active and in employment (2011 Census) and a further 14.3% are retired from work, 8.8% are economically inactive, 8.5% are students and 4% are unemployed. The ONS identifies that across the SWDP lower quartile earnings in 2017 were £20,893 in Worcester City, £20,472 in Wychavon and £21,207 in Malvern Hills. This compares with £20,124 across the West Midlands and £21,273 across England. Median earnings were £28,451 in Worcester City, £29,993 in Wychavon and £27,122 in Malvern Hills. This compares with £27,636 across the West Midlands and £29,869 across England.

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 figure for the SWDP area is 1,257 dwellings each year. Further scenario analysis has been prepared by Edge Analytics to verify that the dwelling need calculation using the standard methodology is appropriate for the SWDP area. Employment-led scenarios confirmed that all of the scenarios adequately supported economic growth

The scale of **affordable requirements** has been assessed using latest (July 2018) housing register data. The overall net annual imbalance is calculated to be 489 dwellings each year. 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 and provide affordable housing for newly-forming households. It is recommended that across the SWDP

⁶ ONS 2016-based Subnational Population Projections

⁷ ONS 2016-based Subnational Population Projections

area 55.6% of new affordable dwellings have one-bedroom, 30.9% two-bedrooms, 10.7% three-bedrooms and 2.9% 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 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 (1,257 dwellings per annum) and applying an overall policy of 30% affordable housing to the quantity of overall annual need.

Table ES1 Overall annual dwelling mix based on range of housing need			
Annual dwelling need =			1,257
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 or 2-Bedroom House	59	60	120
3-Bedroom House	400	37	438
4+or more-Bedroom House	243	8	251
1-Bedroom Flat	-12	102	90
2-Bedroom Flat	20	55	74
1 or 2-Bedroom Bungalow	86	106	192
3 or more-Bedroom Bungalow	83	0	83
Other	9	0	9
Total	887	370	1,257

Note: The table is subject 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 to 2030, the number of **older person households** with a HRP aged 60 or over is projected to increase by around 12,654 (32.3%) and there will be a projected 32.6% increase in older person population living in the SWDP area. The majority of older people want to stay in their home with help and support when needed but there is also a need to diversify the range of specialist older persons housing. Analysis suggests across the SWDP area, an increase of 2,050 units of specialist older person (C3 planning use class) dwellings such as extra care and retirement housing (which is part of the overall housing need); and an increase in around 1,714 units of C2 residential care dwellings (C2 planning use class).

There is expected to be an increase of around 1,300 dwellings needing adaptation across all households to 2030.

Regarding **housing for people with disabilities**, it is estimated that 22.9% of all residents have an illness/disability and this is expected to increase to 24.9% by 2030. It is estimated there are around 1,126 households requiring wheelchair accessible dwellings in the SWDP area, although no data is available on the total stock currently available to these households.

Given the ageing population in the SWDP area 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).

There is interest in **self and custom-build** and at November 2018, 119 households had registered for a self/custom build plot.

1. Introduction

Background and objectives

- 1.1 The South Worcestershire Strategic Housing Market Assessment (SHMA) Summary Report provides a summary of the findings of detailed SHMAs prepared for Malvern Hills, Worcester City and Wychavon local authority areas.
- 1.2 The SHMA findings 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. The 2019 SHMAs support the requirements of the National Planning Policy Framework (NPPF 2019) and associated Planning Practice Guidance (PPG) including February 2019 PPG *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. 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, outlining economic and housing growth aspirations for South Worcestershire districts. 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.
- 1.3 This 2019 SHMAs include 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.
- 1.4 Collectively, 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

- 1.5 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...*’⁸.

⁸ NPPF Feb 2019, Paragraph 10

- 1.6 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.'

- 1.7 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.'

- 1.8 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.

- 1.9 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. This is identified as 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.

- 1.10 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...'*

- 1.11 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 Localism Act 2010 introduced the 'Duty to Co-operate' 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 Localism Act requires local authorities to co-operate with other local authorities in maximising the effectiveness with which strategic matters within development plan documents are prepared. The provision of housing development is a strategic priority and the council will have to ensure that they are legally compliant with the Localism Act at examination. The Duty to Co-operate applies to all local planning authorities, working with neighbouring authorities and other bodies, including Local Enterprise Partnerships, on strategic priorities.

Definitions

- 1.13 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:

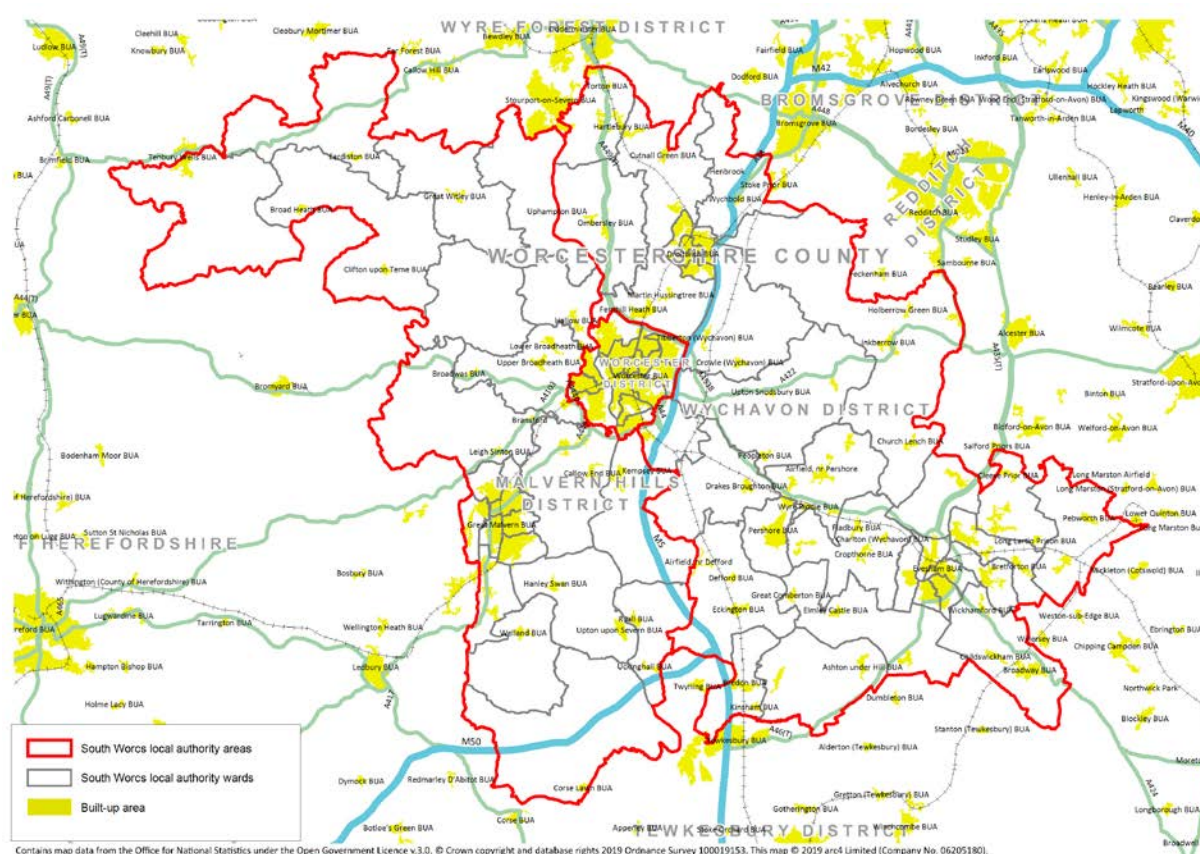
- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for social rent or affordable rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered 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

- 1.14 Map 1.1 illustrates the geographical context of the South Worcestershire Development Plan and its constituent local authority areas.

Map 1.1 South Worcestershire Development Plan area



- 1.15 The South Worcestershire Development Plan area is located within the county of Worcestershire, in the West Midlands of England. To the north are the districts of Wyre Forest, Bromsgrove and Redditch Borough (Worcestershire). To the east and south are the districts of Stratford-on-Avon, Cotswold and Tewksbury. The resident

population of the SWDP area is estimated at around 304,357 people in 2018⁹ broken down as follows:

- Malvern Hills 77,200;
- Worcester City 101,957; and
- Wychavon 125,200.

Research methodology

- 1.16 To deliver the SHMAs, a multi-method approach has been adopted, which comprises:
- 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;
 - an online stakeholder survey and follow up interviews; and
 - interviews with estate and letting agents operating within each district.
- 1.17 Further information on the research methodology is presented at Appendix A.

Report structure

- 1.18 The South Worcestershire Development Plan SHMA Summary 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** reviews demographic and economic data, including market drivers and local trends;
 - **Chapter 6** considers the need for all types of housing, including affordable housing need and a consideration of household groups with particular housing requirements;
 - **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.
- 1.19 The purpose of the report is to summarise the district-level findings from the three individual district SHMAs. These should be referred to for more detailed information for the district and sub-areas within them.

⁹ 2016-based Subnational Population Projections (ONS)

1.20 The report includes a substantial technical appendix, which provides detailed material that underpins the core outputs of the SHMAs. The technical appendix material includes:

- general methodology (Appendix A);
- policy review (Appendix B);

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 the SWDP area.

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 SWDP area is located within the Worcestershire Local Enterprise Partnership (LEP) area¹⁰. 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) also includes the authority areas of Bromsgrove and Redditch. 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 WLEP has the vision to create the following by 2025:
- 25,000 new jobs;
 - increase in GVA by 2.9bn; and

¹⁰ 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>

- 21,500 new homes.

Local context

- 2.8 The South Worcestershire Development Plan (SWDP)¹¹ was adopted and published in February 2016. This forms the local plan for the local authorities of Worcester City, Wychavon and Malvern Hills for the period 2006 to 2030.
- 2.9 The plan sets out a vision for south Worcestershire in 2030. The Vision 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; and
 - 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 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’s requirements that local plans should be updated every five years. The revised SWDP is required by 2021. An Issues and Options consultation was

¹¹ South Worcestershire Development Plan <http://www.swdevelopmentplan.org/wp-content/uploads/2016/06/The-Adopted-SWDP-February-2016.pdf>

held in November/December 2018 and it is expected that a revised SWDP will be adopted by November 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 a new type of planning which allows local people to come together to decide how they want their area to develop within the strategic framework within the Local Plan. Once adopted, Neighbourhood Development Plans form part of the statutory development plan for the neighbourhood and must be taken into consideration when determining planning applications. Table 2.1 summarises the neighbourhood plan areas across the SWDP area.

Table 2.1 Neighbourhood Planning Areas in South Worcestershire (with dates of plan designation/submission/adoption) as at September 2019

Malvern Hills	Worcester City	Wychavon
Plans Adopted (Made)	Plans Adopted (Made)	Plans Adopted (Made)
Broadwas and Cotheridge (adopted Sept 2019)		Bredon, Bredon's Norton and Westmancote (adopted July 2017)
Clifton upon Terne (adopted Sept 2017)		Cleeve Prior (adopted Feb 2018)
Kempsey (adopted Nov 2017)		Drakes Broughton and Wadborough with Priton (adopted April 2017)
Hanley Castle (adopted Jan 2019)		Harvington (adopted Sept 2019)
Malvern Town (adopted June 2019)		North Claines (adopted April 2017)
Martley, Knightwick & Doddenham (adopted Feb 2018)		Pebworth Parish (adopted Sept 2019)
Plans prepared/submitted	Plans prepared/submitted	Plans prepared/submitted
Welland (Draft consulted on in Dec 15/Jan 2016)		Honeybourne (Plan submitted Aug 2019 and at consultation stage))
		Eckington (Plan submitted March 2019 and at examination stage)
Designated Neighbourhood areas	Designated Neighbourhood areas	Designated Neighbourhood areas
Abberley (designated Aug 2015)	Warndon Parish (2016)	Ashton under Hill (designated Dec 2015)
Alfrick and Lulsley (designated Sept 2013)		Beckford Parish (designated April 2018)
Eldersfield (designated Sept 2019)		Broadway (designated 2014)
Great Whitley and Hillhampton (designated Dec 2013)		Dodderhill (designated April 2019)
Leigh and Bransford (designated Sept 2013)		Droitwich Spa (designated Jan 2017)
Hallow (designated July 2017)		Hanbury (designated Oct 2014)
Malvern Wells (designated March 2017)		Inkberrow (designated May 2018)
Rushwick (designated August 2018)		Ombersley and Doverdale (designated Jan 2017)
Tenbury Town and Burford (designated March 2016)		Norton-juxta-Kempsey (designated Jan 2017)
Upton upon Severn (designated March 2015)		South Lenches (designated Sept 2015)
		Whittington (designated Oct 2013)

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, the 2019 SHMAs provide an excellent range of material to inform the new Local Plan and shape local and sub-regional strategic housing priorities.

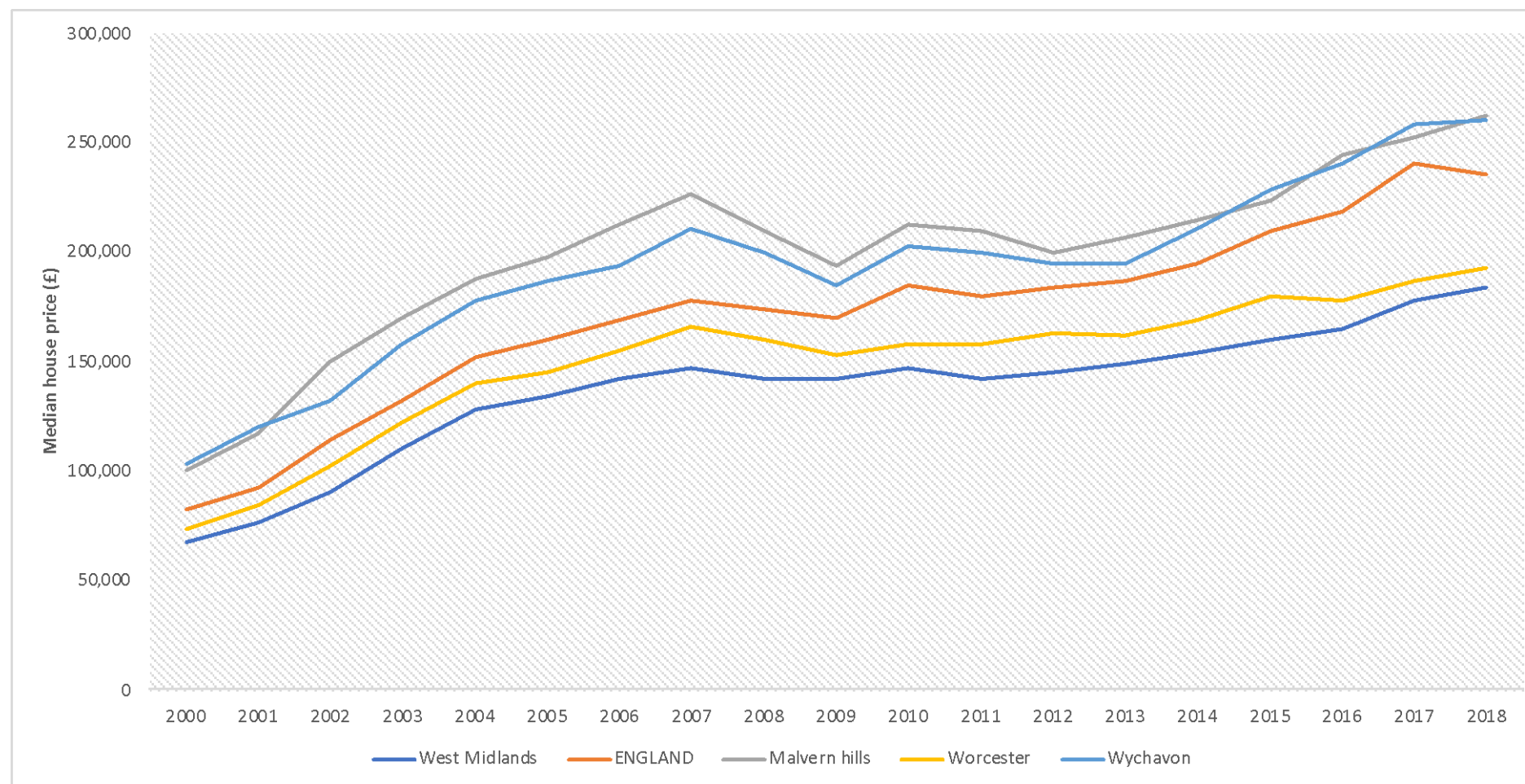
3. Understanding the housing market dynamics

Introduction

- 3.1 The purpose of this chapter is to assess the geographical context of the housing market in the SWDP area and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the dynamics of the SWDP area housing market emerges. This chapter considers house price trends, relative affordability, household migration, travel-to-work patterns and dwelling completions data for the SWDP area. It provides a clear overview of the housing market dynamics of the area, providing the key evidence needed to determine the appropriate approach to assessing housing need.

House price trends

- 3.2 Figure 3.1 shows how house prices in the SWDP local authority areas have changed over the period 2000 to 2018, based on full-year Land Registry price paid data. SWDP data is compared with the West Midlands region and England as a whole.
- 3.3 Prices in Wychavon and Malvern Hills have been consistently higher than the regional and national median prices; prices in Worcester City have been consistently lower than the English median but higher than the West Midlands median.

Figure 3.1 Median house price trends 2000 to 2018: SWDP local authorities, the West Midlands and England

Source: Data produced by Land Registry © Crown copyright 2018

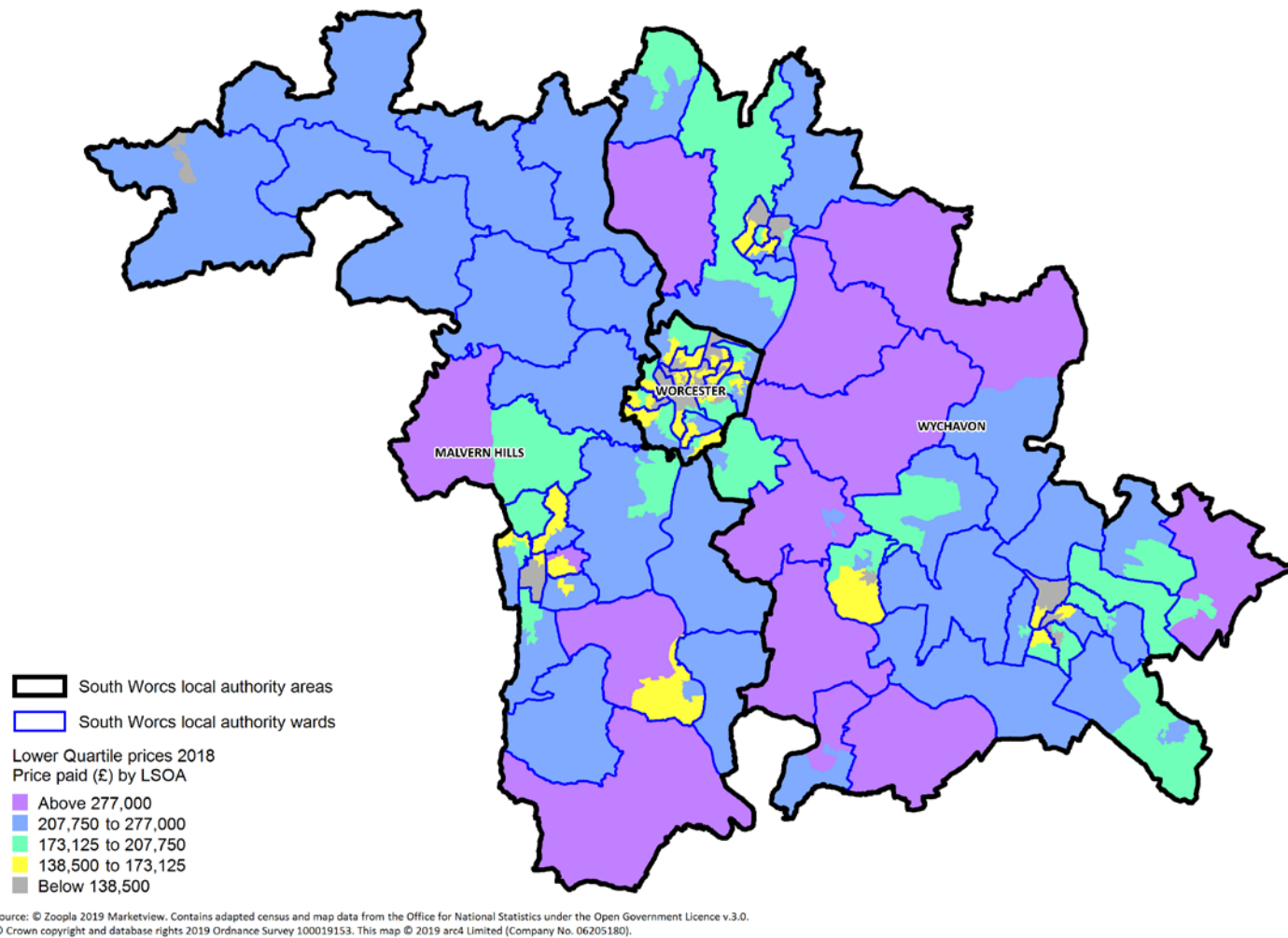
- 3.4 Table 3.1 sets out comparative house price change over the period, ranked in order of percentage change from highest to lowest. This indicates that with the SWDP area, the rate of growth has been similar in all districts, ranging between 152.4% (Wychavon) and 163.7% (Worcester), but this has been a lower level of change overall than across the West Midlands and England.

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

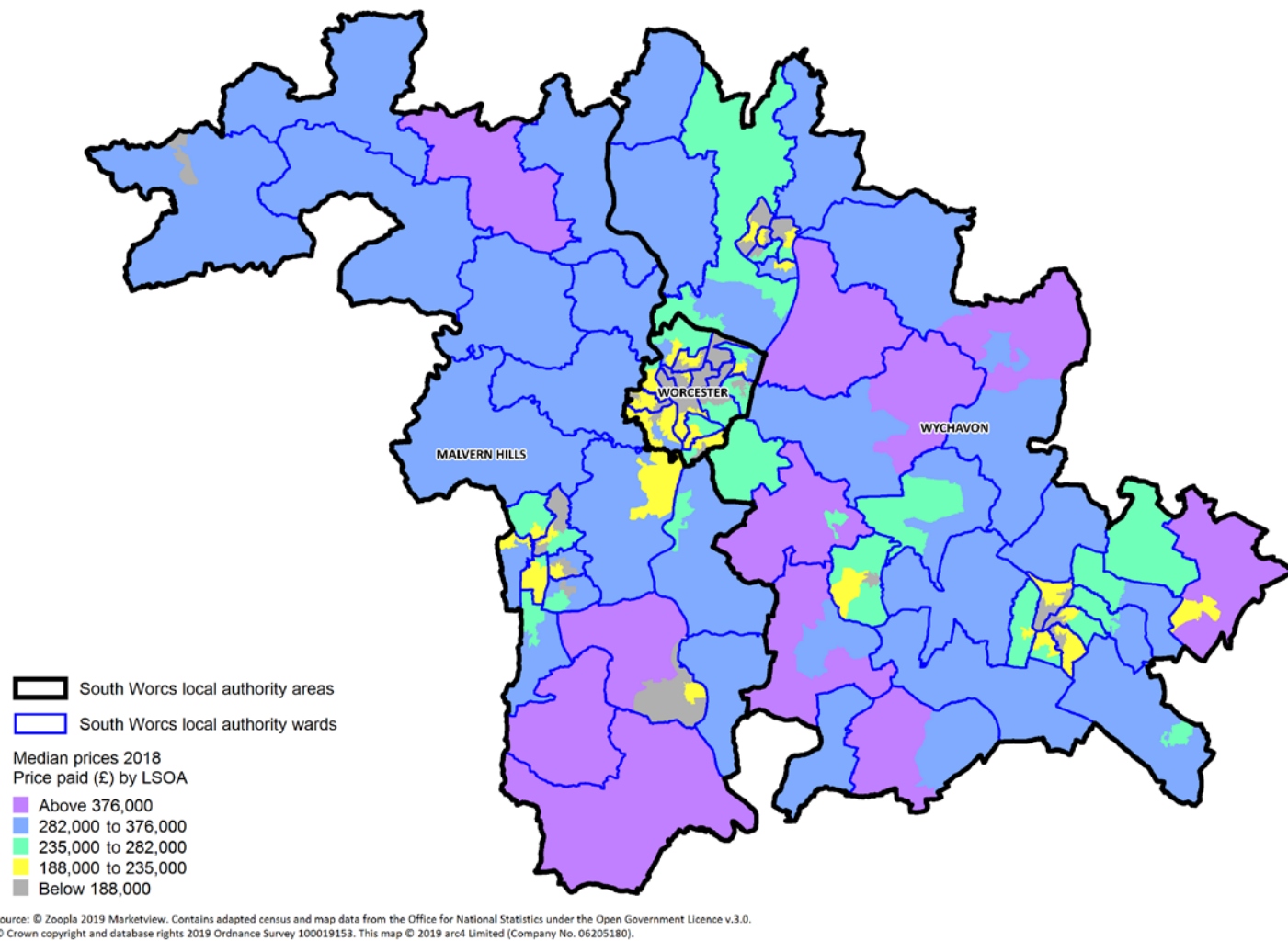
Location	Median price (£)		% Change 2000-2018
	2000	2018	
Tewkesbury	£89,375	£255,000	185.3
England	£82,000	£235,000	186.6
Shropshire	£75,000	£212,000	182.7
Forest of Dean	£74,500	£215,000	188.6
West Midlands	£67,000	£179,500	167.9
County of Herefordshire UA	£83,500	£232,500	178.4
Cotswold	£133,375	£338,000	153.4
Malvern Hills	£100,000	£262,500	162.5
Worcester	£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

- 3.5 The distribution of median and lower quartile house prices during 2018 is illustrated in Maps 3.1 and 3.2. They show lower quartile prices and median prices respectively at lower super output area (LSOA) level within electoral wards:
- for Malvern Hills, maps indicate relatively higher prices in the central and southern parts of the district;
 - for Worcester City, maps indicate relatively higher prices around the periphery of the city; and
 - for Wychavon, these indicate relatively higher prices outside of the three main settlements, particularly to the West, East and South of the district boundary.

Map 3.1 Lower quartile house prices 2018 by LSOA within wards of the SWDP area

Source: Data produced by Land Registry © Crown copyright 2018

Map 3.2 Median house prices 2018 by LSOA within wards of the SWDP area

Source: Data produced by Land Registry © Crown copyright 2018

Relative affordability

- 3.6 The relative affordability of open market dwellings in the SWDP area is compared with neighbouring local authorities in the West Midlands and England in Tables 3.2 and 3.3. These tables are produced by ONS, 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.
- 3.7 In terms of relative affordability based upon lower quartile prices (rank based on workplace-based least-to-most affordable), Malvern Hills is the least affordable of the SWDP local authority areas followed by Wychavon and Worcester City. Note that under residence-based data, the affordability ratios are slightly lower.

Area	Workplace-based				Resident-based			
	2015	2016	2017	2018	2015	2016	2017	2018
Cotswold	11.45	12.89	12.80	12.39	11.35	12.55	12.10	11.77
Malvern Hills	9.25	10.79	10.67	10.18	8.89	9.24	8.65	9.19
Bromsgrove	10.84	11.56	10.34	10.69	7.45	8.30	8.45	9.06
Stratford-on-Avon	9.89	10.33	9.99	10.56	9.38	10.14	9.59	10.12
Wychavon	8.81	9.34	9.44	9.85	8.95	9.15	10.06	9.77
Forest of Dean	7.82	8.82	9.03	8.61	6.92	7.52	7.35	8.14
County of Herefordshire	8.82	8.51	8.80	9.51	8.67	8.22	8.92	9.03
Tewkesbury	8.22	8.13	8.65	8.63	8.19	8.67	8.92	9.78
Shropshire	7.99	8.16	8.52	8.15	7.50	7.79	7.70	7.76
Redditch	7.79	7.53	7.89	7.96	8.16	7.52	7.91	8.14
Wyre Forest	7.05	7.32	7.81	7.94	6.56	6.62	7.17	7.37
Worcester City	8.06	7.78	7.49	7.63	7.24	7.78	7.46	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

- 3.8 In terms of relative affordability based on median prices, a similar pattern of relative affordability is observed. Note that under residence-based data, the affordability ratio is slightly lower, indicating that properties are more affordable in Malvern Hills and Wychavon, but slightly higher and therefore less affordable in Worcester City.

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	11.06	10.96
Malvern Hills	9.68	10.37	10.63	11.31	8.63	9.02	7.73	9.77
Bromsgrove	10.33	10.39	10.24	10.60	7.60	8.07	8.00	8.22
County of Herefordshire	9.66	8.87	9.49	9.82	8.98	8.11	9.31	9.27
Wychavon	8.84	9.35	9.36	9.82	8.25	8.74	8.88	9.00
Stratford-on-Avon	9.68	9.54	9.26	10.41	9.40	9.25	9.35	10.02
Forest of Dean	8.06	8.23	8.74	9.09	6.67	6.54	6.45	7.80
Shropshire	7.62	7.81	8.39	8.11	7.14	7.12	7.61	7.77
Tewkesbury	8.22	7.98	7.92	8.50	7.33	7.77	7.99	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	7.79	8.26	6.12	6.41	6.78	6.91
Redditch	7.32	7.15	7.52	8.25	8.02	7.66	7.48	8.20
Worcester City	7.00	6.94	6.61	6.79	6.57	6.88	6.45	6.85
West Midlands	6.27	6.38	6.60	6.78	6.29	6.40	6.59	6.80

Sources: ONS ratio of house price to earnings

Household migration

- 3.9 Data reported in the 2011 Census provides evidence from which the degree of self-containment of Wychavon can be derived. 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 housing market area (HMA). Suitable tests 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.
- 3.10 Table 3.4 presents the relevant migration data for SWDP and the individual local authority SHMA reports provide further detail of interactions between the areas. Of the total 29,316 moving residents in the year preceding the census, 66% originated in the SWDP area, 15.9% from elsewhere in the West Midlands, 2.7% from the South West and 15.3% from elsewhere in the UK. Excluding long-distance moves (elsewhere in the UK), the base is 24,286 movers of whom 78% originated in the SWDP area.
- 3.11 Table 3.5 summarises the migration containment ratios that apply to the origin and destination of moving residents. In line with former PPG, 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 89% and the destination is 79.7%. This indicates 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	%	%
SWDP area	19,362	66.0	78.0	19,362	66.0	79.7
Elsewhere in the West Midlands	4,671	15.9	18.8	3,806	13.0	15.7
South West	789	2.7	3.2	1,118	3.8	4.6
Elsewhere in the UK	4,494	15.3		5,057	17.2	
Total	29,316	100.0	100.0	29,343	100.0	100.0
Base (excluding long-distance moves)			24,822			24,286

Source: 2011 Census

Table 3.5 Containment ratios			
Origin	Moves within the area	All moves originating in the area	Containment Ratio
	19,362	24,822	78.0%
Destination	Moves within the area	All moves whose destination is in the area	Containment Ratio
	19,362	24,286	79.7%

Travel to work trends

- 3.12 The 2011 Census provides an analysis of travel to work (TTW) patterns and the extent to which residents in the SWPD area travel to other areas together with details of how many people commute into the area. Table 3.6 presents this data and indicates that 74.2% of people who live in SWDP area work in the area; by comparison, 76.6% of workers in the SWDP area, live in the area. This indicates that the SWDP area is a functional economic area and also has wider links to other areas in the West Midlands in particular.

Table 3.6 Wychavon 2011 Census commuting flows: workers (aged 16-74 years)			
Where do people who live in Wychavon work?			
Live	Work	Number	%
SWDP area	SWDP area	98,692	74.2
	Elsewhere in the West Midlands	13,064	9.8
	South West	5,803	4.4
	Elsewhere in the UK	15,469	11.6
Workers		133,028	100.0
Where to people who work in Wychavon live?			
Live	Work	Number	%
SWDP area	SWDP area	98,692	76.6
Elsewhere in the West Midlands		14,069	10.9
South West		2,520	2.0
Elsewhere in the UK		13,585	10.5
Jobs		128,866	100.0

Source 2011 Census

- 3.13 In terms of defining market areas, the ONS provides a definition of travel-to-work (TTW) areas as follows:

*'The current criterion for defining TTW areas 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'*¹²

- 3.14 On this basis, it is concluded that the SWDP area can be considered to be self-contained in terms of the travel-to-work patterns of its own resident working population.

Housing market area

- 3.15 The evidence suggests that the SWDP area is a self-contained housing market area both in terms of migration and travel to work. 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.'*¹³ This evidence provides continued justification for the South Worcestershire Development Plan area.

¹²<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/commutingtoworkchangeoftraveltoworkareas/2001to2011>

¹³ Paragraph 6.6 of the South Worcestershire Economic Development Needs Assessment, September 2018

Concluding comments

- 3.16 The purpose of this chapter has been to consider the general housing market context of the SWDP area 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 area emerges.
- 3.17 Prices in Wychavon and Malvern Hills have been consistently higher than the regional and national median prices; prices in Worcester City have been consistently lower than the English median but higher than the West Midlands median.
- 3.18 Relative affordability, taking account of average earnings, reflects the cost of housing. In terms of relative affordability based upon lower quartile prices, Malvern Hills is the least affordable within the SWDP area, followed by Wychavon and Worcester City.
- 3.19 Analysis of migration and travel to work data confirms that the SWDP area is a self-contained housing market area. This evidence provides continued justification for the established South Worcestershire Development Plan area for planning policy purposes.

4. Housing stock review

Introduction

- 4.1 The purpose of this chapter is to explore the characteristics of the SWDP area housing stock focusing on the current stock profile, condition and tenure characteristics. This includes a detailed analysis of the tenures: owner occupation, the private rented sector and affordable accommodation.

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

- 4.2 There are several sources of data that provide an estimate of dwelling stock, stock attributes and households across the SWDP area. According to the latest (2017) MHCLG data there is a total of **136,780** dwellings across the SWDP area and of these 3,586 are vacant. The vacancy rate of 2.6% compares with a vacancy rate of 2.5% across England. This is slightly below the 'transactional vacancy level' of around 3%, which represents the proportion of stock which would normally be expected to be vacant to allow movement within the market.
- 4.3 2018 Valuation Office Agency (VOA) reports a total of 135,010 dwellings. VOA data provide a detailed breakdown of dwelling type and number of bedrooms by local authority area which is presented in this summary report
- 4.4 Baseline dwelling statistics for each local authority area are set out in Table 4.1.

Table 4.1 Dwelling stock by district				
District	Total Dwellings (MHCLG)	Total vacant	Vacant (%)	Total dwellings (VOA)
Malvern Hills	35,220	1,041	3.0	33,750
Worcester	45,550	1,274	2.8	45,660
Wychavon	56,010	1,271	2.3	55,600
SWDP Total	136,780	3,586	2.6	135,010

Source: MHCLG Dwelling Statistics; Valuation Office Agency

Dwelling type and number of bedrooms

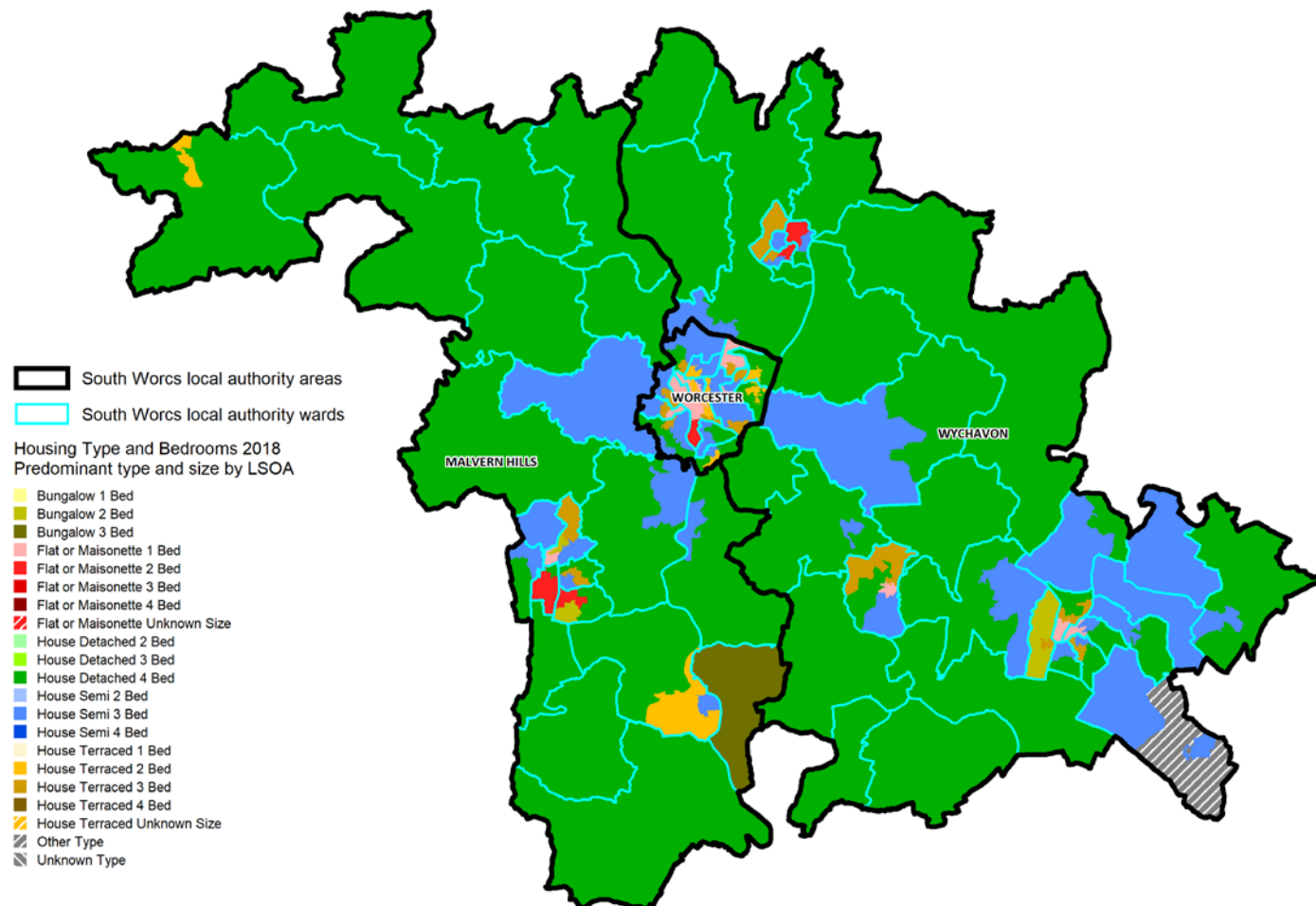
- 4.5 Table 4.2 shows the breakdown of dwelling stock by type and number of bedrooms (size) of dwellings for the SWDP and by local authority area:
- one-and two-bedroom houses account for 14.3% of the dwelling stock and the proportion is highest in Worcester City;
 - three-bedroom houses account for 38.8% of the dwelling stock and the proportion is highest in Worcester City;
 - four or more-bedroom stock accounts for 20.1% of the dwelling stock and is highest in Wychavon;

- flats account for 15.1% of the dwelling stock; the majority of which have one or two-bedrooms (14.2%). Almost half (48.8%) of flats across the SWDP area are located in Worcester City; and
- bungalows account for 10.7% of the dwelling stock and the proportion is highest in Malvern Hills (15.4%).

Table 4.2 Dwelling type and size for SWDP and by district				
Dwelling type	District (%)			SWDPTotal
	Malvern Hills	Worcester	Wychavon	
1 or 2-bedroom house	13.6	14.8	14.3	14.3
3-bedroom house	34.2	44.0	37.5	38.8
4 or more-bedroom house	21.2	14.4	24.0	20.1
1 or 2-bedroom flat	12.3	20.7	10.0	14.2
3 or more-bedroom flat	1.1	1.2	0.5	0.9
1 or 2-bedroom bungalow	9.5	2.9	7.5	6.5
3 or more-bedroom bungalow	6.8	1.9	4.4	4.2
Other	1.3	0.1	1.8	1.1
Total	100.0	100.0	100.0	100.0
Base (valid data)	33,705	45,660	55,600	135,010

Source: Valuation Office Agency

- 4.6 Map 4.1 summarises the predominant dwelling stock type and size by LSOA for the SWDP area. Detailed information on stock profile by district and for smaller geographies is available in the individual local authority SHMA reports.

Map 4.1 Predominant dwelling type and number of bedrooms across the SWPD area

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.
© Crown copyright and database rights 2019 Ordnance Survey 100019153. This map © 2019 arc4 Limited (Company No. 06205180).

Dwelling age

- 4.7 The age profile of dwelling stock in the SWDP is summarised in Table 4.3. The majority of dwellings have been built since 1945, with the highest rates between 1965 and 1982 (21.1%) and between 1983 and 1999 (19.5%). 21.1% of the dwelling stock was built before 1919.

Table 4.3 Age of dwelling		
Age of Dwellings	Number	%
pre-1919	28,830	21.1
1919-44	12,490	9.1
1945-64	21,000	15.4
1965-82	28,780	21.1
1983-99	26,690	19.5
post 1999	18,780	13.8
Total	136,570	100.0
Unknown	800	
Grand Total	137,370	

Source: Valuation Office Agency 2018

Dwelling condition and decency

- 4.8 The English Housing Survey (2013/14) produced national data on dwelling condition. Applying national trends to the stock profile at district level would suggest that around 19% of dwelling stock across the SWDP area is non-decent, which is lower than the national average of 20.6% (Table 4.4). The number of dwellings likely to fail the minimum standard of decent homes criteria is estimated to be 11.1% (compared with 11.9% nationally).
- 4.9 A full definition of what constitutes a decent home is available from MHCLG¹⁴ 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.
- 4.10 Table 4.4 summarises the modelled data for individual local authority areas and further information on how the numbers are calculated can be found in the individual SHMA reports.

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7812/138355.pdf

Table 4.4 Dwelling stock condition estimates in England and the SWDP area

District	Fails decent homes criteria (estimate)					All dwellings
	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort	
Malvern Hills	7,522	4,606	1,676	720	2,646	35,060
Worcester	8,561	4,930	1,833	778	3,195	45,350
Wychavon	9,815	5,664	1,954	909	3,716	56,110
SDWP	25,898	15,200	5,463	2,407	9,557	136,520
% SWDP dwellings	19.0	11.1	4.0	1.8	7.0	100.0
% England dwellings	20.6	11.9	4.6	1.9	7.5	

Source: English Housing Survey 2013 data applied to 2016 Valuation Office Agency dwelling stock age profile

Housing development (past and planned)

Past trends in housing delivery

- 4.11 Over the ten years, 2006/07 to 2017/18 there has been an average of 1,139 completions (net) each year across the SWDP area (Table 4.5). Of these, an annual average of 327 have been affordable dwellings and 813 have been private dwellings.

Table 4.5 Net dwelling completions 2006/07 to 2017/18

Year	Affordable Completions	Private Completions	Total Dwelling Completions
2006/07	145	738	883
2007/08	175	757	932
2008/09	304	575	879
2009/10	133	569	702
2010/11	152	408	560
2011/12	286	565	851
2012/13	227	576	803
2013/14	411	919	1,330
2014/15	472	1,111	1,583
2015/16	591	1,180	1,771
2016/17	365	1,169	1,534
2017/18	657	1,187	1,844
12-year Total	3,918	9,754	13,672
Annual Average	327	813	1,139

Source: Annual Monitoring Report (AMR) 2018

- 4.12 Table 4.6 sets out the overall dwelling targets (2006-2030) presented in policy SWDP 3 of the South Worcestershire Development Plan. Table 4.7 sets out the annual requirements for the constituent areas within the SWDP.

- 4.13 A comparison of net annual completions and the adopted Core Strategy annual target is set out in graphical form in Figure 4.1.

Table 4.6 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

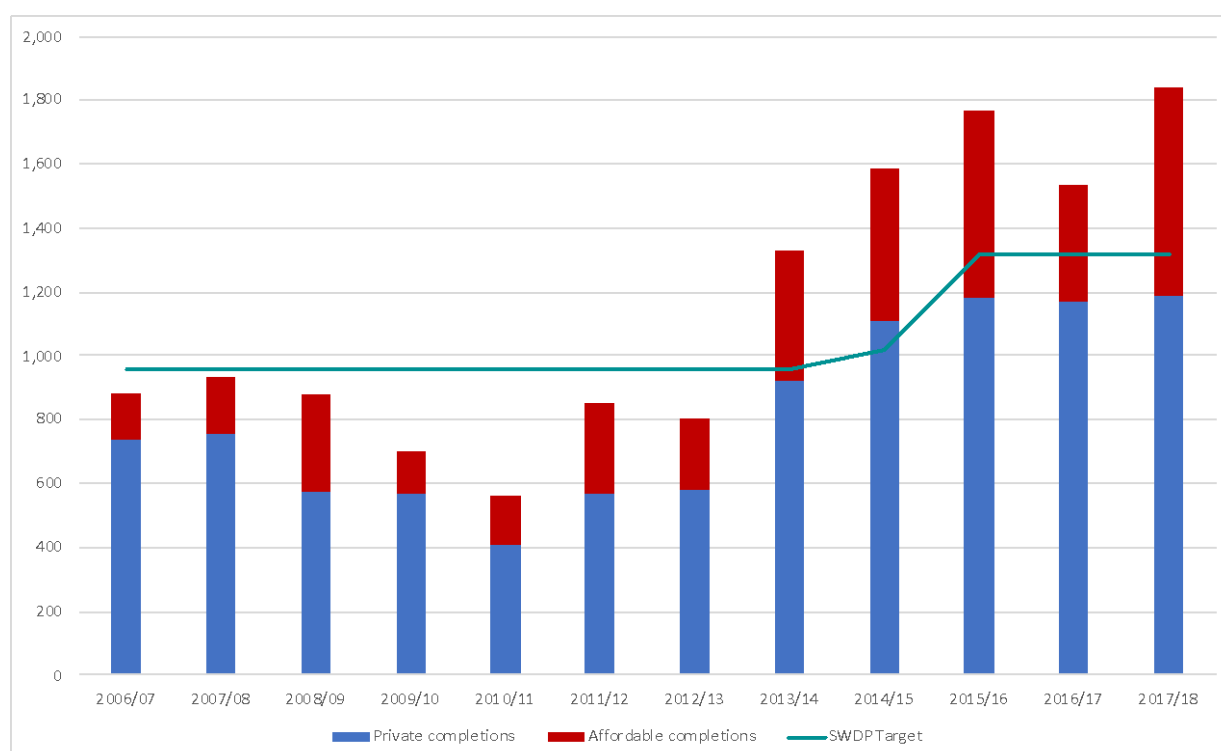
Source: South Worcestershire Councils

*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 4.7 Annual dwelling targets 2006 to 2030 across the South Worcester Development Plan Area

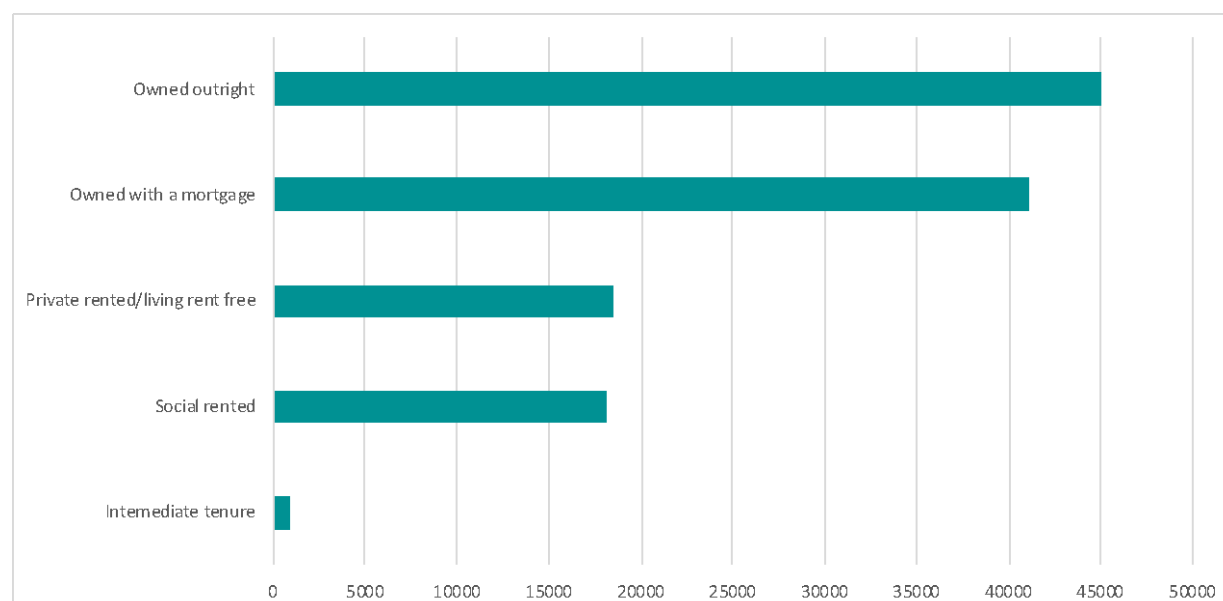
Area	Area Sub-Total	2006-2015	2015-18	2018-30
Wider Worcester Area (Worcester City)	6,800	283	371	261
Wider Worcester Area (Malvern Hills)	4,450	0	0	371
Wider Worcester Area (Wychavon)	900	56 (2014/15 only)	56	56
Malvern Hills (excluding WWA)	5,650	235	308	217
Wychavon (excluding WWA)	10,600	442	578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

Figure 4.1 SWDP area dwelling completions compared to the annual Core Strategy target

Source: District AMR returns and SWDP Plan Targets

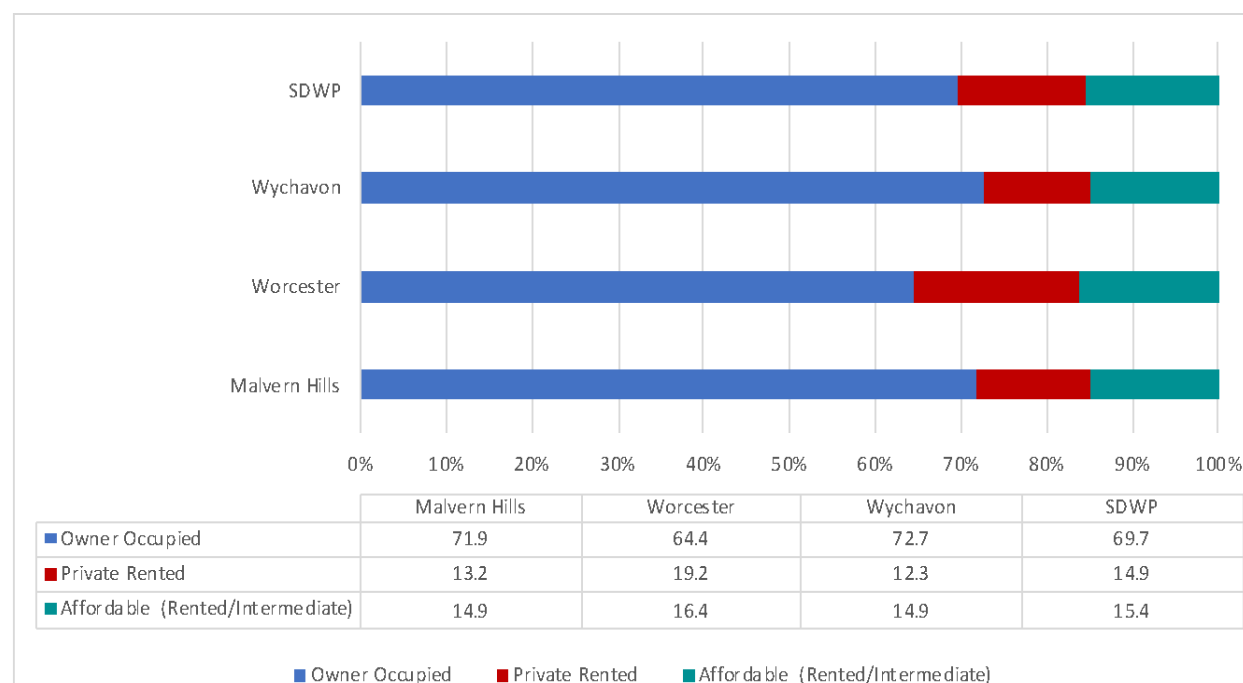
Housing tenure

- 4.14 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 dwelling stock.
- 4.15 Based on the 2011 Census, the tenure profile of the SWDP is summarised in Figure 4.2. Overall, 69.7% of occupied dwellings are owner-occupied, 15.4% are rented from a social housing provider (including intermediate tenure) and 14.9% are private rented (including tied accommodation/living rent free).

Figure 4.2 SWDP: tenure profile of occupied dwellings

Source: 2011 Census

4.16 Figure 4.3 summarises the tenure profile by district. Wychavon has the highest proportion of owner-occupied households and Worcester City the highest proportion of households living in private rented and affordable dwellings.

Figure 4.3 SWDP and constituent local authority tenure profile of occupied dwellings

Source: 2011 Census

- 4.17 The ONS has produced subnational dwelling stock by tenure estimates for local authorities across England 2012-2017. Combined data for the SWDP area show¹⁵ that the:
- owner occupied stock was 68.1% of total stock in 2012 and 66.2% in 2017;
 - private rented stock was 17.3% in 2012 and 18.9% in 2017; and
 - by deduction, and using MHCLG dwelling stock data as a base, affordable stock represented around 14.6% of stock in 2012 and 15% in 2017.
- 4.18 Data from the Regulator of Social Housing SDR return 2018 indicates a total of 22,209 affordable dwellings being 17,932 social rented, 625 supported housing, 2,409 older person and 1,243 intermediate tenure. Based on this information, the affordable stock represents 16.2% of all dwellings.
- 4.19 These data would suggest that the tenure profile of the SWDP has changed slightly since the 2011 census, with an increasing number of private rented households and a reduction in owner occupying households. However, it should be noted that the 2011 census relates to households and the ONS/SDR data relates to dwellings.
- 4.20 Further information on the owner occupied, affordable and private rented sectors of the housing market are presented in the individual local authority SHMA reports.

Concluding comments

- 4.21 The purpose of this chapter has been to explore the current housing market dynamics affecting and influencing the housing market within the SWDP area. This chapter has provided detail on the current profile of dwellings by type, tenure and size along with property condition.
- 4.22 VOA data shows that the majority of properties in the SWDP area are houses (73.2%), 15% are bungalows, 10.7% are flats or apartments and 1.1% are other dwelling types. 9.8% have one-bedroom, 25.6% have two-bedrooms, 44.4% have three-bedrooms and 20.3% have four or more-bedrooms.
- 4.23 The 2011 census reported that 69.7% of households were owner occupiers, 14.9% were private rented tenants and 15.4% lived in affordable tenures. ONS tenure data would suggest that the proportion of private renting households and households living in affordable housing has increased since the 2011 census with the proportion of owner occupied households reducing slightly.
- 4.24 An analysis of house prices and private rental costs indicates that open market housing has become more expensive in the SWDP area in recent years.

¹⁵ Sample errors exceed +/-5% for these data

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 within Planning Policy for Traveller Sites'¹⁶

- 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 across the SWDP area. It also considers the needs of particular groups to equip the council and its strategic partners in making policy decisions regarding future housing development.

¹⁶ 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 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. A range of secondary data are used to provide the robust and transparent evidence base required to assess housing need across the SWDP area. This is presented in detail at Appendix C of this report.
- 5.10 A detailed analysis of the following factors determines the extent to which there is a 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 (backlog need); 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 expected to fall into need; and
 - the supply of affordable housing through social/affordable renting and intermediate tenure stock.
- 5.11 Table 5.1 summarises the various stages of the analysis at district level. The individual local authority SHMA reports provide a detailed discussion of the modelling along with further breakdown of need for smaller geographical areas.

Table 5.1 Affordable Needs Assessment Summary for SWDP

		Malvern Hills	Worcester City	Wychavon	SWDP Total
	Stage1: CURRENT NEED				
1.1	TOTAL in need and cannot afford open market (buying or renting)	1,276	3,989	2,305	7,570
	Stage 2: FUTURE NEED				
2.1	New household formation (gross per year)	527	682	824	2,033
2.2	% new households requiring affordable housing	55.2%	55.2%	55.2%	55.2%
2.3	Number of new households requiring affordable housing	291	377	455	1,123
2.4	Existing households falling into need			Included in Stage 1	
2.5	Total newly-arising housing need (gross each year)	291	377	455	1,123
	Stage 3: AFFORDABLE HOUSING SUPPLY				
3.1	Affordable dwellings occupied by households in need	364	1,210	819	2,393
3.2	Surplus stock	0	0	0	0
3.3	Committed supply of new affordable units	See comments at para 5.14			
3.4	Total affordable housing stock available	364	1,210	819	2,393
3.5	Annual supply of social re-lets (net)	348	552	622	1,522
3.6	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	53	6	87	146
3.7	Annual supply of affordable housing	401	558	709	1,668
	Stage 4: ESTIMATE OF ANNUAL HOUSING NEED				
4.1	Total backlog need (1.1-3.4)	912	2,779	1,486	5,177
4.2	Quota to reduce over 5 years (20%)	20%	20%	20%	20%
4.3	Annual backlog reduction	182	556	297	1,035
4.4	Newly-arising need (2.5)	291	377	455	1,123
4.5	Total annual affordable need (4.3+4.4)	473	932	752	2,157
4.6	Annual affordable capacity (3.7)	401	558	709	1,668
5.1	Net annual imbalance (4.5-4.6)	72	374	43	489

- 5.12 The above analysis indicates a net imbalance of 489 affordable dwellings each year over the next five years across the SWDP based on the latest available data from the housing registers from the constituent local authority areas. 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.
- 5.13 There is an affordable newbuild pipeline supply of around 2,141 dwellings over the next 5 years (335 Malvern Hills, 489 Worcester and 1,317 in Wychavon). This will make considerable inroads into the affordable shortfall and demonstrates that affordable housing policies are highly effective in helping address affordable need and justifies the continuation of these policies in the forthcoming Local Plan.

Size of affordable dwellings

- 5.14 Regarding the size of affordable dwellings to be built, housing register evidence would suggest a skew towards smaller dwellings. This takes account of the identified needs in each local authority area and is based on the allocation policy-recognised assessment of a household's housing need rather than household choice or aspirations (Table 5.2).

Table 5.2 Affordable need by number of bedrooms		
No. Bedrooms	Current supply (%)	% based on housing registers
1-bedroom	30.0	55.6
2-bedroom	35.4	30.9
3-bedroom	32.0	10.7
4-bedroom +	2.6	2.9
Total	100.0	100.0
Base	22,209	489

Tenure split

- 5.15 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'

- 5.16 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); and
- if 20% affordable housing is sought, 10% would be rented and 10% ownership (50/50 split).

Relative affordability of housing tenure options

- 5.17 The relative cost of alternative housing options has been explored in detail in the individual local authority area SHMA reports and is summarised in the tables below.
- 5.18 This includes affordable and market rent options and intermediate tenure options, including shared ownership. Table 5.3 shows the cost at the local authority level for alternative tenure options and table 5.4 shows the income required to service these housing costs. Table 5.5 presents the assumptions underpinning the analysis.
- 5.19 This analysis indicates that for open market housing at SWDP level the minimum income required is £25,712 for rent (for lower quartile or entry-level renting) or £46,993 for buying (for lower quartile or entry-level house prices).

Table 5.3 Price of alternative tenure options by main settlement area

Tenure option	Price (2018)			
	Malvern Hills	Worcester City	Wychavon	SWDP average
Social Rent (average)	£433	£400	£418	£417
Affordable Rent	£489	£473	£498	£487
Market Rent - Lower Quartile	£576	£498	£533	£536
Market Rent - Median	£676	£644	£650	£657
Market Rent - Average	£823	£750	£699	£757
Market Sale - Lower Quartile	£193,250	£160,000	£195,000	£182,750
Market Sale - Median	£262,500	£192,500	£260,000	£238,333
Market Sale - Average	£302,421	£219,711	£294,068	£198,903
Starter Home	£210,000	£154,000	£208,000	£120,737
Shared ownership (50%)	£131,250	£96,250	£130,000	£119,167
Shared ownership (25%)	£65,625	£48,125	£65,000	£59,583
Help to buy	£262,500	£192,500	£260,000	£238,333
Discounted home ownership	£211,695	£153,798	£205,848	£190,447

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

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

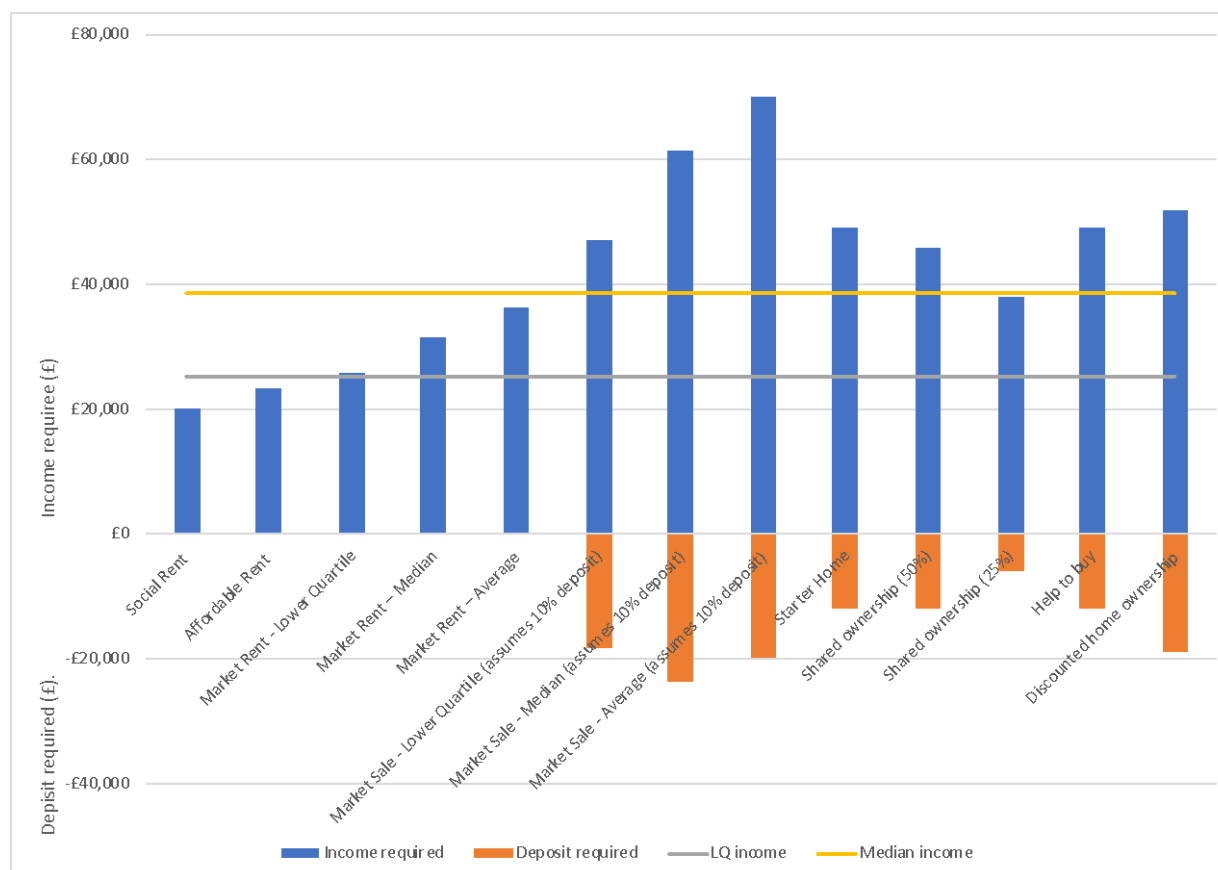
Tenure option	Price (2018)			
	Malvern Hills	Worcester City	Wychavon	SWDP Average
Social Rent	£20,767	£19,215	£20,076	£20,019
Affordable Rent	£23,473	£22,709	£23,885	£23,356
Market Rent - Lower Quartile	£27,648	£23,904	£25,584	£25,712
Market Rent – Median	£32,448	£30,888	£31,200	£31,512
Market Rent – Average	£39,504	£36,000	£33,553	£36,352
Market Sale - Lower Quartile (assumes 10% deposit)	£49,693	£41,143	£50,143	£46,993
Market Sale - Median (assumes 10% deposit)	£67,500	£49,500	£66,857	£61,286
Market Sale - Average (assumes 10% deposit)	£77,766	£56,497	£75,617	£69,960
Starter Home	£54,000	£39,600	£53,486	£49,029
Shared ownership (50%)	£50,300	£37,162	£49,409	£45,624
Shared ownership (25%)	£41,581	£30,768	£40,773	£37,707
Help to buy	£52,500	£38,500	£55,714	£48,905
Discounted home ownership	357,460	£41,745	£55,873	£51,693

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

Table 5.5 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%. 5% 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 year 7 at RPI+1%	75% LTV, 3.5x income
Discounted home ownership	70% of average price	65% LTV, 3.5x income

Figure 5.1 below summarises in graphical form the relative affordability of alternative tenures at the SWDP level, setting out the income and deposit required in the vertical axis for different options set against prevailing lower quartile and median earnings. It uses lower quartile and median household earnings derived from TransUnion UK CAMEO Segmentation Income Data (CAMEO) for 2018.

Figure 5.1 Affordability by tenure



Source: Data produced by Land Registry © Crown copyright 2018, © Zoopla Limited 2018, CLG, HCA, TransUnion UK CAMEO Segmentation Income Data 2018

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

5.20 This indicates that only social or affordable rented housing is affordable to households on lower quartile incomes. Households on median incomes can afford a broader range of housing options including affordable and market rent shared ownership (25%). By comparison, the majority of households on lower quartile or median incomes could not truly afford properties for sale on the open market at either the lower quartile or average price. The data shows the particular problem faced by households who do not have either existing equity or savings.

5.21 Table 5.6 shows the Local Housing Allowance (LHA) rates from four BRMAs that apply in the SWDP area. Table 5.6 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 household income data (2018). Table 5.6 highlights the broad proportions of households who can afford each LHA category and those who cannot by BRMA.

Table 5.6 LHA rates (monthly) for Wychavon 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
Warwickshire South				
Shared accommodation rate	£74	£15,396	90.0	10.0
1-bedroom rate	£123	£25,513	76.1	24.0
2-bedroom rate	£155	£32,213	65.0	35.0
3-bedroom rate	£182	£37,814	55.9	44.1
4-bedroom rate	£247	£51,272	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

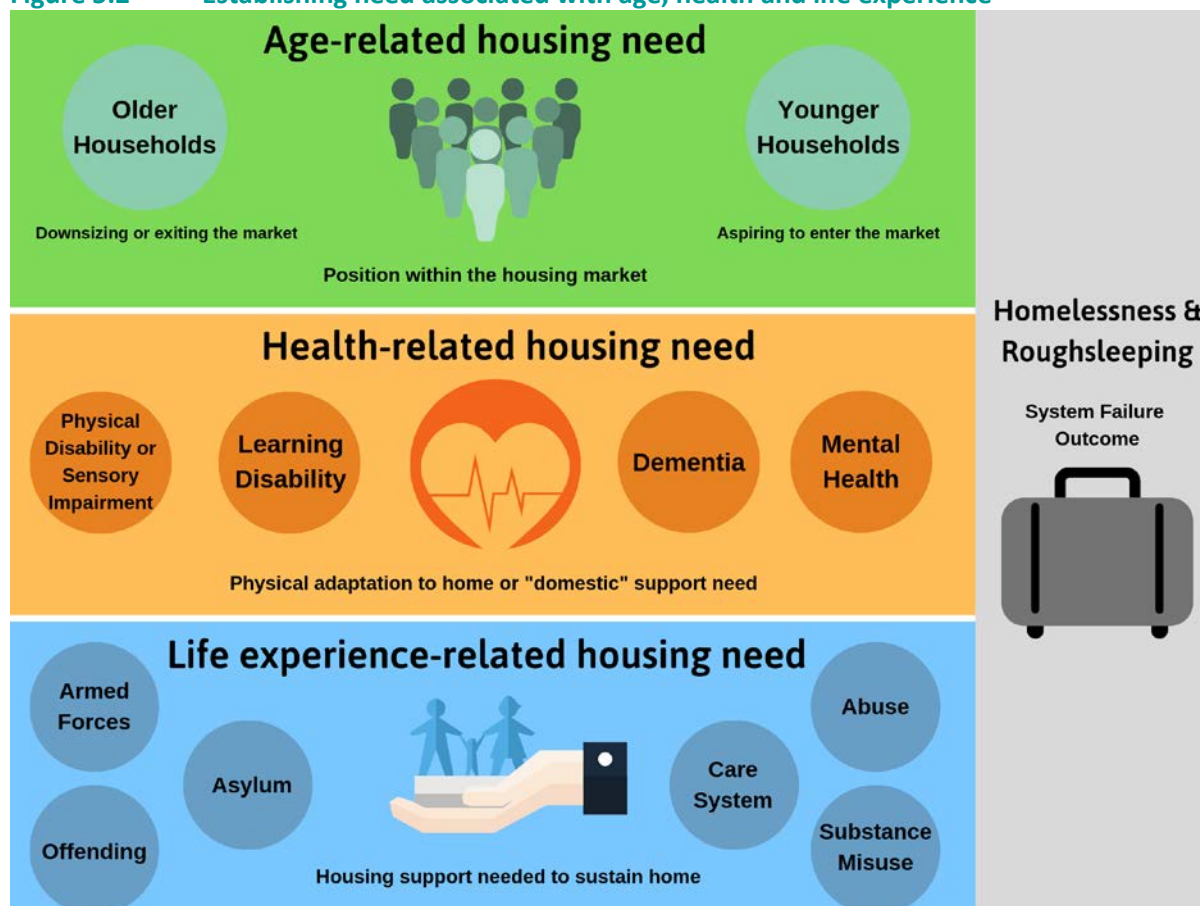
- 5.22 The 2019 NPPF paragraph 61 acknowledges that there are a range of household groups who have particular housing requirements. It sets out that the needs of different groups should be assessed and reflected in planning policy in terms of the size, type and tenure of housing. It states that these 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.
- 5.23 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.
- 5.24 The PPG¹⁷ states that *'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'*.

Housing requirements of older people, people with disabilities and other vulnerable groups

- 5.25 For older people, people with disabilities and other vulnerable groups, it is important that the evidence base considers those needing specific housing and housing-related support. This is a complex area of research, gathering evidence can be challenging and some people fall into multiple needs groups. Ultimately, evidence needs to translate to clear policy recommendations.

¹⁷ 2019 PPG Paragraph: 017 Reference ID: 2a-017-20190220

- 5.26 Figure 5.2 begins to explore our understanding of the various elements of specialist housing need and population groups which should be considered:
- **Age-related housing need** – this concerns the position of particular age groups in the housing market due to life events and the demand this creates for accommodation units of a certain size or affordability.
 - **Health-related housing need** – a household's health may be a determining factor in the type of accommodation they require or the support they need to receive. For most in this group the need for specialist accommodation or support is likely to be a lifelong need.
 - **Life-experience related housing need** – supported accommodation may be needed by those life experiences which may have disadvantaged their ability to live independently. The support required here may be shorter term which the intention of promoting independence in the longer term.
 - **Cultural heritage related housing need** – for those from a minority ethnic background there may be cultural heritage or religion related determined needs which impact on the type of accommodation required.
- 5.27 For all of the above groups the prevalence of homelessness can indicate a deficit of both appropriate and affordable accommodation options and support availability. This goes beyond the presence of households rough sleeping, reflecting the broad statutory definitions of homelessness to include those in inadequate or inappropriate accommodation who may be hidden from society's view.

Figure 5.2 Establishing need associated with age, health and life experience

Planning Practice Guidance

- 5.28 The February 2019 Planning Practice Guidance for Housing and economic needs assessment says 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 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.'*
- 5.29 In June 2019, additional Planning Practice Guidance was issued which guides councils in preparing planning policies on housing for older and disabled people. The PPG also includes advice on accessible and adaptable housing. Regarding older people, the PPG says *'The need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing...Offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how*

*the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking*¹⁸

- 5.30 Regarding people with disabilities, the PPG says *'The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or unadapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing. An ageing population will see the numbers of disabled people continuing to increase and it is important we plan early to meet their needs throughout their lifetime.'*¹⁹
- 5.31 The PPG notes that *'for plan-making purposes, strategic policy-making authorities will need to determine the needs of people who will be approaching or reaching retirement over the plan period, as well as the existing population of older people.'*²⁰

Age-related housing need

- 5.32 Age-related housing need relates to the position of particular age groups in the housing market due to life events and the demand this creates for units of a certain size or affordability. Older households will be considering downsizing within the market and may require a greater supply of smaller units in order to do so. Affordable housing need is primarily the concern of younger households entering the market and is considered fully elsewhere in this assessment. For this chapter we therefore focus upon the needs of older persons for particular unit types.

Older households

- 5.33 The NPPF Annex 2 defines older people as *'people over or approaching retirement age, including the active, newly-retired through to the very frail elderly; and whose housing can encompass accessible, adaptable general needs housing through to the full range of retirement and specialist housing for those with care and support needs.'*
- 5.34 The February and June 2019 PPG recommends the following are considered in an assessment of older persons need:
- the future need for specialist accommodation (including but not restricted to age-restricted general market housing, retirement living or sheltered accommodation, extra-care or housing with care), broken down by type and tenure;
 - the need for care in residential care and nursing homes (C2);

¹⁸ PPG June 2019 Paragraph: 001 Reference ID: 63-001-20190626

¹⁹ PPG June 2019 Paragraph: 002 Reference ID: 63-002-20190626

²⁰ PPG June 2019 Paragraph: 003 Reference ID: 63-001-20190626

- the need for co-housing communities; and
 - the role of general housing and in particular bungalows and homes that can be adapted to meet a change in needs.
- 5.35 PPG notes that *'plan-making authorities will need to count housing provided for older people against their housing requirement'*²¹.
- 5.36 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'*²². A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support for the district's older population. The number of people across the SWDP area aged 65 or over is projected to increase significantly during the Plan Period, from 67,700 in 2016 to 89,800 by 2030 (32.6% increase)²³. The increase in the population aged 85 or over is considerable, rising from 9,400 to 14,800 persons during the period 2016-2030 (57.4% increase).
- 5.37 According to 2014-based household projections²⁴, the number of households headed by someone aged 60 and over is expected to increase by 12,654. arc4 national household survey evidence indicates that the majority of older people (generally upwards of 65%) 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.
- 5.38 arc⁴ national data (Table 5.8) 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 SWDP recognises the impact this will have on the range of dwelling types and sizes needed over the plan period.

Table 5.8 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

²¹ PPG June 2019 Paragraph: 016 Reference ID: 63-016-20190626

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

²³ ONS 2016-based Subnational population projections

Future need for older person accommodation and residential care institutions

- 5.39 Table 5.9 sets out the categories of older person accommodation available across South Worcestershire 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. PPG recognises that *'there is a significant amount of variability in the types of specialist housing for older people. The list provided provides an indication of the different types of housing available but is not definitive. Any single development may contain a range of different types of specialist housing'*²⁵
- 5.40 Table 5.10 provides definitions of the categories of accommodation provided by the EAC and PPG.

Table 5.9 Categories of older person accommodation				
Category	Malvern Hills	Worcester City	Wychavon	SWDP Total
Age-exclusive housing	478	270	44	792
Care homes	462	273	311	1,046
Care home with nursing	559	309	378	1,246
Enhanced sheltered/close case	101	332	0	433
Retirement housing	288	272	540	1,100
Extra care housing	155	57	156	368
Sheltered housing	215	900	896	2,011
Total	2,258	2,413	2,325	6,996

Source: EAC database www.housingcare.org.uk; SDR

See constituent local authority SHMA reports for further information

Table 5.10 Categories of older person accommodation	
Category	Description
Age-exclusive housing	EAC definition: 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. PPG definition: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens but does not include support or care services.
Care homes	EAC definition: 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

²⁵ PPG June 2019 Paragraph: 010 Reference ID: 63-010-20190626

Table 5.10 Categories of older person accommodation	
Category	Description
	medication. PPG definition: These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.
Care home with nursing	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	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	EAC definition: 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. PPG definition: This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.
Extra Care housing	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	EAC definition: 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. PPG definition: This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

5.41 Across the SWDP area, there are around 6,996 units of older persons' accommodation reported on the EAC database/SDR which includes 2,292 units of residential care (planning use class C2) dwellings and 4,704 units of specialist older persons accommodation (planning use class C3). The tenure breakdown of older persons stock across the SWDP area is 49.5% housing association, 37.6% private and 9.2% small/family business, 3.3% charities and 0.5% council.

5.42 Data presented in the individual local authority SHMA reports considers the future need for specialist older persons accommodation by planning use category. This

analysis considers the current number of unit of accommodation as a ratio of the population aged 75 and over. The ratio is then applied to the population aged 75 and over in 2030. Over the plan period to 2030, this results in a need for 3,764 additional units of older persons accommodation, broken down into 2,050 units of specialist older (C3 planning use class) and 1,714 additional units of residential care provision (C2 planning use class) (Table 5.11). Assuming a 12-year period, this gives annualised figures of 314 total, 171 (C3) and 143 (C2). By comparison the Worcestershire Extra Care Housing Strategy 2012-2026 identified a need for 1,118 units of extra care accommodation (with 73.1% owned and 26.8% rented) or an annualised need of 80 units. Latest population projection data would indicate that this need has increased substantially.

Table 5.11 Summary of current provision by planning use class and additional need to 2030

Current provision in 2018	Malvern Hills	Worcester City	Wychavon	SWDP Total
Specialist older person (C3)	1,237	1,831	1,636	4,704
Residential care (C2)	1,021	582	689	2,292
Total	2,258	2,413	2,325	6,996
Additional need to 2030	Malvern Hills	Worcester City	Wychavon	SWDP Total
Specialist older person (C3)	570	656	824	2,050
Residential care (C2)	470	208	1,036	1,714
Total	1,040	864	1,860	3,764

The role of general housing and in particular bungalows and homes that can be adapted to meet the identified future need

- 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.’*²⁶ 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 14,400 bungalows in the SWDP accounting for 10.7% of overall stock and 20,070 flats accounting for 14.9% of stock which has the potential to provide 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 (as shown in Table 5.12). This identifies that, adaptations to bathrooms and grab rails are most frequently found in existing

²⁶ Paragraph: 017 Reference ID: 2a-017-20190220

dwelling. Table 5.12 estimates the number of households likely to have adaptations in the SWDP based on national data and how this is expected to change by 2030 based on household projection data.

Table 5.12 Likely level of property adaptation in the SWDP area and future need for adaptations in the home

Type of adaptation	% dwellings with adaptations	SWDP expected adaptations 2018	SWDP expected adaptations 2030	Number of dwellings needing additional adaptations
Adapted bathroom	6.9	13,489	14,860	1,371
Grab rails	6.6	12,904	14,213	1,309
Adapted kitchen	2.8	5,475	6,028	553
Electrical modifications	2.1	4,106	4,522	416
Stair lift	1.7	3,323	3,661	338
Ramps	1.6	3,129	3,447	318
Hoists	0.5	977	1,077	100
Base (no. of households)	23.5m	112,657	123,817	

Source: English Housing Survey 2015-16

Wheelchair accessible dwellings

- 5.45 According to the English Housing Survey 2015/16, nationally 3.4% of households include wheelchair user and 1% use the wheelchair inside the home and 2.4% use a wheelchair only outside. Applying these proportions to the SWDP area, there are 1,126 households requiring wheelchair accessible dwellings. There is no source data stating the actual number of wheelchair accessible dwellings currently in the SWDP area, but it is recommended that 1% of new dwellings should be built to be accessible for someone with a wheelchair based on the national proportion who use a wheelchair inside the home. This proportion 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 dementia and early onset dementia

- 5.46 The PPG makes specific reference to dementia and that *‘there should be a range of housing options and tenures available to people with dementia, including mainstream and specialist housing. Innovative and diverse housing models should be considered where appropriate’*²⁷
- 5.47 The PPG also outlines the characteristics of a dementia- friendly communities:

²⁷ June 2019 PPG Paragraph: 019 Reference ID: 63-019-20190626

- easy to navigate physical environment;
- appropriate transport;
- communities shaped around the views of people with dementia and their carers;
- good orientation and familiarity;
- reduction in unnecessary clutter; and
- reduction in disorienting visual and auditory stimuli.

5.48 These dwelling attributes should be considered in future older persons developments.

Senior co-housing communities

- 5.49 Senior co-housing is specifically mentioned in PPG as a housing option for older people: *'Senior co-housing communities are created and run by residents, based on the intention to live with a group of people of a similar age. The sites often consist of self-contained private homes as well as shared community space. Some communities offer an additional option for informal care.'*
- 5.50 Arc4 national data indicates that around 10% of older person households would consider co-housing. It is therefore recommended that this option is considered as part of future older persons housing development.

Health-related housing need

- 5.51 A household's health may be a determining factor in the type of accommodation they require or the support they need to receive. Those with a physical disability may require level access or wheelchair accessible accommodation whilst those with a reduced capacity due to a learning disability or dementia may require intensive daily support. Individuals with poor mental health may also be in need of lower level support. For most in this group the need for specialist accommodation or support is likely to a lifelong need.
- 5.52 February 2019 PPG comments that *'The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in ensuring that they live safe and independent lives'*²⁸. The NPPF and PPG provide definitions of people with disabilities.
- 5.53 The NPPF Annex 2 defines people with disabilities as people who *'have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These people include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs. The PPG notes that these disabilities, may generate a range of housing requirements which can change over time. Local planning authorities may also wish to consider groups outside of the scope of this*

²⁸ PPG February 2019 Paragraph: 017 Reference ID: 2a-017-20190220

definition in order to meet specific needs within their community. To enable disabled people to live more safely and independently, local planning authorities will need to consider their variety of needs in both plan-making and decision-taking'.

- 5.54 Figure 7.1 earlier in the chapter has established a framework for considering the needs of people with disabilities and additional needs.

Data sources

- 5.55 A range of data are available which can be used to estimate the number of people in the SWDP area with an illness/disability including the census, national disability prevalence rates applied to the local population and the number receiving Disability Living Allowance.

Census 2011 data

- 5.56 The census records a baseline of broad measures of disability across the population. Table 5.13 reports that across the SWDP area, 4.7% of residents stated they were in bad or very bad health (and particularly associated with older age groups) and a further 13.2% were in 'fair' health. The majority (82.2%) were in 'very good or good health'. Overall, the 2011 census estimated that around 50,780 residents were in fair or bad/very bad health.

Table 5.13 Long-term health problem or disability			
Age Group	Measure of health (%)		
	Very good or good health (%)	Fair health (%)	Bad or very bad health (%)
Age 0 to 15	97.7	1.8	0.5
Age 16 to 24	94.6	4.3	1.1
Age 25 to 34	92.4	5.9	1.7
Age 35 to 49	87.6	9.1	3.3
Age 50 to 64	77.1	16.5	6.4
Age 65 to 74	64.6	26.7	8.7
Age 75 to 84	47.2	38.9	13.9
Age 85 and over	31.5	46.2	22.3
All categories: Age	82.2	13.2	4.7
Base	233,841	37,508	13,272

Source: 2011 Census Table DC3302EW7

- 5.57 The census also stated that 20,637 (7.3%) SWDP area residents reported that their daily activities were limited 'a lot'. This is approximately 1% lower than the figure for England (8.3%). The number of residents reporting that their daily activities were limited 'a little' for the SWDP area was 27,947 (9.8%) compared with 9.3% for England.

National disability prevalence rates applied to the SWDP area

- 5.58 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 5.14). 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 to 2030. 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 SWDP area. The baseline of around 69,240 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 22.9% of residents in households have a disability and this is expected to increase to 24.8% by 2030.

Table 5.14 Estimate of the number of people with a particular disability			
Disability	Estimated of residents with Disability		
	2016	2030	Change
Mobility	36,004	42,313	6,309
Stamina/breathing/fatigue	26,773	31,464	4,691
Dexterity	19,388	22,784	3,396
Mental health	15,233	17,901	2,668
Memory	11,309	13,291	1,982
Hearing	10,155	11,934	1,779
Vision	9,001	10,578	1,577
Learning	9,231	10,849	1,618
Social/behavioural	5,308	6,239	931
Other	10,386	12,205	1,819
Base (total in households with disability)	69,240	81,369	12,129
% of population with disability	22.9%	24.9%	

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

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

- 5.59 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 5.15 indicates that 2.3% of the population across the SWDP area receive DLA, with 4.3% of all residents under 16 and 4.2% of all residents aged 65 and over in receipt of DLA. Detailed information on the disabling conditions are provided in the individual district reports and the most prevalent conditions reported are learning difficulties and arthritis.

Table 5.15 DLA claimants by age group				
Age group	Number of claimants	% of claimants	Population 2018 est.	% population DLA claimant
Under 16	2,100	30.3	48,600	4.3
16-24	230	3.3	34,100	0.7
25-49	810	11.7	89,200	0.9
50-64	970	14.0	62,100	1.6
65 and over	2,810	40.6	67,700	4.2
Total	6,920	100.0	301,700	2.3

Source: NOMIS

Recommendations for optional accessible building standards

- 5.60 In 2015, the Government introduced new optional accessibility standards for dwellings that could be required through the planning process if requirements are incorporated

into planning policy. 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.

- 5.61 Three national accessibility standards are contained within Part M Volume 1 of the Building Regulations³⁰ as set out in Table 5.16. The M4(1) visitable dwelling is the 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 5.16 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

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

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

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

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.

- a. 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.
- b. 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.
- c. A wide range of people, including older and disabled people and some wheelchair users, are able to use the accommodation and its sanitary facilities.
- d. Features are provided to enable common adaptations to be carried out in future to increase the accessibility and functionality of the dwelling.
- e. 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.

5.63 Given the ageing population in the SWDP 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; and
- a minimum of 20% based on the proportion of households across the SWDP who would currently benefit from M4(2) accessible housing (evidence indicates that

21.7% of residents are in fair/bad health); 22.9% of residents in households are estimated to have a disability and 17.1% of residents in households have their activities limited in some way.

- 5.64 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. Note too that the needs are similar across all three districts.

Families with children

- 5.65 The 2011 census stated that families (couples and lone parents with children) account for 34.2% of households across the SWDP area. Households which are families with dependent children make up 25.1% of the total and households which are couples and lone parents with adult children (aged 18 or over) living with them make up 9.2%.
- 5.66 According to the 2014-based CLG household projections, the number of households with children is expected to increase by around 863 over the period 2016-2030. arc⁴ national data (Table 5.17) indicates that families require the following range of dwellings, with a particular emphasis on the delivery for three and four-bedroom dwellings. Nationally, 75.3% of families live in three and four-bedroom dwellings. There is a particular aspiration towards living in a four-bedroom dwelling, but families tend to expect to move to a three-bedroom dwelling.

Table 5.17 Family housing choices			
	Current Dwelling (%)	Aspiration (%)	Expectation (%)
1 or 2-bedroom	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

Homeless households

- 5.67 Ministry of Housing, Communities and Local Government (MHCLG) Homelessness Statistics for the year 2017/18 indicate that a total of 648 decisions were made on households declaring themselves as homeless across the SWDP area (Table 5.18). Of these households, 347 were classified as homeless and in priority need. Over the eight years 2010/11 to 2017/18, an annual average of 751 decisions were made across the SWDP area and an average of 347 households each year were declared as homeless and in priority need. The overall trend has been a rise and then 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 5.18 Homeless decisions and acceptances 2010/11 to 2017/18		
Year	Decisions made	Accepted as homeless
2010/11	673	350
2011/12	945	452
2012/13	849	413
2013/14	790	409
2014/15	826	375
2015/16	606	300
2016/17	671	324
2017/18	648	347
Total	6,008	2,970
Annual Average	751	371

Source: MHCLG Homelessness Statistics

Travellers

- 5.68 The 2011 Census identified 693 residents of Gypsy and Traveller ethnicity living in the SWPD area and two-thirds lived in Wychavon.
- 5.69 There was a total of 273 households of whom 187 lived in bricks and mortar accommodation and 86 lived in a caravan or other mobile or temporary structure. Caravan Count data for July 2018 showed a total of 418 Gypsy and Traveller caravans of which 86.4% were located in Wychavon. The Travelling Showperson Caravan Count (January 2018) identified 47 Travelling Showperson caravans across the SWDP area all of which were located in Malvern Hills.
- 5.70 The 2016 Worcestershire Gypsy and Traveller Accommodation Assessment Addendum Report identified an overall need for 39 pitches over the five-year period 2014/15 to 2017/18 (33 pitches in Wychavon, 6 in Malvern Hills and sufficient capacity in Worcester City).

Service families

- 5.71 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

- 5.72 Within the SWDP area, there is limited need for bespoke student accommodation in Wychavon and Malvern Hills. In Worcester City, there is a range of purpose built and private rented properties for students and there is strong demand for good quality private rented properties in the city.

Demand for self and custom housebuilding

- 5.73 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.
- 5.74 Across the SWDP there are a total of 119 households on self and custom build registers maintained by the individual local authorities. Details of the range and location of dwellings can be found in the district-level reports. Given the scale of demand, this would indicate a need to make plots available through the planning system in suitable locations.

Black, Minority, Ethnic Households

- 5.75 Census 2011 data reveals that the proportion of 'white' residents within the SWPD is 96.3%, with 93.5% of that category being white British. Asian/Asian British residents account for 2.2% of the SWDP area's population, 1% are of mixed/multiple ethnicity, 0.3% are Black/African/Caribbean/Black British and 0.1% are of other ethnic origin.
- 5.76 The main tenure category of the BME households in the SWDP area is owner occupation (around 58%, compared with 69.7% of all households). 27.2% live in the private rented sector (14.9% across all households) and around 13.9% in the social rented sector (15.4% of all households).

Overcrowding and under-occupancy

- 5.77 In relation to occupancy levels, the 2011 census reports, (table 5.19), that across the SWDP area 41.9% of households live in accommodation with at least two spare bedrooms, 33.6% have one spare bedroom, 22.1% have sufficient bedrooms relative to the household composition and 2.4% 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 5.19 Under / Over Occupancy by household type

Household Type	Occupancy rating				Total	Base
	Under Occupied (+2 bedrooms)	Under Occupied (+1 bedroom)	Balanced	Over crowded		
Single	41.6	33.2	25.2	0.0	100	41.6
Couple no children	69.2	24.8	6.0	0.0	100	69.2
Couple with children	27.7	42.9	26.2	3.2	100	27.7
Lone Parent	11.1	37.9	44.0	7.0	100	11.1
Other	17.1	31.0	35.9	16.0	100	17.1
Total	41.9	33.6	22.1	2.4	100	41.9

Source: Census 2011

Summary

- 5.78 This chapter has set out the affordable housing need in the SWDP area 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.
- 5.79 A need for affordable housing has been established and the latest housing register evidence and lettings data indicates there is a net annual imbalance of 489 affordable dwellings across the SWDP area. Based on housing register need and a broader analysis of household need, it is recommended that 55.6% of new affordable dwellings have one bedroom, 30.9% two bedrooms, 10.7% three bedrooms and 2.9% four or more bedrooms. These figures vary by local authority as reported in the individual SHMA reports. 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 local authority to build its own affordable homes.
- 5.80 This chapter has also considered household groups with specific needs.
- 5.81 The 'family' group experiences unmet need for three and four-bedroom dwellings. However, there are only expected to be around 863 additional families over the period 2016-30 living in the SWDP area.
- 5.82 The number of older person households with a HRP aged 60 and over is expected to increase by around 12,654 households over the period 2016-30. There are aspirations across this group for bungalows, flats and houses with fewer bedrooms. 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 SWDP authorities. 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.
- 5.83 Regarding people with disabilities, according to the 2011 census, around 50,780 residents were in fair or bad/very bad health. The daily activities of around 20,637 residents were limited 'a lot' by their health. The application of national disability estimates to the local population in 2016 indicated that around 69,240 residents had a disability, and this is expected to increase to around 81,369 by 2030 (an increase of around 12,130 residents). Not all residents with a disability will require alternative housing or significant support in the home. Disability Living Allowance data indicates that around 2.3% of the population receive DLA and this is mainly associated with arthritis (amongst people aged 65+) and learning difficulties (amongst under 16-year olds);
- 5.84 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 newbuild dwellings meet M4(3) standard and 20% meet M4(2) standard.

6. Housing need in South Worcestershire

Introduction

- 6.1 The South Worcestershire Development Plan (2006-2030) (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 local authorities. Since the SWDP evidence base was prepared 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 (NPPF) (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’. 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 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 prepared 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

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

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 also 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; and
- 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, the government’s 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 ‘any method that relies on the 2016-based household projections will not be considered³⁴’. For the SWDP area, over the period 2021-2031, the total number of households under the 2014-based household projections is set to increase from 133,944 to 143,390, a total change of 9,446 households or 945 each year (Table 6.1).

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

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

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

Note that using the reference period 2019-2029, the total change in households is marginally higher at 9,683 or 968 each year.

Table 6.1 Household change under 2014-based household projections

DCLG 2014-based projection	2021 Households	2031 Households	2021-31 Household change	Annual change
Malvern Hills	34,936	37,717	2,781	278
Worcester City	45,506	48,511	3,005	300.5
Wychavon	53,502	57,162	3,660	366
SWDP Total	133,944	143,390	9,446	945

Step 2: An adjustment to take account of affordability

- 6.9 Planning practice guidance recommends a further market signals adjustment based on the affordability of housing within 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.
- 6.10 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:

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

- 6.11 The latest affordability ratios (2018) and associated affordability uplift for each local authority within the SWDP area is set out in Table 6.2.

Table 6.2 Affordability ratios and affordability adjustment		
2018	Median price to income affordability ratio	Adjustment factor*
Malvern Hills	11.31	1.4569
Worcester City	6.79	1.1744
Wychavon	9.82	1.3640

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

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

- 6.12 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:

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

- *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.*

- 6.13 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. This establishes an overall need of 1,257 dwellings each year across the SWDP area.

Base Year 2021 using DCLG 2014-based household projections	Baseline demographic need	Affordability Adjustment	Total dwelling need under standard methodology
Malvern Hills	278	127	405
Worcester City	301	52	353
Wychavon	366	133	499
SWDP area	945	312	1,257

Step 3: Capping the level of any increase

- 6.1 PPG states that ‘a cap may be applied which limits the increase in the minimum annual housing need figure an individual authority can face’. This is because ‘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’. How the cap is calculated ‘depends on the current status of relevant strategic policies for housing’.
- 6.2 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.

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

Housing need using the standard methodology

- 6.3 Based on the standard methodology and 2018 affordability ratios, the minimum local housing need for is 1,257 for South Worcestershire as a whole.

Potential adjustments to the evidence base

- 6.4 The MHCLG has indicated 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 recommended the use of 2014-based household projections in the assessment of housing need. The needs calculation methodology may be subject to further revision.

Housing need uplift

- 6.5 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);*
- 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.'*³⁷

³⁷ PPG 2019 Paragraph 010 Reference ID: 2a-010-20190220

- 6.6 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 the SWDP local authorities.

Testing the standard methodology assumptions

- 6.7 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 has developed a range of growth scenarios for the SWDP districts. 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.
- 6.8 The demographic scenarios prepared are summarised as follows:
- **SNPP-2016:** this replicates the ONS 2016-based Sub-National Population Projections (SNPP) for the SWDP districts;
 - **SNPP-2014:** this replicates the ONS 2014-based SNPP for the SWDP districts;
 - **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; and
 - **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.
- 6.9 Edge Analytics has also considered alternative assumptions regarding household formation rates³⁸ on housing need, which factor in a higher level of household formation.
- 6.10 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;

³⁸ 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

- **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; and
- **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.

6.11 The results of the various scenario models are summarised in Table 6.4 and in more detail in Figure 6.1. Table 6.5 sets out the current housing provision targets from the South Worcestershire Development Plan for comparison. This suggests that the overall target established through standard method is slightly lower than the overall SWDP target.

Scenario*	Malvern Hills	Worcester City	Wychavon	SWDP Total
Employment-led OBR	180	301	215	696
Employment-led Baseline	254	280	359	893
Employment-led CR	261	301	493	1055
PG Long Term	246 (299)	331 (367)	357 (448)	934 (1,114)
PG Short Term	251 (302)	319 (355)	424 (516)	994 (1,173)
SNPP 2014	266 (321)	300 (336)	352 (443)	918 (1,100)
SNPP 2016	223 (274)	258 (293)	423 (512)	904 (1,079)
Application of MHCLG Methodology 2021-31 and using 2018 affordability ratios	405	353	499	1257

*Headship rate sensitivity in brackets

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

Area	Area subtotal	2006-15	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 Total	28,400	960 (1,016 in 2014/15)	1,314	1,314

Source: SWDP 3 Employment, Housing and Retail Provision Requirement and Delivery Table 4b(ii) Housing Provision – annual requirements (net number of dwellings)

6.12 For the SWDP area over the plan period 2016-41

- demographic scenarios indicate a dwelling need range of between 904 and 994;
 - alternative household formation rate assumptions result in a range of 1,079 to 1,173 dwellings; and
 - employment-led scenarios result in a growth range of 696 to 1,055 dwellings.
- 6.13 This compares with the MHCLG figure of 1,257 and the SWDP target of 1,314 for the period 2018-2030. All demographic and employment-led scenarios result in lower dwelling requirements than the MHCLG figures.
- 6.14 All of the demographic scenarios support economic growth across the SWDP area. 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 co-operate, the 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 summarise the findings of dwelling type and mix analysis which is presented in detailed in the individual local authority SHMA reports.
- 7.2 In summary, analysis uses the following data sources:
- household projections;
 - dwelling stock information;
 - estimates of the relationships between households and dwellings derived from arc4 national household surveys; and
 - data from the affordable housing need calculation.
- 7.3 The analysis considers overall dwelling type and mix under three scenarios:
- a **baseline demographic** scenario which assumes the same relationship between households and the dwellings they occupy remain the same over the plan period;
 - an **aspirations** scenario which looks at the aspirations of households by age group and household type; and
 - an **expectations** scenario which considers what households expect to move to by age group and household type.
- 7.4 The results of the scenarios are compared with the current dwelling stock profile.
- 7.5 Figures 7.1 to 7.3 illustrate the variance between current stock and the alternative dwelling mix scenarios for each of the SWDP local authorities. Under the baseline demographic scenario, delivery of an increasing proportion of flats and bungalows is identified across all areas. However, under aspiration and expectation scenarios, there is a marked shift towards bungalows/level access accommodation due to the underlying demographic change which is expected to happen over the plan period. This analysis points to the potential and dramatic impact of the housing requirements of an ageing population on delivery

Figure 7.1 Summary of dwelling types under baseline demographic, aspiration and expectation: Malvern Hills



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

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

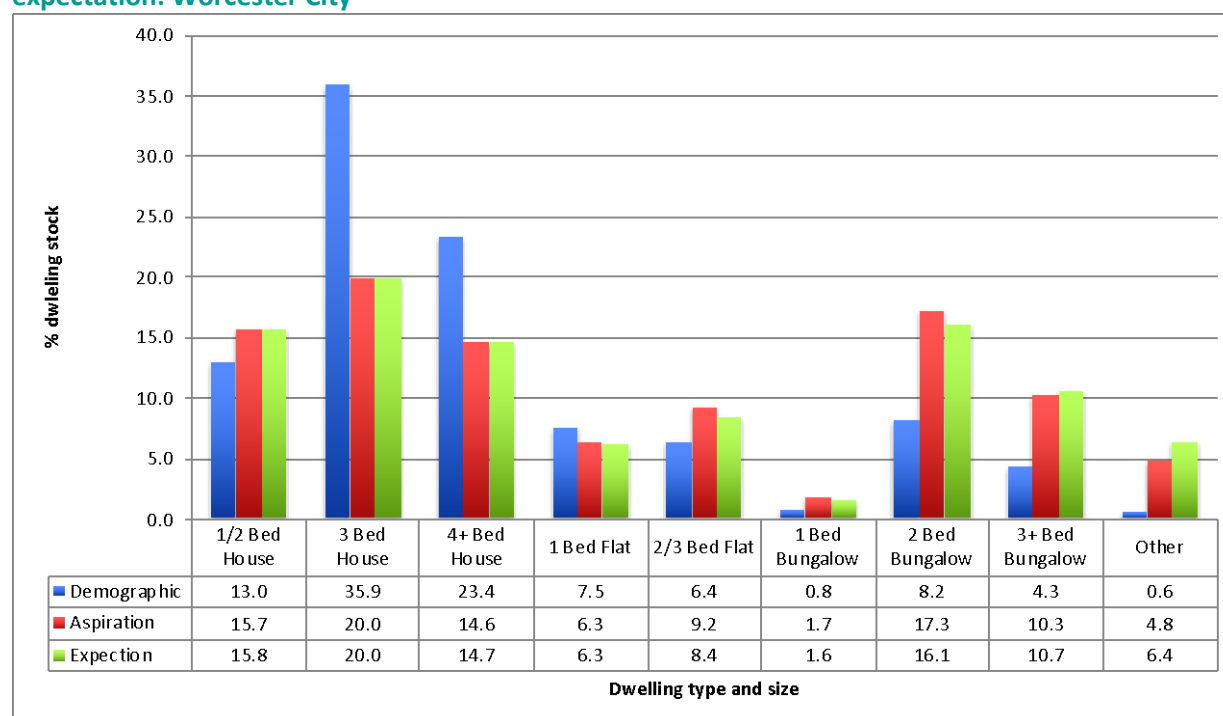
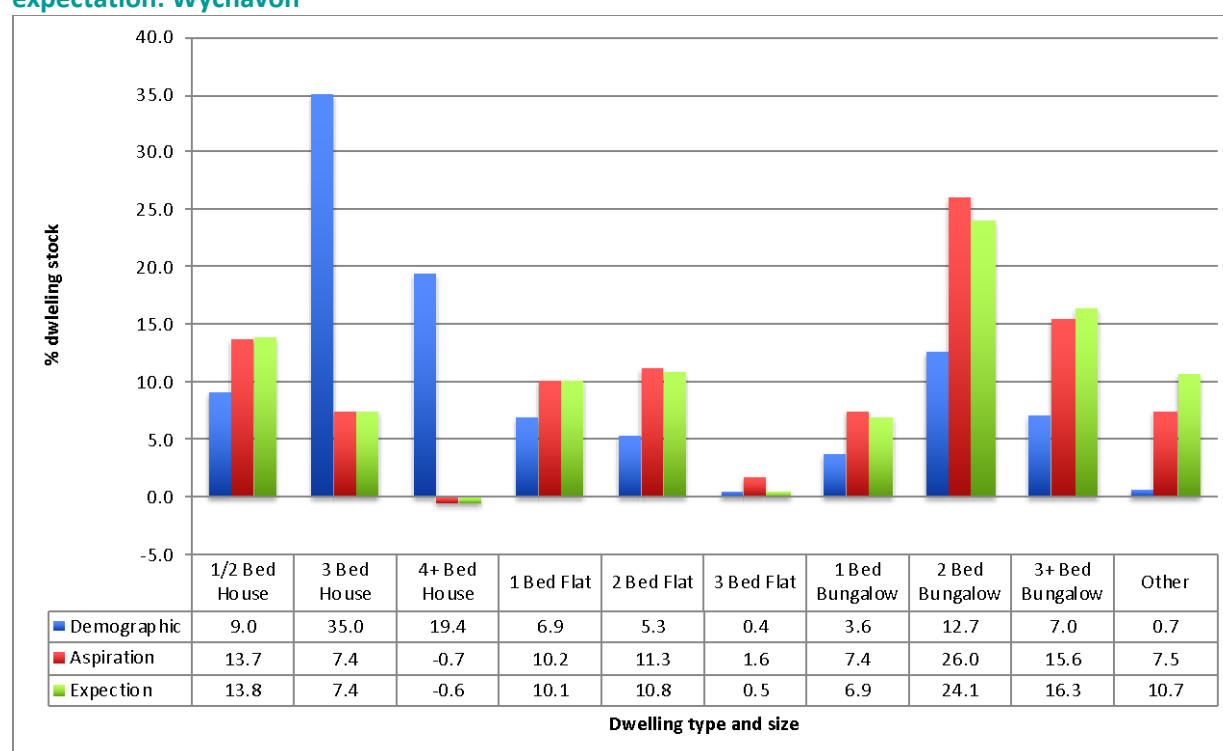


Figure 7.3 Summary of dwelling types under baseline demographic, aspiration and expectation: Wychavon



Overall dwelling mix summary

- 7.6 Tables 7.1 to 7.4 summarise the outcome of the dwelling type/mix scenario analysis for each local authority area and for the SWDP area as a whole. The key message is that by taking into account what households aspire and expect, there is an increased emphasis on bungalows compared with houses. The analysis assumes the standard method housing need and a 70% market and 30% affordable tenure split across the SWDP area and its local authority areas.

Table 7.1 Overall annual dwelling mix based on range of housing need: Malvern Hills

Annual dwelling need =			405
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 or 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 or 3-bedroom flat	7	17	24
1 or 2-bedroom bungalow	51	28	79
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

Note: there may be minor rounding errors in this table

Table 7.2 Overall annual dwelling mix based on range of housing need: Worcester City

Annual dwelling need =			353
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 or 2-bedroom house	24	21	46
3-bedroom house	115	12	127
4 or more-bedroom house	79	3	82
1-bedroom flat	1	25	27
2 or 3-bedroom flat	9	14	22
1 or 2-bedroom bungalow	2	30	32
3 or more-bedroom bungalow	15	0	15
Other	2	0	2
TOTAL	248	105	353
Dwelling type	Market (70%)	Affordable (30%)	Total
House	219	36	255
Flat	10	39	49
Bungalow	17	30	47
Other	2	0	2
Total	248	105	353
Number of bedrooms	Market (70%)	Affordable (30%)	Total
1	-7	56	49
2	87	34	121
3	127	12	138
4	41	3	44
Total	248	105	353

Note: there may be minor rounding errors in this table

Table 7.3 Overall annual dwelling mix based on range of housing need: Wychavon

		Annual dwelling need =		499
Dwelling type/size	Market (70%)	Affordable (30%)	Total	
1 or 2-bedroom house	19	26	45	
3-bedroom house	161	14	175	
4 or more-bedroom house	94	3	97	
1-bedroom flat	3	31	34	
2-bedroom flat	2	24	26	
3-bedroom flat	2	0	2	
1 or 2-bedroom bungalow	33	48	81	
3 or more-bedroom bungalow	35	0	35	
Other	4	0	4	
Total	352	147	499	
Dwelling type	Market (70%)	Affordable (30%)	Total	
House	273	43	316	
Flat	7	56	63	
Bungalow	68	48	116	
Other	4	0	4	
Total	352	147	499	
Number of bedrooms	Market (70%)	Affordable (30%)	Total	
1	34	90	56	
2	94	40	134	
3	199	14	213	
4	94	3	97	
Total	352	147	499	

Note: there may be minor rounding errors in this table

Table 7.4 Overall annual dwelling mix based on range of housing need: SWDP area total			
Annual dwelling need =			1257
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 or 2-bedroom house	59	60	120
3-bedroom house	400	37	438
4 or more-bedroom house	243	8	251
1-bedroom flat	-12	102	90
2-bedroom flat	20	55	74
1 or 2-bedroom bungalow	86	106	192
3 or more-bedroom bungalow	83	0	83
Other	9	0	9
Total	887	370	1,257
Dwelling type	Market (70%)	Affordable (30%)	Total
House	702	106	808
Flat	7	158	165
Bungalow	169	106	275
Other	9	0	9
Total	887	370	1,257
Number of bedrooms	Market (70%)	Affordable (30%)	Total
1	-70	222	152
2	267	102	370
3	486	37	522
4	205	8	213
Total	887	370	1,257

Note: there may be minor rounding errors in this table

Concluding comments

- 7.7 This analysis draws upon evidence from household surveys carried out nationally 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.
- 7.8 Having established future household change and the implications this has for dwelling type, size and tenure mix, the SWDP area councils can make informed strategic decision in the range of dwellings to be built over the plan period.

8. Conclusion: policy and strategic issues

- 8.1 This document has been prepared to provide an overview of findings from the SHMAs carried out for the individual local authorities within the SWPD area. It provides 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 planning practice guidance.
- 8.2 This 2019 SHMA SWDP summary report will help inform the preparation of the SWDP local plan with data on housing mix, based on current and future demographic trends, market trends and the needs of different groups in the community. Specifically, the SHMA identifies the size, type and tenure of housing required by considering current market demand relative to supply; and also identifies a continued affordable housing imbalance.
- 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 figure 2021-2031

- 8.4 The Government's standard methodology establishes a minimum need for **1,257 dwellings** across the SWDP area 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 method is appropriate for the SWDP area. Employment-led scenarios confirm that the proposed number of new dwellings will sufficiently 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 imbalances has been assessed using latest (July 2018) housing register data. The overall net annual imbalance is calculated to be 489 affordable dwellings each year. 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. It is recommended that across the SWDP area 55.6% of new affordable dwellings have one-bedroom, 30.9% two-bedrooms, 10.7% three-bedrooms and 2.9% 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 demographic driver of 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 councils. 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. 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 3,764 units of older person provision comprising of 2,050 units of specialist older persons accommodation (C3) and 1,714 residential care units (C2). It is also anticipated that there will be a need to adapt at least 1,300 existing dwellings over the plan period to meet the needs of households.

- 8.8 A range of data has been considered to estimate the number of people with disabilities and overall it is estimated that 22.9 of residents have an illness and/or disability and this is expected to increase to 24.9% by 2030.
- 8.9 Given the ageing population across the SWDP area, 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

- 8.10 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 SWDP area.

Introduction to Technical Appendices

- Technical Appendix A: Research methodology
- Technical Appendix B: Policy review

Technical Appendix A: Research methodology

Overall approach

- A.1 A multi-method approach was adopted in order to prepare a robust and credible Strategic Housing Market Assessment.
- a review of relevant secondary data including the 2011 Census, house price trends, population and household projections, CORE lettings data and MHCLG Statistics;
 - an online survey of stakeholders; and
 - interviews with estate and letting agents servicing the area.

Affordable Housing need analysis

- A.2 Technical Appendix C of the individual local authority SHMA reports provide a detailed background to the housing needs calculations presented in this summary report.

Estate and letting agent review

- A.3 Interviews were undertaken with estate and letting agents who operate across the SWDP area. Their views were sought on the local housing market and related issues, and an analysis of the findings is reported at Appendix D in the individual local authority SHMA reports

Technical Appendix B: Policy review

- B.1 The purpose of this appendix is to set out the national policy agenda of relevance to this SHMA.

Introduction

- B.2 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.
- B.3 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.
- B.4 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.
- B.5 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)

- B.6 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.
- B.7 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.
- B.8 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.
- B.9 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.
- B.10 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.
- B.11 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.

- B.12 **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.
- B.13 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)

- B.14 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.
- B.15 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.
- B.16 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.
- B.17 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.
- B.18 The March 2018 publication of a Draft Revised NPPF is set out below.
- B.19 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.
1. 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'.
 2. 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.

3. 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.
- B.20 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.
- B.21 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)

- B.22 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.

- B.23 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.
- B.24 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).
- B.25 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:
1. 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.
 2. 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.
 3. 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.
 4. 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.

- B.26 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.
- B.27 During the 2016-17 Parliament there were two Acts that gained Royal Assent that have particular relevance to emerging housing policy:
1. 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.
 2. 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.
- B.28 Following the general election in June 2017, Theresa May's Conservative Government formed an alliance with the DUP and the Cabinet was subject to another reshuffle.
- B.29 **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.

- B.30 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.
- B.31 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.
- B.32 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.

- B.33 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.
- B.34 **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.
- B.35 **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.
- B.36 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.
- B.37 **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.