

Worcester City

Strategic Housing Market Assessment 2019

Worcester City Council

Final Report
September 2019

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Executive Summary

Introduction

The Worcester City Strategic Housing Market Assessment (SHMA) 2019 provides the latest available evidence to help to shape the future planning and housing policies of the area. This study will support forthcoming reviews of the South Worcestershire Development Plan (SWDP) and similar reports have also been prepared for Malvern Hills and Wychavon Districts which are located within the SWDP area. The SHMA findings will also be used to inform the development of local housing strategies and the commissioning of new affordable and other housing products in each authority area. It considers the need for affordable housing and the size, type and tenure of housing need for different groups within the community. This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the area.

The SHMA (2019) method incorporates:

- a review of all relevant existing (secondary) data;
- an online survey of stakeholders; and
- interviews with estate and letting agents.

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

Housing market context

House prices

Median house prices in Worcester City have been consistently higher than those for the West Midlands region, but below those for England as a whole¹.

During 2018, median prices across Worcester City were £192,500, compared with £184,000 across the West Midlands².

Dwelling stock

This 2019 study assumes a total of 45,550 dwellings³. There are 1,272⁴ vacant properties, indicating a dwelling vacancy rate of 2.8%. There are an estimated 38,305 households living in the city⁵.

Based on 2011 Census data, the tenure profile of Worcester City is:

¹ Land Registry Price Paid Data

² Land Registry Price Paid Data

³ MHCLG 2017

⁴ MHCLG 2017

⁵ 2016-based MHCLG household projections

- 65.4% owner occupied being 29% owned outright and 36.4% owned with a mortgage or loan or shared ownership;
- 19.2% private rented or living rent free; and
- 15.3% affordable (rented from a social landlord).

The latest Valuation Office Agency data (2017) reports that the proportion of dwelling types across the city are:

- 14.7% 1 or 2-bedroom houses,
- 59% 3 or more-bedroom houses;
- 20.3% 1 or 2-bedroom flats;
- 1.1% 3 or more-bedroom flats;
- 2.9% 1 or 2-bedroom bungalows; and
- 2.0% 3 or more-bedroom bungalows.

Demographic drivers

The population of the city was 37,358 in 2016 and is estimated to grow to 41,981 in 2030⁶. This is a 12.3% increase. The population aged 60 years or over is expected to increase by 29.3% from 16,700 in 2016 to 21,600 in 2030⁷. This compares to an increase of 38% across the West Midlands and 45.1% across England over the same period.

Economic drivers

According to the 2011 census 64.8% of the city's Household Reference People (HRP) are economically active and in employment. A further 8.8% were unemployed or in full-time education, 12.2% are retired from work and the remaining 14.2% are economically inactive.

The 2011 census reports that 61% of city residents in employment also worked within the city. The remainder commuted out of the district to work mainly in Wychavon (10.7%), Malvern Hills (8.3%), and Birmingham (5.4%).

ONS identifies that across the district incomes are similar to the regional average, but below the national average. Lower quartile earnings in 2017 were £20,893 compared with £20,124 across the West Midlands and £21,273 nationally. Median incomes were £28,451 (compared with £27,636 across the West Midlands and £29,869 nationally)⁸.

⁶ ONS 2016-based Subnational Population Projections

⁷ ONS 2016-based Subnational Population Projections

⁸ ONS 2018 Annual Survey of Hours and Earnings

Dwelling need, type and mix

This SHMA considers **future housing need** based on the national 'standard methodology' outlined in National Planning Practice Guidance (PPG). Using the recommended 2014-based household projections and latest affordability indicators, the minimum local housing need arising in the City of Worcester is 350 dwellings each year (rounded to the nearest 5) over the period 2021-2031. Further analysis has been undertaken by Edge Analytics to verify that the dwelling need calculation using the standard methodology is appropriate for Worcester City. Future employment change scenarios confirmed that this number of new dwellings will sufficiently support economic growth.

The scale **of affordable requirements** has been assessed using latest (July 2018) housing register data and is 374 affordable dwellings each year. It is recommended that a broad range of affordable dwellings are built to reflect a range of needs, with 53.3% one-bedroom, 32.6% two-bedroom, 11% three-bedroom and 3.1% four or more-bedroom.

SWDP policy 15 sets out the current affordable housing policy for the City of Worcester:

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

The overall market and affordable mix by dwelling type, size and tenure is summarised in Table ES1. Note that this illustrates the mix on the basis of 30% of the level of housing need arrived at using the standard method (353 dwellings per annum).

Table ES1 Overall annual dwelling mix based on range of housing need			
Annual dwelling need =			353
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 and 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 and 3-bedroom flat	9	14	22
1 and 2-bedroom bungalow	2	30	32
3 or more-bedroom bungalow	15	0	15
Other	2	0	2
TOTAL	248	105	353

Note totals tenure may vary slightly due to rounding errors

Source: arc⁴

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

The needs of other groups

Over the period to 2016 to 2030, the number of **older person households** is projected to increase by around 2,460 households and there will be a 29.3% increase in older people aged 65 and over living in the city. 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 that across the city an increase of 656 units of specialist older person (C3) dwellings such as extra care and retirement housing (which is part of the overall housing need); and an increase in around 208 units of C2 residential care dwellings. C2 and C3 are classifications defined in planning policy to distinguish between residential and institutional accommodation such as care homes.

There is expected to be an increase of around 340 dwellings needing adaptation across all households between 2016 and 2030.

Regarding **housing for people with disabilities**, it is estimated that 20.3% of all residents have an illness/disability and this is expected to increase to 21.7% by 2030. It is estimated there are 374 households requiring wheelchair accessible dwellings in Worcester City.

Given the ageing population in Worcester City 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 March 2018, 26 people had registered for a self/custom build plot, with particular interest in dwellings with 3 or more-bedrooms.

1. Introduction

Background and objectives

- 1.1 The Worcester City Strategic Housing Market Assessment (SHMA) 2019 was commissioned to support the forthcoming review 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 the city and other local authorities within the SWDP area.
- 1.2 The Worcester City SHMA 2019 supports the requirements of the National Planning Policy Framework (NPPF 2019) and associated Planning Practice Guidance (PPG) including February 2019 PPG on *Housing Need* which sets out the standard method for assessing housing need and available evidence to help to shape the future planning and housing policies of the area.
- 1.3 The South Worcestershire Development Plan incorporates an Objectively Assessed Housing Need (OAHN) range of 26,700 to 27,300 additional dwellings 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.
- 1.4 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.
- 1.5 This 2019 SHMA includes a review of the housing market, an assessment of future need, the identification of the housing needs of specific groups and a consideration of the requirement for affordable housing.
- 1.6 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

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

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

- 1.8 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.’

- 1.9 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.’

- 1.10 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.’*

- 1.11 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.

⁹ NPPF Feb 2019, Paragraph 10

- 1.12 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...’*.
- 1.13 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.

Funding for new housing

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

Definitions

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

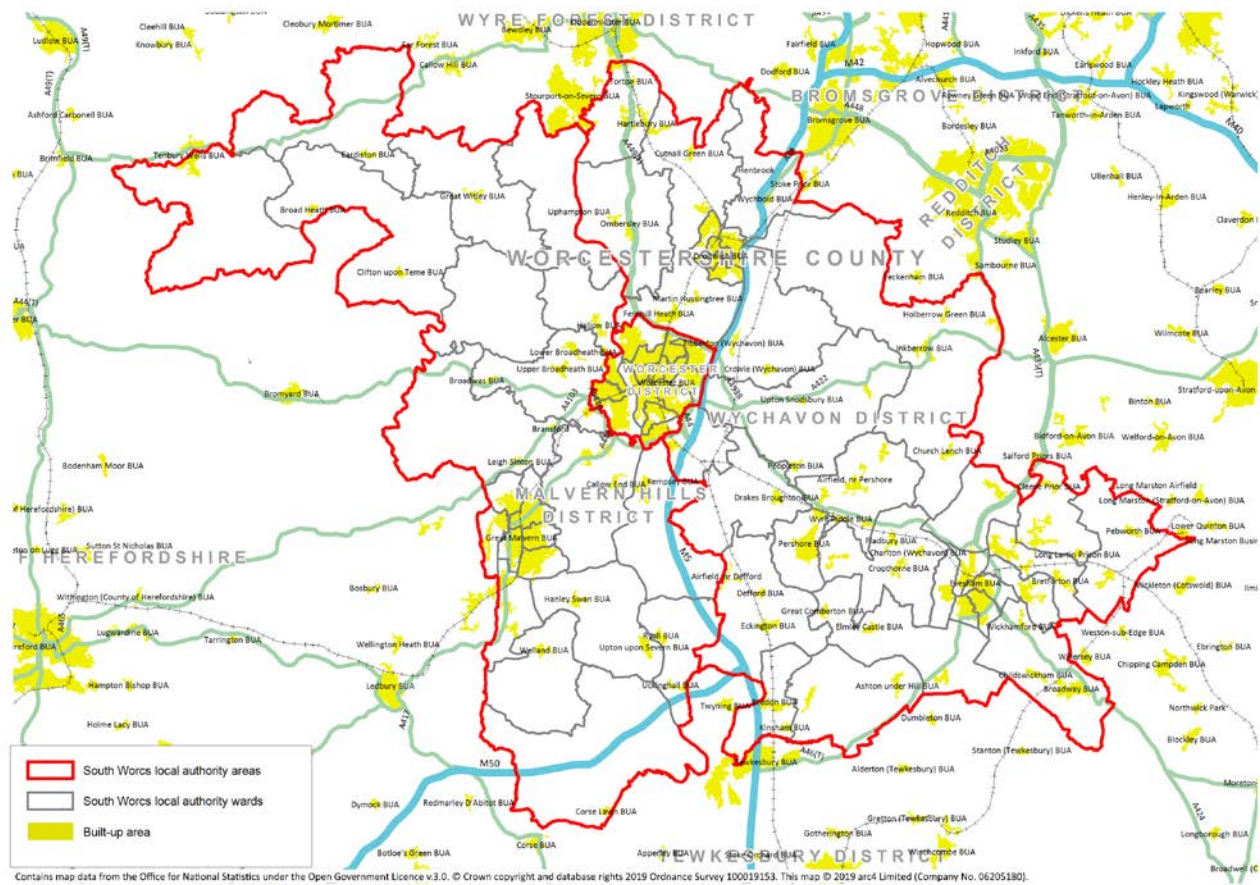
Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- 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

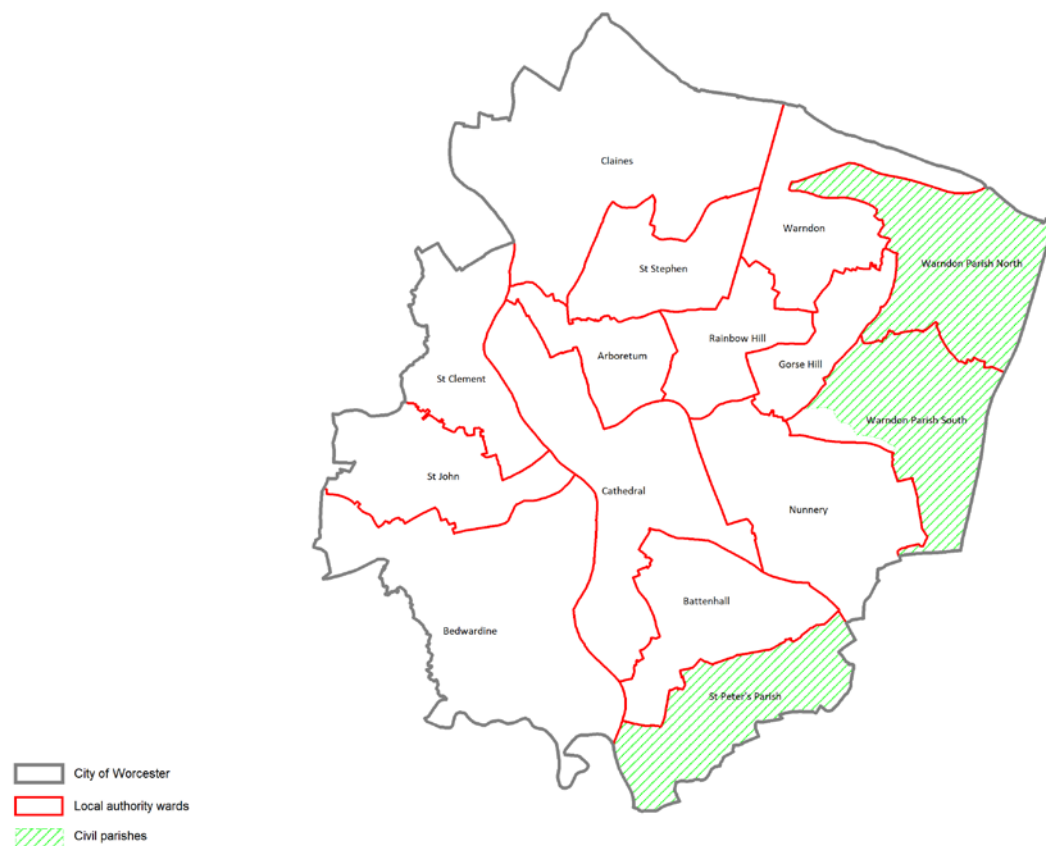
1.18 Map 1.1 illustrates the geographical context of Worcester City and neighbouring local authorities.

Map 1.1 Worcester City and the wider South Worcestershire geographical context



- 1.19 the City of Worcester is located within the county of Worcestershire, in the West Midlands of England. The neighbouring South Worcestershire districts of Malvern Hills and Wychavon completely surround the boundary of the city. The resident population of the city is estimated at 101,957 people in 2018¹⁰.
- 1.20 Worcester is a historic county town and cathedral city which has Roman origins. It contains a growing university and thriving local economic base. Most of the city is urban and suburban split north-south by the River Severn. Most of the City is unparished however, there are two parishes, St Peters and Warndon.
- 1.21 2011 Census data is available down to postcode level and for the purposes of this report, data has been presented for 12 wards and two parishes, as shown by Map 1.2 as follows:
- Arboretum
 - Battenhall
 - Bedwardine
 - Cathedral
 - Claines
 - Gorse Hill
 - Nunnery
 - Rainbow Hill
 - St Clement
 - St John
 - St Peter's (Parished area)
 - St Stephen
 - Warndon
 - Warndon Parish (North and South) (Parished Area)

¹⁰ 2016-based Subnational Population Projections (ONS)

Map 1.2 Worcester City ward and parish map

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Research methodology

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

Report structure

- 1.24 The Worcester City SHMA 2019 report is structured as follows:
- **Chapter 2** reviews the national and strategic policy context within which the research needs to be positioned;
 - **Chapter 3** considers the main features of the housing market dynamics, including house price and rental trends, migration and travel to work patterns;
 - **Chapter 4** reviews the current housing market and provides a detailed analysis of the main tenures;
 - **Chapter 5** 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.
- 1.25 The report includes a technical appendix, which provides detailed material that underpins the core outputs of the SHMA. The technical appendix includes:
- General methodology (Appendix A);
 - Policy review (Appendix B);
 - Housing need calculations (Appendix C);
 - Agent review (Appendix D).

2. Policy and strategic review

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

National context

- 2.2 The European Union Referendum of June 2016 resulted in significant changes in the political climate at a number of levels. 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 city sits within the Worcestershire Local Enterprise Partnership (LEP) area¹¹. 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 which has an impact on the planning process.
- 2.6 The Worcestershire LEP (WLEP) includes the authority areas of Bromsgrove, Redditch, Wychavon, Wyre Forest, Malvern Hills, along with Worcester City. WLEP's vision is:
- "To build a connected, creative, dynamic economy that delivers increased prosperity for all those who choose to live, work, visit and invest in Worcestershire."
- 2.7 The vision has aims to by 2025:
- create 25,000 new jobs,
 - Increase GVA by 2.9bn, and
 - create 21,500 new homes.

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

Local context

- 2.8 The South Worcestershire Development Plan (SWDP)¹² was adopted and published in February 2016. This forms the local plan for Worcester City, Wychavon and Malvern Hills Districts 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
 - E. Communities that are safe and feel safe
- 2.11 The plan contains 7 strategic policies to deliver the development strategy including SWDP 3: Employment, Housing and Retail Provision Requirement and Delivery.
- 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 requirements that local plans should be updated every five years; the revised SWDP is required by 2021. A planning policy issues and options consultation was 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 period will be 2016-2041.

Neighbourhood Development Plans

- 2.15 The 2011 Localism Act introduced an additional dimension to development planning which allows local people to come together to decide how they want their area to develop within the strategic framework set in the 'local plan'. Once adopted,

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

Neighbourhood Development Plans form part of the statutory development plan for the area and must be taken into consideration when determining planning applications. There is currently one designated Neighbourhood Area within Worcester City, Warndon Parish Neighbourhood Area covering Warndon Parish approved as a plan area in November 2016.

Concluding comments

- 2.16 The purpose of this chapter has been to consider the general policy and strategic context within which this research needs to be positioned. The Government has established its housing and planning priorities within the context of local decision-making and accountability, reduced capital expenditure on housing, fundamental changes to welfare, a changing role for social rented housing, and a need for future housing investment to support economic growth.
- 2.17 The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In a challenging economic climate and taking into account updated National Planning Policy, this SHMA 2019 provides the Council with an excellent range of material to inform the South Worcestershire Development Plan Review 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 Worcester City and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the dynamics of the city's housing market emerges. This chapter considers house price trends, relative affordability, household migration, travel-to-work patterns and dwelling completions data.

House price trends

- 3.2 Figure 3.1 shows how house prices in the city have changed over the period 2000 to 2018, based on full-year Land Registry price paid data. Median house prices have been consistently higher than those for the West Midlands region, but below those for England as a whole. City median prices more than doubled in the period 2000-2007, rising from £72,000 in the year 2000 to £166,000 in 2007. The period up to 2008 to 2014 saw price stagnation, again reflecting regional trends, with prices fluctuating and only rising to the 2007 median price (£166,000) by 2014. There has been further growth in the last three years.

Figure 3.1 Median house price trends 2000 to 2018: Worcester City the West Midlands and England



Source: Data produced by Land Registry © Crown copyright 2018

- 3.3 Table 3.1 sets out comparative house price change over the period 2000 to 2018, ranked in order of percentage change from highest to lowest. This indicates that the rate of growth in Worcester City is ranked in the middle when compared with the group of 12 neighbouring areas within the West Midlands and the South West but lagged behind the growth experienced in the West Midlands and England as a whole.

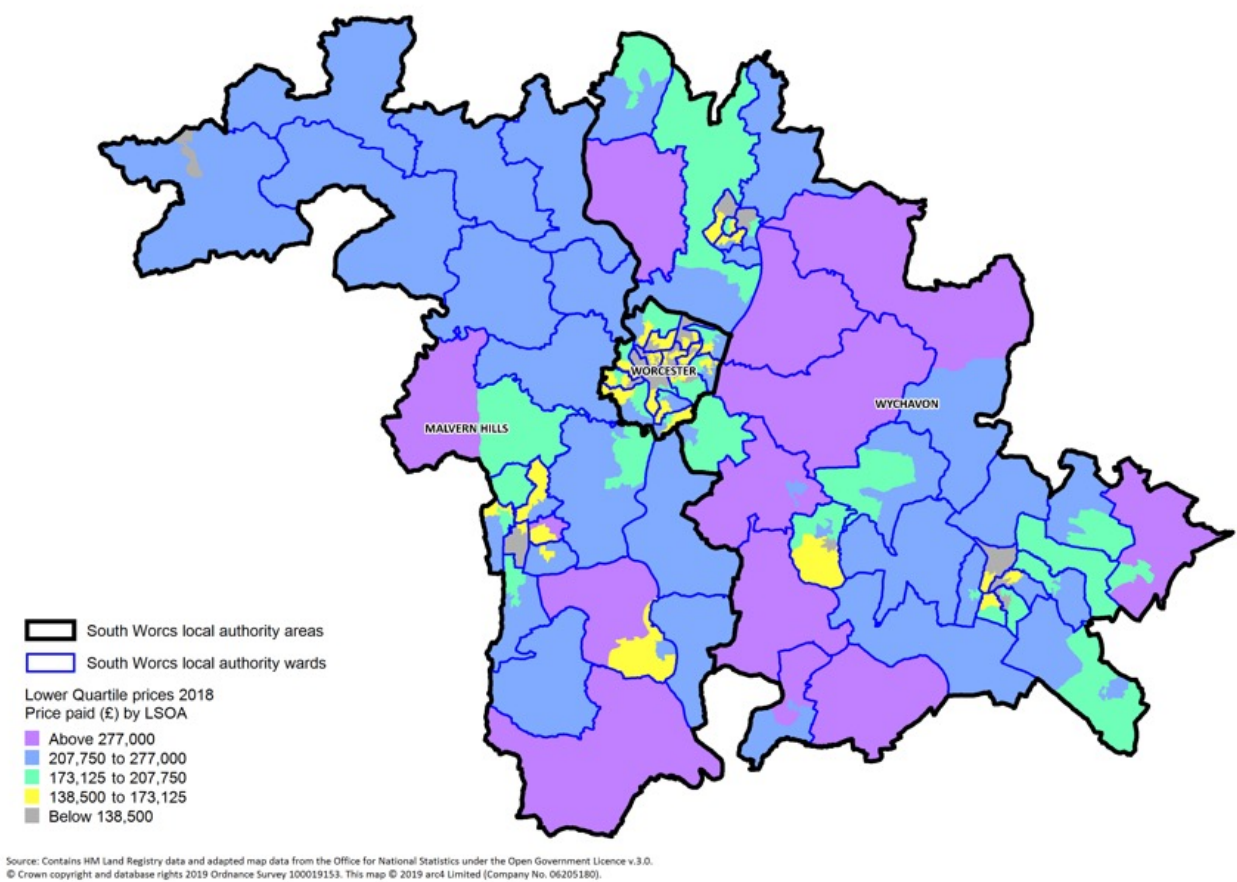
Table 3.1 Comparative house price change 2000-2018 with neighbouring local authority areas, the West Midlands and England

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

Source: Data produced by Land Registry © Crown copyright 2018

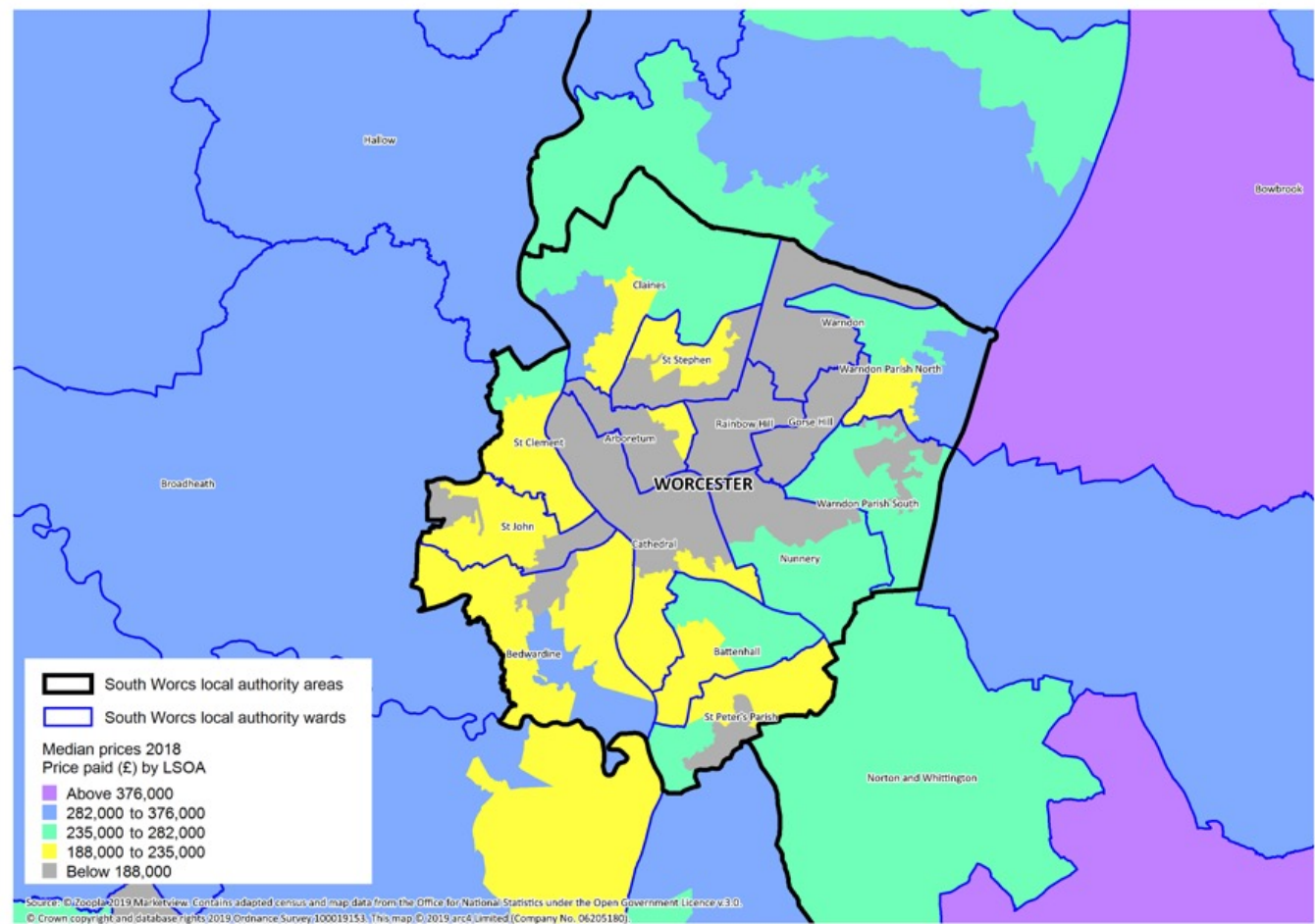
- 3.4 During 2018, median prices across Worcester City were £192,500 and lower quartile prices were £160,000. The distribution of median and lower quartile house prices during 2018 is illustrated in Maps 3.1 and 3.2. These indicate relatively higher prices around the periphery of the city.

Map 3.1 Lower quartile house prices 2018 by LSOA across Worcester City and adjacent South Worcestershire authorities



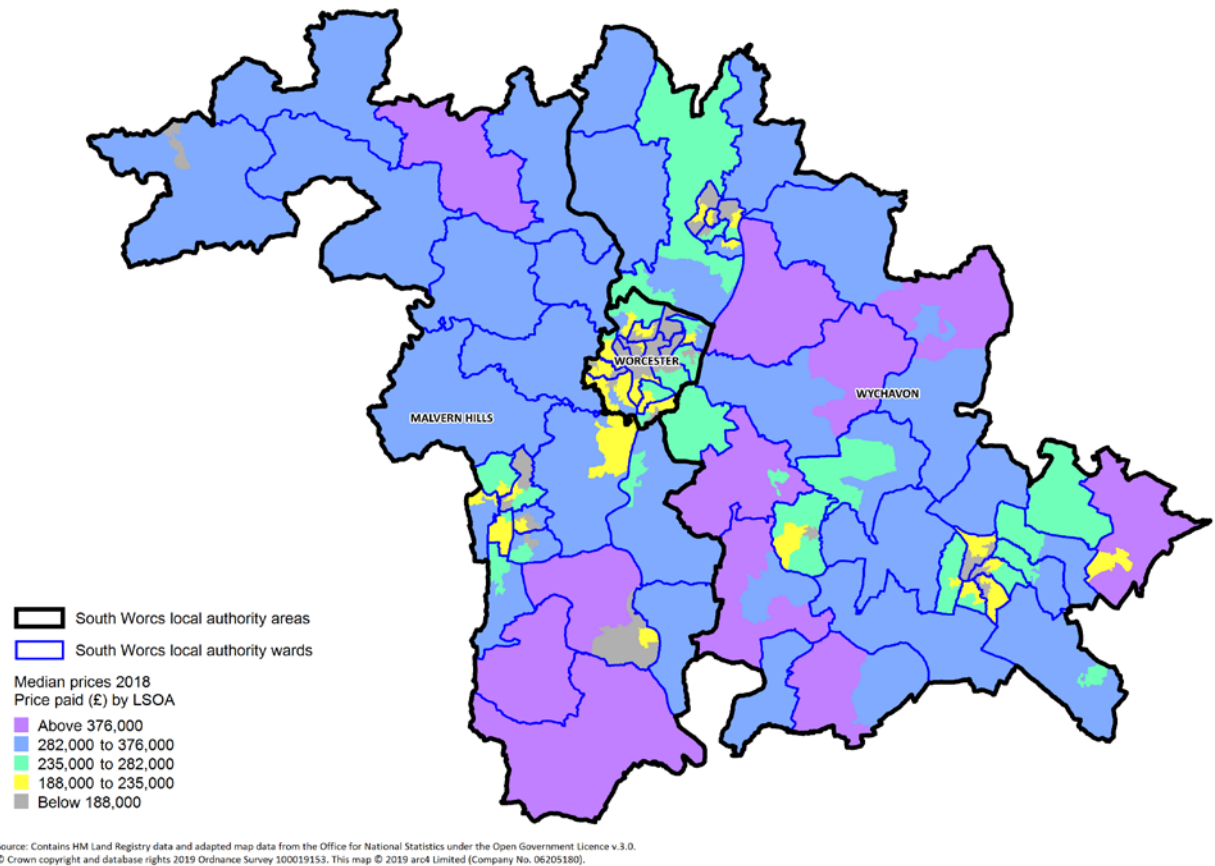
Source: Data produced by Land Registry © Crown copyright 2018

Map 3.2 Lower quartile house prices 2018 by LSOA across Worcester City

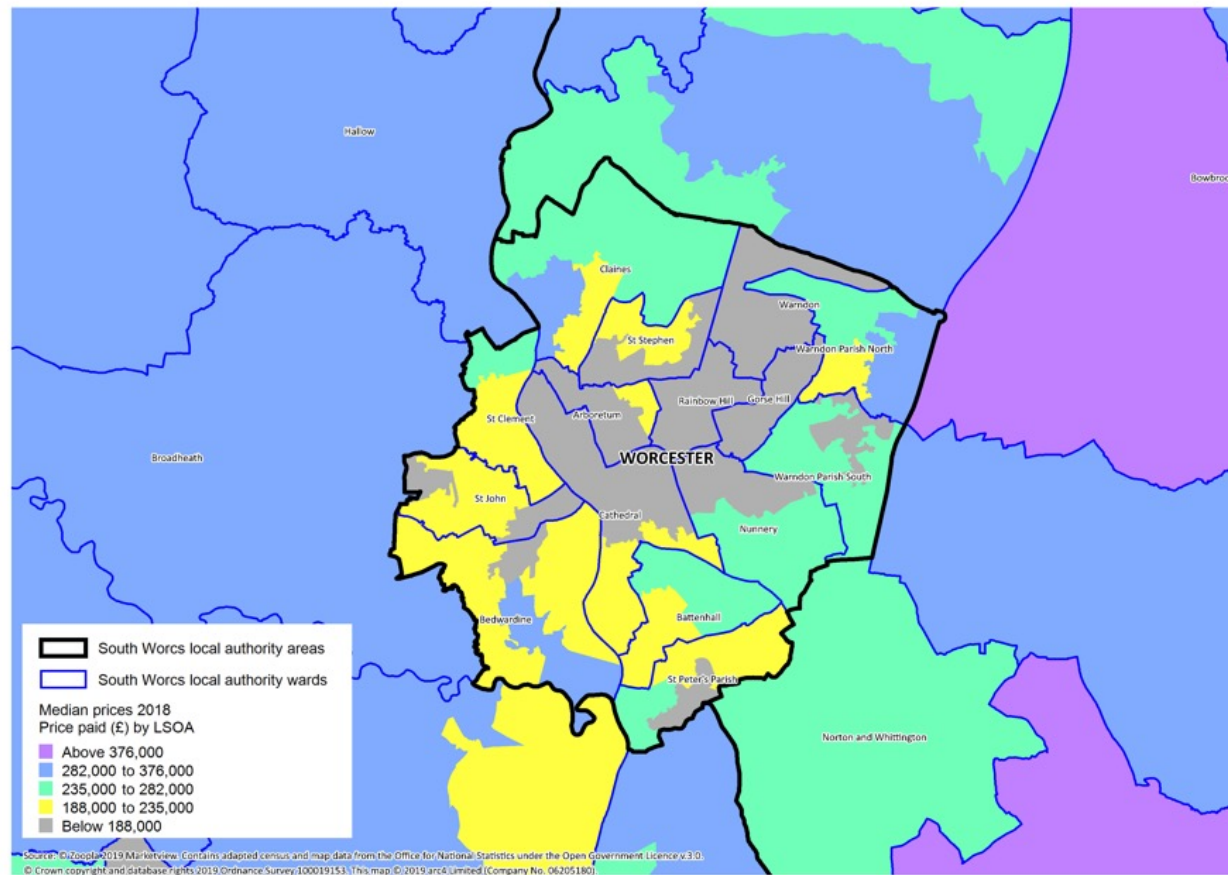


Source: Data produced by Land Registry © Crown copyright 2018

Map 3.3 Median house prices 2018 by LSOA across Worcester City and adjacent South Worcestershire authorities



Source: Data produced by Land Registry © Crown copyright 2018

Map 3.4 Median house prices 2018 by LSOA across Worcester City

Source: Data produced by Land Registry © Crown copyright 2018

Relative affordability

- 3.5 The relative affordability of open market dwellings in the city is compared to neighbouring local authorities in the West Midlands, South West, the West Midlands region 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.
- 3.6 In terms of relative affordability (ranked based on workplace-based least-to-most affordable), the city is the second most affordable local authority area of the 11 neighbouring local authority areas listed but less affordable than England and the region. In the district, the lower quartile house price to income ratio in 2018 was 7.63, i.e. lower quartile house prices are 7.63 x lower quartile gross earnings. This compares with a regional figure of 6.89 and national figure of 7.29. Note that under residence-based data, the affordability ratio is very similar, indicating that properties are neither more or less affordable.

Area	Workplace-based				Resident-based			
	2015	2016	2017	2018	2015	2016	2017	2018
Cotswold	11.45	12.89	12.96	12.39	11.35	12.55	12.22	11.77
Malvern Hills	9.25	10.79	10.75	10.18	8.89	9.24	8.92	9.19
Bromsgrove	10.84	11.56	10.40	10.69	7.45	8.30	8.41	9.06
Stratford-on-Avon	9.89	10.33	10.0	10.56	9.38	10.14	10.11	10.12
Wychavon	8.81	9.34	9.48	9.85	8.95	9.15	10.11	9.77
Forest of Dean	7.82	8.82	9.04	8.61	6.92	7.52	7.36	8.14
County of Herefordshire	8.82	8.51	8.77	9.51	8.67	8.22	8.91	9.03
Tewkesbury	8.22	8.13	8.69	8.63	8.19	8.67	8.96	9.78
Shropshire	7.99	8.16	8.55	8.15	7.50	7.79	7.72	7.76
Redditch	7.79	7.53	7.90	7.96	8.16	7.52	7.95	8.14
Wyre Forest	7.05	7.32	7.75	7.94	6.56	6.62	7.19	7.37
Worcester City	8.06	7.78	7.45	7.63	7.24	7.78	7.38	7.71
England	7.11	7.16	7.26	7.29	7.11	7.16	7.26	7.29
West Midlands	6.49	6.54	6.68	6.89	6.50	6.53	6.65	6.88

Source: ONS Ratio of house price to earnings

- 3.7 In terms of relative affordability based on median prices, Worcester City is the most affordable local authority area compared with its 11 neighbours, with a median income to house price ratio in 2018 of 6.79 as illustrated in Table 3.3. This is again based on Land Registry Price Paid and ONS Annual Survey of Hours and Earnings data. This compares with a regional figure of 6.78 and national figure of 8.00. Note that under residence-based data, the affordability ratio is slightly higher.

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

Source: ONS Ratio of house price to earnings

Migration and self-containment

- 3.8 Data reported in the 2011 Census provides evidence from which the degree of self-containment of Worcester City 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 HMA. A suitable test are two migration containment ratios:
- **Supply side (origin):** moves within the area divided by all moves whose origin is in the area, excluding long-distance moves; and
 - **Demand side (destination):** moves within the area divided by all moves whose destination is in the area, excluding long-distance migration.
- 3.9 Table 3.4 presents the relevant migration data for the city. Of the total 12,968 moving residents in the year preceding the census, 59.9% originated in Worcester City, 5.7% from Malvern Hills, 5.7% from Wychavon, 13.2% from elsewhere in the West Midlands and 15.5% from elsewhere in the UK. Excluding long-distance (elsewhere UK) moves, the base is 10,995 movers of whom 70.7% originated in Worcester City.
- 3.10 Table 3.5 summarises the containment ratios that apply to the origin and destination of moving residents excluding long-distance migration. Based on these criteria, the origin containment ratio is 70.7% and the destination is 74.4%. This indicates a 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	%	%
Worcester City	7,772	59.9	70.7	7,772	63.1	74.4
Malvern Hills	733	5.7	6.7	729	5.9	7.0
Wychavon	739	5.7	6.7	697	5.7	6.7
Birmingham	227	1.8	2.1	226	1.8	2.2
Wyre Forest	244	1.9	2.2	175	1.4	1.7
County of Herefordshire	208	1.6	1.9	118	1.0	1.1
Bromsgrove	158	1.2	1.4	106	0.9	1.0
Redditch	82	0.6	0.7	84	0.7	0.8
City of Bristol	35	0.3	0.3	71	0.6	0.7
Shropshire	90	0.7	0.8	70	0.6	0.7
Dudley	182	1.4	1.7	61	0.5	0.6
Rest of West Midlands	525	4.0	4.8	340	2.8	3.3
Elsewhere UK	1,973	15.2		1,861	15.1	
Total	12,968	100.0	100.0	12,310	100.0	100.0
Base (excluding long-distance moves)			10,995	10,449		

Source: 2011 Census

Table 3.5 Containment ratios

Origin	Moves within the area	All moves originating in the area	Containment Ratio
	7,772	10,995	70.7%
Destination	Moves within the area	All moves whose destination is in the area	Containment Ratio
	7,772	10,449	74.4%

Source: 2011 Census

Commuting patterns

- 3.11 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Worcester City travel to other areas, together with details of how many people commute into the city area. Table 3.6 presents this data. 61.8% of people who live in the city work in the city; by comparison, 57.9% of workers in the city, live in the city. This indicates a clear net inward movement of workers and illustrates the strength of the city as an economic centre within the region.

Table 3.6 2011 Census commuting flows: workers (aged 16-74 years)			
Where do people who live in Worcester City work?			
Live	Work	Number	%
Worcester City	Worcester City	29,042	61.8
	Wychavon	5,054	10.7
	Malvern Hills	3,904	8.3
	Birmingham	1,343	2.9
	Other	7,675	16.3
Workers		47,018	100.0
Where do people who work in Worcester City live?			
Live	Work	Number	%
Worcester City	Worcester City	29,042	57.9
Wychavon		5,753	11.5
Malvern Hills		4,967	9.9
Wyre Forest		2,387	4.8
Other		8,044	16.0
Jobs		50,193	100

Source 2011 Census

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

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

- 3.13 On this basis, it is concluded that the city cannot be considered to be self-contained in terms of the travel-to-work patterns of its own resident working population; however, it has a wider economic function within neighbouring Wychavon and Malvern Hills in particular which draws a considerable number of commuters into the city administrative area from these areas.

Housing market area

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

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

*economic area for South Worcestershire.*¹⁴ This evidence provides continued justification for the South Worcestershire Development Plan area.

Concluding comments

- 3.15 The purpose of this chapter has been to consider the general housing market context of Worcester City and its inter-relationships with other areas. By reviewing house prices, relative affordability, migration, travel to work patterns and dwelling completions, a picture of the market dynamics of the district emerges.
- 3.16 House prices in the city remain consistently higher than those for the West Midlands region as a whole and below those for England. In 2017/8, the median house price in the city was £192,500 compared to £184,000 across the West Midlands. The lower quartile house price in the city was £160,000 compared to £135,000 across the West Midlands.
- 3.17 Relative affordability, taking account of average earnings, shows Worcester City is less affordable than the England and West Midlands average. Compared with its 11 neighbouring authorities, it is the most affordable.
- 3.18 Analysis of migration and travel to work data indicates that the city is broadly self-contained in terms of migration but part of a wider functional economic area which is also corroborated by the South Worcestershire Economic Development Needs Assessment. This evidence provides continued justification for the established South Worcestershire Development Plan area for planning policy purposes.

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

4. Housing stock review

Introduction

- 4.1 The purpose of this chapter is to explore the characteristics of the city's housing stock focusing on the current stock profile, condition and tenure characteristics. This includes a detailed analysis of the major 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 city. According to the latest (2017) MHCLG data, there are a total of **45,550** dwellings across the city of which 1,274 are vacant. The vacancy rate of 2.8% compares with a vacancy rate of 2.5% across England. Latest data from the council (January 2019) reports 1,166 vacant dwellings of which 170 have been empty for between 1 and 2 years, 109 between 2 and 5 years and 42 over 5 years.
- 4.3 2018 Valuation Office Agency (VOA) data reports a total of **45,660** dwellings in the city. VOA data provides a detailed breakdown of property type and number of bedrooms by sub-area and has been presented in this chapter. Small differences in totals can be expected due to missing data.
- 4.4 Baseline dwelling statistics for each of the ward areas are set out in Table 4.1 based on 2018 VOA data.

Table 4.1 Dwelling stock by ward and parish	
Ward	Total Dwellings
Arboretum	3,120
Battenhall	2,340
Bedwardine	3,710
Cathedral	5,660
Claines	3,660
Gorse Hill	2,380
Nunnery	3,280
Rainbow Hill	2,680
St Clement	2,270
St John	3,880
St Peter's (Parished)	2,490
St Stephen	2,540
Warndon	2,750
Warndon Parish North (parished)	2,210
Warndon Parish South (parished)	2,430
Worcester City district total	45,400

Source: Worcester City VOA 2018

Dwelling size and type

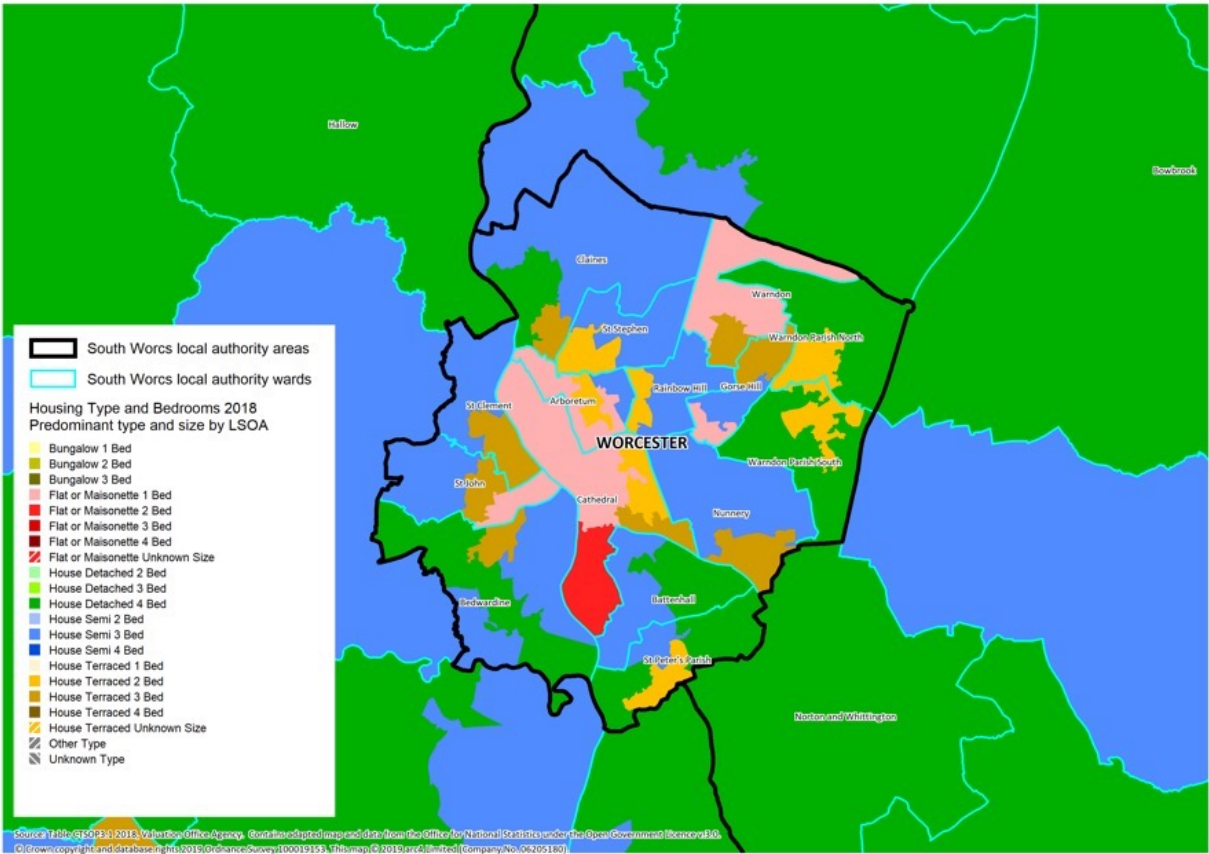
- 4.5 Table 4.2 shows the breakdown of dwelling stock by type and size.
- 4.6 Smaller one and two-bedroom houses account for 14.7% of overall dwelling stock and the proportion is highest in Arboretum (25.0%). Three or more-bedroom houses account for 59.0% of overall dwelling stock and the proportions are highest in Nunnery (74.6%).
- 4.7 Flats account for 21.4% of dwelling stock (20.3% have one or two bedrooms and 1.1% have three or more bedrooms) and the proportions are highest in Cathedral at 55.3% and in Warndon (42.2%).
- 4.8 Bungalows account for 4.9% of dwelling stock (2.9% have one to two bedrooms and 2% have three or more bedrooms). There are five Wards where around 10% of the dwelling stock are bungalows. The proportions are highest in Claines (11.4%) and St Peter's Parish (10.2%).
- 4.9 Map 4.1 summarises the predominant dwelling stock type and size by LSOA for Worcester City.

Table 4.2 Dwelling type and size by ward

Ward	Dwelling Type/size							Total	Base
	1/2 Bed House	3 Bed House	4+ Bed House	1/2 bed flat	3+ bed flat	1/2 bed bungalow	3+ bed bungalow		
Arboretum	25.0	31.6	9.5	31.3	1.3	0.9	0.3	100.0	3,160
Battenhall	12.0	39.1	24.0	15.0	0.0	4.3	5.6	100.0	2,330
Bedwardine	10.5	52.2	18.8	8.6	0.3	5.9	3.8	100.0	3,720
Cathedral	12.5	22.2	8.3	52.1	3.2	1.2	0.5	100.0	5,680
Claines	8.7	48.5	19.2	12.2	0.0	5.7	5.7	100.0	3,690
Gorse Hill	8.1	60.7	1.7	22.6	0.9	4.7	1.3	100.0	2,340
Nunnery	13.0	68.0	6.6	9.4	1.5	1.2	0.3	100.0	3,310
Rainbow Hill	18.2	59.5	4.5	16.3	0.0	1.5	0.0	100.0	2,640
St Clement	4.9	56.2	15.5	8.8	5.3	7.1	2.2	100.0	2,260
St John	15.3	52.1	7.5	20.5	1.3	1.8	1.6	100.0	3,860
St Peter's Parish	22.0	37.4	26.4	4.1	0.0	4.5	5.7	100.0	2,460
St Stephen	18.7	46.0	13.5	17.1	0.0	2.8	2.0	100.0	2,520
Warndon	15.3	37.1	3.3	41.8	0.4	2.2	0.0	100.0	2,750
Warndon Parish North	22.5	37.4	36.9	2.7	0.0	0.5	0.0	100.0	2,220
Warndon Parish South	18.9	35.8	36.6	6.2	0.0	0.8	1.6	100.0	2,430
Worcester Total	14.7	44.6	14.4	20.3	1.1	2.9	2.0	100.0	45,370

Source: Worcester City VOA Data 2018

Map 4.1 Predominant dwelling type and size: Worcester City



Dwelling age

- 4.10 The age profile of dwelling stock in the city is summarised in Table 4.3. Almost 1 in 5 (19.1%) properties were built pre-1919. The majority of the city's dwellings have been built since 1945, with the highest rates between 1983 and 1999 (23.3%).

Table 4.3 Age profile of the of dwelling stock		
Age of Dwellings	Number	%
pre-1919	8,650	19.1
1919-44	5,920	13.0
1945-64	7,640	16.8
1965-82	7,650	16.9
1983-99	10,570	23.3
post 1999	4,970	10.9
Total	45,400	100.0

Source: Valuation Office Agency 2018

Dwelling stock condition

- 4.11 The English Housing Survey (2013/14) produces national data on dwelling stock condition. Applying national trends to the stock profile of the city would suggest that around 18.9% of dwelling stock 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 which is estimated to be 10.9% (compared with 11.9% nationally).
- 4.12 A full definition of what constitutes a decent home is available from MHCLG¹⁵ 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.

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7812/138355.pdf

Table 4.4 Dwelling stock condition in England and Worcester City								
England		Fails decent homes criteria					All dwellings in group (000s)	% dwellings
Dwelling age (ehs)	-	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	-	40.1	28.7	11.2	3.9	11.9	4,648	20.0
1919-44	-	24.1	13.1	7.6	1.7	7.6	3,930	16.9
1945-64	-	16.6	8.0	3.6	2.0	5.7	4,505	19.4
1965-80	-	17.5	8.8	1.8	1.9	7.6	4,757	20.5
1981-90	-	17.6	4.7	*	.9	13.5	1,953	8.4
post 1990	-	1.5	1.5	*	*	*	3,460	14.9
Total		20.6	11.9	4.6	1.9	7.5	23,254	100.0
Worcester City		Fails decent homes criteria (estimate)					All dwellings	% dwellings
Dwelling age (ehs)	Dwelling age (voa)	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	pre-1919	3,466	2,479	968	333	1,031	8,640	19.1
1919-44	1919-44	1,424	776	447	102	450	5,920	13.1
1945-64	1945-64	1,268	607	278	149	436	7,620	16.8
1965-80	1965-82	1,340	673	140	146	581	7,670	16.9
1981-90	1983-92	912	245	*	49	698	5,180	11.4
post 1990	post 1992	151	151	*	*	*	10,320	22.8
Total		8,561	4,930	1,833	778	3,195	45,350	100.0
% of all stock in Worcester City		18.9	10.9	4.0	1.7	7.0		
National % (as above)		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

Note ‘*’ indicates sample size too small for reliable estimate

Housing development (past and planned)

Past trends in housing delivery

- 4.13 Over the ten years, 2006/07 to 2017/18 there has been an average of 358 completions (net) per year across the city (Table 4.5). Of these, an average of 104 have been affordable dwellings and 254 have been open market dwellings.

Table 4.5 Net dwelling completions 2006/07 to 2017/18			
Year	Affordable completions	Private completions	Total completions
2006/07	70	384	454
2007/08	88	282	370
2008/09	147	267	414
2009/10	82	243	325
2010/11	20	192	212
2011/12	114	199	313
2012/13	65	77	142
2013/14	100	180	280
2014/15	120	330	450
2015/16	257	354	611
2016/17	84	388	472
2017/18	99	151	250
12-year Total	1,246	3,047	4,293
Annual Average	104	254	358

Source: Annual Monitoring Report (AMR) 2018

- 4.14 Table 4.6 sets out the annual dwelling targets presented in policy SWDP 3 of the South Worcestershire Development Plan. Table 4.7 sets out the annual requirements for the constituent areas.
- 4.15 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

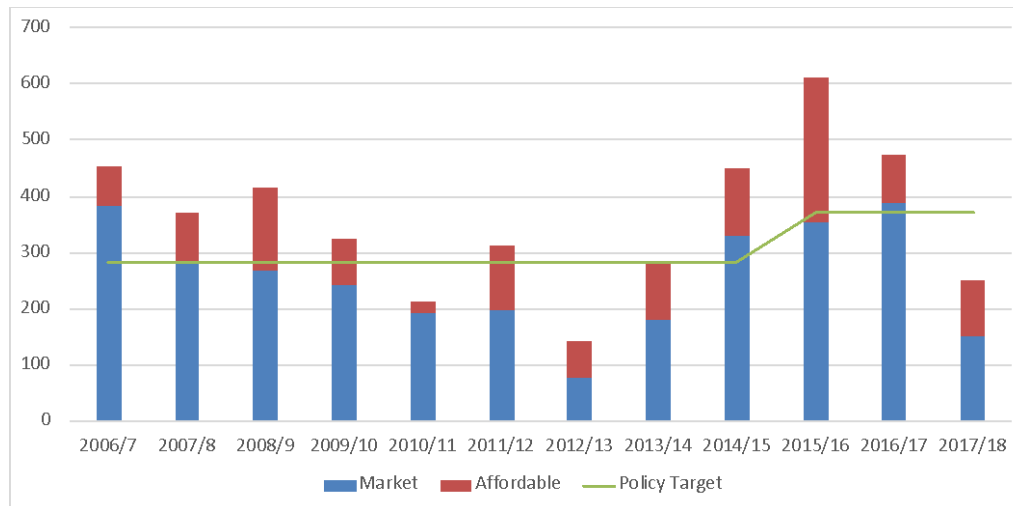
Sub Area	Area	Area Sub-Total	Market Housing	Affordable Housing
Wider Worcester Area (WWA)	Wider Worcester Area	12,150	8,350	3,800
	Wider Worcester Area (Worcester City)	6,800	5,100	1,700
	Wider Worcester Area (Malvern Hills and Wychavon*#)	5,350	3,250	2,100
Malvern Hills (excluding WWA)	Malvern Hills (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

*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

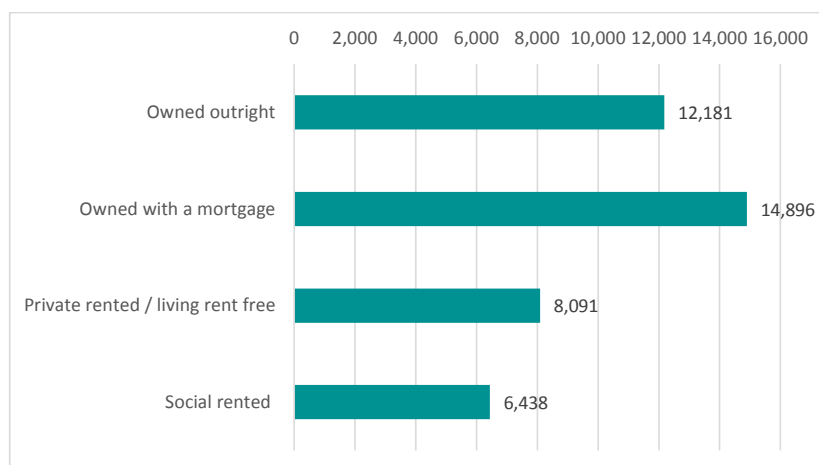
Area	Area Sub-Total	2006-2015	2015-18	2018-30
Wider Worcester Area (Worcester City)	6,800	283	371	261
Wider Worcester Area (Malvern Hills)	4,450	0	0	371
Wider Worcester Area (Wychavon)	900	56 (2014/15 only)	56	56
Malvern Hills (excluding WWA)	5,650	235	308	217
Wychavon (excluding WWA)	10,600	442	578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

Figure 4.1 Dwelling completions compared with the annual core strategy target

Source: Worcester City AMR and SWDP Plan Targets

Housing Tenure

4.16 Based on the 2011 Census, the tenure profile of the city is summarised in Figure 4.2. Overall, 65.1% of occupied dwellings are owner-occupied, 15.5% are rented from a social housing provider, 19.4% are private rented (including rent free accommodation).

Figure 4.2 Worcester City: tenure profile of households

Source: 2011 Census

- 4.17 The ONS has produced sub-national dwelling stock by tenure estimates for local authorities across England 2012-2017. The data shows¹⁶ that:
- The proportion of owner-occupied stock was 60.9% of total stock in 2012 and 54.4% in 2017;
 - The proportion of private rented stock was 23.6% in 2012 and 29.2% in 2017;
 - By deduction, affordable stock represented around 15.5% of stock in 2012 and 16.3% in 2017.
- 4.18 Data from the Regulator of Social Housing SDR return 2018 suggest the affordable stock represents 15.4% of all dwellings.
- 4.19 These data would suggest that the tenure profile of the city has changed since 2011, with a particular increase in the private rented sector. However, 2011 census relates to households and the ONS data relates to dwellings and there is no further up to date information on the households occupying different tenures.

The owner-occupied sector

- 4.20 According to the 2011 Census, 65.4% of households across the city was owner occupied. 29% of all households (12,181) owned their homes outright, 35.4% of all households (14,896) had a mortgage or loan and 1.0% (436) were shared ownership.
- 4.21 94% of owner-occupied dwellings were houses or bungalows, of which 30.7% were detached, 39.0% semi-detached and 24.2% terraced. 6% of owner-occupied dwellings were flats/apartments. In terms of property size, 3.6% of dwellings had one-bedroom, 20.2% had two bedrooms, 52.1% had three-bedrooms. 24.1% had four or more-bedrooms¹⁷.
- 4.22 Over the period 2000 to 2018, Land Registry data reveals that lower quartile, median and average house prices across Worcester City increased dramatically. This is summarised in Table 4.8. As shown in Table 3.1, median house price change in Worcester City (+163.7%) has been similar to that experienced in neighbouring South Worcestershire districts of Wychavon (152.4%), Malvern Hills (162.5%) but lagged behind regional (174.6%) and national (186.6%) price increases.
- 4.23 It is interesting to note that in 2000, a household income of £15,416 was required for a lower quartile price to be affordable; by 2018 this had increased to £45,714. In comparison, an income of £18,771 was required for a median priced property to be affordable in 2000 compared with £55,000 in 2018.

¹⁶ Sample errors exceed +/-5% for these data

¹⁷ 2011 Census data

Table 4.8 Lower Quartile and median price and income required to be affordable				
Worcester City	House Price (£)		Income to be affordable*	
	2000	2018	2000	2018
Lower Quartile	£59,950	£160,000	£15,416	£45,714
Median	£73,000	£192,500	£18,771	£55,000

Source: Data produced by Land Registry © Crown copyright 2018

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

- 4.24 A range of socio-economic and demographic information on residents has been obtained from the 2011 Census.
- 4.25 In terms of household type, 22.3% of owner occupiers are older (65 or over) singles and couples, 21.7% are couples (under 65 with no children), 22.6% are couples with children under 18, 14.4% are singles (under 65), 7.2% are couples with adult children, 3.3% are lone parents with adult children, 3.6% are lone parents with children under 18 and 5.0% are other household types;
- 4.26 70.6% of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment and a further 26.5% are wholly retired from work;
- 4.27 27.8% of households in owner occupation are aged over 65. 72.2% are aged under 64, with 29.3% being between the ages of 50 and 64 and 32.1% aged between 35 and 49.

The private rented sector

- 4.28 The Government's Housing Strategy (November 2011)¹⁸, set out the Government's plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.
- 4.29 The private rented sector in England was growing. the Census 2011 confirmed that the sector totalled 16.8% of the city's dwelling stock, an increase from 8.8% in 2001. Increasing house prices pre-2007 and the struggling sales market when the downturn came are both factors that have underpinned the growth of the rental market for both 'active choice' renters and 'frustrated would-be' homeowners. Tenure reform and less accessible social rented housing are also likely to be an increasing factor to the growth in the private rented sector and it clearly plays a vital role in meeting housing need as well as providing an alternative to home-ownership.
- 4.30 Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However,

¹⁸ *Laying the Foundations; A Housing Strategy for England, 2011*

this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.

- 4.31 The private rented sector accommodates around 12.3% (6,102) of households across the city. Discussions with lettings agents confirms that there is strong demand for private rented accommodation across the city, but supply is being affected by small-scale landlords disinvesting and a lack of new investors into the sector. The growth in households letting rooms through internet portals such as sparerroom.co.uk is also noted.
- 4.32 Almost three-fifths (57.1%) of private rented stock consists of houses or bungalows, of which 8.3% are detached, 22.1% are semi-detached and 26.7% are terraced. Over two-fifths (42.9%) of private rented properties in the city are flats or apartments. In terms of number of bedrooms, 26.2% of private rented dwellings have one-bedroom, 38.2% have two-bedrooms, 25.4% have three-bedrooms and 10.2% have four or more bedrooms¹⁹.
- 4.33 Tables 4.9 and 4.10 set out the comparative median and lower quartile rents for Worcester City, the West Midlands and England as a whole.
- 4.34 The tables indicate that 2018 median (£644 pcm) and lower quartile (£498 pcm) rental prices are lower in the city than regional and national levels.
- 4.35 Over the period 2010 to 2018, across the city, lower quartile rents have increased by 5.5% and median rents by 12.6%. Across the West Midlands and England, rents have increased more markedly.

Table 4.9 Comparative median rental price 2010-2018			
Location	Median price by year (£)		% change 2010-2018
	2010	2018	
Worcester City	572	644	+12.6%
West Midlands	546	650	+19.0%
England	893	1,075	+20.4%

Source: © 2018 Zoopla Limited

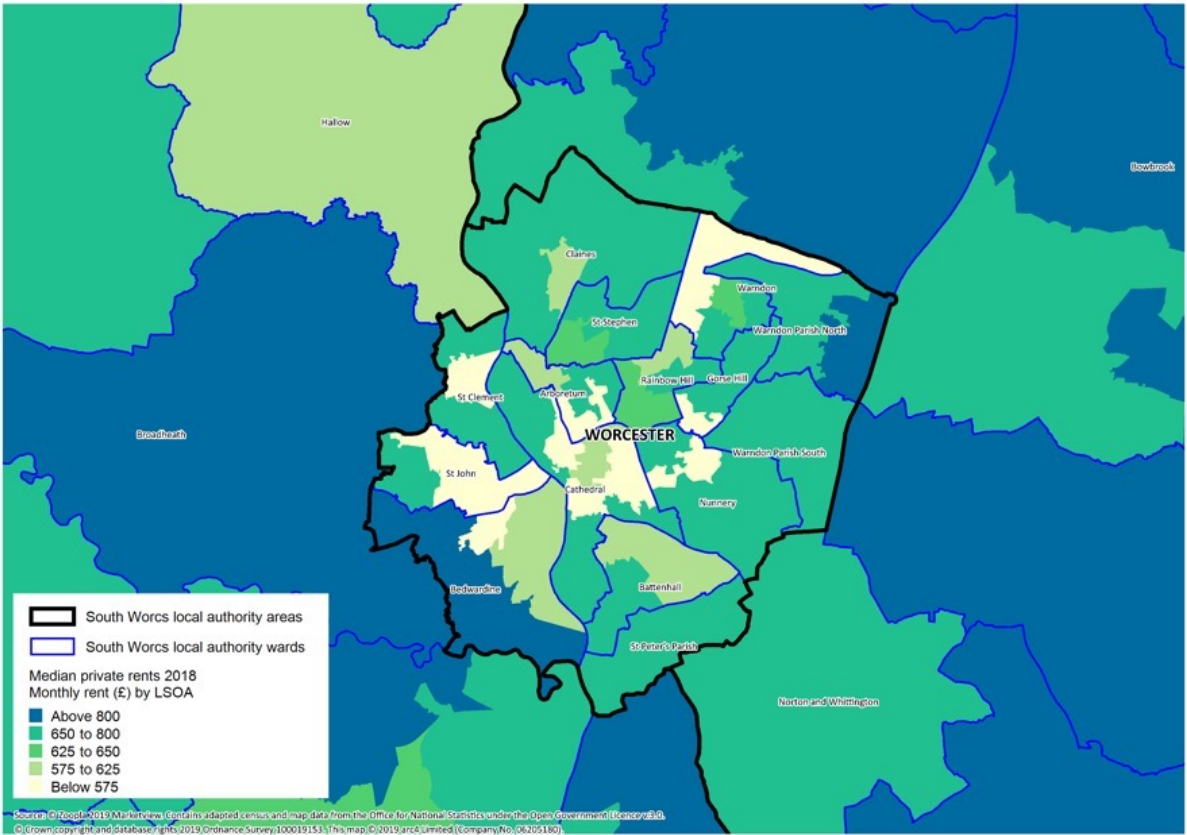
¹⁹ 2011 Census data

Table 4.10 Comparative lower quartile rental price 2010-2018 (£pcm)			
Location	Lower quartile price by year (£)		% change 2010-2018
	2010	2018	
Worcester City	472	498	5.5%
West Midlands	472	524	+11.0%
England	598	676	+13.0%

Source: © 2018 Zoopla Limited

- 4.36 In terms of spatial variation, Map 4.2 shows 2018 median rents across the city and extending into neighbouring districts. This indicates that private rents tend to be lower in the city compared with neighbouring districts, with relatively higher prices on the peripheral areas of the city.
- 4.37 Letting agents report strong demand particularly for 2-bedroom homes and that most lettings were to couple and young families. They reported that the university has a big impact on the sector and that investors are aware of the growth of the university and are acquiring property. However, the council notes that the university has terminated supply contacts with many HMO landlords, and they are moving towards purpose-build student accommodation.

Map 4.2 Median rents 2018 by lower super output area



Source: © 2018 Zoopla Limited

- 4.38 Local Housing Allowance rates for the city were also examined. Worcester City is within the Worcester South Broad Rental Market Areas (BRMA)²⁰ which also extends into parts of Wychavon and Malvern Hills:

Worcester South BRMA maximum rentals are:

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

- 4.39 We also examined the adjoining local authority LHA rates for a comparison with Worcester City rates. Table 4.11 highlights the LHA rates per week applicable in Worcester City and adjoining and nearby BRMAs.

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

Source: VOA / LHA rates per week

- 4.40 Census 2011 data provides information on the characteristics of private rented sector tenants:

- 3.7% of tenancies were of older (65 or over) singles and couples;
- 33.0% were singles aged under 65;
- 19.7% were couples (under 65 with no children);
- 14.7% were couples with children;

²⁰ A Broad Rental Market Area is an area 'within which a person could reasonably be expected to live having regard to facilities and services for purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport and from those facilities and services'. A BRMA must contain 'residential premises for a variety of types, including such premises held on a variety of tenures' PLUS 'sufficient privately rented residential premises, to ensure that, in the rent officer's opinion, the LHA for the area is representative of the rents that a landlord might reasonably be expected to obtain in that area' Source: VOA BRMA statistics

- 12.2% were lone parents;
- 16.6% were other household types;
- 79.7% of Household Reference People (HRP)(heads of household) living in private rented housing are in employment and 5.6% are unemployed;
- 53.1% of households in private rented housing are aged between 16 and 34, 28.6% are aged between 35 and 49. Only 6.5% are aged over 65.

4.41 Latest data from the Department for Work and Pensions (November 2018) indicates that 1,557 households living in the private rented sector claim Housing Benefit.

Affordable sector

4.42 There are two key sources of secondary data which can explore the characteristics of the affordable sector: the 2011 census and the latest (2018) Regulator of Social Housing's Statistical Data Return (SDR). The SDR provides up to date information on overall dwelling stock number and size of dwelling. The 2011 census provides a broader range of data on the characteristics of households living in affordable housing.

4.43 The SDR identified 8,134 affordable dwelling comprising 6,227 general needs, 463 supported, 961 dwellings for older people and 483 intermediate tenure dwellings.

4.44 Using a base of all 45,660 dwellings within the city as at in 2018, 17.8% of all dwellings are affordable dwellings. Of these, 31.9% have one-bedroom, 32.2% have two-bedrooms, 33% have three-bedrooms and 2.8% have four or more-bedrooms.

4.45 The Census 2011 stated that there are around 6,438 households who live in an affordable (social rented) property across the city, accounting for 15.3% of all occupied dwellings of which:

- 51.8% of dwellings are houses or bungalows, of which;
- 3.1% are detached, 34.4% are semi-detached and 14.3% are terraced;
- 48.2% of all affordable dwellings are flats or apartments;
- 31.7% of all affordable dwellings have one-bedroom;
- 29.7% have two bedrooms;
- 35.3% have three bedrooms and 3.4% have four or more bedrooms.

4.46 Within the affordable sector, around 25.6% of HRPs are aged over 65, 24.5% are aged between 16 and 34 and around 27.2% are aged between 35 and 64.

4.47 Around 41.1% of HRPs within the affordable sector are in employment. 9.4% are unemployed, 25.8% are wholly retired from work and 11.9% are long-term sick or disabled.

4.48 Regarding household composition, around:

- 21.7% of households contain singles or couples aged over 65,
- 21.8% are lone parent households, with 69.3% of these having children aged under 18;

- 18.7% of households are couples with children,
- 7.7% are couples with no children.;
- 24.8% are single occupants aged under 65; and
- 5.3% are 'other' household types.

Concluding comments

- 4.49 The purpose of this chapter has been to explore the current housing market dynamics affecting and influencing the housing market within Worcester City. This chapter has provided detail on the current profile of dwellings by type, tenure and size along with property condition and property prices.
- 4.50 VOA 2018 data shows that majority of properties in Worcester City are houses (73.7%), 21.4% are flats/apartments and 4.9% are bungalows. 12.5% have one bedroom, 25.5% have two bedrooms, 46.8% have three bedrooms and 15.3% have four or more bedrooms.
- 4.51 In terms of overall tenure, 65.4% of households live in owner occupation, 19.2% live in private rented accommodation and 15.3% live in affordable (social rented) housing. An analysis of house prices indicates that owner occupation become more expensive in the district in recent years however private rental costs have remained fairly static.
- 4.52 It is notable that the private rented sector houses relatively few older people and significantly more younger people than the affordable rented sector.

5. Affordable housing need and the needs of different groups

Introduction

- 5.1 The 2019 National Planning Policy Framework (NPPF) 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 states 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) states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required.
- 5.3 The 2019 PPG considers how the housing need of particular groups relates to overall housing need calculated using the standard model:

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

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

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

The household projections that form the baseline of the standard method are inclusive of all households including Gypsies and Travellers as defined with Planning Policy for Traveller Sites'²¹

- 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.

This chapter uses secondary data sources to assess affordable housing requirements in general and for particular groups in the city.

²¹ PPG 2019 Paragraph: 017 Reference ID: 2a-017-20190220

Affordable Housing Needs Assessment

- 5.5 As set out in the NPPF, a robust and defensible assessment of affordable housing need is essential for the development of housing policies.
- 5.6 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)
- 5.7 The NPPF provides detailed definitions of different forms of affordable housing; this is set out in Chapter 1 of this report.
- 5.8 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 sources are used to provide the robust and transparent evidence base required to assess housing need across the Worcester City area. This is presented in detail at Appendix C of this report.
- 5.9 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.
- 5.10 Table 5.1 summarises the various stages of the analysis. A detailed discussion of the modelling is presented at Appendix C, along with a breakdown of affordable need findings by ward and parish.

Table 5.1 Affordable Needs Assessment Summary for Worcester City

		WORCESTER CITY TOTAL
Stage1: CURRENT NEED		
1.1	TOTAL in need and cannot afford open market (buying or renting)	3,989
Stage 2: FUTURE NEED		
2.1	New household formation (gross per year)	682
2.2	Percentage of new households requiring affordable housing	55.2%
2.2	Number of new households requiring affordable housing	377
2.3	Existing households falling into need	Included in Stage 1
2.4	Total newly-arising housing need (gross each year) (2.2+2.3)	377
Stage 3: AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need	1,210
3.2	Surplus stock	0
3.3	Committed supply of new affordable units	see comment at para 5.14
3.4	Total affordable housing stock available	1,210
3.5	Annual supply of social re-lets (net)	552
3.6	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	6
3.7	Annual supply of affordable housing	558
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED		
4.1	Total backlog need	2,779
4.2	Quota to reduce over 5 years (20%)	20%
4.3	Annual backlog reduction	556
4.4	Newly-arising need (from 2.5)	377
4.5	Total annual affordable need (4.3 + 4.4)	932
4.6	Annual affordable capacity (3.7)	558
5.1	Net annual imbalance	374

- 5.11 The above analysis indicates a net imbalance of 374 affordable dwellings each year over the next five years across the city based on the latest available data from the housing register. This is a minimum need as it is based on the number of households who have registered. This is likely to be a smaller number than all households in need in the city as some will not have registered, seeking other options such as private rented sector housing.
- 5.12 There is an affordable newbuild pipeline supply of around 417 affordable units will help to address the needs evidenced. Given the scale of need, it is important that the

council maintains an affordable housing target to ensure the continued delivery of affordable housing to support long-term community sustainability.

Size of affordable dwellings

- 5.13 Regarding the size of affordable dwellings to be built, the housing register evidence would suggest a skew towards smaller dwellings, but this is based on the allocation policy recognised position on housing needs rather than wants or aspirations.

Table 5.2 Affordable need by number of bedrooms	
No. Bedrooms	% based on housing register
1-bedroom	53.3
2-bedroom	32.6
3-bedroom	11.0
4 or more-bedroom	3.1
Total	100.0

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

Tenure split

- 5.15 No tenure preference data is available from the housing register. A tenure preference would indicate a preference for social rented housing or intermediate housing such as affordable rent, shared ownership or other forms of affordable housing defined by the NPPF. An intermediate affordable tenure is one that would cost more than a social rent but less than an entry level market rent or house purchase. 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 across the city and its wards is explored in Table 5.3. This includes affordable and market rent options and intermediate tenure options, including shared ownership. Table 5.4 shows the income required for alternative tenure options to be affordable and Table 5.5 presents the assumptions underpinning the analysis.
- 5.18 This analysis indicates that the city-wide average for open market housing at the minimum income required is £23,904 for rent (for lower quartile or entry-level renting) or £41,143 for buying (for lower quartile or entry-level house prices). These amounts can be shown to vary by ward (Table 5.3), for example income requirements for entry-level renting range between £20,400 in Bedwardine and St Johns wards; and £31,200 in both Gorse Hill and Warndon Parish North wards. For entry-level home ownership, income requirements range between £30,857 in Warndon and £48,343 in Claines.

Table 5.3 Cost of alternative tenure options by ward

Tenure option	Price (2018)															
	Arboretum	Battenhall	Bedwardine	Cathedral	Claines	Gorse Hill	Nunnery	Rainbow Hill	St Clement	St John	St Peter's Parish	St Stephen	Warndon	Warndon Parish North	Warndon Parish South	Worcester Total
Social Rent (average)	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400
Affordable Rent	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473	£473
Market Rent - Lower Quartile	£511	£550	£425	£496	£594	£650	£576	£550	£446	£425	£585	£550	£451	£650	£646	£498
Market Rent - Median	£598	£650	£524	£594	£676	£724	£702	£624	£698	£468	£676	£683	£576	£693	£693	£644
Market Rent - Upper Quartile	£702	£793	£776	£750	£750	£750	£793	£893	£802	£676	£724	£793	£702	£823	£849	£750
Market Sale - Lower Quartile	£132,000	£185,000	£180,000	£148,000	£188,000	£130,000	£165,000	£145,000	£172,000	£155,000	£179,000	£161,500	£120,000	£175,000	£180,000	£160,000
Market Sale - Median	£170,000	£231,250	£221,000	£182,100	£250,250	£158,000	£191,000	£166,500	£200,000	£180,000	£233,500	£195,000	£159,750	£246,750	£227,500	£192,500
Market Sale - Average	£182,301	£269,516	£247,840	£204,203	£263,239	£167,335	£223,936	£170,928	£239,562	£206,818	£239,212	£221,872	£162,945	£240,830	£237,108	£219,711
Starter Home	£136,000	£185,000	£176,800	£145,680	£200,200	£126,400	£152,800	£133,200	£160,000	£144,000	£186,800	£156,000	£127,000	£197,400	£182,000	£154,000
Shared ownership (50%)	£85,000	£115,625	£110,500	£91,050	£125,125	£79,000	£95,500	£83,250	£100,000	£90,000	£116,750	£97,500	£79,375	£123,375	£113,750	£96,250
Shared ownership (25%)	£42,500	£57,813	£55,250	£45,525	£62,563	£39,500	£47,750	£41,625	£50,000	£45,000	£58,375	£48,750	£39,688	£61,688	£56,875	£48,125
Help to buy	£170,000	£231,250	£221,000	£182,100	£250,250	£158,000	£191,000	£166,500	£200,000	£180,000	£233,500	£195,000	£158,750	£246,750	£227,500	£192,500
Discounted Home Ownership	£127,611	£188,661	£173,348	£142,942	£184,267	£117,134	£156,755	£119,650	£167,694	£144,773	£167,448	£155,310	£114,062	£168,581	£165,976	£153,798

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

Table 5.4 Income required for alternative tenure options

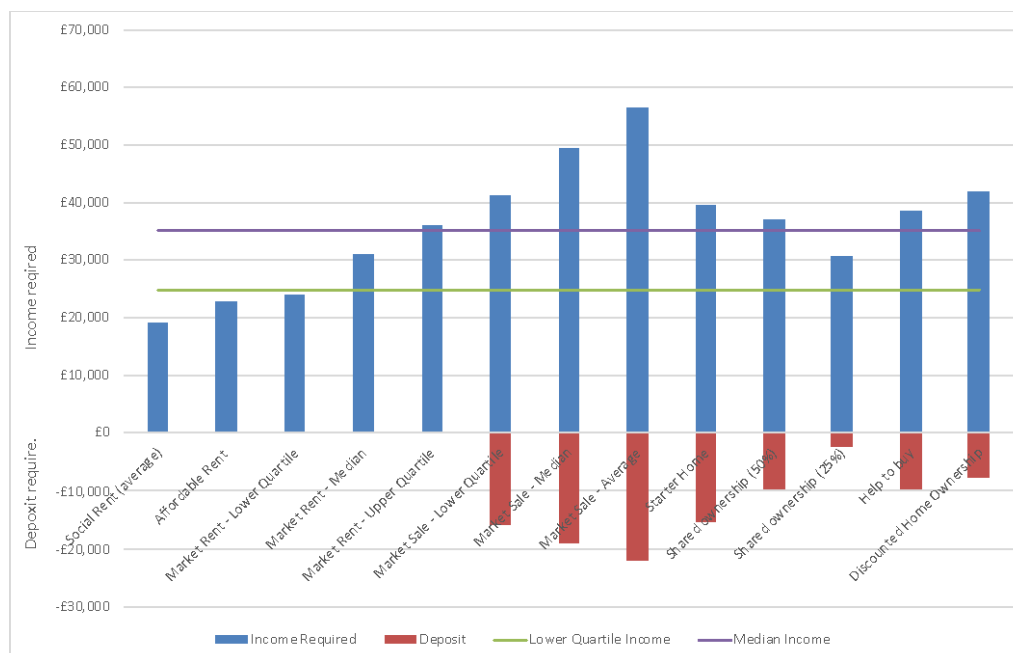
Tenure option	Income required (2018)															
	Arboretum	Battenhall	Bedwardine	Cathedral	Claines	Gorse Hill	Nunnery	Rainbow Hill	St Clement	St John	St Peter's Parish	St Stephen	Warndon	Warndon Parish North	Warndon Parish South	Worcester Total
Social Rent	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215	£19,215
Affordable Rent	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709	£22,709
Market Rent - Lower Quartile	£24,528	£26,400	£20,400	£23,808	£28,512	£31,200	£27,648	£26,400	£21,408	£20,400	£26,080	£26,400	£21,648	£31,200	£31,008	£23,904
Market Rent - Median	£28,704	£31,200	£25,152	£28,512	£32,448	£34,752	£33,696	£29,952	£33,480	£22,464	£32,448	£32,760	£27,648	£33,264	£33,264	£30,888
Market Rent - Upper Quartile	£33,696	£38,064	£37,248	£36,000	£36,000	£36,000	£38,064	£33,264	£38,496	£32,448	£34,752	£38,064	£33,696	£39,504	£40,752	£36,000
Market Sale - Lower Quartile (assumes 10% deposit)	£33,943	£47,571	£46,286	£38,057	£48,343	£33,429	£42,429	£37,286	£44,229	£39,857	£46,029	£41,529	£30,857	£45,000	£46,286	£41,143
Market Sale - Median (assumes 10% deposit)	£43,714	£59,464	£56,829	£46,826	£64,350	£40,629	£49,114	£42,814	£51,429	£46,286	£60,043	£50,143	£40,821	£63,450	£58,500	£49,500
Market Sale - Average (assumes 10% deposit)	£46,877	£69,304	£63,679	£52,509	£67,690	£43,029	£57,583	£43,953	£61,602	£53,182	£61,512	£57,053	£41,900	£61,928	£60,971	£56,497
Starter Home	£34,971	£47,571	£45,463	£37,461	£51,480	£32,503	£39,291	£34,251	£41,143	£37,029	£48,034	£40,114	£32,657	£50,760	£46,800	£39,600
Shared ownership (50%)	£32,887	£44,131	£42,249	£35,108	£47,619	£30,684	£36,742	£32,245	£38,394	£34,723	£44,544	£37,476	£30,822	£47,024	£43,539	£37,162
Shared ownership (25%)	£27,241	£36,450	£34,909	£29,060	£39,307	£25,436	£30,398	£26,714	£31,751	£28,744	£36,788	£31,000	£25,549	£38,829	£35,982	£30,768
Help to buy	£34,000	£46,250	£44,200	£36,420	£50,050	£31,600	£38,200	£33,300	£40,000	£36,000	£46,700	£39,000	£31,750	£49,350	£45,500	£38,500
Discounted Home Ownership	£34,637	£51,208	£47,052	£38,799	£50,015	£31,794	£42,548	£32,476	£45,517	£39,295	£45,450	£42,156	£30,960	£45,758	£45,051	£41,745

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

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

Figure 5.1 Affordability by tenure



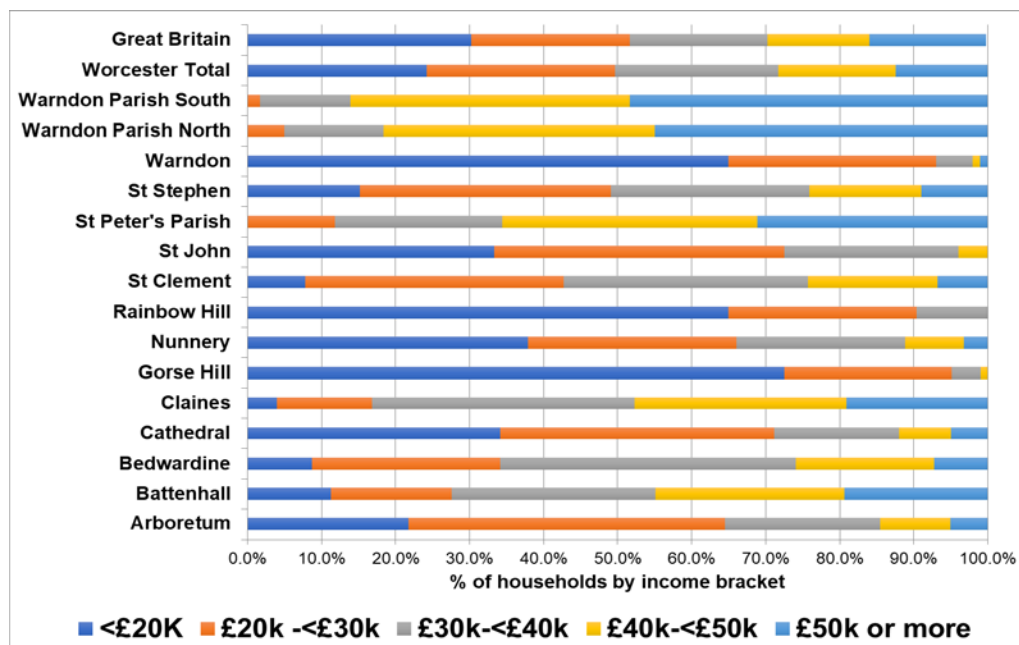
Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, CLG, HCA, TRANSUNION UK CAMEO SEGMENTATION

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

- 5.20 The figure indicates that social rent, affordable rent and lower quartile market rent is affordable for households on lower quartile incomes. Households on median incomes can afford a higher proportion of housing options including market rent, shared ownership (25%) and Help to Buy. By comparison, the majority of people – on lower quartile or median incomes – could not truly afford properties for sale on the open market at either the lower quartile level, the average or the 75th percentile level, starter homes and shared ownership (50%). The data shows the particular problem faced by households who do not have either existing equity or savings.
- 5.21 Ward-level household income data has been sourced for the city using CAMEO data. The distribution of household income is summarised in Figure 5.2. This indicates considerable variation in income distribution by ward, with the proportion of households with lower incomes (less than £20,000 each year) highest in the wards of Gorse Hill (72.5%), Warndon (65.0%) and Rainbow Hill (64.9%). High income households were particularly prevalent in Warndon Parish South (where 48.4% had an income of £50,000 or more), Warndon Parish North (45.0%) and St Peter's Parish

(31.1%) although there are also pockets of lower income households in these areas too.

Figure 5.2 Distribution of household income



Source: TransUnion UK CAMEO segmentation

- 5.22 Table 5.6 shows the Local Housing Allowance (LHA) rates that apply to Worcester City which is located in the Worcester South Broad Rental Market Areas (BRMA). The table also shows the incomes required to afford to rent at these rates. These rates are a significant benchmark as they are the maximum private rented sector rent levels that would be covered by housing benefit. The VOA estimates these levels as fraction of average rents over a wide area.
- 5.23 Table 5.6 also shows the relative affordability of Local Housing Allowance rates in the City along with the proportion of households who can/cannot afford based on CAMEO income data (2018). Table 5.6 highlights the proportions of households who can afford each LHA category and those who cannot. The data shows that the shared accommodation rate is affordable for the majority of households (86.5%) in the city. However, the affordability decreases as the number of bedrooms increases, with around 51.8% of households unable to afford a tenancy at the 3-bedroom rate and 71.6% could not afford the 4-bedroom rate.

Table 5.6 LHA rates for Worcester South BRMA and relative affordability				
Rate	Rate per week	Annual Income required	% of households who can afford	% of households who cannot afford
Shared accommodation rate	£70.32	£14,627	86.5	13.6
1-bedroom rate	£99.06	£20,604	75.8	24.2
2-bedroom rate	£128.19	£26,664	60.6	39.4
3-bedroom rate	£153.02	£31,828	48.2	51.8
4-bedroom rate	£193.98	£40,348	28.4	71.6

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

Household Groups with specific housing needs

Introduction

- 5.24 The NPPF Paragraph 61 acknowledges that there are a range of household groups who have particular housing requirements. These are defined at the beginning of this chapter.
- 5.25 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.
- 5.26 The PPG²² states *'The need for housing for particular groups of people may well exceed, or be proportionally high, in relation to the overall housing need figure calculated using the standard method. This is on the basis that the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. When producing policies to address the need of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the constraint of the overall need established'*.
- 5.27 The PPG makes specific reference to housing for older people; housing for people with disabilities; the private rented sector; and self-build and custom housebuilding. The following sections look at other groups and consider their particular housing needs in the light of the NPPF and specific PPG considerations.

Families with children

- 5.28 The 2011 Census found that families with children account for 35.3% of households across the city. Households that are families with dependent children make up 26.7% of the total. Households with non-dependent children (aged 18 or over) living with them make up 8.6%.

²² 2019 PPG Paragraph: 017 Reference ID: 2a-017-20190220

- 5.29 According to the 2014-based CLG household projections, the number of households with children is expected to increase by around 711 over the period 2016-2030. Arc⁴ national data (Table 5.7) 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 5.7 Family housing choices			
Dwelling type/size	Current Dwelling (%)	Aspiration (%)	Expectation (%)
1 or 2-bedroom house	17.5	7.7	16.4
3-bedroom house	45.7	37.8	45.3
4 or more-bedroom house	29.6	44.4	28.0
1 or 2-bedroom flat	4.0	1.9	3.5
3 or more-bedroom flat	0.6	0.8	0.7
1 or 2-bedroom bungalow	0.7	2.5	2.9
3 or more-bedroom bungalow	1.6	3.6	2.2
Other	0.2	1.2	1.1
TOTAL	100.0	100.0	100.0
Base	304,451	70,433	68,425

Source: arc4 national surveys

Housing for older people

- 5.30 PPG notes that *'the need to provide housing for older people is critical as people are living longer lives and the proportion of older people in the population is increasing'*²³.
- 5.31 A major strategic challenge for the council is to ensure that there is a range of appropriate housing provision, adaptation and support for the city's older population.
- 5.32 The number of people across Worcester City aged 65 or over is projected to increase significantly during the plan period, from 16,700 in 2016 to 21,600 by 2030 (29.3% increase)²⁴. The increase in the population aged 85 or over is considerable, rising from 2,300 to 3,400 persons during the period 2016-2030 (47.8% increase).
- 5.33 According to 2014-based household projections the number of households headed by someone aged 60 and over is expected to increase by 2,460. 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.
- 5.34 Arc⁴ national data (Table 5.8) indicates that older people in particular, are 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

²³ Paragraph: 020 Reference ID: 2a-020-20180913

²⁴ ONS 2016-based Subnational population projections

households, it is important that the council recognises the impact this will have on the range of dwelling types and sizes being developed over the plan period.

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

Source: arc4 national surveys

- 5.35 The PPG indicates that *‘The health and lifestyles of older people will differ greatly, as will their housing needs. Strategic policy-making authorities will need to determine in relation to their plan period the needs of people who will be approaching or reaching retirement as well as older people now’*. PPG continues *‘Strategic policy-making authorities will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services and providing more options for older people to move could also free up houses that are under occupied.’* These matters have been considered in Worcestershire County-wide extra care and older persons housing strategies.
- 5.36 The PPG recommends the following are considered in an assessment of older persons’ need:
- The future need for specialist accommodation (e.g. sheltered, enhanced sheltered, extra care, registered care), broken down by type and tenure(C3);
 - The need for care in residential institutions (C2); and
 - The role of general housing and in particular bungalows and homes that can be adapted to meet a change in needs.
- 5.37 C2 and C3 are classifications defined in planning policy to distinguish between residential and institutional accommodation such as care homes.

Future need for older person accommodation and residential care institutions

- 5.38 Table 5.9 sets out the categories of older person accommodation as expressed by the Elderly Accommodation Counsel (EAC) and checked against the Statistical Data Return

(of social housing providers). The EAC website provides an excellent source of information regarding the current range of older persons' provision in the district.

Table 5.9 Categories of older person accommodation		
Category	Number of units	Description
Age-exclusive housing	270	Schemes or developments that cater exclusively for older people, usually incorporate design features helpful to older people, and may have communal facilities such as a residents' lounge, guest suite and shared garden, but do not provide any regular on-site support to residents.
Care homes	273 approx. bedrooms (units not stated)	A residential setting where a number of older people live, usually in single rooms, and have access to on-site care services. Since April 2002 all homes in England, Scotland and Wales are known as 'care homes', but are registered to provide different levels of care. A home registered simply as a care home will provide personal care only - help with washing, dressing and giving medication. This is classed as C3 sheltered accommodation.
Care home with nursing	309 approx. bedrooms (units not stated)	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	332	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	272	Housing developments of a similar type to sheltered housing (see below), but built for sale, usually on a leasehold basis. Note that most housing association accommodation is listed as retirement housing by the EAC.
Extra Care housing	57	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	900	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.
Total	2,413	Combines data from the EAC database (2,413) and 2017 SDR Return (965). The SDR identified 965 units of older person housing (mainly sheltered/retirement). The EAC database includes 900 units so the net difference of 65 and is included in the table under sheltered housing

Source: EAC database www.housingcare.org.uk

*Note the 2018 SDR states 961 units of older persons accommodation

5.39 Overall there are around 2,413 units of older persons' accommodation reported on the EAC database and 582 residential care dwellings according to the SDR return. The majority of older persons stock in the EAC database is owned by housing associations (58.8%), a further 32.3% is owned by private companies, 4.6% by charities/non-profit organisations and 4.4% by small/family businesses. Most of the retirement housing is

owned by private companies and all of the sheltered housing is owned by housing associations.

- 5.40 Table 5.10 considers the ratio of older people to current provision and then applies this ratio to future household projections. Over the plan period to 2030, this results in the need for 864 additional units of older persons accommodation, broken down into 656 units of specialist older (C3 planning use class) and 208 additional units of residential care provision (C2 planning use class). Assuming a 12-year period, this gives annualised figures of 72 total, 54 (C3) and 17 (C2). The need for specialist older housing compares is slightly higher than the need expressed in the Worcestershire Extra Care Housing Strategy 2012 to 2016 of 591 units (with 72.2% owned and 27.8% rented).

Table 5.10 Summary of estimated future need for specialist older person accommodation				
Current provision	Number of units 2018	Number aged 75 and over 2018	Number aged 75 and over 2030 (projected)	Change in need
	-	8,100	11,000	
	-	Ratio of population to current provision	Ratio applied to 2030 population	
Specialist older person (C3)	1,831	0.2260	2,487	656
Residential Care (C2)	582	0.0719	790	208
Total	2,413		3,277	864

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

- 5.41 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.'*
- 5.42 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 2,200 bungalows in the city, 4.9% of overall dwelling stock and 9,700 flats, 21.4% of the overall dwelling stock which will be providing accommodation for older people.
- 5.43 Given that the majority of older people want to remain in their own homes with help and support when necessary, there will be an increasing need to adapt existing homes. The actual scale of existing adaptations in the home nationally has been explored in the 2015/16 English Housing Survey (Table 5.17). This identifies that, adaptations to bathrooms and grab rails are most frequently found in existing dwellings. Table 5.11 estimates the number of households likely to have adaptations in the city based on national data.
- 5.44 Table 5.11 then factors in the likely change total households 2018-2030 and the change in need for adapted properties.

Table 5.11 Likely level of property adaptation in Worcester City and future need for adaptations in the home

Type of adaptation	% dwellings with adaptations	expected adaptations 2018	expected adaptations 2030	Change in number of dwellings needing adaptation
Adapted bathroom	6.9	2,578	2,897	319
Grab rails	6.6	2,466	2,771	305
Adapted kitchen	2.8	1,046	1,175	129
Electrical modifications	2.1	785	882	97
Stair lift	1.7	635	714	79
Ramps	1.6	598	672	74
Hoists	0.5	187	210	23
Base	23,542	37,358	41,982	4,624

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: 1% use the wheelchair inside the home and 2.4% use a wheelchair only outside. Applying the 1% proportion to the total number of households in the city, there are 374 households requiring wheelchair accessible dwellings. There is no source data stating the actual number of wheelchair accessible dwellings currently in the city, but it is recommended that 1% of new dwellings should be built to be accessible for someone with a wheelchair. 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 disabilities

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

Census 2011 data

- 5.47 The Census records a baseline of broad measures of disability across the population. Table 5.12 reports that 4.7% of residents stated they were in bad or very bad health (and particularly associated with older age groups) and a further 12.7% were in 'fair' health. The majority (82.6%) were in 'very good or good health'. Overall, the 2011 census estimated that around 16,873 residents were in fair or bad/very bad health.

Table 5.12 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	97.3	2.1	0.6
Age 16 to 24	94.3	4.6	1.1
Age 25 to 34	92.0	6.4	1.6
Age 35 to 49	86.1	10.2	3.6
Age 50 to 64	73.4	19.0	7.6
Age 65 to 74	60.0	29.7	10.3
Age 75 to 84	42.8	40.2	17.1
Age 85 and over	25.6	49.2	25.2
All categories: Age	82.6	12.7	4.7
Base	79,981	12,295	4,578

Source: 2011 Census Table DC3302EW

- 5.48 The Census also reported that 6,642 (6.9%) of residents reported that their daily activities were limited 'a lot' and 8,659 (8.9%) 'a little'. These local figures are slightly lower than for England (8.3% and 9.3% respectively).

National disability prevalence rates applied to the city

- 5.49 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 5.13). This can be applied to population projections by age group to establish the likely number of residents who have a disability at the start of the plan period and how this is likely to change over the plan period 2016-2030. 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 city. The baseline of around 20,702 people with an illness/disability is higher than that reported in the 2011 census (those with fair or bad/very bad health). Overall, this analysis estimates that 20.3% of residents in households have a disability and this is expected to increase to 21.7% by 2032.

Table 5.13 Estimate of the number of people with a particular disability			
Disability	Estimated of residents with Disability		
	2016	2030	Change
Mobility	10,765	12,161	1,396
Stamina/breathing/fatigue	8,005	9,043	1,038
Dexterity	5,797	6,548	751
Mental health	4,555	5,145	590
Memory	3,381	3,820	439
Hearing	3,036	3,430	394
Vision	2,691	3,040	349
Learning	2,760	3,118	358
Social/behavioural	1,587	1,793	206
Other	3,105	3,508	403
Base (total in households with disability)	20,702	23,386	2,684
% of population with disability	20.3%	21.7%	

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

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

- 5.50 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 5.14 indicates that 2.4% of the population receive DLA, with 4.9% of all residents under 16 and 5.1% of all residents aged 65 and over in receipt of DLA. The disabling conditions reported by Worcester City residents in receipt of DLA are shown in Table 5.15 and indicates that the most prevalent conditions are learning difficulties and arthritis.

Table 5.14 DLA claimants by age group				
Age group	Number of claimants	% of claimants	Population 2018 estimate	% population DLA claimant
Under 16	870	35.2	17,800	4.9
16-24	80	3.2	14,700	0.5
25-49	300	12.1	34,700	0.9
50-64	360	14.6	18,000	2.0
65 and over	860	34.8	16,700	5.1
Total	2,470	100.0	101,900	2.4

Source: NOMIS

Table 5.15 DLA claimants by disabling condition

Disabling Condition	Age Group			
	<65	65+	Total	Total %
Learning Difficulties	470	20	490	21.0
Arthritis	50	290	340	14.6
Hyperkinetic Syndromes	140	0	140	6.0
Behavioural Disorder	130	0	130	5.6
Disease of the Muscles, Bones or Joints	60	60	120	5.2
Neurological Diseases	90	30	120	5.2
Unknown / Transfer from Attendance Allowance	100	10	110	4.7
Back pain - other / Precise diagnosis not Specified	40	50	90	3.9
Blindness	50	30	80	3.4
Psychosis	60	20	80	3.4
Spondylosis	20	50	70	3.0
Psychoneurosis	50	20	70	3.0
Heart Disease	20	40	60	2.6
Multiple Sclerosis	30	30	60	2.6
Deafness	40	10	50	2.1
Cerebrovascular Disease	10	40	50	2.1
Diabetes Mellitus	40	10	50	2.1
Chest Disease	10	30	40	1.7
Epilepsy	30	10	40	1.7
Trauma to Limbs	20	10	30	1.3
Malignant Disease	20	10	30	1.3
Asthma	0	10	10	0.4
Cystic Fibrosis	10	0	10	0.4
Peripheral Vascular Disease	0	10	10	0.4
Parkinson's Disease	0	10	10	0.4
Chronic Fatigue Syndromes	10	0	10	0.4
Major Trauma other than Traumatic Paraplegia/Tetraplegia	0	10	10	0.4
Personality Disorder	10	0	10	0.4
Skin Disease	10	0	10	0.4
Total	1,520	810	2,330	100.0

Source: Nomis and DWP 2018

Recommendations for optional accessible building standards

- 5.51 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 have produced a helpful paper setting out their

approach to understanding optional accessible building standards²⁵ which forms the basis for material in this section of the report.

- 5.52 Three national accessibility standards are contained within Part M Volume 1 of the Building Regulations²⁶ 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

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

²⁵ Leeds City Council Core Strategy Selective Review: Accessible housing need assessment background paper February 2018

²⁶ https://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.

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

- A minimum of 1% of new dwellings should be built to M4(3) dwelling standard based on national proportions of households where a resident uses a wheelchair inside the home;

- A minimum of 20% based on the proportion of households in Worcester City who would currently benefit from M4(2) accessible housing (evidence indicates that 17.4% of residents are in fair/bad health); 20.3% of residents in households are estimated to have a disability and 15.8% of residents in households have their activities limited in some way.

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

Homeless households

5.56 Ministry of Housing, Communities and Local Government (MHCLG) Homelessness Statistics for the year 2017/18 indicate that a total of 358 decisions were made on households declaring themselves as homeless across the city (Table 5.17). Of these households, 181 were classified as homeless and in priority need. Over the eight years 2010/11 to 2017/18, an annual average of 447 decisions were made across the city and an average of 179 households each year were declared as homeless and in priority need. The overall trend in acceptances has fluctuated over time however over the previous two years there has been an increase in the number of households being accepted as homeless. This in part has been due to the introduction of the Homelessness Reduction Act and the Council has found it challenging to find placements in temporary accommodation.

Table 5.17 Homeless decisions and acceptances 2010/11 to 2017/18		
Year	Decisions made	Accepted as homeless
2010/11	458	183
2011/12	584	206
2012/13	505	213
2013/14	471	187
2014/15	525	171
2015/16	332	135
2016/17	343	153
2017/18	358	181
Total	3,576	1,429
Annual Average	447	179

Source: MHCLG Homelessness Statistics

Travellers

5.57 The 2011 Census identified 108 residents of Gypsy and Traveller ethnicity. 53 of these households lived in bricks and mortar accommodation and 55 lived in a flat, maisonette, apartment or caravan or other mobile or temporary structure. Caravan Count data for July 2018 showed a total of 14 Gypsy and Traveller caravans all located on social rented authorised sites and none on unauthorised sites. The Travelling Showperson Caravan Count (January 2018) identified 0 Travelling Showperson caravans.

- 5.58 The 2016 Worcester City GTAA Addendum, prepared as part of a wider study for the South Worcestershire Development Plan Area identified a total of 20 pitches in Worcester City. The GTAA Addendum indicated there was no additional need for pitches over the five year period 2014/15 to 2018/19.

Service families

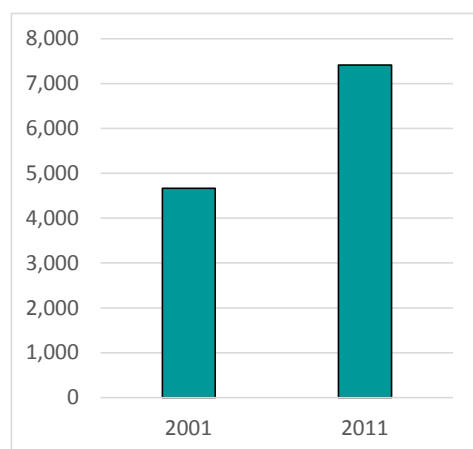
- 5.59 Any housing need arising from service families should be picked up through the housing register. This group is specifically identified in the Homes Choice Plus allocations policy which covers South Worcestershire.

Students

Census

- 5.60 In the 2011 Census there were over 7,409 students aged 16-74 resident in the City, this represents one in ten of the 16-74 population (10.1%). This has grown by 58.9% from 4,664 in 2001, when students made up 6.8% of the 16-74 population (Figure 5.5)²⁷.

Figure 5.5 Number of students in Worcester City, 2001 and 2011



Source: ONS, Nomis

- 5.61 The 2011 census also showed that there were 649 student-only households in the city (where all students are aged 18 or over). Almost a third of these households (31%) consisted of a single student and just over a third (35%) housed four or five students²⁸.

²⁷ <https://www.nomisweb.co.uk/> [accessed January 2019]

²⁸ <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/adhocs/008207ct07732011censusnumberofstudentsinstudentonlyhouseholdnationaltolocalauthoritylevel> [accessed January 2019]

Student accommodation at the University of Worcester

- 5.62 In the 2018 Times Higher Education Student Experience Survey, The University of Worcester ranked in the top half for the proportion of students who agreed that their university offered 'good accommodation'. The university was ranked 47 out of 122 (where lower is better)²⁹.

Accommodation offer

- 5.63 The University of Worcester has three campuses all within a 20 minute walk of each other; St John's Campus; City Campus; Severn Campus. The university's latest strategic plan states that '*we will increase the amount of high-quality University student accommodation so that more of our students can live as well as study on campus*'³⁰.
- 5.64 Currently, the university provides over 1,000 rooms across the campuses, around a third of which were built in 2009. The weekly rates range from £102 to £165 (2019/20 entry). The halls comply with the Universities UK Code of Practice for the Management of Student Accommodation³¹.
- 5.65 The university also offers a small number of university-managed shared properties, off-campus and within walking distance. The properties comply with HMO legislation, have received accreditation and students liaise directly with the university rather than the landlord.
- 5.66 Private rented properties are promoted via the Worcester Student Pad Website. The Accommodation Team ensures that all houses are accredited through Worcester City Council and meet with current legislation and offers free advertising to landlords who meet the standards. The university states that there is a huge demand for good quality properties in the city and that private sector landlords play a vital role in housing their students³².

Student numbers and trends

- 5.67 In 2017/18, 10,800 students were enrolled at the University of Worcester. Of these 10,170 were from the UK; 205 were non-European union residents; 420 were from EU countries outside the UK³³.

²⁹ <https://www.timeshighereducation.com/student/best-universities/student-experience-survey-2018-best-uk-universities-accommodation> [accessed January 2019]

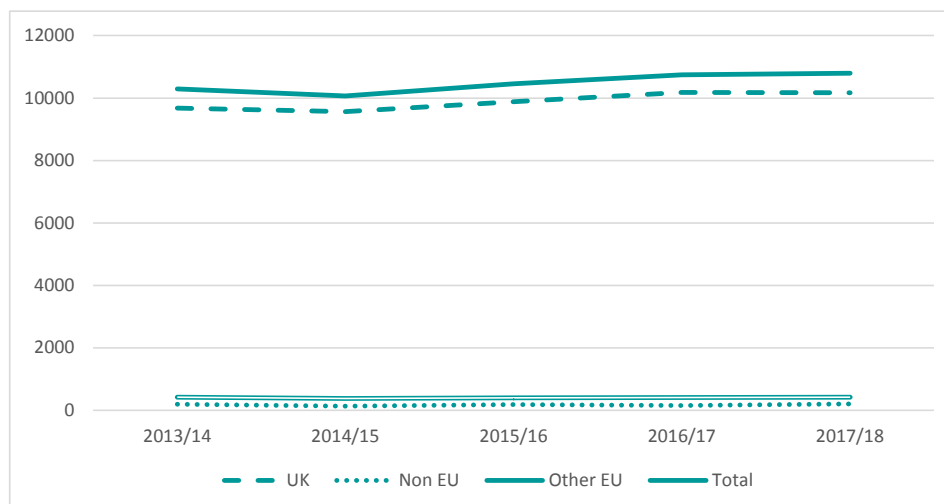
³⁰ Strategic Plan Values and Vision Inspired for Life, University of Worcester, 2019, p11 <https://www.worcester.ac.uk/documents/university-worcester-strategic-plan-2019.pdf>, [accessed 2019]

³¹ <https://www.worcester.ac.uk/your-home/student-accommodation.html> [accessed January 2019]

³² <https://www.worcester.ac.uk/your-home/information-for-landlords.html> [accessed January 2019]

³³ <https://www.hesa.ac.uk/data-and-analysis/students> [accessed January 2019]

Figure 5.6 Number of enrolments at the University of Worcester by domicile, 2013/14 to 2017/18



5.68 Over the past five years student enrolments have increased by:

- 5% overall;
- 5% for UK;
- 5% for non-EU; and
- 0% for other EU

5.69 The proportion of enrolments by domicile has remained fairly static and for 2017/18 show:

- 94% by UK students;
- 2% by non-EU; and
- 4% by other EU.

Demand for self and custom housebuilding

5.70 The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require local authorities to maintain a register of those who have expressed an interest in buying serviced plots. The register consists of two parts; Part 1 for those who meet all criteria including any local eligibility conditions and Part 2 for those who meet all criteria excluding any local eligibility conditions. The council must base its planning provision on part 1 applications.

5.71 The demand for self-build and custom build housebuilding identified by the register is that in any given “base period”. The first base period is 1st April 2016 to 30th October 2016, with each subsequent base period at 12-month intervals.

- 5.72 The following section presents key findings from the register as at November 2018 at which point there were 17 entries on part 1 of the register which was a decrease on the previous year. There were 9 entries on part 2 of the register. 26 applications in total. The following analysis focuses on the 17 applicants registered on part 1 only.
- 5.73 17 applicants stated they were seeking an individual self-build plot. However, when asked if they 'wished to be part of a project of' nearly 12% indicated they would prefer a plot as part of a wider self-build project, and 35% expressed no preference for any of the options.
- 5.74 In our experience, location of plots is the key issue and it is also the hardest matter to analyse from a register. This is because some applicants are specific, defining locations precisely others have broader requirements. Our analysis assigns an area preference to the nearest main town, so if sites are allocated in future by the council, they are most likely to be in or adjacent to existing settlements. However, the following labels should be interpreted as including the surrounding area:
- 53% applicants were seeking any area;
 - 24% applicants were seeking the Battenhall Area; and the remainder were seeking the Cornmeadow or Barbourne areas
- 5.75 Around 2/3 of applicants were also seeking plots outside of Worcester City of which:
- 75% were seeking sites in many of parts of Malvern Hills and Wychavon;
 - 12.5% Wychavon (solely); and
 - 12.5% Tenbury Wells.
- 5.76 Various plot sizes and types were estimated by applicants and there were inconsistencies with units of measurement. We have done our best to interpret sizes in hectares (ha) as a standard measure:
- 25% of applicants 0.2ha or under,
 - 30% applicants over 2ha;
 - 45% unspecified.
- 5.77 In terms of number of bedrooms sought:
- 0 applicants sought a sought 1-bedroom home;
 - 12% of applicants sought a 2-bedroom home;
 - 53% of applicants sought a 3-bedroom home;
 - 29% of applicants sought a 4-bedroom home; and
 - 6% of applicants sought a 5 or more-bedroom home.
- 5.78 Nearly 90% of applicants specified that a detached home was desired.
- 5.79 Regarding available budget:
- 29% of applicants indicated a budget of £150,000 to £200,000;
 - 36% of applicants indicated a budget of £200,001 to £300,000;
 - 21% applicants indicated a budget of £300,001 to £400,000; and

- 14% applicants indicated a budget of £400,001 to £525,000.

- 5.80 We routinely investigate weekly planning lists and where appropriate Community Infrastructure Levy (CIL) exemption list order to gauge the level of self and custom build project being achieved that are not achieved from self-build allocated serviced sites. Use of planning lists are an approximation as we can only identify single dwelling applications from individuals not housebuilders. Over a 13-week period there were potentially 5 applications that met the criteria and therefore it is safe to conclude that the scale of self and custom building in the city is small.
- 5.81 The council's progress report (November 2018) concludes that 'As Worcester City's built up area is tightly constrained there is limited space in the administrative area, which proves to be a strategic issue when meeting any housing needs and demands'.

Black, Minority, Ethnic Households

- 5.82 Census 2011 data reveals that the proportion of 'white' residents within the district is 93.4%, with 89.1% of that category being white British. Asian/Asian British residents account for 4.4% of the district's population, 1.4% are of mixed/multiple ethnicity and 0.5% are Black/African/Caribbean/Black British and 0.2% are of other ethnic origin.
- 5.83 The main tenure category of the BME households in the district is owner occupation (around 56.5%, compared with 65.4% of all households). 26.9% live in the private rented sector (16.9% across all households) and around 13.3% in the social rented sector (15.3% of all households).

Overcrowding/under-occupancy

- 5.84 In relation to occupancy, lone parents showed the highest level of over occupation (6.9%), families with children showed a 3.9% level of over occupancy (Table 5.18). In comparison, families with no children showed an under-occupancy level (+2 bedrooms) of around 62.7%, and around 28.4% for +1 bedroom.

Household Type	Occupancy rating				Total	Base
	Under Occupied (+2 bedrooms)	Under Occupied (+1 bedroom)	Balanced	Over crowded		
Single	38.7	31.3	30.0	0.0	100	13,135
Couple no children	62.7	28.4	8.9	0.0	100	8,022
Couple with children	21.0	45.8	29.3	3.9	100	10,524

Lone Parent	7.3	39.0	46.7	6.9	100	4,300
Other	11.8	31.3	39.1	17.7	100	3,031
Total	33.3	35.5	28.0	3.2	100	39,012

Source: Census 2011

Summary

- 5.85 This chapter has set out the affordable housing need in Worcester City 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.
- 5.86 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 374 affordable dwellings across the city. Based on housing register information, it is recommended that 53.3% of new affordable dwellings have one bedroom, 32.6% two bedrooms, 11% three bedrooms and 3.1% four or more bedrooms. Future delivery of affordable housing will help address this imbalance, but the actual scale of delivery will be determined by local plan policies, the economic viability of delivery, the development programmes of Housing Association partners, opportunities for private developers to build affordable homes and the ability of the council to build its own affordable homes. The Council is also seeking to develop a portfolio of temporary accommodation to meet increasing need.
- 5.87 This chapter has also considered household group with specific needs and in summary:
- The needs of families should be met through general development, with a particular need for three and four bedroom dwellings. However, there are only expected to be around 700 additional families over the period 2016-2030 living in the city;
 - The number of older person households (60 years and over) is expected to increase by around 2,460 over the period 2016-2030. There are particular aspirations across this group for bungalows, flats and smaller houses. Given the demographic changes taking place and the ageing of the population, delivering an appropriate range of new dwellings for older people needs to be a strategic priority for the council. Widening the choice in alternative housing options for older people would also help the overall operation of the housing market. This would provide the ability of households to trade up into properties released by older people;
 - A range of data has been assembled which sets out the likely number of people with disabilities. According to the 2011 census, around 16,873 residents were in fair or bad/very bad health. The daily activities of around 15,301 were limited by their health. The application of national disability estimates to the local population in 2016 indicated that around 21,700 residents had a disability, and this is

expected to increase to around 23,300 by 2030 (an increase of around 2,600). Not all residents with a disability will require alternative housing or significant support in the home. The update of Disability Living Allowance indicates that around 2.4% of the population receive DLA and this is mainly associated with arthritis (amongst people aged 65+) and learning difficulties (amongst under 65 year olds);

- 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 Worcester City

Introduction

- 6.1 The South Worcestershire Development Plan (SWDP) presented an Objectively Assessed Housing Need (OAHN) range of 26,700 to 27,300 for the 2006-2030 plan period, underpinned by an economic-led approach. Data to inform this calculation was prepared by Edge Analytics and published by AMION consulting in 2014. The adopted plan was published in 2016, outlining economic and housing growth aspirations for the South Worcestershire districts. Since the OAHN based evidence base was prepared for South Worcestershire, the 2019 National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG) 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'*³⁴ and *'should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations'.*
- 6.4 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.
- 6.5 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).

³⁴ Paragraph: 001 Reference ID: 2a-001-20190220

- 6.6 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 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.
- 6.7 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.
- 6.8 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). These documents have been updated since the 2016-based household projection data from MHCLG was made available in September 2018. South Worcestershire councils should keep the OAHN under regular review in response to changing information up to the submission of the local plan.

Step 1: Setting the baseline

- 6.9 2019 Planning Practice Guidance³⁵ 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 May 2019 PPG³⁶ which also states that ‘any method that relies on the 2016-based household projections will not be considered³⁷’.
- 6.10 For Worcester City, over the ten-year period 2021-2031, the total number of households under the 2014-based household projections is set to increase from

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

³⁶ PPG 2019 Paragraph 005 Reference ID: 2a-005-20190220

³⁷ PPG 2019 Paragraph 015 Reference ID: 2a-015-20190220

45,506 to 48,511, an total increase of 3,005 households or 301 (rounded) each year (Table 6.1). Note that using the reference period 2019-2029, the total change in households is slightly higher at 3,139 or 314 each year.

Table 6.1 Household projections and the baseline				
Projection	2021 households	2031 households	2021-31 Household change	Annual Change
DCLG 2014-based	45,506	48,511	3,005	300.5

Step 2: An adjustment to take account of affordability

- 6.11 Planning Practice Guidance recommends a further market signals adjustment based on the affordability of the area. PPG states *'then adjust the average annual projected household growth figure (generated in step 1) based on the affordability of the area. The most recent median workplace-based affordability ratios published by the ONS at a local authority level should be used'*³⁸.
- 6.12 The adjustment factor is calculated using the following formula:
- $$\text{Adjustment factor} = 1 + ((\text{Local Affordability Ratio} - 4)/4) * 0.25$$
- 6.13 The latest affordability ratio (2018) and associated affordability uplift is set out in Table 6.2.

Table 6.2 Affordability ratios and market signals uplift		
Year	Median price to income affordability ratio	Adjustment factor
2018	6.79	1.1744

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

- 6.14 The reason for the affordability adjustment is set out in PPG 2019:
- 'An affordability adjustment is applied as household growth on its own is insufficient as an indicator of housing demand because:*
- household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
 - people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.*

The affordability adjustment is applied in order to ensure that the standard method for assessing local housing need responds to price signals and is consistent with the policy objective of significantly boosting the supply of homes. The specific adjustment in this

³⁸ PPG 2019 Paragraph 004 Reference ID: 2a-004-20190220

*guidance is set at a level to ensure that minimum annual housing need starts to address the affordability of homes.*³⁹

- 6.15 Table 6.3 sets out the components of the dwelling need calculation using 2021 as a base year and applying the latest available (2018) affordability ratios. The basic demographic need under the 2014-based DCLG are presented along with the affordability adjustment to establish the total minimum annual dwelling need in accordance with the standard methodology (301×1.1744) = 353 therefore the affordability adjustment is $(353 - 301) = 52$.

Table 6.3 Components of the dwelling need calculation for Worcester City			
2014 household projection base year	Baseline demographic need	Affordability adjustment	Minimum annual dwelling need under standard methodology
2021	301	52	353

Step 3: Capping the level of any increase

- 6.16 PPG states that ‘a cap may be applied which limits the increase in the minimum annual housing need figure an individual authority can face’⁴⁰. 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’⁴¹. How the cap is calculated ‘depends on the current status of relevant strategic policies for housing’⁴².
- 6.17 For authorities that have adopted their local plan in the last five years, the new annual local need figure should be capped at 40% above the annual requirement figure currently set out in the local plan. The South Worcestershire Development Plan 2006-2030 establishes a net annual requirement for 1,183 dwellings across the three local authority areas (and so a 40% cap would be $1,183 + (40\% \times 1,183) = 1,656$ dwellings). Therefore, under the parameters set out in the PPG, no cap on delivery is required.

Housing need using the standard methodology

- 6.18 Based on the standard methodology and 2018 ONS affordability ratios, the minimum local housing need for Worcester City is 353 dwellings each year and 1,257 for South Worcestershire as a whole.

³⁹ PPG 2019 Paragraph 006 Reference ID: 2a-006-20190220

⁴⁰ PPG 2018 Paragraph 004 Reference ID: 2a-004-20180913

⁴¹ PPG 2018 Paragraph 007 Reference ID: 2a-004-20180913

⁴² PPG 2018 Paragraph 004 Reference ID: 2a-004-20180913

Potential adjustments to the evidence base

- 6.19 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 recommends 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

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

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

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

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- *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.'*⁴³

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

⁴³ PPG 2019 Paragraph 010 Reference ID: 2a-010-20190220

Testing the standard methodology assumptions

- 6.22 Having established future housing need using the standard methodology, further demographic analysis has taken place to ensure that the scale of housing delivery supports economic growth and longer-term trends in demographic change have been taken into account. Edge Analytics has developed a range of growth scenarios for Worcester City. For each scenario, historical data is included for the 2001-16 period, with scenario results presented for the 2016-2041 plan period. The starting point of the scenario analysis is the ONS 2014-based sub-national population and household projections. Alternative trend scenarios, developed using varying migration assumptions, are developed and compared to the ONS 2014-based benchmark scenario. In addition, population and housing growth outcomes linked to future employment growth are derived using key assumptions in economic activity rates, unemployment and commuting.
- 6.23 The demographic scenarios prepared are summarised as follows:
- **SNPP-2016:** this replicates the ONS 2016-based Sub-National Population Projections (SNPP) for Worcester City;
 - **SNPP-2014:** this replicates the ONS 2014-based SNPP for Worcester City;
 - **PG Short Term:** Internal migration rates and international migration flow assumptions are based on a six-year historical period (2010/11 to 2015/16) and incorporating fertility and mortality assumptions from the latest 2016-based SNPP;
 - **PG Long Term:** Internal migration rates and international migration flow assumptions are based on a fifteen-year historical period (2001/02 to 2015/16) and incorporating fertility and mortality assumptions from the latest 2016-based SNPP.
- 6.24 Edge Analytics has also considered alternative assumptions regarding household formation rates⁴⁴ on housing need which factor in a higher level of household formation.
- 6.25 Edge Analytics has also considered the potential impact of alternative economic activity rates and commuting ratio assumptions on the population and dwelling growth required to support the forecast change in employment under forecasts prepared by Experian through the following scenario modelling:
- **Baseline Experian** forecast which uses economic assumptions (economic activity, unemployment rate and commuting) derived from the Experian model;
 - **Employment-led OBR** which compares how the Office for Budget Responsibility (OBR) assumptions on economic activity might influence population growth in South Worcestershire under Experian's employment growth forecasts;
 - **Employment-led CR** which considers the potential impact of maintaining a stable commuting ratio (CR) over the plan period, in line with the 2011 census commuting

⁴⁴ 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

ratio; assumptions on economic activity rates and unemployment rate remain consistent with the Experian forecast.

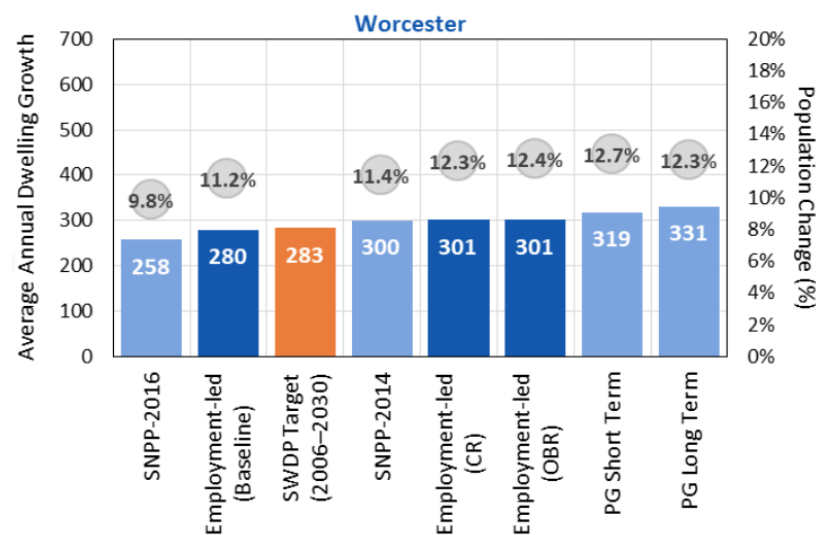
- 6.26 The results of the various scenario models are summarised in Table 6.4 and in more detail in Figure 6.1.

Scenario	Worcester City *
Employment-led OBR	301
Employment-led Baseline	280
Employment-led CR	301
PG Long Term	331 (367)
PG Short Term	319 (355)
SNPP 2014	300 (336)
SNPP 2016	258 (293)
Application of MHCLG Methodology 2021-31 and using 2018 affordability ratio	353
SWDP Target (2006-30)	283

*Headship rate sensitivity in brackets

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

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



Source: Edge Analytics

- 6.27 For Worcester City over the plan period 2016-41 as presented in Table 6.4:
- demographic scenarios indicate a dwelling need range of between 258 and 331;
 - alternative household formation rate assumptions results in a range of 293 to 367; and
 - employment-led scenarios result in a growth range of 280 to 301.
- 6.28 This compares with the MHCLG figure of 353 and the SWDP target of 283. All demographic and employment-led scenarios result in lower dwelling requirements than the MHCLG standard method figure. The only exception to this are two demographic scenarios with headship rate sensitivity adjustments (PG Long Term 367 and PG Short Term 355).
- 6.29 All of the demographic scenarios support economic growth across Worcester City and South Worcestershire more generally. The 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 describe the methodology used to establish future dwelling type and size mix across the city. It presents the baseline data used as a starting point for the analysis and describes how data are applied to estimate the future dwelling type and size mix at city level.

Starting points

- 7.2 There are three main data sources which provide the starting point for the analysis: household projections, dwelling stock information and national estimates of the relationships between households and dwellings derived from arc⁴ household surveys. This is a unique secondary data source which has been derived from amalgamating household survey data from around 40,000 households.

CLG Household projections

- 7.3 These are used to establish the number of households by Household Reference Persons (HRP) and household type using the latest data and how this is expected to change over a specified period. The analysis focuses specifically on the future local plan period and therefore analysis has been run using household projection data for 2016 to 2030.
- 7.4 The change in the number of households over this period can be established and, assuming that the dwelling needs of these households do not change significantly over the plan period, the potential impact on type/size of dwellings can be estimated.

Dwelling stock

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

Relationship between households and dwellings

- 7.6 Arc⁴ has prepared data on the relationship between the age of Household Reference Person (HRP), household type and dwellings occupied by type and size. The data available is summarised in Table 7.1.

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

Comment [CB1]: mike I really don't get this. Surely the 6 categories linked to this comment need splitting between type and number of bedrooms as I have done above. Would they not apply to the 60-84 age groups and 85+?. Don't really grasp the significance of the word 'all' in each column

Source: arc⁴ household surveys

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

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

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

Source: arc⁴ surveys

Applying the data at city level

- 7.8 Applying the data at the city level is done in a systematic way. Firstly, the change in the number of households by age group and household type is established from household projections. Assuming that the dwelling needs of these households do not change over the plan period, the overall impact on type/size of dwellings can be determined.
- 7.9 Table 7.3 presents the baseline demographic data for the city. This shows that the total number of households is expected to increase by around 4,614 over the plan period using 2014-based DCLG household projections⁴⁵. Analysis however indicates an absolute decline in households where the HRP is aged 25-34. The most substantial growth is in households where the HRP is aged between 45-59 and 60-84 years old.

⁴⁵ Note that 2016-based household projection data was published in late 2018 but Government advice is to use previous 2014-based projections in housing need analysis

Table 7.3 Change in number of households by age group 2016-2030				
Age group of HRP	Household Type	Year		Change 2016-2030
		2016	2030	
15-24	One person	354	500	146
	Couple only	341	307	-34
	Household with 1 or 2-children	422	439	17
	Household with 3-children	18	28	10
	Other multi-person	310	466	156
	Total	1,445	1,740	295
25-34	One person	1,735	1,705	-30
	Couple only	2,272	1,608	-664
	Household with 1 or 2-children	3,038	2,192	-846
	Household with 3-children	677	453	-224
	Other multi-person	512	646	134
	Total	8,234	6,604	-1,630
35-44	One person	1,129	1,948	819
	Couple only	976	1,076	100
	Household with 1 or 2-children	3,631	3,972	341
	Household with 3-children	918	935	17
	Other multi-person	510	440	-70
	Total	7,164	8,371	1,207
45-59	One person	1,729	2,811	1,082
	Couple only	2,639	2,652	13
	Household with 1 or 2-children	2,016	3,172	1,156
	Household with 3-children	225	349	124
	Other multi-person	2,451	2,358	-93
	Total	9,060	11,342	2,282
60-84	One person	4,777	5,171	394
	Couple only	4,093	5,241	1,148
	Household with 1 or 2-children	127	221	94
	Household with 3-children	6	18	12
	Other multi-person	1,487	1,717	230
	Total	10,490	12,368	1,878
85+	One person	725	1,102	377
	Couple only	157	284	127
	Household with 1 or 2-children	2	8	6
	Household with 3-children	0	0	0
	Other multi-person	90	162	72
	Total	974	1,556	582

Continued overleaf/...

Table 7.3 continued Change in number of households by age group 2016-2030

Age group	Household Type	Year		Change 2016-2030
		2016	2030	
ALL	One person	10,449	13,237	2,788
	Couple only	10,478	11,168	690
	Household with 1 or 2-children	9,236	10,004	768
	Household with 3-children	1,844	1,783	-61
	Other multi-person	5,360	5,789	429
	Total	37,367	41,981	4,614

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

- 7.10 Table 7.4 applies the national arc4 data regarding dwelling occupancy patterns to the demographic trends in Worcester City. The two right hand columns indicate the likely change in demand for dwelling types and sizes and how this translates to an overall percentage change in dwelling requirement. Analysis indicates that the majority of need will be for 3-bedroom (40.9%) and 2-bedroom (26.5%) followed by 4 or more-bedroom (23.4%) and 1-bedroom dwellings (9.2%). Regarding dwelling type, analysis suggests a broad split of 73.2% houses, 13.9% flats, 13.3% bungalows (or level-access accommodation), and 0.6% other, for instance self/custom build and specialist accommodation.

Table 7.4 Impact of change in households by age group on dwellings occupied

Dwelling type/size	Age group of Household Reference Person						Total	% change
	15-24	25-34	35-44	45-59	60-84	85+		
1-bedroom house	3	-26	13	28	19	2	39	0.9
2-bedroom house	76	-422	213	373	250	71	561	12.2
3-bedroom house	54	-634	485	893	694	163	1,657	35.9
4 or more-bedroom house	38	-156	296	553	308	39	1,077	23.4
1-bedroom flat	65	-155	81	155	134	69	348	7.5
2-bedroom flat	53	-178	73	132	124	63	265	5.8
3 or more-bedroom flat	3	-16	12	15	10	5	28	0.6
1-bedroom bungalow	0	-2	1	7	20	12	38	0.8
2-bedroom bungalow	2	-21	12	68	198	118	376	8.2
3 or more-bedroom bungalow	0	-8	14	51	108	33	198	4.3
1-bedroom other	0	-7	1	2	2	2	0	0.0
2-bedroom other	2	0	4	5	7	3	21	0.4
3 or more-bedroom other	0	-4	2	2	5	1	5	0.1
Total	295	-1,630	1,207	2,282	1,878	582	4,614	100.0
Number of bedrooms	Age group of Household Reference Person						Total	% change
	15-24	25-34	35-44	45-59	60-84	85+		
1	68	-190	97	191	174	86	425	9.2
2	132	-622	302	577	578	256	1,224	26.5
3	58	-662	513	960	818	202	1,888	40.9
4 or more	38	-156	296	553	308	39	1,077	23.4
Total	295	-1,630	1,207	2,282	1,878	582	4,614	100.0

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

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

- 7.11 This analysis can be applied to the level of housing need established for Worcester City using the standard method as set out in Table 7.5.
- 7.12 In this scenario, 30% of the level of housing needed is assumed to be affordable housing. This is because of the current SWDP affordable housing policy (plan policy 15). This defines the current affordable housing policy for the City of Worcester as:
- 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.
- 7.13 Table 7.5 shows significant differences in requirements for size and type between the tenures. For market housing nearly half of the requirement is for 3-bedroom houses whereas for affordable housing nearly half of the requirement is for 1-bedroom flats and 1 and 2-bedroom bungalows.

Table 7.5 Overall annual dwelling mix based on range of housing need			
Annual dwelling need =			353
Dwelling type/size	Market (70%)	Affordable (30%)	Total
1 and 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 and 3-bedroom flat	9	14	22
1 and 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 totals tenure may vary slightly due to rounding errors

Source: arc⁴

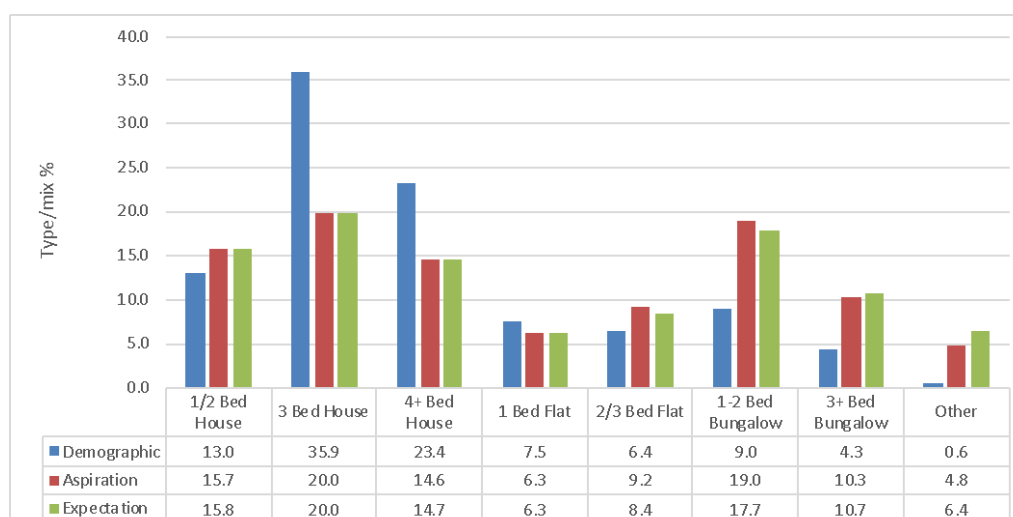
- 7.14 As the housing register only provides data on number of bedrooms required, the following assumptions have been made regarding the range of dwellings by type for different bedroom sizes (Table 7.6).

No. beds required	Dwelling type			
	House	Flat	Bungalow	Total
1	20%	45%	35%	100%
2	30%	40%	30%	100%
3	100%			100%
4	100%			100%

Household aspirations and expectations

- 7.15 Analysis has also considered the dwelling type and size aspirations (likes) and expectations of households planning to move, by age group and household type. The result of this analysis is presented in Figure 7.2. This shows a skewing of need and demand towards smaller dwellings, with a particular focus on bungalow/level access provision. This is driven by the aspirations and expectations of an ageing population. This analysis points to the potential and dramatic impact of an ageing population on future need and demand for housing. This will require both a policy response from the council and change in the nature of supply from housebuilders.

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



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

Concluding comments

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

8. Conclusion: policy and strategic issues

- 8.1 This document has been prepared to equip the council and its partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work fully takes account of existing and emerging Government policy and guidance.
- 8.2 The Worcester City 2019 SHMA will help the council to plan for a mix of housing 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 across the city.
- 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 **353** dwellings each year over the period 2021-2031 based on the latest (2014-based) MHCLG household projections and latest (2018) affordability ratios.
- 8.5 Further scenario analysis has been prepared by Edge Analytics to verify that the dwelling need calculation using the standard methodology is appropriate for Worcester City. Employment-led scenarios confirm that the proposed number of new dwellings will sufficiently support economic growth. Further, a dwelling-led scenario has considered the impact of including vacant dwellings in estimates of future need.

Affordable housing need

- 8.6 The scale of affordable need has been assessed using latest (July 2018) housing register data. The overall net annual imbalance is calculated to be 374 affordable dwellings each year. Based on need expressed through the housing register, it is recommended that 53.3% of new affordable dwellings have one-bedroom, 32.6% two-bedrooms, 11% three-bedrooms and 3.1% four or more bedrooms.

Meeting the needs of older people and those with disabilities

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

- 8.8 There is expected to be an increase in demand for older persons accommodation over the plan period, with a need for 865 units of older person provision comprising 656 units of specialist older persons accommodation (C3) and 208 residential care units (C2).
- 8.9 It is encouraging that the council and its partners are developing new accommodation for older people through the extra care housing strategy and older persons housing strategy.
- 8.10 It is also anticipated that there will be a need to adapt at least 320 existing dwellings over the plan period to meet the disability needs.
- 8.11 A range of data has been considered to estimate the number of people with disabilities. Overall it is estimated that 20.3% of residents have an illness/disability and this is expected to increase to 21.7% by 2030.
- 8.12 Given the ageing population in the city and the identified levels of disability amongst its 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

- 8.13 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 of all households across the city.

Introduction to Technical Appendices

- Technical Appendix A: Policy review
- Technical Appendix B: Housing need
- Technical Appendix C: Agent review

Technical Appendix A: Policy review

- A.1 The purpose of this Appendix is to set out the national policy agenda of relevance to this Housing Needs Assessment.

Introduction

- A.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.
- A.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.
- A.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.
- A.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)

- A.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.

- A.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.
- A.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 'First Buy' 20% equity loan scheme for first-time buyers.
- A.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.
- A.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.
- A.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.

- A.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.
- A.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)

- A.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.
- A.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.
- A.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.

A.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.

A.18 The March 2018 publication of a Draft Revised NPPF is set out below.

A.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:

- The Cities and Local Government Devolution Act 2016 makes provision for the election of mayors for the areas of combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government's devolution plans for England, facilitating its vision of a 'Northern Powerhouse'.
- The Welfare Reform and Work Act 2016 makes provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.

- The Housing and Planning Act 2016 sets out the legislative framework for the Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- A.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.
- A.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)

- A.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.

- A.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.
- A.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).
- A.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:
- Planning for the right homes in the right places, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.
 - Building homes faster, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.
 - Diversifying the market, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.
 - Helping people through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to

Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.

- A.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.
- A.27 During the 2016-17 Parliament there were two Acts that gained Royal Assent that have particular relevance to emerging housing policy:
- The Neighbourhood Planning Act 2017 aims to speed up the delivery of new homes by strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, use of the planning register and the reform of compulsory purchase. During its passage through Parliament, the Bill was subject to various amendments, including changes to the Local Plan process to allow the Secretary of State to intervene and invite county councils to prepare or revise Local Plans where districts have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities. This followed the recommendations of the Local Plans Expert Group (LPEG) report of March 2016. Some of the provisions of the Act require secondary legislation. A commencement order introduced in July 2017 under the Act requires post-examination neighbourhood plans to be treated as 'material considerations' in the determination of planning applications.
 - The Homelessness Reduction Act 2017 requires councils to seek to prevent homelessness by starting work with households threatened with homelessness 56 days in advance of the date on which they are expected to become homeless (28 days earlier than under the previous legislation). It also requires the provision of advisory services to specified groups including (but not limited to) people leaving prison, young people leaving care, people leaving armed forces, people leaving hospital, people with a learning disability and people receiving mental health services in the community. The Act sets out that councils must assess and develop a personalised plan during the initial presentation to the service. In addition, they must help prevent an applicant from becoming homeless and take reasonable steps to help those who are eligible for assistance to secure accommodation for at least six months (during a 56 day period before a homeless decision can be made). The Act dissolves the local connections rules apart from a duty to provide care leavers with accommodation (under the Children Act 1989) to the age of 21.
- A.28 Following the snap General Election in June 2017, Theresa May's Conservative Government formed an alliance with the DUP and the Cabinet was subject to another reshuffle.
- A.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.

A.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.

A.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.

A.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.

- A.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.
- A.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.
- A.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.
- A.36 The **Revised National Planning Policy Framework (NPPF)** was published in July 2018. 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 also introduces a new standardised method of calculating housing need; this approach uses the Government's household growth projections and applies an affordability ratio to the figures, comparing local house prices with workplace earnings to produce a need figure. The Government has said that it will consider adjusting the methodology in order to ensure it meets the target of delivering 300,000 new homes per year by the mid-2020s. The presumption in favour of sustainable development includes a requirement that strategic policies should, as a minimum, provide for objectively assessed needs for housing.
- A.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.

Technical Appendix B: Housing need calculations

Introduction

- B.1 The purpose of this section is to set out the affordable housing need calculations for Worcester City using the framework for analysis established in the 2019 PPG.
- B.2 All households whose needs are not met by the market can be considered (to be) in affordable housing need⁴⁶. PPG 2019 then considers how affordable housing need should be calculated:
- 'Strategic policy-makers will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market. This should involve working with colleagues in their relevant authority (e.g. housing, health and social care departments).'*⁴⁷
- B.3 Housing Register data and data on affordable housing lettings provides an appropriate source of data from which a robust assessment of need can be calculated.
- B.4 Housing needs analysis and affordable housing modelling has been prepared in accordance with PPG guidance at the district level. In summary, the model reviews in a step-wise process:
- Stage 1: Current housing need (gross backlog)
 - Stage 2: Newly-arising need
 - Stage 3: Likely future affordable housing supply
 - Stage 4: Total and annual need for affordable housing
- B.5 Table C1 provides an overall summary of needs analysis and a description of each stage of the model is then discussed in detail in this Appendix.

⁴⁶ PPG 2019 Paragraph: 018 Reference ID: 2a-018-20190220

⁴⁷ PPG 2019 Paragraph: 019 Reference ID: 2a-019-20190220

Table C1 CLG Needs Assessment Summary for Worcester City			
Step	Stage and Step description	Calculation	District Total
Stage1: CURRENT NEED			
1.1	TOTAL in need and cannot afford open market (buying or renting)	Total	3,989
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on 1.55% national household formation rate	682
2.2	Number of new households requiring affordable housing	% based on actual affordability of households forming	55.2%
2.2	Number of new households requiring affordable housing	Number cannot afford	377
2.3	Existing households falling into need	Annual requirement	Captured in 1.1
2.4	TOTAL newly-arising housing need (gross each year)	2.2 + 2.3	377
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need		1,210
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	From 1 Apr 2018	See paragraph C.23
3.4	Total affordable housing stock available	3.1+3.2+3.3-3.4	1,210
3.5	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	552
3.6	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	6
3.7	Annual supply of affordable housing	3.5+3.6	558
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.1-3.4	2,779
4.2	Quota to reduce over Plan Period (5%)		20%
4.3	Annual backlog reduction	Annual requirement	556
4.4	Newly-arising need	2.4	377
4.5	Total annual affordable need	4.3+4.4	932
4.6	Annual affordable capacity	3.8	558
5.1	NET ANNUAL SHORTFALL (4.5-4.6)	NET	374

Source: Council Data, RP Core Lettings and Sales data

Stage 1: Current households in affordable housing need

- B.6 PPG 2019 suggests⁴⁸ how current unmet gross need for affordable housing should be calculated with reference to past trends and recording current estimates of:
- the number of homeless households;
 - the number of those in priority need who are currently housed in temporary accommodation;
 - the number of households in over-crowded housing;
 - the number of concealed households;
 - the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
 - the number of households from other tenures in need and those that cannot afford their own homes, either to rent or to own if that is their aspiration.
- B.7 PPG 2019 notes that care should be taken to avoid double-counting and to only include those households who cannot afford to access suitable housing in the market.
- B.8 Using the latest (July 2018) Council housing register data, an up to date position on the number of households in overall need can be established.

Homelessness

- B.9 Table C2 considers trends in decisions and acceptances of homeless households and indicates that an annual average of 179 households have been accepted as homeless.

Table C2 Homeless decisions and acceptances 2010/11 to 2017/18		
Year	Decisions made	Accepted as homeless
2010/11	458	183
2011/12	584	206
2012/13	505	213
2013/14	471	187
2014/15	525	171
2015/16	332	135
2016/17	343	153
2017/18	358	181
Total	3,576	1,429
Annual Average	447	179

Source: MHCLG Homelessness Statistics

⁴⁸ Paragraph: 020 Reference ID: 2a-021-20190220

Overcrowding and concealed households

- B.10 The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible, with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.
- B.11 The model takes account of households in need due to overcrowding.

Total current housing need summary

- B.12 Analysis indicates a total of 3,989 households who are in housing need which represents 9.1% of all households (arc⁴ would expect between 5 and 10% of households in need based on our other studies). As accurate household income data is not available from housing register data, it is assumed that all households on the register are in need of affordable housing as the allocation policy restricts access to the housing register for those on a higher income. The relative affordability of alternative tenure options has been tested using CAMEO household income.

Stage 2: Newly-arising affordable need

- B.13 The 2019 PPG considers how the number of newly-arising households likely to need affordable housing: *'Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current cost in this process but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing.'*⁴⁹

New household formation (gross per year)

- B.14 The national household formation rate reported in the English Housing Survey is currently 1.55% based on the latest three-year average national rate reported in the English Housing Survey over the period 2013/14 to 2015/16. Applying the gross national household formation rate, to household estimates, this establishes an annual household formation of 682.

⁴⁹ PPG 2019 Paragraph: 021 Reference ID: 2a-021-20190220

- B.15 Accurate income data is not available from the housing register; therefore, we have tested the extent to which newly-forming households could afford lower quartile open market prices drawing upon arc⁴ national data which indicates that 55.2% could not afford open market prices or rents (377 each year).

Existing households expected to fall into need

- B.16 The housing register will contain households who have fallen into need however it is difficult to isolate this figure from the data available, therefore, we expect that this is already captured in step 1.1.

Total newly arising housing need (gross per year)

- B.17 Total newly arising need is calculated to be 377 households each year across the borough.

Stage 3: Affordable housing supply

- B.18 The 2019 PPG states how the current stock of affordable housing supply should be calculated:
- *the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;*
 - *suitable surplus stock (vacant properties); and*
 - *the committed supply of new net affordable homes at the point of the assessment (number and size).⁵⁰*
- B.19 The Ministry of Housing, Communities and Local Government (MHCLG) model reviews the supply of affordable units, taking into account how many households in need are already in affordable accommodation, stock surpluses, committed supply of new affordable dwellings and dwellings being taken out of management (for instance pending demolition or being used for decanting).

Step 3.1 Affordable dwellings occupied by households in need

- B.20 This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need.
- B.21 A total of 1,210 households are current occupiers of affordable housing in need. Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the model assumes that these households will move in the next 5 years to address their housing need.

⁵⁰ Paragraph: 022 Reference ID: 2a-022-20190220

Step 3.2 Surplus stock

- B.22 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across the district.

Step 3.3 Committed supply of new affordable units

- B.23 Over the past five years period 2012/1 to 2016/17, a total of 626 affordable dwellings were built. Latest information from the Council indicates that there are **417** affordable dwellings which are due to be built 2018/19 onwards. This will help to offset identified need and discussed further in paragraph C.38

Step 3.4 Total affordable housing stock available

- B.24 It is assumed that there are 1,210 social (affordable) rented dwellings available arising from households moving within the stock, assuming that all households in need move in the next 5 years.

Step 3.5 Annual supply of social re-lets

- B.25 Over the period 2014/15 to 2016/17, there has been an annual average of around 552 affordable dwellings let based on CORE letting statistics.

Step 3.6 Annual supply of intermediate re-lets/sales

- B.26 Affordable housing supply data indicates a total of 11 intermediate tenure dwellings have been built across the borough over the two years 2015/16 and 2016/17, resulting in an annual average of 6 being built.

Summary of Stage 3

- B.27 Overall, the model assumes a stock of 1,210 affordable dwellings coming available from existing households currently living in affordable housing and moving to address their need. In addition, the model assumes there is an annual affordable supply through general lettings of 552 dwellings and the sale of 6 intermediate tenure dwellings.

Comment on supply of stock

- B.28 Under the latest PPG, analysis no longer considers units to be taken out of management. The analysis also does not consider in the impact of right to buy losses as this is not covered in PPG.

Stage 4: Estimate of annual housing need

Overview

- B.29 Analysis has carefully considered how housing need is arising within the borough by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.
- B.30 This has been reconciled with the overall supply of affordable dwellings. Based on the affordable needs framework model, analysis suggests that **there is an overall annual net imbalance of 374 dwellings each year.**
- B.31 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1 Total backlog need

- B.32 Step 4.1 is the total backlog need which is derived from the number of households in Step 1.1 minus total affordable housing stock available (Step 3.5). The total backlog need is 2,779.

Steps 4.2 to 4.6

- B.33 Step 4.2 is a quota to reduce the total backlog need which is assumed to be 20% (this was the standard modelling assumption in former CLG guidance).
- B.34 Step 4.3 is the annual backlog reduction based on Step 4.2 (556 each year).
- B.35 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (377 each year).
- B.36 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (932 each year) (*this is also the gross need*).
- B.37 Step 4.6 is the annual social/affordable rented and intermediate tenure capacity based on Step 3.8 (558 each year).

Total gross and net imbalance

- B.38 The overall gross imbalance across Worcester City is 932 affordable dwellings each year. After taking into account supply of affordable accommodation, the net imbalance is 374 each year.
- B.39 There is an affordable newbuild pipeline supply of around 417 dwellings over the next 5 years. This will make considerable inroads into the affordable shortfall and evidences that the Council has effective affordable housing policies in place to help address affordable need, and justifies the continuation of these policies in the forthcoming Local Plan.

Relationship between current housing stock and current and future needs

- B.40 The 2019 PPG states that 'Strategic policy-making authorities will need to look at the current stock of different sizes and assess whether these match current and future needs'⁵¹. The analysis of affordable housing need therefore includes a review of the dwelling sizes of new affordable units.
- B.41 Table C3 presents the latest (2018 Statistical Data Return) data which identifies the current profile of affordable dwelling stock by number of bedrooms and how this compares with identified affordable need. This identifies a market shift in the need towards smaller affordable dwellings and in particular one-bedroom dwellings.

Table B3 Affordable dwelling stock by number of bedrooms and identified shortfalls from affordable needs analysis		
Number of bedrooms	Current supply %	Affordable Need %
1 (inc. Bedsits)	31.9	53.3
2	32.2	32.6
3	33.0	11.0
4 or more	2.8	3.1
Total	100.0	100.0
Base	8,134	374

⁵¹ 2019 PPG Paragraph 023 Reference ID: 2a-023030190220

Technical Appendix C: Agent review

Key findings

- C.1 The Worcester City agent review included interviews with two estate agents in the city along with two specialist letting agents. In addition, new build agents were visited wherever possible. Additional interviews were obtained from specialist student letting agents.
- C.2 Overall, interviews and observations revealed that:
- the city seem to have reasonably diverse and balanced markets without major gaps;
 - the gaps that have been identified are mostly move up housing for first time movers and suitable housing for elderly downsizers;
 - re-sale agents told us that supply levels are generally low and considered that Brexit was causing uncertainty;
 - most local markets attract local people rather than incomers;
 - city prices are generally lower compared other markets;
 - most new-build we came across is being delivered at median local house prices and above with relatively little being affordable to lower income working households;
 - house building on a significant scale is planned under construction to the South of the City of Worcester; and
 - there appears to have been little private sector response to provide purpose-built housing needed due to the significant expansion of the university although we have subsequently been made aware of a planning application by the university for such accommodation.

Worcester City

- C.3 Whilst this is a relatively small city, its housing market is quite complex due to the historic nature of the city, its waterside setting and its expanding university which has facilities both east and west of the river. There is also large-scale housing development currently, mostly on the outskirts of the city especially to the south of the city close to the M5. During our visit we were struck by the scale of road traffic-flow problems especially at peak times exacerbated by construction work in connection with new housing development and rail infrastructure.
- C.4 House prices are comparable to neighbouring Evesham. Due to former industry in the city there is a supply of terraced housing and starting prices are around £150,000. This represents, approximately the 25th percentile price. However, up to this point there is a large supply of apartments, which can be any of converted sub-divided houses, purpose built, or over shops. Agents told that 2-bedroom houses and apartments tended to sell very quickly and were popular amongst investors and first-time buyers.

Larger homes were not coming on to the market due to confidence issues, largely Brexit driven.

- C.5 We were told that there was a shortage of move on housing for older people. They were seeking good quality, smaller homes. Whilst new build was attractive to them because of ease of moving and the presence of ground floor w.c. facilities, many new build homes were considered too small overall. We were advised that there would be many takers where resale or new build was available at between 1,000 and 1,200 square feet.
- C.6 We were told that around one third of re-sale transactions were made by incomers many of which worked in Birmingham and would commute by rail. The university had a big effect on the rental and re-sale market as a high proportion of students tend to stay in the area after their studies are complete.
- C.7 A specialist letting agents told us that 2-bedroom homes were always the ones to let quickly. Most lettings were to couples and young families rather than singles or older people. Parking space was a crucial factor for many households and off-street parking would attract a premium rent. Their radius of operation was larger than re-sale agents, - up to a 10-mile radius which took them across the Evesham and the Cotswold fringe and most of the southern parts of Malvern Hills and Wychavon districts.
- C.8 Diglis basin is noteworthy as it is a recent large-scale waterside development within walking distance of the city centre and includes high density flats adjoining the Worcester Porcelain development. It mostly consists of apartments developed by Barclay homes and Taylor Wimpey. It incorporates local retail and leisure services. Agents told us that resale prices here are strong and rising due to demand for this area from young professionals. It is located at the point that the Worcester and Birmingham canal meets the River Severn and there is a marina which offers residential berths.
- C.9 We interviewed 3 new build agents to the south of the city. They were all currently offering larger homes at or above median prices. One development was in a village setting the others were at the fringe of the urban area close to the motorway. On the two larger sites we noted that future phases would include smaller homes. Agents told us that demand was overwhelmingly coming from Worcester City based residents. A high proportion of sales were help to buy assisted.
- C.10 Regarding student housing, we noted from the university website that it is one of the fastest growing universities in England and plans are well advanced to establish a school of medicine to serve the sub-region (Gloucestershire, Herefordshire and Worcestershire). The university has well established schools in related subjects such as nursing and pharmacy. It has 3 campuses, one in the city centre the other two on the west side of the River Severn one of which, St Johns, contains the student village.
- C.11 We spoke to several specialist letting agents. We were told that investors were aware of the growth and were acquiring property. The university attracts foreign students who can afford better quality housing and many rent in the residential sector rather than in shared housing. Agents also said that some first-year students go into private rented sector housing especially if they go through clearing and have been unable to secure university accommodation. Another agent told us that there was a shortage of larger houses available to the residential market as investors could not generate

adequate returns but could make good returns if let as student housing. We were told that a high concentration of student housing was to be found on the west bank of the river. We observed that the area was not a typical student area in that the housing was semi-detached family housing, estate rather than city centre based. Given the constraints on development within the city centre the university has undertaken significant development on the west bank. Given the relatively compact size of the city student housing can be found in many areas except the outskirts.

- C.12 Housing or accommodation is not mentioned in the University of Worcester's strategic plan 2011-18. However, the Estates Strategy 2011-21 contains a residential strategy. It guarantees university managed accommodation to students enrolling by May of each year, however in delivering accommodation for all first-year students the strategy notes that private sector properties have to be acquired, some on an urgent basis. The strategy acknowledges that this is a result of the growth in student numbers. The strategy also notes that as at 2011 the private sector had been slow to deliver purpose-built accommodation such as is apparent in most major towns and cities. The strategy notes that the impact that this potential supply will have will depend upon price. We found little evidence of private sector investment of purpose-built student housing in Worcester City. We were told that some private sector consents had been obtained for purpose-built student accommodation but at the time of our survey we were not aware that any were under construction. Since our survey we are aware that the university has sought planning consent for a purpose-built student accommodation development. During our research we sought to interview university staff to clarify matters, but all requests were declined.
- C.13 We have also looked at web based letting agencies. We are particularly interested in the room rent market which in our experience is of growing importance especially in high price areas. We have monitored www.SpareRoom.co.uk in particular, rather than a range of other providers as we find that most rooms are advertised across a number of sites. As at June 2018 there were 157 vacancies around 50% were aimed at students, some were unlet rooms in existing private rented sector student houses. These vacancies were all very close to a university campus. The other 50% were clearly aimed at young professionals, highlighting walking distance to the city centre.