Report

Worcestershire Strategic Housing Market Assessment

Appendix 3 – Malvern Hills SHMA Overview Report

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gva.co.uk

Contents

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1. Introduction to the Malvern Hills SHMA Overview Report

1.1 This appendix document should be read in conjunction with the Worcestershire Strategic Housing Market Assessment (SHMA) – Main SHMA Report.

1.2 The main SHMA Report presents the SHMA analysis for the County as well as each Local Authority and should be used as the principal document to inform the development of policy and strategy. The analysis presented within this Appendix document serves to complement the main SHMA report providing additional narrative and ward level detail. The full details of the modelling and research methodologies used to arrive at the conclusions presented within this Overview Report are documented in full within the main SHMA Report alongside a full glossary of terms.

1.3 The report uses a similar structure to the main SHMA Report with the analysis presented under two sections:

- Section 2: The Current Housing Market

- Section 3: The Future Housing Market

1.4 Within this framework the findings are presented under the headings of the Core Outputs as set out within the DCLG SHMA Guidance.

1.5 This Overview Report does not include a separate detailed analysis of the housing requirements of specific groups. The analysis within the Future Housing Market section provides analysis of the different types and ages of households which complements the analysis presented in section 8 of the main SHMA Report.

1.6 The Overview Report concludes with a 'Bringing the Evidence Together' section. This draws together the conclusions for the local authority and incorporates a section examining the implications for future policy and strategy development.

Introducing Malvern Hills

1.7 Malvern Hills is located on the western side of Worcestershire. It is one of the least densely populated districts in the County with a population of around 73,900 residents covering an area of 577 sq km. The principal towns in the district are Malvern, Upton upon Severn and Tenbury Wells.

1.8   The District is semi rural in nature, with those areas to the west being comprised of small villages and towns. The primary centre, Malvern, is located to the south of the District. The area is reasonably well served by transport links with the A38, A44 and A449 connecting Malvern Hills to Worcester. The M5 and M50 motorways both pass through the District providing links to the Birmingham conurbation in the north and Gloucester / Cheltenham to the south.

The Policy Context

1.9   The three local authorities of Worcester City, Malvern Hills and Wychavon have been collaborating on the preparation of the South Worcestershire Joint Core Strategy (SWJCS) However, as a result of the Coalition Government's intentions for the planning system, the three South Worcestershire authorities have decided to revise their approach and combine the Joint Core Strategy and Site Allocations DPD into one document – the South Worcestershire Development Plan.

1.10   The South Worcestershire authorities (Worcester City, Wychavon and Malvern Hills) have recently published a Draft Preferred Option Document. This sets out a target of almost 20,400 dwellings across the three districts between 2006 and 2030. This assumes the following net requirements per annum on an authority basis:

- Worcester City – 350

- Wychavon – 325

- **Malvern Hills - 173**

1.11   The SW Development Plan Preferred Options Paper proposes that development should be located in accordance with the following settlement hierarchy:

- City: Worcester

- Main towns: **Malvern**, Droitwich Spa, Evesham

- Other towns: **Tenbury Wells, Upton-on-Severn**, Pershore

- Category 1 villages

- Category 2 villages

- Category 3 villages

2. The Current Housing Market

2.1   This section summarises the SHMA analysis of the current housing market for Malvern Hills. The section is structured around the DCLG core outputs 1and 2.

2.2   The section provides a more locally tailored narrative of the 'housing stock' position, the 'active market' and the 'key drivers of the housing market'. Wherever possible data has been mapped to provide a greater understanding of variance and relative performance at a sub-local authority level.

2.3   The key findings for Malvern Hills are included up front for each DCLG Output for easy reference.

DCLG Output 1 – Estimates of current dwellings in terms of size, type, condition, tenure

2.4   A synopsis of the authority's current stock position is summarised through the following:

- Malvern Hills has a total of 33,494 dwellings, 1,122 of these are currently classified as vacant, equating to 3.3% of total stock[1];

- A total of 2,322 houses have been built within Malvern Hills since 2001[2]. This represents an average of 232 per annum over the ten years. However, over this time period levels of completions have varied. Delivery over the last couple of years has reduced markedly in line with national trends, indeed only 213 dwellings were delivered in 2010/11 and just 149 were delivered in 2010/11;

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[1] Source: DCLG Live Tables, 2011 (vacant as of October 2010)
[2] Source: Worcestershire County Council Planning Data, 2011 – Gross Housing Completions

- The profile of the housing by type shows 48.1% of homes are detached (the highest proportion in the County), 33.1% are semi-detached, 10.6% are terraced, 6.5% are flats with the remainder being classified as other[3]. This profile is reflected in the size of properties, with 41.5% of properties having 5-6 rooms[4] and 33.7% having 7 or more rooms. Only 25% of properties in Malvern Hills have 4 rooms or less[5].

- The latest stock condition data shows that 44% of the private stock across the authority is classified as unfit[6]; and

- According to the latest data recorded through the Housing Strategy Statistical Appendix (HSSA), 2010, Malvern Hills has 13% of its stock classified as affordable housing. This has remained relatively consistent over recent years and reflects the fact that Malvern Hills has delivered on average 78 affordable housing units per annum over the period 2004/05 – 2010/11[7]. This has been balanced as the authority has continued to see a reduction in obsolete stock and loss of stock through right to buy.

2.5   The distribution of new stock has not been evenly distributed across the authority. The following plan uses data supplied by the local planning authority to illustrate the spatial distribution of development at a ward level between 2004 and 2010.

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[3] Other includes people living in an 'unshared dwelling caravan or other mobile or temporary structure' or a 'shared dwelling'

[4] Note: Census Definition - The count of the number of rooms in a household's accommodation does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms and studies are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between a number of households, for example a shared kitchen, are not counted. The count is not available for unoccupied household spaces.

[5] Source: Statistics sourced from the 2001 Census

[6] Source: BRE Private Sector Stock Condition Survey update for the West Midlands Kickstart Partnership (2011)

[7] Source: HSSA 2010/11, Local Authority Completions data, 2011

*Figure 2.1: Completions at a Ward Level 2004 – 2010[8]*
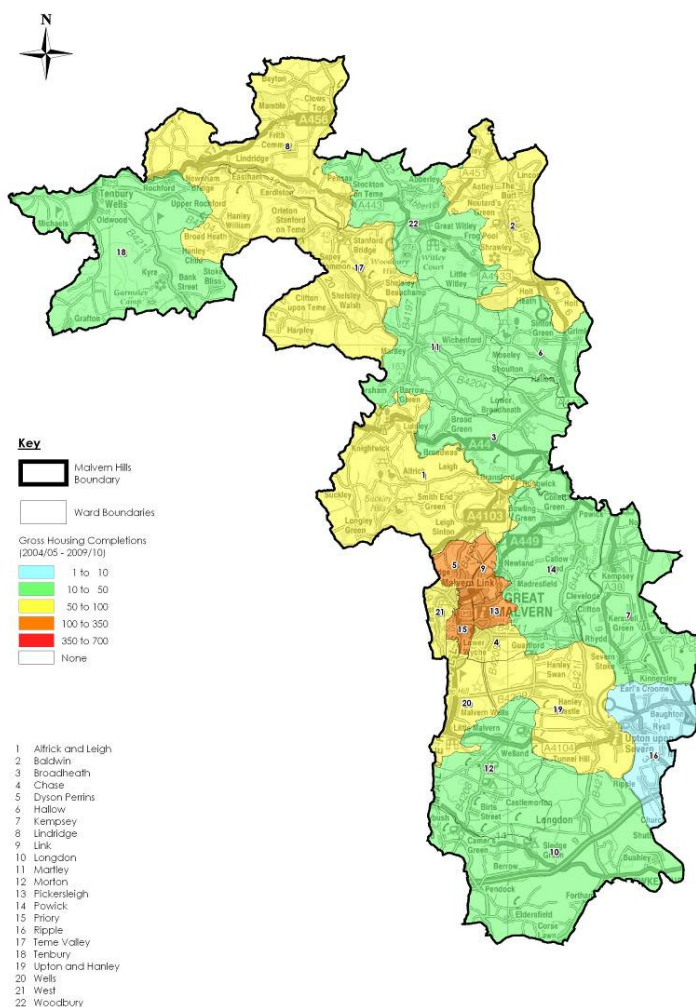
Source: Local Authority Planning Data, 2011

2.6   Data on new-build sales sourced from the Land Registry also serves to illustrate the location of new-build development over the last couple of years[9]. This is primarily driven by the availability of deliverable land although it also serves to illustrate where demand is perceived by house builders to exist.

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[8] Note: Whilst authority level statistics were available for 2011 a consistent dataset for 2011 was not available at ward level

[9] Note: this data does not include transactions of conversions or sub-divisions of properties but just properties classified as `new build'.

Figure 2.2: New Build Sales 2009/10 & 2010/11
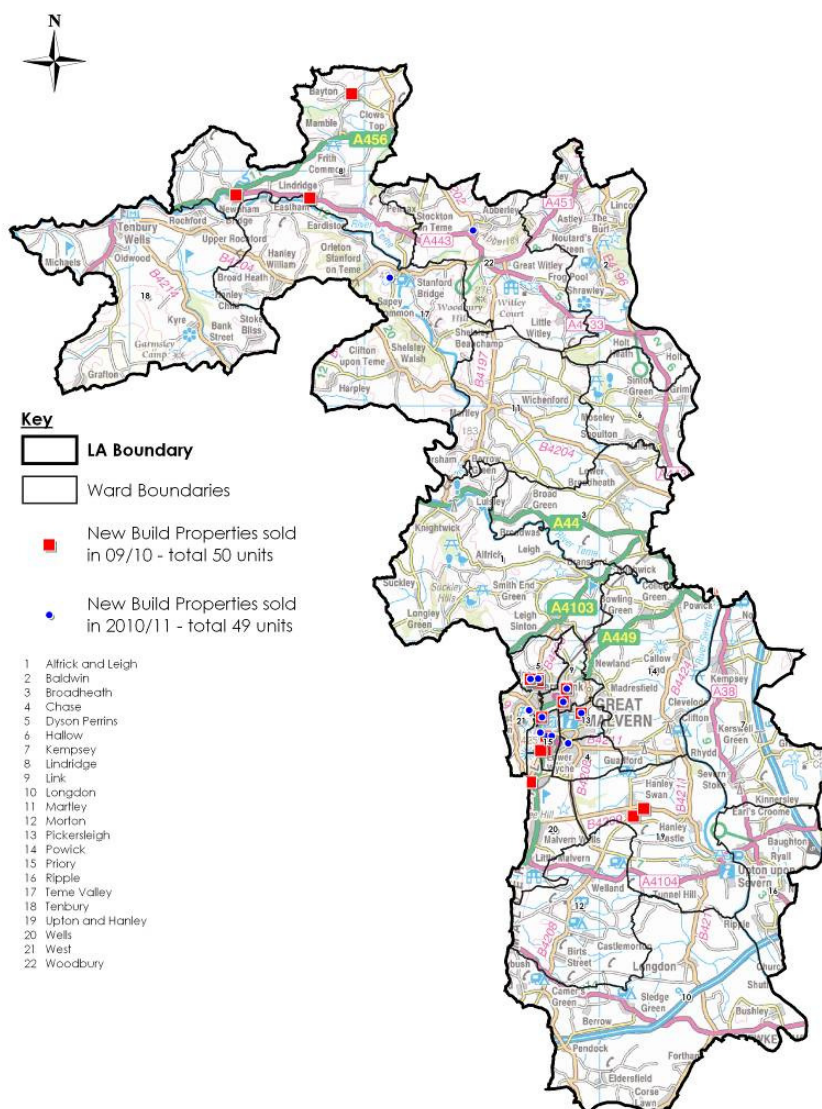
Source: Land Registry, 2011[10]

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[10] Note: Records of sales are accurate to 6-digit postcode level which means that markers may not be located in the exact location of development, particularly in more rural areas

DCLG Output 2 – Analysis of past and current housing market trends and understanding of key drivers underpinning the housing market

2.7   The analysis addressing this output can be split under two separate areas, socio-economic drivers which have an important bearing on the operation of the housing market and the active market which incorporates, for example, market fluctuations in price and responds to the longer-term drivers of change (for example population change and the relative health of the economy).

Demographic Drivers

2.8   A summary of the demographic trends influencing the operation of the housing market in Malvern Hills are set out below:

- Malvern Hills has seen its population increase by approximately 2,780 people between 2001 and 2009[11]. This has been driven primarily by net migration as illustrated in the following chart which shows the net drivers of change in relation to migration and natural change. Importantly natural change has consistently had a negative impact on population change with the numbers of deaths exceeding births year on year. This population is estimated to makes up 30,826 households in 2009[12].

Figure 2.3: Population Components of Change 2001 – 2009

Malvern Hills

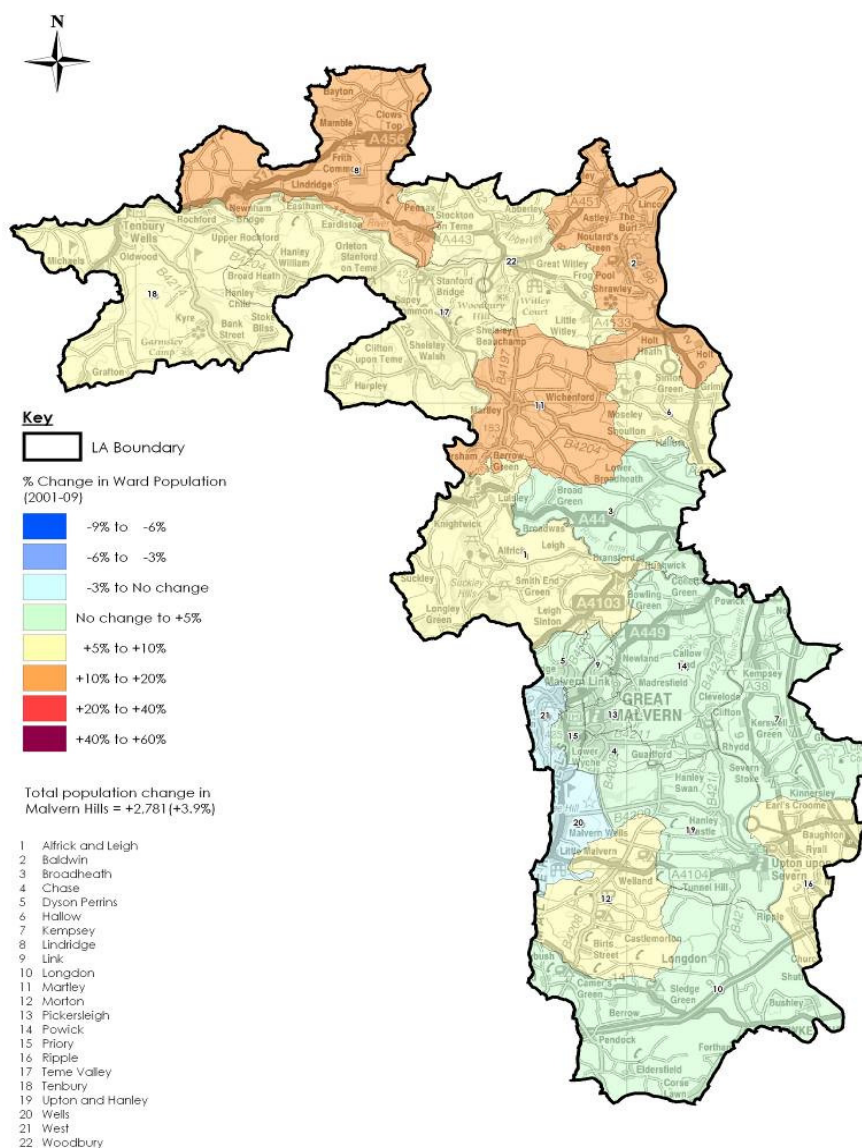*Source: ONS Mid-Year Estimates, 2010*

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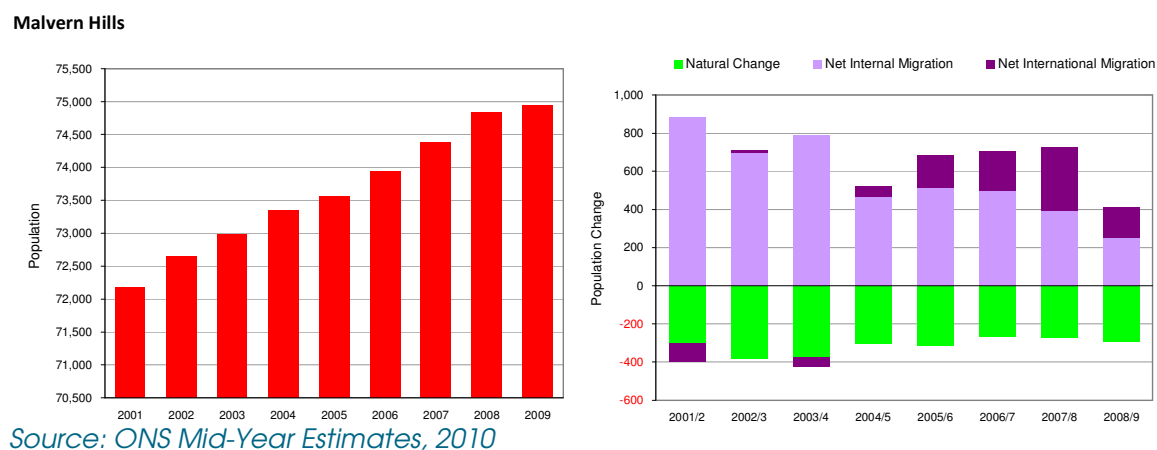
[11] Source: Data has been sourced from the analysis undertaken by Edge Analytics which integrates the 08/09 ONS Mid Year Estimate data

[12] Source: Edge Analytics modelled data using the SNHP 2008 base assumptions applied to the 2009 population

- The distribution of population growth has not been distributed evenly across the authority. In part this is intrinsically linked to the development of new stock and this is illustrated through the following plan which shows the change in population at a ward level[13]. A further plan is included which shows the role of migration in driving these levels of population change.
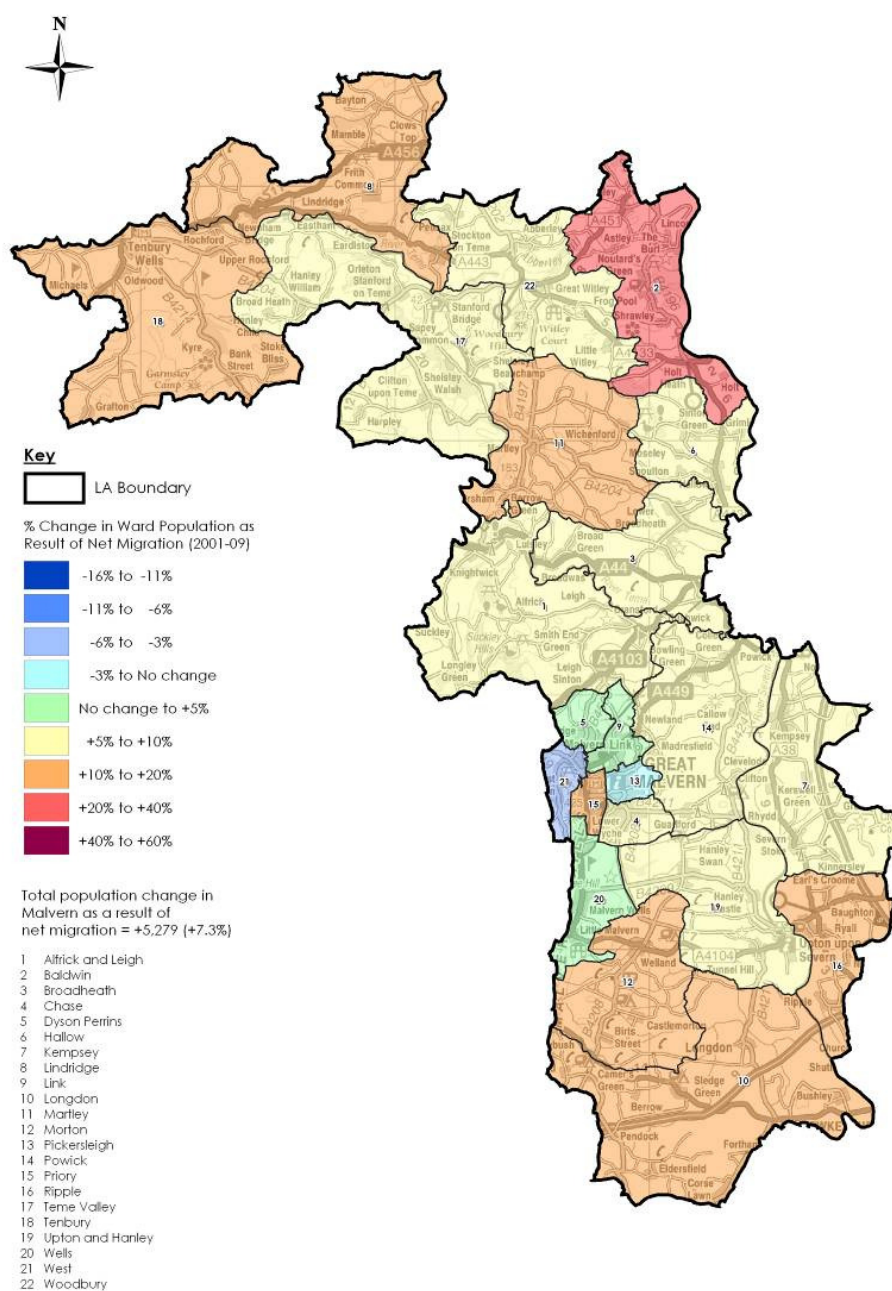
Figure 2.4: Population Change at a Ward Level (2001 – 2009)

Source: GVA, Edge Analytics, 2011

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[13] Source: the ward level analysis utilises ONS Mid Year Population Estimates data available at the time of modelling. This data is analysed using the POPGROUP software.

Figure 2.5: % Change in Ward Population as a Result of Net Migration (2001 – 2009)

Key

☐ LA Boundary

% Change in Ward Population as Result of Net Migration (2001-09)

- -16% to -11%
- -11% to -6%
- -6% to -3%
- -3% to No change
- No change to +5%
- +5% to +10%
- +10% to +20%
- +20% to +40%
- +40% to +60%

Total population change in Malvern as a result of net migration = +5,279 (+7.3%)

1 Alfrick and Leigh
2 Baldwin
3 Broadheath
4 Chase
5 Dyson Perrins
6 Hallow
7 Kempsey
8 Lindridge
9 Link
10 Longdon
11 Martley
12 Morton
13 Pickersleigh
14 Powick
15 Priory
16 Ripple
17 Teme Valley
18 Tenbury
19 Upton and Hanley
20 Wells
21 West
22 Woodbury

Source: GVA, Edge Analytics, 2011

2.9   In proportionate terms, growth of the population as a result of net migration has been focussed in Baldwin ward, which has seen a 23% rise in population since 2001, and more generally in the south of the District in the wards of Longdon, Morton and Ripple, Priory ward in Malvern itself and around Tenbury Wells in the north of the District. Losses

of population have been witnessed in Malvern with West ward seeing a 4.5% decrease and Pickersleigh ward a 2% decrease.

- The age profile of migrants into Malvern Hills has an important impact on the operation of the housing market as has the origin of flows. The following chart shows the average net inflows and outflows by age group between 2002 and 2008 as well as the top ten net inflows and outflows[14].

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[14] The data presented here have been drawn from the Patient Registration statistics published annually by ONS and used as the basis for estimating internal migration flows in the mid-year population estimates

*Figure 2.6: 2002 – 2008 Average Age of Migrants Net Inflows / Outflows & the
Directional Nature of inflows and outflows from other authorities*

Malvern Hills

Top Ten Inflows

	average 2002-2008
Worcester	790
County of Herefordshire	461
Wychavon	356
Wyre Forest	186
Birmingham	173
Tewkesbury	104
South Shropshire	99
Bromsgrove	69
Dudley	66
Cheltenham	60

Top Ten Outflows

	average 2002-2008
Worcester	611
County of Herefordshire	480
Wychavon	250
Wyre Forest	146
South Shropshire	110
Birmingham	87
Tewkesbury	84
Cheltenham	61
Cardiff	47
Forest of Dean	47

Source: ONS Mid Year Estimates, 2010

- Malvern Hills has experienced significant net in-migration since 2002, with the largest net inflows from Worcester, Wychavon and Birmingham. The relatively large inflow and outflow total from and to Herefordshire balance themselves to a small net outflow. Net outflows are less concentrated with a series of smaller net flows to a dispersed set of geographical areas. The age pattern of net migration

shows net out migration for 15-29 year olds but net inflows for all other age-groups, particularly young families and the retired.

- The ethnic mix of the population of Malvern Hills is shown in the following table. This illustrates that currently BME groups represent a relatively small proportion of the overall population at 3.6%, a proportion which is below the national average, which stands at 11.8%.

Figure 2.7: Ethnic group proportions, 2007

Authority	Total Persons	% White Britis	% White Irish	% White Other White	% Mixed	% Asian or Asian British	% Black or Black British	% Chinese or other Ethnic Group
Malvern Hills	74,300	93.8%	0.7%	1.9%	0.9%	1.1%	0.5%	1.1%

*Source: ONS ethnic population estimates, 2010*

Economic Drivers

- Malvern Hills is a net exporter of labour with the 2001 Census showing a commuting ratio[15] of 1.20.

- Malvern Hills has strong commuting links with Worcester in particular. In 2001[16] almost 17% of people living in the authority worked in Worcester and of those working in Malvern Hills just over 11% were from Worcester. The updated 2008 dataset[17] suggests that the proportion of people commuting out of Malvern Hills to Worcester has decreased slightly however, the relationship the other way has increased. The authority also has weaker links with Wychavon and the County of Herefordshire.

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[15] Commuting Ratio = Employed Residents in Area / Jobs in the Area
= ((live and work in e.g. Malvern Hills) + (live in e.g. Malvern Hills, work elsewhere)) / jobs in area
[16] Source: Census 2001
[17] Source: ONS 2008 Updated Travel to Work Dataset – utilising data from the Labour Force Survey)

Figure 2.8: Local Authority of Work for Malvern Hills Residents – Ten Biggest Flows
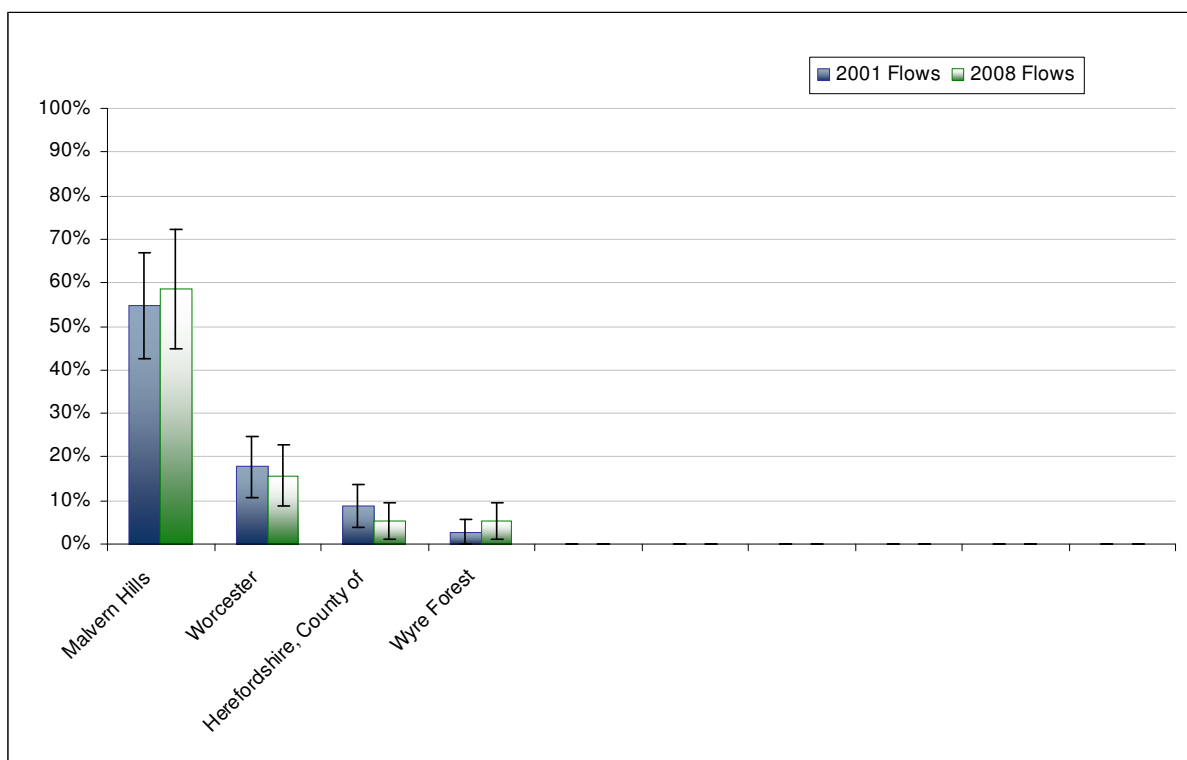
Source: ONS Commute APS model, 2010 (Labour Force Survey)[18]

- The economy of Malvern Hills is characterised by low unemployment and a relatively strong employment base. The key sector within the District is Research and Development at Malvern Hills Science Park and QinetiQ. Unemployment is relatively low compared to the other authorities in Worcestershire at 2.4%. The occupational structure of the economy is dominated by Managers and Senior Officials (15%), Professional Occupations (14%), Associate Technical and Professional Occupations (13%) and Skilled Trades Occupations (16%). There are lower than average proportions of Sales and Administrative Clerical and Secretarial Occupations[19].

- The latest economic forecasts produced by Advantage West Midlands[20] suggest that total employment in Malvern Hills will stagnate over the plan period, with growth of only around 0.3%. However, the distribution of employment by occupation is projected to change with increases in the proportions of Personal

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[18] Confidence intervals are displayed on the chart
[19] Source: Nomis, 2011 and GVA Analysis, 2011
[20] Source: AWM Labour Force Market Future Profiles, 2010 and GVA Analysis, 2011

Service Occupations, Managers and Senior Officials, Professional Occupations and Associate Technical and Professional Occupations. There are projected to be significant reductions in the proportions of Skilled Trades Occupations, Elementary Occupations and Process Plant and Machine Operators.

The Active Market – Past and Current Housing Market Trends

2.10   The following observations summarise the operation of the active market in Malvern Hills. The analysis illustrates the way in which the housing market has changed over recent years[21]:

- House prices within Malvern Hills have remained fairly constant over recent years in comparison to the County and National averages which have both fallen during the same period. In Malvern Hills between 2006/07 and 2010 house prices have decreased by 0.5%[22].

- In order to assess the most recent movements in the housing market the following plans show the spatial distribution of average house prices in 2010 and 2011. This shows that there has been a strengthening of house prices in the northern and southern wards of the District, whilst around Malvern and Worcester, prices have generally remained the same, although it is important to recognise that these trends are built on relatively low levels of transactions.
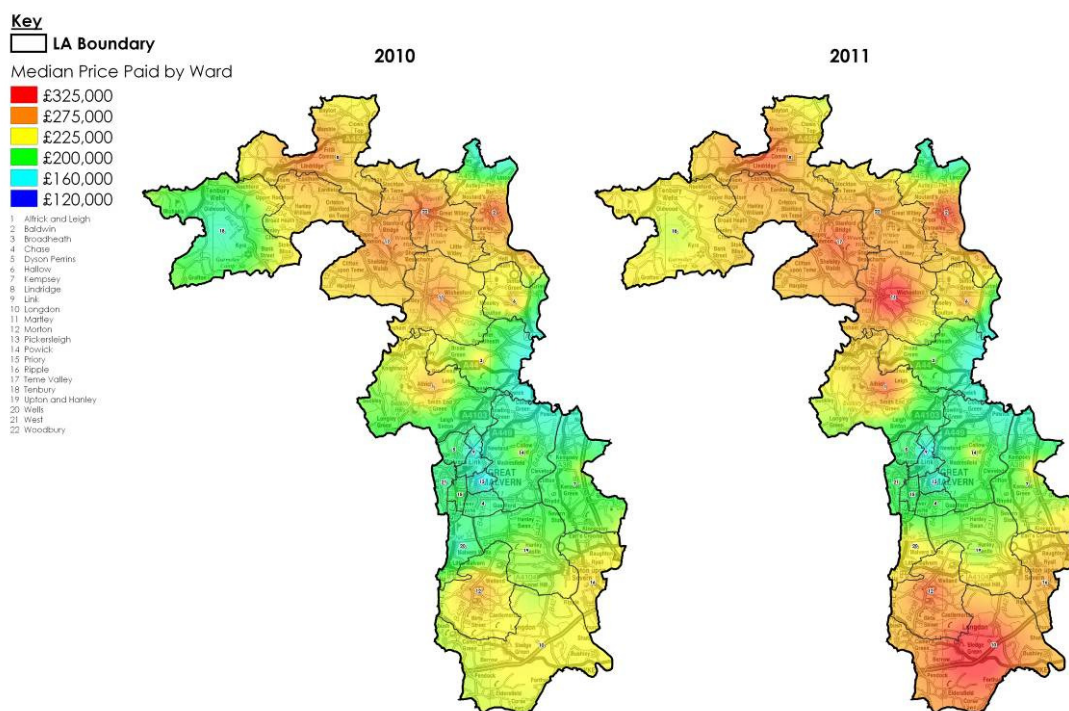
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[21] Note: Given the slow-down in the housing market at a ward level analysis may be based upon relatively few transactions.
[22] Source: DCLG Live Tables, 2011

Figure 2.9: Change in House Prices between 2010 and 2011

Source: Land Registry, 2011

- Nationally the impact of the credit crunch and subsequent period of economic recession and downturn has led to a dramatic reduction in the number of sales of properties. This is reflected in Malvern Hills where sales reached a peak in 2007 of 2,056 transactions and fell to a low in 2008 (753 transactions), with 2010/11 showing only 897 transactions. The following plan illustrates the spatial distribution of recorded transactions of properties in both 2010 and 2011.

Figure 2.10: Total Transactions per Ward (2010 – 2011)
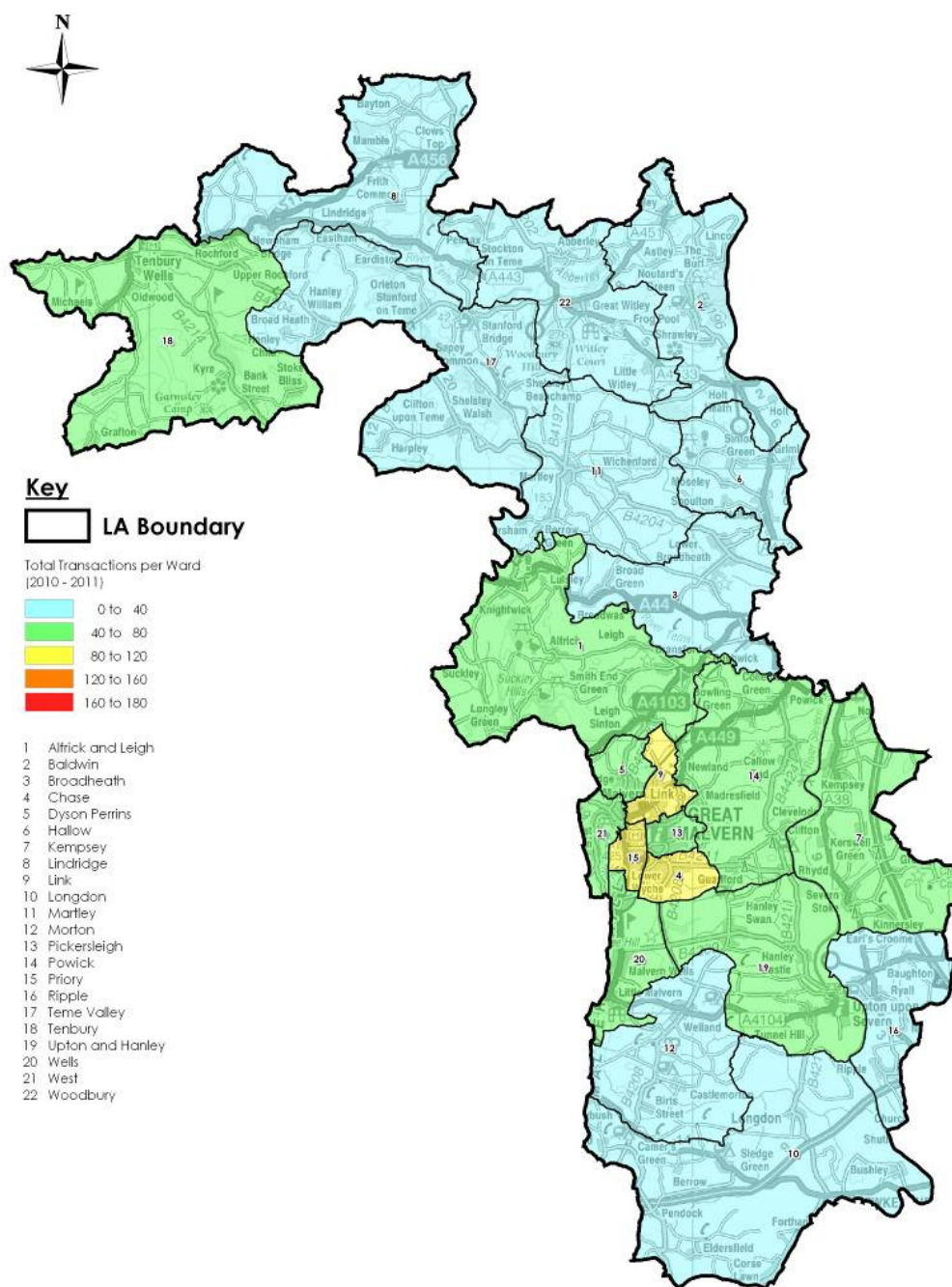
Source: Land Registry, 2011

- Lower Quartile house prices are used in the main SHMA analysis to represent entry level properties in the market, an important part of assessing affordability issues. Within Malvern Hills the average lower quartile price for all properties was £156,500 in 2010. As with overall house prices there are considerable variance in the lower quartile price across the authority, this is illustrated through the following plans.

Figure 2.11: Geographical Distribution of Lower Quartile House Prices – 2010/11
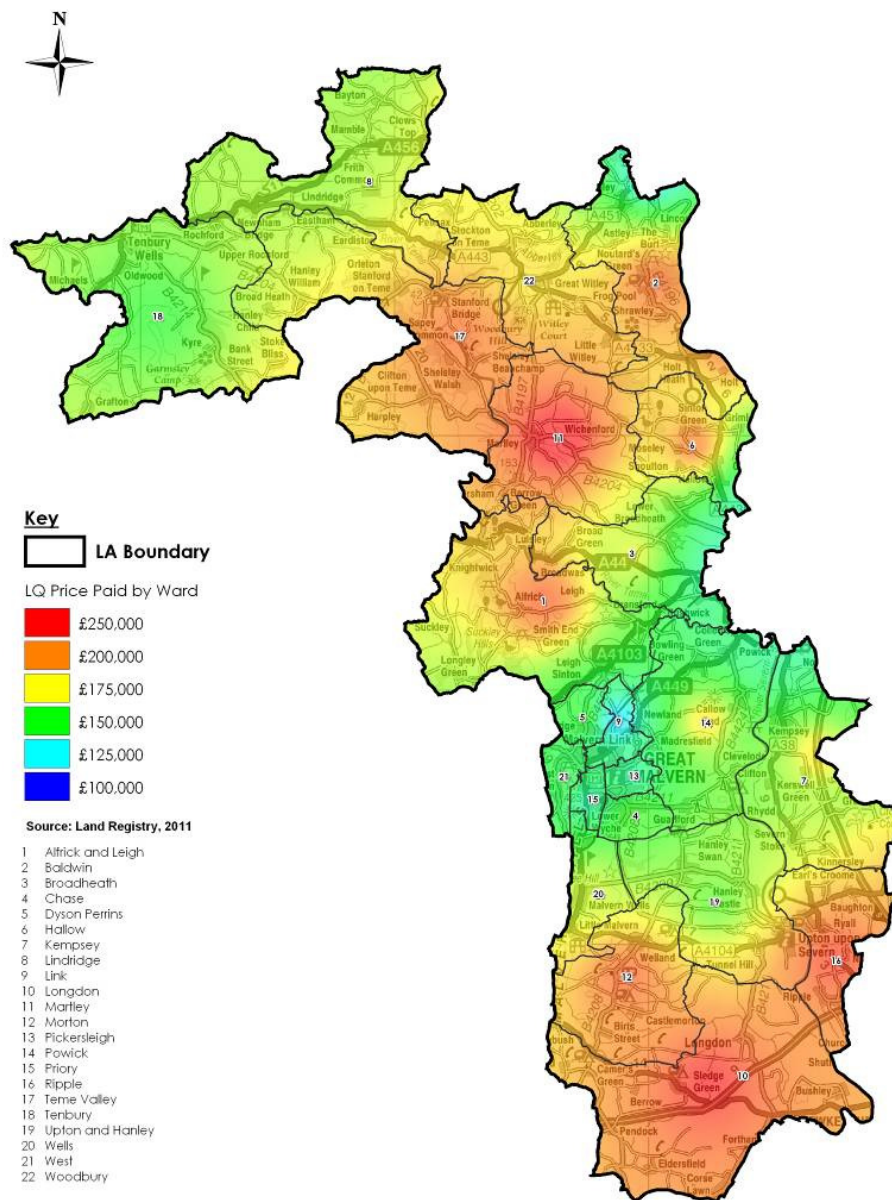
Source: Land Registry, 2011

*Figure 2.12: Transactions per Ward below Lower Quartile Price for the authority –
2010/11*

Source: Land Registry, 2011

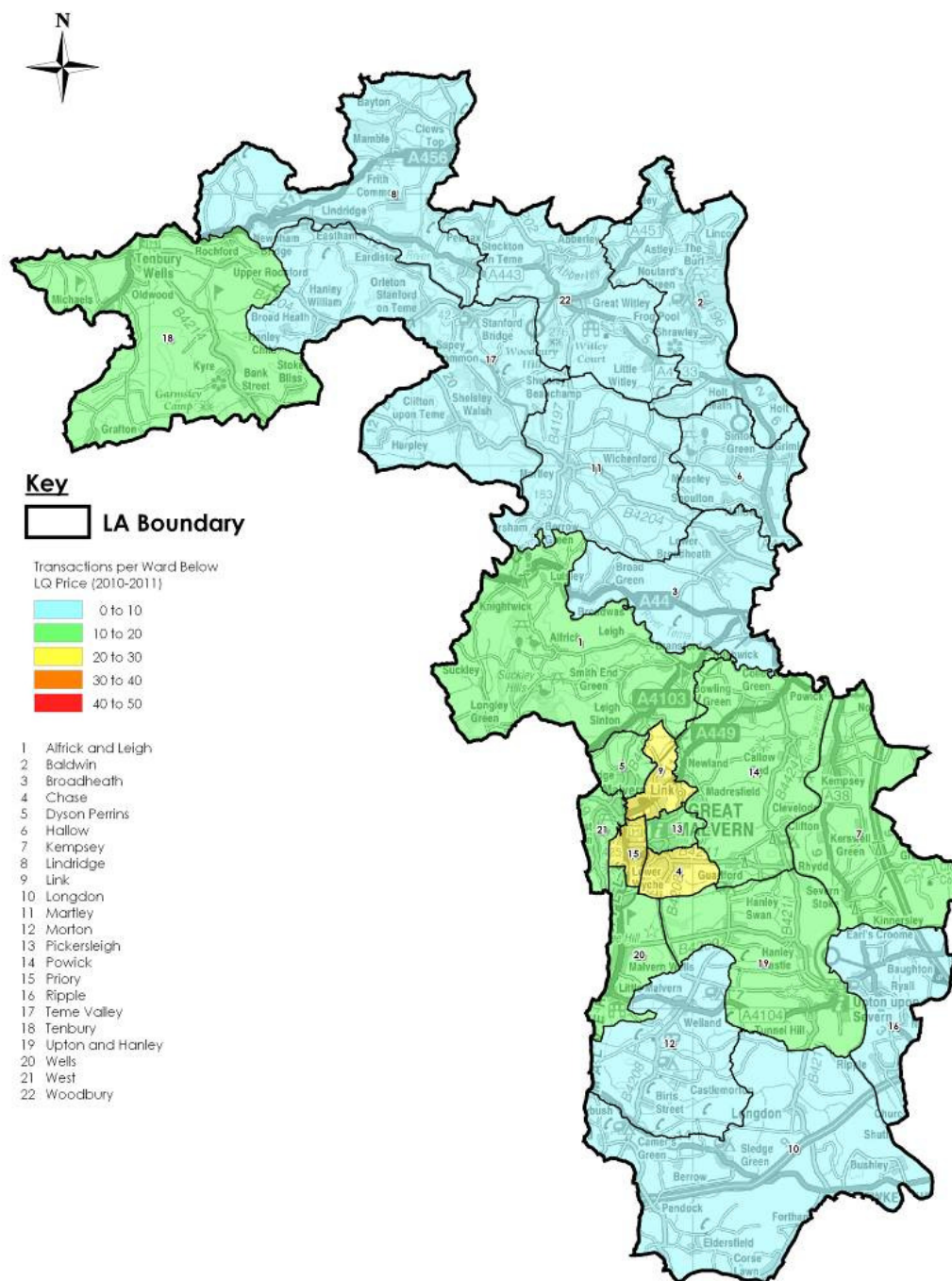- Analysis of the rental market shows that average rental prices within Malvern Hills are generally below the County averages for different property types, except for a 1 bed apartment, which are slightly higher. Rental prices for a 1 bed apartment are £485 per calendar month (pcm), whilst for a 2 bed apartment they are around £547 pcm. In terms of the housing market, rental prices for 2, 3 and 4 bed houses within Malvern Hills are £595, £660 and £675 pcm respectively, all of which are above the County averages for Worcestershire[23].

- Analysis of waiting list data[24] shows a sustained demand for affordable housing in the current market across Malvern Hills. In total there are 2,285 households on the waiting list, 479 of which, or 21%, who are classified as in 'significant need'[25].

- Of those on the full waiting list there are a high proportion within the private rented sector, at 23%, and already in social rented housing, at 36%. Comparably lower proportions of households are in owner-occupation or sharing/lodging, at 7% and 6% respectively. The analysis of the waiting list within Malvern Hills also showed high concentrations of both families and single person households registered on the waiting list – representing 37% and 33% of the total waiting list respectively.

- The sustained pressure on affordable housing, as a result of current market circumstances, is further illustrated through the benchmarking of the levels of income required to access different housing tenures within Malvern Hills. An income of over £40,000 is required to purchase a lower quartile property (assuming a 3.5 income / mortgage ratio and a 10% deposit). In order to afford an average 2-bed apartment within the authority an income of £36,250 is required (assuming that 25% of income is spent on rent) and an income exceeding £25,000 is required to afford a 2-bed apartment when charged at the Affordable Rent level (upper limit of 80% of average market rent). This is illustrated in the following table which shows the different entry level incomes required to access different sizes of properties.

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[23] Source: www.rightmove.co.uk (summer 2011)

[24] Home Choice Plus

[25] For a full definition of how 'significant need' is attributed see Section 5 of the main SHMA Report. The level of households in 'significant need' presented includes households transferring between social dwellings in the authority.

Figure 2.13: Affordability Benchmarking – Access to different tenures and sizes of properties

Authority	Affordability Benchmarks - Annual Income Required						% of All Households Earning Less than £30,000
	To purchase LQ House (3.5 * income - 10% deposit)	Renting Average 2-bed Apartment (25% income)	Renting Average 3-bed House (25% income)	Affordable Rent (80% Market Rent) 2-bed Apartment (25% Income)	Affordable Rent (80% Market Rent) 3-bed House (25% Income)	Social Rented (25% income)	
Malvern Hills	£40,243	£26,250	£31,680	£21,000	£25,344	£18,381	51%

Source: GVA, 2011

3. The Future Housing Market

3.1 Understanding how the operation of the housing market will change in the future represents an important part of the main SHMA Report analysis. A number of models are utilised within the main SHMA Report to project forward future demand.

3.2 This includes examining the long-term pressures for new housing resulting from a growing population and household base, and the impact this will have on the types of housing that new and existing households will require through the plan period.

3.3 It also includes an assessment of the current and short-term future need for affordable housing, again with a breakdown by size of property. The analysis also considers the role of the three different types of affordable housing described within PPS 3 in meeting the identified future levels of need for affordable tenures. The results of these modelling processes are summarised within this section. Sections 6 and 7 of the main SHMA Report include a detailed methodology for each of the modelling processes, which is not replicated in this Overview Report but should be used to reference and clarify technical points.

DCLG Output 3 - Estimate of total future number of households, broken down by age and type where possible

3.4 The main SHMA Report incorporates a substantial amount of modelling and analysis to determine the most likely range of future population levels based on scenario built projections.

3.5 These projections take account of demographic, economic, market and supply factors to arrive at a series of conclusions around how the population and number of households could change and what this means in terms of both the age and type of households.

3.6 For Malvern Hills the following conclusions are reached in relation to this output:

- The number of households is forecast to grow over the period 2006 and 2030 by between 5,080 and 7,310. The lower level of projected household growth is based upon a demographic trend based scenario which uses the latest data around levels of natural change and migration to project forward a continuation of recent historical dynamics. The higher level of household change is estimated through the application of an economic constraint on the demographic projections. Under this scenario the labour force in the authority is matched with the projected total number of jobs in the authority, taking account of current

levels of commuting and unemployment etc…. On this basis where the number of jobs exceeds the economically active working age population – the labour force – the model assumes that additional people migrate into the authority to take the opportunities. If, however, the number of jobs is less than the number of persons in the labour force then the model shows an out-migration of working age people until the two factors are broadly matched.

- Within Malvern Hills net migration, both UK based and international, represents a fundamental driver of the change in population. The authority has consistently seen high levels of net migration into the area and the projections continue to forecast this forwards. By contrast the net loss of people through natural change factors is projected to increase reflecting the increasingly ageing profile of the authority. This is illustrated in terms of the migration-led scenario (Scenario 3 within the main SHMA Report) with the projected change in these components of population change shown in the following chart.

Figure 3.1: Components of Change under the Migration-led Scenario

Malvern Hills
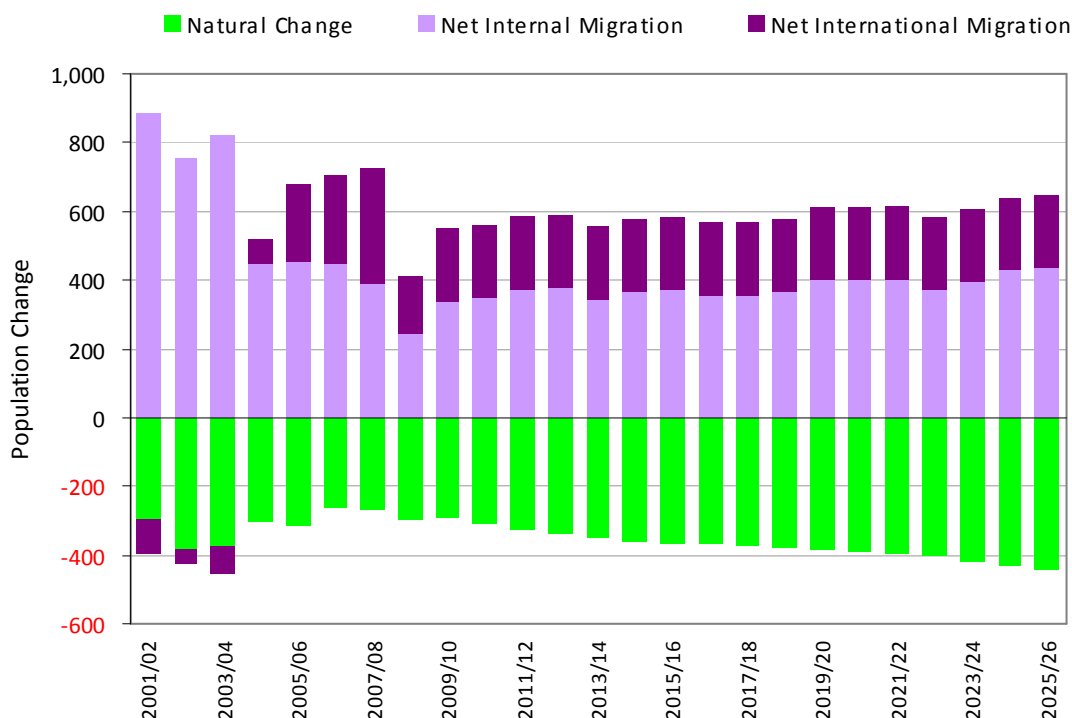
Source: Edge Analytics, 2011

- The impact of historical levels of development have clearly influenced the levels of population growth over the past, particularly at a local level, with this therefore impacting on the future levels of growth projected going forward. The analysis of

demographic drivers has involved the construction of a model which is built from a ward level upwards. The following table shows the levels of private household population and household change projected for each of the wards between 2006 and 2030.

Figure 3.2: Projected Change in Private Household Population[26], Households and Household Size by Ward 2006 – 2030

Scenario 3 - Migration-led	Private Household Population			Household Size			Households				
	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)	Rank[27]
Alfrick and Leigh	3,340	4,130	790	2.42	2.36	-0.05	1,380	1,750	370	15	5
Baldwin	1,990	2,220	230	2.46	2.20	-0.27	810	1,010	200	8	12
Broadheath	3,290	3,580	290	2.56	2.37	-0.19	1,280	1,510	230	10	11
Chase	5,630	5,730	100	2.13	1.98	-0.15	2,650	2,900	250	10	7
Dyson Perrins	3,480	3,790	310	2.49	2.29	-0.20	1,400	1,650	250	10	7
Hallow	1,890	2,210	320	2.59	2.38	-0.21	730	930	200	8	12
Kempsey	3,730	3,990	260	2.40	2.26	-0.14	1,560	1,760	200	8	12
Lindridge	2,210	2,660	450	2.69	2.51	-0.18	820	1,060	240	10	9
Link	5,870	6,520	650	2.18	1.99	-0.18	2,700	3,270	570	24	1
Longdon	2,090	2,030	-60	2.56	2.31	-0.25	820	880	60	3	21
Martley	1,770	2,200	430	2.56	2.36	-0.20	690	930	240	10	9
Morton	1,960	1,960	0	2.58	2.24	-0.35	760	870	110	5	17
Pickersleigh	6,240	7,460	1,220	2.40	2.36	-0.04	2,600	3,160	560	23	2
Powick	3,770	3,460	-310	2.34	2.09	-0.25	1,610	1,660	50	2	22
Priory	3,330	3,670	340	1.90	1.77	-0.13	1,750	2,070	320	13	6
Ripple	1,760	1,980	220	2.38	2.20	-0.18	740	900	160	7	15

[26] The ONS calculates the private household population by deducting the institutional population from the total population. The institutional population is the population wholly resident in communal establishments such as residential care homes, nursing homes and long stay hospitals, including resident staff

[27] This is a rank of the annual level of household change. The annual change represents a division of the overall change by 24 and therefore ranks are based upon non-rounded figures i.e. wards with the same rounded annual change may not receive the same rank.

Teme Valley	2,030	2,020	-10	2.53	2.33	-0.20	800	870	70	3	19
Tenbury	3,840	4,710	870	2.43	2.30	-0.13	1,580	2,050	470	20	3
Upton and Hanley	4,120	4,620	500	2.19	1.97	-0.22	1,880	2,340	460	19	4
Wells	2,990	2,740	-250	2.23	1.95	-0.29	1,340	1,410	70	3	19
West	4,090	3,420	-670	2.30	1.85	-0.45	1,770	1,850	80	3	18
Woodbury	2,010	2,350	340	2.58	2.54	-0.05	780	930	150	6	16

Source: GVA, Edge Analytics, 2011. Note the numbers do not add up to the exact authority total due to the way in which the model is constructed using local level statistics.

- Within Malvern Hills all of the wards are projected to grow their household base over this time period. The wards of Tenbury, Pickersleigh and Link are projected to see the highest levels of growth. The latter two of these have in particular seen relatively strong levels of housing completions over recent years with this resulting in a comparatively high level of household growth which is then projected forward. The future supply of new housing will shape the realised growth in household numbers with these projections representing a trend based assessment.

- The employment constrained scenario cannot be broken down to a ward level, however, at an authority level in order to align the two factors, the labourforce and the level of employment, the internal UK migration component of change is aligned annually. This is illustrated under the following components of change chart for Malvern Hills. It is important to note that whilst the UK migration component is the element which is altered this has an impact on the natural change component through the projection period as households are aged and enter different family cycles. The employment-constrained scenario illustrated below includes the application of updated economic activity rates for older person linked to changing working patterns and the increasing of pensionable ages, a full explanation for this is included within the main SHMA Report.

Figure 3.3: Components of Change under the Employment-Constrained Scenario (Sensitivity 2 Scenario)

Malvern Hills
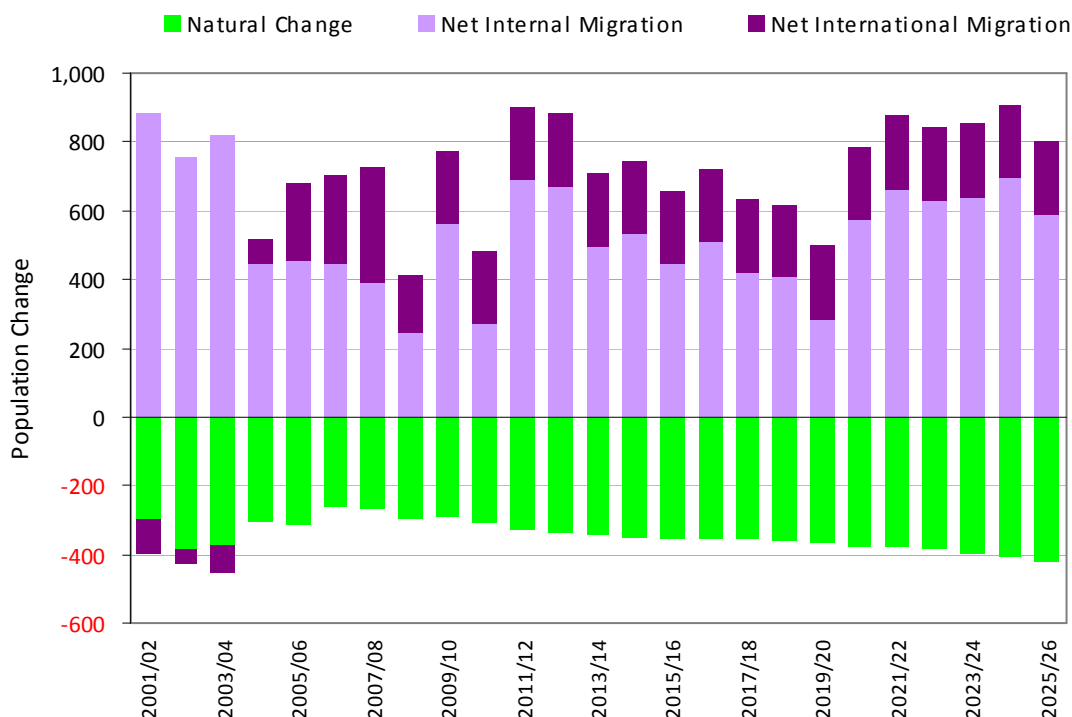
Source: Edge Analytics, 2011

- Under both scenarios the population of Malvern Hills is projected to age. The following table shows that within Malvern Hills the proportion of older person households (those over the current working age classifications used in the 2001 Census) is forecast to grow from 25.5% to between 37% and 39% (the higher figures is recorded under Core Scenario 3). By contrast the proportion of the total population which is classified as working age is set to reduce over the projection period. In addition this is true of the younger age groups, with these linked to the numbers of family households within the authority. This is illustrated within the following table which shows the projected change in key age groupings under the two selected scenarios.

Figure 3.4: Projected Change in the Age of the Population 2006 – 2030

Malvern Hills	Core Scenario 3		Sensitivity Scenario 2
	% of Total Population		% of Total Population
Age Group	2006	2030	2030
0-4	4.6%	4.0%	4.2%
5-10	6.7%	5.5%	6.2%
11-15	7.0%	5.4%	5.8%
16-17	3.2%	2.5%	2.5%
18-59Female, 64Male	53.0%	43.7%	44.0%
60/65 -74	14.7%	18.3%	17.6%
75-84	7.7%	12.3%	11.6%
85+	3.1%	8.2%	8.0%
Total	100.0%	100.0%	100.0%

Source: Edge Analytics, GVA, 2011

- The types of household are also projected to change, with the ageing population noted above one influencing factor. Primarily the projections show a notable uplift in single person and couple households and a decline in family households. Under Sensitivity Scenario 2, which matches the population with the forecast numbers of jobs, there is projected positive growth in all household types for the age group 25 – 34. This growth however, is not as high as the levels of growth projected for those households beyond the traditional working age categories.

- These trends are illustrated through the following tables which show the projected trends for both scenarios.

Figure 3.5: Projected Change in Household Type 2006 – 2030

Malvern Hills	Change in age of head of household 2006 - 2030 - Core Scenario 3									
Household Type	0-14	15-24	25-34	35-44	45-54	55-59	60-64	65-75	75-84	85+
One Person	0	-5	54	171	-36	35	197	530	1,559	1,920
Couple Household or Mixed Adult Household	0	58	126	-310	-610	-666	132	1,385	971	744
Family Household (Adults and Children)	0	0	-145	-746	-317	-34	40	23	30	12
Other Households	0	-20	66	-43	-102	-67	-43	9	135	26
Total	**0**	**32**	**100**	**-928**	**-1,065**	**-731**	**325**	**1,946**	**2,695**	**2,701**

Malvern Hills	Change in age of head of household 2006 - 2030 - Sensitivity Scenario 2									
Household Type	0-14	15-24	25-34	35-44	45-54	55-59	60-64	65-75	75-84	85+
One Person	0	12	149	331	34	81	239	602	1,677	2,055
Couple Household or Mixed Adult Household	0	81	256	-273	-503	-609	222	1,546	1,037	794
Family Household (Adults and Children)	0	22	6	-402	-175	-18	46	25	32	13
Other Households	0	-19	98	-37	-100	-66	-42	17	146	30
Total	**0**	**96**	**508**	**-381**	**-745**	**-612**	**465**	**2,190**	**2,892**	**2,892**

Source: Edge Analytics, GVA, 2011

- The projected trends identified above around the changing demographic profile of Malvern Hills are likely to alter the types and sizes of houses which will be required in the future. The analysis suggests that there may be a high demand for smaller properties suitable for meeting the needs of older person households within the authority. Whilst the number of family households is set to decline overall it is important to recognise that this is not true for all age groupings and therefore there is likely to be a sustained demand for traditional housing units (3 and 4 bedroom stock), recognising that moderate and larger properties represent the aspiration for many households of different ages.

DCLG Outputs 4, 5 and 6

3.7   The analysis of DCLG Outputs 4, 5 and 6 are interlinked. They involve the assessment of the breakdown of future needs for different tenures of housing. The SHMA considers this in terms of both short and long-term (long-term covering the full plan period).

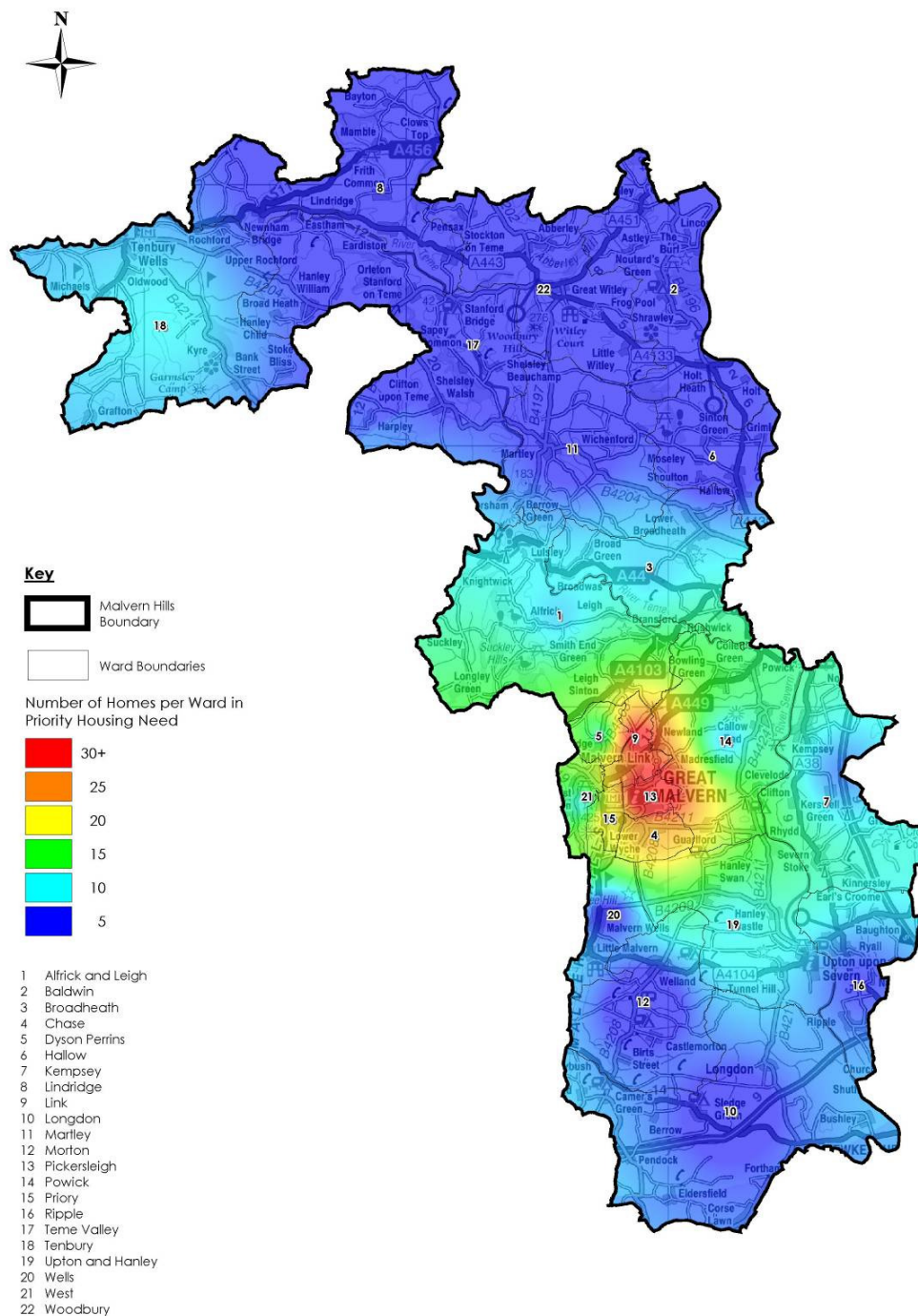## Output 4 – Estimate of current number of households in housing need

3.8   There is a recognition that the balance of tenures across the authority has not to date fully met the housing needs of households. The market position summarised in the Current Market section highlighted the affordability issues facing many households, in particular newly forming households.

3.9   Analysis of waiting list data has been used to understand the current backlog of unmet need for affordable housing within Malvern Hills. This has identified that:

- There are 5 households currently classified as statutorily homeless and/or in temporary accommodation;

- In addition there are, based on the analysis of the waiting list, 474 households classified as in significant need, 215 of which are currently living in social rented accommodation. If those already living within social housing are removed - on the basis that there needs being met by another social house will free up their own property and therefore result in a zero gain supply / demand position – then this leaves a total of 264 (=5+474-215) households classified as in need currently within Malvern Hills.

- This clearly represents a relatively high level of unmet need for affordable housing which remains an important priority for the authority to address.

- This existing backlog of need is not distributed evenly across the authority – with the Pickersleigh, Link and Chase wards demonstrating the highest concentrations of households currently in significant need. This distribution is in large part a result of the current spatial distribution of the existing stock of affordable housing. The following plans illustrate the location of those households classified as in significant need across the authority and wider County.

*Figure 3.6: Spatial Distribution of Current Housing Need (Significant Need) – 'Hotspot'
Map, Malvern Hills*

Key

Malvern Hills
Boundary

Ward Boundaries

Number of Homes per Ward in
Priority Housing Need

30+
25
20
15
10
5

1   Alfrick and Leigh
2   Baldwin
3   Broadheath
4   Chase
5   Dyson Perrins
6   Hallow
7   Kempsey
8   Lindridge
9   Link
10 Longdon
11 Martley
12 Morton
13 Pickersleigh
14 Powick
15 Priory
16 Ripple
17 Teme Valley
18 Tenbury
19 Upton and Hanley
20 Wells
21 West
22 Woodbury

*Source: Local Authority Waiting Lists, GVA Analysis, 2011 (Note: the key reflects a 'heat
map' approach – the single values reflect a position within a spectrum which is
reflected through graded colourings)*

Figure 3.7: Disaggregating Current Housing Need (Significant Need – 'Hotspot' Map, Worcestershire
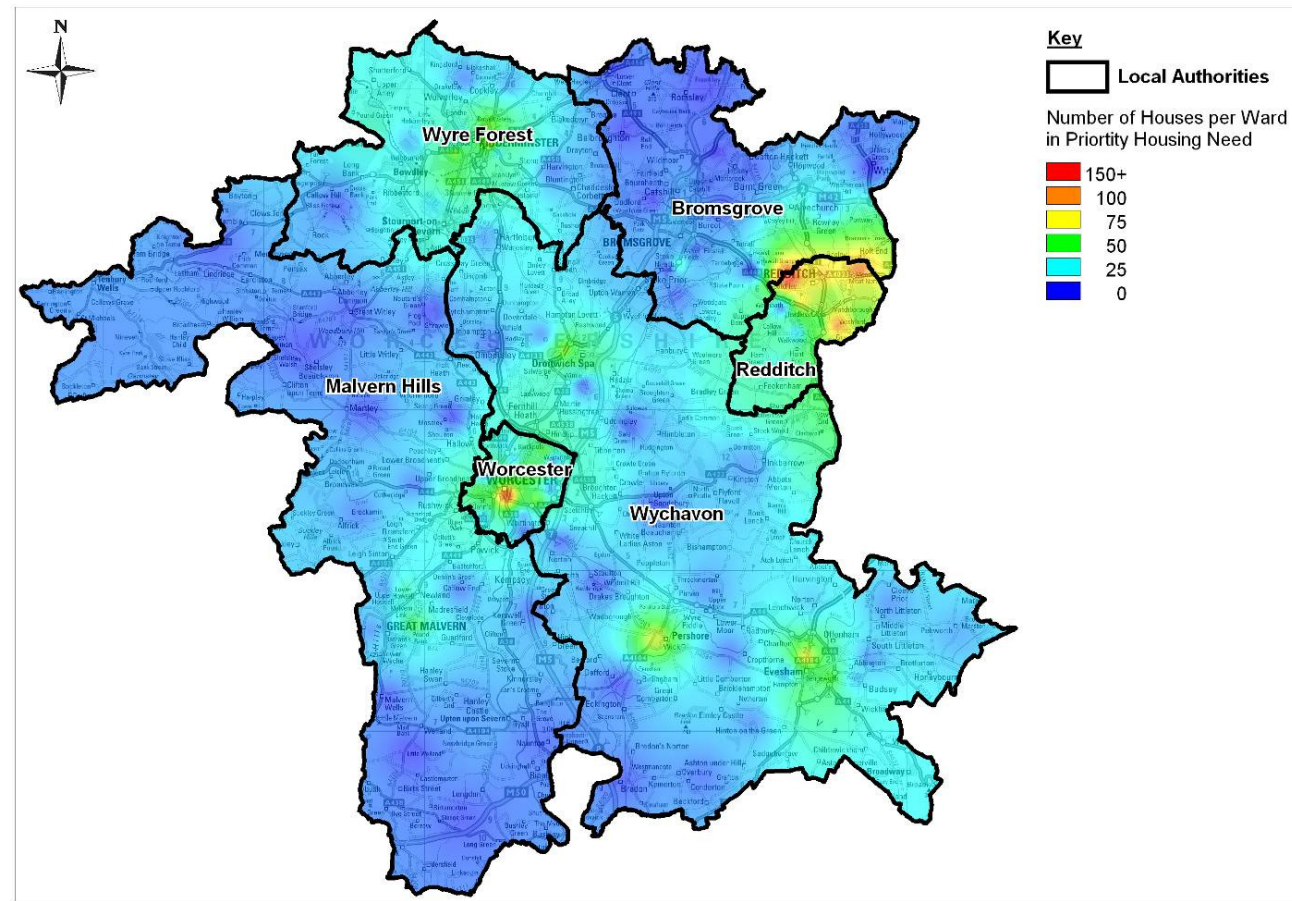
Source: Local Authority Waiting Lists, GVA Analysis, 2011

- Importantly this spatial analysis of current need only represents those households who have put themselves onto the waiting list and been identified as in significant need. The ratio between lower quartile house prices and incomes represents another important indicator of the potential concentration of households who are likely, as they form, in the future, to be facing a situation of housing need. This is illustrated in the following plan. This should be considered alongside the spatial analysis of the waiting list data to identify a composite picture of where pressures are greatest for affordable housing as a result of concentrations of existing and forming households in need.

Figures 3.8: Affordability Ratios – Lower Quartile House Prices and Incomes
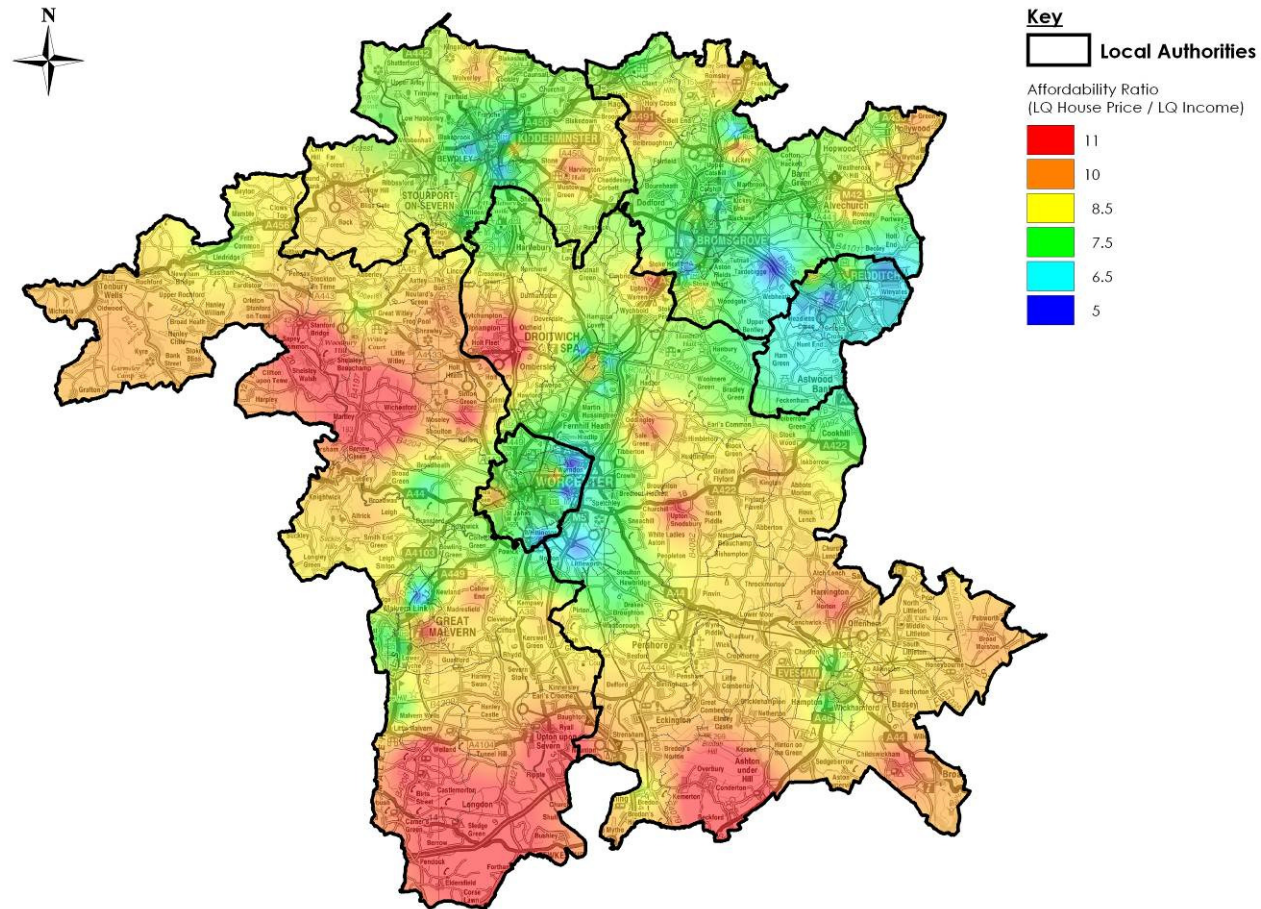
Source: Land Registry, 2011, CACI, 2010

Output 5 – Estimate of future households that will require affordable housing

3.10   The overall calculation of the amount of households requiring affordable housing is undertaken using the DCLG model set out within the SHMA Guidance note. A similar approach has been adopted to that originally set out within the 2007 County SHMA and the subsequent updates.

3.11   The model takes account of the backlog of current need identified under the previous DCLG Output, however, it also factors in annual future need, existing supply and the annual future supply to arrive at an overall net number of households requiring an affordable dwelling over the next five years.

3.12   The full calculation of this level of need is set out in the table below.

Figure 3.9: Housing Needs Assessment Model

Stage 1 – Current Housing Need (Gross Backlog)		
Step	**Methodology / Source**	**Malvern Hills**
1.1 Number of Homeless households and those in temporary accommodation	Local Authority - Statutory Homeless	5
1.2 Number of Overcrowding and concealed households	CBL Waiting List - 'significant need' (Taken as single Step)	
1.3a Other Groups		474
1.3b Other Groups – Transfers	Of which transfers - current occupiers of affordable housing in 'significant need'	215
1.4 Total current housing need (gross) = (1.1 + 1.2 +1.3a) - 1.3b	**(1.1 + 1.2 +1.3a) - 1.3b**	**264**

Stage 2 - Future Housing Need (Annual)		
Step	**Methodology / Source**	**Malvern Hills**
2.1 New Household formation (annual)	Household Projections (Gross Formation - Natural Change Scenario – aged 15-44 years)	571
2.2 Newly forming households in need (annualised)	Proportion of households unable to afford to purchase or rent in the open market **(Assumes PRS absorbs need - LQ)**	55%
	Number of households unable to afford to purchase or rent in the open market **(Assumes PRS absorbs need - LQ)**	314
2.3 Existing households falling into need	CBL Waiting List - Households registering as in significant need (annual)	30
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	**(2.1 x 2.2) + 2.3**	**344**

Stage 3 - Affordable Housing Supply (Annual)		
Step	**Methodology / Source**	**Malvern Hills**
3.1 Affordable dwellings occupied by households in need	Number of households identified in 1.3b which are transfers	**Accounted for at Step 1.3b**
3.2 Surplus Stock	Long-term Vacant (i.e. 6 months plus)	0
3.3 Committed supply of new affordable housing	Social Housing & Affordable Rent	72
3.4 Units to be taken out of management	Demolitions (programmed) and Right to Buy (trend)	0
3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	**3.1 + 3.2 + 3.3 - 3.4**	**72**
3.6 Annual supply of social re-lets (annual net)	Lettings to households from other tenures (2010/11)	220
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	Intermediate dwellings committed for development (annualised across next 5 years)	31
3.8 Annual supply of affordable housing = 3.6 + 3.7	**3.6 + 3.7**	**251**

Stage 4 - Total Housing Need (Net Annual)		
Step	**Methodology / Source**	**Malvern Hills**
Total net need = 1.4 - 3.5	**1.4 - 3.5**	**192**
Annual flow (20% of total net need)	**20% of total net need (Assume five year period to relieve backlog of need)**	**38**
Net annual housing need = (2.4 + Annual flow) – 3.8	**(2.4 + Annual flow) - 3.8**	**131**

Source: GVA, 2011

3.13   The level of need identified through this SHMA illustrates slight increase against the comparable figure of 102 identified through the latest 2009/10 Annual Monitoring Update produced by Worcestershire County Council. Overall, the level of need for affordable housing remains high in Malvern Hills.

3.14   Importantly the SHMA has looked at the range of products now classified as affordable housing to understand the roles they can play in meeting the needs of the households identified as requiring this tenure of housing. These are considered below:

- Social Rent – This represents the traditional tenure of affordable housing. The analysis of the following two tenure products are considered against access to social rented housing which continues to represent the majority of 'affordable stock' across all authorities.

- Intermediate Housing – The SHMA identified that in Malvern Hills there is a requirement for the delivery of 35 intermediate tenure affordable dwellings on an

annual basis for the next 5 years (gross), which equates to 175 new intermediate tenure dwellings in total. This calculation is based on the capacity of households to afford access to this tenure based upon setting the upper limit for accessing intermediate products at the income required to access the private market (in line with the housing needs assessment). The lower limit was set at the income required to afford a 55% equity share in a small family house at the lower quartile price. This has been set to allow for a 50% equity purchase alongside a 5% deposit. This tenure will continue to play an important role in meeting housing needs over this period – given the wider economic climate, which is currently constraining access to mortgage finance. Notably, there is a strong annual supply of intermediate housing already committed for development within the authority in future years although this should not suggest that a further supply of intermediate dwellings be discouraged as this tenure can continue to form an important bridge between social rented and market housing.

- Affordable Rent – This product remains in its infancy at the time at which this SHMA is being produced and therefore assumptions are likely to alter in the future, requiring careful monitoring. The analysis has used market rent information to assess the proportion of households in need for whom this type of product would meet needs. The following table sets out the proportion of households[28] unable to access affordable rent by different property sizes. It is evident that a substantial proportion of households potentially in need are unable to access affordable rent stock. This has an important bearing in reinforcing the important role that traditional social rental stock will continue to play in meeting needs going forward over the plan period.

Figure 3.10: Proportion of Households Unable to Afford Affordable Rent Housing

District	% Unable to Afford 80% Market Rent, 2-bed Apartment	% Unable to Afford 80% Market Rent, 3-bed House
Malvern Hills	41%	51%

Source: CACI, 2010, Rightmove, 2011, GVA Analysis, 2011

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[28] Note: This uses the incomes of all households as recorded by the CACI dataset

Output 6 – Estimate of future households requiring market housing

3.15   The analysis undertaken to inform Output 5 shows that in Malvern Hills 45%[29] of newly forming households are able to afford market housing of some form over the short-term. The table below shows the projected number of newly forming households (gross) anticipated over the next ten years by ward based upon the Natural Change population scenario (scenario 2 in the main SHMA Report). This provides an indication of wards where the growth of the local population will place increasing pressures on all forms of housing including affordable housing.

Figure 3.11: Gross Household Change – Annual Projections under the Natural Change Scenario (Scenario 2)

Core Scenario 2 - Natural Change	Annual gross household formation 2011-2021 (aged 15 - 44)
Pickersleigh	67
Chase	53
Link	53
Priory	52
West	38
Tenbury	33
Upton and Hanley	31
Dyson Perrins	30
Kempsey	26
Alfrick and Leigh	25
Broadheath	24
Powick	24
Wells	23
Morton	21
Woodbury	15
Longdon	15
Teme Valley	15
Lindridge	14
Hallow	13
Martley	12
Baldwin	11
Ripple	9

Source: Edge Analytics, GVA, 2011. Note this informs stage 2.1 of the Calculation of the Need for Affordable Housing presented under Output 5

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[29] Note: Step 2.2 in Figure 3.9 shows that 55% of newly forming households cannot afford market housing, with 45% therefore able to afford these tenures (owner occupation and/or private rented)

3.16   Looking at the longer-term the SHMA analysis considered the impact of changes to the economic structure of the authority and the breakdown of the tenure of housing that would be required to balance the housing market with the incomes of households. This is replicated in the following table[30].

Figure 3.12: Long-term (to 2031) breakdown of the tenure of properties required to respond to the changing economic profile

	Long-term Tenure Requirement linked to Forecast Occupation Change	
Authority	Market Housing	Affordable Housing
Malvern Hills	86%	14%

Source: GVA, 2011

3.17   Figure 3.12 highlights that based upon the forecast changes to the economy the delivery of affordable housing will continue to be a priority in order to balance the supply of stock by tenure with future demand. Indeed with a high level of need over the next five years identified in figure 3.9, a sustained emphasis on delivering this tenure of housing will be required.

3.18   The analysis undertaken to inform Output 3 is used within the main SHMA report to identify a range of housing requirements needed to meet generated demand from a growing household base. This takes into account current levels of vacancy as well as recent levels of development from the base point of the household projections in 2006. The range of identified housing requirements for all tenures are shown in the table below.

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[30] Note: as the caveats explain in the main SHMA report this does not factor in supply factors or house price and income changes. The analysis simply aligns the changing economic structure with the affordability benchmarking, therefore providing an indicative level of analysis only given the long-term forecast period and does not in any way replace the assessment of short-term need in Figure 3.9.

Figure 3.13: Hypothetical Dwelling Requirements 2011 – 2030

Scenario	Forecast Household Change (2006-2030)	Forecast Dwelling Requirement - factoring in vacancy allowance of 3%	Housing Delivered Gross 2006 - 2011 (5 years)	Theoretical Dwelling Requirements 2011/12 - 2029/30 (19 years)	
				Net Dwelling Requirement (rounded)	<u>Net</u> Annual Average Dwelling Requirement (rounded)
Malvern Hills					
Core Scenario 3	5,080	5,230	1,183	4,050	210
Sensitivity Scenario 2	7,310	7,520	1,183	6,340	330

Source: GVA, 2011

DCLG Output 7 – Estimate of the size of affordable housing required

3.19   The main SHMA Report considered this aspect in detail within section 7. The final tables showing the assessment of the sizes of affordable housing required across the authority, when considered against the available turnover of lettings, are replicated below. A lower level of analysis has not been undertaken with the consideration of the supply and demand of different sizes of affordable housing more appropriately considered and planned for at a local authority level.

Figure 3.14: A breakdown of the size of affordable housing required across the district (short-term need)

District	Estimated Size of Affordable Housing Required			
	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Malvern Hills	66%	26%	5%	3%

Source: Local authority waiting lists, GVA Analysis, 2011

Figure 3.15: A breakdown of the size of affordable housing supply across the district (annual supply 2010/11)

District	Annual Affordable Housing Lettings (2010/11) by Size			
	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Malvern Hills	47%	38%	14%	1%

Source: Local authority lettings data, GVA Analysis, 2011

3.20   Considering the size requirements of households in need against the availability of lettings to absorb this demand demonstrates the following:

- There is demand/need for homes across all sizes – with the majority of households in need requiring up to 2 bedrooms (92%) and is likely to be attributable to the high levels of single person, pensioner, and couple households in need within the authority.

- A smaller proportion of households require larger 3 bedroom and 4+ bedroom affordable housing – at 5% and 3% respectively. These proportions reflect the high level of families in need of affordable housing within the authority.

- When the lettings supply of affordable housing is considered, it is apparent that the higher rates of turnover in the smaller 1 and 2 bedroom dwellings, which enables them to more swiftly meet the needs of smaller households.

- The lower levels of lettings turnover in the larger 3 bedroom and particularly 4+ bedroom family housing result in their being limited availability of such stock and highlight **the continued need to deliver new additional dwellings to boost supply for families**.

3.21   Overall, however, it is important to reflect that the housing needs assessment indicates that the turnover of social lettings alone within Malvern Hills is insufficient to meet the continued need for affordable housing. As a result, delivery of new affordable housing across all property sizes will be necessary if the authority is to meet the housing needs of its residents.

4. Conclusion – Bringing the Evidence Together

4.1 The analysis has been presented throughout the Appendix document to illustrate findings against the Core Outputs as set within the DCLG Guidance.

4.2 This section rather than reiterating these findings provides a short synopsis of the implications of the findings of the SHMA for policy development and strategy planning within the authority.

Ensuring a Balanced Housing Market

4.3 Over the plan period it is important that policy and strategy aid in delivering a housing market which matches the needs and requirements of the authorities current and future residents. The following conclusions of the research are therefore important in achieving this goal:

- The modelling of future population projections indicates that there will be a sustained need for new housing to meet the needs of a growing population linked to historic demographic trends and the future levels of jobs forecast to be created in the authority.

- In total the SHMA suggests that there will be a requirement for between 4,050 and 6,350 dwellings between 2011/12 and 2029/30 to meet the demands generated by new household formation. This level of requirement factors in the historic supply of new housing between 2006 and 2011.

- The analysis of the current need for affordable housing in the authority over the next five years indicates a high demand for affordable housing. An annual need of 131 affordable properties is calculated as being required to meet the future needs over the next five years and the existing backlog. This reflects the impact of rising house prices over the first half of the last decade and the continued pressures on wages as well as the availability of mortgage finance. It also reflects the fact that affordable housing makes up a relatively low proportion of the overall stock in Malvern Hills currently, approximately 13%, a proportion which is considerably below the national average of 20%.

- The changing age profile of the projected population of the authority indicates that there will be a high demand for smaller properties able to meet the needs of older person households. Overall the number of older persons is projected to increase significantly, indeed the projections suggest that older persons will make

up approximately 37% - 39% of the total population by 2030 compared to just over 25% now.

- In addition to older person households the projections also indicate that in order to maintain a level of working age population to match employment opportunities that there will be a sustained need for family housing within the authority.

- Specifically in terms of affordable housing the analysis indicates that there will be a high demand for smaller properties, 1 – 2 bed, with need for this size of property making up approximately 90% of total need. Importantly, however, the lower levels of turnover in larger properties also suggests that in order to address future need and the current backlog new larger affordable properties will also be required.

Recognising the Impact of the Current Challenging Market Context

4.4   Whilst the SHMA sets out a detailed evidence base documenting demand and housing need drivers it also recognises the challenges posed by current market conditions.

4.5   Whilst the SHMA analysis has evidenced a sustained need for affordable housing tenures over the plan period the current market and finance context presents a significant potential obstacle to delivering sufficient numbers of affordable housing to address need. The following recommendations need to be considered in the setting of policy:

- The reduction, at least in the short term, in the availability of grant monies to aid in the delivery of affordable housing places greater pressure on delivering affordable housing tenures through traditional Planning Obligation approaches. This requires a pro-active and responsive approach to enabling more viable housing sites to come forward earlier in the plan period. A pro-active approach in encouraging the delivery of more viable housing sites will be important in addressing the wider demand for all tenures of housing and assist in ensuring that the ability of households to purchase housing is not further worsened through a continued lack of supply, which is likely to continue to drive up house prices.

- A careful balance is required in terms of other competing requirements through Planning Obligations if the delivery of affordable housing is to be prioritised. This includes the future setting of CIL targets and the balancing of aspirations to deliver other linked improvements for example green space or off-site community benefits. Consideration needs to be given to the appropriate allocation of New

Homes Bonus to local communities to ensure that the benefits of development are realised by affected areas without impacting on the viability of development and the capacity to deliver affordable housing.

- The recognition that the needs of households will need to be met through a spectrum of different affordable housing products. The SHMA analysis has indicated that whilst a notable proportion of households in need will require social housing other affordable products including Affordable Rental properties and Intermediate tenure properties will be able to address the needs of some households and should therefore form part of any new provision delivered across the authority.

Benchmarking and Monitoring Performance

4.6   The SHMA has drawn solely from secondary data sources. As with the 2007 SHMA this ensures that the authorities can collectively or individually monitor the performance of the housing market and the impact on the various models included in the analysis. Given the relatively unusual market and economic context in which this SHMA has been undertaken the monitoring of key indicators will be important in ensuring that the SHMA remains an up-to-date and robust source of evidence to underpin policy.

4.7   The following datasets or areas of analysis should form the focus of future monitoring:

- Annual analysis of waiting list data. The analysis of housing need in section 3 draws significantly upon analysis taken directly from the waiting list. The research has involved refining the method for filtering the waiting list data to provide a more representative analysis of households in 'significant need' using classifications used to assess applicant's relative position on the waiting lists. An annual update of this process will assist in understanding the impact of other market drivers on the need for affordable housing across the authority. It will be particularly important to monitor relative levels of need for different sizes of property over the next few years as new policy initiatives come into force including the proposed housing benefit reforms.

- Consideration of the release of ONS mid-year estimates against the level of projected population change within the range presented in section 3. The release of 2011 Census data counts will also serve as a vital 'check' for understanding the accuracy of national estimations of population change and the impact this has on the numbers of households in the authority. The authority can use the County's POPGROUP software to update the local authority and ward level analysis of population and household projections using the latest release of datasets and any updates to economic forecasts.

- Active market indicators. The affordability of different tenures is linked to the relative pricing of market housing and the availability of finance. Annual benchmarking checks should be made of average and lower quartile house prices and market rents alongside the costs of purchasing driven by the availability of mortgage products. These should be used, alongside the annually updated CACI income data to monitor the affordability benchmarking exercise included within the main SHMA report.