
Section 6

Overview of Affordable Housing Needs

Local Priority for Affordable Housing

- 6.1 In consultation carried out in the preparation of the Bromsgrove Community Plan 2003-2013 in 2003, local people identified provision of good affordable housing as an area for improvement. The Plan responded by proposing to carry out a Housing Needs Survey, which has now been completed (see below). The Plan also set a target for the delivery of 35 new units of affordable housing per year.
- 6.2 The Bromsgrove District Council Corporate Plan 2005-2008 sets out a clear message in support of partnership working to improve the delivery of affordable housing. It states that *'The need for affordable homes and restricted land availability is one of the major issues facing the District. The Council will work with a range of Registered Social Landlords in partnership, including Bromsgrove District Housing Trust, by assisting in the provision of affordable homes and improving housing conditions in the public and private sector'*.

West Midlands Regional Housing Strategy (June 2005)

- 6.3 The Regional Housing Strategy presents up-to-date affordability data for the region which is disaggregated to four Housing Market Areas (HMAs). Worcestershire is included in the Southern HMA where there is clear evidence of an imbalance between house prices and local incomes. Data presented in Appendix 13 of the Strategy indicates that at an income to house price ratio of 3.5, 76% of households in Bromsgrove District would be unable to purchase entry level housing. At a ratio of 4.25, 63.9% of households would still be unable to attain this. Only two other local authority areas in the Southern HMA exceed this (Malvern Hills and Stratford-on-Avon).
- 6.4 The Southern HMA has the second highest requirement of the four for affordable housing over the period 2001-2021 (the highest level requirement is Central HMA which takes into account the acute housing needs of Coventry and Birmingham). The need for social rented housing for locally defined key workers is a specific issue in the Southern HMA. The Strategy states that:

'In Bromsgrove the adjoining housing areas to the north in South West Birmingham are predominately social housing, set to undergo a process of rebalancing and improvement of the range of choices available. It is important therefore that in future Bromsgrove achieves a balanced continuity with the conurbation housing markets by sustaining that range of housing choices throughout its own housing market' (p 61).

Bromsgrove District Housing Needs Survey (September 2004)

- 6.5 Using the Basic Needs Assessment Model (BNAM), the District Housing Needs Survey carried out by Fordham Research shows that there is an estimated annual need for 439 affordable homes in the District for the five year period 2004-09. 42% of this need is for social rented housing and 58% for intermediate housing. However, the majority of those in the intermediate category would only be able to access the cheapest form of this housing type.
- 6.6 A Balancing Housing Markets (BHM) analysis revealed a need for 535 affordable homes per year, of which more than half is for 2 bed properties, as follows:

No. bedrooms	No. units required	%
1 bed	150	28%
2 bed	293	55%
3 bed	63	12%
4+ bed	29	5%
<i>Total</i>	<i>535</i>	<i>100%</i>

- 6.7 Overall, the Survey identifies that 85% of new build will need to be affordable housing and that *'the Council will need to maximise the provision of affordable housing from all available sources'* (p 10). It concludes with the figure of 439 to be provided per annum if all housing needs are to be met between 2004 and 2009.

Bromsgrove District Council Housing Strategy 2006-2011

- 6.8 The District Housing Strategy, which was adopted in March 2006, states that the top housing priority is to address the shortage of affordable housing *'focusing on achieving a well balanced Housing Market and a consistent and appropriate supply of affordable housing to meet urban and rural needs, making best use of planning powers and the resources*

available' (p 3). It goes on to state that *'The District has a significant shortfall in the supply of affordable housing against the needs identified in the recent housing needs survey and the demand from homeless applicants [and] those in need on the Housing Needs Register'* (p 9).

- 6.9 The Strategy identifies that affordability has become an acute problem largely through the in-migration of households from urban areas which has led to an imbalance in the housing market. This has particularly impacted on affordability in the District's villages. House prices in the District are shown to be high when compared with national figures. The closure of the Longbridge car plant is expected to worsen this situation as its full impacts on levels of homelessness are realised. As already stated, Hopwood is affected by all of these factors.
- 6.10 It is especially significant that the Strategy identifies the impact of the moratorium being exercised through SPG10 upon the supply of affordable housing, stating that *the 'planning monitoria currently restricting private development constrains the ability of the Council to negotiate 'on site' provision and unfortunately excludes the cross-subsidy of affordable housing by private developers'* (p 55). It also identifies potential problems arising from the RSS in terms of restricting future housing development to small brownfield sites where the possibility for on site provision or commuted sums do not exist, to which the Council hopes to respond by lowering site size thresholds in the Local Development Framework.
- 6.11 The Council's target is to provide 400 units of affordable housing over the period of the Strategy – an average of 80 per year. The schedule of completed and projected sites included at Appendix 5 of the Strategy indicates that there are a sufficient number of schemes either with planning permission, pending a decision or at the pre-planning stage to deliver the required quantity. The schedule includes the application site within the delivery period 2007/08 (see Appendix A of this Statement).

Parish Housing Needs Survey and BDHT Waiting List

- 6.12 A Housing Needs Survey for Alvechurch Parish was carried out by the Rural Housing Enabler for the Community First organisation in 2004. Household surveys received a very good response rate of 26%. In response to the question *'would you support a small affordable housing scheme in the village for local people?'* 84% of the respondents were in favour. 105 of respondents reported some sort of housing need.
- 6.13 As summarised below, the results identify an overall housing need for 66 affordable homes in the first five years commencing in 2004. This discounts those who reported a requirement for open market purchase

as this does not demonstrate an affordable housing need. The full results are included at Appendix B of this Statement.

Tenure	No. units required immediately	No. units required within 2 years	No. units required within 2-5 years	Total	%
Social rented	20	9	13	42	64%
Shared ownership	7	8	9	24	36%
<i>Total</i>	<i>27</i>	<i>17</i>	<i>22</i>	<i>66</i>	<i>100%</i>

6.14 Current data from BDHT's housing waiting list indicates that 699 applicants have requested a home in Alvechurch. This is broken down as follows:

House type	No. units required	%
1 bed	405	58%
2 bed	172	25%
3 bed	122	17%
<i>Total</i>	<i>699</i>	<i>100%</i>

New Affordable Housing Provision

6.15 The Council's Housing Strategy identifies that, during 2005/06, 75 new affordable homes were provided. This is close to the Strategy's annual target of 80 and represents a significant improvement on the average of the previous four years, of 23 per annum. It is important that sufficient land is released in order that this delivery rate can be sustained over the duration of the Housing Strategy, including the application site, which is identified for delivery in 2007/08 (see Appendix A).

6.16 However, against the target of 439 per annum identified in the Housing Needs Survey, a deficit of 364 has accrued for the period 2005/06. This is in addition to the existing deficit against this target of 413 units which occurred in 2004/05 – giving a total backlog in the Survey period to date of 777 affordable homes.

Land Registry Data

- 6.17 Land Registry data shows that the average house price in Bromsgrove District during the quarter October to December 2006 was £234,885. This exceeds the regional average of £172,152; national average of £184,924; and county average of £206,113. It represents an increase of 66% since the fourth quarter of 2003 when the average house price was £156,886 according to the Joseph Rowntree Foundation (*Affordability differences by area for working households buying their homes – 2003 update*).
- 6.18 It is stated in the National Housing Federation's leaflet entitled '*The West Midlands Housing Timebomb*' (2006) that, based on latest housing market forecasts, the average house price in the region will have reached £240,443 by 2011. This will be '*over 50% higher than 2005*' (page 7). Current data shows that house prices in Bromsgrove are already close to this level.

Relationship between Incomes and House Prices

- 6.19 Data from the New Earnings Survey reveals that average earnings increased by 35% between 1999 and 2003. This clearly indicates that increases in earnings have not kept pace with house prices which increased by 151% over the same period. The Annual Survey of Hours and Earnings (ASHE) shows that the mean gross weekly pay of residents of the Bromsgrove District in 2005 was £485.50. The Council's AMR 2006 indicates that although this is higher than the county and regional means, this can largely be attributed to the large number of high earners who live in Bromsgrove but work in locations outside the District.
- 6.20 A survey by the Joseph Rowntree Foundation (*The Geography of affordable and unaffordable housing, 2006*) reveals that the ratio of house prices to household gross income in Bromsgrove is 4.24. The research indicates that mortgage advances rarely exceed 4 to 1 when based on a single earned income and 3.5 to one when based on multiple earned incomes, indicating that a significant number of households on below average incomes would not be able to afford to purchase a property on the open market in Bromsgrove.

Affordable Rural Housing Commission Final Report (Defra, 2006)

- 6.21 The findings of the Commission reveal a number of startling statistics about the extent of housing need in rural areas, and the drivers of this which includes restriction of supply by the planning system. It states that '*this restriction on supply, together with the limited availability of*

suitable sites for development and the pressure from people wanting to move to the countryside have all contributed to house prices which have risen faster, and to higher levels, in rural areas than in the towns' (p 2). Other cited factors are summarised:

- There has been a 73% increase in average house prices between 2000 and 2005 in rural areas as compared to a 68% increase in urban areas.
- There has been a 6% decrease in houses built in rural areas as opposed to a 29% increase in urban areas.
- New affordable housing has been built at a rate of 3% in rural areas compared to 22% in urban areas. Stock has been eroded at a faster rate than it has been replenished.
- Data on average rural incomes is heavily skewed by the effect of people commuting to work in urban areas. This often hides the lower income households which are most affected by affordability issues in these areas.
- 45% of newly forming households cannot afford to set up home in the rural ward in which they currently live.

6.22 The Commission recommends that rural areas should share in the growth planned following the Barker Review. It considers that six new houses should be built each year in every rural ward, and considers that these can be delivered in a way that meets local housing needs while protecting the character of the countryside. It goes on to recommend that while it considers exception sites to be useful tool in the delivery of affordable housing, these should be complemented by the allocation of housing sites in LDDs.