

Warwick District Council Strategic Housing Market Assessment

Final Report

March 2012



In association with



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1. Introduction and Policy Background

Introduction

- 1.1 GL Hearn (GLH) and Justin Gardner Consulting (JGC) were commissioned to prepare a Strategic Housing Market Assessment (SHMA) for Warwick District by the District Council. The purpose of the SHMA is to provide a robust and up-to-date understanding of housing need and demand within the District and its seven Community Forum areas in order to inform and support planning policy and housing strategy.
- 1.2 The Assessment considers future housing requirements, in terms of the number of homes required to meet need and demand. It considers the mix of housing required, in both the affordable and market sectors. It also looks at the housing requirements of specific groups, including older people, Black and Minority Ethnic (BME) households, and those with support needs.

National Policy Background

- 1.3 Planning Policy Statement 3: Housing (PPS3) sets out current national policies for housing provision. It outlines that the Government's key housing policy goal is to ensure that everyone has the opportunity to live in a decent home, which they can afford, in a community where they want to live. This will be achieved through ensuring a choice of high quality homes, both market and affordable, is made available; by widening opportunities for home ownership, but ensuring that high quality affordable housing is available for those who cannot afford market housing; by improving affordability and by working to deliver sustainable, mixed communities in both urban and rural areas. Through the planning system, the Government also seeks to ensure delivery of high quality, well-designed housing in sustainable locations, which provide access to jobs, services and infrastructure.
- 1.4 The national policy framework for determining levels of housing provision is currently in a state of flux. Under the previous Government, housing targets were set out in Regional Spatial Strategies which were developed by Regional Planning Bodies in collaboration with local authorities and other stakeholders, subject to independent examination in public, but with the ultimate decisions being made by national government (the Secretary of State).

- 1.5 The Coalition Government, elected in May 2010, has pledged to scrap the Regional Spatial Strategies, and the regional housing targets within them, returning powers for determining levels of housing development to local authorities. The Secretary of State initially revoked the Regional Spatial Strategies in July 2010 by parliamentary statement. This however was successfully challenged in the High Court by CALA Homes, with the Court ruling that the Secretary of State had acted unlawfully. However while the Regional Spatial Strategies at the time of writing remain in place, it is expected that they will in due course be abolished through the enactment of the Localism Bill which is currently progressing through parliament.
- 1.6 PPS3 provides an overview of the range of considerations which should be taken into account in determining levels of housing provision:

Assessing an Appropriate Level of Housing: Extract from Planning Policy Statement 3: Housing (PPS3)

The level of housing provision should be determined taking a strategic, evidence-based approach that takes into account relevant local, sub-regional, regional and national policies and strategies achieved through widespread collaboration with stakeholders.

In determining the local, sub-regional and regional level of housing provision, Local Planning Authorities [and Regional Planning Bodies, working together,] should take into account:

- Evidence of current and future levels of need and demand for housing and affordability levels based upon:
 - Local and sub-regional evidence of need and demand, set out in Strategic Housing Market Assessments and other relevant market information such as long term house prices.
 - Advice from the National Housing and Planning Advice Unit (NHPAU) on the impact of the proposals for affordability in the region
 - The Government's latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.
- Local and sub-regional evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments and drawing on other relevant information such as the National Land Use Database and the Register of Surplus Public Sector Land.
- The Government's overall ambitions for affordability across the housing market, including the need to improve affordability and increase housing supply.
- A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas.
- An assessment of the impact of development upon existing or planned infrastructure and of any new infrastructure required.

- 1.7 In determining the appropriate mix of housing, PPS3 identifies that Local Planning Authorities should have regard to current and future demographic trends and profiles; the accommodation requirements of specific groups, particularly families with children, older and disabled people; and the diverse range of requirements across the area, including those of Gypsies and Travellers.
- 1.8 It requires Local Planning Authorities within their Local Development Frameworks to establish policies for the proportion of affordable and market housing required, specifically requiring a plan-wide target for the percentage of affordable housing, and for the proportions of social rented and intermediate affordable housing within this; to specify the size and type of affordable housing required; to set out the range of circumstances in which affordable housing will be required including site size threshold, and to seek their approach to developer contributions.
- 1.9 Affordable housing policies in terms of the proportion of provision required, the tenure mix and site size threshold are required to be informed by an assessment of available funding and their impact on the economic viability of development schemes.
- 1.10 Affordable housing is defined in PPS3 as including social rented, intermediate housing and affordable rented housing, “provided to meet specific eligible households whose needs are not met by the market”. It “must meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and house prices” and “include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.” This is the definition adopted in this document.
- 1.11 In determining the strategy for the planned location of new housing, PPS3 sets out a range of factors which are to be taken into account including: the spatial vision for the area, evidence of need and demand, the availability of suitable, achievable and sustainable land/sites (including within this consideration of access to local services, employment and public transport and the deliverability of any infrastructure required to support sustainable development) as well as the need to provide housing in rural as well as urban areas to enhance and maintain their sustainability. PPS3 promotes the use of brownfield land.
- 1.12 In late July 2011 the Government published a draft of the National Planning Policy Framework (NPPF), which when issued in final form will replace PPS3. It is important to recognise that the policies are ‘draft’ for public consultation and are subject to review and the policies are finalised.

- 1.13 The draft NPPF proposes to introduce a ‘presumption in favour of sustainable development.’ The draft NPPF emphasises the role of Strategic Housing Market Assessments such as this in assessing full housing requirements, including both the scale and mix of housing. The draft policies proposed that the starting point for preparing Local Plans should be that objectively-assessed development needs should be met unless it can be demonstrated that it is not feasible to do so.
- 1.14 The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF proposes that local authorities should be required to maintain a 5 year supply of specific deliverable sites, and to include an allowance of at least 20% to ensure choice and competition in the market for land.
- 1.15 In regard to housing mix, the draft NPPF proposes that authorities will plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. The policy proposes that national thresholds for affordable housing provision and national brownfield development targets are removed.
- 1.16 In setting affordable housing targets, the draft NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions.

Social Housing Sector Reforms

- 1.17 In addition to planning policies, the Coalition Government has introduced a range of measures which affect the funding and management of social housing which are relevant to this Assessment.
- 1.18 The Coalition Government outlined proposals for reform of the social housing sector in Local Decisions: A Fairer Future for Social Housing, published in November 2010. The main components of the proposals for reform focus on the following:

Tenancies

- 1.19 The Government proposes changes to social housing tenancies, giving both local councils and Registered Providers (RP's) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. New fixed term tenancies would continue to be at social rent levels and tenants would have the same rights as those with existing lifetime tenancies in terms of a right to repair or to buy/acquire. A minimum fixed-term tenancy in most cases would be for five years (with two year tenancies granted only in exceptional circumstances).
- 1.20 Councils will also be given greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move.

Succession

- 1.21 The Government proposes to change the rules on succession to make them consistent for all Council and RP tenants: the spouse or partner of a tenant who dies will have an automatic legal right to succeed, but will not have an automatic right to then pass on the property. This does not affect joint tenancies or existing secure tenants.

Affordable Rented Tenure

- 1.22 A new 'affordable rent' tenure has been introduced by the Government from April 2011 allowing Registered Providers (RP's) to provide, should they choose, shorter-term tenancies at a rent higher than existing social rent levels, and up to 80% of local market rents (inclusive of service charges). The affordable rented tenure is intended to be targeted at households who are eligible for social housing. Tenants will be able to claim Local Housing Allowance (LHA) and Warwick District Council will be restricting Affordable Rent so that it does not exceed LHA levels.
- 1.23 This new tenure category will potentially impact on the capitalised values of new affordable homes built for this tenure, potentially partially compensating for reductions in grant funding.

Homelessness

- 1.24 Councils will be able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. People's right to refuse private rented accommodation will be withdrawn. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs.

Other Measures

- 1.25 The Government also proposes to introduce a new nationwide home swap scheme to support mobility in the social sector. In terms of social housing finance, it proposes to introduce a new system (known as self-financing) which allows Councils to keep money from rents to spend on upkeep, investment and management of their housing stock.

Local Policy

Sustainable Communities Strategy

- 1.26 The District's Sustainable Communities Strategy was produced by the Warwick Partnership. It identifies a strategic aim that by 2026 everyone's housing needs will be met. It sets out key priorities to meet housing need, meet the Decent Homes Standard, reduce and prevent homelessness, make homes sustainable, and support independent living for older and more vulnerable people.
- 1.27 The Partnership aims to achieve this by a variety of means, including ensuring a sufficient supply of land and development of the right type, tenure and size of homes; through the implementation of S106 agreements, through promoting high sustainability standards in new development, and through working in partnership – including with the private sector and with community forums and neighbourhoods groups.

New Local Plan

- 1.28 Warwick District Council is at an early stage in developing its new Local Plan. It launched a consultation paper looking at key issues and development options in March 2011. The consultation ran until July. The paper outlined three scenarios for development over the next 15 years:
- Scenario 1** plans for delivery of an average of 250 homes a year which would support 0.5% per annum growth in homes;
- Scenario 2** plans for delivery of an average of 500 homes a year which would support growth of less than 1% per annum growth in homes;
- Scenario 3** plans for delivery of 800 homes a year which would support growth of 1.5% per annum in homes.
- 1.29 Linked levels of employment land are set out for each scenario, and a high level assessment of the benefits and disbenefits of each option provided. The consultation paper then moved on to outline some draft objectives for the plan. The Core objectives proposed are to provide sustainable levels of growth, with well-designed new developments in the right location, and supported by infrastructure.

- 1.30 Objective 2 is to provide a sustainable level of housing growth (and balance this with economic growth) to reduce the number of people who currently need housing, to meet future housing need, and to help deal with the issues of need for affordable housing. This is to be achieved by maintaining a flexible supply of land for housing, accommodating university students without harming the balance of existing communities, meeting the housing needs of the growing numbers of older people and of gypsies and travellers.

Current Planning Policy

- 1.31 The Council's current planning policy framework is set out in saved policies within the Warwick District Local Plan 1996-2011. The Plan sets out a spatial strategy to direct most development to the four towns of Royal Leamington Spa, Warwick, Kenilworth and Whitnash. Outside of these, in rural areas, development is expected to focus on meeting local needs and supporting rural communities.
- 1.32 Policy SC1 requires residential development to provide for a range of sizes and types of dwellings to create mixed and inclusive communities, and seeks a suitable proportion of homes built to 'lifetime homes' standards.
- 1.33 Policy SC11 deals with affordable housing and requires provision for a minimum of 40% affordable housing on sites of 10+ dwellings/ 0.25 hectares in the towns and of 3 or more dwellings in the rural areas. The mix of accommodation required is to be determined in line with the Council's Housing Strategy and Housing Needs Study, or local information where available.

How the report is structured

- 1.34 This report is produced in accordance with the Guidance and as such the report's contents follow the recommended structure outlined in the Guidance. The table below contains an extract from the Guidance, which lists all of the stages and the research questions posed at each stage.

Figure 1.1 SHMA Practice Guidance: research questions

Chapter of guide	Stage	Research Questions
3. The current housing market	1. The demographic and economic context	<ul style="list-style-type: none"> • What is the current demographic profile of the area? • What is the current economic profile? • How have these profiles changed over the last 10 years?
	2. The housing stock	<ul style="list-style-type: none"> • What is the current housing stock profile? • How has the stock changed over the last ten years?
	3. The active market	<ul style="list-style-type: none"> • What do the active market indicators tell us about current demand, particularly house prices / affordability?
	4. Bringing the evidence together	<ul style="list-style-type: none"> • How are market characteristics related to each other geographically? • What do the trends in market characteristics tell us about the key drivers in the market area? • What are the implications in terms of the balance between supply and demand and access to housing? • What are the key issues for future policy / strategy?
4. Future housing market	1. Indicators of future demand	<ul style="list-style-type: none"> • How might the total number of households change in the future? How are household types changing; e.g. is there an aging population? • How might economic factors influence total future demand? • Is affordability likely to worsen or improve?
	2. Bringing the evidence together	<ul style="list-style-type: none"> • What are the key issues for future policy / strategy?
5. Housing need	1. Current housing need	<ul style="list-style-type: none"> • What is the total number of households in housing need currently (gross estimate)?
	2. Future need	<ul style="list-style-type: none"> • How many newly arising households are likely to be in housing need (gross annual estimate)?
	3. Affordable housing supply	<ul style="list-style-type: none"> • What is the level of existing affordable housing stock? • What is the likely level of future annual supply?
	4. Housing requirements of households in need	<ul style="list-style-type: none"> • What is the current requirement for affordable housing from households in need? • What are the requirements for different sized properties? • How is the private rented sector used to accommodate need?
	5. Bringing the evidence together	<ul style="list-style-type: none"> • What is the total number of households in need (net annual estimate)? • What are the key issues for future policy / strategy? • How do the key messages fit with the findings from Chapters 3 and 4?
6. Housing requirements of specific household groups	Families, Older People, Minority and hard to reach households and households with specific needs	<ul style="list-style-type: none"> • What are the housing requirements of specific groups of local interest / importance?
	Low Cost Market Housing	<ul style="list-style-type: none"> • What is the scope for addressing demand through the provision of low cost market housing?
	Intermediate Affordable Housing	<ul style="list-style-type: none"> • What is the scope for addressing need through the provision of intermediate affordable housing?

Source: CLG SHMA Practice Guidance (2007), Table 2.1

Data sources

- 1.35 A range of data sources were consulted during this project to ensure that the most reliable data was used for analysis. In addition to the use of data, information was gleaned from a number of important publications and through discussions with local stakeholders. Below we provide a brief summary of the main sources of information:
- 1.36 Secondary data – a range of data sources available at the local, regional and national level provides good background to the housing market and how it is changing. Data sources considered in analysis include, but not exclusively, Land Registry data, the 2001 Census, the Annual Survey of Hours and Earnings (ASHE), Housing Strategy Statistical Appendix (HSSA) data and household and population projections.
- 1.37 Household survey data – in addition to studying secondary data sources it was necessary to conduct a local household survey in the District. The survey data allowed many of the ‘gaps’ in secondary data to be overcome. Most notably the survey data allowed us to build up a robust picture of housing need and analysis of the types of housing able to assist in meeting this need.
- 1.38 House price/rent data – an internet property and rent price search to establish the costs of housing in the local area.

The household survey

- 1.39 The household survey data was collected using a personal interview survey. The sample for the survey was drawn, at random, from the Council Tax Register covering all areas and tenure groups in the District.
- 1.40 In total, 1,520 interviews were completed from a sample of 3,000 (of which 2,786 were approached for an interview); this represents a response rate of 54.6%. Overall, some 2.6% of households in the District took part in the survey. The number of responses provides sufficient data to allow complete, accurate and detailed analysis of need and demand across the District.
- 1.41 Although the response represents a small percentage of the total household population, this does not undermine the validity of the survey as paragraph 18 of the Strategic Housing Market Assessment Practice Guidance Annex C states:

A common misconception when sampling is that it should be based on a certain percentage of the population being studied. In fact, it is the total number of cases sampled which is important. As the number of cases increase, the results become

more reliable but at a decreasing rate... Approximately 1,500 responses should allow a reasonable level of analysis for a local authority area.

- 1.42 In order to gross up the data to represent the entire household population it is necessary to make an estimate of the number of households in the area. Using information from demographic projections it was estimated that there were a total of 58,575 households in the District at the time of the survey.
- 1.43 The table below shows an estimate of the current tenure split in the District along with the sample achieved in each group. The data shows that around 70% of households are owner-occupiers, 14% are in the social rented sector and the remaining 16-17% are in the private rented sector. It should be noted that the private rented sector includes those renting from a friend/relative or living in accommodation tied to a job.

Figure 1.2 Number of households in each tenure group

Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	21,305	36.4%	559	36.8%
Owner-occupied (with mortgage)	19,503	33.3%	492	32.4%
Social rented	8,094	13.8%	228	15.0%
Private rented	9,673	16.5%	241	15.9%
Total	58,575	100.0%	1,520	100.0%

Source: Household Survey Data

- 1.44 Survey data was weighted to match the suggested tenure profile shown above. An important aspect of preparing data for analysis is 'weighting' it. As can be seen from the table above, social survey responses never exactly match the estimated population totals. As a result it is necessary to 'rebalance' the data to correctly represent the population being analysed via weighting. Weighting is recognised by the Strategic Housing Market Assessment Guidance as being a way of compensating for low response amongst certain groups. Although response rates were lower amongst certain groups of the population (e.g. privately renting households in the table above) the application of a sophisticated weighting process, as has been used in this survey, removes any bias.

Sub-area analysis

- 1.45 Where possible information for Warwick District has been split into seven Community Forum areas and compared with regional and national equivalent information. The table below summarises the make-up of each of the seven Community Forums which have been based on groups of wards.
- 1.46 In general there is a fairly good fit between wards and Community Forums; the main exception is Abbey ward which is around 90% in Kenilworth and 10% in Rural East. Where

survey data has been used it has been possible to exactly match the Community Forum boundaries but with secondary data we have approximated to the wards shown below.

Figure 1.3 Wards in each Community Forum Area

Area	Wards
Kenilworth	Abbey, Park Hill, St.Johns
Warwick	Warwick North, Warwick South, Warwick West
Whitnash	Whitnash
Rural East	Cubbington, Radford Semele, Stoneleigh
Rural West	Bishops Tachbrook, Budbrooke, Lapworth, Leek Wooton
Leamington North	Clarenden, Crown, Manor, Milverton
Leamington South	Brunswick, Willes

- 1.47 The table below shows how tenure varied by Community Forum from the survey data. The data shows that there are considerable variation between different parts of the District with levels of owner-occupation varying between 39% and 87%, social renting between 6% and 24% and the private rented sector in the range of 7% to 38%. Generally areas with a larger social rented stock also have a larger proportion of private renters. The table also shows the estimated increase in the size of the private rented sector which is now estimated to make up 16.5% of all tenures in the District (up from 10.5% shown in the 2001 Census).

Figure 1.4 Tenure by Community Forum

Community Forum		Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Total
Kenilworth	No.	4,395	3,720	706	1,166	9,987
	%	44.0%	37.3%	7.1%	11.7%	100.0%
Warwick	No.	4,647	4,720	2,131	1,688	13,186
	%	35.2%	35.8%	16.2%	12.8%	100.0%
Whitnash	No.	1,424	1,351	243	470	3,488
	%	40.8%	38.7%	7.0%	13.5%	100.0%
Rural East	No.	2,280	1,907	308	328	4,823
	%	47.3%	39.5%	6.4%	6.8%	100.0%
Rural West	No.	2,562	2,092	758	470	5,882
	%	43.6%	35.6%	12.9%	8.0%	100.0%
Leamington North	No.	5,033	3,595	2,066	2,571	13,264
	%	37.9%	27.1%	15.6%	19.4%	100.0%
Leamington South	No.	963	2,118	1,884	2,979	7,944
	%	12.1%	26.7%	23.7%	37.5%	100.0%
DISTRICT	No.	21,305	19,503	8,094	9,673	58,575
	%	36.4%	33.3%	13.8%	16.5%	100.0%

Source: Household Survey Data

1.48 The tenure profile indicates a high level of renting in Leamington, and particularly in South Leamington where just 39% of homes are owner occupied. This includes lettings of private-owned housing to students. This level of rented stock could be considered problematic in contributing to a high turnover of properties and transience. The Council would be justified in seeking to diversify the tenure mix in this area.

Policy Implications

- National planning policies for housing are in a state of flux. Emerging national policy in the draft NPPF proposes that identified development needs should be met at an authority/housing market area level. Projections of aggregate housing requirements are included within this report.
- The draft NPPF proposes greater policy freedoms regarding development densities, levels of brownfield development and site size thresholds for affordable housing. In determining affordable housing policies, it suggests that account though needs to be taken of wider policies in the Plan including sustainability standards and infrastructure policies.
- There are a series of reforms proposed affecting the affordable housing sector which need to be considered in considering future housing policies, including changes to tenancies, and the introduction of the affordable rented tenure. These are considered in this report.
- Leamington has a much higher proportion of rented properties than other parts of the District, with a particular concentration of private and social rented properties in Leamington South Community Area. The Council would be justified in seeking to diversify the tenure mix to create a more stable and sustainable community in this area.

2. Socio-Economic and Demographic Profile

Introduction

- 2.1 A key determinant of housing need and demand and how these are likely to change in the future is the demographic profile of the population. This section will outline the structure of the resident population and changes to its composition. The section will also discuss the household structure in the District Council area.
- 2.2 The information in this section is particularly important as it is used to feed in to our long-term projections of future housing requirements, considering both future levels of housing development (towards the end of this section) and the future mix of housing (in Section 8).
- 2.3 This section includes a number of different projections to examine the impact on housing requirements of different levels of migration and how these are linked to population change and economic growth. The key outputs are described in this section with Appendices A1-A3 describing the methodology in more detail.

Resident population

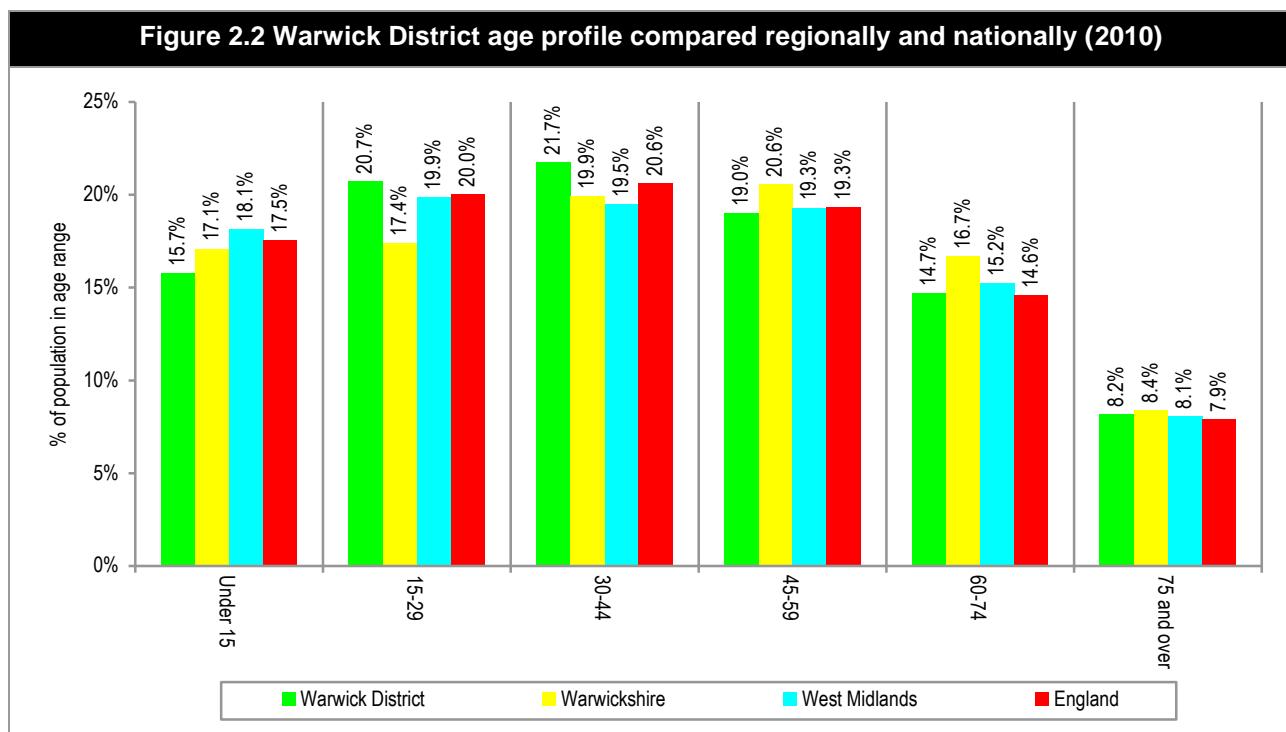
- 2.4 The latest ONS mid-year population estimates indicate that there were 138,800 people resident in Warwick District in mid-2010 – this is an increase of 12% since 2000. The table below shows the population change estimated since 2000. The table suggests that over the past ten years the population of Warwick District has increased at a faster rate than seen across Warwickshire, the West Midlands or England. Population growth in Warwick District makes up over 40% of the total growth in the County. The overall increase for the District is more than three times that for the West Midlands region.

Figure 2.1 Population change (2000 – 2010)				
Area	Population (2000)	Population (2010)	Absolute change	% change
Warwick District	124,000	138,800	14,800	11.9%
Warwickshire	501,200	536,000	34,800	6.9%
West Midlands	5,269,600	5,455,200	185,600	3.5%
Great Britain	49,233,300	52,234,000	3,000,700	6.1%

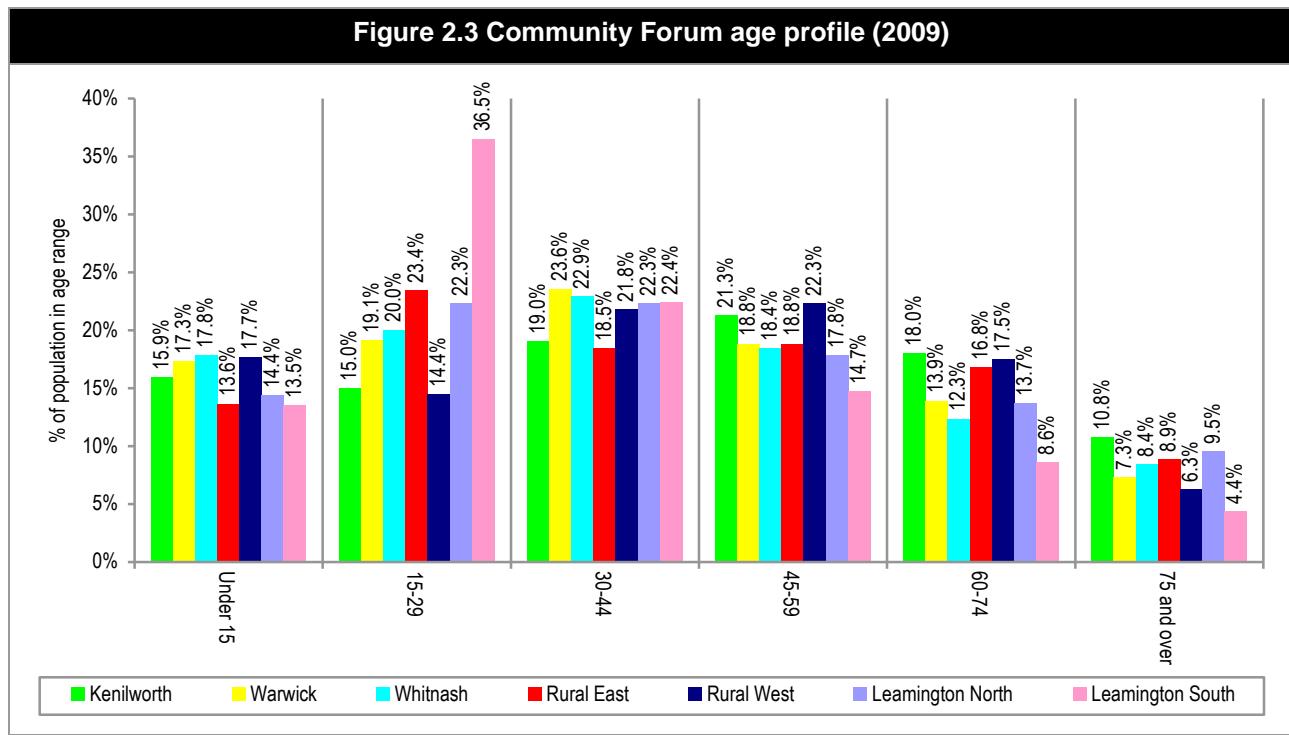
Source: ONS mid-year population estimates

Age profile

2.5 The figure below shows the current estimated age structure in the Warwick District Council area as a whole, the West Midlands and England split in to six broad age bands. Compared with Warwickshire, Warwick District shows a relatively low proportion of people aged under 15 and also aged 60 and over. The District has higher proportions of people aged 15-29 and 30-44. These same trends are broadly similar when comparisons are made with the regional and national position although differences between Warwick District and the County are more noticeable than comparisons with other areas.



2.6 For individual Community forums we find some significant differences with the key one being the very large population aged 15-29 in Leamington South. This is likely to partly reflect the student population resident in Leamington South. Other trends include large older person populations (aged 60 and over) in Kenilworth and the two rural Community Forum areas. The Community Forum data is for 2009 due to this being the latest data available at the time of writing (the Community Forum data being built up from ward level estimates). There is very little difference in the age structure for 2009 when compared with 2010.



Source: ONS mid-year population estimates

Ethnic group

- 2.7 The table below shows the ethnic breakdown of the population in the Council area (using 2001 Census data to allow regional and national comparisons to be made). As can be seen, the proportion of the population in a BME group in the local authority is low by both regional and national standards. Overall, 7.1% of the population of Warwick District were from a non-white group in 2001. The main ethnic group is Asian or Asian British, making up 4.7% of the population.
- 2.8 There are considerable variations by Community Forum area with only 2.5% of the population in both Kenilworth and Rural West being from a non-white group. The area with the largest non-white population was Leamington South (15.1% non-white) closely followed by Whitnash (12.7%). Both of these areas had particularly large Asian populations.
- 2.9 There is some evidence that the BME population has increased notably in size since 2001. The Warwickshire Quality of Life Survey 2010 identifies that 15.6% of the District's population was from a BME group whilst survey data suggests that the number of households in non-White groups has risen from 2,575 to 3,892 (an increase of 51%). More survey information about BME households is presented later in this document (in the section about the Needs of Specific Groups).

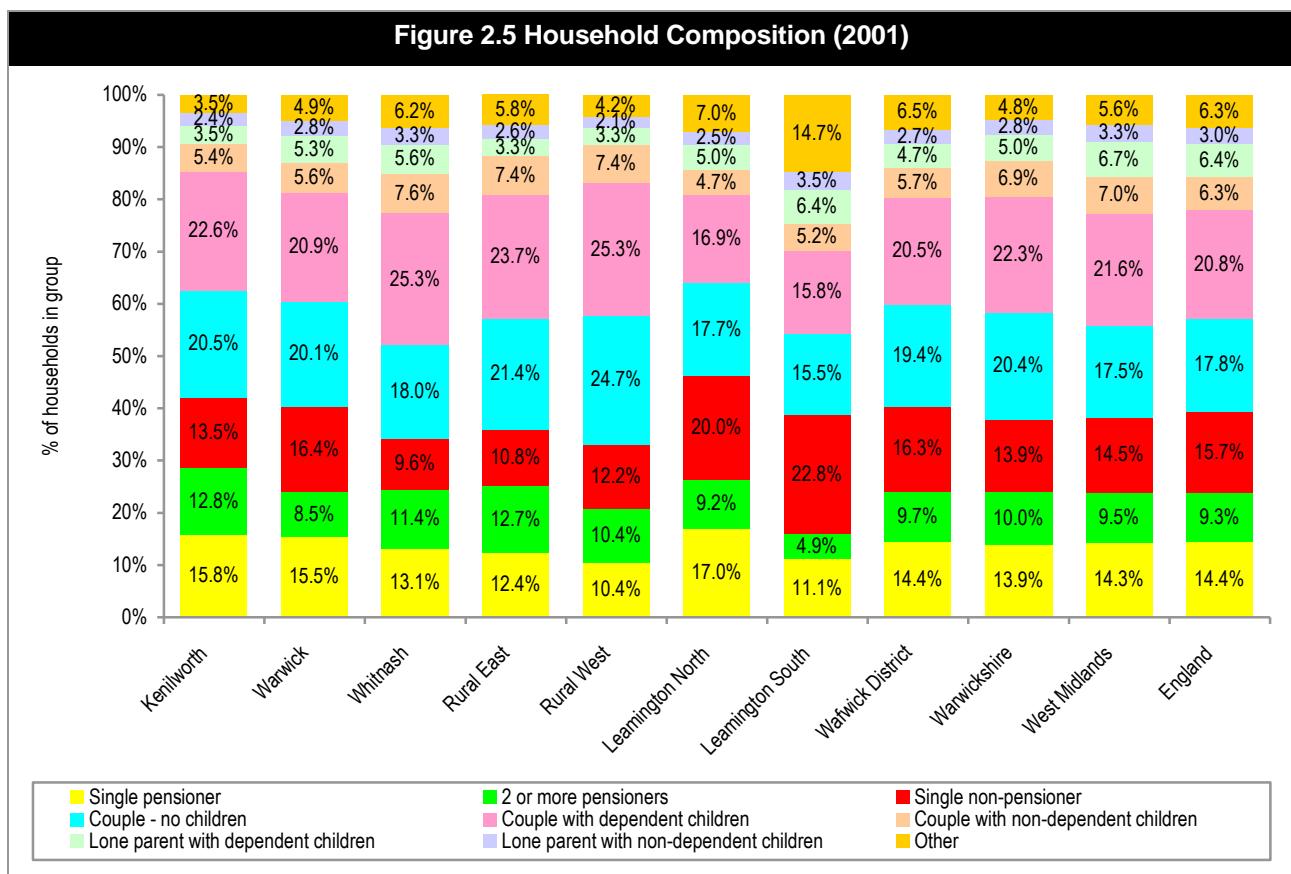
Figure 2.4 Ethnic group (2001)

Area	Ethnic group					Total
	White	Mixed	Asian or Asian British	Black or Black British	Chinese and other	
Kenilworth	97.5%	0.7%	0.8%	0.2%	0.7%	100.0%
Warwick	93.1%	1.3%	4.5%	0.4%	0.7%	100.0%
Whitnash	87.3%	1.0%	11.0%	0.4%	0.4%	100.0%
Rural East	92.7%	0.9%	3.2%	0.7%	2.6%	100.0%
Rural West	97.5%	0.6%	1.4%	0.2%	0.3%	100.0%
Leamington North	93.5%	1.3%	3.9%	0.5%	0.8%	100.0%
Leamington South	84.9%	1.5%	12.0%	1.0%	0.6%	100.0%
Warwick District	92.9%	1.1%	4.7%	0.5%	0.8%	100.0%
Warwickshire	95.6%	0.8%	2.8%	0.4%	0.4%	100.0%
West Midlands	88.7%	1.4%	7.3%	2.0%	0.6%	100.0%
England	90.9%	1.3%	4.6%	2.3%	0.9%	100.0%

Source: Census 2001

Household Structure

- 2.10 The figure below shows the household structure in the study area according to the Census in 2001 (again to allow comparisons across areas), compared with the regional and national profiles. Taking Warwick District area as a whole the data shows a broadly similar household composition profile to England as a whole with also mainly small differences when compared with either Warwickshire or the West Midlands.
- 2.11 Looking at the seven Community Forums we see that the two Leamington areas have a high proportion of single non-pensioner households (Leamington North also having a high proportion of single pensioners). Leamington South also has a large proportion of ‘other’ households – linked to the student population in this area. The two rural areas have large proportions of households made up of a couple with children whilst Whitnash has the highest proportion of lone parent households.



Source: Census 2001

Household type and size – survey data

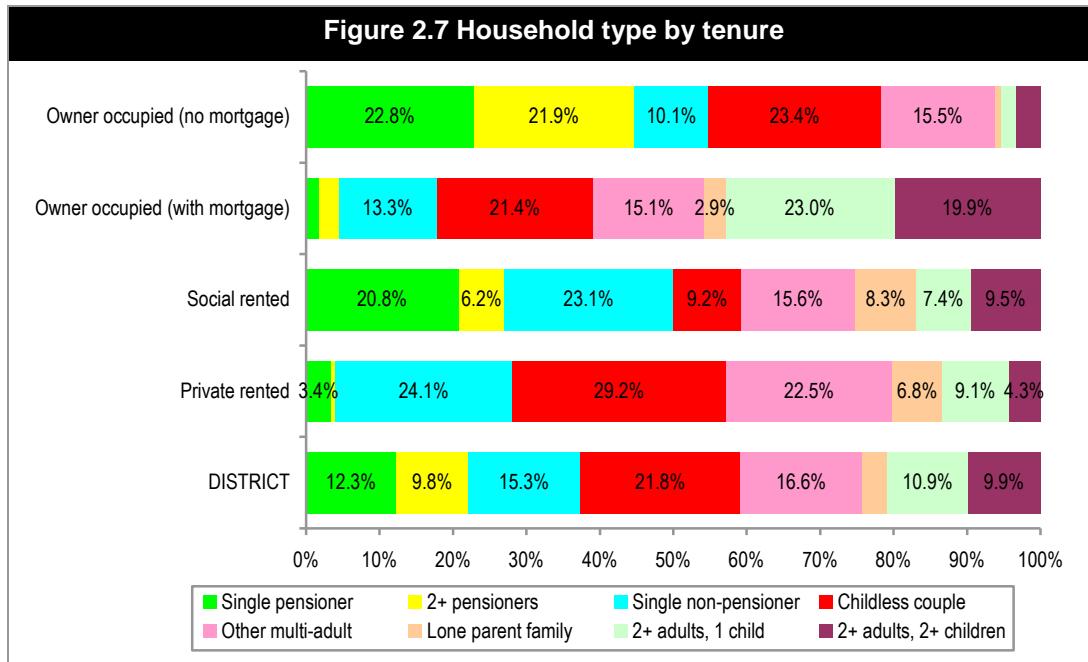
- 2.12 The table below shows the household type breakdown in the District (from survey data). The survey estimates that 22.1% of households are pensioner only and that around a quarter (24.3%) contain children.

Figure 2.6 Household type

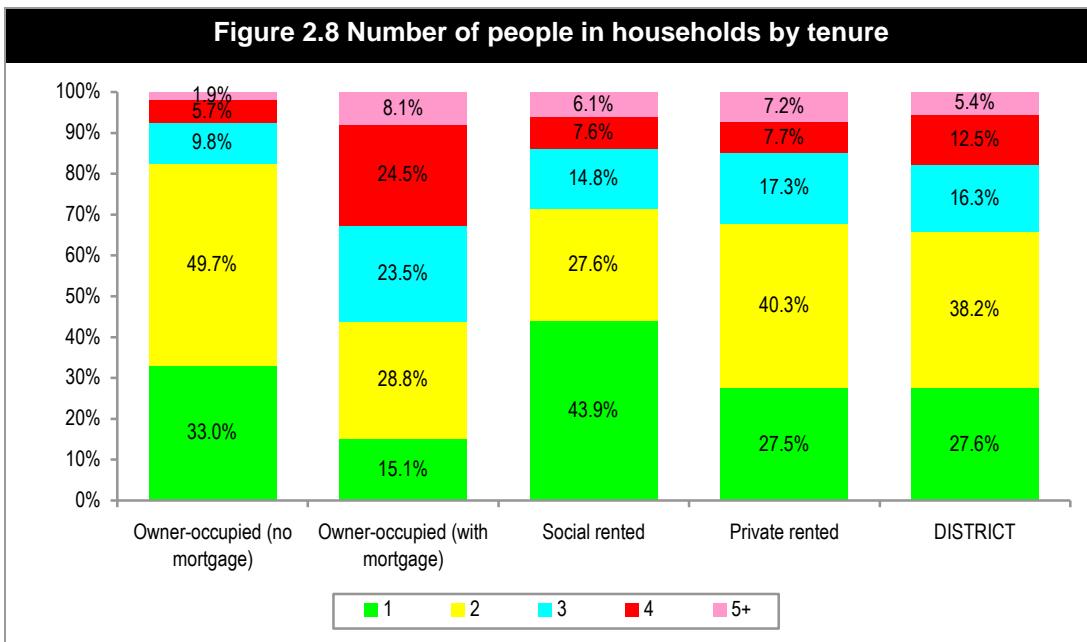
Household type	Number of households	% of households
Single pensioner	7,228	12.3%
2 or more pensioners	5,737	9.8%
Single non-pensioner	8,943	15.3%
Childless couple	12,743	21.8%
Other multi-adult	9,695	16.6%
Lone parent	2,067	3.5%
2+ adults, 1 child	6,376	10.9%
2+ adults, 2+ children	5,786	9.9%
Total	58,575	100.0%

Source: Household Survey Data

- 2.13 The figure below shows household type by tenure. There are clear differences between the tenure groups. The owner-occupied (no mortgage) sector contains a large proportion of pensioner households whilst lone parent households are concentrated in the social and private rented sectors. These trends are consistent with many other areas.



- 2.14 The average household size in the District was estimated from the survey to be 2.33 persons. This figure is slightly below the most recent English Housing Survey (EHS) national estimate of around 2.4 persons per household (2009-10). The figure below shows the number of people in households by tenure, this information is then summarised as average household sizes in the table that follows. The largest households were owner occupiers with a mortgage (average 2.86) whilst the smallest were owner-occupiers without a mortgage (who are more likely to be older person households).



Source: Household Survey Data

Figure 2.9 Average household size by tenure

Tenure	Average household size
Owner-occupied (no mortgage)	1.94
Owner-occupied (with mortgage)	2.86
Social rented	2.07
Private rented	2.32
Total	2.33

Source: Household Survey Data

Length of residence and recent movers

- 2.15 At the time of the survey an estimated 18.6% of households (10,902) had been resident at their current address for less than two years. This figure suggests that households in Warwick District are more likely to have moved recently than households nationally – recent English Housing Survey (EHS) data suggests that as of 2009-10 some 14.7% of households had been resident at their address for less than two years.
- 2.16 The table below shows length of residence by tenure. Of the households moving in the past two years, 51% are currently private renters, 36% owner-occupiers and 14% live in the social rented sector. An estimated 57% of all private renters had moved home in the past two years, compared to only 18% of all social renters and 10% of all owner-occupiers. Private tenants are therefore much more mobile than social renters or owner-occupiers (and turnover in the Private Rented Sector considerably higher than in other tenures). The least mobile group are outright owners, only 4% of whom moved in the previous two years.

- 2.17 At the other end of the spectrum, nearly two-thirds (64%) of all households have lived in their home for more than five years. In the case of outright owners, 87% have lived in their home for more than five years – this compares with only 17% of private tenants. The high proportion of owner-occupiers remaining in their home for more than five years is likely to be connected to the high proportions of retired households in this tenure group; these households are less likely to move than younger households.

Figure 2.10 Length of residence of household by tenure				
Tenure	Length of residence			Total
	Less than 2 years	2 to 5 years	Over 5 years	
Owner-occupied (no mortgage)	888	1,846	18,571	21,305
Owner-occupied (with mortgage)	3,009	4,423	12,072	19,503
Social rented	1,491	1,476	5,127	8,094
Private rented	5,514	2,473	1,686	9,673
Total	10,902	10,218	37,455	58,575
Owner-occupied (no mortgage)	4.2%	8.7%	87.2%	100.0%
Owner-occupied (with mortgage)	15.4%	22.7%	61.9%	100.0%
Social rented	18.4%	18.2%	63.3%	100.0%
Private rented	57.0%	25.6%	17.4%	100.0%
Total	18.6%	17.4%	63.9%	100.0%

Source: Household Survey Data

- 2.18 In terms of tenure mobility we see that the most common types of moves were within tenures with over 2,000 household moves being made within the owner-occupied sector and over 3,000 within the private rented sector over the past two years. There was also a fair degree of movement within the social rented sector. Overall, movement within sectors was more common than movement between them.
- 2.19 Newly forming households accounted for an appreciable proportion of moves (23.7% in total). New households mainly moved to the private rented sector, with the sector accommodating 73% of newly-forming households over the past two years. It is likely that this is influenced by mortgage finance constraints (as we will discuss in Section 5).
- 2.20 Around 68% of all moves involved the private rented sector – households moving into it, out of it or within it – showing how important the sector is in providing mobility in the housing market. The private rented sector shows the highest turnover of any tenure. Overall it is estimated that around 17% of all households in Warwick District currently live in the private rented sector.

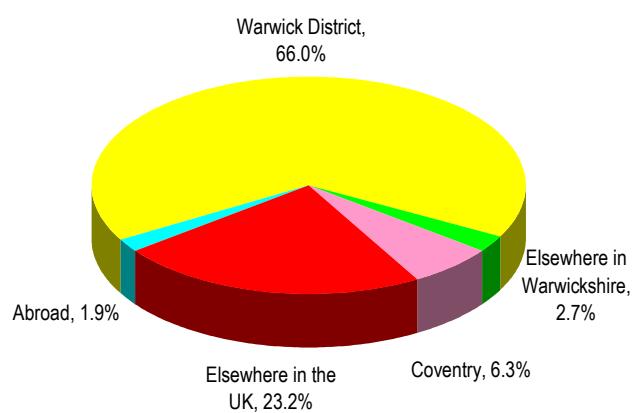
Figure 2.11 Previous tenure by current tenure (households moving in past two years)

Tenure	Previous tenure				Total
	Owner-occupied	Social rented	Private rented	Newly formed household	
Owner-occupied (no mortgage)	500	51	240	97	888
Owner-occupied (with mortgage)	1,597	25	1,199	187	3,009
Social rented	47	559	460	425	1,491
Private rented	539	78	3,018	1,879	5,514
Total	2,683	713	4,918	2,587	10,902
Owner-occupied (no mortgage)	56.4%	5.7%	27.0%	10.9%	100.0%
Owner-occupied (with mortgage)	53.1%	0.8%	39.9%	6.2%	100.0%
Social rented	3.1%	37.5%	30.9%	28.5%	100.0%
Private rented	9.8%	1.4%	54.7%	34.1%	100.0%
Total	24.6%	6.5%	45.1%	23.7%	100.0%

Source: Household Survey Data

- 2.21 It is also possible to look at the previous locations of households who have moved home in the past two years – this is shown in the figure below. The figure shows a relatively large degree of self-containment within the District. In total it is estimated that around two-thirds (66%) of households had previously lived in the District.

Figure 2.12 Location of previous home (movers in past two years)



Source: Household Survey Data

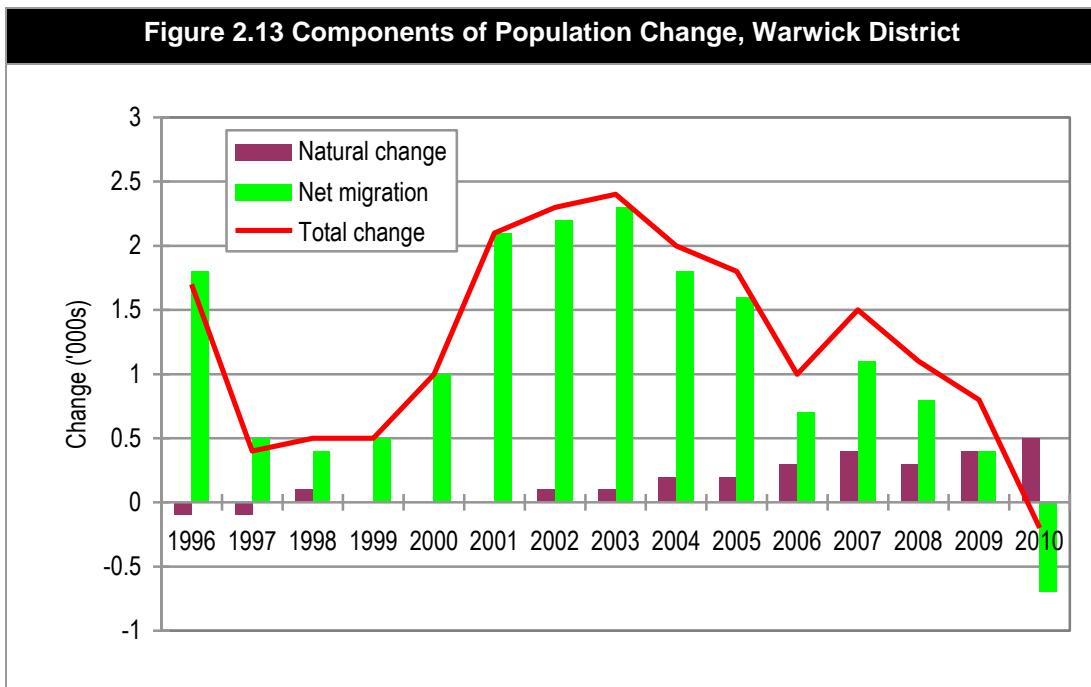
Projecting Future Population/Households

- 2.22 As well as setting out the current demographic profile of the population in Warwick District it is necessary as part of this project to understand how this might change in the future and the impact these changes will have on the demand for homes in the area. We have therefore run a series of projections based on different scenarios to assess the implications for housing demand. The information on population structure and households will be used along with survey data to project what type of dwellings will be required to meet both housing need and demand in the future. The projections are also important in informing future housing requirements through Local Plan.
- 2.23 A full methodology for the projections has been provided in Appendices A2 to A4 of this document whilst the remainder of this section highlights the key outputs of our modelling.
- 2.24 The approach adopted is based on interrogating demographic dynamics and assessing what level of migration the economy might be able to support. In total, 13 different projections have been run and these are listed below.
- PROJ 1 – Main trend based projection – based on projecting forward past population trends, assuming annual net in-migration of 460 per annum consistent with average levels between 2005-10
 - PROJ 2 – Higher net in-migration – based on assuming net in-migration 50% above trend-based levels for the 2005-10 period
 - PROJ 3 – Lower net in-migration - based on assuming net in-migration 50% below trend-based levels for the 2005-10 period
 - PROJ 4 – Zero net migration – where in-migration and out-migration counter-balance one another
 - PROJ 5 – Zero employment growth – where migration levels are adjusted to keep the size of the working population constant
 - PROJ 6 – Zero population growth – where migration levels are adjusted to maintain the current size of the population
 - PROJ 7 – Projected Employment Growth – where migration levels are adjusted so that projected growth in labour supply within the District matches growth in labour demand from projected growth in jobs
 - PROJ 8 – Projected Labour Force Growth, taking account of Commuting – which includes adjustments (to PROJ 7) which take account of commuting dynamics
 - PROJ 9 – 5% employment growth from 2011 to 2031 – where migration levels are adjusted to achieve 5% growth in jobs
 - PROJ 10 – 10% employment growth from 2011 to 2031 – where migration levels are adjusted to achieve 10% growth in jobs
 - PROJ 11 – Housebuilding at 250 units per annum – the lowest of the scenarios outlined in the Council's Summer 2011 Local Plan "Helping Shape the District" Consultation Paper

- PROJ 12 – Housebuilding at 500 units per annum – the middle of the scenarios outlined in the Council's Summer 2011 Local Plan "Helping Shape the District" Consultation Paper
 - PROJ 13 – Housebuilding at 800 units per annum – the highest of the scenarios outlined in the Council's Summer 2011 Local Plan "Helping Shape the District" Consultation Paper
- 2.25 Of the above projections, PROJ 7 (Projected Employment Growth) is based on a forecast of employment growth in Warwick District from the West Midlands Integrated Policy Model (IPM) developed with Cambridge Econometrics. The forecast is dated July 2010. In this projection it is assumed that all additional jobs in Warwick District will be taken up by Warwick District residents.
- 2.26 In PROJ 8 (Projected Labour Force Growth, taking account of Commuting), GL Hearn has modelled potential growth in the labour force in Warwick District based on projected employment growth across all districts in Warwickshire, and in the rest of the West Midlands (again from Cambridge Econometrics). In this scenario it is assumed that the proportion of the labour force in these areas drawn from Warwick District remains consistent to 2001 levels (i.e. commuting patterns remain the same as in 2001).

Understanding Demographic Dynamics

- 2.27 Housing need and demand is driven by growth in the population and the changing structure and age of households. Changes in the size and make-up of the population are driven by three main components: birth rates, death rates and net migration, which is the balance between in-and out-migration to an area.
- 2.28 The figure below shows how important migration has been as a factor in population growth over the past fifteen years with most years showing population growth due to net migration. It indicates that levels of natural change (births minus deaths), while low relative to net migration have been rising.
- 2.29 Data for the most recent period (2010) suggests that Warwick District has recently seen an out-migration of population with an estimated figure of 700 people (net) having moved from the District in the 12 months to mid-2010.



Source: ONS Mid-Year Population Estimates

Main Population Projections (PROJ 1 – PROJ 4)

- 2.30 Our projections take a start point of mid-2011 and at this time it is estimated that there are 138,670 people living in the District. The table below shows the overall age structure of the population in broad age bands.

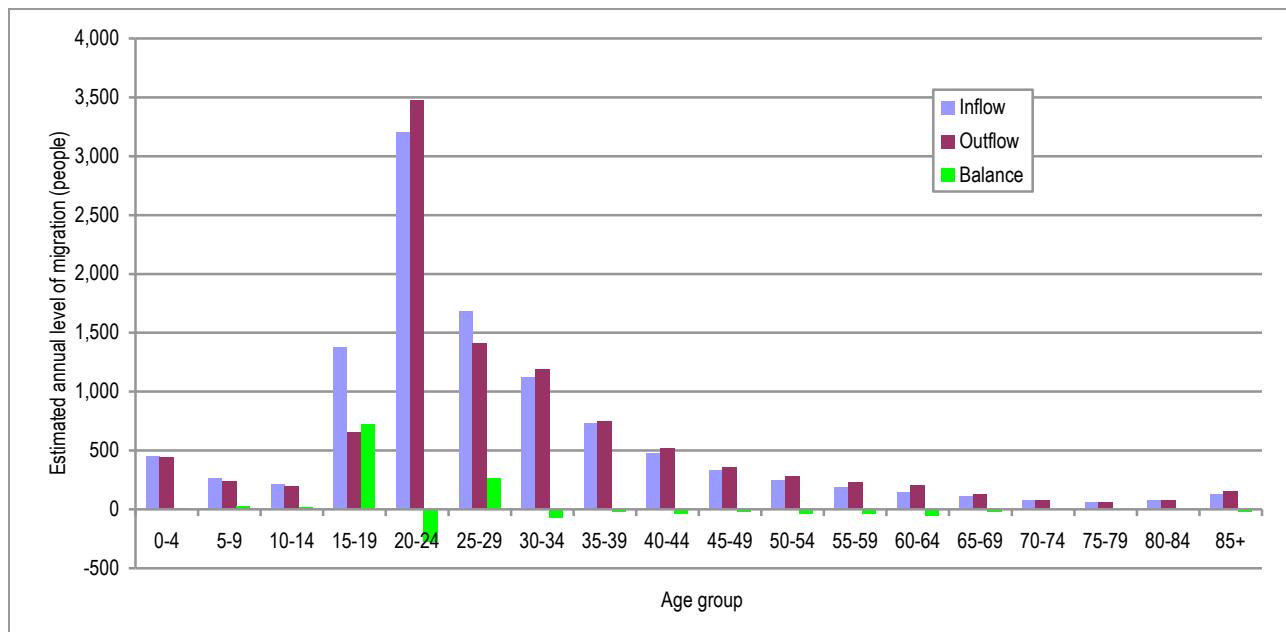
Figure 2.14 Population age structure (2011)

Age band	Population	% of population
0-14	21,801	15.7%
15-29	29,587	21.3%
30-44	29,227	21.1%
45-59	26,265	18.9%
60-74	20,000	14.4%
75 and over	11,790	8.5%
Total	138,670	100.0%

Source: Projection modelling

- 2.31 We have looked at past trends in fertility rates and concluded that a total fertility rate of 1.65 is the current underlying rate in Warwick District (this figure is based on the expected average number of live births per woman throughout their childbearing lifespan).
- 2.32 We carried out a similar (past trend) exercise on death rates – based on life expectancy figures. For the most recent period for which data is available (2007-2009) it was estimated that life expectancy for males in 2011 is around 80.1 and for females 84.3 (these figures are for life expectancy at birth and so are essentially for babies born in 2011 if age-specific death rates were to remain the same). It has been projected that life expectancy will improve into the future and our main estimates have been derived from projections of life expectancy in the ONS 2008-based population projections.
- 2.33 The final element of analysis for population projections was a study of migration patterns. Net migration levels to the district have been variable over the past fifteen years and so for our main projection we have taken migration levels for 2006-2010 as shown in the components of change figure above. The use of five-year trends is consistent with the approach taken by ONS when constructing sub-national population projections. It should however be recognised that past migration trends will have been influenced in part by past levels of housing delivery.
- 2.34 Our main trend based migration assumption therefore assumes an annual level of net immigration of 460 people per annum. The figure below shows the migration assumptions used for analysis – these are annual figures averaged out for the whole of the 20-year projection period. The impact of the student population can clearly be seen from this data. We have also provided projection variants which look at migration 50% above and 50% below this trend based position (net migration of 230 and 690 per annum).

Figure 2.15 Estimated annual level of net migration by five-year age band (2011-2031)



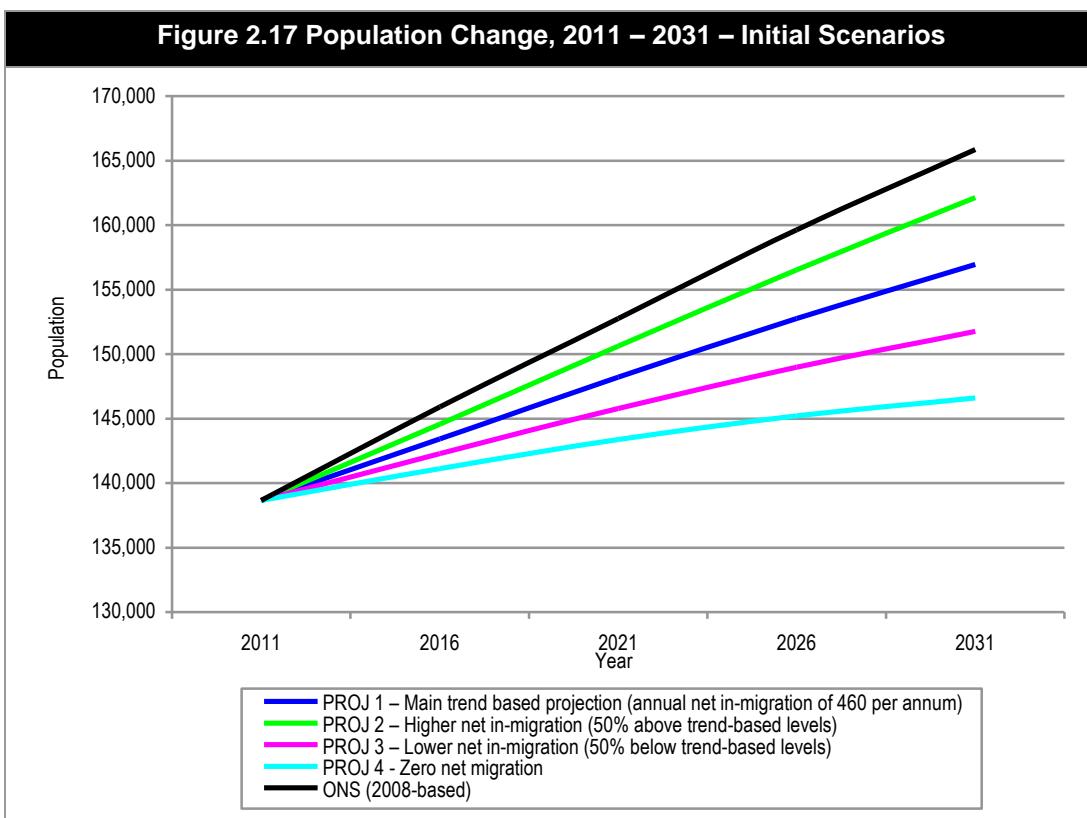
Source: Derived from ONS 2008-based population projections

2.35 Having constructed a base population and made projections of current and future levels of fertility, mortality and migration we are able to make projections about the likely future population based on these trends. The projections can also be compared with the ONS's 2008-based population projections. The key findings are shown in the table and figure below. The figure shows that under our main trend based assumptions (PROJ 1 – annual net in-migration of 460 per annum) that the population of Warwick District is expected to grow at an average of about 0.7% per annum. This is below the trend over the last decade (2000-2010).

Figure 2.16 Population Estimates 2011 to 2031 – Initial Scenarios

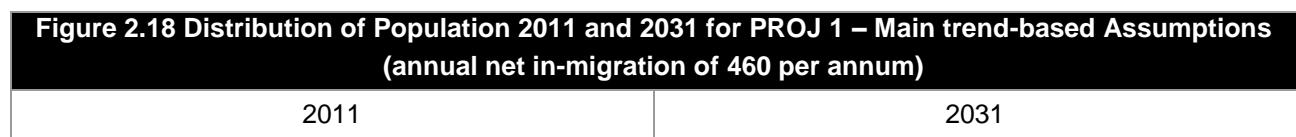
	2011	2016	2021	2026	2031
PROJ 1	138,670	143,426	148,203	152,748	156,959
	0.0%	3.4%	6.9%	10.2%	13.2%
PROJ 2	138,670	144,576	150,612	156,514	162,144
	0.0%	4.3%	8.6%	12.9%	16.9%
PROJ 3	138,670	142,276	145,793	148,982	151,774
	0.0%	2.6%	5.1%	7.4%	9.4%
PROJ 4	138,670	141,126	143,384	145,217	146,589
	0.0%	1.8%	3.4%	4.7%	5.7%
ONS 2008-Based*	138,670	145,898	152,742	159,636	165,852
	0.0%	5.2%	10.1%	15.1%	19.6%

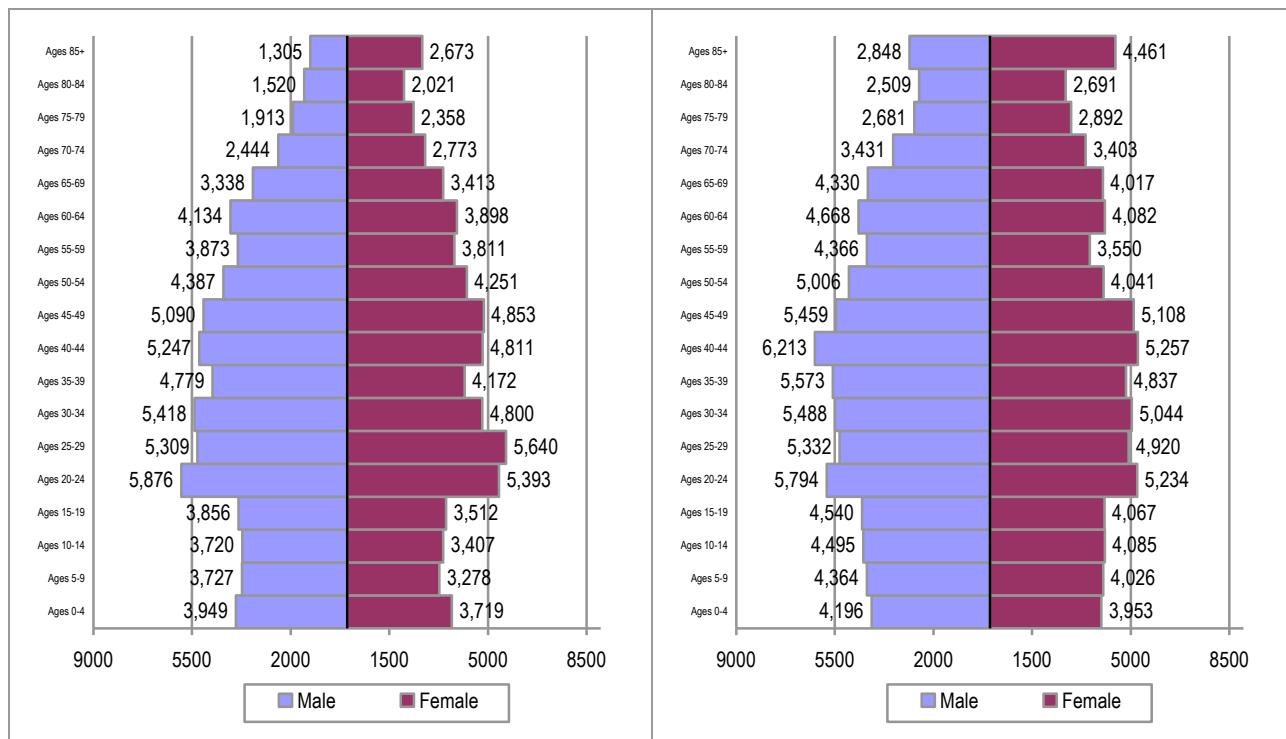
* ONS figures have been rebased to our 2011 baseline position



Source: Projection modelling

- 2.36 With an increase in the population there will also be a change in the demographic structure. The figure below shows population pyramids for 2011 and 2031 under our main trend based assumption (PROJ 1 – annual net in-migration of 460 per annum). The ‘pyramids’ clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase from 4,000 people to 7,300. Over the 20 years to 2031 the population in employment also increases, by a significant 8,300 people (full details about employment growth projections can be found in Appendix A3).



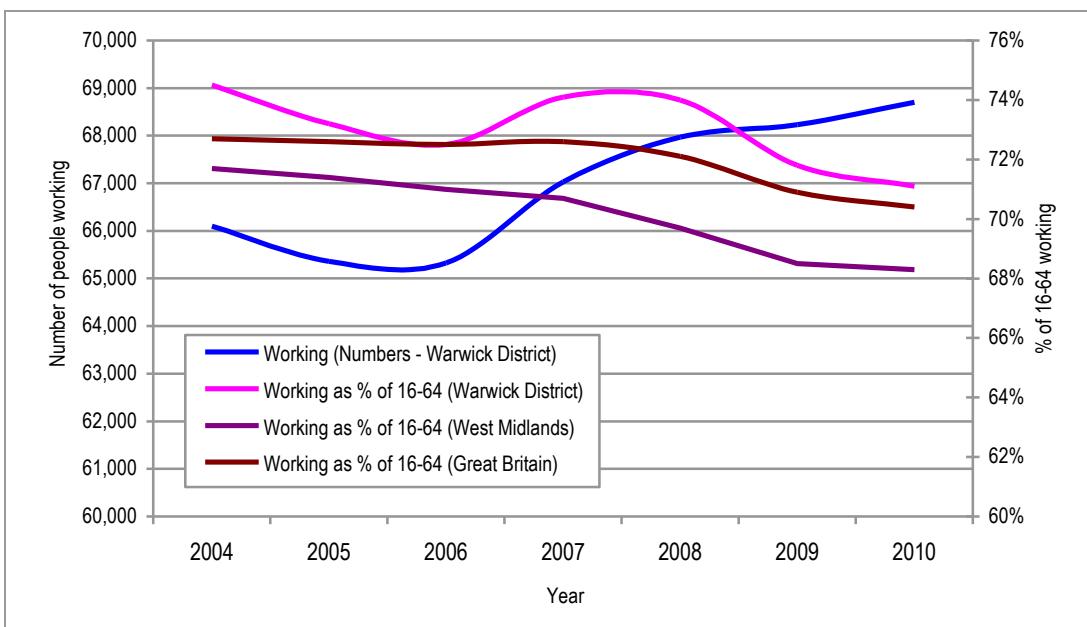


Source: Projection modelling

Economic Driven Population Projections (PROJ 7 – PROJ 10)

- 2.37 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our main projections and also to consider the demographic implications of different levels of employment growth.
- 2.38 The first stage of this process was to establish working patterns in the District. The figure below shows data on the number of people living in the District who were in employment and the employment rate (based on the proportion of the population aged 16-64 who are working).
- 2.39 The data shows that the number of people working has generally increased over time whilst the employment rate has declined. Although data for Warwick District is variable on a year by year basis it does appear as if employment rates have broadly followed regional and national trends – in a downward direction and in particular since 2007. Employment rates in the District are above regional or national equivalents for virtually all of the period studied.

Figure 2.19 Number of People Working and Employment Rate



Source: NOMIS/Annual Population Survey

- 2.40 We have used the above data to provide us with an overall picture of likely working patterns in 2011. We also drew on 2001 Census data to inform a distribution of workers by age and sex. The Census data was updated in line with more recent information on working rates and projected forward to 2031. From the population modelling exercise it was estimated that in 2011 there were 67,264 people in employment. For the purposes of projecting forward we have assumed that the working rate will improve slightly (to compensate for the reduction in employment rates seen in the figure above) as the economy recovers from the recession. Adjustments were also made to take account of changes in pensionable age.
- 2.41 Initially projections on the number of people working were run for our trend-based and zero net-migration models. The key finding was that under trend-based assumptions we would expect to see a 12% increase in the number of people in the District who were working over the period from 2011-2031. Two additional projections were run to look at the impact of no employment growth and of no population growth.
- 2.42 Following on from these projections we also studied the population implications of increasing the number of people working under a number of different scenarios (as well as keeping employment levels constant). To do this we drew on information from a number of different sources. This allowed us to develop a further four scenarios:
- Projected Employment Growth (PROJ 7)
 - Projected Labour Force Growth, taking account of Commuting (PROJ 8)
 - 5% increase in employment (2011-2031) (PROJ 9)
 - 10% increase in employment (2011-2031) (PROJ 10)
- 2.43 The required population increases to achieve these levels of economic growth are shown in the table below. The data shows that to achieve employment growth in line with PROJ 7

there would need to be a population increase of 17.1%; this drops to 12.3% under the alternative economic based projection.

- 2.44 In PROJ 7 it is assumed that there is a 1:1 ratio between projected growth in employment in Warwick District and growth in the labour force resident in the District. The employment forecast is derived from the West Midlands Integrated Policy Model ‘baseline scenario.’ This projects a decline in employment between 2006-11 (-3,760), with employment then rising by 11,860 in Warwick District between 2011-31.
- 2.45 PROJ 8 takes account of commuting dynamics. In PROJ 8 we have explored employment growth forecasts in districts across Warwickshire and (in the aggregate) in other parts of the West Midlands. We assume that the proportion of the workforce in these areas who live in Warwick District remains consistent to 2001 levels. On this basis we project growth in labour supply. In this scenario, employment declines between 2006-11 but to a more moderate degree than in PROJ 7 (c. 3,000) and growth in the labour supply moving forwards is also forecast to be more moderate (of 7,900 between 2011-31) as a result of net in-commuting.
- 2.46 To achieve a 5% increase in the workforce is projected to require population growth of around 10,000 (7.2%) with a 10% increase in the workforce requiring population increase of 11.3% over the 20-year period.

Figure 2.20 Population estimates 2011 to 2031 for Different Projection Variants					
Projection	2011	2016	2021	2026	2031
PROJ 7 – Projected Employment Growth	138,670 0.0%	141,094 1.7%	144,634 4.3%	153,386 10.6%	162,388 17.1%
PROJ 8 – Projected Labour Force Growth, taking account of Commuting	138,670 0.0%	139,750 0.8%	142,064 2.4%	149,027 7.5%	155,740 12.3%
PROJ 9 – 5% employment growth from 2011 to 2031	138,670 0.0%	141,597 2.1%	144,371 4.1%	146,760 5.8%	148,714 7.2%
PROJ 10 – 10% employment growth from 2011 to 2031	138,670 0.0%	142,855 3.0%	147,007 6.0%	150,879 8.8%	154,385 11.3%

Source: Projection modelling

Household (and Housing) Growth Projections

- 2.47 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information in to estimates of the number of households in the District. To do this we use the concept of headship rates. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households.
- 2.48 Data from the 2008-based CLG household projections was used to inform headship rate assumptions and how these are projected to change over time. The final step in moving from households to housing numbers is to take account of vacant homes – a vacancy allowance of 2.5% has been applied to household estimates (the same rate has also been applied to the CLG household projections for the purposes of comparability).
- 2.49 As well as the projections detailed above we ran a further three projections linked back to different levels of potential future housebuilding – this followed suggestions set out in the Council's new Local Plan Consultation Paper. The additional projections can be described as:
- Housing growth of 250 dwellings per annum (PROJ 11)
 - Housing growth of 500 dwellings per annum (PROJ 12)
 - Housing growth of 800 dwellings per annum (PROJ 13)
- 2.50 The projections for Warwick District are shown in the two tables below (the first showing annual figures and the second showing figures for a full 20-year period). All tables show population growth, the housing requirement and the estimated impact on employment levels (based on the number of people living in the District who are working).

- 2.51 The table shows that under trend based assumptions there would be a requirement for 596 additional homes to be provided per annum. To achieve no employment growth would require an additional 288 units to be provided each year with a figure of 539 for 10% employment growth. Both of the higher housing growth scenario projections show an increase in local employment levels whilst the lowest (250 homes per annum) is projected to lead to a decline in the number of people in work.
- 2.52 For the purposes of these projections the term employment is taken to include anyone who is working (whether full-time, part-time or self-employed) and is based on the number of people resident in the District in employment and not the number of jobs in the District (which in some cases will be taken up by people living outside the area).

Figure 2.21 Summary of projections 2011 to 2031 - annual						
Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
Demographic projections						
PROJ 1 – Main trend based projection (annual net in-migration of 460 per annum)	914	0.7%	596	1.0%	413	0.6%
PROJ 2 – Higher net in-migration (50% above trend-based levels)	1,174	0.8%	711	1.2%	566	0.8%
PROJ 3 – Lower net in-migration (50% below trend-based levels)	655	0.5%	481	0.8%	259	0.4%
Component projections						
PROJ 4 – Zero net migration	396	0.3%	367	0.6%	105	0.2%
PROJ 5 – Zero employment growth	219	0.2%	288	0.5%	0	0.0%
PROJ 6 – Zero population growth	0	0.0%	191	0.3%	-130	-0.2%
Employment/economic growth projections						
PROJ 7 – Projected Employment Growth	1,186	0.9%	716	1.2%	593	0.9%
PROJ 8 – Projected Labour Force Growth, taking account of Commuting	853	0.6%	569	0.9%	395	0.6%
PROJ 9 – 5% employment growth from 2011 to 2031	502	0.4%	414	0.7%	168	0.3%
PROJ 10 – 10% employment growth from 2011 to 2031	786	0.6%	539	0.9%	336	0.5%
Housebuilding scenario projections						
PROJ 11 – Housebuilding at 250 units per annum	132	0.1%	250	0.4%	-51	-0.1%
PROJ 12 – Housebuilding at 500 units per annum	697	0.5%	500	0.8%	284	0.4%
PROJ 13 – Housebuilding at 800 units per annum	1,375	1.0%	800	1.3%	686	1.0%

Source: Projection modelling

Figure 2.22 Summary of projections 2011 to 2031 – total						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
Demographic projections						
PROJ 1 – Main trend based projection (annual net in-migration of 460 per annum)	18,289	13.2%	11,921	19.9%	8,253	12.3%
PROJ 2 – Higher net in-migration (50% above trend-based levels)	23,474	16.9%	14,215	23.7%	11,327	16.8%
PROJ 3 – Lower net in-migration (50% below trend-based levels)	13,104	9.4%	9,627	16.0%	5,178	7.7%
Component projections						
PROJ 4 – Zero net migration	7,919	5.7%	7,332	12.2%	2,103	3.1%
PROJ 5 – Zero employment growth	4,372	3.2%	5,763	9.6%	0	0.0%
PROJ 6 – Zero population growth	0	0.0%	3,828	6.4%	-2,593	-3.9%
Employment/economic growth projections						
PROJ 7 – Projected Employment Growth	23,718	17.1%	14,310	23.8%	11,860	17.6%
PROJ 8 – Projected Labour Force Growth, taking account of Commuting	17,070	12.3%	11,376	18.9%	7,895	11.7%
PROJ 9 – 5% employment growth from 2011 to 2031	10,044	7.2%	8,272	13.8%	3,363	5.0%
PROJ 10 – 10% employment growth from 2011 to 2031	15,715	11.3%	10,782	18.0%	6,726	10.0%
Housebuilding scenario projections						
PROJ 11 – Housebuilding at 250 units per annum	2,648	1.9%	5,000	8.3%	-1,022	-1.5%
PROJ 12 – Housebuilding at 500 units per annum	13,947	10.1%	10,000	16.7%	5,678	8.4%
PROJ 13 – Housebuilding at 800 units per annum	27,507	19.8%	16,000	26.6%	13,719	20.4%

Source: Projection modelling

Conclusions about Housing Numbers

- 2.53 In considering the housing requirement for the District, it should be recognised that there are a range of wider factors which warrant consideration alongside need/demand including the availability of suitable land for development, the feasibility and funding of key infrastructure, community and stakeholder consultation and Sustainability Appraisal which considers the social, economic and environmental implications of alternative options.
- 2.54 As currently drafted, the NPPF sets out that a Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures which the local population is likely to require, taking account of household and population projections, taking account of migration and demographic change; and the need for all types of housing. It is useful therefore for this Assessment to provide a steer as to what identified need and demand might be. It is however not for this assessment to set the Council's policy.
- 2.55 An assessment based on past population trends and population dynamics in the District would result in a requirement for 11,900 homes over the 2011-31 period (595 homes per annum). This would support growth in the resident labour force of around 8,250 jobs (12.3% growth).
- 2.56 Forecast employment growth in the District is for 11,860 jobs over this period. Employment growth could be supported by growth in the resident labour force or by changes to commuting patterns (either reduced out-commuting or increased in-commuting). In 2001 there were 6,600 more people commuting into the District to work than commuting out.
- 2.57 If an equivalent number of homes are to be provided to house the additional employees within the District, then 14,300 new homes would be required (taking account of changes in the age structure of the population). If current commuting flows remain consistent (in proportional terms) to 2001 levels, then an additional 11,380 homes would be required.
- 2.58 The level and type of housing development, relative housing costs and economic dynamics in both Warwick District and surrounding areas could influence future commuting dynamics.
- 2.59 Issues surrounding housing and employment growth will be the subject of discussions with other authorities in the sub-region under the 'duty to cooperate'.

Policy Implications

- Warwick District's population has been increasing at a faster rate than across the West Midlands, growing by 11.9% between 2000 and 2010.
- A higher proportion of the District's population is of working age compared to other parts of Warwickshire. Within the District, the highest proportions of households with children are found in the Rural West, Warwick and Whitnash Community Areas. Our discussions with estate agents indicate strong relative demand for family housing in these areas.
- The proportion of the population made up of older persons is greatest in the Kenilworth and Rural Community Areas. These areas have higher levels of owner occupation and higher proportions of larger housing. They are likely to be attractive to middle-aged and older households with equity in existing homes. A growing population aged over retirement age over the next 20 years may result in an increase in the number of households under-occupying homes. The substantial growth projected in the population in their 80s may increase demand for adaptations to existing homes and for specialist housing. This is considered further in later sections.
- The BME population has increased significantly in size in recent years with survey data estimating a 46% increase in households headed by a non-White (British/Irish) person from 2001 to 2011. Its growth has been supported by international migration, particularly from Poland and India. We expect the greatest concentration of people to be in Leamington. It will be important that the needs of these households are met, and this is considered further in Section 9.
- The Survey has highlighted the high turnover of properties in the Private Rented Sector, which accounts for 57% of all moves over the past 2 years. The key role of the sector in supporting dynamism in the housing market should be recognised, as well as its importance to meeting the needs of newly forming households (where it has met 74% of needs) and the needs of students (particularly in Leamington Spa). There is an important role for local policy in seeking to improve standards in the sector.
- Projections have been developed for future population and household growth, taking account of demographic and economic drivers. An assessment based on past population trends and population dynamics in the District would result in a requirement for 11,900 homes over the 2011-31 period (595 homes per annum). This would support growth in the resident labour force of around 8,250 jobs (12.3% growth).

Policy Implications (continued...)

- Forecast employment growth in the District is for 11,860 jobs over this period. If an equivalent number of homes are to be provided to house the additional employees within the District, then 14,300 new homes would be required (taking account of changes in the age structure of the population). If current commuting patterns continue then an additional 11,380 homes would be required, however this assumes that an increase in in-commuting is both sustainable and achievable, and that sufficient housing is delivered in neighbouring areas.
- In considering the housing requirement for the District, it should be recognised that there are a range of wider factors which warrant consideration alongside need/demand including the availability of suitable land for development, the feasibility and funding of key infrastructure, community and stakeholder consultation and Sustainability Appraisal which considers the social, economic and environmental implications of alternative options. It will also be important to liaise with other local authorities within the sub-region.

3. Current Stock Profile

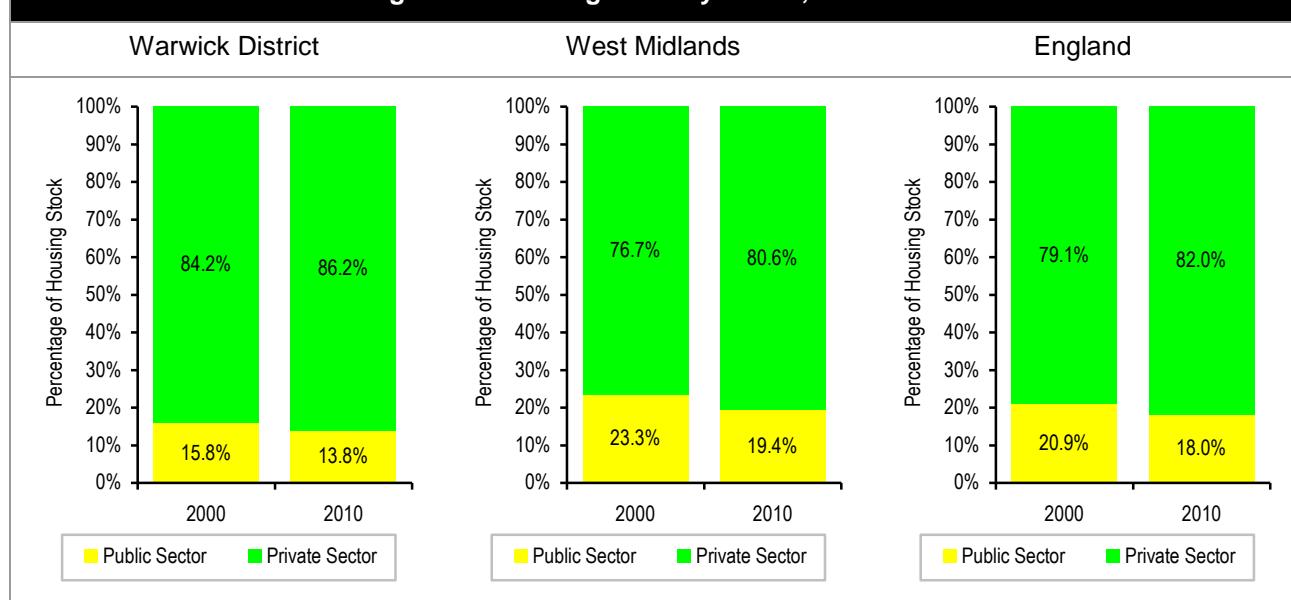
Introduction

- 3.1 Analysis of the current stock of housing allows a broad assessment of the range of properties currently within the study area. There are a number of data sources which provide an overview of the current housing stock and these are examined in this chapter. Where possible results are put in context with figures for the West Midlands region and national figures.

Total number of dwellings

- 3.2 In 2010, information from CLG records that there were 59,400 dwellings in the Warwick District Council area. The figure below shows how the tenure distribution has changed since 2000. Overall housing allocated via the public sector (either Local Authority or RP owned) now makes up 13.8% of the total, a decrease from 15.8% in 2000.
- 3.3 The overall increase in the housing stock in Warwick District over this period was 11.3% with the increase in private sector stock being 14.0% and a decline in social rented dwellings of 3.3% (likely to mainly be due to right-to-buy sales). The data shows that Warwick District has seen less of a drop in the proportion of social rented properties when compared with the West Midlands and England.

Figure 3.1 Housing stock by tenure, 2000-2010



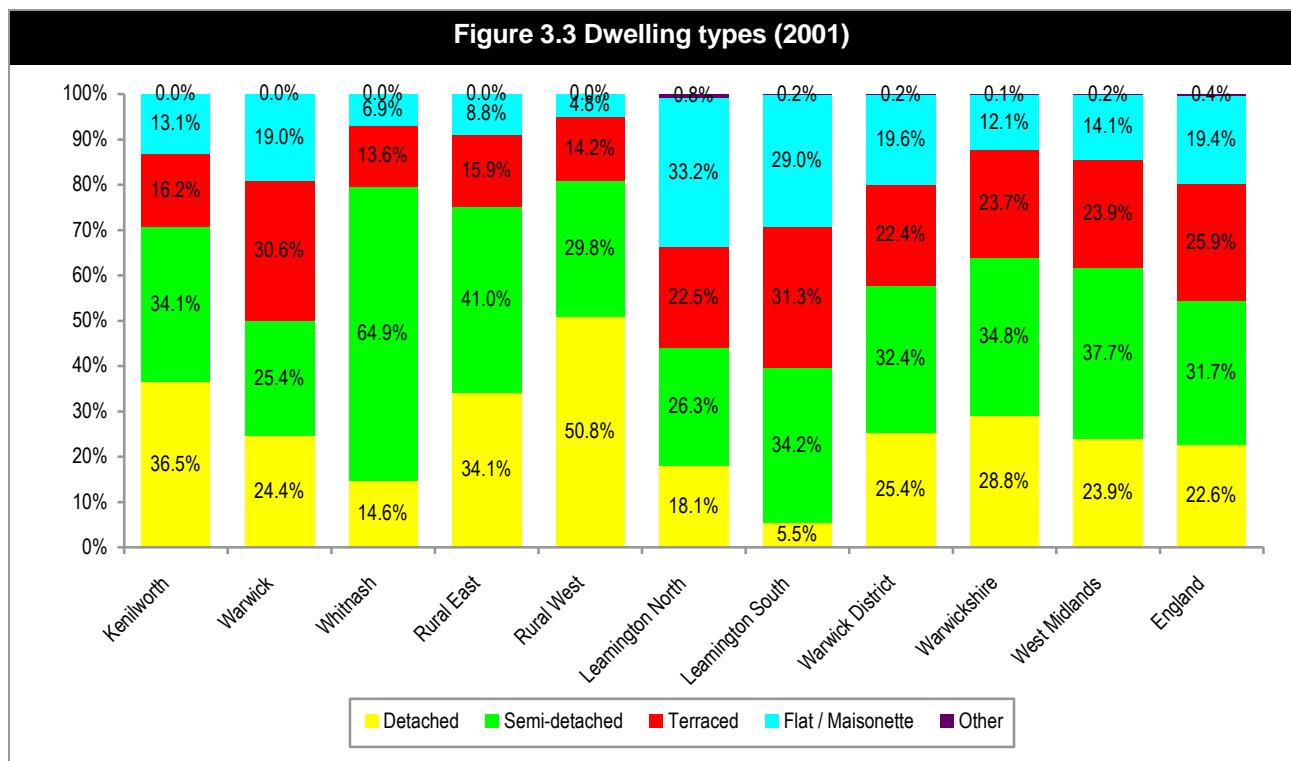
Source: HSSA, HIP and CLG data (2000 and 2010)

Figure 3.2 Change in housing stock 2000-2010				
		Area		
		Warwick District	West Midlands	England
Public Sector	2000 – total	8,459	515,307	4,433,873
	2010 – total	8,176	456,320	4,094,000
	10 year change	-283	-58,987	-339,873
	% change	-3.3%	-11.4%	-7.7%
Private Sector	2000 – total	44,946	1,700,544	16,761,383
	2010 – total	51,240	1,892,000	18,599,000
	10 year change	6,294	191,456	1,837,617
	% change	14.0%	11.3%	11.0%
All dwellings	2000 – total	53,405	2,215,851	21,195,256
	2010 – total	59,416	2,348,320	22,693,000
	10 year change	6,011	132,469	1,497,744
	% change	11.3%	6.0%	7.1%

Source: HSSA, HIP and CLG data (2000 and 2010)

Type of stock

- 3.4 The figure below shows the types of dwelling in the study area, regionally and nationally, from the 2001 Census (to allow comparisons across areas). The data shows for the whole Warwick District Council area that the dwelling type profile is broadly similar to that found across England with a slightly lower proportion of detached and semi-detached houses and a higher proportion of flats when compared with either the County or regional position.
- 3.5 Looking at the seven different Community Forum areas we do however see some stark differences between different locations with both rural Community Forums having a large proportion of detached and semi-detached homes and relatively few flats. Both Leamington areas show around a third of dwellings to be flat accommodation. In Whitnash, nearly two-thirds of all homes are semi-detached.
- 3.6 It should be recognised that different areas can have a different role and function as part of the overall housing market and that the profile of house types district-wide is similar to wider benchmarks.

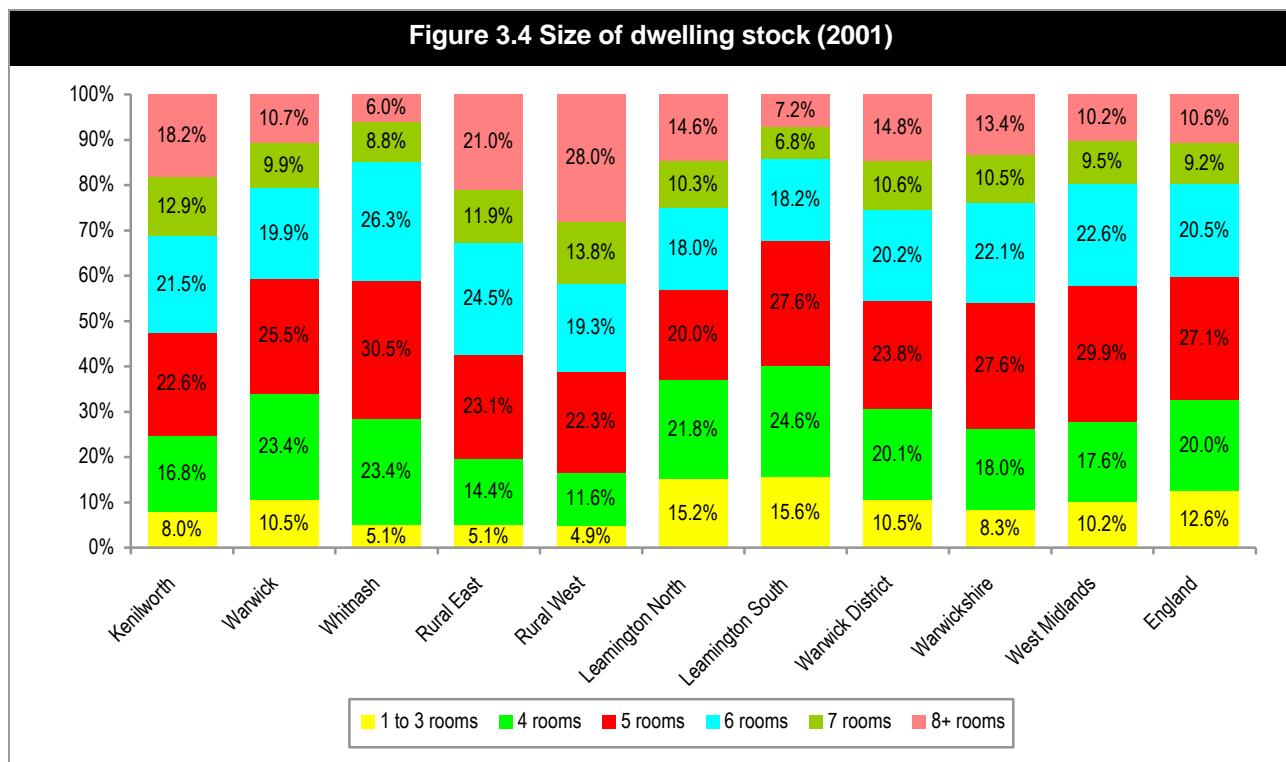


Source: 2001 Census

Dwelling Size

- 3.7 Dwelling size can be an important driver of demand with areas having a larger proportion of family sized accommodation in turn being more likely to be sought after by family households (or indeed those with children). Areas with smaller homes and a greater proportion of flatted accommodation are likely to attract a greater proportion of younger childless households.
- 3.8 The 2001 Census contains information about the size of properties (in terms of the number of rooms). It is worth noting that the definition of a room in the Census does not include: bathrooms, toilets, halls or landings, or rooms that can only be used for storage such as cupboards. All other rooms, for example kitchens, living rooms, bedrooms, utility rooms and studies are included. If two rooms have been converted into one, they are counted as one room.
- 3.9 The figure below shows the number of rooms in properties in the study area as well as regionally and nationally. The data shows that across the Council area as a whole there are a greater proportion of both smaller (four rooms or less) and larger (seven or more rooms) properties when compared with each of the County and the West Midlands. Compared with England the main difference is a greater proportion of larger properties in the District (and slightly lower proportions of dwellings with four rooms or less).

- 3.10 Looking at the different Community Forum areas in Warwick District we again see big differences by location with the two rural areas (Rural West in particular) having relatively few small dwellings and large proportions of bigger homes. The two Leamington Community Forum areas (along with to a lesser extent Warwick) show a high proportion of smaller dwellings. In Rural West the proportion of properties with seven or more rooms is over two-fifths (41.8%); this compares with just 14.0% in the Leamington South area and 14.8% in Whitnash.

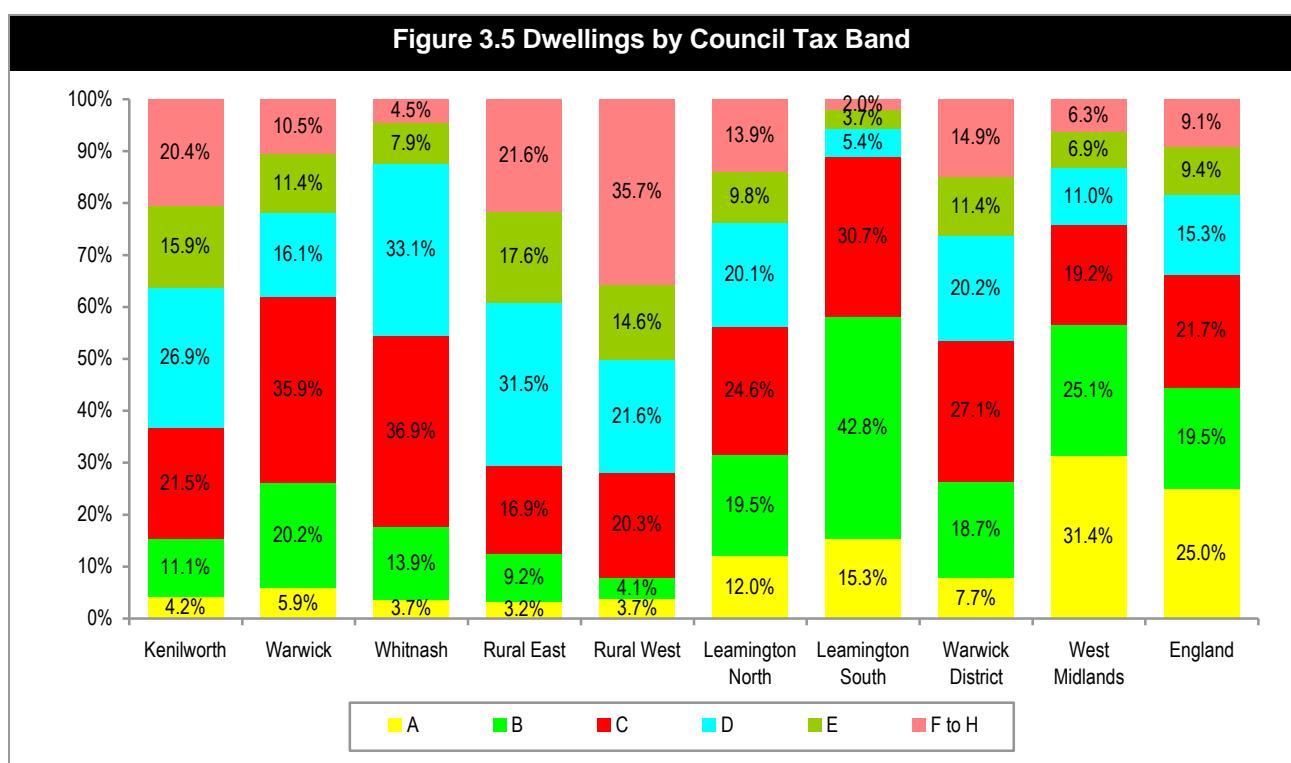


- 3.11 We consider that, taking into account the role and function of different areas, the mix of homes of different sizes and types was broadly balanced across the District in 2001 except that within the Rural East, Rural West and Kenilworth Community Forum Areas where there larger properties dominated, there are less rented properties. A lack of supply of smaller homes in these areas may contribute to affordability pressures.

Council Tax Band

- 3.12 A good indication of the quality and price structure of the housing stock is the distribution of dwellings by Council Tax Band. The figure below shows that across the whole of the District Council area the distribution of Council Tax Bands suggests higher dwelling values with relatively few properties in Bands A and B and a large proportion in all higher bands.

- 3.13 For the Community Forum areas we see that Council Tax Bands are far higher in general in the two rural areas (in particular Rural West) although Kenilworth also tends to show higher value properties. Leamington South in particular shows lower dwelling values with 58.1% of all dwellings being in Bands A or B and only 11.1% in Bands D and above. These figures compare with 26.4% and 46.5% respectively for the whole of the District.
- 3.14 Figures for Warwick District (and the Community Forums) have been taken from the Council Tax Register as provided by the Council for the purposes of survey sampling and therefore have a 2011 base. Data for other areas is provided for 2009 although it is not expected that there have been any significant changes in this two year period.

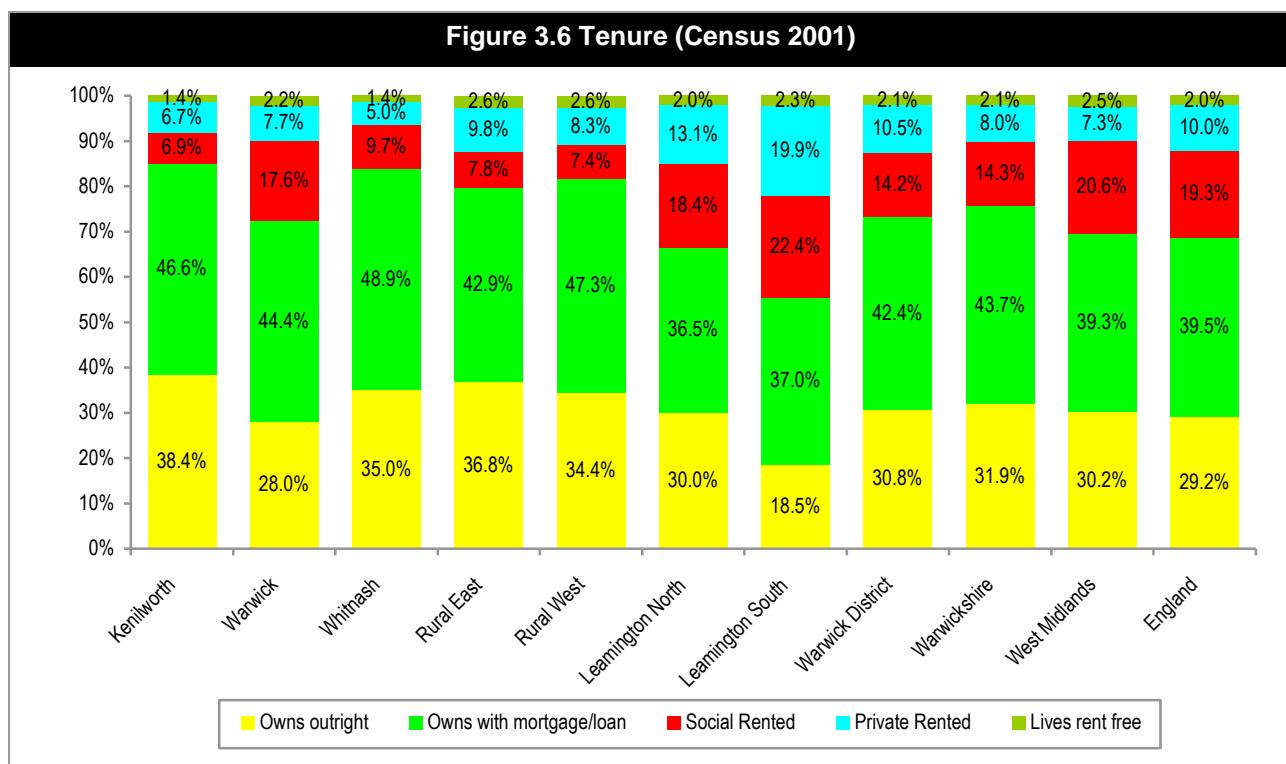


Source: Warwick District Council and Office for National Statistics

Tenure profile

- 3.15 The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of 2001 Census data reveals that in 2001 around 73% of households in the Council area were owner-occupiers (including shared ownership) – this is slightly above both the regional and national average but below figures for the whole of Warwickshire. The social rented sector in the Council area is smaller than found across the region (and indeed England) and broadly similar in size to figures for Warwickshire.

- 3.16 The size of the private rented sector in Warwick District (in 2001) was higher than found in either the County or region (probably linked to student numbers) and also slightly higher than the national average. As of 2001 it was estimated that 10.5% of households lived in the private rented sector – this compared with about 7% for the region and 10% nationally. The number of households living in the private rented sector has however risen significantly in line with national increases which have shown the sector growing by 63% since 2001 (English Housing Survey 2009-10).
- 3.17 Looking at the seven Community Forum areas we find that the two rural areas have high proportions of owner-occupiers (as do Kenilworth and Whitnash) and relatively small social rented sectors. Warwick and the two Leamington Community Forums show high proportions of households living in social rented homes with both Leamington areas (particularly Leamington South) also having a relatively large private rented sector.



Source: 2001 Census

Vacant and second homes

- 3.18 A certain level of vacant dwellings are necessary to ensure the housing market is dynamic, however a high proportion of vacant dwellings can indicate the existence of areas of low demand and sometimes market failure.

- 3.19 The SHMA Guidance indicates that a vacancy rate of under 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out. The table below shows the number and proportion of dwellings vacant in the social and market sectors in the study area, the West Midlands region and England. The table shows that the level of vacant dwellings in the public sector in all areas is well below the guideline level of 3%.
- 3.20 The latest national estimate available (for 2010) suggests that 3.7% of all private sector dwellings are vacant across England. In Warwick District the vacancy rate is noticeably lower (at 2.8%); this is also well below the regional average. An estimated 1.0% of social rented dwellings were vacant.

Figure 3.7 Vacancy rates by broad tenure (2010)

Area	Public Sector		Private Sector	
	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Warwick District	81	1.0%	1,427	2.8%
West Midlands	5,257	1.2%	69,619	3.7%
England	59,035	1.4%	679,379	3.7%

Source: CLG Live tables 2010

- 3.21 Information from the Valuations Agency (for 2008) suggests that around 1% of the dwelling stock in Warwick District is a second home (606 properties). Whilst this figure is not significant it is higher than both the regional average (0.3%) and the figure for England as a whole (0.9%).

Type of housing – survey data

- 3.22 The table below shows households' current accommodation type. The table shows that the majority of households in Warwick District (53%) live in detached or semi-detached houses with an estimated total of around 16% of households living in flats.

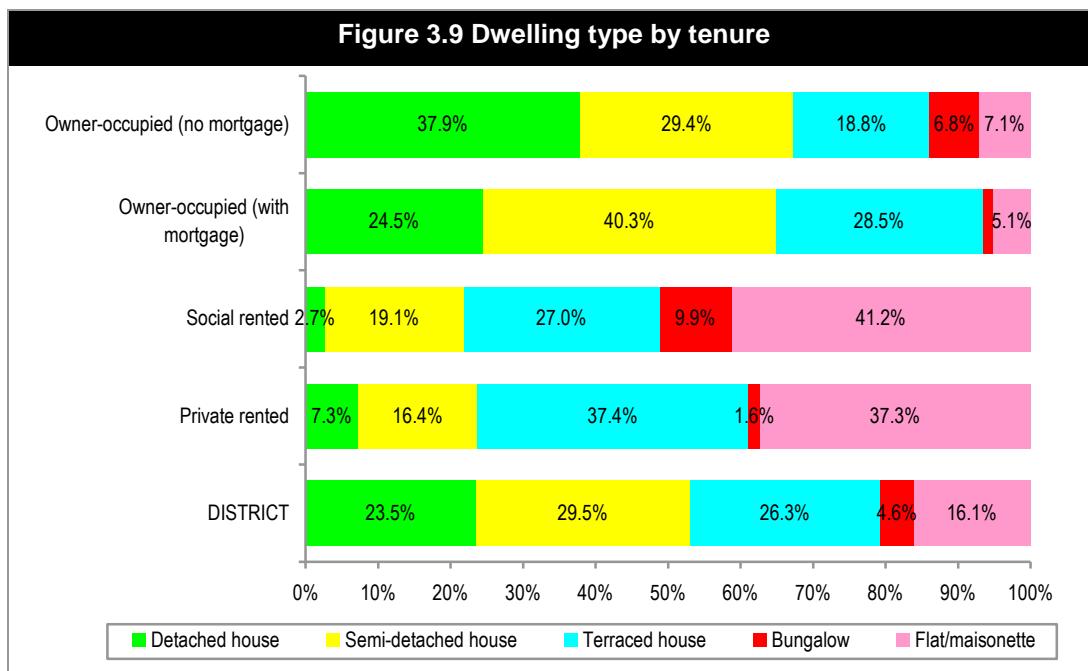
Figure 3.8 Dwelling type

Dwelling type	Number of households	% of households
Detached house	13,789	23.5%
Semi detached house	17,261	29.5%
Terraced house	15,383	26.3%
Bungalow	2,689	4.6%
Flat/maisonette	9,454	16.1%

Total	58,575	100.0%
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Source: Household Survey Data

- 3.23 The figure below shows tenure and dwelling type information. Households living in the owner-occupied sector are particularly likely to live in houses/bungalows. The social and private rented sectors contain a large proportion of flats. A high proportion of private rented properties are terraced.



- 3.24 The profile of the dwelling stock can also be provided by Community Forum and this is shown in the table below. The data shows notable variation between different parts of the District. In particular the proportion of flats varies from about 4% in Whitnash up to 31% in Leamington South with variations in detached houses being from 4% to 41%.

Figure 3.10 Dwelling type by Community Forum

Community Forum	Detached house	Semi-detached house	Terraced house	Bungalow	Flat/maisonette	Total
Kenilworth	3,215	3,625	1,495	404	1,249	9,987
	32.2%	36.3%	15.0%	4.0%	12.5%	100.0%
Warwick	2,959	3,499	4,242	925	1,561	13,186
	22.4%	26.5%	32.2%	7.0%	11.8%	100.0%
Whitnash	511	1,914	744	169	151	3,488
	14.7%	54.9%	21.3%	4.8%	4.3%	100.0%
Rural East	1,707	1,600	888	402	226	4,823
	35.4%	33.2%	18.4%	8.3%	4.7%	100.0%
Rural West	2,406	1,920	1,091	196	268	5,882
	40.9%	32.6%	18.6%	3.3%	4.6%	100.0%
Leamington North	2,672	2,504	4,197	387	3,504	13,264
Leamington South	319	2,200	2,725	205	2,495	7,944
DISTRICT	13,789	17,261	15,383	2,689	9,454	58,575
	23.5%	29.5%	26.3%	4.6%	16.1%	100.0%

Source: Household Survey Data

Overcrowding and under-occupation

- 3.25 Using data from the household survey we are able to study levels of over-crowding using the bedroom standard (see definition below). Essentially this is the difference between the number of bedrooms needed to avoid undesirable sharing (given the number of household members and their relationships to each other) and the number of bedrooms actually available to the household. The bedroom standard also provides the opportunity to look in more detail at households who under-occupy their dwelling.

Bedroom Standard

The 'Bedroom Standard' is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting 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 notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired

child under 10.

3.26 The standards used to check for overcrowding and under-occupation were as follows:

- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be over-crowded.
- **Under-occupation:** households with more than one spare bedroom are deemed to be under-occupied.

3.27 The table below shows a comparison between the numbers of bedrooms in each home against the number of bedrooms required for all households in the District. It should be noted that the bottom two cells of the 4+ bedroom column contain some households that are either under occupied or overcrowded – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

Figure 3.11 Overcrowding and under-occupation						
Number of bedrooms required	Number of bedrooms in home					Total
	1	2	3	4+		
1 bedroom	5,638	10,224	12,413	6,319	34,594	
2 bedrooms	158	4,044	7,729	4,062	15,993	
3 bedrooms	0	337	3,363	3,046	6,746	
4+ bedrooms	0	61	173	1,009	1,243	
Total	5,795	14,666	23,677	14,437	58,575	

Source: Household Survey Data

KEY:  Overcrowded households  Under-occupied households

3.28 The estimated number of overcrowded and under-occupied households in Warwick District is as follows:

- **Overcrowded:** 1.3% of households = 760 households
- **Under-occupied:** 40.9% of households = 23,957 households

3.29 The latest English Housing Survey data on overcrowding (also following the bedroom standard) suggests that nationally around 2.9% of households are overcrowded, higher than the levels recorded from survey data.

3.30 Further survey data suggests that overcrowded households are more likely to be living in rented accommodation, are particularly likely to state a need or likelihood of moving home over the next two years and are particularly likely to contain children (79% of all

overcrowded households contain children aged under 16).

- 3.31 Looking at under-occupation the survey data shows that pensioner only households are particularly likely to be under-occupied with 62% of all older person households under-occupying their dwelling (47% of single pensioner households and 80% of households with two or more pensioners). Under-occupation is also particularly high in the owner-occupied (no mortgage) tenure group – this is linked to the high proportion of older persons in this tenure.
- 3.32 We have also run an analysis based on the current Homechoice bedroom standard used by the Council and Registered Providers when allocating housing. This standard is not as strict as the main bedroom standard used for analysis and the council considers that each of the following require one bedroom:
- partners living together or a lone parent
 - those over 16 years of age
 - a child or two children sharing unless:-
 - of the same sex, both over 8 years old with more than 4 calendar years' age difference,
or
 - they are of opposite sex and the eldest is over 8 years of age
- 3.33 Under the Homechoice standard the estimated level of overcrowding is slightly higher whilst under-occupation levels go down slightly. These two figures are as follows:
- **Overcrowded:** 1.8% of households = 1,076 households
 - **Under-occupied:** 39.8% of households = 23,296 households

Policy Implications

- Overall, the profile of housing across Warwick District appears reasonably balanced. However the profile differs notably between areas. The Council might consider how through policy it can support greater diversity in the housing stock in the Rural East and West and Kenilworth Community Forum Areas where the housing stock is dominated by larger properties which contributes to affordability pressures. However this needs to be balanced against market demand for larger homes in these areas.
- The size of the affordable housing sector has fallen over the last decade, with a net loss of 280 properties between 2000-2010. We would expect this to be particularly influenced by right-to-buy sales. However this trend over a decade affects the ability of the current stock to meet housing needs, and thus influences the conclusions of the housing needs analysis in Section 7. It is appropriate for policy to seek to redress this balance over time by increasing the stock of affordable housing.
- There is a low vacancy rate within the current housing stock as well as low levels of overcrowding (at 1.3%). The low vacancy rate means there is very limited effect potential to meet future requirements through better use of the existing stock. Over the plan period to 2031 there should however be some potential to release supply of existing family housing by supporting downsizing of older households and providing specialist housing to meet their needs. This is considered further in Section 9.

4. Structure of the Economy and Skill Base

Introduction

- 4.1 Economic changes are a key driver underpinning housing markets and can have an important influence on the nature of housing demand including household formation rates and households' investment in housing. In this section we study the economic and labour force profile in the study area (in contrast with the regional and national situation where possible). The data is drawn from a range of secondary sources most notably the NOMIS website maintained by ONS.

Economic Overview

- 4.2 A two speed economy appears to be emerging within Warwickshire, with Warwick District falling within the more growth orientated south of the County. As a proxy for economic productivity, workplace wages in Warwick District in 2010 were 4% above the West Midlands average but 3% below the national average.
- 4.3 There is however a significant differential between workplace and residents based earnings; with residents earnings a very substantial £40.60 per week higher on average than those of people working within the District. This suggests a significant number of higher paid / skilled individuals who live in the District commute out to work. This particularly reflects the District's motorway links, proximity to large employment centres (including the West Midlands conurbation) and its quality of life.
- 4.4 Economic participation is above regional and national averages. 59% of residents worked within the District and survey-based data from the Annual Population Survey suggests that this level had remained fairly consistent to 2008. The Annual Population Survey (APS) data does however suggest a notable increase in commuting to Birmingham (from 2.5% to 6.6% of the labour force), with a more moderate increase to Coventry (from 12.3% to 14.4%) but a reduction to Stratford-on-Avon District.
- 4.5 The District has a jobs density of 0.95 – this means that for every person of working age (16-64) living in the District there are 0.95 jobs in the District. This is significantly above average for the West Midlands or England (0.75 and 0.78 respectively). Overall there is a relatively good jobs-homes balance currently.

- 4.6 Warwick District's economy is biased towards service-sector employment, with a strong representation in finance, IT and other business-related activities. The Council's emerging Local Plan seeks to match future provision of housing and employment growth. The Employment Land Review suggests growth potential particularly in IT and computing, other business activities, health and the cultural sector; with potential to create higher value-added jobs; with some growth also in construction, automotive, retail and tourism.
- 4.7 Work developed for the Local Enterprise Partnership has identified opportunities in advanced manufacturing and medical and environmental technologies which are identified as "aspirational sectors."

Labour Demand and Employment Rates

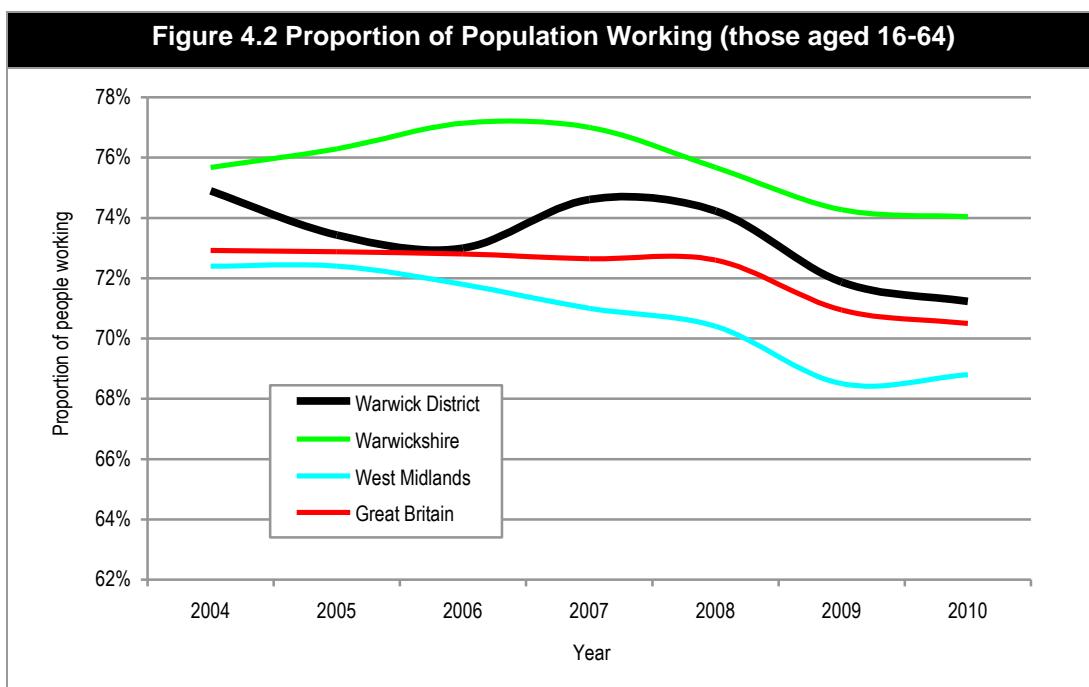
- 4.8 Below we study the number of people working and the employment rate (based on the proportion of those aged 16-64 who are working). The information for this analysis comes from the Annual Population survey with information for each year being made up of the average for all periods within each calendar year.
- 4.9 The table below shows estimates of the number of people working from 2004 to 2010 – the longest period for which time series data is available at the local level. The table shows for all areas that there has been relatively little change in the number of people working over the six years to 2010. In Warwick District, employment numbers rose by around 2.4%; this compares with a reduction of 0.2% in Warwickshire and of 1.9% in the West Midlands. Employment numbers in Great Britain have been recorded as increasing over this period although at 1.9% for the period from 2004 to 2010 employment growth is less strong than seen in Warwick District.

Figure 4.1 Number of people working (2004-2010)

Year	Warwick District	Warwickshire	West Midlands	Great Britain
2004	68,525	260,325	2,478,000	28,480,500
2005	67,514	262,743	2,502,000	28,769,500
2006	67,514	266,714	2,504,500	29,025,000
2007	69,229	268,771	2,488,000	29,228,000
2008	69,900	266,243	2,473,250	29,440,250
2009	69,829	261,114	2,417,000	28,960,500
2010	70,167	259,933	2,429,750	29,034,750
% change 2004-2010	2.4%	-0.2%	-1.9%	1.9%

Source: Annual Population Survey (from NOMIS)

- 4.10 The figure below shows how the above information translates into employment rates. The data shows that employment rates in Warwick District have been somewhat variable although since 2007 the rate has dropped notably. This is consistent with data for Warwickshire, the West Midlands and Great Britain – all of which show a recent drop in employment rates. These findings are to be expected given the economic downturn since 2007/8 and may have contributed to increasing housing need.
- 4.11 It is also noteworthy that the data suggests that throughout the period considered, employment rates in both Warwick District and Warwickshire have been consistently above the regional and national average.



Employment categories

- 4.12 The table below shows a breakdown of the types of employment in Warwick District, compared with Warwickshire, regionally and nationally. The data shows that the main industries of employment in Warwick District are finance, IT, other business activities (27.4%), distribution, hotels and restaurants (24.4%) and public administration, education and health (22.2%). The first of these is well above the average for any other area compared in the table whilst public sector employment is low by regional and national standards (but in line with the County figure).
- 4.13 The data is from 2008 due to the Annual Business Inquiry Employee Analysis having been replaced by the Business Register and Employment Survey – although slightly out of date it is a useful source for comparison between areas.

Figure 4.3 Employee jobs by industry (2008)				
Employment category	Warwick District	Warwickshire	West Midlands	Great Britain
Manufacturing	9.4%	12.1%	13.8%	10.2%
Construction	2.6%	5.4%	4.9%	4.8%
Distribution, hotels & restaurants	24.4%	24.6%	23.6%	23.4%
Transport & communications	5.2%	8.8%	5.8%	5.8%
Finance, IT, other business activities	27.4%	21.4%	18.6%	22.0%
Public administration, education & health	22.2%	21.2%	27.0%	27.0%
Other services	5.9%	5.2%	4.6%	5.3%
Other	2.9%	1.3%	1.7%	1.5%
Total	100.0%	100.0%	100.0%	100.0%
Tourism-related	8.4%	8.8%	7.4%	8.2%

Source: ONS Annual Business Inquiry Employee Analysis (from NOMIS website)

Labour Supply

- 4.14 The tables below consider grades of employee, the first table setting out the definitions used. The data shows that across the whole of the Warwick District Council area that the occupation structure is heavily skewed towards managerial and professional occupations (making up 58% of all employment compared with 48% in Warwickshire and 41% in the West Midlands). As a result there are relatively few people employed in lower grade occupations – including only 10% in Groups 8 and 9 (this compares with 20% regionally).

Figure 4.4 Description of categories of employment

Grade of employment (Standard Occupation Classification (SOC))	Description
SOC 2000 major group 1-3	Managers and senior officials - Professional occupations - Associate professional and technical occupations
SOC 2000 major group 4-5	Administrative and secretarial occupations - Skilled trades occupations
SOC 2000 major group 6-7	Personal service occupations - Sales and customer service occupations
SOC 2000 major group 8-9	Process; plant and machine operatives - Elementary occupations

Source: ONS Annual Population Survey (from NOMIS website)

Figure 4.5 Occupation structure (2010)

Area	Employment category			
	Group 1-3	Group 4-5	Group 6-7	Group 8-9
Warwick District	58.4%	14.6%	16.8%	10.2%
Warwickshire	48.0%	19.0%	15.2%	17.8%
West Midlands	40.8%	21.9%	17.5%	19.9%
Great Britain	44.6%	21.1%	16.5%	17.8%

Source: ONS Annual Population Survey (from NOMIS website)

- 4.15 This information can also be broken down into the seven Community Forums using Census data. Overall, for the whole Council area the data suggests that since 2001 the proportion of people in higher skilled and professional occupations has increased (although this may in part be due to the information above (for 2010) being based on survey data).
- 4.16 The data does however show significant difference between different parts of the Council area with Kenilworth, Rural West and Leamington North having far higher proportions of workers in groups 1 to 5 and fewer in groups 6 to 9 when compared with other parts of the District. Whitnash and Leamington South stand out as having low proportions in Groups 1-3 and high proportions in Groups 8 and 9.

Figure 4.6 Occupation structure (2001)

Area	Employment category			
	Group 1-3	Group 4-5	Group 6-7	Group 8-9
Kenilworth	56.3%	22.0%	10.9%	10.9%
Warwick	46.5%	23.4%	12.6%	17.4%
Whitnash	35.4%	27.5%	14.9%	22.2%
Rural East	49.6%	25.7%	10.9%	13.9%
Rural West	55.8%	22.1%	10.1%	12.0%
Leamington North	53.6%	20.5%	12.2%	13.8%
Leamington South	37.9%	21.3%	14.9%	25.9%
Warwick District	49.1%	22.5%	12.2%	16.1%
Warwickshire	41.1%	24.7%	12.9%	21.3%
West Midlands	36.0%	26.0%	14.1%	23.9%
England	40.3%	24.9%	14.5%	20.2%

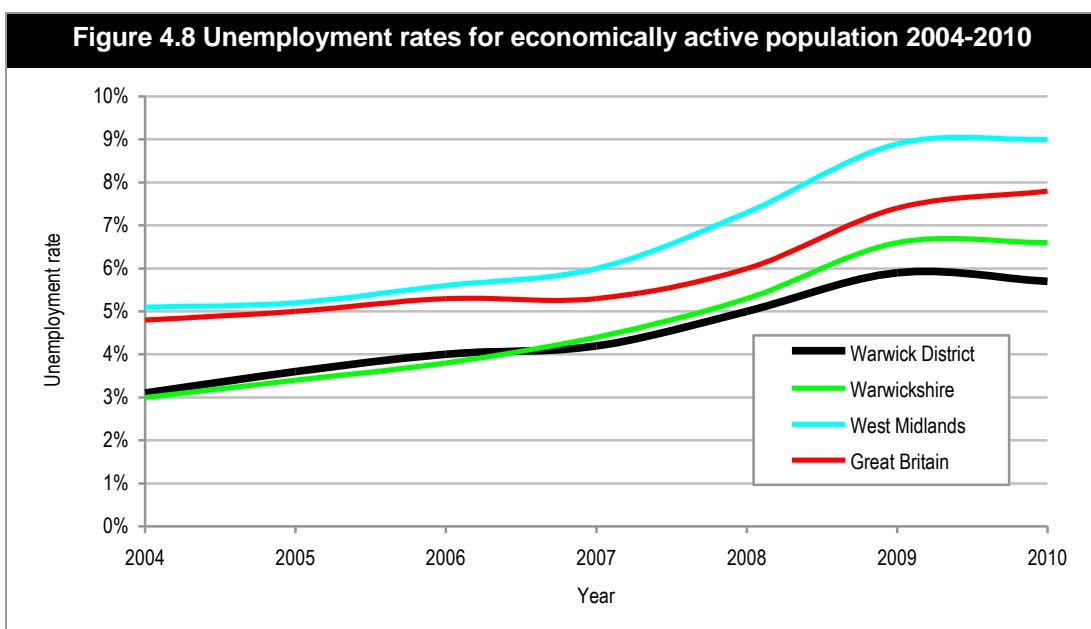
Source: 2001 Census

Unemployment and benefit claimants

- 4.17 The figure below shows that unemployment has been rising since 2004 with a particularly large rise between 2007 and 2009 – this mirrors the national and regional trend. In the whole of the Warwick District Council area the proportion of people who were unemployed rose from 3.1% in 2004 to 5.9% in 2009 (with a similar figure shown for 2010). Throughout the period studied the proportion of people unemployed in both Warwick District and Warwickshire was below national and regional averages.

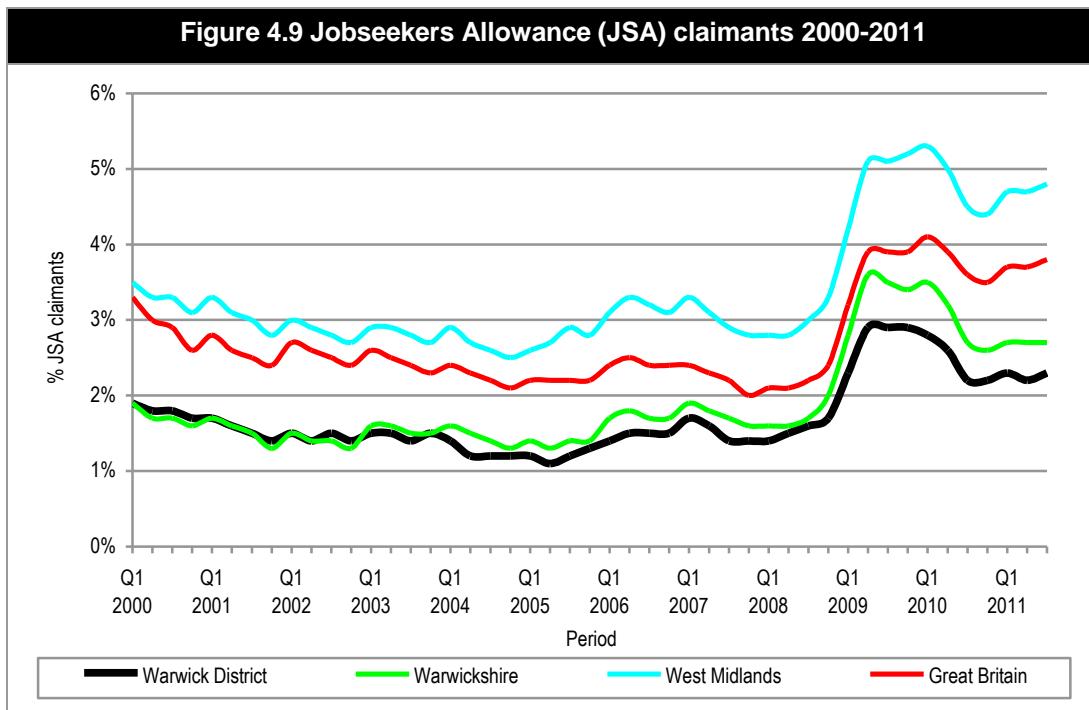
Figure 4.7 Unemployment rates in Warwick District (2004-2010)				
Year	Area			
	Warwick District	Warwickshire	West Midlands	Great Britain
2004	3.1%	3.0%	5.1%	4.8%
2005	3.6%	3.4%	5.2%	5.0%
2006	4.0%	3.8%	5.6%	5.3%
2007	4.2%	4.4%	6.0%	5.3%
2008	5.0%	5.3%	7.3%	6.0%
2009	5.9%	6.6%	8.9%	7.4%
2010	5.7%	6.6%	9.0%	7.8%

Source: ONS Annual Population Survey (from NOMIS website)



Source: ONS Annual Population Survey (from NOMIS website)

- 4.18 It is also possible to study unemployment through Jobseekers Allowance (JSA) claimants and a time-series of this data is shown in the figure below. This information is published by ONS on a monthly basis and we have presented quarterly information going back to the first quarter of 2000. The data mirrors the information presented about unemployment with a large increase shown between 2007 and 2009 (in particular from late 2008 to early 2009). Since 2009, the proportion of people claiming JSA has started to decline although the proportion is still above any figure for the whole time-series from 2000 to 2008.
- 4.19 The increase in unemployment in the short-term may well have contributed to increased levels of need for affordable (and particularly social) housing solutions.



Source: ONS claimant counts – from NOMIS website

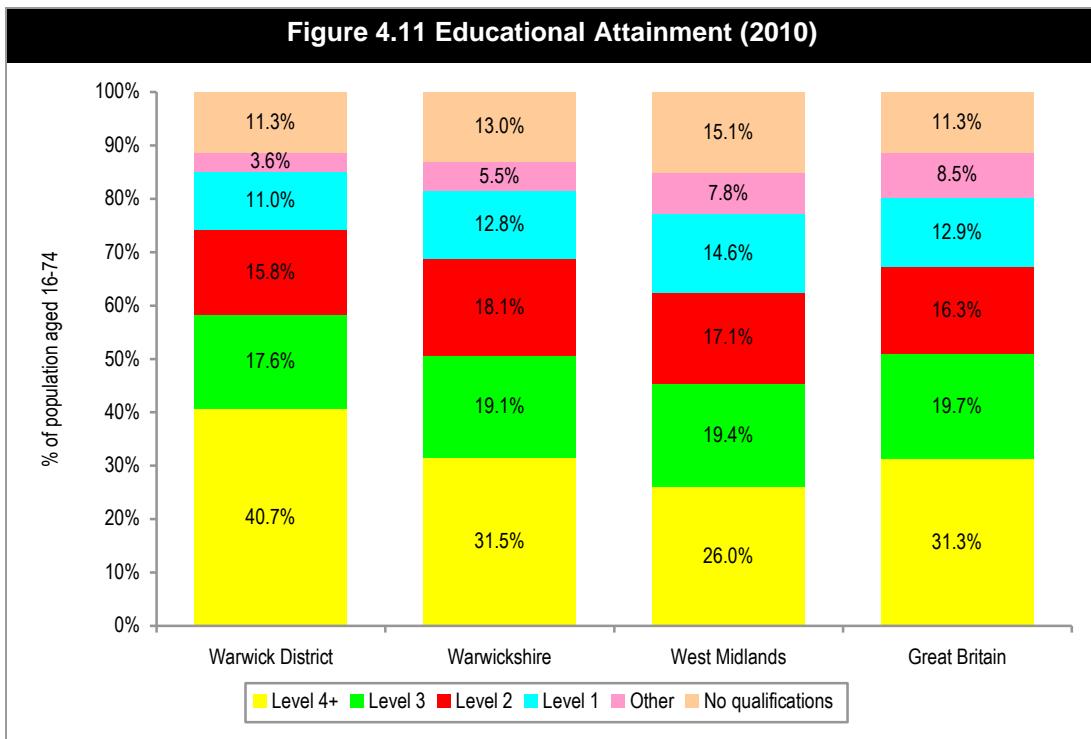
Skills and educational attainment

- 4.20 An important factor in the ability of any economy to grow is the level of skill of the workforce. The figure below shows the skills of working age residents compared to County, regional and national equivalents. It can be seen for the whole of the District Council area that there are a greater proportion who have reached Level 4 and generally levels of qualifications are high when compared with other areas.

Figure 4.10 Description of highest qualification obtained

Qualification level	Description
No qualifications	No academic, vocational or professional qualifications
Level 1	1+ 'O' levels/CSE/GCSE (any grade); NVQ level 1; Foundation GNVQ
Level 2	5+ 'O' levels; 5+ CSEs (grade 1); 5+ GCSEs (grade A-C); School Certificate; 1+ A levels/AS levels; NVQ level 2; Intermediate GNVQ or equivalents
Level 3	2+ 'A' levels; 4+ AS levels; Higher School Certificate, NVQ level 3; Advanced GNVQ or equivalents
Level 4	First degree; Higher Degree; NVQ levels 4-5; HNC; HND; Qualified Teacher Status; Qualified Medical Doctor; Qualified Dentist; Qualified Nurse; Midwife; Health Visitor or equivalents
Other	Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel); Other Professional Qualifications

Source: ONS Annual Population Survey (from NOMIS website)



Source: ONS Annual Population Survey (from NOMIS website)

Economic status – survey data

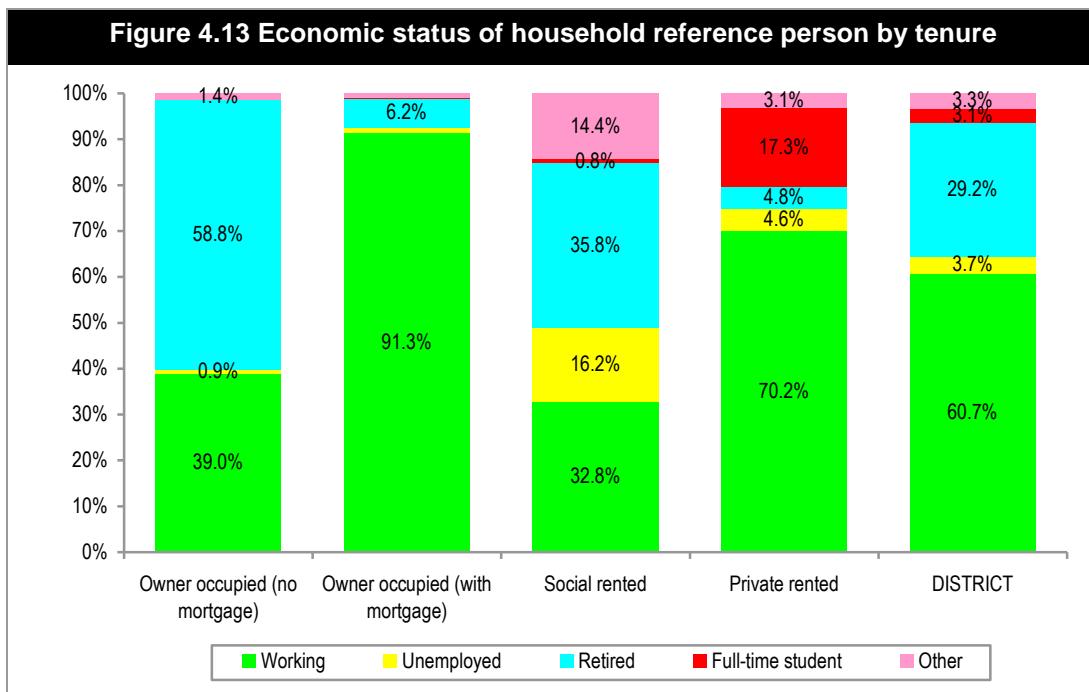
- 4.21 For the purposes of analysis of working status we have selected a household reference person (HRP) from each survey household to act as the representative person for the household. In all cases this person is either the head of household or their partner with people in employment being chosen as the HRP where possible and then the oldest person being chosen where the economic status of both head and partner is the same.
- 4.22 The table below shows the working status of HRPs for the whole of Warwick District. Around three-fifths of all HRPs are in employment; nearly a third are retired. A number of HRPs are in the 'other' working status group, which is largely comprised of people describing themselves as either permanently sick/disabled or looking after home/family.

Figure 4.12 Working status of household reference person

Working status	Number of households	% of households
Working	35,568	60.7%
Unemployed	2,184	3.7%
Retired	17,085	29.2%
Full-time student	1,799	3.1%
Other	1,939	3.3%
Total	58,575	100.0%

Source: Household Survey Data

- 4.23 The figure below shows economic status by tenure. The data shows that over 90% of those buying with a mortgage were working. For private renters the figure was 70%, and for social rented tenants only 32%. For outright owners, around three-fifths were retired. The analysis also indicates a significant proportion of retired households resident in the social rented sector.



Source: Household Survey Data

- 4.24 The table below shows working status by Community Forum from survey data. This information clearly shows differences in different parts of the District with rates of unemployment for example ranging from 1.2% in Rural East to 5.1% in Leamington North. The proportion of retired people ranges from 12.9% in Leamington South to around 40% in Kenilworth whilst the highest proportions of people working are found in Warwick and Rural West. The Community Forum profile is closely linked to other characteristics in these areas including the tenure profile and age structure in different locations.

Figure 4.14 Working status by Community Forum

Community Forum	Working	Unemployed	Retired	Student	Other	Total
Kenilworth	54.6%	2.7%	39.0%	2.6%	1.1%	100.0%
Warwick	65.8%	5.0%	27.0%	0.8%	1.5%	100.0%
Whitnash	59.1%	2.6%	33.7%	1.5%	3.1%	100.0%
Rural East	61.2%	1.2%	35.7%	0.0%	1.9%	100.0%
Rural West	65.1%	1.7%	28.8%	0.0%	4.5%	100.0%
Leamington North	57.7%	5.1%	30.2%	2.5%	4.5%	100.0%

Leamington South	62.3%	4.3%	12.9%	13.3%	7.2%	100.0%
Total	60.7%	3.7%	29.2%	3.1%	3.3%	100.0%

Source: Household Survey Data

Travel to work – survey data

4.25 The survey data also allows us to look at where people resident in the District (and who are working) travel for their employment. This information is also provided for Community Forum areas. The table below shows locations of employment for survey respondents and their partner where in employment (or working if self-employed). The data shows that overall 61.8% of people living in the District who are working are also working in the District – the main locations for employment are Leamington Spa and Warwick although the high proportion of people living in rural areas and working from home is notable. Outside of Warwick District the main locations of employment were found to be Coventry, Birmingham and elsewhere in the UK (which made up nearly 10% of the total).

4.26 The figures below can be compared with ONS estimates for both 2001 (from the Census) and 2008 (from the Annual Population Survey). In both cases the number of people resident in the District who are working in the area is estimated to be around 60% with the main location of employment outside the district being Coventry. Overall the commuting patterns of workers living in the District do not appear to have changed dramatically over the past ten years.

Figure 4.15 Location of employment

Location of employment	Work mainly from home	Not working from home	Total	% of people working
Kenilworth	522	3,418	3,939	7.2%
Warwick	903	11,714	12,616	23.1%
Whitnash	241	660	902	1.6%
Rural East	237	493	730	1.3%
Rural West	445	348	793	1.5%
Leamington Spa	900	13,907	14,807	27.1%
All working in Warwick District	3,248	30,540	33,788	61.8%
In the Stratford-on-Avon Council area	0	1,346	1,346	2.5%
In the Rugby Borough Council area	0	287	287	0.5%
Elsewhere in Warwickshire	0	1,785	1,785	3.3%
In the Solihull Borough Council area	0	925	925	1.7%
In the Coventry City Council area	0	5,726	5,726	10.5%
In the Birmingham City Council area	0	2,538	2,538	4.6%
Worcestershire	0	496	496	0.9%
Elsewhere in the West Midlands	0	1,448	1,448	2.6%
London	0	404	404	0.7%
Elsewhere in the South East	0	536	536	1.0%
Elsewhere in the UK	0	5,209	5,209	9.5%
Abroad	0	185	185	0.3%

All working outside Warwick District	0	20,885	20,885	38.2%
Total	3,248	51,425	54,673	100.0%

Source: Household Survey Data

- 4.27 The tables below show the same information but for individual Community Forum areas. The first table shows the number of people working whilst the second shows the proportion in each Community Forum. For the purposes of this analysis the two Leamington Community Forums have been merged into one as these were not separated out on the list of possible employment locations offered to survey respondents. Those working from home are included in the Community Forum in which they live.
- 4.28 The data shows that households are particularly likely to work in the area in which they live – the exceptions to this are Whitnash, and the two rural Community Forums where people were more likely to work in Warwick or Leamington Spa. The second table indicates the proportion of people working within Warwick District– the data shows variation from 75% of those living in Whitnash to about 54% in the two rural Community Forums.

Figure 4.16 Location of employment by Community Forum (numbers)

Location of employment	Kenilworth	Warwick	Whitnash	Rural East	Rural West	Leamington Spa	DISTRICT
Kenilworth	2,696	389	62	264	106	424	3,939
Warwick	1,205	5,531	568	548	1,517	3,247	12,616
Whitnash	72	136	473	0	55	166	902
Rural East	175	0	17	370	30	137	730
Rural West	37	43	0	18	623	74	793
Leamington Spa	936	2,018	1,343	1,306	851	8,354	14,807
All working in Warwick District	5,121	8,116	2,462	2,506	3,182	12,402	33,788
In the Stratford-on-Avon Council area	47	410	42	139	207	501	1,346
In the Rugby Borough Council area	76	0	18	17	27	149	287
Elsewhere in Warwickshire	205	352	131	74	217	806	1,785
In the Solihull Borough Council area	109	258	0	26	316	216	925
In the Coventry City Council area	1,317	920	186	1,059	594	1,651	5,726
In the Birmingham City Council area	293	834	92	121	426	771	2,538
Worcestershire	42	95	21	32	214	92	496
Elsewhere in the West Midlands	302	556	69	166	59	295	1,448
London	172	0	23	62	0	147	404
Elsewhere in the South East	215	161	0	0	60	100	536
Elsewhere in the UK	676	1,394	239	442	611	1,847	5,209
Abroad	70	0	0	21	0	94	185
All working outside Warwick District	3,524	4,980	820	2,159	2,731	6,671	20,885
Total	8,644	13,096	3,283	4,664	5,914	19,073	54,673

Source: Household Survey Data

Figure 4.17 Location of employment by Community Forum (percentages)

Location of employment	Kenilworth	Warwick	Whitnash	Rural East	Rural West	Leamington Spa	DISTRICT
Kenilworth	31.2%	3.0%	1.9%	5.7%	1.8%	2.2%	7.2%
Warwick	13.9%	42.2%	17.3%	11.7%	25.7%	17.0%	23.1%
Whitnash	0.8%	1.0%	14.4%	0.0%	0.9%	0.9%	1.6%
Rural East	2.0%	0.0%	0.5%	7.9%	0.5%	0.7%	1.3%
Rural West	0.4%	0.3%	0.0%	0.4%	10.5%	0.4%	1.5%
Leamington Spa	10.8%	15.4%	40.9%	28.0%	14.4%	43.8%	27.1%
All working in Warwick District	59.2%	62.0%	75.0%	53.7%	53.8%	65.0%	61.8%
In the Stratford-on-Avon Council area	0.5%	3.1%	1.3%	3.0%	3.5%	2.6%	2.5%
In the Rugby Borough Council area	0.9%	0.0%	0.5%	0.4%	0.5%	0.8%	0.5%
Elsewhere in Warwickshire	2.4%	2.7%	4.0%	1.6%	3.7%	4.2%	3.3%
In the Solihull Borough Council area	1.3%	2.0%	0.0%	0.6%	5.3%	1.1%	1.7%
In the Coventry City Council area	15.2%	7.0%	5.7%	22.7%	10.0%	8.7%	10.5%
In the Birmingham City Council area	3.4%	6.4%	2.8%	2.6%	7.2%	4.0%	4.6%
Worcestershire	0.5%	0.7%	0.6%	0.7%	3.6%	0.5%	0.9%
Elsewhere in the West Midlands	3.5%	4.2%	2.1%	3.6%	1.0%	1.5%	2.6%
London	2.0%	0.0%	0.7%	1.3%	0.0%	0.8%	0.7%
Elsewhere in the South East	2.5%	1.2%	0.0%	0.0%	1.0%	0.5%	1.0%
Elsewhere in the UK	7.8%	10.6%	7.3%	9.5%	10.3%	9.7%	9.5%
Abroad	0.8%	0.0%	0.0%	0.5%	0.0%	0.5%	0.3%
All working outside Warwick District	40.8%	38.0%	25.0%	46.3%	46.2%	35.0%	38.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

Policy Implications

- Warwick District falls within one of the most dynamic and growth-orientated parts of the West Midlands region. The District has a high jobs density of 0.95 with evidence of net in-commuting to work (6,600 in 2001). The survey indicates that 62% live and work within the District.
- There is potential for strong employment growth over the next 20 years as the economy emerges from the recession, including within higher value-added sectors.
- The District's occupational structure is heavily skewed towards managerial and professional occupations, particularly in Kenilworth, the Rural West and Leamington North. This has been growing. The District also has an above average proportion of working residents with degree-level qualifications.
- As well as supporting its own economy, the District's location, transport links and quality of life make it an attractive place to live for households who may work elsewhere, particularly those in higher wage jobs where there is a 'wage incentive' to travel out of the area to work. We would expect this to support demand for larger family housing in the District.
- Overall, the economic profile and the District's locational strengths suggest that in the longer-term demand for family housing in the market sector will remain strong.
- However in the short-term, there is potential for recent growth in unemployment to have contributed to levels of housing need (as identified in Section 7). Unemployment within the District is concentrated in Leamington and Warwick.

5. The Current Housing Market

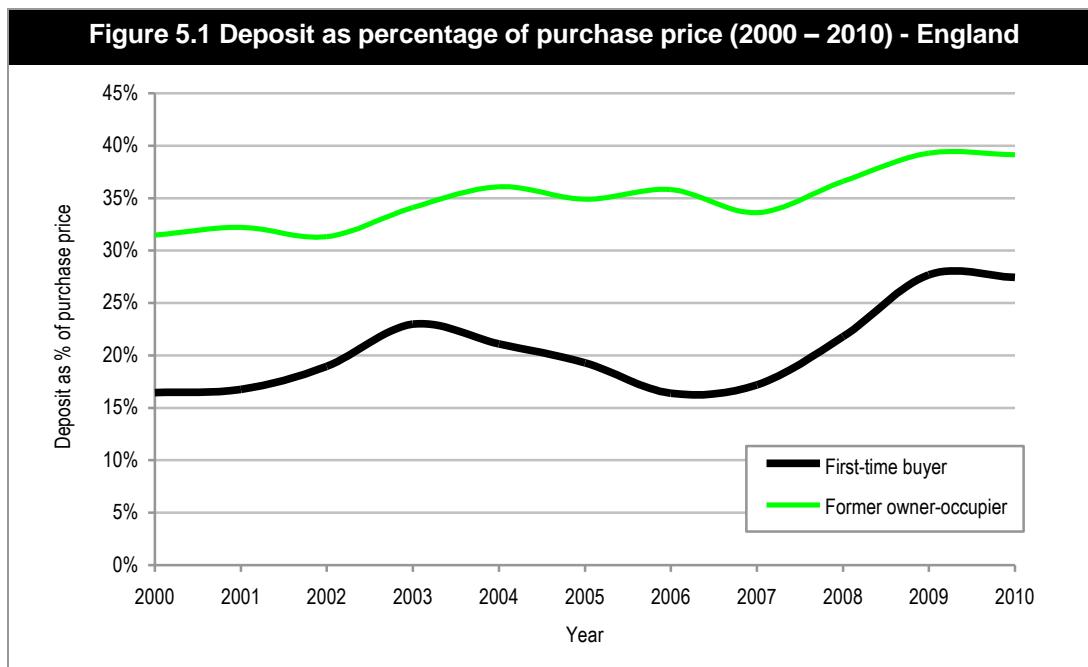
Introduction

- 5.1 This section of the report studies the current housing market in the District Council area – in particular in relation to the costs of different types and sizes of housing in different locations. Where possible trend information has also been provided. It is however important from the outset to recognise the fundamental changes to the housing market over the past three/four years or so and so the section begins with a brief description of the impact of the economic downturn on the housing market in Warwick District.

National Housing Market Downturn

- 5.2 Over the decade to 2007, housing demand grew strongly across the Country – supported by a period of sustained economic stability and growth, historically low interest rates and increased competition in the mortgage market (which led to growth in the range of mortgage deals available). Housing supply was shown to be relatively inelastic, contributing to a period of sustained and strong price growth. Thus while house prices grew, access to home ownership also increased as a result of the low interest rates and availability of attractive mortgage products.
- 5.3 The sustained growth in house prices together with mortgage availability also supported growth in investment in the residential sector, and with it the size of the private rented sector. Against a context of a decline in the stock of social housing (as right-to-buys in particular outstripped new construction), the private rented sector played an increasing role in meeting housing need, supported by Housing Benefit.
- 5.4 Market conditions changed dramatically in 2007. Although many people had been expecting a crash in house prices for some time, due to the historical trend of this occurring after a period of fast house price growth, the market downturn was principally triggered by the realisation of the scale of the bad debt that banks had built up. This caused banks to be much more cautious toward lending to one another and to their customers as there was a greater risk of not being repaid. It was this ‘credit crunch’ that precipitated a change in housing market conditions, rather than the affordability of housing in terms of price-earnings differentials.
- 5.5 The credit available for those potentially requiring a mortgage has fallen dramatically. In addition banks and building societies were more cautious in their lending practices to ensure they didn’t create any further bad debts for themselves. This meant that the multiples of income that a mortgage was offered on were reduced and a greater proportion of the value of the home was required as a deposit.

- 5.6 Coupled with market and subsequent economic uncertainty, the change in lending criteria (and particular loan-to-value ratios available) have severely curtailed market activity and led to a substantial withdrawal of First Time Buyers (the lifeblood of the market) and other marginal groups from the housing market.
- 5.7 This trend can clearly be seen in the figure below showing deposit requirements for first-time buyers and former owner-occupiers. The key group of first-time buyers show that in 2006 the average deposit paid was around 16% of the purchase price; by 2009 this had risen to 28% with data for 2010 also showing a similar average deposit.

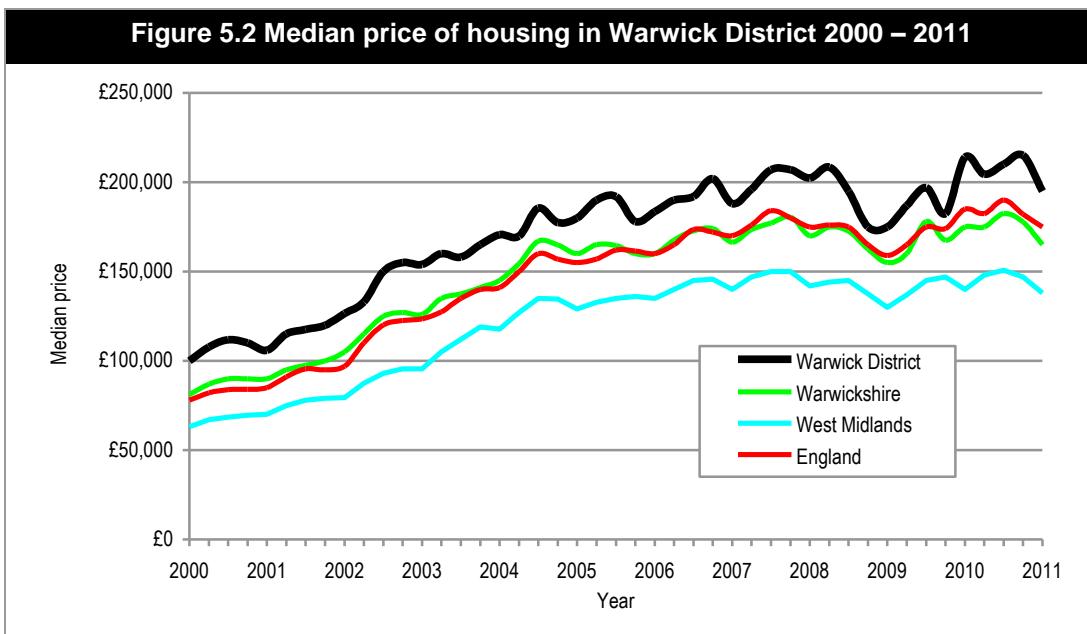


Source: CLG Live Tables

- 5.8 There has also been a notable reshaping of the dynamics between different segments of the housing market. Uncertainty coupled with restricted lending criteria have significantly restricted home purchases, but also impacted on the buy-to-let market. This has resulted in a growth in demand for private renting relative to supply.

Local Price/Sale Trends

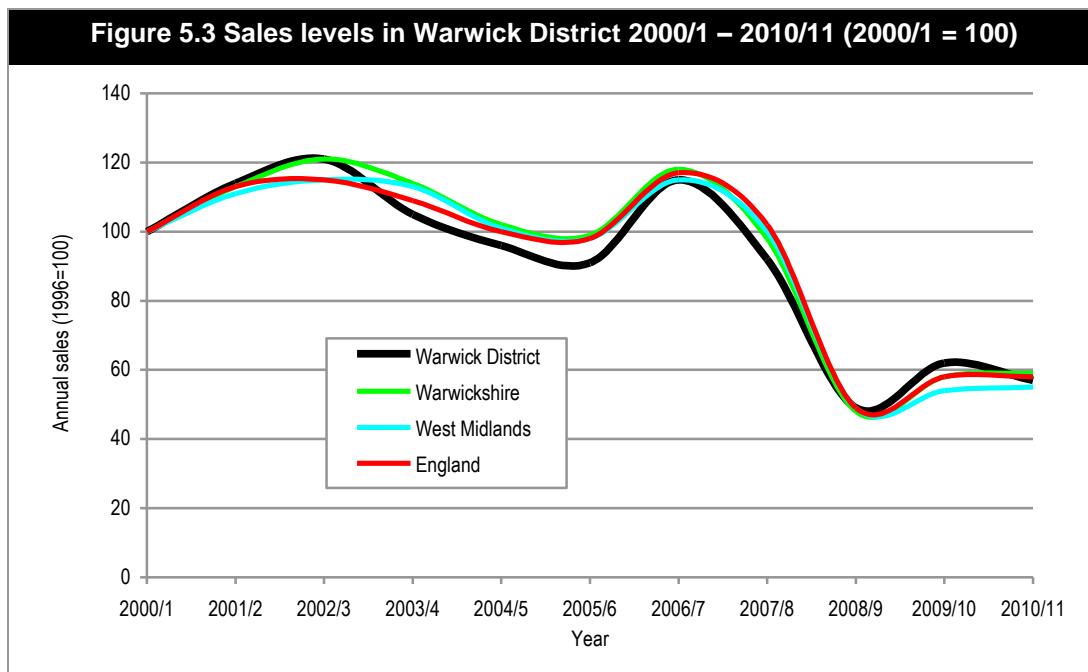
- 5.9 We can also look at price and sales trends at a more local level – the figure below shows the average (median) price paid for a home from the 1st quarter of 2000 to the 1st quarter of 2011. The data for Warwick District fairly closely mirrors the experience found nationally. Prices showed strong growth up until the third quarter of 2007 and then levelled off to the second quarter of 2008. Prices then showed a sharp drop before recovering in late 2009 and through 2010. Data for the 1st quarter of 2011 shows a decrease in prices for all areas. By the 1st quarter of 2011 the average price in Warwick District was recorded at £195,000 – 9% below the highest figure shown for any previous quarter.



Source: CLG Live Tables

- 5.10 Looking at relative median house prices, the median price in Warwick District in 2010 at £210,000 was 18% above the Warwickshire average and 43% above the West Midlands average. This is indicative of relatively stronger demand for market housing compared to other parts of the region.
- 5.11 We have analysed comparative prices and price trends within the District using the Zoopla Index (in August 2011) which provides information on prices for a standard property. This indicates:
- Of the four towns in the District, house prices are highest in Kenilworth at £275,000 and have remained the most stable over the last year, declining by just £1400 (-0.5%), but are £7,700 down over three years;
 - House prices at £252,300 in Warwick have fallen to the greatest degree, decreasing by £14,250 (5.4%) on average over the last year and almost £10,000 over the last three years;
 - In Leamington Spa, house prices average £225,000, having fallen £3,900 (-1.7%) over the past year and by a more moderate £2,000 over the past three years.
- 5.12 Analysis has also been carried out for sales volumes and this is presented in the figure below. Due to seasonal variations in sales levels the data is taken for whole 12-month periods running from Q2 to Q1 of the following year with a base of 100 taken for 2000/1. Transactions levels (sales) reflect the relative buoyancy of the market and provide an indicative of effective demand for market housing. The data again shows that local trends closely mirror those experienced nationally with the lowest number of sales being made in 2008 with a slight recovery since then. For Warwick District the data suggests that between 2008 and 2010 sales levels were around 40% lower than in 2000 and about half the average figure for the period 2001 to 2006.

- 5.13 Sales in 2010 were 44% down in Warwick District relative to average sales volumes over the decade to 2007.



Source: CLG Live Tables

- 5.14 **Effective demand for market housing is thus broadly currently around 40-45% below normal market conditions.** This principally reflects mortgage finance constraints, and is having a knock-on effect on demand for rented tenures.

Current Market Sentiment: Sales

- 5.15 As part of the Study, GLH contacted a number of local estate agents to gauge local market sentiment in Autumn 2011 to provide an understanding of current market dynamics at this point in time. This provides a qualitative perspective on short-term dynamics.
- 5.16 One Warwick agent identified current demand (Autumn 2011) for properties of under £200,000, including from First-time Buyers, and from family households with good jobs and two incomes for properties around £300,000. Another described strong demand for properties under the £250,000 Stamp Duty threshold albeit that some would-be buyers are finding it difficult to secure mortgage finance, with 'tougher' market conditions and price sensitivity for properties over £500,000. This agent described a current under-supply of good modern 2-bed town houses for both young buyers and investors.
- 5.17 In the villages, the profile of demand was described as focused on families together with retired households (from which there was a particular demand for bungalows).

- 5.18 A Kenilworth agent thought that the market remained quite good but fragile, with demand for traditional family housed such as three and four bed semi-detached and detached properties up to around £400,000. This agent identified weaker demand from First-time Buyers who were 'priced out' of the local market. Most buyers were from areas within Warwickshire. The agent expressed some concerns regarding the risk of a further recession and impact of events in Europe.
- 5.19 In Leamington Spa, one agent indicated that there had been a reduction in the level of First-time Buyers over the last few months, potentially linked to macro-economic concerns, but continued to see demand for investment purchases. Again they described less movement in the market for larger properties of £500,000 and over, with a focus of sales between £125,000 - £350,000 but particularly below the Stamp Duty threshold. This agent suggested that the local sales market had remained relatively buoyant compared to other areas over the past few years, as an affluent area with good transport links as well as a student market. There remained demand for 2-bed properties from First-time Buyers and for larger 3-4 bed properties from home movers.

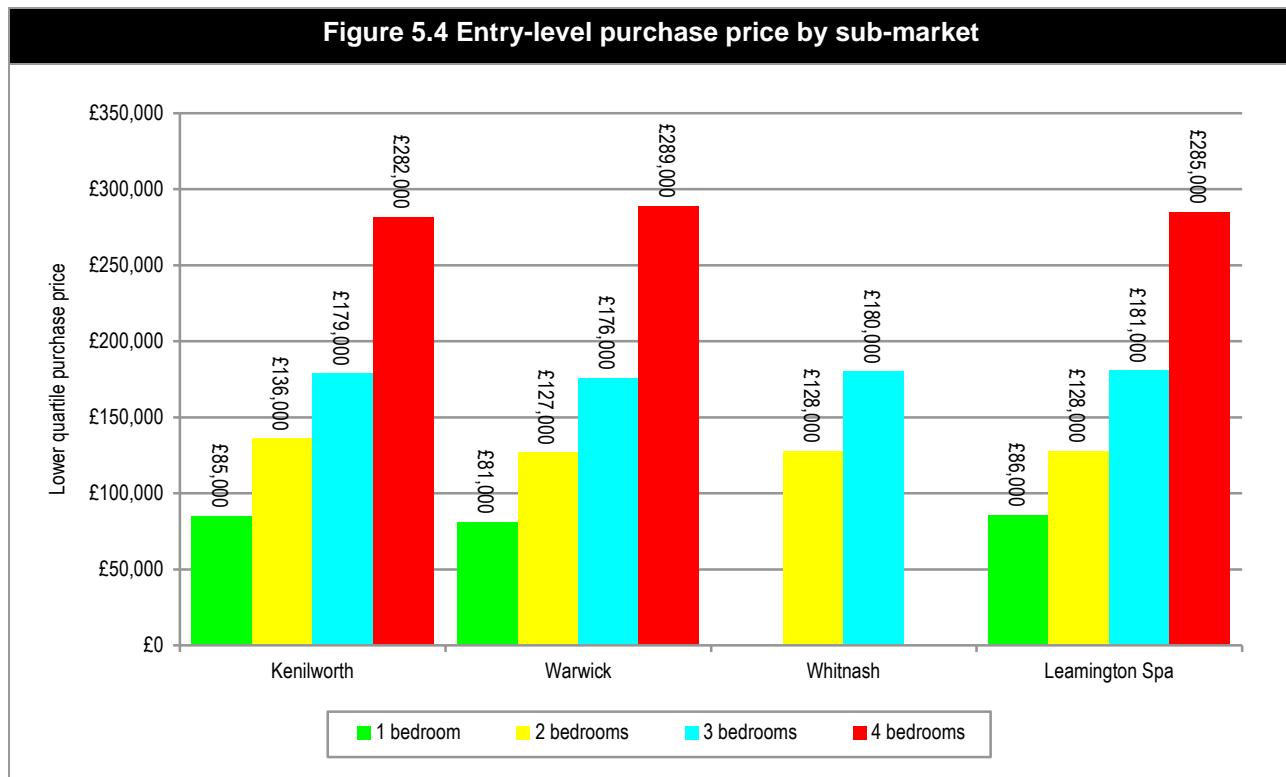
Entry-level housing costs and housing sub-markets

- 5.20 To fully understand the affordability of housing within a price market it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household as determined by the bedroom standard. As part of this study we have therefore undertaken a price survey to assess the current cost of housing in key locations in the Council area. This has involved establishing the entry-level cost of housing by number of bedrooms in a range of areas based on lower quartile figures.

Entry-level prices

- 5.21 Entry-level property prices and rental costs by number of bedrooms were obtained in each sub-market via an online search of properties advertised for sale during May 2011. In accordance with Practice Guidance, entry-level prices are based on lower quartile prices. Costs have been adjusted to take account of sales prices compared with asking prices based on information from Hometrack – across the District Council area it was estimated that on average properties achieve between 94% and 98% of their asking price.
- 5.22 The entry-level price for owner-occupied property across the sub-markets is presented in the figure below. The data indicates that prices for particular sizes of property do not vary hugely by location with a typical lower quartile one bedroom price of around £80,000-£85,000 rising to around £280,000 to £290,000 for four bedrooms. We have been able to establish prices for all of the four main areas in the District although it has not been possible to provide a full range of data for Whitnash due to the low supply of both one bedroom and

four bedroom homes.



Source: Online Estate and Letting Agents Survey (May 2011)

Entry-level private rents

- 5.23 The entry-level cost for private rented accommodation is presented in the table below. The internet search only provided reliable information for the main urban area of Warwick/Leamington/Whitnash although data for Kenilworth did suggest broadly similar rent levels.
- 5.24 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties in the District Council area. Maximum LHA payments are based on estimates of rents at the 30th centile and should therefore be roughly comparable with our estimates of lower quartile costs. The vast majority of the Warwick District is in the Warwickshire South Broad Rental Market Area (BRMA) and so it is the rental costs for this area used although it should be noted that a very small part of the Council area is within each of the Solihull and Coventry BRMAs.
- 5.25 The data suggests quite a lot of consistency between the two sources with rents starting from about £475 per month for a one bedroom home and rising to around £1,000 for four bedrooms.

Figure 5.5 Monthly private rent levels in Warwick District		
Size	Internet Survey	LHA maximum
1 bedroom	£475	£475
2 bedrooms	£650	£595
3 bedrooms	£725	£695
4 bedrooms	£1,100	£938

Source: Online Estate and Letting Agents Survey (May 2011) and VOA data (May 2011)

Social rents

- 5.26 The cost of social rented accommodation by dwelling size in the District can be obtained from Continuous Recording (CORE) which is a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2010 (for both Council and Registered Providers combined). As can be seen the costs are generally well below those for private rented housing indicating a potential gap between the social rented and market sectors.
- 5.27 The figures presented are for lettings made to new tenants and not overall rent levels in the social rented sector (i.e. they do not include rents paid by tenants who did not move to their current home within the past year).

Figure 5.6 Weekly average social rent levels in Warwick District	
Size	Weekly rent
1 bedroom	£64
2 bedrooms	£73
3 bedrooms	£79
4 bedrooms	£87

Source: CORE data for 2010

Gaps in the housing market

- 5.28 The table below estimates how current prices and rents for each size of accommodation might equate to income levels required to afford such housing. The figures are all based on prices/rents for the main urban area of Warwick/Leamington/Whitnash and clearly indicate a gap between the costs of 'entry-level' market housing and the social rented sector – demonstrating the potential for intermediate housing to meet some of the affordable need.

Figure 5.7 Indicative income required to purchase/rent without additional subsidy

Size	Entry-level purchase price	Entry-level private rent	Average social rent
1 bedroom	£24,000	£22,800	£13,300
2 bedrooms	£36,600	£31,200	£15,200
3 bedrooms	£51,100	£34,800	£16,400
4 bedrooms	£82,000	£52,800	£18,100

Source: Online Estate and Letting Agents Survey (May 2011) and CORE 2011.

Calculations based on 3.5x household income for purchase and 25% of income to be spent on housing for rented properties. Figures for purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

- 5.29 The table also clearly indicates greater gaps between the costs of different tenures for larger three and four bedroom properties. In the rural parts of the District, there is less supply of social and private rented properties (particularly in the Rural East), contributing to affordability pressures in these areas.

Prices and rents in rural areas

- 5.30 Although it is difficult to provide a definitive statement about the differences in prices and rents between urban and rural areas due to the relatively small number of properties for sale or to let in any particular location it has been possible using both internet sources and the survey data to make estimates of the differences between urban and rural areas.
- 5.31 Overall, it is clear that average prices in rural areas are above those for the urban areas. Using a combination of data sources it has been estimated that the average price of a home in a rural area is around 23% above the average for urban areas. However, this is influenced by the different profile of the housing stock in these areas (e.g. more detached homes).
- 5.32 In terms of private rented housing the data suggests no discernable difference in rents between urban and rural areas although it is notable that survey data suggests a lower turnover of homes in the most rural of areas which suggests that the supply and availability of private rented homes in these locations may be more limited.

The private rented sector

- 5.33 The private rented sector is an important part of the housing spectrum in an area. In the British housing market it is not often a long-term choice but is an important transitional tenure. In many cases the private rented sector is a stage in the progress of a household moving into owner-occupation, but can also be a stage in the move of a household into social rented housing.

- 5.34 Continuous data from the English Housing Survey has revealed a considerable growth in the private rented sector across the country since 2001. This has particularly been driven by 'buy to let' mortgages. Nationally the private rented sector has grown from 2,062,000 households in 2001 to 3,355,000 in 2009/10 (a rise of 63%). Warwick District shows about 16.5% of its households as private renters (9,673 households). This represents a rise of around 68% when compared with figures from the 2001 Census, which is slightly above the national growth rate.
- 5.35 The relative dynamism of the private rented sector can be seen by comparing the turnover figures for the different tenures as is shown in the table below which shows the proportion of households moving to their current accommodation by tenure and size of accommodation over the past two years.
- 5.36 It can be seen that some 57% of households in the private rented sector have moved within the past two years compared to 10% of owner-occupiers and 18% of social tenants. Across all tenures the highest turnover rates are typically for smaller dwellings – the exception to this is the private rented sector which has a high turnover of larger homes related to the student population of the District.

Figure 5.8 Percent of households moving in past two years by tenure and size of dwelling

Number of bedrooms	Owner occupied	Social rented	Private rented	All households
1 bedroom	16.1%	28.3%	53.6%	34.6%
2 bedrooms	12.1%	22.3%	55.3%	24.9%
3 bedrooms	9.0%	7.4%	51.7%	13.4%
4+ bedrooms	8.1%	0.0%	76.5%	14.4%
TOTAL	9.5%	18.4%	57.0%	18.6%

Source: Household Survey Data

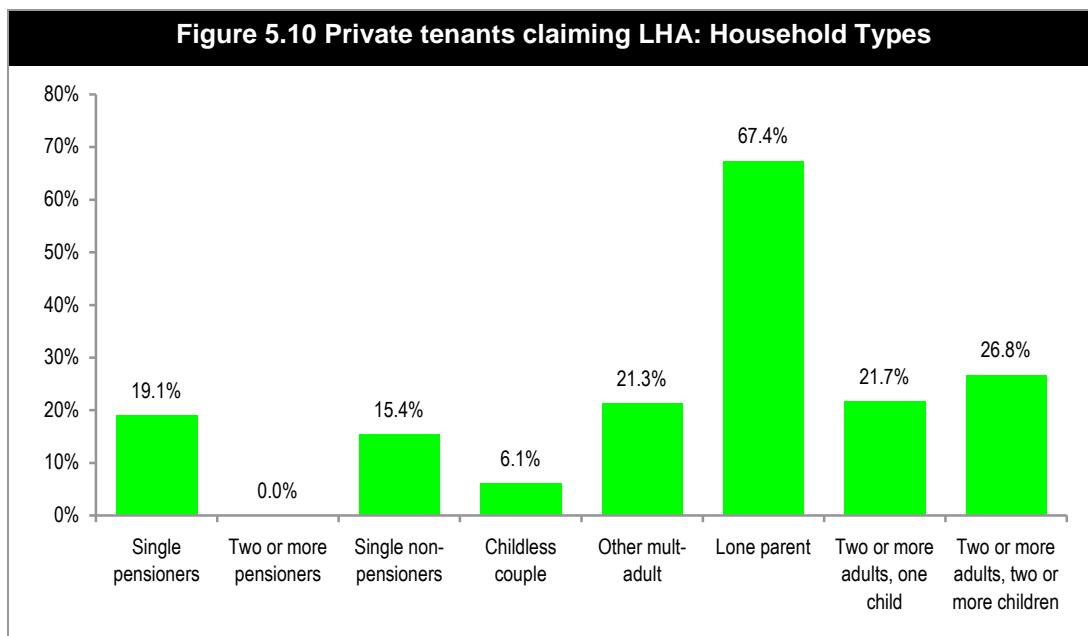
- 5.37 The private rented sector is split between those resident in the tenure who are claiming Local Housing Allowance (LHA) and others. The survey estimates that there are some 1,802 households in the private rented sector claiming LHA, and these households constitute 18.6% of all households in this tenure. The proportion of households in the private rented sector claiming LHA is below the national average of 24% recorded in the English Housing Survey.
- 5.38 The table and figure below show the types of households resident in the two different parts of the private rented sector. The table shows that around a quarter of private rented households claiming LHA are lone parents and in total 41% contain children. Private renters not claiming LHA are dominated by childless couples (33.7%) and single non-

pensioners (25.0%).

Figure 5.9 Private Renters claiming LHA: Household Types						
Household Type	LHA		No LHA		Total	
	H'holds	%	H'holds	%	H'holds	%
Single pensioners	62	3.5%	265	3.4%	327	3.4%
Two or more pensioners	0	0.0%	62	0.8%	62	0.6%
Single non-pensioners	360	20.0%	1,969	25.0%	2,329	24.1%
Childless couple	172	9.6%	2,652	33.7%	2,824	29.2%
Other multi-adult	464	25.8%	1,714	21.8%	2,178	22.5%
Lone parent	441	24.5%	213	2.7%	654	6.8%
Two or more adults, one child	191	10.6%	689	8.8%	880	9.1%
Two or more adults, two or more children	112	6.2%	307	3.9%	419	4.3%
Total	1,802	100.0%	7,870	100.0%	9,673	100.0%

Source: Household Survey Data

- 5.39 The figure below shows that lone parent households in the private rented sector are more likely to be claiming LHA than not claiming – some 67.4% of lone parents in this sector are claiming LHA. Households with two or more adults and two or more children show the next highest proportion (26.8%).



Source: Household Survey Data

- 5.40 The table shows the turnover in the private rented sector. The turnover for the private rented sector claiming LHA is noticeably lower than the non LHA households. Overall it is estimated that 43.5% of LHA claimants in the private rented sector have moved in the past two years, this compares with 60.1% of non-benefit tenants. This may be influenced by students in the Private Rented Sector.

Figure 5.11 Turnover of private tenants by whether or not claiming LHA

	LHA	No LHA	Total
Number moving in past two years	784	4,730	5,514
Number of households	1,802	7,870	9,673
% moved in last two years	43.5%	60.1%	57.0%

Source: Household Survey Data

- 5.41 The next table shows the previous tenure of private tenants. As can be seen, overall for both LHA claimants and non claimants the vast majority of households are either newly formed or have moved from another private rented property. Generally those claiming LHA are slightly more likely to be newly formed. Very few households have moved to the private rented sector from either owner-occupied or social rented homes over the past two years.

Figure 5.12 Private tenants claiming LHA: Previous tenure, those moved in last two years

Previous tenure	LHA		No LHA		Total	
	H'holds	%	H'holds	%	H'holds	%
Owner occupied	68	8.7%	471	10.0%	539	9.8%
Social Rented	30	3.8%	48	1.0%	78	1.4%
Private Rented	366	46.6%	2,653	56.1%	3,018	54.7%
Newly forming	321	40.9%	1,558	32.9%	1,879	34.1%
Total	784	100.0%	4,730	100.0%	5,514	100.0%

Source: Household Survey Data

Houses in Multiple Occupation

- 5.42 One particularly significant and specific segment of the private rented sector in parts of Warwick District are Houses in Multiple Occupation (HMOs). HMOs are defined as a house occupied by more than two unrelated people who share some basic amenities. In 2010, there were 1,567 known HMOs in Warwick District with the vast majority being in Leamington Spa. Known HMOs represent around 3% of the District's housing stock. The table below shows the locations of known HMOs.

Figure 5.13 Location of known HMOs		
Area	Number	%
Leamington Spa	1,414	90.2%
Warwick	71	4.5%
Kenilworth	67	4.3%
Rural Areas	15	1.0%
TOTAL	1,567	100.0%

Source: Warwick District Council

- 5.43 Within the category of HMO there are a number of different dwelling types and across the whole District it is estimated that 92% would be categories as shared houses. The vast majority of these are shared student houses (accounting for 80% of all known HMOs). Within Leamington Spa it is estimated that 95% of HMOs are shared student houses. Shared student houses include Victorian terraced homes in South Leamington.
- 5.44 HMOs are therefore a particular and localised issue which may require some attention by the local authority. This is because HMOs tend to be more likely to accommodate a greater than average number of people (including younger people and students) and this, when concentrated, may lead to particular problems such as short term tenancies, impact of lifestyle, less pride in the area, stress on parking, rubbish, increased crime and increased pressure on public services.
- 5.45 In response to this the Council has introduced an Article 4 Direction to manage more effectively the location of HMOs so as to avoid increasing concentrations in Leamington Spa. On the basis of the evidence about the types and locations of HMOs this seems like a reasonable approach although care must be taken not to undermine the role of the private rented sector in the District and the value of having students in the town in terms of the local economy.

Current Market Sentiment: Rental Market

- 5.46 GLH also contacted a number of local estate agents to gauge local market sentiment in the lettings market in Autumn 2011 to provide an understanding of current market dynamics at this point in time. This provides a qualitative perspective on short-term dynamics.
- 5.47 The agents consulted unanimously described the lettings market as strong. One Warwick agent described the lettings market as ‘very strong’ particularly for properties below £1,000 pcm; and identified that there was a good level of investment interest.
- 5.48 A Leamington-based agent suggested the lettings market in 2011 had ‘gone through the roof’ with growth in rents and a shortage of properties. Rental demand was identified across Leamington. This was echoed by a second agent, who saw this as linked to the problems

First-time Buyers are having difficulty in raising a deposit to buy a home. This agent identified particularly strong demand in North Leamington from young professionals and company lets, as well as in South Leamington from people looking for Victorian terraces. Families and young professionals were also looking in Whitnash.

Policy Implications

- We have seen a fundamental shift in housing market conditions since 2007 driven by banks' more cautious approaches to lending. First-time buyers, the lifeblood of the housing market, now require at least a 10% deposit – and this has significantly restricted their numbers. Over the last two years 1,800 first-time buyers have bought homes in the District putting down an average deposit of around 23%.
- Effective market demand has declined; with sales evidence suggesting it was 44% down in 2010 on normal market conditions (based on trends over the decade to 2007). This is driven by availability of mortgages, with no sign that this is likely to improve in the short-term. It is resulting in a displacement of demand towards the rented tenures.
- The critical constrain for many young households are levels of savings; for competitive mortgages at least a 10% deposit is required, which many young households do not have. Many first-time buyers as a result are relying on 'the bank of mum and dad.' While public sector programmes could potentially contribute to addressing this, financial constraints render this unlikely. Intermediate housing may play an important role in providing homes for some households who haven't sufficient savings to buy outright. However the Private Rented Sector may well need to play an increasing role in providing housing for many young households. It will be important that the Council works with and incentivises landlords to invest in housing and improve standards in this sector.
- The Council will also need to consider the role of housing occupied by students and HMOs in particular. It may be more profitable for landlords to let houses to students which may limit availability for young working households. The Council's policy on HMOs may assist in providing a better balance of housing in the private rented sector – particularly in Leamington Spa.
- Demand signals (in terms of prices) highlight strong relative demand in Warwick District relative to other parts of the region, which we would link to the economic dynamics, accessibility and quality of life of the area. House prices on average are 43% above the regional average. The high house prices contribute to particular affordability pressures (which we consider in the next section).
- Mix-adjusted house prices have though been falling over the last year in each of the main towns in the District (and particularly in Warwick). Relative prices are strongest in Kenilworth and the Rural Areas, indicating stronger relative demand, and weakest in Whitnash.

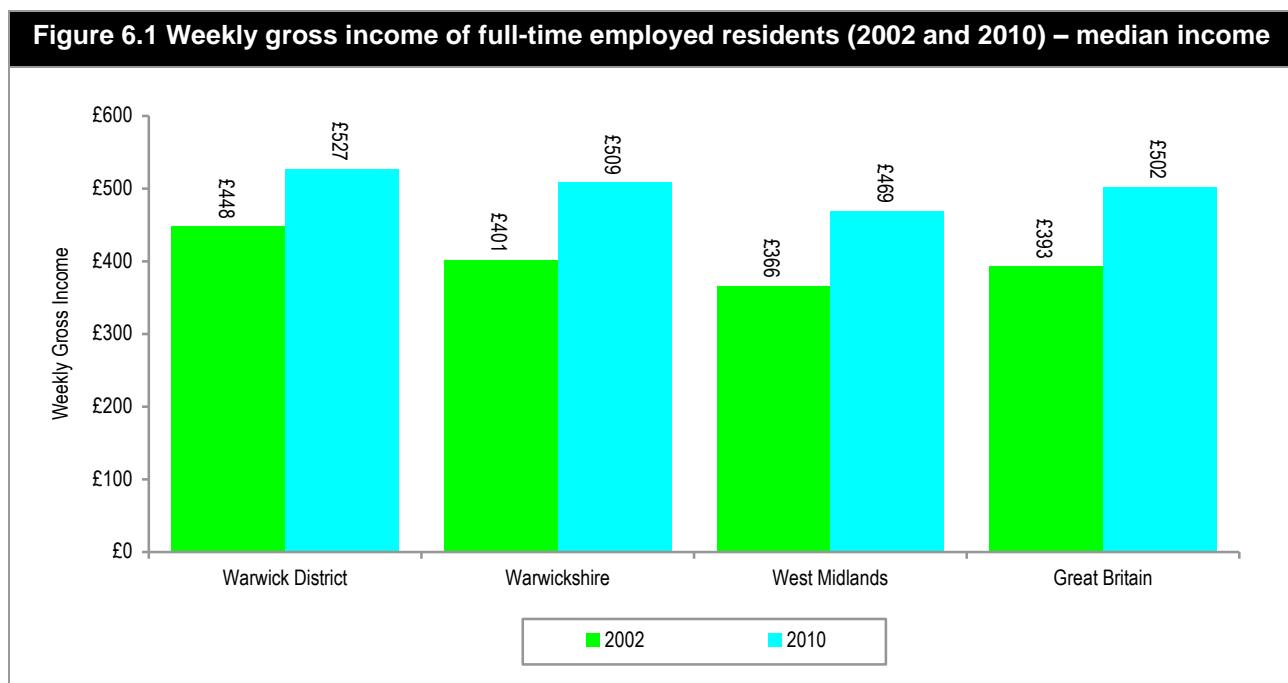
6. Incomes and Affordability

Introduction

- 6.1 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty and a high number of households requiring assistance with their housing either via a social rented property or through Housing Benefit (Local Housing Allowance). This can also result in a loss of mix and balance in the population within the area.
- 6.2 This section initially looks at secondary data about local income levels and also uses CLG information about price:income ratios to put affordability in Warwick District into a national context. This is then followed by a detailed analysis of survey data relating to a range of financial information (including income, savings and equity) which is used to provide a local level estimate of affordability based on the prices and rents discussed in the previous section.

Income (secondary data)

- 6.3 Income has a crucial affect on the level of choice a household has when determining their future accommodation. The figure below shows the median annual income of people in full-time employment from the Annual Survey of Hours and Earnings (ASHE) for 2002 and 2010. The figure shows that in all areas income levels are noticeably higher in 2010 than 2002.
- 6.4 For both 2002 and 2010 Warwick District shows higher average incomes than each of Warwickshire, the West Midlands and Great Britain. In 2002 the average income in Warwick District was 114% of the national average although by 2010 the difference had narrowed (to 105%). It remains notably above county and regional levels.

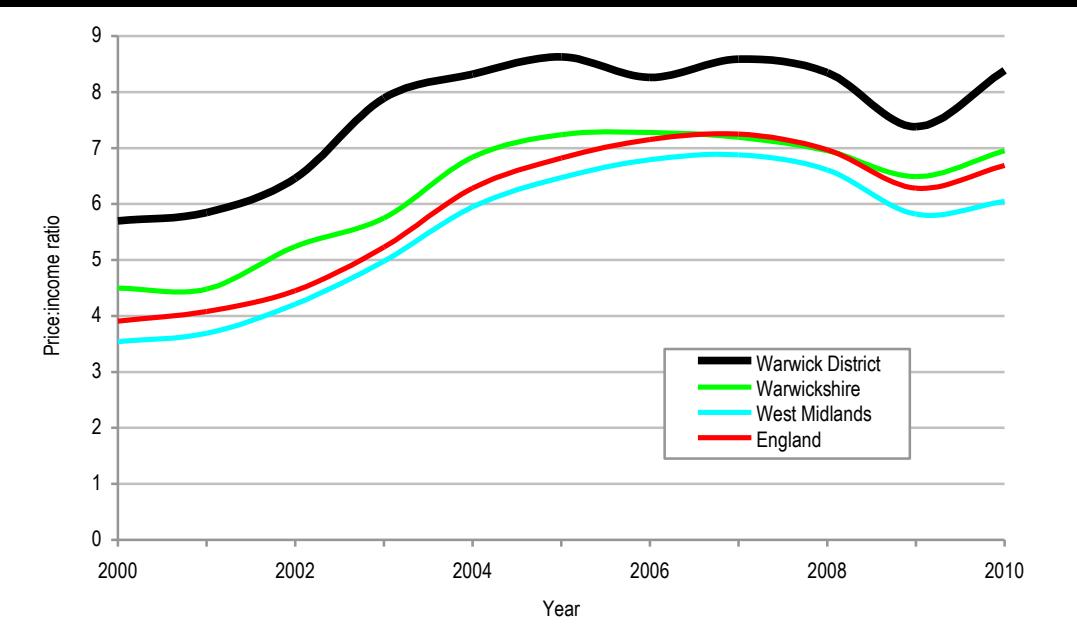
Figure 6.1 Weekly gross income of full-time employed residents (2002 and 2010) – median income

Source: Annual Survey of Hours and Earnings – from NOMIS website

Price: income ratios

- 6.5 The figure below shows the ratio of lower quartile house prices to lower quartile earnings for Warwick District and selected other areas. The data has been taken from the Live Tables section of the CLG website – the website also has price to income ratios for median prices and incomes although below we have only reproduced the data for lower quartile. This is because the lower quartile data will provide a better indication of affordability issues.
- 6.6 The data for Warwick District shows that price income ratios saw a sharp rise until about 2005 before levelling off to 2008 - there was then a sharp drop in 2009 and a rise in 2010. These trends are broadly consistent for each of Warwick District, Warwickshire, the West Midlands and England although it is notable that ratios for Warwick District are higher than for any of the wider areas throughout the period studied.
- 6.7 Concentrating on Warwick District we see that at the start of the period studied (2000) the price to income ratio stood at around 5.7. By 2007, this had increased notably to around 8.6 before dropping off to 7.4 in 2009 (the figure for 2010 is slightly higher at 8.4).
- 6.8 Whilst the price to income ratio has eased very slightly since 2008 it still remains higher than historical figures and with the average price still being around eight times income the data does suggest that many households are likely to have difficulty in accessing the owner-occupied market. The price to income ratio coupled with difficult lending conditions are likely to mean that affordability issues have not eased significantly due to falling house prices.

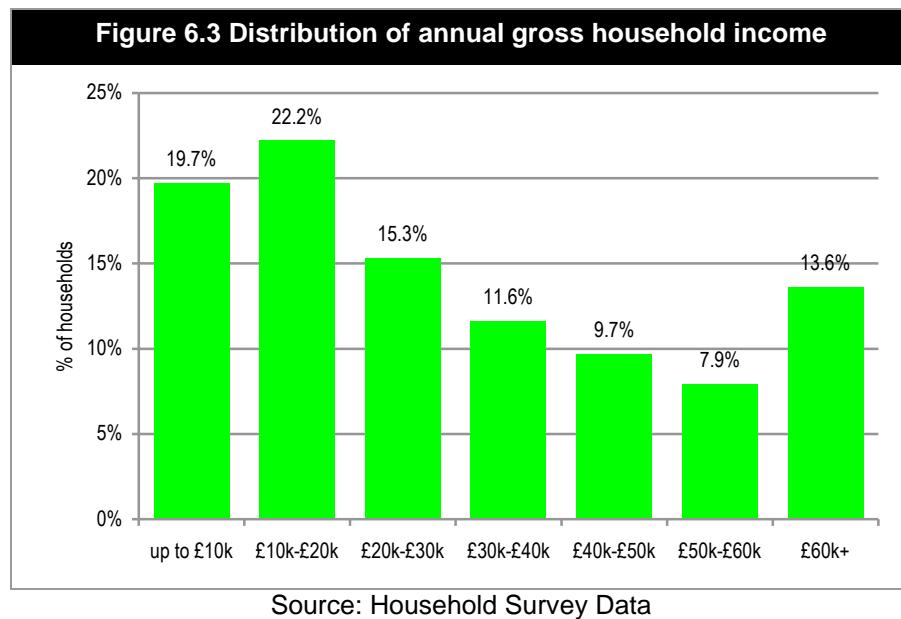
Figure 6.2 Ratio of lower quartile house price to lower quartile earnings (2000 – 2010)



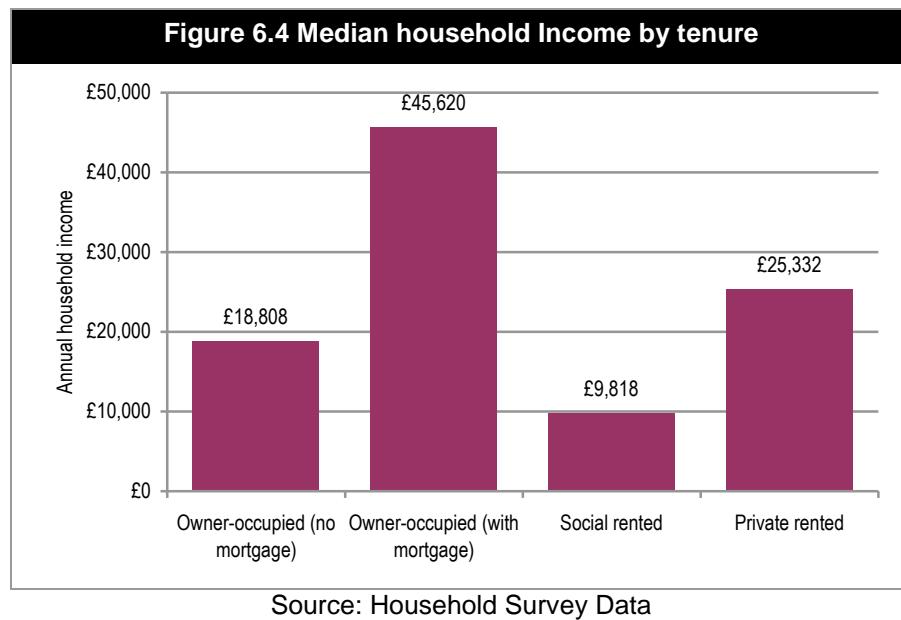
Source: CLG Live Tables

Household income –survey data

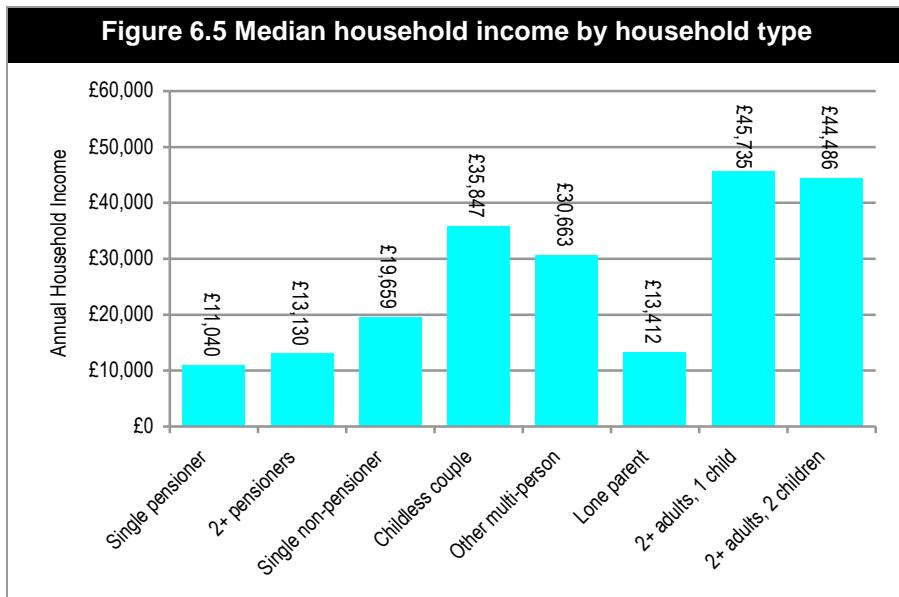
- 6.9 Survey results for household income estimate the average mean gross household income level to be £33,301 per annum in Warwick District, including households without any members in employment. The median income is noticeably lower than the mean, at £25,214 per annum.
- 6.10 The figure below shows the distribution of income in the District. It is clear that there are a significant range of incomes, with over two-fifths of households having an income of less than £20,000, and around 14% an income in excess of £60,000. Over half (50.7%) of households with incomes of less than £20,000 have a retired household reference person (HRP). Households where the HRP is in employment have a median income of around £38,460.



- 6.11 As can be seen below, the income of households varies greatly by tenure, with those in rented accommodation, particularly social rented accommodation, having much lower average incomes. The incomes of outright owners are significantly lower than for those with a mortgage reflecting the high number of people who are retired living in this tenure.



- 6.12 The chart below shows how households containing two adults have a much higher average incomes, while single pensioners and lone parents have much lower incomes.



Source: Household Survey Data

- 6.13 Finally we can look at how average household incomes vary by Community Forum – this is shown in the table below. The table shows that there are considerable differences between households in different parts of the District with average incomes varying from £19,495 in Leamington South to £29,607 in Rural East. This income in the Community Forum with the highest income is around 50% higher than in the area with the lowest income.

Figure 6.6 Average income by Community Forum

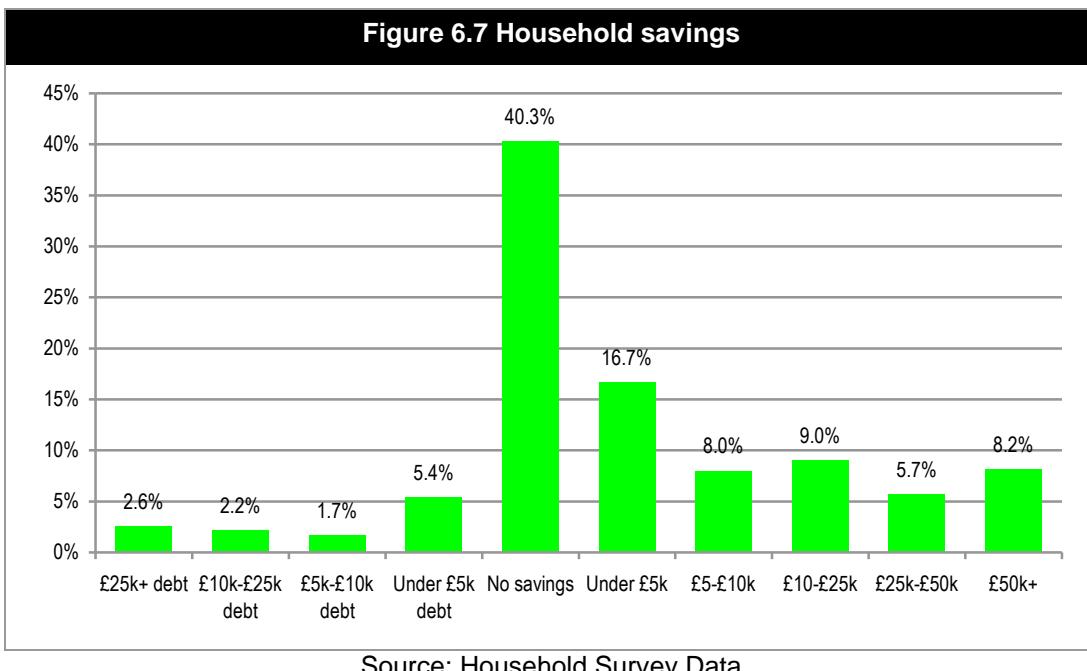
Community Forum	Median income
Kenilworth	£26,466
Warwick	£24,735
Whitnash	£23,327
Rural East	£29,607
Rural West	£29,068
Leamington North	£25,429
Leamington South	£19,495
DISTRICT	£25,214

Source: Household Survey Data

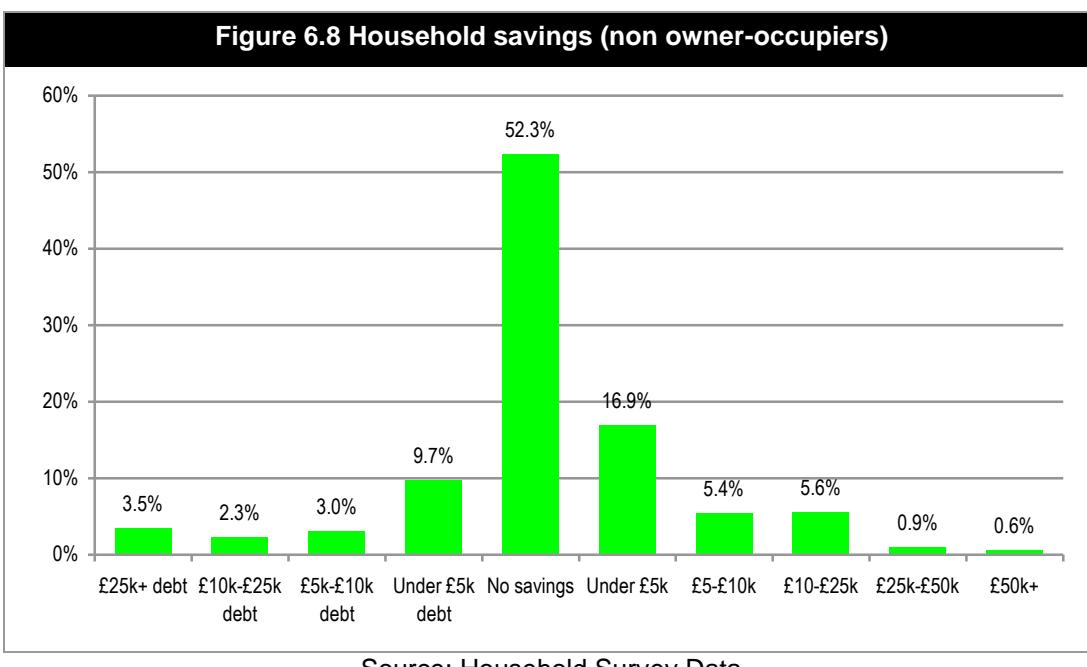
Household savings/debt and equity

- 6.14 Households were also asked to indicate levels of savings and debt (excluding mortgage debt). The average (mean) household has £6,633 in savings (median of £889) – these figures include levels of both savings and debt. The figure below shows the distribution of savings in the District. An estimated 12.0% of households indicated that they were in debt with a further 40.2% having no savings. At the other end of the scale it is estimated that

8.2% of households have savings of £50,000 or more.



- 6.15 Analysis has also been carried out to look at the level of savings for owner and non-owners separately with the figure below showing the distribution of savings for non-owners. Key things to arise from this analysis are the far higher proportion of non-owners in debt (18.5% compared with 9.1% of owners and 12.0% of all households) and the very low proportions with any reasonable level of savings (over £5,000) – only 12.1% of non-owners have more than £5,000 of savings compared with 39.2% of owners and 31.0% of all households.



- 6.16 The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner-occupier groups together (with and without mortgages) the average (mean) amount of equity was estimated to be £211,733, with a median of £186,978. It is estimated that 0.6% of owner-occupiers (251 households) are in negative equity.
- 6.17 In addition to the information collected about income, savings and equity the survey form asked households whether they had and the amount of any other financial resources which could be used towards a deposit on a property. The vast majority (84.1%) of households stated that they had no further access to financial resources other than those already analysed.

Households overall financial situation

- 6.18 An important part of the SHMA is an assessment of the financial situation of households, as there is no comprehensive (secondary) source for such data. Data was therefore collected in the household survey on a range of financial information (including incomes, savings and equity). The latter combination of statistics is essential to assess the ability of households to afford housing.
- 6.19 For illustrative purposes the income of a household is multiplied by three and a half to represent an approximate amount of mortgage advance that a household might be able to secure.
- 6.20 The following table provides the median financial situation by tenure. The table shows for owners without a mortgage (many of them retired) that the proportion of equity and savings in overall financial capacity is around 80% of financial capacity. For owners with mortgages the proportion of non-income elements of financial capacity falls to around 40%. In the case of both rented tenures, there is a negligible savings figure and no owned equity. The private rented households have a higher financial capacity than social tenants due to higher average incomes. It is clear that there is a substantial difference between the financial capacity of existing owner occupiers, and other households.

Figure 6.9 Median financial information by tenure

Tenure	Median annual gross household income	Median savings	Median equity	Potential access to funds
Owner-occupied (no mortgage)	£18,808	£2,252	£259,448	£327,526
Owner-occupied (with mortgage)	£45,620	£1,180	£96,174	£257,024
Social rented	£9,818	-£148	£0	£34,215
Private rented	£25,332	£659	£0	£89,323
Average	£25,214	£935	£108,448	£197,631

Source: Household Survey Data

- 6.21 When compared with the price of entry level purchase housing which ,at the lowest end, is around £80,000 (for a one bedroom flat), it is clear that a large proportion of renting households will be unable to access full scale equity ownership. Of course within the broad private renting group in particular there will be households on much higher incomes who can consider purchase.

The affordability of housing in Warwick District

- 6.22 The information presented so far in this section has considered the median values of the various financial data for households within a range of groups of the population. Variations exist within these household groups and the primary survey dataset contains an estimate of the overall financial capacity of each household in the study area. This information can be used to examine the ability of households to afford housing locally taking into account the full range of financial resources available to them, rather than just income as is used in the standard affordability ratios. The affordability criteria used can be summarised as:

Assessing whether a household can afford home ownership - A household is considered able to afford to buy a home if the residual cost is no more than 3.5 times the gross household income. The residual cost is calculated by deducting any capital that is available for use towards home ownership (e.g. savings or equity) from the overall cost of the home.

Assessing whether a household can afford market renting - A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income.

- 6.23 The affordability criteria broadly follows the CLG Practice Guidance, it differs only in that the practice guidance suggests that a dual-income household should have a lower income

multiple (at 2.9 times gross income) than a single earner household.

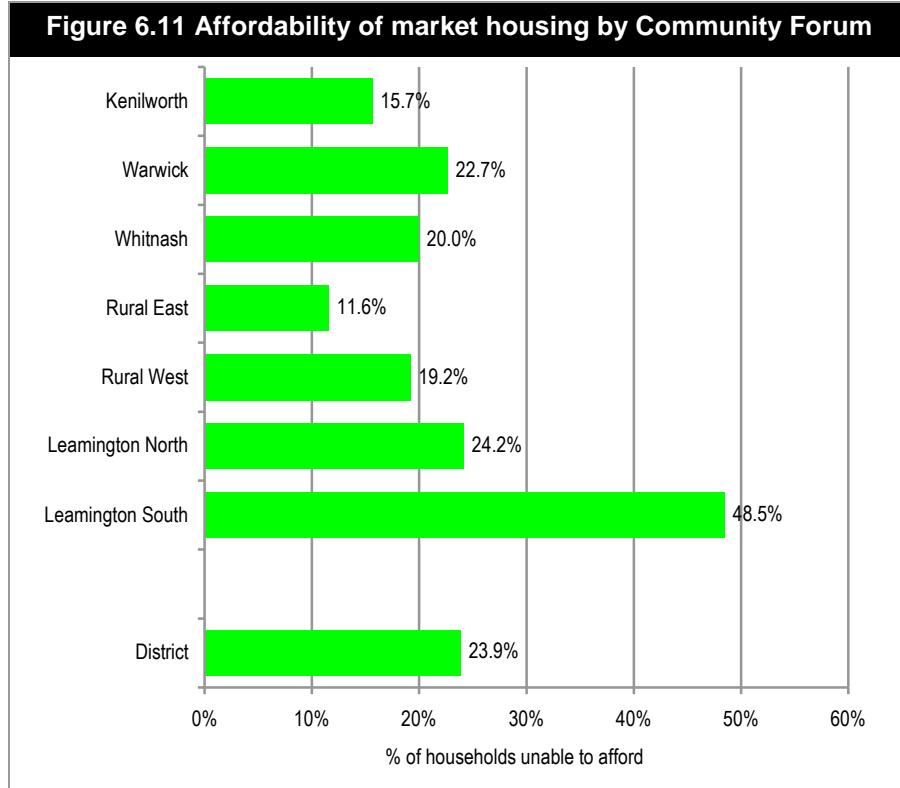
- 6.24 This test means that it is possible to distinguish whether a household would be able to afford either form of market housing (to buy or privately rent) or whether they would require affordable accommodation based on these income multiples.
- 6.25 The table below shows the current affordability of market housing by household type. This is the theoretical affordability of households as the analysis considers all households in the District and does not take into account their intention of moving.
- 6.26 The table shows that overall just under a quarter of households in the District are unable to afford market housing without the need for some form of subsidy. Within this we see that 66.4% of lone parent households are unable to afford market housing compared with less than 10% of childless couples.

Figure 6.10 Affordability and household type

Household type	Affordability		
	Unable to afford market housing	Number of households	% of households unable to afford
Single pensioners	1,876	7,228	26.0%
2 or more pensioners	612	5,737	10.7%
Single non-pensioners	3,114	8,943	34.8%
Childless couple	1,155	12,743	9.1%
Other multi-adult	2,989	9,695	30.8%
Lone parent	1,373	2,067	66.4%
2+ adults 1 child	1,405	6,376	22.0%
2+ adults 2+ children	1,473	5,786	25.5%
Total	13,997	58,575	23.9%

Source: Household Survey Data

- 6.27 The figure below shows affordability by Community Forum. Given previous information about income levels the general pattern of affordability is as might be expected with households in Leamington South being considerably less likely to be able to afford market housing than households in any other area. Households in Rural East and Kenilworth appear most likely to be able to afford.

Figure 6.11 Affordability of market housing by Community Forum

Source: Household Survey Data

Policy Implications

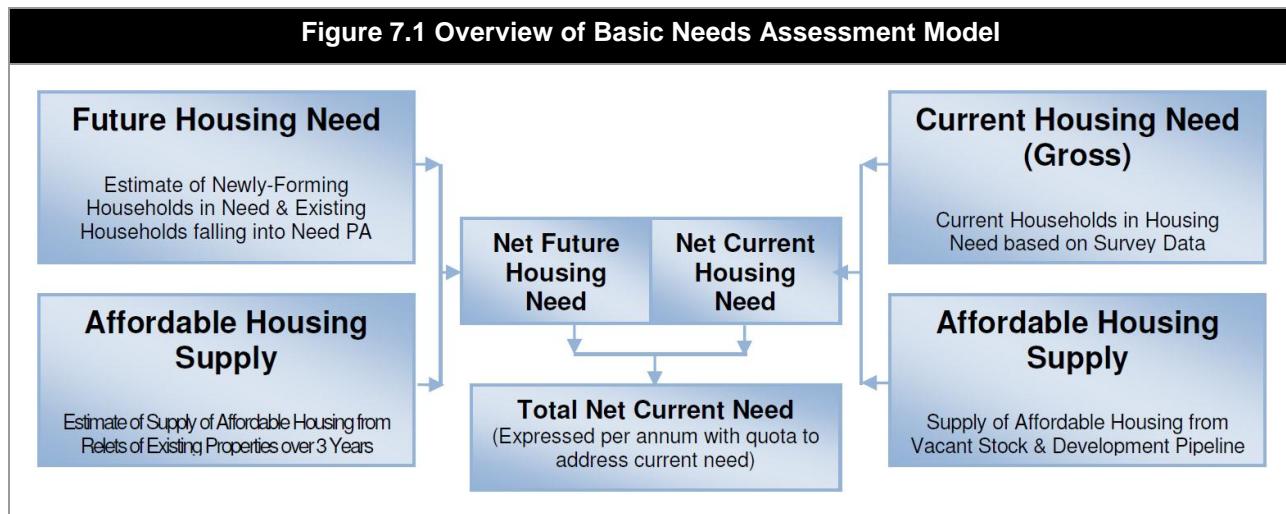
- Entry-level house prices in Warwick District are eight times lower quartile incomes, however this ratio has not grown since 2005.
- Within the District, incomes vary notably by age, household type, tenure and geography. Incomes are lowest in the Leamington South Community Forum Area (which is likely in part to be influenced by the resident student population and housing tenure) and in Whitnash. They are highest in the Rural East, Rural West and Kenilworth areas.
- For house purchase, levels of savings are a key constraint to obtaining mortgage finance. For those households who are not current home owners, 18.5% are in debt, 52% have no savings and just 12.1% have savings of more than £5,000. Savings are a key constraint for young households looking to buy their first home.
- As a result there is a risk that over the next decade, a dichotomy will develop in the housing market between those with equity in existing homes, and the non home-owners, who will have limited ability (without recourse to financial support from relatives) to get on the housing ladder. The ability of young households to buy would principally be improved by an increase in the loan-to-value ratios accepted by banks and building societies.
- 24% of all households cannot afford market housing within Warwick District without subsidy. Levels are generally fairly similar except in the Leamington South Community Forum Area where this rises to 48.5% of households.

7. Housing Need

Introduction

- 7.1 A key element of this report is an assessment of both current and future affordable housing need. There are a number of definitions which are central to making estimates of need (such as definitions of housing need, affordability and affordable housing). All definitions used in this report are consistent with the CLG SHMA guidance of August 2007 and PPS3 (June 2011). It uses the Basic Needs Assessment Model.
- 7.2 The calculation of housing need follows the 16 steps outlined in the Practice Guidance separated into three broad stages. Each of these stages will be calculated separately before the overall annual need for affordable housing is derived. In addition to determining the extent of housing need in the District this section will also ascertain the types of accommodation most appropriate to meet this need.

Figure 7.1 Overview of Basic Needs Assessment Model



- 7.3 The housing needs modelling undertaken provides a ‘snapshot’ assessment of housing need with longer term estimates of likely requirements being provided through our Housing Market model (which looks at the impact of demographic change on requirements in both the affordable and market sectors). Each of the stages of the housing needs model calculation are discussed in more detail below.
- 7.4 Due to the relatively high number of student-only households in the District we have excluded these households from the calculations. This is due to the fact that whilst the majority will have low incomes they are unlikely to express any need or demand for affordable housing in the District.
- 7.5 This section begins with a brief review of secondary information about housing need (namely data about homelessness and the Housing Register).

Secondary data - Homelessness and the Housing Register

- 7.6 The table below shows the number of homeless acceptances over the past seven years. The data shows that there has been a decrease in the number of homeless acceptances over the past few years in Warwick District and Warwickshire (although increasing in the last year for which we have data). Regionally and nationally, homeless acceptances are also generally on a downward trend (with an increase shown for the 2010/11 period).
- 7.7 It is difficult to know what to read into these figures as they only represent a small fraction of the population. In addition, it is quite possible that the decrease in homelessness can be attributed to local authorities providing better preventative measures for potentially homeless households (as has been seen nationally). However, despite the emphasis remaining on prevention Warwick District (and other areas) saw acceptances increase in 2010/11.
- 7.8 Although the number of homeless acceptances only makes up a small fraction of all households in the District they will put pressure on the current affordable housing stock in the Council area.

Figure 7.2 Number of homelessness acceptances (2004-2011)							
Area	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11
Warwick District	205	-	-	122	83	65	109
Warwickshire	623	-	-	-	-	253	374
West Midlands	14,050	11,960	8,740	9,170	8,670	7,100	8,440
England	120,860	93,980	73,360	63,170	53,430	40,020	44,160

Source: CLG Homelessness statistics

- 7.9 The homeless acceptance figures do however only show part of the story and Warwick District Council have additionally provided us with information about the number of homeless presentations since 2006/7 which will provide some indication of changes in the demand for housing advice. In 2006/7 some 308 people presented themselves to the Council as homeless and by 2009/10 this had risen threefold to 1,024. In 2010/11 the number dropped very slightly (to 955) although the data overall does suggest an increase in need over the last five years.
- 7.10 The table and figure below show the number of households on the Housing Register. The data shows that the number of households on the Housing Register has been quite variable over time. Between 2000 and 2010 the data suggests an increase in the number of households of 133% - this is higher than the regional increase which is virtually the same as the change seen for the whole of England. The rapid increase may well be attributable to Choice Based Lettings and more open waiting lists.

- 7.11 Given the variability of the Housing Register data it is clear that this source alone cannot provide an accurate measure of the need for affordable housing; it does however give an indication that at any point in time there is a significant demand for social housing in the Council area.

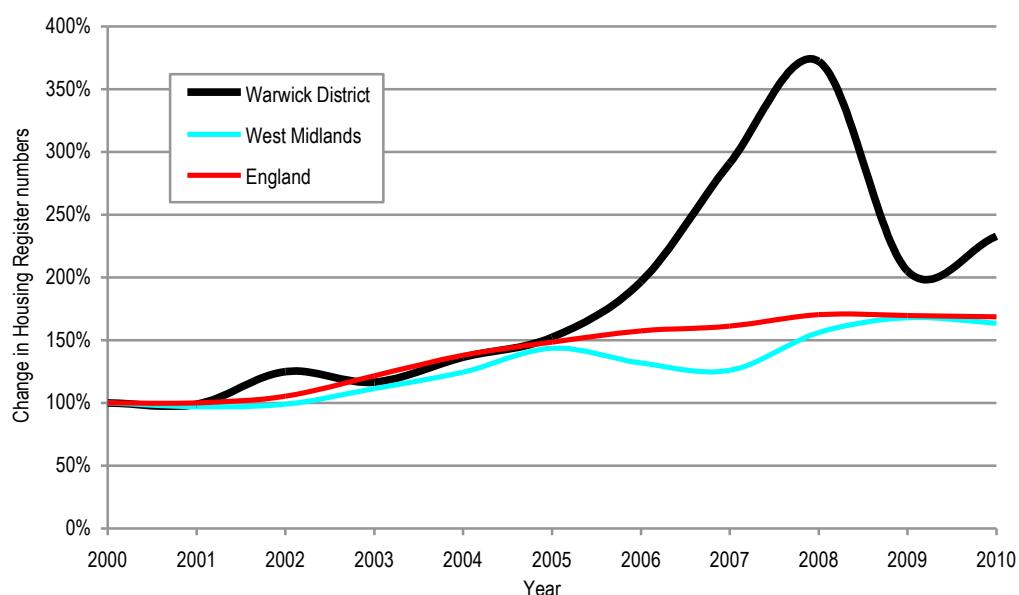
Figure 7.3 Number of households on Housing Register (2000-2010)

Year	Warwick District	West Midlands	England
2000	1,612	96,037	1,038,720
2001	1,597	92,975	1,039,265
2002	2,015	95,020	1,093,342
2003	1,879	107,155	1,263,550
2004	2,200	119,588	1,434,031
2005	2,453	137,820	1,543,337
2006	3,171	126,629	1,634,301
2007	4,692	121,053	1,674,421
2008	5,999	150,011	1,770,116
2009	3,305	161,138	1,763,140
2010	3,754	157,052	1,751,982
% change 2000-2010	132.9%	63.5%	68.7%

Source: HSSA data 2000-2010

- 7.12 The figure below shows the above figures standardised to a 2000 base. The figure emphasises the variation that occurs on a year by year basis at the local level.

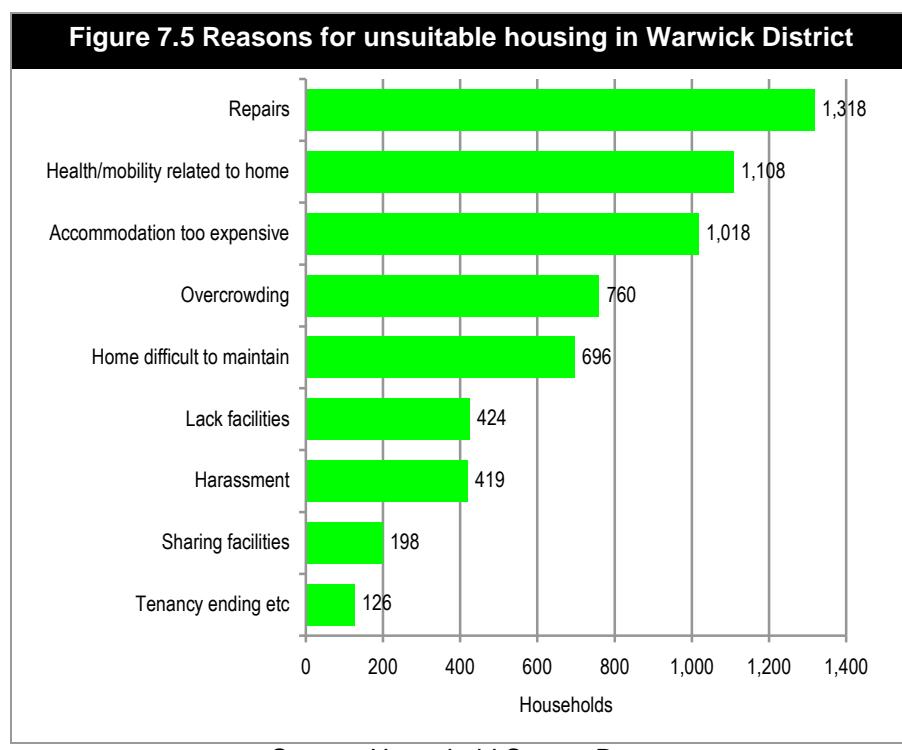
Figure 7.4 Change in Housing Register numbers (2000-2010)



Source: HSSA data 2005-2010

Current need

- 7.13 The first stage of the model assesses current need. This begins with an assessment of housing suitability and affordability and also considers homeless households before arriving at a total current need estimate (gross).
- 7.14 A key element of housing need is an assessment of the suitability of a household's current housing. The Practice Guidance sets out a series of nine criteria for unsuitable housing - which has been followed in this report. In the District it is estimated that a total of 3,580 households are living in unsuitable housing (this represents 6.1% of all households in the District).
- 7.15 The figure below indicates the number of households living in unsuitable housing (ordered by the number of households in each category). It should be noted that the overall total of reasons for unsuitability shown in the figure will usually be greater than the total number of households with unsuitability, as some households have more than one reason for unsuitability. The main reason for unsuitable housing is a home being in serious disrepair followed by health problems related to the condition/layout of the home.



- 7.16 The tables below show unsuitable housing by tenure and also the figures for each of the seven community forum areas. The patterns emerging suggest that households living in social and private rented accommodation are the most likely to live in unsuitable housing

whilst households in the two Leamington Community Forum areas (particularly south) are most likely to be living in unsuitable housing.

Figure 7.6 Unsuitable housing and tenure

Tenure	Unsuitable housing		
	In unsuitable housing	Total households	% in unsuitable housing
Owner-occupied (no mortgage)	291	21,305	1.4%
Owner-occupied (with mortgage)	524	19,503	2.7%
Social rented	2,034	8,094	25.1%
Private rented	731	9,673	7.6%
Total	3,580	58,575	6.1%

Source: Household Survey Data

Figure 7.7 Unsuitable housing by Community Forum Area

Area	Unsuitable housing		
	In unsuitable housing	Total households	% in unsuitable housing
Kenilworth	420	9,987	4.2%
Warwick	680	13,186	5.2%
Whitnash	137	3,488	3.9%
Rural East	192	4,823	4.0%
Rural West	273	5,882	4.6%
Leamington North	963	13,264	7.3%
Leamington South	916	7,944	11.5%
Total	3,580	58,575	6.1%

Source: Household Survey Data

In-situ solutions

7.17 Although the survey has highlighted a number of households as living in unsuitable housing it is most probable that some of these problems can be resolved without the need to move to alternative accommodation. For the purposes of this assessment it is assumed that households in the following categories DO NOT have an in-situ solution to their housing problems:

- End of tenancy
- Accommodation too expensive
- Overcrowding
- Sharing facilities
- Harassment

- 7.18 Looking at the reasons for unsuitability it is estimated that 56.2% of those unsuitably housed do not have an in-situ solution to their problems – this represents 2,012 households.
- 7.19 The data therefore suggests that some 1,568 could have their needs met within their current accommodation – of these over half (806 households) have stated that the condition or layout of the home is impacting on their health. It will therefore be important for the Council to recognise that improvements to accommodation will also play a part in meeting housing need (as well as the provision of additional homes). In particular this will be important for the group with health issues as improved housing quality may assist in taking pressure away from other publicly funded services such as healthcare.

Affordability and Current Tenure

- 7.20 The ability of these households to afford entry-level market housing of a suitable size was then tested using the affordability criteria set out in Section 5. The data suggests that there are 1,141 households that are living in unsuitable housing, need to move and cannot afford to do so.
- 7.21 The table below shows the tenure of these households. The results show that households in the social rented sector are most likely to be in need, followed by households living in private rented housing. Of the households found to be in need none were student only households and so no further discounting of the numbers has been necessary.

Figure 7.8 Housing need and tenure			
Tenure	Housing Need		
	In housing need	Total households	% in need
Owner-occupied (no mortgage)	0	21,305	0.0%
Owner-occupied (with mortgage)	88	19,503	0.5%
Social rented	760	8,094	9.4%
Private rented	292	9,673	3.0%
Total	1,141	58,575	1.9%

Source: Household Survey Data

- 7.22 For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need. It is estimated that some 760 households in need currently live in affordable housing (all in the social rented sector). 381 fall in other tenures.

Homelessness

- 7.23 The Housing Needs Assessment is a ‘snapshot’ that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the assessment and should also be included within any calculation of backlog need. To assess the number of homeless households we have used information from the CLG’s website about households living in temporary accommodation – this is shown in the table below.

Figure 7.9 Homeless households accommodated by authority

Category	Households
<u>Bed and breakfast</u>	0
<u>Hostel</u>	3
Within social rented stock	8
Private sector accommodation	3
Other	0
Total	14

Source: CLG live tables (Table 784)

- 7.24 Not all of the categories in the above table are added to our assessment of current need. This is because, in theory, they will be part of the sample of existing households used for the main analysis of housing need. After considering the various categories, we have decided there are two which should be included as part of the homeless element. These have been underlined in the table above. Therefore of the homeless households identified in the CLG data, 3 shall be added to the estimate of current housing need.

Total current need (gross)

- 7.25 The table below summarises the first stage of the overall assessment of housing need as set out by the CLG. The data shows that there are an estimated 1,144 households currently in need in the District.

Figure 7.10 Backlog of housing need

Step	Notes	Number
1.1 Homeless households and those in temporary accommodation		3
1.2 Overcrowding and concealed households	Two steps taken together	1,141
1.3 Other groups		
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	1,144

Source: Household Survey Data

- 7.26 This figure includes households currently housed in affordable housing (which are also counted in Step 3 as meeting their needs will release affordable housing units).

Future need

- 7.27 In addition to the current needs there will be future need. This is split, as per CLG guidance, into two main categories. These are as follows:
- New household formation (\times proportion unable to buy or rent in market)
 - Existing households falling into need
- 7.28 There will be a flow of affordable housing to meet this need. Calculation of the future supply of affordable units follows this analysis; this consists of the annual supply of social re-lets and intermediate housing. The following sections deal with these points in detail.

New household formation

- 7.29 The estimate of the number of newly forming households in need of affordable housing is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households' stated future intentions as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need. The table below shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years – an affordability test is then applied.

Figure 7.11 Derivation of newly arising need from new household formation

Aspect of calculation	Number	Sub-total
Number of households moving in past two years	10,902	
Minus households NOT forming in previous move	-8,315	2,587
Times proportion of these unable to afford		54.3%
Estimate of newly arising need		1,405
Annual estimate of newly arising need		702
Annual need excluding student-only households		387

Source: Household Survey Data

- 7.30 The table above shows that an estimated 2,587 households were newly formed within the district over the past two years (1,294 per annum). Of these it is estimated that 702 (per annum) are unable to afford market housing without some form of subsidy. Once student-only households are discounted (as they are unlikely to seek affordable housing) it is estimated that there will be an annual need for 387 affordable homes from newly forming households – this represents the annual estimate of the number of newly forming households falling into need.
- 7.31 It is worth briefly reflecting on whether the estimated household formation rate (of 1,294 per annum) is realistic. Through our demographic modelling we have been able to derive an estimate of gross new household formation based on analysis of the number of households in each age group and how this will change over time. This analysis suggests that over the period 2011-2016 household formation would be expected to be around 1,286 per annum. This figure is similar in magnitude to the survey estimate and suggests that our figure is of the right order.

Existing households falling into need

- 7.32 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the last two years and affordability. A household will fall into need if it has to move home and is unable to afford to do this within the private sector - examples of such a move will be because of the end of a tenancy agreement. A household unable to afford market rent prices but moving to private rented accommodation may have to either claim Housing Benefit/Local Housing Allowance or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).
- 7.33 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves within the affordable housing sector. Households falling into need in the affordable housing sector have their needs met through a transfer to another affordable home, hence releasing a unit for someone else in need. The number of households falling into need in the affordable housing sector should therefore, over a period of time, roughly equal the supply of 'transfers' and so the additional needs arising from within the affordable stock will be net zero. The table below shows the derivation of existing households falling into need.

Figure 7.12 Derivation of Newly Arising Need from existing households

Aspect of calculation	Number	Sub-total
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Number of households moving in past two years	10,902	
Minus households forming in previous move	-2,587	8,315
Minus households transferring within affordable housing	-498	7,817
Times proportion of these unable to afford		27.4%
Estimate of newly arising need		2,143
Annual estimate of newly arising need		1,072
Annual need excluding student-only households		744

Source: Household Survey Data

- 7.34 The table above shows that a total of 7,817 existing households are considered as potentially in need. Using the affordability test (set out in Section 5) it is estimated that 27.4% of these households cannot afford market housing. Therefore our estimate of the number of households falling into need excluding transfers is 2,143 households over the two-year period. Annualised, this is 1,072 households per annum – this is again discounted to exclude student-only households which reduces the figure to 744 per annum.

Total newly arising need

- 7.35 The data from each of the above sources can now be drawn together in the table below to estimate future need arising on an annual basis. It indicates that additional need will arise from a total of 1,131 households per annum.

Figure 7.13 Future need (per annum) – excluding student households		
Step	Notes	Number
2.1 New household formation (gross per year)		1,294
2.2 Proportion of new households unable to buy or rent in the market		29.9%
Number of new households unable to buy or rent in the market		387
2.3 Existing households falling into need		744
2.4 Total newly arising housing need (gross per year)	2.1x2.2+2.3	1,131

Source: Household Survey Data

Current affordable housing supply

- 7.36 The supply of affordable housing to meet housing need comprises the third stage of the housing needs assessment model. The affordable housing supply stage is split between existing stock that is available to offset the current need and the likely future level of supply. The first part of the supply assessment looks at the current supply of affordable housing which includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Households currently occupying affordable housing

- 7.37 Firstly, it is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As stated previously, there are currently 760 households in need already living in affordable housing.

Surplus stock

- 7.38 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The CLG Guidance (page 48) suggests that if the vacancy rate in the affordable stock is in excess of 3% then some of the vacant units should be considered as surplus stock which can be included within the supply to offset needs and allow for turnover of properties. Warwick District records a vacancy rate well below 3%, and with a vacancy rate of 1.0% within the social sector. On this basis there is not considered to be any scope for bringing vacant dwellings back into use.

Committed supply of new affordable units

- 7.39 The CLG Guidance (page 48) recommends that this part of the assessment includes ‘new social rented and intermediate housing which are committed to be built over the period of the assessment’. We have estimated this based on the number of affordable housing dwellings on development schemes with planning consent. As at April 2011 there are 211 affordable dwellings committed (through a Section 106 agreement) on sites with planning consent.

Units to be taken out of management

- 7.40 The Practice Guidance (page 48) states that this stage ‘involves estimating the numbers of social rented or intermediate units that will be taken out of management’. The main component of this step will be properties which are expected to be demolished (or replacement schemes that lead to net losses of stock). At the time of reporting, the proposed number of affordable dwellings expected to be ‘taken out of management’ in the future was unknown and hence a figure of zero has been used in this step of the model.

Total available stock to offset need

- 7.41 Having been through a number of detailed stages in order to assess the total available stock to offset need in the District we next bring together all pieces of data to complete this

part of the needs assessment. The data (in the table below) shows that there are an estimated 971 properties available to offset the current need in the District.

Figure 7.14 Current supply of affordable housing

Step	Notes	District
3.1 Affordable dwellings occupied by households in need		760
3.2 Surplus stock		0
3.3 Committed supply of affordable housing	See above	211
3.4 Units to be taken out of management		0
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	971

Source: Household Survey Data and HSSA

Future supply of affordable housing

- 7.42 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social relets and the annual supply of relets/sales within the intermediate sector.

Social rented housing

- 7.43 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing availability. Our figures include both general needs and supported lettings but exclude lettings to new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. On the basis of past trend data it has been estimated that 461 units of social rented housing are likely to become available each year moving forward. The table below breaks this information down by year and source of supply.

Figure 7.15 Analysis of past housing supply

		2008/9	2009/10	2010/11	Average
General needs	Total lettings	683	531	475	563
	Newbuild	88	24	10	41
	Lettings in existing stock	595	507	465	522
	% non-transfers	65%	64%	63%	64%
	Total lettings to new tenants	387	324	293	335
Supported	Total lettings	232	201	124	186
	Newbuild	2	2	1	2
	Lettings in existing stock	230	199	123	184
	% non-transfers	74%	60%	74%	69%
	Total lettings to new tenants	170	119	91	127
Total lettings to new tenants		557	443	384	461

Source: CORE

- 7.44 The assumptions made regarding future lettings of the existing stock could be affected by the Government's proposed reforms to social housing. The potential to introduce fixed tenancies could result in an increased turnover. But this may be counter-acted by an increasing reluctance of existing tenants with secure tenancies to move.

Intermediate supply

- 7.45 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in Warwick District). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.
- 7.46 Therefore we include an estimate of the number of shared ownership units that become available each year. Applying the re-let rate for social rented housing to the estimated stock of intermediate housing it is estimated that around 7 units of intermediate housing per annum will become available to meet housing needs from the existing stock of such housing. In reality the turnover of shared ownership properties is likely to be below that for the social rented sector. However, in the absence of any other information the turnover of social rented homes has been used to make this estimate, this will have only a limited impact on the overall findings as the number of shared ownership properties is low and hence the estimated 'relet' rate is also low (particularly in comparison with the number of units estimated to become available in the social rented sector).

Estimate of net annual housing need

- 7.47 The table below shows the final figures in the housing needs assessment model. This brings together the 16 steps that were calculated in the preceding sections.

Figure 7.16 Housing needs assessment model for Warwick District		
Stage and step in calculation	Notes	Number
STAGE 1: CURRENT NEED (Gross)		
1.1 Homeless households and those in temporary accommodation		3
1.2 Overcrowding and concealed households	Two steps taken together	1,141
1.3 Other groups		
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	1,144
STAGE 2: FUTURE NEED		
2.1 New household formation (gross per year)		1,294
2.2 Proportion of new households unable to buy or rent in the market (excluding student households)		29.9%
2.3 Existing households falling into need		744
2.4 Total newly arising housing need (gross per year)	2.1x2.2+2.3	1,131
STAGE 3: AFFORDABLE HOUSING SUPPLY		
3.1 Affordable dwellings occupied by households in need		760
3.2 Surplus stock		0
3.3 Committed supply of affordable housing		211
3.4 Units to be taken out of management		0
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	971
3.6 Annual supply of social re-lets (net)		461
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels		7
3.8 Annual supply of affordable housing	3.6+3.7	468

Source: Household Survey Data, CORE

- 7.48 The Practice Guidance states that these figures need to be annualised to establish an overall estimate of net housing need. The first step in this process is to calculate the net current need. This is derived by subtracting the estimated total stock of affordable housing available (step 3.5) from the gross current need (step 1.4). This produces a net current

need figure of 173 (1,144-971).

- 7.49 The second step is to convert this net backlog need figure into an annual flow. The Practice Guidance acknowledges that this backlog can be addressed over any length of time although a period of less than five years should be avoided. For the purposes of this study the quota of five years proposed in the Practice Guidance will be used. Therefore to annualise the net current need figure, it will be divided by five. This calculation results in a net annual quota of 35 (173/5) households who should have their needs addressed.
- 7.50 The final step is to add the net annual quota of households who should have their needs addressed with the total newly arising housing need (step 2.4) and subtract the future annual supply of affordable housing (step 3.8). This leads to a total (net) annual need estimate of 698 (35+1,131-468).
- 7.51 The table below summarises the net need position and also compares the level of need in each area with the total number of households currently estimated to be living in the area. For the purposes of this analysis the areas have been merged into three based on the main urban area of Leamington/Warwick/Whitnash, Kenilworth and Rural.
- 7.52 The data shows that need relative to current households is highest in Leamington/Warwick/Whitnash at 1.4% and lowest in the Rural area at 0.5%. All areas show a positive need for additional affordable housing to be provided.

Figure 7.17 Summary of housing needs situation

Element	Kenilworth	Leamington/ Warwick/Whitnash	Rural	Warwick District
① Backlog need (annual)	0	193	36	229
② Backlog supply (annual)	0	172	22	194
③ Net backlog need (annual) ① - ②	0	21	13	35
④ Future need (annual)	170	878	83	1,131
⑤ Future supply (annual)	55	373	41	468
⑥ Net future need (annual) ④ - ⑤	115	507	42	663
Total net annual need ③ + ⑥	115	528	55	698
Total households	9,987	37,882	10,705	58,575
Need as % of households	1.2%	1.4%	0.5%	1.2%

Source: Household Survey Data, CORE

- 7.53 The main analysis of housing need and affordability has been based on the bedroom standard (as set out in Section 3). We have also run the same analysis but with size requirements being based on the less strict standard used for lettings through Homechoice (also set out in Chapter 3). The adjustment of the bedroom standard has only limited impact on the assessed level of net housing need with the figure under this measure rising from 698 per annum to 715.

The private rented sector

- 7.54 The Strategic Housing Market Assessment Guidance (page 51) requires the extent of the private rented sector (through the Local Housing Allowance (LHA) system) to meet the needs of households to be estimated. We have therefore used survey data to look at the number of new LHA supported private rented housing lets over the past two years. In the District it is estimated (from survey data) that over the past two years 784 LHA supported lettings have been made (392 per annum).
- 7.55 Even if this is netted off the total identified need of 698 dwellings per annum, it still results in a level of need which is significantly in excess of what we might expect to be delivered.
- 7.56 It is not however appropriate to treat this sector as a form of affordable housing and take it away from the overall annual housing needs estimate of 698 (neither the SHMA Guide nor PPS3 recognise this sector as affordable housing – see definitions of affordable housing and market housing in PPS3 for example). However, it must be recognised that the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need. Given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.
- 7.57 The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies. Standards within the sector are likely to be lower than for social rented properties.
- 7.58 We can also look at recent trends in the number of people claiming LHA in the private rented sector and below we have provided data from the Department of Work and Pensions (DWP) for the period from September 2009 and March 2011 (the longest period for which information is available). The table shows that the number of LHA claimants has increased over the 18 month period with a district-wide average increase of 8%. This increase is significantly below the regional and national average increase.

Figure 7.18 Number of people claiming LHA in private rented sector (September 2009 and April 2011)

Area	September 2009	April 2011	Absolute change	% change
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Warwick District	1,870	2,010	140	7.5%
Warwickshire	8,730	9,880	1,150	13.2%
West Midlands	108,430	127,950	19,520	18.0%
Great Britain	1,291,160	1,540,750	249,590	19.3%

Source: Department of Work and Pensions

- 7.59 Overall, the updated survey information suggested that around 1,802 households were claiming LHA in the private rented sector. This figure is below the latest figure (of 2,010) presented above. However, the survey figure is for households whilst the DWP figure is for individual claimants. Given that there are likely to be a number of properties with multiple claimants the survey figures looks to be of about the right order.

Impact of Changes to Local Housing Allowance

- 7.60 In looking at the extent to which the private rented sector is being used to meet housing need (through LHA) it is important to consider the likely impact of the changes made as of April 2011. The key change is that calculations of the maximum amount that can be claimed goes from the median rent in an area to the 30th centile. The table below shows figures for the Warwickshire South Broad Rental Market Areas for median and 30th centile rents for different property sizes. The Warwickshire South BRMA includes all of the main settlements in Warwick District including Leamington Spa, Warwick, Kenilworth and Whitnash.

Figure 7.19 LHA levels at median and 30th centile (June 2010) – Warwickshire South BRMA

Property size	Median	30 th centile	% difference
1 bedroom	£115	£109	-5%
2 bedrooms	£144	£137	-5%
3 bedrooms	£173	£160	-8%
4+ bedrooms	£229	£206	-10%

Source: Rent Service

- 7.61 Warwick District Council has analysed the number of households affected by the changes in each LHA Band. An estimated 1,433 households in the District are expected to be affected by these changes. For 197 households the changes could increase housing costs by more than £15 per week.

Figure 7.20 Impact of Changes to LHA – Warwick District		
LHA Level	Households Affected (by Band)	Weekly Shortfall between 50 th & 30 th Percentile
A	189	£5.77
B	526	£9.33
C	521	£12.69
D	163	£17.31
E	25	£16.16
F	9	£86.54
TOTAL	1,433	-

Source: Warwick District Council

- 7.62 There may be further issues relating to the single room allowance which is to be changed from single people aged under 25 to those aged under 35 (from January 2012). Survey data suggests that of the 1,802 households currently claiming LHA in the private rented sector some 130 (7.2%) are single people aged between 25 and 34. This would suggest that a number of LHA claimants in the private rented sector will be impacted by changes to the single room allowance and this may drive an increase in demand for shared accommodation rather than self-contained units for this group of households.

Size of affordable housing

- 7.63 Having established the overall need for affordable housing in the District it is necessary to consider the sizes of accommodation required. Again the survey data can be used to assess this (although we have also considered data from the Housing Register). The table below shows the estimated need for different sizes of accommodation from three different groups. These are:
- Households currently or projected to be in need (from survey data)
 - Households currently or projected to be in need (from survey data) who are also in a group likely to be considered as having a priority (pensioner households, households with children or households where someone has a special/support need)
 - Households on the Housing Register (taken from 2010 HSSA data)
- 7.64 The table below shows some variation between the sources of data and groups studied although in all cases the majority of the requirement is for smaller (one and two bedroom) units. Taking a crude average of all of these figures suggests that around three-quarters of the need is for smaller accommodation with the remaining quarter for larger three and four plus bedroom homes.

Figure 7.21 Estimated size requirement for additional affordable housing – Warwick District

	Households in need	Households in need (priority)	Housing Register	Average
1 bedroom	39.4%	16.5%	65.4%	40.4%
2 bedrooms	35.4%	46.2%	23.1%	34.9%
3 bedrooms	16.4%	23.7%	8.8%	16.3%
4+ bedrooms	8.8%	13.7%	2.7%	8.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Household survey data and HSSA

- 7.65 The above figures can be compared with the supply of social rented properties over the past three years and we have again used CORE data to provide an indication of the likely size of properties that will become available for letting. The table below repeats the overall level of need by size derived above and also shows the proportion of lettings in each size and the estimated turnover based on the number of homes in each size category.
- 7.66 The table shows that the proportion of the supply that is one bedroom homes is broadly the same as the proportion of the need whilst the supply of two bedroom properties is slightly higher(albeit that there is an imbalance between need and supply in absolute terms). The need relative to supply is therefore most acute for larger (three or more bedroom) properties with the need assessed to account for 24.7% of households but the supply only representing 19.3%. The turnover of larger homes is also less than half of that for one- and two-bedroom properties.
- 7.67 Unfortunately the CORE data does not provide a separate estimate for four or more bedroom homes although survey data does suggest that there are very few such properties in the social rented stock (estimated to be about 2% of the stock) and so the need for four or more bedroom homes is likely to be even more pressing than for three bedroom homes.

Figure 7.22 Estimated size requirement and supply affordable housing – Warwick District

Profile of need	Proportion of lettings	Turnover
1 bedroom	37.7%	8.0%
2 bedrooms	42.9%	8.5%
3 bedrooms	19.3%	3.5%
4+ bedrooms		
Total/average	100.0%	6.6%

Source: Household survey data and CORE

- 7.68 We can use the above information to provide an indication of the likely (short-term) net need for affordable housing of different sizes and this is shown in the table below. The table indicates that due to the relatively low supply of larger homes the net need for three or

more bedroom accommodation makes up 29.2% of the net requirement (compared with 24.7% of the gross need).

- 7.69 It should be noted that the net need in the table below comes to 740 (rather than 698) – this is due to the exclusion of committed supply of new affordable units about which we do not have size information.

Figure 7.23 Estimated size requirement for additional affordable housing – Warwick District

	Annual gross need	Annual supply	Net need	Proportion of need
1 bedroom	550	234	316	42.7%
2 bedrooms	475	266	209	28.2%
3+ bedrooms	336	120	216	29.2%
Total	1,360	620	740	100.0%

Source: Household survey data, HSSA and CORE

- 7.70 If providing affordable housing were to concentrate more on the most vulnerable groups (as analysed above and based on survey data) then the size profile would move even more significantly towards larger dwellings being required. As the table below shows, concentrating on groups who might be considered to have a priority (older people, households with children and those with a support need) the requirement for three or more bedroom units rises to over 68% of the total need (albeit with a requirement for two-bedroom homes also being shown and a surplus of 1 bedroom accommodation).
- 7.71 The baseline estimate of gross need for this analysis is 735 households with 54.1% of those estimated to be in need from survey data falling into one (or more) of the priority categories analysed.

Figure 7.24 Estimated size requirement for additional affordable housing for priority groups – Warwick District

	Annual gross need	Annual supply	Net need	Proportion of need
1 bedroom	121	234	-113	-
2 bedrooms	339	266	73	32.0%
3+ bedrooms	275	120	155	68.0%
Total	735	620	115	100.0%

Source: Household survey data and CORE

Type of affordable accommodation needed

- 7.72 Traditionally SHMAs and other similar research projects have looked at the requirements for different types of affordable housing by reference to two broad categories – social rented and intermediate housing. However, the new PPS3 published in June 2011

introduced a new tenure of affordable housing, 'affordable rented housing.' Affordable housing can therefore be seen to fit into three broad categories and these are described below (with the definitions taken from PPS3):

Affordable housing: includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should: - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices. – Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative housing provision.

Social rented housing is rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

Affordable rented housing is rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.

Intermediate housing is housing at prices and rents above those of social rent, but below market price or rents, and which meets the criteria set out above. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.

- 7.73 In the future it seems likely that the provision of new social rented housing will be quite limited and indeed the HCA has confirmed that funding will generally only be available for Affordable rented housing. Therefore our analysis considers the potential role that affordable rented housing can make in meeting needs. The new affordable rent tenure could be quite interesting as schemes begin to be delivered – whilst the rents for such housing will be higher than traditional social rents it will be the case that housing benefit can be claimed and so for many households it will act in exactly the same way as social rented housing but with a larger housing benefit bill being built up (mainly to be paid by Central Government).
- 7.74 Given the higher rents it is quite probable that households claiming benefit in this sector will have an additional disincentive to get off benefits and back into work as the income they require will be that much greater to cover rent than is the case in the social rented sector. This point may be significant in Warwick District with survey data suggesting that 76% of current social housing tenants who are in work would not be able to afford a rent between social rent and 80% of market prices (based on households not spending more than 25% of their income on housing).

- 7.75 For the purposes of analysis we have split affordable housing into four broad categories and these are described in the table below:

Figure 7.25 Categories of affordable housing used for analysis	
Housing type	Description
Intermediate housing (with equity)	Assigned to households who can afford a housing cost at or above 80% of market prices and who have at least £5,000 in capital that could be used towards the purchase of equity/part equity in a home
Intermediate housing (rented)	Assigned to households who can afford a housing cost at or above 80% of market prices and who have less than £5,000 in capital
Affordable rent (with subsidy)	Assigned to households who could afford a social rent without the need to claim housing benefit but would need to claim benefit to afford an Affordable Rented home (priced at 80% of market costs)
Social rent	Households who would need to claim housing benefit regardless of the cost of the property

- 7.76 In fact there will be a considerable overlap between these categories – the first two would potentially represent households who could afford affordable rented housing without the need to claim housing benefit whilst the latter category (called social rent for analytical purposes) could have their needs met through affordable rented housing (with benefit assistance).

- 7.77 The table below shows our estimate of the number of households in need in each of the above categories and estimated net need levels. The data shows that across the District some 18% of the need could be met through products priced at the 80% of market level suggested by affordable rented housing without the need for benefit assistance. The majority of this need would be required to be rented housing as generally households do not have sufficient access to capital to make equity purchase a realistic option.
- 7.78 Looking further down we find that around 82% of households would require benefit assistance to afford an affordable rented property and of these around a third would be able to afford social rents without benefits but would require LHA if housing were priced at 80% of market costs.
- 7.79 It should be noted that the net need in the table below comes to 740 (rather than 698) – this is due to the exclusion of committed supply of new affordable units about which we do not have tenure information.

Figure 7.26 Social rented and intermediate housing needs– per annum					
	Equity based	Intermediate	Affordable	Social rented	Total

	intermediate	rented	rented		
Total gross annual need	56	85	212	1,008	1,360
Total gross annual supply	7	0	0	613	620
Net annual need	49	85	212	395	740
% of net shortfall	7%	11%	29%	53%	100%

Source: Household Survey Data

- 7.80 The above information has also been summarised by area (in the table below). This shows that around 15% of households in Kenilworth could afford intermediate housing (or affordable rented housing without subsidy) with the highest figure (of 19%) being found in Leamington/Warwick/Whitnash. Generally the data suggests that there is not a great deal of difference between areas in terms of the profile of affordable housing best suited to meeting housing need.

Figure 7.27 Social rented and intermediate housing needs– per annum				
Element	Kenilworth	Leamington/ Warwick/Whitnash	Rural	Warwick District
Equity based intermediate	4%	7%	8%	7%
Intermediate rented	11%	12%	10%	11%
Affordable rented	34%	27%	29%	29%
Social rented	50%	54%	54%	53%
Total	100%	100%	100%	100%

Source: Household Survey Data, CORE

Viability and Funding for Affordable Housing

- 7.81 The availability of funding for affordable housing has been significantly cut back as part of the Coalition Government's austerity measures, and Homes & Communities Agency (HCA) funding is geared particularly at the delivery of Affordable Rented homes in the 2011-15 funding period.
- 7.82 Looking back over time, affordable housing delivery between 2000/1 – 2009/10 averaged 85 units per annum compared to gross completions of 650 per annum equating to 13% of total housing delivered.
- 7.83 A significant proportion of affordable housing is delivered through developer contributions. DTZ has recently prepared an Affordable Housing Viability Study for Warwick District Council (DTZ, July 2011). This explores the viability of residential development to inform and support the development of Affordable Housing Policies, including the percentage of affordable housing required on development schemes, and site size thresholds to which

this applies. It explores the viability in different market areas and various scenarios relating to tenure split and to market position/values.

- 7.84 The Study highlights that viability improves with higher proportions of intermediate housing as against social renting; and is stronger in higher-value areas within the District. In current market conditions (the baseline position), the results of the assessment are as follows:

Figure 7.28 Results of DTZ Viability Study		
Market Area	50% or more of schemes viable with:	Green or Amber lights with:
Town Centre	35% Affordable Housing (50% SR/ 50% Int)	50% Affordable Housing (80% SR/ 20% Int)
Suburban	20% Affordable Housing (80% SR / 20% Int)	40% Affordable Housing (65% SR/ 35% Int)
Deprived Areas	0% Affordable Housing	0% Affordable Housing
Rural Areas	35% Affordable Housing (50% SR/ 50% Int)	50% Affordable Housing (80% SR/ 20% Int)
Urban Extensions	0% Affordable Housing	25% Affordable Housing (80% SR/ 20% Int)

Source: DTZ 2011

- 7.85 The Study identifies that there are a range of factors which influence development viability, including values in different parts of the Borough and the type and size of development schemes (as well as site or development specific factors). The results show that a range of 0%-50% affordable housing is deliverable depending upon the scenario and area tested and the tipping point selected. The Study concludes that Borough-wide, by combining the average results of each of the market areas, 14% affordable housing could be supported based on current market conditions. Alternative scenarios for improved market performance are however considered, with the Study concluding that the mid market scenario is the highest level deliverable but would require flexibility in the application of a policy. In this scenario between 25-30% affordable housing could be supported.
- 7.86 The Council has commissioned DTZ to undertake further viability modelling to consider the impact of introduction on the affordable rented tenure. This has yet to be finalised. While it indicates that the transfer values for Affordable Rented units on Section 106 schemes are anticipated to be higher than those paid for Social Rented units (potentially supporting

viability), it finds that the take-up of Affordable Rent is low and may not have a large impact on affordable housing delivery.

- 7.87 This SHMA identifies a strong need for affordable housing and would support policies seeking to maximise its delivery. However this needs to be balanced against other factors, including infrastructure requirements (including potentially Community Infrastructure Levy charges) through the plan-making process and the viability of development. These are issues which the Council will be considering in devising Local Plan policies.

Policy Implications

- The backlog of housing need in Warwick District can largely be met through transfers and delivery of schemes in the development pipeline. This reduces gross current need from 1,144 households to a net current need of 173 households. However estimated future need from 1,131 households per annum significantly outweighs the supply of affordable housing of 468 homes. It is this in particular which drives an overall annual need to provide 698 dwellings per annum to meet housing needs.
- The level of net housing need significantly exceeds likely supply of affordable housing. Since 2001-2, affordable housing delivery has averaged 85 dwellings a year (18% of total completions). Supply is influenced by these historic delivery rates, and looking forward by funding models for affordable housing.

- The calculated level of housing need is high with all areas also showing a significant need for additional affordable housing to be provided. The Council is justified in seeking affordable housing provision in all parts of the District.
- Part of the gap between the likely future need for affordable housing (698 dwellings per annum) and future supply is likely to be met by the Private Rented Sector. Over the last two years this has housed 392 households per annum (with housing benefit subsidy). However even taking this into account, the supply of affordable housing is likely to fall short of identified needs.
- The Council will need to draw together a range of factors including the evidence of housing need, development viability analysis, policies for infrastructure contributions (including CIL) and wider policy aspirations in developing its affordable housing policies.
- The Council may wish to consider wider mechanisms to bring forward affordable housing, including working with RPs and public sector bodies to maximise delivery of affordable housing on sites owned by the public sector or RPs, or through the Government's Community Right to Build initiative.

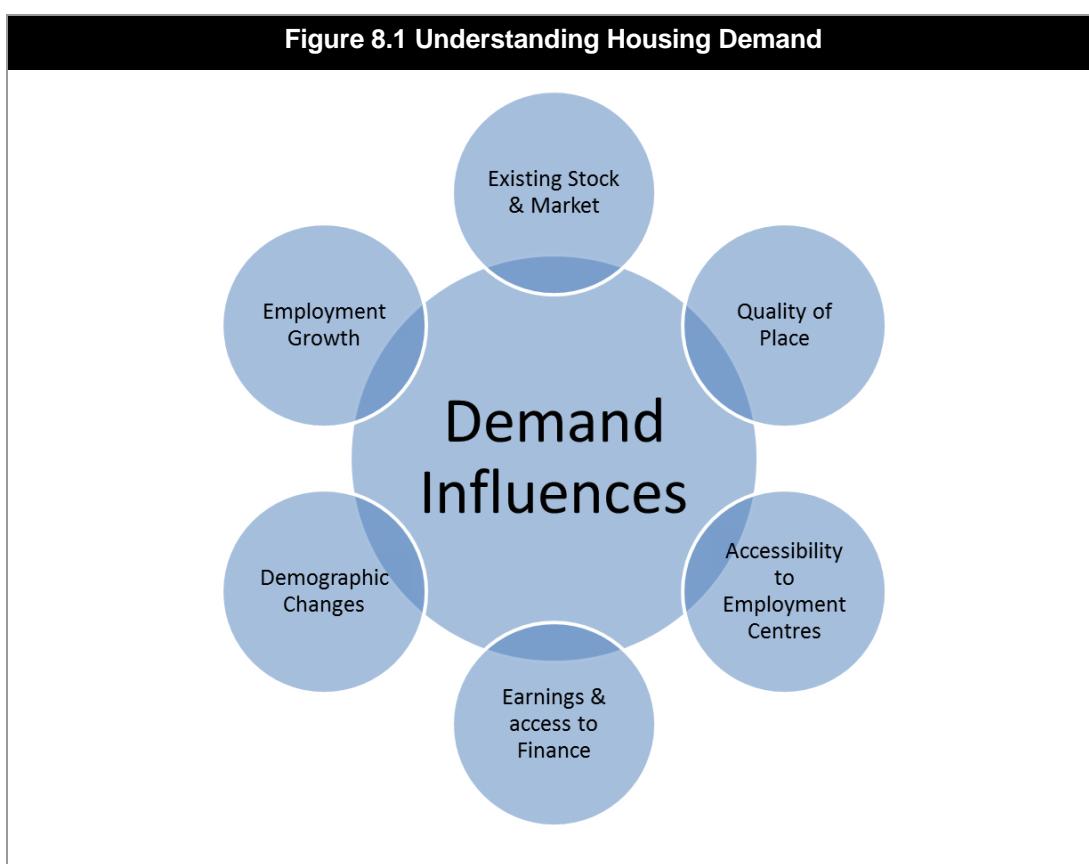
8. The Future Housing Market

Introduction

- 8.1 This section considers the future housing market, exploring housing need and demand in the longer-term. To form a basis for this we first seek to draw together the analysis to outline our understanding of the drivers of housing need and demand within the District.
- 8.2 The section then goes on to explore the likely profile of households requiring market and affordable housing over the longer-term to 2031 using our housing market model.

Housing Market Drivers

- 8.3 The diagram below captures our understanding of the key influences on housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand/ need for different types, tenures and sizes of housing.



- 8.4 The housing market is complex. It is influenced by the economy at both the macro-level, in terms of interest rates and mortgage availability (which impact on the affordability of and demand for market housing) as well as market sentiment (which is influenced by economic performance and prospects). It is also influenced by the economy at the local and sub-regional level, recognising that changes in employment will influence future migration patterns (as people move to and from the area to access jobs), and that the nature of employment growth and labour demand will influence changes in earnings (which influence affordability).
- 8.5 Besides economic factors, the other major structural driver of demand is demographic trends, recognising that changes in the size and structure of the population influence housing need and demand.
- 8.6 There are then a number of factors which at a more local level, within a functional housing market, will influence demand in different locations. These include quality of place, school performance/ catchments, the accessibility of areas including to employment centres, and the existing housing stock and market conditions. These factors influence the demand profile and pricing, against a context in which households compete within the market for housing.
- 8.7 At a local level this means that the housing market tends to reinforce around the existing profile of stock. However regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

Short-Term Drivers

- 8.8 The evidence in this report clearly identifies a number of macro-level drivers which will impact on the housing market in the short-to-medium term:

Macro-Economic Context

- 8.9 In the short term the housing market is likely to continue to be affected by a number of macro economic factors. UK economic growth is relatively weak at the time of writing in Summer 2011. The economy has continued to struggle to shrug off the recent economic recession with a fall of 0.5% in GDP in the final quarter of 2010 mirrored by 0.5% growth in Q1 2011, meaning that the economy has been broadly flat lining.
- 8.10 Consumer and business confidence remains fragile, with risks associated with economic weakness in countries elsewhere in the Eurozone and the US (which are major export markets for UK businesses) and vulnerability to further financial shocks affecting the global banking system and capital markets resulting in further lending constraints and potentially

further Government borrowing.

- 8.11 Price Waterhouse Cooper's latest 'principal' forecasts (July 2011) are for output (GDP) growth of a modest 1.3% in 2011 and 2.2% in 2012. These are similar to HM Treasury's survey of economic forecasts in June 2011 which showed average projections for real GDP growth of 1.5% in 2011 and 2.1% in 2012. However recognising the uncertainties to economic performance, even in the short-term, PWC highlight two alternative growth scenarios – a 'strong recovery' scenario in which business and consumer confidence picks up and credit constraints on businesses and households begin to ease over the next year. Coupled with strong global growth and rapid restocking, this results in UK GDP growth of around 2% in 2011 and 4% in 2012. An alternative 'double dip' scenario results from further financial shocks and tightening of credit conditions, a widening budget deficit and reductions in economic output throughout 2011 and into early 2012. This highlights the current uncertainty regarding macro-economic conditions.
- 8.12 In the short-term it is clear that the economy is not bouncing back from the recession, as it did following a number of previous recessions. Weak economic performance in the short-term plays through into housing market confidence (and thus activity). In the short-term there are risks that interest rates will increase, placing further pressures on household finances which are already being squeezed significantly by inflationary pressures (and increasing the costs of servicing mortgages), albeit that this now appears less likely than a few months ago. The Office for Budget Responsibility indicates that real household disposable income is likely to contract further this year. The near-term outlook is highly uncertain and much would seem to depend upon how households respond to the painful rebalancing of the economy that is taking place.
- 8.13 Nonetheless the macro-level outlook in regard to employment growth, economic confidence and household incomes is likely to maintain the current subdued level of housing market activity (and price inflation) in the short-term.

Availability of Mortgage Finance

- 8.14 It is likely that an improvement in occupier demand, in terms of housing sales, will need to be precipitated by improvements in the availability of mortgages. The availability of mortgage finance has significantly affected levels of First-time Buyers. Savings are critical, and buyers generally need at least a 10% deposit to qualify for a mortgage. While there are a handful of deals available with a 5% deposit, the rates on these are not competitive. The average loan to value ratio for First Time Buyers in February was however higher at 80% (i.e. a 20% deposit) with the mortgage at an average of 3.11 times income nationally.

- 8.15 While the availability of mortgages has seen some improvement, it is still a significant restriction on effective demand for market housing as evidenced by sales rates which in 2010 were 44% down on normal market conditions. It is also restraining buy-to-let investments. Improvements to economic performance, international economic stability together with regulation of the mortgage market are likely to impact on changes here in the medium-term.
- 8.16 Without improvements in mortgage finance, we are likely to see a continuation of the current ‘polarity’ in the housing market between existing owner occupiers with equity in their existing homes, and those without, who will continue to have difficulties getting on the housing ladder. For the latter, the availability of other sources of finance for a deposit, such as the so-called ‘bank of mum and dad’ are of increased importance. The survey indicates that just 7% of non-owning households in the District have more than £10,000 in savings.
- 8.17 Continuing restrictions on the range and cost of mortgage products available are likely to continue to displace demand from younger households to the private rented sector.
- 8.18 Continuing low levels of First-time Buyers and Buy-to-let Investors are likely to restrict effective demand for flats in the short-term, and retain the more ‘traditional’ focus of the market on family housing as the latter is driven on the re-mortgage market which continues to hold up better.

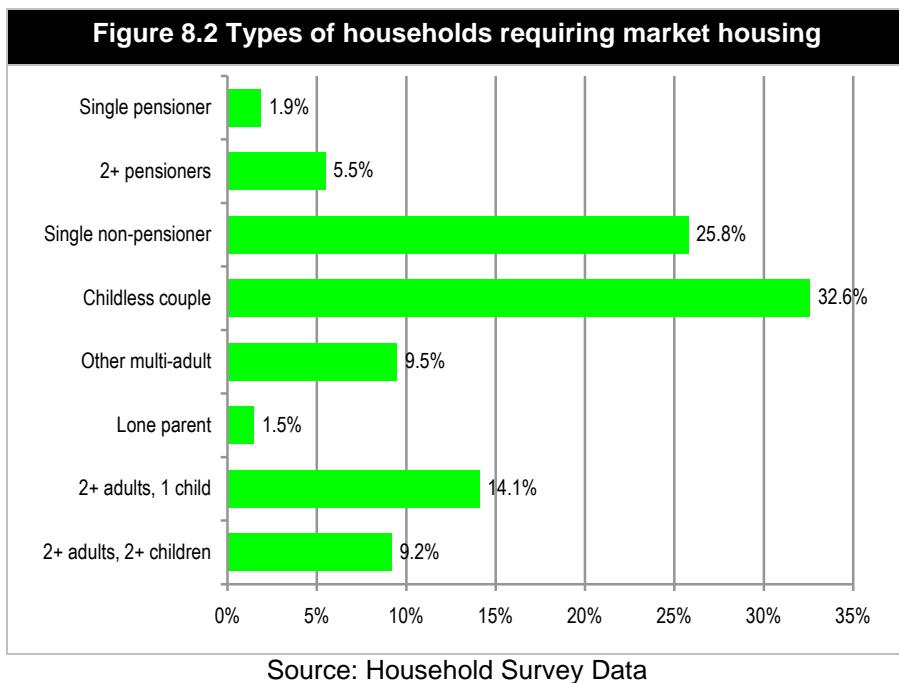
New Build Market

- 8.19 The factors described above will affect the new-build market which is clearly not immune from the significant overall drop in sales (44% in 2010). Completions in the district (gross) fell off from an average of 777 in the pre-downturn decade (1998/9 – 2007/8) to just 188 in 2009/10.
- 8.20 While the situation is varied and access to finance remains restrictive (again influenced by the issues described above), some housebuilders have now undergone restructuring and write-downs and improved their balance sheets and are now once again turning their attention to increasing their landbanks and development pipeline. In the longer-term the District’s quality of life offer, economic performance and accessibility are likely to support housing demand.

Housing Policy Changes

- 8.21 As we have identified there are a number of national policy initiatives which could impact on the housing market. This particularly reflects those factors impacting on the affordable housing sector and include the introduction of the ‘Affordable Rent tenure’, and proposals for fixed-term social housing tenancies, changes to rules on succession and to the

- financing of social housing (as described in Section 1).
- 8.22 We would attach the greatest weight to those factors which might affect firstly housing waiting lists on the demand-side, and secondly turnover rates of affordable housing, on the supply-side. Management of waiting lists could be affected by the changes to the single room allowance, greater flexibility to local authorities in setting allocations policies and management of waiting lists. On the supply-side, the potential to grant fixed term tenancies might result in improvements in turnover and assist in managing the use of existing stock (although it could also discourage existing tenants from moving). Changes to Housing Benefit for social tenants (households only receiving rent for the number of bedrooms they require) may affect those who are under-occupying with a potential impact on both supply and demand. Market uncertainty coupled with the restrictions on mortgage finance and other factors described above should limit right-to-buy sales in the short-term.
- 8.23 This combination of factors may contribute to improving the need/supply balance in the affordable housing sector relative to the trend over the last decade whereby need has increased while supply in many places, including in Warwick District (albeit modestly), has shrunk.
- 8.24 There is likely to be a continuing need for new-build affordable housing. The challenge in many respects is likely to be how this is delivered. HCA funding has been cut significantly. It has yet to be seen to what extent this can be compensated for by the shift to affordable rent (which in many cases may be necessary to support viability in the absence of grant). Other innovative funding and delivery mechanisms will need to be explored. From a planning perspective, completing priorities for infrastructure investment (regarding affordable housing as infrastructure) will need to be carefully considered.
- 8.25 Looking at information from the survey, the profile of households looking to move home over the next two years and who can afford market housing (whether to buy, rent or both) is shown below. The data shows that the main group (nearly a third) are childless couples with just under a quarter of all households containing children (aged under 16). Pensioner households make up around 7% of the total demand.



A Dysfunctional Market

- 8.26 In the short-term effective demand for market housing is likely to remain markedly below average; but with demand from 'would be' first-time buyers displaced, including to the Private Rented Sector supporting demand in this sector against a context of supply constraints (linked to mortgage availability and market sentiment). This should drive rental growth.
- 8.27 In the short-term there is also a strong need for affordable housing (as shown by the housing needs analysis), but one which has built up through under-provision against need over a number of years.
- 8.28 In some respects the key challenge relates to delivery models:
- The funding model for affordable housing isn't responsive to housing need: supply has not kept pace with growth in need over the last 10 years, and looks unlikely to do so moving forward given funding constraints;
 - Similarly the private rented sector isn't particularly responsive to demand: supply (pre-recession) was investment-led and is constrained by mortgage finance availability, albeit that there is potential in the medium-term for a new model for private renting to emerge which is more focused on the revenue stream than capital growth;
 - Market housing (for owner occupation) is responsive to demand, but demand is currently subdued and finance issues are also impacting on viability of delivery.

- 8.29 Overall, **supply is constrained in the rented sectors, and demand is constrained in the purchase market – and we thus have a dysfunctional housing market.**
- 8.30 Planning for new housing should be based however on aggregate need and demand for homes and must to some extent look beyond these short-term factors. In terms of aggregate need/demand for housing, locally-generated demand is there (if constrained), and the analysis highlights the importance of economic growth in driving housing growth in the District over the longer-term. There is some latent capacity of the labour force in the short-term (associated with higher unemployment and a fall in employment), but economic performance can be expected to become an increasing important driver over time.
- 8.31 Against this context, our approach has focused on considering the interaction of demographic and economic drivers, with recognition of constraints to market demand in the short-term but of the potential for these to result in pent up demand which could be released if conditions improve (particularly around mortgage finance). The remainder of this section thus considers economic and demographic-driven projections of housing requirements.

Local Demand Drivers

- 8.32 There are a number of more local-focused factors which may influence the level and profile of demand and consideration of housing mix within Warwick District.
- 8.33 A further key policy choice is the distribution of development between urban and rural parts of the local authority. There are clearly a range of issues here. Relatively high house prices are indicative of stronger market demand in rural areas. However this needs to be set against sustainability issues; the urban area is the likely focus of employment and offers greater potential for shorter journeys and a greater proportion of journeys by sustainable modes. There is however an issue over the sustainability of rural communities to consider as well. Without any housing development, rural communities are likely to witness an age structure which becomes increasingly skewed towards older households, and because of changes in household structures a gradual reduction in population which threatens local services (shops, pubs, schools etc.). Moderate housing growth offers an opportunity to address these issues, particularly through the delivery of affordable housing.
- 8.34 Consideration also needs to be given to the potential growth of the University. The impact of this on the housing market will be influenced by the growth in student numbers, the proportion living away from home, and the level of accommodation available on campus. This will impact on demand from students in the Private Rented Sector, particularly in South Leamington.

Long-Term Housing Market Drivers

8.35 In the longer-term, we consider key drivers of housing need and demand to be demographic trends and economic performance. The impact of these is considered below.

Demographic Dynamics & Ageing Population

8.36 The demographic projections indicate that the population structure is projected to age, with a growing proportion of people of retirement age and particularly in the oldest age groups (principally due to improvements in life expectancy) over the next 20 years. Many older households will wish to remain in their existing homes. Greater numbers will require support to do so, including through adaptations to properties.

8.37 Some older households may wish to downsize, and this can have benefits in terms of reducing heating bills and other running costs, as well as releasing equity in homes to support people's retirement and lifestyle. Policy should support this.

8.38 A growing number of older households are likely however to have support needs, and policy will need to respond to this through both flexible support and in situ solutions such as specialist housing. We would expect the public, private and voluntary sectors to become increasingly involved in this market.

8.39 In policy terms, a key role is likely to be in providing a choice of high quality accommodation options for older households at a local level, allowing people to continue to live in their existing communities.

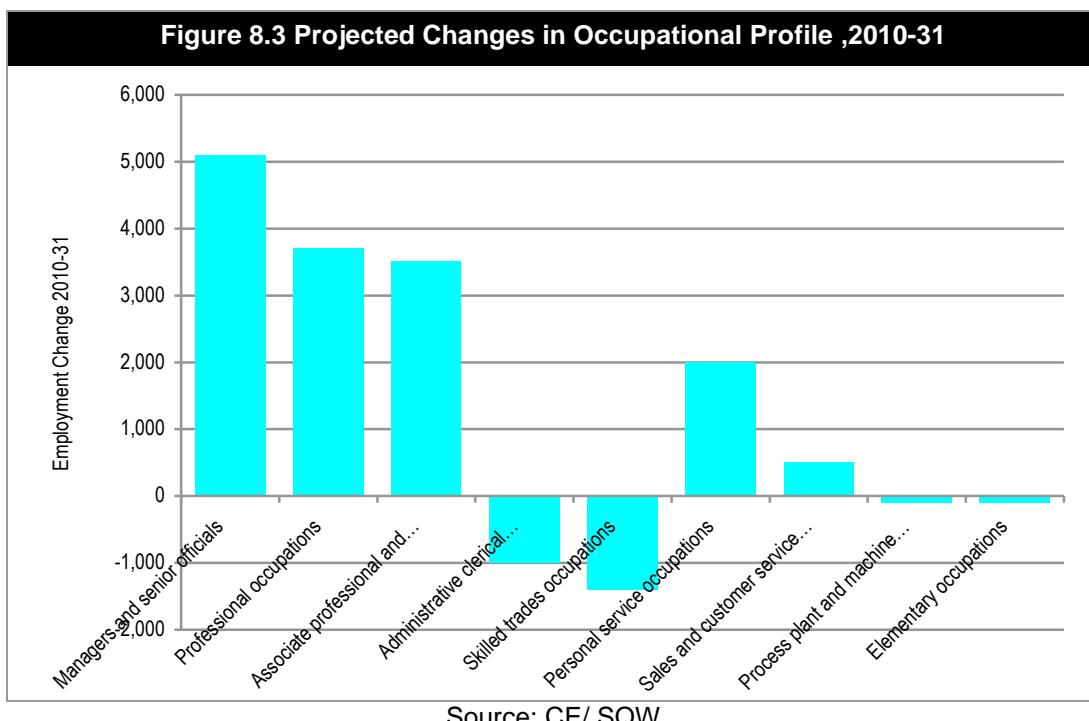
8.40 The scale of growth in the older population over the next 20 years means that this is likely to be a significant driver.

Economic Performance

8.41 In the long-term we would expect economic performance to influence housing need and demand at two levels:

- In regard to aggregate need/demand for housing, as economic performance will influence migration as people move homes to access employment; and
- Demand for different types of homes from working households, recognising that the types of employment created will influence the occupational profile and earnings of those in employment, and thus their ability to afford homes.

- 8.42 We considered in Section 2 the impact of economic factors in regard to housing numbers. Forecast economic growth is weaker than past trends and results in housing demand for c 715 homes per annum (14,300 over the 20 years to 2031) assuming that employment growth is supported by growth in the local labour force. Demand could however be lower if more jobs are taken by people commuting into the District to work, as occurs now (or by a reduction in those commuting out, which we would consider less likely given wage differentials for higher paid occupations). Our modelling indicates that if commuting patterns remained consistent to 2001 levels, the forecast level of economic growth could be supported with delivery of 570 homes per annum (11,400 over 20 years to 2031).
- 8.43 A Study by SQW has explored the implications of changes in structure of employment by sector and occupation on demand for different types of homes in local authorities across the West Midlands. This indicates a net reduction in employment in admin/ clerical and skilled trade occupations, with growth focused in higher-paid occupations – managers and senior officials, professional occupations and administrative and technical occupations.



- 8.44 The West Midlands Integrated Policy Model predicts a different set of trends. It indicates that stronger growth in lower skilled occupations (c. 1900 jobs between 2010-30), followed by higher skilled occupations (c. 1900) on a workplace-basis (for those working within the District. However taking account of commuting dynamics, it forecasts a reduction in higher-skilled residents (-1600) , with the strongest growth in lower skilled occupations. We can only surmise that this is based on existing commuting dynamics, with some higher-paid

employees commuting into the District to work. We would note that the forecasts don't specifically take account of supply-side measures, such as the nature or scale of potential employment development. Overall, we regard the evidence as inconclusive.

Longer-term housing requirements

- 8.45 The Housing Market Model is an innovative method for estimating future housing requirements across all tenures based on combining household survey data and demographic projections. Outputs from the model include estimates of the type, size and tenure of additional housing which would best meet the needs of the local population.
- 8.46 The model works under the basic assumption that households will continue to occupy their homes in the same way in the future. For example, whilst demographic projections typically show that the greatest rises are in the older population age groups, this does not translate into all (or the majority of) new housing needing to be specifically for older people. This is because the majority of older people live in ordinary residential accommodation and there is no reason to believe that this trend will not continue into the future. That said; the growth in the numbers of older persons is quite likely to create a requirement for some increase in specialist accommodation.
- 8.47 The model in its simplest form therefore works by looking at the types and sizes of accommodation occupied by various different groups of households (typically by age of residents). When projected changes in the population are attached to the data it is possible to see how the profile of housing would need to change to maintain the same profile of occupancy for each age group. This profile is then adjusted to take account of particular housing requirements (e.g. to deal with overcrowding or households seeking to up/downsize).
- 8.48 The model takes account of how households in the market and affordable housing sectors occupy homes. In the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. In the affordable sector there is a closer relationship between household and house sizes, however the model recognises that the relationship is not exact.
- 8.49 The model is also run in an 'ideal' mode where all households are assumed to live in housing they can afford (i.e. do not spend more than 25% of income on housing or are allocated to affordable housing if more than 25% needs to be spent).
- 8.50 For the purposes of housing market modelling we have modelled demographic change on the basis of our main trend-based household projection (PROJ 1) as shown in Section 2 of the report. This showed a household increase of 582 per annum (which would be based on

delivery of c. 596 dwellings). The results under different demographic scenarios would vary although the outputs will be broadly similar whatever assumption is made about future population/household growth.

Future tenure split

- 8.51 In most areas the two extreme positions shown from this type of modelling are a) where it is assumed that households continue to occupy dwellings in exactly the same way in the future as they do now (i.e. no inroads are made into meeting affordable needs) and b) where all households are assumed to live in housing that they can afford (i.e. no household is spending more than 25% of their income on housing costs and those who would need to spend more than 25% are assigned to affordable housing). These two positions are briefly explained below.
- 8.52 Firstly we need to look at the current tenure profile of households in the area. This is shown in the table below. The table is split between two broad tenures (market and affordable). The table shows that 86% of households live in market housing with 14% in affordable housing (mostly in the social rented sector) in 2011.

Figure 8.4 Current tenure split in Warwick District		
Tenure	Number of households	% of households
Market	50,364	86.0%
Affordable	8,211	14.0%
Total	58,575	100.0%

Source: Household Survey Data

- 8.53 If we project the demographics of the population forward to 2031 then we can provide a similar table to show in what numbers and proportions households would occupy housing if occupancy of particular groups remained the same. The table below shows in the case of no change in occupancy patterns that the proportion in each group does not vary much; although the proportion in affordable housing has increased slightly (mainly due to the ageing of the population and the fact that the older age groups are more likely than average to live in this tenure of housing). This analysis principally highlights that **the ageing of the population can be expected to contribute to a slight increase in housing need over the longer-term**. To meet these needs, around 20% of additional housing provision to 2031 would need to be affordable.
- 8.54 The right hand side of the chart explores what the tenure profile of housing in the District would need to be in 2031 if all housing need within the District (as identified herein) was to be met. This analysis indicates that the proportion of affordable housing would need to rise from the current 14.0% in 2011 to 24.5% of total stock by 2031.

Figure 8.5 Tenure split in 2031 under different scenarios				
Tenure	No change in occupancy patterns		Households matched to affordability	
	Number of households	% of households	Number of households	% of households
Market	59,673	85.0%	53,008	75.5%
Affordable	10,532	15.0%	17,197	24.5%
Total	70,205	100.0%	70,205	100.0%

Source: Household Survey Data

- 8.55 In terms of what this would mean for additional provision the figures can simply be subtracted from one another to show the pattern in the tables below. To meet all housing needs identified (such that all households lived in a house that they could afford), over three quarters of additional housing over the next 20 years would need to be affordable.

Figure 8.6 Estimated housing requirements to 2031 with all households matched to affordability					
Tenure	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
Market	53,008	50,364	2,644	132	22.7%
Affordable	17,197	8,211	8,986	449	77.3%
Total	70,205	58,575	11,630	582	100.0%

Source: Household Survey Data

Choosing a model for analysis

- 8.56 The two models show a future requirement for affordable housing of between 20% and 77%. Under the lower of these figures the model works under the assumption that no inroads are made in to meeting current and future affordable needs (i.e. this is the level of affordable housing provision required just to keep occupancy patterns for different household groups the same as they are in 2011 and would not address any additional housing issues such as overcrowding or households unable to afford market housing without subsidy).
- 8.57 Under the highest of these figures (77% affordable) it is assumed that all households will be suitably housed in accommodation they can afford although this is unlikely to be feasible given viability and funding constraints.
- 8.58 In providing advice on the mix of housing (by different type and size) we have therefore developed an analysis based on the proportion of market and affordable housing which we consider might be *deliverable*. We have therefore remodelled the data to reflect the fact that it will be desirable to make inroads in to the affordable requirement whilst at the same time reflecting that it will not be possible to meet all needs by 2031.

- 8.59 We have assumed that 30% of additional provision across the District (and in each community forum area) will be affordable housing. This is not based on policy target but on expected delivery. The figure below indicates the implications of this on changes in the housing stock to 2031 (based on PROJ 1 assumptions – trend based).

Figure 8.7 Estimated housing requirements 2011 to 2031 – main model					
Tenure	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
Market	58,505	50,364	8,141	407	70.0%
Affordable	11,700	8,211	3,489	174	30.0%
Total	70,205	58,575	11,630	581	100.0%

Source: Household Survey Data

- 8.60 The table below shows how the above figures are split between the three key areas (made up of groups of Community Forum areas) for the purpose of analysis. It should be recognised that the split of housing between different areas in the District will particularly be affected by:
- The availability of suitable land for residential development; and
 - The spatial strategy adopted by the Council through the forthcoming Local Plan.
- 8.61 The Local Plan is at an early stage of development and thus information is not currently available on the proposed distribution of development within the District. The results below should thus be regarded as indicative. They are based on a distribution of development based on the current population distribution and differences in the demographic structure in the different areas.
- 8.62 The results indicate where housing need/demand would be if occupancy patterns were to remain as they are currently. This means that the potential demand in Kenilworth is 19.1% of the total (compared with a current household population of 17.0% of all District households. In Leamington/Warwick/Whitnash the opposite is true with the findings largely reflecting the locations of older person households which are projected to increase significantly in number over the next 20-years. As with District-wide figures the proportion of affordable housing has been set at 30% in each area.

Figure 8.8 Estimated housing requirements 2011 to 2031 (per annum)				
		Market	Affordable	Total
Kenilworth	No.	78	33	111
	%	70.0%	30.0%	100.0%
Leamington/ Warwick/Whitnash	No.	256	110	365
	%	70.0%	30.0%	100.0%
Rural	No.	73	31	105
	%	70.0%	30.0%	100.0%
DISTRICT	No.	407	174	581
	%	70.0%	30.0%	100.0%

Source: Household Survey Data

- 8.63 It is appropriate for the spatial strategy in Local Plan to guide the distribution of development within the District, however the above analysis could be used as a useful check as to how well the distribution of development meets local needs. It indicates that **63% of need/demand arises within the Leamington/Warwick/Whitnash urban area, 19% in Kenilworth and 18% in the rural Community Forum areas.**
- 8.64 This analysis is based on the existing distribution of population and differences in the population structure. It does not take account of past completions or migration at a sub-district level nor policy factors.

Size and type of housing

- 8.65 We next consider need and demand for different types and sizes of accommodation in the market and affordable sectors in the longer-term to 2031. For the purposes of analysis we have looked at requirements by:
- Size (number of bedrooms)
 - Type (e.g. houses/bungalows vs. flats)
 - Specialist accommodation (e.g. sheltered housing)
- 8.66 Again this analysis assumes that 30% of housing delivered over the period to 2031 is affordable.

Size (*number of bedrooms*)

- 8.67 The analysis below is conducted in the same way as the analysis looking at tenure split (i.e. to calculate the number of homes required in each group in 20 years time and comparing this with the current stock profile). The only difference is that figures are split between each of the two tenure groups.

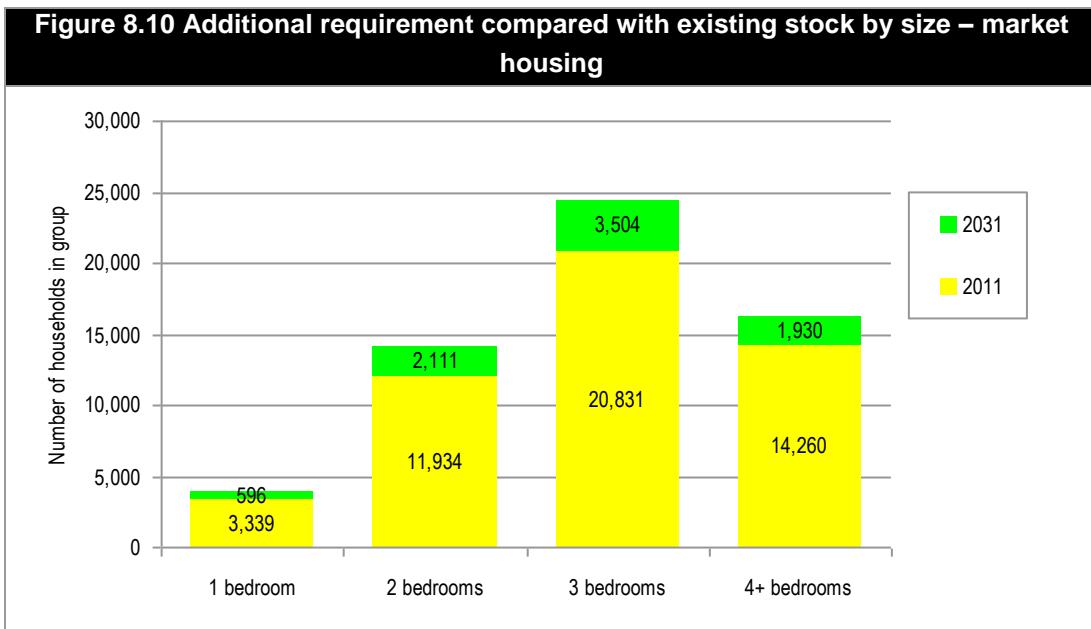
Market Housing

- 8.68 The table below shows the suggested size split for additional market housing in the area. The data suggests that **the main requirement for market housing will be for three bedroom homes, followed by two and four bedroom homes**. The data suggests a small requirement for one bedroom accommodation.

Figure 8.9 Estimated housing requirements to 2031 by size – market housing					
Size	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
1 bedroom	3,935	3,339	596	30	7.3%
2 bedrooms	14,045	11,934	2,111	106	25.9%
3 bedrooms	24,334	20,831	3,504	175	43.0%
4+ bedrooms	16,190	14,260	1,930	97	23.7%
Total	58,505	50,364	8,141	407	100.0%

Source: Household Survey Data

- 8.69 The profile of market demand by bed size to 2031 is compared in the figure below to the (estimated) existing profile of stock. The analysis indicates a slightly higher level of demand for two- and three-bedroom properties relative to the existing profile of stock.



Source: Household Survey Data

- 8.70 When looking at individual areas (with the caveats identified above) we find similar findings in different locations with three or more bedroom accommodation being the main requirement in all areas. This requirement does however vary from 58% in Leamington/Warwick/Whitnash to 86% in Rural areas. This is consistent with the wider

understanding of housing mix and drivers developed as part of this Assessment. All areas show a low potential demand for one bedroom properties.

Figure 8.11 Estimated housing requirements to 2031 by size – market housing (per annum)

		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Kenilworth	No.	8	10	29	31	78
	%	9.7%	13.0%	37.2%	40.1%	100.0%
Leamington/ Warwick/Whitnash	No.	21	87	107	41	256
	%	8.1%	34.0%	41.9%	16.1%	100.0%
Rural	No.	2	8	39	24	73
	%	2.2%	11.6%	53.4%	32.8%	100.0%
DISTRICT	No.	30	106	175	97	407
	%	7.3%	25.9%	43.0%	23.7%	100.0%

Source: Household Survey Data

Affordable Housing

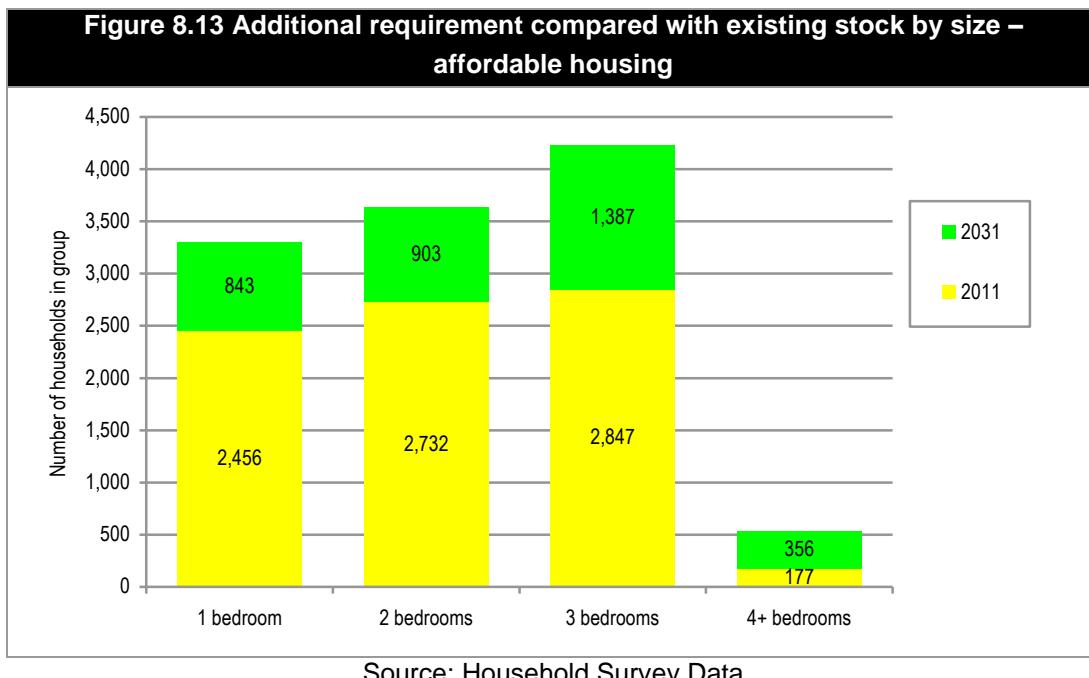
- 8.71 In the affordable sector the data suggests that the main requirement will also be for three bedroom homes although the general profile of properties required is considerably smaller than with the market sector; a total of 50% of all additional properties requiring to be ‘smaller’ (one and two-bedroom) accommodation. The findings from this analysis are consistent with those in the housing needs analysis in the previous section although they do suggest in the longer term that there will be a need to provide a greater proportion of ‘family’ sized accommodation.
- 8.72 The findings reflect the current housing stock in this sector as well as allocation procedures which tend to limit the possibility of households accessing housing which is larger than they technically need (based on a bedroom standard) although households may end up under-occupying homes the longer they remain with a particular tenancy (e.g. households with grown up children who have left home). In the future it is possible that levels of under-occupation in affordable housing will reduce due to changes in Housing Benefit with households only receiving rent for the number of bedrooms they actually require.

Figure 8.12 Estimated housing requirements to 2031 by size– affordable housing

Size	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
1 bedroom	3,299	2,456	843	42	24.1%
2 bedrooms	3,635	2,732	903	45	25.9%
3 bedrooms	4,233	2,847	1,387	69	39.8%
4+ bedrooms	533	177	356	18	10.2%
Total	11,700	8,211	3,489	174	100.0%

Source: Household Survey Data

8.73 The analysis particularly indicates a strong level of need for 4+ bed homes relative to the existing stock.



8.74 In considering a policy target for affordable housing provision, this needs to be considered alongside the (short-term) housing needs analysis presented in Section 7 and a wider understanding of the management of need and supply of affordable housing. In this respect the following factors are relevant:

- The quantitative analysis herein does not take account of the relative degree of need (or priority) attached to different households. This is typically stronger for larger households, and there is a limited supply of properties with 4 or more bedrooms and a much lower turnover of these properties. There is thus a strong rationale for policy seeking to support growth in provision, particularly recognises that not all sites will be suitable for provision of larger (4+ bed) affordable housing units and that in meeting these needs, smaller units are likely to be released to cater for other groups.
- At the other end of the spectrum, 1-bed dwellings can be problematic from a management perspective as they offer limited flexibility to cater for changes to households' circumstances, and are typically less popular and have a higher turnover.

8.75 Taking these factors into account, we would recommend the following mix of affordable housing is sought through policy:

15%-20%	1-bed
30%	2-bed

40%	3-bed
10%-15%	4+ bed

- 8.76 These findings are based on drawing together the short-term housing needs analysis, the longer-term market modelling and the factors concerned with the management of the stock described above.
- 8.77 When looking at the three key areas (again with the caveats above) we find that the requirement for one and two bedroom accommodation is greatest in the Rural area although there is still a significant requirement (around 30%) for larger accommodation. The Leamington/Warwick/Whitnash area shows the highest requirement for 4 or more bedroom accommodation – this reflects the relatively poor affordability profile of larger households in this area.

Figure 8.14 Estimated housing requirements to 2031 by size– affordable housing (per annum)

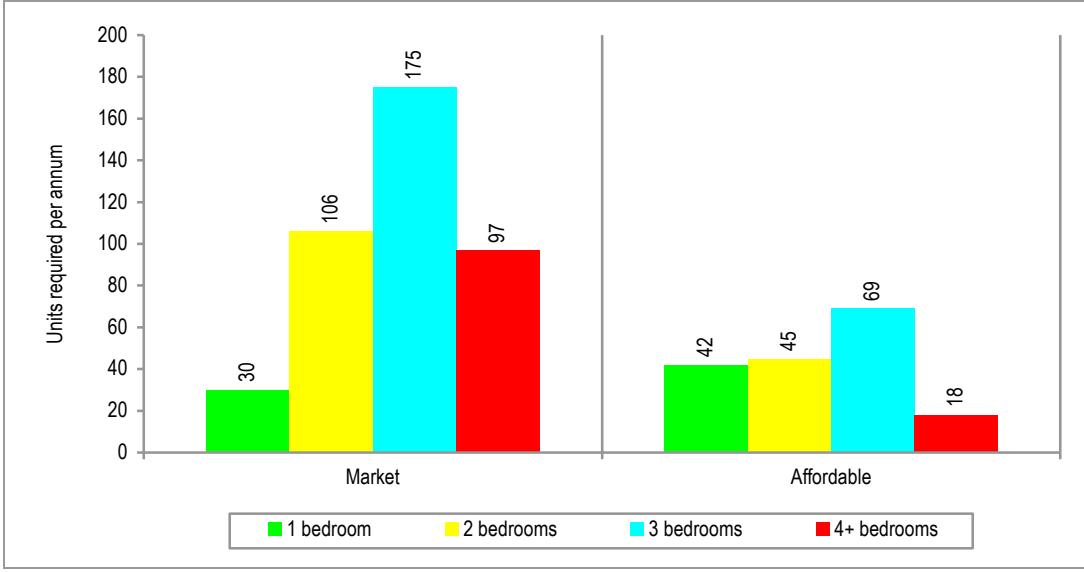
		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Kenilworth	No.	9	9	15	1	33
	%	26.1%	27.4%	43.6%	2.9%	100.0%
Leamington/ Warwick/Whitnash	No.	25	22	45	17	110
	%	22.9%	20.3%	41.0%	15.8%	100.0%
Rural	No.	8	14	10	0	31
	%	26.3%	43.9%	31.1%	-1.3%	100.0%
DISTRICT	No.	42	45	69	18	174
	%	24.1%	25.9%	39.8%	10.2%	100.0%

Source: Household Survey Data

Overall Mix

- 8.78 The figure below shows a summary of annual housing requirement derived from the modelling process (based on household growth of 581 per annum (c. 596 homes pa). The figure shows that overall the majority requirements are for two and three bedroom homes but that the proportions vary considerably by tenure.

Figure 8.15 Summary of estimated housing requirements by tenure and size (per annum)



Source: Household Survey Data

Types (built-form)

- 8.79 A similar analysis has been carried out for the types of housing likely to be required by households in the future with data split into two broad built-forms (house/bungalow and flat/maisonette). Again the data is split between the two tenure groups with a summary at the end of the analysis. The information is mainly based on survey data about the types of accommodation currently occupied and adjusted where a different type (or tenure) of accommodation has been assessed as being more appropriate.
- 8.80 We would attach less weight to this analysis than that for house sizes, recognising that in both the market and affordable sectors a household seeking a two-bed property could live in a house or flat; and that a home of a specific size (in square meters) could be accommodated in either.
- 8.81 The table below shows the housing type analysis in the market sector. The data suggests that the greatest requirements are likely to be for houses and bungalows with only a small requirement for additional flats/maisonettes to be provided (11%).

Figure 8.16 Estimated housing requirements to 2031 by type of dwelling – market housing

Type	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
House/bungalow	51,511	44,244	7,267	363	89.3%
Flat/maisonette	6,994	6,120	874	44	10.7%
Total	58,505	50,364	8,141	407	100.0%

Source: Household Survey Data

- 8.82 In the affordable sector the data suggests that the requirement for flats/maisonettes is higher than in the market sector with a requirement suggested by the analysis for around a quarter of additional units to be in the form of flats/maisonettes. This figure is consistent with the data for dwelling sizes which suggests a greater requirement for smaller units when compared with market housing requirements.

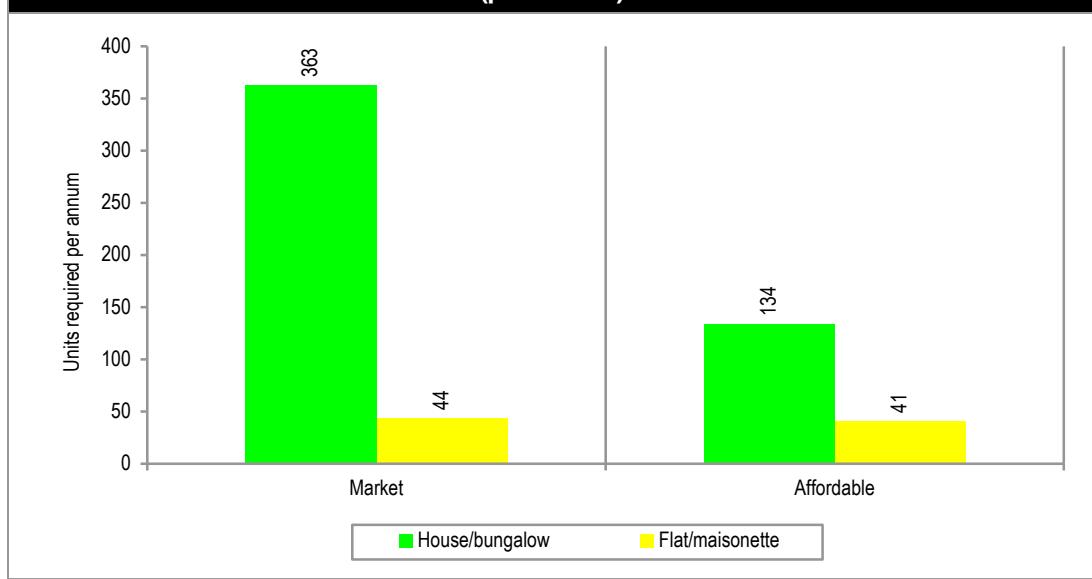
Figure 8.17 Estimated housing requirements to 2031 by type of dwelling – affordable housing

Type	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
House/bungalow	7,556	4,878	2,678	134	76.8%
Flat/maisonette	4,145	3,334	811	41	23.2%
Total	11,700	8,211	3,489	174	100.0%

Source: Household Survey Data

- 8.83 The figure below summarises the results of the analysis and shows that overall the main future requirement is for houses and bungalows.

Figure 8.18 Summary of estimated housing requirements by tenure and type of dwelling (per annum)



Source: Household Survey Data

Types (Specialist Housing)

- 8.84 The tables below provide estimates of the likely requirement for some form of specialist accommodation (i.e. sheltered housing with or without a warden, housing with a support worker, extra care scheme).
- 8.85 The tables show that in the market sector there is an estimated requirement for around 9% of additional housing to be specialist with a similar figure of 10% in the affordable sector. The figure in the market sector is quite large when compared with the current estimated stock of specialist housing in the District (1.3% of market housing) and reflect the ageing population which is more likely than other age groups to both currently live in or require some form of accommodation with adaptations or support. The needs of households with support needs are considered further in Section 9.

Figure 8.19 Estimated housing requirements to 2031 by type of dwelling – market housing

Type of dwelling	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
Specialist	1,375	639	736	37	9.0%
Ordinary residential	57,130	49,725	7,405	370	91.0%
Total	58,505	50,364	8,141	407	100.0%

Source: Household Survey Data

Figure 8.20 Estimated housing requirements to 2031 by type of dwelling – affordable housing

Type of dwelling	2031 requirement	2011 stock	20 year requirement	Annual requirement	% requirement
Specialist	1,457	1,120	337	17	9.7%
Ordinary residential	10,243	7,091	3,152	158	90.3%
Total	11,700	8,211	3,489	174	100.0%

Source: Household Survey Data

Policy Implications

- Macro-economic factors are expected to influence effective market demand for housing in the short-term. These include mortgage finance, market confidence, short-term employment growth, and pressures on household incomes. Market demand for housing sales is expected to be subdued and this can be expected to impact on housing completions.
- While this can be expected to support need and demand within the rented tenures, supply is unlikely to respond to the demand drivers in the short-term given the investment-led model for the Private Rented Sector and the funding model and constraints in the Affordable Housing Sector. As a result the housing market is expected to be dysfunctional. This may however change over time, as the availability of buy-to-let mortgages and potentially yields from private renting improve.

Policy Implications (continued...)

- There is some evidence, at the national level, that the housing market downturn has moderated growth in headship rates (for instance as a result of younger households sharing homes or living with parents for longer). However in previous market downturns and economic recessions this has been a temporary effect. The effect of this on overall housing occupancy however is likely to be moderated by growth in the population of retirement age which is more likely to under-occupy homes.
- It is still appropriate to plan on meeting expected household growth over the longer-term. This is expected to be driven by demographic trends, and over the medium- and long-term in particular, by economic performance and employment growth. Changes in headship (in terms of how households occupy homes) is likely to have a relatively limited impact on the overall levels of homes needed.
- Using our housing market model, which takes into account how households of different ages occupy dwellings, and the potential delivery of housing in different tenures, we consider that market demand will be strongest for 3-bedroom properties (43%). Demand for 1-bed properties is expected to be relatively limited (7%). With the ageing of the population, we might expect some households occupying larger market homes (4+ beds) to downsize, releasing these properties for younger households. Thus moving forward, we would expect demand for 4+ bed homes to be slightly more moderate than in the past.
- An estimated 42% of overall housing requirements (market and affordable) are for 3-bed properties, 20% for 4 or more bedrooms, 26% for 2-bed properties and 12% for 1-bed properties. Around 60% of requirements are thus for family housing with 3 or more bedrooms. This mix should be taken into account in considering the 'portfolio' of sites taken forward through the Local Plan.
- For affordable housing, taking account of identified need, existing supply and turnover of properties and issues related to the management of the housing stock, we recommend a policy target for 15%-20% of future affordable housing provision to be 1-bed properties, 30% of 2-bed, 40% of 3-bed, and 10-15% with 4 or more bedrooms. On the basis of the modelling of dwelling types we would also recommend that the vast majority of 2-bed homes are built as houses/bungalows rather than flats.
- Our analysis indicates that 9% of market demand (37 homes per annum) will be for specialist housing, particularly for older people. There is a slightly higher requirement over the long-term to 2031 within the affordable sector, with an anticipated 10% of need being for specialist housing (17 properties per annum). The Council should consider inclusion of specific policies for specialist housing within the Local Plan on this basis.

9. Needs of Specific Groups

Introduction

9.1 This section of the report considers survey data about a range of different household groups within Warwick District. In particular the information focuses on the key characteristics of each group and contrasts data with other households in the District. For the purposes of the SHMA we have studied the following groups:

- Black and Minority Ethnic Groups
- Households with support needs
- Older person households
- Families (households with children)
- Young people (and first-time buyers)
- Migrant workers

Black and Minority Ethnic (BME) Groups

- 9.2 Information was gathered in the survey to find out the ethnic origin of all household members for each sample household in the survey. The ethnic categories used on the survey forms were consistent with those used in the 2011 Census. For the purposes of analysis we have concentrated on the ethnic origin of the household reference person (HRP) although in most cases all household members were from the same ethnic group.
- 9.3 The table below shows the breakdown of ethnic groups shown by the survey and how this compares with the same information in the 2001 Census. Generally, the data shows a slight increase in the proportion of the population from a non-White group since 2001 with quite notable increases in numbers due to the increase in households over this period.
- 9.4 The data shows that the main ethnic group is Indian representing around 4% of all HRPs – no other individual group records more than 1%. For the purposes of additional analysis we need to be mindful of the sample sizes in different groups and have therefore split this information into four main groups; these are:
- White (British/Irish)
 - White – Other
 - Asian
 - Other

Figure 9.1 Comparison of ethnic groups from different sources (HRP)

Ethnic group	2001		2011		2011 sample size
	House- holds	%	House- holds	%	
White: British	47,900	89.8%	52,446	89.5%	1,354
White: Irish	1,483	2.8%	580	1.0%	17
White: Other White	1,397	2.6%	1,657	2.8%	43
TOTAL WHITE	50,780	95.2%	54,682	93.4%	1,414
Mixed: White and Black Caribbean	79	0.1%	142	0.2%	4
Mixed: White and Black African	24	0.0%	0	0.0%	0
Mixed: White and Asian	87	0.2%	134	0.2%	2
Mixed: Other Mixed	69	0.1%	0	0.0%	0
TOTAL MIXED	259	0.5%	276	0.5%	6
Asian or Asian British: Indian	1,513	2.8%	2,514	4.3%	68
Asian or Asian British: Pakistani	71	0.1%	112	0.2%	3
Asian or Asian British: Bangladeshi	12	0.0%	0	0.0%	0
Asian or Asian British: Other Asian	149	0.3%	257	0.4%	6
TOTAL ASIAN	1,745	3.3%	2,883	4.9%	77
Black or Black British: Caribbean	194	0.4%	246	0.4%	8
Black or Black British: African	65	0.1%	132	0.2%	5
Black or Black British: Other Black	19	0.0%	0	0.0%	0
TOTAL BLACK	278	0.5%	378	0.6%	13
Chinese or Other Ethnic Group: Chinese	134	0.3%	137	0.2%	3
Other Ethnic Group	159	0.3%	218	0.4%	7
TOTAL OTHER	293	0.5%	356	0.6%	10
DISTRICT	53,355	100.0%	58,575	100.0%	1,520

Source: ONS and Household Survey Data

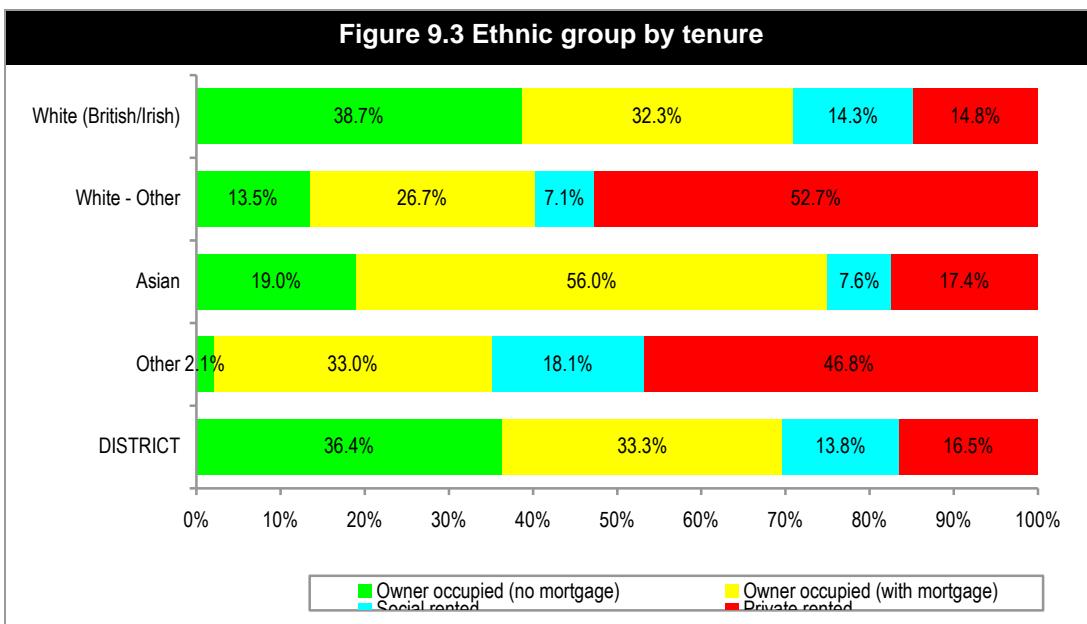
9.5 The table below shows a breakdown of the ethnic groups of the HRP by Community Forum area. The data clearly shows that households in the two rural areas (and also Kenilworth) are particularly likely to be White (British/Irish) whilst Leamington South has the largest proportion of non-White (British/Irish) households (and quite a range of different ethnic groups). In Whitnash there appears to be quite a concentration of Asian households who make up 9.5% of the household population – about double the figure for the whole of the District.

Figure 9.2 Ethnic group by Community Forum Area

Community Forum	White (British/Irish)	White – Other	Asian	Other	Total
Kenilworth	9,425	282	157	123	9,987
	94.4%	2.8%	1.6%	1.2%	100.0%
Warwick	11,825	316	776	269	13,186
	89.7%	2.4%	5.9%	2.0%	100.0%
Whitnash	3,004	114	332	39	3,488
	86.1%	3.3%	9.5%	1.1%	100.0%
Rural East	4,649	78	54	42	4,823
	96.4%	1.6%	1.1%	0.9%	100.0%
Rural West	5,779	23	55	25	5,882
	98.3%	0.4%	0.9%	0.4%	100.0%
Leamington North	11,949	321	815	180	13,264
	90.1%	2.4%	6.1%	1.4%	100.0%
Leamington South	6,394	524	694	332	7,944
	80.5%	6.6%	8.7%	4.2%	100.0%
DISTRICT	53,025	1,657	2,883	1,010	58,575
	90.5%	2.8%	4.9%	1.7%	100.0%

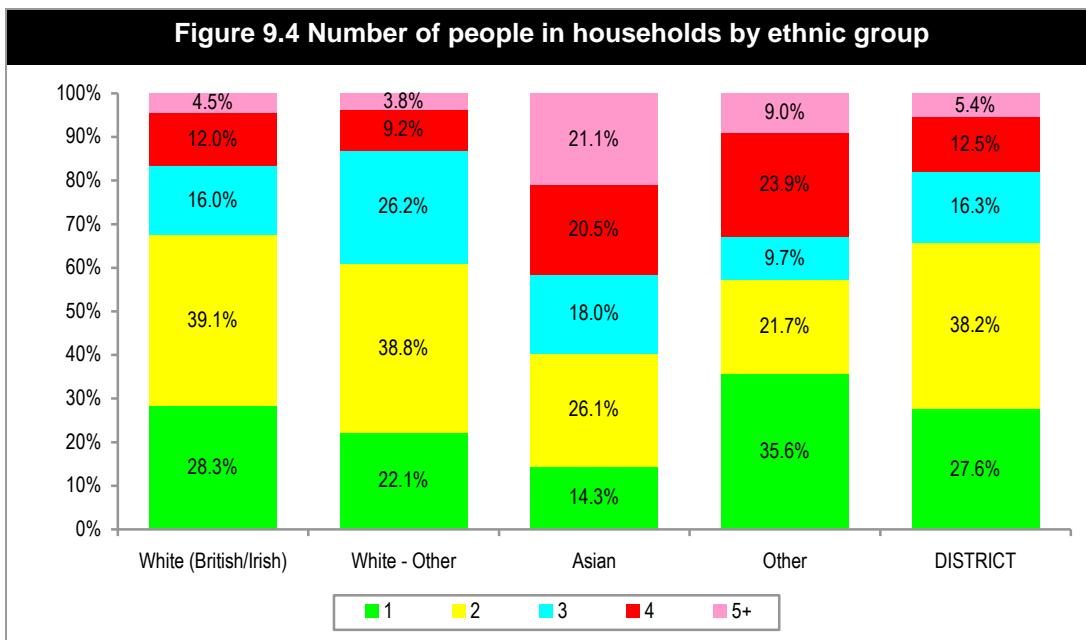
Source: Household Survey Data

- 9.6 The figure below shows how different ethnic groups vary by tenure. The data shows that White (British/Irish) and Asian households are concentrated in the owner-occupied sector with the majority of Asian households owning with a mortgage. Around half of both the White-Other and Other ethnic groups live in privately rented housing although some 17% of Asian households are in the private rented sector and relatively few (only 8%) live in social rented housing.

Figure 9.3 Ethnic group by tenure

Source: Household Survey Data

- 9.7 The figure and table below show the number of people in each household by ethnic group and also average household size. The data clearly shows that Asian households are much larger than other ethnic groups with an average household size of 3.3 people – compared with a District average of 2.33. In total around 42% of all Asian households contain four or more people.



Source: Household Survey Data

Figure 9.5 Average household size by ethnic group

Ethnic group	Average household size
White (British/Irish)	2.27
White - Other	2.34
Asian	3.30
Other	2.52
Total	2.33

Source: Household Survey Data

- 9.8 The survey data does not suggest that BME households have significantly different levels of housing need than White (British/Irish) households although it is clear from the data that where needs arise they tend to be for larger accommodation and are concentrated in certain areas (particularly Whitnash and Leamington South). These findings are strongly linked to the Indian population which is the main BME group in the District.

Households with support needs

9.9 Information collected through the survey enables us to identify whether any household members have a particular support need. The survey looked at whether household members fell into one or more of a range of groups. The groups covered were:

- Wheelchair user
- Walking difficulty (not in wheelchair)
- Learning disability
- Mental health problem
- Visual/hearing impairment
- Asthmatic/respiratory problem
- Other physical disability
- Limiting long-term illness

9.10 Overall there are an estimated 8,023 households in Warwick District with one or more members in an identified support needs group - this represents 13.7% of all households. The table below shows the number of households with different types of support needs. The numbers of households in each category exceed the total number of support needs households because people can have more than one category of support need. Households with a walking difficulty are the predominant group. There are 3,998 households containing a person with a walking difficulty.

Figure 9.6 Support needs categories			
Category	Number of households	% of all households	% of support needs households
Wheelchair user	627	1.1%	7.8%
Walking difficulty (not in wheelchair)	3,998	6.8%	49.8%
Learning disability	519	0.9%	6.5%
Mental health problem	831	1.4%	10.4%
Visual/hearing impairment	733	1.3%	9.1%
Asthmatic/respiratory problem	916	1.6%	11.4%
Other physical disability	1,681	2.9%	21.0%
Limiting long-term illness	2,301	3.9%	28.7%

Source: Household Survey Data

9.11 The table below shows the locations of households with support needs from the survey data. Generally, there is not a significant variation by different areas with Warwick showing the lowest proportion of households containing someone with a support need (11.9% of all

households) and Leamington North the highest proportion (17.2%).

Figure 9.7 Households with support needs by Community Forum

Community Forum	Support need	No support needs	Total
Kenilworth	1,225	8,762	9,987
	12.3%	87.7%	100.0%
Warwick	1,563	11,623	13,186
	11.9%	88.1%	100.0%
Whitnash	438	3,050	3,488
	12.6%	87.4%	100.0%
Rural East	664	4,158	4,823
	13.8%	86.2%	100.0%
Rural West	849	5,032	5,882
	14.4%	85.6%	100.0%
Leamington North	2,285	10,980	13,264
	17.2%	82.8%	100.0%
Leamington South	998	6,946	7,944
	12.6%	87.4%	100.0%
DISTRICT	8,023	50,552	58,575
	13.7%	86.3%	100.0%

Source: Household Survey Data

- 9.12 The tables below show the characteristics of support needs households in terms of age, tenure and unsuitable housing. The survey data shows that support needs households are also more likely to contain older persons. It is estimated that 45% of all support needs households contain only older people. Support needs households are also particularly likely to be living in social rented housing. Some 38.9% of households living in social rented housing contain a support needs member. Finally support needs households are twice as likely to be living in unsuitable housing as non-support needs households. Some 11.2% of all support needs households are living in unsuitable housing.

Figure 9.8 Support needs households with and without older people

Age group	Support needs households			
	Support needs	Number of h'holds	% of h'holds with support needs	% of those with a support need
No older people	3,354	42,174	8.0%	41.8%
Both older & non-older people	1,060	3,436	30.9%	13.2%
Older people only	3,608	12,965	27.8%	45.0%
Total	8,023	58,575	13.7%	100.0%

Source: Household Survey Data

Figure 9.9 Support needs households and tenure

Tenure	Support needs households			
	Support needs	Number of h'holds	% of h'holds with support needs	% of those with a support need
Owner-occupied (no mortgage)	3,510	21,305	16.5%	43.8%
Owner-occupied (with mortgage)	1,089	19,503	5.6%	13.6%
Social rented	3,152	8,094	38.9%	39.3%
Private rented	272	9,673	2.8%	3.4%
Total	8,023	58,575	13.7%	100.0%

Source: Household Survey Data

Figure 9.10 Support needs households and unsuitable housing

Unsuitable housing	Support needs households			
	Support needs	Number of h'holds	% of h'holds with support needs	% of those with a support need
In unsuitable housing	902	3,580	25.2%	11.2%
Not in unsuitable housing	7,121	54,995	12.9%	88.8%
Total	8,023	58,575	13.7%	100.0%

Source: Household Survey Data

- 9.13 The table below shows the average income and savings levels for support needs households in comparison to other households. The table shows that support needs households have average income and savings levels noticeably below the average for non-support needs households.

Figure 9.11 Income and savings levels of support needs households

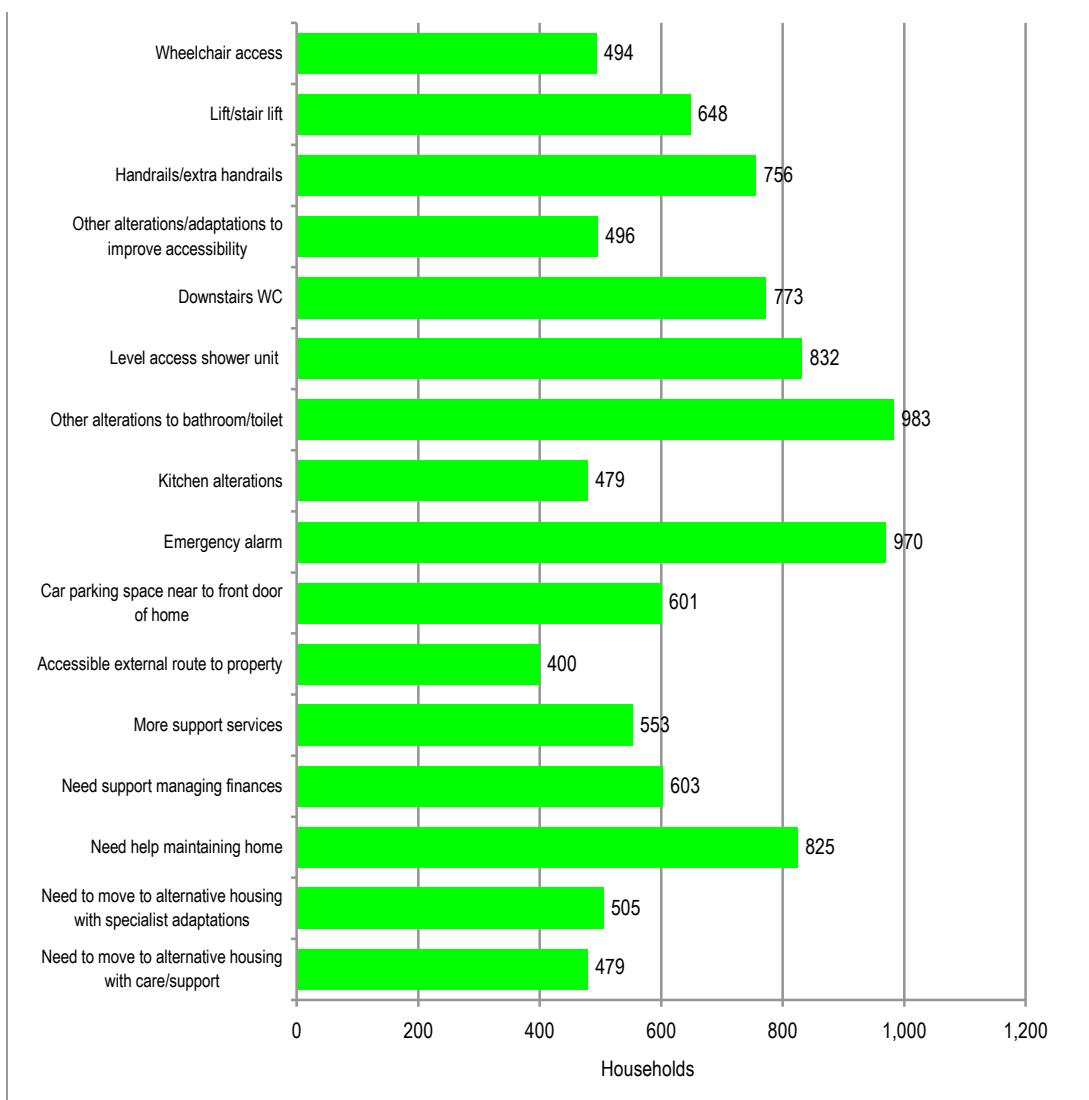
Support needs	Annual gross household income (median)	Average household savings (median)
Support needs	£12,340	£555
No support needs	£28,599	£955
All households	£25,214	£889

Source: Household Survey Data

9.14 Those households with a member with support needs were asked to indicate if there was a need for improvements to their current accommodation and/or services. The responses are detailed in the figures below. The results show requirements for a wide range of adaptations and improvements across the support needs households. Those most needed were:

- Alterations to bathroom/toilet
- Emergency alarm
- Level access shower unit
- Need help maintaining home

Figure 9.12 Support needs households: improvements to accommodation & services



- 9.15 As seen earlier in the report the number and proportion of the population of pensionable age and over is expected to increase significantly in the future with the proportion of households made up solely of pensioners projected to increase from around 22% to 28% in the period from 2011 to 2031. Given that analysis has shown that older person households are particularly likely to contain someone with a support need it is worth briefly considering the potential impact of local demographic change.
- 9.16 The table below shows the estimated number and proportion of households containing someone with a support need in 2011 and 2031 (derived from our demographic modelling). The table shows that overall the proportion of households containing someone with a support need is expected to increase from 13.7% to 15.4% - an increase of nearly 3,000 households from 2011.

9.17 In interpreting this however, it should be remembered that much of the growth in the older person population is due to improvements in life expectancy – this means that support needs prevalence rates may change in the future and therefore the increase may not be as high as projected here. That said, the evidence would clearly point to increases in the number of households with support needs in the future.

Figure 9.13 Projected change in number of households with a support need 2011 to 2031

Support need	2011		2031	
	Households	%	Households	%
Support need	8,023	13.7%	10,800	15.4%
No support needs	50,552	86.3%	59,405	84.6%
Total	58,575	100.0%	70,205	100.0%

Source: Household Survey Data

9.18 Whilst the survey data suggests that households with support needs also have greater affordable housing needs it is clear that a good proportion of this is related to requirements for improvements to households' current accommodation. The projected growth in the number of households with support needs in the future is however expected to see an increase in the need for specialist accommodation and this has been analysed in the previous section.

Older person households

9.19 Older people are defined as those aged 65 and over (in line with pensionable age). For the purpose of this section, households have been divided into three categories:

- Households without older persons
- Households with both older and non-older persons
- Households with only older persons

9.20 Approaching a quarter of all households contain only older people (22.1%), a further 5.9% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Figure 9.14 Older person households

Categories	Number of households	% of all households
Households without older persons	42,174	72.0%
Households with both older and non-older persons	3,436	5.9%
Households with older persons only	12,965	22.1%
Total	58,575	100.0%

Source: Household Survey Data

- 9.21 The table below shows the number of older person only households in each Community Forum area. The data shows that Kenilworth has the highest proportion of older person households with 30.6% of all households comprised solely of older persons. This is in stark contrast with Leamington South where only 8% of households were found to be pensioner only.

Figure 9.15 Older person households by Community Forum

Community Forum	Older person			
	All older persons	Number of h'holds	% of h'holds with all older persons	% of those with all older persons
Kenilworth	3,054	9,987	30.6%	23.6%
Warwick	2,751	13,186	20.9%	21.2%
Whitnash	932	3,488	26.7%	7.2%
Rural East	1,254	4,823	26.0%	9.7%
Rural West	1,264	5,882	21.5%	9.7%
Leamington North	3,049	13,264	23.0%	23.5%
Leamington South	662	7,944	8.3%	5.1%
Total	12,965	58,575	22.1%	100.0%

Source: Household Survey Data

- 9.22 The number of occupants in older person households is shown in the table below. The data suggests that all households containing older persons only are comprised of one or two persons only. Some 44.7% of all single person households are older person households.

Figure 9.16 Size of older person only households

Number of persons in household	Age group			
	Older persons only	Number of h'holds	% of total h'holds with older persons	% of those with older persons
One	7,228	16,171	44.7%	55.8%
Two	5,737	22,347	25.7%	44.2%
Three	0	9,546	0.0%	0.0%
Four	0	7,344	0.0%	0.0%
Five or more	0	3,167	0.0%	0.0%
Total	12,965	58,575	22.1%	100.0%

Source: Household Survey Data

- 9.23 The table below shows the housing tenures of households with older persons. Around three-quarters of older person only households are outright owners - this finding suggests that the potential for equity release schemes in the District may be significant. Another significant finding is the relatively high proportion of social rented accommodation containing older people only. In Warwick District 27% of social rented dwellings contain only older people. This may have implications for future supply of and demand for specialised social rented accommodation.

Figure 9.17 Older person only households and tenure				
Tenure	Age group			
	Older persons only	Number of h'holds	% of h'holds with older persons	% of those with older persons
Owner-occupied (no mortgage)	9,526	21,305	44.7%	73.5%
Owner-occupied (with mortgage)	865	19,503	4.4%	6.7%
Social rented	2,184	8,094	27.0%	16.8%
Private rented	390	9,673	4.0%	3.0%
Total	12,965	58,575	22.1%	100.0%

Source: Household Survey Data

- 9.24 The table below shows that older person only households are slightly more likely than non-older person households to be living in one and two bedroom properties. However, the results also show that nearly two thirds of all older person households are in three or four bedroom dwellings. Given that previous information has shown that all older person only households are comprised of only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older households chose to move into suitable smaller units.

Figure 9.18 Size of dwellings (number of bedrooms) for older person only households				
Number of bedrooms	Older person households		All other households	
	Households	%	Households	%
1 bedroom	1,942	15.0%	3,853	8.4%
2 bedrooms	2,951	22.8%	11,714	25.7%
3 bedrooms	5,501	42.4%	18,176	39.9%
4+ bedrooms	2,570	19.8%	11,866	26.0%
Total	12,965	100.0%	45,610	100.0%

Source: Household Survey Data

- 9.25 This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (three

or more bedrooms) properties are in the owner-occupied sector, there are also around 500 dwellings in the social rented sector which may therefore present some opportunity to reduce under-occupation.

Figure 9.19 Older person only households size of accommodation and tenure					
Tenure	Size of accommodation				
	1 bed	2 bed	3 bed	4+ bed	TOTAL
Owner-occupied (no mortgage)	541	2,110	4,544	2,331	9,526
Owner-occupied (with mortgage)	46	244	335	239	865
Social rented	1,210	477	498	0	2,184
Private rented	146	120	123	0	390
Total	1,942	2,951	5,501	2,570	12,965

Source: Household Survey Data

- 9.26 The number and proportion of the population of pensionable age and over is expected to increase significantly in the future. The table below shows estimated household type change derived from our demographic modelling for the period from 2011 to 2031.
- 9.27 The table shows that overall the proportion of households made up solely of people of pensionable age is expected to increase from 22% to 28% - an increase of 6,500 households from 2011; this represents an increase in this group of households of around 50% in just 20 years.

Household type	2011		2031	
	Households	%	Households	%
Single pensioner	7,228	12.3%	11,436	16.3%
Two or more pensioners	5,737	9.8%	7,973	11.4%
All pensioner households	12,965	22.1%	19,410	27.6%
All other households	45,610	77.9%	50,795	72.4%
Total	58,575	100.0%	70,205	100.0%

Source: Household Survey Data

- 9.28 The change in the older person population is likely to have some impact on the types of accommodation required to meet housing requirements and overall housing requirements

are mainly dealt with in the previous Section of this report. It is however worth noting that the projections suggest that if occupancy patterns stay as they are in 2011 then levels of under-occupancy across the District are expected to rise from 40.9% of all households to 42.2% - this is an increase of about 5,700 under-occupying households.

Families (households with children)

- 9.29 For the purposes of this analysis, children are defined as those aged under 16 and the section will focus on any household with at least one child in it. To provide more detail on what is a large subsection of the population, three different groups of households with children will be analysed. These are lone parent households, households with more than one adult and one child and households with more than one adult and two or more children.
- 9.30 The table below shows the number of each type of household with children. The survey estimates that there are 14,229 households with children in the District. Of these, 2,067 households (14.5%) are lone parents, some 44.8% are families with one child aged under 16, and the remaining 40.7% are larger households (with two or more children).

Figure 9.21 Number of families with children			
Households with children	Number of households	Percent of households	Percent of households with children
Lone parent households	2,067	3.5%	14.5%
Two or more adults and one child	6,376	10.9%	44.8%
Two or more adults and two or more children	5,786	9.9%	40.7%
All other households	44,346	75.7%	-
Total	58,575	100.0%	100.0%

Source: Household Survey Data

- 9.31 The table below shows how the proportion of households containing children varies between the seven Community Forum areas. Overall, the area with the highest proportion of households with children is Rural West with 30.8%; this compares with only 19.4% in Leamington North. Leamington South and Warwick show the highest proportions of lone parent households.

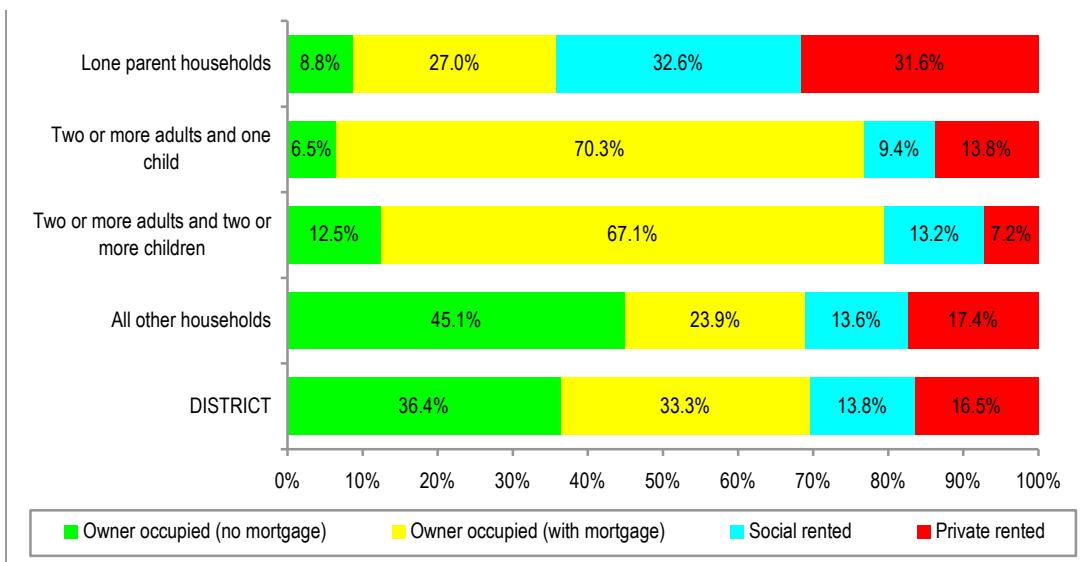
Figure 9.22 Household type by Community Forum Area					
Community Forum	Lone parent households	Two or more adults and one child	Two or more adults and two or more children	All other households	Total

Kenilworth	244	1,023	867	7,854	9,987
	2.4%	10.2%	8.7%	78.6%	100.0%
Warwick	561	1,605	1,545	9,476	13,186
	4.3%	12.2%	11.7%	71.9%	100.0%
Whitnash	97	412	398	2,581	3,488
	2.8%	11.8%	11.4%	74.0%	100.0%
Rural East	141	409	562	3,711	4,823
	2.9%	8.5%	11.7%	76.9%	100.0%
Rural West	150	911	751	4,069	5,882
	2.6%	15.5%	12.8%	69.2%	100.0%
Leamington North	466	1,173	935	10,691	13,264
	3.5%	8.8%	7.1%	80.6%	100.0%
Leamington South	408	844	728	5,964	7,944
	5.1%	10.6%	9.2%	75.1%	100.0%
DISTRICT	2,067	6,376	5,786	44,346	58,575
	3.5%	10.9%	9.9%	75.7%	100.0%

Source: Household Survey Data

- 9.32 The figure below shows the tenure of the three groups of households with children. The results suggest that lone parents are more likely to be living in social rented and private rented accommodation. There is less difference when comparing larger and smaller households with children, although households with one child are slightly more likely to live in private rented accommodation compared with those with two or more children.

Figure 9.23 Household type by tenure



Source: Household Survey Data

- 9.33 The table below presents the proportion of households with children living in unsuitable housing. The table indicates that lone parent households are particularly likely to be living in unsuitable housing with other households with children also being more likely than average to be in unsuitable housing. In total around a fifth of lone parents are in housing which is considered to be unsuitable (compared with 6.1% of all households in the District).

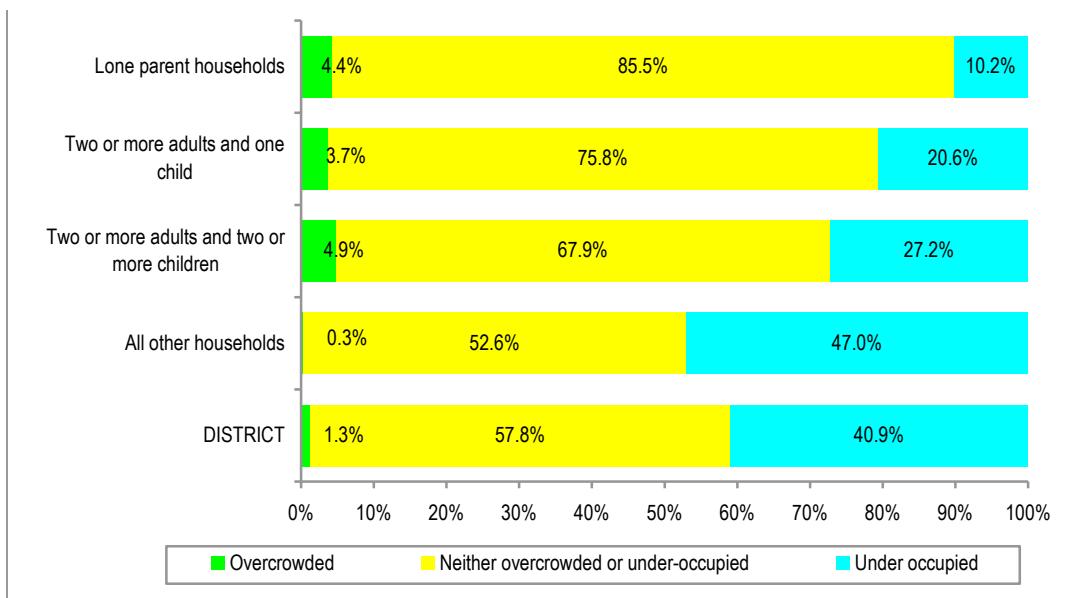
Figure 9.24 Households with children in unsuitable housing

Unsuitable housing	Households with children					Total
	Lone parent households	Two or more adults and one child	Two or more adults and two or more children	All other households		
In unsuitable housing	20.5%	8.1%	9.0%	4.8%	6.1%	
Not in unsuitable housing	79.5%	91.9%	91.0%	95.2%	93.9%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

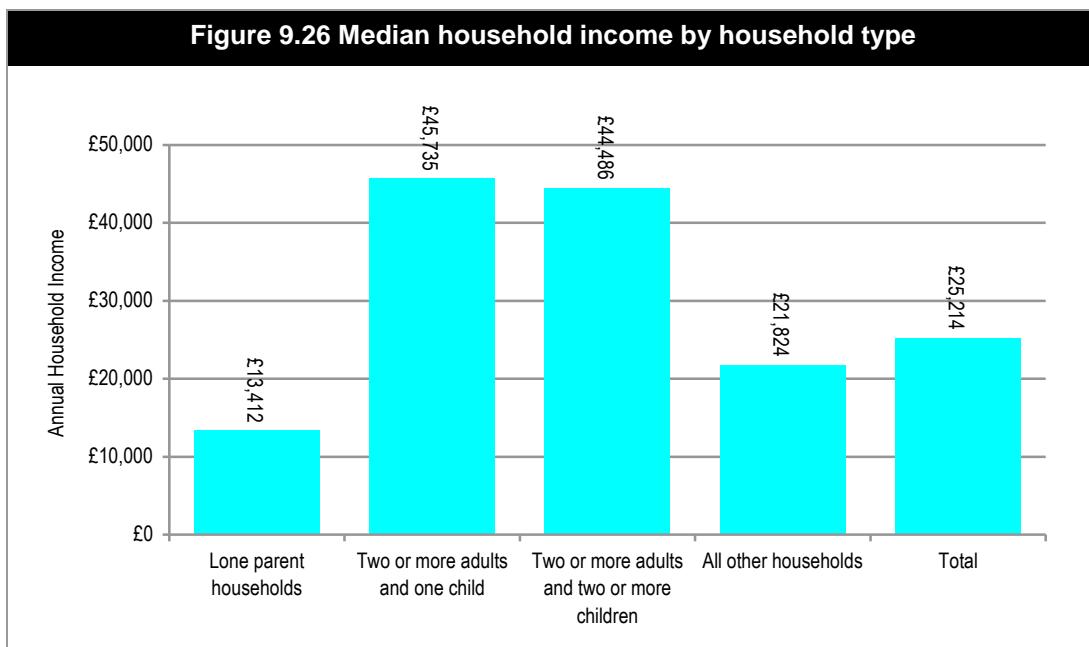
- 9.34 The table below presents the level of overcrowding and under-occupation for households with children. The table shows that whilst levels of overcrowding across the District are generally low all household groups containing children are far more likely to be overcrowded than is the average for the District. In addition, levels of under-occupation are low; particularly for lone parent households where only 10% are under-occupied (compared to a District average of 41%).

Figure 9.25 Overcrowded and under-occupying households with children



Source: Household Survey Data

- 9.35 Finally, we have presented data on average (median) income levels for households with children compared with the average for all households in the District. The data shows that both household groups with two or more adults have incomes well in excess of the District average whilst the average lone parent income is very low (around £13,400 per annum).



Source: Household Survey Data

- 9.36 As well as studying the situation of households with children aged under 16 we can use the survey data to look at households containing non-dependent children. Non-dependent children are defined as those living with their parent(s) and who are aged over 18 or aged between 16 and 18 and not in full-time education. The survey estimates that there are 7,457 households containing non-dependent children – 12.7% of all households in the District.
- 9.37 Of the 7,457 households some 19.4% (1,446 households) have stated that a household member either needs to move or is likely to move to separate and independent accommodation over the next two years. Further analysis shows that 62% of these 'concealed' households would like to remain living in Warwick District whilst just under half (49.4%) would like to become owner-occupiers. Of those who would like to become owner-occupiers only 55% have stated that they are able to afford owner-occupation.
- 9.38 Overall, it is estimated that of all non-dependent children needing or expecting to move in the next two year around 28% will not be able to afford to either buy or rent a home privately which may lead to additional pressures on the affordable housing stock or households continuing to live with parents for longer than expected.

Young people and first-time buyers

- 9.39 For the purpose of this study younger people households are defined as those where the household reference person is aged under 35 as this is the age range expected for the majority of first-time buyers. The survey records that there are 12,776 younger households in the District representing 21.8% of all households.
- 9.40 The table below presents the working status of younger people in the District compared with working status for all households where the household reference person is not retired. The table indicates that around 73% of younger person households are working – this compares with 91% of all non-retired households. The figures for unemployment are also quite notable with 8.5% of younger person households being unemployed compared to 3.8% of all non-retired households in the District. Around 14.1% of younger households are student-only households.

Figure 9.27 Working status of younger people (excluding retired)

Working status	Young households		All other households	
	Number of household	% of households	Number of household	% of households
Working	9,343	73.1%	26,225	91.3%
Unemployed	1,088	8.5%	1,096	3.8%
Student	1,799	14.1%	0	0.0%
Other	547	4.3%	1,392	4.8%
Total	12,776	100.0%	28,713	100.0%

Source: Household Survey Data

- 9.41 The table below indicates the type of households these younger people live in. The table shows that over a fifth live alone and nearly a half live as a couple or in a multiple adult household with no children. In total 30.3% of all younger person households contain children with a significant proportion of these being lone parent households.

Figure 9.28 Younger person household types		
Household type	Number of household	% of households
Single non-pensioners	2,796	21.9%
Childless couple	4,007	31.4%
Other multi-adult	2,095	16.4%
Lone parent	1,076	8.4%
Two or more adults and one child	1,869	14.6%
Two or more adults and two or more child	933	7.3%
Total	12,776	100.0%

Source: Household Survey Data

- 9.42 It is possible to briefly examine the housing circumstances of the different groups of younger person households and in the analysis that follows we have split the group into four main categories, these are:

- Single person households
- Multiple adult households (including childless couples)
- Lone parents
- Households with two or more adults and children

- 9.43 The table below presents the level of overcrowding and under-occupation for younger person households. The table indicates that the level of overcrowding for lone parents is relatively high whilst generally levels of under-occupation amongst younger person households are low (particularly those households with children).

Figure 9.29 Overcrowded and under-occupying younger households				
	Household type			
Overcrowded/under-occupied	Single person	Multi-adult	Lone parents	2+ adults & children
Overcrowded	0.0%	1.6%	8.4%	2.9%
Neither overcrowded nor under-occupied	71.0%	73.4%	86.6%	92.3%
Under-occupied	29.0%	24.9%	5.0%	4.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

- 9.44 The table below shows the tenure of the four groups of younger households. The data suggests that there are considerable differences between the different groups of younger households with single person and lone parent households having large proportions in the social rented sector (and also the private rented sector). Multi-adult households are particularly likely to live in private rented housing although around 40% are owner-occupiers. The groups of households with two or more adults and children show a high proportion in the owner-occupied sector (around 60% are owner-occupiers).

Figure 9.30 Tenure of younger households				
Tenure	Household type			
	Single person	Multi-adult	Lone parents	2+ adults & children
Owner-occupied (no mortgage)	10.5%	8.9%	0.0%	1.3%
Owner-occupied (with mortgage)	16.4%	30.6%	14.3%	57.0%
Social rented	23.5%	4.9%	39.2%	18.9%
Private rented	49.6%	55.7%	46.5%	22.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

- 9.45 The survey identifies households that have moved into owner-occupied accommodation from a different tenure in the last two years. It is assumed that all of these households are first-time buyers although a few may have owned a home at some stage previously.
- 9.46 The survey records that there are 1,799 households that have become first-time buyers in Warwick District in the last two years. The table below shows the size of first-time buyer households compared with other households that have purchased a home in the last two years and all other households in the District. It shows that 47.6% of first-time buyer households contain two people and a further 22.9% are single persons. Overall, first-time buyer households are generally smaller when compared to either other recent buyers or all other households in the District.

Figure 9.31 Household size of recent first-time buyers								
Household size	First time buyer	Other recent buyer	Other household	Total				
1 person	413	22.9%	385	18.3%	15,373	28.1%	16,171	27.6%
2 people	856	47.6%	779	37.1%	20,712	37.9%	22,347	38.2%
3 people	405	22.5%	323	15.4%	8,818	16.1%	9,546	16.3%
4 people	125	7.0%	494	23.6%	6,724	12.3%	7,344	12.5%
5 or more people	0	0.0%	116	5.6%	3,050	5.6%	3,167	5.4%
Total	1,799	100.0%	2,098	100.0%	54,678	100.0%	58,575	100.0%

Source: Household Survey Data

- 9.47 The table below shows the age of the HRP in first-time buyer households. It shows that 38.8% of respondents are aged under 30, whilst 34.3% are between 30 and 39. First-time buyers generally have a younger age profile to other buyers who in turn have a slightly younger profile than other households. The mean age of first-time buyers in the District over the past two years is 35 (median of 31).

Figure 9.32 Age of recent first-time buyers

Respondent age	First time buyer	Other recent buyer		Other household		Total	
Under 30	699	38.8%	231	11.0%	7,003	12.8%	7,933 13.5%
30-39	617	34.3%	613	29.2%	8,181	15.0%	9,411 16.1%
40-49	209	11.6%	582	27.7%	10,665	19.5%	11,455 19.6%
50 and over	274	15.2%	672	32.0%	28,830	52.7%	29,776 50.8%
Total	1,799	100.0%	2,098	100.0%	54,678	100.0%	58,575 100.0%

Source: Household Survey Data

- 9.48 The average (median) annual income of first-time buyer households is £43,389 which is significantly higher than the average for the District of £25,214. The average income of other buyers is however much higher again, with those moving from one owner-occupied property to another having an average income of £53,362 per annum. On the basis of comparing equity levels with home values it is estimated that the average first-time buyer in Warwick District paid a 23% deposit when buying their home.
- 9.49 As we have discussed in previous sections, the savings of many young households currently mean many cannot secure a mortgage to buy a new home.

Migrant workers

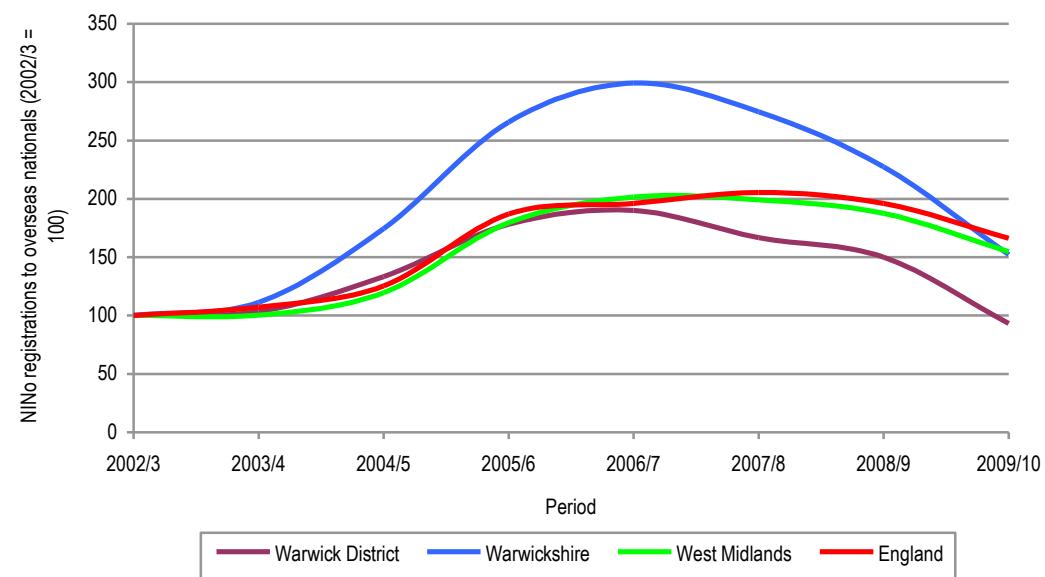
- 9.50 In recent years the UK has experienced a noticeable increase in the number of migrant workers arriving from overseas. Records of the location of these workers are imperfect, but one measure of where they moved to is the number of new National Insurance numbers issued to workers in particular locations.
- 9.51 The table and figure below show the number of National Insurance Number (NiNo) registrations going back to 2002/03. For Warwick District the data shows that the number of NiNo registrations rose from 600 in 2002/3 to peak at 1,140 in 2006/7 (nearly a doubling). Since then the number of registrations has dropped and in 2009/10 was only 560 – below the figure at the start of our analysis period. The trends in NiNo registrations generally follow regional and national patterns although the decline in registrations since 2006/7 has been more noticeable in Warwick District than elsewhere.

Figure 9.33 National Insurance registrations to adult overseas nationals

	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10
Warwick District	600	620	800	1,070	1,140	1,000	900	560
Warwickshire	1,490	1,660	2,600	3,960	4,460	4,090	3,390	2,270
West Midlands	23,420	23,500	28,020	42,050	47,230	46,630	43,910	36,240
England	309,920	331,980	388,090	579,500	607,920	636,830	607,810	515,050

Source: Department of Work and Pensions

Figure 9.34 National Insurance registrations to adult overseas nationals (2002/3 base =100)



Source: Department of Work and Pensions

- 9.52 The table below takes the above data forward by looking at the nationality of NINO registrations since 2002. In the table we have only listed countries which make up 2% or more of registrations in Warwick District. Overall it can be seen that NINO registrations come from a wide range of different countries with Poland being the highest making up around a fifth of all registrations in Warwick District – this figure is however lower than seen either for the County or region. The next most significant group in Warwick District is Indian (11% of the total).

Figure 9.35 Nationality of NI No registrations 2002 to 2010

Country	Warwick District	Warwickshire	West Midlands	England
France	4.1%	3.1%	2.1%	3.1%
Germany	3.5%	2.3%	1.5%	2.1%
Italy	2.2%	1.3%	0.7%	2.3%
Portugal	6.1%	4.0%	1.4%	2.1%
Rep of Ireland	2.0%	1.3%	0.9%	1.4%
Spain	2.6%	1.7%	0.9%	2.0%
Slovak Rep	2.2%	4.0%	4.0%	2.8%
Poland	19.9%	31.8%	22.7%	17.7%
South Africa	4.6%	4.8%	1.6%	2.8%
China Peoples	3.0%	1.9%	2.8%	2.2%
India	10.9%	7.8%	10.5%	8.6%
USA	2.6%	1.7%	0.7%	1.6%
Australia	4.2%	2.7%	1.0%	3.4%
All other countries	32.1%	31.6%	49.1%	47.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: Department of Work and Pensions

- 9.53 Looking at the range of countries from which NI No registrations have come it is clear that many of these would be classified as a 'White – other' ethnic group and we have therefore looked additionally at data about this group. ONS experimental statistics about ethnic group suggest that the population classified as White-Other has increased from 3,500 in 2001 to 5,100 in 2009 (an increase of 46%). Data from the survey suggests that the number of households headed by someone from a White-Other group has increased by 27% since 2001.
- 9.54 The White-Other group has some distinct characteristics with a high proportion living in private rented housing (53%), the majority being adult (non-pensioner) households without children (58%) and a concentration in the Leamington South Community Forum – 32% of all White-other households live in this area compared with 14% of all households in the District.

Gypsies, Travellers and Showpeople

- 9.55 The scope of this report and the household survey has not allowed for a detailed assessment of the needs of gypsies, travellers and showpeople within Warwick District. The Gypsy & Traveller Accommodation Assessment undertaken in 2008 for the South Housing Market Area within the region, which included Warwick District. This established the current number and location of existing gypsy and traveller population within the area, along with their unmet accommodation needs for a five year period. This concluded that there was a potential requirement in Warwick District for 11 permanent pitches and 15 temporary pitches, with no additional need for a site for travelling show people. This requirement was subject to supplementary work due to the low number of interviews undertaken within the District. Based on the limited evidence gathered by the GTAA in the District, its conclusions cannot be regarded as robust and the figures are thus unreliable.
- 9.56 National planning policies for gypsies and travellers have changed since 2008. In November 2010 the Coalition Government revoked national policies in Circular 01/2006. The emerging National Planning Policy Framework is silent on meeting the needs of gypsies and travellers.
- 9.57 Warwick District Council has undertaken its own assessment of local need and historic demand, drawing on data supplied by the police, county council and from the Council's own records of unauthorised encampments in the District. There is no permanent provision of gypsy and traveller sites within the District.
- 9.58 The Council's analysis is set out within a report titled *Evidence of Local Needs and Historic Demand for Gypsy and Traveller Sites in Warwick District* dated December 2010. This indicates that days spent by gypsies and travellers on authorised sites in the District, even when organised events are included, are very low and all gypsies and travellers recorded were transitory.
- 9.59 On the basis of advice from the Gypsy and Traveller Officer at Warwickshire County Council and based on the above information, it identified that a transitory site should be provided to accommodate 15 vans.

Policy Implications

- Households within Black and Minority Ethnic (BME) groups are more likely than the general household population to live within the Private Rented sector. There are higher concentrations of Asian households in Whitnash and Warwick and of BME households generally in Leamington South. Whilst BME households did not demonstrate levels of need that were significantly different from the White (British/Irish) population it is clear where needs do arise that these are concentrated in certain locations (e.g. Whitnash) and for certain types of accommodation (i.e. larger homes).
- 22% of households in the District contain only older persons (with more than 25% in Kenilworth, Whitnash and the Rural East Community Forum areas). Around three quarters of older person households are outright owners, with older persons occupying 27% of social rented dwellings. Older households are very likely to under occupy homes, with two-thirds living in homes with three or more bedrooms. In the market sector there is a limited ability to influence this. In the affordable sector, there may be potential for policy to seek to reduce under-occupation by providing support and incentives to households to downsize. This may help to release larger housing for family households in priority need. It will be important that secure tenancies are provided for these households.
- The number of older households is expected to increase significantly over the next 20 years, with households of pensionable age growing by 6,500 over the next 20 years (to 2031). With improvements in life expectancy, the number of households with support needs will also grow, by an estimated 2,800. The Council should consider how to best meet the needs of these groups through the housing strategy. We would expect this to include providing support to older households to adapt their existing homes to meet their changing needs. They will however also be a need for specialist accommodation, and the Council might consider including a policy relating to specialist housing for older persons within the Local Plan.
- Currently 14% of households have support needs with the highest levels in Leamington North. 11% of those with support needs currently live in unsuitable housing (c. 900 households). Typically these households have a lower income. The greatest support needs are for alterations to bathrooms and toilets, provision of emergency alarms or help maintaining homes, as well as level access showers. In many cases it may be possible to resolve these needs in situ. Population growth can be expected to increase the numbers of households with support needs over time – we estimate that over the next 20 years an additional 3,000 households will have a support need. The support needs of households should be considered by the Council in the development and implementation of its Housing Strategy. It will be important that financial planning takes into account an expected increase

in needed for support services.

Policy Implications (continued...)

- For family households, lone parent households are particularly in need of support. Lone parent households typically have lower incomes and are more likely to be overcrowded (8.5%). They make up 15% of households with children. Most reside in the Private or Social Rented Sectors, and the Council might wish to consider how its allocations policies for social housing support this group, for instance through the development of its Tenancy Strategy.
- Young households are more likely to be unemployed (with 8.5% of persons under 35, excluding students, unemployed) and in need of support. There are also market barriers for many young households to buying a home, with the average age of first-time buyer households in the District of 35 over the last 2 years, with a median income of £43,000. Given supply constraints in the affordable sector, the Council should work to promote improvements in standards of private rented properties to meet the needs of these groups. It should also signpost and promote understanding of intermediate housing options as well as providing assistance where feasible (e.g. mortgage or deposit guarantee schemes).

10. Conclusions and Recommendations

- 10.1 In this final section of the Report we have sought to bring together the analysis undertaken to identify conclusions and recommendations.
- 10.2 Strategic Housing Market Assessments are intended to improve understanding of both need and demand for affordable and market housing. They take account of the current stock (and how this has changed over time), and through this assessment we have considered drivers of demand over both short- and long-term horizons.
- 10.3 There has been a significant change in housing market conditions since late 2007, with effective housing demand substantially constrained – particularly by the availability of mortgage finance. The SHMA has addressed this, but seeks to look beyond this to provide a framework for development of planning policy over the longer-term to 2031. Warwick District Council is currently developing a Local Plan to cover the period to 2031.
- 10.4 The SHMA has been informed by and is consistent with the Government's current Practice Guidance (CLG, 2007).
- 10.5 In this final section we seek to draw together the findings of the work as a basis for the development of planning policies within the Local Plan, and of housing policies through the review of the Council's Housing Strategy.

Housing Requirements

- 10.6 Housing market areas in the West Midlands have been previously-defined. Recent work by CLG in defining housing markets across England provides a number of alternative definitions of housing market areas. In defining single-tier housing market areas, it groups Warwick District with Rugby, Coventry and Nuneaton & Bedworth. This assessment has however been commissioned and prepared specifically for Warwick District.
- 10.7 Warwick District's population has been increasing at a faster rate than across the West Midlands, growing by 12% between 2000 and 2010. The District falls within one of the most dynamic and growth orientated parts of the region, and has a high jobs density and net in-commuting to work. Its population structure is currently biased towards those of working age (relative to Warwickshire more widely).
- 10.8 Although there are a set of short-term factors which influence market demand, we conclude that the market is currently somewhat dysfunctional with demand for rented tenures not being met by supply, which is constrained by the investment context as well as funding available (including through developer contributions) for affordable housing. Over time we would expect 'latent' demand to build up. The funding and investment climate may

influence future trends in these sectors.

- 10.9 It is expected that population and demographic dynamics as well as employment growth will drive demand for housing over the longer-term to 2031. Planning policies should be developed to respond to these long-term drivers, alongside the Council's vision for the District and its ability to accommodate development.
- 10.10 As part of this Assessment, projections have been developed for future population and household growth, taking account of both demographic trends and projected future economic performance. An assessment based on past population trends and population dynamics in the District would result in a requirement for 11,900 homes over the 2011-31 period (595 homes per annum). This would support growth in the resident labour force of around 8,250 jobs (12.3% growth).
- 10.11 Forecast employment growth in the District is for 11,860 jobs over this period. Should the District wish to support this level of economic and employment growth, the projections indicate that provision of 14,300 homes would be required (2011-31), equivalent to 715 per annum. This level of housing development could potentially support a reduction in levels of in-commuting to Warwick District (based on matching growth in the employment in the District with growth in its resident population). It could potentially support more local living and working. However it is for the Council to define its economic strategy through the Local Plan.
- 10.12 In considering the housing requirement for the District, it should be recognised that there are a range of wider factors which warrant consideration alongside need/demand including the availability of suitable land for development, the feasibility and funding of key infrastructure, community and stakeholder consultation and Sustainability Appraisal which considers the social, economic and environmental implications of alternative options.
- 10.13 The Council is currently updating its Strategic Housing Land Availability Assessment (SHLAA). The Council will need to use the SHLAA, and undertake further work as appropriate, to consider the capacity of the District to accommodate this level of development.
- 10.14 Issues surrounding housing and employment growth will be the subject of discussions with other authorities in the sub-region under the 'duty to cooperate'.

Housing Distribution

- 10.15 In the past, the distribution of housing development has particularly been informed by the 'spatial strategy' within regional/county and local plans, and the availability of suitable land. These remain very relevant factors in considering where development is located, particularly with a view to supporting sustainable development including access to

employment, services and public transport.

- 10.16 The draft NPPF indicates that market factors should also be taken into account as well emphasising in para 27 that strategies for housing (and other land uses) should ‘take full account of relevant market and economic signals such as land prices to inform judgements about levels of demand.’ The DTZ Viability Study has considered differences in land values and viability across the District, indicating that viability (and thus demand) is strongest in the rural areas and town centres (and least in the deprived parts of the District). Higher affordable housing delivery could be supported in these areas.
- 10.17 Our analysis, which integrates an understanding of demographics identifies that 63% of need/demand within the District arises in the Warwick, Leamington and Whitnash Community Forum areas, 19% in Kenilworth and 18% in the rural Community Forum areas.
- 10.18 There are clearly a range of factors need to be taken into account in developing the strategy for development within the District through the preparation of the Local Plan, which will be considered and tested through the Sustainability Appraisal process.
- 10.19 In considering the sites which are allocated for development, we would advise the Council to consider the ability of the ‘portfolio of sites’ proposed for development to accommodate the mix of housing proposed. The SHMA indicates that 42% of overall housing requirements (market and affordable) are for 3-bed properties, 20% for 4 or more bedrooms, 26% for 2-bed properties and 12% for 1-bed properties. This should be taken into account in considering the mix of sites allocated within the Local Plan, and in monitoring housing delivery.
- 10.20 Emerging national policy is likely to allow the Council to determine its own policies regarding development densities. Density policies should be considered in light of the mix of housing sought and portfolio of sites to be brought forward through the plan.

Affordable Housing Policy

- 10.21 An assessment of housing need is a statutory requirement to support affordable housing policies. Its purpose is to establish that the ‘need’ for affordable housing cannot be met by existing or planned supply, and hence that there is an additional requirement for affordable housing.
- 10.22 The SHMA identifies a net annual need for 698 affordable homes per annum, if all housing need was to be met. This is significantly above likely (or realistic) levels of housing delivery, and has arisen from under-provision of affordable housing for a decade or more. Since 2001-2, affordable housing delivery has averaged 85 dwellings a year (18% of total housebuilding) but this has been offset by losses of affordable housing through right-to-buy sales. Overall between 2000 and 2010 the stock of affordable housing in the District fell,

with a net loss of 280 properties. Over this period, housing need increased.

- 10.23 The level of need identified provides an evidence base for seeking to maximise affordable housing delivery. However a policy within the Council's Local Plan must also take account of development viability. The results of the DTZ Viability Study (July 2011) show that a range of 0%-50% affordable housing is deliverable depending upon the scenario and area tested and the tipping point selected.
- 10.24 The Council has commissioned DTZ to undertake further viability modelling to consider the impact of introduction on the affordable rented tenure. This has yet to be finalised. While it indicates that the transfer values for Affordable Rented units on Section 106 schemes are anticipated to be higher than those paid for Social Rented units (potentially supporting viability), it finds that the take-up of Affordable Rent is low and may not have a large impact on affordable housing delivery.
- 10.25 Given the viability of residential development within the District and the availability of funding for affordable housing, it is unrealistic to assume that all housing needs can be met. Part of the gap between need and potential future supply of affordable housing may be met by the Private Rented Sector (supported by Housing Benefit). Over the last two years this sector has housed 392 households per annum. It is likely to continue to play a role in doing so. However even taking this into account, the supply of affordable housing is likely to fall short of identified needs. The Council should look to maximise provision of affordable housing where possible, including in working proactively with developing RPs and considering the potential of surplus public sector land to support delivery of affordable housing. It should work with private landlords to seek to improve standards of accommodation in the Private Rented Sector.
- 10.26 Emerging national policy also provides local authorities with increased flexibility in setting thresholds for affordable housing provision. In line with the DTZ Viability Study (July 2011) the Council may wish to consider adopting a threshold of 6 dwellings/0.25 hectares for development schemes requiring affordable housing in urban areas.
- 10.27 In regard to the policies regarding the mix of affordable housing, our analysis indicates that of those in housing need:
 - 53% require a social rented dwelling
 - 29% would be able to afford an affordable rented home
 - 11% could afford intermediate rented housing
 - 7% could afford equity-based intermediate housing (e.g. shared ownership).
- 10.28 This analysis takes account of need, as well as the existing supply and turnover of affordable homes. On a District-wide basis this approach might support an 80/20 split

between social/affordable rent and intermediate housing.

- 10.29 We would expect that much new social housing would be delivered as affordable rented homes (particularly as households will be able to claim Local Housing Allowance to cover any shortfall between housing costs and what they can afford). However the Council can define a policy in this regard, including setting different levels for affordable rent for different bedroom sizes through a Tenancy Strategy.
- 10.30 In regard to the mix of units, we have considered identified need, existing supply and turnover of properties, and issues related to the management of housing stock. On this basis, we recommend a policy target for 15%-20% of future affordable housing provision to be 1-bed properties, 30% 2-bed, 40% 3-bed, and 10%-15% for 4 or more bedrooms.
- 10.31 It should be borne in mind that the needs assessment presents a 'snapshot' of housing need. We consider that the housing needs assessment should be reviewed in 5 years time (2016).

Meeting the Needs of Specific Household Groups

- 10.32 Currently 22% of households in Warwick District contain only older persons (people aged 65 and over) with the highest levels in Kenilworth, Whitnash and the Rural East Community Forum areas. Over 80% of older person only households are owner-occupiers, however 27% of social sector tenants are also older households. Over the next 20 years (to 2031) the number of older households is expected to increase significantly, with households of pensionable age growing by 6,500. The Council will need to consider its strategy for meeting the needs of these groups through the review of the Housing Strategy.
- 10.33 Older households are more likely to under-occupy homes with three-fifths currently living in homes with three or more bedrooms. In the market sector there is a limited ability to influence this. Our findings regarding housing mix take account of expected downsizing of older households over time. In the affordable sector, there may be potential to reduce under-occupation and the Council may wish to consider providing support and incentives to households to downsize. This may help to release larger affordable homes for younger households. It will be important that secure tenancies are provided.

- 10.34 Currently 14% of households have support needs with the highest levels in Leamington North. 11% of those with support needs currently live in unsuitable housing (c. 900 households). Typically these households have a lower income. The greatest support needs are for alterations to bathrooms and toilets, provision of emergency alarms or help maintaining homes, as well as level access showers. In many cases it may be possible to resolve these needs in situ. However population growth can be expected to increase the numbers of households with support needs over time – we estimate that over the next 20 years an additional 3,000 households will have a support need. The support needs of households should be considered by the Council in the development and implementation of its Housing Strategy. It will be important that financial planning takes account of the growth in demand for support services and adaptations to properties from these groups, arising from demographic trends. Planning policies may need to reflect this, in allowing extensions and alterations to properties to meet households changing needs.
- 10.35 We have also considered specialist housing requirements. Our analysis indicates that 9% of market demand (37 homes per annum) will be for specialist housing, particularly for older people. Within the affordable sector, an anticipated 10% of need will be for specialist housing (17 properties per annum). The Council should consider inclusion of specific policies for specialist housing within the Local Plan on this basis.
- 10.36 Specific groups also include gypsies and travellers. The Council's own research has identified a need to provide a transitory site to accommodate 15 vans. The Council should consider identifying a suitable site through the Local Plan.
- 10.37 For family households, lone parent households are particularly in need of support. Lone parent households typically have lower incomes and are more likely to be living in unsuitable housing (20.5%). They make up 15% of households with children. Most reside in the Private or Social Rented Sectors, and the Council might wish to consider how its allocations policies for social housing support this group.
- 10.38 There are also market barriers for many young households to buying a home, with the average age of first-time buyer households in the District of 35 over the last 2 years, with a median income of £43,000. Levels of first-time buyers are currently significantly constrained by the availability of mortgage finance. We anticipate that the Council will have limited resources to help address this. Given supply constraints in the affordable sector, the Council should work to promote improvements in standards of private rented properties to meet the needs of these groups. It should also signpost and promote understanding of intermediate housing options.

Appendix A1 Compliance with Guidance

Introduction

- A1.1 As discussed in the first section of this report, Guidance is now much more demanding and much more specific about what the evidence base should yield. It is therefore appropriate to provide an account of the output of the study in terms of the requirements.
- A1.2 The Practice Guidance sets out requirements for the outputs and also for the process of an SHMA. The outputs are dealt with below in relation to the both the Guidance requirements and PPS3 requirements. First, however, this section comments on fulfilment of the process requirements.

Process requirements

- A1.3 The Practice Guidance (in its Figure 1.2) provides a checklist of process requirements. The following list of seven items paraphrases the requirement, and then summarises the response.
- i) Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region: given that this report focuses on particular issues for Warwick District rather than the wider sub-region this requirement is not relevant to the project. That said information (e.g. about travel to work and migration patterns) was collected so that findings for Warwick District can be considered in a wider context than just the local authority area.
 - ii) Housing market conditions are assessed within the context of the housing market area: the report contains local market information at many points and where possible contrasts key features with regional and national trends.
 - iii) Involves key stakeholders, including house builders: there has been a full involvement of stakeholders in the process, partly managed by the Council and partly facilitated by GLH/JGC. This provided the opportunity for all interested parties to comment on the findings of the research.
 - iv) Contains a full technical explanation of the methods employed, with any limitations noted: there are technical explanations at relevant points in the text and in particular the key sections dealing with the housing needs model and models for assessing long-term housing requirements.

- v) Assumptions, judgements and findings are fully justified and presented in an open and transparent manner: where assumptions and judgements have been made, they are explained as clearly as possible. As far as was practical the report followed suggestions set out in Central Government guidance as well as going beyond this in areas where guidance is insufficiently prescriptive (e.g. in looking at market demands).
- vi) Uses and reports upon effective quality control mechanisms: this is reported on throughout the report and in particular in terms of the household survey data used where the report looks in detail at the methods used to ensure that findings were representative of the local household population. This requirement was also achieved via the transparent explanation of such processes as the CLG Needs model in the text.
- vii) Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken: as part of the process we have discussed with the local authority the various data sources that can be used to monitor and update key pieces of information from this study. The Council has also been given full training in the use of data collected from this study to all updates of the models to be run when new data becomes available.

Output requirements of Guidance

A1.4 The Practice Guidance (in its Figure 1.1) provides a checklist of core outputs. The following table lists the eight outputs and the part of the report in which they are dealt with. It should be noted that some sections of the report go beyond the core requirements of guidance and so are not included in the table.

Figure A1.1 Providing the Practice Guidance core outputs

Item	Source
1) Estimates of current dwellings in terms of size, type, condition and tenure	Section 3
2) Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the market.	Sections 4, 5, 6
3) Estimate of the total future number of households, broken down by age and type where possible	Section 2
4) Estimate of current number of households in housing need	Section 7
5) Estimate of future households that will require affordable housing	Section 7
6) Estimate of future households requiring market housing	Section 8
7) Estimate of size of affordable housing required	Sections 7, 8
8) Estimate of household groups who have particular housing requirements e.g. families, older people, key workers black and	Section 9

[] ethnic minority groups, disabled people, young people etc. []

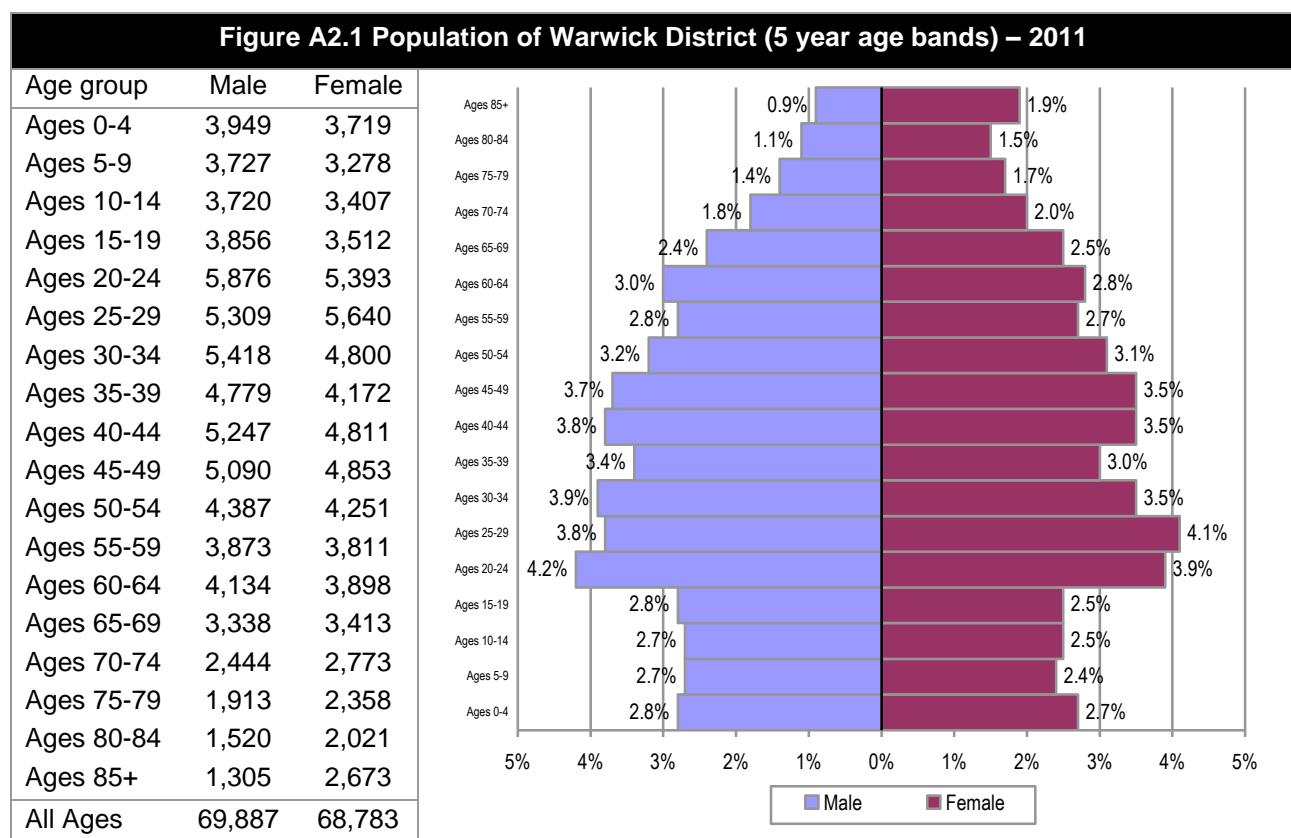
Appendix A2 Main Population Projections

Introduction

A2.1 In this appendix we examine the structure of the existing population in Warwick District, fertility and mortality rates and levels of migration into and out of the local authority area. This information is used to construct our principal trend-based population projections.

Baseline Population

A2.2 The baseline for our projections is taken to be mid-2011 with the projection run for five year intervals over the period up to 2031 (the start date is consistent with the Local Plan consultation document). The estimated population profile as of 2011 has been taken directly from the ONS 2008-based population projections updated to reflect known and expected trends in migration, fertility and mortality in the period from 2006 to 2011. The overall population in mid-2011 was estimated to be 138,670 with slightly more males than females.



Source: Derived from ONS 2008-based population projections

Fertility Rates

- A2.3 To project the number of births we have projected age specific fertility rates. This is the number of births to women in particular age groups (taken in five year bands from 15 to 44). Data has been drawn from ONS source about both the number of live births (in the period 2004 to 2009) and data about how this relates to fertility rates (based on the female age structure in the District).
- A2.4 The data suggests that the total fertility rate (TFR) in Warwick District over the recent past has been around 1.65 live births per woman – this is slightly higher than has been recorded in 2006-07 (a figure of around 1.43). The TFR in Warwick District is notably lower than both regional and national figures (2.07 and 1.95 respectively for 2009).
- A2.5 In projecting fertility rates forward we have consulted assumptions used by ONS in the 2008-based subnational population projections. These projections suggest that TFR will move forward at a rate around 5% below the 2008 position. However, due to the figure already being quite low in Warwick District (and the fact that this has increased recently) we have assumed that the TFR will remain at around 1.65 throughout the projection period.
- A2.6 In addition to establishing overall fertility rates it is necessary to make an estimate of the distribution of births amongst women of different ages. We have assumed that the national distribution of Age-Specific Fertility Rates (ASFRs) applies to Warwick District (suitably adjusted for differences in the overall fertility rate). The table below sets out the ASFRs by age. The data again remains unchanged throughout the projection period for our main analysis.
- A2.7 The data shows that the number of births is predicted to rise from 23 per thousand for females aged under 20 to peak at a little under 100 in the 25-34 age groups (figures are births per year) before dropping off to reach around 10 per thousand in the over 40 age group. To be consistent with national projections the fertility rates for the youngest age group are applied to the female population aged 15-19 whilst the figures for the oldest age group are applied to the population aged 40-44.

Figure A2.2 Age Specific Fertility Rates in Warwick District

Age group	Rate (per thousand)
Under 20	23.4
20-24	65.0
25-29	89.4
30-34	93.6
35-39	48.4
Over 40	10.3

Source: Based on ONS data

- A2.8 A further consideration required for projecting the population is the ratio between male and female births. For the purpose of our projection we have assumed a ratio of 1.05 male births per female birth which is consistent with national data for the period from 2004 to 2009.

Death Rates

- A2.9 Death rates input into the model are based on life tables produced by ONS for use in national projections. These are then adjusted to take account of life expectancy in the local authority area. A life table is a table which shows, for each age, what the probability is that a person of that age will die before their next birthday. Life tables are constructed separately for men and for women because of their different mortality rates.
- A2.10 For data on death rates we have looked at estimates of life expectancy at birth. The latest data available for Warwick District (from ONS) covers the period from 2007 to 2009 (with a mid-point of 2008). This suggests that life expectancy for males was 79.5 and for females 83.7 – both of these figures are significantly above regional or national averages.
- A2.11 When projecting changes in death rates into the future, we are driven by the assumptions used in national projections. The national figures set out three options for mortality plus a scenario where there is no change in mortality (which has been called a ‘special case’ scenario). We believe that death rates are likely to improve and have therefore used the ‘principal variant’ scenario from ONS and applied this to data for Warwick District. The ONS data looks at a period from 2008 to 2033 (i.e. 25 years) and we have assumed a linear improvement in death rates over this period. Generally the ONS projections show lower improvements for areas where life expectancy is already high (as is the case in Warwick District) and we have also taken this into account in our modelling.
- A2.12 The table below sets out the key scenario used in ONS projections and how this is estimated to apply to Warwick District. The ONS figures are for 2008 and 2033 whilst we are principally looking at the period 2011 to 2031. The figures show improvements for both sexes with greater improvements in areas with currently lower life expectancy (consistent with ONS projections). In addition, for females the improvements in life expectancy are slightly lower than for males. This pattern is consistent with ONS assumptions *‘that for most ages these improvements will gradually converge to common ‘target rates’ of improvement’*.

Figure A2.3 Life Expectancy, 2008 to 2033				
Year	England		Warwick District	
	Male	Female	Male	Female
2008	77.9	82.0	-	-
2011	-	-	80.1	84.3
2031	-	-	84.5	88.1
2033	83.5	87.1	-	-

Source: Based on ONS data

Migration

- A2.13 Probably the hardest assumption to make for a local level projection is around migration. Although the 2001 Census would be considered as the main source of information about the profile of migrants it is slightly problematic, particularly as international out-migration is not measured; and the Census is for one year only.
- A2.14 We have therefore looked at past trend data about the overall level of in and out-migration (including estimates of international out-migration) and data from ONS about the projected profile of in and out migrants (split between male and female and in 5 year age bands). These two pieces of information are discussed below.

Overall Level of Migration

- A2.15 The figure below shows annual estimates of net in-migration to Warwick District over the past 15 years. The data shows how variable migration rates have been over this period with data for individual years ranging from -700 (i.e. out-migration) to 2,300. Taking trends over the past ten years suggests an annual net in-migration of 1,230 - if we were to take a longer-term (15 year) view on migration then the average annual figure is 1,100 whilst data for the past five years is lower (at 460 per annum).

Figure A2.4 Net in-migration to Warwick District 1995-2010					
Period	Net in-migration	Period	Net in-migration	Period	Net in-migration
1995-96	1,800	2000-01	2,100	2005-06	700
1996-97	500	2001-02	2,200	2006-07	1,100
1997-98	400	2002-03	2,300	2007-08	800
1998-99	500	2003-04	1,800	2008-09	400
1999-2000	1,000	2004-05	1,600	2009-10	-700
Average 1995-2000	840	Average 2000-2005	2,000	Average 2005-2010	460
				Average 2000-2010	1,230
				Average 1995-2010	1,100

Source: Office for National Statistics

Migration assumptions used for modelling

- A2.16 To develop a trend based projection we have used the above information and concentrated on data for the past five years (this approach is consistent with that taken by ONS/CLG in their population/household projections which look at five year trends). Our main trend-based projection therefore assumes a net in-migration level of 460 people per annum.

Profile of Migrant Population

- A2.17 In looking at the profile of in and out-migrants in Warwick District we have drawn on information provided by ONS about their migration assumptions in the 2008-based population projections. Data from the ONS projections has been taken and then adjusted to meet the net migration levels required for analysis (e.g. the 460 people per annum for our main trend-based projection). To adjust the figures we have increased or decreased levels of in-migration until the net figure is met (e.g. if the ONS figure for out-migration is 10,000 then we assume that the level of in-migration is 10,460 to provide the balance of 460 net in-migration).
- A2.18 The table below shows annual migration patterns for the first and last 5-year periods of our projection (based on the trend based projection of a net annual in-migration of 460 people per annum). The data shows that the figures do not vary substantially over time although there is a general increase in both in- and out-migration (consistent with a growing population) whilst figures for older people tend to get larger later on in the projection (this is again consistent with a greater proportion of the population being in older age groups).

Figure A2.5 Estimated Trend-based Levels of In- and Out-Migration by Age and Sex – Warwick District

Age group	2011-2016						2026-2031					
	Male			Female			Male			Female		
	In	Out	Net	In	Out	Net	In	Out	Net	In	Out	Net
Ages 0-4	226	211	15	210	214	-4	239	226	13	222	229	-7
Ages 5-9	143	120	23	116	109	7	156	133	23	126	122	4
Ages 10-14	105	91	13	93	88	5	122	106	16	108	103	5
Ages 15-19	674	277	397	646	346	300	735	310	425	706	382	324
Ages 20-24	1,370	1,551	-180	1,786	1,883	-97	1,400	1,592	-192	1,845	1,917	-72
Ages 25-29	843	677	166	873	759	114	809	661	147	836	727	109
Ages 30-34	555	576	-21	531	601	-70	589	594	-5	567	618	-51
Ages 35-39	366	365	1	301	321	-20	438	430	8	360	388	-28
Ages 40-44	262	260	2	194	225	-31	294	297	-4	215	256	-41
Ages 45-49	183	191	-8	156	159	-4	178	202	-23	148	159	-11
Ages 50-54	148	146	2	113	146	-33	136	149	-13	101	133	-33
Ages 55-59	95	104	-9	87	112	-25	105	123	-17	96	122	-26
Ages 60-64	68	88	-20	64	97	-33	84	111	-27	79	110	-32
Ages 65-69	54	73	-19	50	50	0	61	81	-21	57	54	2
Ages 70-74	36	42	-7	37	28	9	43	50	-6	45	32	13
Ages 75-79	28	24	4	30	30	0	37	32	5	39	38	1
Ages 80-84	23	20	3	38	39	-1	40	34	6	57	58	-2
Ages 85+	27	35	-9	68	78	-10	56	72	-16	112	125	-13
All Ages	5,206	4,851	354	5,391	5,285	106	5,522	5,204	318	5,716	5,574	142

Source: Derived from ONS 2008-based population projections

- A2.19 In translating the above figures into data for use in our projection modelling there are two other factors that need to be taken into account. These relate to the fact that we are running a projection model for five year periods and for five year age bands.
- A2.20 Firstly we need to recognise that within each five year age band people of certain ages are more likely to move than others. The key group affected by this is the 15-19 age group where typically the majority of migrants are aged 18 or 19 (normally reflecting moves to educational establishments). We have therefore adjusted figures on the basis of Census data to reflect a greater proportion of those in the 15-19 age group being aged 18 or 19.
- A2.21 Secondly, the data from ONS is for single years – when translating this into a projection over five years we also need to recognise that some people will be both an in- and an out-migrant to or from an area. Whilst this doesn't make any difference to net migration figures it will impact on the gross levels of both in- and out-migration. Again the figures have been adjusted to take account of likely multiple moves (based on the proportions of each age group who are in and out-migrants). This adjustment mainly affects those groups with high levels of both in- and out-migration (particularly the 20-29 age groups).

- A2.22 When projecting migration patterns for other scenarios we have used the figures in the above tables and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Population Projections: Initial Trend-Based Scenarios

- A2.23 The figure below shows the four initial population projections carried out – the first (PROJ 1) is based on our trend-based assumptions about migration (net in-migration of 460 people per annum). The second (PROJ 2) is based on projecting net in-migration to be 50% higher than the trend based assumptions – longer-term trends for Warwick District have tended to show higher migration levels than the past five years. A third projection (PROJ 3) looks at patterns with net in-migration 50% below trend levels whilst the fourth projection (PROJ 4) is modelled under the assumption of zero net migration - this projection sets levels of in and out-migration the same but does allow for changes in the population due to different age profiles of in and out migrants. In addition to these we have reproduced the 2008-based ONS projections for comparison – these have been rebased to take account of lower migration since 2008.

Figure A2.6 Description of Projections used for Population Modelling

Projection	Description
PROJ 1	Trend based – (annual net migration of 460 per annum)
PROJ 2	Higher migration – net migration 50% above trend-based level
PROJ 3	Lower migration – net migration 50% below trend-based level
PROJ 4	Zero net-migration
ONS 2008-Based	2008-based ONS population projections

- A2.24 The figure below summarises the results from each of the above projections (for 5 year periods up to 2031). The table shows that under our main trend based projection, PROJ 1, the population is expected to rise by 13.2% to 2031. This represents growth in the population of around 18,300 people over the 20 years to 2031.
- A2.25 With the higher migration assumption (PROJ 2) we would expect to see a population increase over the 20-year period of 16.9% whilst the lower migration variant (PROJ 3) shows population increase of 9.4%. The zero net-migration scenario shows a more moderate increase in population of around 6% over the 20-year period.
- A2.26 Finally, ONS projections show a higher level of population growth over the 20-year period. This is due to assumptions about migration with the ONS figures being based on the five-year period 2003-2008 which tended to show high migration relative to more recent

estimates.

Figure A2.7 Population Estimates 2011 to 2031 – Initial Scenarios					
	2011	2016	2021	2026	2031
PROJ 1	138,670	143,426	148,203	152,748	156,959
	0.0%	3.4%	6.9%	10.2%	13.2%
PROJ 2	138,670	144,576	150,612	156,514	162,144
	0.0%	4.3%	8.6%	12.9%	16.9%
PROJ 3	138,670	142,276	145,793	148,982	151,774
	0.0%	2.6%	5.1%	7.4%	9.4%
PROJ 4	138,670	141,126	143,384	145,217	146,589
	0.0%	1.8%	3.4%	4.7%	5.7%
ONS 2008-Based*	138,670	145,898	152,742	159,636	165,852
	0.0%	5.2%	10.1%	15.1%	19.6%

* ONS figures have been rebased to our 2011 baseline position

Main Trend-Based Projection, PROJ 1

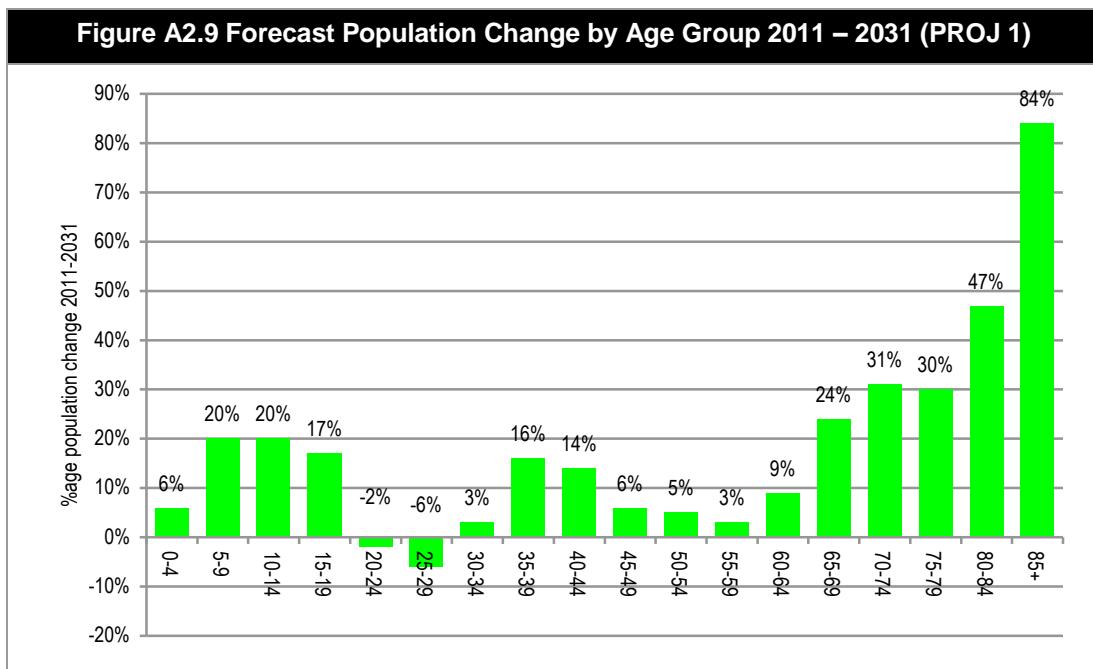
A2.27 The figure below summarises the findings for key (15 year) age groups under PROJ 1. The largest growth will be in people aged over 60. In 2031 it is estimated that there will be 42,014 people aged 60 and over. This is an increase of 10,224 from 2011, representing growth of 32%. The population aged 75 and over is projected to increase by an even greater proportion, 53%.

A2.28 Looking at the other end of the age spectrum we can see that there are projected to be around 15% more people aged under 15 with a small increase in the 15-29 age group and increases of 11% and 5% for each of the 30-44 and 45-59 age groups respectively. These findings are particularly important as this influences the size of the economically active population.

Figure A2.8 PROJ 1 population changed 2011 to 2031 by five year age bands				
Age group	Population 2011	Population 2031	Change in population	% change from 2008
Under 15	21,801	25,119	3,318	15.2%
15-29	29,587	29,887	300	1.0%
30-44	29,227	32,411	3,184	10.9%
45-59	26,265	27,528	1,264	4.8%
60-74	20,000	23,932	3,932	19.7%
75+	11,790	18,082	6,291	53.4%
Total	138,670	156,959	18,289	13.2%

A2.29 The figure below shows the percentage changes for each five year age group. The most

stark trend is the increase in the population aged 85 and over (up 84%) which may have implications for future housing delivery as many of this group may require some form of specialist housing.



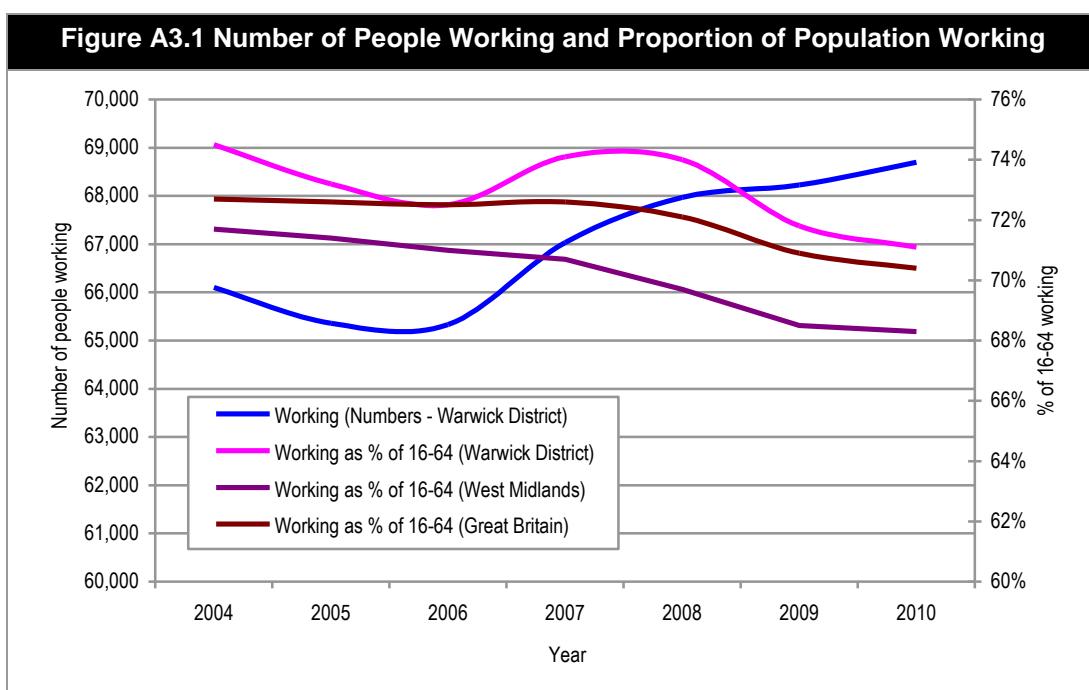
Appendix A3 Economic Driven Population Projections

Introduction

A3.1 In this section we consider the relationship between the economy and the housing market in terms of aggregate demand for housing. We assess changes in the working-age population which would arise from the trend-based projection and its variants (PROJ 1 to PROJ 3) and the zero net-migration projection (PROJ 4). We then consider a number of potential scenarios for rates of employment growth to 2031, and consider what growth in the labour force would be necessary to support this. This is used to adjust levels of in-migration, recognising that employment growth will influence housing demand.

Employment Rates

- A3.2 It is necessary first to consider the demographic make-up of the current labour force in Warwick District. The figure below shows data from National Online Manpower Information Service (NOMIS) about the number of people who are working and the proportion of people of working age who are working.
- A3.3 The data shows that the number of people working has generally increased over time whilst the employment rate has declined. Although data for Warwick District is variable on a year by year basis it does appear as if employment rates have broadly followed regional and national trends – in a downward direction and in particular since 2007. Employment rates in the District are above regional or national equivalents for virtually all of the period studied.



Source: NOMIS/Annual Population Survey

- A3.4 For our projections we want to estimate the number of people who are working by both age and sex and we have therefore drawn on information from the 2001 Census to give us a steer on the likely proportions of different groups who work and how this might change as the population changes over time. The figure below shows the total number of people in each age/sex group and the number who are working.
- A3.5 It should be noted that the Census does not record persons aged over 74 who might be in work and so it is possible that a small number of people who are working are not included in the table below.

Figure A3.2 Estimated Employment Rate by Age and Sex (2001)						
Age group	Male			Female		
	Working	Persons	% working	Working	Persons	% working
Aged 16 to 19	736	2,999	24.5%	586	2,846	20.6%
Aged 20 to 24	2,319	4,493	51.6%	1,978	4,237	46.7%
Aged 25 to 29	3,773	4,366	86.4%	3,123	4,005	78.0%
Aged 30 to 34	4,349	4,866	89.4%	3,697	4,880	75.8%
Aged 35 to 39	4,433	4,915	90.2%	3,786	5,002	75.7%
Aged 40 to 44	4,015	4,420	90.8%	3,512	4,387	80.1%
Aged 45 to 49	3,608	4,048	89.1%	3,432	4,174	82.2%
Aged 50 to 54	3,960	4,549	87.1%	3,344	4,372	76.5%
Aged 55 to 59	3,014	3,810	79.1%	2,456	3,825	64.2%
Aged 60 to 64	1,686	3,012	56.0%	1,022	3,096	33.0%
Aged 65 to 69	544	2,590	21.0%	329	2,810	11.7%
Aged 70 to 74	215	2,368	9.1%	158	2,770	5.7%
Total	32,652	46,436	70.3%	27,423	46,404	59.1%
Aged 16-64	31,893	41,478	76.9%	26,936	40,824	66.0%

Source: NOMIS (from 2001 Census)

- A3.6 Using the information in this table we are able to calculate that around 71.5% of people in the age range 16 to 64 were working at the time of the Census. This figure is similar to the most recent estimates from NOMIS presented above (for 2010). In making an estimate of the number of people working to use in our projection we have however adjusted the Census proportions to match more recent figures shown by NOMIS about the age distribution of employment (for each sex).
- A3.7 In addition, during the projection period the pensionable age for both men and women is due to change. The key changes can be summarised as:
- The State Pension age for women born on or after 6 April 1950 will increase gradually to 65 between 2010 and 2020;
 - From 6 April 2020 the State Pension age will be 65 for both men and women; and
 - State Pension age for men and women will increase from 65 to 66 between April 2024

and April 2026.

- A3.8 In addition we need to consider the scope for changes in the underlying employment rate as the projection develops. As shown in the data earlier in this section, the employment rate in Warwick District has dropped noticeably from around 75% (in 2004 and 2007) down to around 71% in 2010.
- A3.9 For the purposes of our modelling we have therefore assumed that employment rates start (in 2011) at 71% and then improve to reach 75% by 2021 and level off thereafter. The changes to pensionable age have also been applied to employment rates as they become relevant during the projection period. The figure below shows our adjusted employment for all age groups for 2011 and 2031. The adjusted figures also take account of NOMIS data for the period 2004 to 2010 about age specific employment rates.

Figure A3.3 Adjusted Employment Rates by Age and Sex – Warwick District

Age group	Male			Female		
	2001 Census	Adjusted 2011	Projected 2031	2001 Census	Adjusted 2011	Projected 2031
Aged 16 to 19	24.5%	35.4%	38.3%	20.6%	40.8%	41.9%
Aged 20 to 24	51.6%	41.7%	45.2%	46.7%	53.0%	54.5%
Aged 25 to 29	86.4%	82.1%	88.9%	78.0%	81.2%	83.6%
Aged 30 to 34	89.4%	84.9%	92.0%	75.8%	78.9%	81.2%
Aged 35 to 39	90.2%	83.6%	90.6%	75.7%	76.4%	78.6%
Aged 40 to 44	90.8%	85.3%	92.5%	80.1%	80.2%	82.5%
Aged 45 to 49	89.1%	83.7%	90.7%	82.2%	82.4%	84.7%
Aged 50 to 54	87.1%	82.9%	89.8%	76.5%	84.1%	86.5%
Aged 55 to 59	79.1%	75.3%	81.6%	64.2%	70.6%	72.7%
Aged 60 to 64	56.0%	53.3%	57.7%	33.0%	37.7%	37.4%
Aged 65 to 69	21.0%	28.1%	34.9%	11.7%	18.4%	25.0%
Aged 70 to 74	9.1%	12.1%	13.2%	5.7%	9.0%	9.2%

Source: NOMIS (from 2001 Census) adjusted using NOMIS data

- A3.10 When we apply the employment rates to our base population for 2011 we find an estimated 67,264 people who are working, with an employment rate (per person aged 16-64) of 71.1%.

Commuting Patterns

- A3.11 In addition to studying the age profile of people in work it is worthwhile to consider commuting patterns to and from Warwick District. The table below summarises the data about commuting from the 2001 Census. The table shows that around 6,600 more people commute into Warwick District for work than commute out. The data also shows that around 60% of people working in Warwick District also live in the area whilst around 66% of people who live in the area (and are working) actually work in the area.

- A3.12 ONS neighbourhood statistics provide 2008 based estimates of commuting patterns based upon the annual population survey (APS) - estimates are compared to the 2001 Census. As the APS is based upon sampling ONS states whether findings can be regarded as significant and generally this is not the case for Warwick District. The only exception is that the APS suggests that commuting from Warwick District to Birmingham has increased.

Figure A3.4 Travel to work patterns to and from Warwick District (2001)			
Area	Live in Warwick District work in...	Work in Warwick District live in...	Net flow into Warwick District
Birmingham	2,299	1,543	-756
Coventry	7,658	7,200	-458
Nuneaton and Bedworth	414	1,527	1,113
Rugby	932	1,965	1,033
Solihull	1,669	1,703	34
Stratford-on-Avon	3,344	6,511	3,167
Warwick District	41,513	41,513	0
Rest of West Midlands	1,117	2,786	1,669
East Midlands	1,036	1,823	787
South East	1,046	990	-56
All other regions	1,456	1,553	97
Total	62,484	69,114	6,630
Total in/out migration for work	20,971	27,601	-
% self-containment	66.4%	60.1%	-

Source: 2001 Census (NB Figures exclude people working abroad or off-shore)

- A3.13 Additional employment creation could have a number of impacts. It could create demand for additional housing, leading to more people living and working within the area. It could provide more local job opportunities for those current commuting out of the area, reducing the number commuting out and the net level of out-commuting. Alternatively it could result in an increase in the level of people commuting into Warwick District to work.
- A3.14 For the purposes of our projections we are only assessing the number of people living locally who are working and so the data about commuting patterns is mainly presented to assist an overall understanding of local employment. It is however important information when considering the potential impact of additional employment opportunities locally.

Initial Results

- A3.15 The tables below show the estimated number of people working under each of our four initial projections. The data shows that under the main trend based assumptions (PROJ 1) the number of people working is projected to increase by 8,250 from 2011 to 2031. This is an increase of 413 people working per annum. It is notable that the increase is lowest towards the end of the projection period.
- A3.16 Under our alternative migration-based assumption (PROJ 2 – migration 50% above the trend-based level) we see a larger increase in the number of people working (up around 11,300) whilst with lower migration assumptions (PROJ 3) the increase is around 5,200 over the period.
- A3.17 The figures derived under PROJ 4 (zero net-migration) show a much smaller increase in the number of people working. Under this scenario the number of people working increases from 67,264 in 2011 to 69,368 in 2031 – an increase of 2,100 or 3.1%.

Figure A3.5 Estimated Number of People Working 2011 to 2031 (PROJ 1 and PROJ 2)

Year	PROJ 1			PROJ 2		
	Number of People Working	Change in Working	Cumulative Change	Number of People Working	Change in Working	Cumulative Change
2011	67,264	-	-	67,264	-	-
2016	71,097	3,832	3,832	71,803	4,538	4,538
2021	74,297	3,200	7,032	75,825	4,022	8,560
2026	74,697	400	7,433	77,010	1,185	9,745
2031	75,517	820	8,253	78,592	1,582	11,327
Average PA		413			566	

Figure A3.6 Estimated Number of People Working 2011 to 2031 (PROJ 3 and PROJ 4)

Year	PROJ 3			PROJ 4		
	Number of People Working	Change in Working	Cumulative Change	Number of People Working	Change in Working	Cumulative Change
2011	67,264	-	-	67,264	-	-
2016	70,391	3,126	3,126	69,685	2,420	2,420
2021	72,769	2,378	5,505	71,242	1,557	3,977
2026	72,385	-384	5,121	70,073	-1,169	2,808
2031	72,442	57	5,178	69,368	-705	2,103
Average PA		259			105	

Component Analysis

A3.18 As well as looking at the employment numbers related to a range of different migration driven scenarios we have looked at the number of people working and the population profile related to two additional scenarios as described below.

Figure A3.7 Description of additional migration lead projections	
Projection	Description
PROJ 5	Zero employment growth – to assess the population change (and migration) required to maintain current employment levels
PROJ 6	Zero population growth – to assess the consequences on the size of the working population with no increase in population

Zero Employment Growth

A3.19 Under PROJ 5 it can be seen that to maintain the size of the current workforce in the district there would need to be an increase in the population. This is due to the ageing of the population and the fact that as the number of older people increases there are a lower proportion of people of working age. It is estimated that to maintain the workforce at 2011 levels would require an increase in the population of around 3.2% to 2031 – an increase of about 4,400 people (or 220 per annum).

Figure A3.8 Population Estimates 2011 to 2031 – PROJ 5 – Zero Employment Growth					
	2011	2016	2021	2026	2031
PROJ 5	138,670	140,339	141,736	142,641	143,042
	0.0%	1.2%	2.2%	2.9%	3.2%

Zero Population Growth

A3.20 If there were no increase in the overall size of the population in the district – with the population remaining at 2011 levels - there would be a decrease in the number of people who are working (again mainly linked to the ageing population). Maintaining a stable population throughout the projection period would see an estimated loss of about 2,600 people working in the period 2011 to 2031 – an average loss of about 130 people per annum.

A3.21 This scenario would result in a notably change in the age structure of the population, with a higher proportion of people of retirement age compared to the main trend-based projection, PROJ 1.

Figure A3.9 Estimated Number of People Working 2008 to 2028 (PROJ 6 – zero population growth)

Year	Number of People Working	Change in Working	Cumulative Change
2008	67,264	-	-
2013	68,606	1,342	1,342
2018	68,908	302	1,644
2023	66,541	-2,367	-723
2028	64,672	-1,870	-2,593
Average PA		-130	

A3.22 We conclude that because of the ageing of the population, population growth of 220 per annum is needed just to maintain the number of people in work to 2011 levels without which the workforce would shrink at a rate of 130 persons per annum to 2031.

Economic-Driven Projections

- A3.23 Having estimated the likely number of people working for each time period under our main trend-based and zero net migration projections we proceed by building a number of scenarios based on future employment growth.
- A3.24 As we have explained, a key question which has arisen in the course of this project is what level of net migration we might expect to see in Warwick District. The initial trend based projections indicate that future population growth is particularly sensitive to assumptions regarding future levels of net migration. Migration to Warwick District is driven by a range of factors, including employment opportunities and its quality of life offer.
- A3.25 While recognising that the reasons why people move to Warwick District vary, we consider that economic performance will be a key driver of trends. We have sought to examine what level of migration the economy might be able to support, aiming to deliver a sustainable future for the area where there is balanced growth in housing and employment.
- A3.26 To inform our economic projections we have drawn on projections of employment growth (dated July 2010) from the West Midlands Integrated Policy Model. This was developed by Cambridge Econometrics and projects changes in employment in Warwick District and other local authorities in the West Midlands.
- A3.27 PROJ 7 models the impact of projected changes in employment in Warwick District from 2006-31 under the 'baseline scenario' from the IPM. This projects a decline in employment

between 2006-11 (-3,760), with employment then rising by 11,860 in Warwick District between 2011-31.

A3.28 However Census data indicates net in-commuting to Warwick District, and shows those employed in the District live both within it, and in a number of other (mainly surrounding) local authority areas. While in PROJ 7 it is assumed that there is a 1:1 ratio between projected growth in employment and growth in labour force within the District, PROJ 8 takes account of commuting dynamics. In PROJ 8 we have explored employment growth in districts across Warwickshire and (in the aggregate) in other parts of the West Midlands. We assume that the proportion of the workforce in these areas who live in Warwick District remains consistent to 2001 patterns. On this basis we project growth in labour supply. In this scenario, the decline in employment between 2006-11 is more moderate (c. 3,000) as is employment growth moving forwards (of 7,900 between 2011-31).

A3.29 We have also developed two additional employment growth scenarios which test the level of population and housing required to support 5% and 10% employment growth over the 2011-31 period. These aim to provide an understanding of the relationship between population and employment growth, but support a level of employment growth below that of the econometric forecasts available.

Figure A3.10 Description of economically driven projection

Projection	Description
PROJ 7	Employment Growth
PROJ 8	Employment Growth, taking account of commuting
PROJ 9	Employment growth of 5% in the period 2011 to 2031
PROJ 10	Employment growth of 10% in the period 2011 to 2031

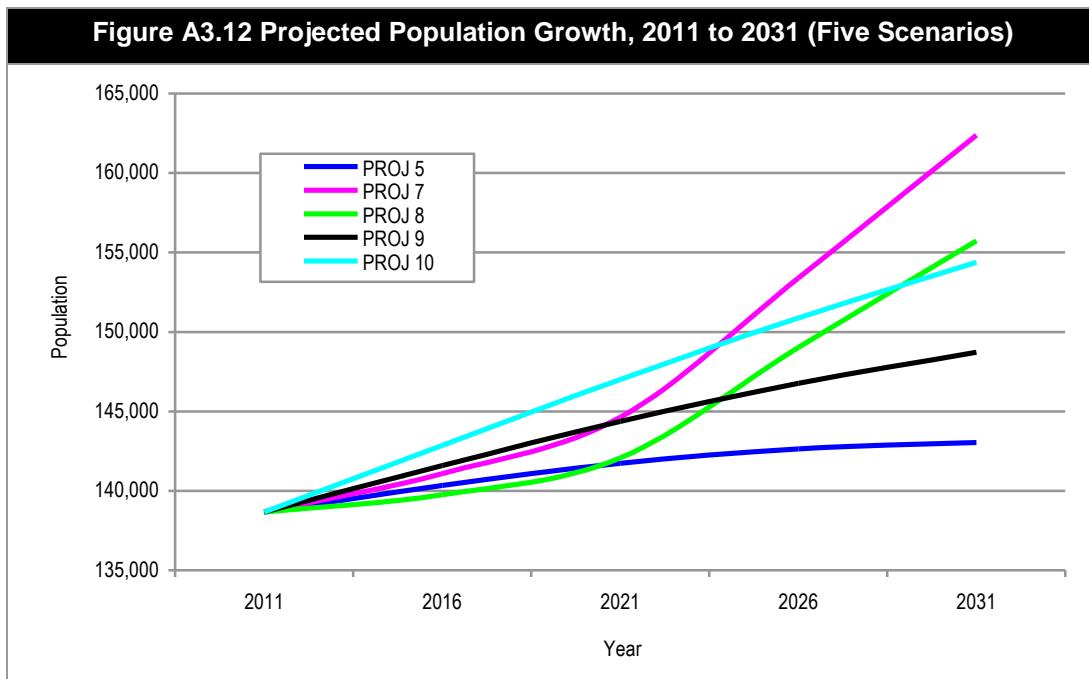
A3.30 The table below indicates the projected population change under these scenarios. The data shows that to achieve employment growth in line with PROJ 7 there would need to be a population increase of 17%; this drops to 12.3% under the alternative economic based projection. To achieve a 5% increase in the workforce is projected to require population growth of around 10,000 (7.2%) with a 10% increase in the workforce requiring population increase of 11.3% over the 20-year period.

Figure A3.11 Population estimates 2011 to 2031 for Different Projection Variants

Projection	2011	2016	2021	2026	2031
PROJ 7	138,670	141,094	144,634	153,386	162,388
	0.0%	1.7%	4.3%	10.6%	17.1%
PROJ 8	138,670	139,750	142,064	149,027	155,740
	0.0%	0.8%	2.4%	7.5%	12.3%

	138,670	141,597	144,371	146,760	148,714
PROJ 9	0.0%	2.1%	4.1%	5.8%	7.2%
PROJ 10	138,670	142,855	147,007	150,879	154,385
	0.0%	3.0%	6.0%	8.8%	11.3%

A3.31 The figure below compares the economic-driven projections to those based on past demographic trends. We have also added the zero employment growth projection (PROJ 5) for comparative purposes.



Appendix A4 Household (and Housing) Growth Projections

Introduction

A4.1 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information in to estimates of the number of households in the area. To do this we use the concept of headship rates. For the purpose of this analysis we have used information contained in the 2008-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. This method is described in more detail below.

Methodology

- A4.2 Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). For the purposes of our analysis we have used data in the CLG 2008-base household projections, these take males to be the default HRP in cases where the household is headed by a couple.
- A4.3 This approach is different to that taken in the Census where defining the HRP is based on economic activity and age (ahead of sex). For example, in a household with only one adult (e.g. a lone parent household) the HRP is taken as that person. In a household with more than one adult (e.g. a couple household) the HRP is chosen on the basis of their economic activity (in the priority order of full-time job, part-time job, unemployed, retired, other). If both (or all) people have the same economic activity, the HRP is defined as the elder of the two, or if they are the same age, the first member on the form.
- A4.4 The table below shows headship rates derived from the 2008-based CLG projections for each of the key periods of 2008 and 2028. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction and particularly in relation to females).
- A4.5 We have adjusted the CLG headship rates slightly to take account of the estimated number of households in Warwick District as of mid-2011 (estimated to be 58,575 calculated on the basis of the number of dwellings from Council Tax records and the number of vacant homes). The analysis assumes a 1:1 relationship between occupied dwellings and households.

Figure A4.1 Estimated Headship Rates by Age and Sex (2011 and 2031) – Warwick District

Age group	Male		Female	
	2011	2031	2011	2031
Ages 15-19	2.3%	2.3%	1.7%	1.9%
Ages 20-24	29.5%	31.5%	11.7%	11.9%
Ages 25-29	61.3%	62.4%	18.3%	19.4%
Ages 30-34	77.6%	80.4%	24.4%	29.3%
Ages 35-39	85.3%	85.6%	24.4%	29.0%
Ages 40-44	88.9%	89.8%	22.8%	25.8%
Ages 45-49	90.2%	89.6%	22.2%	22.2%
Ages 50-54	90.6%	90.5%	23.6%	26.7%
Ages 55-59	92.8%	93.0%	23.1%	27.0%
Ages 60-64	93.1%	92.2%	26.6%	31.0%
Ages 65-69	94.1%	93.9%	29.8%	32.7%
Ages 70-74	93.5%	93.1%	36.0%	37.1%
Ages 75-79	92.3%	92.3%	45.8%	40.8%
Ages 80-84	91.7%	92.3%	57.0%	50.0%
Ages 85+	83.6%	85.7%	60.4%	55.7%

Source: CLG 2008-based household projections

Findings for Main Projections

- A4.6 By applying these headship rates we find the following household estimates under our principal projections (PROJ 1 to PROJ 4). The data shows that under our trend based projection (PROJ 1) there will be an additional 582 households per annum in the period 2011 to 2031 (11,630 in total). The higher net migration projection (PROJ 2) shows an annual increase of 693 households per annum whilst the lower migration projection shows 470 households per annum.
- A4.7 Under zero net-migration assumptions (PROJ 4) the growth in households is expected to be lower (averaging 358 per annum over the period from 2011 to 2031).

Figure A4.2 Estimated Household Growth under PROJ 1 and PROJ 2

Year	PROJ 1			PROJ 2		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2011	58,575	-	-	58,575	-	-
2016	61,796	3,221	3,221	62,262	3,687	3,687
2021	64,846	3,050	6,271	65,864	3,602	7,289
2026	67,523	2,677	8,948	69,141	3,277	10,566
2031	70,205	2,682	11,630	72,443	3,302	13,868
Average PA		582			693	

Figure A4.3 Estimated Household Growth under PROJ 3 and PROJ 4						
Year	PROJ 3			PROJ 4		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2011	58,575	-	-	58,575	-	-
2016	61,330	2,755	2,755	60,864	2,289	2,289
2021	63,828	2,498	5,253	62,810	1,946	4,235
2026	65,906	2,078	7,331	64,288	1,478	5,713
2031	67,967	2,061	9,392	65,728	1,441	7,153
Average PA		470			358	

Estimated Household Growth under CLG Projections

- A4.8 Below we have provided an analysis of the growth in households estimated under the 2008-based CLG household projections (for Warwick District). The data shows that these projections expect an increase in households of around 17,000 over the period from 2011 to 2031 – 853 per annum.

Figure A4.4 Estimated Household Growth under national household projections			
Year	CLG 2008-based household projections		
	Total households	Change in households	Cumulative change
2011	58,575	-	-
2016	63,108	4,533	4,533
2021	67,571	4,463	8,996
2026	71,743	4,172	13,168
2031	75,627	3,884	17,052
Average PA		853	

* CLG figures have been rebased to our 2011 baseline position

Component Projections

- A4.9 The data shows that under PROJ 5 (no change in the size of the workforce) the number of households is expected to rise from 58,575 in 2011 to 64,197 in 2031 – an average of 281 households per annum. This level of household growth is thus necessary just to maintain the current size of the labour force.
- A4.10 Under the no growth in population projection (PROJ 6) the increase in households is far lower (187 per annum) – it does however need to be remembered that under this scenario the number of people living locally who are also working is expected to drop, with potential implications for economic performance and commuting patterns.

Figure A4.5 Estimated Household Growth under PROJ 5 and PROJ 6						
Year	PROJ 5			PROJ 6		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2008	58,575	-	-	58,575	-	-
2013	60,545	1,970	1,970	60,152	1,577	1,577
2018	62,113	1,568	3,538	61,255	1,103	2,680
2023	63,181	1,068	4,606	61,817	562	3,242
2028	64,197	1,016	5,622	62,309	493	3,734
Average PA		281			187	

Economic Projections

- A4.11 As well as estimating the number of household from our trend based projections we can apply the same process to our economically driven projections (PROJ 7 to PROJ 10). Household estimates from each of these are shown below.
- A4.12 The data shows that under PROJ 7 (Projected Employment Growth) the number of households is expected to rise from 58,575 in 2011 to 72,536 in 2031 – an average of 698 households per annum. Whilst the alternative economic projection (PROJ 8) shows an average annual household growth of 555. In both cases the household growth is strongest in the latter part of the projection period (i.e. 2021-2031).
- A4.13 To achieve 5% employment growth in the 20-year period would see a projected increase in households of 404 per annum with this figure rising to 526 per annum with a 10% employment increase.

Figure A4.6 Estimated Household Growth under PROJ 7 and PROJ 8						
Year	PROJ 7			PROJ 8		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2011	58,575	-	-	58,575	-	-
2016	60,851	2,276	2,276	60,306	1,731	1,731
2021	63,326	2,475	4,751	62,238	1,932	3,663
2026	67,724	4,398	9,149	65,856	3,618	7,281
2031	72,536	4,812	13,961	69,674	3,818	11,099
Average PA		698			555	

Figure A4.7 Estimated Household Growth under PROJ 9 and PROJ 10

Year	PROJ 9			PROJ 10		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2011	58,575	-	-	58,575	-	-
2016	61,055	2,480	2,480	61,564	2,989	2,989
2021	63,227	2,172	4,652	64,341	2,776	5,766
2026	64,951	1,724	6,376	66,720	2,380	8,145
2031	66,646	1,695	8,071	69,094	2,374	10,519
Average PA		404			526	

Vacant dwellings

A4.14 The analysis so far has concentrated on the number of additional households and has then translated this into an estimate of the number of additional homes required. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. We have therefore added a vacancy allowance of 2.5% to all of the above figures to make estimated housing requirements with figures shown in the table below.

Figure A4.8 Estimated annual housing numbers with 2.5% vacancy allowance (to 2031)

Projection variant	Household growth	Annual requirement with vacancy allowance
PROJ 1	582	596
PROJ 2	693	711
PROJ 3	470	481
PROJ 4	358	367
PROJ 5	281	288
PROJ 6	187	191
PROJ 7	698	716
PROJ 8	555	569
PROJ 9	404	414
PROJ 10	526	539
CLG 2008-based household projections	853	874

Scenarios linked to housebuilding rates

A4.15 Finally, we have developed three projections related to different levels of future housebuilding. These have been based on suggestions in the Council's Local Plan.

Figure A4.9 Description of housebuilding rate projections

Projection	Description
PROJ 11	Annual housebuilding of 250 units per annum in the period 2011 to 2031
PROJ 12	Annual housebuilding of 500 units per annum in the period 2011 to 2031
PROJ 13	Annual housebuilding of 800 units per annum in the period 2011 to 2031

- A4.16 In carrying out these projections the growth in dwellings is fixed with the growth in households estimated to be slightly lower than this (due to the 2.5% vacancy allowance). The key outputs from these models will be to understand the implications of different levels of housebuilding on the population and economy and below we have provided tables to look at these two issues.
- A4.17 The first table below shows estimated population change under each of the three housebuilding scenarios. Under PROJ 11 – 250 homes per annum we see an increase in population over the twenty year period of about 1.9%; PROJ 12 (500 units per annum) sees population growth of 10.1% whilst the final housebuilding scenario (800 units per annum) shows a significant increase in population (up by 19.8% - an additional 27,500 people).

Figure A4.10 Population estimates 2011 to 2031 for housebuilding rate scenarios

Projection	2011	2016	2021	2026	2031
PROJ 11	138,670 0.0%	139,957 0.9%	140,935 1.6%	141,389 2.0%	141,319 1.9%
PROJ 12	138,670 0.0%	142,463 2.7%	146,185 5.4%	149,595 7.9%	152,617 10.1%
PROJ 13	138,670 0.0%	145,471 4.9%	152,486 10.0%	159,443 15.0%	166,177 19.8%

- A4.18 The table below shows estimated changes in the number of people working for each of the housebuilding scenarios. The data shows that in the case of PROJ 11 (250 units provided per annum) the number of people in employment is expected to drop – in the case of PROJ 12 and PROJ 13 there is expected to be a significant increase in the working population with the highest housebuilding scenario (PROJ 13) showing employment growth of 20.4% over the 20-year period.

Figure A4.11 Number of people in employment – 2011 to 2031 for housebuilding rate scenarios

Projection	2011	2016	2021	2026	2031
PROJ 11	67,264 0.0%	68,967 2.5%	69,689 3.6%	67,722 0.7%	66,242 -1.5%
PROJ 12	67,264 0.0%	70,506 4.8%	73,018 8.6%	72,761 8.2%	72,942 8.4%
PROJ 13	67,264 0.0%	72,352 7.6%	77,013 14.5%	78,808 17.2%	80,983 20.4%