Coventry & Warwickshire Joint Strategic Housing Market Assessment

Final Report

November 2013

Prepared by

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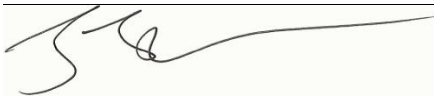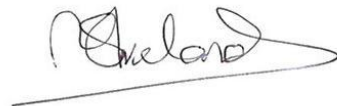
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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

1.1   The local authorities in Coventry and Warwickshire have jointly commissioned the preparation of a Joint Strategic Housing Market Assessment (SHMA) for their functional housing market area. The commissioning authorities are:

- Rugby Borough Council;
- Coventry City Council;
- Warwick District Council;
- North Warwickshire Borough Council;
- Nuneaton & Bedworth Borough Council;

1.2   Solihull Metropolitan Borough Council, Birmingham City Council, Stratford-on-Avon District Council and Warwickshire County Council have been engaged as consultees to the process of preparing the Joint SHMA given their relationships to the housing market area.

1.3   The primary purpose of the SHMA is to guide, inform and support the development of planning and housing policies. Its preparation responds to the requirements of the National Planning Policy Framework (NPPF) and the 'duty to cooperate' in progressing strategic planning issues across local authority boundaries. It provides the evidence base for the development of local plans and core strategies.

1.4   The Joint SHMA is concerned principally with issues related to housing development, and considers in particular questions relating to:

- how many homes might need to be developed in the future;
- what mix of homes might be needed;
- the housing needs of specific groups within the population.

1.5   The Joint SHMA explores issues around housing need and demand, population demographics and drivers of the housing market.

1.6   The Joint SHMA has been prepared by GL Hearn and Justin Gardner Consulting (JGC). Its principal purpose is to bring together the evidence base necessary to make policy decisions on overall housing requirements, and to provide an evidence base for policies regarding the mix of housing that might be needed and the housing requirements of different groups within the population.

1.7   The approach to the Joint SHMA is informed by the requirements of the National Planning Policy Framework (CLG, March 2012), in particular paragraphs 47, 50 and 159. It takes account of the 2007 Practice Guidance on undertaking Strategic Housing Market Assessments.[1] This report and its conclusions have also been informed by the draft Planning Practice Guidance issued by

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[1] CLG (August 2007) *Strategic Housing Market Assessments, Practice Guidance*

Government in August 2013 on '*Assessment of Housing and Economic Development Needs*'[2] as part of its review of planning practice guidance.

1.8 The remainder of the report is structured as follows:

- **Section 2: Policy Background** – this section reviews national planning and housing policies, together with current policies or emerging policies for housing provision in the local authorities within Coventy and Warwickshire;
- **Section 3: Defining the Housing Market Area** – this section reviews migration and commuting dynamics together with previous research to define the sub-regional housing market;
- **Section 4: Housing Stock and Supply Trends** – this section profiles the current mix and profile of housing within the Housing Market Area (HMA) together with past trends in housing supply;
- **Section 5: Housing Market Dynamics** – this reviews housing market dynamics and market signals and is used to consider whether any imbalance is evident between supply and demand for homes;
- **Section 6: Demographic and Economic Drivers of the Housing Market** – this section considers the population structure as well as trends in population and economic growth. These provide an input to the demographic projections presented in Section 7;
- **Section 7: Considering Future Housing Needs** – this section presents demographic projections which explore future growth in the population and overall housing need, taking account of population trends as well as economic growth forecasts;
- **Section 8: Affordable Housing Need** – this section considers the affordability of market housing, and then uses the Basic Needs Assessment Model to identify the level of need for affordable housing;
- **Section 9: Need for Different Sizes and Types of Homes** – considers the need for different sizes of market and affordable homes, and for the tenure mix of affordable housing;
- **Section 10: Housing Needs of Specific Groups in the Population** – assesses housing needs of older people, those with disabilities, BME households, households with children, young people and students;
- **Section 11: Conclusions** – the final section of the report brings the range of evidence together to consider overall housing needs, and the needs for different types and sizes of homes over the period to 2031.

1.9 Appendix 1 includes detailed demographic modelling assumptions. Appendix 2 summarises the feedback from a workshop held with technical stakeholders in November 2013.

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[2] CLG (August 2013) *Assessment of Housing and Economic Development Needs – Draft Guidance*

2   POLICY BACKGROUND

2.1   In this section we review relevant strategic housing and planning policies, from a national to local level. We consider first national planning policy and key housing policies relevant to the assessment of future housing provision, and then summarise the current or emerging policies for housing provision in each of the authorities within Coventry and Warwickshire.

National Planning Policies

2.2   The Coalition Government has reformed the policy framework for planning for housing provision, revoking regional spatial strategies and returning responsibilities for determining policies for housing provision to local authorities. As of May 2013 the West Midlands Regional Plan is revoked. The primary legislation to support this is the 2011 Localism Act which now includes a '**Duty to Cooperate'** on local authorities.

2.3   The duty applies to the preparation of development plans and other local development documents, and to activities which can 'reasonably be considered to prepare the way' for these activities or support them (such as the preparation of supporting evidence such as this). Authorities are required by Section 110:2 of the Localism Act to "engage constructively, actively and on an on-going basis" with the other authorities identified in undertaking these tasks. The Duty to Cooperate is a legal test which development plans must meet. It is a key justification for the authorities' collaborating in the preparation of this study.

2.4   National policies for plan-making are set out within the **National Planning Policy Framework**[3].This sets out key policies against which development plans will be assessed at examination and to which they must comply. From April 2013 the weight which can be given to policies within existing adopted plans which are 'pre-NPPF' is influenced by the degree of compliance of these with policies within the Framework.

2.5   The Framework sets a **presumption in favour of sustainable development** whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted. Green Belt, Areas of Outstanding Natural Beauty and flood risk are recognised as nationally-significant constraints however the Framework does allow review of Green Belt boundaries through the development of Local Plans.

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[3] CLG (March 2012) *National Planning Policy Framework*

2.6   Paragraph 47 sets out that to significantly boost the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies in the Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.

2.7   The core evidence for housing requirements is intended to be **a Strategic Housing Market Assessment (SHMA) for the housing market area**. This Joint SHMA seeks to address this requirement. Paragraph 159 in the Framework outlines that the SHMA should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

2.8   This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. This SHMA covers Coventry and Warwickshire and has included the involvement of a number of adjoining authorities.

2.9   The NPPF reaffirms the importance of the 'duty to cooperate.' Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining.

2.10   Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy, and this is an issue which has been emerging in a range of recent Core Strategy / Local Plan Inspector's Reports and representations made to emerging Local Plans. Paragraph 17 in the NPPF reaffirms this, and outlines that plans should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

2.11   The preparation of a strategic housing market assessment for the housing market area is intended to be the primary means of determining policies for future housing provision. The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment.

Practice Guidance

2.12   The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in 2007.[4] The approach in this report takes account of this Guidance.

2.13   New draft Guidance was issued by Government in August 2013 on '*Assessment of Housing and Economic Development Needs*'[5] as part of its review of planning practice guidance. This is relevant to the Joint SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing.

2.14   The Guidance defines "need" as referring to 'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need." It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints.

2.15   The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG).

2.16   It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where there market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability.

2.17   The affordable housing needs evidence is also relevant, with the draft Practice Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

2.18   In regard to economic evidence, the Guidance indicates that job growth and economic forecasts should be considered, and that an increase in housing provision should be considered where there is evidence that labour supply might result in unsustainable commuting patterns that reduce the resilience of local business. It cautions against reducing migration assumptions based on economic

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[4] CLG (August 2007) *Strategic Housing Market Assessments, Practice Guidance*
[5] CLG (August 2013) *Assessment of Housing and Economic Development Needs – Draft Guidance*

evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

National Housing Policies

2.19   In November 2011 the Government published **Laying the Foundations: A Housing Strategy for England** (HM Government, Nov 2011). This outlines the Government's ambition to stimulate housebuilding, not least to support economic recovery. It identifies a number of initiatives to support this, including a new-build indemnity scheme (which has since been rolled into the 'Right to Buy' scheme), 'Growing Places' funding for infrastructure to unblock housing and economic growth, 'Kick Start' funding for stalled development schemes, a 'Get Britain Building' Investment Fund to provide development finance, and other initiatives including to bring forward public sector land for development, support growth in the private rented sector and 'reinvigorate' right-to-buy sales and bring empty homes back into use.

2.20   Since the 2011 Housing Strategy the Government has introduced a number of additional measures to try to kick-start the housing market. Of particular relevance is the new **"Help to Buy"** scheme introduced in the 2013 Budget. This provides two schemes aimed at increasing the supply of low-deposit mortgages and new housing:

- Help to Buy Equity Loan – a new-build only scheme which expands the existing FirstBuy scheme to provide an equity loan of up to 20% of the value of a home through an equity loan. The scheme will run until April 2016 and buyers will require only a 5% deposit;
- Help to Buy Mortgage Guarantee – a similar scheme where buyers will require a 5% deposit and the Government will provide guarantees underpinning the 95% mortgage from a commercial lender. This scheme is available for both new-build and existing homes from October 2013.

2.21   Moving forward these schemes could have a real impact at stimulating effective market demand for homes as they target some of the key challenges which have restricted access to home ownership: the difficulties households have been having in securing mortgage finance and high loan-to-value ratios. However this is set against a set of wider macro-economic dynamics which seems likely to continue to influence the scale and timing of recovery in the housing market; and the limited funding available for affordable housing delivery within the current Spending Review period to 2015 (and potentially beyond this).

Localism Act – Housing Reforms

2.22   The Localism Act has introduced a number of reforms affecting the management of social housing. These reforms are summarised below:

Allocations Policies

2.23   The Localism Act gives Councils 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. Local Authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no 'need' for affordable housing from joining housing registers.

Tenancies

2.24   The Localism Act has introduced 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. Tenants on new fixed term tenancies 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). Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need. Specific local policies are expected to be set out in local authority's tenancy strategies.

2.25   The Government has also changed 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 will not however affect joint tenancies or existing secure tenants.

Reform of Homelessness Legislation

2.26   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. Specific local policies are expected to be set out in local authority's tenancy strategies.

2.27   The Government has also recently introduced a new nationwide home swap scheme to support mobility in the social sector. In terms of social housing finance, the Localism Act also introduces 'self-financing' which allows Councils to keep money from rents to spend on upkeep, investment and management of their housing stock. It has also made changes to the regulation of the Social Housing Sector.

Welfare Reforms

2.28   The Welfare Reform Act received Royal Assent in March 2012. This introduces the following:

- Household Benefit Cap;
- Planned introduction of Universal Credit (combining current existing benefits);
- Linking Local Housing Allowance (LHMA) rates to CPI; and
- Size Criteria for Calculating Housing Benefit in the Social Rented Sector.

Household Benefit Cap

2.29   The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. Housing Benefit has been previously based on the size of the property rather than the household. This change will particularly impact on working-age households who are under-occupying homes. The Government estimates that the change of policy will impact on 670,000 households nationally – 32% of all working-age households in receipt of Housing Benefit. The average cost to affected households will be a reduction in Housing Benefit of £13 per week in 2013/14. The policy change is focused on reducing the Government's benefit bill, increasing mobility in the social rented sector and making better use of the existing social housing stock.

Shift towards Universal Credit

2.30   Universal Credit, which brings together existing benefits into a single payment, is due to be phased in from October 2013. A movement towards universal credit to provide one streamlined payment is likely to end the payments of housing benefit directly to landlords in some instances. Coupled with the caps on growth in LHA levels, this may over time make tenants on benefits less attractive to landlords. It could result in some moderating of growth in benefit claimants in the private rented sector, although this will depend on overall dynamics within the sector.

Changes to Local Housing Allowance

2.31   Low income households living in the Private Rented Sector are able to claim Local Housing Allowance (LHA) to assist in meeting their housing costs. LHA is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies.

2.32   In April 2011 the Government changed how LHA is calculated, shifting this from median rents in the BMRA to the 30th percentile. It has also introduced caps on LHA payments: £250 a week for a 1bed property or shared accommodation, £290 a week for a 2-bed property, £340 a week for a 3-bed property and £400 a week for properties with 4 or more bedrooms.

2.33   The Welfare Reform Act also indicates that increases in LHA rates from 2013 will be restricted to growth in inflation as measured by the Consumer Price Index (CPI). Rates will also be set annually rather than monthly. This can be expected to exert a downward pressure on rents, particularly in areas where LHA claimants form a significant proportion of the private rented sector market, and may encourage some LHA claimants to move to cheaper areas.

Planning Policies for Housing Provision at a Local Level

2.34   We provide below an overview of key planning policies, either existing or emerging, related to overall housing provision within Coventry and Warwickshire together with the evidence base underpinning these.

Coventry

2.35   Coventry City Council withdrew its previous Core Strategy in April 2013 and is intending to review its strategic planning policies. The Joint SHMA provides a key input to this.

2.36   The previous Submission Core Strategy (July 2012) proposed development of a minimum of 11,373 additional dwellings between 2011-28 (669 pa). This was informed by the 2011 Coventry Strategic Housing Market Assessment (GL Hearn 2011).

North Warwickshire

2.37   North Warwickshire Borough Council's Core Strategy was submitted for examination in February 2013. This proposed development of a minimum of 3,800 additional dwellings between 2006-28 (150 pa). This included provision of 500 homes to meet Tamworth's housing needs. At the time of writing, the examination is suspended pending work on the SHMA and an Employment Land Review. It is due to resume in January 2014.

2.38   A 40% affordable housing target is proposed for the 2006 – 2028 period in Policy NW5. Rural affordable sites are to be included in future development plans or neighbourhood documents.

Nuneaton and Bedworth

2.39   Nuneaton and Bedworth Borough Council's Borough Plan Preferred Options went out for public consultation in July 2013. This proposed the development of 7,900 dwellings over the 2010-28 plan period (439 pa). The current evidence base regarding housing numbers set out within the Preferred Options Document is the *Nuneaton & Bedworth Forecast Model Report* (Oxford Economics, 2011). This is to be reviewed in due course to take account of the findings of this Joint SHMA.

2.40   Policy HOU1 in the Preferred Options Document suggests that developments with 15 or more dwellings will be expected to provide affordable housing. An affordable housing tenure split of 85% socially rented and 15% intermediate housing is proposed. Policy HOU1 proposes that developments will comprise a mix of housing types, sizes and tenures (and other needs identified in the SHMA). The policy supports the provision of Extra Care housing and Lifetime Homes (at least 35% of new homes are expected to be Lifetime Homes).

Rugby

2.41   Rugby Borough Council has an adopted Core Strategy (2011). This proposes development of 10,800 dwellings over the 2006-26 plan period (540 pa). The housing numbers within this were based on those in the West Midlands RSS Phase 2 Revision Panel Report.

2.42   Policy CS 19 states that affordable housing is to be provided on all sites which are at least 0.5 hectares in size or capable of accommodating 15 or more dwellings. On sites 0.5 hectares to 1 hectare there is a proposed affordable housing target of 33.3%. On sites over 1 hectare (or capable of accommodating 30 or more dwellings) there is an affordable housing target of 40%. Other relevant housing policies are Policy CS20 on local housing needs and Policy CS21 on rural exemption sites.

Stratford-on-Avon

2.43   A third draft of Stratford-on-Avon District Council's Core Strategy was published for consultation in February-March 2012. This proposed delivery of approximately 8,000 dwellings over the 2008-28 plan period. However in May 2013 we understand that the Council's Cabinet has agreed to move forward with a Core Strategy based on planning for 9,500 homes over this period (475 pa). This was informed by the *Housing Provision Options Study* (GL Hearn, 2010) and GL Hearn's 2012 Update of this; together with an independent review of the evidence base undertaken by ERM. Public consultation on this ran from August-September 2013.

2.44   Policy CS 18 outlines the council's proposed policy for affordable housing in Stratford upon Avon, the main rural service centres and in the local service villages (and other rural areas) is 35% in developments with 5 or more dwellings. Policy CS 19 outlines the council's policy on specialised accommodation (including housing for the elderly and housing for the vulnerable). Policy CS 20 sets out the council's proposed policy on housing mix and type. It proposes that housing developments should meet the housing needs (in terms of tenure and housing type) of local communities but adds that identified needs across the District points to a need of: 2 and 3 bedroom family homes, 1 bedroom flats and bungalows.

Warwick District Council

2.45   Warwick District Council consulted on their revised development strategy between 14th June and 29th July 2013 as part of the development of a new Local Plan. This indicates an interim level of housing provision for 12,300 homes over the 2011-29 plan period (683 pa) pending work on this Joint SHMA. This was informed by initial demographic modelling undertaken by GL Hearn/ JGC.

2.46   Policy P05 outlines the council's preferred options for affordable housing. It proposes a 40% affordable housing policy in new developments on 10 or more dwellings in the urban areas, and 5 or more dwellings in the rural areas. Part B of this policy outlines' the council's preferred approach for affordable housing on rural exception sites.

2.47   Policy P06 proposes a mixture of housing types (to meet the needs of requirements set out in the SHMA). It is proposed that at least 25% of homes on sites of 50 or more dwellings will be Lifetime Homes. It states that all strategic sites will include extra care housing schemes located close to local facilities and that proposals for retirement villages and continuing care retirement schemes, student housing schemes and Houses in Multiple Occupation will need to meet locational criteria and meet the needs of the local community.

Summary of Emerging Policies for Housing Provision

2.48   Table 1 below summarises the current or emerging policies for housing provision across Coventry and Warwickshire.

Table 1:   Summary of Proposed Housing in Coventry / Warwickshire

	Planning Period	Housing Numbers Proposed	Homes per Annum	% Affordable Housing
Coventry*	2011 - 2028	11,373	669	25 – 35%
North Warwickshire	2006 - 2028	3,800	173	40%
Nuneaton and Bedworth	2010- 2028	7,900	439	25%
Rugby	2006 - 2026	10,800	540	33.3% - 40%
Stratford	2008-2028	9,500	475	35%
Warwick	2011 - 2029	12,300	683	40%
Total			2979	

*Coventry Core Strategy is withdrawn

3   DEFINING THE HOUSING MARKET AREA

3.1   The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure their Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). An initial task is therefore to consider the definition of the housing market area.

3.2   In simple terms, a housing market area is a geographical area in which the majority of people who move, will move within. It is defined in the August 2013 draft Planning Practice Guidance on the '*Assessment of Housing and Economic Development Needs*' as "a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between where people live and work."

3.3   The draft Guidance identifies that there is no single source of information that can be used to identify HMAs; but sets out that housing market areas can broadly be defined using three sources of information:

- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the functional relationships between places where people work and live.

3.4   This essentially reaffirms previous Government Guidance on defining housing market areas[6].

Previous Research to define HMAs

3.5   In 2005, the West Midlands Regional Assembly published the West Midlands Regional Housing Strategy (RHS). This made use of house price data, travel to work flows and census migration data to identify housing market areas in the West Midlands.

3.6   Four housing market areas in the West Midlands area were identified: north, south, central and west; based on groupings of local authorities. North Warwickshire, Nuneaton and Bedworth, Rugby and Coventry were defined as in the Central Housing Market Area (C2). The Central HMA (C1-C3) was focused on the West Midlands Conurbation.

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[6] CLG (2007) *Identifying Sub-Regional Housing Market Areas: Advice Note*

3.7   Warwick District was identified as in the Southern Housing Market Area (with Stratford upon Avon and the six Worcestershire districts). These areas were identified as having house prices which are more similar to Oxfordshire and Gloucestershire.

Figure 1:   Housing Market Areas defined in the West Midlands Regional Housing Strategy

West Midlands Sub-Regional Housing Market Areas
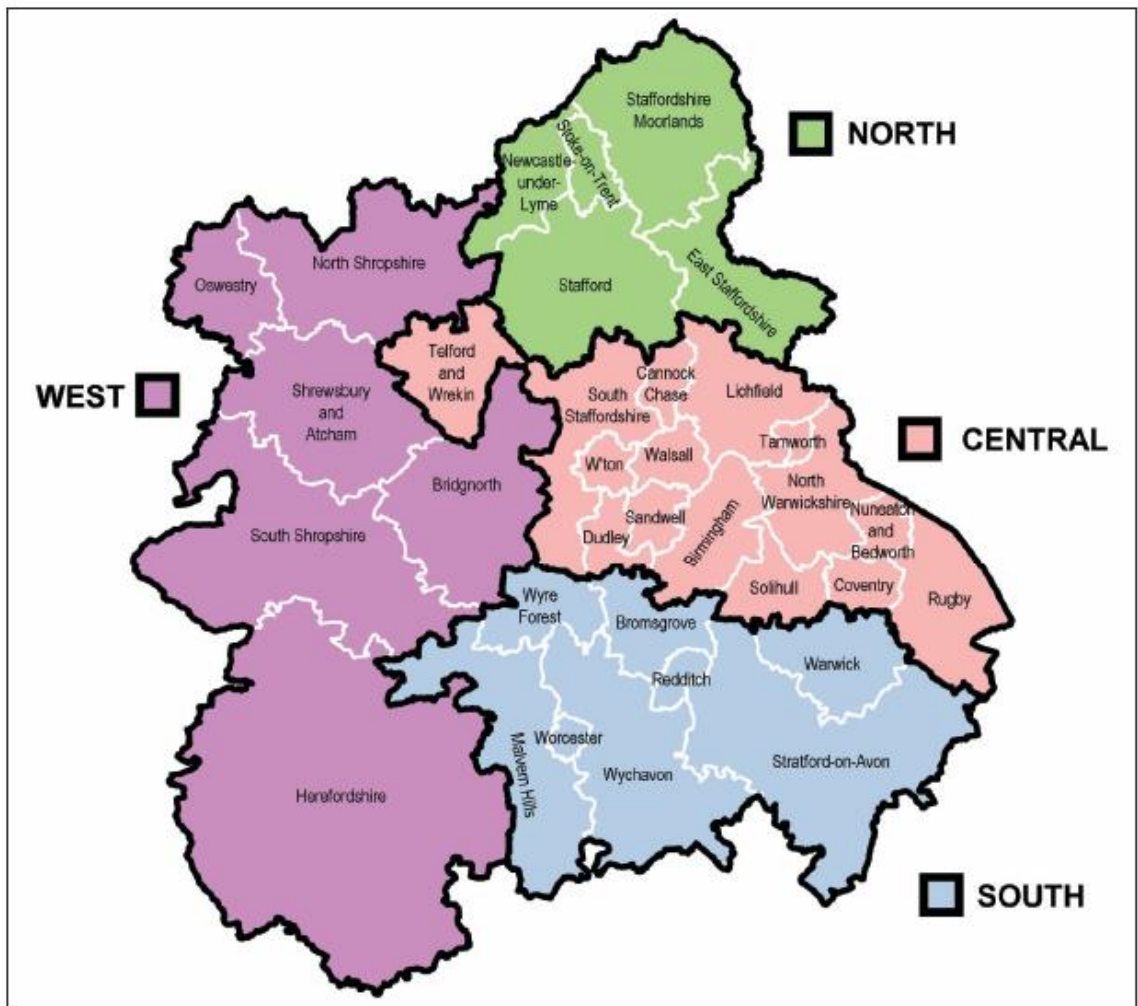
Source: West Midlands Regional Assembly, 2005

Table 2:   Housing Market Areas in the West Midlands

Central	North	South	West
C1 Birmingham Lichfield Solihull Tamworth	East Staffordshire Newcastle-under-Lyme Stafford Staffordshire Moorlands Stoke-on-Trent	Bromsgrove Malvern Hills Redditch Stratford-on-Avon Warwick Worcester Wychavon Wyre Forest	Bridgnorth Herefordshire North Shropshire Oswestry Shrewsbury South Shropshire
C2 Coventry North Warwickshire Nuneaton & Bedworth Rugby			
C3 Cannock Dudley Sandwell South Staffordshire Telford & Wrekin Walsall Wolverhampton			

3.8   More recently, in 2010, the CLG published national level research on *the Geography of Housing Market Areas* which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and standardised house prices. This was brought together to define a three-tiered structure of housing markets across England, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

3.9   We consider that this is a good starting point for considering functional housing market areas, not least as it provides a standardised analysis at a national level. It should be borne in mind that the analysis is based on 2001 Census data; however at the time of writing in Summer 2013 origin-destination matrices for commuting and migration from the 2011 Census have not been released.

3.10   The CLG research defines a Coventry-focused Strategic Housing Market Area. This includes: Coventry, Nuneaton, Bedworth, Kenilworth, Warwick, Leamington Spa, Southam and Rugby. It covers the local authority areas or part of the local authority areas of Coventry, Nuneaton & Bedworth, Rugby and Warwick and North Warwickshire. Parts of Stratford-on-Avon fall within the Birmingham Strategic Housing Market Area defined in this research.

Figure 2: CLG Strategic Housing Market Areas
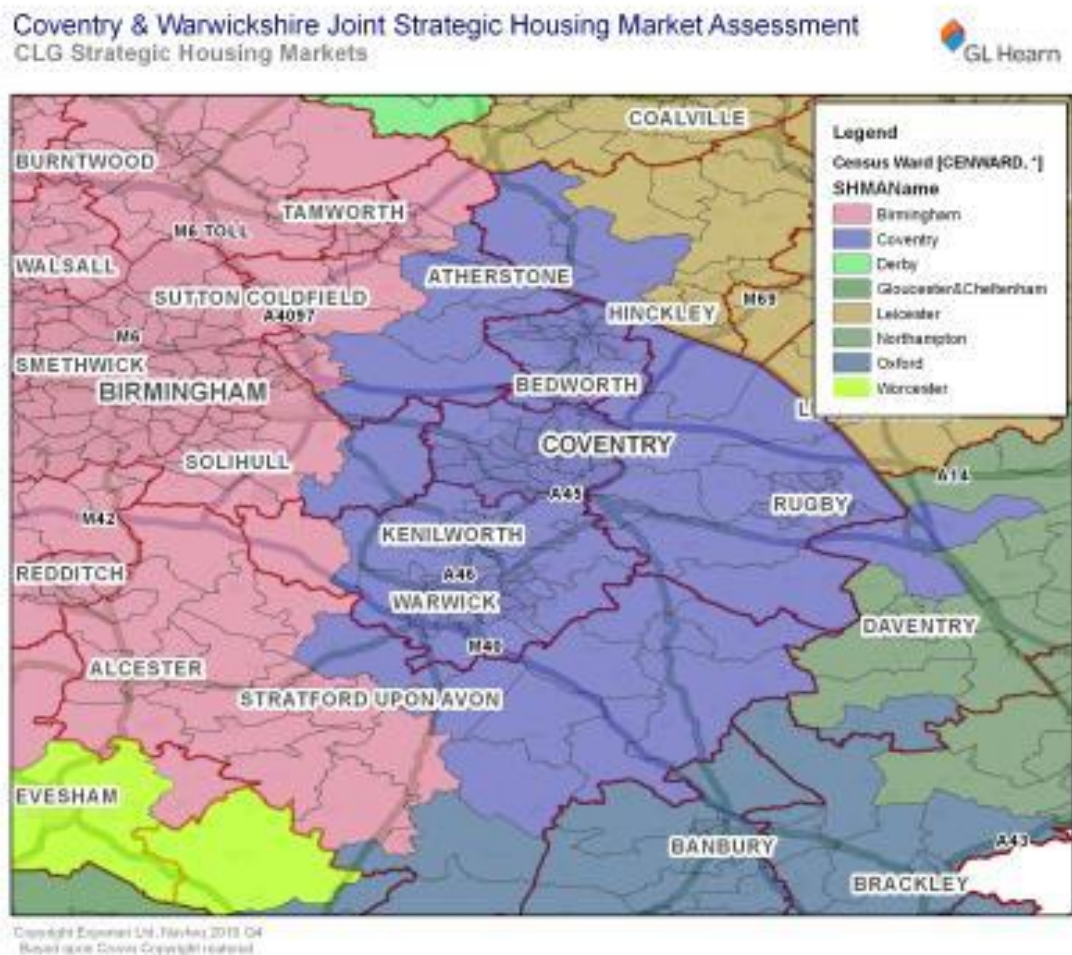
3.11   The CLG research defines the following local housing market areas within the Coventry Strategic Housing Market Area:

- Coventry (West);
- Coventry (East);
- Nuneaton; and
- Rugby.

3.12   The local housing market areas in the Birmingham SHMA includes Solihull and Stratford-upon-Avon.

3.13   The complex geography of local housing markets reflects the functional relationship between settlements and their hinterlands.

3.14   The two-tier structure in the CLG research is useful at disaggregating strategic housing market areas which are of use for long-term strategic planning (such as consideration of housing numbers); whilst the more local housing market areas are of greater relevance in assessing shorter-term issues relating to local market dynamics, characteristics and market capacity issues (such as the management of housing supply).

3.15   However whilst this two-tier definition is useful, for strategic planning purposes it has been long recognised that it is appropriate to define 'best fit' areas using local authority boundaries. This is recognised within the 2007 Advice Note[7] and is consistent with the approach used in the West Midlands RSS. It is also pragmatic as much of the demographic evidence necessary to construct projections for future housing requirements is not available below local authority level. The CLG 2010 research takes this forward in defining a 'silver standard' single tier of housing markets and in allocating the 'best fit' of local authorities to these and the strategic housing markets.

3.16   This defines the best fit of local authorities to a strategic housing market as comprising the following authorities in the Birmingham SHMA:

- North Warwickshire
- Stratford-on-Avon

3.17   The following authorities comprise the Coventry Strategic Housing Market Area:

- Coventry
- Nuneaton and Bedworth
- Rugby
- Warwick

3.18   The tiered structure and different conclusions which can be drawn from the national research is somewhat confusing; and is not helped by the lack of clarity regarding how housing market areas as described in the NPPF should be defined. Furthermore much of the analysis is based on now somewhat dated 2001 Census migration and commuting data. We have therefore sought to go back to examine migration and commuting dynamics to consider further the definition of the housing market area.

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[7] CLG (2007) *Identifying Sub-Regional Housing Market Areas – Advice Note*

Migration and Travel to Work Flows

Migration Flows

3.19   To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed migration and travel to work dynamics using the latest available data.

3.20   ONS internal migration statistics record flows between local authorities, based on information from NHS patient re-registrations. These typically show larger flows between authorities which are close to or border one another, and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

3.21   Taking this into account we have sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows per annum between mid-2008 and mid-2011. The figures are expressed per combined 10,000 population. The table shows the most significant flows between authorities (i.e. those with flows of over 100 persons per 100,000 combined population).

Table 3:   Gross Migration Flows per 10,000 Population, 2008-11

Authority 1	Authority 2	Gross Flow per Annum	Combined Population ('000s)	Flow per 100,000
Coventry	Warwick	2640	454.6	581
Warwick	Stratford-on-Avon	1430	258.5	553
Nuneaton & Bedworth	North Warwickshire	810	187.5	432
Rugby	Daventry	500	178.6	280
Coventry	Nuneaton & Bedworth	1190	442.3	269
Stratford-on-Avon	Redditch	520	205.1	254
Coventry	Rugby	960	417.4	230
Nuneaton & Bedworth	Hinckley & Bosworth	500	230.7	217
Stratford-on-Avon	Wychavon	500	237.9	210
Rugby	Warwick	420	238.2	176
Stratford-on-Avon	Cotswold	330	204	162
North Warwickshire	Solihull	400	269	149
Rugby	Nuneaton & Bedworth	310	225.9	137
Stratford-on-Avon	Solihull	440	327.7	134
Stratford-on-Avon	Cherwell	350	263.1	133
Warwick	Solihull	440	344.6	128
Coventry	Birmingham	1720	1391.2	124
North Warwickshire	Hinckley & Bosworth	180	167.4	108
Rugby	Stratford-on-Avon	230	221.3	104

Source: ONS Migration Statistics

3.22   The analysis indicates that some of the strongest flows are between Warwick District and both Coventry and Stratford-on-Avon; between Nuneaton and Bedworth and both Coventry and North Warwickshire; and between Rugby and both Coventry and Daventry.

3.23   The analysis highlights that Stratford-on-Avon District 'looks a number of ways' reflecting the geography of the District, with links to Redditch, Solihull and Wychavon and a lesser extent Cherwell; although the strongest relationships are with Warwick District. This suggests that different parts of the District fall within different housing market areas.

3.24   There is a flow between Coventry and Birmingham, and indeed flows from all of the Warwickshire authorities and both Birmingham and Solihull; however these flows are relatively weak compared to flows between the Coventry-Warwickshire authorities and those between authorities within the Birmingham HMA (as defined above by CLG).

3.25   The above analysis focused on gross migration flows – the combined flow both ways between two authorities. Turning to consider net migration, we can identify the following significant net migration flows (of over 100 persons per annum):

- Coventry to Warwick: 1060 persons per annum (ppa);
- Coventry to Nuneaton and Bedworth: 250 ppa;
- Coventry to Rugby: 220 ppa;
- Birmingham to North Warwickshire: 220 ppa;
- Warwick to Stratford-on-Avon: 210 ppa;
- Solihull to Warwick: 150 ppa;
- Solihull to Stratford-on-Avon: 120 ppa;
- Solihull to North Warwickshire: 120 ppa.

3.26   We see modest net migration from Birmingham and Solihull to North Warwickshire (relative to flows from Birmingham to Solihull and the Black Country authorities) and from Solihull to Stratford-on-Avon District. However we see net migration from Coventry to Birmingham of around 120 persons per annum.

3.27   Migration flows between the north and south of the County are limited. Overall the profile is of a housing market area focused on Coventry.

Commuting Flows

3.28   Looking at commuting dynamics, a similar pattern is evident. We have used data from the Annual Population Survey 2011. Table 4 shows the gross combined flows between areas daily (i.e. total flows in both directions between the two authorities):

Table 4:   Gross Commuting Flows, 2011

LA_1	LA_2	Combined Flow
Birmingham	Solihull	57760
Nuneaton & Bedworth	Coventry	18543
Coventry	Warwick	15180
Warwick	Stratford OA	13027
Rugby	Coventry	10493
Birmingham	Coventry	10301
Solihull	Coventry	8275
Birmingham	North Warwickshire	7060
Tamworth	North Warwickshire	5657
Stratford OA	Redditch	5471
Warwick	Solihull	5246
North Warwickshire	Coventry	4497
North Warwickshire	Nuneaton & Bedworth	2288

Source: 2011 Annual Population Survey

3.29   The strongest commuting links are between Coventry with Nuneaton and Bedworth and Warwick District. We also see a strong set of links between Warwick District and Stratford-on-Avon; and between Rugby and Coventry.

3.30   There is a net flow to Coventry from Nuneaton and Bedworth (14,700 persons), Rugby (3,400 persons) and from Warwick District (3,500 persons) according to this data. There is a net flow from Redditch to Stratford-on-Avon District (2,900 persons) and from Solihull to Coventry (2,500) although this latter flow is dwarfed by the 8,500 net flow from Solihull to Birmingham. This again indicates that Solihull is likely to form part of a Birmingham-focused HMA. There is a net flow from Tamworth to North Warwickshire (2,100 persons).

House Price Differentials

3.31   The CLG draft Practice Guidance also identifies that house prices and rates of change in house prices can provide a 'market based reflection' of housing market area boundaries; essentially through identifying areas which have clearly different price levels to surrounding areas.

3.32   To consider this we have used Zoopla 'Zed Index' to show differences in housing costs for similar products and how this has changed over the past three years (2010-13). From this we can identify:

- Lower house prices in the City of Coventry, Nuneaton and Bedworth and North Warwickshire (< £190,000). Prices in these areas are similar to Birmingham, Tamworth, Redditch and Hinckley;
- Higher house prices in south Warwickshie towns such as Leamington, Kenilworth, Warwick and Southam (between £255,000-£290,000) which are similar to other towns such as Banbury and Solihull;
- A notably higher priced market covering parts of Stratford-on-Avon District and extending south into the Cotswolds, with house prices of over £320,000.

3.33   Rugby seems to sit at the interface of the first two of these groups, with house prices of around £195,000.

Table 5:   Comparison of House Prices and House Price Growth 2010-13

	Average Property Value, Mid 2013	House Price Change Over 3 Years		Average Property Value, Mid 2013	House Price Change Over 3 Years
Bedworth	£140,508	2.3%	**Southam**	£259,676	-0.8%
Birmingham	*£150,348*	*-0.8%*	*Sutton Coldfield*	*£261,206*	*-2.1%*
Coventry	£155,180	0.5%	*Banbury*	*£261,744*	*1.8%*
Nuneaton	£158,853	2.7%	*Lutterworth*	*£266,226*	*0.6%*
Tamworth	*£160,833*	*-2.9%*	**Kenilworth**	£287,404	-1.5%
Redditch	*£178,355*	*0.7%*	**Warwick**	£288,738	3.8%
Hinckley	*£181,876*	*2.3%*	*Solihull*	*£289,491*	*0.0%*
Coleshill	£188,841	-0.8%	*Daventry*	*£303,022*	*6.1%*
Atherstone	£190,747	2.0%	**Stratford-upon-Avon**	£322,272	5.0%
Rugby	£195,297	2.9%	**Shipston-on-Stour**	£333,808	2.8%
Evesham	*£212,785*	*0.0%*	*Chipping Norton*	*£361,062*	*-1.8%*
Alcester	£257,290	-0.6%	*Moreton-in-Marsh*	*£372,441*	*0.2%*
Leamington Spa	£257,699	3.1%	**Henley-in-Arden**	£391,161	-0.4%

Source: Zoopla 2013 (Areas in italics are outside of Coventry and Warwickshire)

Drawing the Analysis Together

3.34   The strong functional links in migration and commuting terms between Coventry and different parts of Warwickshire point towards the existence of a Coventry-focused housing market area. This is supported by previous research. This housing market extends across much of Warwickshire, and includes the main settlements in each of the Warwickshire authorities. On this basis we conclude that it is appropriate to prepare a Joint SHMA for Coventry and Warwickshire.

3.35   There are clearly however not a set of hard and fast boundaries, and there are functional relationships which exist beyond this area and indeed towards the edges of the county that are functional links (in housing market terms) with adjoining areas. These include:

- Links from the higher priced southern parts of Stratford-on-Avon District through into the Cotswolds; from the west to the District towards Redditch and Wychavon and from the east towards Cherwell;
- Links between Rugby towards Daventry to the south east, and between the north of the Borough and Lutterworth;
- Links from the north of the County (Nuneaton, Bedworth and North Warwickshire) and Hinckley and Bosworth in Leicestershire.
- Links from parts of this HMA through into Solihull and Birmingham, albeit that for most authorities there are stronger functional links within the HMA than to these areas relative to population size.

3.36   Net migration flows from Birmingham/ Solihull to authorities within the HMA are relatively modest (in all but one case with a flow of less than 150 persons pa) and are less significant than the flows from Coventry to other parts of the HMA.

3.37   Based on the grouping of local authority boundaries, Coventry and Warwickshire is therefore defined as the relevant housing market area for strategic planning purposes.

3.38   Within this housing market area, we can identify a number of overlapping local housing markets, based on house price differentials. There is a lower priced market in the north of the HMA, which includes Coventry, Nuneaton and Bedworth and North Warwickshire. There is then a second local market which includes most of the larger south Warwickshire towns[8] situated close to the M40 Corridor. Rugby sits between and is influence by both, with medium-level prices relative to other parts of the HMA. A fourth higher-priced local market can be identified to the south based on smaller, rural settlements and market towns which extends south into the Cotswolds.

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[8] We refer to south Warwickshire as comprising the districts of Warwick and Stratford-on-Avon in this report

4   HOUSING STOCK AND SUPPLY TRENDS

4.1   We have defined Coventry and Warwickshire as a sub-regional housing market. In this section we move on to profile:

- Differences within the housing mix – as firstly this influences the characteristics of the market; and secondly it is important to understand what housing is in different areas now in considering what mix of housing should be provided in the future;
- How households occupy homes – considering evidence regarding overcrowding and under-occupation, as well as vacant and second homes;
- Housing supply trends – considering trends in housebuilding and how this has varied over time.

4.2   This analysis provides part of the context for considering and interpreting demographic projections relating to future levels of housing provision later in the report. This includes through considering whether there is evidence of any under-supply of housing.

4.3   In considering what mix of housing to deliver in the future, it is important to understand the current housing mix – not least as the current stock will continue to make up the majority of homes in an area in 20 years' time. It is thus important to understand the current 'housing offer' and how this has been changing, to consider what gaps in the offer new-build development might fill.

4.4   In this (and subsequent) sections, we define the Housing Market Area (HMA) as comprising the six local authorities of: Coventry, North Warwickshire, Nuneaton & Bedworth, Rugby, Stratford-on-Avon and Warwick.

Dwelling Stock & Tenure Profile

4.5   There are approximately 370,000 dwellings across the HMA (comprising the six local authorities) in 2011. 36% of housing provision within the HMA is in Coventry, with the smallest proportion (7%) in North Warwickshire. The other districts each contain about 12-16% of dwellings.

4.6   Approximately 16.1% of housing stock in the HMA is in public sector ownership, which is lower than the West Midlands (19.4%) and England (18.0%) average. Most housing in public sector ownership is likely to be affordable housing, owned by local authorities and registered providers. Housing in public sector ownership is highest in Coventry (18.4%) followed by Nuneaton and Bedworth (16.4%). In the other authorities it falls between 13-14%.

Table 6: Tenure, 2011

	Local Authority	Housing Association	Other Public Sector	Total Public Sector	Private Sector	Total Dwellings
Coventry	0.1%	18.3%	0.0%	18.4%	81.6%	132,590
North Warwickshire	10.2%	3.6%	0.0%	13.7%	86.3%	27,000
Nuneaton and Bedworth	11.8%	3.6%	1.1%	16.4%	83.6%	53,860
Rugby	9.0%	4.8%	0.0%	13.9%	86.1%	43,380
Stratford-on-Avon	0.0%	12.8%	0.5%	13.3%	86.7%	53,710
Warwick	9.5%	4.3%	0.0%	13.7%	86.3%	59,500
HMA	3.9%	12.1%	0.1%	16.1%	83.9%	370,040
West Midlands	8.9%	10.3%	0.2%	19.4%	80.6%	2,358,300
England	7.6%	10.2%	0.3%	18.0%	82.0%	22,814,000

Source: CLG, Table 100.

4.7 A more detailed picture of the housing stock can be seen in the table below. This indicates that **two thirds of homes across the HMA are owner occupied** (66.7%). Owner occupation is higher than the regional (64.9%) and national (63.3%) averages.

4.8 Levels of owner occupation are highest in North Warwickshire (72.4%), Stratford-on-Avon (71.8%) and Nuneaton and Bedworth (71.4%). It is also above regional and national averages in Rugby (69.5%) and Warwick Districts (66.7%). Owner occupation is below average only in Coventry (60.6%) where the incidence of renting is greater.

4.9 The level of social renting in the HMA (15.0%) is lower than the West Midlands (19.0%) and England (17.7%) average; whilst the level of private renting in the HMA (16.4%) is higher than the regional average (14.0%) but lower than the national average (16.8%).

4.10 In the HMA, social renting – based on the 2011 Census data - is highest in Coventry (17.0%) and lowest in the south Warwickshire districts - Warwick (13.4%) and Stratford-on-Avon (12.9%).

4.11 Levels of private renting are high in Coventry (20.6%) and Warwick (17.9%), in both of which it is above regional and national averages. This may be partly explained by the student populations from Warwick University and Coventry University. Levels of private renting are notably lower in North Warwickshire (11.3%), Nuneaton and Bedworth (12.7%) and Stratford-on-Avon (12.7%). The size of the private rented sector in these areas is below national/ regional averages.

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Table 7:   Detailed Tenure Profile, 2011 (%)

	Owner Occupied	Shared Ownership	Social Rented	Private Rented	Other
Coventry	60.6%	0.6%	17.0%	20.6%	1.2%
North Warwickshire	72.4%	0.7%	14.4%	11.3%	1.2%
Nuneaton and Bedworth	71.4%	0.5%	14.5%	12.7%	1.0%
Rugby	69.5%	1.0%	14.3%	14.1%	1.2%
Stratford-on-Avon	71.8%	1.1%	12.9%	12.7%	1.5%
Warwick	66.7%	0.9%	13.4%	17.9%	1.2%
HMA	66.7%	0.7%	15.0%	16.4%	1.2%
West Midlands	**64.9%**	**0.7%**	**19.0%**	**14.0%**	**1.5%**
England	63.3%	0.8%	17.7%	16.8%	1.3%

Source: Census (2011)

4.12   It is important to understand how the tenure profile has been changing over the past decade. Levels of private renting have increased across the HMA over the past decade – **the private rented sector has been the key growth sector across the HMA and in each local authority**. We have seen an increase of 29,700 households resident in the sector over the 2001-11 period.

4.13   There is increasing interest from institutional investors in the Private Rented Sector, particularly set against constraints in access to mortgage funding as well as public funding for capital investment in housing. The HCA has pledged to support local authorities to bring forward private rented schemes, and to broker schemes with public sector investments (in particular using public sector land). However this market is relatively embryonic, and a key issue in attracting institutional investment is the ability to ensure that the investment will generate reasonable returns. This is currently a relatively embryonic sector with few schemes actually delivered; and initially investment is likely to focus on towns and cities with a large student population and rented sector. In the short-term within the HMA we would therefore see the greatest potential as in Coventry and Leamington Spa.

4.14   In contrast the number of households who are owner occupiers has fallen, with a net reduction of around 2,200 between 2001-11. In absolute terms we have seen a modest growth in shared ownership and social renting, although the latter has fallen in terms of the proportion of households resident in the sector.   The evidence suggests an increasing role for privately-rented accommodation in meeting housing needs – and points to a growth in renting in terms of both investment in properties by landlords and demand from tenants.

4.15   The number of owner occupying households fell in Coventry over the 2001-11 decade, with a reduction of almost 6,000. We also saw a modest reduction in owner occupation in North Warwickshire.

Figure 3:   Change in Tenure Profile (2001 – 2011)
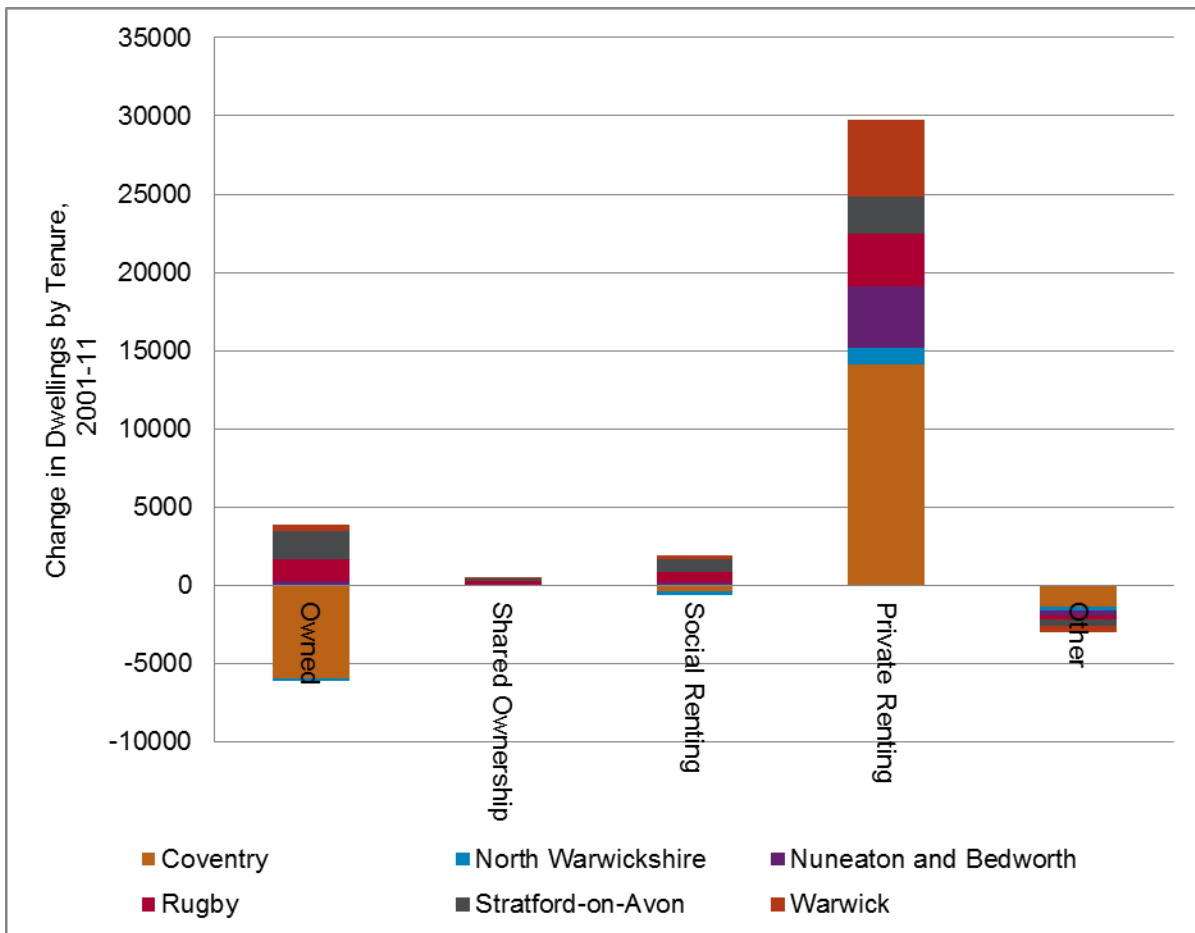
Source: 2001 and 2011 Census

House Types

4.16   As Figure 4 below highlights, the housing offer in the HMA is focused towards terraced and semi-detached housing. The HMA has a lower than average proportion of detached housing relative to the West Midlands more widely, and a low proportion of flats/maisonettes relatives to England as a whole.

4.17   Semi-detached housing in the HMA (31.5%) accounts for the largest proportion of housing stock in the HMA. This compares to 36.8% in the West Midlands and 30.7% nationally. Detached housing in the HMA (21.8%) is lower than regional (23.7%) and national (22.3%) averages.

4.18   The proportion of terraced housing is notably higher in the HMA (30.2%) than across the West Midlands (22.9%) or England (24.5%). The proportion of flats in the HMA (16.3%) is similar to the regional average (16.2%).

Figure 4:   % Dwelling Stock by Type at HMA Level, 2011
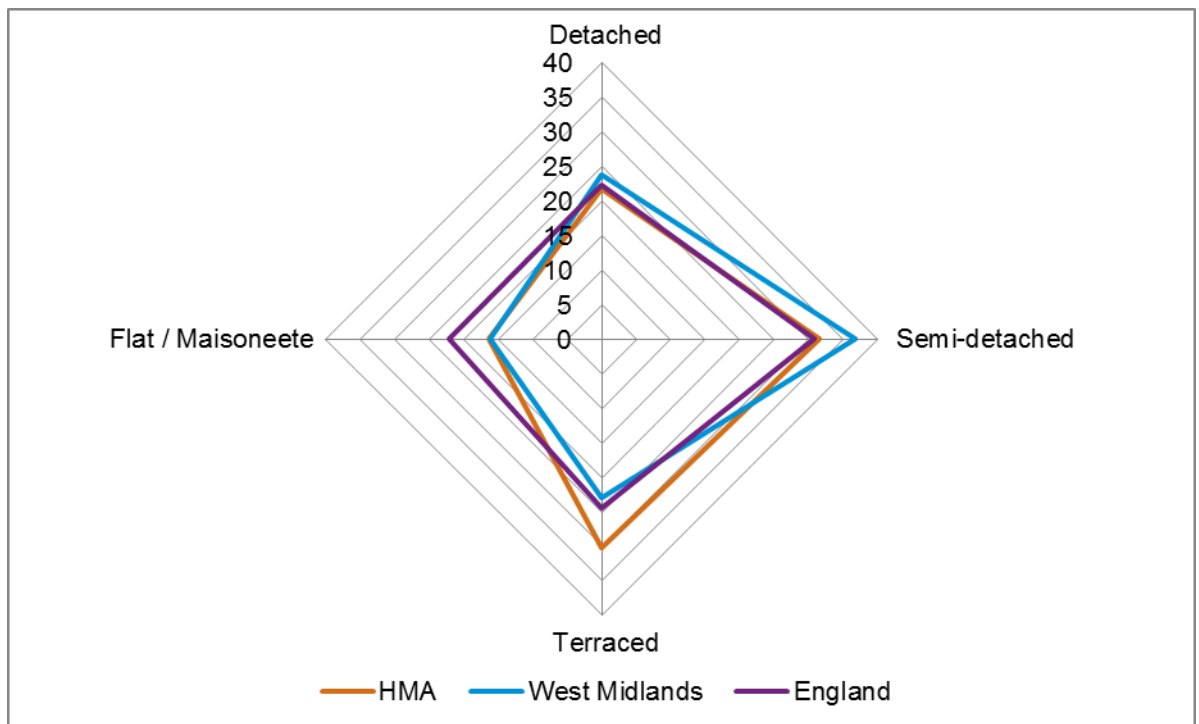
Source: Census (2011)[9]

4.19   The housing offer varies across the six local authority areas:

- In Stratford-on-Avon District the majority of housing is detached or semi-detached, with a particularly high level of detached homes (36.8%);
- In contrast in Coventry, the housing offer is focused towards terraced and semi-detached homes, with levels of terraced homes (43.0%) and flats/maisonettes (19.0%) notably above other parts of the HMA. Just 10.3% of the housing stock is detached;
- Rugby Borough appears to have a relatively balanced housing offer across house types, with slightly higher detached and terraced housing relative to the HMA average;
- In Warwick District, whilst semi-detached housing is the most prevalent, there is a particularly high level of flats/ maisonettes (23.0%);
- In both Nuneaton and Bedworth and North Warwickshire the housing offer is focused particularly towards semi-detached stock; with Nuneaton and Bedworth having a higher proportion of terraced stock than the other Warwickshire authorities.

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[9] Note: 'other' has been removed. This includes housing in caravans.

Table 8:   Dwelling Stock across the Local Authorities (%)

% Dwellings	Detached	Semi-detached	Terraced	Flat / Maisonette	Other
Coventry	10.3	27.5	43.0	19.0	0.2
North Warwickshire	28.3	39.1	23.5	8.6	0.5
Nuneaton and Bedworth	23.5	37.4	26.1	12.5	0.4
Rugby	28.3	33.5	24.9	13.0	0.4
Stratford-on-Avon	36.8	30.3	19.4	11.7	1.9
Warwick	24.3	30.9	21.5	23.1	0.2
HMA	21.8	31.5	30.2	16.3	0.5
West Midlands	23.7	36.8	22.9	16.2	0.4
England	22.3	30.7	24.5	22.1	0.4

Source: Census (2011)

Housing Sizes

4.20   The profile of housing of different sizes across the HMA is similar to the regional profile. Overall, 71.8% of dwellings have two or three bedrooms in the HMA compared to 72.3% regionally. Across the HMA:

- 8.6% of dwellings have 1 bedroom;
- 26.1% of dwellings have 2 bedrooms;
- 45.7% of dwellings have 3 bedrooms;
- 14.7% of dwellings have 4 bedrooms; and
- 4.6% of dwellings have 5 or more bedrooms.

Figure 5:   Size of Homes at HMA Level, 2011
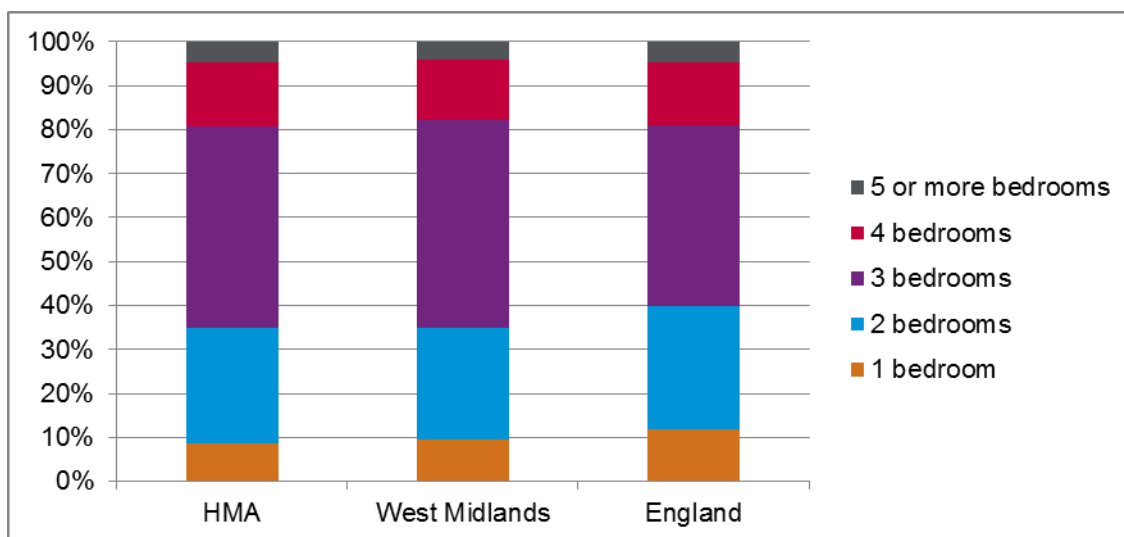
Source: Census (2011)

4.21   The highest proportion of one and two-bed properties are found in Warwick District (38.1%) and Coventry (36.4%). In all districts, three-bed properties predominate but the proportion of three-bed properties is highest in Nuneaton and Bedworth (51.3%) and North Warwickshire (50.6%). Larger properties with four or more bedrooms are particularly prevalent in Stratford-on-Avon District (29.7%). Rugby has a profile of house sizes which is similar to the HMA average.

Table 9:   Size of Homes by Local Authority (%)

% Dwellings	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
Coventry	9.7	26.7	49.9	10.2	3.1
North Warwickshire	6.7	23.3	50.6	15.3	3.9
Nuneaton and Bedworth	7.6	25.3	51.3	13.3	2.3
Rugby	8.2	25.0	44.0	17.4	5.3
Stratford-on-Avon	6.7	25.5	37.9	21.5	8.2
Warwick	10.3	27.8	37.1	17.7	6.8
HMA	8.6	26.1	45.7	14.7	4.6

Source: Census (2011)

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Council Tax Band

4.22   **Across the HMA 50% of properties are in Council Tax Bands A and B**. This is below the regional average (56.4%) but above the national average (44.4%). Consistent with this, 16% of properties across the HMA are in Bands E and above, compared to 13% across the West Midlands and 19% nationally.

Figure 6: Dwellings by Council Tax Band at HMA Level, 2011
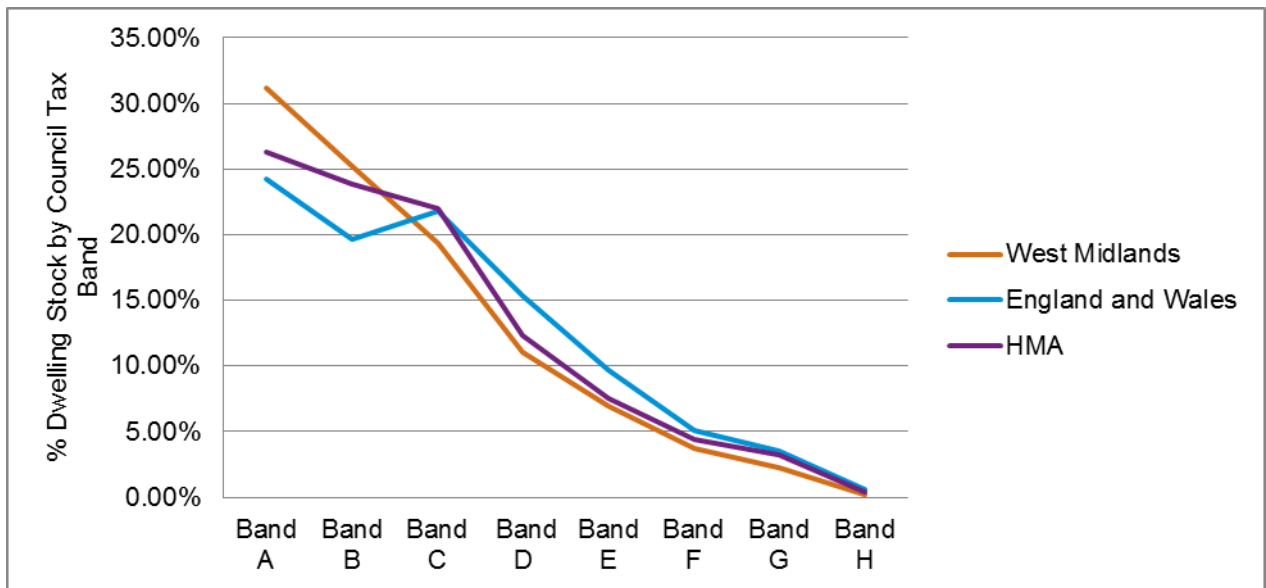
Source: Neighbourhood Statistics

4.23   Within the HMA, the proportion of Band A and B properties is highest in Coventry (71.1%) and Nuneaton and Bedworth (60%). This suggests the housing offer is focused towards smaller and cheaper properties in these areas. It is lowest in Stratford-on-Avon (19.7%) and Warwick District (26.2%) suggesting a higher level of larger, more expensive homes in these south Warwickshire authorities.

Table 10:   Percentage of Dwelling Stock by Council Tax Band at Local Authority Level, 2011

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Coventry	41.2%	29.9%	16.4%	6.4%	3.3%	1.6%	1.0%	0.1%
North Warwickshire	24.0%	25.5%	21.6%	13.8%	7.9%	4.4%	2.5%	0.3%
Nuneaton and Bedworth	37.0%	23.0%	22.1%	12.5%	4.1%	1.0%	0.3%	0.0%
Rugby	19.0%	25.4%	23.8%	12.9%	9.3%	5.8%	3.4%	0.2%
Stratford-on-Avon	6.0%	13.7%	28.3%	16.8%	15.9%	9.2%	8.7%	1.5%
Warwick	7.7%	18.5%	27.3%	20.3%	11.2%	8.0%	6.3%	0.7%
HMA	26.3%	23.9%	21.9%	12.3%	7.5%	4.4%	3.3%	0.4%

Source: VOA/ ONS

Overcrowding and Housing Occupancy

4.24   Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the 2007 Practice Guidance which notes that 'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'. The draft 2013 Guidance identifies overcrowding as an indicator of potential un-met need for housing.

4.25   Data about overcrowding is available from the 2011 Census based on the 'bedroom standard'. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.

4.26   Table 11 shows the estimated number and proportion of households who were overcrowded in 2011 using the bedroom standard. The HMA has lower levels of overcrowding (3.7%) than the regional (4.6%) and England (4.8%) average.

4.27   Within the HMA, the level of overcrowding varies significantly between local authorities: overcrowding is lowest in Stratford on Avon (1.7%); levels of overcrowding within North Warwickshire, Nuneaton and Bedworth and Rugby are below average; however overcrowding is above average in Coventry (5.6%).

4.28   The high level of overcrowding in Coventry is partly a reflection of the City's housing offer, which is focused more towards terraced housing and flats; as well as its younger population profile and

higher proportion of students. Nonetheless it points to the need to diversify the City's housing offer through increased delivery of larger homes.

Table 11: Overcrowding, 2011

	Overcrowded Households	% Overcrowded
Coventry	7,246	5.6%
North Warwickshire	685	2.7%
Nuneaton and Bedworth	1,507	2.9%
Rugby	1,019	2.4%
Stratford-on-Avon	904	1.7%
Warwick	1,789	3.0%
HMA	13,150	3.7%
West Midlands	105,814	4.6%
England	1,060,967	4.8%

Source: Census 2011

4.28   As well as looking at current levels of overcrowding, we do need to consider whether overcrowding has increased: particularly as this would provide some indication of worsening affordability and supressed household formation.

4.28   Census data also computes a measure of overcrowding using occupancy ratings and this allows comparison between data in the 2011 and 2001 Censuses. Occupancy ratings are a basic measure of overcrowding: they assume that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded. No account is taken of family structures.

4.29   Using the occupancy rating statistics, overcrowding is shown to be higher, and has increased by almost 4,700 households over the decade to 2011, representing a 25% increase. Whilst interrogation against the room standard confirms a degree of mismatch in the housing stock, the higher levels of over-crowding against this measure are also likely to be a function of increasing student households – particularly in Coventry and Warwick - which often have higher occupancy than traditional households due to living rooms being converted to bedrooms and shared communal living areas[10].

4.30   The increase in overcrowding over the decade across the HMA as a whole provides some evidence of a degree of stress within the market however it is notable that the increase across the HMA is below average relative to the West Midlands more widely. The increase in overcrowded households has been particularly significant in Coventry; however the wider evidence would point towards part of the rationale for this being an issue of the 'balance' within the existing stock - with a limited

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[10] Warwick District's data for instance indicates 1,630 HMOs in the District in 2013. Data from the 2011 Census showed 6780 multi-person households in Coventry and 2,675 in Warwick District. These include full-time student and 'other' households. In each of the other Warwickshire Districts numbers were in 2011 were below 1,000 and accounted for less than 2% of households.

supply of larger homes - combined with a growth in the student population living in private sector housing. The 'numbers' need to be treated within this context.

Table 12:   Change in Overcrowding, 2001-11

	Coventry	North Warwickshire	Rugby	Stratford-on-Avon	Nuneaton and Bedworth	Warwick	HMA	West Midlands
Overcrowding using Census Room Standard								
Overcrowded Households, 2001	9874	819	1283	1476	2231	2934	18617	121130
	8.1%	3.3%	3.5%	3.1%	4.6%	5.5%	5.6%	5.6%
Overcrowded Households, 2011	12188	928	2051	1786	2512	3830	23295	156344
	9.5%	3.6%	4.9%	3.4%	4.8%	6.5%	6.5%	6.8%
Change in Overcrowded Households, 2001-11	2314	109	768	310	281	896	4678	35214
Overcrowding using Bedroom Standard, 2011								
No of Households	7246	685	1019	904	1507	1789	13150	105814
% of Households	5.6%	2.7%	2.4%	1.7%	2.9%	3.0%	3.7%	4.6%

Source: Census 2001, 2011

Vacant and Second Homes

4.31   The 2011 Census recorded that there were 14,065 vacant and second homes across the HMA, equivalent to 3.8% of the housing stock. This is higher than the regional average (3.6%) but lower than the England average (4.3%).

4.32   Within the HMA, the level of vacant and second homes is highest in Stratford upon Avon (5.3%) and North Warwickshire (4.5%) and lowest in Nuneaton and Bedworth (2.8%).

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Table 13:   Vacant and Second Homes, 2011

	Vacant and Second Homes	All Household Spaces	% Vacant & Second Homes
Coventry	5,104	133,696	3.8%
North Warwickshire	1,223	27,035	4.5%
Nuneaton and Bedworth	1,538	54,249	2.8%
Rugby	1,362	43,237	3.2%
Stratford-on-Avon	2,886	54,814	5.3%
Warwick	1,952	60,631	3.2%
HMA	14,065	373,662	3.8%
West Midlands	86,008	2,380,917	3.6%
England	980,729	23,044,097	4.3%

Source: 2011 Census

Housing Supply Trends

4.33   Figure 7 below shows growth in dwelling stock in the HMA from 2001- 12. Over this period the housing stock grew by 8.9% across the HMA matching the 9.0% growth nationally.

4.34   Over the 2001-11 decade, growth in housing stock has been strongest in Rugby (15.4%) and Stratford-on-Avon (11.3%) and weakest in North Warwickshire and Coventry (5.2% and 5.8% respectively).

4.35   Past rates of growth in the housing stock are relevant in that these may have influenced future trends for individual local authority areas within projections.

Figure 7: Net Changes in Housing Stock, 2001-12
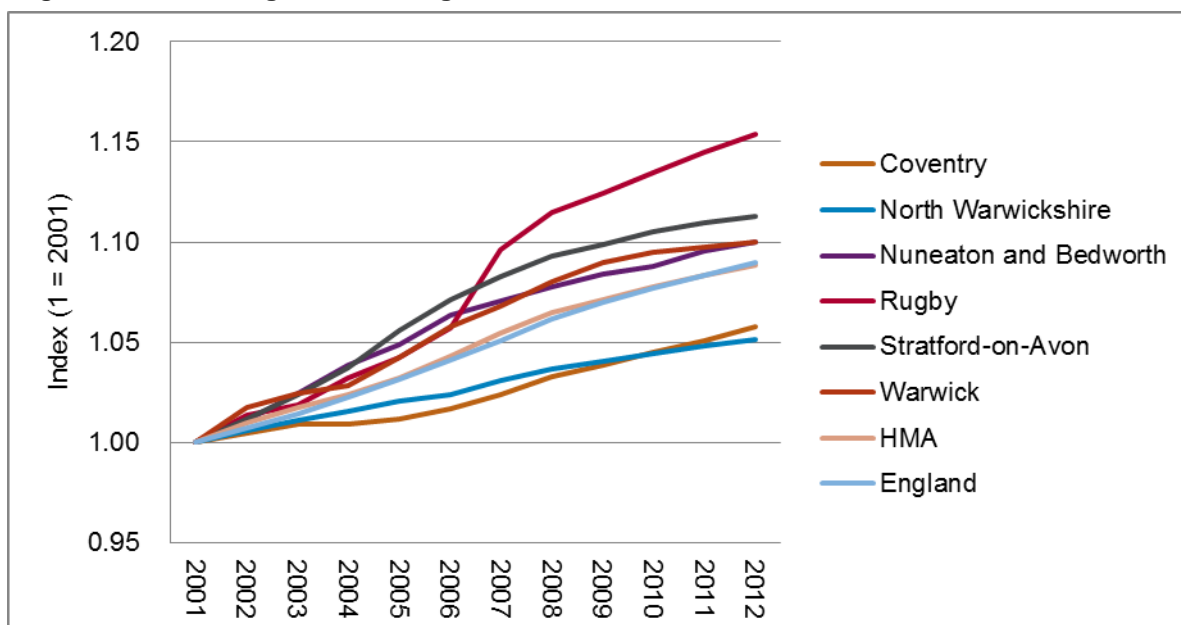
Source: CLG

4.36   The profile of net housing completions (2001-2012) is shown below. The number of net housing completions has varied considerably from just under 4,000 net additional housing completions across the HMA in 2006/7 (near the peak of the market) to just over 1,500 net additional housing completions in 2009/10. It is clear that housing delivery has been significantly affected by the market downturn.

4.37   Over the 2001 – 2006 periods, average delivery was around 3,000 dwellings per year. Housing completions have been particularly low, over the last three years, reflecting wider market conditions.

Table 14: Net Completions

	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
Coventry	542	626	334	418	691	1,165	1,149	680	496	705	921
North Warwickshire	172	100	120	104	106	167	142	106	93	98	75
Nuneaton and Bedworth	515	646	601	442	682	308	303	301	146	331	239
Rugby	522	193	531	273	494	1429	701	360	412	420	328
Stratford-on-Avon	472	436	602	806	649	454	401	196	240	109	147
Warwick	844	946	709	702	733	465	580	410	177	77	144
HMA	3067	2947	2897	2745	3355	3988	3276	2053	1564	1740	1854

Source: Annual Monitoring Reports

Figure 8: Net Completions
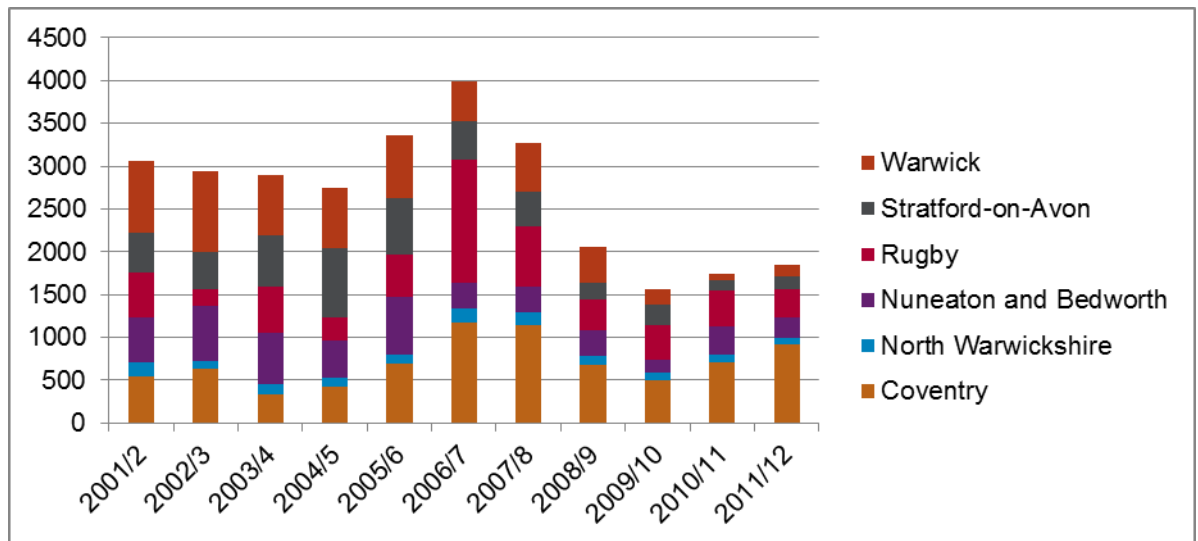
Source: Annual Monitoring Reports

Housing Delivery Performance against Regional Plans

4.38   We consider below housing delivery against relevant past housing targets. It is important however to note that past planning policies for housing within Coventry and Warwickshire (and the wider West Midlands) have been significantly influenced by the West Midlands Regional Spatial Strategy (both the adopted and in some cases the emerging Phase II Review). Both of these applied a 'spatial strategy' to housing numbers which in broad terms sought to focus development towards Metropolitan Urban Areas such as Coventry. This effectively results in a degree of disconnect between policy targets against which development is assessed and housing need at the level of individual local authorities. Performance against past housing targets needs to be considered in this "policy on" context. Against this context, it is of most relevance in assessing performance against previous housing targets for the HMA as a whole.

4.39   Table 15 below sets out the housing requirements established in the adopted West Midlands Regional Spatial Strategy (2008).

Table 15: Policies for Housing Provision in adopted RSS, 2008

	2001-7 Gross Per Annum	2007-11 Gross Per Annum	Assumed Demolitions 2001-11 Per Annum	Net Requirement 2001-11
Years in Period	6	4		
Coventry	650	650	80	5700
Warwickshire	2000	1500	130	16700

4.40   It is evident that housing delivery between 2001-11 (in terms of net completions) significantly exceeded the levels of provision planned within the adopted RSS, by a total of 5,232 dwellings across the HMA as a whole as Figure 16 below shows.

4.41   The RSS did not set out district level figures for the Warwickshire authorities against which completions can be measured. The district-level figures within Warwickshire in Table 16 are therefore based on the housing distribution set out in the Warwickshire Structure Plan. They should be considered indicative and "for information only."

Table 16: Housing Delivery Performance against Adopted RSS

	Housing Requirement 2001-11 Net	Net Completions Delivered 2001-11 Net	Surplus/ Shortfall
Warwick	4,399	5,643	1,244
Stratford-on-Avon	2,281	4,365	2,084
North Warwickshire	1,222	1,208	-14
Nuneaton & Bedworth	4,399	4,275	-124
Rugby	4,399	5,335	936
Coventry	5,700	6,806	1,106
Total Surplus	**22,400**	**27,632**	**5,232**

Source: GL Hearn Analysis

4.42   The review of the Regional Spatial Strategy was not completed. However the Phase 2 Review did reach a stage at which it was independently examined by an Inspector. However again it should be recognised that housing provision targets proposed within the Phase 2 Panel Report were informed by the 'spatial strategy' set out within the Plan.

4.43   Table 17 sets out for comparative purposes completions over the 2006-11 period against the RSS Phase 2 Panel Report Requirement figures (taking into account the phasing mechanism in the plan).

In comparing housing delivery against these figures, it should be borne in mind that because of the timing of the Phase 2 Review and the fact that this was not completed, these figures have fed into few of the authorities' development plans. The comparison should therefore be regarded as theoretical and in this context the phasing mechanism proposed within the Panel Report is very relevant. The 'requirement' shown in Table 17 takes account of the distribution of housing proposed in the initial period to 2011.

4.44   Across the HMA housing delivery over the 2006-11 period exceeded the proposed level of housing provision within the Panel Report by 12%, as Table 17 shows. The distribution of development over this period relative to the proposed targets saw a higher level of housing delivery in Rugby in particular (and to a lesser extent Stratford-on-Avon), with delivery falling below proposed levels in Coventry, Nuneaton & Bedworth and Warwick District.

4.45   Overall the evidence does not point towards any shortfall in housing delivery against past housing targets across the HMA.

Table 17:   Housing Delivery Performance against RSS Phase 2 Panel Figures

	RSS Phase 2 Panel Requirement 2006-11[11]	Net Completions 2006-11	Shortfall/ Surplus
Warwick	1,611	1,400	-211
Stratford-on-Avon	1,101	1,709	608
North Warwickshire	441	606	165
Nuneaton & Bedworth	1,611	1,389	-222
Rugby	1,611	3,322	1,711
Warwickshire	6,375	8,426	2,051
Coventry	4,925	4,195	-730
HMA	**11,300**	**12,621**	**1,321**

Source: GL Hearn Analysis

Drawing Out Differences in the Housing Offer

4.46   The housing offer across the HMA appears to be focused more towards two- and three-bed properties and mid-market housing. Three quarters of households are owner occupied, although the key trend over the last decade has been a growth in private renting – with the number of owner occupying households falling. This is a national trend over the last decade, and based on the report's analysis of market dynamics (which is presented in Section 5) seems likely to be one which will continue in the medium-term. Within the HMA, social renting is highest in Coventry and

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[11] This pro-ratas the un-phased Warwickshire requirement to each authority based on the phased total for Warwickshire. This equals 25.29% for Warwick, Rugby and Nuneaton, 17.24% for Stratford and 6.9% for North Warwickshire.

Nuneaton and Bedworth; and private renting in Coventry and Warwick Districts. Overall 50% of properties are in Bands A and B.

4.47   Coventry in particular stands out as having a relatively 'narrow' housing offer, with a focus on smaller and cheaper properties. 71% of homes are in council tax bands A and B – 20% above the regional average; whilst flats and terraced homes make up 62% of the housing stock. It also has the highest level of private renting of the authorities within the HMA. Whilst for the largest urban area we would expect a housing offer more strongly focused towards smaller properties and renting, the degree of focus on these in Coventry suggests a degree of imbalance within its housing stock and a need to diversify this.

4.48   Of the authorities within the HMA, only Coventry demonstrates a level of overcrowding above regional and national averages; albeit that we have seen some growth in overcrowding across the HMA which may provide some indication that household formation rates have been supressed. Whilst this increase in overcrowded households has been greatest (in terms of the volume of overcrowded households) in Coventry, this is likely to partly be a reflection of the imbalance within the City's housing offer. The implication of this is that it could partly be addressed through a greater focus of delivery towards larger homes. It may also reflect growth within the student population within the City resident within the private rented sector. The level of private renting is highest in Coventry and private renting has increased more in Coventry than in any local authority in the HMA.

4.49   Nuneaton and Bedworth has a similar housing offer to Coventry. The housing offer is small and focused towards cheaper properties with a high proportion of terraced dwellings (26%) and a high proportion of properties in Council Tax bands A and B (60%). However, levels of owner occupation are higher in Nuneaton and Bedworth (71.4%) than in Coventry. There is evidence of households moving out of Coventry to the Borough – particularly to access owner occupied housing and commuting back to the City to work.

4.50   North Warwickshire has a housing offer which has a large proportion of detached and owner occupied homes, which reflects the above average age of the population. It has a more rounded housing offer than Coventry as the stock is focused more towards semi-detached and detached properties (39% semi-detached). North Warwickshire has more of a mid-market focus than Nuneaton and Bedworth and Coventry, although it does still have a high proportion of properties in Council Tax Bands A and B. Whilst the housing offer is broader, as we will come onto in the next section, it remains notably cheaper than in South Warwickshire.

4.51   Rugby's housing offer is similar to the HMA average in many respects although it does have a high proportion of detached housing and homes with four or more bedrooms.

4.52   Stratford-on-Avon District's housing offer is focused towards larger, more expensive properties. Owner occupation predominates, with the District's housing offer focused towards detached and semi-detached stock.

4.53   In Warwick District the proportion of properties with 4+ bedrooms, and in Council Tax Bands E and above is above average; however there is also an evident market for flats (particularly in Leamington Spa) with smaller 1 and 2 bed dwellings accounting for just under a quarter of the District's dwelling stock. Private renting – influenced by the student population in the District – is above national and regional averages.

Implications for Housing Provision

4.54   The reduction in home ownership in absolute and proportional terms across the HMA over the last decade is significant, and does point towards affordability pressures restricting households' ability to buy a home. The increase in overcrowding, with an increase of c. 4,700 overcrowded households using the room standard, also supports this point albeit that we do consider that (as set out above) this is partly a reflection of the limited housing offer within Coventry and growth in student populations (principally in Coventry and Warwick District).

4.55   The growth in private renting and decline in owner occupation is however a structural trend across England not one that is necessarily unique to this area. A key question moving forwards is whether we are likely to see improved access to home ownership? There are a range of factors which are likely to influence this, including macro-economic performance (affecting market confidence), households' ability to save and interest rates, bank lending criteria and government initiatives. It may well be that over the 2011-21 decade we continue to see a growth in private renting. Many market commentators continue to point to the private rented sector remaining the key growth sector within the housing market.

4.56   The housing offer generally points towards greater affluence and quality of place in the South Warwickshire Districts. Coventry in contrast provides a housing offer more focused towards smaller and affordable properties. There is some inter-relationship in this respect, with commuting between these areas; however there is a strategic case for diversifying the housing offer in Coventry to support regeneration and more local living and working. In the northern part of the County, the housing offer relates in part to the area's economic history – with a focus on mining and manufacturing – and the housing offer and economic dynamics (as the report comes onto) suggests a set of characteristics which are subtly different from south Warwickshire.

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5   HOUSING MARKET DYNAMICS

5.1   We have sought to analyse housing market dynamics using a combination of quantitative and qualitative research. This section reviews housing market dynamics including national and macro-economic drivers and local prices and sales performance.

Overview of the UK Housing Market and Economy

Conceptual Framework

5.2   It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the chart below (Figure 9).

Figure 9:   Understanding Housing Demand
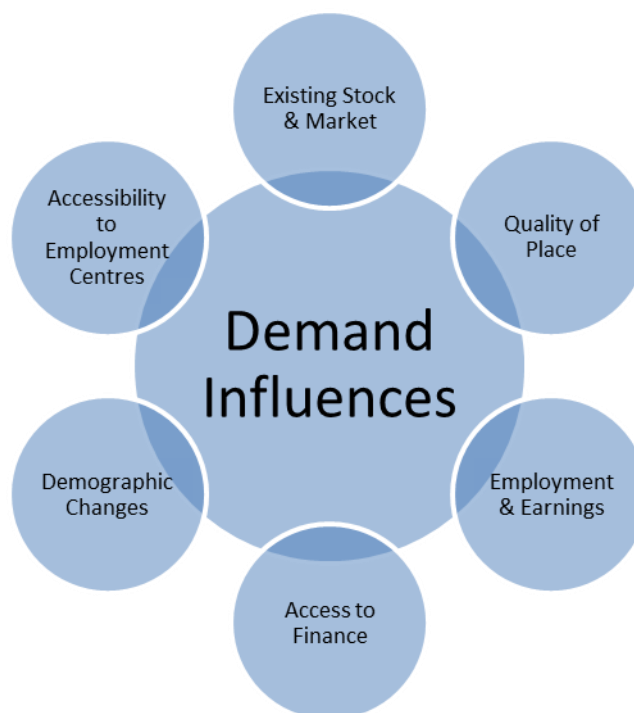
Source: GL Hearn

5.3   The housing market is complex. It is influenced by the economy at both a macro-economic level, in terms of interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level).

5.4   It is also influenced by the economy at both regional and local levels, recognising that employment trends will influence migration patterns (as people move to and from areas to access jobs), and that

the nature of employment growth and labour demand will influence changes in earnings (which influences affordability).

5.5   Housing demand over the longer-term is particularly influenced by population and economic trends. Changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products. Economic performance influences migration between different areas and household wealth.

5.6   There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. These include:

- quality of place and neighbourhood character;
- school performance and the catchments of good schools;
- the accessibility of areas including to employment centres (with transport links being an important component of this); and
- the existing housing market and local market conditions.

5.7   These factors influence the demand profile and pricing, against a context in which households compete within the market for housing.

5.8   At a local level, this means that the housing market (in terms of the profile of buyers) tends to be influenced by and reinforced to some degree around the existing stock. However, regeneration investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

5.9   Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

5.10   Much has been written over the last few years about economic performance and outlook. The UK economy, as well as a number of the major global economies, experienced an economic recession which lasted six quarters from Q3 2008 until the end of 2009. The economy began to recover in 2010.

5.11   Economic recovery since 2010 has been relatively weak. As Figure 10 indicates during the course of 2012 there was minimal growth in the UK economy. However, the outlook in 2013 looks to be more positive and emerging evidence is pointing both towards improved economic confidence and performance.

Figure 10: UK Economic Growth Quarter on Quarter a Year Ago, 2007-2013
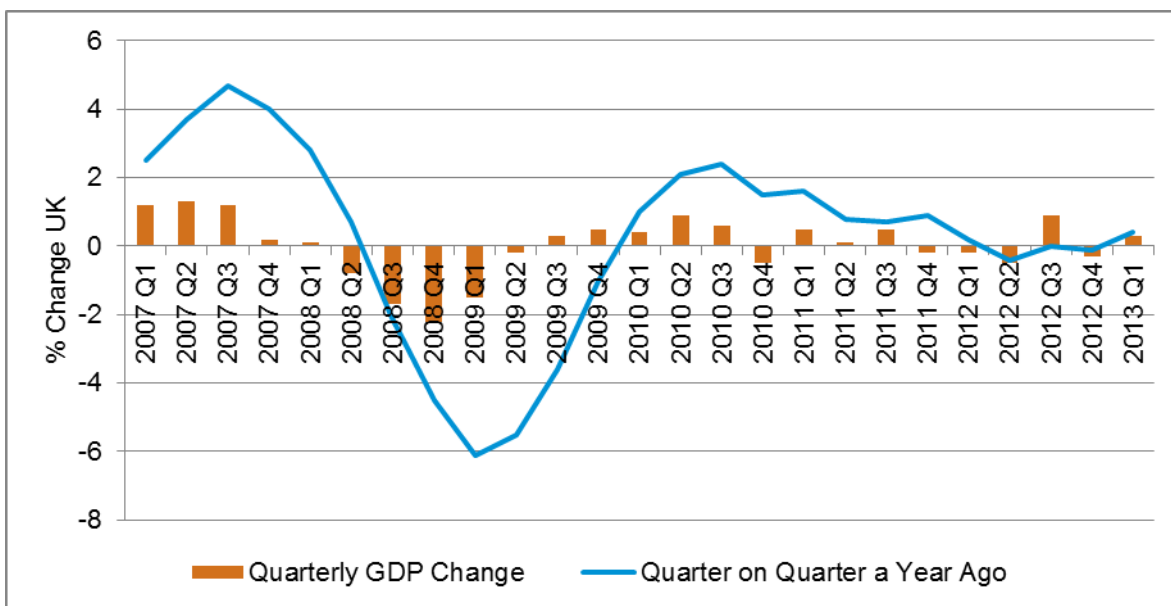
Source: ONS

5.12   One of the key triggers to the recent economic difficulties on an international level was the 'credit crunch.' The downturn in the world economy was led by the sub-prime lending crisis in the United States. This resulted in a fundamental shift in the way banks lend money between themselves, through wholesale money markets, and to their customers (including home purchasers, landlords and developers).

5.13   From the second half of 2007, banks began to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. The net effect of this was to reduce liquidity in the financial markets and credit available (resulting in a 'credit crunch') and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased 'barriers' to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

5.14   The tight lending criteria initiated by the credit crunch has continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. The impact has been notable on first-time buyers in particular. Trends are mixed, with the Council for Mortgage Lenders reporting in March 2013 that first-time buyer lending in Q1 2013 is broadly consistent with the same period a year previously. The average loan-to-value ratio for first-time buyers remains at 80% - notably higher than levels pre-2008 but an improvement on the last few years. There has however been a gradual increase in the proportion of first-time buyers with a deposit of 10% or less (albeit that for

these loans the interest rates charged are often punitive). One in four first-time buyers put down a deposit of 10% or less in Q1 2013. Loans to home movers in Q1 2013 were however down 9% on the first quarter of 2012 at a national level.

5.15   Overall there has been virtually no evident recovery in lending since 2010. The trend in gross lending in 2012 was flat, as Figure 11 shows. There are however signs of an improving picture in 2013.

Figure 11: Trends in Gross Mortgage Lending, UK
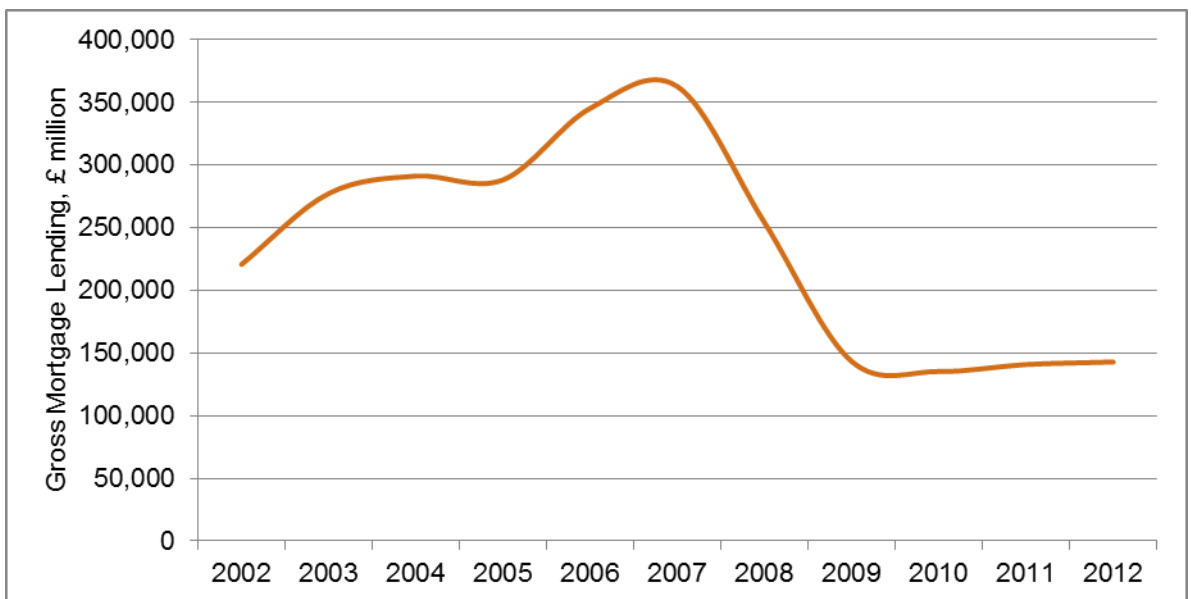
Source: Council for Mortgage Lenders

5.16   Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

5.17   For those with a sufficient deposit, housing is now actually relatively affordable given the reductions in the value of homes since the peak of the market in 2007 and low interest rates. Figure 12 tracks interest rates over the period since 2007. Indeed, since March 2009, the Bank of England Base Rate has been just 0.5% - as low as it has even been. This compares for instance to a Base Rate of between 10.4% - 13.4% in 1991. The Bank of England has also indicated that it will not raise the base rate until unemployment falls below 7%.

Figure 12: Interest Rates
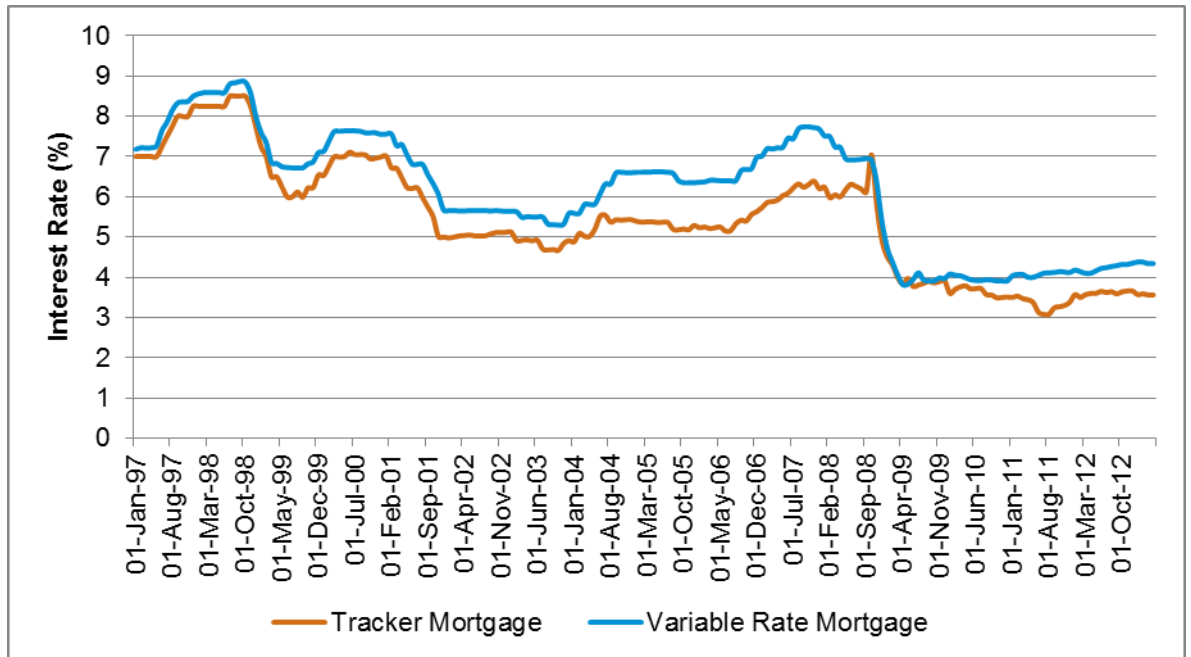
Source: Bank of England Statistics

5.18 Figure 13 assesses long-term trends in the balance between housing costs and incomes as an indicator of the affordability of market housing. It considers the cost of mortgage payments as a percentage of monthly income.

5.19 With reductions in house prices and low interest rates, market housing is now as affordable as it was in the late 1990s on this measure. Mortgage repayments are on average 27.9% of (gross) household income in the West Midlands (and 27.8% across the UK) as at Q1 2013. This is significantly down on the peak of the market in Q3 2008 when mortgage repayments were on average 42.4% of gross income across the region. Indeed affordability on this measure is similar to 2000.

Figure 13: Mortgage Payments as a % of Monthly Income
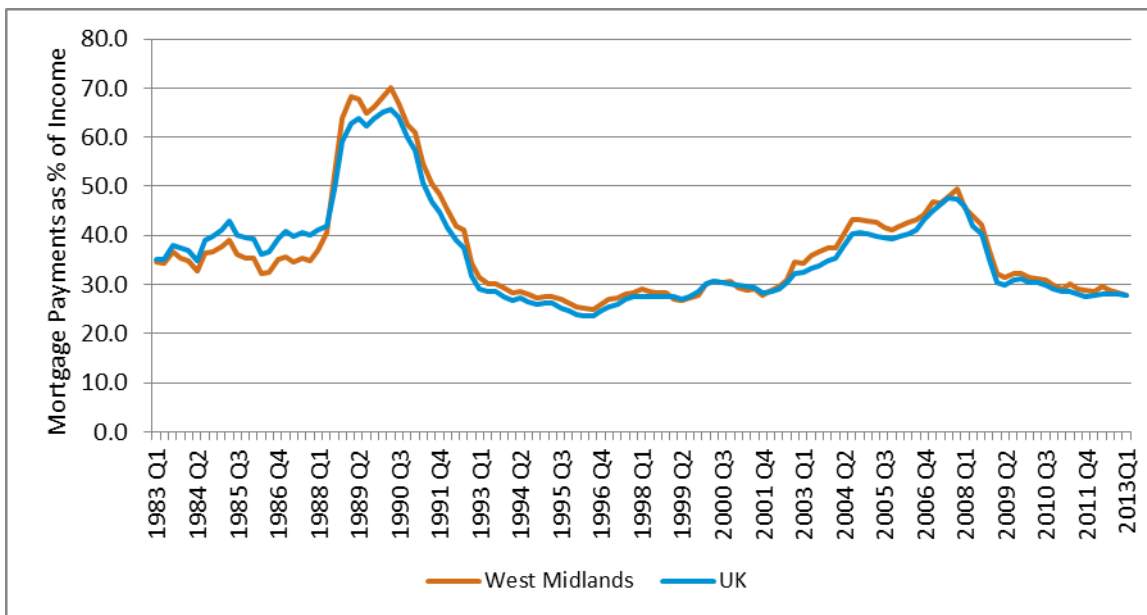
Source: Halifax House Price Index

5.20   Thus the key constraint on the market is not the affordability of housing (in terms of the ability of households to cover mortgage repayments[12]), but the ability of households to raise a sufficient deposit and to meet lending criteria to secure mortgage finance. Inevitably the impact of this will be greater in some parts of the HMA than others (with a lower impact where the profile of buyers is more focused towards households with existing equity in homes). Figure 18 below considers this further.

5.21   Sales of homes are however not just influenced by first-time buyers and those trading up or down within the housing market. They are influenced by investment activity – properties bought to be rented privately.

5.22   The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that by the end of March 2013 buy-to-let lending accounted for 13.4% of total outstanding mortgage lending in the UK - up from 13% the previous quarter and 12.9% at the end of the first quarter of 2012. This is partly related to improved access to finance.

5.23   With growth in rents over the last few years and lower capital costs for house purchases, housing represents an improved investment proposition. There is evidently occupier demand from a combination of demographics, limited new-build and restrictions on home purchases.

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[12] Notwithstanding that there are likely to be some repossessions associated with high unemployment

5.24   Despite wider economic conditions, mortgage possessions have been falling (no doubt supported by low interest rates). The Council of Mortgage Lenders in February 2013 stated that the number of possessions, held by lenders in 2012, was at the lowest level for 5 years.

Housing Demand Indicators in Coventry and Warwickshire

5.25   Figure 14 profiles the house prices from 1998 – 2007 (the pre-recession decade) across the local authorities. Between Q1 1998 and Q4 2007, median house prices increased by 203% in Coventry. House prices increased between 170–180% in Nuneaton and Bedworth, Rugby and Warwick. House price increases over this period were lower (156%) in Stratford-on-Avon District, although this partly reflects the higher starting prices. Price growth over this period compares to 175% across the West Midlands and 186% across England. House price increases across the HMA were particularly strong between 2002 and 2006.

Figure 14: Median House Price Trends, 1998 – 2007
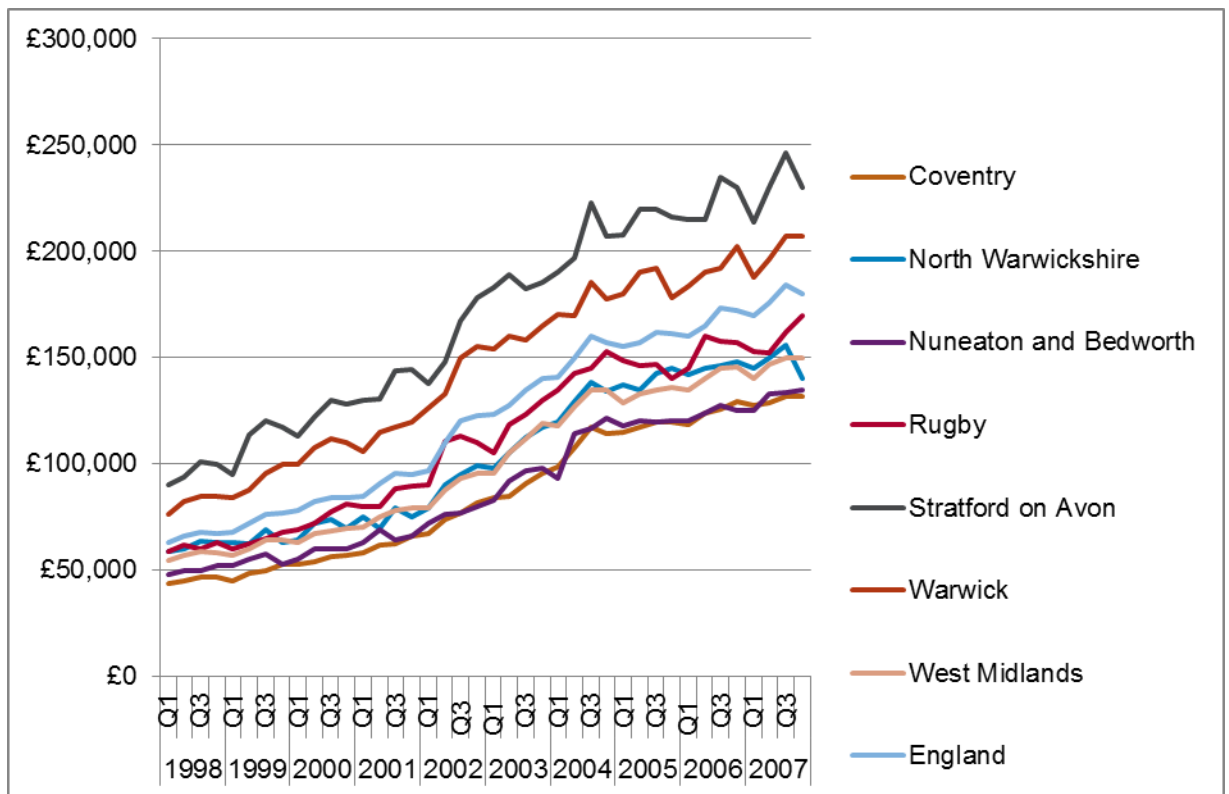
Source: HM Land Registry / CLG

5.26   Since 2007 trends in house prices have been very different. Between 2007-12 house prices have remained broadly static in Coventry (0.4%) and have fallen in North Warwickshire (-2. 0%). House prices have increased more in other authorities (than in Coventry and North Warwickshire) – increasing by 5.4% in Nuneaton and Bedworth (£6,750), 8.4% in Rugby (£12,523) 5.4% (£12,500) in Stratford-on-Avon and 6.3% (£12,750) in Warwick. However, house price increases across the HMA have been below those recorded across England (where there has been an average increase of 8.9% / £15, 000 between Q1 2008 and Q3 2012).

5.27   In real terms (stripping out inflation), housing has fallen in value in all areas reflecting higher supply than demand.

Figure 15: Median House Price Trends 2008 – 2012 (Q3)
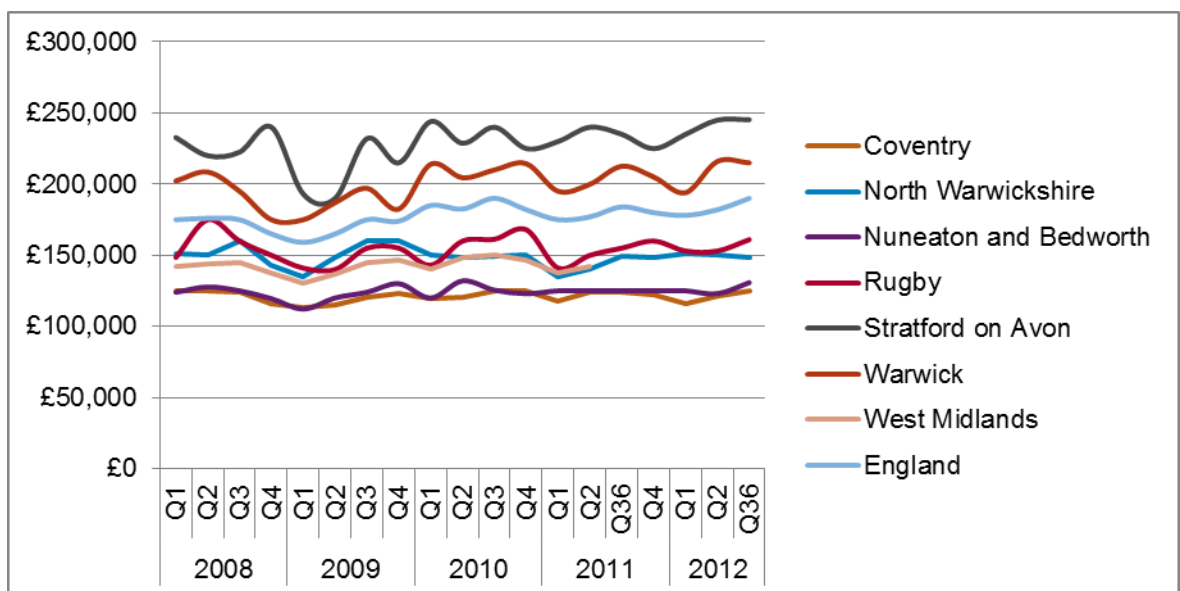
Source: HM Land Registry[13]

5.28   Turning to consider house prices by type, average house prices are influenced by the mix of homes sold. Figure 16 below profiles the average price of properties sold between October 2012 and March 2013.

5.29   It is clear that detached and semi–detached housing command higher house prices across the HMA than terraced housing and flats. House prices were higher for all house types in Stratford-on-Avon and Warwick. This suggests stronger relative demand for market homes in these areas.

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[13] Note, CLG stopped publishing regional-level data in 2011

5.30   House prices are lowest in Nuneaton and Bedworth and Coventry. The value of terraced and flatted properties in Nuneaton and Bedworth are particularly low. The market evidence suggests demand is stronger in relative terms for other house types.

Figure 16: Average House Prices by Type (October 2012 – March 2013)

	Detached	Semi Detached	Terraced	Flats
Coventry	£252,053	£155,764	£117,589	£94,973
North Warwickshire	£256,500	£161,335	£115,831	£93,209
Nuneaton & Bedworth	£205,228	£134,653	£98,497	£68,323
Rugby	£262,753	£157,672	£133,627	£98,337
Stratford	£403,933	£246,008	£206,267	£133,925
Warwick	£390,875	£231,891	£215,945	£149,954
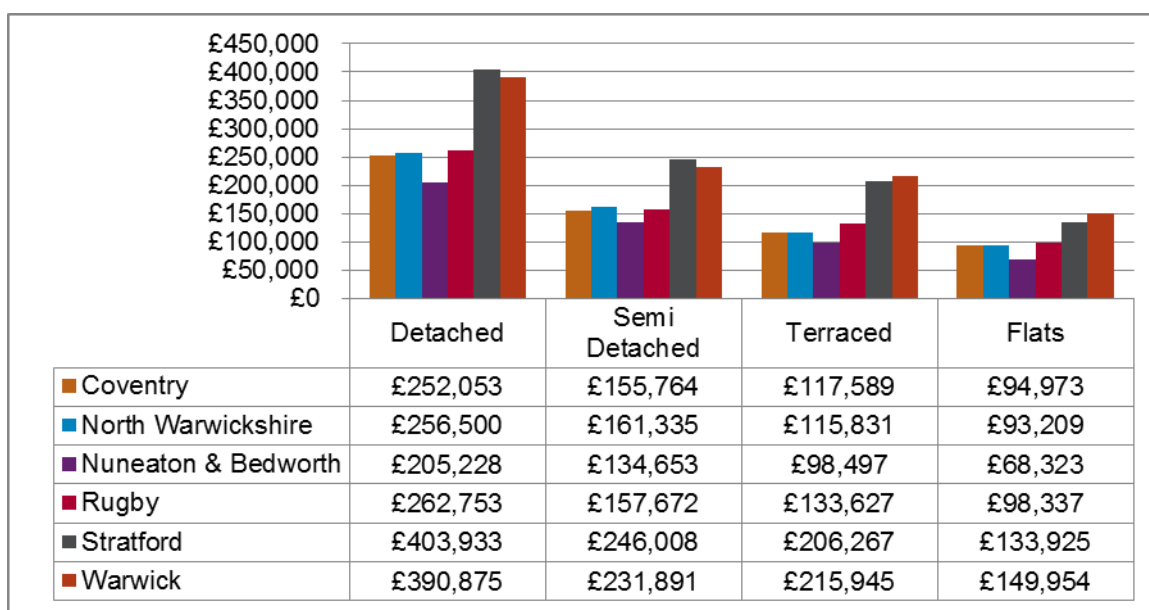
Source: HM Land Registry

5.31   We use an approach of benchmarking sales performance against long-term trends to assess relative demand. Figure 17 benchmarks annual sales across the HMA and wider geographies over the 1998-2011 period. 2011 is the latest data currently available consistently. It uses an index where 1 is the average annual sales over the 1998-2007 decade (the decade prior to the credit crunch). We seek to compare recent sales volumes relative to averages over this period. Sales volumes tell us about trends in effective market demand for housing.

5.32   The chart shows that the credit crunch resulted in a substantial reduction in effective demand, with sales broadly halving. Since 2009 we have seen only a very modest recovery. **In 2011 sales across the HMA were 45% down on the pre-2007 annual average.** This is consistent with the reduction across England but is better than the 48% reduction across the West Midlands.

5.33   The strong similarity between the sales trend across the HMA and the regional/ national trends highlights the influence of macro-economic factors on effective demand for market homes within the HMA.

Figure 17: Quarterly Sales Index, 1998 – 2011 HMA Level
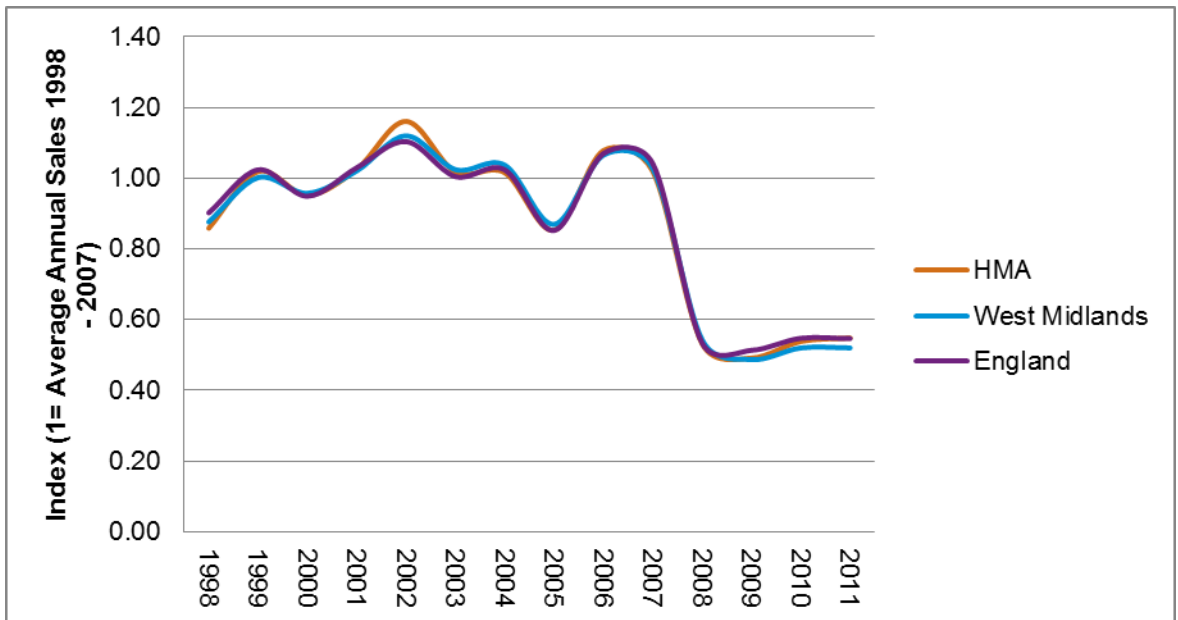
Source: HM Land Registry / CLG

5.34   We would expect there to have been some improvement in sales volumes between 2011 and 2012.

5.35   We next turn to provide an assessment of sales trends in each of the six constituent local authorities, and to consider the trends across different house types.

5.36   Figure 18 indicates that we have seen a very similar trend in sales/ effective demand across the six authorities. This reiterates the impact of macro-economic factors on the market. Of the six authorities market performance in Nuneaton and Bedworth in 2011 was more substantially below the pre-2007 average, with Stratford-on-Avon and Warwick faring moderately better albeit that sales in these areas remained around 40% down on the long-term trends.

Figure 18: Quarterly Sales Index, 1998 – 2011 Local Authority Level
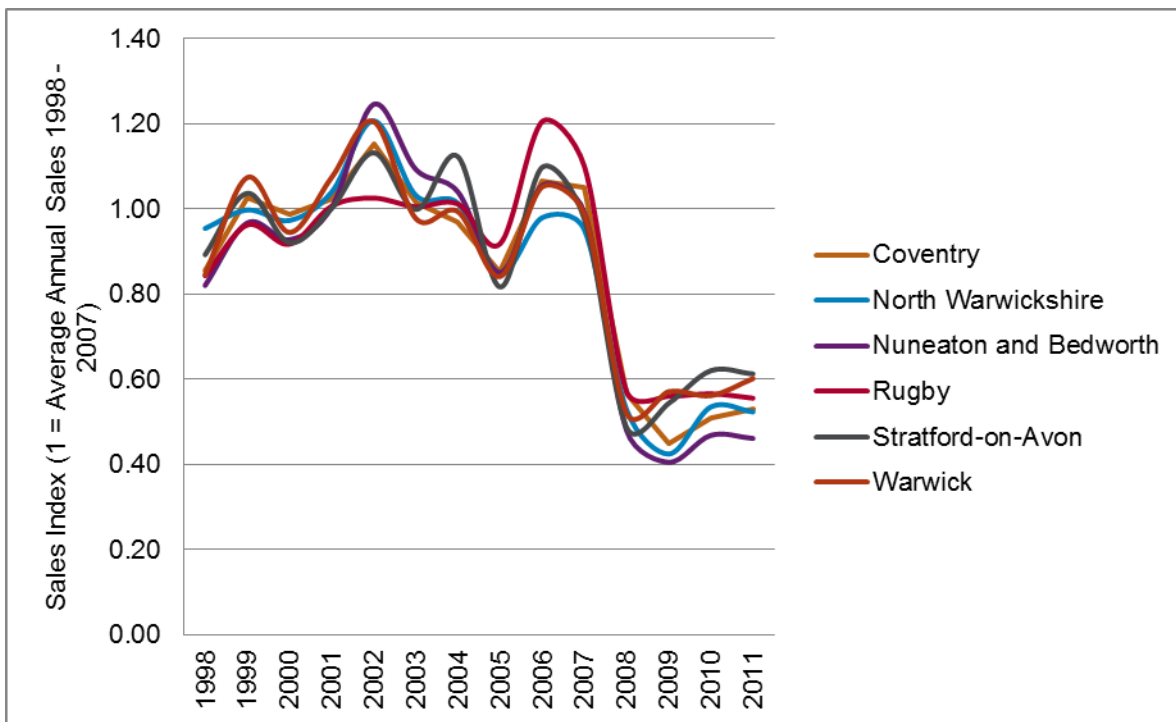
Source: HM Land Registry / CLG

Residential Land Values

5.37   The draft Planning Practice Guidance identifies residential land values as one of a number of market signals which should be considered in identifying whether household projections should be adjusted.

5.38   The figure below indicates that values for residential development land rose substantially and consistently throughout England from the early 1990s to the start of the recession in 2008. Over this period, we can also see that average prices in the West Midlands tracked the national trend over the period to 2003, but grew more modestly between 2003-8 peaking at £2.4 million per hectare compared to £3.0 million nationally in early 2008. In both cases prices have dropped since, with values recorded in the region of £1.6 million per hectare in 2010.

Figure 19: Trend in Bulk Residential Land Values, 1983-2010
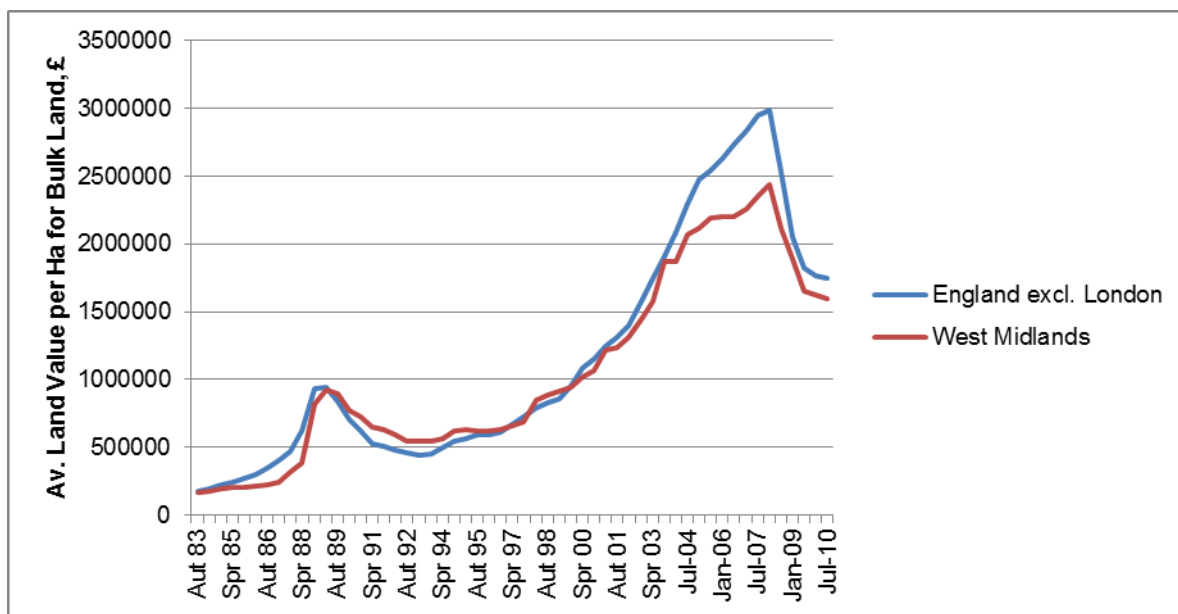
Source: VOA/ HCA 2010

5.39   We can also use the VOA 2010 data to benchmark residential land values at a more local level. Table 18 shows residential land values based on Valuation Office Agency (VOA) data from 2010 published by the HCA. It shows all centres for which the VOA recorded land values. It indicates that residential land values in south Warwickshire are some of the highest in the region; whilst values in Coventry are above those in many other parts of the region. Differences in land values are influenced by comparative house prices and the supply of development land.

Table 18:   Residential Land Values, July 2010

£ per Hectare	Small sites	Bulk Land	Sites for flats or maisonettes
Birmingham suburbs	1,620,000	1,530,000	1,440,000
Coventry	1,950,000	1,975,000	2,200,000
Lichfield	1,700,000	1,600,000	1,550,000
Smethwick	1,500,000	1,350,000	1,300,000
Shrewsbury	1,500,000	1,400,000	1,300,000
Stoke-on-Trent	1,175,000	1,000,000	950,000
Leamington	2,450,000	2,150,000	2,250,000
Wolverhampton	1,400,000	1,400,000	1,700,000
Worcester	2,300,000	1,900,000	2,100,000
Kidderminster	1,700,000	1,650,000	1,650,000

Source: VOA/ HCA

5.40   Consistent data since 2010 is not available and as such it is necessary to interrogate other data sources to understand how land values have changed over the past few years.

5.41   The Knight Frank Residential Development Land Index shows that typical residential land values across England and Wales have been relatively flat over recent years; although there are some signs of a slight recovery in 2013.

Table 19:   KF Residential Development Land Index – England & Wales

	Index Level
Sep-11	100
Dec-11	100.2
Mar-12	100.2
Jun-12	99.9
Sep-12	100.1
Dec-12	99.9
Mar-13	100.4
Jun-13	101.6

Source: Knight Frank Residential Development Land Index

5.42   Data from Savills broadly corroborates this position, indicating that residential land values across the country have shown little growth since 2010. As the chart below demonstrates, residential land values experienced some growth during 2010 but beyond that have seen little or no price change, particularly for urban sites.

Figure 20: Savills Residential Land Performance (2002-2012)
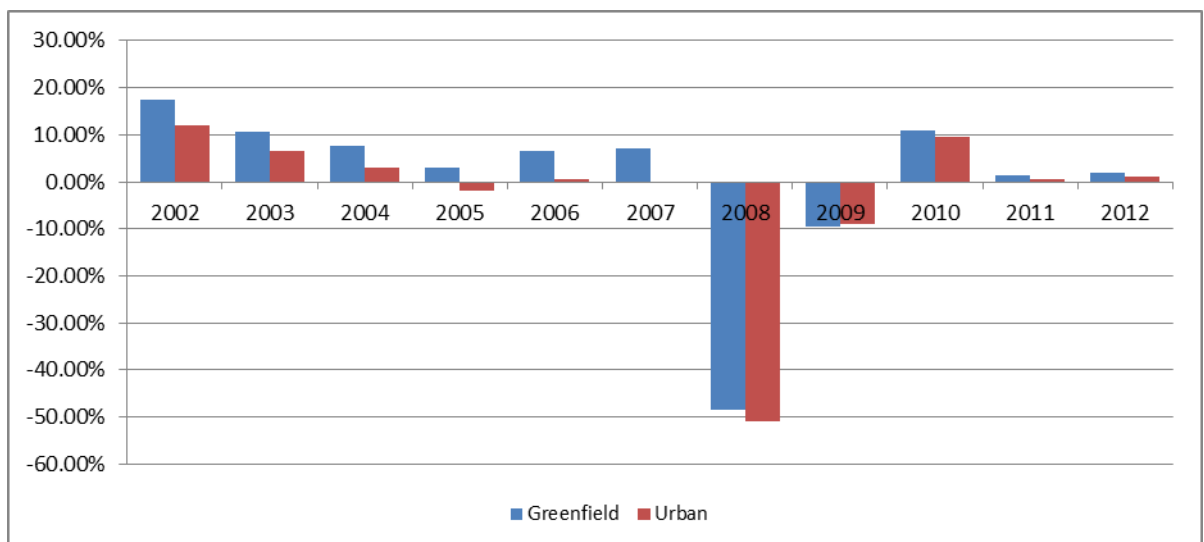
Source: Savills Market in Minutes Residential Land

5.43   Whilst land values have experienced growth (albeit modest) since 2010, they remain substantially below peak values. Savills Research (May 2013) indicates that across the UK, greenfield land prices are currently 32% below their former highs; with urban values still less than half their credit

crunch peak. In the West Midlands, greenfield land prices have fared slightly better (currently 28% down on peak), whilst urban sites have performed similar to the national picture, standing 53% down on pre-recession levels.

Table 20: Regional Land Values vs. Former Peak

	Greenfield	Urban
London		1%
South East	-26%	-52%
South West	-28%	-38%
West Midlands	-28%	-53%
UK	-32%	-53%
East of England	-36%	-53%
Scotland	-41%	-44%
East Midlands	-45%	-62%
North	-58%	-73%

Source: Savills Research

5.44   Given this comparatively low start point, it is most likely that recent recovery in land values is as a result of improved market sentiment rather than particular supply demand imbalances. However, moving forward and with increasing funding now available for land buying and expansion, upward pressure could be placed on land values, particularly for the more commercially attractive sites.

Lower Quartile House Price-Income Ratios

5.45   Table 21 shows trends in lower quartile house prices between 2001-7 and between 2007-12. The distinction between trends in the two periods is very clear: in Warwickshire lower quartile house prices were growing by an average of 15% per annum between 2001-7. Since 2007 however they have only increased by 1% per annum. Similarly in Coventry, house price growth averaged 23% per annum over the 2001-7 period but has fallen by an average of 2% per annum since 2007. Taking account of inflation, values have fallen in relative terms since 2007.

Table 21: Annual Growth in Lower Quartile House Prices

House Price Growth per Annum	2001-7	2007-12
Coventry	23%	-2%
Warwickshire	15%	1%
North Warwickshire	18%	-1%
Nuneaton and Bedworth	23%	-2%
Rugby	15%	0%
Stratford-on-Avon	15%	0%
Warwick	14%	1%

Source: CLG Housing Statistics/ GLH

5.46   We have seen a similar improvement in affordability over the period since 2007. In all areas we have seen the ratio of lower quartile house prices to incomes fall. Tables 22 and 23 below

benchmark performance against national trends and similar areas as recommended in the draft guidance.

5.47   Coventry has seen a similar reduction in this affordability ratio to most comparator large metropolitan areas in the West Midlands, and a greater improvement in affordability than shown nationally. The ratio of LQ Prices to Earnings in the City in 2012 is below average relative to other similar areas in the region and nationally.

Table 22:   Changes in Lower Quartile Price to Income Ratios – Coventry and Comparators

	LQ Price-Income Ratio, 2012	Change in Ratio 2007-12
Birmingham	5.18	-20%
Coventry	5.02	-21%
Dudley	6.20	-12%
Sandwell	4.98	-20%
Solihull	7.62	-4%
Walsall	5.14	-21%
Wolverhampton	4.73	-22%
England	6.59	-9%

Source: CLG Housing Statistics/ GLH

5.48   The LQ house price to income ratio in Warwickshire is very slightly above the national average but is broadly similar to surrounding areas. The County has seen an improvement in affordability since 2007, with the ratio falling -7% across Warwickshire. We see a greater reduction (-10% or more) in the LQ Price-Income Ratio in four of the five districts relative to the national average. The exception to this is Stratford-on-Avon District where affordability has improved to a more modest degree with a -2% reduction over the 2007-12 period.

Table 23:   Changes in Lower Quartile Price to Income Ratios – Warwickshire and Comparators

	LQ Price-Income Ratio, 2012	Change in Ratio 2007-12
North Warwickshire	6.16	-10%
Nuneaton and Bedworth	5.38	-19%
Rugby	6.16	-13%
Stratford-on-Avon	8.79	-2%
Warwick	7.65	-11%
Warwickshire	6.70	-7%
Worcestershire	7.78	-8%
Northamptonshire	6.48	-11%
Staffordshire	6.45	-10%
England	6.59	-9%

Source: CLG Housing Statistics/ GLH

5.49   This affordability analysis points to greater affordability pressures in Stratford-on-Avon District and to a lesser extent Warwick District, relative to other parts of the HMA.

Qualitative Evidence from Estate & Letting Agents

5.50 As part of the research, a cross-section of estate and letting agents were spoken to who operate across the HMA in Coventry, Leamington Spa, Nuneaton, Bedworth, Atherstone and Rugby[14]. This was intended to provide a qualitative assessment of market conditions which sits alongside the analysis of statistical data. Interviews were guided by a list of research questions to gain an understanding of current housing market conditions, emerging trends, drivers and dynamics of the housing market.

5.51 The stakeholder consultation work was undertaken in June and July 2013. It thus provides a snapshot view of market dynamics and perceptions in Summer 2013. This analysis is based on the views expressed by estate and letting agents at this time.

Overview

5.52 Generally, across the HMA, market conditions are similar to or have improved slightly from last year. Housing market conditions are anticipated to continue to improve over the next few years. Market activity appears to have picked up since Easter 2013. Agents say that most market activity is from older households 'downsizing' although an increasing number of people across the HMA are moving house out of choice, rather than necessity.

5.53 Agents believe that access to bank lending has improved slightly which has had, and will continue to have, a positive knock on effect for the rest of the housing market. In some areas the number of first time buyers has increased in the past year. Many agents said that there is an increasing amount of choice and competition in the mortgage market, and rates are becoming more competitive. Some (although not all) agents believe that government schemes such as Help to Buy are helping first time buyers.

5.54 The performance of the sales market varied between locations. Generally, the southern part of the HMA (Stratford-on-Avon and Warwick Districts) is performing best. Opinions on the effectiveness of the Help to Buy scheme varied between agents. First time buyers tend to locate in more affordable locations (the majority of sales for First Time Buyers are mainly below the £250,000 Stamp Duty threshold) and financial assistance from the "Bank of Mum and Dad" is still key for many first time buyers.

5.55 The rental market is performing particularly well across the HMA, many agents described the rental market as "buoyant." Student areas (in Coventry and Warwick District) have been experiencing a particularly high level of interest from people wanting to let (although it should be noted that the time

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[14] Analysis and reporting for Stratford District is included within the Stratford-on-Avon SHMA Update (GL Hearn, Jan 2013)

the interviews were undertaken was at the end of the summer term when a number of students' letting contracts were due to expire).

5.56   Generally, the lettings market has seen more activity than the sales market. The profile of people looking to rent varies between locations with a higher proportion of students renting in Coventry. The south of the HMA (Leamington Spa and surrounding areas) has outperformed the areas in the centre and north of the HMA. Comparatively, Coventry, Nuneaton and Bedworth have performed less well.

Coventry

5.57   Generally, housing market conditions in Coventry were described as "slow and steady". Some agents believe that activity has increased over the past year but have seen limited house price growth. Market activity has been strongest in areas in 'good' catchment areas such as: Coundon, Finham and Earlsdon.

5.58   It was believed that new-build first time buyer properties, in particular, are in short supply. It was believed that first time buyer activity in Coventry has been quite limited and that most activity has been seen from residents downsizing to smaller properties. Some dwellings have been sold to investors (typically dwellings that are under £125, 000 and flats). New build activity was reported to be slow but is picking up.

5.59   The lettings market in Coventry was described as "very strong" and "much better than the sales market" and there are a number of students from the two universities living in the area. 2 – 4 bed houses are particularly popular with students. Agents estimated that students pay, on average £80 per week per room which equates to £800 to £1000 per month. Earlsdon was a popular student area which is in close proximity to the University of Warwick and the University of Coventry. Rents were said to be competitive and there was thought to be a high level of both demand and supply in Coventry. Agents in the lettings department said that rents had not increased over the past year and the level of demand from investors was also thought to be similar to the previous year.

Atherstone (North Warwickshire)

5.60   Agents said that housing market conditions had improved since Easter although market conditions in Atherstone remain subdued - one agent described housing market conditions as "challenging" and another agent described market conditions as "not great." However, Polesworth (which is located to the north west of Atherstone) was said to be performing well. It was said to be a scenic location with good facilities and is located in close proximity to the M42. Rural properties in the Borough are doing well, particularly those close to M42, as many residents commute from this area.

5.61   Compared to last year, there has been an increase in buy to let investors in Atherstone. Atherstone has seen demand for all housing types although some agents said that semi-detached properties were most popular and that properties for first time buyers and bungalows were in short supply. Buyers tend to be aged 50 and above. Typically, rural properties tend to range between £150, 000 –and £200,000 and first time buyer properties sell for £100,000 - £110,000. It was thought that the Help to Buy scheme has helped first time buyer activity to some extent in Atherstone town. A number of people are downsizing in the area to retirement properties such as Regal Court.

5.62   The lettings market was described as "busy" with a number of young professionals (aged 25 – 35) driving it. Two and three bed properties are particularly popular and it was thought that there is a shortage of rental properties generally. Rents were thought to have increased by 5 – 10% over the past year and this is likely to be part of a continuing trend. Typically, rents are under around £1000 per month.

Leamington Spa

5.63   Housing market conditions in Leamington were described as "buoyant" and many believe that the market has seen an Improvement from last year. There is a perception that the housing market will stay the same or improve over the next few years. Leamington Spa was thought to have very good commuter links which has seen the area outperform other areas in the HMA. Agents believed that the north of the town (Milverton, North Leamington) is doing well as there are a number of good schools in the area.

5.64   One agent believed that Leamington saw 5% house price growth compared with last year and some agents believed that there is a shortage of houses across the board. Demand for properties has been strong from buy to let investors (for properties which are under £250,000). Housing demand has also been strong from young professionals as there are a number of large corporate employers such as Jaguar Land Rover nearby. Character properties (turn of the century houses) are also selling well in Leamington Spa.

5.65   The lettings market was described as "strong" and one agent said that it was "busier than previous years." The lettings market is popular for people aged 20 years old and above and is influenced by demand from students at Warwick University. 2 and 3 bedroomed properties were said to be the most popular and said to be "moving fast. "Typically rents are £700 – 800 per month.

Nuneaton

5.66   The housing market in Nuneaton was described as "quiet and static." Market conditions are similar to a year ago and look unlikely to change in the short term. The east side of Nuneaton (the area around Highams Lane, St Nicolas Park) is performing well as there are a number of good schools nearby.

5.67   In the sales market, buyers tend to be aged 40 and above. Properties typically £125,000 - £160,000 are selling best whilst lower value end terraces (£80,000 – 90,000) are proving difficult to shift. Demand from investors has been seen in terraces in the centre of Nuneaton which have been refurbished.

5.68   In the lettings market, demand for properties is particularly strong from young professional (20 to 30 year olds) although one agent believed that the profile of renters was quite mixed. Rents are typically £450 – 550 per month with a number of properties around £500 per month.

Rugby

5.69   Generally housing market conditions were described as "good". Some agents described market conditions as similar to a year ago and others said that market conditions had improved over the last year. One agent said that demand and activity is increasing (especially in the last 10 weeks). Commuter links in Rugby are very good (with the fastest trains to London taking 51 minutes and 36 minutes to Birmingham New Street). Areas with good catchment areas are performing well especially the areas around Lawrence Sheriff School, Rugby High Girls School and Ashlawn School.

5.70   Turning to residential sales, agents report that flats haven't been too popular but are increasing in popularity. Terraced and semi-detached properties (which are typically bought for approximately £130,000 – 200,000) are selling best and terraced homes are thought to be in particularly short supply. First time buyer homes are selling for less money and are typically bought for between £125, 000 – 180,000.

5.71   The lettings market in Rugby was described as "busy." The profile of tenants included notable proportions of young professionals. Two- and three-bedroomed semi-detached and terraced properties are popular in the lettings market. Rents are typically £500 – 700 per month. A number of small investors looking to find value for money from rental properties.

Implications for Housing Provision

5.72   The evidence in the report indicates that over the 2001-7 period, house prices rose notably indicating that demand broadly exceeded the supply of market housing over this period, driving growth in house prices. This may well have influenced household formation in the latter years.

5.73   Market circumstances since 2008 have been quite different. The market analysis clearly indicates that the housing market has been significantly affected by the wider macro-economic situation, with the UK economy just starting to recover from a protracted economic recession. Volumes of first-time buyers – the lifeblood of the market – remain more limited than in the pre-2007 period, linked particularly to difficulties in raising the necessary deposit to buy a home. The market currently is particularly influenced by older households with equity in existing homes, with agents reporting that

activity among those 'downsizing' is quite strong. Over the period since 2008, as house prices have fallen affordability – measured by lower quartile prices to incomes – has improved. This is evident in all areas within the HMA with the greatest proportional improvement in Coventry.

5.74   Overall in 2011 sales volumes were around 45% down on pre-2008 averages, and this is indicative of an overall reduction in effective demand for market housing. The evidence from agents suggests that we have seen some improvement in market conditions since. There has been some improvement in the choice of mortgages available over the last 18 months, including with higher loan to value ratios. The Help-to-Buy scheme has supported (and provided some short-term impetus to) the new-build market, although the viability of flatted schemes (particularly larger schemes) remains challenging because of the finance costs associated with development.

5.75   In contrast to the sales market, the rental market has been relatively buoyant, and continues to be so. The evidence points to households' who cannot afford to buy continuing to rent for longer; and thus we may well – at least in the short-term – continue to see growth in the private rented sector and declining owner occupation, as was the trend over the 2001-11 decade.

5.76   In the longer-term the macro-economic context and access to mortgage finance would need to improve to support increasing rates of new household formation. It seems likely that the trends shown over the 2001-11 decade may remain with us for some time, with none of the market evidence pointing towards a very swift recovery in the market. Instead it seems reasonable that sales volumes will return to more normal levels over a number of years to 2018; but it seems unlikely that we will see a return to the very strong conditions evident in the 2002-7 period in the short-to-medium term.

5.77   Within the HMA, the affordability and house price analysis points to greater affordability pressures in Stratford-on-Avon District and to a lesser extent Warwick District, relative to other parts of the HMA. This is consistent with the wider evidence presented including discussions with estate and letting agents and analysis of house prices trends, which point to the south Warwickshire market recovering more strongly from the market downturn than other parts of the HMA and pointing towards stronger relative market demand.

5.78   The market evidence suggests that the deterioration in affordability in the latter part of the period to 2007 plus the downturn in the housing market since this point (and in particular the much tighter access to market finance) may have led to some suppression of household formation. However a key factor in assessing the impact of this is the outlook moving forward. The market has been flat over the last few years, and whilst there are some signs of improvement, the economy is still struggling to grow. The outlook therefore seems likely to be a gradual recovery in market demand (and sales) over a number of years. The likelihood is thus that over a significant proportion of the

decade to 2021 we are likely to see more modest household formation than indicated by long-term trends (such as the 2008-based projections). Overall the market evidence does not point towards a particular supply-demand imbalance at the time of writing.

6 DEMOGRAPHIC AND ECONOMIC DRIVERS OF THE HOUSING MARKET

6.1 In this section we consider long-term drivers of housing demand, assessing trends in population and demographics on the one hand, and economic structure and performance on the other.

Changing Demographics

6.2 The population of the HMA authorities totalled 863,400 in mid-2011. 37% of the HMA's population was in Coventry, with the next largest proportion (16%) in Warwick District.

Table 24: Population by Authority, Mid 2011

	Coventry	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-on-Avon	Warwick	HMA
2011 Population	316,900	62,100	125,400	100,500	120,800	137,700	863,400
% HMA	37%	7%	15%	12%	14%	16%	100%

Source: 2011 Mid-Year Population Estimates

6.3 The HMA's population was relatively static between 1981-1994, but has since grown. Population growth has been relatively rapid since 2004.

Figure 21: Trend in Population across the HMA, 1981-2011

Source: 2011 Mid-Year Population Estimates

GL Hearn
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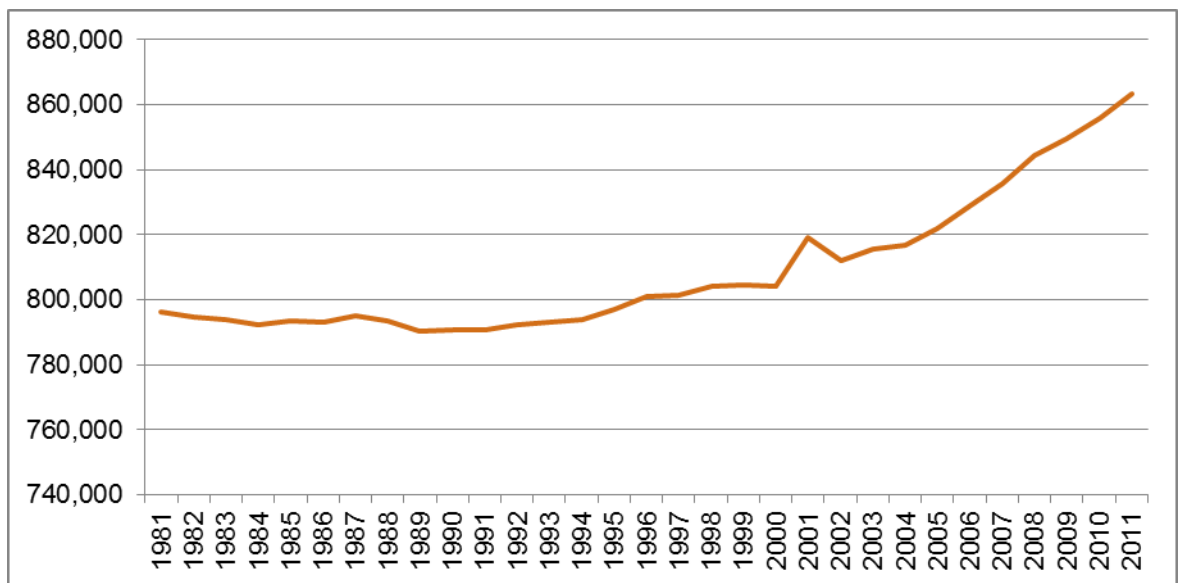
6.4   Table 25 tracks population growth over five year time periods since 1991 in each of the local authorities in the HMA.

6.5   The HMA's population grew by 6.7% between 2001-11. Over the period from 2001-6, population growth was strongest in Stratford-on-Avon, Rugby and Warwick. Between 2006-11 the rate of population growth in Stratford-on-Avon and Warwick fell, with stronger growth experienced in Rugby and Coventry. Population growth in North Warwickshire has been particularly modest since 2001.

Table 25:   Population Growth by Authority, 1991-2011

% Population Growth by 5 Year Period	Coventry	North Warwick shire	Nuneaton and Bedworth	Rugby	Stratford -on- Avon	Warwick	HMA
1991-96	0.8%	0.3%	0.3%	0.6%	2.8%	3.0%	1.3%
1996-01	-1.2%	1.0%	1.1%	2.3%	3.0%	3.6%	1.0%
2001-06	-0.9%	0.2%	2.2%	6.4%	4.6%	7.5%	2.5%
2006-11	5.6%	0.3%	3.0%	7.9%	3.5%	1.5%	4.1%

Source: ONS Mid Year Population Estimates

6.6   Population growth within the HMA has been driven by both natural change (with more births than deaths) and net in-migration. Natural change has become an increasingly important driver over the 2001-11 decade, as Figure 20 shows. In-migration to the HMA was strongest between 2005-8.

Figure 22: Components of Population Change, 2001-11
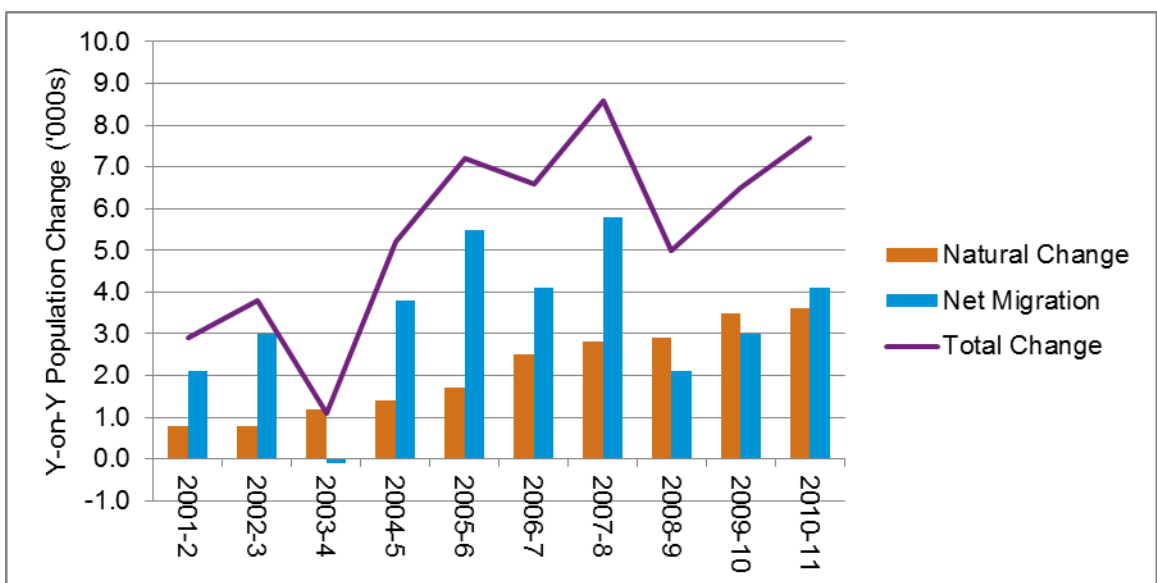
Source: ONS Mid Year Population Estimates

6.7   There was an upward trend in net in-migration prior to 2008, which subsequently fell. However net migration to the HMA has been rising since 2008-9. Net in-migration to the HMA has averaged 3,300 persons pa over the 2006-11 period, which is marginally below the 10 year average of 3,800 pa.

6.8   Figure 23 profiles trends in population at a local authority level since 2001. Rugby, Warwick and Stratford-on-Avon have seen the strongest population growth (14.9%, 9.2% and 8.2% respectively). In contrast North Warwickshire's population has been fairly static (+0.5%), whilst Coventry's population has only grown in the latter years. Over the decade, Rugby has seen the strongest rate of population growth.

Figure 23: Population Growth by Authority, 2001-11
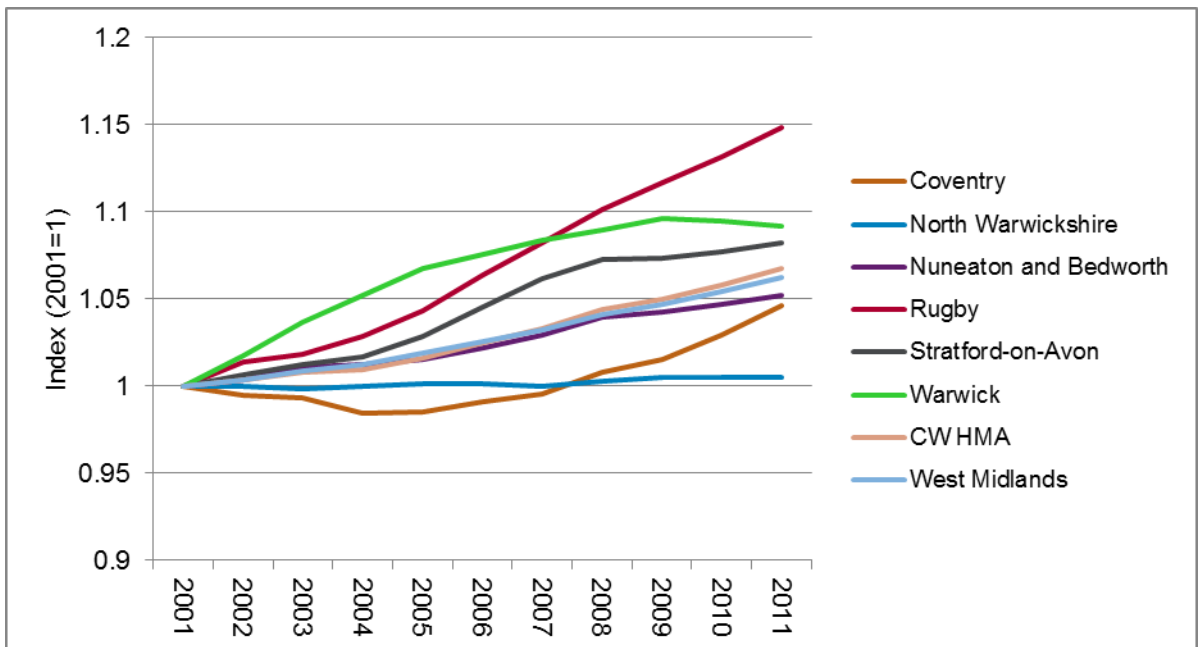
Source: ONS Mid Year Population Estimates

6.9   Population dynamics at the HMA level are particularly influenced by what happens to Coventry's population. The analysis also points towards some impact on population dynamics in the latter years from the housing moratorium in the South Warwickshire districts, with the evidence suggesting that this may have contributed to stronger population growth in Rugby and Coventry over the period since 2006.

6.10   Figure 24 shows the components of population change in individual authorities over the last decade.

Figure 24: Components of Population Change at Authority Level, 2001-11
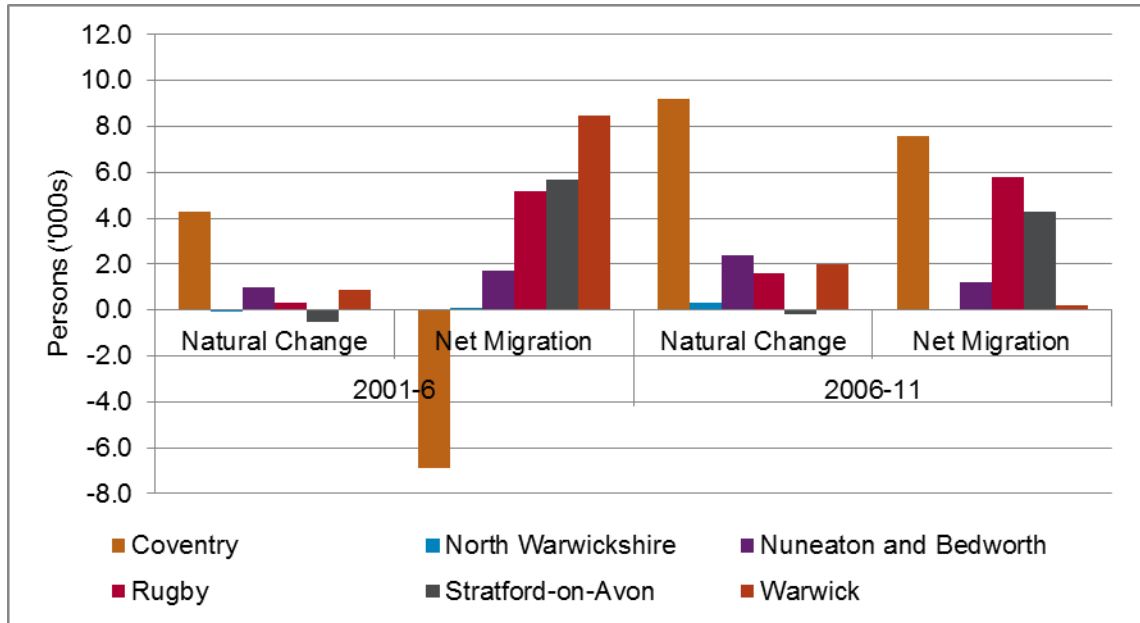
Source: ONS Mid-Year Population Estimates

6.11   The age structure dynamics of the population have a particular impact on future housing requirements. Coventry has a notably younger population structure, whilst Warwick District also has a high proportion of people aged 16-24 (linked to the student population). In contrast the population structure is notably older in North Warwickshire and Stratford-on-Avon, with an above average proportion of people in all age groups over 45.

Figure 25: Population Age Structure by Authority, Mid 2011
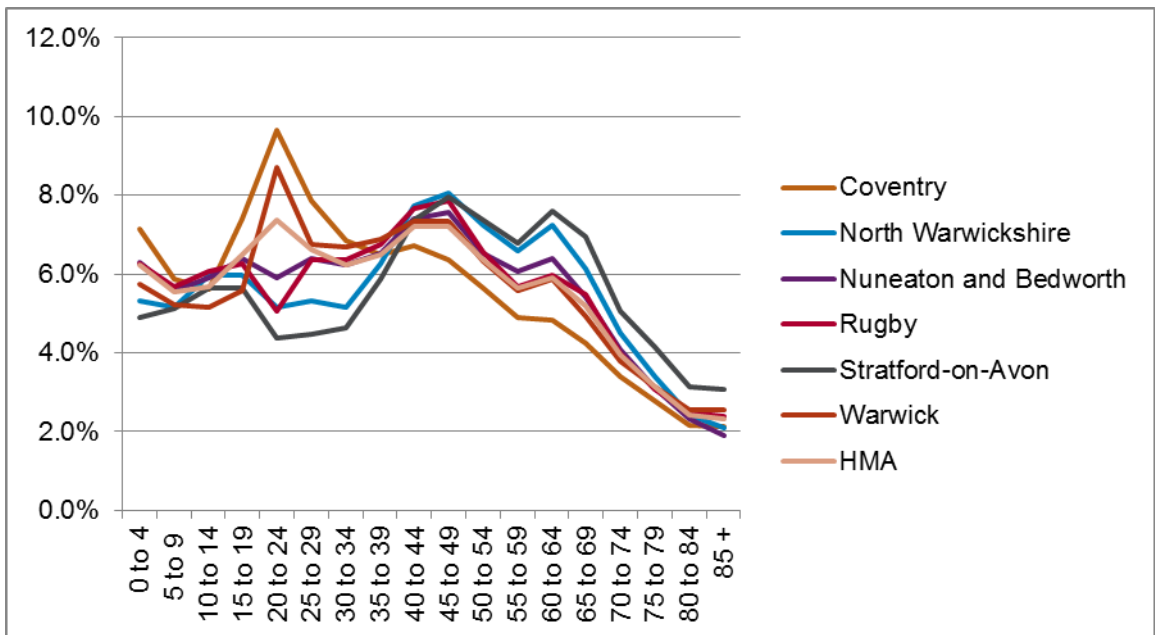
Source: ONS Mid 2011 Population Estimates

6.12   Coventry has the most ethnically diverse population. 31.1% of its population is of non-White British/ Irish origin, compared to 19.9% across the West Midlands. The other authorities are less ethnically diverse, with in particular more than 94% of the population of White British/ Irish origin in Stratford-on-Avon and North Warwickshire.

Figure 26: Ethnic Composition, 2011

	Coventry	Nuneaton and Bedworth	Rugby	Stratford-on-Avon	Warwick	North Warwickshire	HMA	West Midlands	England and Wales
■ Other Ethnic	1.7%	0.4%	0.3%	0.2%	0.9%	0.1%	0.9%	0.9%	1.0%
■ Black/ African/ Caribean	5.6%	0.8%	2.0%	0.2%	0.7%	0.3%	2.6%	3.3%	3.3%
■ Asian/ Asian British	16.3%	6.3%	5.2%	1.2%	7.2%	0.9%	8.9%	10.8%	7.5%
■ Mixed	2.6%	1.1%	2.0%	1.0%	2.0%	0.8%	1.9%	2.4%	2.2%
■ White Other	4.9%	1.8%	5.3%	3.0%	4.2%	1.2%	3.9%	2.6%	4.5%
■ White British/ Irish	68.9%	89.5%	85.2%	94.3%	84.9%	96.7%	81.9%	80.1%	81.4%
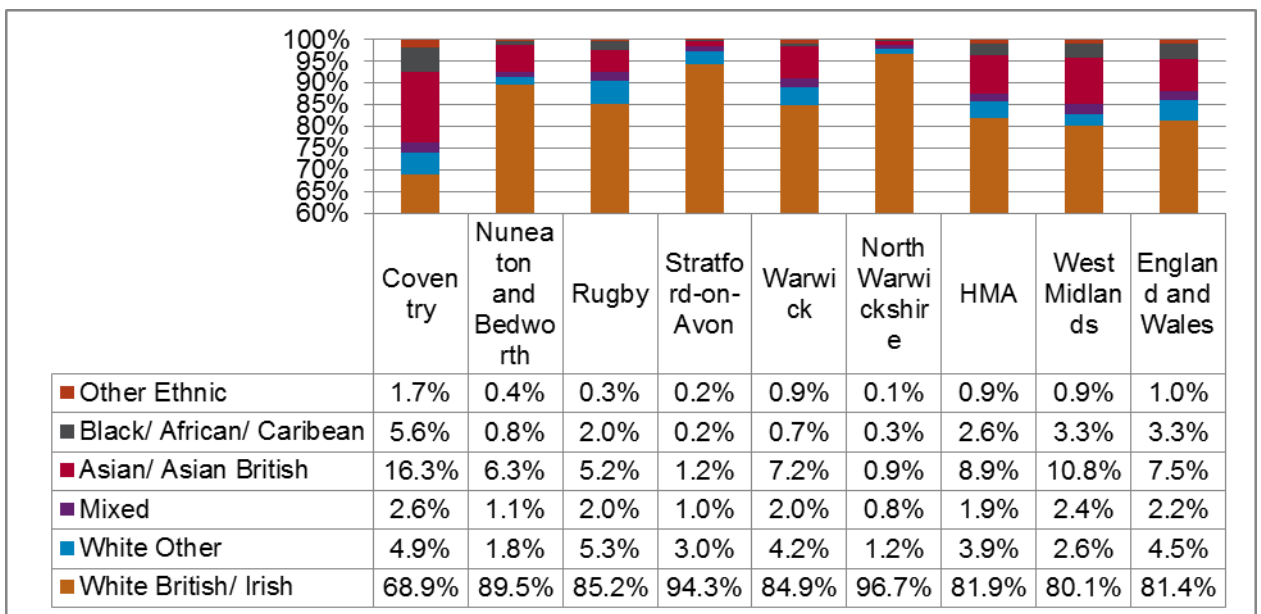
Source: Census 2011

6.13   Figure 27 analyses how the ethnic composition of the population has changed between 2001-11. The chart shows that growing BME populations are a key driver of population growth in Coventry, where the White British/ Irish population has actually fallen. In Nuneaton & Bedworth, growth in the Asian population has been a key driver of population growth. In Rugby, Stratford-on-Avon and Warwick whilst we have seen growth in the population in BME groups, this has been more modest relative to growth in the White British/ Irish population.

Figure 27: Change in Ethnic Composition of the Population, 2001-11
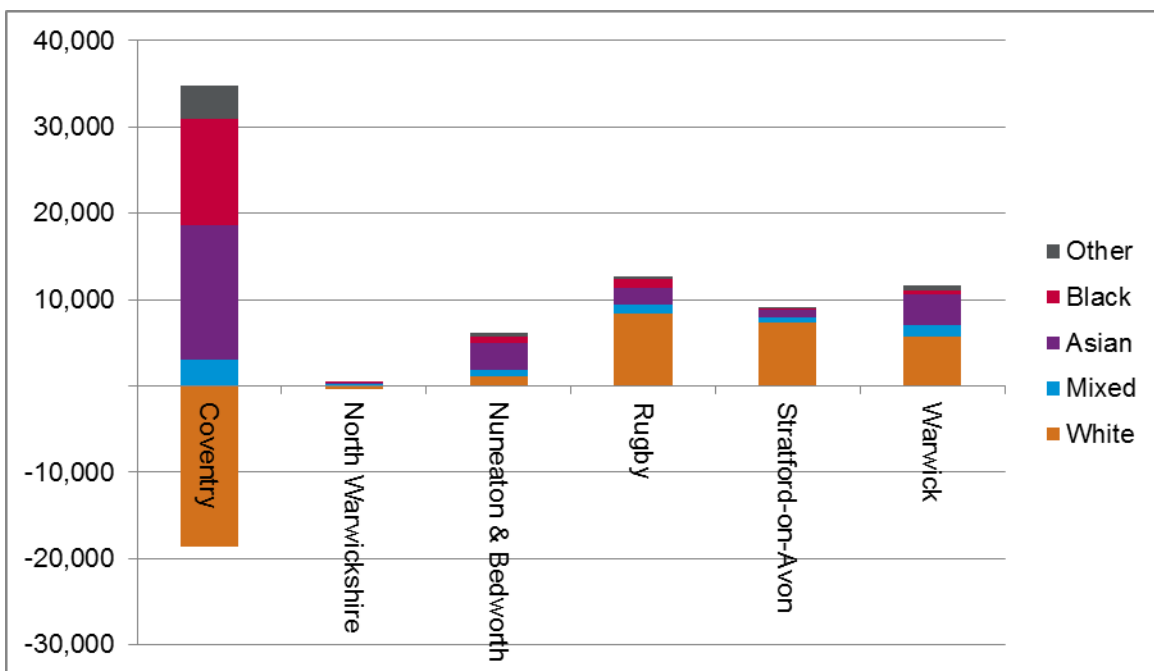
Source: Census 2001, Census 2011

6.14   Coventy has the highest concentrations of deprivation within the HMA. Across Coventry, 25 LSOAs fall within the 10% most deprived in England according to the English Indices of Deprivation 2010, with 61 LSOAs in the 20% most deprived. Deprivation is concentrated particularly within the Lower Value North Sub-Market as well as peripheral estates such as Canley, Tile Hill, Willenhall, and in Henley ward[15].

6.15   The English Indices of Deprivation 2010 shows that within Warwickshire, Nuneaton and Bedworth has the highest levels of deprivation – falling within the top third most deprived local authorities in England. Stratford-on-Avon is the least deprived District. Within Warwickshire there are nine neighbourhoods (SOAs) within the most deprived 10% nationally – all within Nuneaton and Bedworth[16].

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[15] For further detail see Coventry SHMA 2012

[16] See warwickshireobservatory.org.uk for further details

Economic Performance and Potential

6.16 The sub-regional economy as a whole under-performs the national average. Productivity is below average and growth in productivity (Gross Vale Added per job) has not kept pace with other areas. The Coventry and Warwickshire Economic Assessment (2010) explains some of the underlying structural issues behind this, which include:

- A lack of growing businesses and under-representation of 'high growth' businesses;
- Weak agglomeration effects associated with Coventry, which should be a stronger hub for employment within the sub-region;
- Worklessness and a lack of higher-level skills, particularly within the northern parts of the sub-region;
- Knowledge-intensive businesses and sectors within the economy which are not growing as fast as in other areas.

6.17 The Economic Assessment identified a north-south distinction within the Coventry and Warwickshire HMA. The north of the sub-region has been undergoing a process of economic restructuring, with an economy with historical strengths in coal mining and manufacturing. It has a greater representation of low-value manufacturing employment, personal services and public sector employment. There are risks in this area that the economy will reinforce around this 'low wage-skill equilibrium' – a process which the CWEA terms 'negative clustering.' The economic structure in the south of the County is different, with a greater representation of more modern industries, and trend towards growth in business and professional services, ICT software and gaming, as well as higher value-added manufacturing and engineering.

6.18 Table 26 shows the distribution of employment across the HMA. Coventry is the largest employment centre with 151,000 jobs (workplace-based) accounting for 34.6% of total employment. Second is Warwick District (87,100 jobs in 2011) followed by Stratford-on-Avon (63,000). The other three authorities each accommodate between 44,000 – 47,000 jobs.

Table 26:   Total Employment, 2011

	Jobs 2011 ('000s)	% Jobs
Coventry	151.0	34.6%
North Warwickshire	44.0	10.1%
Nuneaton & Bedworth	45.0	10.3%
Rugby	46.8	10.7%
Stratford-on-Avon	63.0	14.4%
Warwick	87.1	19.9%
HMA Total	436.9	100.0%

Source: Experian

6.19 We have undertaken an analysis of differences in the economic structure using location quotients (LQ). A location quotient of 1.0 indicates that there is an equal proportion of total employment in the

sector in an authority relative to the West Midlands region. A LQ of more than 1 indicates that there is a greater degree of employment; and visa-versa.

6.20   The largest sectors in the sub-regional economy in terms of total employment are:

- Public services (including education and health);
- Professional and other private services; and
- Wholesale and retail.

6.21   The manufacturing sector in terms of total job numbers comes fourth, but makes a very important contribution to wealth creation/ value added within the local economy.

6.22   The location quotient analysis indicates an above average representation of employment in transport/ distribution in North Warwickshire, Nuneaton and Bedworth and Rugby. It points to a strength in ICT, business and professional services in Coventry and Warwick District. The utilities sector is also an important employer in Warwick District reflecting the presence of a number of key employers such as National Grid and Arquiva. Public sector employment (which includes the universities) is an important employer in Coventry. In Stratford-on-Avon District, there is a strong base in business and professional services, but also in tourism related activities.

6.23   While overall manufacturing employment may be lower than average for the West Midlands, there are particular strengths in manufacturing sub-sectors particularly automotive and aerospace. This partly reflects the presence of key manufacturing employers such as Jaguar Land Rover, Aston Martin and London Taxi within the sub-region.

Table 27:   Location Quotient Analysis of Sectoral Structure of Employment, 2011

	Coventry	North Warks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	HMA
Accommodation, Food Services & Recreation	0.89	1.29	0.81	1.22	1.53	1.10	1.09
Agriculture, Forestry & Fishing	0.01	0.59	0.58	0.36	0.61	0.38	0.32
Construction	0.60	1.30	1.00	2.14	0.94	0.59	0.93
Finance & Insurance	1.65	0.23	0.59	0.44	1.34	0.49	0.99
Information & communication	1.26	1.23	0.50	1.28	1.19	2.34	1.38
Manufacturing	0.82	1.16	0.95	0.77	0.89	0.62	0.83
Professional & Other Private Services	1.09	0.92	0.90	1.12	1.42	1.33	1.15
Public Services	1.14	0.40	1.04	0.78	0.74	0.93	0.92
Transport & storage	0.65	4.34	1.49	1.58	0.58	0.89	1.25
Utilities	0.93	0.27	0.24	0.40	0.45	2.37	0.95
Wholesale & Retail	1.01	0.75	1.23	0.82	0.94	0.97	0.97

Source: Experian/ GLH

6.24   There are particular growth opportunities associated with the advanced manufacturing/ engineering sector (which is the focus of the City Deal bid) as well as the logistics sector (reflecting the area's strategic location at the heart of the UK motorway network). The distribution sector has played a key role in supporting employment growth and economic restructuring in the north of the county (particularly North Warwickshire).

6.25   Table 28 analyses past trends in employment growth. Employment grew strongly over the 2003-8 period in Warwickshire, with particularly strong growth (linked to delivery of the regional logistics sites) in North Warwickshire. The District has continued to post employment growth since the onset of the recession, in contrast to the other authorities.

6.26   Between 2009-11 employment has held up relatively better than across the West Midlands as a whole, with a -0.6% pa reduction in employment in Warwickshire and a -1.1% pa reduction in Coventry.

6.27   Coventry's economy in the pre-recession period (2003-8) posted relatively modest employment growth rates, and has been harder hit than the other local authorities by the recession.

Table 28:   Employment Growth Rates (% per Annum), Districts 1997-2011

Employment	1997-2002	2003-8	2009-11
North Warwickshire	0.5	4.8	0.7
Nuneaton & Bedworth	0.7	1.7	-0.2
Rugby	0.1	1.6	-0.9
Stratford-on-Avon	0.5	1.8	-1.0
Warwick	0.6	1.7	-0.9
Warwickshire	0.5	2.1	-0.6
Coventry	0.6	0.4	-1.1
West Midlands	0.2	0.6	-1.6
United Kingdom	1.1	0.9	-0.7

Source: Experian/ GLH

6.28   Similarly we can look at growth rates in GVA (as a measure of the total value of goods and services produced by a local economy). This points to the key role which the North Warwickshire, Warwick and Stratford-on-Avon districts have played in supporting value-creation between 2003-8. North Warwickshire has posted particularly strong recent growth influenced by the significant investment at the Regional Logistics Sites. However through the recession we have seen these authorities, together with Coventry, seeing a reduction in economic output.

Table 29:   Growth Rates for GVA (% per Annum), Districts 1997-2011

GVA	1997-2002	2003-8	2009-11
North Warwickshire	3.8	5.2	0.1
Nuneaton & Bedworth	4.0	2.6	0.2
Rugby	3.0	2.3	0.3
Stratford-on-Avon	2.7	2.9	-0.1
Warwick	4.0	3.1	-0.9
Warwickshire	3.5	3.1	-0.2
Coventry	2.8	1.0	-2.1
West Midlands	3.5	2.0	-0.8
United Kingdom	3.2	2.5	-0.4

Source: Experian/ GLH

6.29   In the next section we consider various projections for future housing requirements. To inform this we have developed some projections based on expected future economic performance.

6.30   There are a number of companies which produce economic forecasts. GL Hearn has recently worked with Cambridge Econometrics and SQW to provide detailed forecasts for Warwick and Coventry, with the results of the forecasting exercise presented in the *Economic and Demographic Forecasts Study* (December 2012). This included 'baseline projections' developed using the Local Economic Forecasting Model (LEFM) tailored to an understanding of the economies of Warwick and Coventry, as well as scenarios which considered the potential economic impact of delivery of the Coventry and Warwickshire Gateway (CWG), a proposed technology and logistics development south of Coventry Airport.

6.31   The Cambridge Econometrics baseline projections indicated that whilst Coventry had experienced a sharper fall in economic output during the recession than the wider region, the outlook going forward is positive. Employment growth was expected to be in line with that for the West Midlands as a whole, with output growth expected to out-perform the region. Employment growth was expected to be similar.

6.32   The report indicated that Warwick District has outperformed both the West Midlands and UK economy in the period leading up to the recession (2000-8), with the recession having a modest effect on overall economic output. The baseline projections indicated that the underlying outlook for the Warwick economy is that it will continue to outperform the West Midlands economy in the medium and long-term, with both GVA and employment growing at a faster rate than the region as a whole.

6.33   The report included additional scenarios which considered the potential implications of development at Coventry and Warwickshire Gateway on the economy and housing demand.

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6.34   The December 2012 Study however included economic forecasts for Coventry and Warwick District only, and not for other areas within Warwickshire. For the purposes of developing the SHMA we have thus additionally drawn on baseline forecasts for economic performance from Experian.

6.35   Economic forecasting is not an exact science. The Experian forecasts will differ from those from Cambridge Econometrics as the two 'forecast houses' can take slightly different views on the performance of the UK economy, and of different sectors within it, and there are some modest differences in how the two econometric models work. Economic forecasts can also vary over time. Neither is in its own right a "better forecast." But comparing the two forecasts (Cambridge and Experian) can be useful in establishing the 'parameters' for what level of employment growth we might expect.

6.36   This report draws principally on the Experian forecasts simply as these provide a consistent set of figures for all of the authorities in the HMA. For Coventry and Warwick these should be read alongside the previous *Economic and Demographic Forecasts Study* which provides a more detailed assessment of economic growth potential for these Districts.

6.37   Table 30 summarises the Experian baseline forecasts for growth in output over the 2011-31 period. Coventry (as in the CE forecasts) is expected to out-perform the wider West Midlands with average GVA growth of 1.9% per annum forecast over the 2011-31 period, as are Rugby and North Warwickshire. The forecasts however assume that past relative performance holds true – for North Warwickshire past performance has particularly been informed by the delivery of Regional Logistics Sites, and we do need to ask whether it is reasonable to assume this will continue moving forwards.

Table 30:   Forecast Annual Growth Rates in Economic Output, 2011-31

GVA Growth PA	2011-16	2016-21	2021-26	2026-31	2011-31
North Warwickshire	1.4	2.0	2.2	2.2	1.9
Nuneaton & Bedworth	1.2	1.7	2.0	2.0	1.7
Rugby	1.3	2.1	2.2	2.1	1.9
Stratford-on-Avon	0.9	1.7	2.0	1.9	1.6
Warwick	0.4	1.9	2.2	2.2	1.7
Warwickshire	0.9	1.9	2.1	2.1	1.7
Coventry	0.5	2.2	2.5	2.5	1.9
West Midlands	0.7	1.9	2.2	2.1	1.7
United Kingdom	1.1	2.1	2.4	2.4	2.0

Source: Experian/ GL Hearn

6.38   It is notable that the Cambridge Econometrics forecasts for growth in GVA are more optimistic than those from Experian. In particular the Cambridge baseline forecasts are more optimistic for Warwick District and expect it to out-perform the region.

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6.39   Figure 28 outlines Experian baseline econometric forecasts for growth in employment over the period from 2011-31. These projections assume that historical relationships continue to hold true in regard to the relative performance between a sector locally and the sector at a regional level. They do not account for policy issues or land availability.

Figure 28: Experian Baseline Econometric Projections for Employment, 2011-31
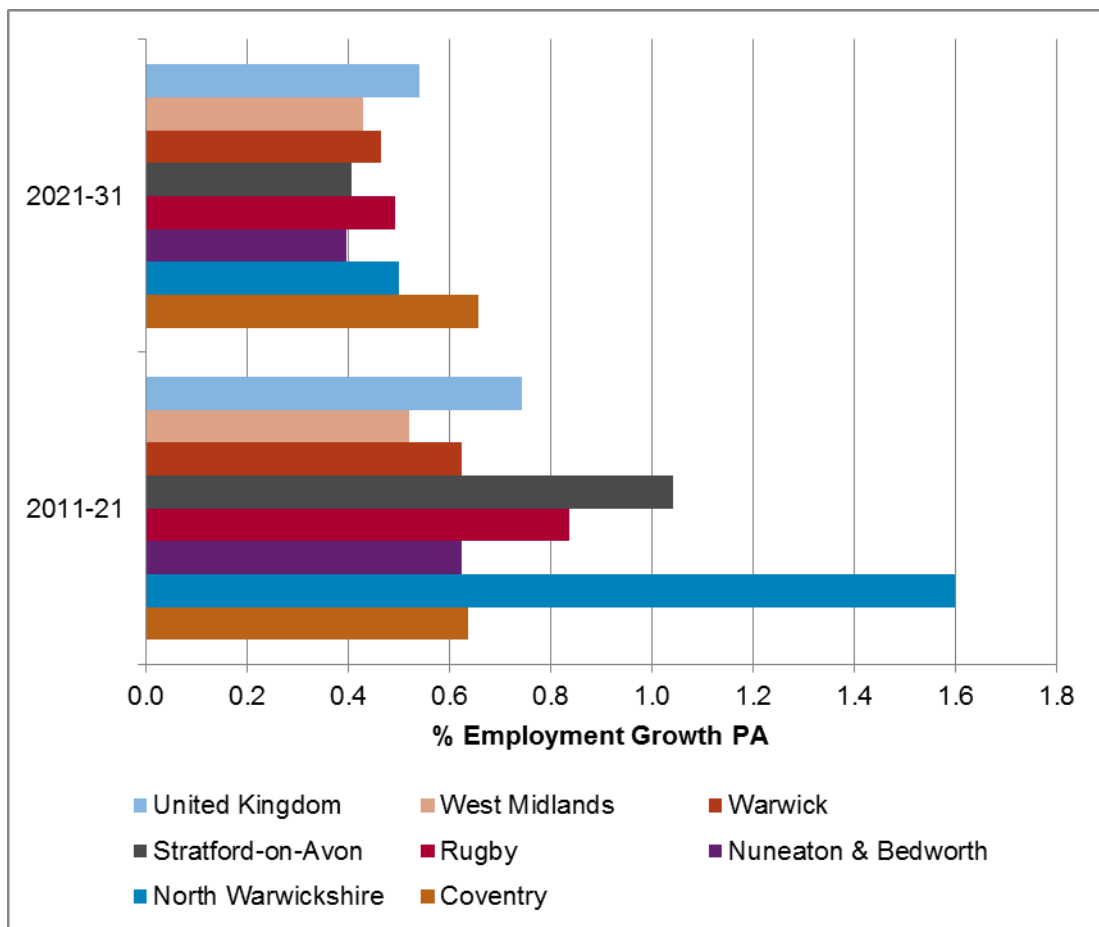
Source: Experian/ GLH

6.40   The projections forecast continued strong employment growth in North Warwickshire, and in Rugby and Stratford-on-Avon Districts over the period to 2021. These areas are forecast to grow more strongly relative to the UK. A detailed interrogation of the projections highlights the dependence of the projections for North Warwickshire on a continued supply of land for logistics/ distribution activities[17].

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[17] This is considered further in the North Warwickshire Employment Land Review (GL Hearn, 2013)

6.41   Table 31 outlines the resultant job numbers derived from the Experian projections. Growth in total employment of 62,600 is projected representing growth in total jobs of 14.3% between 2011-31. This is broadly consistent to forecast employment growth across the UK.

Table 31:   Projected Employment Growth 2011-31

Growth in Total Employment, 2011-31	Total	%
North Warwickshire	9400	21.3%
Nuneaton & Bedworth	4400	9.7%
Rugby	6500	14.0%
Stratford-on-Avon	9500	15.0%
Warwick	10300	11.8%
Coventry	22600	15.0%
HMA	62600	14.3%
West Midlands	-	11.1%
UK	-	14.0%

Source: Experian/ GLH

6.42   In terms of job numbers in absolute terms, the projections indicate that the strongest growth is expected in Coventry and Warwick District.

6.43   As we have identified above, separately from this project GL Hearn has worked with Cambridge Econometrics to develop economic forecasts for Coventry and Warwick District[18]. The baseline projections within this indicate employment growth of 10,900 in Warwick District between 2011-31 and of 16,900 in Coventry over this period. The level of employment growth envisaged for Warwick District is similar to the above Experian figures (albeit that there are phasing and sectoral differences and the forecast for growth in GVA is less strong)[19]. Whilst Cambridge Econometrics forecast lower employment growth in the baseline scenario for Coventry, but with the further scenarios developed to test the impact of delivery of key development and investment projects indicating that employment growth could be up to 6,300 higher than in the baseline projection. This broadly supports the realism of the Experian forecasts for Coventry.

6.44   An important issue in considering the impact of this on the housing market is commuting dynamics. We can consider net commuting with reference to jobs densities. These describe the number of jobs relative to the population aged 16-64. At a national level the jobs density is around 0.8 as some people within the 16-64 age bands are students, unemployment or looking after family. Evidence from an analysis of jobs densities would suggest that:

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[18] GL Hearn (2012) *Economic and Demographic Forecasts Study*

[19] Cambridge Econometrics are in effect predicting stronger improvements in productivity in Warwick District (GVA per job)

- There is net in-commuting to Stratford and Warwick Districts and to North Warwickshire[20];
- North Warwickshire has seen much stronger growth in jobs than population over the last decade, which is likely to support notable net in-commuting;
- In contrast there is some evidence of a jobs deficit in Nuneaton and Bedworth, and to some degree Coventry[21], which is most likely partly influenced by skills issues. Rugby has shown weaker growth in jobs than population compared with North Warwickshire but is outperforming Coventry and Nuneaton and Bedworth.

Figure 29: Changes in Jobs Densities, 2001-11
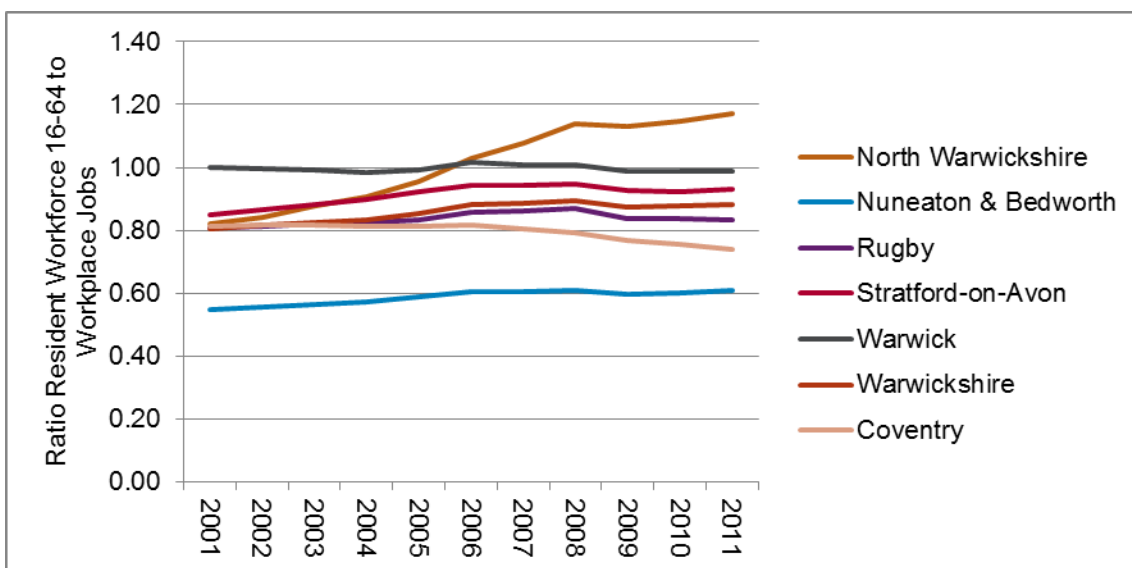
Source: ONS / NOMIS

Implications for Housing Provision

6.45   Overall the analysis in this section points towards the notable influence of population dynamics in Coventry on housing need across the housing market area, reflecting the 'big swings' which we can see in migration trends over time. Demographic projections will be particularly sensitive to migration assumptions. ONS Population Projections are particularly based on recent (5-year) trends in migration; with the evidence in particular pointing towards the potential impact of the market downturn and housing moratoriums on net migration to Warwick and Stratford-on-Avon districts over the period since 2006. On the other hand, over this period we have seen stronger population growth in Rugby and Coventry. This could well be linked. North Warwickshire stands out as seeing virtually no population growth over the 2001-11 decade.

6.46   The evidence also highlights the older population age structures in North Warwickshire and Stratford-on-Avon, which will influence trends in residents in employment in these areas. Higher migration relative to past trends would be necessary to support employment growth. More widely it

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[20] Detailed statistics are set out in the relevant Employment Land Review reports for each District

[21] Many other larger urban areas in the country for instance see notable net in-commuting from surrounding areas

is notable that population growth within BME communities is an important driver of population growth in Coventry (as is growth within Asian communities in Nuneaton and Bedworth). This is considered further in Section 10.

6.47   Looking at economic dynamics, growth in employment of 62,600 is forecast across the HMA over the 2011-31 period representing 14.3% growth in total jobs. There are notably specialisms and growth opportunities in the automotive and advanced engineering sectors and in logistics.

7   CONSIDERING FUTURE HOUSING NEEDS

Introduction

7.1   In this section we draw together the demographic projections to provide an initial assessment of the need for housing across the HMA and each of the six local authorities within it. The approach to doing so is structured to address the requirements of the draft Planning Practice Guidance on how to assess housing and economic development needs in August 2013. The draft Guidance sets out that the assessment of housing need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints.

7.2   The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the **starting point for establishing the need for housing should be the latest household projections** published by the Department for Communities and Local Government (CLG). These are therefore considered first.

7.3   It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular to take account of more recent demographic information, or where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability. Updated projections based on the most recent demographic information are therefore presented; together with a sensitivity test around headship rate assumptions which takes account of the analysis in Section 5 that dealt with market signals.

7.4   The draft Guidance indicates that job growth and economic forecasts should also be considered, and that an increase in housing provision should be considered where there is evidence that labour supply might result in unsustainable commuting patterns that reduce the resilience of local business. It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate. Two economic-driven projections are considered based on different assumptions on commuting.

7.5   Affordable housing needs evidence is also relevant, with the draft Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision. This is considered in Section 9 – which

examines the degree to which the initial conclusions drawn on overall housing need in this section are capable of meeting affordable housing need.

Latest National Household Projections

7.6   The draft Guidance on *Assessment of Housing and Economic Development Needs* is clear that the latest national household projections published by CLG are the starting point for assessing housing need. The latest projections are the 2011-based Interim Household Projections which cover the period to 2021. These are shown in Table 32 below.

Table 32:   2011-based Household Projections (2011-21)

2011-21	Household Growth per Annum	Dwelling Growth per Annum
Coventry	1,765	1,818
North Warwickshire	149	153
Nuneaton & Bedworth	416	428
Rugby	494	509
Stratford-on-Avon	618	637
Warwick	624	643
HMA Total	4,066	4,188

Source: CLG 2013 / GLH (Dwelling growth assumes 3% vacant and second homes)

7.7   The draft Guidance is clear that the projections are an appropriate starting point as they are statistically robust and based on nationally consistent assumptions; however plan makers may consider sensitivity testing to reflect their local circumstances and to take account of the most recent demographic evidence. The draft Guidance also sets out that plan-makers will need to assess likely trends post 2021 to align with their development plan periods. The SHMA is looking to 2031.

Updating and Extending the Projections to 2031

7.8   CLG's 2011-based household projections are 'interim' projections rather than official statistics. They take account of the size and structure of the population recorded by the 2011 Census. However they are based on pre-Census 'estimates' of population trends between 2002-11 (Mid Year Population Estimates). Since the projections were issued ONS has remodelled population trends over this 2002-11 period. It is therefore appropriate to update and extend the projections.

7.9   The projections have thus developed the CLG household projections by:

- Extending the projections to 2031 based on the demographic trends shown (PROJ 1); and
- Updating the projections to take full account of the 2011 Census and revised ONS Mid-Year Population Estimates. This forms the basis of PROJ 1A.

7.10   The revised Mid-Year Population Estimates provide information on components of population change (birth, death, in and out-migration and other changes), which take account of what the 2011 Census shows about population trends over the 2001-11 period. The ONS 2011-based Sub-National Population Projections and CLG 2011-based Household Projections were published before this information was available.

7.11   The impact of this varies by area – in some authorities (such as Nuneaton and Bedworth) ONS' pre-Census estimates of population trends (and particularly migration) are largely supported by what the Census shows to have happened. In other authorities, the 2011 Census revealed a population which was somewhat different from what ONS had previously been estimating, most notably for Coventry.

7.12   In extending the projections to 2031 the analysis also considers the impact of changes in the population age structure over the 2021-31 period. This feeds into the demographic projections which changes in the size and age structure of the population and how this influences household growth given the expected proportions of people in different age groups who are likely to be a head of a household.

7.13   The table below brings this analysis together showing the original CLG 2011-based Interim Projections, the PROJ 1 figures which develop these to look over the period to 2031, and the results of the update of this in PROJ 1A take account of the latest data. Figures are expressed per annum.

Table 33:   Extending and Updating the National Projections

	CLG 2011-based Projections	PROJ 1: Extending to 2031	PROJ 1A: Updating for Latest Data
	Dwellings per Annum, 2011-21	Dwellings per Annum, 2011-31	Dwellings per Annum, 2011-31
Coventry	1,818	1,745	1,038
North Warwickshire	153	146	134
Nuneaton & Bedworth	428	389	429
Rugby	509	485	596
Stratford-on-Avon	637	585	479
Warwick	643	631	659
HMA Total	4,188	3,981	3,335

7.14   At the HMA level extending the CLG projections to 2031 results in an average need for 3,981 homes per annum. This particularly reflects the updated information on migration trends across the HMA. However this falls to 3,335 homes per annum once the most up-to-date information is considered. In line with the draft Guidance this could reasonably be considered a 'baseline' level of housing provision for the HMA.

Sensitivity to Migration and Household Formation Rates

7.15   In essence the projections push forward past trends. The projections are particularly sensitive to assumptions regarding migration and to household formation rates. It is therefore appropriate to consider these further, including examining whether there is evidence that household formation rates have been constrained in the past.

7.16   PROJ 2 and PROJ 3 in the report provide a sensitivity analysis around migration, based on observed trends over the last 5 and 10 years projected forward on a linear basis.

Table 34:   Sensitivity Analysis – Migration

Dwellings per Annum, 2011-31	PROJ 1A: Updated SNPP	PROJ 2: 10 Year Migration	PROJ 3: 5 Year Migration
Coventry	1,038	1,011	1,690
North Warwickshire	134	37	33
Nuneaton & Bedworth	429	363	341
Rugby	596	677	704
Stratford-on-Avon	479	457	399
Warwick	659	725	342
HMA Total	3,335	3,270	3,509

7.17   The five year migration trends suggesting higher projected housing need in Coventry and a lower level in Warwickshire (overall); with the ten year trends suggesting lower need overall in both Coventry and Warwickshire. At the HMA level the variance is however low, with PROJ 2 showing a level of housing need 2% below and PROJ 3 showing a level 3% above those in the PROJ 1A projection. This supports the robustness of the migration assumptions in PROJ 1A.

7.18   The main demographic projections (PROJ 1A) are based on ONS' assumptions regarding future migration trends. This is informed by a dynamic model which takes account of changes in the population in different areas, and the propensity of people in different age groups to migrate between areas. It is thus a more advanced model than a linear projection of 5 or 10 year trends. Thus there would need to be a robust justification for any deviation from the PROJ 1A migration assumptions based on demographic factors. We cannot see a clear justification for this.

7.19   A sensitivity analysis around household formation (headship rates) has also been run, by applying the headship rates within the CLG 2008-based Household Projections to the PROJ 1A population projections. This is shown in Table 35. Effectively this assumes that population growth remains consistent, but sees stronger rates of household formation.

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Table 35:   Sensitivity Analysis – Household Formation

Dwellings per Annum, 2011-31	2011-based Headship Rates	2008-based Headship Rates
	PROJ 1A: Updated SNPP	
Coventry	1,038	1,307
North Warwickshire	134	186
Nuneaton & Bedworth	429	545
Rugby	596	710
Stratford-on-Avon	479	574
Warwick	659	772
HMA Total	3,335	4,094

7.20   This sensitivity analysis shows that by applying 2008-based headship rates the level of household formation derived from PROJ 1A is 23% higher than using the 2011-based headship rates across the HMA. We have termed this projection "PROJ 1A – 2008 Headship." The impact is greatest in Coventry and the authorities in the north of the County in proportional terms.

7.21   The wider evidence does point towards some suppression of household formation over the 2001-11 decade – in particular evidence that overcrowding increased over this period as well as declining affordability on some measures over the period to 2007; and a decline in market activity since. This is projected forward to some degree in the 2011-based headship rates.

7.22   It is however difficult to say with clarity to what extent the difference in household formation rates between the 2008- and 2011-based projections is related to market factors constraining household formation; or whether there are other factors at play. A recent (September 2013) study produced by the Cambridge Centre for Housing and Planning Research (CCHPR) on behalf of the TCPA does shed some light on this issue, stating:

> *"The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse."*

7.23   This research indicates that part of the difference in household formation rates is a result of different household structures within immigrant populations. The implications are that not all of the differential between the 2008 and 2011-based household formation rates is due to constrained household formation.

7.24   Overall the sensitivity testing points to the migration assumptions being reasonable; but suggests that there may have been some evidence of supressed household formation over the decade to 2011. As the 2011-based household projections are trend-based, this feeds into these projections. The market evidence (as presented earlier in the report) indicates that the deterioration in affordability in the latter part of the period to 2007 plus the downturn in the housing market since this point (and in particular the much tighter access to market finance) may have led to some suppression of household formation.

7.25   However a key factor in assessing the impact of this is the outlook moving forward. The market has been flat over the last few years, and whilst there are some signs of improvement, the economy is only just starting to recover and the outlook seems likely to be a gradual recovery in market demand (and sales) over a number of years. The likelihood is thus that over a significant proportion of the decade to 2021 we are likely to see more modest household formation than indicated by long-term trends (such as the 2008-based projections).

7.26   We have therefore run a further projection which uses the 2011-based headship rates over the period to 2021, but in the following decade assumes that household formation improves in line with trends shown in the 2008-based Household Projections. In effect this projection models the mid-point between the 2008- and 2011-based headship rate assumptions. We have called this "PROJ 1A – Midpoint Headship." In reality this line may well be slightly more blurred with a more gradual improvement in affordability and household formation rates over the plan period, but the difference between this and the modelled approach would be marginal.

Supporting Economic Growth

7.27   Experian forecast 14.3% employment growth across the HMA over the period from 2011-31. This is above forecast growth for the West Midlands (11.1%) and UK (14.0%).

7.28   Across the HMA the modelling suggests that PROJ 1A would support growth in labour supply (residents in employment) of around 12% over the 2011-31 period. This falls modestly below the jobs forecasts, however it needs to be recognised that changes in labour supply are sensitive to:

- People holding down more than one job: the economic-driven scenarios modelled do not make any assumptions on double-jobbing;
- Changes to employment rates: the projections include assumptions that employment rates will improve as the economy recovers, but there is some potential for a stronger improvement (particularly in Coventry);
- Commuting dynamics: commuting dynamics could also change (particularly at an authority level).

7.29   At the HMA level, the jobs forecasts indicate a housing requirement around 12% above the PROJ 1A figures. Given the inherent uncertainties in economic forecasting and factors listed above, we

conclude that the forecasts on their own do not provide a basis per se for an adjustment to housing requirement (relative to the PROJ 1A figures) at the HMA level.

7.30   We can however draw some interesting conclusions from the economic forecasts at an authority level. Table 36 compares forecast growth in labour supply to forecast employment growth at an authority level.

7.31   Firstly it is worth setting out that district level economic forecasts are not necessarily that reliable. Nonetheless considering the interplay between these and the PROJ 1A forecasts (combined with our wider understanding of economic and market dynamics) we can draw out the following points:

- There is a case for higher housing provision in North Warwickshire than shown in the PROJ 1A figures, as these support very modest growth in labour supply and over the last few years jobs growth in the district has clearly been running ahead of growth in labour supply leading to a notable increase in net in-commuting. However we view the Experian economic projections as (significantly) on the high side: the projections broadly assuming continued delivery of regional logistics floorspace;
- In Stratford-on-Avon, the District's older age structure in particular influences the relationship between housing and employment growth. The PROJ 1A figures thus support modest growth in the labour force relative to the economic-driven projections.
- In Rugby the PROJ 1A figures support substantial growth in labour supply relative to forecast economic performance. This particularly reflects strong relative population and housing growth in the past in the Borough relative to other parts of the HMA (as Table 17 and Figure 23 show).

7.32   Commuting dynamics mean that it is probably not realistic to achieve an exact balance between labour demand and supply growth at a local authority level; however the evidence does point to some policy choices between either seeking to increase housing supply in some areas or recognising that commuting dynamics in some areas might change. It does point to housing provision above the PROJ 1A figures in North Warwickshire as beneficial in reducing future growth in in-commuting to the District; and to the potential need to consider higher housing provision in Stratford-on-Avon District to support the local economy.

Table 36:   Potential to Support Growth in Labour Supply

	Labour Supply Growth		Forecast Employment Growth			
	PROJ 1A		PROJ A		PROJ B	
	Residents in Employment	%	Jobs	%	Residents in Employment	%
Coventry	22579	16.4%	22632	16.5%	20006	14.5%
North Warwickshire	238	0.8%	9376	30.0%	9745	31.2%
Nuneaton & Bedworth	5152	8.6%	4376	7.3%	5893	9.8%
Rugby	10582	21.0%	6544	13.0%	6467	12.8%
Stratford-on-Avon	1301	2.1%	9452	15.6%	10097	16.6%
Warwick	8996	12.9%	10253	14.7%	9270	13.3%
HMA	48849	11.9%	62633	15.3%	61479	15.0%

Overview of Projections Developed

7.33   As part of this assessment we have a total of nine demographic projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections can broadly be split into four categories as set out below.

Table 37:   Suite of Projections Run

Type of Projections	Projections Run
Demographic-Driven	• PROJ 1 (Linked to 2010- and 2011-based SNPP) • PROJ 1A (Remodelled SNPP) • PROJ 2 (10-year migration trends) • PROJ 3 (5-year migration trends)
Economic-Driven	• PROJ A (Jobs baseline) • PROJ B (Residents in Employment)
Component Projections	• PROJ X (Zero net migration) • PROJ Y (Zero Employment Growth)
Dwelling-Led	• PROJ Z (Past Completions)

7.34   Economic growth at a local authority level is difficult to forecast with a high degree of accuracy, and the implications of demography of the housing market will be sensitive to a range of factors – changes to employment rates, to commuting patterns and to other factors such as 'double jobbing.' These should be recognised in interpreting the economic driven figures which should be regarded as indicative – particularly for individual local authority districts.

7.35   Similarly it should be recognised that past population projections can be influenced by past housing delivery at a local authority level (which influence, in part, migration flows). However this is likely to influence movement particularly within the HMA; and thus we would expect any impact to be primarily on projections for individual local authorities. We would not expect the impact of housing delivery to have a significant impact on demographic projections for the HMA as a whole.

7.36   The 'component' projections are developed to aid understanding of demographic dynamics. The 'dwelling-led' projections are based on a continuation of past rates of housebuilding. Neither provides an assessment of housing need *per se* but are developed to help aid interpretation of the projections.

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7.37   In addition to the main demographic projections we have run a sensitivity analysis to the PROJ 1A figures, based on:

- Applying 2008-based headship rates to the projections for the entire of the 2011-31 period; and
- Applying the 2011-based headship rates for the 2011-21 period, and then assuming that household formation is stronger thereafter consistent with projected changes in headship rates in the 2008-based household projections.

7.38   These headship sensitivities are run for PROJ 1A only. They aim to test the impact of different assumptions on rates of household formation.

Drawing together the Projections for the HMA

7.39   At the HMA level the evidence suggests that the PROJ 1A figures – equivalent to delivery of 3,335[22] homes per annum to 2031 – should be regarded as a minimum level of provision. There is evidence that this incorporates a degree of constraint to household formation. Applying the 2008-based headship rates to the PROJ 1A Population Projection resulted in a 23% uplift in the housing requirement to around 4,100 homes per annum. However the evidence suggests that around half of this uplift may relate to international migration dynamics and the implications which this has had on household structures (as opposed to constrained housing supply and affordability pressures).

7.40   Market circumstances in the initial part of the projection period also appear to be influencing household formation rates. Against this context we have modelled a scenario which models household formation between these levels (this is termed PROJ 1A – Midpoint Headship). On the balance of evidence from market signals (as presented in Section 5), and taking account of the market and economic outlook, this seems like a reasonable and realistic scenario. This results in need for around 3,750 homes per annum to 2031. This level of housing provision is also consistent with the mid-point of the economic driven projections (PROJ A and B).

7.41   Table 38 summarises the projections. It shows both the demographic- and economic-led projections as well as the component projections. Provision of 3,750 homes per annum would represent growth in the housing stock of 1.0% per annum.

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[22] Rounded to the nearest 5

Table 38:   Summary of Projections 2011 to 2031 – Annual – HMA

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (SNPP)	8,662	1.0%	3,981	1.1%	3,349	0.8%
PROJ 1A (SNPP updated)	6,883	0.8%	3,334	0.9%	2,442	0.6%
PROJ 2 (10-year migration trends)	6,726	0.8%	3,271	0.9%	2,387	0.6%
PROJ 3 (5-year migration trends)	7,410	0.9%	3,509	0.9%	2,666	0.7%
PROJ A (Jobs baseline)	8,128	0.9%	3,768	1.0%	3,132	0.8%
PROJ B (Residents in employment)	8,018	0.9%	3,724	1.0%	3,074	0.7%
PROJ X (Zero net migration)	2,739	0.3%	1,806	0.5%	170	0.0%
PROJ Y (Zero employment growth)	2,234	0.3%	1,615	0.4%	0	0.0%
PROJ Z (Past Completions)	5,360	0.6%	2,763	0.7%	1,674	0.4%
PROJ 1A – 2008 Headship	6,883	0.8%	4,100	1.2%	2,442	0.6%
PROJ 1A – Midpoint Headship	6,883	0.8%	3,750	1.0%	2,442	0.6%

Projections for Individual Authorities

7.42   The analysis below seeks to draw together the evidence within the report – the market signals, analysis of economic dynamics, and demographic projections – to provide an initial assessment of housing need in each of the authorities within the HMA. The local authority figures provide a starting point for considering housing need, but it should be recognised that local authority level figures will have been influenced by a range of factors including local housing market dynamics as well as past housing supply policies and delivery. We have sought to consider the impact of this by looking at, and comparing, relative rates of housing growth across the authorities within the HMA.

Coventry

7.43   For Coventry the 2011-based CLG Interim Household Projections indicate housing need of 1,818 homes per annum to 2021 (which would represent a 1.3% annual growth rate in the housing stock). Taking account of the latest demographic evidence and extending the projection period to 2031, this however falls to 1,038 homes per annum (PROJ 1A) representing 0.8% growth per annum. We regard this as an appropriate starting point for considering housing need.

7.44   Population growth in the City (and the level of housing need associated with this) is particularly sensitive to migration, which has varied significantly over time. In particularly there was notable migration to the City over the 2006-11 period. The migration sensitivity projections therefore result in a housing need for between 1,011-1,690 homes per annum (with PROJ 1A lying towards the

lower end of this range). The significant swings in migration make it more difficult to accurately project housing need in Coventry relative to other parts of the HMA.

7.45   Affordability pressures within the City are less pronounced than in other parts of the HMA, and lower quartile house price to income ratios have fallen over the period since 2007. There is evidence that overcrowding is higher than in other parts of the HMA, but this is likely to be related (at least in part) to the level of multi-occupancy student households in the City, and to the structure of the City's housing offer rather than specifically an indicator of market stress. The adjustments to headship rates can potentially contribute to addressing this.

7.46   The level of housing need generated in PROJ 1A looks capable of supporting expected growth in the City's economy on the basis of the baseline Experian forecasts. However it should be recognised that key regeneration projects and development proposals, if delivered, could support stronger relative economic growth than shown in PROJ A and B[23].

7.47   The above figures are based on the household formation assumptions within the CLG 2011-based Household Projections. The sensitivity analysis undertaken using the 2008-based headship rates results in an increase in housing need from 1,038 homes per annum to 1,307 homes per annum (a 26% increase). The mid-point projections of household formation – which we consider to be the most realistic scenario – lie between this, generating a housing need for 1,179 homes a year.

7.48   Overall the evidence points to a need for a minimum of 1040 homes per year. However the evidence does point towards this resulting in some continued suppression of household formation. To address this, an appropriate level of provision based on the evidence presented would be around 1,180 homes per year based on the midpoint headship assumptions.

7.49   It would be appropriate for the Council however to consider the alignment of this with policy-on assumptions for economic growth.

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[23] See for instance the *Economic and Demographic Forecasts Study* prepared for Coventry City Council and Warwick District Council (GL Hearn, Dec 2012)

Table 39:   Summary of Projections 2011 to 2031 – Annual - Coventry

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (SNPP)	4,377	1.4%	1,745	1.3%	2,125	1.5%
PROJ 1A (SNPP updated)	2,438	0.8%	1,038	0.8%	1,129	0.8%
PROJ 2 (10-year migration trends)	2,401	0.8%	1,011	0.8%	1,136	0.8%
PROJ 3 (5-year migration trends)	4,261	1.3%	1,690	1.3%	2,091	1.5%
PROJ A (Jobs baseline)	2,394	0.8%	1,011	0.8%	1,132	0.8%
PROJ B (Residents in employment)	2,136	0.7%	916	0.7%	1,000	0.7%
PROJ X (Zero net migration)	2,311	0.7%	978	0.7%	1,090	0.8%
PROJ Y (Zero employment growth)	170	0.1%	195	0.1%	0	0.0%
PROJ Z (Past Completions)	1,493	0.5%	681	0.5%	671	0.5%
PROJ 1A – 2008 Headship	2,438	0.8%	1,307	1.0%	1,129	0.8%
PROJ 1A – Midpoint Headship	2,438	0.8%	1,179	0.9%	1,129	0.8%

Table 40:   Summary of Projections 2011 to 2031 – Total – Coventry

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	87,545	27.6%	34,904	26.3%	42,490	30.9%
PROJ 1A (SNPP updated)	48,760	15.4%	20,759	15.7%	22,579	16.4%
PROJ 2 (10-year migration trends)	48,011	15.1%	20,222	15.3%	22,723	16.5%
PROJ 3 (5-year migration trends)	85,218	26.9%	33,803	25.5%	41,815	30.4%
PROJ A (Jobs baseline)	47,877	15.1%	20,212	15.3%	22,632	16.5%
PROJ B (Residents in employment)	42,720	13.5%	18,321	13.8%	20,006	14.5%
PROJ X (Zero net migration)	46,215	14.6%	19,567	14.8%	21,802	15.8%
PROJ Y (Zero employment growth)	3,396	1.1%	3,896	2.9%	0	0.0%
PROJ Z (Past Completions)	29,869	9.4%	13,612	10.3%	13,424	9.8%
PROJ 1A – 2008 Headship	48,760	15.4%	26,144	19.7%	22,579	16.4%
PROJ 1A – Midpoint Headship	48,760	15.4%	23,584	17.8%	22,579	16.4%

North Warwickshire

7.50   The CLG 2011-based Household Projections indicate a housing need for 153 homes per annum in North Warwickshire over the period to 2021. Updating these to take account of the latest data (in particular the 2011 Census) and extending the projection period to 2031, the projected need falls

slightly to 134 homes per annum (PROJ 1A). This represents a modest 0.5% per annum growth in the housing stock. We regard this as an appropriate starting point for considering housing need.

7.51   The market evidence points to a broad current balance between housing supply and demand, and indeed both entry level prices and affordability have improved since 2007 in the District. Lower quartile house price to income ratios also indicate that North Warwickshire (and the northern part of the County more generally) is generally more affordable than comparator areas and England. Market signals *per se* do not point to a particular supply-demand imbalance or provide a strong basis for an upwards adjustment to the projections.

7.52   North Warwickshire's population structure is older than average, with 18.5% of the Borough's population aged over 65 relative to 17.0% across the HMA. Furthermore 29.1% of the Borough's population are aged between 45-64 relative to 25.1% in the HMA. A proportion of people in this age range will move into retirement over the period to 2031. Because of these age structure dynamics, the PROJ 1A projections are modelled to support fairly static labour supply in the Borough. Some upward adjustment to these projections might thus be worth considering in assessing levels of housing provision in order to limit any growth in in-commuting to the Borough.

7.53   The level of housing projected in PROJ 2 and PROJ 3 is negligible (0.1% per annum) and we do not consider these scenarios to be realistic. Equally the growth rates in PROJ A and B based on projected employment growth are very high. While it is clear that this is based on trend data, this has been influenced by the delivery of large Regional Logistics Sites at Hams Hall and Birch Coppice. It is therefore relevant to consider the degree to which this employment growth will be replicated; and the extent to which these sites will draw from a wider sub-regional labour market. The economic-driven projections in our view represent a very optimistic set of assumptions for future employment growth in the District[24].

7.54   The high numbers shown in the economic-driven projections for this district are also influenced by its relatively older age structure. Housing growth of over 1.0% pa in North Warwickshire would seem to us unlikely.

7.55   It should be remembered that the labour market does not operate within the confines of local authority boundaries and the evidence in the SHMA indicates that across the housing market (and LEP) area, the level of employment growth shown in the projections could potentially be supported by the PROJ 1A projections together with improvements to employment rates in parts of the sub-region supported by investment in skills.

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[24] This is explored further in the North Warwickshire Employment Land Review (GL Hearn, 2013)

7.56   The above figures are based on the household formation assumptions within the CLG 2011-based Household Projections. The sensitivity analysis undertaken using the 2008-based headship rates results in an increase in housing need from 134 homes per annum to 186 homes per annum (a 39% increase). The mid-point projections of household formation – which we consider to be the most realistic scenario – lie between this, generating a housing need for 165 homes a year.

7.57   The demographic evidence points to a need for between 145-165 homes per annum in North Warwickshire. Provision of 145 homes per annum should be regarded as a minimum level of provision. Housing delivery above this range might be considered in the District based on the need to deliver affordable housing (which is considered in Section 9) or to support more local living and working. This is considered further in the remaining sections of this report.

Table 41:   Summary of Projections 2011 to 2031 – Annual – North Warwickshire

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (SNPP)	261	0.4%	146	0.5%	31	0.1%
PROJ 1A (SNPP updated)	226	0.4%	134	0.5%	12	0.0%
PROJ 2 (10-year migration trends)	-48	-0.1%	37	0.1%	-140	-0.4%
PROJ 3 (5-year migration trends)	-59	-0.1%	33	0.1%	-146	-0.5%
PROJ A (Jobs baseline)	1,076	1.7%	434	1.6%	469	1.5%
PROJ B (Residents in employment)	1,110	1.8%	446	1.7%	487	1.6%
PROJ X (Zero net migration)	-59	-0.1%	33	0.1%	-146	-0.5%
PROJ Y (Zero employment growth)	205	0.3%	126	0.5%	0	0.0%
PROJ Z (Past Completions)	188	0.3%	120	0.5%	-8	0.0%
PROJ 1A – 2008 Headship	226	0.4%	186	0.7%	12	0.0%
PROJ 1A – Midpoint Headship	226	0.4%	165	0.6%	12	0.0%

Table 42:   Summary of Projections 2011 to 2031 – Total – North Warwickshire

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	5,226	8.4%	2,920	11.0%	622	2.0%
PROJ 1A (SNPP updated)	4,527	7.3%	2,673	10.0%	238	0.8%
PROJ 2 (10-year migration trends)	-951	-1.5%	743	2.8%	-2,794	-8.9%
PROJ 3 (5-year migration trends)	-1,179	-1.9%	662	2.5%	-2,919	-9.3%
PROJ A (Jobs baseline)	21,513	34.6%	8,678	32.6%	9,376	30.0%
PROJ B (Residents in employment)	22,197	35.8%	8,920	33.5%	9,745	31.2%
PROJ X (Zero net migration)	-1,179	-1.9%	662	2.5%	-2,919	-9.3%
PROJ Y (Zero employment growth)	4,109	6.6%	2,526	9.5%	0	0.0%
PROJ Z (Past Completions)	3,767	6.1%	2,406	9.0%	-165	-0.5%
PROJ 1A – 2008 Headship	4,527	7.3%	3,722	14.0%	238	0.8%
PROJ 1A – Midpoint Headship	4,527	7.3%	3,305	12.4%	238	0.8%

Nuneaton & Bedworth

7.58   The 2011-based CLG Interim Household Projections indicate housing need of 428 homes per annum to 2021 in Nuneaton & Bedworth. Taking account of the latest demographic evidence and extending the projection period to 2031, this changes slightly to 429 homes per annum (in PROJ 1A). This represents 0.8% per annum growth in the housing stock.

7.59   This level of housing need sits between the two economic-driven scenarios (PROJ A and PROJ B) which indicated a need for between 403-455 homes per year. The lower end of this range assumes that net out-commuting falls over time; whilst the higher end assumes that commuting flows in relative terms remain consistent to historical patterns. There is net out-commuting from the Borough, particularly to Coventry.

7.60   The migration sensitivity analysis provides a downside assessment, but ONS assumptions (as modelled in PROJ 1A) regarding growth in migration trends do seem reasonable[25].

7.61   The market evidence points to the Borough being the most affordable local authority in the HMA. The evidence indicates that the ratio of lower quartile house prices to earnings has fallen significantly since 2007. Market signals *per se* do not point to a particular supply-demand balance or provide a basis for an upwards adjustment to the projections.

7.62   The sensitivity analysis undertaken using the 2008-based headship rates results in an increase in housing need (in PROJ 1A) from 429 homes per annum to 545 homes per annum (a 27% increase).

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[25] For instance set against expected population growth in Coventry

The mid-point projections of household formation – which we consider to be the most realistic scenario – lie between this, generating a housing need for 494 homes a year.

7.63   Overall the evidence points to a need for a minimum of 430 homes per year. However the evidence does point towards this resulting in some continuing suppression of household formation. To address this, an appropriate level of provision based on the demographic evidence would be around 495 homes per year (rounded to the nearest 5 dwellings).

Table 43:   Summary of Projections 2011 to 2031 – Annual – Nuneaton & Bedworth

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (SNPP)	800	0.6%	389	0.7%	200	0.3%
PROJ 1A (SNPP updated)	910	0.7%	429	0.8%	258	0.4%
PROJ 2 (10-year migration trends)	727	0.6%	363	0.7%	160	0.3%
PROJ 3 (5-year migration trends)	668	0.5%	341	0.6%	129	0.2%
PROJ A (Jobs baseline)	839	0.7%	403	0.7%	219	0.4%
PROJ B (Residents in employment)	985	0.8%	455	0.8%	295	0.5%
PROJ X (Zero net migration)	380	0.3%	238	0.4%	-22	0.0%
PROJ Y (Zero employment growth)	418	0.3%	252	0.5%	0	0.0%
PROJ Z (Past Completions)	904	0.7%	427	0.8%	258	0.4%
PROJ 1A – 2008 Headship	910	0.7%	545	1.0%	258	0.4%
PROJ 1A – Midpoint Headship	910	0.7%	494	0.9%	258	0.4%

Table 44:   Summary of Projections 2011 to 2031 – Total – Nuneaton & Bedworth

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	16,003	12.8%	7,785	14.3%	3,999	6.6%
PROJ 1A (SNPP updated)	18,202	14.5%	8,577	15.8%	5,152	8.6%
PROJ 2 (10-year migration trends)	14,547	11.6%	7,251	13.3%	3,197	5.3%
PROJ 3 (5-year migration trends)	13,351	10.6%	6,821	12.6%	2,571	4.3%
PROJ A (Jobs baseline)	16,784	13.4%	8,061	14.8%	4,376	7.3%
PROJ B (Residents in employment)	19,708	15.7%	9,109	16.8%	5,893	9.8%
PROJ X (Zero net migration)	7,609	6.1%	4,756	8.8%	-436	-0.7%
PROJ Y (Zero employment growth)	8,356	6.7%	5,042	9.3%	0	0.0%
PROJ Z (Past Completions)	18,078	14.4%	8,550	15.7%	5,151	8.6%
PROJ 1A – 2008 Headship	18,202	14.5%	10,905	20.1%	5,152	8.6%
PROJ 1A – Midpoint Headship	18,202	14.5%	9,890	18.2%	5,152	8.6%

Rugby

7.64   The 2011-based CLG Interim Household Projections indicate housing need of 509 homes per annum to 2021 in Rugby Borough. Taking account of the latest demographic evidence and extending the projection period to 2031, this rises to 596 homes per annum (in PROJ 1A). This represents a notable 1.4% per annum growth in the housing stock. This represents a higher level of growth than projected in the other authorities in the HMA and could be more challenging to deliver in terms of market capacity.

7.65   This level of housing need sits above the need generated by the baseline economic-driven projections of between 460-465 homes per annum, albeit that these do not take into account the impacts of employment growth at locations outside of the Borough which might influence its housing market, including further development at DIRFT [26] and proposals at Coventry-Warwickshire Gateway.

7.66   The migration sensitivity analysis however provides an upside assessment, suggesting a need for between 677-704 homes per annum. However, as set out previously, we regard the ONS dynamic assumptions on migration flows as providing a more advanced basis for projecting population.

7.67   The market evidence suggests that housing demand is likely to be around average relative to other parts of the HMA. Lower quartile house price to income ratios for the Borough have fallen by 13% over the 2007-12 period and are below the Warwickshire and national averages. Overall no further adjustment seems appropriate to relatively high base projections for housing growth in the Borough, relative to other parts of the HMA.

7.68   However the sensitivity analysis undertaken using the 2008-based headship rates results in an increase in housing need (in PROJ 1A) from 596 homes per annum to 710 homes per annum (a 19% increase). The mid-point projections of household formation – which we consider to be the most realistic scenario – lie between this, generating a housing need for 658 homes a year.

7.69   Looking at comparative past demographic growth, Rugby Borough has seen the strongest growth in population over the decade to 2011 (as Figures 7 and 23 show); and this is effectively projected forward in the demographic-driven projections. It has seen a greater relative scale of development in the past relative to other elements of the HMA. The projections need to be interpreted in this context, and it should be recognised that there are potentially greater risks associated with market capacity in sustaining higher rates of housing delivery (relative to figures in other parts of the HMA).

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[26] Daventry International Rail Freight Terminal

Table 45:   Summary of Projections 2011 to 2031 – Annual – Rugby

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (SNPP)	1,014	1.0%	485	1.1%	361	0.7%
PROJ 1A (SNPP updated)	1,317	1.3%	596	1.4%	529	1.0%
PROJ 2 (10-year migration trends)	1,541	1.5%	677	1.6%	652	1.3%
PROJ 3 (5-year migration trends)	1,613	1.6%	704	1.6%	692	1.4%
PROJ A (Jobs baseline)	959	1.0%	465	1.1%	327	0.6%
PROJ B (Residents in employment)	952	0.9%	462	1.1%	323	0.6%
PROJ X (Zero net migration)	223	0.2%	196	0.5%	-77	-0.2%
PROJ Y (Zero employment growth)	358	0.4%	245	0.6%	0	0.0%
PROJ Z (Past Completions)	1,147	1.1%	534	1.2%	437	0.9%
PROJ 1A – 2008 Headship	1,317	1.3%	710	1.6%	529	1.0%
PROJ 1A – Midpoint Headship	1,317	1.3%	658	1.5%	529	1.0%

Table 46:   Summary of Projections 2011 to 2031 – Total – Rugby

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	20,282	20.2%	9,697	22.4%	7,220	14.3%
PROJ 1A (SNPP updated)	26,346	26.2%	11,914	27.5%	10,582	21.0%
PROJ 2 (10-year migration trends)	30,813	30.7%	13,548	31.3%	13,048	25.8%
PROJ 3 (5-year migration trends)	32,251	32.1%	14,073	32.5%	13,844	27.4%
PROJ A (Jobs baseline)	19,182	19.1%	9,292	21.5%	6,544	13.0%
PROJ B (Residents in employment)	19,040	18.9%	9,240	21.3%	6,467	12.8%
PROJ X (Zero net migration)	4,467	4.4%	3,915	9.0%	-1,536	-3.0%
PROJ Y (Zero employment growth)	7,161	7.1%	4,903	11.3%	0	0.0%
PROJ Z (Past Completions)	22,937	22.8%	10,670	24.6%	8,743	17.3%
PROJ 1A – 2008 Headship	26,346	26.2%	14,204	32.8%	10,582	21.0%
PROJ 1A – Midpoint Headship	26,346	26.2%	13,169	30.4%	10,582	21.0%

Stratford-on-Avon

7.70   The 2011-based CLG Interim Household Projections indicate housing need of 637 homes per annum to 2021 in Stratford-on-Avon District. Taking account of the latest demographic evidence and extending the projection period to 2031, this falls to 479 homes per annum (in PROJ 1A). This represents 0.9% per annum growth in the housing stock.

7.71   The District has an older age structure than other parts of the HMA, and the PROJ 1A projections support relatively modest growth in the labour force in the District over the period to 2031. The economic-driven projections thus provide an upside assessment to this of housing need, indicating a need for between 754-776 homes per annum.

7.72   The market evidence does point to stronger relative demand for homes in Stratford-on-Avon District. The District has some of the highest house prices in Warwickshire. It has the highest lower quartile house price to income ratio at 8.79; with the evidence suggesting only a very modest improvement in affordability over the 2007-12 period. This, together with the economic evidence, provide some basis for considering an upwards adjustment to the PROJ 1A figures.

7.73   The sensitivity analysis undertaken using the 2008-based headship rates results in an increase in housing need (in PROJ 1A) from 479 homes per annum to 574 homes per annum (a 20% increase). The mid-point projections of household formation – which we consider to be the most realistic scenario – lie between this, generating a housing need for 538 homes a year.

7.74   Overall the evidence points to a need for a minimum of 480 homes per year. However the evidence does point towards this resulting in some suppression of household formation and to a need to consider a higher level of provision to support economic growth in south Warwickshire. We consider that an appropriate level of provision based on the evidence in the report would equate to between 540-600 homes per year. The lower end of this range is based on the PROJ 1A Midpoint Headship Projection. The higher end assumes a proportionate uplift on this to support stronger growth in the workforce and to improve affordability in the District.

Table 47: Summary of Projections 2011 to 2031 – Annual – Stratford-on-Avon

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	1,090	0.9%	585	1.1%	226	0.4%
PROJ 1A (SNPP updated)	798	0.7%	479	0.9%	65	0.1%
PROJ 2 (10-year migration trends)	739	0.6%	457	0.9%	30	0.1%
PROJ 3 (5-year migration trends)	577	0.5%	399	0.7%	-59	-0.1%
PROJ A (Jobs baseline)	1,554	1.3%	754	1.4%	473	0.8%
PROJ B (Residents in employment)	1,614	1.3%	776	1.4%	505	0.8%
PROJ X (Zero net migration)	-419	-0.3%	37	0.1%	-607	-1.0%
PROJ Y (Zero employment growth)	675	0.6%	435	0.8%	0	0.0%
PROJ Z (Past Completions)	680	0.6%	436	0.8%	7	0.0%
PROJ 1A – 2008 Headship	798	0.7%	574	1.1%	65	0.1%
PROJ 1A – Midpoint Headship	798	0.7%	538	1.0%	65	0.1%

Table 48: Summary of projections 2011 to 2031 – total – Stratford-on-Avon

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	21,800	18.0%	11,704	21.8%	4,521	7.4%
PROJ 1A (SNPP updated)	15,960	13.2%	9,581	17.9%	1,301	2.1%
PROJ 2 (10-year migration trends)	14,774	12.2%	9,150	17.1%	609	1.0%
PROJ 3 (5-year migration trends)	11,533	9.5%	7,971	14.9%	-1,176	-1.9%
PROJ A (Jobs baseline)	31,082	25.7%	15,075	28.1%	9,452	15.6%
PROJ B (Residents in employment)	32,282	26.7%	15,511	28.9%	10,097	16.6%
PROJ X (Zero net migration)	-8,376	-6.9%	734	1.4%	-12,137	-20.0%
PROJ Y (Zero employment growth)	13,502	11.2%	8,691	16.2%	0	0.0%
PROJ Z (Past Completions)	13,610	11.3%	8,730	16.3%	149	0.2%
PROJ 1A – 2008 Headship	15,960	13.2%	11,474	21.4%	1,301	2.1%
PROJ 1A – Midpoint Headship	15,960	13.2%	10,758	20.1%	1,301	2.1%

Warwick

7.75   The 2011-based CLG Interim Household Projections indicate housing need of 643 homes per annum to 2021 in Warwick District. Taking account of the latest demographic evidence and extending the projection period to 2031, this increases slightly to 659 homes per annum (in PROJ 1A). This represents 1.1% per annum growth in the housing stock.

7.76   The sensitivity analysis undertaken using the 2008-based headship rates results in an increase in housing need (in PROJ 1A) from 659 homes per annum to 772 homes per annum (a 17% increase). The mid-point projections of household formation – which we consider to be the most realistic scenario – lie between this, generating a housing need for 718 homes a year.

7.77   The economic-driven projections provide a slight upside assessment to this of housing need, indicating a need for between 670-700 homes per annum. The lower end of the range assumes that past commuting patterns continue, with some net in-commuting to the District.

7.78   The market evidence (such as house prices and land values) points towards higher relative housing demand in Warwick District compared particularly to Coventry and the north of the county. However the lower quartile house price to income ratio for the District fell by 11% between 2007-12.

7.79   Overall the evidence points to a need for a minimum of 660 homes per year. However the evidence does point towards this resulting in some suppression of household formation. We consider that an appropriate level of provision based on the evidence presented thus far in the report would be for around 720 homes a year, representing 1.2% growth per annum in the housing stock. In the next section we consider how this relates to affordable housing need. The Council should also consider the alignment of this with forecast economic growth; and how employment growth will be supported.

Table 49:   Summary of Projections 2011 to 2031 – Annual – Warwick

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (SNPP)	1,119	0.8%	631	1.0%	407	0.6%
PROJ 1A (SNPP updated)	1,193	0.9%	659	1.1%	450	0.6%
PROJ 2 (10-year migration trends)	1,366	1.0%	725	1.2%	547	0.8%
PROJ 3 (5-year migration trends)	351	0.3%	342	0.6%	-40	-0.1%
PROJ A (Jobs baseline)	1,306	0.9%	702	1.2%	513	0.7%
PROJ B (Residents in employment)	1,220	0.9%	669	1.1%	463	0.7%
PROJ X (Zero net migration)	303	0.2%	324	0.5%	-69	-0.1%
PROJ Y (Zero employment growth)	408	0.3%	362	0.6%	0	0.0%
PROJ Z (Past Completions)	947	0.7%	564	0.9%	309	0.4%
PROJ 1A – 2008 Headship	1,193	0.9%	772	1.3%	450	0.6%
PROJ 1A – Midpoint Headship	1,193	0.9%	718	1.2%	450	0.6%

Table 50:   Summary of Projections 2011 to 2031 – Total – Warwick

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (SNPP)	22,380	16.2%	12,617	20.9%	8,139	11.7%
PROJ 1A (SNPP updated)	23,858	17.3%	13,173	21.8%	8,996	12.9%
PROJ 2 (10-year migration trends)	27,329	19.8%	14,497	24.0%	10,948	15.7%
PROJ 3 (5-year migration trends)	7,029	5.1%	6,850	11.3%	-806	-1.2%
PROJ A (Jobs baseline)	26,126	19.0%	14,035	23.2%	10,253	14.7%
PROJ B (Residents in employment)	24,404	17.7%	13,384	22.1%	9,270	13.3%
PROJ X (Zero net migration)	6,051	4.4%	6,481	10.7%	-1,373	-2.0%
PROJ Y (Zero employment growth)	8,162	5.9%	7,244	12.0%	0	0.0%
PROJ Z (Past Completions)	18,935	13.7%	11,286	18.7%	6,172	8.9%
PROJ 1A – 2008 Headship	23,858	17.3%	15,441	25.5%	8,996	12.9%
PROJ 1A – Midpoint Headship	23,858	17.3%	14,363	23.7%	8,996	12.9%

Implications for Housing Provision

7.80 Through this section we have considered the implications of demographic evidence on housing need and demand. We have also considered the degree to which economic forecasts might indicate a need to consider an increase in housing provision above projections based on demographic trends in order to support economic growth.

7.81 At the HMA level the evidence suggests that a minimum level of housing provision should be for 3335 homes per annum. However there is evidence that this could result in some level of continuing restraint on household formation and that higher housing provision might be necessary to support economic growth, and the report thus concludes that provision of between 3,700 – 3,800 homes per annum across the HMA would be appropriate (rounded to the nearest 100 homes pa).

7.82 At a local authority level, a similar range of factors have been considered. This provides an initial assessment of housing need, pending analysis of need for affordable housing which is set out in Section 8 and 9. It indicates the following levels of housing need:

Table 51: Initial Conclusions on Housing Need per Annum based on Demographic and Economic Evidence, 2011-31

Local authority	Minimum	Assessed need based on demographic & economic evidence
Coventry	1040	1,180
North Warwickshire	150	175
Nuneaton & Bedworth	430	495
Rugby	595	660
Stratford-on-Avon	480	570
Warwick	660	720
HMA	3,335	3,800

7.83 This analysis is based on meeting the HMA's housing needs, and does not include any allowance for contributing to shortfalls in housing supply beyond the HMA. These would need to be considered through joint working in accordance with the Duty to Cooperate. The analysis also does not take into account major investment and development projects which might support above-trend economic performance and employment growth relative to the past. These are relevant issues to consider in finalising assessments of need within individual authorities' development plans.

7.84 The next section considers whether further adjustments to this are appropriate to take account of the affordable housing needs evidence.

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8   AFFORDABLE HOUSING NEED

Introduction

8.1   In this section we discuss levels of affordable housing need in Coventry & Warwickshire and each of the six individual local authorities.

8.2   Housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing.

8.3   Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.

8.4   Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been used herein.

8.5   It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section, addressing housing need specifically, should be considered alongside the evidence of demand presented; and the demographic-led projections of housing requirements.

8.6   The analysis herein is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

8.7   The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet housing need.

Analysis of Housing Costs by Tenure

Survey of Local Prices & Rents

8.8   An important part of the assessment of housing need is to establish the entry-level costs of housing to buy and rent. The housing needs assessment then compares this with the incomes of households within the HMA to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a 'housing need.'

8.9   We establish the entry-level costs of housing to both buy and rent in each of the six local authorities by carrying out a desktop survey of housing costs using internet sources. We have assessed prices and rents for different sizes of properties from one to four bedrooms.

8.10   The figure below shows estimated lower quartile property prices. The prices have been reduced slightly (on average by about 7%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.

8.11   Prices in Warwick and Stratford-on-Avon are notably higher than for other areas for all sizes of accommodation. Prices were generally found to be lowest in Coventry and Nuneaton & Bedworth with North Warwickshire and Rugby being slightly higher (but still notably lower than in South Warwickshire. Overall, house prices start at about £60,000 for a one-bedroom home in a number of locations and rise to about £300,000 for four bedrooms in Warwick District.

Figure 30: Entry-level Purchase Price
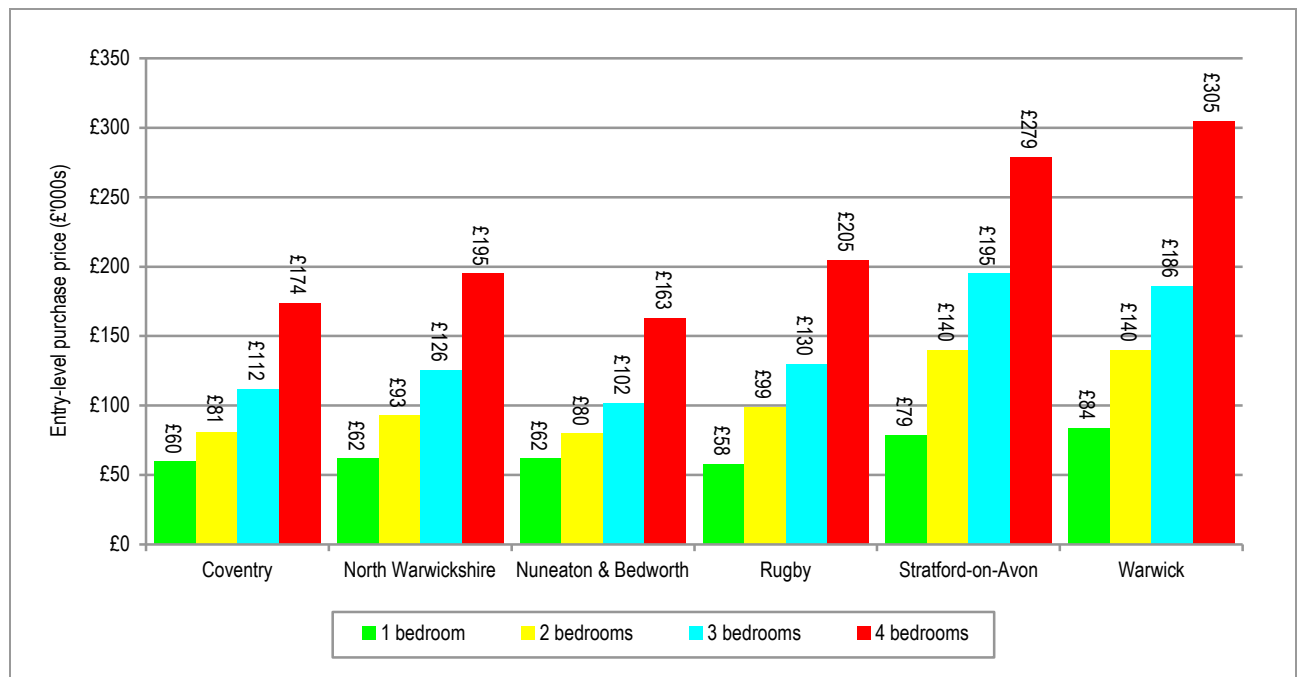
Source: Online Estate and Letting Agents Survey (May 2013)

8.12   The figure below shows the volume of all properties for sale in each of the six districts. It should be considered indicative of the available supply at the point of time of the assessment. In all areas the majority of properties available have three- or four- bedrooms. North Warwickshire shows the lowest volume of one and two-bedroom homes (21%) which compares with 38% in Warwick (and 33% in Coventry). At the other end of the scale Stratford-on-Avon shows the highest volume of four

or more bedroom homes – making up over two-fifths of all properties available. This is likely to partly reflect the lower impact of mortgage finance constraints and economic conditions on the market for larger homes. This compares with 17% in Coventry and 21% in Nuneaton & Bedworth. The profile of properties available in Rugby is generally average relative to the other authorities. The figure shows a very low level of one bedroom homes available to buy in all areas.

8.13   The sample sizes used to determine prices are in all cases significant with access to current properties on the market along with recent sales numbering 887 homes in North Warwickshire and in excess of 1,000 in all other areas. A good degree of confidence can therefore be had in the outputs from this analysis.

Figure 31: Volume of Properties Advertised for Sale
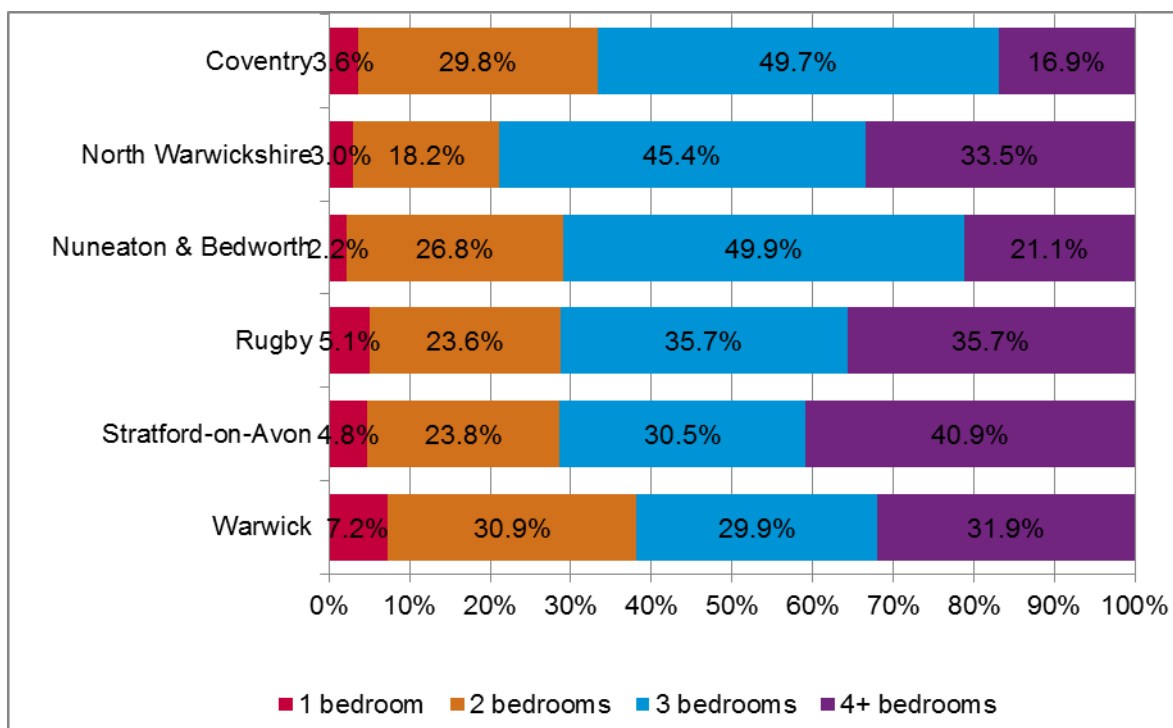
Source: Online Estate and Letting Agents Survey (May 2013)

8.14   Entry-level costs for private rented accommodation are presented in the figure below. Entry-level rents range from £375-£540 per month for a one bedroom home up to around £675-£1,140 per month for a four bedroom property depending on location.

8.15   The variation in rents across areas largely follows the same pattern as seen for purchase prices, although it is notable that rents in Coventry are relatively high when compared with North Warwickshire and Nuneaton & Bedworth. The cheapest rents are found in Nuneaton & Bedworth

with the highest rents being found in Warwick District for all property sizes. Rents in Rugby are average relative to other authorities within the HMA.

Figure 32: Entry-level Private Rents
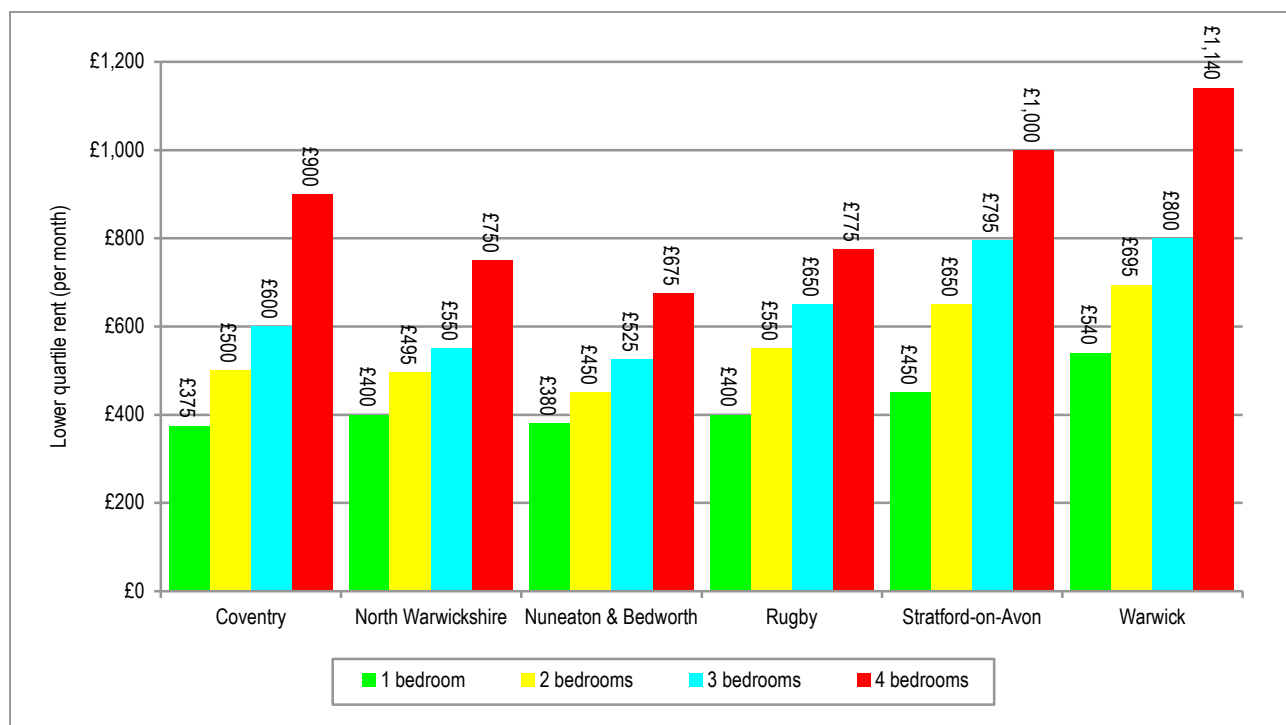
Source: Online Estate and Letting Agents Survey (May 2013)

8.16   There are a higher proportion of smaller homes available to rent in most areas (compared to the proportions available for sale). Coventry interestingly has the highest volume of properties available with four-bedrooms, although a good proportion of these are advertised specifically for sharers (both students and professional). The volume of available properties figures are based on all homes and not just those at or below the lower quartile.

8.17   The sample of properties available for rent (or recently let) from the market survey was not as large as in the case of properties to buy; however, the sample sizes are still significant and allow for confidence in the results. The lowest sample of homes to rent was found in North Warwickshire (131), this rises to 295 in Rugby, 322 in Nuneaton & Bedworth, 352 in Stratford-on-Avon, 473 in Warwick (excluding student lets) and over 1,000 in Coventry. The figures for 1-bed properties include studios, but exclude rooms in shared housing.

Figure 33: Volume of Properties Advertised to Rent
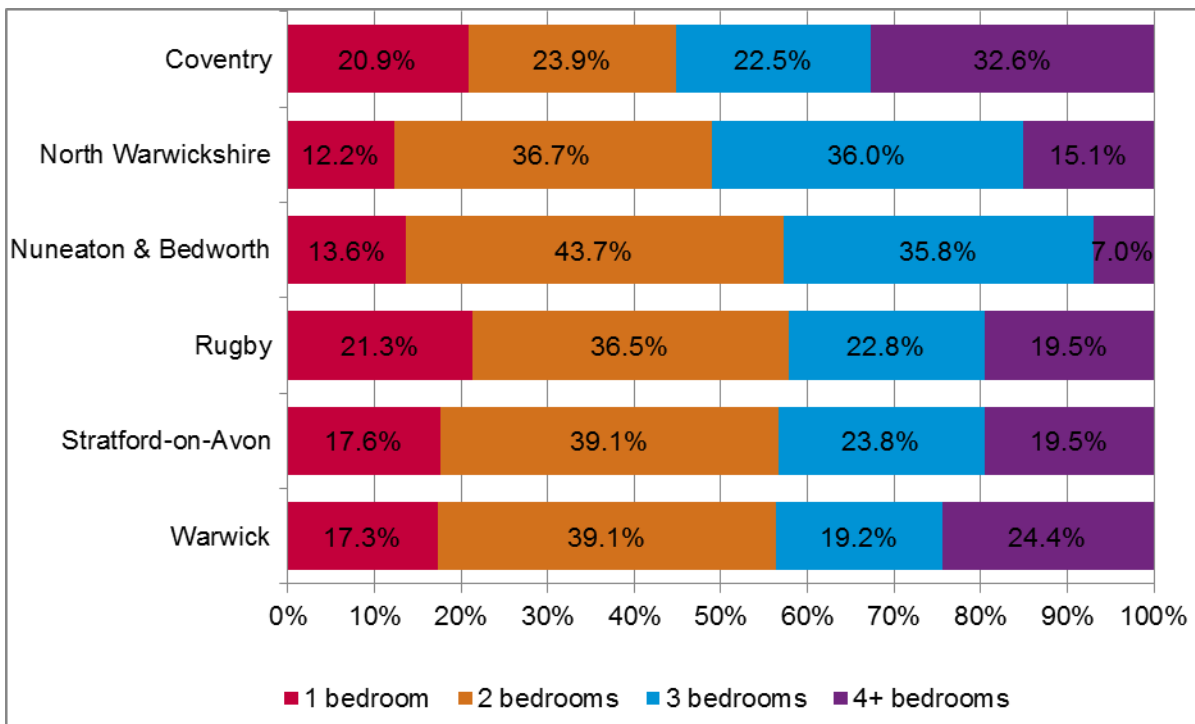
Source: Online Estate and Letting Agents Survey (May 2013)

8.18   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 within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs. However, due to the boundaries of the Broad Rental Market Areas (BRMA) used by the Valuation Office Agency (VOA) it is not possible to make direct comparisons[27].

8.19   In terms of the districts in this study we can observe that all of Coventry and Nuneaton & Bedworth are in the Coventry BRMA with the key settlement of Atherstone in North Warwickshire also in this area (parts of North Warwickshire also straddle 3 other BRMAs). Virtually all of Rugby is within the Rugby & East BRMA (although a small part is within Coventry BRMA). Most of Warwick and Stratford-on-Avon Districts are in the South Warwickshire BRMA although on the boundaries there are a number of other BRMAs included (6 additional ones in the case of Stratford-on-Avon and two for Warwick).

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[27] Details of BRMAs can be found on http://www.voa.gov.uk/corporate/RentOfficers/localHousingAllowance.html

8.20   Most of the HMA is within one of three BRMAs although different parts of the HMA are within ten different BRMAs in total. In the Coventry BRMA maximum LHA payments vary from £395 for a one bedroom property up to £725 for four bedrooms. LHA figures are notably higher in the South Warwickshire BRMA, which is to be expected as most of the Warwick and Stratford-on-Avon districts fall within this area.

8.21   The data suggests some differences between LHA rates and the findings of our market survey: these mainly relate to larger properties where the market survey suggests higher rents than the LHA rates (albeit that in some instances other property sizes are affected, such as 2-bed properties in Coventry). There are likely to be very few households who are eligible for the 4-bed LHA rate. However the analysis does suggest that larger households may need to top up LHA through their own resources, and suggests that the potential role of the Private Rented Sector in meeting the needs of larger households falling into housing need is more limited and thus their needs will need to be met primarily in the Social Rented Sector.

8.22   To the table below we have also added LHA rates for room only accommodation. Generally, the amount able to be claimed for a room is around 55%-70% of the figure for a self-contained one bedroom property. Single people under 35, who live alone with no dependants, are now only able to claim the Single Room Rate. This may support higher demand for shared accommodation in the short-term.

Table 52:   Maximum monthly LHA payments by Size and Broad Housing Market Area

Size	Coventry	Rugby & East	Warwickshire South
Room only	£279	£267	£288
1 bedroom	£395	£395	£506
2 bedrooms	£460	£495	£639
3 bedrooms	£550	£575	£750
4 bedrooms	£725	£795	£1,017

Source: VOA data (May 2013)

Cost of Affordable Housing

8.23   Traditionally the main type of affordable housing available in an area is social rented housing. The cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2011/12. The costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 53:   Monthly Average Social Rent Levels

	1 bedroom	2 bedrooms	3+ bedrooms
Coventry	£318	£384	£426
North Warwickshire	£301	£367	£364
Nuneaton & Bedworth	£312	£359	£381
Rugby	£334	£404	£447
Stratford-on-Avon	£380	£425	£496
Warwick	£338	£383	£403

Source: CORE (2013)

8.24   The finding in North Warwickshire of a higher average rent for 2 bedroom homes when compared to larger properties is correct for the period studied (2012/13) although in previous years larger homes have typically had a higher average rent. Whilst it is not clear from CORE data why 2 bedroom homes had higher rents in 2012/13 it is likely to be due to a number of reasons, such as the location of homes and built-form. It may also be the case that a higher proportion of two bedroom homes were new properties and potentially attracting a higher rent. Overall, the pattern of rents between two bedroom and larger homes does not affect the analysis which considers rent levels across the whole stock (of all sizes).

8.25   Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rent). Affordable Rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*.

8.26   Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, new-build homes are likely to have higher rents than existing stock so that calculating based on existing market rents may under-estimate the level of affordable rent on new-build homes.

8.27   The table below shows potential affordable rents at 80% of market cost by size of property (including service charge). Affordable rents in some locations and for some property sizes (notably one bedroom homes) are likely to be below social rents. In these instances delivery of affordable rented at 80% of market rents, rather than social rented homes, will not support development viability; nor will reletting of existing stock at affordable rent levels generate additional income for re-

investment by registered providers. In most areas (and particularly for larger property sizes) it is however the case that Affordable Rents will be higher than current Social Rents. This suggests that for new build, in viability terms, Affordable Rent might work for some sizes and locations – the affordability of such accommodation should however also be considered. This latter point provides some support for providing Affordable Rent at below the 80% maximum (particularly for larger properties), particularly in terms of limiting growth in the benefit bill.

Table 54: Cost of Affordable Rented Housing by Size and Sub-Area (per month)

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Coventry	£300	£400	£480	£720
North Warwickshire	£320	£396	£440	£600
Nuneaton & Bedworth	£304	£360	£420	£540
Rugby	£320	£440	£520	£620
Stratford-on-Avon	£360	£520	£636	£800
Warwick	£432	£556	£640	£912

Source: Derived from Online Estate and Letting Agents Survey (May 2013)

Gaps in the Housing Market

8.28 The table below estimates how current prices and rents in the sub-region might equate to income levels required to afford such housing. The figures are based on the analysis above, include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent for the private sector stock across the whole stock of housing available (i.e. including all property sizes). The data clearly indicates a gap between the costs of 'entry-level' market housing and the social rented sector – demonstrating the potential for intermediate and affordable rented housing to meet some of the affordable need.

Table 55: Indicative Income required to Purchase/Rent without Additional Subsidy

Local authority	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile Social Rent
Coventry	£29,200	£24,000	£19,200	£15,168
North Warwickshire	£35,900	£23,760	£19,008	£15,024
Nuneaton & Bedworth	£26,600	£21,600	£17,280	£15,408
Rugby	£34,500	£26,400	£21,120	£16,368
Stratford-on-Avon	£49,200	£31,200	£24,960	£18,816
Warwick	£51,800	£33,360	£26,688	£16,560

Source: Online Estate and Letting Agents Survey (May 2013) and CORE

8.29 For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 25% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of

housing. In reality, households' ability to buy a house will also be influenced by the savings they have.

Income Profiles

8.30   Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential contribution which intermediate housing can make to meeting housing needs. Data about total household income has been modelled on the basis of a number of different sources of information.

8.31   From recent SHMA research for Coventry and Stratford-on-Avon income profiles were provided by Experian. We have reviewed this data and consider it to be reasonably sound. Both sources have a base date of 2011 and there is little evidence of a significant change in incomes over the past couple of years. Looking at the Experian income distributions it was however considered that whilst the average (mean) income level was about right the distribution of incomes were too heavily concentrated in the middle of the income profile (this is a common observation with Experian income data). The income profile also looked at odds with national data in the English Housing Survey which we would expect to be broadly reflective of the local situation. Hence, in these two areas the Experian average income was taken as correct but with a slightly different distribution to reflect the likely true position with more households at the top and bottom of the income range.

8.32   For the other four local authorities similar up-to-date household income information was not readily available. We have however been able to draw on a 2004-based analysis by Warwickshire County Council using CACI data. This information suggests that differences between areas are similar to those shown from the more up-to-date sources, with the slight exception being that incomes in Stratford-on-Avon have risen at a slightly faster pace than in Coventry. The County Council source suggests that incomes in Warwick are slightly higher than in Stratford-on-Avon and to some degree this is confirmed by analysis of ASHE data (although this latter source is only available for the earnings of employees). Using the ASHE to make adjustments to other areas it is suggested that incomes may have risen more rapidly in North Warwickshire (which would be consistent with the larger increase in jobs) whilst incomes in Rugby look to be relatively higher than in Coventry or the north of the County, but below those in Warwick and Stratford-on-Avon.

8.33   Drawing the data together we have therefore modelled an income distribution for the HMA and individual local authorities for 2013. The data in Figure 34 shows that around a third (35%) of households have an income below £20,000 with a further 33% in the range of £20,000 to £40,000. The average (median) income of all households in the HMA was estimated to be around £27,600 with a mean income of £37,100.

Figure 34: Distribution of Household Income across the HMA
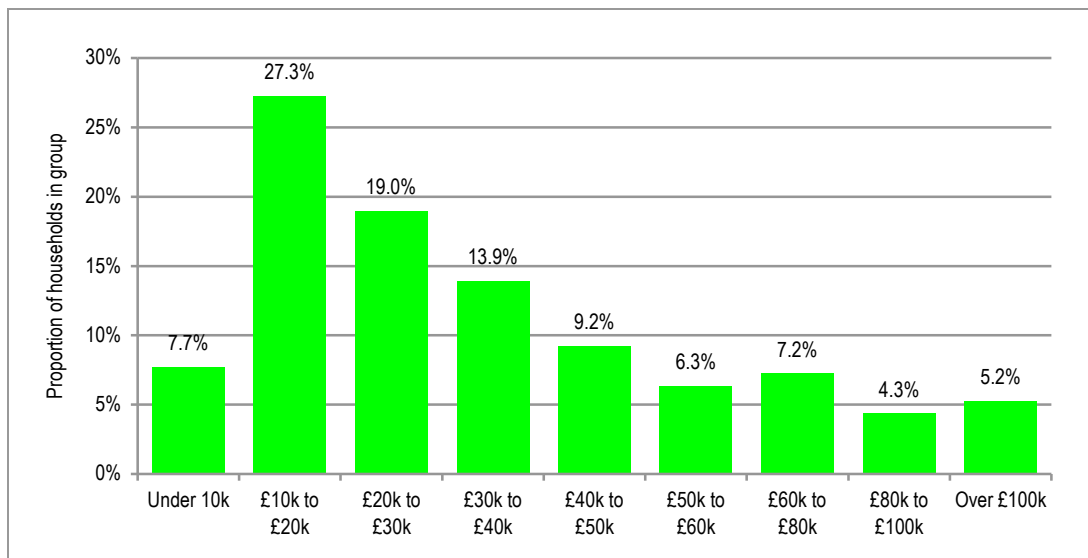
Source: Derived from ASHE, Experian, SEH, CACI and ONS data

8.34   Table 56 below shows how the distribution of household income varies for each of the six local authorities areas. Incomes are lowest in Coventry (mean of £29,500) and highest in Warwick (mean of £47,400).

Table 56:   Household Income levels by Local Authority

Income band	Coventry	North Warwks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick
Under £10k	13.6%	5.5%	9.3%	4.0%	2.0%	1.9%
£10k to £20k	30.8%	28.5%	30.1%	26.8%	22.0%	21.3%
£20k to £30k	19.6%	19.1%	19.6%	18.5%	18.1%	18.0%
£30k to £40k	13.7%	13.6%	13.8%	13.9%	14.2%	14.2%
£40k to £50k	7.4%	10.6%	9.0%	10.9%	10.4%	10.4%
£50k to £60k	4.2%	6.3%	5.1%	7.3%	8.9%	8.9%
£60k to £80k	5.4%	6.7%	5.7%	7.6%	9.8%	10.2%
£80k to £100k	3.9%	4.2%	4.0%	4.2%	5.0%	5.1%
Over £100k	1.5%	5.4%	3.4%	6.8%	9.7%	10.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	£29,500	£37,100	£32,800	£40,000	£46,500	£47,400
Median	£22,400	£28,200	£25,000	£30,400	£35,400	£36,000

Source: Derived from ASHE, Experian, SHE, CACI and ONS data

Affordability of Market Housing

8.35   To assess affordability we have looked at households' ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes, within each sub-area, is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of their existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

8.36   An income of between £21,600 (Nuneaton & Bedworth) and £33,360 (Warwick) is required to access market housing without financial support. This equates to the lower quartile rent in each area and assumes that a household does not spend more than 25% of its income on housing costs.

8.37   The table below shows across the HMA that an estimated 47% of households are unable to access market housing on the basis of income levels. The area with the highest proportion unable to afford is Coventry (at 53.5%) with the lowest proportion unable to afford in North Warwickshire (41.6%).

8.38   It should be remembered that this analysis only considers income levels and not a full range of financial information (such as savings and equity). In the HMA, where around two-thirds of households are already owner-occupiers, it is clear that a proportion will have sufficient funds to be able to access housing were there to be a need to move home. The lack of information about savings and equity does not fundamentally impact on the overall housing needs analysis which is predominantly focussed on non-owners.

Table 57:   Estimate of Households Unable to Afford Market Housing without Subsidy

Area	Minimum household income required to access market	Number unable to afford	Estimated households (2013)	% of households unable to afford
Coventry	£24,000	70,407	131,479	53.5%
North Warwickshire	£23,760	10,869	26,096	41.6%
Nuneaton & Bedworth	£21,600	23,030	53,619	42.9%
Rugby	£26,400	18,589	43,179	43.0%
Stratford-on-Avon	£31,200	23,304	53,145	43.9%
Warwick	£33,360	27,605	59,816	46.1%
HMA	-	173,803	367,334	47.3%

Source: Online Estate and Letting Agents Survey (May 2013) and Income modelling

Housing Needs Assessment

8.39 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 35: Overview of Basic Needs Assessment Model
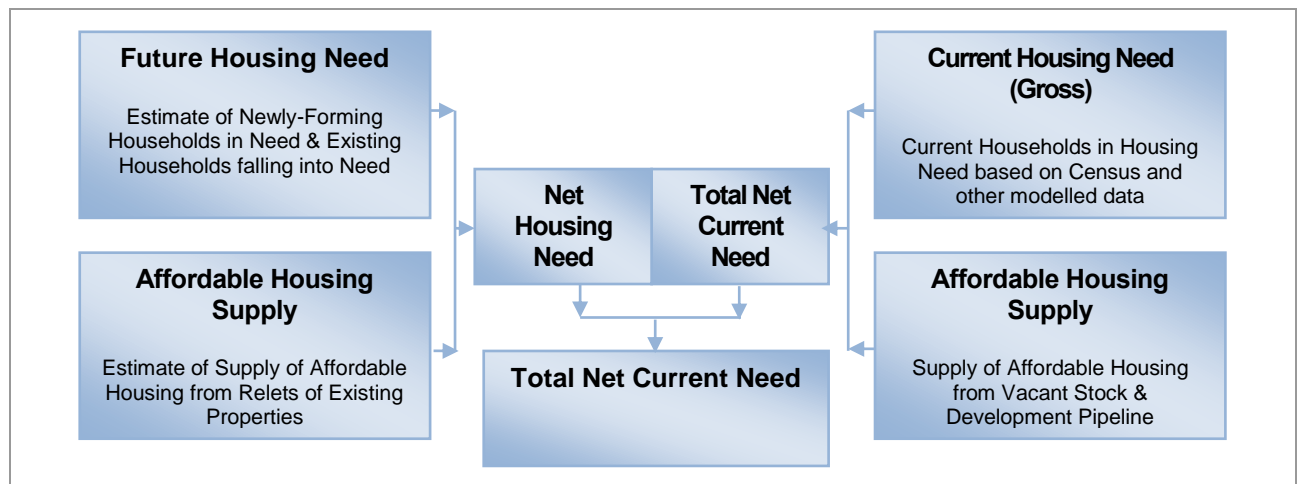
8.40 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need per annum. Each of the stages of the housing needs model calculation are discussed in more detail below.

8.41 The housing needs model is influenced by the level of need for and supply of affordable housing at the time of the assessment. It is thus principally of use in considering affordable housing needs in the short-term. However the draft Planning Practice Guidance recommends the use of this model for considering housing need over longer-term strategic planning timescales (such as to 2031). In doing so the model outputs should be treated with a degree of caution given that key factors affecting the assessment (such as the proportion of households who cannot afford market housing) are influenced by dynamics at the time of the assessment and can change over time.

Current Housing Need (Backlog)

8.42 In line with CLG guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing, taking account of their current tenure and earnings. Unsuitability is based on the number of households shown to be overcrowded (based on the 'bedroom standard') in the 2011 Census along with an estimate of other households with an affordable housing need. This has been modelled by comparing the tenure profile in each area with

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information from previous surveys [28] about households in need. Many of these additional households in need are found in the private rented sector, with the need relating to issues around security of tenure and housing costs.

8.43   It would be possible to also include homeless households in temporary accommodation within the backlog figures. However, the numbers are generally very low (ranging from 1 household in North Warwickshire up to 55 in Coventry) and there is likely to be some overlap with households already identified (particularly where households are housed in the private rented sector). Given this potential double counting, no additional allowance has therefore been made for homelessness which in any case will not have a significant impact on the figures when looking forward to 2031.

8.44   The data modelling estimates housing unsuitability by tenure. From these figures households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which mainly impacts on Coventry and Warwick) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be over-crowded but would be unlikely to be considered as being in housing need.

8.45   At the time of the assessment there were an estimated 10,195 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers). The figure below shows the current locations of these households. Around half of these households live in Coventry. The City also has the highest estimated proportion of households living in unsuitable housing (4% of households).

8.46   CLG guidance also suggests that the housing register can be used to estimate levels of housing need. In the sub-region it has proved difficult to get a consistent set of figures from all authorities as the allocation policies and pointing systems of the authorities differ and so, for consistency, the method linked to Census and other modelled data is preferred.

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[28] Surveys conducted for a range of areas by GLH/JGC across England, including 2011 Survey in Warwick District, together with Survey of English Housing Data

Table 58:   Estimated Number of Households in Unsuitable Housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Coventry	5,232	131,479	4.0%
North Warwickshire	475	26,096	1.8%
Nuneaton & Bedworth	1,073	53,619	2.0%
Rugby	875	43,179	2.0%
Stratford-on-Avon	911	53,145	1.7%
Warwick	1,630	59,816	2.7%
HMA	10,195	367,334	2.8%

Source: Census (2011) and data modelling

8.47   Our estimated level of current backlog need is therefore 10,195 households. We can however additionally consider the fact that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect the fact that typically households living in unsuitable housing have an average income which is around 69% of the figure for all households in an area. Overall, around 33% of households with a current need are estimated to be likely to have sufficient income to afford market housing and so our estimate of the total backlog need is reduced to 6,809 households.

Table 59:   Estimated Backlog Need by Local Authority

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Coventry	5,232	71.3%	3,728
North Warwickshire	475	59.8%	284
Nuneaton & Bedworth	1,073	61.0%	654
Rugby	875	61.1%	535
Stratford-on-Avon	911	61.9%	564
Warwick	1,630	64.1%	1,046
HMA	10,195	66.8%	6,809

Source: Census (2011), data modelling and income analysis

Backlog Need and Housing Registers

8.48   To some degree differences in the Housing Register can be seen from analysis of 2012 English Local Authority Statistics Housing (ELASH) returns. The table below shows the number of households on the Housing Register, the number in a reasonable preference category (RPC - which would be considered by the Councils as reflecting the households with a higher requirement for housing) and the proportion of this as a total of all households on the Housing Register. We

have also added columns with our modelled estimates of levels of unsuitable housing and housing need.

8.49   This data is triangulated with the analysis above in order to test the analysis. The data shows considerable variation in the figures across areas. In Coventry only 10% of those registered are in a reasonable preference category compared with 42% in Rugby. Looking at reasonable preference categories as a proportion of all households, the figures are arguably more consistent although the figure in Warwick (of just 0.7% of households) does look to be particularly low, whilst the Nuneaton & Bedworth figure is notably higher than in any other area.

8.50   As noted above the differences shown in the table are likely to be due to different allocation policies and pointing systems rather than a reflection of differences in underlying need. For example in Warwick only 434 households are recorded as being in a reasonable preference category against a backdrop where Census data suggests that around 1,800 households are overcrowded (the second highest figure after Coventry). Even taking account of likely levels of overcrowding in the social rented sector we would expect there to be at least 1,000 overcrowded households who are not currently living in the affordable sector. It is clear therefore that the registers are not reflecting housing need in a consistent manner across areas.

Table 60:   Comparing Modelled Housing Needs Estimates with the Housing Register

Area	Number on Register	Number in RPC	% in RPC	Number in RPC as % of households	In unsuitable housing	In need (after affordability testing
Coventry	22,718	2,359	10.4%	1.8%	5,232	3,728
North Warwickshire	1,616	582	36.0%	2.2%	475	284
Nuneaton & Bedworth	4,633	1,429	30.8%	2.7%	1,073	654
Rugby	1,649	692	42.0%	1.6%	875	535
Stratford-on-Avon	5,258	821	15.6%	1.5%	911	564
Warwick	3,174	434	13.7%	0.7%	1,630	1,046
HMA	39,048	6,317	16.2%	1.7%	10,195	6,809

Source: ELASH (2012) and Housing Needs Modelling

8.51   Taking the HMA figures as a whole it can be seen that there are 6,317 households in a reasonable preference category – this compares with our estimate of those in unsuitable housing of 10,195. We would expect our modelled figure overall to be higher given that there are likely to be households with a need who do not register. Overall the assessment of existing need thus appears robust. Once an affordability test has been applied the level of need falls to 6,809, which is only slightly above the sub-regional reasonable preference category figure of 6,317.

8.52   This analysis would suggest when taken across all local authorities that the modelled housing needs estimates are coming out at a sensible order of magnitude (albeit with a slightly more realistic distribution across areas reflecting information from other sources such as the 2011 Census).

Newly-Arising Need

8.53   To estimate newly-arising (projected future) need we have looked at two key groups of households:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

8.54   We have estimated through our demographic modelling the number of new households likely to form over the 18-year period to 2031 (annualised) and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of *gross* household formation (i.e. numbers of newly-forming households). This differs from numbers presented in the demographic projections which are for net household growth (i.e. the change in total households over a defined period). The number of newly-forming households is limited to households forming who are aged under 45; this is consistent with the 2007 CLG guidance which notes that *'at 45 it is assumed headship rates plateau'*.

8.55   The estimates of gross new household formation have been based on outputs from our projection linked to zero net migration with headship rates returning to the 2008-based trend post 2021. This projection will therefore approximate to a local need with authorities not meeting additional needs arising from households moving to the local authority. In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households[29]. This figure is remarkably consistent across areas.

8.56   We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB).

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[29] Based on Survey of English Housing and survey data from recent JGC/GLH surveys including 2011 Survey of Warwick District

8.57   Our assessment suggests that overall around 57% of newly-forming households will be unable to afford market housing. There is some variation by location with 50% of new households in North Warwickshire estimated to be unable to afford compared with 62% in Coventry.

Table 61:   Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Coventry	2,873	61.6%	1,771
North Warwickshire	372	50.0%	186
Nuneaton & Bedworth	907	51.5%	468
Rugby	685	51.7%	354
Stratford-on-Avon	563	52.6%	296
Warwick	1,044	55.0%	575
HMA	6,444	56.6%	3,650

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

8.58   The second element of newly arising need is existing households falling into need. To assess this we have used information from CORE. We have looked at households who have been housed over the past five years. This group is taken to represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

8.59   This method for assessing existing households falling into need has since the 2007 SHMA guide become the standard methodology for most secondary data based assessments and is consistent with the SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*. Where a household has not been housed it is likely to form part of the current need (backlog).

8.60   The figure below therefore shows our estimate of likely new need from existing households per annum up to 2031 by location. The data shows an additional need arising from 1,452 households per annum, with over half of these being in Coventry.

Table 62: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Coventry	800	55.1%
North Warwickshire	76	5.2%
Nuneaton & Bedworth	172	11.8%
Rugby	151	10.4%
Stratford-on-Avon	123	8.4%
Warwick	132	9.1%
HMA	1,452	100.0%

Source: CORE/affordability analysis

Total Newly-Arising Need

8.61   Estimates of total future housing need which is likely to arise per annum over the period to 2031 are shown below, by combining the estimates of need arising from newly-forming households and from existing households falling into need. Total newly-arising need is estimated at 5,102 households each year over the period to 2031.

Table 63: Estimated Future Housing Need (per annum)

Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need (per annum)
Coventry	1,771	800	2,571
North Warwickshire	186	76	262
Nuneaton & Bedworth	468	172	639
Rugby	354	151	505
Stratford-on-Avon	296	123	418
Warwick	575	132	706
HMA	3,650	1,452	5,102

Supply of Affordable Housing

8.62   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.

8.63   We have deducted from the supply of affordable housing any stock which is due to be taken out of management, such as properties which are occupied at the time of the assessment but which are included within planned demolition programmes or properties which are due to be disposed of.

8.64   No allowance has however been made for losses through right-to-buy legislation. New replacement stock would thus need to be provided for these in addition to the net affordable housing need figures shown and net supply should be monitored against the figures for need set out herein on this basis

Social Rented Housing

8.65   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 turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes (in order to avoid double counting). These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CORE as being lettings in direct access hostels or foyer schemes). This largely affects Coventry, has a minor impact in Warwick and no impact on supply within the other authorities.

8.66   On the basis of past trend data it has been estimated that 3,798 units of social rented housing are likely to become available to new households each year moving forward. Table 64 below breaks this information down by source of supply. It is notable that around a quarter is in supported housing (targeted at vulnerable groups) rather than general needs housing.

Table 64:   Analysis of past Social Rented Housing Supply (per Annum based on 5 Years)

		Coventry	North Warks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	Sub-region
General needs	Total lettings	2,219	259	593	463	400	507	4,441
	% as non-newbuild	92.6%	84.7%	81.6%	84.4%	87.7%	94.7%	89.6%
	Lettings in existing stock	2,054	219	484	391	351	480	3,980
	% non-transfers	74.7%	66.4%	76.1%	63.3%	56.8%	64.0%	70.4%
	Total lettings to new tenants	1,535	146	368	247	199	307	2,803
Supported	Total lettings	1,477	10	216	62	142	213	2,120
	% as non-newbuild	98.0%	81.3%	99.2%	90.1%	96.1%	98.4%	97.7%
	Lettings in existing stock	1,447	8	214	56	136	210	2,072
	% non-transfers	79.4%	68.8%	57.1%	67.2%	56.3%	67.4%	74.0%
	Lettings excluding transfers	1,149	6	122	37	77	142	1,533
	% non-temporary housing	53.6%	100.0%	99.9%	100.0%	100.0%	96.5%	64.9%
	Total lettings to new tenants	616	6	122	37	77	137	995
Total lettings to new tenants		2,151	151	491	285	276	444	3,798

Source: CORE

8.67   The supply figure is for social rented housing only and whilst the stock of intermediate housing in Coventry & Warwickshire is not significant compared to the social rented stock, it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (it is assumed for the purposes of analysis that shared ownership turnover is roughly the same as turnover in the social rented stock). From this it is estimated that around 188 additional properties might become available per annum.

8.68   The total supply of affordable housing is therefore estimated to be 3,985 per annum. The table below shows the locations where supply is expected to arise.

Table 65:   Supply of Affordable Housing by Local Authority

Area	Social rented relets	Intermediate housing 'relets'	Total supply (per annum)
Coventry	2,151	92	2,243
North Warwickshire	151	7	158
Nuneaton & Bedworth	491	17	508
Rugby	285	19	304
Stratford-on-Avon	276	23	299
Warwick	444	29	473
HMA	3,798	188	3,985

Need for Affordable Housing

8.69   The draft Planning Practice Guidance on *Assessments of Housing & Economic Development Needs* identifies that the total need for affordable housing should be converted into annual flows by calculating the total net need and converting this into an annual flow. We have therefore developed our analysis to provide annual figures as recommended in the draft Planning Practice Guidance.

8.70   This modelling also includes within the modelling the current pipeline of affordable housing in accordance with the Practice Guidance.

Table 66: Estimating Affordable Housing Need per Annum (2013-2031)

	Coventry	North Warwick -shire	Nun- eaton & Bed- worth	Rugby	Stratford -on- Avon	Warwick	HMA
1. Gross New Household Formation per Annum	2,873	372	907	685	563	1,044	6,444
2. % Households unable to afford Market Housing	61.6%	50.0%	51.5%	51.7%	52.6%	55.0%	56.6%
2. Estimated Affordable Need from Newly-Forming Households (=1 x 2)	1,771	186	468	354	296	575	3,650
3. Estimate of Existing Households falling into Need per Annum	800	76	172	151	123	132	1,452
4. Total Future Housing Need per Annum (= 2+3)	2,571	262	639	505	418	706	5,102
5. Supply from Relets of Existing Stock	2,243	158	508	304	299	473	3,985
6. Net Future Shortfall per Annum	328	104	131	201	119	233	1,117
7. Current Housing Need (Backlog)	3,728	284	654	535	564	1,046	6,809
8. Current Affordable Housing with Planning Consent	1,042	141	295	314	308	412	2,512
9. Net Current Need for Affordable Housing	2,686	143	359	251	256	634	4,297
10.Assumed Period Over which Backlog Met (Years)	18	18	18	18	18	18	18
11.Net Requirement per Annum to Address Current Shortfall/ Surplus	149	8	20	14	14	35	239
12.Net Need per Annum	477	112	151	215	133	268	1,356

8.71   In interpreting the figures above for net need some of the key assumptions should also be considered. In particular the level of need shown by the modelling in Stratford-on-Avon looks low when compared to other research (such as the Council's 2013 SHMA Update). A significant reason for this is the assumption of zero net migration modelling to derive household formation data. Whilst the use of zero net migration has some merit when looking at affordable housing need on a sub-regional basis and given a general push towards only providing such accommodation for local residents and those with a local connection; it may not be realistic in areas with very high levels of net migration (Stratford-on-Avon being the main such example in this SHMA).

8.72   With no net migration Stratford-on-Avon is expected to see population decline and virtually no growth in households and hence such a scenario is less realistic here than in other locations. Were the modelling to be recast to use a demographic trend based projection for Stratford-on-Avon District, then the level of net need increases by around 100 per annum. Given this difference the

level of need shown in Stratford-on-Avon should be treated as a minimum with a higher requirement being expected given likely demographic change moving forward.

Role of the Private Rented Sector in Meeting Housing Need

8.73   The 2007 Strategic Housing Market Assessment Guidance identifies that studies such as this should consider the size of the private rented sector and its ability to meet the needs of households "with an affordable housing need", supported by Local Housing Allowance.

8.74   We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of households in the private rented sector who claim Local Housing Allowance to top-up their incomes. As of January 2013 it is estimated that there were 21,590 benefit claimants in the private rented sector in the HMA. However in some instances there may be more than one benefit claimant in a household.

8.75   The data in the table below shows the number of claimants in each area and how this has changed over time. The number of claimants in Coventry is significantly higher than in any other area. In all areas studied the number of LHA claimants has increased over the three year period from January 2010, although the proportionate increase in Warwick is particularly low relative to other areas.

Table 67:   Number of People claiming LHA in Private Rented Sector

Area	January 2010	January 2013	Absolute change	% change
Coventry	10,010	11,211	1,201	12.0%
North Warwickshire	1,080	1,217	137	12.7%
Nuneaton & Bedworth	2,820	3,432	612	21.7%
Rugby	1,560	1,841	281	18.0%
Stratford-on-Avon	1,740	1,919	179	10.3%
Warwick	1,950	1,970	20	1.0%
HMA	19,160	21,590	2,430	12.7%

Source: Department of Work and Pensions

8.76   Claimants within the private rented sector are not living in 'affordable housing' but are tenants who have an affordable housing need. Their income is supplemented by LHA so they are able to afford to live in these properties. However Welfare Reforms are affecting the validity of using the private rented sector to house tenants in need as there is some evidence that landlords are becoming increasingly cautious about accepting benefit claimants as tenants with the proposed introduction of Universal Credit[30].

8.77   For households housed in the private rented sector there can be no guarantee that accommodation is suitable, affordable and of a good quality. Furthermore the future supply of housing from this

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[30] This has been highlighted by a number of stakeholders as part of the SHMA process

sector which is accessible to households in housing need is not guaranteed, and landlords can choose which households they accommodate.

8.78   What the analysis however does demonstrate is that the private sector is providing housing for households who are not able to secure affordable housing, because of a supply-demand imbalance within the affordable housing sector.

8.79   The future supply of affordable housing is likely to be influenced by (amongst other factors) the availability of public funding. Funding for affordable housing was significantly reduced in the 2010 Comprehensive Spending Review (from an already low level in a historical context); and the supply of affordable homes to meet need in many areas has also been eroded in recent decades by right-to-buy sales.

8.80   In this context the private rented sector can play a role in accommodating households who cannot secure affordable housing but who are not able to afford market housing without some form of subsidy. The 2011 Localism Act now allows local authorities to discharge their main statutory homelessness duty by finding households suitable accommodation in the private rented sector. A good number of authorities are working proactively to find households appropriate accommodation in the sector.

8.81   The extent to which the Councils wish 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. It should be recognised that the Private Rented Sector does not provide secure tenancies, it is not necessarily affordable and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Implications of the Housing Needs Evidence

8.82   An assessment of housing need has been undertaken which is compliant with Government guidance. This identifies the following net need for affordable housing per annum in each authority.

Table 68:   Net Need for Affordable Housing 2013-31

	Coventry	North Warwick-shire	Nun-eaton & Bed-worth	Rugby	Stratford-on-Avon	Warwick	HMA
Net Affordable Need per Annum	477	112	151	215	133	268	1,356

8.83   Overall a need for around 1,350 affordable homes per annum is identified across the HMA. Where it is feasible to do so, the Councils should aspire to meet these needs. However it should be

recognised that the Councils abilities to do so will be influenced by the available funding for affordable housing and what level of affordable development is achievable through other routes, including through Section 106 Agreements. The private rented sector may continue to play some role in accommodating households with an affordable housing need, as it does today.

9   NEED FOR DIFFERENT SIZES AND TYPES OF HOMES

Introduction

9.1   As discussed in Section 4, there are a range of factors which influence the need for market and affordable housing. These factors play out at different spatial scales and influence both the level of housing need (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

9.2   Key factors which are likely to influence demand for different types of homes include:

- The size and composition of households;
- What sizes of home different households can afford to rent or buy;
- Long-term demographic trends, including a growing older population;
- Government interventions, such as the Help-to-Buy scheme and benefit reforms.

9.3   Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2031.

9.4   The analysis in this section thus considers in some detail the implications of demographic drivers on demand for different sizes of homes. This is then brought together with an understanding of existing imbalances in the housing offer (drawing on the analysis in Section 4) to consider the mix of housing needed moving forwards. The analysis also considers the mix of affordable housing needed through assessment of both what households can afford and the stock and turnover of different types of affordable homes.

Housing Market Model: Modelling Methodology

9.5   The analysis of need for different sizes of homes in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. We have based the modelling on the PROJ 1A demographic projection with the midpoint headship assumptions.

9.6   The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections. We briefly discuss key information sources below.

Figure 36: Summary of Housing Market Model
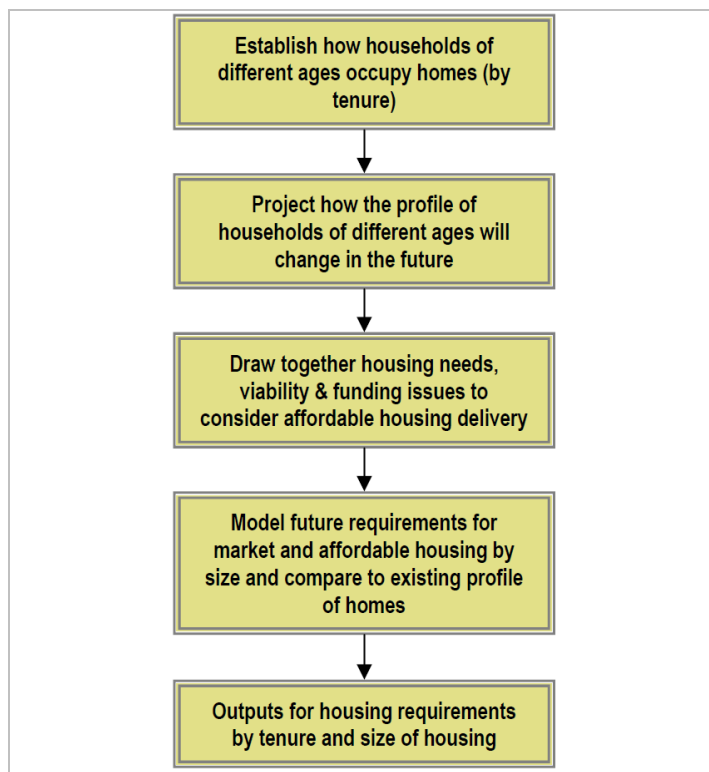
Understanding how Households Occupy Homes

9.7   Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided.

9.8   The main reason for this is that 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 translate into the sizes of property needed. The size of housing which households occupy in the market sector relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.

9.9   This issue is less relevant in the affordable sector, particularly since the introduction of the under-occupancy charge (the so-called 'bedroom tax') which limits the level of housing benefit working-age households can claim based on the household size and structure as opposed to the size of the property. There will however still be some level of under-occupation moving forward with regard to

older person households in particular; and working households who may be able to continue to under-occupy their current homes.

9.10   The general methodology uses the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and applies this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS[31] with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

9.11   The figure below shows an estimate of how the average number of bedrooms varies for different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-54 age groups. In the affordable sector this peak appears earlier. After sizes peak, the average dwelling size decreases – possibly linked to some households down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing, male HRPs typically live in larger accommodation for all age groups (with no strong trend being seen in the affordable sector).

Figure 37: Average Bedrooms by Age, Sex and Tenure – Coventry/Warwickshire
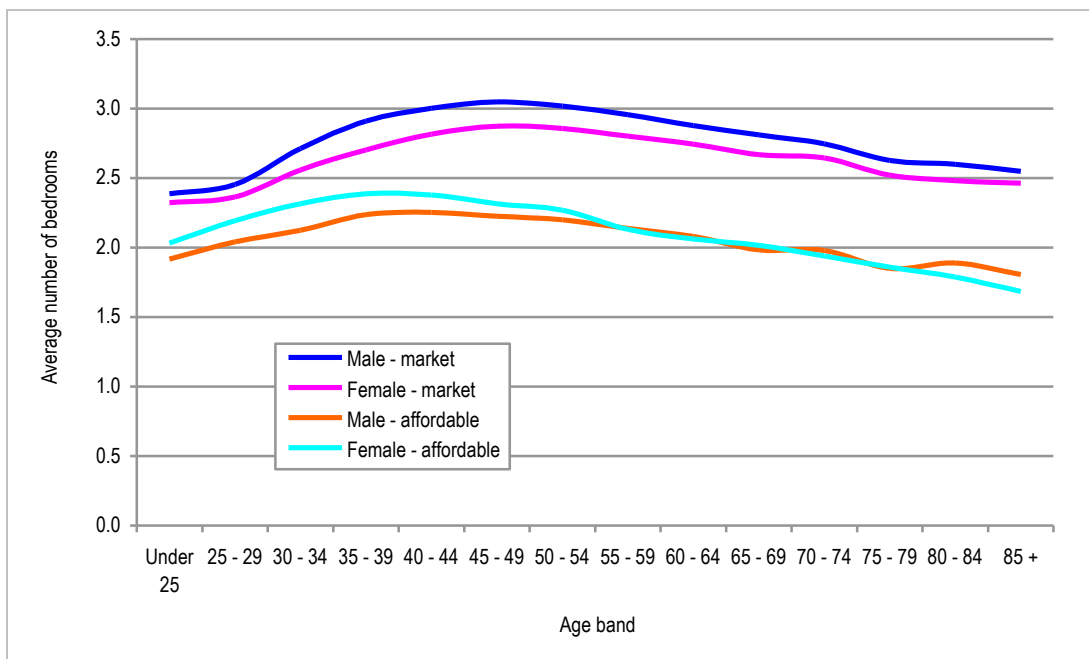
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

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[31] Table C1213 which provides relevant data for all local authorities in England

Establishing a Baseline Position

9.12   As of 2011 it is estimated that there were 360,099 households living in the HMA. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2011, as shown in the table below. The table shows that an estimated 16% of households live in affordable housing with 84% being in the market sector. The size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011. The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 71% having three or more bedrooms compared to 34% for affordable housing.

9.13   These figures are for households rather than dwellings as information regarding the sizes of vacant homes across the whole stock (i.e. market and affordable) is not readily available. For the purposes of analysis this will not make any notable difference to the modelled outputs. We have however translated the household projections into dwelling figures by including a 3% vacancy allowance to provide the outputs of the market modelling.

Table 69:   Estimated Profile of Dwellings in 2011 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	15,288	5.0%	17,383	30.8%	32,671	9.1%
2 bedrooms	74,305	24.5%	19,875	35.2%	94,180	26.2%
3 bedrooms	146,589	48.3%	17,399	30.8%	163,988	45.5%
4+ bedrooms	67,409	22.2%	1,851	3.3%	69,260	19.2%
Total	303,591	100.0%	56,508	100.0%	360,099	100.0%
% in tenure	84.3%		15.7%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

9.14   The housing market model has been used to estimate future requirements for different sizes of property over the next 20-years. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider the future balance between provision of market and affordable housing.

9.15   The analysis in Section 8 indicated that a significant proportion of the identified need in the main demographic projection (PROJ 1A) is for affordable housing. However it is unlikely that all sites will deliver affordable housing, and thus reasonable to expect that supply will fall modestly below this level. On the basis of information available we believe that 30% is probably a reasonable

assumption for the proportion of new housing over the plan period which can be delivered as affordable housing. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process. At the time of writing formal policies for affordable housing provision have yet to be determined.

Model Outputs: Affordable Housing

9.16   The table and figure below show estimates of the sizes of affordable housing required for the HMA based on our understanding of demographic trends. The data suggests in the period between 2011 and 2031 that around 70% of the net need is for homes with one- or two-bedrooms with around 30% of the need being for larger homes with three or more bedrooms.

Table 70:   Modelled Size of Dwellings Needed for the HMA 2011 to 2031 – Affordable Housing

Size	2011	2031	Additional households 2011-2031	% of additional households
1 bedroom	17,383	25,361	7,978	**36.5%**
2 bedrooms	19,875	27,495	7,620	**34.9%**
3 bedrooms	17,399	23,092	5,693	**26.0%**
4+ bedrooms	1,851	2,425	573	**2.6%**
Total	**56,508**	**78,373**	**21,865**	**100.0%**

Source: Housing Market Model

9.17   This analysis provides a longer-term view of requirements for affordable housing, based on demographic trends, and does not reflect any specific priorities such as for family households in need rather than single people. This is relevant in considering how the modelled outputs might be translated into policies for affordable housing mix.

9.18   A further issue to consider in this respect is policies for one-bed properties. On the one hand one-bed properties offer limited flexibility to accommodate households' changing requirements. On the other hand the under-occupancy charges may increase need for one-bed properties (and smaller homes more generally) 'on the ground' from working-age households.

9.19   Delivery of larger homes (such as those with 3 or more bedrooms) can be beneficial in not just meeting the needs of households with an acute housing need, but also in releasing smaller properties to meet the needs of other households. Additionally, the supply of four bedroom accommodation to rent in the private rented sector is limited in most areas (particularly dwellings where LHA can be claimed) and so additional provision of larger homes over and above the figure suggested in the modelling may be prudent – such a need can be evidenced at a more local level through reference to sources such as the Housing Register.

9.20   Figure 38 below shows how our estimated affordable requirement compares with the stock of affordable housing in 2011. The figures are based on households (i.e. before adding in a vacancy allowance). The data shows that relative to the current stock there is a slight shift of the net need towards smaller homes. This reflects demographic changes: in the future household sizes are expected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the analysis still identifies a need for additional larger units (particularly three bedroom accommodation).

Figure 38: Impact of Demographic Trends on Affordable Housing Need by House Size, 2011 to 2031 – Coventry/Warwickshire
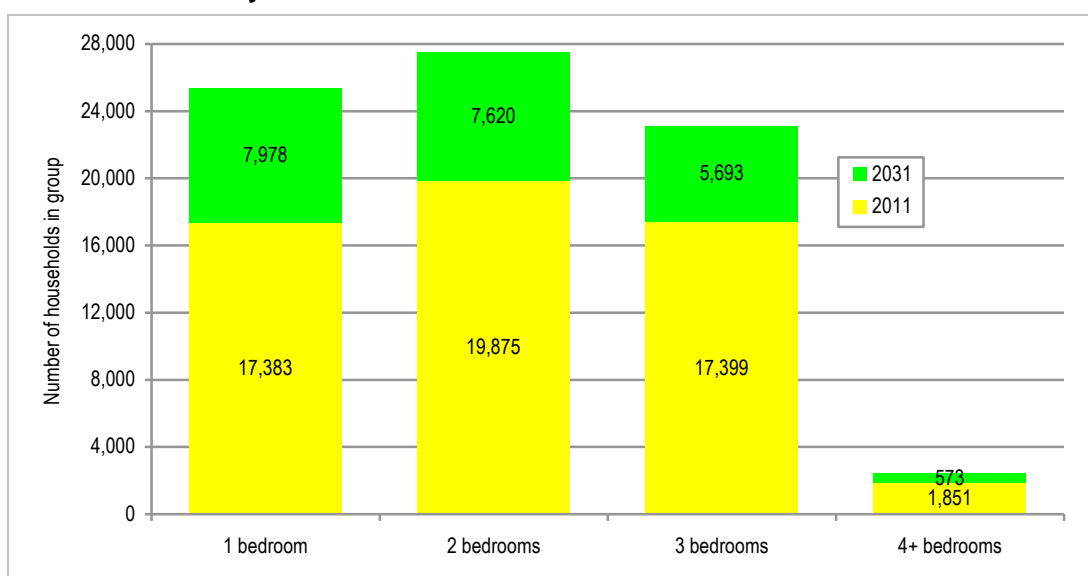
Source: Housing Market Model

9.21   Whilst the analysis above has focussed on outputs for the HMA, the data itself has been built up from analysis at a local authority level. The tables below provide the outputs of this analysis in terms of the sizes of affordable homes needed based on the modelling of demographic changes for each of the six local authorities in the HMA.

Table 71:   Modelled Affordable Housing Needed by Local Authority, 2011 to 2031

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Coventry	35.7%	33.5%	27.5%	3.3%
North Warwickshire	42.4%	35.7%	20.7%	1.1%
Nuneaton & Bedworth	44.6%	29.3%	24.3%	1.8%
Rugby	35.9%	33.3%	28.2%	2.6%
Stratford-on-Avon	31.0%	43.8%	23.3%	2.0%
Warwick	35.6%	35.5%	26.1%	2.8%
HMA	**36.4%**	**34.4%**	**25.8%**	**2.7%**

Source: Housing Market Model

9.22   As set out above, one bed properties offer limited flexibility to accommodate households' changing requirements. On the other hand the ''under occupancy charge' may increase need for one-bed properties (and smaller homes more generally) 'on the ground' from working-age households. Delivery of larger homes (such as those with 3 or more bedrooms) can be beneficial meeting the needs of households with an acute housing need, but also in releasing smaller properties to meet the needs of other households. Additionally, the supply of four bedroom accommodation to rent in the private rented sector is limited in most areas (particularly dwellings where LHA can be claimed) and so additional provision of larger homes over and above the figure suggested in the modelling may be prudent.

Model Outputs: Market Housing

9.23   As we have previously identified there are a range of factors which can be expected to influence demand for housing. The modelling specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2011 to 2031. This provides a starting point for considering future housing mix.

9.24   The table and figure below shows estimates of the sizes of market housing needed from 2011 to 2031 based on demographic trends for the HMA. The majority of market demand is expected to be for two- and three-bed homes (as is the case with the profile of existing stock as shown in Table 68).

Table 72:   Modelled Sizes of Dwellings Needed 2011 to 2031 – Market Housing

Size	2011	2031	Additional households 2011-2031	% of additional households
1 bedroom	15,288	18,134	2,846	**5.6%**
2 bedrooms	74,305	89,363	15,057	**29.5%**
3 bedrooms	146,589	171,335	24,746	**48.5%**
4+ bedrooms	67,409	75,777	8,368	**16.4%**
Total	303,592	354,609	51,017	**100.0%**

Source: Housing Market Model

9.25   Figure 39 below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). The data suggests that there is expected to be slight shift of market demand towards smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (particularly due to the ageing of the population).

Figure 39: Impact of Demographic Trends on Market Housing Need by House Size, 2011 to 2031 – Coventry/Warwickshire
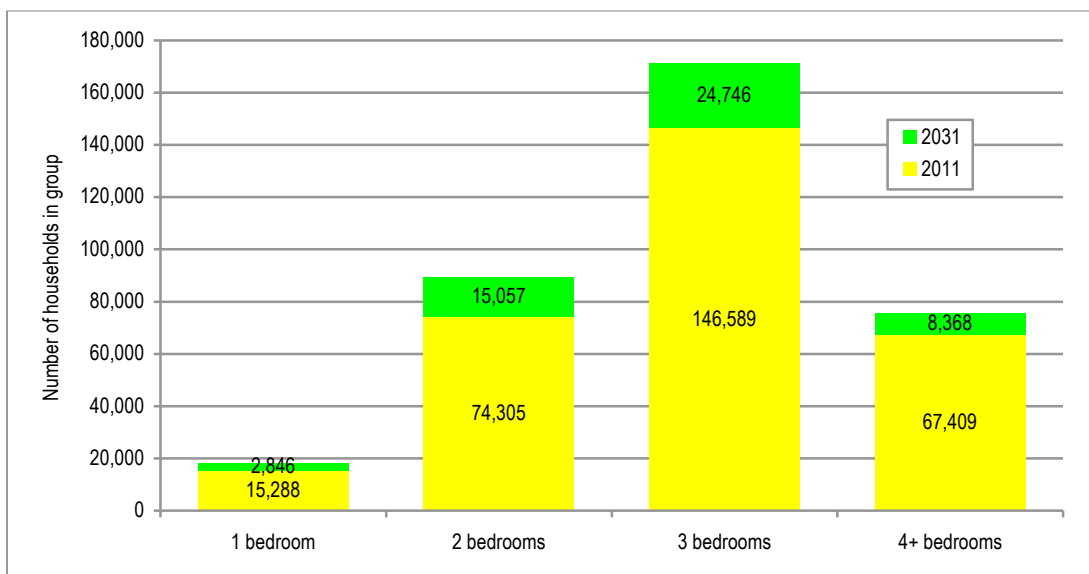
Source: Housing Market Model

9.26 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand. At a local level, market demand will be influenced by the characteristics of the site and quality of place. It can also change over time, linked to wider market trends and levels of development of particular products within the local market.

9.27 In determining policies for housing mix, policy aspirations are also relevant. These may include aspirations to focus the mix more towards meeting local (rather than in-migrant) demand in some areas; or to diversify the housing mix and attract higher skilled workers in others.

9.28 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with for instance effective demand for entry-level market housing having been restricted over the last few years by the availability of mortgage finance for first-time buyers and those on lower earnings. An improving economic outlook, increased range of mortgage deals and the Government's Help-to-Buy scheme are now however starting to see the situation change.

9.29 Whilst the analysis above has focussed on outputs for the HMA, the data itself has been built up from analysis at a local authority level. The tables below provide the outputs of this analysis in terms of the sizes of market homes needed based on the modelling of demographic changes for each of the six local authorities in the HMA.

Table 73:   Modelled Market Housing Needed by Local Authority, 2011 to 2031

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Coventry	5.2%	27.4%	54.3%	13.1%
North Warwickshire	6.3%	34.3%	52.4%	6.9%
Nuneaton & Bedworth	4.7%	33.1%	53.3%	8.9%
Rugby	5.4%	26.4%	46.3%	21.8%
Stratford-on-Avon	6.8%	33.4%	42.7%	17.1%
Warwick	5.9%	29.4%	41.1%	23.7%
HMA	**5.6%**	**29.5%**	**48.5%**	**16.4%**

Source: Housing Market Model

9.30   Overall between 5-7% of the market need is for 1-bed properties, between 26-34% for 2-bed properties, and between 59-68% for family homes with three or more bedrooms. In North Warwickshire and Nuneaton and Bedworth the demand profile is more focused towards mid-market housing (with a particular focus of need for two- and three-bed properties). In Rugby, Stratford-on-Avon and Warwick there is a higher level of need identified for larger homes with four- or more bedrooms based on the demographic modelling.

9.31   Stratford-on-Avon District sees a lower proportional need for 4+ bed properties compared to Rugby and Warwick as it has a notable level of existing stock, and an older population. As older households downsize this will release stock for other (younger) households. A similar trend is evident in North Warwickshire, which is why this for instance sees a lower level of need for 4+ bed properties relative to Nuneaton & Bedworth.

9.32   In Coventry the needs profile, based on the demographic modelling, shows a need in particular for 3-bed homes. The level of need for 4+ bed properties is greater than in North Warwickshire and Nuneaton and Bedworth, but not as high as in Stratford-on-Avon or Warwick District.

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Market and Affordable Housing

9.33   The table below summarises the modelled outputs for housing need in both the market and affordable sectors. This includes a vacancy allowance of 3% in moving from household figures to estimates of housing requirements.

Table 74:   Demographically-Driven Need for Different Sizes of Homes, 2011 to 2031

Number of bedrooms	Market			Affordable		
	Market Households	Dwellings	% of Market dwellings	Affordable Households	Dwellings	% of Affordable dwellings
1 bedroom	2,846	2,931	5.6%	7,978	8,218	36.5%
2 bedrooms	15,057	15,509	29.5%	7,620	7,848	34.8%
3 bedrooms	24,746	25,488	48.5%	5,693	5,864	26.0%
4+ bedrooms	8,368	8,619	16.4%	573	590	2.6%
Total	**51,017**	**52,548**	**100.0%**	**21,865**	**22,520**	**100.0%**

Source: Housing Market Model

9.34   We have identified a range of factors above which are relevant in considering the future mix of housing. It is not the role of the Joint SHMA to set policies for housing mix, however it is useful for it to provide some guidance on mix drawing together the demographic modelling with consideration of the wider factors listed. This is considered below.

Guidance on Affordable Housing Size Mix

9.35   In the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

9.36   It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore often prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to continue to provide one-bedroom homes due to the ''under-occupancy charge'.

9.37   For these reasons we would suggest in converting modelled outputs into a profile of housing to be provided (in the affordable sector), looking over the longer-term to 2031, that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

9.38   At a sub-regional level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 30%-35%
- 2-bed properties: 30%-35%
- 3-bed properties: 25%-30%
- 4-bed properties: 5%-10%

9.39   Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.40   Turning to look at individual local authorities, we have considered the analysis herein as well as wider evidence which is available about needs for affordable housing, including from our analysis in the 2012 Coventry SHMA, 2011 Warwick SHMA and 2012 Stratford-on-Avon SHMA.

9.41   In all authorities the need for affordable housing of different sizes will vary by location across the area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

Coventry

9.42   Looking first at Coventry, the market modelling suggests a similar profile of need to that within the 2012 Coventry SHMA, with a slightly higher need for one- and two-bed properties and slightly lower need for larger properties relative to the earlier study. The 2012 Coventry SHMA however also considered evidence from the Council's Homefinder Housing Register about bids for different sizes and types of property. This clearly showed higher demand in the City for housing relative to flats/ maisonettes, as well as stronger demand (and a very low supply) for homes with four or more bedrooms. It showed that for larger properties, and particularly those with four or more bedrooms, that the number of households registered and in priority need (in Bands 1 and 2) is significantly higher than the number of properties which become available. The 2012 SHMA analysis also discussed evidence of low demand for particular segments of the housing stock, including bedsit bungalow and flats, sheltered and very-sheltered flats, and 1-bed properties in certain parts of the City.

9.43   The updated market modelling however now indicates a greater need for 1- and 2-bed properties. Furthermore the 'under-occupancy charge' has shifted the profile of needs modestly more towards smaller homes. On the basis of the evidence we consider that the following mix of affordable housing at a City-wide level would be appropriate:

- 1-bed properties: 20-25%
- 2-bed properties: 30-35%

- 3-bed properties: 25-30%
- 4+ bed properties: 15-20%

North Warwickshire

9.44   In North Warwickshire, the modelling of long-term needs indicates a proportionally higher level of need for smaller affordable homes with one- and two-bed properties relative to other areas. The district also has an older population structure which is likely to focus housing need more towards smaller homes. Nonetheless some provision of larger homes will be important in supporting management of the affordable stock. Based on the evidence we would recommend the following strategic mix of affordable housing:

- 1-bed properties: 35-40%
- 2-bed properties: 30-35%
- 3-bed properties: 20-25%
- 4+ bed properties: 5-10%

Nuneaton & Bedworth

9.45   For Nuneaton and Bedworth the modelling of long-term needs indicates in particular a comparatively higher need for one-bed properties relative to other areas. Again however provision of larger homes can have benefits in managing the housing stock; and one-bed properties may be unpopular. Based on the evidence we would recommend the following strategic mix of affordable housing:

- 1-bed properties: 40-45%
- 2-bed properties: 25-30%
- 3-bed properties: 20-25%
- 4+ bed properties: 5-10%

Rugby

9.46   The modelling of long-term needs for Rugby indicates in particular a marginally higher need for three-bed properties relative to the HMA as a whole, but the profile of need generally is similar. Based on the evidence we would recommend the following strategic mix of affordable housing:

- 1-bed properties: 30-35%
- 2-bed properties: 30-35%
- 3-bed properties: 20-25%
- 4+ bed properties: 5-10%

Stratford-on-Avon

9.47   The modelling of long-term needs in Stratford-on-Avon shows a slightly higher level of need for two-bed properties relative to the HMA as a whole, and a lower comparative level of need for one-bed properties.

9.48   We have additionally sought to draw on the analysis from our 2012 SHMA for the District. This shows that 36.1% of households on the Council's Housing Register in 2012 were classified as families. Looking at those in a priority group this proportion rose to 56.1%. However around 85% of lettings (from existing stock) are of one- and two-bed properties. The Study provided clear evidence that the turnover of larger properties in the District is low and that a relative increase in the provision of larger homes may be desirable.

9.49   The updated market modelling however now indicates a greater need for 1- and 2-bed properties. Furthermore the 'under-occupancy charge' has shifted the profile of needs modestly more towards smaller homes. On the basis of the evidence we consider that the following mix of affordable housing would be appropriate:

- 1-bed properties: 15-20%
- 2-bed properties: 35-40%
- 3-bed properties: 35-40%
- 4+ bed properties: 5-10%

Warwick

9.50   The modelling of long-term needs for Warwick indicates a similar profile of need to that across the HMA. Relative to the modelling undertaken in the 2012 SHMA, the profile of need (based on the demographic modelling) has shifted notably towards a need for smaller one- and two-bedroom affordable homes. The benefit reforms are also likely to have led to some increase in need for smaller properties. Against this context we consider that the following mix of affordable housing would be appropriate (consistent with our HMA recommendations):

- 1-bed properties: 30-35%
- 2-bed properties: 25-30%
- 3-bed properties: 30-35%
- 4+ bed properties: 5-10%

Guidance on Market Housing Size Mix

9.51   We have sought to draw together the market modelling with the wider analysis in the report to provide similar strategic guidance on the mix of housing which might be appropriate in the market sector.

9.52   From the analysis within Sections 4 and 5 (and our wider recent studies) we can draw out the following points regarding balance within the current housing mix for each of the authorities:

- Coventry: the current housing offer is focused towards smaller and lower value properties, with 36% of homes having 1 and 2-bedrooms and 71% falling within Council Tax Bands A and B. Overcrowding (although partly influenced by student lets) is above average. The evidence suggests a need to broaden the stock of larger family homes. Furthermore there are potential regeneration benefits from diversifying the housing offer through delivery of larger homes which attract higher skilled/ paid workers to live in the City rather than commute in;
- North Warwickshire: the housing offer and demand profile is focused towards mid-market properties, with a low level (and limited market) for 1-bed stock. There is above average semi-detached and detached homes and almost three-quarters of homes have two and three bedrooms. We would expect market demand to focus on medium-sized properties with two and three bedrooms;
- Nuneaton & Bedworth: similarly the demand profile is focused towards mid-market homes. 77% of homes have two- and three-bedrooms with a particularly high level of semi-detached stock. 60% of homes fall in Council Tax Bands A and B. Modestly lower prices relative to other parts of the HMA. There is evidence of households moving out of Coventry into the Borough to access family homes – but if Coventry's offer was diversified it could affect this trend to some degree moving forward. We would expect market demand to focus towards two- and three-bed properties;
- Rugby: a fairly balanced housing offer overall across types and sizes, with no particular imbalanced evidence at a Borough-wide level. Prices are average across property types compared to other parts of Warwickshire. We would expect the market to focus on mid-market and family housing;
- Stratford-on-Avon: the housing offer is focused more towards larger properties, and there are particular affordability pressures. The District has the highest proportion of 4+ bed properties, a low stock of 1-bed properties and just 20% of homes in Council Tax Bands A and B. Whilst the demand profile may emphasise larger homes, the District does have an older population and there is the potential to meet some of this demand by providing suitable properties for households to downsize into. Small and medium-sized properties are also more likely to meet local needs;
- Warwick: the housing stock in Warwick District is reasonably balanced with the evidence indicating that semi-detached homes are the most prevalent. There are a higher proportion of 1- and 2-bed properties (comprising 38% of homes) and of 4- and 5-bed homes (with a below average proportion of 3-beds), whilst 23% of the stock is flats. This appears to provide a reasonable housing offer. As with Stratford-on-Avon, providing smaller and medium-sized properties will help to meet local needs.

9.53   Based on the above comments, we consider that the following strategic mix of market housing would be reasonable.

Table 75: Recommended Mix of Market Housing

	1-bed	2-bed	3-bed	4+ bed
Coventry	5-10%	25-30%	40-45%	20-25%
North Warwickshire	5-10%	34-40%	45-50%	5-10%
Nuneaton & Bedworth	5-10%	35-40%	45-50%	10-15%
Rugby	5-10%	25-30%	40-45%	20-25%
Stratford-on-Avon	5-10%	35-40%	40-45%	15-20%
Warwick	5-10%	25-30%	40-45%	20-25%
HMA	5-10%	30-35%	35-40%	15-20%

9.54 The figures can be used to inform policies regarding housing mix and as a monitoring tool to ensure that future delivery is not unbalanced. They are not however intended to be prescriptively applied to every site given that some sites and locations may be more appropriate for different types and densities of housing development.

Need for Different Tenures of Affordable Homes

9.55 Having looked at house sizes, we also consider herein the need for different types of affordable housing. This draws on the analysis in Section 8 of housing costs, incomes and housing need. We use the income information presented in Section 8 to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

9.56 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

9.57 For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).

9.58   The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

9.59   For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the Figure below shows.

Figure 40: Overlap between Affordable Housing Tenures
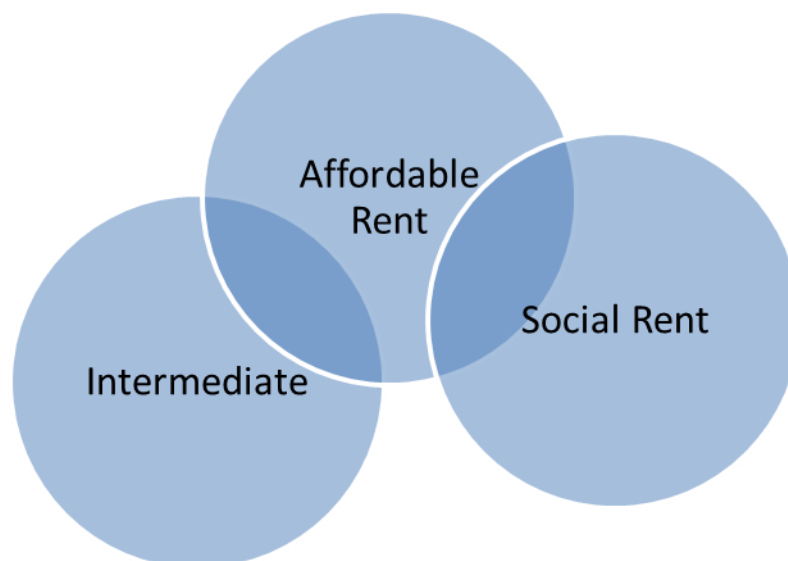
9.60   Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

9.61   The table below shows the proportion of households who fall into these broad income categories.

Table 76:   % Households who Cannot afford Market Housing by Income Category

Local authority	Can afford 80%+ Market Rents	Can afford between Social and 80% Market Rents	Can only afford at Social Rent or Below
Coventry	14.1%	16.2%	69.7%
North Warwickshire	18.2%	18.6%	63.1%
Nuneaton & Bedworth	18.2%	9.1%	72.7%
Rugby	17.8%	19.8%	62.4%
Stratford-on-Avon	17.7%	21.6%	60.8%
Warwick	18.2%	35.1%	46.8%

9.62   We do not have detailed information on households' savings. We have assumed that around half of households with an income which would allow them to afford 80% or more of market rents would represent the potential market for equity-based intermediate products such as shared ownership and shared equity homes.

9.63   Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories:

Table 77:   Net Need within different Affordability Categories

	Estimated net need for Equity-based Products	Net Need from Households which could afford more than existing Social Rents without Benefits but not Equity Products	Net Need from Households who cannot afford over existing Social Rent Levels
Coventry	19%	37%	44%
North Warwickshire	15%	21%	64%
Nuneaton & Bedworth	26%	37%	37%
Rugby	12%	21%	67%
Stratford-on-Avon	11%	26%	63%
Warwick	14%	24%	62%
HMA	17%	29%	54%

The relationship between these affordability categories and different tenures of affordable housing is shown in the table below.

Table 78: Relationship between Affordable Needs and Tenure Categories

Estimated net need for Equity-based Products	Net Need from Households which could afford more than existing Social Rents without Benefits but not Equity Products	Net Need from Households who cannot afford over existing Social Rent Levels

Social Rent

Affordable Rent

Intermediate Equity
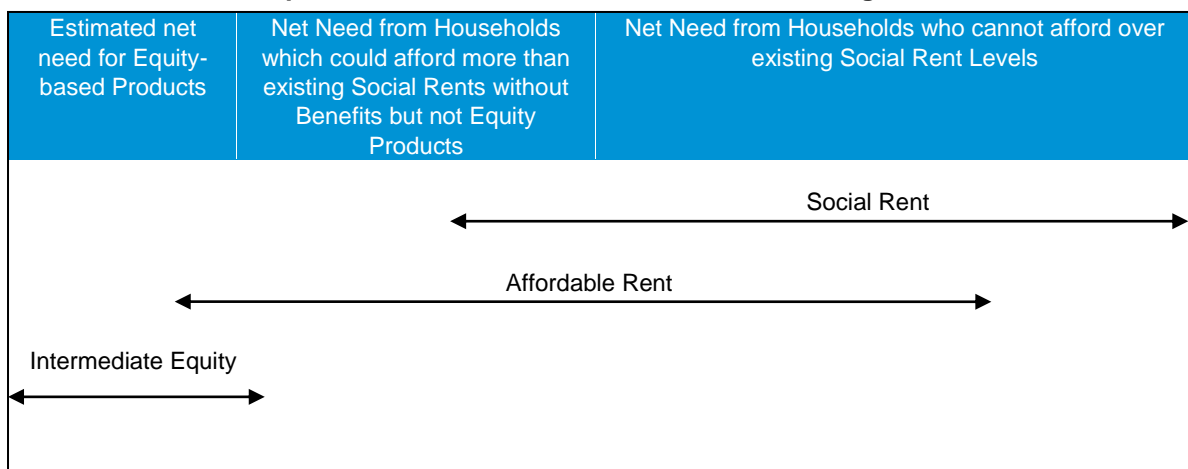
9.64   In determining policies for affordable housing provision on individual sites, the analysis in Table 76 should be brought together with other local evidence. Our previous work in the 2012 Coventry SHMA for instance highlighted some smaller areas with high concentrations of social rented housing where additional intermediate housing would be required to improve the housing mix and to create 'housing pathways'.

Implications on Policies for Housing Mix

9.65   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis draws together a range of factors, including long-term demographic trends to provide guidance on the future mix of market and affordable housing. Our conclusions are set out below:

Table 79: Guidance on Market Housing Mix

MARKET	1-bed	2-bed	3-bed	4+ bed
Coventry	5-10%	25-30%	40-45%	20-25%
North Warwickshire	5-10%	34-40%	45-50%	5-10%
Nuneaton & Bedworth	5-10%	35-40%	45-50%	10-15%
Rugby	5-10%	25-30%	40-45%	20-25%
Stratford-on-Avon	5-10%	35-40%	40-45%	15-20%
Warwick	5-10%	30-35%	35-40%	20-25%
HMA	5-10%	30-35%	35-40%	15-20%

Table 80: Guidance on Affordable Housing Mix

AFFORDABLE	1-bed	2-bed	3-bed	4+ bed
Coventry	20-25%	30-35%	25-30%	15-20%
North Warwickshire	35-40%	30-35%	20-25%	5-10%
Nuneaton & Bedworth	40-45%	25-30%	20-25%	5-10%
Rugby	30-35%	30-35%	20-25%	5-10%
Stratford-on-Avon	15-20%	35-40%	35-40%	5-10%
Warwick	30-35%	25-30%	30-35%	5-10%
HMA	30-35%	30-35%	25-30%	5-10%

9.66   Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.67   Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

9.68   The Councils should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties).

9.69   In regard to the need for different types of affordable housing, the analysis points to a distribution of need between different income categories as follows:

Table 81: Net Need within different Affordability Categories

	Estimated net need for Equity-based Products	Net Need from Households which could afford more than existing Social Rents without Benefits but not Equity Products	Net Need from Households who cannot afford over existing Social Rent Levels
Coventry	19%	37%	44%
North Warwickshire	15%	21%	64%
Nuneaton & Bedworth	26%	37%	37%
Rugby	12%	21%	67%
Stratford-on-Avon	11%	26%	63%
Warwick	14%	24%	62%
HMA	17%	29%	54%

9.70   Across the HMA it would be appropriate for 15-20% of new affordable housing to be provided as intermediate equity based products, with 80-85% provided as social or affordable rented homes.

Policies in individual authorities should be informed by the results of the analysis presented in Table 80.

10   HOUSING NEEDS OF SPECIFIC GROUPS IN THE POPULATION

Introduction

10.1   We have established overall housing requirements for different sizes of properties over the next 20 years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

10.2   Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

10.3   The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children;
- Young people; and
- Students.

Housing Needs of Older People

Introduction

10.4   The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20 years is expected to be the growth in the population of older persons.

10.5   Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections and data from POPPI (Projecting Older People Population Information) to consider the housing needs of older people.

10.6   Population changes, including improvements in life expectancy are expected to have a big impact on housing needs. Demographics is the key driver of issues associated with housing older people.

10.7   Many older people will want to live in the existing (and often family) homes – the homes which they have lived in for in some cases many years. Some may need adaptions to properties, or floating support, to reflect their changing needs as they get older.

10.8   Some older households may consider downsizing, such as to reduce housing costs, release equity from their homes to fund their lifestyle or retirement, or to meet their changing needs (such as a move to single storey properties to manage increasing mobility problems). Targeted new housing supply can help to facilitate this.

10.9   Some households may require specialist accommodation or homes with an element of care or support – particularly those in older age groups. However there is evidence nationally of falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing over the last 20 years, with those households in sheltered housing requiring higher levels of support. Many local authorities have struggled to contain expenditure on services for older people.

10.10   Against this context new models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances *in situ* rather than requiring a move. There has also been a growth in market demand for housing for older people, with a number of providers providing 'retirement living' homes (often for over 55s) ranging in scale from individual development schemes with 10 or 20 homes through to 'retirement villages.'

10.11   Fundamentally there is a need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options. Providing choice, including supporting people to stay in their own homes, including through supporting adaptations to properties and through provision of floating support will be important.

Current Population of Older Persons

10.12   Table 82 analyses baseline population data about older persons. The data has been taken from the published ONS Mid-Year Population Estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group as some housing developments are specifically targeted at the over 55 age group.

10.13   The data shows that, when compared with both the West Midlands and England, the HMA has a similar proportion of older persons. In 2011 it is estimated that 28.6% of the population of Coventry & Warwickshire was aged 55 or over.

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10.14   Although the overall proportion of older people is similar to regional and national averages there are differences within the area. In particular, Coventry has a low proportion of people aged over 55 (just 24% of the population) whilst Warwickshire as a whole sees 31% of the population being aged 55 and over (with figures ranging from 28% in Warwick up to 37% for Stratford-on-Avon).

Table 82:   Older Person Population (2011)

Age group	Coventry-Warwickshire		West Midlands		England	
	Population	**% of popn**	**Population**	**% of popn**	**Population**	**% of popn**
Under 55	616,824	71.4%	4,001,612	71.3%	38,211,710	**72.0%**
55-64	99,867	11.6%	654,005	11.7%	6,165,792	**11.6%**
65-74	78,594	9.1%	509,374	9.1%	4,592,171	**8.6%**
75-84	48,095	5.6%	318,644	5.7%	2,944,178	**5.5%**
85+	20,089	2.3%	125,032	2.2%	1,193,318	**2.2%**
Total	863,469	100.0%	5,608,667	100.0%	53,107,169	**100.0%**
Total 55+	**246,645**	**28.6%**	**1,607,055**	**28.7%**	**14,895,459**	**28.0%**

Source: ONS 2011 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

10.15   We can use population projections to provide an indication of how the numbers of older persons might change over the period to 2031. The data provided below is based on our demographic projection linked to the updated SNPP (PROJ 1A).

10.16   The data shows that the HMA is expected to see a substantial increase in the older person population with the total number of people aged 55 and over expected to increase by 35% over just 20-years. A particularly high increase is expected in Rugby with a lower figure being seen in Coventry. For Coventry, this is mainly linked to the younger population age profile in the City and the fact that migration patterns tend to focus on younger people. In the case of Rugby the findings are to some degree related to the higher overall population growth projected for the area. For all areas we are also expected to see significant population growth in the oldest age groups with the population aged 85 and over expected to increase by 111% over the next 20-years.

Table 83:   Projected Change in Population of Older Persons (2011 to 2031)

Age group	Coventry	North Warwks	Nuneaton/ Bedworth	Rugby	Stratford-on-Avon	Warwick	HMA
Under 55	12.0%	-4.6%	5.6%	15.7%	-2.0%	9.3%	**8.2%**
55-64	16.5%	2.8%	7.3%	33.7%	7.2%	14.3%	**13.9%**
65-74	22.5%	28.9%	32.9%	46.0%	34.0%	36.6%	**31.7%**
75-84	27.4%	71.2%	68.8%	69.2%	70.3%	56.0%	**53.8%**
85+	76.4%	131.0%	145.8%	122.6%	140.4%	105.9%	**110.8%**
Total	15.4%	7.3%	14.5%	26.2%	13.2%	17.3%	**15.9%**
Total 55+	**25.8%**	**32.1%**	**36.1%**	**51.9%**	**39.5%**	**37.6%**	**35.3%**

Source: SHMA Population Projections

Characteristics of Older Persons Households

10.17   Table 84 below shows data from the 2011 Census about the number of pensioner households (defined as people aged 65 and over regardless of sex) compared with other areas. Around 21% of households in 2011 were comprised entirely of pensioners. This is virtually the same as the regional and national averages. Of the total number of pensioner households some 58% are single person households.

Table 84:   Pensioner Households (Census 2011)

| Pensioner households	Coventry/ Warwickshire	West Midlands	England
Single pensioner	44,562	289,571	449,969
2 or more pensioners	32,054	203,348	329,263
All households	359,597	2,294,909	3,555,463
Single pensioner	12.4%	12.6%	12.7%
2 or more pensioners	8.9%	8.9%	9.3%
All households	100.0%	100.0%	100.0%
Total % pensioner only	21.3%	21.5%	21.9%

Source: Census (2011)

10.18   Figure 41 below shows the tenure of older person households. The data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). Pensioner households are relatively likely to live in owner-occupied accommodation (78%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (4% compared with 16% of all households in the HMA).

10.19   There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector (and relatively more in private rented accommodation).

10.20   Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase, this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population.

Figure 41: Tenure of Older Person Households – Coventry/Warwickshire
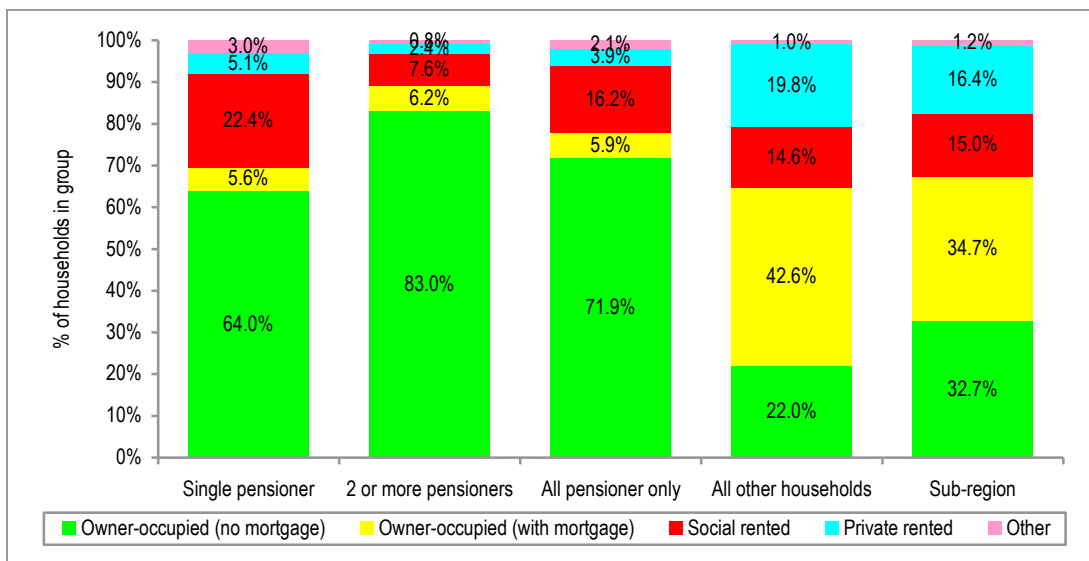
Source: 2011 Census

10.21 At local authority level the data shows that patterns by tenure are virtually the same in all areas with a fairly narrow range from 70% to 73% in terms of the proportion of outright owners and a range from 15% to 18% in the case of social renting. The figures shown below are for all pensioner households (with the data for the whole sub-region being shown as the middle column in the figure above).

Figure 42: Tenure of Older Person Households – by Local Authority
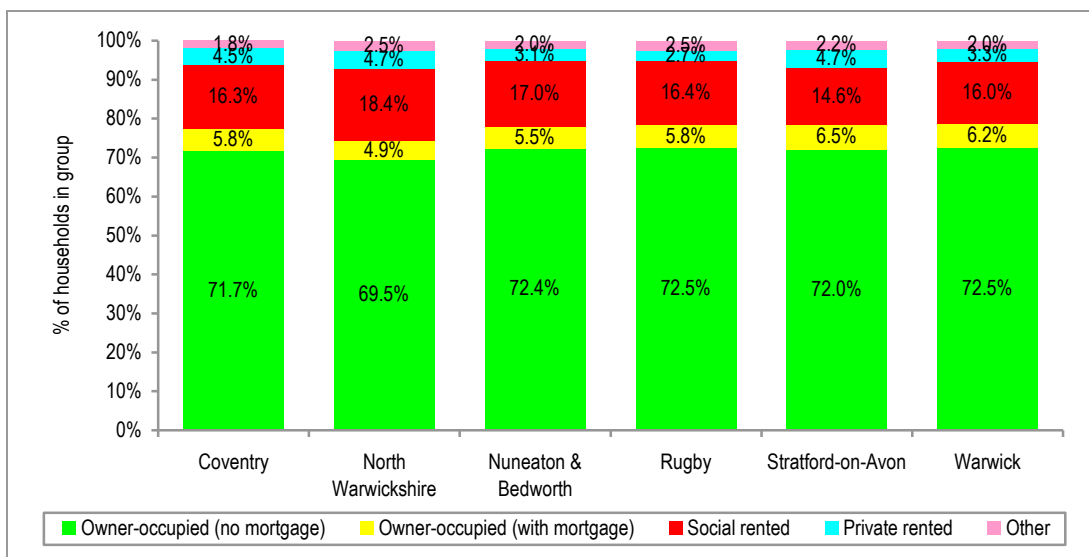
Source: 2011 Census

10.22   A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households. In total 58% of older person households have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 32% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

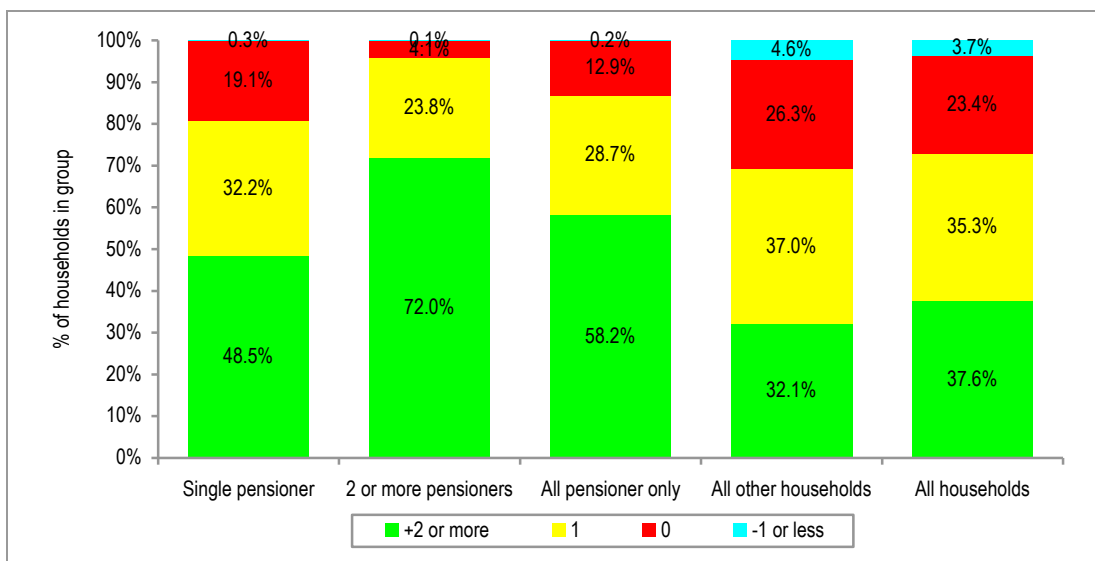**Figure 43:   Occupancy rating of Older Person Households – Coventry/Warwickshire**

Source: 2011 Census

10.23   The figure below shows this information for individual districts for all pensioner households (as shown in the middle column in the figure above). Differences in occupancy patterns between areas are slight although Nuneaton & Bedworth does appear to have a slightly lower level of under-occupancy (particularly when looking at those with two or more spare bedrooms). North Warwickshire has the highest level of under-occupancy.

Figure 44:   Occupancy rating of Older Person Households – by Local Authority
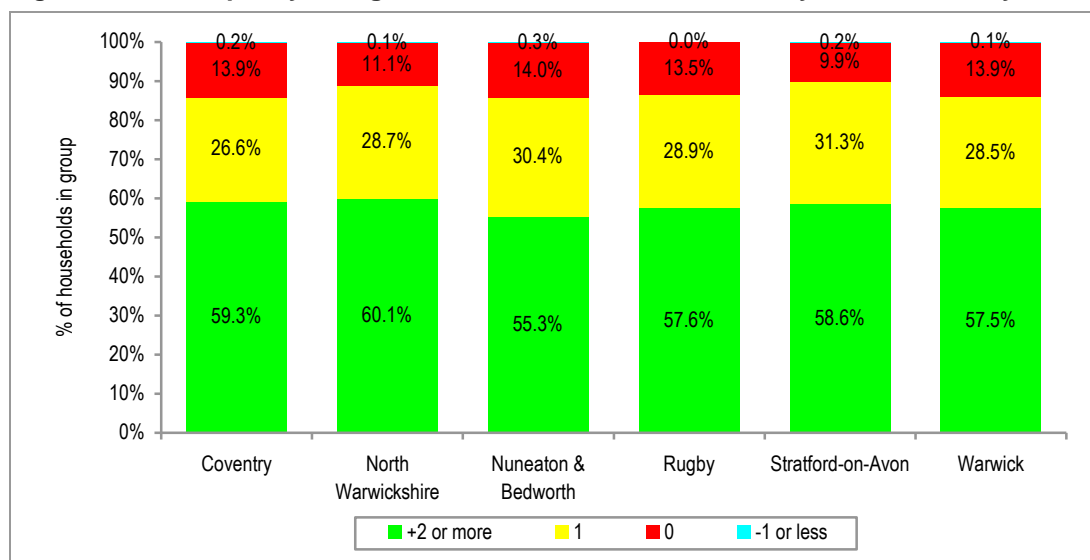
Source: 2011 Census

10.24   It is of interest to study the above information by tenure. Table 85 below shows the number of pensioner households who had an occupancy rating of +2 or more in each of the three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were around 2,100 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Table 85:   Pensioner Households with Occupancy Rating of +2 or more by Tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	19,071	21,255	40,326
Social rented	1,458	659	2,117
Private rented	1,102	472	1,574
All tenures	21,631	22,386	44,017

Source: 2011 Census

10.25   It should however be recognised that many older households in owner occupation will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay.

Health-related Population Projections

10.26   In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

10.27   For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as the general health of the older person population improves) the estimates are likely to be of the right order.

10.28   Table 86 below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing older population. In particular there is projected to be a large rise in the number of people with dementia (up 80%) along with a 65% increase in the number with mobility problems.

Table 86:   Estimated Population Change for range of Health Issues (2011 to 2031)

Type of illness/disability	2011	2031	Change	% increase
Coventry				
Dementia	3,383	5,170	1,787	52.8%
Mobility problems	8,742	12,334	3,592	41.1%
North Warwickshire				
Dementia	742	1,435	693	93.4%
Mobility problems	2,009	3,493	1,484	73.9%
Nuneaton & Bedworth				
Dementia	1,368	2,717	1,350	98.7%
Mobility problems	3,718	6,603	2,885	77.6%
Rugby				
Dementia	1,234	2,382	1,147	92.9%
Mobility problems	3,208	5,733	2,525	78.7%
Stratford-on-Avon				
Dementia	1,894	3,800	1,906	100.7%
Mobility problems	4,940	8,987	4,047	81.9%
Warwick				
Dementia	1,717	3,109	1,392	81.1%
Mobility problems	4,406	7,327	2,920	66.3%
Coventry-Warwickshire				
Dementia	10,337	18,613	8,275	80.1%
Mobility problems	**27,023**	**44,477**	**17,454**	**64.6%**

Source: Data from POPPI and SHMA Demographic Projections

Indicative Requirements for Specialist Housing

10.29   Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. Such housing can broadly be split into three categories; sheltered, extra-care and residential care. Over the past few years there has been a move away from providing sheltered and residential care housing towards extra-care housing (ECH) and we would consider that the majority of additional specialist housing moving forward is likely to be of ECH. In all local authorities there is currently a significant supply of sheltered housing (mostly in the affordable sector) whilst a proportion of new admissions to residential care are now also being diverted to ECH.

10.30   Hence the analysis that follows is designed to estimate requirements for ECH moving forward. It inherently assumes that there is no requirement for increases in the stock of other types of specialist housing. The methodology employed uses prevalence rates to estimate the number of people requiring ECH. In addition, assumptions have been made about the proportion of this that should be in each of the social/affordable and market sectors (including shared ownership). This recognises that a large proportion of older persons are owner-occupiers who will be able to access specialist market housing given the levels of equity built up in their existing homes. The key assumptions are:

- 125 people per 1,000 population aged 75 and over will require ECH; and
- A tenure split of 25% social/affordable housing and 75% market (including shared ownership).

10.31   This methodology does not match Warwickshire County Council's own analysis, however, utilising the rate identified above does provide comparable figures to the County Council's own estimates of the total number of ECH units estimated to be required in Warwickshire (with the same assumptions being rolled out for Coventry).

10.32   Additionally, a 3% vacancy allowance has been added to the derived household figures to make a dwelling estimate (this figure being consistent with that used in the main projections). Whilst we would consider the assumptions above to be sound, the outputs should be treated as indicative - in the longer-term changes to the age structure with more people in 'older' age groups (e.g. 85+, 90+) could see requirements increase.

10.33   The table below shows estimated gross levels of need for ECH by applying the above assumptions. The figures are split between a current need and a future projection (which links to the outputs of PROJ 1A). The data is shown for the whole 20-year period from 2011 to 2031. Overall, the analysis suggests a gross need for 14,976 units in 2031 – over half of this is a current need from the existing population in the HMA.

Table 87:   Gross Need for Specialist (Extra-Care) Housing

Area	Current need			Projected need (2011-31)			Total need		
	Market	Afford-able	Total	Market	Afford-able	Total	Market	Afford-able	Total
Coventry	2,157	719	2,877	909	303	1,213	3,067	1,022	4,089
North Warwickshire	476	159	635	417	139	556	893	298	1,190
Nuneaton & Bedworth	890	297	1,186	791	264	1,055	1,681	560	2,241
Rugby	776	259	1,035	662	221	883	1,438	479	1,918
Stratford-on-Avon	1,200	400	1,600	1,093	364	1,458	2,294	765	3,058
Warwick	1,084	361	1,446	775	258	1,034	1,859	620	2,479
HMA	6,584	2,195	8,779	4,648	1,549	6,197	11,232	3,744	14,976

Source: Housing LIN/ JGC

10.34   As well as considering the overall need for specialist (extra-care) housing, the analysis has considered the current supply of units in each area. For the five local authorities in Warwickshire data has been provided by the County Council with information for Coventry having been drawn from the Housing LIN website. The data suggests that there is a very limited supply of extra-care market housing. However in reality the data is likely to under-estimate the level of market ECH in the HMA as information is not currently held by the County Council other than in relation to shared ownership.

10.35   The data shows a net requirement for 14,218 units of ECH up to 2031. Around 3,500 of this is in Coventry with Stratford-on-Avon showing the highest need for the Warwickshire authorities (which will be strongly linked to its older population structure). Whilst the current supply shown in the table below only totals 758 across the HMA, there are a number of schemes expected to be delivered in Warwickshire in the near future. Currently there are 597 units in schemes under construction plus a further 128 where planning consent is in place.

Table 88:   Net Need for Specialist (Extra-Care) Housing

Area	Total need (by 2031)			Supply			Net need (by 2031)		
	Market	Afford-able	Total	Market	Afford-able	Total	Market	Afford-able	Total
Coventry	3,067	1,022	4,089	0	597	597	3,067	425	3,492
North Warwickshire	893	298	1,190	0	0	0	893	298	1,190
Nuneaton & Bedworth	1,681	560	2,241	0	10	10	1,681	550	2,231
Rugby	1,438	479	1,918	0	45	45	1,438	434	1,873
Stratford-on-Avon	2,294	765	3,058	18	46	64	2,276	719	2,994
Warwick	1,859	620	2,479	21	21	42	1,838	599	2,437
HMA	11,232	3,744	14,976	39	719	758	11,193	3,025	14,218

Source: Housing LIN/ JGC

10.36   We would recommend that the above figures are treated as indicative and Councils should keep the information around supply as up-to-date as possible. In particular, Councils should consider the delivery of ECH since 2011 and the current pipeline as well as including figures for market extra-care housing where available. The Councils' might want to consider further research to identify the types of market specialist housing best suited to meet the requirements of an ageing population.

10.37   The data above can be brought together to consider the annual need for Extra Care Housing and the proportion of social/affordable rented – the proportion of affordable housing required should therefore be considered as minima given the lack of data about market ECH schemes. The figures are also compared with the assessed overall housing need in each area. The data shows that there is an annual need for 711 ECH units of which a minimum of 21% should be social/affordable rented. This percentage ranges from 12% in Coventry up to 25% in a number of areas. The proportion of additional housing the analysis suggests should be ECH ranges from 15% in Coventry and Rugby up to 34% in North Warwickshire.

Table 89:   Annual Extra-Care Housing Requirements

Area	Market	Affordable	Total	% affordable (minimum)	Housing require-ment	% ECH
Coventry	153	21	175	12%	1,180	15%
North Warwickshire	45	15	60	25%	175	34%
Nuneaton & Bedworth	84	28	112	25%	495	23%
Rugby	72	22	94	23%	620	15%
Stratford-on-Avon	114	36	150	24%	570	26%
Warwick	92	30	122	25%	720	17%
HMA	560	151	711	21%	3,760	19%

Source: Housing LIN/ JGC

People with Disabilities

10.38   This section concentrates on the housing situation of people and households that contain someone with some form of disability. We have again drawn on 2011 Census data although at the time of writing the level of Census data available was quite limited. It should also be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

10.39   Table 90 below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the HMA some 25% of households contain someone with a LTHPD. This figure is notably below the regional average (and slightly below the national figure). The figures for

the population with a LTHPD again show a lower proportion when compared with regional and national figures (an estimated 17.3% of the population of the sub-region have a LTHPD).

10.40   There is some variation by location with a relatively low proportion of the population of Warwick having a LTHPD; the highest proportion was found in Nuneaton and Bedworth. Spatial differences are largely driven by different age structures of the population in different authorities.

10.41   In Warwickshire households which the County Council will provide support to, must meet its Fair Access to Care Services Eligibility Criteria.

Table 90:   Households and People with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with Health Problem		Population with Health Problem	
	Number	%	Number	%
Coventry	34,125	26.5%	56,247	17.7%
North Warwks	6,868	26.6%	11,936	19.2%
Nuneaton/Bedworth	14,146	26.8%	24,379	19.5%
Rugby	10,001	23.9%	16,114	16.1%
Stratford-on-Avon	12,509	24.1%	20,334	16.9%
Warwick	12,918	22.0%	20,410	14.8%
HMA	90,567	25.2%	149,420	17.3%
West Midlands	622,565	27.1%	1,062,064	19.0%
England	**5,659,606**	**25.7%**	**9,352,586**	**17.6%**

Source: Census (2011)

10.42   It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 84% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

Figure 45: Population with LTHPD in each Age Band
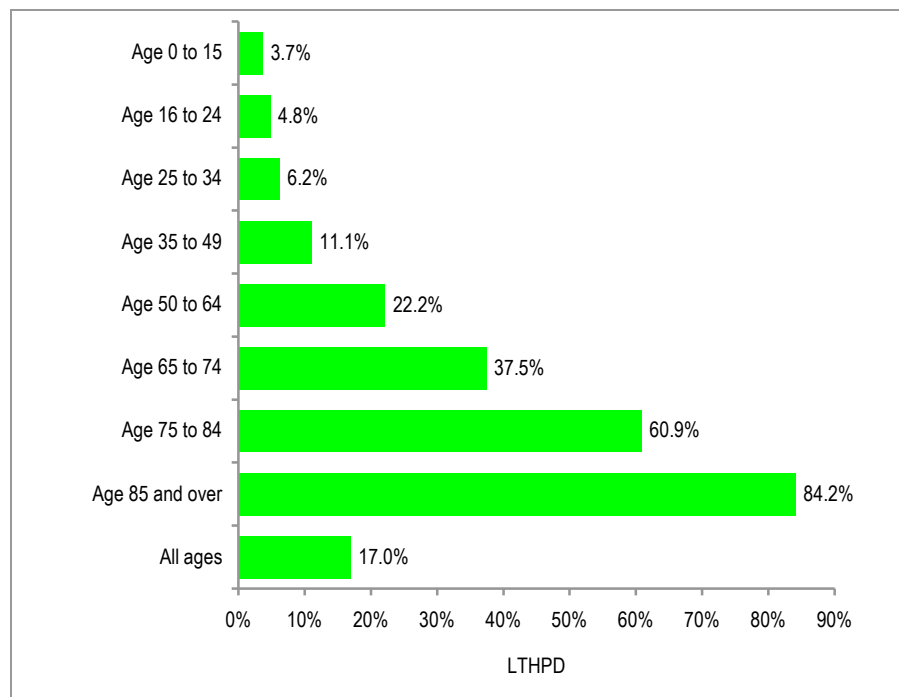
Source: Census (2011)

10.43   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our main demographic projections it is estimated that the number of people with a LTHPD will increase by around 49,600 (a 33% increase). The vast majority of this increase (88%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 36% of the total increase in the population projected by the demographic modelling.

BME Households

10.44   Black and Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

10.45   From 2011 Census data we find that around 18% of the population of the HMA came from a non-White (British/Irish) background. This figure is slightly lower than found across England and also below the comparative regional figure (of 20%). The key BME groups in the sub-region are Asian and Other-White (which is likely to contain a number of Eastern European migrants). The Asian population makes up 8.9% of all people in the HMA.

10.46   Additional data analysis shows some large differences by location with the proportion of the population from a non-White (British/Irish) group varying from 3% in North Warwickshire up to 31% in Coventry.

**Table 91:   Black and Minority Ethnic Population (2011)**

Ethnic Group	Coventry	North Warwks	Nuneaton /Bedworth	Rugby	Stratford -on-Avon	Warwick	Sub-region	West Midlands	England
White: British/Irish	68.9%	96.7%	89.5%	85.2%	94.3%	84.9%	81.9%	80.1%	80.7%
White: Other	4.9%	1.2%	1.8%	5.3%	3.0%	4.2%	3.9%	2.6%	4.7%
Mixed	2.6%	0.8%	1.1%	2.0%	1.0%	2.0%	1.9%	2.4%	2.3%
Asian	16.3%	0.9%	6.3%	5.2%	1.2%	7.2%	8.9%	10.8%	7.8%
Black	5.6%	0.3%	0.8%	2.0%	0.2%	0.7%	2.6%	3.3%	3.5%
Other ethnic group	1.7%	0.1%	0.4%	0.3%	0.2%	0.9%	0.9%	0.9%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	316,960	62,014	125,252	100,075	120,485	137,648	862,434	5,601,847	53,012,456
% non-White (British/Irish)	31.1%	3.3%	10.5%	14.8%	5.7%	15.1%	18.1%	19.9%	19.3%

Source: ONS (2011 Census)

10.47   Since 2001 the BME population in the HMA can be seen to have increased significantly as shown in Figure 46. The data shows that the overall population of the area has risen by about 55,700 over the 10-year period with the White: British/Irish population falling by around 15,100 people. BME groups have therefore increased by over 70,000 people (an 83% increase). This particularly reflects differences in the age structure of the population in different ethnic groups (with younger populations likely to grow more strongly).

10.48   Looking at particular BME groups we see that the largest rise in terms of population has been for the Asian population – increasing by approximately 25,200 over the ten years. The White: Other population has increased by a slightly lesser amount (around 18,600 more people). This is likely to include growth in Eastern European migrant populations.

Figure 46: Changes in the BME population 2001 to 2011 – Coventry/Warwickshire
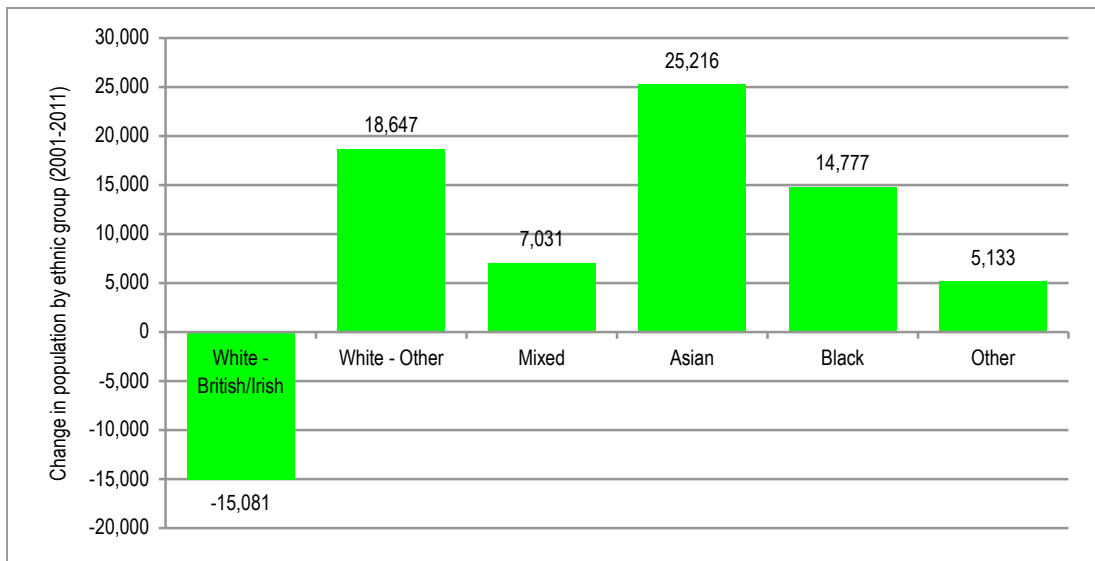
Source: Census 2001 and 2011

10.49   One of the influences on growth in BME populations has been international migration. Figure 47 tracks trends in National Insurance registrations to overseas nationals (NiNo Registrations). Over the last decade 62% of registrations in the HMA have been in Coventry, 10-11% in each of Rugby, Stratford-on-Avon and Warwick District, 5% in Nuneaton and Bedworth and 1% in North Warwickshire. NiNo registrations peaked in 2006/7 with a broadly downward trend since.

Figure 47: NiNo Registrations, 2002-12
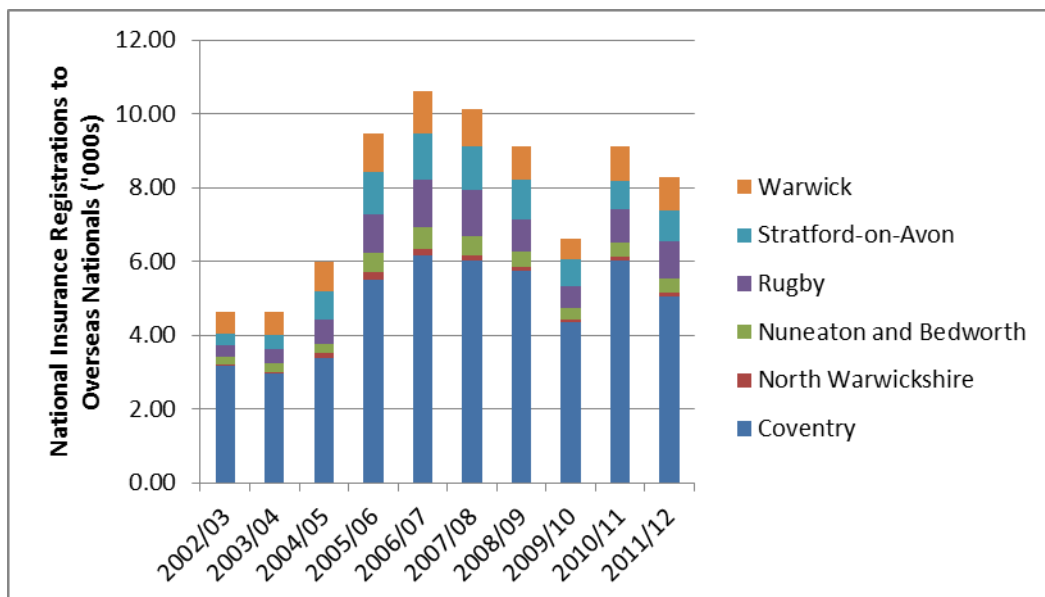
Source: DWP

BME Household Characteristics

10.50   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the HMA. The figures below look at the household composition of six broad groups using data from the 2011 Census.

10.51   The age profile of the BME population is striking when compared with White: British/Irish people (as shown in the figure below). All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 26% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of 10% or less. Because of their younger age structure, BME populations are thus more aligned to grow through natural change.

Figure 48: Population Age Profile by Ethnic Group (2011)
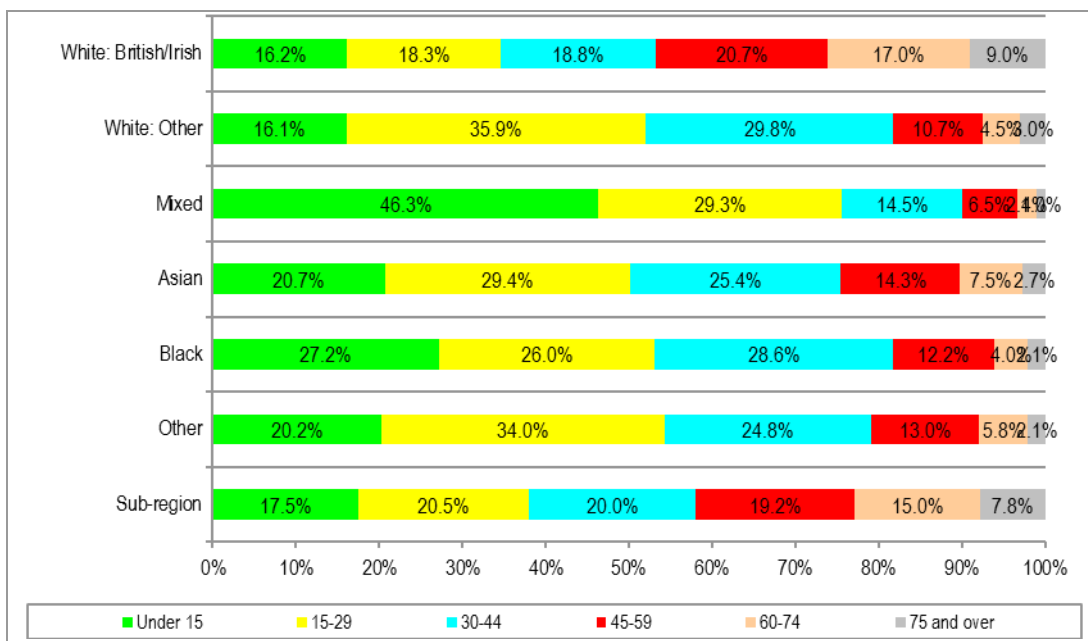
Source: Census (2011)

10.52   The figure below shows the tenure split of households in each of the six broad ethnic groups. The data shows that White (British/Irish) households are the most likely to be owner-occupiers with no mortgage (and owner-occupiers more generally), consistent with their older age structure. Black households show high proportions living in social rented housing whilst all the broad BME groups are more likely than White (British/Irish) households to live in the private rented sector. Levels of outright ownership amongst BME households are generally very low (other than for Asian households where 26% are outright owners).

Figure 49:   Tenure by ethnic group – Coventry/Warwickshire
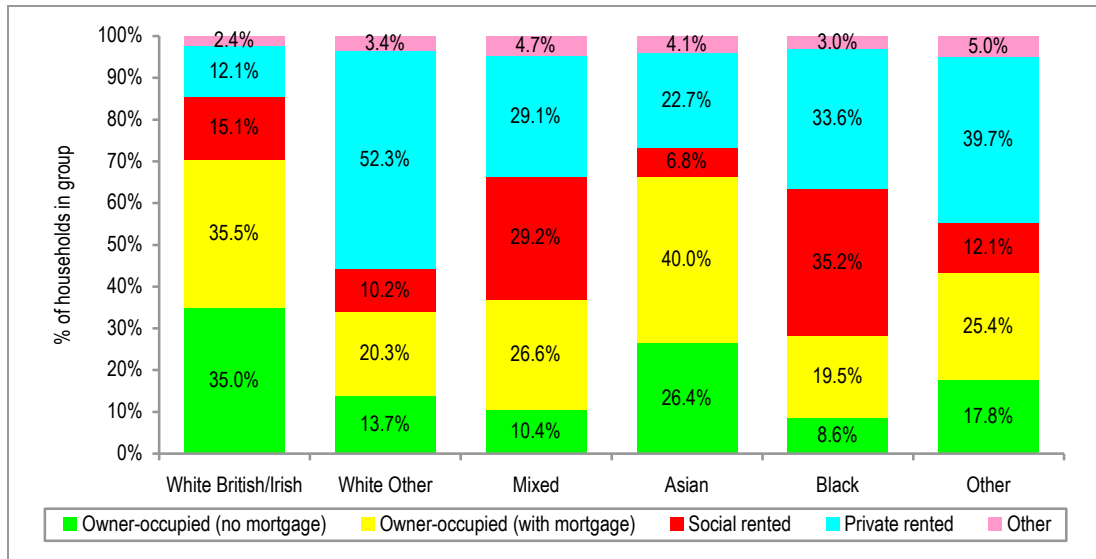
Source: 2011 Census

10.53   The figure below shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. The data clearly shows that all BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British/Irish) households. In particular, the Census data suggests that 13% of Black households are overcrowded - this compares with only 2.5% of the White (British/Irish) group. Levels of under-occupation are also lower amongst BME groups than for White (British/Irish) households.

Figure 50: Occupancy Rating by Ethnic Group – Coventry/Warwickshire
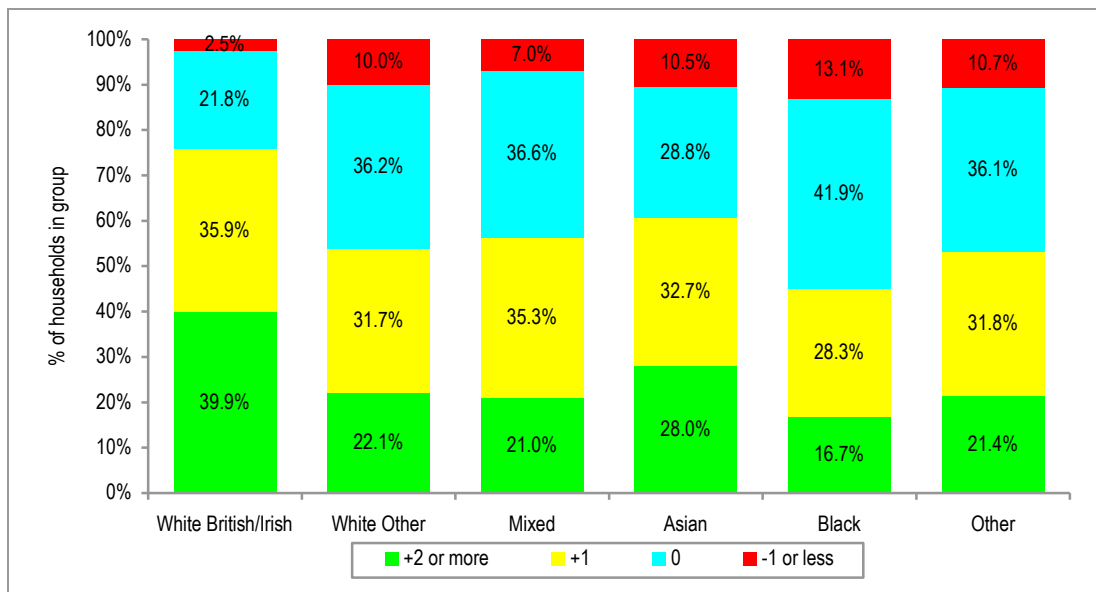
Source: 2011 Census

10.54   This analysis of housing occupancy within different ethnic groups provides supporting evidence that growing BME and migrant communities are likely to have had some influence on household structures, and may account for some of the movement of trends away from longer-term trends.

Households with Children (Family Households)

10.55   The number of families in the HMA (defined for the purpose of this assessment as any household which contains at least one dependent child) currently total 104,800; accounting for 29.2% of households. The demographic projection (PROJ 1A) suggests that the number of children (aged Under 15) is expected to increase markedly from 2011 to 2031 (an increase of around 22,800).

Table 92:   Households with Dependent Children across HMA (2011)

Household type	Number	%
Married couple	55,464	15.4%
Cohabiting couple	14,155	3.9%
Lone parent	26,433	7.4%
Other households	8,785	2.4%
All other households (no dependent children)	254,760	70.8%
Total	359,597	100.0%
Total with dependent children	104,837	29.2%

Source: ONS (2011 Census)

10.56   There is some variation between areas in terms of the proportion of households with dependent children – ranging from 26% in Stratford-on-Avon up to 31% in Coventry. Coventry in particular shows a high proportion of lone parent households (9.6% of all households) with a relatively high figure of 7.5% being seen in Nuneaton & Bedworth. These figures compare with less than 5% in Stratford-on-Avon.

Table 93:   Households with Dependent Children by Local Authority (2011)

Household type	Coven-try	North Warwks	Nuneaton/ Bedworth	Rugby	Stratford -on- Avon	Warwick	HMA
Married couple	14.3%	15.3%	15.4%	16.9%	16.7%	15.8%	15.4%
Cohabiting couple	3.9%	5.0%	5.0%	4.3%	3.1%	3.1%	3.9%
Lone parent	9.6%	5.8%	7.5%	6.4%	4.9%	5.7%	7.4%
Other households	3.2%	2.1%	2.3%	2.2%	1.5%	2.1%	2.4%
All other households (no dependent children)	69.0%	71.6%	69.8%	70.2%	73.8%	73.4%	70.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total with dependent children	31.0%	28.4%	30.2%	29.8%	26.2%	26.6%	29.2%

Source: ONS (2011 Census)

10.57   Figure 51 below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Around 32% of lone parent households are owner-occupiers compared with 81% of married couples with children.

Figure 51: Tenure of Households with Dependent Children – Coventry/Warwickshire
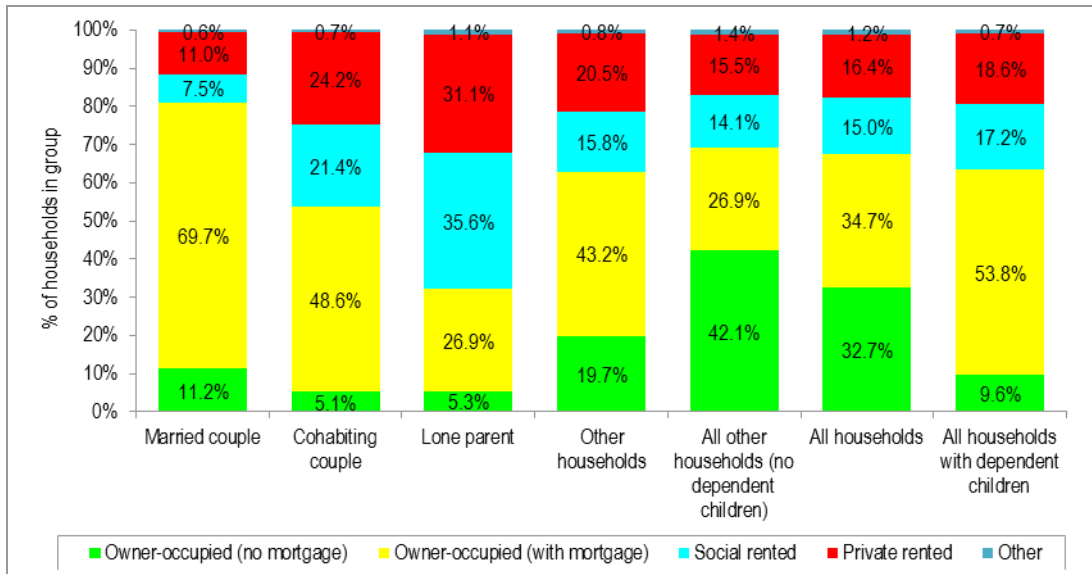
Source: 2011 Census

10.58   Overcrowding is often a key theme when looking at the housing needs of households with children and Figure 52 below shows that households with children are about five times more likely than other households to be overcrowded. In total, some 8.2% of all households with dependent children are overcrowded. The data shows 10% of lone parent households are overcrowded along with 31% of 'other' households with dependent children. Other than for married couple households, levels of under-occupancy are also lower than for other types of households.

Figure 52: Occupancy Rating and Households with Dependent Children
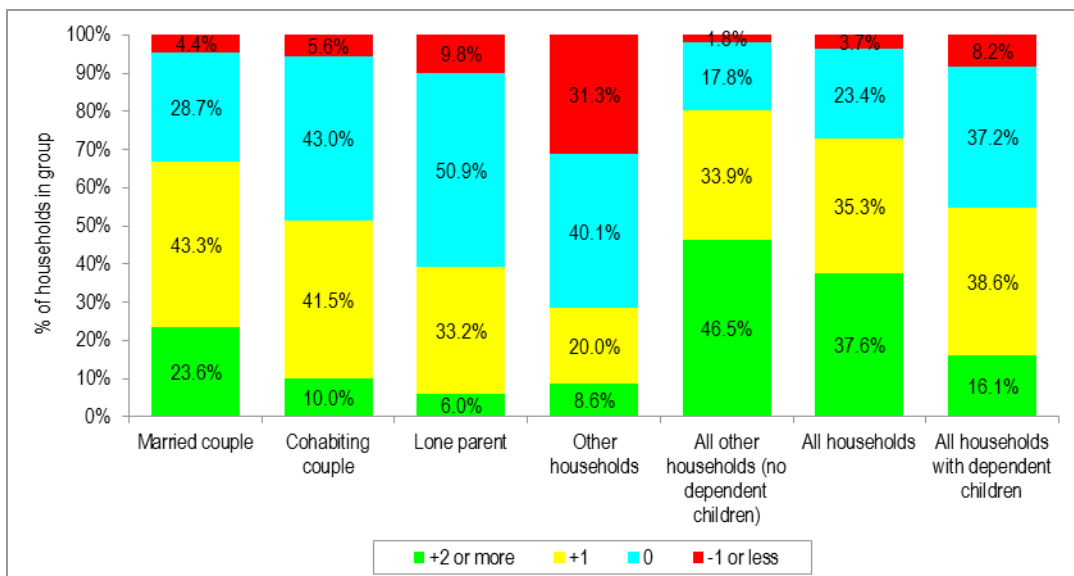
Source: 2011 Census data (from NOMIS)

10.59   Overall, the somewhat limited data available about family households suggests that this group may be quite polarised. Whilst married couple households have high levels of owner-occupation and may well be slightly better off than the general population the data does point to lone parent (and other) households being more disadvantaged. Given that households with children should be seen as a priority for the Councils (due to potential vulnerability) this points towards ensuring that the housing offer meets the needs of such households and in particular the need to ensure a reasonable quality of housing in the private rented sector.

Young People

10.60   Providing for the needs of younger person households is an important consideration for the Councils. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance (linked to households' savings).

10.61   The demographic projections (PROJ 1A) suggest that in 2011 there were around 63,600 households headed by someone aged under 35. This is set to increase by around 5,200 over the period from 2011 to 2031.

10.62   As well as households headed by a younger person, there will be others living as part of another household (typically with parents). The table below shows the number of households in the HMA with non-dependent children. In total, some 9.7% of households (35,000) contain non-dependent

children. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents.

10.63   The remodelling of demographic projections based on midpoint headship assumptions, as opposed to the baseline level (2011-based headship) should support increasing rates of household formation and reducing the level of non-dependent children living with parents.

Table 94:   Households with Non-Dependent Children (2011)

Household type	Number	%
Married couple	21,310	5.9%
Cohabiting couple	1,590	0.4%
Lone parent	12,068	3.4%
All other households	324,629	90.3%
Total	359,597	100.0%
Total with non-dependent children	34,968	9.7%

Source: ONS (2011 Census)

10.64   The table below shows the number of households headed by someone aged under 35 and the proportion in each area. Across the whole sub-region some 65,400 households are headed by someone aged 35 and under with the majority of these being aged 25-34. In total some 18.2% of household reference persons are aged under 35. By location there are some significant differences with Coventry seeing 23.4% of households being 'younger' compared with just 10% in Stratford-on-Avon.
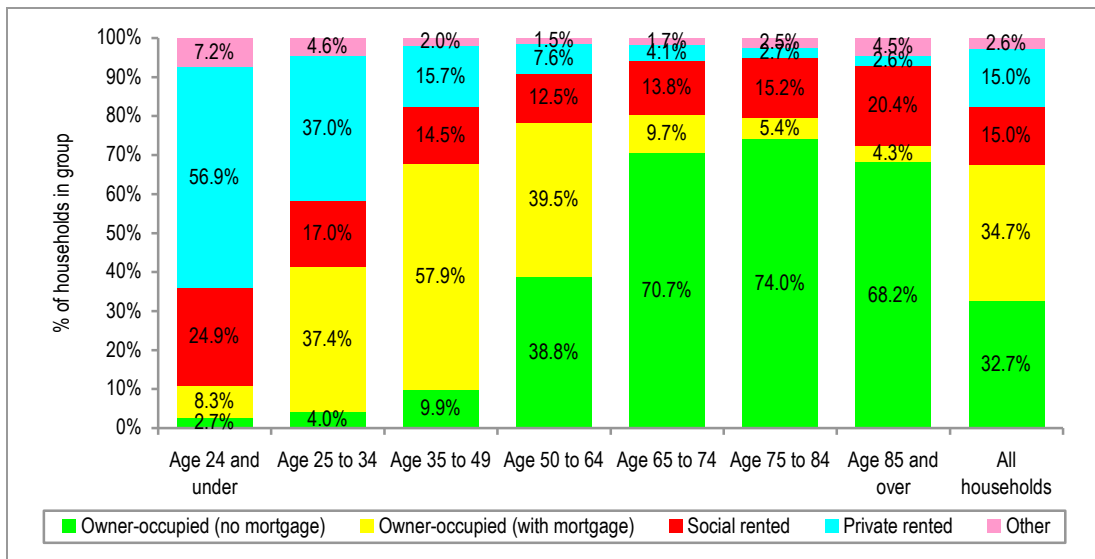
Table 95:   Age of Household Reference Person (head of household) (2011)

Age of household reference person	Coven-try	North Warwks	Nuneaton/ Bedworth	Rugby	Stratford -on-Avon	Warwick	HMA	
	%	%	%	%	%	%	Number	%
16-24	6.4%	1.9%	3.4%	2.9%	1.7%	4.4%	15,191	4.2%
25-34	17.0%	10.1%	13.5%	13.4%	8.7%	14.5%	50,192	14.0%
All other ages	76.6%	88.0%	83.1%	83.7%	89.6%	81.1%	294,214	81.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	359,597	100.0%
Total aged 16-34	23.4%	12.0%	16.9%	16.3%	10.4%	18.9%	65,383	18.2%

Source: 2011 Census

10.65   Studying households that are currently headed by a younger person (taken for this analysis as being aged under 34), we can use 2011 Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Figure 53: Tenure by age of HRP – Coventry/Warwickshire

Source: 2011 Census

10.66   Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in Figure 53 (again based on the head of household/household reference person age). The data shows that whilst the vast majority of HRPs aged 16 to 34 are in employment there are a notable proportion unemployed or not economically active. A total of 7.4% of HRPs aged 16-34 are unemployed compared with a sub-regional average figure of just 3.3%.

10.67   The figure however does not tell the full story around unemployment as the data is based on people who are already living in their own household (or in this case are considered as the HRP or head of household). Additional Census data shows that of the population aged 16-24 who are economically active some 19% are unemployed.

Figure 54:   Economic Activity by Age of HRP – Coventry/Warwickshire
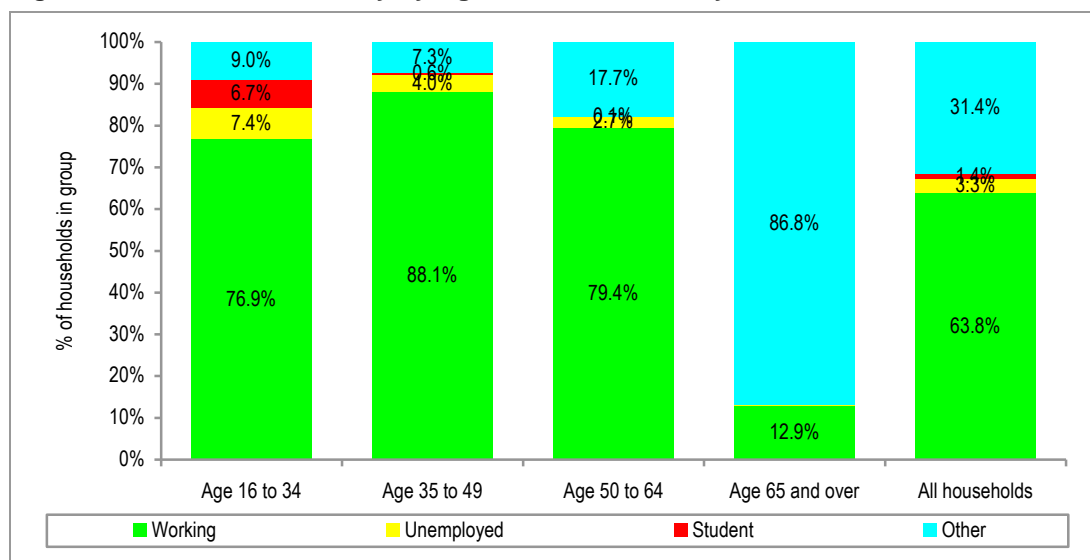
Source: 2011 Census

Students

10.68   There are two universities in the HMA, Coventry University which is located on a campus on the edge of Coventry City Centre, and Warwick University which is located on the southern edge of Coventry. We have analysed housing needs associated with students previously as part of preparation of SHMAs for Warwick (2011) and Coventry (2012) and have drawn on and undertaken a selective update to this herein. The table below shows the proportion of households in the different authorities within the HMA which comprise only students. It shows that student households are concentrated in Coventry and Warwick.

Table 96:   Student Households, 2011

	All Households, 2011	All Full-Time Student Households	All Student Households as % All Households
Coventry	128,592	2,823	2.2%
North Warwickshire	25,812	1	0.0%
Nuneaton and Bedworth	52,711	8	0.0%
Rugby	41,875	13	0.0%
Stratford-on-Avon	51,928	40	0.1%
Warwick	58,679	977	1.7%
HMA	359,597	3,862	1.1%

Source: 2011 Census

10.69   Student numbers at Warwick University grew between 2000/1 to 2004/5 but have generally fallen since. In 2011/12 there were 27,440 higher education students enrolled. [32] Full-time student numbers have been growing since 2006, whilst part-time numbers have been falling. We have also seen an increasing proportion of international students, with growth of around 18% between 2006/7 and 2011/12 compared to a fall of 19% in UK student numbers. Overall student numbers have fallen by 9% over this period, albeit that full-time students have grown by 29% (and it is this which is likely to have a greater impact on the housing market). Overall 32% of students in 2011/12 were from outside of the UK.

10.70   Student numbers at Coventry University have been growing over the past decade. Over the last five years (2006/7 – 2011/12) student numbers in Coventry have increased by 12%. This excludes students at the University's London Campus. Between 2001/2 – 2011/12 the University has seen an increase of 43% in full-time students with an 18% reduction in part-time student numbers.

10.71   Over the five year period between 2005/6 to 2011/12 total higher education students at the University increased by 12%. However within this, domestic UK student numbers remained broadly stable while the number of international students increased by 85%. As with Warwick University, most of the recent growth has been in students on full-time courses.

10.72   It is clear from the analysis above that the two universities have both seen stronger growth in full-time and international students in recent years. To consider the impacts on the housing market and recent dynamics, we have considered the current development proposals which each University has and discussed with each University current plans or expectations regarding future trends in student numbers.

Warwick University

10.73   Warwick University was granted outline planning consent in 2009 for expansion of the campus by 17 hectares, providing new university teaching buildings and accommodation. This includes provision for development of between 2,000-3,000 student bedrooms. The University has completed development of 1000 bedspaces over the last couple of years. Planning permission for a further 500 bedspaces has been granted and is due to be completed in 2014.

10.74   Not all of these developments will however necessarily represent net additions to the stock of student accommodation, as some may replace existing stock which is coming towards the end of its natural life.

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[32] *Source:* Higher Education Statistics Agency

10.75   Because of national changes to student fees, the University has identified to us that it is difficult to predict future changes in student numbers. The University has no specific plans to expand student numbers in the short-term.

10.76   Domestic student numbers are capped by Government funding, however the University has indicated that it will continue to support and encourage growth in overseas students (as has been happening over the past 10-15 years).

10.77   The University manages approximately 6,300 student bedspaces on-campus, as well as further bedspaces through a 'head leasing' scheme with private providers which provides around a further 2,000 bed spaces in Coventry, Leamington and Kenilworth.

10.78   The University's accommodation office estimate that there are around 3-4,000 students living in private rented properties, split approximately equally between Coventry and Leamington Spa. Within Coventry, Warwick students are particularly focused in the south-west of the City. The University is keen to expand the share of properties covered by its 'head leasing' scheme.

10.79   At times where there has been a shortage of accommodation to house 1st year students, the University has negotiated nominations agreements with private student accommodation providers with accommodation in Coventry such as Unite and Liberty Living.

10.80   The analysis suggests that there is some uncertainty regarding trends in future student numbers but suggests that future growth is most likely to be moderate. The impact on the private rented sector in the City may be influenced by the development of further accommodation; also the scale of this will be impacted by the degree of 'additional' student beds constructed.

Coventry University

10.81   Coventry University is located on the fringes of Coventry City Centre. The University has around 14,000 full-time students in Coventry as well as a new campus, which opened in 2010, in the City of London.

10.82   The University has seen relatively rapid growth in student numbers over the last decade, with moderate growth in UK student numbers and more rapid growth in the numbers of international students (as described above). We understand from discussions with the University Planning Office that the numbers of part-time students have recently been falling, but full-time students have continued to grow. This is broadly corroborated by the statistics.

10.83   Moving forward, as with Warwick University, the funding available for UK students will cap numbers, but the University intends to grow the number of overseas students it accommodates both at its London and Coventry campuses.

10.84   We understand that Coventry University has struggled to develop its own housing stock to keep pace with growth in student numbers, and that a higher proportion of students live within student accommodation owned by private providers. This includes developments such as Callice Court, Liberty Park and Trinity Point.

10.85   The University has however developed a masterplan to guide future development activity in 2008. This sees redevelopment of parts of the existing campus to deliver new teaching space, and a student enterprise centre and improvements to connectivity across the campus. It promotes delivery of new residential development around Lower Ford Street and Sky Blue Way, part of which may replace existing bedspaces in Priory Halls.

10.86   Again the analysis suggests some uncertainty regarding student numbers but, as with Warwick, the growth area has been of international students which for Coventry University have been growing rapidly (more so than Warwick). This has evidently influenced the housing market within the City and could continue to do so.

Housing Market Impacts

10.87   There is some uncertainty regarding how tuition fees may impact on demand for student places in the short-term. However both universities have suggested that they intend to encourage further growth in international student numbers, set against Government caps on funding for UK students. This however could be impacted by Government immigration policies and growth in fees.

10.88   Growing student numbers may support demand for properties in the private rented sector, depending on the balance between student growth and construction of new student accommodation. There are a number of prospective schemes of student accommodation (student cluster flats) in the development pipeline. Uncertainty over growth in student numbers as well as wider issues associated with development finance may be underpinning this. The wider impact on the housing market and population dynamics are likely to be influenced by levels of 'graduate retention.'

Self- and Custom-Build Homes

10.89   SHMAs need to investigate the contribution that self-build makes toward the local supply. It is referred to in the NPPF and in 'Laying the Foundations – a Housing Strategy for England 2010'. The strategy states that only one in 10 new homes in Britain was self-built in 2010 and that the barriers for the sector to grow are lack of land, limited finance and mortgage products, restrictive regulation and a lack of impartial information for potential custom home builders. However the Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The

fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

10.90   Recent research into the self-build market is limited. The Joseph Rowntree Foundation report 'The current state of the self-build housing market (2001)'. However market conditions have changed since then and government schemes such as Help-to-Buy and increased competition amongst house-builders has arguably removed some of the motivation from potential self-builders.

10.91   Since the publication of the NPPF we have carried out some research into self-build as part of our SHMA methodology; however qualitative information is hard to come by. Most self-build comprises one-off small development schemes, often in more attractive residential environments including smaller settlements and rural areas. Most delivery is therefore likely on small windfall sites. However there are some examples of larger self-build schemes where serviced plots have been made available – for instance on larger development sites.

10.92   Whilst most new housing is constructed by the volume house builders; however there is evidence of local house builders who develop small plots for individual clients, some of whom seek to rent properties. At the other end of the scale there are entrepreneurs and individuals with large savings who will use their local knowledge and skill to acquire individual vacant plots and custom build.

10.93   The issues with this market are particularly associated with skills and risk: whilst there may be a notable potential market for people with an 'interest' in self-build, there is in some circumstances a notable financial outlay, risk and time-cost associated with self-build. There are however a number of websites dedicated to advising and assisting people to self-build. Some assist in the brokerage of individual building plots.

10.94   Overall the evidence suggest that this is a niche sector, but one that is not necessarily only delivering high value bespoke homes. It is clear that much activity is undertaken by entrepreneurs aimed at more modest homes for sale or rent and in doing so making better use of land that may detract from the local environment. To deliver self-build individuals will often need to have sufficient savings, and access to mortgage finance to support self-build projects is a notable barrier (not least given the difficulties in valuation of property).

10.95   In policy terms there is some potential to encourage through policy developers of larger schemes to designate parts of these schemes as serviced plots which can be developed as self-build. There is some, albeit limited evidence of this. It is however difficult to demonstrate concrete evidence of demand at a local level. To support evidence of demand there is potential for local authorities to develop and maintain registers of people who have an interest in self-build.

Implications for Meeting the Needs of Specific Groups

10.96   The older person population of Coventry and Warwickshire is about average when compared with national figures and is projected to increase significantly up until 2031. Life expectancy improvements are a key driver of this.

10.97   Many older persons are likely to want to continue to live in their existing homes as they get older. Some may require support to do so, including adaptions to properties and floating support. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.

10.98   Older persons are more likely to under-occupy homes. In the affordable housing sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Councils may wish to consider providing support and incentives to social housing tenants to downsize. This will help to release larger affordable homes for overcrowded households. An analysis of older person households suggest that they are more likely to live in social rented housing (especially single pensioner households), i.e. the proportion who live in social rented homes is higher in relative terms than for other groups in the population. With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.

10.99   Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in a growth in households with specialist housing needs. The analysis above suggests an 80% growth in the older population with dementia, and a 65% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision and it may well be appropriate to set out policies for such accommodation in development plans. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). Analysis of Housing LIN data suggests a requirement for around 630 additional housing units to be specialist accommodation across the HMA to meet the needs of the older person population each year moving to 2030. Figures for individual authorities are set out in Table 87.

10.100   Analysis of younger person households shows a high reliance on rented housing. Younger age cohorts may therefore be forced into private rented (including shared) housing as the only means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for Houses in Multiple Occupation (HMOs) will help

younger households to access housing. Over the longer-term increasing housing supply may help to improve affordability and increase new household formation.

10.101   Currently 25% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth (of a third) in the population and number of households with disabilities over the period to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

10.102   The BME population in Coventry and Warwickshire has grown strongly since 2001. The 2011 Census shows that BME groups make up 18% of the sub-region's population (up from 11% in 2001). The Asian and White: Other populations (which includes Eastern European migrants) have both grown notably. BME households appear to be typically younger and less likely overall to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. The exception to this is Asian households. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings. In parts of the HMA (and particularly Coventry) this may provide a justification for increasing the supply of larger homes.

10.103   The implications of this generally are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

10.104   Equally lone parent households appear to be disadvantaged in the housing market, with typically lower incomes in particular. It will be important that affordable housing provision is accessible to this group.

10.105   The analysis of student dynamics indicates that it will be important to monitor and manage the future development of student accommodation as against growth in student numbers (and particularly numbers of full-time students).

11   CONCLUSIONS

11.1   This final section draws together the conclusions of this SHMA Report in respect of overall housing needs, and the evidence regarding need for different types and sizes of homes as well as need from different groups within the population. We can divide the conclusions of the report into two – addressing first issues relating to overall housing need; and then to need for different housing products.

Overall Housing Need

11.2   The NPPF sets the parameters for assessing housing need, outlining that planning should be based on identifying and meeting full objectively-assessed needs for market and affordable housing across the HMA. The expectation is that this will be informed by consideration of housing need and demand, and will be based on meeting need for market and affordable housing in full.

11.3   The conclusions of this SHMA have been framed by the draft Planning Practice Guidance (CLG, Aug 2013) and the approach described therein to assessing housing need. This outlines that the starting point is the latest set of household projections published by CLG – in this case the 2011-based Interim Household Projections. It sets out that these may require adjustment to take account of the latest evidence and to consider need over longer-term timeframes for strategic planning. This has been done in the development of PROJ 1A which takes into account what the 2011 Census shows regarding population trends (and particularly migration) over the 2001-11 period.

11.4   The draft Planning Practice Guidance then effectively sets out a number of tests which need to be considered. We can paraphrase these as follows:

- Is there evidence that household formation has been constrained? Do market signals suggest a need to increase housing supply to improve affordability?
- Will the household projections be capable of meeting affordable housing needs? Should higher housing numbers be considered to increase delivery of affordable housing?
- Will the housing numbers support expected growth in jobs, or is there a need to consider increasing housing supply to support economic growth?

11.5   These three tests effectively provide a basis for considering whether it would be appropriate to make an upward adjustment, in the case of this report to the "minimum" housing figures derived from the PROJ 1A projections. We have considered these issues at an HMA level, and each of the authorities within the Coventry and Warwickshire HMA, in order to consider objectively-assessed need for housing.

Conclusions for the HMA

11.6   At the HMA level the evidence suggests that the PROJ 1A figures – equivalent to delivery of 3335 homes per annum to 2031 – should be regarded as a minimum level of housing need. These are based on modest assumptions on household formation (drawing on Government's 2011-based household projections). Furthermore the affordable housing needs and economic evidence suggest that a higher level of provision should be considered.

11.7   There is some evidence of suppression of household formation over the 2001-11 period (most likely within the latter years of the decade); however it is market and economic context (i.e. demand-based factors) which have been influencing household formation over the period since 2008 rather than supply constraints. Part of the changes in headship rates over the 2001-11 period is also likely to have been influenced by international migration and household structures within growing BME communities. Nonetheless it is fair to conclude that household formation over the 2011-31 period could be stronger than that over the previous decade (2001-11) particularly over the post 2021 period.

11.8   Applying the 2008-based headship rates to the PROJ 1A Population projection results in a 23% uplift in the housing requirement to 4,100 homes per annum. The market evidence would however suggest that this might be difficult to deliver against a context of current subdued (albeit improving) housing market conditions and the likelihood of a phased recovery of the housing market over the period to 2018 or so. Furthermore as we have set out we consider that the differences in headship assumptions between the 2008- and 2011-based household projections partly relate to structural differences in household structures within BME households influenced by international migration.

11.9   In 2013 sales levels remain at modest levels and it seems unlikely in particular that we will see a very rapid recovery given the prospect of a period of below trend economic growth over the decade to 2021, public spending restraints and tight household finances. The likelihood is therefore that household formation may be more modest relative to longer-term trends (such as those on which the Government's 2008-based household projections are based).

11.10   The evidence presented suggests that it would be reasonable to plan on the basis of household formation falling between the 2008- and 2011-based headship rates given:

- The market outlook and macro-economic outlook which suggests that there is likely to be some impact on household formation rates in the initial years of the projection period;
- National research indicating that part of the difference between the 2008- and 2011-based headship rates relates to the impact of international migration to the UK and how this has influenced household structures.

11.11   Taking this into account a need for 3,750 homes per year to 2031 is projected. This is based on the midpoint headship assumptions.

11.12   The economic-driven projections do provide an upside assessment to this, however we would expect some improvements in employment rates and double jobbing as necessary to support the forecast level of economic growth. Across the HMA this suggests that this level of provision could potentially support balance between labour demand and supply, however the dynamics differ in different authorities within the HMA. In particular it is notable that Stratford-on-Avon District and North Warwickshire have a notably older population structure, which could create pressure for increased economic-driven in-migration to support the local economy. These dynamics are however very sensitive to changes in commuting and the evidence does not point towards a need for higher housing provision across the HMA as a whole. In parts of the HMA, most notably in Coventry, there is further scope for improvements in economic participation over and above those modelled.

11.13   The economic-driven projections are however trend-based and major economic investment projects could influence housing need in different parts of the HMA. In drawing conclusions on what level of housing supply to plan for within development plans, we would urge local authorities to review the fit of their economic and housing provision strategies.

11.14   The affordable housing needs evidence on its own does not provide a rationale for increasing housing provision over and above this, albeit that there are differences for different authorities within the HMA. However in particular the SHMA points towards policy choices regarding the future contribution of the private rented sector to meeting any shortfall of affordable housing provision against assessed needs.

11.15   The uplift in housing provision from the baseline level of 3,335 homes would provide the potential for:

- Stronger household formation and reduction in overcrowding;
- Higher potential delivery of affordable housing.

11.16   Together these do provide a strong strategic rationale for an upwards adjustment to the minimum level of 3,335 homes per annum. We therefore conclude that this should be considered as a minimum level of provision, with 4,100 homes per annum representing the top end of the range. The mid-point of this range for 3,750 homes per annum would represent a reasonable level of provision across the HMA.

11.17   These conclusions are based on meeting assessed housing need arising within the HMA based on the evidence currently available. This analysis is based on meeting the HMA's housing needs, and does not include any allowance for contributing to shortfalls in housing supply beyond the HMA.

These would need to be considered through joint working in accordance with the Duty to Cooperate and are relevant issues to consider in finalising assessments of need within individual authorities' development plans.

11.18 We are particularly aware that there is an identified level of unmet need in Birmingham. Our understanding is that the Greater Birmingham and Solihull Local Enterprise Partnership has commissioned a Joint Strategic Housing Study which is intended to identify the scale of unmet needs which cannot be met within the local authority in which they arise; and to consider options for additional development within the LEP area. It seems appropriate that this piece of work will first test the potential to meet unmet needs within the Greater Birmingham HMA and economic area. However should a shortfall remain other adjoining Housing Market Area (including this one) might need to consider if there is a potential to meet any remaining shortfall in accordance with the Duty to Cooperate. At the time of finalising this Study, it is not possible to identify whether a shortfall will arise across the Greater Birmingham and Solihull LEP Area or to quantify what this might be.

Conclusions for Individual Authorities

11.19 The SHMA has considered housing market dynamics in the six local authorities in the HMA. It has considered:

- population dynamics (including both past population growth and changes in the age structure);
- economic growth trends and potential, particularly at a sub-market level recognising the commuting interactions between different areas;
- housing market dynamics, including the affordability of market housing and how this has been changing; and
- affordable housing need and what sort of level of overall housing provision might be necessary to address this.

11.20 We have sought to draw these factors together to provide an assessment of need for each authority. This represents an assessment of need arising in that authority based on trend-based projections. It should be recognised that these are implicitly influenced by a range of factors including local housing market dynamics as well as past housing supply policies and delivery. As such we would ascribe a greater weight to the HMA-level conclusions.

11.21 The findings on housing need are not housing targets. They do not take account of land availability, development and infrastructure constraints in different areas. Nor do they take account of any potential shortfall in housing provision in other local authorities, within or beyond the HMA. These are all relevant factors in considering what provision for housing should be made in local plans but are beyond the scope of the SHMA. The figures set out are intended to provide a consistent assessment of the needs arising for each local authority based on the evidence in the SHMA.

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11.22   The assessment of need should be kept under review based on new evidence arising. It should also be reviewed alongside economic evidence in the development of local plans, particularly where there are key economic development proposals or initiatives which might lead to above trend economic growth locally where a shortage in available labour supply could feasibly constrain growth in employment.

Conclusions for Individual Authorities

11.23   In drawing conclusions for individual authorities we have sought to draw together these various considerations identified in paragraph 11.19 above. Drawing together these factors at a strategic level, we can draw out a number of key issues:

- Coventry has seen strong recent population growth, but this contrasts with longer-term trends. Migration levels have varied significantly over time making population growth more difficult to accurately project than in other areas;
- Recent population growth in Rugby has been notably stronger than in other areas, especially when compared to longer term trends, which in part appears to have been influenced by higher rates of development in comparative terms, the impact of the moratoria on housing provision in Warwick and Stratford-on-Avon in the latter half of the 2001-11 decade, and major employment growth particularly at DIRFT. This has supported a significant increase in the housing stock and associated population growth;
- In contrast North Warwickshire's population has remained broadly static. This is set against strong economic growth in the Borough which has been driven particularly by development of Regional Logistics Sites. There is a case for some uplift to housing numbers in the District relative to the PROJ 1A figures to support affordable housing delivery and economic growth;
- There is a case for considering an uplift to housing numbers in PROJ 1A within Stratford-on-Avon District in order to support economic growth and improve housing affordability.

11.24   These factors particularly provide a rationale for adjustments to the PROJ 1A figures in drawing conclusions for individual local authorities. These are summarised in the table below.

Table 97:   Overall Assessed Need for Housing (per annum 2011-2031)

Housing Need per Annum	HMA	Coventry	North Warwick-shire	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick
Minimum Provision	3,335	1,040	150	430	575	480	660
Assessed Need	3800	1,180	175	495	660	570	720
Assessed Need as % Growth in Stock PA	1.0%	0.9%	0.6%	0.9%	1.5%	1.1%	1.2%

11.25   The SHMA is intended to provide a consistent assessment of need across the HMA. However it is a strategic-level assessment and through the development of individual authorities' development plans there may be wider evidence which forms part of the evidence base regarding more local dynamics and issues, including in regard to local economic growth potential, which may provide a basis for refining needs estimates herein.

11.26   This said the needs assessment herein is based on the evidence and data currently available. It will be appropriate to update this periodically to take account of significant new evidence of changes in market conditions/ signals. This can be taken forward through a plan, monitor and manage approach.

11.27   In all cases we have cross-checked the conclusions in terms of their deliverability, through comparing the projected growth rates in the housing stock associated with the figures derived against the market evidence set out herein.

11.28   This report does not set housing targets. What it does is provide a consistent assessment of housing need which is the appropriate starting point for considering levels of housing provision. The figures presented are a 'policy-off' assessment of need.

11.29   The assessment of need herein does not take account of issues relating to land supply, infrastructure or other strategic constraints to development. These factors are however relevant in the development of planning policies and consideration of the distribution of housing across the HMA.

11.30   The next step is thus for the local authorities to test the ability to meet the levels of need for housing identified in their area, taking account of a range of wider factors including:

- The availability of suitable land for development;
- Strategic development constraints; and
- The ability of infrastructure to support development.

11.31   This needs to be tested through the plan-making process, including through Sustainability Appraisal which assesses alternative levels of growth.

11.32   In moving forward it will be important that the local authorities continue to collaborate in considering how the housing need identified for the HMA can be addressed and if there is a need to consider any unmet needs from adjoining HMAs. It would seem appropriate to bring together the needs evidence and capacity assessments and to consider how these relate.

11.33   Where an authority is unable to meet its own housing need in full, it will need to work with the other authorities, first of all within the HMA, to consider how these needs can be met. Ideally the

authorities should collaborate to agree, taking account of the wider evidence, the appropriate spatial strategy for housing provision across the HMA. On-going collaboration on these issues, including in addressing unmet needs, will be important in ensuring that the authorities meet their statutory Duty to Cooperate in respect of plan-making.

11.34 The Duty to Cooperate does not end at the boundaries of the HMA and there are relationships to adjoining areas. Against this context continuing engagement with adjoining authorities and housing market areas will be important. In particular the current evidence suggests that there may be a need to engage with the Birmingham HMA and to consider the implications of any residual shortfall in housing provision within the Greater Birmingham and Solihull LEP Area should this remain following work on the Joint Strategic Housing Needs Study.

11.35 The authorities will need to continue to work together to consider these issues and have a 'Duty to Cooperate' in doing so.

Mix of Housing

Dwelling Sizes

11.36 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The SHMA has considered and drawn together these factors to provide guidance on the future mix of market and affordable housing.

11.37 The SHMA suggests that the following mix of market housing of different sizes would be appropriate. The evidence suggests that the focus of market housing will be for two and three-bed properties over the period to 2031. Continued demand for family housing can be expected from newly forming households and those trading up or down in the market. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

11.38 In Coventry there is a strategic case for provision of larger homes with three- or more bedrooms to help diversify the City's housing offer, reduce overcrowding and support regeneration through growing the spending power within its catchment area. In Stratford-on-Avon (and to a lesser extent Warwick District) the analysis points to particular potential to support supply of larger properties through focusing housing provision on medium-sized provision into which older households may consider downsizing.

Table 98:   Guidance on Market Housing Mix

MARKET	1-bed	2-bed	3-bed	4+ bed
Coventry	5-10%	25-30%	40-45%	20-25%
North Warwickshire	5-10%	34-40%	45-50%	5-10%
Nuneaton & Bedworth	5-10%	35-40%	45-50%	10-15%
Rugby	5-10%	25-30%	40-45%	20-25%
Stratford-on-Avon	5-10%	35-40%	40-45%	15-20%
Warwick	5-10%	25-30%	40-45%	20-25%
HMA	5-10%	30-35%	35-40%	15-20%

11.39   In the affordable sector there is a much stronger relationship between the sizes of households and the sizes of homes people occupy, particularly for working-age households (taking into account the under-occupancy charge (the so-called 'bedroom tax')). The mix of housing needed is thus focused more towards homes with fewer bedrooms. The table below sets out the SHMA's strategic conclusions on the need for different sizes of affordable housing.

Table 99:   Guidance on Affordable Housing Mix

AFFORDABLE	1-bed	2-bed	3-bed	4+ bed
Coventry	20-25%	30-35%	25-30%	15-20%
North Warwickshire	35-40%	30-35%	20-25%	5-10%
Nuneaton & Bedworth	40-45%	25-30%	20-25%	5-10%
Rugby	30-35%	30-35%	20-25%	5-10%
Stratford-on-Avon	15-20%	35-40%	35-40%	5-10%
Warwick	30-35%	25-30%	30-35%	5-10%
HMA	30-35%	30-35%	25-30%	5-10%

11.40   Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. Individual authorities may therefore decide to provide an alternative proportion of one bedroom homes, in particular taking account of the fact that one bedroom homes:

- make no provision for future household growth;
- restrict opportunities to have guests to stay;
- restrict opportunities for people to exercise access rights to their children;
- do not accommodate couples who need a bedroom each, for example because of disability; and
- do not present an attractive option for people looking to downsize.

11.41   The guidance on housing mix identified above is intended to inform strategic planning policies. In applying these to individual development sites regard should be had to the nature of the

development site and character of the area, and to up-to-date evidence of need as well as the existing mix of properties at the local level.

11.42 The Councils should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties).

Affordable Tenure Mix

11.43 The SHMA has also considered the need for different affordable housing products. It recognises that there is some overlap between different affordable tenures in terms of the households who might live in them. It splits affordable need into three categories as shown in the table below.

11.44 Across the HMA, the SHMA's strategic conclusions are that it would be appropriate for 15-20% of new affordable housing to be provided as intermediate equity based products, with 80-85% provided as social or affordable rented homes.

11.45 In regard to the need for different types of affordable housing, the analysis points to a distribution of need between different income categories as follows:

Table 100: Net Need within different Affordability Categories

	Estimated net need for Equity-based Products	Net Need from Households which could afford more than existing Social Rents without Benefits but not Equity Products	Net Need from Households who cannot afford over existing Social Rent Levels
Coventry	19%	37%	44%
North Warwickshire	15%	21%	64%
Nuneaton & Bedworth	26%	37%	37%
Rugby	12%	21%	67%
Stratford-on-Avon	11%	26%	63%
Warwick	14%	24%	62%
HMA	17%	29%	54%

11.46 In particular it should be recognised that there is a degree of overlap between social and affordable rented housing, not least as households can claim Housing Benefit in both tenures.

Meeting Specific Needs

11.47 The SHMA has considered the needs of various groups within the community which might have specific housing needs. In particular it identifies the need to plan for an ageing population over the period to 2031 in the HMA.

11.48   The evidence in the SHMA suggests as people get older, some may require support including adaptations to their properties to meet their changing needs, and provision of floating support. It forecasts a growth of 80% in people with dementia and 65% in people with mobility problems over the period to 2031 (linked in particular to improvements in life expectancy). It will be important that the growth in need is recognised and adequately resourced. Homes can also be designed in accordance with the Lifetimes Homes Standard to enable adaptions to be made to people's changing needs.

11.49   Many older households will want to remain in their existing homes. However with provision of suitable and attractive properties at the local level some older households may choose to downsize, to reduce property running costs or release equity from their homes. Some of these households may move into housing on the general market, whilst some may seek more specifically accommodation targeted at older households (in both the market and affordable sectors).

11.50   A proportion of the growing older population will have more specialist needs. The SHMA provides an indicative assessment of a need for 630 units of specialist housing for older people (sheltered and extra care) per annum in the HMA. Linked principally to the ageing of the population the SHMA also estimates that households which include people with a disability can be expected to increase by a third over the period to 2031. This would provide a rationale for policies seeking or supporting provision of housing for older people within development schemes, and a potential need to provide support for adaptions to existing stock.

11.51   The wider SHMA analysis suggests that there are some groups within the population who are disadvantaged to some degree in accessing housing. These include BME households which are more likely to be overcrowded and living in rented accommodation (in part related to younger age structures in BME communities), low income lone-parent households and young people. These issues can be partly addressed by housing policy. This includes by ensuring that affordable housing is accessible to lone parent families; and potentially through targeted provision of larger housing to address instances where there is a particular concentration of overcrowding within local communities. Similarly a growing older population in particular is likely to drive a need to increase the provision of specialist housing to meet the needs of households with disabilities.

APPENDIX A: Projection Methodology

Methodology and Assumptions

i.   Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how this will change in the period from 2011 to 2031. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of each District. These are the principal components of population change and are used to construct our principal trend-based population projections.

ii.   The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 55:   Overview of Methodology
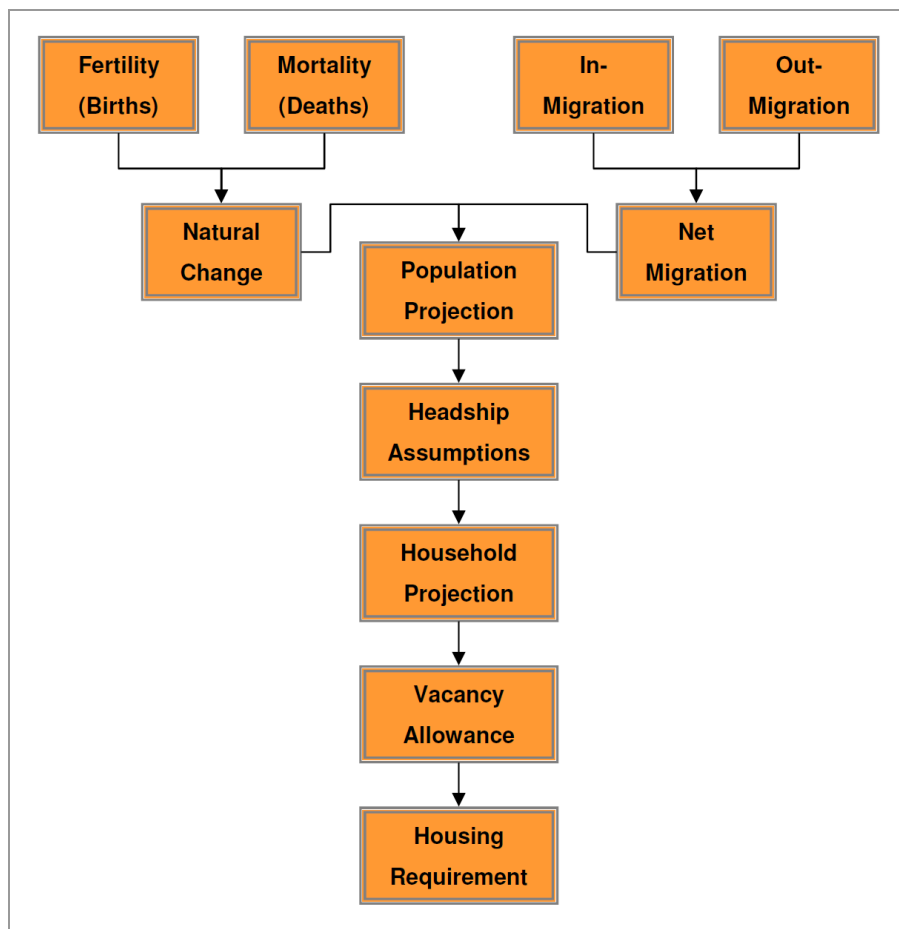
iii.   Much of the data for our projections draws on ONS information contained within the 2010- and 2011-based subnational population projections (SNPP) and the 2011-based CLG household projections.

In particular we have used this source to look at fertility rates, mortality rates and the profile of in- and out-migrants (by age and sex).

Projections Run

iv. As part of this assessment we have run eight projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections can broadly be split into three categories a) demographic (PROJ 1 to 3), b) economic-led (PROJ A and B), c) component (PROJ X to Z). The eight projections run are listed below with a brief description of each following – all projections cover the period from 2011 to 2031:
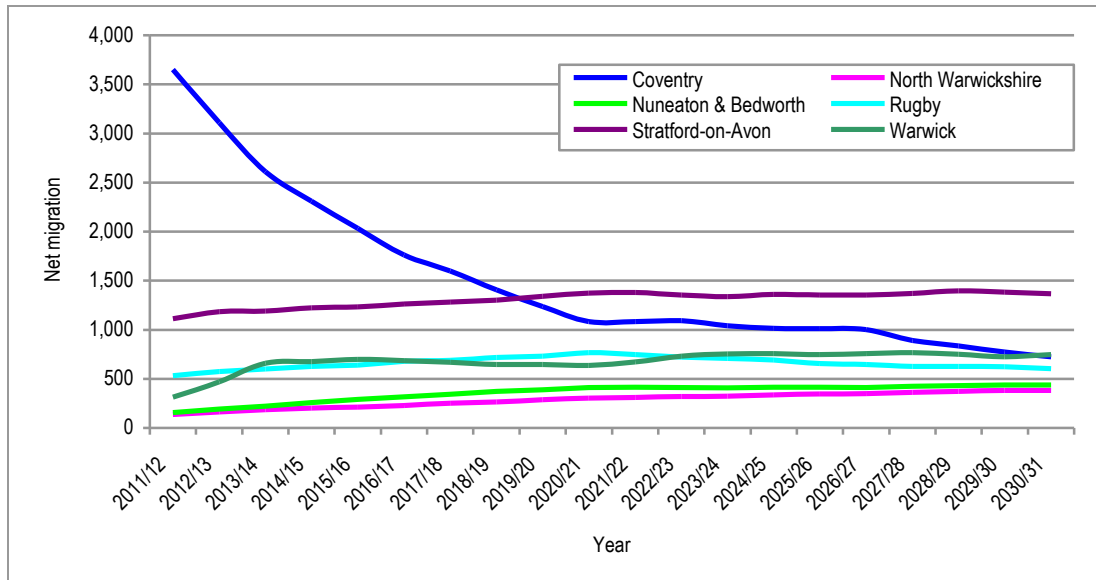
- PROJ 1 (Linked to 2010- and 2011-based SNPP)
- PROJ 1A (Linked to 2010- and 2011-based SNPP; updated to take account of recent mid-year population estimates)
- PROJ 2 (10-year migration trends)
- PROJ 3 (5-year migration trends)
- PROJ A (Jobs baseline)
- PROJ B (Residents in Employment)
- PROJ X (Zero net migration)
- PROJ Y (Zero Employment Growth)
- PROJ Z (Past Completions)

PROJ 1 (linked to ONS 2010- and 2011-based SNPP)

v. Our first projection uses information in the ONS 2010- and 2011-based Sub-National Population Projections (SNPP). The last full set of SNPP published by ONS were 2010-based figures. These have subsequently been updated by 2011-based 'interim' projections which look at the ten year period to 2021. These interim projections use the same assumptions around fertility, mortality and migration profiles as 2010-based figures. However the 2011-based figures have updated estimates of future levels of migration (both in- and out-migration and by type of migration (e.g. international vs. internal).

vi. Our projections therefore use the same assumptions as in the ONS 2010-based SNPP with regards to fertility, mortality and migration rates but with some adjustments to overall levels of migration on the basis of the 2011-based figures (the assumptions around fertility, mortality and migration rates from the 2010-based SNPP are also used in all other projections within this report).

vii. The figure below shows the levels of net migration assumed by our projections from 2011/12 to 2030/31 in each of the six areas. For the whole sub-region the projections start in 2011/12 with a net in-migration figure of around 5,900. This is expected to decrease over time to reach a net in-migration of around 4,300 people by 2030/31. For the projection period studied as a whole, the average level of net migration is an in-migration of 4,800 people per annum.

viii. For individual areas however the figures are quite different. Coventry is expected to start with significant levels of net in-migration with these falling rapidly to 2020/21 before continuing to fall at a

slightly lower rate to 2031. In all other areas levels of net in-migration are expected to increase slightly over time although year-on-year changes are not as stark as is projected for Coventry.

Figure 56:   ONS migration assumption 2011/12 to 2030/31

Source: ONS 2010- and 2011-based subnational population projections

ix.   It should be noted that the 2011-based SNPP only projects for a ten-year period to 2021. Beyond 2021 we have used 2010-based SNPP data but adjusted this to take account of the differences shown between the 2010- and 2011-based versions of the SNPP. In keeping with the methodology used by ONS figures for cross-border and international migration are held constant with internal figures changing slightly on the basis of the projected change in the 2010-based data (but from the adjusted baseline position for 2021 shown in 2011-based projections).

PROJ 1A (linked to ONS 2010- and 2011-based SNPP - updated)

x.   Whilst the analysis above is based on the most recent published projections it is also worthwhile to note that the SNPP were published before mid-year population estimates had been recalibrated to be consistent with population information in the 2011 Census. For the sub-region as a whole this suggested over the 2001-11 period that population growth had been over-estimated by over 13,000 – around 1,300 people per annum on average.

xi.   Whilst this over-estimation could be related to incorrect recording of the population (either in the 2001 or 2011 Census) or of special groups of the population (such as prisoners) it is considered that differences are most likely to be due to the over-recording of migration.

xii.   An annual difference of 1,300 is significant and does have a notable impact on overall population and household growth figures. The over-estimation of population growth will have fed into the 2011-based SNPP and therefore there is a strong justification for adjusting the base migration data used by ONS. This has been done for each local authority to develop PROJ 1A as the main demographic projection. The analysis has also taken account of estimated trends in over- or under-estimation of

population growth in each area.

xiii.   The most significant difference can be seen in Coventry where population growth had been over-estimated by around 15,000 people over the 2001-11 decade. In contrast the data suggests an under-estimation of population growth in both Nuneaton & Bedworth and Rugby. In North Warwickshire and Stratford-on-Avon population growth had been over-estimated. In Warwick the data from 2001 to 2011 is reasonably in balance although the most recent years suggest some under-estimation of population growth (this more recent data has fed into the updated projections).

xiv.   The table below therefore shows the average levels of net migration used in the modelling under PROJ 1 and PROJ 1A. As can be seen the most significant difference is in Coventry where a projected annual net migration of about 1,500 is reduced to zero. Rugby sees a notable uplift in the figures.

xv.   It is considered that the migration figures shown in the table below are the best reflection of likely future figures taking into account the over- or under-estimation in past population growth as evidenced by mid-year population estimates.

Table 101: Average migration (2011-31) in PROJ 1 and PROJ 1A

	PROJ 1 (SNPP)	PROJ 1A (SNPP updated)
Coventry	1,513	-1
North Warwickshire	286	255
Nuneaton & Bedworth	358	450
Rugby	661	915
Stratford-on-Avon	1,309	1,056
Warwick	675	736
Sub-region	4,802	3,411

Source: Derived from ONS data

PROJ 2 (10-year migration trends)
PROJ 3 (5-year migration trends)

xvi.   Our next two projections look at recorded trends in migration over the past ten (and five) years. The figure below shows estimated net migration into the sub-region (and each local authority area) from 2001/2 to 2010/11. The figures have been taken from ONS mid-year population estimates – figures have been rounded to the nearest hundred which reflects the rounding of published ONS data.

xvii.   The data shows that the figures can be somewhat variable over time – particularly for individual districts. Generally the highest estimated levels of migration have been over the past five years, including a net in-migration of 5,800 people in 2007/8. This contrasts with a small net out-migration in 2003/4 which has been driven by out-migration from Coventry.

xviii.   In developing our two projections we have simply taken an overall average and projected this forward – over the last ten years (2001-11) the average level of net migration has been an in-

migration of 3,340 people with a slightly higher figure (of 3,820) if we look at 5-year trends (2006-11). Both of these trend figures are below those shown in the SNPP which as noted above averages 4,800 per annum from 2011 to 2031.

Table 102: Past trends in Net In-Migration

Year	Coventry	North Warwks	Nuneaton / Bedworth	Rugby	Stratford-on-Avon	Warwick	Sub-region
2001/2	-2,200	0	300	1,100	800	2,100	2,100
2002/3	-1,300	0	800	400	800	2,300	3,000
2003/4	-3,300	0	-100	900	600	1,800	-100
2004/5	-700	100	100	1,200	1,500	1,600	3,800
2005/6	600	0	600	1,600	2,000	700	5,500
2006/7	-100	-100	400	1,400	1,800	700	4,100
2007/8	2,000	100	700	1,300	1,200	500	5,800
2008/9	500	100	100	900	200	300	2,100
2009/10	2,200	-100	-100	1,100	400	-500	3,000
2010/11	3,000	0	100	1,100	700	-800	4,100
Average (last ten years)	70	10	290	1,100	1,000	870	3,340
Average (last five years)	1,520	0	240	1,160	860	40	3,820

Source: ONS Mid-Year Population Estimates

xix.   Looking at individual districts the data shows that migration levels have been broadly consistent over the past decade in each of North Warwickshire, Nuneaton & Bedworth and Rugby (albeit with some year-on-year variation). In Stratford-on-Avon the 5- and 10-year averages are similar but the patterns show a significant spike in migration in 2005/6 and 2006/7 with lower figures before and after this period. In Coventry we see significant changes over time with high levels of net out-migration from 2001 to 2003 and then significant in-migration from 2007 onwards. In Warwick the opposite pattern is shown with significant net in-migration being replaced with out-migration over the past couple of years.

Economic-Driven Projections (PROJ A and B)

xx.   In addition to developing the three scenarios above linked to past demographic trends we have developed two projections to consider the implications on population change and housing requirements of different levels of employment growth in each District. To model potential levels of economic growth we have drawn on a January 2013 forecast by Experian. The two projections are:

PROJ A – Jobs Baseline

xxi.   This projection looks at the forecast increase in jobs in each local authority from 2011 to 2031 and assumes a 1:1 relationship between the number of jobs created and the number of local residents in employment. This projection essentially does not include any assumptions about commuting patterns with all new jobs being filled by local people (it can alternatively be viewed as being based

on no changes to commuting patterns with equal numbers of people in- and out-commuting as a result of new employment opportunities). This projection sees an increase in the number of residents in employment of 62,633 over the 20-year period.

PROJ B – Residents in Employment

xxii. This projection draws on the Experian data about the number of additional jobs forecast to be created in each District but also considers commuting patterns (from 2001 Census data) to calculate a commuting ratio (the number of people who live in an area and are working as a proportion of the total number of people who work in an area). This generates a very slightly lower projected increase in the number of residents in employment of 61,479 over the 20-year period although the impact of the commuting adjustment affects different areas in different ways.

xxiii. The table below shows the estimated increase in the number of residents in employment in five year periods for each of the two economic-led scenarios (annual averages are also provided). The data shows that the strongest employment growth is expected in the 2011-16 period with weaker growth thereafter.

xxiv. Looking at the individual local authorities the data expects stronger growth in Coventry than any other area although this will to a large part be influenced by a larger population in the City than in any of the district. Differences between PROJ A and PROJ B are most marked in Nuneaton & Bedworth and Stratford-on-Avon due to a higher proportion of residents in these areas out-commuting to work relative to the numbers who in-commute. The opposite is the case for Coventry and Warwick

Table 103: Employment Growth Assumptions used in Modelling

Period	PROJ A – Jobs Baseline		PROJ B – Residents in Employment	
	Annual	5-year total	Annual	5-year total
2011-2016	4,705	23,527	4,694	23,469
2016-2021	2,750	13,752	2,685	13,424
2021-2026	2,494	12,470	2,419	12,097
2026-2031	2,577	12,885	2,498	12,489
Total	62,633		61,479	
Coventry	22,632		20,006	
North Warwks	9,376		9,745	
Nuneaton/Bedworth	4,376		5,893	
Rugby	6,544		6,467	
Stratford-on-Avon	9,452		10,097	
Warwick	10,253		9,270	

Source: Experian 2013

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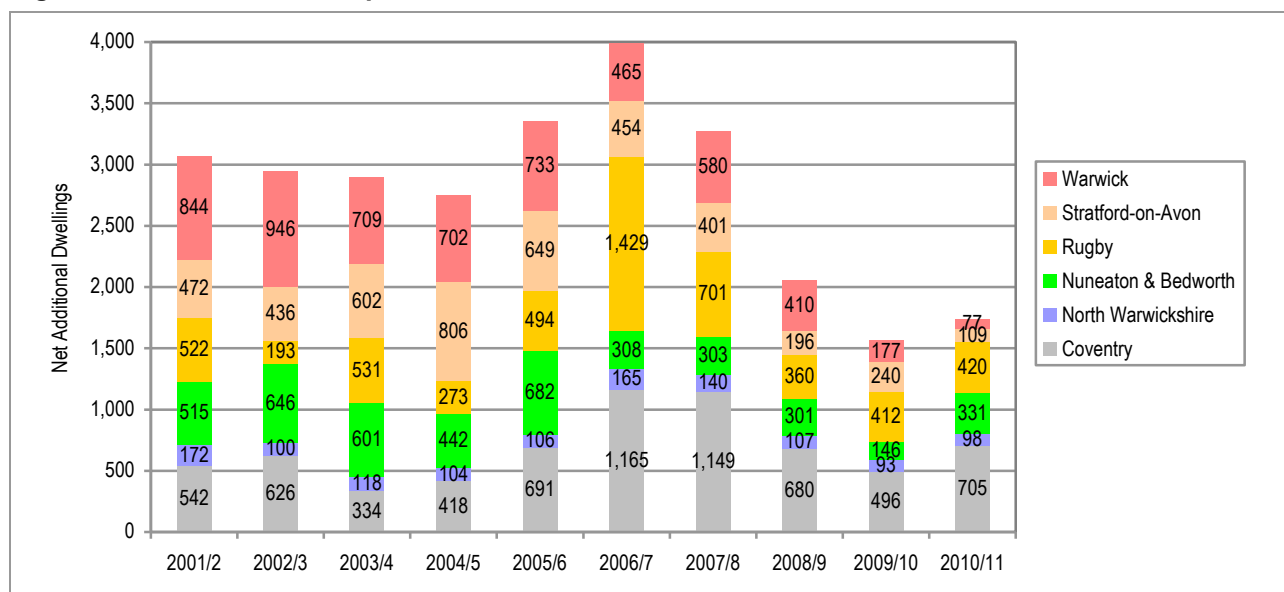
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PROJ X (Zero Net Migration)
PROJ Y (Zero Employment Growth)

xxv. The next two projections might be called 'component' projections and look at the impact on population, employment and housing requirements of holding certain aspects of the projection constant over time.

xxvi. The first projection looks at housing requirements if there were to be no net migration into each local authority area for the next 20-years. Whilst net migration is held at zero this projection does allow for in- and out-migration so there will be changes in the age structure due to migration trends as well as those created by natural change (i.e. births minus deaths).

xxvii. The second 'component' projection looks at what level of housing growth would be required to achieve no employment growth. Within this projection (and indeed all other projections) we have also looked at the impact of the economic downturn on the number of people in employment and considered the scope for some local residents to return to work if additional jobs were available. We have also considered the likely impact of changes in pensionable age throughout the projection period as and when these become relevant.

PROJ Z (Past Completions)

xxviii. The final projection run in this report is based on understanding the implications for population and employment growth of a particular level of housing delivery – this has been based on average completions over the past 10-years.

xxix. The figure below shows housing completions over the ten years (from 2001/2 to 2010/11 – the ten year period up to the start of these projections). The data shows considerable year-on-year variation in the numbers with strongest delivery (of 3,986 units) being seen in 2006/7 and more moderate completion levels over the past three years (including just 1,564 homes in 2009/10). Over the full ten-year period the average level of completions has been 2,763 per annum and this figure is taken forward into our projection modelling exercise.

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Figure 57: **Net Completions 2001/2 to 2010/11**

Source: Annual Monitoring Reports

xxx. For individual local authorities the figures used are shown in the table below. This shows housing delivery varying from 120 units per annum in North Warwickshire up to 681 in Coventry.

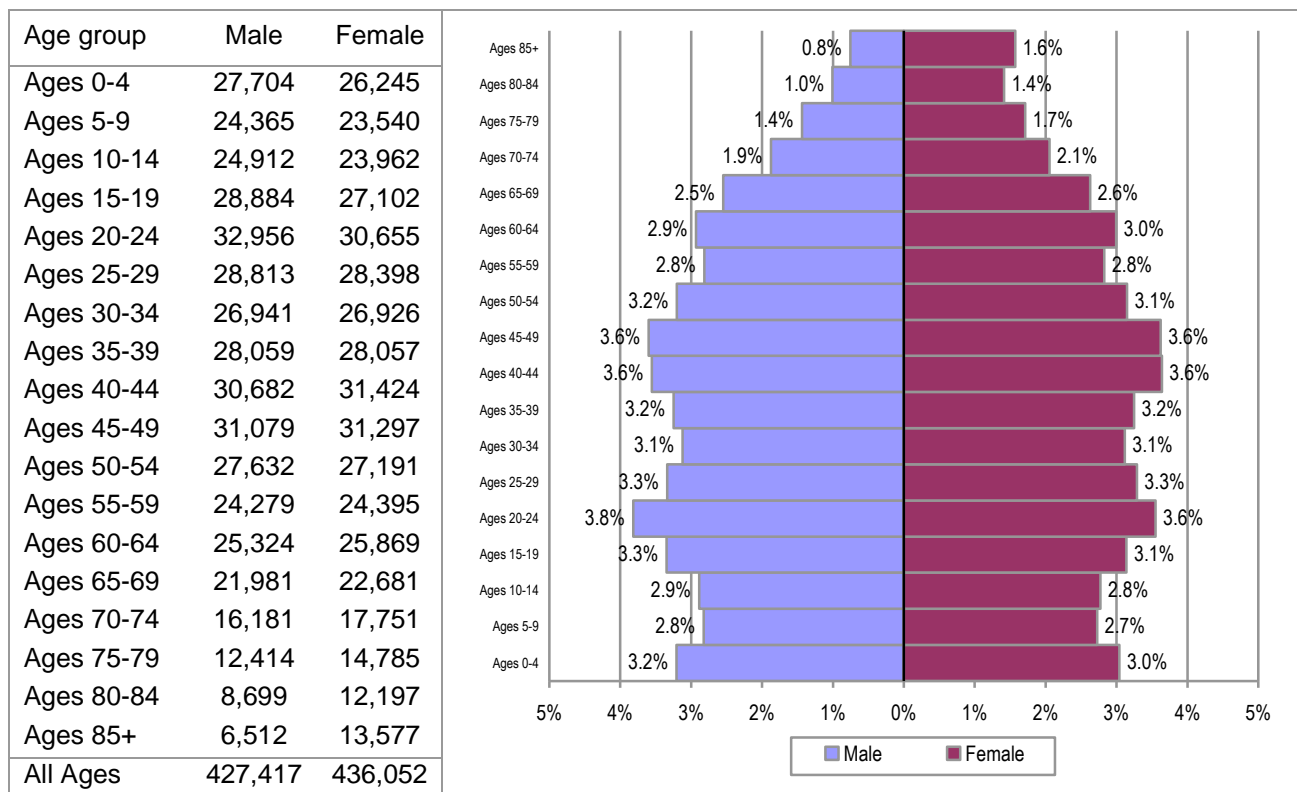**Table 104: Past completion figures used for projection**

	Per annum	2011-2031
Coventry	681	13,612
North Warwickshire	120	2,406
Nuneaton & Bedworth	428	8,550
Rugby	534	10,670
Stratford-on-Avon	437	8,730
Warwick	564	11,286
TOTAL	2,763	55,254

Source: Annual Monitoring Reports

Baseline Population

xxxi. The baseline for our projections is taken to be 2011 with the projection run for each year over the period up to 2031. The estimated population profile as of 2011 has been taken from the 2011-based SNPP. The overall population in 2011 was estimated to be 863,469 with slightly more females than males.

Figure 58: **Population of Coventry/Warwickshire HMA – 2011**

Age group	Male	Female
Ages 0-4	27,704	26,245
Ages 5-9	24,365	23,540
Ages 10-14	24,912	23,962
Ages 15-19	28,884	27,102
Ages 20-24	32,956	30,655
Ages 25-29	28,813	28,398
Ages 30-34	26,941	26,926
Ages 35-39	28,059	28,057
Ages 40-44	30,682	31,424
Ages 45-49	31,079	31,297
Ages 50-54	27,632	27,191
Ages 55-59	24,279	24,395
Ages 60-64	25,324	25,869
Ages 65-69	21,981	22,681
Ages 70-74	16,181	17,751
Ages 75-79	12,414	14,785
Ages 80-84	8,699	12,197
Ages 85+	6,512	13,577
All Ages	427,417	436,052

Source: 2011-Mid-Year Population Estimates

xxxii.   The table and figure below show the population distribution in each local authority area in broad 15-year age categories. The data shows the highest population (of around 317,000) to be in Coventry with the smallest population (of about 62,000 being in North Warwickshire). The population of the whole sub-region in 2011 was around 863,000.

xxxiii.   When looking at the population age structure the data shows a very similar profile to both the regional and national average. There are however some notable differences within different local authorities. Coventry in particular has a young population with 43.5% of the population aged under 30 (compared with a sub-regional average of 38%). In contrast Stratford-on-Avon and to a lesser extent North Warwickshire have much older populations. In Stratford-on-Avon some 30% of the population is aged 60 or over compared with sub-regional figure of 23% and just 19.5% in Coventry. The population profiles of Nuneaton & Bedworth, Rugby and Warwick are all broadly in-line with sub-regional figures.

Table 105: Comparison of Population Profile in different Local Authorities (2011)

Age group	Coventry	North Warwks	Nuneaton/ Bedworth	Rugby	Stratford-on-Avon	Warwick	Sub-region
Under 15	58,958	10,197	22,323	18,064	18,993	22,193	150,728
15-29	79,048	10,230	23,335	17,797	17,494	28,904	176,808
30-44	63,569	11,954	25,359	20,879	21,570	28,758	172,089
45-59	53,582	13,702	25,257	20,203	26,621	26,508	165,873
60-74	39,415	11,076	19,920	15,516	23,715	20,145	129,787
75+	22,343	4,930	9,215	8,037	12,431	11,228	68,184
Total	316,915	62,089	125,409	100,496	120,824	137,736	863,469

Source: 2011-Mid-Year Population Estimates

Figure 59:   Population Age Profile (2011)
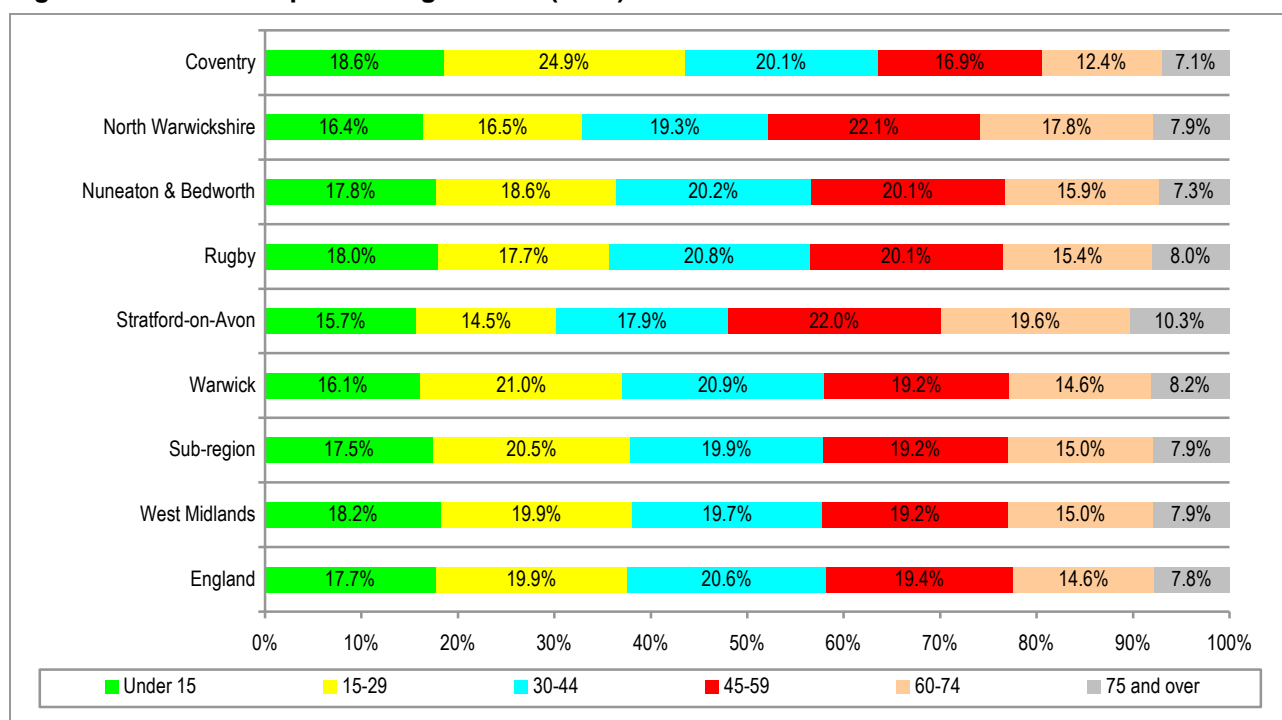
Source: 2011-Mid-Year Population Estimates

Fertility and Mortality

xxxiv.   For modelling of fertility we have used the rates contained within the ONS 2010-based population projections – in all areas fertility rates are expected to increase very slightly in the short-term before dropping quite notably moving towards the end of the projection period. We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase over time for both males and females.

xxxv.   The table below shows figures for the total fertility rate (the expected average number of live births

per woman throughout their childbearing lifespan) and life expectancy in each area for key dates at the start and end of the projection period. The data suggests higher fertility rates in Rugby and Nuneaton & Bedworth with a notably lower rate in Warwick. Life expectancy also shows some variation between areas with Stratford-on-Avon and Warwick in particular having higher life expectancy than other areas.

xxxvi.   We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes in the sub-region are consistent with past trend data and future expected patterns as published by ONS on a national basis.

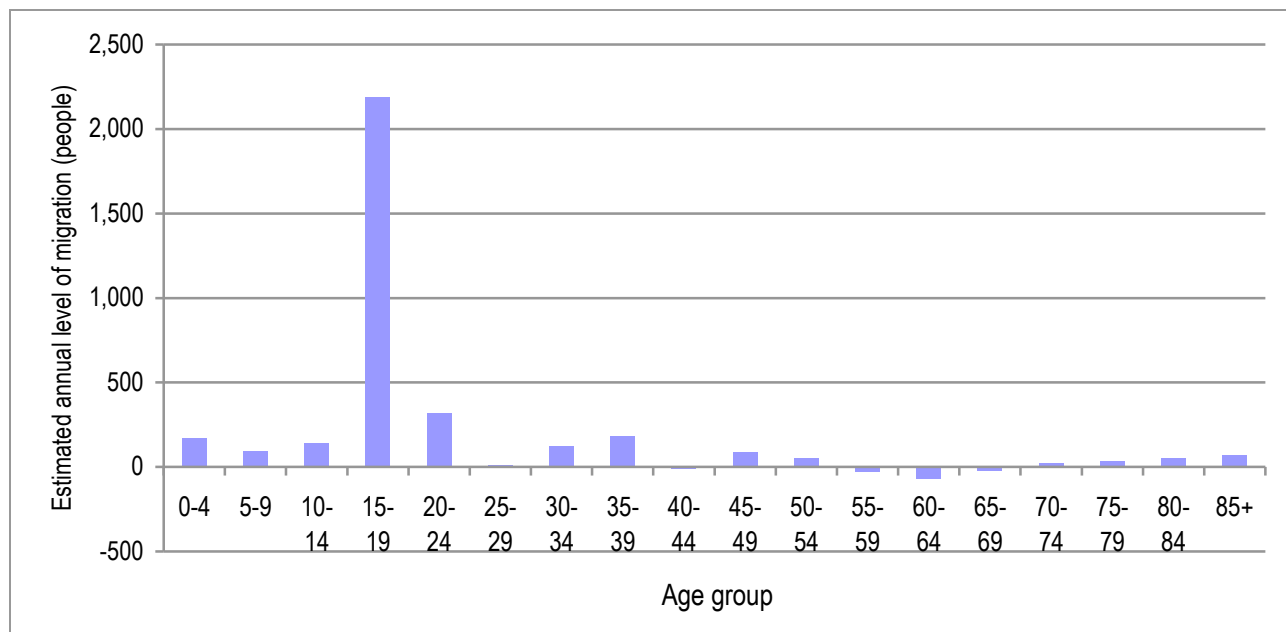**Table 106: Fertility and mortality assumptions (key periods)**

Age group	Coventry	North Warwks	Nuneaton/ Bedworth	Rugby	Stratford-on-Avon	Warwick
TFR – 2011/12	2.03	1.94	2.18	2.26	2.03	1.71
TFR – 2030/31	1.83	1.76	1.91	2.04	1.86	1.58
Male e0 – 2011/12	77.6	77.8	77.8	79.1	79.9	79.9
Male e0 – 2030/31	81.5	81.5	81.6	82.6	83.5	83.6
Female e0 – 2011/12	81.9	81.7	81.8	82.7	83.5	83.9
Female e0 – 2030/31	85.3	85.2	85.2	86.0	86.7	87.1

Source: ONS 2010-based SNPP

Migration

xxxvii.   For the purposes of understanding the profile of migrants we have again drawn on the ONS 2010- and 2011-based sub-national population projections. Over the period from 2011 to 2031 the ONS figures once adjusted by reference to up-to-date mid-year population estimates (as in PROJ 1A) show an average annual level of net in-migration of 3,411 people. The data (shown below) clearly shows that the most important age groups are from 15 to 24. The high level of net in-migration of those aged 15-19 is driven by in-migration to Coventry and to a lesser extent Warwick – driven by the student population. All of the other four areas actually show a net out-migration of the population aged 15 to 19.

xxxviii.   When projecting migration patterns for the various projection scenarios we have used the migration data 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.

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Figure 60:   **Estimated annual level of net migration by five-year age band (2011-2031)**

Source: Derived from ONS 2010-based population projections

Employment Rates

xxxix.   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. The process is set out in the figure below.

Figure 61:   **Overview of Economic-Driven projection methodology**

xl.   The first stage of the process was to establish working patterns in each local authority. The figure below shows data on the proportion of people living in each area who were in employment (based on the proportion of the population aged 16-64 who are working). This latter data has also been provided for the West Midlands and Great Britain.

xli.   The data shows that overall the proportion of people working has been quite variable over time – generally the trend has been downward although for a number of authorities (Nuneaton & Bedworth, Rugby and Warwick in particular) the data shows an upward trend over the past couple of years. Overall, it is quite difficult to pick out a real trend from the district-level data. In both the West Midlands and Great Britain employment rates can more clearly be seen to have dropped along with

a very slight improvement through 2012.

Figure 62: Proportion of Population Working
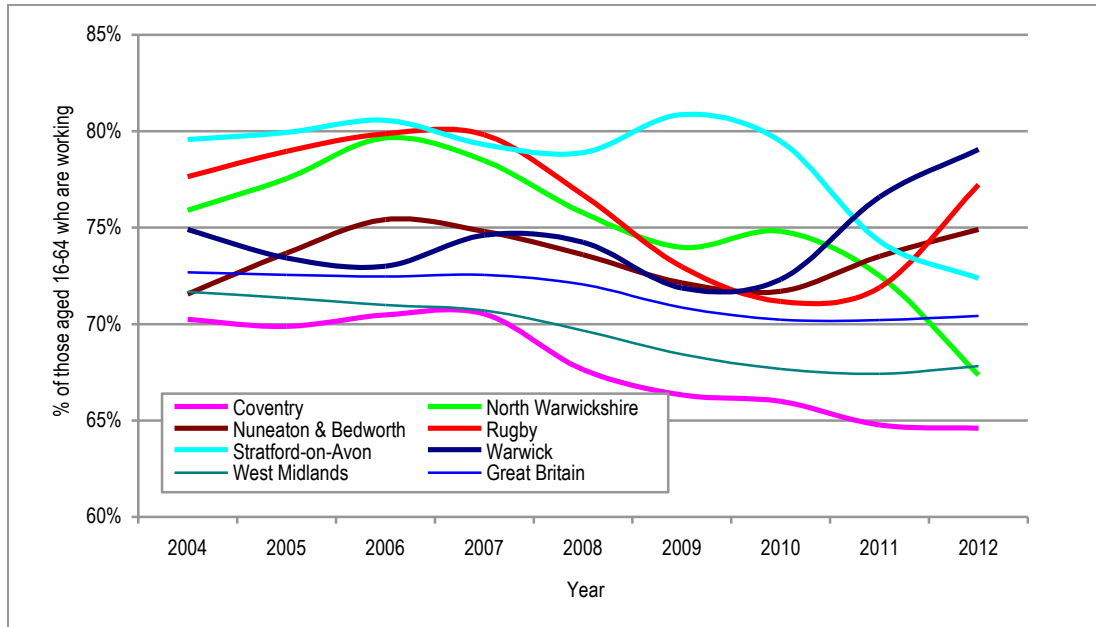
Source: Annual Population Survey

xlii.   Part of the problem with the Annual Population Survey source used above is that data is based on only a sample of the population and therefore figures can be quite variable at smaller area level. We have therefore also drawn on data about unemployment to give an indication of how employment rates may have changed over the past few years. In all areas this analysis shows a clearer trend towards increased unemployment with figures going up in all areas (increases in unemployment typically in the range of 2%-3.5% depending on area).

Figure 63:   Unemployment rate
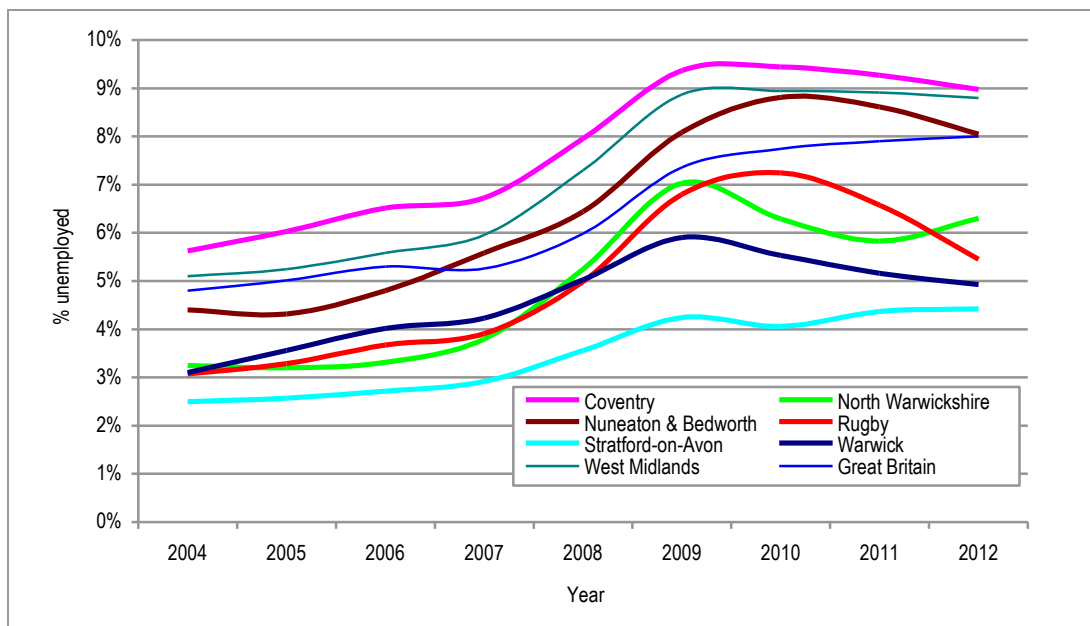
Source: Annual Population Survey (modelled data)

xliii.   Using the above data to provide us with an overall picture of working patterns we also drew on 2001 and 2011 Census data and information from the Annual Population Survey to inform the distribution of workers by age and sex. In projecting forward we have assumed that there is a latent labour force that could be brought back into work as a result of reducing unemployment. This improvement is assumed to occur fairly consistently through the projection period to 2031.

xliv.   The modelling also includes provision for potential increases in rates due to changes in pensionable age – these additional changes have been based on studying the age-specific 'drop-off' in employment as people get older. The modelled improvement to employment rates will have the effect of reducing unemployment.

xlv.   The figure below shows how employment rates are projected to change over the period studied. In all of the Warwickshire authorities the data shows a short-term improvement to about 2019 – this is mainly due to changes in pensionable age – following this the rate levels off or drops down slightly – this is due to age structure changes with a greater number of people expected to be in some of the older 'working' age groups which typically have lower employment rates. Beyond about 2027 there is expected to be some increase in employment rates – this is again linked to demographic change with all areas expected to see population increases in some of the key working age groups. In Coventry, the data again shows strongest improvements to employment rates up to about 2019 – following this the rate continues to improve (albeit at a slightly reduced rate). Given that Coventry has seen one of the larger increases in unemployment this area is also seen as having greater potential to improve employment rates through reducing unemployment.

xlvi.   Overall employment rates are highest in Stratford-on-Avon and lowest in Coventry – the order of authorities by employment rate is largely expected to remain throughout the projection period although the modelling does suggest that the rate in Nuneaton and Bedworth might just creep above that for Warwick at the end of the period studied.

**Figure 64:   Projected changes in employment rates**
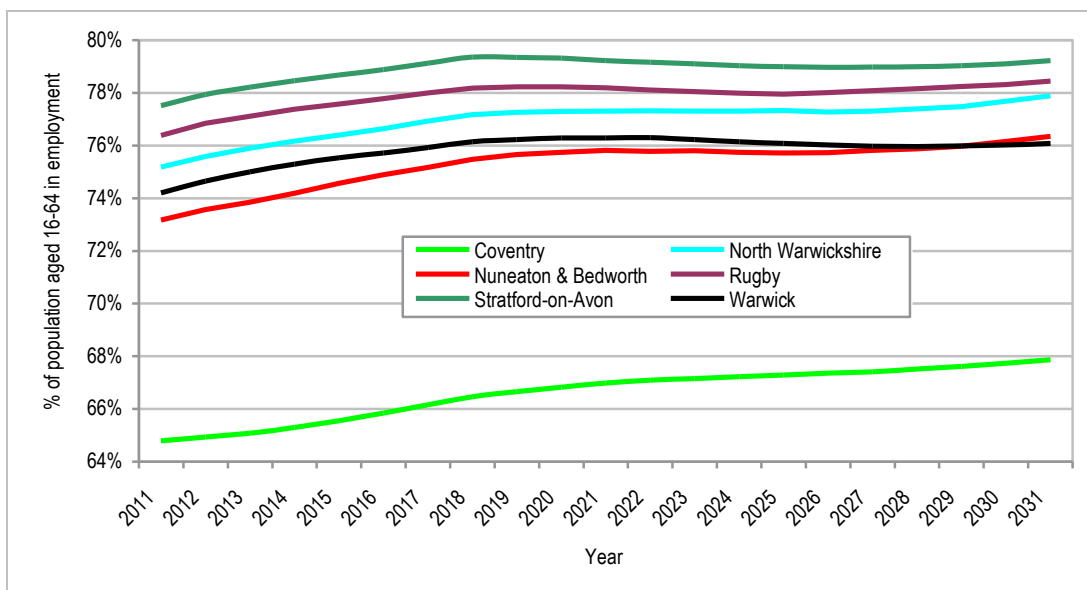
xlvii.   By applying these rates to our population figures it is estimated that in mid-2011 there were 409,881 people in employment across the sub-region – this figure has been derived by analysis of 2011 Census data and is consistent with recent figures provided in the Annual Population Survey.

Headship Rates

xlviii.   Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this we use the concept of headship rates. For the purposes of this analysis we have used information contained in the 2011-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.

xlix.   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)).

l.   The figure below shows the estimated average household size in each area in 2001 and 2011 along with estimated household sizes derived from CLG projections. The data shows in most areas that household sizes have been declining and are expected to continue to do so moving forward. The exception to this is Coventry where average household sizes are expected to increase slightly in the short-term and then remain fairly static throughout most of the projection period. For the purposes of

the projection across the whole sub-region it is assumed that average household sizes start at about 2.40 in 2011 and reduce down to 2.36 in 2031 (although exact figures do vary depending on the projection being run).
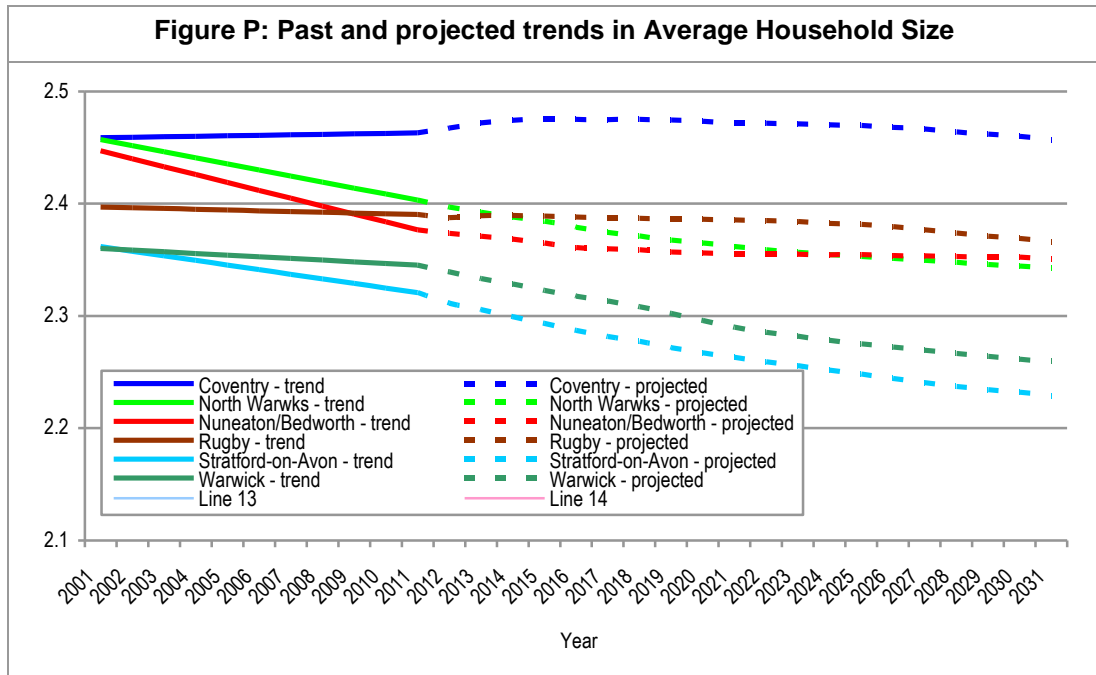
Source: Derived from ONS and CLG data (including 2011 Census)

li.   When applying our headship rates to the population data we derive an estimated number of households in mid-2011 of 360,100. This figure is consistent with the number of households shown in the 2011 Census and the 2011-based CLG household projections.

Lii.   A number of sensitivities have been applied to the headship rate data to take account of possible suppression in household formation over the past decade. Two additional scenarios have been developed (linked to the updated SNPP projection (PROJ 1A)). These are to model on the basis of 2008-based headship data (as in the 2008-based CLG projections) and to model on following the 2011-based figures to 2021 and then reverting to the 2008-based trend (which by 2031 is roughly the mid-point between the two). In both cases data has been rebased to the 2011 start point shown in the 2011-based CLG projections. The figure below shows the three different scenarios for the whole sub-region although it should be noted that projections have specifically been developed for each of the individual local authority areas.

Figure 65:   Past and projected trends in Average Household Size
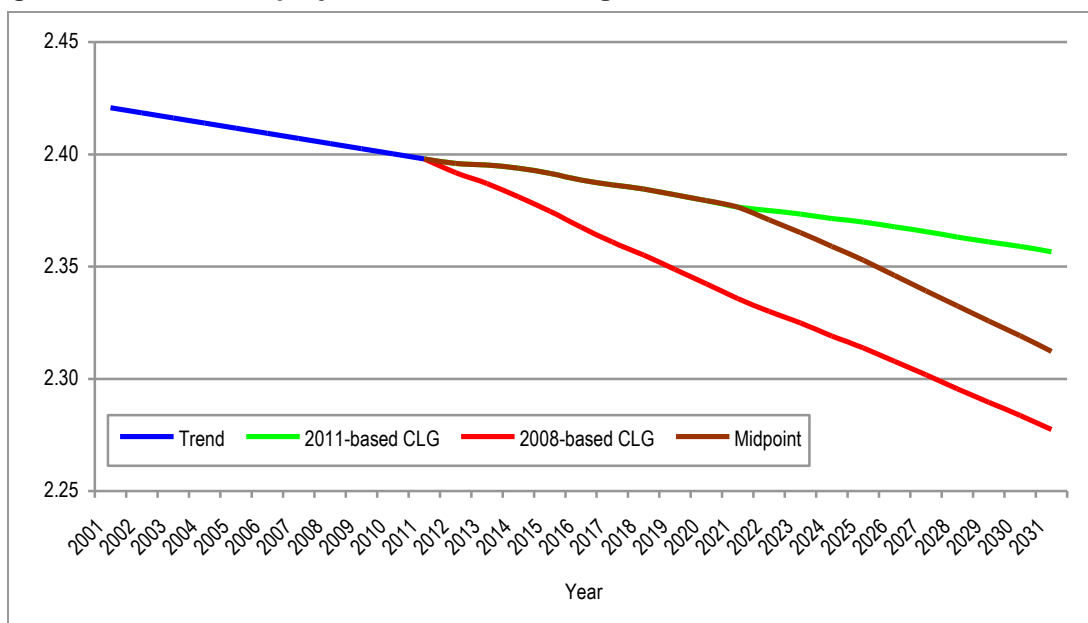
Source: Derived from ONS and CLG data (including 2011 Census)

liii.   The headship rates used result in the following changes in household sizes:

Table 107: Projected Household Sizes, 2011 and 2031

Area	2011	2031		
		2011-based headship rates	2008-based headship rates	'Midpoint' headship rates
Coventry	2.46	2.46	2.37	2.41
North Warwickshire	2.40	2.34	2.26	2.29
Nuneaton & Bedworth	2.38	2.35	2.27	2.30
Rugby	2.39	2.37	2.27	2.31
Stratford-on-Avon	2.32	2.23	2.16	2.19
Warwick	2.35	2.26	2.19	2.22
HMA	2.40	2.36	2.28	2.31

Vacant and Second Homes

liv.   In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy/second home allowance which is normal to allow for movement of households between properties. For the analysis we have assumed that around 3% of additional stock will comprise vacant or second homes which should be reflective of what can be achieved in new housing stock.