

SANDWELL

**HOUSING NEED AND
DEMAND STUDY UPDATE**

FINAL REPORT



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I	Glossary of Terms
II	Land Registry Quarterly Sales figures (Q2 2007 to Q2 2010)

1 INTRODUCTION & METHODOLOGY

1.1 Background and Context to the Study Update

- 1.1.1 On 29th September 2010, David Coultie Associates were commissioned to update the 2007 Sandwell Housing Need & Demand Study.
- 1.1.2 An update at this time is particularly relevant due to the economic downturn and the change in market conditions which have taken place since the publication of the 2007 household survey.
- 1.1.3 The 2007 Study consisted of the following elements:-
- A postal questionnaire to 10,850 households across 24 wards analysed to 6 towns across the Borough, resulting in 1,613 postal responses and a response rate of 15.0%;
 - 855 face to face interviews across 24 wards analysed to 6 towns in the Borough;
 - In total 2,468 responses were received giving a statistical confidence at 95% level of $\pm 2.01\%$, a robust sample for analysis;
 - A housing market survey utilising the Land Registry and Halifax House Price databases of areas within the Borough. A telephone survey of estate agents on the supply and cost of private rented housing in the Borough was also undertaken;
 - Secondary data analysis drawing upon HSSA and Housing Register data on the need and flow of social stock, the 2001 Census, household and population projections and other national research.

1.2 The 2010 Housing Need and Demand Study Update

- 1.2.1 This update uses the most recent secondary data and re-weighted the primary data set to reflect the population in 2010.
- 1.2.2 The update report will review the outputs of the 2007 study where more recent data is available. This will include the following:-
- The Land Registry database;
 - An estate agents survey to assess the entry price levels in the market and private rented sectors in the same 6 sub-areas used in the 2007 study;
 - 2010 house prices / rents and current income levels to be able to calculate affordability thresholds;
 - The most recent population forecasts to assess the impact of demographic change on household formation and future demand and comparison to 2001 Census data;
 - Analysis of the HSSA data at 2010 to calculate an annual level of re-lets, waiting list change, right to buy and loss of stock and new delivery by tenure;
 - A new 2010 based Assessment Model of affordable housing need based on the Good Practice Guidance.

1.3 Re-weighting the Survey Data-set

1.3.1 In undertaking this update, the 2007 household survey data file has been re-weighted using 2010 revised household numbers and social stock by ward and sub-area to update key data used in the Model. The social sector stock has been weighted to the actual figures in the 2010 HSSA.

1.3.2 The table below show the revised weighted tenure proportions in the data file.

Table 1-1 Tenure of Existing Households

Tenure	2007 Survey re-weighted%	N ^{os.} implied	Local Area Census 2001 *
Owner occupier - mortgage	34.4	42,422	33.8
Owner occupier - outright	26.3	32,452	25.8
Council rented	24.6	30,106	26.6
Private rented / Rent free	9.7	11,932	9.1
HA Rented	4.7	5,729	3.8
Shared ownership	0.2	246	0.7
Tied to employment / Other	0.1	123	0.2
Total	100.0	123,010	100.0

* Re-weighted 2007 Sandwell Housing Needs and Market Study survey data

1.4 The Update Report Structure

1.4.1 The key report sections contained within the update are detailed below.

Section 2 – Key Findings and Housing Targets

1.4.2 In this section, the key findings from this update and the recommended housing targets are summarised.

Section 3 - The Active Market

1.4.3 Section 3 analyses indicators of current housing market activity in the six sub-areas used in the 2007 study.

1.4.4 This section examines the cost of buying or renting a property in Sandwell in 2010. Comparisons are made with property prices at the time of the 2007 study compared to current property prices, along with the historical property price and sales volumes from quarter 4 2002 to quarter 2 2010.

Section 4 – Housing Costs and Income

1.4.5 This section of the update assesses the income levels required to access the cheapest units available from the research undertaken in section 3.

Section 5 – Population Growth and Household Formation Projections

1.4.6 Section 5 examines:-

- Future population change forecasts;
- Household characteristics.

Section 6 – Future Size of Affordable Housing

1.4.7 This section of the update examines under and over occupation and property type and size targets.

Section 7 - CLG Housing Needs Assessment Model

1.4.8 Section 7 consists of the Sandwell Communities and Local Government (CLG) Needs Assessment Model. This provides a quantitative assessment of housing need.

1.5 Data Sources

1.5.1 The Strategic Housing Market Assessment (SHMA) Practice Guidance stresses the importance of using good quality data from a range of sources.

1.5.2 Both secondary data and the re-weighted primary data collected during the 2007 study have been used.

1.5.3 The sources of data used within each section of the report are referenced where appropriate.

1.6 Data Benchmarking

1.6.1 Throughout this study where possible, DCA have provided data at national (England), regional (West Midlands), and the individual local authority scale (Sandwell Borough). These will be referred to throughout the report as benchmark areas. The use of benchmark areas aims to provide an understanding of comparative performance between Sandwell and wider areas.

1.7 Glossary of Terms

1.7.1 A glossary of the technical terms used throughout this report is provided as an Appendix (**Appendix I**).

2 KEY FINDINGS AND HOUSING TARGETS

- 2.1.1 Outlined below are the key market changes which have occurred since the 2007 study and their impact on the issues to be considered when setting future housing targets.

Housing Market Change

- Between Q4 2006 and Q2 2010, the average property price decreased by around 1.4%; Flats / Maisonettes have seen the largest decrease of 15.6%.
- However overall property prices rose by 53.3% between Q4 2002 and Q2 2010.
- Overall the volume of sales per quarter has fallen in the period from Q2 2007 to Q2 2010. Sales levels fell throughout to Q1 2008, with a slight increase in Q2 2008 and then fell again throughout to Q2 2009. There was an increase in Q3 and Q4 2009 followed by a decrease again in Q1 2010.
- Lower quartile sales levels vary across the Borough, starting at around £54,950 in Tipton for a 1-bed property requiring a household income level of £14,900 (single) and £18,000 (dual).
- A deposit of around £15,625 would be required to buy in the lower quartile of the Sandwell market (average Borough-wide property price £62,500 x 25%). Despite low mortgage interest rates, the requirement for a high deposit of 25% compared to 5% to 10% as a norm in 2007 is the key affordability problem for those wishing to buy.
- The data from the survey shows that only 6% of new forming households have savings of more than £15,000 for a deposit. Due to the level of deposit needed, 94% of new forming households are unable to buy in the private market.
- Entry rental levels vary across the Borough with the lowest rents, starting at around £300 a month for a 1-bed property in West Bromwich and Tipton, requiring an income of £14,400 with an average needed across all areas of £16,800.
- On average 41.3% of concealed households forming cannot afford to rent and 47.7% cannot afford to buy in the cheapest market area in the Borough.
- These levels, particularly the rise in the proportion unable to buy in 2010 will have an increased impact on the need for affordable homes, both for intermediate and social rented properties.

Income Change

- The Annual Survey of Hours and Earnings (ASHE) 2009 shows a median income of £21,714 for Sandwell, an increase of 6.8% on the 2007 ASHE figure of £20,333.

Under Occupation

- 2.1.2 The up-dated Housing Survey data estimates that over 6,000 social rented properties are currently under-occupied by two or more bedrooms. Tackling under-occupation of family houses should be a housing priority to make best use of the existing stock and address over-crowding for over 1,700 social housing tenants.

Population Projections

- 2008-based Office for National Statistics (ONS) population forecasts predict an increase in the population of Sandwell of 38,600 people (+13.4%) over the forecast period to 2033.
- There is an increase in all age groups. The increase in the numbers of children aged 0-19 and in the 20-29 age range which comprises new households forming and will have implications for future affordable housing need both in the short and longer term.
- The most significant growth is in the over 65 age group with an increase of 15,700 people (+34.1%) over the forecast period.
- Within the older age group, numbers of people aged 90+ rise by 3,200 (+188.2%). Given the support resource demands and specialist accommodation needs often associated with very elderly people, these are very significant figures.

Affordable Need Targets

- The total annual affordable housing need before new delivery is for 1,023 units on a 5 years basis and 614 units on a 10 year basis.
- The adopted affordable housing target of 25% should remain, subject to viability.
- Tenure mix could be an equal balance, i.e. 50/50 between social rent and intermediate housing.
- Local Development Documents also need to provide targets on the proportion and size of future housing required. A summary is shown in the table below.

Table 2-1 Future Affordable Housing Delivery by Tenure

Tenure	Bedroom Size (%)			
	1-Bed	2-Bed	3-Bed	4-Bed +
Social Rented		50	20	30
Intermediate	25	50	25	0



3 THE ACTIVE MARKET

3.1 Introduction

- 3.1.1 This section examines the current housing market to provide an update on house prices in Sandwell.
- 3.1.2 Since 2007, the UK market has seen a crisis in economic terms starting with insecurity in the financial markets following the sub-prime mortgage crisis beginning in the American market. This led to a fall in house prices throughout the UK which has left recent purchasers, particularly first-time buyers and those on 100% mortgages with negative equity.
- 3.1.3 The prospects for the market in 2010 will depend on how the UK economy evolves. Current forecasts of increases in unemployment and further house price falls in 2010 create uncertainty in the market.
- 3.1.4 This information sets the context for the key issue of the affordability of housing in the area, and in particular the analysis can be related to the problems experienced by low income households, evaluated through the 2007 survey data (re-weighted to reflect 2010 levels).

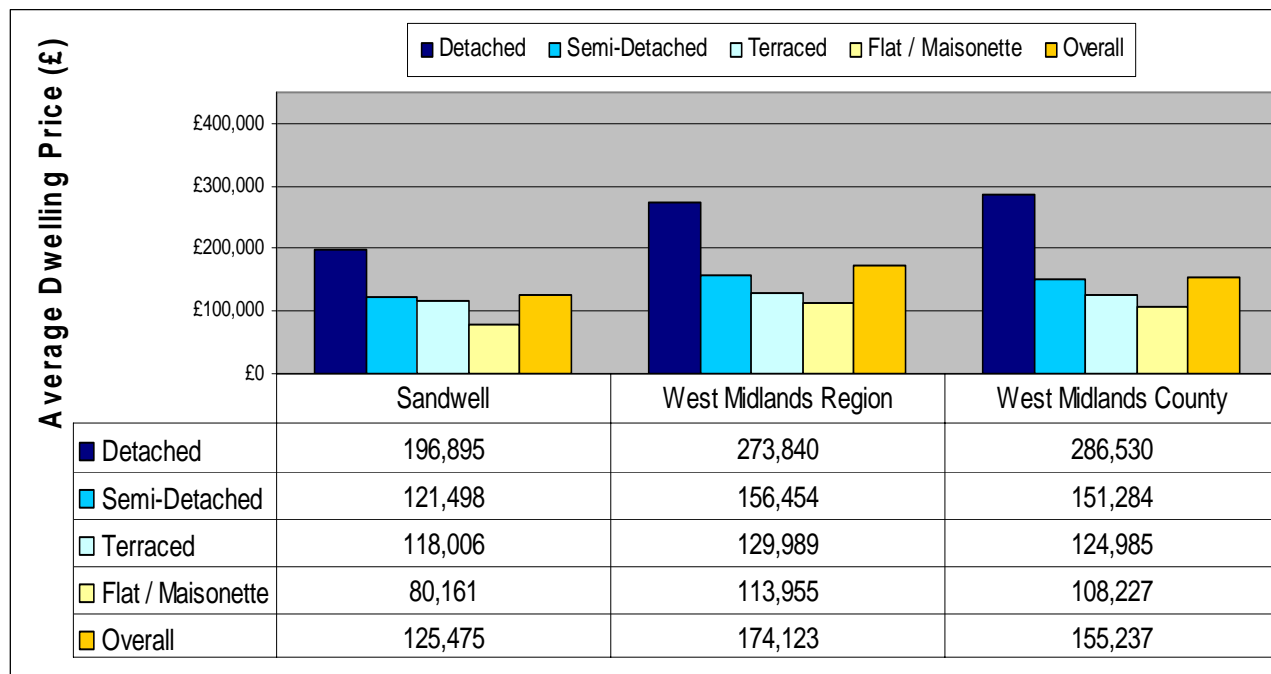
3.2 Housing Market Analysis

- 3.2.1 Two key data searches were commissioned to provide information on house price and sales volumes across the Borough:-
- the Land Registry, providing data on all sales in the area;
 - an Estate Agency survey to assess entry level prices and private rental costs in each of the six sub-areas in the Borough.
- 3.2.2 DCA have compared the change in property prices between the land registry data used in the previous study (Quarter 4, 2006) and the latest data available (Quarter 2, 2010).
- 3.2.3 The 2007 study also analysed house price change from Quarter 4 2002 to Quarter 4 2006. This SHMA update has compared house price change over the last 8 years, using the starting point in the 2007 Study of Q4 2002, to the current data available of Q2 2010.

3.3 Average House Prices

3.3.1 The latest data on average house prices during the second quarter of 2010 from Land Registry are summarised in Figure 3-1 below.

Figure 3-1 Average House Prices by Type, Q2 2010



Source: Land Registry Residential Property Price Report, Quarter 2 2010, © Crown Copyright

3.3.2 The average property price in Sandwell is £125,475 lower than the both the County and Regional prices.

3.3.3 The table below examines average house prices for Sandwell as recorded by the Land Registry at Q2 2010, compared with the average property prices at the time of the Sandwell Housing Needs and Demand Study at Q4 2006. The data is broken down by property type.

Table 3-1 2006 -2010 Average Sandwell Property Price by Type

Property Type	Sandwell		
	Average Q4 2006	Average Q2 2010	Change (%)
Detached	198,630	196,895	-0.9
Semi-detached	130,048	121,498	-6.6
Terraced	118,725	118,006	-0.6
Flat/ Maisonette	94,969	80,161	-15.6
All Properties	127,306	125,475	-1.4

Source: Land Registry Residential Property Price Report, Quarter 2 2010 & Quarter 4 2006, © Crown Copyright

3.3.4 Over the period Q4 2006 to Q2 2010, the average property price in Sandwell has declined by around 1.4%.

3.3.5 Flats / Maisonettes have seen the largest decrease at 15.6%. Terraced properties have seen the smallest decrease of 0.6% over the set period.

- 3.3.6 The 2007 Study examined the change in average property prices in the four year period between 2002 and 2006. The table below shows the change between Q4 2002 and Q4 2006 and also the change between Q4 2002 and Q2 2010 to show the extent to which house prices have changed in Sandwell in the last eight years.

Table 3-2 Average Property Price (Q4 2002 – Q2 2010)

Property Type	Sandwell				
	Average Q4 2002	Average Q4 2006	Change Q4 2002 to Q4 2006 (%)	Average Q2 2010	Change Q4 2002 to Q2 2010 (%)
Detached	134,919	198,630	+47.2	196,895	+45.9
Semi-detached	82,152	130,048	+58.3	121,498	+47.9
Terraced	69,070	118,725	+71.9	118,006	+70.8
Flat/ Maisonette	45,874	94,969	+107.0	80,161	+74.7
All Properties	81,856	127,306	+55.5	125,475	+53.3

Source: Land Registry Residential Property Price Report, Quarter 4 2002 to Quarter2 2010, © Crown Copyright

- 3.3.7 The data shows similar results in the change from Q2 2002 to Q4 2006 and the change from Q4 2002 to Q2 2010. Overall properties rose by 55.5% between Q4 2002 and Q4 2006 and by 53.3% from Q4 2002 to Q2 2010.

3.4 Sales Transactions

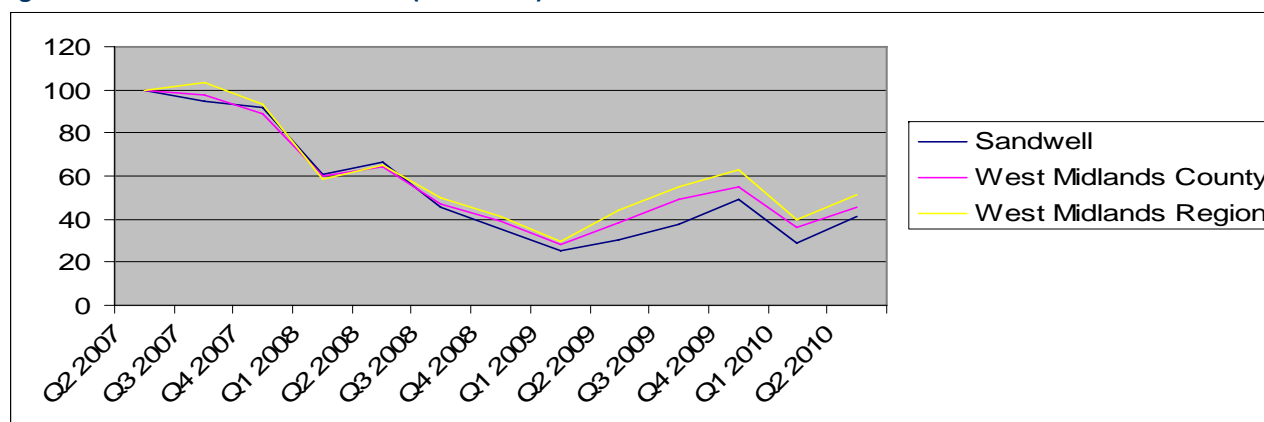
- 3.4.1 The table below shows the volume of sales per quarter between Quarter 2 2007 and Quarter 2 2010.
- 3.4.2 Overall the volume of sales per quarter has fallen in the three year period. Sales levels in the Sandwell area fell through to Q1 2008, with a slight increase in Q2 2008. From Q3 2008 sales levels fell throughout to Q2 2009 then increased in Q3 and Q4 2009. The first quarter of 2010 showed another decrease in sales and then there was an increase in Q2 2010.

Table 3-3 Absolute Trend in Sales Q2 2007 to Q2 2010

Area	Sales												
	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Sandwell	1,347	1,275	1,239	817	893	615	473	336	412	508	659	393	559
West Midlands County	12,059	11,763	10,753	7,202	7,732	5,673	4,725	3,399	4,628	5,891	6,594	4,394	5,534
West Midlands Region	25,085	25,980	23,312	14,771	16,321	12,430	10,309	7,424	10,978	13,794	15,732	9,908	12,912

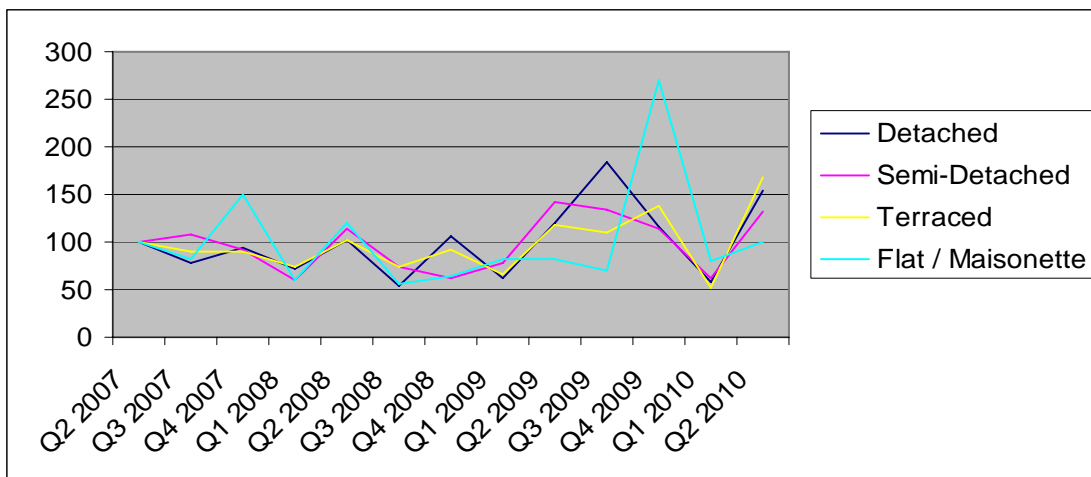
Source: Land Registry, Quarter 2 2007 to Quarter 2 2010

- 3.4.3 The trend in the absolute sales volumes recorded between 2007 and 2010 is shown in the graph below. The data has been indexed to give a common starting point (Q2 2007 = 100).
- 3.4.4 The data shows that the volume of sales per quarter in Sandwell and the benchmark areas decreased significantly between Q2 2007 and Q1 2008, before showing a slight increase in Q2 2008. The data shows a further dip in sales up to Q1 2009 before sales increase in the period up to Q4 2009. There is a decrease up to Q1 2010 where the data then shows an increase in sales through to Q2 2010.

Figure 3-2 Volume of Sales (2007-2010)

3.4.5 The chart below shows the sales transactions in Sandwell by property type for the three year period Q2 2007 – Q2 2010. The data in Figure 3-3 has been indexed to give a common starting point (Q2 2007 = 100). The actual quarterly sales figures between Q2 2007 and Q2 2010 can be found at **Appendix II**.

Figure 3-3 Sandwell Sales by Type (Q2 2007-Q2 2010)



3.5 The UK Mortgage Market

- 3.5.1 The Council of Mortgage Lenders' (CML) members are banks, building societies and other lenders who together undertake around 94% of all residential mortgage lending in the UK. They produce statistics research and public commentary on the market and the issues facing lenders.
- 3.5.2 The impact of the credit crunch was first felt in the UK in the mortgage lending industry with the demise of the Northern Rock in 2007. The major government support into the industry has assisted in providing stability; however there remains a major problem of a lack of funds to lend across virtually all lenders.
- 3.5.3 There has been a 15% increase in gross mortgage lending in June 2010, an estimated £13.1 billion in June from £11.4 billion in May and a 7% increase from June 2009.
- 3.5.4 The following table show the difference in gross mortgage lending over the past 9 years.

Table 3-4 Gross Mortgage Lending

Year	Total £m
2001	160,123
2002	220,737
2003	277,342
2004	291,258
2005	288,280
2006	345,355
2007	362,632
2008	254,023
2009	142,639

Source: CML Research, Bank of England



- 3.5.5 The Council of Mortgage Lenders (CML) states that there are signs of house prices stabilising and more properties coming onto the market following the elimination of home information packs. This could improve liquidity in the market but transaction levels are subdued and are likely to remain so while access to credit remains constrained.
- 3.5.6 House purchase lending declined slightly in August 2010 from the previous month by 8%. The 51,600 loans were up 3% from August 2009. The number of re-mortgage loans also declined in August 2010 by 13% from July 2010 and by 19% from August 2009.
- 3.5.7 The following table shows the full details of house purchase loans and re-mortgage loans from August 2009 to August 2010.

Table 3-5 Loans for house purchase and re-mortgage

	Number of house purchase loans	Value of house purchase loans £m	Number of re-mortgage loans	Value of re-mortgage loans £m
August 2010	51,600	7,700	25,000	3,000
Change from July 2010	-8%	-8%	-13%	-14%
Change from August 2009	+3%	+12%	-19%	-19%

Source: CML October 2010

- 3.5.8 Deposit criteria for first-time buyers has varied a little on a monthly basis throughout the year to date and appear to have eased again somewhat in August. First time buyers in August put down on average a 21% deposit, compared to 24% in July.
- 3.5.9 The low share in the market shows that getting a mortgage remains a problem for first time buyers who don't have a substantial deposit.
- 3.5.10 The latest data on loans specifically to first-time buyers is outlined below.

Table 3-6 Loans to first-time buyers 2009/2010

	Number of loans	Value of loans £m	Average loan to value	Average income multiple
August 2010	18,300	2,300	79%	3.17
Change from July 2010	-5%	-4%	76%	3.14
Change from August 2009	-3%	5%	75%	3.10

Source: CML October 2010

- 3.5.11 We found no available mortgage products from high street lenders at 95% to first time buyers or existing borrowers. Lenders are offering a 90% Loan to Valuation (LTV) mortgage over a fixed term, but most have high arrangement fees in excess of £700, with some as high as £1,500. The reality is the lower the deposit, the higher the interest rate.
- 3.5.12 Variable rate mortgages were mostly offered at 75% LTV as a minimum. Lloyds TSB did offer a 95% LTV to first time buyers, but relatives were to act as a guarantor to the loan and had to show £20,000 in savings to qualify.

3.6 Sandwell Market Sub-Area Breakdown

3.6.1 The Borough has been divided into the same six sub-areas used in the 2007 study to further analyse house prices and rental costs locally in the area. These are outlined in the table below:-

Sub-Area	Wards
West Bromwich	<i>Charlemont with Grove Vale, Great Barr with Yew Tree, Greets Green & Lyng, Hateley Heath, Newton, West Bromwich Central</i>
Smethwick	<i>Abbey, Smethwick, Soho & Victoria, St Pauls</i>
Oldbury	<i>Bristnall, Langley, Oldbury, Old Warley</i>
Rowley Regis	<i>Blackheath, Cradley Heath & Old Hill, Rowley, Tividale</i>
Tipton	<i>Great Bridge, Princes End, Tipton Green</i>
Wednesbury	<i>Friar Park, Wednesbury North, Wednesbury South</i>

3.7 Entry Sales Levels in Sandwell

- 3.7.1 Entry to the market is clearly dependent on availability, a factor which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.
- 3.7.2 First-time buyers as new entrants to the housing market do not purchase houses at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to enter local markets.
- 3.7.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%.
- 3.7.4 An internet search of the local estate agents was undertaken to ascertain the cost of the cheapest units available i.e. the lowest quartile stock costs for sale in each of the 6 sub-areas. These are detailed in the following table.

Table 3-7 Entry Sales Levels (£) in Sandwell Borough – October 2010

	1 Bed Flat	2 Bed Flat	2 Bed Terraced	3 Bed Terraced	2 Bed Semi-Detached	3 Bed Semi-Detached
West Bromwich	64,995	79,950	94,950	125,000	94,950	152,500
Smethwick	62,965	89,995	115,000	149,950	114,950	147,995
Oldbury	79,995	89,950	95,000	121,000	95,000	143,950
Rowley Regis	59,950	60,000	90,000	99,950	95,000	120,000
Tipton	54,950	62,500	86,950	105,500	104,950	124,950
Wednesbury	64,995	82,995	85,000	99,950	99,995	119,995
Borough-Wide	62,500	79,950	90,000	112,950	99,950	129,950

Source: DCA House Price Survey October 2010

- 3.7.5 Although the average price of flat / maisonette properties in Sandwell according to the Land Registry survey is £125,475, entry sales levels vary across the Borough. The lowest entry prices, start at around £54,950 for a 1-bed flat in Tipton, rising to £64,995 in West Bromwich and Wednesbury. The entry level price for a 2-bed flat / maisonette starts at £60,000 in Rowley Regis and rises to £89,995 in the Smethwick area.
- 3.7.6 Entry level prices for a 2 bed terraced property start at £85,000 in Wednesbury rising to £115,000 in Smethwick. The entry level price for a 3 bed terraced property starts at £99,950 in Rowley Regis and Wednesbury and rises to £149,950 in Smethwick.
- 3.7.7 2 bed semi-detached properties can be purchased for £94,950 in West Bromwich and rise to £114,950 in Smethwick. Entry level prices for a 3 bed semi-detached property start at £119,995 and rise to £152,500 in West Bromwich.

3.8 The Private Rented Sector

- 3.8.1 DCA undertook a survey of the main estate / letting agents in each area to gather data on the entry rent levels for each sub-area, set out below.

Table 3-8 Average and Entry Rent Levels, October 2010 (£ p/m)

Property Type	West Bromwich		Smethwick		Oldbury	
	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	364	300	399	350	415	375
2-Bed Flat	515	500	513	495	494	475
2-Bed Terraced	512	475	505	495	462	450
3-Bed Terraced	528	495	571	550	525	475
2-Bed Semi-detached	516	495	531	500	516	485
3-Bed Semi-detached	561	550	655	550	586	500

Property Type	Rowley Regis		Tipton		Wednesbury		Borough-Wide	
	Average	Entry	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	377	350	359	300	363	350	380	350
2-Bed Flat	465	410	457	450	487	450	489	470
2-Bed Terraced	*475	*425	477	435	455	450	492	475
3-Bed Terraced	575	525	530	495	546	450	554	525
2-Bed Semi-detached	517	500	493	450	523*	*495	515	495
3-Bed Semi-detached	570	550	567	550	532	525	582	525

* Low level of data

Source: DCA House Price Survey, October 2010

- 3.8.2 Entry rental costs in the private rented sector vary by location within the Borough.
- 3.8.3 The private rented sector entry level rents are £300 per month in West Bromwich and Tipton, rising to £375 in Oldbury for a one bedroom flat, the smallest unit.
- 3.8.4 Entry level rents for a 2-bed flat range from £410 in Rowley Regis rising to £500 in West Bromwich.
- 3.8.5 In the case of 2-bed terraced houses, entry rent levels range from £425 per month in Rowley Regis, rising to £495 in Smethwick.
- 3.8.6 3-bed terraced properties rents are from £450 per month in Wednesbury, rising to £550 in Smethwick.

4 HOUSING COSTS AND INCOME

4.1 Introduction

4.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and households income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from the research detailed in Section 3.7 and the change in incomes from the 2007 study.

4.2 Purchase Income Thresholds

4.2.1 The cheapest entry levels (lowest quartile) of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3.5x gross income lending ratio for single earner households and 2.9x gross household income for dual income households, the levels recommended in the 2007 Strategic Housing Market Assessments – Practice Guidance (page 42).

4.2.2 In practice, lending ratios are now much lower with no 95% loan to valuation mortgages available in the market, a situation expected to continue for some time. With the majority of mortgage lenders offering only 75% LTV buyers may have an income to support the mortgage but do not have a 25% deposit. See paragraphs 4.2.7 and 4.2.8.

4.2.3 Table 4-1 and Table 4-2 below outline the income ranges needed to enter the market in the 6 sub-areas for single and dual households using the Guidance recommended lending ratios of 95%.

Table 4-1 Single Income Thresholds – October 2010

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
West Bromwich	17,600	21,700	25,800
Smethwick	17,100	24,400	31,200
Oldbury	21,700	24,400	25,800
Rowley Regis	16,300	16,300	24,400
Tipton	14,900	17,000	23,600
Wednesbury	17,600	22,500	23,100
Borough-Wide	17,000	21,700	24,400

Table 4-2 Dual Income Thresholds – October 2010

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
West Bromwich	21,300	26,200	31,100
Smethwick	20,600	29,500	37,700
Oldbury	26,200	29,500	31,100
Rowley Regis	19,600	19,700	29,500
Tipton	18,000	20,500	28,500
Wednesbury	21,300	27,200	27,800
Borough-Wide	20,500	26,200	29,500

Source: DCA House Price Survey October 2010 Note: Figures rounded to nearest hundred.

- 4.2.4 According to the data collated from the house price survey, entry level prices for flats require a single income of £14,900 in Tipton for a 1-bed flat and rise to £21,700 in Oldbury. Entry income levels for 2-bed flats start at £16,300 in Rowley Regis and rise to £24,400 in the Smethwick and Oldbury areas.
- 4.2.5 The income needed to buy the entry level terraced properties vary across the Borough with the lowest entry prices for a 2-bed terraced property, starting at around £23,100 in Wednesbury rising to £31,200 in Smethwick.
- 4.2.6 On average 47.7% of concealed households earn below the entry level income requirement as a single household alone for a 1 bed flat in Tipton, the cheapest market area (See Table 4-9). The ability of concealed households to access the market within the Borough in 2010 is still very limited.
- 4.2.7 These levels are therefore theoretical as mortgage lending to first time buyers is generally still at a level of around 75%. The key problem of affordability now focuses on the availability of a large deposit rather than income levels and lending multipliers.
- 4.2.8 On average a deposit of around £15,625 would be required to buy a one bed flat in the Borough and £20,000 for a two bed flat. A deposit of around £22,500 would be needed for a two bedroom terraced house in the Sandwell market.
- 4.2.9 The data from the re-weighted survey shows that 62.0% of concealed household have savings of less than £1,000 and 18.6% have between £1,000 and £5,000 for a deposit. Only 6.0% had in excess of £15,000 and on the basis of savings levels 94.0% will not be able to buy.
- 4.2.10 We have no evidence that parents or relatives in the Borough have resources available to provide this level of deposit for their children. Current forecasts of increases in unemployment and further house price falls in 2010 create uncertainty in the market.
- 4.2.11 New entrants to the market are therefore restricted to private rent whether they want to be in that sector or not even if there was an available supply of private rented housing.
- 4.2.12 The PPS3 Guidance for eligibility to access subsidised affordable housing is an inability to buy or rent in the private market, without assistance. Ultimately, because costs are lower this virtually always means the cost and incomes in the private rented sector are used.
- 4.2.13 The inability to rent in the private sector without assistance is the basis of the calculation of those requiring affordable housing in section 7.9.

4.3 Rental Income Thresholds

- 4.3.1 The cheapest rental prices of the smallest units in the Borough were assessed in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income (equivalent to 30% of net income). Table 4-3 below shows the income levels needed to access the private rented market in Sandwell.

Table 4-3 Rental Income Thresholds – October 2010

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
West Bromwich	14,400	24,000	22,800
Smethwick	16,800	23,800	23,800
Oldbury	18,000	22,800	21,600
Rowley Regis	16,800	19,700	20,400*
Tipton	14,400	21,600	20,900
Wednesbury	16,800	21,600	21,600
Borough-Wide	16,800	22,600	22,800

Source: DCA House Price Survey October 2010

* Low Level of Data

Note: Figures rounded to nearest hundred

- 4.3.2 The cheapest property in the Borough to rent is in West Bromwich and Tipton and requires an income threshold of £14,400.
- 4.3.3 To rent a two bedroom flat requires an income of £19,700 in Rowley Regis and for a two bed terraced property requires an income of £20,400 in the same area.

4.4 Secondary Research

- 4.4.1 To assess the affordability of private sector housing in Great Britain, this 2010 update sets out the findings from the 2008 study by Professor Steve Wilcox 'Can't Supply: Can't buy'. The 2008 Hometrack report follows a similar analysis to the previous 2007 report 'Can't Buy : Can Rent' and builds on earlier analysis carried out for the Joseph Rowntree Foundation on home owner affordability in 2002, 2003, 2004 and 2005.
- 4.4.2 The 2008 report sets out affordability measures for home ownership and for private rented housing. The study uses Hometrack data for House Prices based on an even mix of 2 / 3 bedroom dwellings and calculates affordability ratios based on household earnings.
- 4.4.3 It also compares the cost of renting and buying using Hometrack data on both house prices and private rents. The main improvement in the 2008 report is that it examines the proportion of younger working households in each area that can afford to rent, even if they cannot afford to purchase locally.
- 4.4.4 The report highlights the growth of the 'buy to let' mortgage market in the UK and its importance in the housing market over the last decade. In 2007, there were 346,000 new 'buy to let' mortgage advances recorded in the UK, almost matching the 358,000 mortgage advances to first time buyers during that time.

- 4.4.5 While house prices have tripled since 1994, private sector rents have only increased in line with earnings over that time, therefore the costs of renting have declined relative to the costs of buying.
- 4.4.6 In the UK as a whole in 2003, ratios of mortgage advances to incomes only exceeded 3.75:1 in about a quarter of all cases where only a single income was taken into account and 3.25:1 where more than one income was taken into account.
- 4.4.7 Lender practices vary in terms of defining incomes required to purchase, but a typical example would be 3 times the annual gross income depending on the number in the household. Lender practice is changing however, in response to the sharp reductions in interest rates and advance to income ratios have increased over the last few years.
- 4.4.8 As a whole, the UK average house price to household earnings ratio was 4.70:1. It was the highest in London (6.11:1) and the lowest in the East Midlands (3.75:1).
- 4.4.9 The 2008 Report shows that the West Midlands has a house price to earnings ratio of 3.97:1 and the ratio in Sandwell is 3.90:1.
- 4.4.10 Table 4-4 highlights the data and house price to income ratio for Sandwell and the West Midlands.

Table 4-4 Purchase Income Thresholds

Area	Working Households		
	2007 Prices	Income	Ratio
Sandwell	123,693	31,727	3.90
West Midlands	146,575	36,964	3.97

Source: Can't Supply: Can't buy 2008 Report

- 4.4.11 The 2008 Report 'Can't Supply: Can't Buy' also relates to the ability of the intermediate market to assist younger working households to buy in their local housing market.

Table 4-5 Working Households Unable to Buy

Area	Working Households	
	Broad IHM * (%)	Narrow IHM ** (%)
Sandwell	38.4	16.6
West Midlands	41.3	22.0

Source: Can't Supply: Can't Buy' Report 2008

* The proportion of working households unable to purchase at lower quartile house prices for two and three bedroom dwellings.

** The proportion of working households who can afford to pay social rent without housing benefit but cannot afford to purchase at the lowest decile point of house prices for two- and three-bedroom dwellings.

- 4.4.12 The data shows that for Sandwell 38.4% of working households cannot afford to buy at the lower quartile point of house prices i.e. the cheapest 25%, and of these, 16.6% cannot afford to buy in the lowest decile, the cheapest 10% of prices.

- 4.4.13 The 2008 Report provides Hometrack data on private rents as well as owner occupied housing. This makes it possible to compare private rents with house prices along with the costs of purchase. The analysis for both private rents and house prices are based on 2 / 3 bedroom dwellings to make the data comparable.
- 4.4.14 The average private rent for 2 / 3 bedroom dwellings in England in 2007 was £814 per month and £654 per calendar month in the West Midlands. Monthly rents in Sandwell in 2007 were significantly higher at £939 per calendar month.
- 4.4.15 The table below shows the comparisons between the monthly mortgage costs and rental costs between Sandwell and the West Midlands Region.

Table 4-6 Mortgage / rental costs per month

Area	Monthly Mortgage costs (£)	Mortgage costs as a % of earnings	Monthly Rents (£)	Rents as a % of earnings
Sandwell	783	29.6	939	35.5
West Midlands	928	30.1	654	21.2

Source: Can't Supply: Can't Buy' Report 2008

- 4.4.16 The Hometrack data shows that monthly mortgage costs in Sandwell account for 29.6% of the household earnings compared with 35.5% in rental costs. In the West Midlands, monthly mortgage costs account for 30.1% of the household earnings compared with 21.2% of rental costs.
- 4.4.17 According to the 2007 data, it is cheaper to buy than to rent an equivalent sized dwelling in the local area.

4.5 Annual Survey of Hours and Earnings

- 4.5.1 Income data is always difficult to gather at local level. The 2009 Annual Survey of Hours and Earnings (ASHE) has been used, prepared by the Office for National Statistics (formerly known as the New Earnings Survey). This provides data at County and District-wide level of full-time employees of adult rates who have been in the same job for more than a year.
- 4.5.2 The ASHE 2009 published shows a median income of £21,714 for Sandwell, a 6.8% increase on the 2007 ASHE figure of £20,333.
- 4.5.3 Analysis has also been undertaken of the income levels of local households, in order to assess the proportion of people now able to access market housing. This has been based on the updated house price information detailed in Section 3.
- 4.5.4 The table below highlights the incomes of existing households from the 2007 Study and current 2010 incomes.
- 4.5.5 The average incomes for Sandwell have increased by 6.8% between 2007 ASHE and 2009 ASHE data, a period of 12 quarters, an average of 0.57% per quarter. As the 2007 income data was collected in June 2007 (Quarter 2) and this update was conducted in Q3 2010 (14 quarters), the annual income boundaries taken from the 2007 Study have an income inflation of 7.98% applied to cover the 14 quarters to determine the 2010 annual income boundaries for Sandwell (14 x 0.57%).

Table 4-7 Incomes of Existing Households 2007 & 2010

Annual Income 2007*		Annual Income 2010**		%	
Below	£10,000	Below	£ 10,798	37.1	
£10,000 - £15,000		£10,798 - £ 16,197		15.0	
£15,001 - £20,000		£16,198 - £ 21,596		11.0	
£20,001 - £27,500		£21,597 - £ 29,695		10.9	
£27,501 - £32,500		£29,696 - £ 35,094		9.1	
£32,501 - £40,000		£35,095 - £ 43,192		7.0	
£40,001 - £50,000		£43,193 - £ 53,990		4.6	
£50,001 - £60,000		£53,991 - £ 64,788		2.8	
£60,001 - £75,000		£64,789 - £ 80,985		1.6	
Above		Above		£ 80,985	0.9
Total				100.0	

Source: * 2007 Sandwell Study

** Re-weighted survey data

- 4.5.6 Table 4-8 below highlights the 2007 and 2010 incomes of concealed households (new forming) from the 2007 Study. The 2007 annual income bands taken from the 2007 Study have an income inflation of 7.98% applied to determine the 2010 annual income levels.

Table 4-8 Incomes of Concealed Households 2007 & 2010

Annual Income 2005		Annual Income 2010		%	
Below	£10,000	Below	£10,798	36.3	
£10,001 - £15,000		£10,799 - £16,197		15.0	
£15,001 - £20,000		£16,198 - £21,596		11.6	
£20,001 - £22,500		£21,597 - £24,296		3.7	
£22,501 - £27,500		£24,297 - £29,695		13.4	
£27,501 - £32,500		£27,696 - £35,094		4.6	
£32,501 - £40,000		£35,095 - £43,192		0.0	
£40,001 - £45,000		£43,193 - £48,591		0.0	
£45,001 - £50,000		£48,592 - £53,990		0.0	
£50,001 - £60,000		£53,991 - £64,788		0.7	
£60,001 - £75,000		£64,789 - £80,985		5.0	
Above		Above		£80,985	9.7
Total				100.0	

- 4.5.7 Table 4-9 below outlines the incomes required by concealed households to access owner occupation based on the lowest purchase single income thresholds across the Borough for 1 and 2-bed flats properties and 2-bed terraced properties.
- 4.5.8 Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one and two bedroom housing in the lowest quartile cost stock across the Borough.

Table 4-9 Concealed Households – Incomes Needed to Buy (Single Income) and % Unable to Buy

Type of Property	Area	Income Required	% unable to buy
1-bed Flat	Tipton	£14,900	47.7
2-bed Flat	Rowley Regis	£16,300	51.5
2-bed Terraced	Wednesbury	£23,100	65.1

4.5.9 Using the income requirements from Table 4-1 (single income), Table 4-9 shows that 47.7% of concealed households (new forming) are unable to buy the cheapest 1-bed flat in Tipton and 51.5% are unable to buy the cheapest 2 bed flat in Rowley Regis.

4.5.10 65.1% of concealed households were unable to buy the cheapest 2-bed terraced house in Wednesbury.

4.5.11 Table 4-10 below outlines the income required by concealed households to access private rental based on the lowest rental income thresholds across the Borough for 1 and 2-bed flats and 2 bed terraced properties, as illustrated in Table 4-3.

Table 4-10 Concealed Households – Incomes Needed to Rent and % Unable to Rent

Type of Property	Area	Annual Income Required	% Unable to rent
1-bed Flat	West Bromwich / Tipton	£14,400	41.3
2-bed Flat	Rowley Regis	£19,700	58.7
2-bed Terraced	Rowley Regis	£20,400	60.3

4.5.12 The data shows that 41.3% of concealed households cannot afford to rent a 1-bed flat in West Bromwich and Tipton, the cheapest area, and on average 52.6% cannot afford to rent one bedroom flats across the Borough.

4.5.13 58.7% are excluded from renting a 2-bed flat in Rowley Regis and 60.3% of concealed households are excluded from renting a 2 bed terraced property in the same area.

4.5.14 Based on the incomes of concealed households and their requirements for one and two bedroom properties, 58.7% of concealed households could not afford to access private rent across the Borough.

- 4.5.15 Table 4-11 below highlights the 2007 and 2010 incomes of recently formed households from the 2007 Study. The 2007 annual income bands taken from the 2007 Study have an income inflation of 7.98% applied to determine the 2010 annual income levels.

Table 4-11 Income of Recently Formed Households (formed 2004-2007)

Annual Income 2007		Annual Income 2010		%
Below	£10,000	Below	£ 10,798	16.0
£10,000 - £15,000		£10,798 - £ 16,197		13.1
£15,001 - £20,000		£16,198 - £ 21,596		10.5
£20,001 - £27,500		£21,597 - £ 29,695		12.9
£27,501 - £32,500		£59,696 - £ 35,094		12.8
£32,501 - £40,000		£35,095 - £ 43,192		15.3
£40,001 - £50,000		£43,193 - £ 53,990		9.6
£50,001 - £60,000		£53,991 - £ 64,788		7.2
£60,001 - £75,000		£64,789 - £ 80,985		0.8
Above	£75,000	Above	£ 80,985	1.8
Total				100.0

- 4.5.16 The following table outlines the incomes required by recently formed households to access owner occupation based on the lowest purchase single income thresholds across the Borough for 1 and 2-bed flats properties and 2-bed terraced properties.

Table 4-12 Newly Formed Households – Incomes Needed to Buy and % Unable to Buy

Type of Property	Area	Income Required	% unable to buy
1-bed Flat	Tipton	£14,900	26.0
2-bed Flat	Rowley Regis	£16,300	29.3
2-bed Terraced	Wednesbury	£23,100	47.3

- 4.5.17 Table 4-13 below outlines the income required by recently formed households to access private rental based on the lowest rental income thresholds across the Borough for 1 and 2-bed flats and terraced properties, as illustrated in Table 4-3.

Table 4-13 Newly Formed Households – Incomes needed to Rent and % unable to Rent

Type of Property	Area	Income Required	% Unable to rent
1-bed Flat	West Bromwich / Tipton	£14,400	24.8
2-bed Flat	Rowley Regis	£19,700	36.0
2-bed Terraced	Rowley Regis	£20,400	37.3

- 4.5.18 The income levels of recently formed households suggest that 41.5% of new forming households could not afford to rent one and two bedroom flats and terraced properties in the private sector.

5 POPULATION GROWTH & HOUSEHOLD PROJECTIONS

5.1 Introduction

- 5.1.1 Changes in population and household profiles are essential in enabling an understanding of the level of housing need and demand within an area. Monitoring population and household forecasts allow the council to see if any significant changes are occurring that could affect the Sandwell housing market.
- 5.1.2 Demographic change creates the need for different levels and types of housing provision and is a key factor influencing the requirements for market and affordable housing. Migration can be an important factor in demographic structure.
- 5.1.3 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in Sandwell, particularly the changes in:-
- the age distribution of the population arising from births, deaths and ageing of the indigenous population;
 - family units such as marriage, divorce and child bearing patterns;
 - the number and composition of households arising from migration, particularly due to employment opportunities in the area;
 - the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.
- 5.1.4 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).
- 5.1.5 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building / demolition programmes and the age-sex structure of migrants.

5.2 Updating the Sandwell Population and Household Forecasts

- 5.2.1 The demographic forecasts used in the 2007 study were the ONS 2004 based sub-national population projections.
- 5.2.2 This 2010 update uses the 2008-based Office for National Statistics (ONS) population forecasts published on the 27th May 2010 and CLG household projections for the period 2008 to 2033.
- 5.2.3 Being trend based projections, assumptions for future levels of births, deaths and migration are based on observed levels; mainly over the previous five years (2003 to 2008). They show what the population will be if recent trends continue.

- 5.2.4 The projections are produced on a consistent basis across all local authorities in England. They do not take into account any future policy changes or local development policies that have not yet occurred.
- 5.2.5 These projections are produced periodically by the Government and use the 2008 mid year estimate as their starting point. They assume the continuation of current trends in fertility and mortality and migration moves into and out of the area. They do not reflect change due to future housing development in the area.
- 5.2.6 The projections in Table 5-1 outline the population change between 2008 and 2033.

Table 5-1 Population Change in Sandwell, 2008 – 2033

	2008	2013	2018	2023	2028	2033	Change
Total Population	288,700	295,200	303,300	311,800	319,600	327,300	
Change		+6500	+8,100	+8,500	+7,800	+7,700	+38,600
% Change		+2.3	+2.7	+2.8	+2.5	+2.4	+13.4

Source: ONS 2008-based sub-national population projections (Published 27th May 2010)

- 5.2.7 The table shows a forecast increase in the population of Sandwell of 38,600 people (13.4%) over the forecast period to 2033. This is lower than the forecast rise in population of 18.0% nationally and 14.2% in the West Midlands region.
- 5.2.8 The next stage in the forecast is to disaggregate the Sandwell population data into age bands because there may be changes in the population structure with significant housing implications.

Table 5-2 Population Age Band Forecast, Sandwell, 2008 – 2033

	2008	2013	2018	2023	2028	2033	Change
0 - 19	75,900	76,800	79,800	83,600	84,800	85,500	+12.6
20 – 29	38,400	41,200	39,700	37,100	38,100	41,200	+7.3
30 - 44	62,300	59,300	60,500	65,400	66,800	64,800	+4.0
45 - 64	66,200	70,500	74,100	73,900	73,600	74,100	+11.9
65 +	46,000	47,300	49,100	51,800	56,000	61,700	+34.1
Total	288,700	295,200	303,300	311,800	319,600	327,300	+13.4
% Change		+6500	+8,100	+8,500	+7,800	+7,700	+38,600

Source: ONS 2008-based sub-national population projections

Figures are rounded to the nearest 100 so totals may not agree with the sum of their rounded counterparts.

- 5.2.9 The 0-19 age range shows an increase of 9,600 people (+12.6%). Numbers rise throughout the forecast period.
- 5.2.10 The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a rise of 2,800 (+7.3%).
- 5.2.11 The 30-44 age group, the main economically active and household forming and moving group also shows a rise of 2,500 (+4.0%).
- 5.2.12 The 45-64 age group shows an increase in numbers of 7,900 people (11.9%).

- 5.2.13 The most significant feature is the growth of the population in the over 65 age group with an increase of 15,700 people (+34.1%) over the forecast period.
- 5.2.14 Table 5-3 below shows the 65+ age structure breakdown to 2033. Within the older age group, numbers of people aged 85 to 89 increase by 46.5% and the 90+ increase by 3,200 (+188.2%) up to 2033.
- 5.2.15 The whole 85+ group increase by 86.7% to 11,200 people, 5,200 more people over this period. Given the resource demands often associated with very elderly people, these are very significant figures.

Table 5-3 Numbers of 65 + in Sandwell, 2008 – 2033

	2008	2013	2018	2023	2028	2033	Change (%)
65-69	12,700	13,300	13,000	13,400	15,300	17,100	+34.6
70-74	11,300	11,200	12,000	11,800	12,200	14,000	+23.9
75-79	9,300	9,500	9,600	10,400	10,300	10,800	+16.1
80-84	6,700	6,900	7,400	7,800	8,500	8,600	+28.4
85-89	4,300	4,100	4,500	5,200	5,600	6,300	+46.5
90+	1,700	2,300	2,600	3,200	4,100	4,900	+188.2
Total	46,000	47,300	49,100	51,800	56,000	61,700	
% Change		+2.8	+3.8	+5.5	+8.1	+10.2	+34.1

Source: ONS 2008-based sub-national population projections

5.3 Forecast Change in Households

- 5.3.1 Table 5-4 below outlines the household forecasts for Sandwell from 2006 to 2031.
- 5.3.2 The household projections were sourced from CLG and are 2006 based ONS sub-regional household projections.

Table 5-4 Forecast Change in Households in Sandwell, 2006 – 2031

	2006	2011	2016	2021	2026	2031	Change
Households	119,000	123,000	129,000	135,000	140,000	145,000	
Household change		+4,000	+6,000	+6,000	+5,000	+5,000	+26,000
% Change		+3.4	+4.9	+4.7	+3.7	+3.6	+21.8

Source: CLG

- 5.3.3 There is predicted to be 26,000 (21.8%) more households in Sandwell in 2031 than in 2006.

6 FUTURE SIZE OF AFFORDABLE HOUSING

6.1 Property Type and Size Targets

6.1.1 The overall affordable housing target and the need for different types and sizes in the affordable sector have been provided to assist Planning and Housing Officers to support delivery of the types of housing to create a better balance in the local stock.

Affordable Sector

6.1.2 A major factor in decisions determining the tenure mix between social rented and intermediate housing on each site is the current local supply of social rented and shared ownership units.

6.1.3 Future development has to address current and future requirements by stock type and size, and both by tenure and location to create a more sustainable and better balanced housing market across the Borough and the wider market area.

6.1.4 Local Development Documents need to provide targets on the size of future affordable housing units required. Stock balance, turnover and waiting list demand analysis are vital to identify the gaps in the stock and the proportions by type and size required to address current and future need.

6.1.5 The following table provides an up-dated analysis of the social stock by bedroom size and the levels of registered need and actual supply from turnover at October 2010.

Table 6-1 Social Stock, Waiting List Demand and Social Turnover

Stock Size	Social Stock*		Waiting List (LA) *		Social Stock Turnover *		Demand v. Supply
	Nos.	%	Nos.	%	Nos.	%	
1-bedroom	7,835	25.9	6,263	47.1	978	34.6	6.4 : 1
2-bedrooms	8,247	27.3	3,456	26.0	1,083	38.4	3.2 : 1
3-bedrooms	13,507	44.7	1,832	13.8	722	25.6	2.5 : 1
4+ bedrooms	625	2.1	1,746	13.1	39	1.4	44.8 : 1
Total	30,214	100.0	13,297	100.0	2,822	100.0	

Sandwell Council data (2010)

6.1.6 The ratio of waiting list demand to supply is the number of years it would take for the waiting list for individual property sizes to be met through the turnover of the existing stock. This also makes the extreme assumption that there was no future need other than the current backlog, which clearly will not be the case.

- 6.1.7 Even if no future new need arose, it would take over:-
- Over 6 years to meet the requirements for 1-bed properties;
 - Over 3 years to address the 2-bedroom requirement;
 - Two and a half years to address the 3-bedroom stock requirement;
 - Almost 45 years to meet the need for larger 4 or more bedroom family units.
- 6.1.8 Generally, 73% of turnover is from 1 and 2 bedroom units, similar to the level of need for these units on the waiting list.
- 6.1.9 Although 1 bedroom units are 47% of the waiting list, significantly the highest need in terms of unit numbers, a number of factors need to be considered in determining targets by size which clearly also influence property type.
- 6.1.10 Small units turn over significantly more regularly in the existing stock than family units and the waiting list, in particular for one bedroom properties contains a large number of households who have very low priority, or are older households registering for sheltered housing as insurance for a future potential need.
- 6.1.11 These factors are important in judging future delivery to meet priorities rather than arithmetic scale of recorded need. The important factor is to meet priority needs and there is still a requirement for 1-bedroom units to meet the needs of young, single, homeless households in the Borough.
- 6.1.12 RSL's are not keen, and in most areas not prepared, to finance new one bedroom units which in use terms have not proved to be sustainable. Grant funding through the HCA recognises the issue of need versus demand for 1-bed units. Generally funding is available for 2-bed units, recognising the higher demand and greater flexibility of this size of accommodation.
- 6.1.13 Allocation policy flexibility on two bedroom units for couples without children can provide more effective use of the stock than purely needs based rules.
- 6.1.14 The 3 bedroom property re-let supply to meet the needs of families of this size is 25.6% of turnover, although these units are nearly 45% of the stock. There is significant potential to meet the 3 bedroom requirements from improved stock turnover.
- 6.1.15 Although numerically less significant than the scale of small unit need, four bedroom or more unit needs are the most difficult to address. They are the smallest in terms of numbers but the scale of need is almost three times the whole stock of these units.
- 6.1.16 This need is the most difficult to resolve due to extremely low turnover levels with only 39 units, just over 2% of the waiting list need, becoming available in the year to March 2010. These households must also be currently over-crowded and therefore a priority needs group.
- 6.1.17 There is a major difficulty in the 5 or more bedrooms needs group, as there are 745 households on the waiting list and only one re-let in the last year from the total stock of 14 units of this size. This is a significant problem and will be difficult to resolve.

- 6.1.18 Based on stock and re-let levels many larger families on the waiting list, currently over-crowded, will not require a family unit by the time it becomes available unless there is a significant change in turnover rates or there are stock conversions and extensions or new units are added to the stock.
- 6.1.19 In view of the current stock balance, the scale of likely annual new provision and the requirement to address priority household need, a lower level of future delivery in the affordable sector should be for small units of one and two bedrooms than the current need levels of around 73%.
- 6.1.20 Future delivery targets could be 50% flats and terraced houses for single / couple and small family households, mainly two bedrooms.
- 6.1.21 A level of 50% could be considered to address the needs of larger families, 20% three and 30% four bedroom houses.

6.2 Under and Over-occupation

- 6.2.1 The assessment of under / over occupation by tenure revealed some disparity between tenure types as indicated at below.
- 6.2.2 The overall over-occupation level of 5.0%, representing 6,152 implied households, was well above the average UK level indicated by the Survey of English Housing Preliminary Report 2007 / 08 of 2.7%.

Table 6-2 Under / Over-Occupation by Tenure

Tenure	% Under-Occupied	% Over-Occupied
Owner Occupied (With Mortgage)	30.7	5.6
Owner Occupied (No Mortgage)	54.6	4.0
Private Rented	14.5	6.7
Council Rented	18.9	5.2
HA Rented	6.3	1.9
Borough	31.2	5.0

- 6.2.3 The levels of over-occupation were generally high across all the main tenure types other than HA rented at 1.9% representing 90 households. The Council rented level of 5.2% suggests around 1,630 totalling 1,720 over-crowded households in the social sector.

Social Stock Under occupation

- 6.2.4 Under occupation within the owner occupied no mortgage sector (54.6%), which will include a higher proportion of elderly households, was below the 61% found in recent DCA surveys, but well above the average for Sandwell.
- 6.2.5 Under-occupation in the social rented sectors (especially in the HA rented sector) was low in comparison to the all tenure average and the owner occupied forms of tenure as might be expected. The level found in the Council rented sector of 18.9% would suggest around 5,750 properties.

- 6.2.6 The RSL sector level is lower at 6.3% but still represents 280 properties, a total social sector level of 6,030 properties under-occupied by two or more bedrooms.
- 6.2.7 There is clearly scope to identify older people who could be more satisfactorily housed in smaller or specialist accommodation, both to meet their needs and make better use of the existing stock.

Intermediate Housing Sector

- 6.2.8 The intermediate sector of the housing market has increased in importance because despite the impact of the recession on prices, affordability is still a major issue for both new forming and for some existing households and tenure mix is a key factor in viability.
- 6.2.9 The survey data identified that the majority of need is for one and two bedrooms. However, there is strong interest in three bedroom units from existing households which often relates to relationship breakdown and should be monitored locally.
- 6.2.10 The property size target balance in this sector could be 25% one bedroom and 50% two bedroom and 25% three bedroom units.

6.3 RECOMMENDATIONS

Social stock Size Targets

- In view of the current stock balance, the scale of likely annual new provision and the requirement to address priority household need, a level of 50% of future delivery in the affordable sector, mainly two bedroom units, lower than current needs level of 73%.
- To address the requirements for families who are over-crowded in the social sector and particularly those who have high levels of priority, it is recommended that 50% of future supply is for 3 and 4 bed houses, 20% 3 bedrooms and 30% 4 bedrooms.

Housing Strategy

- Meeting the social rented accommodation requirements of families and those with priority needs should be as important as the larger scale numerical need for smaller units for single and couple households.
- Although it is recognised that in practice it is difficult to achieve, addressing the under-occupation of over 6,000 three and four bedroom social rented properties should be a strategic housing priority across the Borough.
- There is a major problem in the lack of stock supply of five or more bedrooms which needs to be addressed by extensions or conversions.
- This is a key issue for Housing Strategy to consider, both to make best use of the housing stock and address the needs of over 1,700 over-crowded families in this sector.

7 CLG NEEDS ASSESSMENT MODEL

7.1 Introduction

7.1.1 The SHMA Guidance indicates that housing partnerships should estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. Table 7-1 outlines the types of housing considered unsuitable.

Table 7-1 Types of Housing Deemed Unsuitable

Unsuitable Housing	
Homeless households or insecure tenure	Homeless households
	Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense
Mismatch of housing need and dwellings	Overcrowded according to the 'bedroom standard'
	Too difficult to maintain (e.g. too large) even with equity release
	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
Dwelling amenities and condition	Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ
	Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)
Social Needs	Subject to major disrepair or unfitness and household does not have the resources to make fit (e.g. through equity release or grants)
	Harassment from others living in the vicinity which cannot be resolved except through a move

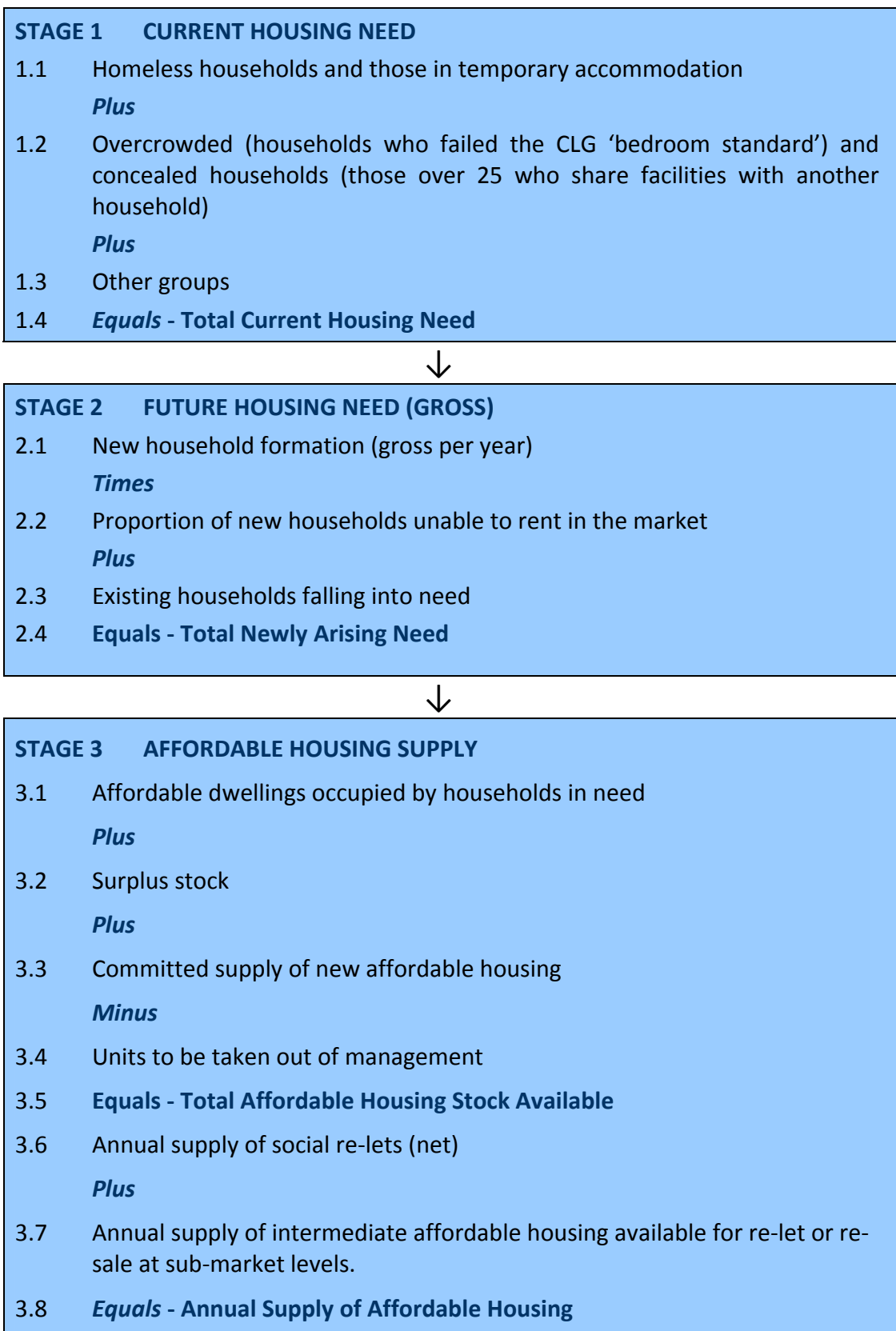
Source: Strategic Housing Market Assessments Practice Guide, CLG.

7.1.2 This element of the assessment is essential to identify the total scale of need of those not able to access the market, the provision from existing stock turnover and the net need which requires to be addressed from future new provision.

7.1.3 It provides essential evidence for affordable housing targets in Local Development documents.

7.2 The CLG Needs Assessment Model Structure

7.2.1 There are three 'Stages' in the needs assessment model, combined into three distinct sections assessing current and future housing need and supply.



7.3 Model Structure

- 7.3.1 The Housing Needs Assessment Model is based on the 2007 Strategic Housing Market Assessment Practice Guidance, and is designed to estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.
- 7.3.2 The model is structured on a 'flows' basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this 'annualised' data will occur each year. Major changes in the house price and income relationship could cause significant variation in the overall situation. It is not directly comparable to the Model in the 2007 Report, which was that used prior to the SHMA Guidance in August 2007.
- 7.3.3 In this section the assessment of affordable housing need has been conducted using both primary data from the Housing Survey Up-date and secondary data from CORE, HSSA and local authority records.

7.4 Sandwell CLG Needs Assessment Model

- 7.4.1 The first element of this Stage of the model estimates the number of homeless households including those in temporary accommodation.
- 7.4.2 The latest data available, the P1(E) return at 30 June 2010 identified 92 homeless households in temporary accommodation. However, all of these households are living in private general stock who would potentially have been captured in the survey data.
- 7.4.3 To avoid double counting a total of **zero** is therefore applied at **Stage 1.1**.
- 7.4.4 The second element in Stage 1 of the model estimates the number of households in over-crowded conditions (i.e. those who fail the 'bedroom standard'), and concealed households (couples, people with children and single adults aged over 25 who share facilities with another household).

Table 7-2 Over-crowded and Concealed Households

Over-crowded Households	6,152
MINUS New Forming Solution or Leaving District	627
Net Overcrowded	5,525
Proportion unable to afford market housing	50.2%
Stage 1.2 – Over-crowding and concealed households	2,774

- 7.4.5 There are 6,152 households who are over-crowded by the 'bedroom standard'; however 627 of these will be resolved by a newly forming household or by these households leaving the City, a total net over-crowded group of 5,525 households.
- 7.4.6 50.2% of these households stated that they cannot afford to resolve their housing difficulties through market housing, hence a total of **2,774 households** have been applied in the model at **Stage 1.2**.
- 7.4.7 The third element in Stage 1 of the model examines households living in unsuitable accommodation whose problem cannot be solved 'in-situ' and who therefore require to move home in order to resolve their difficulty.

- 7.4.8 SHMA Practice Guidance identifies that households who are overcrowded, were suffering harassment, those whose rent / mortgage was too expensive, housing was affecting their health, whose tenancy was insecure or whose home was too large are all assessed to need to move home.
- 7.4.9 The survey data identified 16,109 households with one or more of these inadequacies, 65.7% of whom stated that they are unable to afford to resolve their housing difficulties through market housing in the area, leaving **10,584** households to be applied in the model at **Stage 1.3**.
- 7.4.10 The final element of Stage 1 of the model is a sum of steps 1.1, 1.2 and 1.3 above, a total of **13,358** applied at **Stage 1.4**.

Table 7-3 Current Housing Need (Gross)

STAGE 1 – CURRENT HOUSING NEED (GROSS)		
1.1	Homeless households and those in temporary accommodation	0
1.2	Overcrowding and concealed households	2,774
1.3	Other groups	10,584
1.4	TOTAL CURRENT HOUSING NEED (GROSS) 1.1 + 1.2 + 1.3	13,358

7.5 Stage 2 – Future Need (Gross per year)

- 7.5.1 The first element of Stage 2 of the model estimates the annual number of newly forming households in the City.
- 7.5.2 The concealed households identified in the 2007 survey to be forming over two to three years totalled 1,865 households.
- 7.5.3 In order to avoid double counting due to two-person household formation, duplication is removed. 50.2% of concealed households forming over the next three years specified formation as a couple, but 44.7% of these were with a partner who lived separately elsewhere in the Borough, which would cause a double count.
- 7.5.4 However data on recently formed households suggests that couple formation might increase to 59.2% and the 44.7% has therefore been removed from this higher level in the table below ($59.2\% \times 44.7\% = 26.5\%$).

Table 7-4 Double Counting Removal

New household formation (gross p.a.)	1,865
MINUS - Two person formation (1,865 x 26.5%) x 0.5	247
Total	1,618

- 7.5.5 This results in an annual average formation level of **1,618** households per annum, used at **Stage 2.1** of the model.
- 7.5.6 The income of recently formed households would normally be used to test future concealed households ability to both purchase in the lower quartile stock and access the private market to buy or rent 1, 2 and in some cases 3 bedroom units suitable for their requirements.

- 7.5.7 Even at the Guidance recommended lending proportions and income ratios, 47.7% of concealed households about to form are considered to be unable to purchase in the market. Based on recently formed households with dual incomes, 32.6% could not buy.
- 7.5.8 However the impact of the credit crunch now means that 75% loans are the norm, making the need for 25% deposit the key affordability issue. On the basis of savings data, 94% will not be able to buy without significant capital from parents or relatives.
- 7.5.9 Based on these household incomes and using standard ratios of 25% of gross income, **41.5%** are unable to rent in the private market and this rental proportion is used at **Stage 2.2** of the model.
- 7.5.10 The final element of Stage 2 of the model estimates the number of households in need who register and are housed within a year. These households are normally those in priority need whose circumstances need to be addressed quickly. The major groups are homeless households, and for example those with medical needs, suffering harassment, living in accommodation which is unfit or in high levels of disrepair, are over-crowded or have insecure tenancies.
- 7.5.11 Guidance suggests that being housed within 12 months is an indicator of households in priority need. Ability to be housed is partly determined by the type of stock supply available and some priority need cases may not be housed in that time.
- 7.5.12 Data on re-lets within a year of first bids in the Choice based lettings system shows that from April 2009 to March 2010 1,098 households in priority bands were housed within 12 months.
- 7.5.13 The calculation of existing households in this category, calculated from Council records at **1,098** is used at **Stage 2.3** of the model.
- 7.5.14 The final element of Stage 2 of the model is a sum of step 2.1 multiplied by step 2.2, added to step 2.3 above, giving a total of 5,017 applied at **Stage 2.4**

Table 7-5 Future Need (Gross per Year)

STAGE 2 – FUTURE NEED (GROSS PER YEAR)		
2.1	New household formation (gross per year)	1,618
2.2	Proportion of new households unable to buy (94%) or rent (41.5%) in the market	41.5%
2.3	Existing households falling into need	1,098
2.4	TOTAL ANNUAL NEWLY ARISING NEED (2.1 x 2.2) + 2.3 (1,618 x 41.5% = 672 + 1,098 = 1,770)	1,770

7.6 Stage 3 – Affordable Housing Supply

- 7.6.1 The first element of Stage 3 of the model determines the number of households analysed in Stages 1.2 and 1.3 who currently occupy social rented or shared ownership dwellings. It is assumed that any move by these households would release a unit of affordable housing, and it is therefore assumed that there would be no overall net effect on the annual flow model.

- 7.6.2 The survey data shows that **9,018** of the households at Stages 1.2 and 1.3 of the model live in affordable units, and this total is applied at **Stage 3.1**.
- 7.6.3 The second element of Stage 3 of the model assesses the level of surplus affordable stock. The level of affordable units which are vacant for more than six months is 1.5% of the stock. Guidance states that where the level is below 3% it should be considered that there is no surplus vacant stock. A total of **zero** is therefore applied at **Stage 3.2** of the model.
- 7.6.4 The third element of Stage 3 of the model forecasts the number of new affordable units to be built on an annual basis. The HSSA returns for the three years to 31/03/2010 show the following recent new unit trends:-

Table 7-6 New Affordable Housing Supply (HSSA) 2005 to 2009

Supply	2007 / 08	2008 / 09	2009/10	Average	%
New RSL Rent	76	184	101	120	45.3
RSL Shared Ownership	109	79	53	80	30.2
Other New Supply	34	29	132	65	24.5
Total	219	292	286	265	100.0

- 7.6.5 New delivery has risen substantially from the average of 136 units a year for the three years to 2007. If there is a consistent level of recent and immediate future new delivery it is normal practice to take account of the average annual level.
- 7.6.6 The average annual new supply total is 265 units per annum, with a broad tenure split of 45% social rented and 55% intermediate housing.
- 7.6.7 HSSA data however shows that future new delivery over the next two years is expected to be 458 new units built in 2010 / 11, and 339 units are planned in 2011 / 12, an annual average of around 399 units. The five year average from 2007 to 2011 is 319 units.
- 7.6.8 In view of the current market conditions it is recommended that the previous average delivery of **265 units is used at Stage 3.3**.
- 7.6.9 The next element of the model estimates the number of units to be taken out of management through stock demolition and Right to Buy (RTB) on an annual basis.
- 7.6.10 The table below shows the RTB and demolition levels from Council data for the three years to 31/03/2010.

Table 7-7 2007 to 2010 Right to Buy and Demolition

	2007 / 08	2008 / 09	2009/10	Average
Right to Buy	213	91	47	117
Demolition	167	23	23	71
Total	380	114	70	188

- 7.6.11 The average annual loss of stock through RTB is 117 units with 71 lost due to demolition, a total of 188 a year.
- 7.6.12 The average stock re-let rate of 5% per annum applied to the average figure of 188, equals **9 units** which is applied at **Stage 3.4** of the model.

- 7.6.13 **Stage 3.5** of the model is the sum of Stages 3.1 (9,018), 3.2 (0) and 3.3 (265), less Stage 3.4 (9), a net total of 9,274.

7.7 Re-let Supply

- 7.7.1 The average annual re-let supply of affordable units over the last three years is used in the model as a prediction for the future annual affordable housing supply from re-lets which is likely to arise. It is important firstly to establish the average general needs stock re-let level (i.e. excluding transfers and new unit delivery).
- 7.7.2 Data from HSSA and CORE returns for the three years to 31/03/2010 have been examined, which show the following:-

Table 7-8 Social Rent Net Re-let Supply (2007 to 2010)

Social Stock Re-lets	2007 / 08	2008 / 09	2009/10	Average
Council	1,950	1,550	1,644	1,715
RSL	303	195	153	217
Total Re-lets	2,250	1,745	1,797	1,932

Note: 2009 HSSA.

- 7.7.3 The overall average net re-let figure for the social stock for the three year period to 2009 / 10 is 1,932 units a year, but this is impacted by a higher level in 2007/08. The last two years have been more stable and the average of the last two years, **1,771** units has been applied at **Stage 3.6**.
- 7.7.4 The shared ownership stock level with RSL's at the 2001 Census was 831 and a further 334 units have been built from 2002 to 2010 providing a total stock total of 1,165 units. Assuming a re-sale rate based at 5%, similar social stock turnover, **58 units** would become available each year and this number is incorporated at **Stage 3.7**.
- 7.7.5 The final element of Stage 3 of the model is a sum of Stages 3.6 and 3.7, a total of **1,829** applied at **Stage 3.8**.

Table 7-9 Affordable Housing Supply

STAGE 3 – AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need	9,018
3.2	Surplus stock	0
3.3	Committed supply of new affordable housing	265
3.4	less Units to be taken out of management	9
3.5	TOTAL AFFORDABLE HOUSING STOCK AVAILABLE 3.1 + 3.2 + 3.3 – 3.4	9,274
3.6	Annual supply of social re-lets (net)	1,771
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	58
3.8	ANNUAL SUPPLY OF AFFORDABLE HOUSING 3.6 + 3.7 + 3.8	1,829

7.8 Affordable Housing Needs Model

STAGE 1 – CURRENT HOUSING NEED (GROSS)		2010
1.1	Homeless households and those in temporary accommodation	0
1.2	Overcrowding and concealed households	2,774
1.3	Other groups	10,584
1.4	TOTAL CURRENT HOUSING NEED (GROSS) 1.1 + 1.2 + 1.3	13,358
STAGE 2 – FUTURE NEED (GROSS PER YEAR)		
2.1	New household formation (gross per year)	1,618
2.3	Proportion of new households unable to buy (94%) or rent (41.5%) in the market	41.5%
2.3	Existing households falling into need	1,098
2.4	TOTAL ANNUAL NEWLY ARISING NEED (2.1 x 2.2) + 2.3 (1,618 x 41.5% = 672 + 1,098 = 1,770)	1,770
STAGE 3 – AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need	9,018
3.2	Surplus stock	0
3.3	Committed supply of new affordable housing	265
3.4	less Units to be taken out of management	9
3.5	TOTAL AFFORDABLE HOUSING STOCK AVAILABLE 3.1 + 3.2 + 3.3 – 3.4	9,274
3.6	Annual supply of social re-lets (net)	1,771
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	58
3.8	ANNUAL SUPPLY OF AFFORDABLE HOUSING 3.6 + 3.7 + 3.8	1,829
A	TOTAL NET CURRENT NEED 1.4 – 3.5 (13,358 – 9,274 = 4,084)	4,084
B	QUOTA TO ADDRESS NEED OVER 5 YEARS	20%
C	ANNUAL CURRENT NEED (A x B)	817
D	TOTAL ANNUAL NEWLY ARISING NEED (2.4)	1,770
E	TOTAL AFFORDABLE NEED PER YEAR (C + D)	2,587
F	ANNUAL SUPPLY OF AFFORDABLE HOUSING (3.8)	1,829
	OVERALL ANNUAL SHORTFALL (E – F)	758

7.9 Affordable Needs Assessment

- 7.9.1 Elimination of the backlog over a five year period is recommended in the SHMA Guidance for model purposes but the Council can make a Policy decision to do so over a longer period (e.g. 10 years or the number of years to the end of the Local Development Framework period).
- 7.9.2 The 5 and 10 year periods are used for further analysis in Table 7-10 below. The 10 year calculation uses 10% as the quota to address need, instead of 20% which is the quota for 5 years applied at section B above.
- 7.9.3 Net re-lets of the existing social stock average 1,771 units and are the major means of addressing the scale of need identified.
- 7.9.4 After allowing for this level of existing social stock net re-let supply and 58 estimated shared ownership re-sales, there will still be a total annual affordable housing shortfall of 758 or 349 units.
- 7.9.5 However, in arriving at the net shortfall, the Model already incorporates the projected future delivery of 265 additional new units and the total net annual need is therefore either 1,023 over 5 years or 614 units over 10 years, prior to new delivery.
- 7.9.6 The table below outlines the calculation.

Table 7-10 Annual Affordable Need and Supply

		5 Years		10 Years	
Total Net Current Need		4,084		4,084	
Backlog rate	20%	817	10%	408	
Newly arising Need		1,770		1,770	
Annual Affordable Need		2,587		2,178	
Less Social Stock re-lets	1,771			1,771	
Share ownership re-sales	58	1,829	58	1,829	
Net annual need		758		349	
Plus Assumed new units of supply		265		265	
Total Need before new delivery		1,023		614	

7.10 Future Housing Targets

- 7.10.1 The relatively large backlog results in a significant difference in the annual net scale of need and as the backlog cannot be addressed over 5 years, the 10 year period is recommended for target setting.
- 7.10.2 The net need level after existing stock turnover, but before any new unit delivery is 614 units a year based upon dealing with the backlog over a 10 year period.

- 7.10.3 The annual affordable need in Sandwell, even on a 10 year basis is almost 60% of the previous total net annual housing delivery of 21,489 (1,075 pa.) in the Core Strategy.
- 7.10.4 The up-dated assessment still reveals a larger scale of affordable need than could be delivered, either in terms of sustainability or economic viability. The overall 25% target in the adopted Black Country Core Strategy recognises the key issues of regeneration and growth strategies and viability.
- 7.10.5 The viability assessment model should allow for changing land values to be continuously re-assessed over the Plan period. On the basis of needs levels alone there would be no change to the overall target.

7.11 Tenure Mix Targets

- 7.11.1 PPS3 requires the provision of tenure mix targets within affordable housing policies which may vary by location within the District to take account of demand, need and current affordable supply at local level.
- 7.11.2 The tenure balance of new affordable delivery over the last three years detailed in the Council HSSA returns to 2010 has averaged 45% social rent and 55% intermediate housing.
- 7.11.3 In view of the need to support regeneration and growth strategies we recommended a tenure mix balance of 50:50 between social rent and intermediate housing. Tenure mix is a key factor in site viability.

APPENDIX I

GLOSSARY OF TERMS

GLOSSARY

<p>Affordability</p>	<p>A measure of whether households can access and sustain the costs of private sector housing. DCA use two types of affordability: mortgage and rental.</p> <p><u>Mortgage affordability</u> measures whether households can afford a deposit and a mortgage; <u>rental affordability</u> measures whether a household can afford a private rental.</p> <p>Mortgage affordability is based on conditions set by mortgage lenders - a minimum level of household income and savings. We use a 3 times multiple of gross income. Rental affordability is defined as the rent being less than a proportion of a household's gross income. We use a 25% level of rental affordability.</p>
<p>Affordable Housing</p>	<p>Affordable housing is that provided, with subsidy¹, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent and intermediate housing through shared ownership, shared equity and sub-market rent.</p>
<p>Bedroom Standard²</p>	<p>The standard number of bedrooms allocated to each household in accordance with its age/sex/marital status composition and the relationship of the members to one another.</p> <p>A separate bedroom is allocated to each married couple, any person aged 21 or over, each pair of adolescents aged 10 – 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 – 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms available for the sole use of the household and the differences are tabulated.</p>
<p>CLG</p>	<p>Communities and Local Government. CLG has responsibility for local and regional government, housing, planning, fire, regeneration, social exclusion and neighbourhood renewal with the ambition to create sustainable communities for all. Previously known as DETR, DTLR and ODPM.</p>
<p>Concealed Household</p>	<p>A concealed household is someone living within a household wanting to move to their own accommodation and form a separate household (e.g. adult children living with their parents).</p>
<p>Existing Household</p>	<p>An existing household encompasses the household in its entirety.</p>

¹ This subsidy is not always public subsidy.

² This definition is taken from the Survey of English Housing, DCLG.

Household	The Census definition of a household is:- <i>“A household comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping - that is, sharing at least one meal a day or sharing a living room or sitting room.”</i>
Housing Demand	Is the quantity and type / quality of housing which households wish to buy or rent and are able to afford. It therefore takes account of preferences and ability to pay.
Housing Need	Refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the local housing market without some assistance.
Housing Register	A register of people waiting for affordable housing. It may have two components: a list for those not currently occupying affordable housing (more properly known as the Housing Register) and a Transfer List for those tenants who wish to move to another affordable home within the same District.
Intermediate Housing	Housing at prices or rents above those of social rented but below market prices or rents. This includes shared ownership, shared equity and sub-market renting.
Over Occupation	Over occupation occurs when, using the bedroom standard , there are insufficient bedrooms in the property based on the number of residents and their age/sex/marital status composition. Over occupation is more common in the public sector than the private sector.
PPS	Planning Policy Statement. PPSs are prepared by the government after public consultation to explain statutory provisions and provide guidance to local authorities and others on planning policy and the operation of the planning system.
Relets	Local Authority or HA rented accommodation that becomes vacant due to the departure of a previous tenant; therefore the accommodation can be re-let to another tenant or new applicant on the Housing Register.
RSS	The objective of the Regional Spatial Strategy is to add to the achievement of sustainable development. The RSS provides a broad development strategy for a period of fifteen to twenty years. The strategy also informs regional and sub-regional strategies and programmes that have a bearing on land use activities.
RTB	Right To Buy. The Right To Buy Scheme gives eligible council tenants the right to buy their property from their council at a discount.
SHMA – Strategic Housing Market Assessment	An assessment of data (both primary and secondary) on all aspects of a housing market in a defined geographical area.

Tenure	The property tenure refers to the conditions under which a property is held e.g. owner occupation, private rent.
Transfer List	A list of Local Authority and HA tenants that have applied for alternative Local Authority housing. Housing Associations may keep their own Transfer Lists.
Under Occupation	<p>A household is under-occupying if more than one spare bedroom is available, using the bedroom standard as a test.</p> <p>Under-occupation is common in the private sector.</p>

APPENDIX II

SALES TRANSACTIONS 2002 TO 2010

Appendix II

Sandwell Sales Transactions Q2 2007 / Q2 2010

Area	Sales												
	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Detached	155	120	113	82	84	46	49	30	36	66	76	44	68
Semi detached	515	554	510	307	352	257	159	124	177	238	269	168	223
Terraced	515	468	417	310	316	234	215	141	165	180	249	129	216
Flat / Maisonette	162	133	199	118	141	78	50	41	34	24	65	52	52
Total	1,347	1,275	1,239	817	893	615	473	336	412	508	659	393	559

Source: Land Registry, 2nd Quarter 2007 to 2nd Quarter 2010