

# **Housing demand and need in the West Midlands: 2009 revision to regional estimates for 2006 to 2026**

## **Executive Summary**

**Cambridge Centre for Housing and Planning Research**

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- In 2007, the Cambridge Centre for Housing and Planning Research (CCHPR) produced estimates of future demand and need for housing in the West Midlands to 2026, for the West Midlands Regional Assembly (WMRA). The government's official household projections are central to the method used, as additional households constitute newly arising need for housing.
- In March 2009, the government released revised household projections (the "2006-based projections"). WMRA therefore requested that CCHPR update the estimates of housing need in the region, using the same method, but taking the new projections into account. Since the original estimates were produced, there have also been very considerable changes in the housing market and the wider economy, and WMRA requested comment on the implications of these changes for the housing need estimates.
- The new 2006-based household projections foresee a larger number of households in the West Midlands than the projections used for the previous estimate. They project 2.668m households in 2026, as against 2.616m previously. The increased numbers are partly due to higher population estimates, a main cause of which is increasing longevity. Male longevity is increasing relative to female, meaning there are projected to be more older married couple households and fewer widows in the medium term. Assumptions about migration have also changed, with more immigrants assumed to arrive overall in the UK (190,000 net per annum) and more of these migrants projected to move out of London and settle in the regions.
- The economic recession and housing market reversal may well affect rates of household formation in the early part of the period 2006-2026. However the projections are based on thirty-year trends, covering a period with several house price booms and market slumps; there is therefore no reason to object to a trend-based approach over a two-decade estimate period.

- The official projections appear to have over-stated the increase in households in recent years; reasons for this may include lower rates of household formation among recent migrants, and high house prices leaving some potential households unable to afford separate accommodation. The housing need estimates below are based on modified household projections which take account of this overstatement of new households, and the changed housing market circumstances in the immediate future. These project there being 2.628m households in the West Midlands in 2026.
- As before, the newly arising need from an increased total of households is divided first between the market and social sectors, based on long-standing survey estimates of the propensities of households of a given age and type to be in market or social housing. Adjustments to these estimates of need are made to account for replacing social housing lost to the Right-to-Buy, and changes in the number of vacant dwellings and second homes. This produces an estimate of housing need in the region to 2026 given in Table 1, below. The previous 2007 estimates are shown for comparison.

	2009 estimate			previous 2007 estimate		
	Market sector	Social sector	Total	Market sector	Social sector	Total
Net increase in households	307	83	390	308	63	371
Second homes	12	0	12	10	0	10
Vacant dwellings	9	0	9	9	0	9
Offset to "loss" of re-lets due to past Right-to-Buy sales	-58	+58	0	-60	+60	0
<b>Increase in dwelling stock to meet newly arising demand and need</b>						
20 year total	<b>270</b>	<b>141</b>	<b>411</b>	<b>267</b>	<b>123</b>	<b>390</b>
Annual average	<b>13.5</b>	<b>7.1</b>	<b>20.6</b>	<b>13.4</b>	<b>6.2</b>	<b>19.5</b>

*Table 1: Total and annual increase in dwelling stock required to meet newly arising demand and need in the West Midlands, 2006-2026 (thousands).*

- As with the previous estimates of future housing need, a figure for intermediate housing was also calculated. This is done from survey data identifying the number of newly-forming households who cannot afford owner-occupation at lower quartile prices, but can afford considerably more than social housing rents. Incomes and house price data have been updated to the most recent available figures.
- Demand for various intermediate housing products in the West Midlands has been severely depressed since the onset of the housing market slump. A realistic approach is taken for the period 2006-2011, proposing half the annual supply of intermediate housing compared to later years, when the housing market may be expected to recover. CCHPR also modelled alternate scenarios of a long-term increase in housing affordability to 2026; the effects of this on housing need and demand are reported in the full paper.
- The estimates of need for intermediate housing are brought together with the base need for social and market housing in the region in Table 2, below. Two versions are given, one of which assumes that all better-off social tenants who could afford intermediate housing take it up, and the other which assumes that those households remain in social rented accommodation. These can be considered maximum and minimum levels of need for intermediate housing.

	Overlap in social sector		Overlap in intermediate sector	
	Number	Percent	Number	Percent
<b>2006-2026 totals</b>				
a) Market sector	235	57	235	57
b) Intermediate sector	35	9	56	14
c) Social sector	141	34	120	29
d) "Affordable housing" (= b + c)	(176)	(43)	(176)	(43)
<b>Total</b>	<b>411</b>	<b>100</b>	<b>411</b>	<b>100</b>
<b>Annual averages</b>				
a) Market sector	11.8	57	11.8	57
b) Intermediate sector	1.8	9	2.8	14
c) Social sector	7.1	34	6.0	29
d) "Affordable housing" (= b + c)	(8.8)	(43)	(8.8)	(43)
<b>Total</b>	<b>20.6</b>	<b>100</b>	<b>20.6</b>	<b>100</b>

*Table 2: Three-sector division of newly arising demand and need for housing in the West Midlands, 2006-2026, annual averages and totals (thousands).*

- As in 2007, estimates of need and demand to 2026 have also been produced for districts and unitary authorities in the West Midlands. The regional figures are apportioned to local authorities using the base population, CLG's household projections for local authorities, and local rents and house prices. These figures are given in Table 3, below. These figures can be aggregated as required to produce estimates of need for, for example, Strategic Housing Market Areas (SHMAs).

	<b>Market sector</b>	<b>Intermediate sector</b>	<b>Social sector</b>	<b>Total</b>
<b>Hereford UA</b>	<b>9.6</b>	<b>2.8</b>	<b>3.5</b>	<b>15.9</b>
<b>Stoke-on-Trent UA</b>	<b>5.3</b>	<b>0.4</b>	<b>4.4</b>	<b>10.1</b>
<b>Telford and Wrekin UA</b>	<b>9.0</b>	<b>1.3</b>	<b>4.4</b>	<b>14.7</b>
<b>Shropshire</b>				
Bridgnorth	1.5	0.9	0.7	3.1
North Shropshire	3.7	0.8	1.3	5.8
Oswestry	5.1	0.5	1.3	6.9
Shrewsbury and Atcham	3.9	1.4	1.6	6.9
South Shropshire	3.9	0.8	1.1	5.8
<b>Staffordshire</b>				
Cannock Chase	5.5	0.8	2.7	9.0
East Staffordshire	7.5	1.1	2.9	11.5
Lichfield	5.6	1.4	2.0	9.0
Newcastle-under-Lyme	4.5	1.0	2.6	8.1
South Staffordshire	3.1	1.5	1.4	6.0
Stafford	6.9	1.7	2.3	10.9
Staffordshire Moorlands	3.6	0.9	1.4	5.9
Tamworth	3.4	0.7	1.6	5.7

*Table 3: Estimates of housing demand and need in districts and unitary authorities in the West Midlands 2006-2026 (thousands) (continues overleaf)*

	<b>Market sector</b>	<b>Intermediate sector</b>	<b>Social sector</b>	<b>Total</b>
<b>Warwickshire</b>				
North Warwickshire	3.0	0.6	1.4	5.0
Nuneaton and Bedworth	6.6	0.8	2.7	10.1
Rugby	5.7	1.1	2.3	9.1
Stafford-on-Avon	8.4	2.5	2.7	13.6
Warwick	11.7	2.6	3.9	18.2
<b>West Midland County</b>				
Birmingham	43.8	8.5	29.4	81.7
Coventry	12.4	2.6	6.6	21.6
Dudley	5.8	2.4	4.4	12.6
Sandwell	9.4	1.8	7.6	18.8
Solihull	8.1	3.2	3.6	14.9
Walsall	4.3	1.9	4.0	10.2
Wolverhampton	4.3	1.1	4.0	9.4
<b>Worcestershire</b>				
Bromsgrove	6.3	1.6	2.0	9.9
Malvern Hills	4.0	1.5	1.4	6.9
Redditch	3.9	0.8	2.2	6.9
Worcestershire	3.8	1.5	1.5	6.8
Wychavon	7.1	2.2	2.6	11.9
Wyre Forest	4.3	1.2	2.6	8.1
<b>West Midlands region</b>	<b>235</b>	<b>56</b>	<b>120</b>	<b>411</b>

*Table 3 (continued): Estimates of housing demand and need in districts and unitary authorities in the West Midlands 2006-2026 (thousands)*