Wolverhampton Housing Market Assessment Update

August 2024

Planning & Development

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1. Introduction

Purpose

1.1 Wolverhampton is a city in central England within the Black Country. It lies to the west of Birmingham, forming part of the West Midlands conurbation. It grew rapidly during the industrial revolution from a market town to a major economic centre within the West Midlands. Wolverhampton along with the other Black Country authorities, is famous for its industrial heritage including mining and manufacturing. More recently the City has become known for its aerospace industry.

1.2 Wolverhampton was one of the four authorities (alongside Dudley, Walsall and Wolverhampton) that produced the Black Country's strategic Local Plan document, the 'Black Country Core Strategy'[1] in 2011. The Black Country Councils are now moving towards producing independent Local Plans (although still with partnership within the process). As part of the Wolverhampton Local Plan development the evidence base is being updated. A Housing Market Assessment was undertaken for the Black Country authorities in 2021. Since this date there have been alterations to both Government guidance and changing demographic and housing market pressures. This report provides a new evidence base that reflects the current market situation, utilises the latest data available and adheres to the current Government guidance.

1.3 This report is a local housing needs assessment that provides evidence for the Wolverhampton Local Plan. The information presented in this report complies with the current Government guidance on undertaking these studies as set out in the December 2023 National Planning Policy Framework (NPPF), and the Planning Practice Guidance (PPG)[2], described below.

Government Guidance

1.4 In December 2022, the NPPF was updated, following the publication of the latest PPG[3], which theoretically ended a period of considerable change in the planning system and in the wider development industry. Paragraph 35 (a) of the NPPF requires that plans are '*positively prepared'*. As a minimum, the NPPF requires strategic policies to provide for objectively assessed needs for housing.

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[1] https://blackcountryplan.Wolverhampton.gov.uk/t1/p2/

[2] The latest iteration of the PPG before this report was finalised was the version of 16th December 2020. The report has been written so that it responds to the PPG as at this date.

[3] In the latest PPG the housing needs assessments were divided into three different elements: 'housing and economic needs assessments', 'housing needs of different groups' and 'housing needs of older and disabled people'. This report contains the information that meets the requirements within each of these.

60. To support the government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay. The overall aim should be to meet as much of an area's identified housing need as possible, including with an appropriate mix of housing types for the local community.

61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area (see paragraph 67 below). There may be exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

62. The standard method incorporates an uplift which applies to certain cities and urban centres, as set out in national planning guidance. This uplift should be accommodated within those cities and urban centres themselves except where there are voluntary cross boundary redistribution agreements in place, or where it would conflict with the policies in this Framework.

63. Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers28; people who rent their homes and people wishing to commission or build their own homes

Paragraphs 60 to 63 – December 2023 NPPF

1.5   The base requirement for housing is derived through the Standard Method. Following which an assessment of the number of households in need of affordable housing must be undertaken. In essence, the first output[4] required by the NPPF, for a study of this type, is to calculate the new housing number as derived through the Standard Method. The second task is the assessment of Affordable Need, and the final task is the understanding of the needs of groups with specific housing requirements. Once the appropriate future housing requirement is identified, this will be disaggregated into the different types of housing the future population will need.

1.6   The NPPF outlines how a Strategic Housing Market Assessment fits into the wider housing policy framework and the PPG sets out how the various elements of a Housing Market Assessment should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need (Chapter 6 of this report). The affordable housing need figure is an unconstrained figure set in the current housing market situation. It is not a component of the overall housing need, but is entirely independent, calculated using a different approach and different data sources.

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[4] Before this is done it is necessary to profile the local housing market and socio-economic situation, to ensure that the subsequent outputs have a meaning in a local situation.

1.7   This Strategic Housing Market Assessment includes a Long-Term Balancing Housing Markets (LTBHM) model (Chapter 5 of this report) which breaks down the overall housing need into the component types (tenure and size) of housing required. Whilst both the Affordable Needs model (Chapter 6) and the LTBHM model (Chapter 5) produce figures indicating an amount of affordable housing required, they are not directly comparable as, in line with the PPG, they use different methods and have different purposes. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether a Local Planning Authority should plan for more houses where it could help meet the need for affordable housing. The figure produced by the LTBHM model is based on the population projections and occupation patterns of household groups (considering the trends in how these occupation patterns are changing). This is the mix of housing for which the authority should be planning. How these figures should be used in Wolverhampton is summarised at the conclusion of this report, in Chapter 8.

1.8   In December 2020, the Government revised the Standard Method calculation. This has resulted in the slight modification to the Standard Method originally set out, with the guidance in the PPG detailing how the Standard Method is updated to reflect this. This report has followed the approach set out in the PPG (as revised December 2020). In May 2021, the Government published detail on First Homes and their implementation[5], after a period of consultation on the concept in the second half of 2020. This report assesses the requirement for First Homes as part of the housing mix required to accommodate the future population.

Draft NPPF

1.9   On 30th July 2024, just before the finalisation of this report, the new government published their consultation for the proposed reforms to the NPPF (including a revised Standard Method calculation).[6] The consultation process is due to run until late September 2024 and the intention is that the finalised revised NPPF will be published before the end of 2024. This means that this report is being produced at a time of uncertainty. To future proof this housing market assessment the results are being presented within the current confirmed guidance, but additional analysis has been added to set out the outputs within the proposed revised Standard Method. The new Standard Method figure is detailed at the end of chapter 4.

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[5] https://www.gov.uk/guidance/first-homes

[6] Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK (www.gov.uk)

Report coverage

1.10   This report is focused on detailing the amount of new housing required over the plan-period in Wolverhampton, the size and tenure of housing that would be most suitable for the future population, the housing requirements of specific groups of the population and the level of affordable housing need that exists in the City. The report contains the following:

Chapter 2	presents an examination of the latest data on the labour market and the resident population in Wolverhampton and the changes that have occurred within them. It also profiles the current housing stock and the changes recorded within it.
Chapter 3	contains a detailed analysis of the cost of property in Wolverhampton and the affordability of the different forms of housing for residents.
Chapter 4	paragraph 008 of the PPG indicates that '*Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process[7].*' The chapter sets out the calculation of the local housing need figure for the City.
Chapter 5	disaggregates the local housing need to show the demographic profile of the future population in the City. The chapter uses this information to produce an analysis of the nature of future housing required within the long-term balancing housing markets model (LTBHM).
Chapter 6	sets out the calculation of outputs for the affordable housing needs model strictly in accordance with the PPG approach. The chapter identifies both the type of households in housing need and the tenure of affordable housing that would meet this housing need.
Chapter 7	contains an analysis of the specific housing situation of the particular sub-groups of the population identified within the NPPF.
Chapter 8	is a conclusion summarising the implications of these results.

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[7] Reference ID: 2a-008-20190220

2. Local housing market drivers

Introduction

2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand, including household formation rates and households' investment in housing. This socio-economic situation is important context to be understood before the level of housing need is calculated. The first half of this chapter uses the most recently available data to document the current demographic profile in Wolverhampton and how it has changed. The current labour market conditions are then discussed in the second half of this chapter.

2.2 Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. Data from the 2021 Census is used to provide an overview of the housing stock in Wolverhampton and a comparison to the regional and national situation will be presented. The changes recorded over the last ten years will also be profiled.

Demography

2.3 The 2021 Census indicates that the resident population in Wolverhampton in 2021 was 263,727 and that since 2011 the population had increased by 5.7%, around 11,300 people. In comparison, the population of the West Midlands region increased by 6.2% over the same period, whilst the population of England grew by 6.6%. The City has therefore had a slower growing population than the regional and national averages over the last 10 years. The figure below illustrates the age composition of the population of Wolverhampton, the West Midlands, and England in 2021. The data show that Wolverhampton has a larger proportion of people aged under 25 and fewer people aged 50 and over. The population is younger than average.

Figure 2.1 Population composition in Wolverhampton 2021
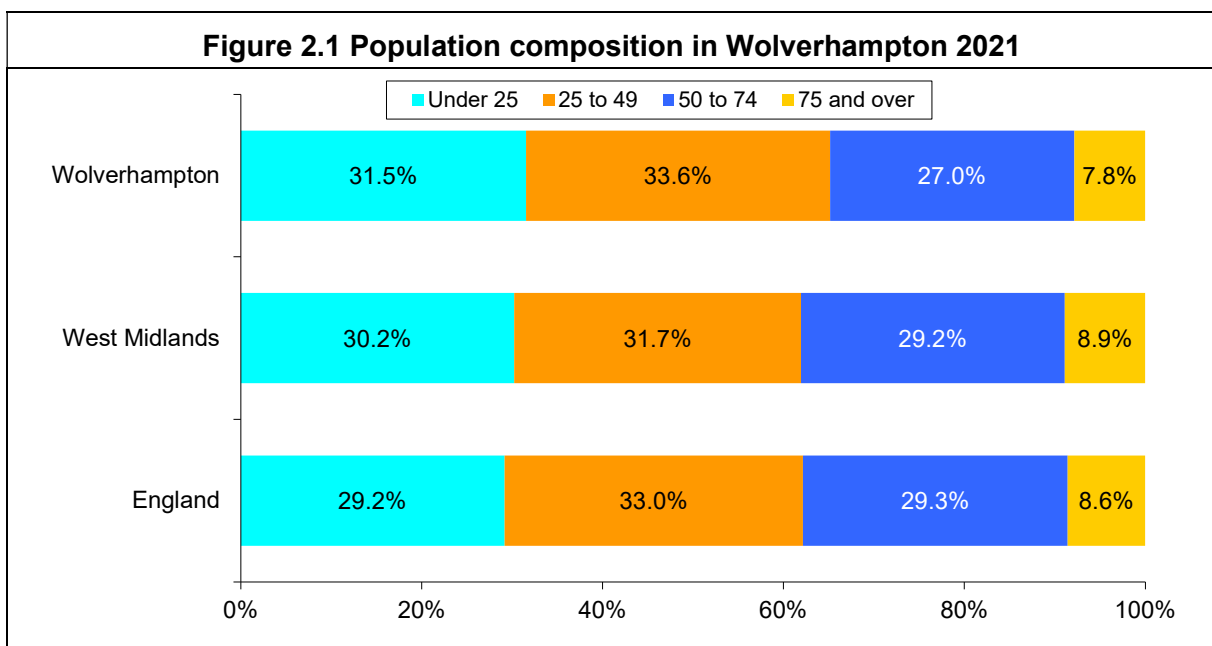
Source: 2021 Census

2.4　The figure below shows the change in the age profile in Wolverhampton between 2011 and 2021 as recorded by the Census. The regional and national equivalents are presented in addition. The figure shows that in Wolverhampton the growth in those aged 75 and over was notably lower than the regional and national trends. The growth in those aged under 25 and those aged 25 and 49 was notably higher than both the West Midlands and England. Overall, the largest growth in Wolverhampton was recorded amongst those aged between 50 and 74.

Figure 2.2 Change in number of people in each age band between 2011 to 2021
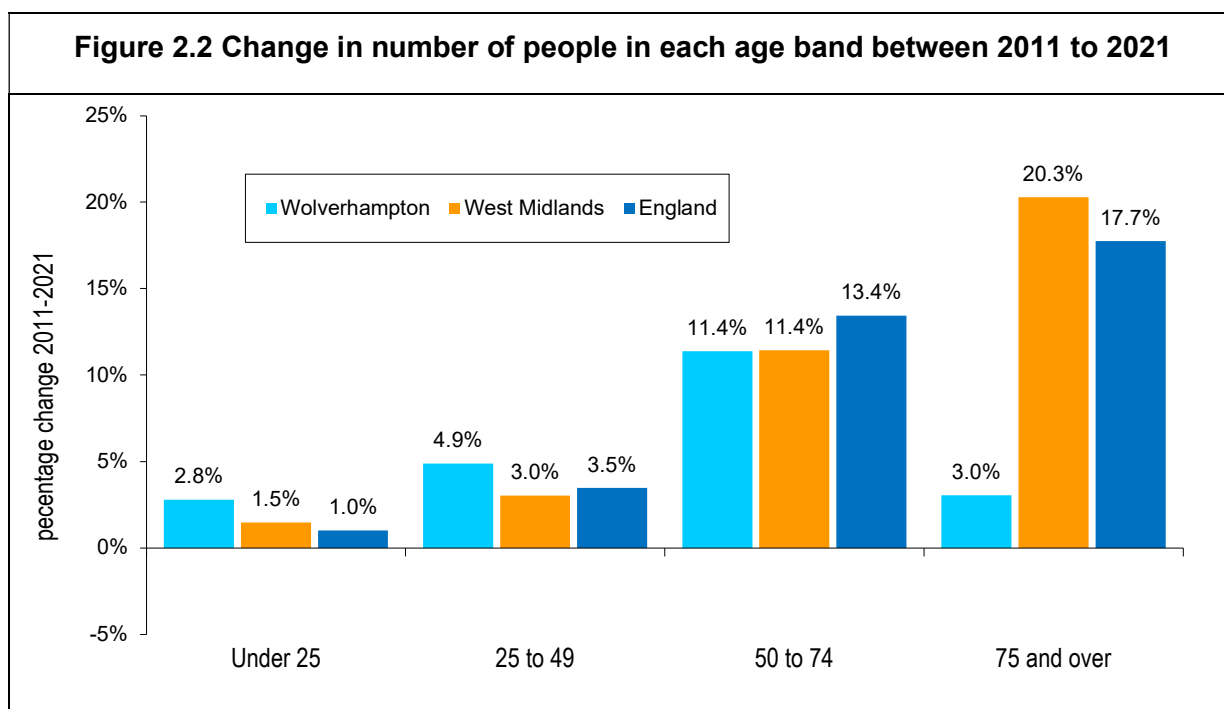
Source: 2011 and 2021 Census

2.5　The table below provides a range of demographic details for Wolverhampton, the West Midlands and England, including the average household size, the population density, the proportion of disabled residents and the proportion of people with a non-White ethnicity.

2.6　The population density in Wolverhampton in 2021 was 3,798 people per sq. km according to the 2021 Census, notably higher than both the figure for England as a whole (434 people per sq. km) and the figure for the West Midlands (434 people per sq. km). In 2021, the average household size in Wolverhampton was 2.48, higher than the national figure of 2.37 and the average regional figure of 2.41. Wolverhampton recorded 18.2% of the population as disabled under the Equality Act in 2021, higher than both the regional average and the national figure.

2.7　Some 39.8% of the population of the City was non-White according to the Census, significantly higher than the national figure of 19.0% and the regional total of 23.0%. The largest non-White ethnic group in Wolverhampton is the Asian, Asian British or Asian Welsh group, which constitutes 21.2% of the population. The 2021 Census indicates that 2.6% of the population of Wolverhampton had moved into the UK from abroad within the last two years, compared to 1.9% across England.

Table 2.1 Demographic profile of Wolverhampton in 2021			
Metric	*Wolverhampton*	*West Midlands*	*England*
Total population in households	260,321	5,854,512	55,504,302
Total households	105,141	2,429,493	23,436,090
Average household size	2.48	2.41	2.37
Population density	3,798	458	434
Proportion people disabled under the equality act	18.2%	18.1%	17.3%
Proportion people with a non-White ethnicity	39.4%	23.0%	19.0%
Proportion resident in the UK for less than 2 years	2.6%	1.7%	1.9%

Source: 2021 Census

2.8   Both Census collected data on the overall general health of the population. The table below shows the overall results recorded in 2021 in Wolverhampton, the West Midlands and England for this measure alongside the relative change in the number of people in these different groups since the previous Census.

2.9   Overall, Wolverhampton records a lower proportion with very good health and a higher proportion with either bad health or very bad health than is recorded nationally and regionally. However, the biggest change recorded in Wolverhampton between 2011 and 2021 is an increase in the number of people with very good health, replicating the regional and national pattern (although the increase in Wolverhampton is more substantial).   Overall, Wolverhampton recorded a substantial reduction in the number of people with bad or very bad health.

Table 2.2 General health 2011 and 2021						
General health	*Wolverhampton*	*West Midlands*	*England*	*Change in # in Wolverhampton since 2011*	*Change in # in West Midlands since 2011*	*Change in # in England since 2011*
Very good health	44.8%	46.4%	48.5%	13.4%	9.3%	9.5%
Good health	34.4%	34.4%	33.7%	2.9%	5.1%	5.0%
Fair health	14.4%	13.5%	12.7%	-2.7%	2.5%	2.8%
Bad health	4.9%	4.4%	4.0%	-6.1%	-1.2%	-0.1%
Very bad health	1.4%	1.3%	1.2%	-8.8%	-1.6%	0.3%
Total	100.0%	100.0%	100.0%	-	-	-

Source: 2011 and 2021 Census

2.10   The figure below shows the size of households in Wolverhampton, the West Midlands and England. It shows that, in 2021, almost a quarter of households (23.4%) in Wolverhampton contained four or more people, higher than the regional and national figures. The proportion of two person households was however lower than the other geographies.

Figure 2.3 Household size in Wolverhampton 2021

Source: 2021 Census
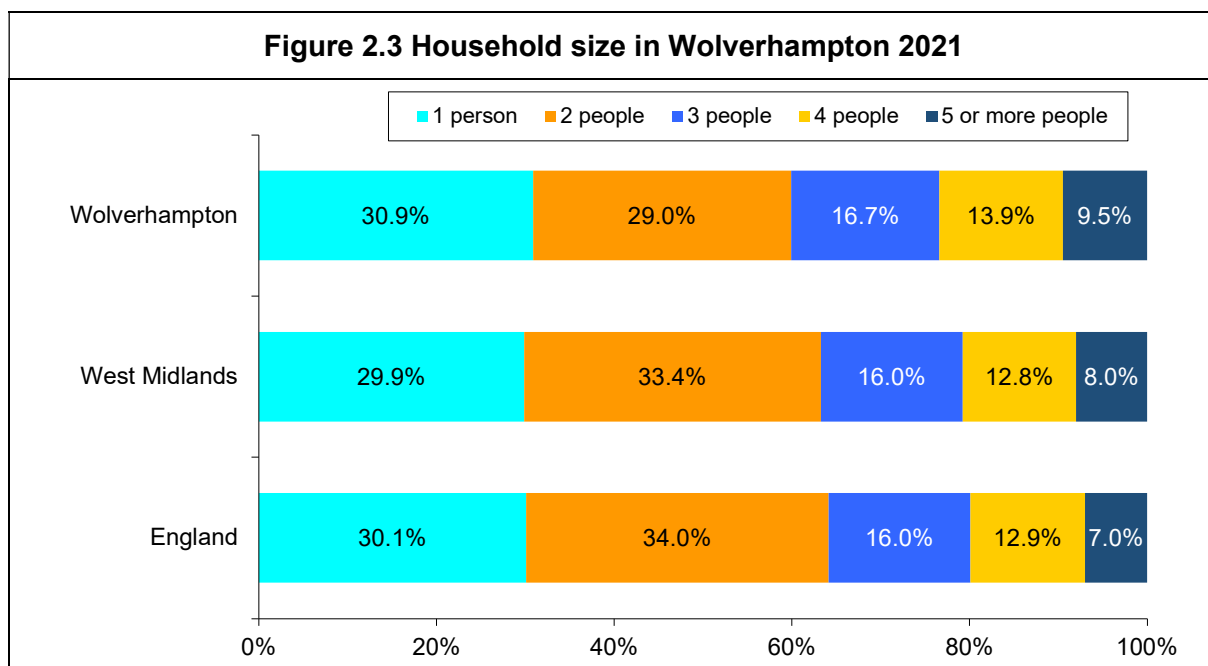
2.11 The table below shows the composition of households in Wolverhampton. It shows that, in 2021, about a quarter of households (26.3%) in the City contained a couple with children and 14.9% of households were lone parent households. These figures are both higher than the national and regional equivalents. Wolverhampton also contains an above average proportion of other households and single person households aged under 66. Wolverhampton does however record a smaller proportion of households where all the residents are over 65.

Table 2.3 Household type in Wolverhampton in 2021			
Household type	*Wolverhampton*	*West Midlands*	*England*
Single person over 65	12.4%	13.1%	12.8%
Other single person	18.5%	16.8%	17.3%
Couple both aged over 65	7.0%	9.5%	9.2%
Other couples without children	12.5%	15.9%	16.8%
Couple with children	26.3%	25.8%	25.2%
Lone parent	14.9%	11.8%	11.1%
Other	8.4%	7.1%	7.7%
Total	100.0%	100.0%	100.0%

Source: 2021 Census

2.12 The figure below shows the change in the household composition in Wolverhampton, the West Midlands and England between 2011 and 2021 as recorded by the Census. The figure shows that in the West Midlands and England as a whole, the number of households containing two or more pensioners has increased the most, whilst in Wolverhampton the number of these households has decreased.

2.13   In Wolverhampton the number of lone parent households has increased the most followed by couple households with children. Overall, the change in the household profile recorded in Wolverhampton is substantially different from the regional and national situation, with growth only recorded amongst households with children and other households.

Figure 2.4 Change in household composition between 2011 to 2021
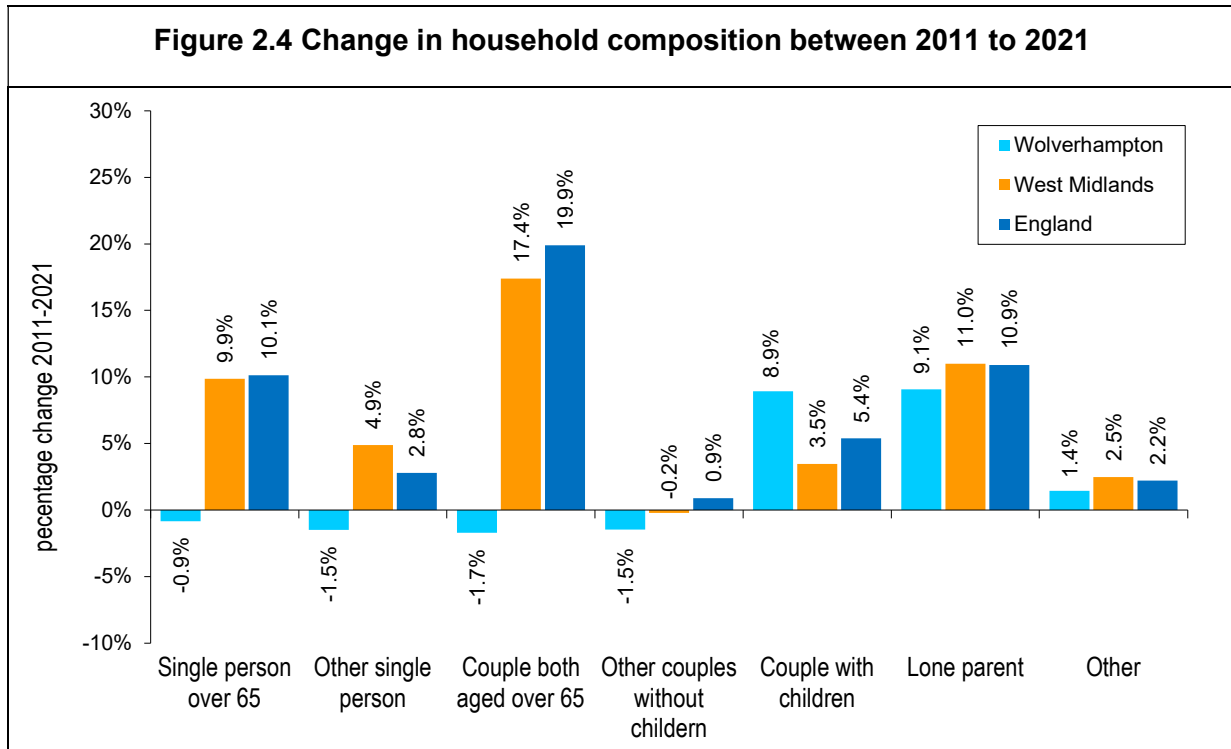
Source: 2011 and 2021 Census

Economy

2.14   Considerable data is available on the economic context in Wolverhampton, which enables a profile of the current local economy to be presented.

Employment in Wolverhampton

2.15   NOMIS[8] data on 'job density' (this is a measure of the number of individual jobs[9] per person of working age) for 2022 shows that there are 0.74 jobs per working age person in the City, compared to 0.83 jobs per working age person across the West Midlands region and 0.88 for England as a whole. The level of job density nationally and regionally has not changed notably over the last five years (from 0.82 to 0.83 in the West Midlands and from 0.87 to 0.88 in England). In Wolverhampton however, a slight increase in job density has been recorded over

[8] NOMIS is a website provided by the Office for National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk.

[9] Jobs includes employees (both full and part-time), self-employed, Government-supported trainees and HM Forces.

this period (from 0.71 to 0.74). It should be noted that, at a local authority level, the job density figures vary from year to year, so not too much emphasis should be placed on the trend information at this scale.

2.16   Measured by the ONS Business Register and Employment Survey, there were 109,000 individual employee jobs[10] in Wolverhampton in 2022. This is 6.9% higher than the number recorded in the City in 2017. The number of employee jobs in the West Midlands has increased by 3.6% between 2017 and 2022, compared to 4.8% nationally over the same time period. It is worth noting that all the figures produced by this data source are rounded to the nearest thousand so fluctuations will appear larger where there is a lower base population.

2.17   Data is also available from the ONS about the number of businesses in the area and how this has changed. This can provide an indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship.   The ONS indicates that in 2023 there were 8,860 enterprises in Wolverhampton.   A slightly lower proportion of enterprises were micro (with 9 or fewer employees) across Wolverhampton (88.8%) compared with the West Midlands (88.9%) and England (89.2%).   In Wolverhampton the number of enterprises has increased by 17.4% between 2018 and 2023 (a rise of 1,315), higher than the rate of change for the region (2.5%) and nationally (2.2%).

Employment profile of residents in Wolverhampton

2.18   Although the overall economic performance of the City provides important context, an understanding of the effect of the economic climate on the resident population is more pertinent to this study.

2.19   The ONS publishes, on a monthly basis, the number of people claiming Job Seekers Allowance. This provides a very up-to-date measure of the level of unemployment of residents in an area. The figure below shows the change in the proportion of the working age population claiming Job Seekers Allowance in Wolverhampton, the West Midlands and England over the last five years. The figure indicates that, in all areas, the level of unemployment increased notably in Spring 2020, as restrictions were put in place in response to the coronavirus pandemic. The level of unemployment remained at this higher level for a year, before beginning to fall gradually. The figure indicates that the unemployment level in Wolverhampton, whilst fluctuating, has been substantially higher than the regional and national level. Currently (June 2024), 7.6% of the working age population in Wolverhampton are unemployed, compared to 5.4% regionally and the national average of 4.1%.

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[10] Employee jobs excludes self-employed, government-supported trainees and HM Forces. Employee jobs can be both part-time and full-time. Data also excludes farm-based agriculture.

Figure 2.5 Level of unemployment (2019-2024)

Source: ONS Claimant Count
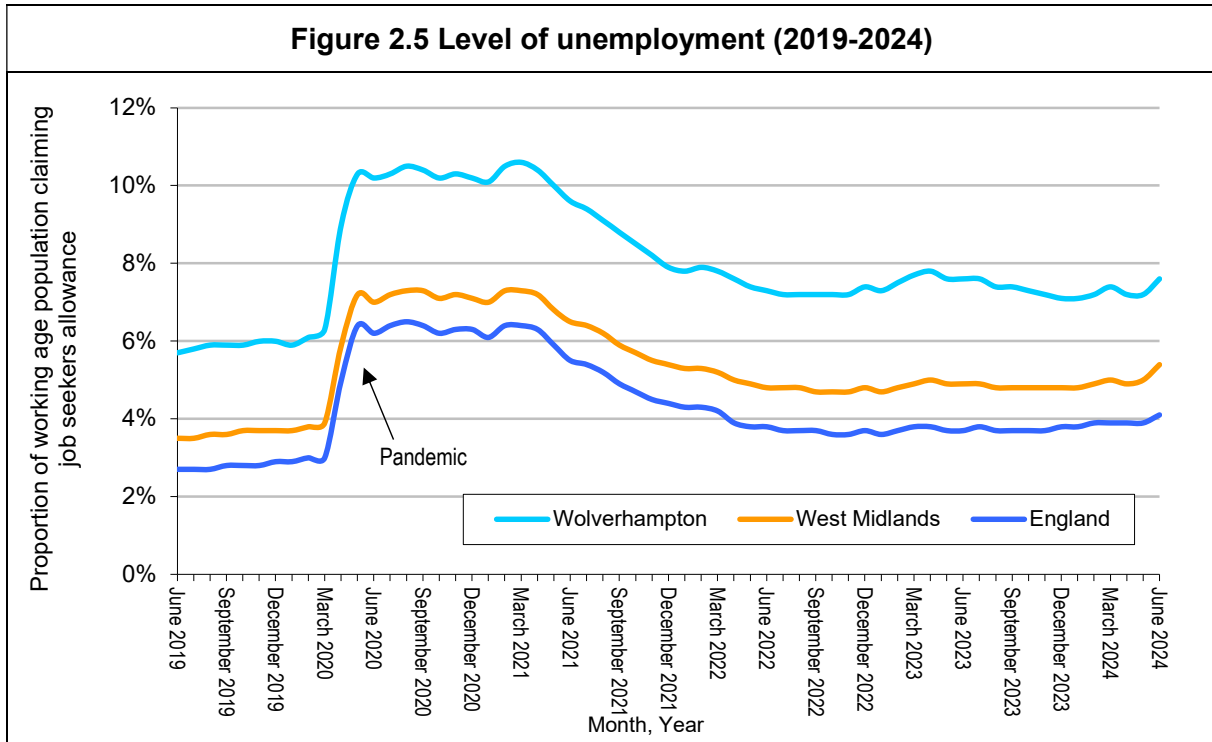
2.20   The Census presents a 'Standard Occupation Classification' which categorises all residents aged 16 years and over in employment the week before the census into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As the table below illustrates, some 35.0% of employed residents in Wolverhampton work in Groups 1 to 3, notably lower than the figure for the West Midlands region and England as a whole. The proportion of people employed in Groups 8 to 9 in Wolverhampton is notably higher than in the West Midlands and England.

2.21   Further analysis shows that, since 2011, there has been a considerable increase in the number of people resident in Wolverhampton employed within Groups 1 to 3 with growth also recorded in those employed in Groups 8 to 9 and 6 to 7. A fall in the number of people employed in Groups 4 to 5 was however recorded between 2011 and 2021 in Wolverhampton.

Table 2.4 Occupation structure (2021)				
Occupation Groups	*Wolverhampton*	*West Midlands*	*England*	*Change in # of people employed in Wolverhampton since 2011*
Group 1-3: Senior, Professional or Technical	35.0%	41.7%	46.4%	17.8%
Group 4-5: Administrative, skilled trades	19.5%	20.1%	19.4%	-10.2%
Group 6-7: Personal service, Customer service and Sales	19.1%	17.4%	16.7%	5.0%
Group 8-9: Machine operatives, Elementary occupations	26.4%	20.8%	17.4%	9.7%
Total	100.0%	100.0%	100.0%	-

Source: 2011 and 2021 Census

Qualifications

2.22   An important factor in the ability of any economy to grow is the level of skill of the workforce. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-Level) and Level 4 the highest (undergraduate degree or higher). The table below outlines the full classification of qualification levels used in the Census.

Table 2.5 Census qualification levels	
Qualification Group	*Qualifications within the group*
Level 1 and entry level qualifications	1 to 4 GCSEs grade A* to C, Any GCSEs at other grades, O levels or CSEs (any grades), 1 AS level, NVQ level 1, Foundation GNVQ, Basic or Essential Skills
Level 2 qualifications	5 or more GCSEs (A* to C or 9 to 4), O levels (passes), CSEs (grade 1), School Certification, 1 A level, 2 to 3 AS levels, VCEs, Intermediate or Higher Diploma, Welsh Baccalaureate Intermediate Diploma, NVQ level 2, Intermediate GNVQ, City and Guilds Craft, BTEC First or General Diploma, RSA Diploma
Apprenticeship	Apprenticeship
Level 3 qualifications	2 or more A levels or VCEs, 4 or more AS levels, Higher School Certificate, Progression or Advanced Diploma, Welsh Baccalaureate Advance Diploma, NVQ level 3; Advanced GNVQ, City and Guilds Advanced Craft, ONC, OND, BTEC National, RSA Advanced Diploma
Level 4 qualifications or above	Degree (BA, BSc), higher degree (MA, PhD, PGCE), NVQ level 4 to 5, HNC, HND, RSA Higher Diploma, BTEC Higher level, professional qualifications (for example, teaching, nursing, accountancy)
Other qualifications	Vocational or work-related qualifications, other qualifications achieved in England or Wales, qualifications achieved outside England or Wales (equivalent not stated or unknown)

Source: 2021 Census

2.23   The figure below shows the highest qualification level of the working-age residents of Wolverhampton, compared to the regional and national equivalents as recorded in the 2021 Census.   The data indicates that 26.2% of working-age residents in Wolverhampton have Level 4 or higher qualifications, lower than the figures for the West Midlands region (29.4%), and England (33.9%). Wolverhampton has more residents with no qualifications than is found nationally and regionally.

Figure 2.6 Highest qualification level of residents (2021)

Legend:
- No qualifications
- Level 1 and entry level qualifications
- Level 2 qualifications
- Apprenticeship
- Level 3 qualifications
- Level 4 qualifications or above
- Other qualifications

Wolverhampton: 25.3% | 11.0% | 13.8% | 4.9% | 15.1% | 26.2%

West Midlands: 21.1% | 10.3% | 13.9% | 5.3% | 17.1% | 29.4%

England: 18.1% | 9.7% | 13.3% | 5.3% | 16.9% | 33.9%

Source: Census, 2021
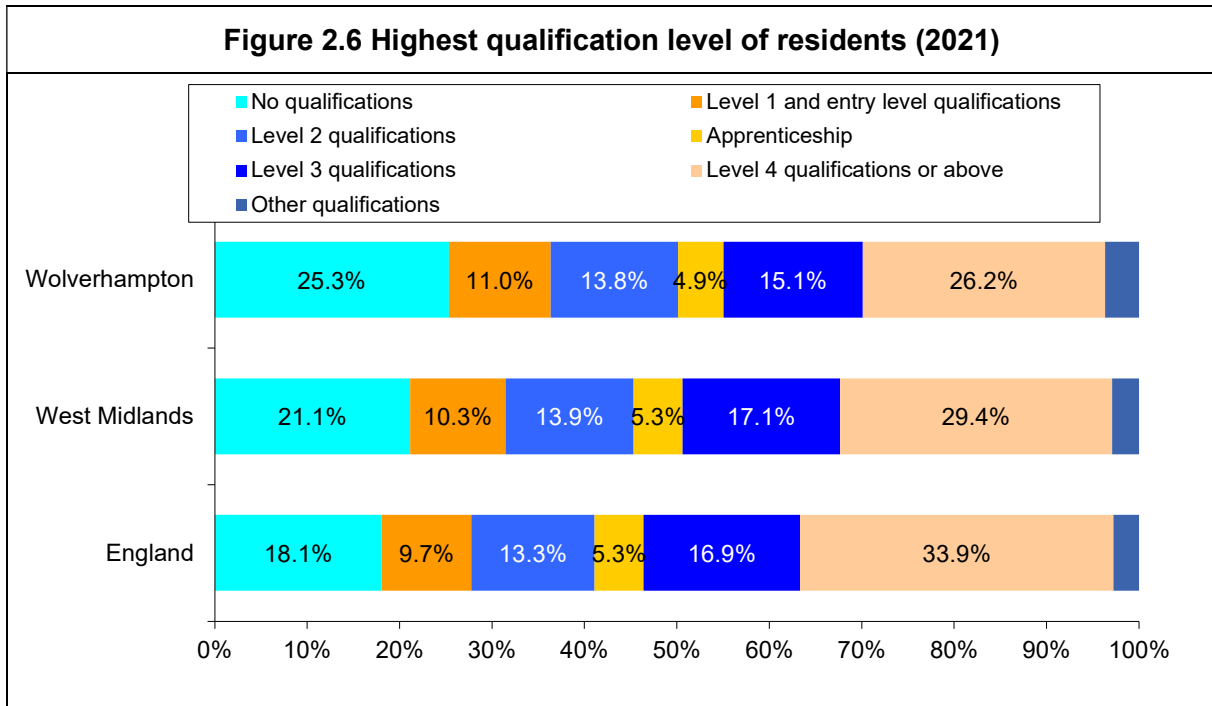
Income

2.24   Income has a core effect on the level of choice a household has when determining their future accommodation.   The mean earned gross income for full-time employees resident in Wolverhampton in 2023 was £35,776, according to the ONS Annual Survey of Hours and Earnings.   In comparison, the regional figure was £39,478 and the national average was £42,245.   It is important to note that these figures assess individual incomes rather than household incomes. It should also be noted that the median figures (set out in the figure below) provide a more accurate average than the mean figures as they are less influenced by extreme values, however the mean figures are presented for context.

2.25   The figure below shows that at all points on the distribution, annual gross income in Wolverhampton is lower than the regional and national equivalents. In Wolverhampton there is a relatively small difference between higher earners and lower earners (in comparison to nationally).

Figure 2.7 Annual gross income of full-time employed residents 2023
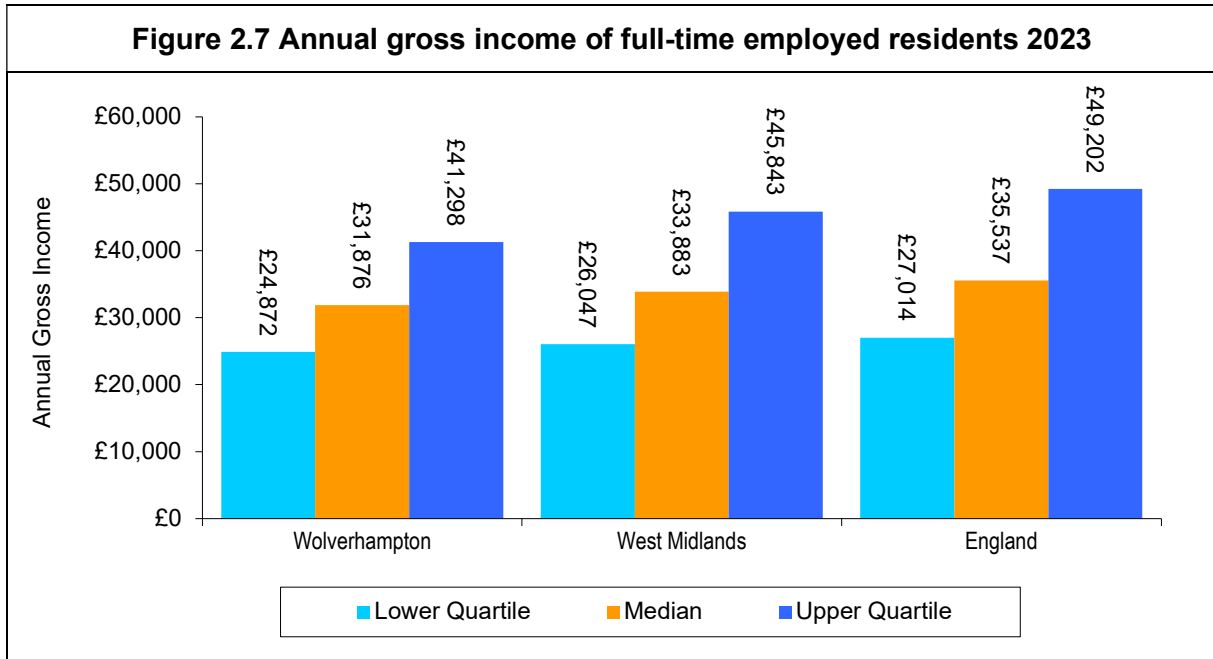
Source: ONS Annual Survey of Hours and Earnings (2023)

2.26   The figure below shows the change in the median income of full-time employees' resident in Wolverhampton, the West Midlands region and England since 2018. Wolverhampton has recorded the highest increase since 2018 (at 25.6%) followed by the West Midlands (21.7%), then England (18.9%). The data for Wolverhampton fluctuates over this period to a greater degree than the regional and national figures because the sample of data it is based on is smaller. It is therefore more susceptible to year-to-year variation than the national and regional figures where outlying figures are subsumed within a larger sample.

Figure 2.8 Change in median annual income of full-time employed residents 2018-2023
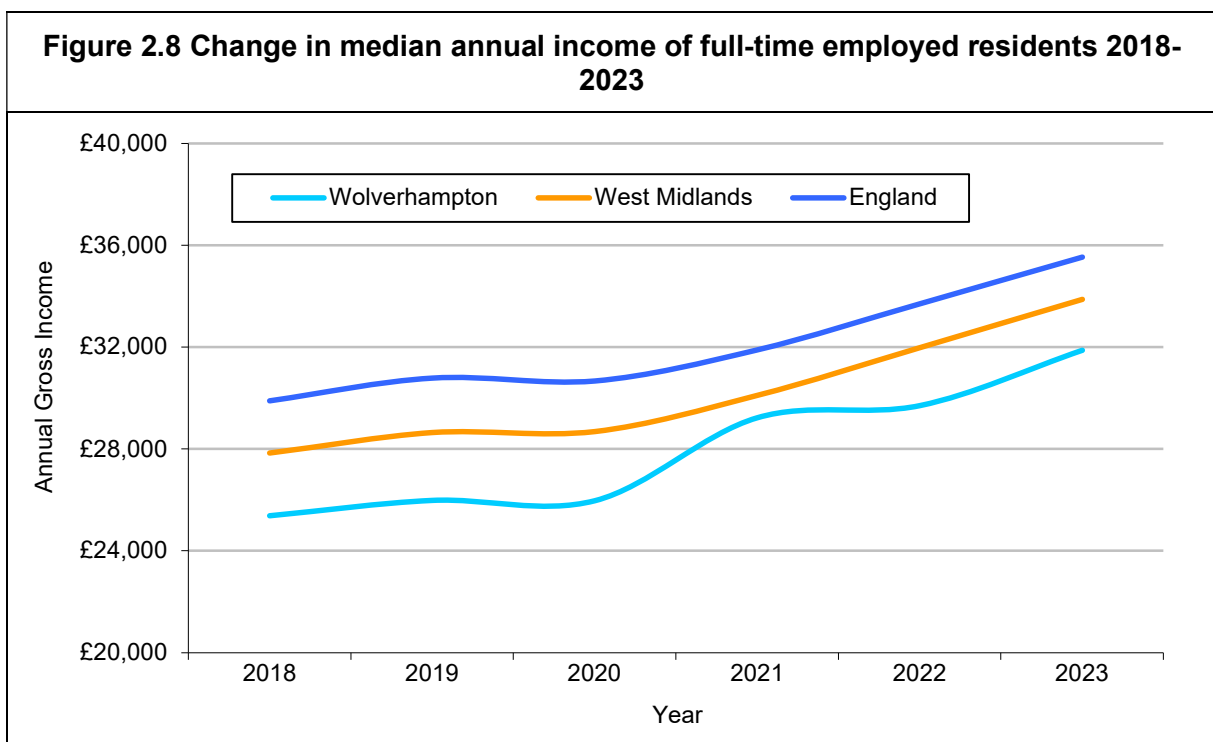
Source: ONS Annual Survey of Hours and Earnings (2018-2023)

Household income

2.27 CACI Paycheck[11] estimates that the mean gross annual household income in Wolverhampton is £43,883, which is 15.8% below the equivalent for England (£52,118) and 7.8% below the figure for the West Midlands (£47,621). The figure below shows household income at various points on the income distribution for the City alongside the national and regional equivalents. The data indicates that households in Wolverhampton are less affluent than equivalent nationwide households at all points on the income distribution, with this difference most distinct at the upper quartile. Mean household incomes have increased in Wolverhampton by 38.1% and median household incomes have increased by 42.2% over the last four years (CACI household income data from March 2020 was presented within the most recent Black Country HMA).
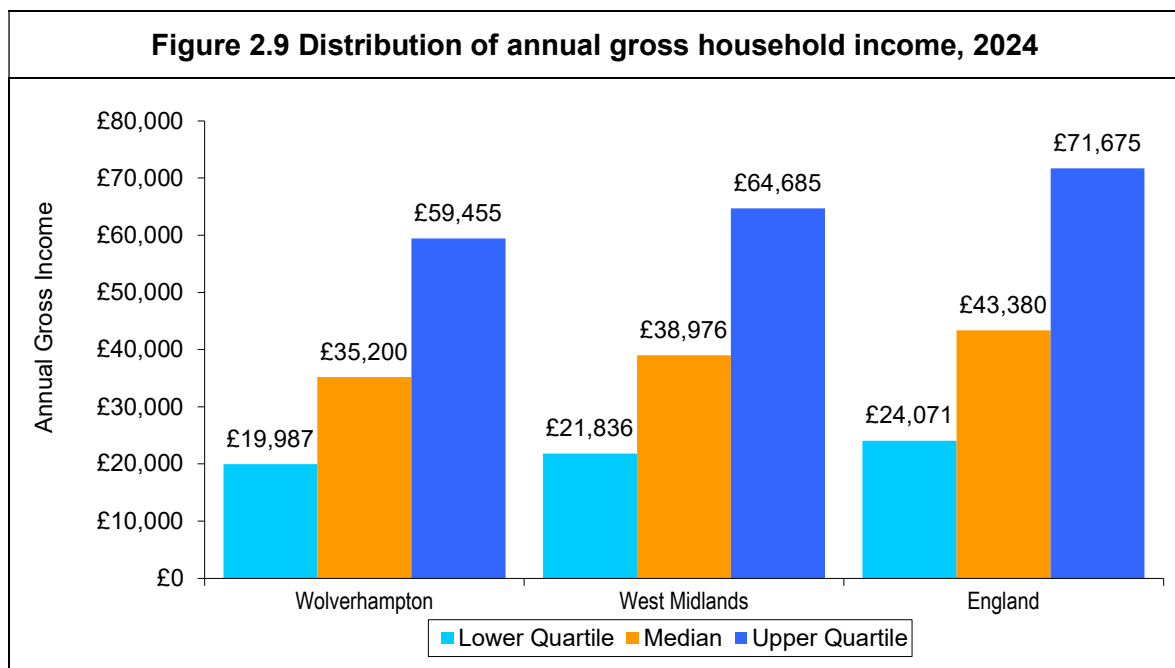
Source: CACI Paycheck, 2024

Dwelling stock

2.28 The Census indicates that there were 112,402 dwellings in Wolverhampton in 2021. The Census show that the number of dwellings in the City grew by 6.2 % between 2011 and 2021 (some 6,577 dwellings). This growth is lower than that recorded regionally (the number of dwellings grew by 7.3% across the West Midlands between 2011 and 2021), and nationally (growth in dwellings of 8.5% over the same time period).

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[11] CACI is a commercial company that provides household income data.

2.29   In 2021, some 6.5% of dwellings were empty or used as a second home, a higher vacancy rate than recorded for the West Midlands (4.8%) and England (6.0%). This was an increase in the vacancy rate recorded in the City in 2011 (3.7% of dwellings were empty or second homes at the time of the previous Census). The proportion of vacant dwellings also increased at a regional and national level (in 2011, 3.6% of dwellings were empty or second homes across the West Midlands and 4.3% recorded nationally), however the growth is above average in Wolverhampton. This may reflect that at the time of the Census there were restrictions in place due to the coronavirus pandemic and it is possible that fewer students at the University were living in the City and more were remaining at homes with their parents, leading to a higher vacancy rate across Wolverhampton.

Accommodation profile

2.30   The figure below compares the type of accommodation in Wolverhampton in 2021 with that recorded for the West Midlands and England. Wolverhampton contains more semi-detached dwellings than the regional and national averages. The City contains notably fewer detached and terraced houses than is found across the region and nationally. The most common property type in Wolverhampton is semi-detached houses followed by purpose built flats.

Figure 2.10 Dwelling type in Wolverhampton, West Midlands and England, 2021

	Detached	Semi-detached	Terraced	Purpose-built flat	Other flat	A caravan or mobile home
Wolverhampton	16.9%	46.0%	16.4%	17.4%	3.2%	
West Midlands	24.5%	37.6%	21.5%	13.1%	2.8%	
England	22.9%	31.5%	23.0%	17.1%	5.2%	

Source: 2021 Census
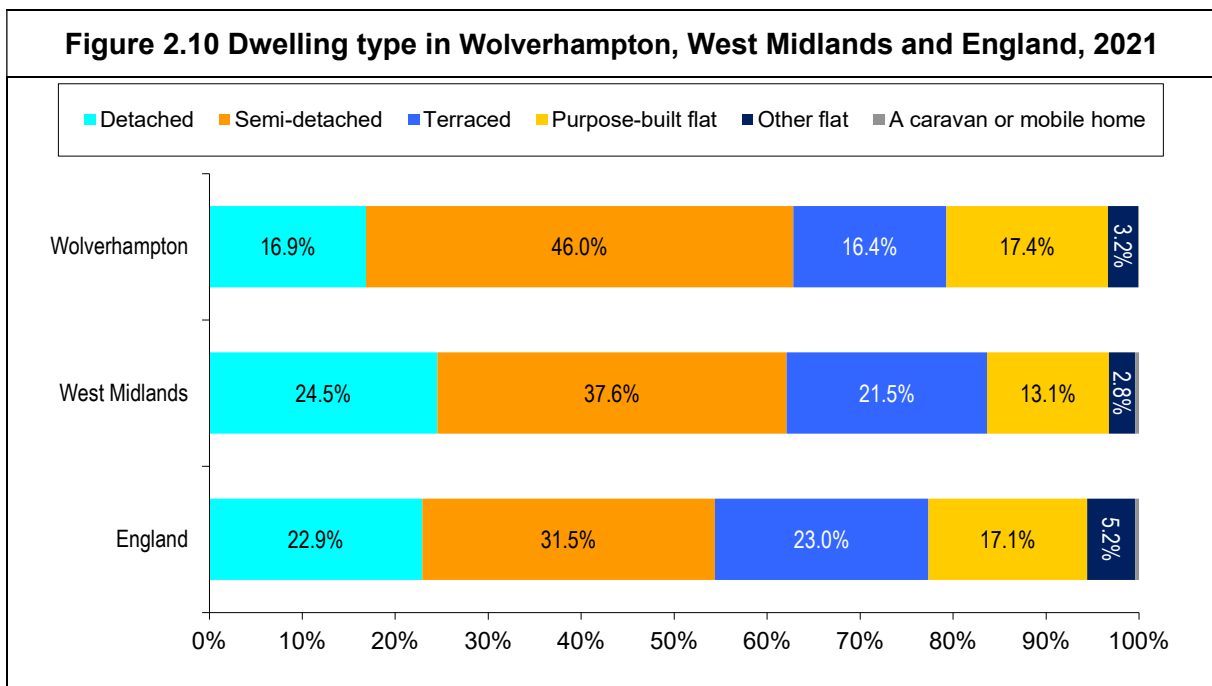
2.31   The table below compares the size of accommodation (in terms of bedrooms) in Wolverhampton with the West Midlands and England. The table indicates that Wolverhampton has a greater proportion of homes with three bedrooms and fewer four or more bedroom properties than the West Midlands and England as a whole. Overall, some 50.3% of homes contain three bedrooms.

Table 2.6 Size of dwelling stock in Wolverhampton, West Midlands and England, 2021			
Property size	Wolverhampton	West Midlands	England
1 bedroom	11.6%	9.7%	11.6%
2 bedrooms	24.0%	24.8%	27.3%
3 bedrooms	50.3%	45.6%	40.0%
4 or more bedrooms	14.0%	19.9%	21.1%
Total	100.0%	100.0%	100.0%

Source: 2021 Census

2.32   The figure below shows the change in the number of dwellings by number of bedrooms between 2011 and 2021. The figure shows that, in all areas, the number of four bedroom homes has increased the most and at a notably greater rate than any other property size. In Wolverhampton, the number of one bedroom homes has decreased during the inter-Census period. This result goes against the new development trend recorded by the Council over the last decade, where more flats and fewer large houses have been built, and larger houses have been converted to flats. This may also reflect an increase in HMOs in the City.

Figure 2.11 Change in the number of homes by dwelling size 2011 and 2021
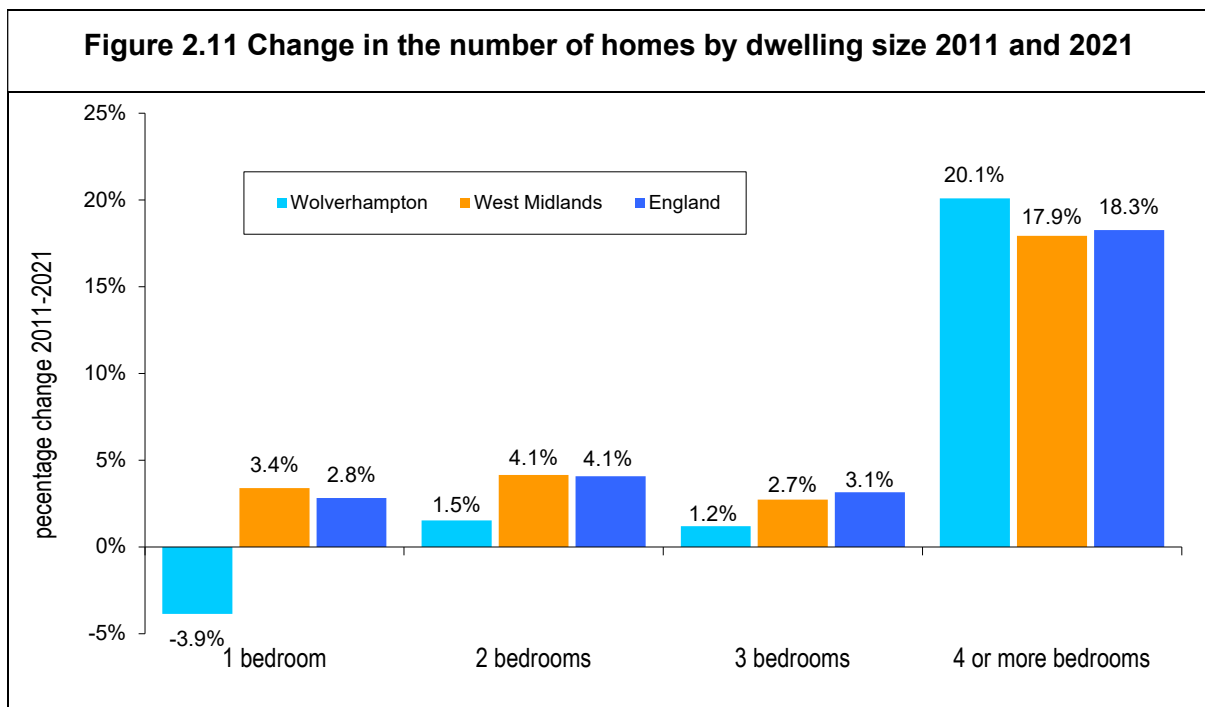
Source: 2011 and 2021 Census

Tenure

2.33   The figure below compares the tenure of households in Wolverhampton in 2021 with that recorded for the West Midlands and England. The data indicates that 29.8% of households in the City are owner-occupiers without a mortgage, compared to 34.4% in the region and 32.5% nationally. The proportion of owner-occupiers with a mortgage in Wolverhampton (26.2%) is also lower than both the regional (25.2%) and national average (28.8%). In Wolverhampton the proportion of households in shared ownership accommodation (at 0.4%) is lower than the regional and national equivalents (0.8% and 1.0% respectively).

2.34   Some 25.2% of households in Wolverhampton are resident in the Social Rented sector, notably higher than the figure for the West Midlands (18.2%) and England (17.1%). Finally, some 19.4% of households in Wolverhampton live in private rented accommodation, compared to 18.1% in the West Midlands and 20.6% in England.

Figure 2.12 Tenure profile in Wolverhampton, West Midlands and England, 2021
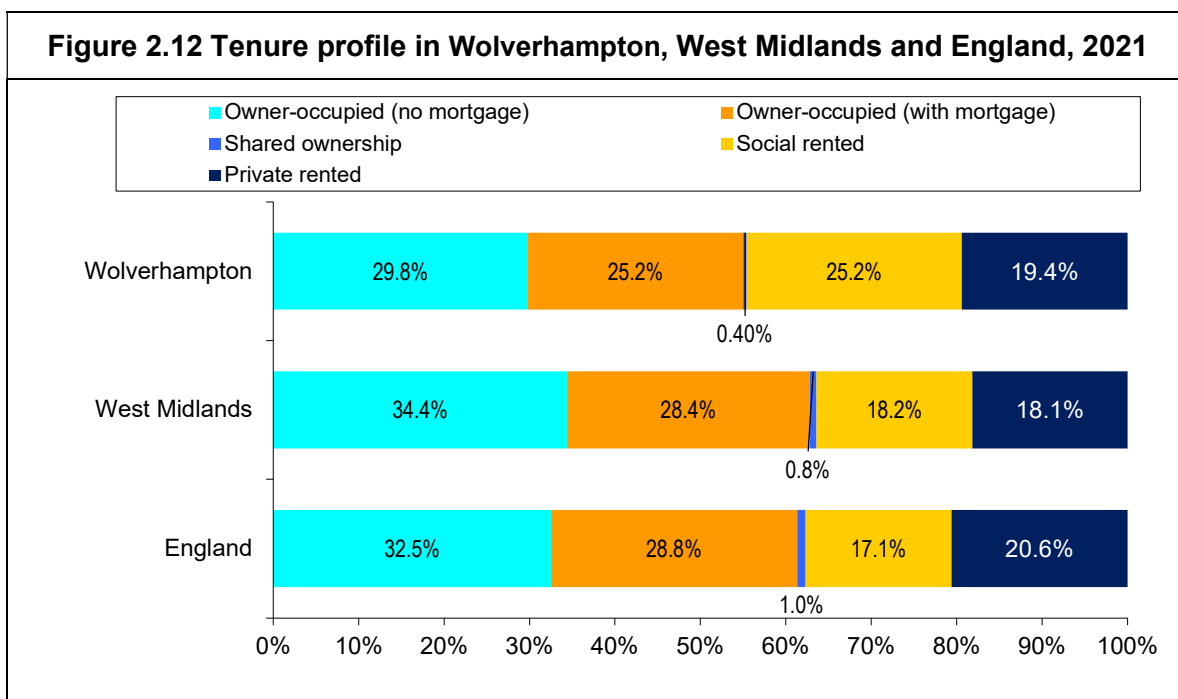
Source: 2021 Census

2.35   The figure below shows the change in the size of each tenure between 2011 and 2021. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown. In comparison, the number of owner-occupiers with a mortgage has decreased. At a regional and national level, the Social Rented sector has recorded a modest growth, whilst in Wolverhampton this sector has recorded a notable decrease, which reflects the loss of stock through Right-to-Buy occurring at a greater rate than the delivery of new social rented homes.

Figure 2.13 Change in number of households in each tenure 2011 to 2021
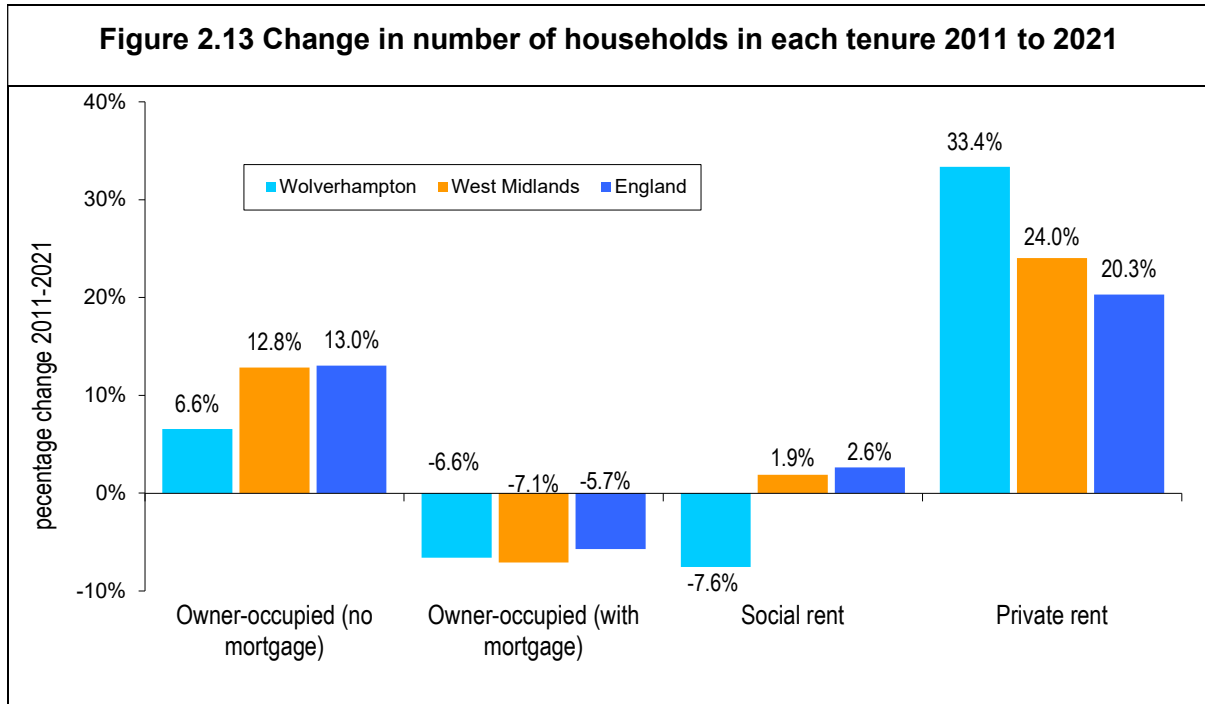
Source: 2011 and 2021 Census

Tenure by bedroom

2.36   Finally, it is useful to understand the size of accommodation within each tenure as recorded by the Census. This is shown in the figure below. The data indicates that, in Wolverhampton, rented accommodation is smaller on average than owned dwellings. This pattern is common across the country and reflects the profile of dwellings built in each sector alongside the size of homes lost from the affordable stock through Right-to-Buy, rather than the aspirations of those in the different tenures. Generally, the private rented stock is larger than that recorded in the Social Rented sector.

Figure 2.14 Dwelling size within each tenure in Wolverhampton, 2021
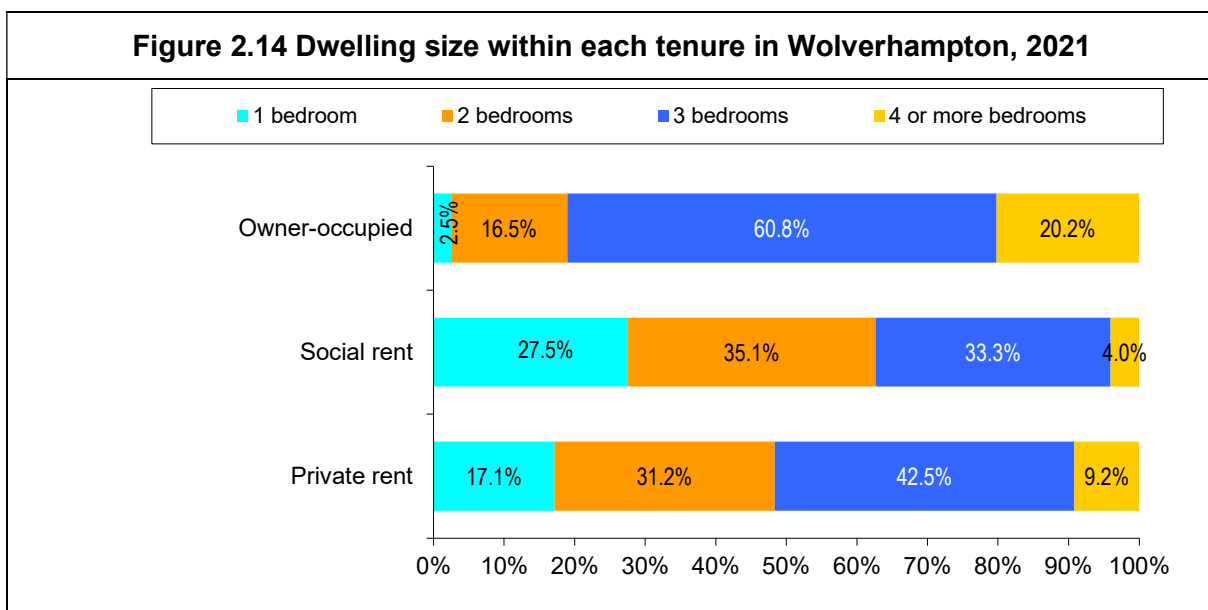
Source: 2021 Census

2.37   The figure below shows the change in the stock profile within each tenure in Wolverhampton between 2011 and 2021. The figure indicates that, whilst all the growth in the owner-occupied sector homes has been from homes with four or more bedrooms, there has been a reduction in the number of one, two and three bedroom dwellings in this tenure in Wolverhampton since 2011. The private rented sector has recorded growth across all property sizes, with the biggest increase in accommodation with four or more bedrooms. Growth in the Social Rented sector has also been concentrated amongst four bedroom homes (although from a relatively low base), with a decrease recorded for all other dwelling sizes.

Figure 2.15 Change in the number of homes in Wolverhampton by tenure and dwelling size 2011 and 2021
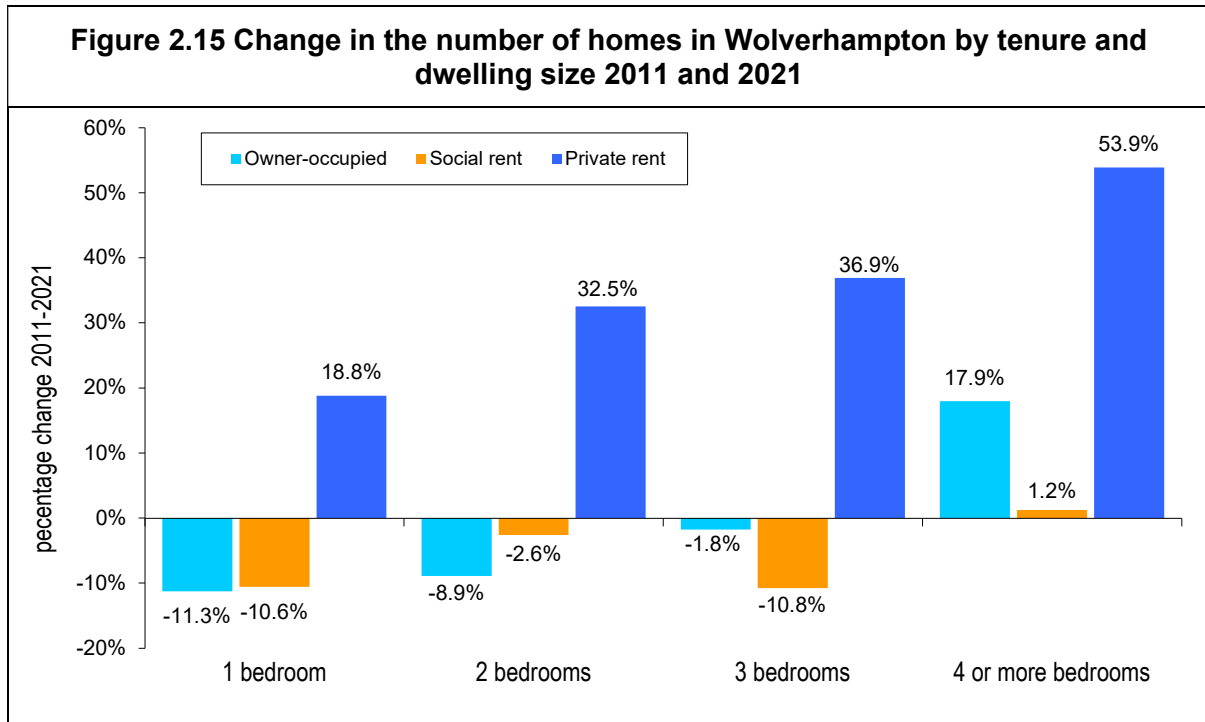
Source: 2011 and 2021 Census

3. The cost and affordability of housing

Introduction

3.1   An effective housing needs assessment is founded on a thorough understanding of local housing – what it costs and how this varies. This chapter initially considers the cost of market housing in Wolverhampton in a regional and national context. Subsequently, it assesses the entry-level costs of housing across the City. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist. Finally, the chapter will report changes in affordability as well as the affordability of housing for different groups of the population currently.

Relative prices

3.2   The table below shows the average property price by dwelling type in 2023 in Wolverhampton, the West Midlands and England as a whole as presented by the Land Registry[12]. The data indicates that the overall average property price in Wolverhampton is 40.2% lower than the national figure and 22.0% lower than the figure for the West Midlands.   Prices in Wolverhampton are lower across all property types, however the relative difference is largest for flats.

3.3   The dwelling profile is not the same across the three areas (with Wolverhampton having a greater proportion of sales of semi-detached houses and a smaller proportion of detached houses and flats than regionally or nationally), so a mix adjusted average has therefore been derived to work out what the average price would be were the dwelling mix in Wolverhampton and the West Midlands to be the same profile as is recorded across England. The mix adjusted average price indicates that equivalent properties in Wolverhampton are around 40.5% lower than those found nationally and 19.6% lower than those across the West Midlands as a whole.

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[12] http://landregistry.data.gov.uk/app/standard-reports/report-design?utf8=%E2%9C%93&report=avgPrice

Table 3.1 Average property prices* 2023					
Dwelling type	Wolverhampton		West Midlands		England & Wales	
	Average price	% of sales	Average price	% of sales	Average price	% of sales
Detached	£348,022	17.6%	£451,967	24.7%	£533,012	23.4%
Semi-detached	£218,701	45.3%	£255,246	35.5%	£322,601	29.6%
Terraced	£172,324	25.6%	£206,953	28.2%	£299,086	29.4%
Flat	£111,010	11.5%	£153,168	11.6%	£313,777	17.6%
Overall average price	£217,207	100.0%	£278,408	100.0%	£363,441	100.0%
Mixed adjusted overall average price	£216,391	-	£269,156	-	£363,441	-

*This is average price per sold property. Source: Land Registry, 2024

3.4   The average property price in Wolverhampton has risen by 29.8% over the last five years compared to an increase of 22.2% nationally and a growth of 22.4% across the region. The number of sales in Wolverhampton over this period has fallen by 35.8% compared to a decrease of 36.9% in England & Wales and a fall of 35.7% for the West Midlands.

3.5   The table below shows the average private rents by dwelling size in 2022-2023 in Wolverhampton, the West Midlands and England as recorded by the Valuation Office Agency. The data indicates that the overall average rental price in Wolverhampton is 30.3% lower than the national figure and 12.9% lower than the figure for the West Midlands. The mix adjusted average rent indicates that equivalent properties in Wolverhampton are around 28.2% lower than those found nationally and 11.9% below those in the West Midlands.

Table 3.2 Average private rents in 2022-2023* (price per month)					
Dwelling size	Wolverhampton		West Midlands		England	
	No. of sales	Average price	No. of sales	Average price	No. of sales	Average price
One bedroom	260	£523	7,220	£635	84,820	£838
Two bedroom	350	£677	17,340	£746	190,540	£932
Three bedroom	420	£800	13,370	£886	121,700	£1,068
Four bedroom	60	£1,090	2,670	£1,343	34,180	£1,791
Overall average rent**	1,160	£693	42,590	£796	459,340	£994
Mixed adjusted rent	-	£714	-	£811	-	£994

* Recorded between 1 October 2022 to 30 September 2023 **This figure includes the rents for room and studio accommodation which are not presented in this table. Source: Valuation Office Agency, 2024

3.6   The average rents in Wolverhampton have risen by 27.9% over the last five years, compared to an increase of 17.8% nationally and a growth of 23.8% across the wider region. The number of lettings in Wolverhampton over this period has reduced by 18.9%, compared to a fall of 5.5% in England and the decrease of 1.2% for the West Midlands.

The cost of housing

3.7   To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. No published secondary data contains this information at a local authority level. As part of this study a price survey was undertaken to assess the current cost of market (owner-occupied and private rented) and affordable housing in Wolverhampton. At the time of the price survey there were over 1,070 homes advertised for sale, and over 350 properties available to rent in Wolverhampton, providing a suitably large sample size for this process. The figure below shows the variations in the cost of housing across the City and illustrates that there is some variation, with prices generally slightly cheaper in the central part of Wolverhampton, with the most expensive area being the west of the City.

Figure 3.1 Variation in median sales prices by ward July 2022 to June 2024

Median Values by Ward
All
- £123,000 - £150,000
- £150,001 - £170,000
- £170,001 - £183,875
- £183,876 - £220,000
- £220,001 - £260,000

This data covers transactions received at Land Registry from 2022 to 2024. © Crown Copyright 2024. Contains Ordnance Survey data © Crown Copyright and Database Right 2024. Contains public sector information licensed under the Open Government Licence v3.0.

Source: Land Registry, 2024

3.8   Median property prices by number of bedrooms were obtained in the City via an online search of non-newbuild properties advertised for sale during May 2024. The results of this online price survey are presented in the figure below. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 2.5% lower).

3.9   Entry-level property prices for are also presented. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 021 Reference ID: 2a-021-20190220). This lower quartile price reflects the cost of a home in suitable condition for habitation, some of the properties available in the lowest quartile are sub-standard and will require modernisation and updating which will add further expense to the purchase price.

3.10   The figure indicates that entry-level prices in the City range from £82,500 for a one bedroom home up to £307,250 for a four-bedroom property. Median prices are generally around 10-20% higher than entry-level prices. In terms of market availability, the analysis showed that three-bedroom properties are most commonly available to purchase in Wolverhampton, with two-bedroom homes the next most widely available. The smallest supply is of one-bedroom homes or studios.

Figure 3.2 Property prices by size in Wolverhampton
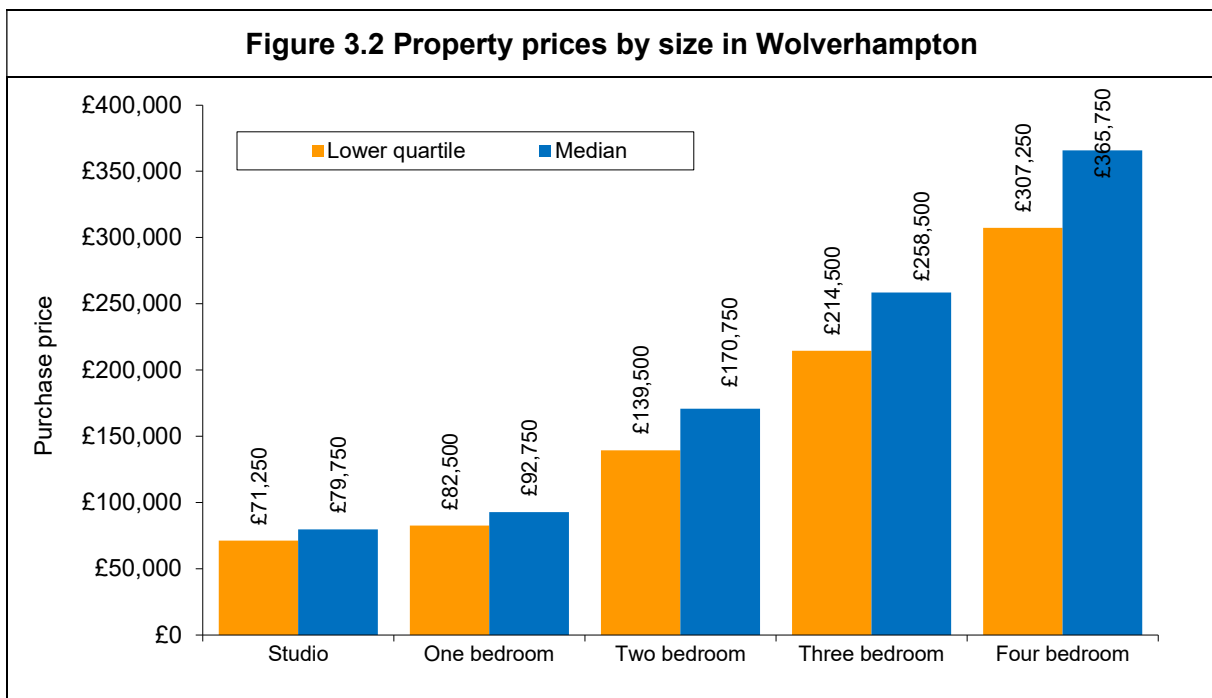
Source: Online estate agents survey July 2024

Private rents

3.11   The entry-level and median price for private rented accommodation by property size across the whole of Wolverhampton is presented in the figure below. The figure also includes the cost of a shared room within the private rented sector. The figure indicates that entry-level rents range from £450 per month for a one-bedroom home, up to £960 per month for a four-bedroom property. The profile of properties available is somewhat different to that for purchase, with a greater proportion of one and two-bedroom homes available to rent in the City.

Figure 3.3 Private rents by size in Wolverhampton

* Shared is a room in a shared dwelling. Source: Online estate agents survey July 2024
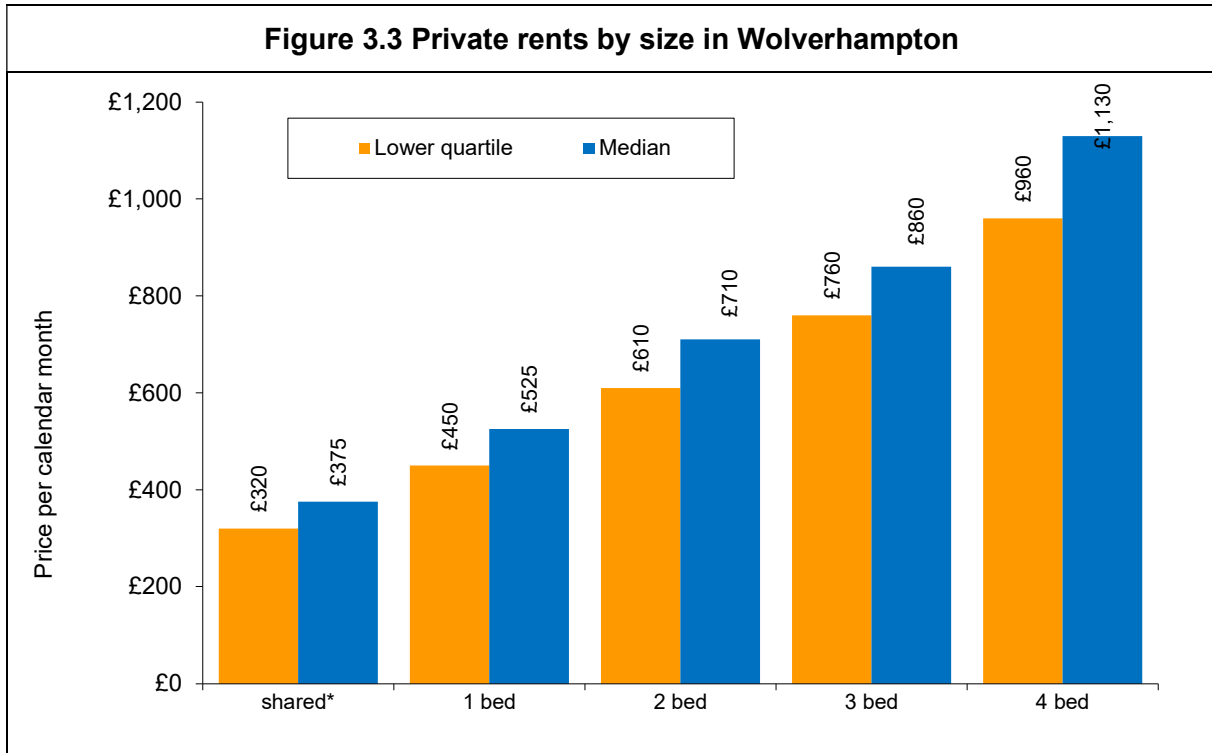
Social and Affordable Rents

3.12   The cost of Social and Affordable Rented accommodation by dwelling size in Wolverhampton can be obtained from the Regulator of Social Housing's Statistical Data Return dataset[13]. The table below illustrates the cost of Social and Affordable Rented dwellings in Wolverhampton. The costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant gap between the Affordable Rented and market sectors.

Table 3.3 Average Social and Affordable Rented costs (per month)		
Bedrooms	*Social rent*	*Affordable Rent*
One bedroom	£416	£404
Two bedrooms	£437	£514
Three bedrooms	£461	£568
Four bedrooms	£506	£701

Source: Regulator of Social Housing's Statistical Data Return 2023

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13   https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023

Analysis of housing market 'gaps'

3.13   Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. The figure below shows the housing ladder that exists for different sizes of property. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them.

3.14   To do this, the entry-level property price (set out in Figure 3.2) has been divided by 3.5[14] to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property) and multiplied the annual rent by 3.333 to produce a comparable figure. This latter step was carried out for Social Rents and Affordable Rents (set out in Table 3.3) and market rents (set out in Figure 3.3). These approaches assume a household spends no more than 30% (1/30 = 3.333) of gross household income on rent. This figure is used as this reflects current practice in the market.

3.15   The figure shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures – the smaller the gaps, the easier it is for a household to ascend the ladder.
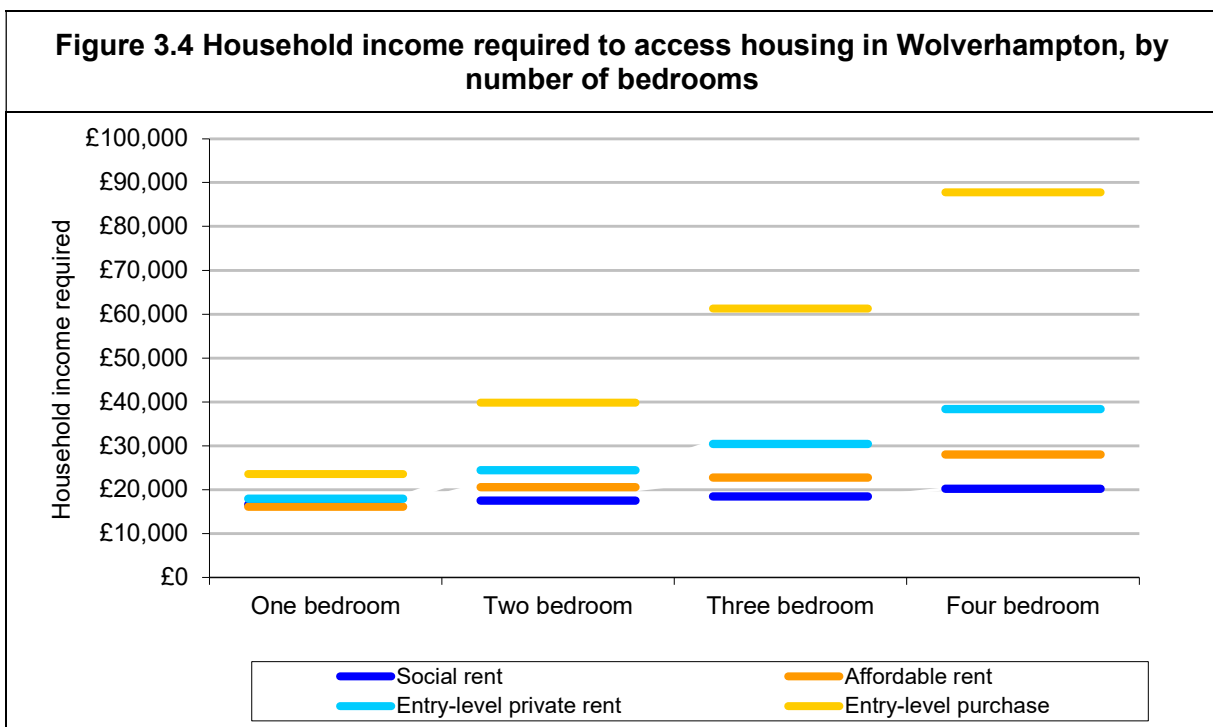
Figure 3.4 Household income required to access housing in Wolverhampton, by number of bedrooms

Source: Online survey of property prices July 2024; Regulator of Social Housing's Statistical Data Return 2023

[14] The most recent data available from the Bank of England suggests that the multiple of 3.5 for owner-occupation is most appropriate. (https://www.bankofengland.co.uk/-/media/boe/files/statistics/mortgage-lenders-and-administrators/mlar-longrun-detailed.xlsx?la=en&hash=C19A1AC6C462416B0DA71926A744233793B8049B (table 1.31)).

3.16   The figure indicates that, for all dwelling sizes, the gap between Affordable Rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are large; an additional £10,400 per year is required to access a four bedroom private rented home over the cost of a four bedroom Affordable Rented property, with a further £49,400 in household income required to move to an owner-occupied home (the gap between Social Rent and Affordable Rent is only £7,800 in comparison).

3.17   The table shows the size of the gaps for each dwelling size in Wolverhampton. The table indicates, for example, that three-bedroom market entry rents in the City are 33.7% higher (in terms of income required) than the cost of Affordable Rented. The notable gap recorded between Affordable Rents and market entry rents for most dwelling sizes indicates that intermediate housing could potentially be useful for many households. The very large gap between market entry rents and market entry purchase, most notably for three and four bedroom dwellings indicates notable potential demand for part-ownership products for households in this gap.

Table 3.4 Scale of key housing market gaps			
Property size	*Social Rent < Affordable Rent*	*Affordable Rent < entry-level rent*	*Entry-level rent < entry-level purchase*
One bedroom	-3.1%	11.5%	31.0%
Two bedrooms	17.6%	18.6%	63.3%
Three bedrooms	23.3%	33.7%	101.6%
Four bedrooms	38.4%	37.0%	128.6%

Source: Online survey of property prices July 2024; Regulator of Social Housing's Statistical Data Return 2023

Intermediate products

3.18   A range of intermediate options are potentially available for households in Wolverhampton, the costs of these are profiled below.

Intermediate Rent/Rent-to-Buy

3.19   Rent-to-Buy is a route to home ownership where homes are let to working households at an Intermediate Rent (i.e. less than the full market rent) to give them the opportunity to save for a deposit to buy their first home. It is planned that, by landlords providing a discounted rent for tenants for a minimum of 5 years, they will have sufficient time to acquire a deposit so that they may purchase the home. It is set out that the Intermediate Rent must not exceed 80% of the current market rent (inclusive of service charge), however the product is distinct from Affordable Rent which is available to tenants on the same basis as Social Rent. Although the availability of Rent-to-Buy in the area is extremely limited currently, its potential suitability for households can be tested by modelling its theoretical cost.

3.20 The table below sets out the costs of Intermediate Rent in Wolverhampton, presuming that the rent is set at 80% of median market rents. The table shows that for all dwelling sizes, Intermediate Rent is notably cheaper than market entry rent and can be considered a useful affordable product. In all cases, it is also more expensive than the Affordable Rent currently charged within Wolverhampton. It will be considered for its suitability for meeting those in housing need in Chapter 6.

Table 3.5 Estimated cost of Intermediate Rent within Wolverhampton (monthly cost)			
Bedrooms	*Intermediate Rent*	*Entry-level private rent*	*Affordable Rent*
One bedroom	£420	£450	£404
Two bedrooms	£568	£610	£514
Three bedrooms	£688	£760	£568
Four bedrooms	£904	£960	£701

Source: Online survey of property prices July 2024; Regulator of Social Housing's Statistical Data Return 2023

3.21 As the main purpose of this intermediate housing option is to allow households the opportunity to save for a deposit to buy their first home, it is useful to consider whether this product is likely to allow households to build up their savings sufficiently. The table below shows the average income of households in the private rented sector by the number of bedrooms that they require, alongside the income required to afford the Intermediate Rent[15]. The cost of a 10% deposit[16] for an entry-level owner-occupied home in Wolverhampton is presented in the fourth column[17]. The next column indicates the time in years it would take on average for a household in the private rented sector to save enough money to afford the deposit required if they were to reside in a home available at Intermediate Rent[18]. The final column sets out the time it would take on average for a household to save for the deposit required were they to reside in entry-level private rented accommodation instead. This analysis is only presented for one to three bedroom accommodation as four bedroom Intermediate Rent priced at 80% of median market rent is not cheaper than entry-level private rented accommodation, as discussed above.

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[15] Following the approach used in Figure 3.4 the annual intermediate rent was multiplied by 3.333 to produce a figure for the annual income required to afford this accommodation (based on 30% of gross income being spent on rent).

[16] This is the typical minimum level of deposit required.

[17] Entry-level purchase prices are set out in Figure 3.2.

[18] This is calculated by taking the difference between the average income of households in the private rented sector and the income required to afford Intermediate Rent housing and dividing this figure by the cost of a 10% deposit.

3.22   The table shows that households in the private rented sector in Wolverhampton that require a two bedroom home would take on average 2.5 years to save enough money to afford a 10% deposit on a two bedroom entry-level home to purchase in the City. If these households were to reside in a home priced at Intermediate Rent, they would be able to save for this deposit within 1.9 years. For two, three and four bedroom homes, private rented households would be able to afford a 10% deposit notably quicker if they were to reside in a home priced at Intermediate Rent rather than within the private rented sector. For one bedroom accommodation the reduction in time is relatively negligible.

Table 3.6 Average time taken to afford a 10% deposit by households residing in Intermediate Rented accommodation					
Bedrooms	Average income of applicable* households	Annual income required to afford Intermediate Rent	Cost of 10% deposit of entry-level owner-occupied home	Length of time in years taken to acquire deposit	Length of time in years taken to acquire deposit if household were to reside in private rented sector
One bedroom	£24,920	£16,800	£8,250	1.0	1.2
Two bedrooms	£29,993	£22,720	£13,950	1.9	2.5
Three bedrooms	£34,443	£27,520	£21,450	3.1	5.3
Four bedrooms	£42,364	£36,160	£30,725	5.0	7.8

3.23   The remainder of the intermediate products profiled are principally available as a new home (whilst some products are available for resale, this supply is very limited). It is therefore useful to set out the purchase price of newbuild dwellings in Wolverhampton at the time of the price survey. These are set out in the figure below.

Figure 3.5 Newbuild home prices by bedrooms
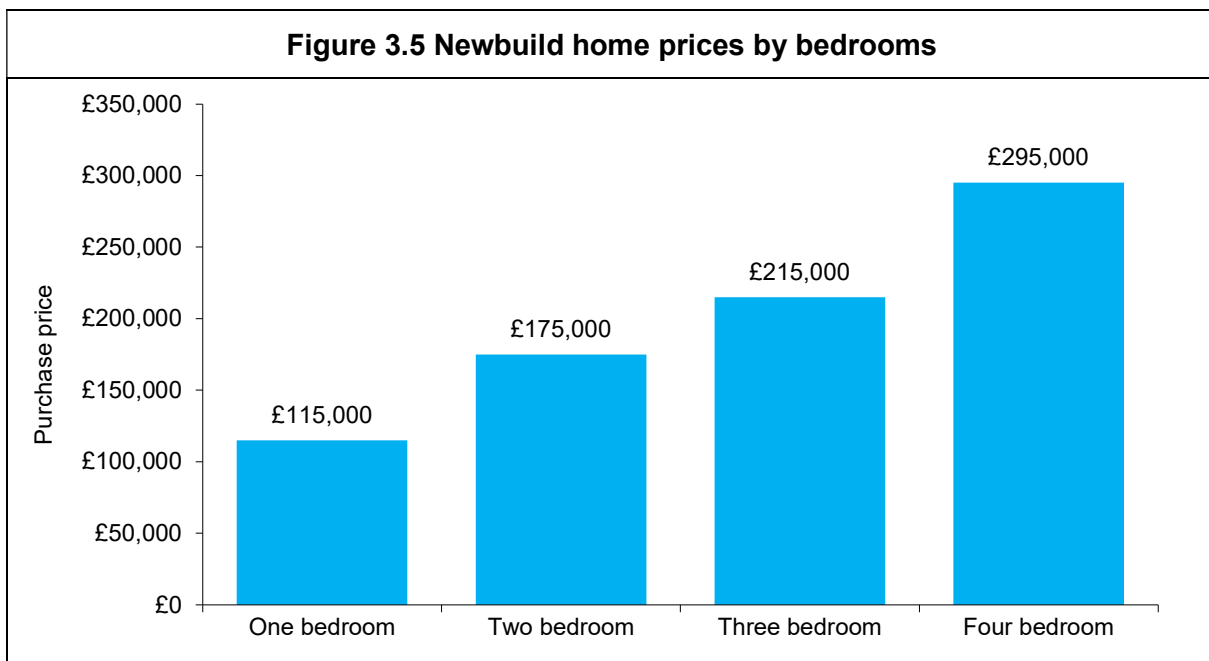
Source: Online estate agents survey July 2024

Shared Ownership

3.24   The table below presents the estimated costs of Shared Ownership housing in Wolverhampton as obtained from the online estate agent survey. The open market values are based on newbuild prices set out above. The monthly costs of purchasing the property with a 75% equity share, a 40% equity share, and a 25% equity share are presented. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 4.29%[19] paid on the equity share owned and a rent payable at 2.75% on the remaining equity (i.e. the part of the house not purchased).

3.25   The table shows that a 25% equity share Shared Ownership home is cheaper than market entry rented housing for all dwelling sizes. A 40% equity share Shared Ownership home is cheaper than market entry rented housing for one bedroom homes, but more expensive for two, three and four-bedroom dwellings. A 75% equity share Shared Ownership home is more expensive than market entry housing in all instances and cannot be considered an affordable product. All forms of Shared Ownership housing, other than one and two bedroom homes with a 75% equity share, are cheaper than entry-level home ownership.

Shared Equity

3.26   Shared Equity is a product similar to Shared Ownership that is typically offered by the private sector rather than by Registered Providers. With Shared Equity a mortgage is offered on the equity owned but with no rent due on the remaining equity. The typical proportion of the equity sold for a shared equity product is 75%. The monthly costs of purchasing a Shared Equity property with a 75% equity share are set out in the table below. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 4.29% paid on the equity share owned.

3.27   Shared Equity accommodation with a 75% equity share is more expensive than entry-level private rented accommodation for all accommodation sizes other than one bedroom homes. It is however cheaper than entry-level home ownership in Wolverhampton for all property sizes other than one bedroom homes.

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[19] This interest rate is available as a five-year fixed product to potential homeowners with a high loan to value ratio currently. It is also a rate with no additional product fee associated with it. Whilst there are lower interest rates available for those with lower loan to value ratios this report is principally assessing households looking to purchase a home for the first time who are likely to have higher loan to value ratios. Lower interest rates are available for those choosing a shorter fixed-term period, however, the use of a five-year period provides a known cost for households becoming owners for a good amount of time.

Table 3.7 Estimated cost of intermediate housing in Wolverhampton (monthly cost)						
Bedrooms	*Shared Ownership – 75% equity*	*Shared Ownership – 40% equity*	*Shared Ownership – 25% equity*	*Shared equity*	*Entry-level private rent*	*Entry-level owner-occupation**
One bedroom	£539	£411	£356	£474	£450	£453
Two bedrooms	£821	£625	£541	£721	£610	£766
Three bedrooms	£1,009	£768	£665	£885	£760	£1,178
Four bedrooms	£1,384	£1,054	£912	£1,215	£960	£1,687

*The monthly cost of entry-level owner-occupation presuming a 30-year repayment mortgage with an interest rate of 4.29%. Source: Online estate agents survey, July 2024

First Homes

3.28   In May 2021, the Government ended the period of consultation on a First Homes policy by publishing the First Homes Guidance[20]. First Homes are a new initiative to help deliver discounted homes to local people. They are intended to be newly built properties sold with a discount of at least 30% below market value. It is anticipated that no interest will be paid on the un-bought equity, rather, when the home is sold on in the future, it will be available at the same proportion of discount for which it was originally bought. First Homes are subject to price caps – outside of London a First Home cannot be sold for more than £250,000 (once the discount has been applied). The cap only applies to the first time that a First Home is sold – it does not apply to subsequent sales of the property.

3.29   Local Planning Authorities can set specific local connection restrictions provided they are evidenced; however, these restrictions should only apply for the first three months the property is available for sale, to ensure First Homes do not remain unsold. First-time buyers are the target market for this product and this group is identified using the same definition that is used for Stamp Duty Relief for First-time buyers as set out in the Finance Act 2003. However, mechanisms also exist to help prioritise members of the armed forces and key workers.

3.30   Whilst the product is available to those with notable savings levels, First Homes can only be purchased using mortgage finance or equivalent which covers at least 50% of the purchase value. The product is not suitable for investors as a First Home can only be bought if it is the buyer's only home. Outside of London, households acquiring a First Home cannot have an income over £80,000. Whilst the Government does allow Local Planning Authorities to set lower income caps where the need and viability of this option can be evidenced, these local caps are time limited to the first three months that the property is for sale.

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[20] https://www.gov.uk/guidance/first-homes

3.31   The guidance is clear that 30% is the minimum level of discount applied, however Local Planning Authorities will *'be able to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this'*[21].   It is useful therefore to understand whether a larger discount would be required in Wolverhampton currently. This is presented in the table below. The table suggests that a 30% discount will be sufficient to ensure newbuild properties are notably cheaper than entry-level owner-occupation for all dwelling sizes and will therefore address a gap in the housing market locally. The cost of a four bedroom home with a 30% discount however is also below the £250,000 threshold set out in the First Homes Guidance.

Table 3.8 A comparison of the potential price of a First Home with entry-level owner-occupation			
Bedrooms	*Newbuild prices*	*Newbuild prices with a 30% discount*	*Entry-level owner-occupation*
One bedroom	£115,000	£80,500	£82,500
Two bedrooms	£175,000	£122,500	£139,500
Three bedrooms	£215,000	£150,500	£214,500
Four bedrooms	£295,000	£206,500	£307,250

Source: Online survey of property prices May 2024

3.32   It is useful to assess the ability of households to build up the 10% deposit likely to be required for a First Home in Wolverhampton. The total discounted price of these homes is set out in Table 3.8. Following the approach used to produce the analysis set out in Table 3.6, the table below sets out the average time it would take for households resident in the private rented sector, paying lower quartile rents, to afford a 10% deposit for a First Home.

3.33   The table shows that many households in the private rented sector would be able to build up the deposit required for a First Home in between 1 and 5 years. A comparison with the final column in Table 3.6 shows that it is a faster avenue into home ownership than purchasing a second-hand home. Although it will prove a useful entry-point for many households, it will be unobtainable for a notable number of households in the private rented sector.

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[21] Paragraph: 004 Reference ID: 70-004-20210524

Table 3.9 Average time taken for households residing in the private rented sector to afford a 10% deposit for a First Home				
Bedrooms	*Average income of applicable* households*	*Annual income required to afford entry-level private Rent*	*Cost of 10% deposit of discount market housing*	*Length of time in years taken to acquire deposit*
One bedroom	£24,920	£18,000	£8,050	1.2
Two bedrooms	£29,993	£24,400	£12,250	2.2
Three bedrooms	£34,443	£30,400	£15,050	3.7
Four bedrooms	£42,364	£38,400	£20,650	5.2

Local Housing Allowance

3.34   Local Housing Allowance (LHA) is the mechanism for calculating Housing Benefit and the housing element of Universal Credit outside of the Social Rented Sector. It is designed to assist people in their ability to pay for their housing, however there is a limit as to how much financial assistance will be provided dependent on the location and size of the property. The LHA cap sets out what this maximum limit for the Broad Rental Market Area (BRMA) in which the claim is made as determined by the Valuation Office Agency. If the rent charged is in excess of this cap, it is the responsibility of the household to pay the shortfall.

3.35   The table below sets out the monthly LHA caps that apply in Wolverhampton, which is covered by one BRMA – the Black Country BRMA. A comparison with the Affordable Rent levels in Wolverhampton (set out in Table 3.3) indicates that the local Affordable Rents are currently cheaper than the LHA caps. A comparison with the entry-level private rents in Wolverhampton (set out in Figure 3.6) suggests that the LHA caps in the Black Country BRMA are very similar to entry-level private rent. This means that households in receipt of the full LHA applicable in the private rented sector are likely to need additional income sources to be able to pay for their rent. In the Birmingham BRMA the LHA caps are in excess of entry-level private rents.

Table 3.10 Local Housing Allowance Cap (per month)	
Bedrooms	Black Country BRMA
Room in a shared dwelling	£319
One bedroom	£494
Two bedrooms	£623
Three bedrooms	£748
Four bedrooms	£922

Source: Valuation Office Agency 2024

Affordability of housing

3.36   Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. As discussed further in Chapter 4, the affordability ratio is currently 6.29 in Wolverhampton (with a figure over 4 indicating a market adjustment is required). In comparison, the affordability ratio in 2023 in the West Midlands was 7.18, whilst the national figure was 8.26. The affordability ratio in Wolverhampton has risen from 5.56 since 2018. In comparison, over the same five-year period, the affordability ratio has risen from 6.79 in the West Midlands and from 8.04 nationally.

Affordability for specific household groups

3.37   The household income distribution referred to in Figure 2.9, differentiated by household type, can be used to assess the ability of households in Wolverhampton to afford the size of home that they require (according to the bedroom standard[22]). The entry-level cost of housing by bedroom size is presented in Figures 3.2 and 3.3 and the test is based on the affordability criteria discussed above.

3.38   The figure below shows the current affordability of households in Wolverhampton by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move. It is used to just demonstrate the comparative affordability of different household groups for contextual purposes and does not represent information that the Council needs to plan against.

3.39   The data indicates that 55.6% of lone parent households in Wolverhampton would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford market housing, whilst couple households without children are most likely to be able to afford market housing in the City. Households requiring a four-bedroom home are least likely to be able to afford this size of market housing in Wolverhampton.

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[22] This is the number of bedrooms that is required and is calculated depending on the age, sex and relationship status of the members to the household. A separate bedroom is allocated for each couple and any single person aged 21 or over. Any children aged 10-20 of the same sex is presumed to be able to share a bedroom as are each pair of children under 10 (regardless of gender). Any unpaired child aged 10-20 is paired, if possible, with a child under 10 of the same sex, or, if that is not possible, they are counted as requiring a separate bedroom, as is any unpaired child under 10.

Figure 3.6 Theoretical affordability of market housing*

Household type	Households unable to afford
Single pensioner	34.2%
Single other	46.8%
Couple with no children	16.8%
Couple with child/children	27.6%
Lone parent	55.6%
Other	24.2%
Households requiring 1 bedroom	32.1%
Households requiring 2 bedrooms	32.5%
Households requiring 3 bedrooms	40.0%
Households requiring 4+ bedrooms	48.1%

Households unable to afford

*Percentage of households unable to afford both entry-level private rent and entry-level home ownership

4. Overall housing need

4.1   The NPPF indicates that planning authorities should use the Standard Method to establish the overall need for housing. The Standard Method was introduced in 2018 to allow a simple and transparent assessment of the minimum number of homes needed in an area.   The full Standard Method was then set out within the PPG published in February 2019. In August 2020, the Government opened a consultation on changes to the Standard Method, which led to a revised Standard Method being published within the PPG in December 2020.

4.2   The revised Standard Method calculation retains the majority of the features of the previous iteration to retain stability in the plan-making process, however greater emphasis has been placed on delivering houses in the largest urban areas with the addition of a further step in the calculation that affects the 20 largest cities in England.   The aim is to ensure that the Government's ambition for 300,000 new homes per year nationally is deliverable, but the strain is not too great in rural areas and instead there will be greater opportunity for development on brownfield sites in large cities. This prioritization of large cities is intended to make the best use of existing infrastructure, to provide the flexibility for housing development to respond to the structural change currently taking place in the retail and commercial sector related to both technological developments and behavioural changes resulting from the coronavirus pandemic, and finally to reduce the environmental impact of new housing development. The approach is still based on a standardised calculation using publicly available data.

4.3   This chapter will describe the steps involved in the Standard Method, following the approach described in the revised PPG[23]. It is expected that the authority will follow the Standard Method to determine the minimum annual local housing need figure. The latest approach will be followed to calculate the housing need figure for Wolverhampton. The PPG makes it clear that, whilst it is not mandatory, any deviation from the Standard Method should only be pursued in exceptional circumstances. However, this does not mean that the Council cannot decide to pursue a figure higher than that indicated by the Standard Method, Paragraph 10 of the PPG[24] states: '*The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.'*

4.4   This chapter sets out the policy-off calculation of the Standard Method figure.

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[23] All the steps are described in paragraph 004 (Reference ID: 2a-004-20201216).

[24] Reference ID: 2a-010-20201216.

Step 1 – Setting the baseline

4.5   The baseline is set using the 2014-based household projections in England[25]. The PPG indicates that '*Using these projections, calculate the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period)*.' The table below sets out the results of Step 1 of the Standard Method. The baseline figure in Wolverhampton for the current year of 2024 is therefore 711.

Table 4.1 Calculating the baseline figure in Wolverhampton			
Local authority area	*Total households in 2024*	*Total households in 2034*	*Average annual household growth*
Wolverhampton	110,662	117,767	711

Source: 2014-based household projections, 2016

Step 2 – An adjustment to take account of affordability[26]

4.6   The average annual projected household growth figure produced in Step 1 should then be adjusted to reflect the affordability of the area using the most recent median workplace-based affordability ratios.[35] Paragraph 006 of the PPG[36] describes why an affordability ratio is applied, to account for any constrained household formation and to ensure that people are not prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace.

4.7   The PPG is also absolute that the affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG[27], which states that '*the standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately.* Furthermore, Paragraph 002 of the PPG[28] makes it clear that following the Standard Method is sufficient to address any historic under-supply.

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[25] https://www.gov.uk/government/collections/household-projections. Paragraph 005 of the PPG (Reference ID: 2a-005-20190220) states that the 2014-based projections are used (in preference to the more recently published 2016-based projections) as they are more suitable for meeting '*the Government's objective of significantly boosting the supply of homes.*'

[26] Paragraph 006 of the PPG (Reference ID: 2a-006-20190220) describes why an affordability ratio is applied – principally to account for any constrained household formation and to ensure that people aren't prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace. The affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG (Reference ID: 2a-011-20190220).

[27] Reference ID: 2a-011-20190220

[28] Reference ID: 2a-002-20190220

4.8   An affordability adjustment is only required where the ratio is higher than 4 and *'for each 1% the ratio is above 4 (with a ratio of 8 representing a 100% increase), the average household growth should be increased by a quarter of a percent.'* The full formula is detailed in the PPG:

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ - 4}{4}\right) x\ 0.25 + 1$$

4.9   The table below sets out the results of Step 2 of the Standard Method calculation for Wolverhampton. The baseline figure, adjusted to take account of the 2023 affordability ratios in the City, is 812.

Table 4.2 Adjusting to take account of affordability				
Local authority area	*Current affordability ratio (a)*	*Adjustment factor (((a-4)/4)*0.25)+1*	*Baseline figure*	*Baseline figure adjusted for affordability*
Wolverhampton	6.29	1.143125	711	812

Source: Ratio of median house price to median gross annual workplace-based earnings by local authority 2023

Step 3 – Capping the level of any increase

4.10   As the PPG describes:

> *A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.*[29]*' Alternatively 'where the relevant strategic policies for housing were adopted more than 5 years ago…, the local housing need figure is capped at 40% above whichever is the higher of:*
>
> a.   *the projected household growth for the area over the 10-year period identified in step 1; or*
>
> b.   *the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).*

4.11   In Wolverhampton, the most recent planning document is the Black Country 2011 Core Strategy. This is over five years old, so the second of the two approaches described by the PPG is applied.

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[29] *'This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and found to not require updating.'*

4.12   The first potential cap is based on a 40% increase of the annual household growth identified in Step 1. This cap is therefore 995 in Wolverhampton (711 x 1.4). The second potential cap is based on a 40% increase to the annual housing requirement set out in the 2011 Core Strategy. This document stated an aim to provide 671 dwellings per year in the City over the plan-period. This second cap is therefore 939 in Wolverhampton (671 x 1.4).

4.13   The first of the two caps is higher and represents the upper boundary for any increase, however the annual local housing need figure of 812 per year in Wolverhampton is within this cap and therefore the cap does not need to be applied.

Step 4 – Cities and urban centres uplift

4.14   This is the step that has been introduced within the December 2020 modifications to the calculation. The PPG states that, after the housing need figure has been adjusted as a consequence of the cap, *'a 35% uplift is then applied for those urban local authorities in the top 20 cities and urban centres list.'* The PPG advises that the list of the top 20 cities and urban centres in England is identified by ranking the ONS's list of Major Towns and Cities by population size based on the most recent mid-year population estimates.

4.15   The boundaries of the urban areas created by the ONS's method for identifying the major towns and cities in England are not conterminous with local authority boundaries, with urban areas often spread over several local authorities. The PPG therefore clarifies that it is only the 20 authorities which contain the largest proportion of the city or urban centre's population in which the 35% uplift is applied – any other local authority in which the urban area is partly situated is not required to apply the uplift[30]. The PPG finally lists the twenty largest cities and urban centres, as at December 2020, as London, Birmingham, Liverpool, Bristol, Manchester, Sheffield, Leeds, Leicester, Coventry, Bradford, Nottingham, Kingston upon Hull, Newcastle upon Tyne, Stoke-on-Trent, Southampton, Plymouth, Derby, Reading, Wolverhampton, and Brighton and Hove.

4.16   Wolverhampton features on the list (the 19th largest urban area) and whilst the City boundary identified by the ONS is partly within the neighbouring authority of South Staffordshire, the overwhelming majority of the City is located in the Borough of Wolverhampton and the 35% uplift figure should therefore be applied. Applying this uplift to the baseline figure adjusted for affordability of 812 in Wolverhampton, results in an annual Housing Need figure of 1,096 per year.

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[30] In London the uplift applies to all the authorities that comprise Greater London.

Overall level of housing need

4.17   The final housing need in Wolverhampton, as assessed using the revised Standard Method in 2024, is **1,096** dwellings per year. Paragraph 008 of the PPG[31] notes that whilst *'the standard method may change as the inputs are variable…, local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination.'*

4.18   As noted in Paragraph 012 of the PPG[32], this approach provides an annual figure which can be applied to a whole plan-period. The NPPF requires strategic plans to identify a supply of sites for 15 years and therefore the Local Plan for Wolverhampton is intended to run from 2024 to 2042 (18 years). The modelling of the Local Housing Need will therefore be presented up to 2042 to facilitate this.

A suitable baseline

4.19   The results of the 2021 Census can be compared with the most recent population projections, which are used to inform the local housing need calculations. If the Census indicates that the population in 2021 is notably different to these projections it is likely that the next iteration of the projections will be materially different. The table below sets out the population in 2021 nationally, regionally and in Wolverhampton, as indicated by the 2018-based projections, the 2014-based projections and the 2021 Census.

Table 4.3 Population estimates 2021			
Data source	*Wolverhampton*	*West Midlands*	*England*
2014-based projected estimate	263,127	5,854,000	57,248,400
2018-based projected estimate	267,527	6,024,087	56,989,570
2021 Census	263,727	5,950,764	56,490,045

Source: Office of National Statistics

4.20   At a national level, the Census has reported a lower population in 2021, and a notably lower population than was projected for 2021 in both the 2014-based and 2018-based projections. The most likely reason for lower population growth on a national level is Brexit, with the 2014-based projections (which recorded the highest projected population in 2021) being pre-Brexit and containing a projection with too high international migration. The largest discrepancy between the Census and the 2014-based projections relates to London, where the impact of international migration trends is likely to be most pronounced. The potential effect of the coronavirus pandemic on these population figures has not yet been fully explored.

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[31] Reference ID: 2a-008-20190220

[32] Reference ID: 2a-012-20190220

4.21   The pattern of the figures for the West Midlands is notably different. The Census figure for 2021 is markedly higher than the 2021 estimate from the 2014-based projections. The Census figure however is slightly lower than the population projected for 2021 in the 2018-based projections. This suggests that the national divergence from the projections is not as great at a regional level. Finally, the figures in Wolverhampton show that the population in 2021 is slightly higher than the 2014-based projection, but notably lower than the 2018-based figure.

Age profile

4.22   The figure below compares the age profiles in 2021 from three different sources, the 2021 Census, the 2014-based projections and the 2018-based projections. Unsurprisingly, there are not huge differences in the age structure recorded. However, in the 2021 Census, the proportion of the population aged between 30 and 59 is higher than was estimated by both the 2014 and 2018-based projections. This is the age group that is typically most economically active. By contrast, the proportion of the population aged 75 and over according to the Census is lower in 2021 than was projected in both projections.

Figure 4.1 Age structure in Wolverhampton in 2021 as estimated by different sources
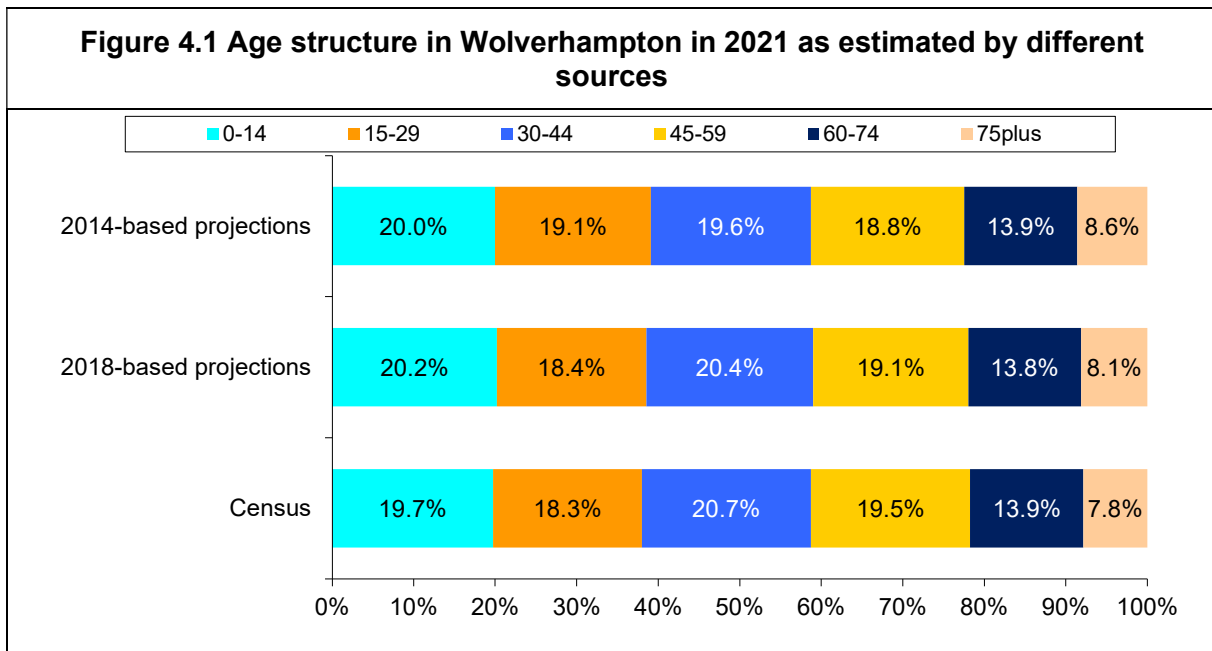
Source: Office of National Statistics

4.23   The household profiles have been published from the 2021 Census, however this uses a different household categorization to the projections. This means it is appropriate to only compare the household totals from the different sources. The table below sets out the number of households in 2021 nationally, regionally and in Wolverhampton as indicated by the 2018-based projections, the 2014-based projections and the 2021 Census. The data shows that in all three areas, the Census has reported a lower household total in 2021 than was projected for 2021 in the 2014-based and 2018-based estimates.

Table 4.4 Household totals 2021			
Data source	*Wolverhampton*	*West Midlands*	*England*
2014-based projected estimate	108,673	2,485,304	24,371,273
2018-based projected estimate	107,664	2,458,618	23,688,898
2021 Census	105,141	2,429,494	23,436,085

Source: Office of National Statistics

4.24   The figure of 1,096 is the final standard method annual housing need figure in Wolverhampton. It is however useful to compare the trajectory that it results in with both 2014-based household projections (from which the number is derived) and the 2018-based household projections (which are the most recent estimates published).

4.25   Figure 4.2 shows the projected household total in Wolverhampton for every year from 2011 through to the end of the modelling period in 2042 as recorded by the 2014-based household projections[33], the 2018-based equivalent and the Standard Method scenario in which, the 2018-based projections grow by 1,096 every year from 2024 onwards (with the 2024 household total informed by the 2021 Census data). The household growth indicated by the Census between 2011 and 2021 modelled forward at the same rate is also presented for reference[34].

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[33] It should be noted that the 2014-based projections only extended as far as 2039, the figure for 2040 and beyond has therefore been derived by applying the average annual change in the five years prior to 2039 and applying that to the figure for 2039.

[34] It is assumed that household growth is uniform in the 10-year periods between the Census.

Figure 4.2 Projected number of households under different scenarios
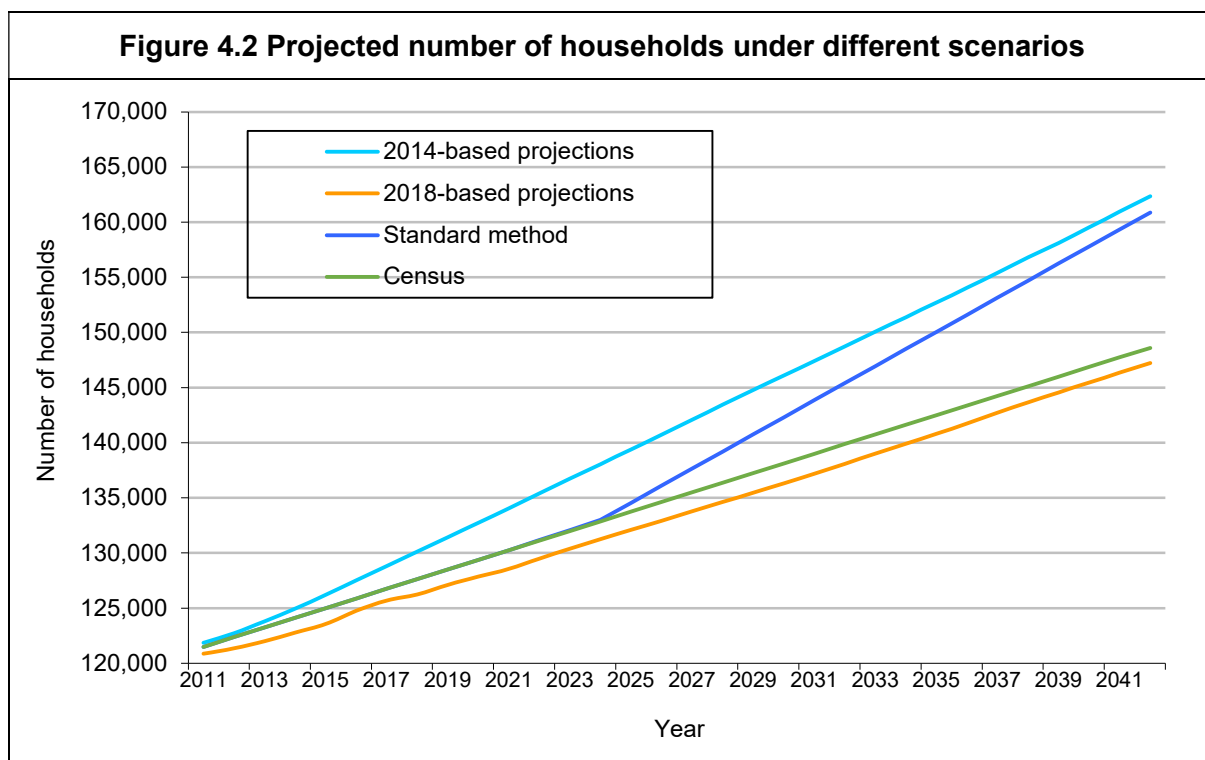
Source: ONS 2014 and 2018 household projections, 2001, 2011 & 2021 Census

4.26   Whilst the graph indicates that there is a divergence between the 2014 and 2018-based projections, the Standard Method figure is notably in excess of the 2018-based and records a quicker rate of growth than the 2014-based projections. There is no reasonable basis to divert from the Standard Method approach which is designed to be applied consistently across all authorities in England wherever possible.

4.27   In accordance with the PPG, the 2014-based projections have been used to determine the local housing need and the Standard Method figure is therefore correctly calculated. The 2018-based projections are considered the best sub-national projections however the publication of the 2021 Census data has shown that they have some flawed assumptions. The 2018-based projections for Wolverhampton have therefore been adjusted to account for these known differences indicated by the Census (this process is detailed further in Chapter 5). It is these adjusted projections that have been used to disaggregate Standard Method figure in terms of age and gender profile.

The Standard Method in the NPPF consultation

4.28   The proposed reforms to the Standard Method are set out in the July 2024 NPPF consultation (chapter 4). The proposals represent a notable change to the existing approach and will result in an increase to the overall requirement for housing nationally. The changes to the Standard Method figures at a Local Authority level vary notably, with some very substantial increases recorded in certain locations and other authorities recording a notable reduction.

4.29   The most significant change in the methodology is that the proposal new Standard Method does not use household projections to form it's baseline but it instead uses the current dwelling stock. It proposes that the baseline annual growth is 0.8% of the existing housing stock in each local planning authority. This is sourced from the dwelling stock figures[35] published annually by the Ministry of Housing, Communities and Local Government annually. The most recent figures indicate that as at the end of March 2023 there are 114,442 dwellings in Wolverhampton. Applying the proposed figure of 0.8% gives a baseline figure of 916 within this version of the Standard Method.

4.30   As with the current Standard Method an affordability uplift is applied to the baseline figure. The same source data is used (workplace-based median house price to median earnings ratio), however there are two adjustments. Firstly, the figure used is not the most recent annual affordability ratio published as in the current Standard Method, but the figure is an average affordability ratio derived from the three most recent years for which data is available. The affordability ratio for Wolverhampton following this approach is 6.27 (compared to a ratio of 6.29 used in the current method).

4.31   The second adjustment is an increase the multiplier where affordability is identified as a problem (this is areas in which the affordability ratio is higher than 4). In the proposed new Standard Method the multiplier is 0.6% (instead of 0.25% used in the current method). The affordability ratio of 6.27 is therefore converted to a multiplier of 1.3405 using this new adjustment.

4.32   The affordability adjustment of 1.3405 is applied to the baseline figure of 916 to create the annual requirement for housing of 1,227 in Wolverhampton under the proposed new Standard Method. This is larger than the Standard Method figure calculated following the current approach. Currently, the figure of **1,096** remains the correct Standard Method (as it follows the current official NPPF) and the Council should use this figure for planning. This report will be focused on outlining the requirements related to this Standard Method figure. However, to best future-proof this study, Appendix 4 contains a duplicate of the key outputs from chapter 5 and sets out the tenure and size of dwellings required that would be required were the Council to plan for an increase in households of 1,594 per year over the 18-year plan period. Similarly, Appendix 5 sets out the requirement for older persons specialist housing in Wolverhampton within this alternative Standard Method scenario following the same approach as described in chapter 7.

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[35] Dwelling stock (including vacants) - GOV.UK (www.gov.uk)

5. Type and tenure of future housing needed

Introduction

5.1   The requirement within paragraph 61 of the NPPF to disaggregate the local housing need figure to *'assess the size, type and tenure of housing needed for different groups in the community'* is reiterated in Paragraph 17 of the PPG. This chapter describes the long-term balancing housing markets (LTBHM) model which determines the future demand for housing by size and tenure based on the profile of the population derived within the local housing need calculation (set out in Chapter 4).

5.2   There are two stages to this process, the first is to disaggregate the local housing need as derived in Chapter 4 to produce a population profile for the City at the end of the modelling period in 2042. The second process uses secondary data to model the future demand for housing arising from this future population and compare it to the current housing stock so that a profile of new accommodation required can be determined[36].

5.3   The demand modelling is described in more detail subsequently; however, this chapter initially presents the process for disaggregating the future local population. The change in the household composition indicated within these projections drives the size and tenure demand profiles generated by the model.

Disaggregating the local housing need

5.4   In Wolverhampton, the Standard Method local housing need of 1,096 will lead to the construction of notably more homes than is implied by the official projections, as the affordability adjustment made in the Standard Method calculation lifts the housing need above the rate of growth identified in the 2014-based household projections (as described in Chapter 4). If these 1,096 homes are built, the population will be larger than projected. It is necessary to determine the profile of this additional population and disaggregate the total local housing need, using the NMSS model,[37] so that appropriate accommodation can be provided for the whole population of Wolverhampton in 2042.

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[36] This will include a figure for the amount of affordable accommodation required over the plan-period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 6, as described in Chapter 1, and the two should not be compared.

[37] The model is detailed in Appendix 2.

5.5   The model takes as its starting point the 2023 sub-national population estimates and the 2021 Census, which are used to inform the population profile and household composition in Wolverhampton in 2024, the start of the modelling period. The 2018-based population projections[38] are re-based to account for the population profile in Wolverhampton recorded in 2021 by the Census. The demographic flows within the 2018-based population projections have been adjusted to take account of post-Census national data on fertility and mortality rates alongside national and local data on the migration flows that occurred in Wolverhampton[39]. The trend period embedded in the 2018 projections has therefore been adjusted to reflect what the Census and post-Census data indicates. The 2018-based household projections have also been updated to reflect what the Census revealed about the occupancy rates of communal housing by age and gender in Wolverhampton and also household composition trends (for example changes in the number of single person households and the average household size).

5.6   These refreshed base-projections are then adjusted to make them align with the local housing need figures in Wolverhampton using the following assumptions:

- The Standard Method makes it clear that the uplift in housing it is trying to achieve is partly to reverse the falling levels of household formation that have been recorded amongst younger people. The first step is therefore to progressively increase the household formation for all age groups under 45 until it reaches the rate recorded in 2001[40]. This group is prioritised ahead of an increase in in-migrants moving into the City in response to guidance in the PPG and because the 2018-based population projections for the City have a built-in presumption of a low level of household formation in younger age groups.
- The age and gender profile of this adjusted population (increased household formation and increased in-migrants) will be aged-on and have the same propensity to have children, move away from the area and die as other residents in Wolverhampton of the same gender and age. In this way it will be possible to estimate how the additional population is likely to develop over time.

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[38] The 2018-based population projections are used as a basis as these are the most recent and benefit from the ONS's latest methodology. The first sub-national post-Census population projections are not due to be published until Spring 2025. It should be noted that the government have chosen to use the 2014-based projections for the Standard Method simply because they happen to produce a national housing need total that is closer to their objective of building 300,000 homes a year, not because they have doubts about the ONS's methodology in the latest projections.

[39] The 2018-based projections have the most recent local authority data and assumptions on key factors such as fertility and mortality rates and migration flows, however the most recent projected national mortality and fertility rates (published in 2023) have been compared to what was recorded nationally in the 2018-based projections and a suitable local authority-based adjustment has been made. Similarly national data on changes in immigration flows alongside a comparison between the local migration flows recorded within Wolverhampton in the Census with those recorded in the 2018-based projections have been used to create a new migration trend period.

[40] The English Housing Survey indicates that almost all (around 98%) new household formation occurs amongst people aged under 45. Likewise, the English Housing Survey shows that between 1996 (when the data was first recorded) and 2001 the household formation rate nationally fluctuated between 2.3% and 2.0% before falling steadily from 2001 onwards (typically between 1.1% and 1.4% in recent years).

Total future population in Wolverhampton

5.7   The table below sets out the age profile of the population in Wolverhampton in 2042 according to these population projections, in comparison to the age profile of the City at the start of the plan-period (2024). The table suggests that those aged 75 or over are going to constitute a greater section of the population by the end of the modelling period – those aged 75 or over will rise from 21,429 in 2024 to 31,791 in 2042, an increase of 48.4%. Around a quarter of all people in Wolverhampton in 2042 will be aged 60 or over with a third aged under 30.

Table 5.1 Age of projected population in Wolverhampton in 2042 compared with current age profile				
Age	*2024 Population*	*2024 Percentage*	*2042 Population*	*2042 Percentage*
0-14	57,109	21.2%	53,058	17.4%
15-29	45,621	16.9%	52,780	17.3%
30-44	57,197	21.2%	59,124	19.3%
45-59	50,660	18.8%	61,874	20.2%
60-75	37,973	14.1%	47,089	15.4%
75+	21,429	7.9%	31,791	10.4%
Total	269,990	100.0%	305,717	100.0%

5.8   The projections profiling the change to the population arising as the local housing need for Wolverhampton is met between 2024 and 2042 are summarised in the table above. These projections indicate that the working age population (those aged between 16 and 64) in Wolverhampton will grow by 22,561 people between 2024 and 2042.

Household profile

5.9   This population projection is then converted into a household projection by:

•   Removing from the population projection an estimate of those living in communal establishments such as residential care homes. This is done using the same assumptions as in the official projections with an adjustment to account for the latest data on the communal housing occupation rates of different age and gender groups as published in the 2021 Census. The resulting population is known as the household population.

•   Household formation rates are then applied to the household population to produce a household projection. The household formation rates are taken from the official 2018-based household projections with an adjustment for the Census data. A further adjustment is applied to return household formation rates to 2001 levels amongst younger age groups as described earlier in the chapter.

5.10 The table below sets out the number of households that will be resident in Wolverhampton in 2042 disaggregated by broad household type according to these projections. The 2024 household profile is also presented as a reference point, as 2024 is the base date for this model.

Table 5.2 Projected household population in Wolverhampton in 2042 by household type				
Household type	*2024 Number*	*2024 Percentage*	*2042 Number*	*2042 Percentage*
One person	34,039	31.9%	42,529	33.6%
Couple with no children	20,527	19.2%	22,487	17.8%
Couple with child/children	27,781	26.0%	31,352	24.8%
Lone parent	15,679	14.7%	17,791	14.1%
Other*	8,835	8.3%	12,431	9.8%
Total	106,861	100.0%	126,589	100.0%

*Other households include multi-generational households, student households, households of unrelated people sharing accommodation as well as other groups.

5.11 The figure below indicates the change in these household types that will occur between 2024 and 2042 in Wolverhampton. The figure indicates that the largest relative growth will be in other households, however the largest absolute growth will be in one person households.

Figure 5.1 Change in household structure in Wolverhampton, 2024 – 2042
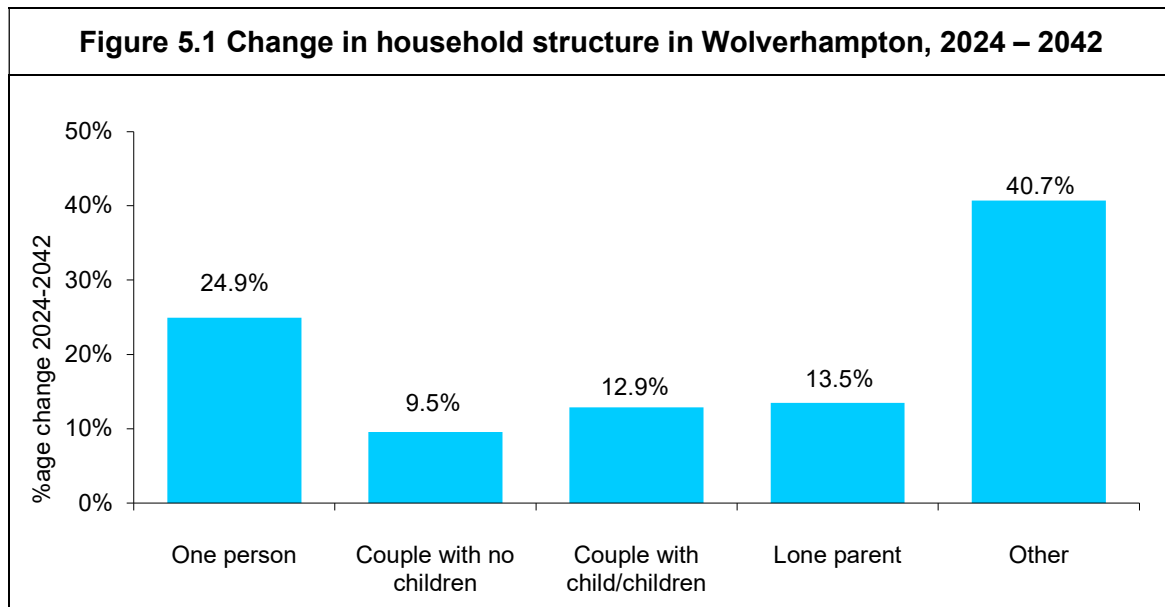
Methodology of the demand model

5.12   The demand model uses secondary data to determine the future demand for housing by size and tenure as derived from the profile of households resident in the area at the end of the modelling period in 2042. It is based on both a detailed understanding of the current stock of housing in the City, and also the occupation patterns of households in Wolverhampton and how they are changing.   It is driven by the changes projected to the composition of the population over the 18-year period, as set out above.

5.13   The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in Wolverhampton in 2021. This has been adjusted to reflect the changes since 2021 to provide an accommodation profile in 2024.

5.14   The 2021 Census also provides detail on the occupational patterns of different household groups in Wolverhampton, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2011 and 2021 Census in Wolverhampton, with the changes in the size of accommodation occupied within each tenure also accounted for), and models their continuation through to 2042. An affordability check is applied to ensure that this is a sustainable option. This approach is in line with the PPG.

5.15   A further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model[41]. This means that the future housing stock will better reflect the requirements of the future population in the area.

5.16   This profile of suitable accommodation for each household type is applied to the size of the household group in 18 years' time. The accommodation profile required in 2042 is then compared to the current accommodation profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households, so the figures are based on the change in number of households identified within the housing need calculations.

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[41] Using the example of a lone parent household residing in a two bedroom property but requiring a three bedroom home, the modelled accommodation profile for this household group would assign this household a three bedroom property rather than a two bedroom dwelling. This means that it is anticipated that for equivalent households in the future, none would be expected to live in an overcrowded home.

Tenure of housing required

5.17   The tables below show the projected tenure profile in Wolverhampton at the end of the modelling period. The profile in 2024 at the start of the plan-period is also set out for context. The data shows that, in 2042, the housing stock across Wolverhampton should comprise 54.2% owner-occupied accommodation, 19.5% private rented homes, 1.7% Shared Ownership properties and 24.6% Social Rented/Affordable Rented housing.

Table 5.3 Current tenure and tenure profile projected in Wolverhampton in 2042				
Tenure	*Base tenure (2024)*		*Projected tenure (2042)*	
	Number	*Percentage*	*Number*	*Percentage*
Owner-occupied	57,969	54.2%	68,611	54.2%
Private rented	20,915	19.6%	24,695	19.5%
Shared Ownership	414	0.4%	2,209	1.7%
Social Rent/Affordable Rent	27,562	25.8%	31,075	24.6%
Total	106,861	100.0%	126,589	100.0%

5.18   The table below shows the tenure profile required by households resident in Wolverhampton in 2042, in comparison to the tenure profile recorded in the City at the start of the plan-period. The difference between these two distributions is the change required to the housing stock over this period. The results show that 53.9% of new housing in Wolverhampton should be owner-occupied, 19.2% private rented, 9.1% should be Shared Ownership and 17.8% Social Rent/Affordable Rent.

Table 5.4 Tenure of new accommodation required in Wolverhampton over the 18-year modelling period				
Tenure	*Base tenure profile (2024)*	*Tenure profile 2042*	*Change required*	*% of change required*
Owner-occupied	57,969	68,611	10,641	53.9%
Private rent	20,915	24,695	3,780	19.2%
Shared Ownership	414	2,209	1,794	9.1%
Social Rent/Affordable Rent	27,562	31,075	3,512	17.8%
Total	106,861	126,589	19,728	100.0%

First Homes

5.19   As discussed in Chapter 3, First Homes are an intermediate product that have been introduced specifically to help potential first-time buyers access home ownership. It is clear from the cost profile of First Homes, set out in Chapter 3, that their likely price-level will mean that they could be suitable for a notable number of households that would otherwise reside in the private rented sector. However, as it is a product that has only recently been introduced into the market, it cannot be modelled using the same trend data as is utilised for the rest of the LTBHM model.

5.20   The potential demand for this new product over the modelling period can be derived by making assumptions about the likelihood of different household groups within the private rented sector to try and acquire this form of housing, informed by an affordability analysis of the tenure and the length of time required to save a deposit. It is presumed that, over the plan-period, the relative difference between newbuild and second-hand property prices reduces, particularly for smaller homes, so that First Homes become an option for households requiring all bedroom sizes.

5.21   This approach identifies that, between 2024 and 2042, there would be a potential demand for 1,555 First Homes in Wolverhampton, which would represent 7.9% of all new housing over this period. These figures are therefore deducted from the total requirement for private rented accommodation (where the LTBHM model presumes they would otherwise be housed). The demand for 1,555 First Homes in Wolverhampton, identified using this process, should be treated as an indicative figure.

Size of housing required within each tenure

5.22   The tables below present the size of owner-occupied accommodation required in Wolverhampton in 18 years' time in comparison to the size profile recorded in the sector at the base date. The implied change to the housing stock is also presented. The data shows that some 29.2% of new owner-occupied housing in Wolverhampton should be two-bedroom homes, with 29.3% being for units of four or more bedrooms, 20.7% should have one bedroom and 20.8% should be two bedroom accommodation.

Table 5.5 Size of new owner-occupied accommodation required in Wolverhampton over the next 18 years				
Size of home	*Base size profile (2024)*	*Size profile 2042*	*Change required*	*% of change required*
One bedroom	1,384	3,594	2,209	20.8%
Two bedroom	9,274	12,383	3,109	29.2%
Three bedroom	34,996	37,201	2,205	20.7%
Four or more bedrooms	12,315	15,433	3,118	29.3%
Total	57,969	68,611	10,641	100.0%

5.23 This analysis can be repeated for private rented housing and is presented in the table below. The data indicates that, of the 3,780 private rented homes required within Wolverhampton, 33.5% should be properties with four or more bedroom bedrooms and a further 23.9% should have one bedroom. Some 23.6% should be two bedroom homes and 19.0% should be three bedroom accommodation.

Table 5.6 Size of new private rented accommodation required in Wolverhampton over the next 18 years				
Size of home	*Base size profile (2024)*	*Size profile 2042*	*Change required*	*% of change required*
One bedroom	3,437	4,342	905	23.9%
Two bedroom	6,501	7,392	891	23.6%
Three bedroom	8,955	9,672	717	19.0%
Four or more bedrooms	2,022	3,288	1,267	33.5%
Total	20,915	24,695	3,780	100.0%

5.24 The table below sets out the equivalent analysis for Shared Ownership housing. The data indicates that of the 1,795 Shared Ownership dwellings required within Wolverhampton, 33.6% should be two bedroom properties with a further 27.5% three bedroom accommodation. Some 20.9% should have one bedroom and 18.0% should have four or more bedrooms.

Table 5.7 Size of new Shared Ownership accommodation required in Wolverhampton over the next 18 years				
Size of home	*Base size profile (2024)*	*Size profile 2042*	*Change required*	*% of change required*
One bedroom	76	452	376	20.9%
Two bedroom	152	755	603	33.6%
Three bedroom	134	627	493	27.5%
Four or more bedrooms	52	374	322	18.0%
Total	414	2,209	1,795	100.0%

5.25 The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector. The table shows that, of the 3,512 additional Affordable Rented/ Social Rented units required within Wolverhampton over the 18-year modelling period, 35.0% should be four bedroom properties with a further 24.6% one bedroom accommodation. Some 20.5% should have three bedrooms and 19.9% should have two bedrooms. It should be noted that this is the net requirement for new Affordable Rented/Social Rented homes over the modelling period. If there is loss of affordable stock through Right-to-Buy, this will also need to be replaced. The relatively large requirement for four bedroom Affordable Rented/Social Rented homes partly reflects that the current stock of this size of property in the tenure is so low.

Table 5.8 Size of new Social Rent/Affordable Rent required in Wolverhampton over the next 18 years				
Size of home	*Base size profile (2024)*	*Size profile 2042*	*Change required*	*% of change required*
One bedroom	8,245	9,110	864	24.6%
Two bedroom	10,122	10,821	699	19.9%
Three bedroom	8,092	8,812	720	20.5%
Four or more bedrooms	1,104	2,332	1,228	35.0%
Total	27,562	31,075	3,512	100.0%

5.26   The table below shows the size of First Homes that would be required to house some households that would otherwise reside in the private rented sector. The residual private rented requirement, once the potential demand from households for this alternative product has been deducted, is also set out in the table. The model indicates that in Wolverhampton, 41.0% of the First Homes should have four or more bedrooms, 23.9% three bedrooms, 21.4% two bedrooms and 13.7% one bedroom. The high demand for new four bedroom First Homes, reflects that for this dwelling size there is the biggest gap between the cost of private rent and entry-level owner-occupation, therefore First Homes will assist numerous households that would not otherwise be able to afford to purchase a home. In addition, there is a lack of four bedroom private rented stock where these households are likely to otherwise reside.

Table 5.9 Potential demand for First Homes in Wolverhampton over the next 18 years				
	First Homes		*Residual private rented homes*	
Size of home	*Number required*	*Proportion required*	*Number required*	*Proportion required*
One bedroom	213	13.7%	692	31.1%
Two bedroom	333	21.4%	558	25.1%
Three bedroom	371	23.9%	346	15.5%
Four or more bedrooms	638	41.0%	629	28.3%
Total	1,555	100.0%	2,225	100.0%

5.27   The figure and table below summarises the results presented for each tenure individually above (with the two market tenures merged) and shows the profile of new housing required in Wolverhampton over the next 18 years.
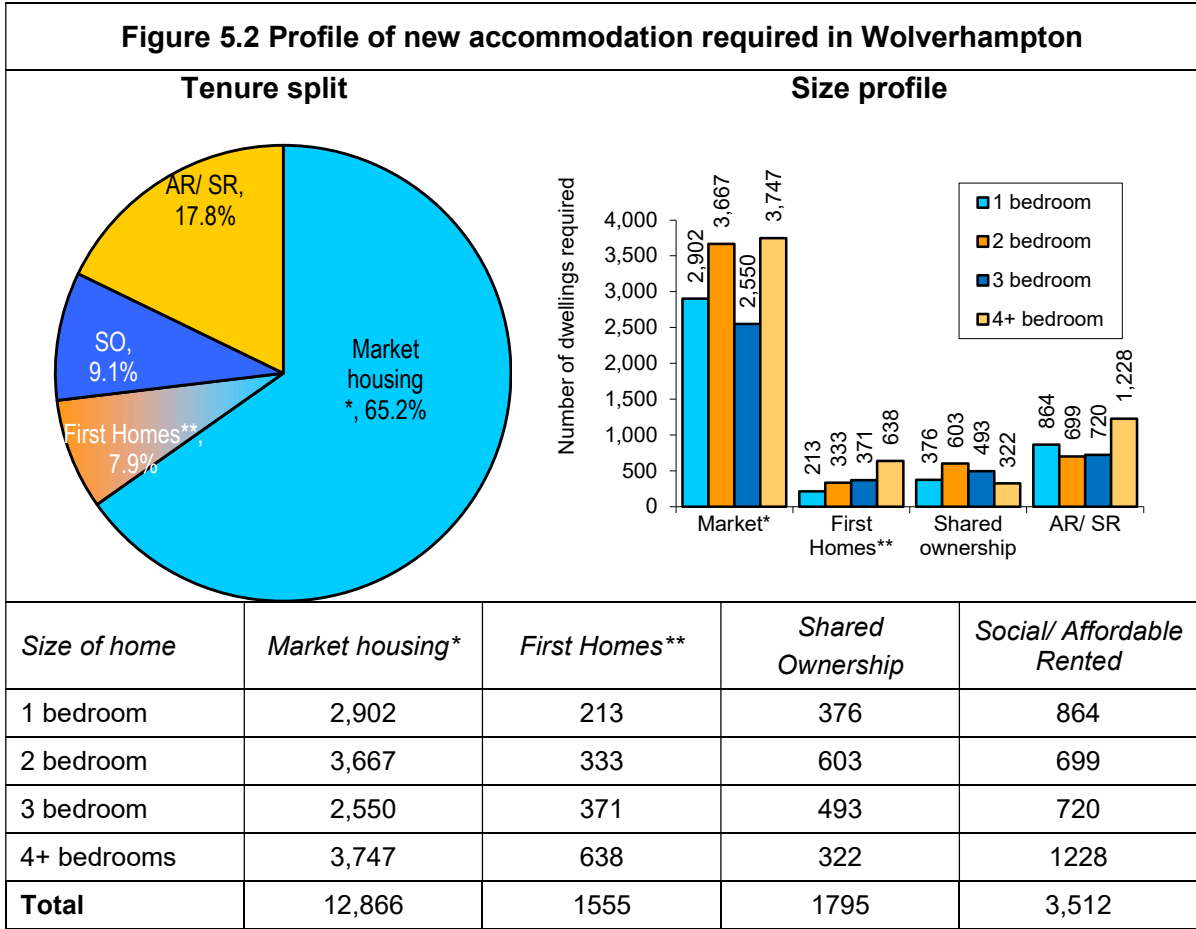
Figure 5.2 Profile of new accommodation required in Wolverhampton

Size of home	Market housing*	First Homes**	Shared Ownership	Social/ Affordable Rented
1 bedroom	2,902	213	376	864
2 bedroom	3,667	333	603	699
3 bedroom	2,550	371	493	720
4+ bedrooms	3,747	638	322	1228
Total	12,866	1555	1795	3,512

*Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand rather than a requirement. These figures represent the distribution of housing that should be delivered.

Further outputs

5.28   Appendix 4 shows the equivalent results under the Standard Method scenario presented within the proposed new NPPF. This is based on growth in Wolverhampton of 1,227 households per year. Under this scenario a notable additional increase in in-migration to the Borough would be required to generate these additional households.

6. Affordable housing need

Introduction

6.1   As indicated in the PPG, it is necessary to undertake a separate calculation of affordable housing need. Paragraph 18 (Reference ID: 2a-018-20190220) to Paragraph 24 (Reference ID: 2a-024-20190220) of the PPG details how affordable housing need should be calculated. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether the Local Planning Authority should plan for more dwellings where it could help meet the need for affordable housing.

6.2   The model outlined in the PPG is an assessment of the housing market at a particular point of time (July 2024) and does not consider likely future changes to the housing market that may impact the results, i.e. it is based on what is known at the time of the assessment. The PPG (Paragraph 19) defines affordable housing need as *'the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'*.

6.3   Appendix 3 presents the results of the three broad stages of the model used to calculate affordable housing need. This chapter sets out the overall annual estimate of the affordable housing need in Wolverhampton[42] as a consequence of following the steps detailed in the appendix, and the tenure of accommodation most appropriate to meet this need is discussed.

Estimate of net annual affordable housing need

6.4   Once all of the steps of the calculation of the affordable housing needs model (detailed in Appendix 2) have been completed, it is necessary to bring this evidence together to determine the overall net annual affordable housing need. This is set out below.

6.5   Paragraph 024 of the PPG[43] states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

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[42] This will imply a figure for the amount of affordable accommodation required over the plan-period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 4, as described in Chapter 1, and the two should not be compared.

[43] Reference ID: 2a-024-20190220.

6.6   The second step is to convert this total net current need figure into an annual flow. The PPG indicates that annual flows should be based on the plan-period. For the purposes of this study the period of 18 years will be used to fit in with the remaining timeframe of the Local Plan (through to 2042). The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). The table below sets out this process. It leads to a total need for affordable housing of 240 per year in Wolverhampton. In accordance with paragraph 024 of the PPG, this figure should be compared with the local housing need identified following the Standard Method to determine whether an uplift to the local housing need is required. This is discussed in Chapter 8.

Table 6.1 Results of the affordable housing needs model in Wolverhampton	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total) (Table A2.3)	4,256
Stage 2: Newly arising affordable housing need (Annual) (Table A2.5)	1,612
Stage 3: Current affordable housing supply (Total) (Table A2.6)	3,524
Stage 4: Future housing supply (Annual) (Table A2.9)	1,413
Stage 5.1 Net current need (Stage 1 minus Stage 3) (Total)	733
Stage 5.2 Annualise net current need (Stage 5.1 divided by 18) (Annual)	41
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	**240**
Total gross annual need (Stage 1 divided by 18 + Stage 2) (Annual)	1,849
Total gross annual supply (Stage 3 divided by 18 + Stage 4) (Annual)	1,608

Overall households in affordable housing need by type (gross)

6.7   The table below gives a breakdown of the gross annual households in need, by household type, in Wolverhampton. The table shows that some 4.5% of lone parent households are in housing need compared with 0.9% of couple only households. Overall, lone parent households comprise over a third of all households in need.

Table 6.2 Annual need requirement by household type in Wolverhampton					
Household type	Need requirement				
	No. of h'holds in need (gross)	Not in need	Total Number of h'holds	% of h'hold type in need	As a % of those in need
One person	437	33,603	34,039	1.3%	23.4%
Couple with no children	191	20,336	20,527	0.9%	10.3%
Couple with child/children	415	27,366	27,781	1.5%	22.3%
Lone parent	706	14,973	15,679	4.5%	37.9%
Other	114	8,721	8,835	1.3%	6.1%
Total	1,863	104,998	106,861	1.7%	100.0%

Type of affordable home required

6.8   As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in Wolverhampton. This section will consider the suitability of these different products for meeting affordable housing need.

6.9   As the relative cost of each product is not always the same (for example, in some instances, Shared Ownership housing with a 25% equity share is more expensive than Intermediate Rent, but in other cases the reverse is true), each product is tested individually. The table below illustrates how many households in affordable housing need in Wolverhampton are able to afford the different affordable products. Several intermediate options are affordable to some households, so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent.   The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

6.10   The table shows that, of the 1,863 households in need each year in Wolverhampton, 1.2% could afford a First Home, 5.8% could afford Shared Ownership with a 40% share, 30.8% could afford Shared Ownership with a 25% share, 16.3% could afford Intermediate Rent and 39.2% could afford Affordable Rent. Some 53.7% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in Chapter 3.

Table 6.3 Size and type of affordable home required by those in need (per annum) in Wolverhampton						
Product	One bed	Two bed	Three bed	Four bed	Total	Total (%)
First Homes	22	-	-	-	22	1.2%
Shared Ownership – 40% equity share	108	-	-	-	108	5.8%
Shared Ownership – 25% equity share	259	180	112	24	574	30.8%
Intermediate Rent	82	109	85	28	304	16.3%
Affordable Rent	127	249	226	128	730	39.2%
Social Rent/requires assistance	289	457	172	83	1,001	53.7%
All households	548	706	398	211	1,863	100.0%

Sensitivity analysis - affordability threshold

6.11   The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 30% of gross income and still be affordable in Wolverhampton, reflecting the current market reality. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across Wolverhampton where the cost of housing could constitute no more than 25% of gross household income and 35% of gross household income, as well as the 30% of gross household income base scenario.

6.12   In paragraph 020 of the PPG, it is noted that households should be considered against their ability to afford owner-occupation, where that is their aspiration. Unfortunately, the data sources do not collect information on the tenure that the households in need aspire to. To gauge the impact of presuming all households aspire to owner occupation, the final column in the table shows the results of the affordable housing need model if households were tested for their ability to afford market entry owner-occupation rather than market rents.

6.13   The table indicates that the net requirement would increase from 240 to 501 affordable homes per year in Wolverhampton if 25% of gross household income could be spent on housing costs. If 35% of gross household income could be spent on housing costs, then the net need would be for 70 affordable homes per year. If it was presumed that home ownership was the market access point, then there would be a need for 767 affordable homes per year.

Table 6.4 Impact of different affordability assumptions on affordable housing requirement in Wolverhampton				
	Rent payable constitutes no more than:			Market entry is based on owner-occupation
	Affordability threshold: 30% of gross household income	25% of gross household income	35% of gross household income	
Stage 1: Current gross need	4,256	5,321	3,916	6,178
Stage 2: Newly arising need	1,612	1,822	1,451	2,060
Stage 3: Current supply	3,524	3,673	3,347	4,019
Stage 4: Future supply	1,413	1,413	1,413	1,413
Stage 5.1 Net current need	733	1,648	569	2,159
Stage 5.2 Annual net current need	41	92	32	120
Stage 5.3 Total annual need	**240**	**501**	**70**	**767**

7. Requirements of specific groups

Introduction

7.1   Paragraph 59 of the NPPF seeks that '... that the needs of groups with specific housing requirements are addressed ...', and then paragraph 63 requires:

> *... the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.*

7.2   This chapter considers the specific profiles of the specific groups of the population. For each group the analysis will present the relative prevalence of the population, the current accommodation situation and information on their future requirements.   As stated in Paragraph: 001 (Reference I D: 67-001-20190722) of the PPG, 'Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area.' Whilst the LTBHM model (set out in Chapter 5 above) considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. It should be noted that, in the PPG, housing needs assessments are divided into three different elements: 'housing and economic needs assessments', 'housing needs of different groups' and 'housing needs of older and disabled people'.   This chapter will contain information that meets the requirements within each of these.

7.3   The chapter looks at the following groups of the population which all have an appreciable impact on the housing market in Wolverhampton:

- Older persons

- People with disabilities

- Family households

7.4   This chapter will also comment on the level of demand from people wishing to build their own homes and present a detailed profile of the private rented sector. The student population of Wolverhampton will also be addressed. A separate Gypsy and Traveller Assessment profiles this group in detail. There is also no military base containing military personnel in the City so this group will not be considered.

Housing Needs of Older People

7.5   Paragraph: 001 of the PPG[44] recognises that '*the need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing.… Offering older people, a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems.*' Page 69 of the NPPF provides the following definition of older people: '*People over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.*' The analysis of older people presented here will be focused on people aged 65 and over.

Current situation

7.6   Figure 2.1 summarises the age profile of the population of Wolverhampton as recorded by the 2021 Census. The Census shows that 16.4% of the population in the City were aged 65 or over. This compares to a figure of 18.8% across the West Midlands region and 18.4% nationally. This indicates that the profile of the population in Wolverhampton is currently younger than average. According to the 2021 Census, 19.4% of households in Wolverhampton were older person only households (households where all members are 66 and over), compared to 22.6% regionally and 22.0% nationally. Of these older person only households in Wolverhampton in 2021, 58.9% contained only one person, a figure higher than that recorded in the West Midlands (57.9%) and England (58.3%).

7.7   The figure below shows the tenure profile of older person only households in Wolverhampton in 2021 compared to the remainder of the household population. The figures also set out the occupancy level of these groups. The results show that both of the older person groups record a higher level of owner-occupation with no mortgage than other households. Single older person households were also more likely to live in the Social Rented sector. Older person households were also more likely than average to have multiple spare bedrooms in their home.

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[44] Reference ID: 63-001-20190626

Figure 7.1 Profile of accommodation for older person households in Wolverhampton
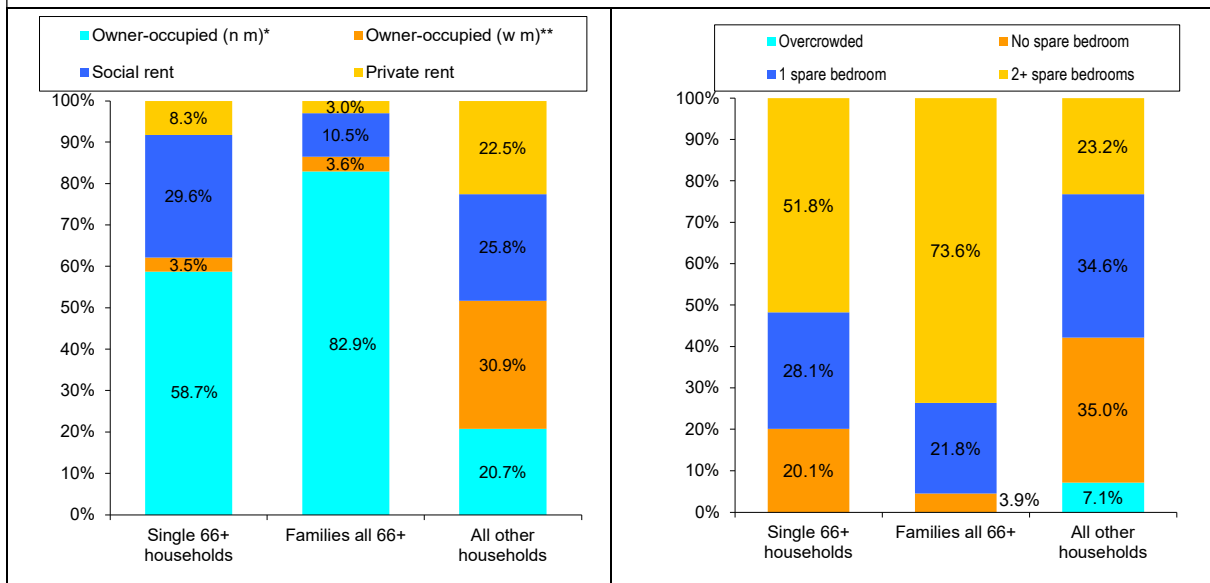
Source: 2021 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership.

Future requirement

7.8   The disaggregated local housing need projections (set out in Chapter 5) indicate that the population aged 65 or over is going to increase notably in Wolverhampton over the modelling period; from 44,541 in 2024, to 61,669 in 2042, a rise of 38.7%. The projections also suggest that there will be an increase in the number of households headed by someone over 65 in Wolverhampton from 24,612 in 2024, to 38.270 in 2042, an increase of 55.6%. The projections indicate that the proportion of older persons living alone in Wolverhampton will increase from 58.4% in 2024, to 61.0% in 2042.

7.9   The results of the LTBHM model can be disaggregated into different household groups within the whole population. The table below shows the projected accommodation profile for older person households in Wolverhampton in 2042 arising from that model.

Table 7.1 Type of accommodation projected for 'older person only' households in Wolverhampton in 2042*					
Size of home	*Owner occupied*	*Private rented*	*First Homes**	*Shared Ownership*	*Social/ Affordable Rented*
1 bedroom	2,182	704	2	47	5,237
2 bedroom	8,420	1,175	1	17	2,795
3 bedroom	14,393	732	0	3	284
4+ bedrooms***	2,062	164	0	0	50
Total	27,058	2,775	3	67	8,367

*This represents housing demand within the market sector and includes a notable amount of under-occupying within the owner-occupied tenure, reflecting that some older persons households choose to remain in their home rather than downsize to a smaller property. **'Older persons households occupying First Homes at the end of the plan-period are households that will not be old when they purchase the home but will be classified as old by the end of the plan-period. ***The requirement for four-bedroom homes reflects that there will multi-generational households headed by someone aged over 65 that will require a large dwelling and also that there will continue to be a small amount of under-occupation by older persons households (especially in the owner-occupied sector).

7.10   In line with the updated PPG that says '*offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems*' it will be necessary for the Council to consider how the requirements of these groups could be accommodated in the future. It is anticipated that the majority of older person households will reside in the general housing stock in Wolverhampton in 2042 (as they do now) so it is important that new housing is suitable for the widest range of groups.

7.11   There are a range of tools for achieving this, such as following the HAPPI[45] design principles so housing may be suitable for older people (although these design features will appeal more widely across the population), adoption of the Building for Life[46] Standards (these are broad design principles) and adopting the Accessible and Adaptable Standards[47] of construction, as set out in the Building Regulations. The Council will need to determine which approach is most suitable for their requirements and this may vary for different sites in the City.

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[45] https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/

[46] https://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012_0.pdf

[47] See paragraph 63-009-20190626 of the PPG and https://www.gov.uk/guidance/housing-optional-technical-standards.

Specialist accommodation

7.12   Given the notable growth in the older population, and the higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options.   As Paragraph 004 of the PPG[48] notes *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed'*. This need has been assessed using the approach advocated by the Housing Learning and Improvement Network's (Housing LIN) Strategic Housing for Older People (SHOP) tool, which is the model recommended within Paragraph 004 of the PPG. It should be noted that this tool is only driven by demographic changes and does not consider people's choices or accommodation aspirations.

7.13   According to the latest information provided by the latest Census data, there are 1,221 units of Sheltered Housing for older people/retirement housing[49] in Wolverhampton currently, alongside 555 Extracare units/supported living housing[50]. It is worth noting that 76.0% of the Sheltered Housing for older people/retirement housing is in the affordable sector, as is 98.2% of the Extracare units/supported living housing, despite the overwhelming propensity of older persons only households to be owner-occupiers.

7.14   The current prevalence of Sheltered Housing for older people/retirement housing in Wolverhampton is 58 per thousand head of population aged 75 or over, with the prevalence rate for Extracare units/supported living housing 26 per thousand head of population aged 75 or over.   The SHOP model helps authorities to plan to deliver more of this type of accommodation in response to the growth of the population that utilizes it (principally those aged 75 or over). The SHOP model uses these prevalence rates as the key variant when modelling future demand. For the purposes of this study, it is presumed that these prevalence rates will rise to reflect the latest trends in the occupation of this accommodation nationally, demand for Extracare units/supported living housing has notably expanded as the demand for registered care (discussed below) has reduced. The target prevalence rates for Wolverhampton are 85 per thousand head of population aged 75 or over for Sheltered Housing for older people/retirement housing and 30 per thousand head of population aged 75 or over for Extracare units/supported living housing.

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[48] Reference ID: 63-001-20190626

[49] A collection of self-contained units of accommodation (usual bedsits within a communal block), which have on-site warden support (usually daytime only with on call service at night) and communal social areas and activities. This is very similar to the housing type *'Retirement living or sheltered housing'* as defined in the PPG. The specific labels align with what is mentioned in the PPG, however we acknowledge that there is a diversity of classifications used within this housing offer for a diversity of products.

[50] Extracare housing is similar to sheltered accommodation, but with enhanced provision for personal care of frailer older people. On-site support is usually provided on a 24 hour rather than daytime only basis. Extracare housing is often focused on addressing the needs of people with dementia. Supported living is a combination of suitable accommodation, with some forms of personal care (like help with washing or cooking). These two housing types are similar to the 'Extra care housing or housing-with-care' definition in the PPG. The specific labels align with what is mentioned in the PPG, however it is acknowledged that there is a diversity of classifications used within this housing offer for a diversity of products.

7.15 To establish the potential demand for these accommodation types in Wolverhampton at the end of the modelling period, these target prevalence rates are applied to the total number of people aged 75 or over in Wolverhampton in 2042 according to the disaggregated local housing need projections. The demand that is derived is then compared to the current stock. This process is summarised in the table below. The future tenure profile of this specialist stock takes account of the modelling that indicates that over three quarters of all older person households will live in market accommodation in 2042, as evidenced in Table 7.1.

7.16 To meet likely future demand rates in 2042, the model identifies a requirement for 1,481 additional units of Sheltered housing for older people/ retirement housing and 399 additional Extracare units/ supported living housing in Wolverhampton over the modelling period. Of the 1,481 new units of Sheltered housing for older people/retirement housing, some 67.0% should be market accommodation, with the remainder affordable. Of the 399 new Extracare housing/ supported living housing, 82.0% should be market and 18.0% affordable. These are Class C3 dwellings.

Table 7.2 Projected requirement for specialist accommodation for older person households in Wolverhampton over the modelling period				
Type of specialist accommodation	*Tenure*	*Base profile (2024)*	*Profile 2042*	*Additional units required*
Sheltered housing for older people/ retirement housing	Market	293	1,274	981
	Affordable	928	1,429	501
	Total	1,221	2,702	1,481
Extracare housing/supported living housing	Market	10	337	327
	Affordable	545	617	72
	Total	555	954	399
All specialist accommodation for older person households	Market	303	1,611	1,308
	Affordable	1,473	2,045	572
	Total	1,776	3,656	1,880

7.17 The requirement for 1,880 additional specialist units for older person households represents 9.5% of the total household growth in Wolverhampton for the period 2024 to 2042. The actual numbers and type of specialist accommodation needed may depend on changes in patterns of demand and expectations. It is therefore appropriate to consider this level of need with the acknowledgement that the form of accommodation delivered should not be too prescriptive.

7.18   As well as the need for specialist housing for older people, there will also be an additional requirement for Registered Care[51]. According to the Council and 2021 Census figures, there are around 1,733 spaces in nursing and residential care homes in Wolverhampton currently. It is estimated that around 42% of these are in the affordable sector, with the remaining being a market tenure.

7.19   As part of the process of projecting the future household typology within the disaggregation of the overall housing need figure as, described in Chapter 5, the population that will reside in communal establishments is calculated. The model identifies that, in 2042, there will be 2,280 people aged 65 and over in Wolverhampton that will be resident in Registered Care[52]. This implies that there will be a requirement for 547 additional Registered Care spaces between 2024 and 2042, of which 62.6% should be in the affordable sector and 37.4% within a market tenure. The table below details these calculations.

Table 7.3 Projected requirement for Registered Care for older persons in Wolverhampton over the modelling period			
Tenure	*Base profile (2024)*	*Profile 2042*	*Additional units required*
Market	1,010	1,215	205
Affordable	723	1,065	342
Total	1,733	2,280	547

7.20   The table below brings together the analysis, presented in the previous three tables, to show the full profile of accommodation required by older persons in Wolverhampton at the end of the modelling period. Appendix 5 presents the equivalent results for the previous two tables under the Standard Method scenario presented within the proposed new NPPF. This is based on growth in Wolverhampton of 1,227 households per year.

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[51] Residential care homes and nursing homes: These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes. This is the same as the definition in the PPG.

[52] This figure is dependent on the communal population rates (separated by age and gender), that have been produced through to 2042 as part of the 2018-based household projections dataset, which has been adjusted to reflect what the 2021 Census showed was the situation in Wolverhampton.

Table 7.4 Type of accommodation required for older persons in Wolverhampton in 2042						
	Market			Affordable		
Size of home	General housing*	Sheltered housing/ retirement housing	Extracare housing/ supported living housing	General housing*	Sheltered housing/ retirement housing	Extracare housing/ supported living housing
1 bedroom	2,059	630	197	3,704	1,083	498
2 bedrooms	8,812	644	140	2,349	345	118
3 bedrooms	15,125	-	-	288	-	-
4+ bedrooms	2,226	-	-	50	-	-
Total in households	28,222	1,274	337	6,392	1,429	617
Residential care	1,215			1065		

This includes *'age-restricted general market housing'* as defined in the PPG (the type of housing is generally for people aged 55 and over and the active elderly) as well as general housing available to all people. This analysis is focused only on those where all household members are aged 65 or over, there is likely to be additional requirement for age-restricted general market housing from those aged between 55 and 64.

7.21   The majority of older person households in Wolverhampton are likely to remain in general housing, as the Paragraph 012 (ID: 63-012-20190626) of the PPG notes *'Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.'* The next section looks at the role of adaptations to help households remain in their own home.

7.22   It should be noted that the general housing that older people aspire to reside in includes age-restricted general market housing. This is non-specialist housing located on sites that are exclusively used by older people, typically those aged 55 or over. It is hard to gauge the future demand for this accommodation as there is limited evidence of the current supply in Wolverhampton, however it is envisaged that this will increase as the population ages over the modelling period and the Council should monitor whether the existing provision is able to meet demand.

People with disabilities

7.23   Paragraph: 002 of the PPG[53] notes that '*The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in ensuring that they live safe and independent lives…. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives.*'

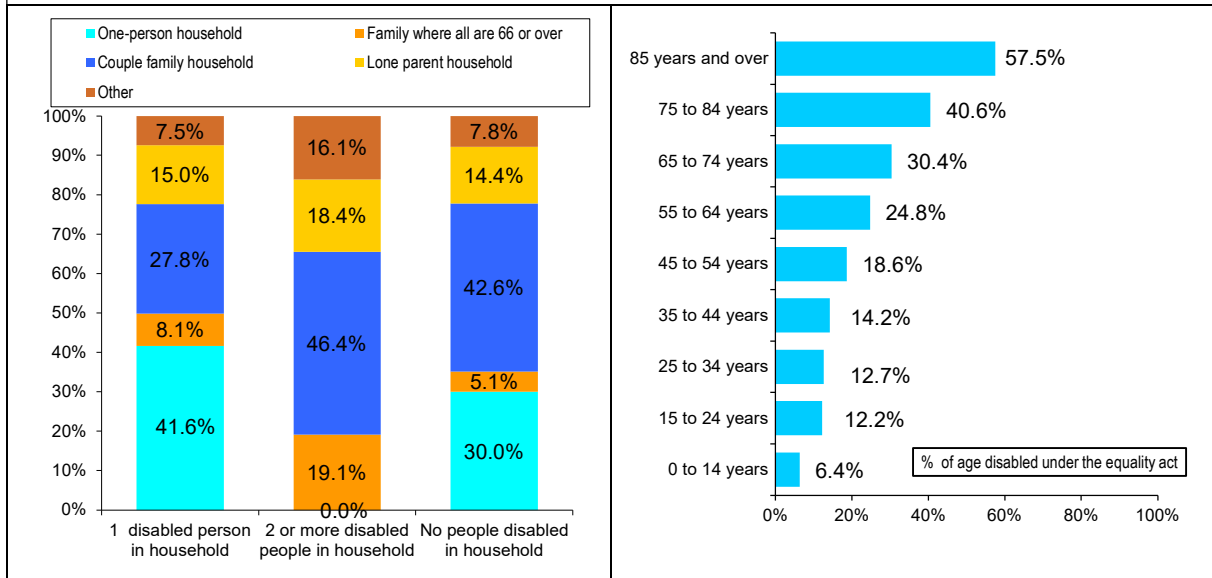---

[53] Reference ID: 63-002-20190626

7.24   Page 70 of the NPPF provides the following definition of disabled people: *'People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.'* Due to a lack of accurate data on the individual groups within this population, the analysis in this section will consider all those with a specific need unless otherwise stated.

Current situation

7.25   As is noted in paragraph 005 (Reference ID: 63-005-20190626) of the PPG, *'Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness.'* The 2011 Census collected data under this definition, however the 2021 Census has collected slightly different data on disability. It identified people who were disabled under the Equality Act, separated between those whose day-to-day activities limited a lot and those whose day-to-day activities limited a little, and those not disabled under the Equality Act but who have a long term physical or mental health condition that limits their day-to-day activities. The data from the 2021 Census is therefore used as a starting point.

7.26   The Census shows that, in 2021, some 18.2% of the resident population in Wolverhampton are disabled under the Equality Act, compared to 18.1% in the West Midlands and 17.3% nationally. Further analysis shows some 46.2% of all residents disabled under the Equality Act in Wolverhampton had a condition that limited day-to-day activities a lot, with 53.8% having a condition that limited activities a little. In the West Midlands, 43.5% of all residents disabled under the Equality Act had a condition that limited day-to-day activities a lot and 56.5% had a condition that limited activities a little, with the equivalent national figures being 42.4% and 57.6% respectively. Finally, the 2021 Census shows that 5.3% of residents in Wolverhampton are not disabled under the Equality Act but have a long term physical or mental health condition but day-to-day activities are not limited, compared to 6.5% regionally and 6.8% nationally.

7.27   The figure below shows the household profile of people disabled under the Equality Act in Wolverhampton in 2021 compared to the remainder of the population. The figure also sets out the prevalence of a disability in the different age groups of the population. The results show that in Wolverhampton, some 41.6% of households with a single disabled resident are one person households, whilst households with two or more disabled people are more likely than average to be a family in which every member is 66 and over. The analysis also reveals a strong correlation between age and disability.

Figure 7.2 Household type and age profile of people disabled under the disability act in Wolverhampton

Legend:
- One-person household
- Couple family household
- Other
- Family where all are 66 or over
- Lone parent household

Left chart (stacked bars):

	1 disabled person in household	2 or more disabled people in household	No people disabled in household
Other	7.5%	16.1%	7.8%
Lone parent household	15.0%	18.4%	14.4%
Couple family household	27.8%	46.4%	42.6%
Family where all are 66 or over	8.1%	0.0%	5.1%
One-person household	41.6%	19.1%	30.0%

Right chart (% of age disabled under the equality act):

Age group	%
85 years and over	57.5%
75 to 84 years	40.6%
65 to 74 years	30.4%
55 to 64 years	24.8%
45 to 54 years	18.6%
35 to 44 years	14.2%
25 to 34 years	12.7%
15 to 24 years	12.2%
0 to 14 years	6.4%

Source: 2021 Census

Number of people in receipt of relevant benefits

7.28   The PPG indicates that an up-to-date estimate of the number of people with a disability can be acquired by looking at the number of people in an area that are in receipt of Personal Independence Payment or Attendance Allowance. Personal Independence Payment (PIP) helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health. Data from the Department of Work & Pensions indicates that, as at April 2024, there were 18,699 people in Wolverhampton in receipt of PIP, which equated to 7.1% of the population in the City. In comparison, some 6.0% of the population across the West Midlands and 5.4% of the population of England were in receipt of PIP.

7.29   Attendance Allowance is a benefit for people over the age of 65 who are so severely disabled, physically or mentally, that they need a great deal of help with personal care or supervision. The Department of Work & Pensions data shows that, as at November 2023, there were 7,135 people in Wolverhampton in receipt of Attendance Allowance, which equated to 2.7% of the population in the City. In comparison, some 2.7% of the population in the West Midlands and 2.5% of the population nationally were in receipt of Attendance Allowance.

7.30   The PPG notes that *'whilst these data sources can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.'*

Projected health of the future population

7.31   The Projecting Older People Information System (POPPI) website[54] and the parallel Projecting Adult Needs and Service Information (PANSI) website[55] model the current and likely future incidence of a range of health issues for each authority in England. The table below sets out the number of people estimated to have one of five health conditions currently as determined by these data sources. The table also indicates the number of people projected to have these conditions in 2042, derived by applying the future prevalence rates used by the POPPI and PANSI modelling to the disaggregated future population for Wolverhampton in 2042, as identified within the local housing need calculation. The table then goes on to report the current and future population in Wolverhampton that require assistance with activities. These figures are derived using the same approach as described for the health condition modelling. The data from PANSI and POPPI is based on current and recent prevalence rates and, whilst these may vary in the future, the figures provide a useful baseline estimate.

7.32   The table shows that the number of those aged 65 or over disabled under the Equality Act, is expected to increase by 41.5% between 2024 and 2042 in Wolverhampton. This compares to an increase of 62.6% in the number of people aged 18-64 in the City with impaired mobility, a rise of 13.9% in the number of people aged 18-64 in Wolverhampton with a common mental health disorder, an increase of 59.2% in the number of people aged 65 or over with dementia[56], and an increase of 21.2% in the number of people in Wolverhampton with a moderate or severe learning disability.

7.33   The table also shows that the number of those aged 65 or over that are unable to manage at least one mobility activity on their own, is expected to increase by 45.5% between 2024 and 2042, compared to an increase of 84.7% in the number of people aged 65 and over who need help with at least one domestic task, an increase of 41.9% in the number of people aged 65 and over who need help with at least one self-care activity and an increase of 15.6% in the number of people aged 18-64 with a serious personal care disability. It should be noted that these changes better reflect the projected change in the demographics of the population (an ageing population) rather than a notable change in the overall health of people.

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[54] https://www.poppi.org.uk/

[55] https://www.pansi.org.uk/

[56] Paragraph 019 (Reference ID: 63-019-20190626) of the PPG notes that *'Evidence has shown that good quality housing and sensitively planned environments can have a substantial impact on the quality of life of someone living with dementia. People with dementia need to have access to care and support to enable them to live independently and homes need to be designed with their needs in mind.'*

Table 7.5 Number of people with particular health issues projected over the modelling period in Wolverhampton

Condition	2024	2042	Total change	% change
Health condition				
People aged 65 or over disabled under the equality act	16,748	23,699	6,951	41.5%
People aged 18-64 with impaired mobility	8,685	14,119	5,434	62.6%
People aged 18-64 with a common mental health problem	30,636	34,909	4,273	13.9%
People aged 65 and over with dementia	3,165	5,039	1,874	59.2%
People all ages with a learning disability	5,018	6,081	1,063	21.2%
People requiring assistance with activities				
People aged 65 and over that are unable to manage at least one mobility activity on their own*	8,257	12,014	3,758	45.5%
People aged 65 and over who need help with at least one domestic task**	9,936	18,356	8,420	84.7%
People aged 65 and over who need help with at least one self-care activity***	12,755	18,097	5,342	41.9%
People aged 18-64 with a serious personal care disability****	1,372	1,587	215	15.6%
All people	269,990	305,717	35,727	13.2%

*Activities include going out of doors and walking down the road; getting up and down stairs; getting around the house on the level; getting to the toilet; getting in and out of bed. **These are activities which, while not fundamental to functioning, are important aspects of living independently such as doing routine housework or laundry, shopping for food, doing paperwork or paying bills. ***These are activities relating to personal care and mobility about the home that are basic to daily living. ****Their physical disability means that they require someone else to help from getting in and out of bed, or getting in and out of a chair, dressing, washing, feeding, and use of the toilet. Source: The Projecting Older People Information System and Projecting Adult Needs and Service Information, 2024, disaggregated local housing need figures, 2024.

Accessible and adaptable housing

7.34 The Nationally Described Space Standards (which set out national minimum space standards) published by the Department for Communities and Local Government in 2015[57] detail the minimum gross internal floor areas required in new dwellings and also the size of storage area required. The Nationally Described Space Standards also provide detail on the requirements of dwellings to meet the Accessible and Adaptable dwellings M4(2) and Wheelchair user dwellings M4 (3) standards[58].

7.35 Paragraph 008 of the PPG[59] sets out that *'Accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future.'* The same paragraph then goes onto clarify that *'accessible and adaptable housing will provide safe and convenient approach routes into and out of the home and outside areas, suitable circulation space and suitable bathroom and kitchens within the home. Wheelchair user dwellings include additional features to meet the needs of occupants who use wheelchairs, or allow for adaptations to meet such needs.'*

7.36 The PPG[60] also details the data sources that can be used to provide evidence of the need in local planning authorities for dwellings that meet higher accessibility, adaptability and wheelchair housing standards. All of these have been researched, and whilst some have been used to provide the contextual information presented above, others have been used to model the future requirement for adaptable and accessible housing. The most important data input into the model is the CORE LA Area Lettings Reports which provide details about the accessibility requirements of those that have moved into affordable accommodation – both general needs and specialist homes. The other data sources used in the model include the age profile of people in receipt of Disability Living Allowance in the City, the LTBHM modelling outputs on the current and future tenure profile of different household groups, the POPPI and PANSI projections (set out above) and analysis in the English Housing Survey.

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[57] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard___Final_Web_version.pdf

[58] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/540330/BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf

[59] Reference ID: 63-008-20190626

[60] Reference ID: 56-007-20150327

7.37 The steps followed in the model to derive the future requirement for adaptable and accessible housing are set out below:

- The CORE LA Area Lettings Reports for the last three years (2020/21 to 2022/23) were examined and the total number of lettings that required a home to meet a mobility need was totalled alongside the total number of lettings (of all types). This was done within the general housing stock and separately within the supported housing[61] stock.

- It is presumed that all of the requirement for adapted housing in the supported housing stock is from older persons households. To determine the requirement for adapted housing within the general stock that arises from households over 65, the proportion of people in receipt of the higher rate of the Disability Living Allowance that are aged 65 or over in the authority, as at August 202,3 is calculated using the data published by the Department for Work and Pensions[62]. In Wolverhampton this figure is 68.7%. It is therefore presumed that this proportion of the demand for adapted housing within the general stock arises from households over 65, with the remainder arising from younger households.

- The totals of the number of lettings of adapted housing over the last three years to these three groups; (those in sheltered accommodation, older person households in general housing and households under 65 in the general stock) are then compared to the total number of lettings to each of these groups over the last three years, to generate a requirement rate for adapted housing for these three household groups in the affordable sector.

- To produce an equivalent requirement rate for adapted housing amongst the same groups of households resident in the market sector, the rate identified for each of these three groups in the affordable sector is adjusted by the difference between the proportion of affordable homes with adaptations nationally and the proportion of market homes with adaptations nationally as recorded by the Survey of English Housing.

- The requirement rate for these three groups across the two broad tenures are then applied to the total number of households in these groups in 2024 as indicated by the LTBHM model. This provides an estimate of the current requirement for accessible and adaptable housing, differentiated both by the three household groups and the two broad tenures.

- To profile the future requirement, the total number of households under 65 in the general stock that require an adapted home currently is multiplied by the projected change in the number of people aged 18-64 with an impaired mobility in Wolverhampton as modelled using the PANSI data set out in Table 7.5 above.

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[61] Supported housing in this context refers to specialist housing for households (mainly older person households), such as that listed in table 7.2.

[62] https://stat-xplore.dwp.gov.uk

- The total number of households aged 65 and over in the general stock that require an adapted home currently is multiplied by the projected change in the number of people aged 65 and over that are unable to manage at least one mobility activity on their own in Wolverhampton as modelled using the POPPI data set out in Table 7.5 above. The total number of households in sheltered accommodation that require an adapted home currently is also multiplied by this figure derived from the POPPI modelling.

- This provides a total requirement for accessible and adaptable housing in 2042 in Wolverhampton for the three different household groups. These are then divided by tenure, based on the tenure profile of these groups recorded in 2024, but also taking account of the changes in the tenure profile for each group that are projected to happen by 2042 according to the LTBHM model.

7.38 The figure below shows the final results of this model.
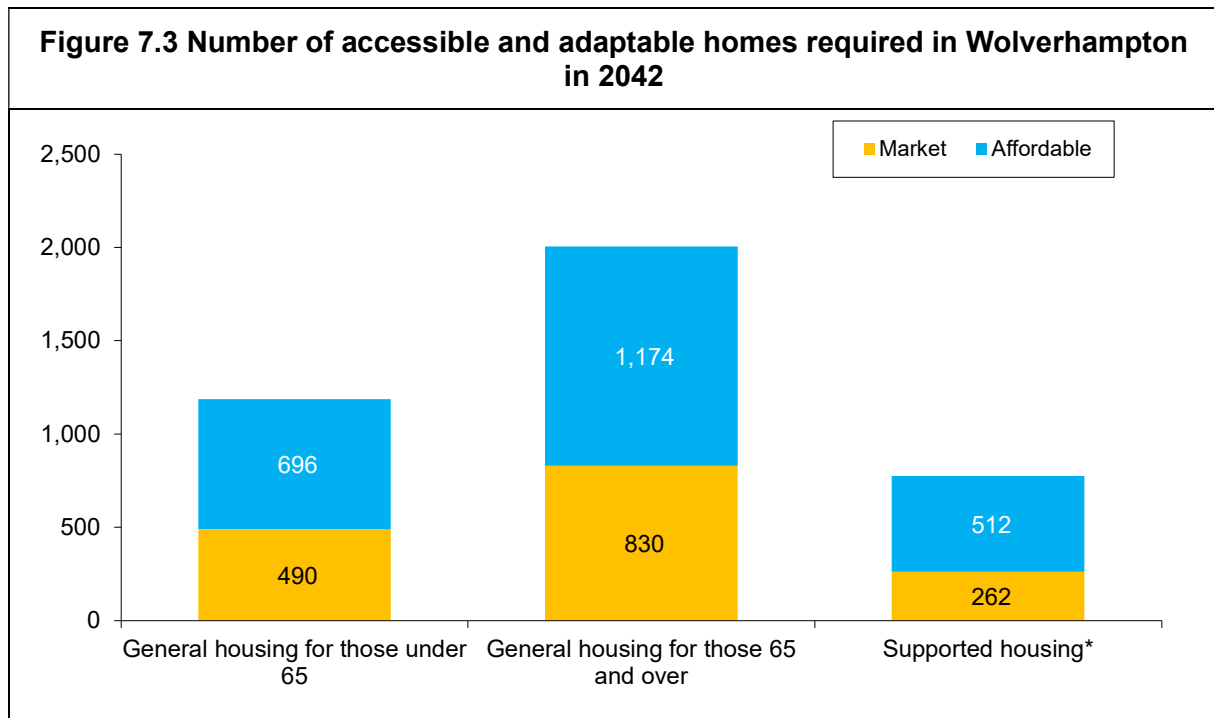
Figure 7.3 Number of accessible and adaptable homes required in Wolverhampton in 2042

*Supported housing is specialist housing for older person households, such as those listed in Table 7.2.

7.39 The figure indicates the requirement, for accessible and adaptable homes, in Wolverhampton in 2042, differentiated by setting, age group and tenure. In total 3,964 accessible and adaptable homes are required in 2042 in Wolverhampton, of which 2,382 should be in the market sector and 1,582 in affordable accommodation. Of the 3,964 accessible and adaptable homes required, 3,190 should be in the general housing stock and 774 in supported accommodation.

7.40   The outputs of the LTBHM model and the older person accommodation modelling have compared the future requirement with the current stock to identify the net change required to be delivered over the modelling period. Whilst the future requirement for accessible and adaptable homes has been identified, there is limited information on the number of dwellings that fulfil this criteria in Wolverhampton currently, and therefore there is not a detailed profile of the current stock from which to derive a net requirement.

7.41   Overall, the requirement for 3,964 accessible and adaptable homes implies that a notable uplift will be required to the number of homes that meet this standard currently, and, that by the end of the modelling period, around about 2.6% of the total stock should be available that meet this criteria. This is an estimated requirement for M4(2) Category 2 accessible and adaptable homes.

7.42   There is also a requirement for M4(3) Category 3 homes - wheelchair user dwellings. Using the same data sources (but focusing specifically on those that require fully wheelchair accessible housing within the CORE LA Letting Reports figures and the data specifically on wheelchair dwellings within the English Housing Survey), it is possible to follow the same method to produce equivalent results that identify the future requirement for a wheelchair accessible home in Wolverhampton in 2042.
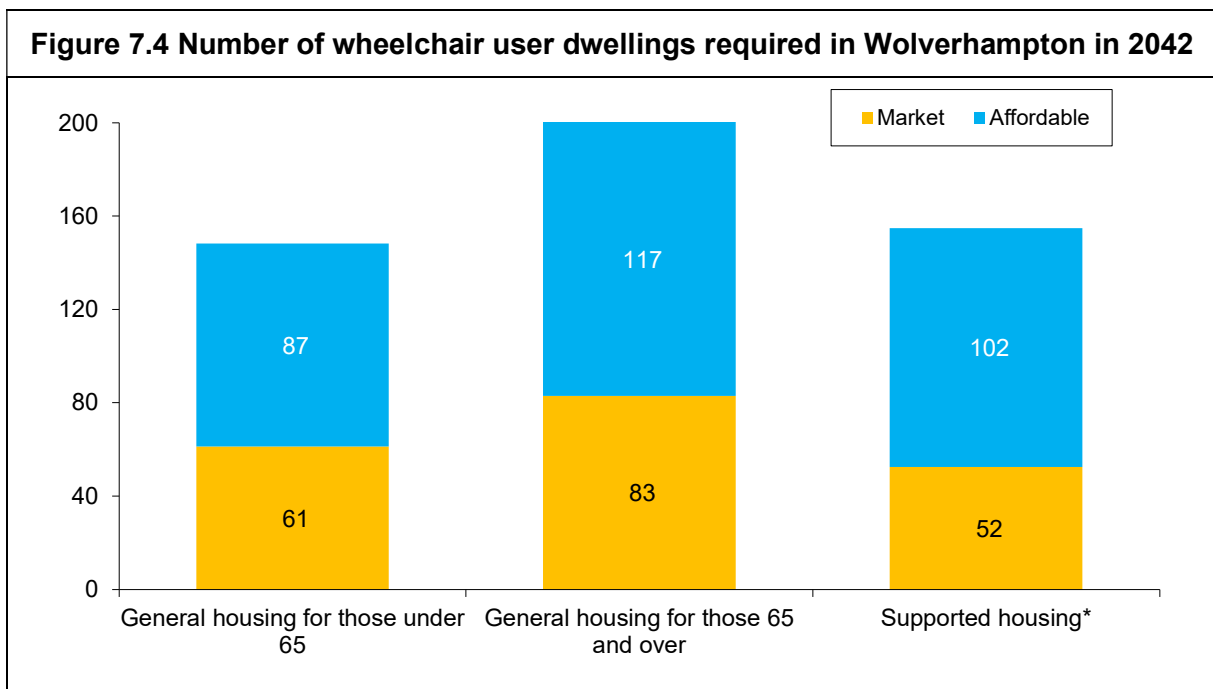
Figure 7.4 Number of wheelchair user dwellings required in Wolverhampton in 2042

*Supported housing is specialist housing for older person households, such as those listed in table 7.2.

7.43   The figure indicates the requirement for wheelchair user dwellings in Wolverhampton in 2042, differentiated by setting, age group and tenure. In total, 503 wheelchair user dwellings are required in 2042 in Wolverhampton, of which 197 should be in the market sector and 307 in affordable accommodation. Of the 503 wheelchair user dwellings required, 349 should be in the general housing stock and 154 in supported accommodation. Overall, the requirement for 503 wheelchair user dwellings will mean that by the end of the modelling period, around about 0.3% of the total stock should be available to meet this criteria.

7.44   It is important to note that the PPG[63] is clear that the suitability of these requirements should be assessed to determine whether they are viable, and also that the authority should not impose any further requirements to the building regulations beyond what is set out in the building regulations for M4(2) and M4(3) dwellings.

Adaptations and support

7.45   In addition to specialist accommodation, the Council helps people to remain in their current home by providing support and assistance. Any adaptions to dwellings provided through this mechanism could reduce the requirement for new homes meeting the M4(2) standard, depending on the nature of the adaptation work completed.

7.46   Figure 7.5 shows the number of applications and completions within the Disabled Facilities Grants program within the Council's housing stock over the last five years. Other than a reduction in 2020-21 related to the coronavirus pandemic and a post pandemic uplift, the figures do not fluctuate greatly.

Figure 7.5 Disabled Facilities Grant applications and completions in Wolverhampton
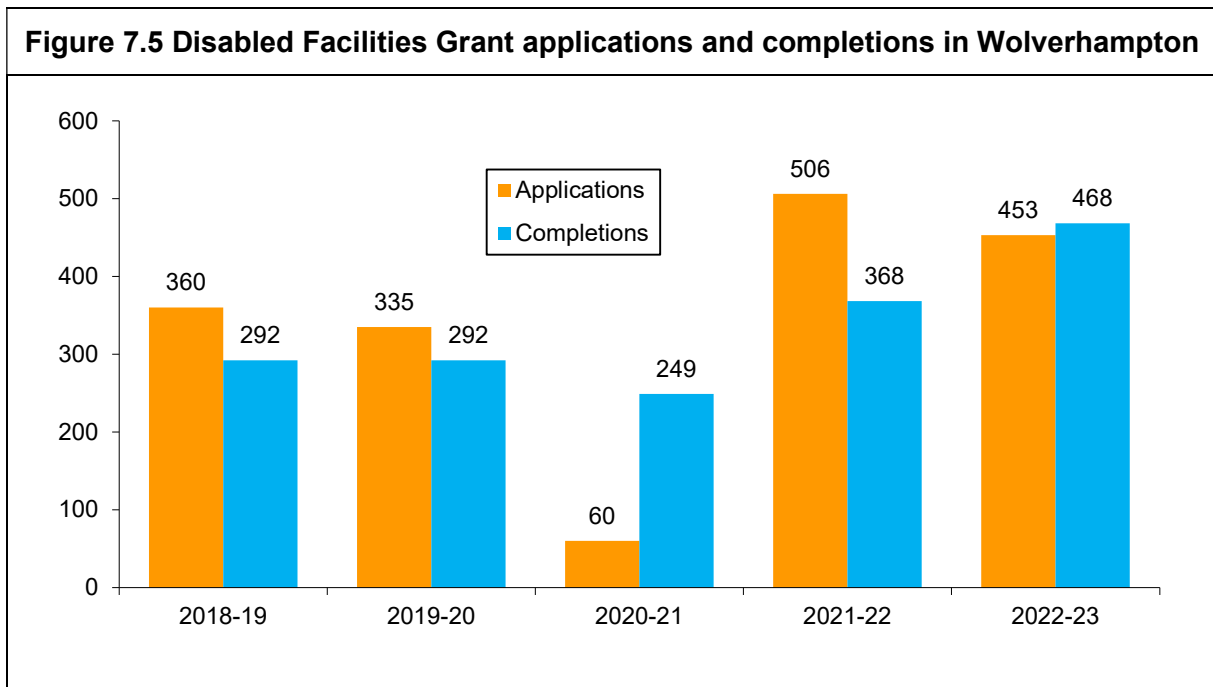
*The application figure for 2021-22 is based only on formal DFG applications for the year
Source: Wolverhampton Council, 2024

[63] Reference IDs: 56-003-20150327 & 56-008-20160519

7.47   In this context, paragraph 005 of the PPG[64] notes that '*Applications for Disabled Facilities Grant (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation, but would not have applied to the DFG.'* The provision of M4(2) homes would reduce the need for these adaptations to be applied to existing dwellings retroactively, and make the housing stock more responsive to the evolving needs of the local population.

Families with children

Current situation

7.48   The Census provides detail on the housing situation of households with children at a local level. It is worth noting that in 2021, according to the Census, 41.2% of households in Wolverhampton were families with children, a figure higher than both the regional average (37.7%) and the national average (36.3%).

7.49   The figure below shows the tenure profile of the two main types of 'family with children' households in Wolverhampton in 2021 compared to the remainder of the household population. The figure also set out the occupancy level of these groups. The data shows that there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst other households in Wolverhampton. Lone parents are notably more likely than other households to be in both Social Rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied in Wolverhampton.

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[64] Reference ID: 63-005-20190626
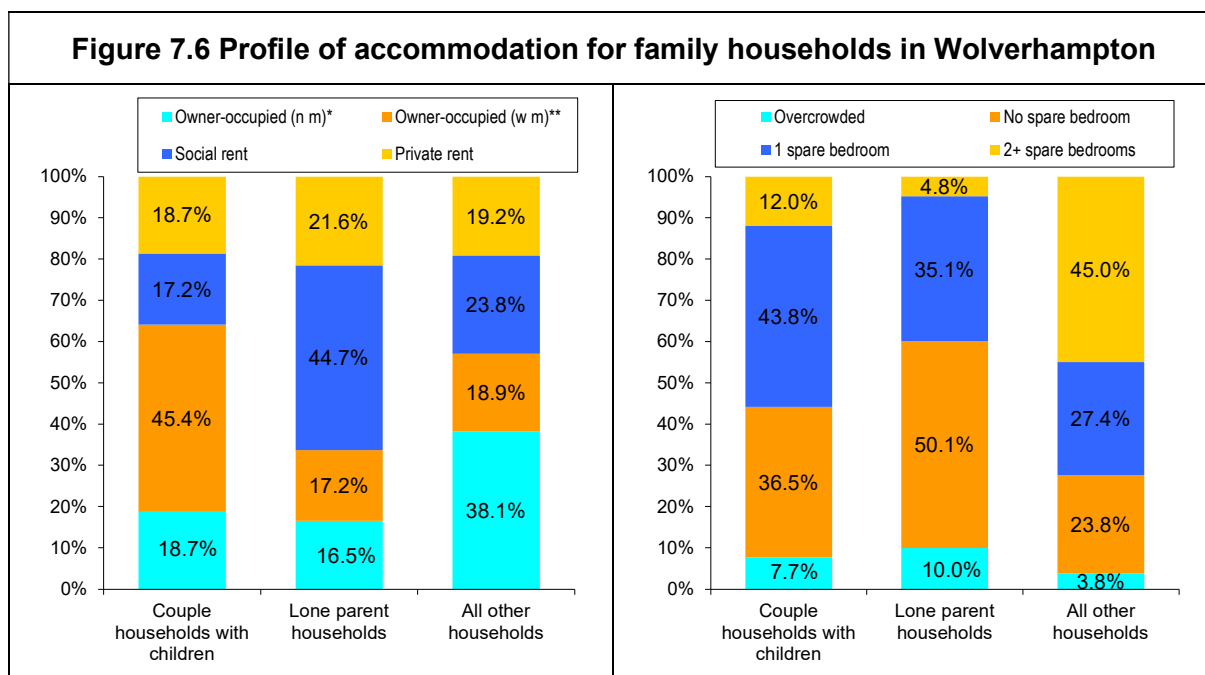
Figure 7.6 Profile of accommodation for family households in Wolverhampton

Source: 2021 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership.

Future requirement

7.50   The disaggregated local housing need projections indicate that the total population of families with children is going to rise from 43,460 in 2024 to 49,142 by 2042, a growth of 13.1%. It is estimated that the proportion of lone parent families within this group will grow from 36.1% in 2023 to 36.2% in 2042.

7.51   The table below shows the projected accommodation profile for family households in Wolverhampton in 2042 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation. This identifies that intermediate housing will be particularly useful for family households. It is estimated that, by 2042, 52.5% of Shared Ownership dwellings and 60.1% of First Homes will be occupied by family households.

| Table 7.6 Type of accommodation projected for households with dependent children in 2042 in Wolverhampton					
Size of home	*Owner occupied*	*Private rented*	*First Homes*	*Shared Ownership*	*Social/ Affordable Rented*
1 bedroom	0	0	0	0	0
2 bedroom	2,503	474	184	354	4,655
3 bedroom	19,076	2,346	261	525	6,829
4+ bedrooms	8,286	1,041	490	280	1,838
Total	29,866	3,862	935	1,159	13,321

The private rented sector (PRS)

Growth

7.52   The current tenure profile in the City was modelled as part of the LTBHM model. This estimated that there are 25,992 private rented households in Wolverhampton in 2024, which represents 19.6% of households in the City. The private rented sector (PRS) is becoming increasingly important in Wolverhampton; as shown in Figure 2.13, the data indicates that it increased by 33.4% in the City between 2011 and 2021 – at a greater rate than was recorded regionally and nationally.

Those resident in the tenure

7.53   The figure below compares the household composition of the private rented sector in Wolverhampton in 2021, with the profile of households resident in the private rented sector in Wolverhampton in 2011. The data shows that not only has the tenure grown, but the households in it have diversified, with a substantial growth of couple households with children in the private rented sector.

Figure 7.7 Change in the household composition of the PRS in Wolverhampton

Source: 2011 and 2021 Census
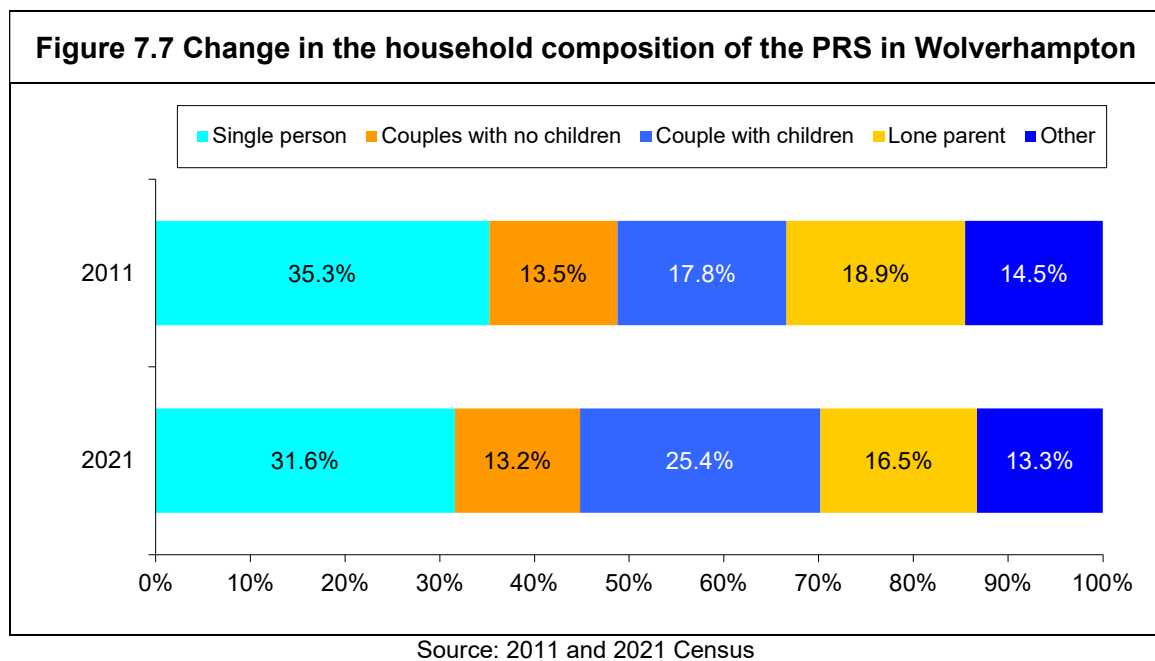
7.54   The figure below shows that whilst the private rented sector has diversified, it is still notably unlikely to be occupied by older households, with over 90% of household reference persons aged 64 or under. The proportion of older households in this tenure has reduced between 2011 and 2021, although the absolute number of older households resident in the private rented sector has increased.

Figure 7.8 Age of household reference person within each tenure in Wolverhampton, 2011 & 2021
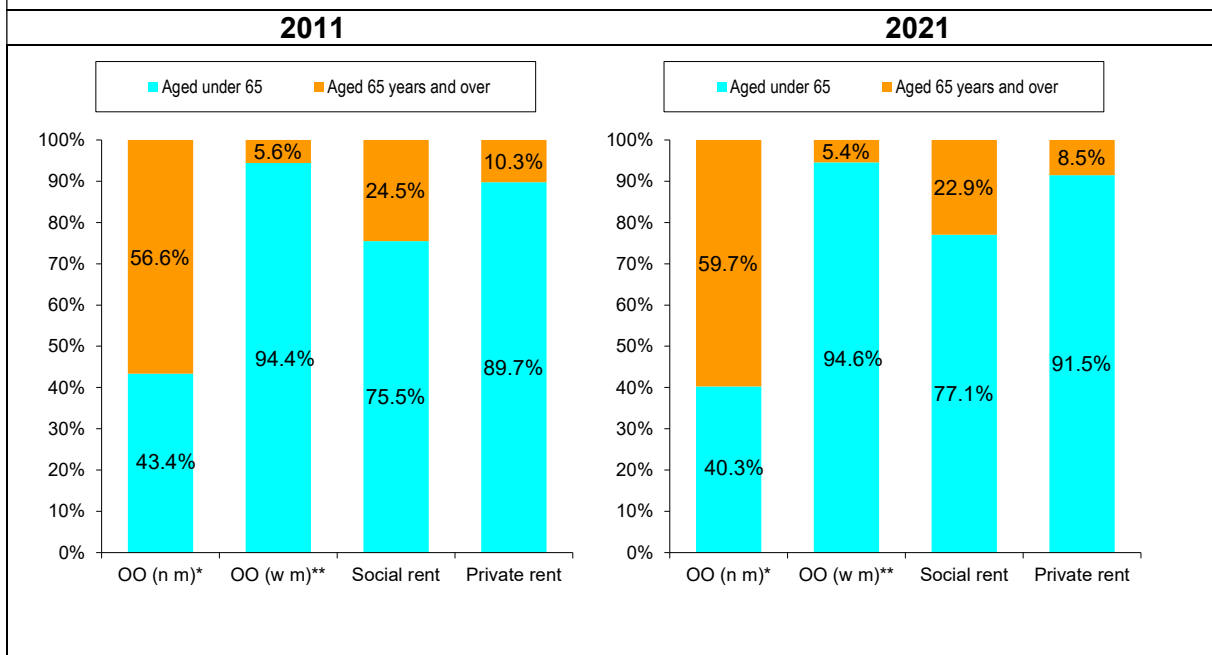
Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership. Source: 2011 and 2021 Census

7.55   The figure below shows that whilst the majority of household heads in the private rented in Wolverhampton are in work, there are a number where the household head is unemployed or retired. It is also clear that the proportion of employed household heads in the private rented sector has increased over the last decade.

Figure 7.9 Change in the economic activity of household reference person by tenure in Wolverhampton, 2011 to 2021

2011

Legend: Employed, Unemployed, Retired, Long-term sick or disabled, Other

- Owner-occupied (no mortgage): Employed 40.1%, Retired 54.2%
- Owner-occupied (with mortgage)*: Employed 90.1%, 5.3%
- Social Rent: Employed 39.1%, Retired 25.1%
- Private rent: Employed 59.3%, 10.3%

2021

Legend: Employed, Unemployed, Retired, Long-term sick or disabled, Other

- Owner-occupied (no mortgage): Employed 39.4%, Retired 53.9%
- Owner-occupied (with mortgage)*: Employed 91.4%, 4.0%
- Social Rent: Employed 41.1%, Retired 20.1%
- Private rent: Employed 69.9%, 7.1%

*Includes Shared Ownership, Source: 2011 and 2021 Census

7.56 The LTBHM model set out in Chapter 4 has been used to model the future housing market. This indicates that the private rented sector is likely to grow further in importance in Wolverhampton over the plan-period with the number of homes in the tenure projected to increase by 2,225 households by 2042, a growth of 9.0%.

Current trends

7.57 The PPG suggests that *'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents.'* Therefore, to assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. The table below shows the change in private rents over the last five years at both the median and lower quartile level. This data is disaggregated by accommodation size and location. The table shows for example that, between 2017/18 and 2022/23, two bedroom lower quartile rents increased by 25.3% in Wolverhampton.

7.58 Overall, the data suggests that the private rented sector is not under unusual pressure in Wolverhampton, as rent levels have generally risen at a similar rate to that recorded regionally and nationally. The data does suggest that rents at the median level are more pressurized than at the lower quartile level. The rises in three bedroom rents in Wolverhampton are overall the highest, but there is not a great difference between the dwelling sizes.

Table 7.7 Change in private rents charged in Wolverhampton, the West Midlands and England between 2017/18 and 2022/23				
Lower quartile prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Wolverhampton	13.9%	25.3%	26.4%	29.6%
West Midlands	22.4%	19.0%	21.7%	21.2%
England	22.3%	23.8%	22.5%	30.6%
Median prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Wolverhampton	21.4%	28.6%	32.5%	25.8%
West Midlands	23.2%	21.8%	22.3%	25.6%
England	25.0%	26.9%	23.3%	17.4%

Source: Valuation Office Agency, 2017-18, 2022-23

The benefit-supported private rented sector

7.59   Data available from the Department of Work & Pensions[65] indicates that there were 9,325 households in the private rented sector in Wolverhampton who were either in receipt of Housing Benefit or were receiving the Housing Element of Universal Credit in February 2024. This represents 44.5% of all households in the tenure and is higher than the equivalent proportion of households in the sector both regionally and nationally (some 33.7% of private rented households in the West Midlands were in receipt of one of these benefits as were 33.9% of private rented households across England).

7.60   Further analysis shows that the number of private rented tenants in receipt of assistance with their housing costs in Wolverhampton has increased by 34.0% between 2018 and 2023, in comparison to a regional growth of 36.9% and a national rise of 35.3% over the same period.

7.61   It is important to recognise the role that the benefit-supported private rented sector plays in alleviating the pressure on the affordable housing stock, by housing some households that would otherwise be resident within the sector; however, it is not an official form of affordable housing as defined by the NPPF. In addition, a comparison of the entry-level private rents with the LHA caps, as set out in Chapter 3, showed there is a gap between the two for larger homes. The housing costs of households in need would therefore not be fully met if they were to reside in this sector, as noted in Chapter 3.

People wishing to build their own homes

7.62   It should be noted that the NPPF specifically refers to people *wishing to build or commission their own homes* within the examples cited in paragraph 61. Wolverhampton launched a list for people interested in undertaking a self-build development to register themselves in 2019. There are currently (Spring 2024) 86 applicants on the list and the number of applicants has risen steadily since its introduction (between 15 and 25 new applicants each year).

7.63   Of the 86 applicants, 91.2% are seeking an individual project, 5.8% are seeking a developed-led custom build and 2.3% are looking to be involved in a group development. 64.0% of those on the self-build register are currently owner-occupiers, with 27.9% resident in the private rented sector 5.8% living in a social rented home and 2.3% residing in a shared ownership property. Only 1 of the 86 applicants however envisages a non-owner-occupied self-build home.

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[65] https://stat-xplore.dwp.gov.uk

7.64   People interested in self-build generally aspire towards a larger home; 54.7% of self-build applicants intend to build a home with at least four bedrooms, 34.9% aspire to build a home with three bedrooms and only 10.4% were interested in a home with two or fewer bedrooms. There is also a high level of interest in building a detached home with 94.2% of applicants planning this form of accommodation.

7.65   The PPG suggests that data from the Council's self-build register can be supplemented by secondary data where it exists. The Office of National Statistics has recently published the Right to Build Register Monitoring[66] on an annual basis. This presents a limited amount of data on the scale of demand for self-build properties across all authorities in England. This data indicates that, as at the time the data was collected in 2022, there were 66 people on the register, which when compared to the population estimated for the authority, equates to a demand of 25.0 self-build dwellings per 100,000 people resident in the authority.

7.66   Across England the demand is for 105.5 self-build dwellings per 100,000 people. Overall, of the 313 Local Authorities in England in which sufficient data exists to allow this calculation, Wolverhampton is ranked as having the 61st smallest demand for self-build homes per head.

Students

7.67   Wolverhampton University is situated in the HMA and has campuses in Wolverhampton (City Campus), Walsall and Telford. The University was contacted and asked about the current accommodation provision for its students, what expectations it has for future growth and where this growth will be accommodated. The response received is summarised below.

Current profile

7.68   There are currently around 19,325 students studying at Wolverhampton University, of which 12,690 are undergraduates and 6,635 are postgraduates. The University advised that 14,260 students live at home and commute to the university campus, 540 students live is specialist student accommodation provided the university 630 live is specialist student accommodation provided by others and 1,567 live in the private rented sector. The impact of the university of the wider housing market is therefore relatively limited.

7.69   Around 45% of students are resident in the WV1 and WV10 postcodes, with other concentrations of students being found in the WV6, WV3, WV14, WV2 WV11 & WV4 postcodes. As far as the University is aware, much of the private rented accommodation available to students are provided by specialists in the sector, with 150 landlords that deal with students alone.

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[66] https://www.gov.uk/government/publications/self-build-and-custom-housebuilding-data-2016-2016-17-2017-18-and-2018-19/data-release-self-build-and-custom-housebuilding-data-2016-to-2020-21

7.70   The impact of staff on the housing market is limited, the majority of the staff live within a 25-30 mile commuting distance of the university campuses and new staff are normally recruited from within the sub-regional labour market – few relocate to take a job at the university.

Plans for growth

7.71   The university indicated that they expect the student population to change in the future and plan to grow both the UK and international student population, but they cannot provide any specific plans at this time because that will depend on the direction of government policy.

8. Conclusions and Summary

8.1 Wolverhampton was one for the four authorities (alongside Sandwell, Walsall and Dduley) that produced the Black Country's strategic Local Plan document, the 'Black Country Core Strategy' in 2011. The Black Country Councils are now moving towards producing independent Local Plans (although still with partnership within the process). As part of the Local Plan development the evidence base is being updated. This report provides a new evidence base that reflects the current market situation, utilises the latest data available and adheres to the current government guidance. The purpose of this report is to provide the Council with a robust and up-to-date evidence base that enables an understanding of the City's current and future housing needs through to the end of the new Local Plan period (2042).

8.2 Chapter 2 considered the drivers of the local housing market in Wolverhampton. It was shown that the population in the City has grown between 2011 and 2021 at a slower rate than the national average and the age profile is younger than that recorded for England. The employment profile of residents in Wolverhampton indicated that unemployment is higher than nationally and there are fewer people employed in the most highly skilled roles. This is reflected in the household incomes recorded across Wolverhampton which are lower than the national average. Finally, the chapter noted that Wolverhampton also has a larger than average affordable stock currently and a smaller proportion of owner-occupiers. Between 2011 and 2021 the number of four bedroom homes has increased at the greatest rate, this is especially pronounced in the owner-occupied sector.

8.3 Chapter 3 examined the cost of housing in the City. Whilst market accommodation in Wolverhampton is cheaper than regional equivalents, lower local incomes mean the affordability of the market housing remains an issue in the City. The analysis of the local housing market indicated that there is a notable gap between the cost of Affordable Rent and entry-level market housing which could potentially be filled by intermediate products including discount home ownership options, such as First Homes. It is important to note that the suitability of these intermediate and sub-market products to meet housing need to the extent identified in the report is contingent on them being priced at the levels set out in Chapter 3.

8.4 Chapter 4 documented the derivation of the overall housing need in Wolverhampton following the revised Standard Method set out in paragraph 004 of the PPG[67]. This indicated that the requirement is for 1,096 dwellings per year which equates to 19,728 new homes over the 18-year plan period (2024 to 2042).

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[67] Reference ID: 2a-004-20201216

8.5 The report has presented two main models, the Long Term Balancing Housing Markets (LTBHM) model (Chapter 5), which disaggregates the revised Standard Method local housing need calculations to identify the tenure and size of housing that should be sought over the plan period to best accommodate the future population, and the Affordable Housing Need model (Chapter 6), an unconstrained estimate of the amount of affordable housing required. The affordable housing need figure is calculated in isolation from the rest of the housing market and is only used to indicate whether the Standard Method local housing need figure should be increased. On completion of the calculation of the need for affordable housing paragraph 024 of the PPG[68] says:

> 'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.'

8.6 Planning Authorities should consider whether the housing target in the Local Plans should be increased to assist with meeting the need for affordable housing. Once this has been established, the future mix of all housing required over the plan-period should be identified. In accordance with the PPG this is derived using a separate approach.

8.7 The total annual affordable housing need in Wolverhampton of 240 per year (as set out in Chapter 6) represents 21.9% of the annual planned growth in the City of 1,096 dwellings per year. It would be reasonable to expect this proportion of new housing as affordable to be delivered on a large housing site in Wolverhampton, where a figure of 25% would be plausible (subject to viability). It should however be noted that this affordable housing need figure is based on an affordability threshold of 30%, however were a threshold of 25% be used, then the affordable housing need becomes 501 per year. The figure of 501 represents 54.7% of the planned growth of 1,096. The market survey however concluded that the 30% affordability threshold is the most justified and best reflects the current market conditions in the City and is therefore the most appropriate to use.

8.8 To determine the size and tenure of the new housing required within the Standard Method local housing need to accord with the PPG, the LTBHM model outputs are used (the change required between 2024 and 2042). This model provides the profile of housing appropriate to meet the population over the plan-period and is directly derived from the calculations used to determine the Standard Method local housing need.
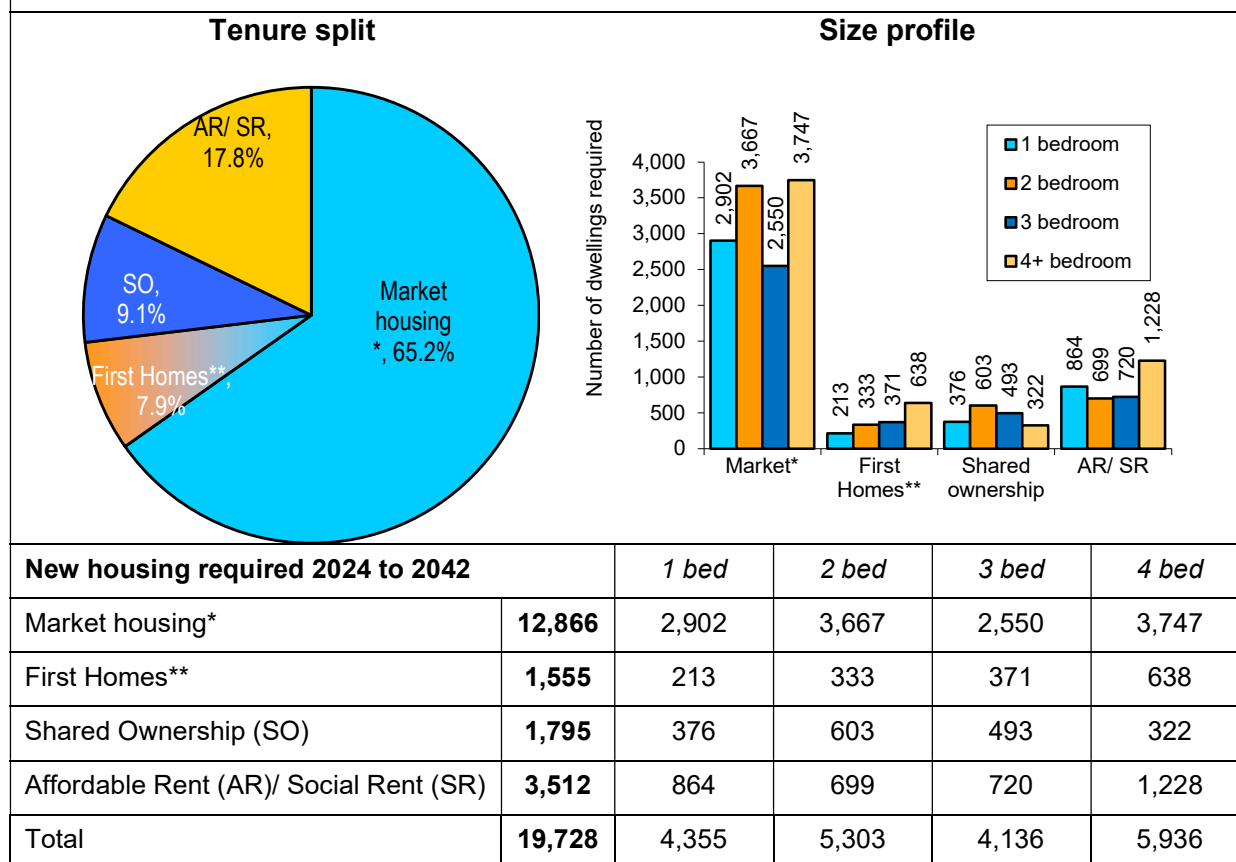
[68] Reference ID: 2a-024-20190220

8.9 Figure 8.1 sets out the size and tenure requirement for the 19,728 dwellings (1,096 per annum) to be delivered over the plan period (between 2024 and 2042). The Government's guidance on First Homes[69] makes it clear *'a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes.'* The guidance is clear that there will be an expectation for local authorities to also provide Affordable Rented/ Social Rented accommodation where this meets the identified needs.

8.10 The overall requirement for 17.8% of housing to be Affordable Rented/ Social Rented and 17.0% affordable home ownership (of which 9.1% could be Shared Ownership[70] and 7.9% First Homes) reflects the mix of housing that would best address the needs of the local population. It does not take into account the funding that will be available to help provide subsidised housing, and it is acknowledged that current funding stream priorities mean that it will be easier to deliver intermediate housing rather than Affordable Rent/ Social Rent. It is important to note that in this scenario First Homes would represent 22.7% of all new affordable housing, so the 25% minimum threshold cited in the guidance is not quite reached. If the Council decide to pursue the 25% minimum threshold then it would be suitable to reduce the proportion of shared ownership homes required as a consequence. The affordable housing mix would become 25.0% First Homes, 23.8% shared home ownership and 51.2% Affordable Rented/ Social Rented instead of 22.7% First Homes, 26.2% shared home ownership and 51.2% Affordable Rented/ Social Rented.

8.11 The profile set out is a guide to the overall mix of accommodation required in Wolverhampton although it is acknowledged that the Council may wish to divert away from this profile in particular instances. It should also be noted that the potential demand for First Homes is less robustly evidenced than for the other tenures and should therefore be treated with caution.

[69] https://www.gov.uk/guidance/first-homes (Paragraph: 012 Reference ID: 70-012-20210524)

[70] Shared Ownership refers to the version with a 25% equity share as this has been evidenced to cost less than market entry housing in Chapter 3.

Figure 8.1 Requirement for all new housing in Wolverhampton over the plan-period

New housing required 2024 to 2042		*1 bed*	*2 bed*	*3 bed*	*4 bed*
Market housing*	**12,866**	2,902	3,667	2,550	3,747
First Homes**	**1,555**	213	333	371	638
Shared Ownership (SO)	**1,795**	376	603	493	322
Affordable Rent (AR)/ Social Rent (SR)	**3,512**	864	699	720	1,228
Total	**19,728**	4,355	5,303	4,136	5,936

*Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand. These figures represent the distribution of housing that should be delivered.

8.12   Chapter 7 considered the housing requirement of particular groups of the population. Paragraph 006 of the PPG[71] notes that '*Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people….They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period.'*

8.13   In terms of specialist dwellings for older persons (Class C3), it is evidenced that in Wolverhampton, 1,481 additional units of Sheltered housing for older people/ retirement housing[72] and 399 additional Extracare units/ supported living housing[73] are required over the plan-period within the housing target. Chapter 7 also identifies that an additional 547 Registered Care spaces (nursing and residential care homes) will be required over the next 18 years in Wolverhampton (Class C2).

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[71] Reference ID: 63-006-20190626

[72] See footnote 49.

[73] See footnote 50.

8.14 In addition, it is calculated that adapted housing M4(2) Category 2 will be required for 3,964 households by 2042 in Wolverhampton, of which around 503 dwellings should be M4(3b) Category 3 homes - wheelchair adaptable dwellings.

Appendix 1. Stakeholder consultation

Introduction

This appendix describes the stakeholder consultation that occurred during the production of this report. This appendix details the consultation process – who was contacted and the nature of the consultation. It also describes the event that took place, including what was discussed. Finally, the appendix sets out the submissions received in response to the consultation and the actions that they have resulted in.

Stakeholder workshop

A consultation event on the draft report findings, took place on 24th July 2024. This was a specifically created stakeholder session to which all businesses associated with the local housing market were invited. The value of the participants to the process was highlighted in the invitation sent round to the event which noted that the Planning Practice Guidance sets out the importance of consultation saying:

'It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.'

Over 40 organisations were invited to attend to observe the preliminary outputs of the study and to discuss the methodological assumptions used to derive the estimates. A range of different organisations were invited including developers, agents, Registered Providers and planning professionals. In total, there were 29 different stakeholder organisations at the event. A full list of those that attended either stakeholder event is set out in the table below. Representatives of housing and planning from Wolverhampton Council were also present.

Table A1.1 List of attendees to the stakeholder event		
Organisation	*Organisation*	*Organisation*
ONHN	Dovecotes TMO	NHS
Bromford	New Pastures Housing	Select Healthcare Group
Marrons	Wrottesley Park House Nursing Home	Blue Yonder
Jaffray Care	Ion Developments	Coton Care Ltd
Progress Adult Living Services	New Park Village TMO	Macc Care Ltd
Wolverhampton Homes	Midland Heart	Bushbury EMB
LMA Property Solutions Ltd	Jericho Society	Ademighty Housing CIC
Glenthorne House	Angel Care Homes	Wolverhampton Housing Group
The Haven Wolverhampton	Goddess Living	Gladman
Carey Sweeney	South Staffordshire Council	

The event was a presentation of the relevant national guidance which provides the framework for the study, an overview of the purpose of the report, and the two main models used to obtain the outputs, the assumptions used within the models and the initial study-wide outputs that had been derived. Questions were encouraged throughout.

Participants were asked whether the LTBHM outputs (tenure breakdown by size of home) ring true. The feedback was that there is need for all sizes across the board. The perception used to be that there was too much one bedroom affordable housing, but now well used, so there is probably a need for more. The notable for larger affordable housing was emphasised, including properties with 4, 5, 6 and 7 bedrooms.

A question was asked as to whether the modelling takes home-working into account. It was confirmed that the Census will take this into account as it was happening before covid (i.e. under-occupation of homes due to presumably spare room use) and that the growth in this occupation pattern forms part of the trend period.

A further question was asked about commuting patterns, and if the Council should take extra housing from other areas. It was advised that this would be a "policy on" approach and this report is policy off. It was also advised that a separate study is being undertaken that looks at likely job supply and labour demand across the four Black Country authorities and this report is likely to analyse commuting patterns in more detail.

A question was asked whether the method considers the nature of existing accommodation (e.g. quality of hosing/ end of life cycle homes), or temporary accommodation. It was confirmed that temporary accommodation is profiled in detail in the affordable housing needs model, but this sort of property is not included in the LTBHM market model. Stock that is currently in disrepair is included in the LTBHM model as it is presumed that this can be brought up to a sufficient standard. The affordable needs model looks at properties due to be demolished. It was pointed out the modelling considers whether dwellings are actually fit for purpose. Some Local Authorities have vacancies in care homes (often due to the poor quality of the accommodation), so the last thing they want is more care homes of the same type - the model will not presume the continued delivery of homes that are not meeting any requirement currently.

Written consultation

A copy of the slides used in the presentation alongside a copy of the draft report was sent to all the attendees subsequently, as well as those originally invited that were unable to attend. All recipients were encouraged to feedback their views. The deadline for the consultation responses was 2nd August (over a 1.5 week period).

In total two submissions were received. The table below sets out the submissions. The responses and actions taken as a consequence of these points are set out in the final column.

Table A1.2 Summary of key points in the stakeholder submission and responses to these points		
Organisation marking the submission	Comment that implies alteration to the report or requires a specific response	Action taken, or response to comment
South Staffordshire Council	No comments on the methodology or results	No action required.
OHNH	*The report would benefit from additional information, such as an estimate of the number of GP surgeries, nursing homes, and children's nurseries et cetera needed in Wolverhampton to meet the growing population demand.*	This is outside the remit of this report.

Appendix 2. Details of the NMSS model

Overview

The NMSS model is an Excel spreadsheet model which seeks to replicate as closely as is reasonably practicable the methods used by MHCLG and ONS in producing the official population and household projections. It was developed by Neil McDonald to support local authorities and others in estimating objectively assessed housing needs. It has been widely used in Local Plan preparation; Local Plan examinations; and S78 planning appeals and inspectors have been happy to rely on its conclusions.

The model takes as its starting point a set of official projections – current the 2023-based projections. It is a 'stepping model' which means it takes one year's population figures and estimates of births, deaths and migration flows in the ensuing 12-month period to produce an estimate of the following year's population. That process is then repeated year by year until the end of the projection period is reached.

The estimates of births, deaths and migration flows are based on flow rates derived from official projections and these can be adjusted to produce variant projections. The flow rates are applied to the previous year's population which means that if the model is being used to explore, say, the consequences of assuming higher outflows of students than envisaged in the official projections, the impact this will have on births, deaths and migration flows is automatically taken into account.

Appendix 3. Detail of the calculation of the affordable housing need

This appendix sets out the results of the three broad stages of the model used to calculate affordable housing need. Within each of the three stages there are a number of detailed calculations many of which themselves have a number of components. This appendix presents details of how each of these stages is calculated using locally available data for Wolverhampton.

Stage 1: Current unmet gross need for affordable housing

The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing and are therefore in current need.

The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in the table below for Wolverhampton, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double counting between them has been taken into account. Households can be unsuitably housed for more than one reason, so it is important that they are only counted once.

The first table shows that there are 10,128 households currently in unsuitable housing or lacking their own housing in Wolverhampton and the most common reason for unsuitability is overcrowding. This figure of 10,128 represents 9.5% of all households in the City.

Table A3.1 Current households who lack their own housing or live in unsuitable housing in Wolverhampton			
Element	*Source*	*Number of households*	*Revised number of households*
Homeless households	The Council's housing register as of July 2024.	1,121	1,121
Households in temporary accommodation	The Council's housing register as of July 2024.	831	831
Overcrowded households	2021 Census modelled to July 2024. This was done by calculating the annual change in the number of overcrowded households recorded in Wolverhampton between the 2011 and 2021 Census by tenure and applying this to the tenure profile for 2024.	6,111	6,111
Concealed households	2021 Census modelled to July 2024. This was done by calculating the annual change in the number of concealed households recorded in Wolverhampton between the 2011 and 2021 Census and applying this the number of concealed households identified in the 2021 Census.	2,469	1,447
Other groups	The Council's housing register as of July 2024. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above).	1,043	1,043
Total		11,574	10,128

Source: 2021 Census data modelled to 2024, the Council's Housing Register

Affordability

Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size (set out in Figures 3.2 and 3.3) is therefore tested. The housing register details the size of accommodation required by homeless households, households in temporary accommodation and households unsuitably housed for other reasons. For overcrowded households and concealed households, the household composition recorded for these households in the Census is used to determine the size requirement profile.

To test overcrowded households the income distribution for each dwelling size requirement, identified using the CACI income profile for the City, is adjusted to reflect that nationally the income of overcrowded households is 104.6% of the figure for all households (according to the English Housing Survey). Similarly, for homeless, concealed and 'other' unsuitably housed households the income distribution is adjusted to reflect that nationally the income of Social Rented households is 51.7% of the figure for all households (according to the English Housing Survey).

These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 30% of gross income and still be affordable in Wolverhampton. The impact of using other thresholds is examined in the analysis in Chapter 5. The table below shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households unable to afford the market-entry point (either to rent or to buy, whichever is cheaper). The number of households that are therefore in current need is shown in the final column.

Table A3.2 Affordability of households in unsuitable housing in Wolverhampton			
Number of bedrooms required	*Unsuitable housed households*	*Percentage unable to afford both entry-level private rent and entry-level owner-occupation*	*Households in current need*
One bedroom	1,665	44.2%	736
Two bedroom	3,610	39.5%	1,424
Three bedroom	2,898	41.8%	1,211
Four or more bedrooms	1,955	45.3%	886
Total	10,128	42.0%	4,256

Some 42.0% (4,256 households) of unsuitably housed households or households lacking their own housing in Wolverhampton are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when they move (this includes occupiers of Social Rented and Shared Ownership accommodation that are not living with another household currently), and other households. It is estimated that some 3,277 households in need in Wolverhampton currently live in affordable housing that would become available for reuse[74].

Total current need

The table below summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 4,256 households in current need in Wolverhampton.

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[74] For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of housheolds in each category, but also their current tenure.

Table A3.3 Stage 1: Current unmet gross need in Wolverhampton	
Component	
Homeless households and those in temporary accommodation	1,927
Overcrowded and concealed households	1,566
Other groups	763
Total current housing need (gross)	4,256

Stage 2: Newly arising affordable housing need

In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This calculation, as per paragraph 021 of the PPG (Reference ID: 2a-021-20190220), is based on two elements:

- Number of newly forming households each year ($\times$ proportion unable to afford market housing)

- Plus existing households falling into need per year

Need from newly forming households

One of the outputs produced within the process of disaggregating the total housing need into a future population and household typology (as described in Chapter 4) is the calculation of the number of households that will form over the modelling period in Wolverhampton. This figure is then averaged to provide an annual estimate for the number of newly forming households. Using this methodology, it is estimated that 2,351 new households will form per year in Wolverhampton. This represents a household formation rate of 2.2%, higher than the figure of 1.4% recorded nationally by the English Housing Survey[75].

To assess the ability of these households to afford entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size, the household composition for these new households identified within the disaggregation process are used to determine the appropriate size requirement profile. To test newly forming households' ability to afford market housing, the income distribution for each dwelling size requirement is adjusted to reflect that nationally the income of newly forming households is 89.5% of the figure for all households (according to the English Housing Survey).

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[75] The relatively high household formation rate reflects that increased household formation is being prioritised within the disaggregation of the local housing need figure as discussed in Chapter 5. It is also worth noting that whilst the figure of 2.0% may appear high, the household formation rate nationally was above 2% between 1995/96 and 2000/01 (and also in 2004/05) and it is only more recently that it has dropped below 1.8% for a sustained period (it was most recently 1.8% four years ago in 2012/13).

The table below details the derivation of newly arising need from newly forming households. It shows that 31.7% of newly forming households will be unable to afford market housing in Wolverhampton (both private rent and owner-occupation), which means that there will be an annual affordable housing requirement from 744 newly forming households.

Table A3.4 Newly arising need from new household formation (per annum) in Wolverhampton	
Component	
Number of newly forming households	2,351
Proportion unable to afford entry-level market housing (both entry-level private rent and entry-level owner-occupation)	31.7%
Number of newly forming households requiring affordable accommodation	744

Existing households falling into need

The current PPG does not provide detail on how this step should be calculated, however the previous version (of the PPG) recommended that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the lettings of affordable accommodation within Wolverhampton over the last three years indicates that there were an average of 868 households that fell into need per year in Wolverhampton, excluding those that were newly forming households (which have featured in the previous step).

Total newly arising need

The table below summarises the second stage of the assessment of affordable housing need as set out by the PPG. The table indicates that 1,612 (744+868) households will be in newly arising need per annum in Wolverhampton.

Table A3.5 Stage 2 Newly arising need (per annum) in Wolverhampton	
Component	
New household formation (gross per year)	2,351
Proportion of new households unable to buy or rent in the market	31.7% (744)
Existing households falling into need	868
Total newly arising housing need (gross per year)	1,612

Stage 3: Current affordable housing supply

Paragraph 022 (Reference ID: 2a-022-20190220) of the PPG indicates that the current supply of stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and the committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Current occupiers of affordable housing in need

It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need, there are 3,277 households currently in need already living in affordable housing in Wolverhampton.

Surplus stock

A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. The Regulator of Social Housing's Statistical Data Return and the Local Authority Housing Statistics data returns indicates that Wolverhampton in 2023 records a vacancy rate in the affordable sector of 1.4%. As the vacancy rate is lower than the 3% benchmark[76], no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing in Wolverhampton.

Committed supply of new affordable units

The PPG indicates that '*the committed supply of new net affordable homes at the point of the assessment (number and size)'* be taken into account within the model. The Council has provided its list of committed affordable housing developments as at May 2024. All of the sites have been examined and only those in which development at the site has started or where the development is permitted have been included. In total, there are 264 new affordable homes committed across Wolverhampton currently (although it is acknowledged that these will be delivered over the next few years).

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[76] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/11812/Strategic_Housing_Market_Assessments-_Practice_Guidance.pdf (page 47)

Planned units to be taken out of management

The PPG states that the 'units to be taken out of management' should be quantified. The Council has indicated that there is an affordable housing replacement scheme that will lead to a net loss of 17 affordable homes and so a figure of 17 is used for this stage.

Total current affordable housing supply

Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in the tables below. The data shows that there will be an estimated 3,524 affordable homes available in Wolverhampton.

Table A3.6 Stage 3 Affordable housing supply in Wolverhampton	
Component	
Affordable dwellings occupied by households in need	3,277
Surplus stock	0
Committed supply of affordable housing	264
Units to be taken out of management	17
Total affordable housing stock available	3,524

Stage 4: Future housing supply of social re-lets and intermediate affordable housing

The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need[77]. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector[78].

The future supply of Social/Affordable Rented housing

This is an estimate of likely future re-lets from the existing RSL rented stock (both Social Rent and Affordable Rent). Data on the affordable accommodation lettings within Wolverhampton over the last three years as recorded in the CORE LA Area Lettings tables[79] is used for this figure. The table below sets out the number of rented lettings that have occurred in the last

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[77] Whilst this is not a step that is detailed in the current PPG, it is logically required to reflect that there is a flow of housing becoming available to meet need as well as a flow of households requiring affordable housing (Stage 2 of the model). This stage has also been included in all previous iterations of this model that have been published in government guidance.

[78] The intermediate sector includes all affordable tenures other than Social Rented and Affordable Rented.

[79] CORE (COntinuous REcording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

https://www.gov.uk/government/collections/rents-lettings-and-tenancies

three years, excluding lets made within brand new properties (the figures only include re-lets). The average number of re-lets across the Social and Affordable Rented sector over the three-year period was 1,392 per annum in Wolverhampton.

Table A3.7 Past RSL rented supply (re-lets only)	
Year	*Number of re-lets*
2020/21	1,272
2021/22	1,413
2022/23	1,492
Average	1,392

Source: Social Housing Lettings in England 2020/21, 2021/22 and 2022/23

Supply of intermediate housing

In most local authorities, the amount of intermediate housing (mostly Shared Ownership) available in the stock is fairly limited (as is the case in Wolverhampton). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore, we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the Social Rented sector[80] (4.9% in Wolverhampton) to the estimated stock for each form of intermediate housing. This is set out in the table below. It is estimated that around 20 units of intermediate housing will become available to meet housing needs from the existing stock each year in Wolverhampton.

Table A3.8 Estimated intermediate supply in Wolverhampton		
Intermediate tenure	*Stock*	*Annual re-lets*
Shared Ownership	414	20

Source: Regulator of Social Housing's Statistical Data Return 2023

Annual future supply of affordable housing

The total future supply of affordable housing is the sum of the Social Rented supply and the intermediate supply as set out in the table below.

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[80] This is calculated by dividing the average number of relets (1,688 as set out in the previous step) by the total stock of social and affordable housing as set out in the Regulator of Social Housing's Statistical Data Return 2023 and the and the Local Authority Housing Statistics data return 2023.

Table A3.9 Stage 4 Future supply of all affordable housing (per annum) in Wolverhampton	
Component	
Annual supply of Social/Affordable Rented re-lets	1,392
Annual supply of intermediate housing available for re-let or resale at sub-market levels	20
Annual supply of all affordable housing	1,413

Appendix 4. LTBHM outputs under new Standard Method scenario

Introduction

As discussed at the end of chapter 4, the proposed reforms to the NPPF includes a new Standard Method calculation. This amounts to an increase in 1,227 households per year in Wolverhampton. To future-proof this study this appendix presents the key outputs from the LTBHM model under this growth scenario.
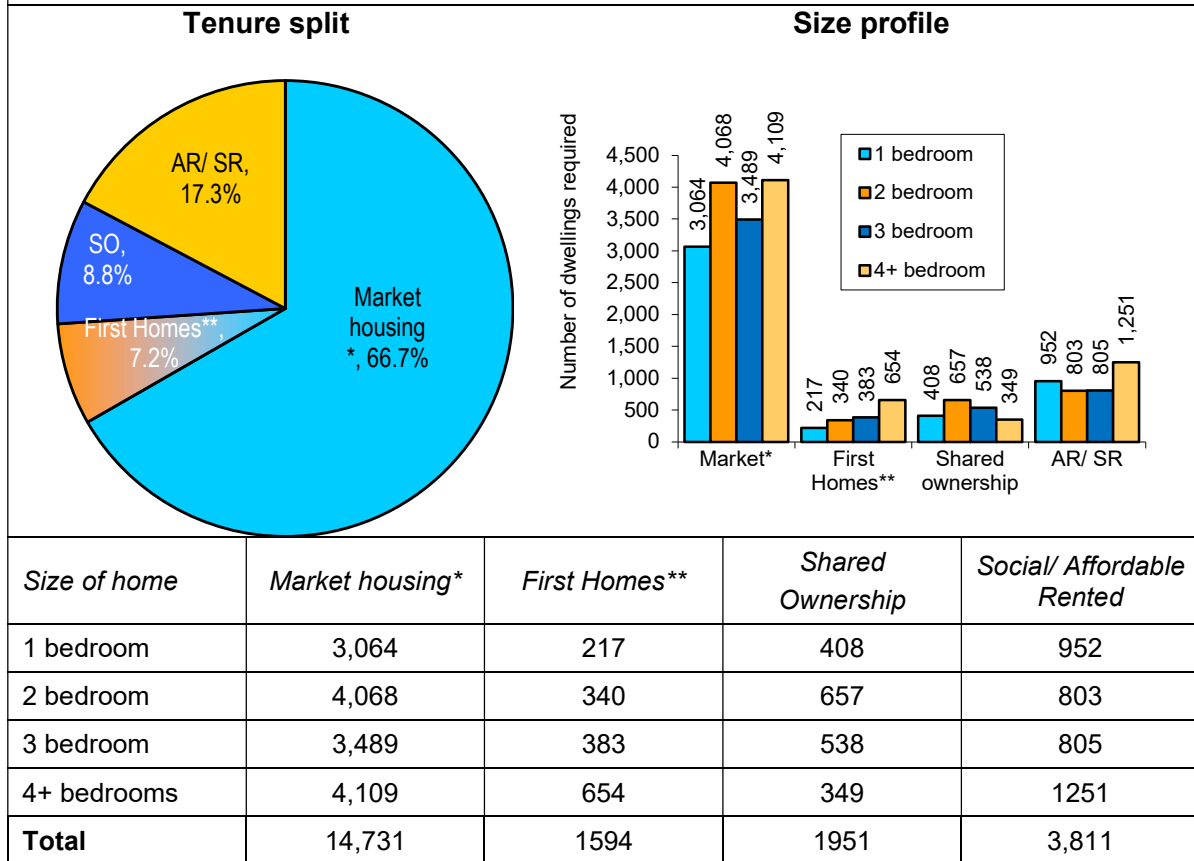
Demographic changes

Table A4.1 Age of projected population in Wolverhampton in 2042 under the growth of proposed new Standard Method scenario (1,227 additional households per year)				
Age	*2024 Population*	*2024 Percentage*	*2042 Population*	*2042 Percentage*
0-14	57,109	21.2%	53,370	17.2%
15-29	45,621	16.9%	53,838	17.3%
30-44	57,197	21.2%	61,235	19.7%
45-59	50,660	18.8%	63,016	20.3%
60-75	37,973	14.1%	47,501	15.3%
75+	21,429	7.9%	31,966	10.3%
Total	269,990	100.0%	310,926	100.0%

Table A4.2 Projected household population in Wolverhampton in 2042 by household type under the growth of proposed new Standard Method scenario (1,227 additional households per year)				
Household type	*2024 Number*	*2024 Percentage*	*2042 Number*	*2042 Percentage*
One person	34,039	31.9%	43,215	33.5%
Couple with no children	20,527	19.2%	22,760	17.7%
Couple with child/children	27,781	26.0%	32,096	24.9%
Lone parent	15,679	14.7%	18,211	14.1%
Other*	8,835	8.3%	12,665	9.8%
Total	106,861	100.0%	128,947	100.0%

*Other households include multi-generational households, student households, households of unrelated people sharing accommodation as well as other groups.

Dwelling requirements

Figure A4.1 Profile of new accommodation required in Wolverhampton under the proposed new Standard Method scenario (1,227 additional households per year)

Size of home	Market housing*	First Homes**	Shared Ownership	Social/ Affordable Rented
1 bedroom	3,064	217	408	952
2 bedroom	4,068	340	657	803
3 bedroom	3,489	383	538	805
4+ bedrooms	4,109	654	349	1251
Total	14,731	1594	1951	3,811

*Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand. These figures represent the distribution of housing that should be delivered.

Appendix 5. LTBHM outputs under new Standard Method scenario

Introduction

As discussed at the end of chapter 4, the proposed reforms to the NPPF includes a new Standard Method calculation. This amounts to an increase in 1,227 households per year in Wolverhampton. To future-proof this study this appendix presents the key outputs from the older persons accommodation model (as set out in chapter 7), under this growth scenario.

Specialist accommodation for older person households

Table A5.1 Projected requirement for specialist accommodation for older person households in Wolverhampton under the growth of proposed new Standard Method scenario (1,227 additional households per year)				
Type of specialist accommodation	*Tenure*	*Base profile (2024)*	*Profile 2042*	*Additional units required*
Sheltered housing for older people/ retirement housing	Market	293	1,281	988
	Affordable	928	1,436	508
	Total	1,221	2,717	1,496
Extracare housing/supported living housing	Market	10	339	329
	Affordable	545	620	75
	Total	555	959	404
All specialist accommodation for older person households	Market	303	1,620	1,317
	Affordable	1,473	2,056	583
	Total	1,776	3,676	1,900

Residential accommodation for older persons

Table A5.2 Projected requirement for Registered Care for older persons in Wolverhampton under the growth of proposed new Standard Method scenario (1,227 additional households per year)			
Tenure	*Base profile (2024)*	*Profile 2042*	*Additional units required*
Market	1,010	1,222	212
Affordable	723	1,072	349
Total	1,733	2,294	561

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