

C Population and Economy

C1 Population and household forecasts

Shropshire's population is projected to increase from 289,274 in 2006 to 329,606 in 2026. This population increase is derived partly from natural change (births over deaths) and partly from migration (intra-regional, inter-regional and international), with migration being the predominant factor in Shropshire's population growth.

Office of National Statistics (ONS) projections are only available at the former district level. The most up-to-date household projections are based on the ONS 2006-population projections. Updated household projections based on the 2008 ONS population projections are expected to be available later in 2010. The 2006-based household projections show a 24% increase in households in Shropshire over 2006-2026, or an additional 29,488 households. The majority of the projected growth in households is from increasing population (28,974 households) while the declining average size of households (or headship rate) is responsible for the remainder of the projected growth (514 additional households).

Former District	Population 2006	Population 2026	No. households 2006	No. households 2026	Increase in households 2006-2026 (no.)	Increase in households 2006-2026 %
Oswestry Borough	39,734	50,939	16,996	23,614	6,618	38.9%
North Shropshire District	59,511	70,902	24,532	31,420	6,888	28.1%
Shrewsbury & Atcham	95,910	102,220	41,235	48,121	6,886	16.7%
Bridgnorth District	51,808	55,342	21,536	25,233	3,697	17.2%
South Shropshire District	42,311	50,203	18,484	23,883	5,399	29.2%
Shropshire total	289,274	329,606	122,783	152,271	29,488	24.0%

Source: ONS population and household projections 2006-based (published 2008)

C2 Vulnerable Households

	% of population over 60 living in income deprivation (top 20% most deprived of areas nationally)	% of population claiming disability living allowance (August 2009)	% of population classed as "constrained by circumstances" according to the OAC Classification
Oswestry Town	26.2	5.2	17.9
Oswestry Rural	8.8	4.9	4.1
Ellesmere	18.9	4.4	0
Wem	0	1.3	3.5
Whitchurch	9.5	5.1	8.0
Market Drayton	0	2.2	7.7
Shrewsbury Urban	21.8	2.4	8.9
Shrewsbury Rural	0	1.4	4.2
Bridgnorth, Broseley, Albrighton & Shifnal	8.1	3.9	6.2
Much Wenlock & Highley	0	3.8	3.0
Stretton, Craven Arms & Corvedale	0	5.1	2.0
Ludlow & Cleobury			
Mortimer	0	6.4	1.2
Welsh Borders	0	3.7	0
Shropshire Total	15.4	4.5	6.2

Source: IMD 2007 (CLG), DLA August 2009 (DWP), OAC Classification (ONS)

Commentary

The table above shows the proportion of the population in each of the 13 Housing Market Areas in Shropshire who can be classed as vulnerable. The three indicators used to determine vulnerability are the proportion of the over 60's population living in income deprivation, the proportion of people claiming disability living allowance and the proportion of people classed as "constrained by circumstances" according to the Output Area Classification dataset.

When looking at the proportion of the over 60's population living in income deprivation, Housing Market Areas in the north of the County have higher levels of deprivation than those in the south of the county. Oswestry Town has the greatest proportion of over 60's living in income deprivation at 26.2%.

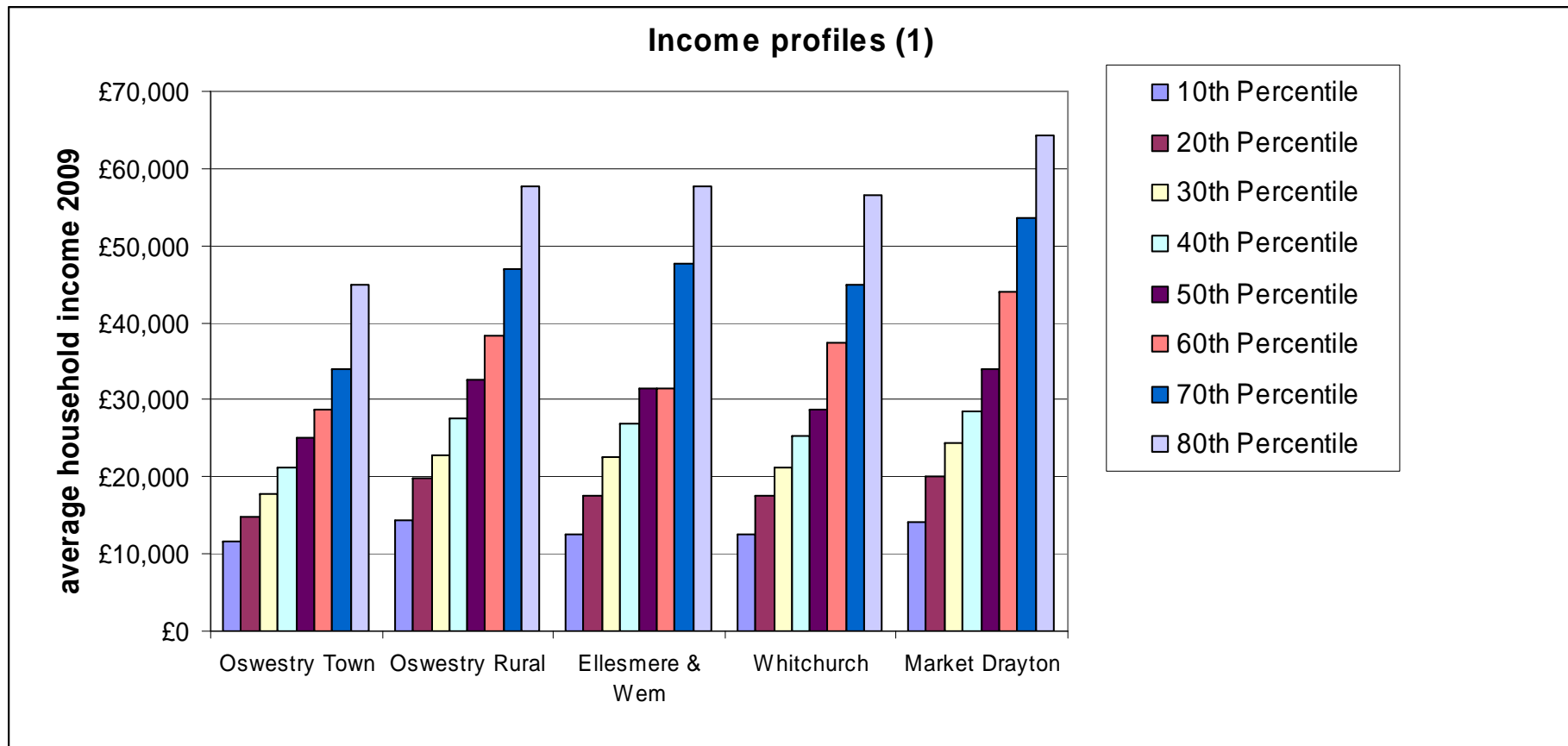
In August 2009 Ludlow and Cleobury Mortimer had the greatest proportion of people claiming disability living allowance (DLA) at 6.4%. This was higher than the Shropshire average figure of 4.5%. Oswestry Town, Oswestry Rural, Whitchurch and Stretton Craven Arms and Corvedale Housing Market Areas also had a greater proportion of their residents claiming DLA than the Shropshire average figure.

According to the OAC classification, the proportion of people "constrained by circumstances" (this includes people who are classed as Older Workers, Public Housing or Senior Communities) was highest in Oswestry Town with 17.9%. This is significantly above the Shropshire average of 6.2%. Whitchurch, Market Drayton and Shrewsbury Urban Housing Market Areas also have higher than average proportions of people classed as constrained by circumstances. For more information on the OAC Classification please see the individual Housing Market Area profiles in the Appendix.

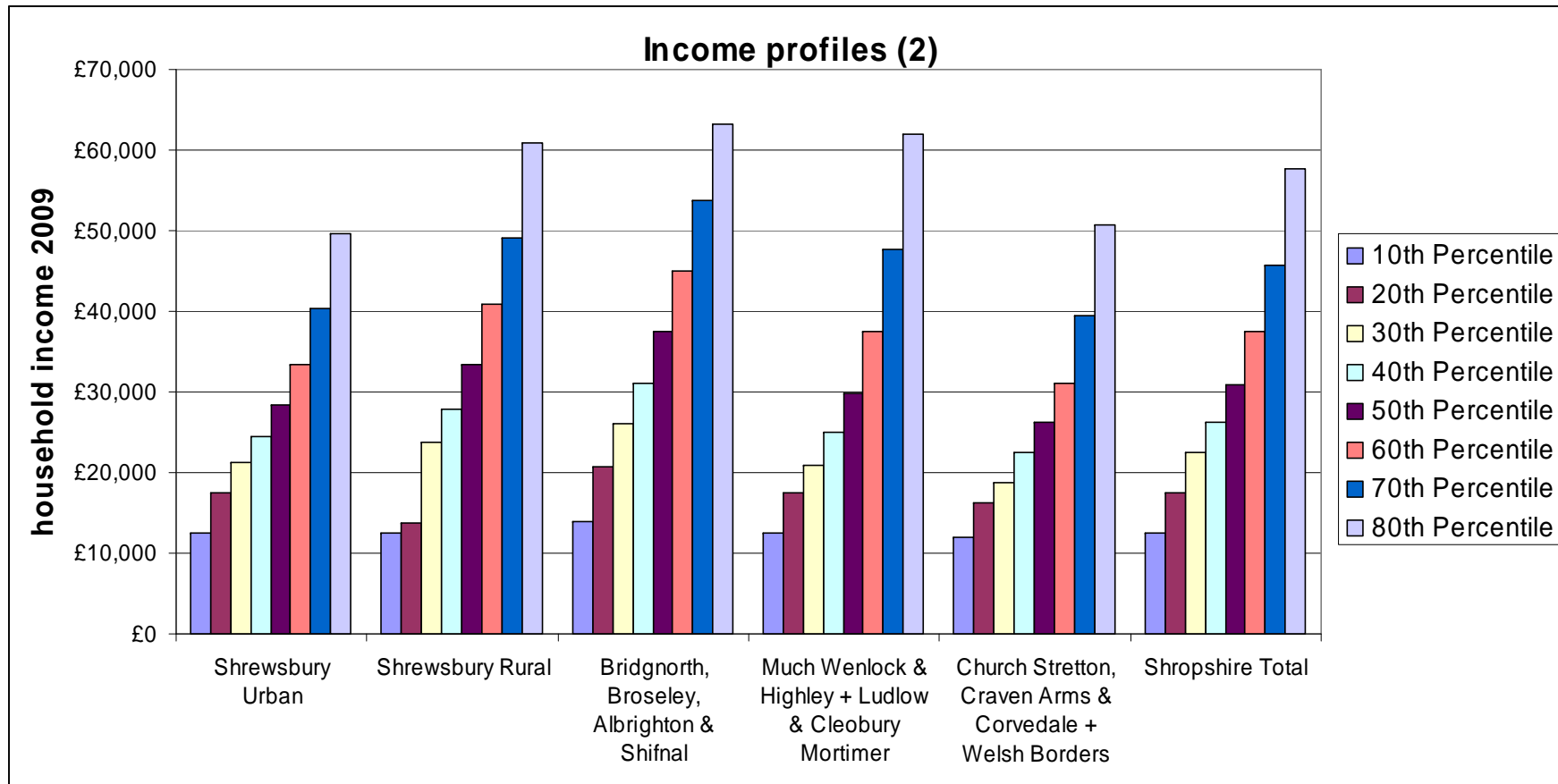
C3 Current income profiles

The spread of incomes in each local housing market area (LHMA) is shown in the following two tables. As this is based on sample data, some LHMA's have been combined to provide sufficient size of sample for statistically robust results.

The graph shows the spread of household incomes in 10% groupings. Taking Oswestry Town as an example, 20% of households have incomes under £15,000 and 40% of households have incomes under £21,000. Conversely, 60% of households have incomes over £21,000. The spread of household incomes varies across Shropshire. For example, incomes in Market Drayton are generally higher than Oswestry Town, which also has a wider spread of incomes between the poorest households and the wealthiest.



Source: Acxiom "Income X" data 2009



Source: Acxiom "Income X" data 2009

D Housing Need

In this section we bring the evidence together to conclude how much affordable housing is needed.

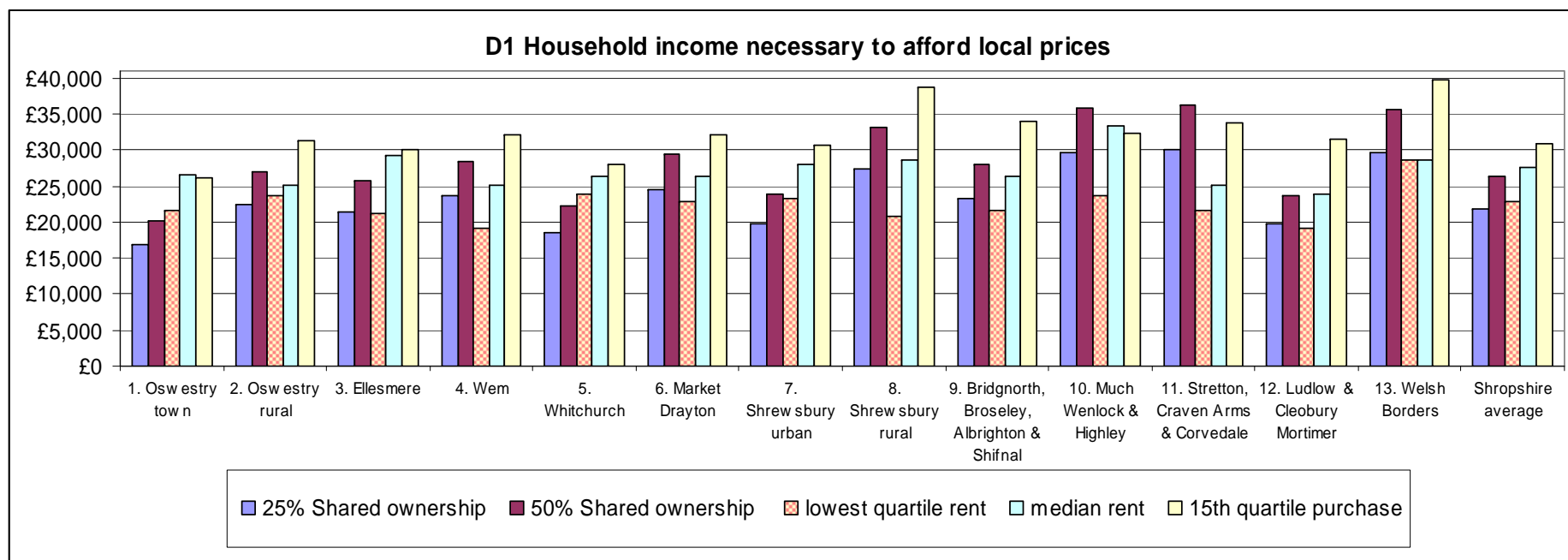
D1 Affordability: income necessary to afford different types of housing

The comparative housing costs in tables B9 and B10 are converted below into the incomes required for them to be considered “affordable”. Properties are considered affordable to rent if they constitute no more than 25% of gross household income; shared ownership is considered affordable if it does not exceed 30% gross household income; while purchase is considered affordable at 3.5 times gross household income.

	Shared ownership 25% owned	Shared ownership 50% owned	Private rent lowest quartile	Private rent Median	Purchase 15th quartile, 90% mortgage	Purchase lowest quartile, 90% mortgage
Income required to be affordable (as in SHMA Practice Guidance 2007)	30% gross income	30% gross income	25% gross income	25% gross income	X3.5 times income	x3.5 times income
1. Oswestry town	£16,880	£20,280	£21,600	£26,640	£26,100	£32,857
2. Oswestry rural	£22,480	£27,040	£23,760	£25,200	£31,371	£38,286
3. Ellesmere	£21,360	£25,760	£21,120	£29,184	£30,086	£35,714
4. Wem	£23,680	£28,520	£19,200	£25,200	£32,143	£40,857
5. Whitchurch	£18,440	£22,200	£24,000	£26,400	£28,029	£34,286
6. Market Drayton	£24,440	£29,400	£22,800	£26,400	£32,143	£41,429
7. Shrewsbury urban	£19,880	£23,920	£23,280	£28,080	£30,729	£36,771
8. Shrewsbury rural	£27,480	£33,080	£20,880	£28,560	£38,829	£48,571
9. Bridgnorth, Broseley, Albrighton & Shifnal	£23,200	£27,920	£21,600	£26,400	£34,071	£43,429
10. Much Wenlock & Highley	£29,760	£35,800	£23,760	£33,360	£32,271	£42,286
11. Stretton, Craven Arms & Corvedale	£30,160	£36,320	£21,600	£25,104	£33,686	£50,000
12. Ludlow & Cleobury Mortimer	£19,680	£23,720	£19,200	£23,904	£31,564	£38,571
13. Welsh Borders	£29,640	£35,720	£28,560	£28,560	£39,857	£50,857
Shropshire average	£21,920	£26,440	£22,800	£27,600	£30,857	£38,286

Source: derived from tables B9 and B10

These figures are displayed on the graph overleaf (excluding purchase at lowest quartile).



Notes

Social rented housing is not shown because this is assumed to be affordable to all incomes. Households on low incomes can claim the means-tested local housing allowance, which fully covers the rental costs of socially rented properties.

Shared ownership is a form of “intermediate affordable housing”, where a housing association holds a proportion of the property’s equity. It is currently in short supply in Shropshire. It is considered affordable if the rental and mortgage costs combined do not exceed 30% gross household income.

The SHMA Practice Guidance advises that home purchase should be considered affordable using a multiplier of 2.9 times gross household income for dual-income households, compared to 3.5 times gross income for single-earner households. We have used the x3.5 multiplier for all households because mortgage lending has changed since 2007. Although mortgages are now more difficult to obtain and much higher deposits are expected, it is also the norm for lenders to apply a higher income multiplier.

D2 Income profiles against house prices

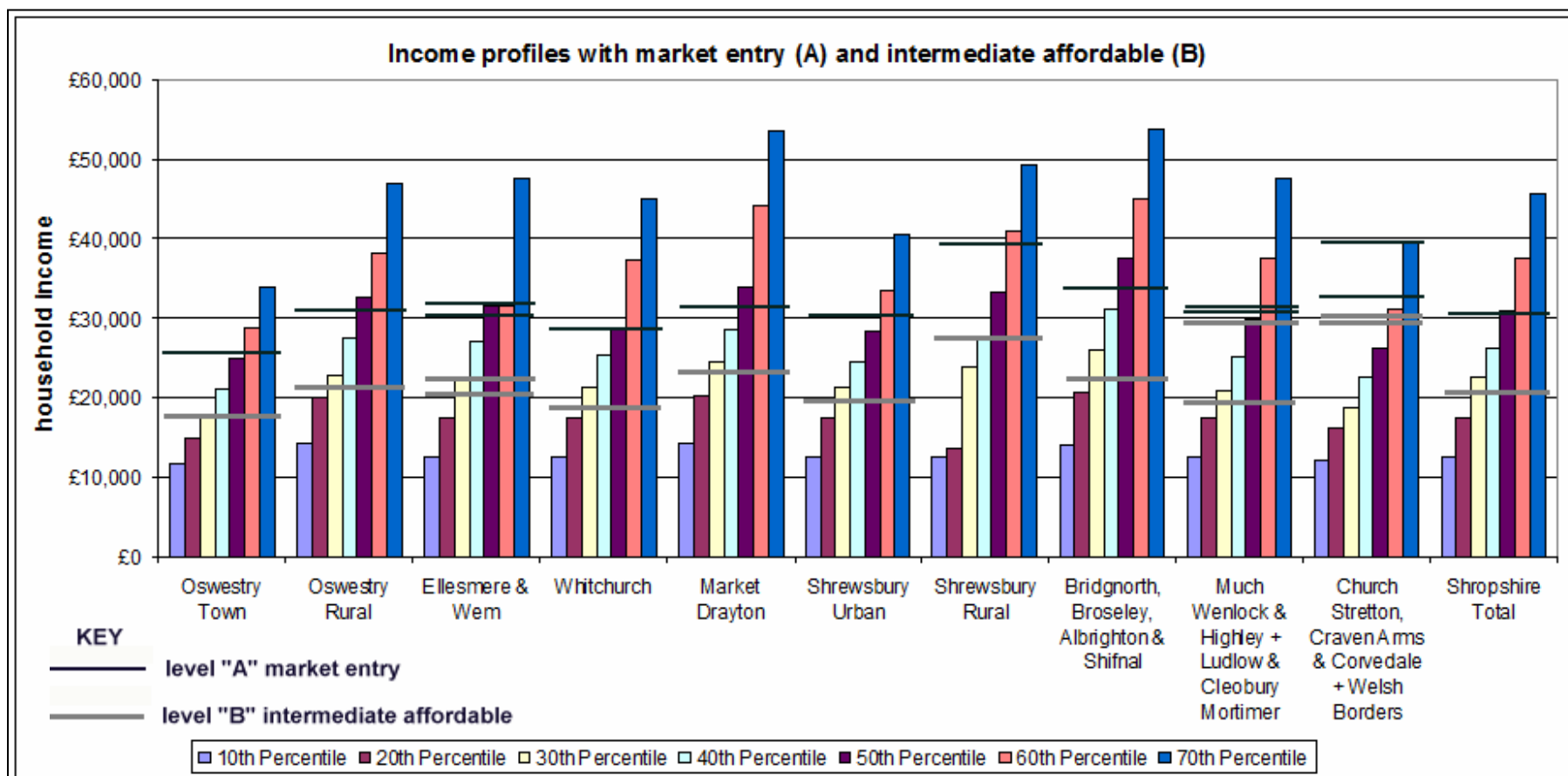
By comparing the incomes necessary to afford different types of housing (section D1) with the income profile of the population (section C3) we can estimate the percentage of the population who could afford different tenures at today's house prices, based on income alone (ie. excluding equity). For planning policy purposes, we are interested in the percentage of households who can afford market housing at today's prices, the percentage who can afford intermediate tenures (represented by shared ownership) and the percentage who cannot afford either and are therefore deemed to require social rented affordable housing.

These three percentages are defined by the dividing lines between being able to afford market housing, or not, represented by level "A" in the graph below, and being able to afford intermediate tenures, or not, represented by level "B" in the graph below. Those households who have incomes above level "A" are regarded as able to afford market housing, while those unable to afford level "B" are regarded as in need of social rented housing. Those households with incomes between level "A" and level "B" are considered to be able to afford intermediate affordable housing.

The dividing line that is used to represent the entry into market housing reflects assumptions made about a "typical" household. As "affordable housing" is defined as housing for households whose needs are not met by the market (PPS3 definition), it is linked to the household's individual needs. These vary greatly. For example, a single person will be able to meet their housing needs with a smaller, cheaper property whereas a family with four children requires a larger property to meet their housing needs. In making assumptions about what type of property represents the lowest cost reasonable market property for the majority of households the SHMA Practice Guidance (2007) recommended using purchase at lowest quartile. More recent NHPAU advice (2009) recommends using the 15th centile as the market entry level. We have therefore used the 15th centile as market entry level "A" in the following graph.

The dividing line between requiring social rented housing and being able to afford intermediate affordable housing is represented by level "B" in the following graph. Intermediate affordable housing includes shared ownership, shared equity, discounted purchase and intermediate rent. These vary greatly in price. Currently most new shared ownership in Shropshire involves only a small proportion of purchase. We therefore have used the 25% shared ownership costs as representative of "intermediate affordable housing", or level "B" in the following graph.

Most existing households are fortunate to have acquired their housing at historic costs. As house prices rise over time, the proportion of new households who can afford market housing falls. This is creating a "slow burn" problem in the housing market, with a growing need for social rented and intermediate affordable housing.



Source: derived from tables C3 and D1. Levels "A" and "B" show what income is needed to access housing at today's prices.

Smaller local housing market areas (LHMAs) have been combined to provide statistically robust income profiles, for example, Ellesmere & Wem. Where this has is the case, the cost of housing (levels A and B) have been given for both LHMAs. The appropriate levels for each LHMA can be identified by cross-referring to table D3 overleaf.

Table D3 shows the approximate proportions of households who could afford market housing at today's prices (ie. the proportion above line "A"); the proportion of households who could not afford market housing but could afford intermediate affordable tenures (ie. between lines A and B); and the proportion who cannot afford intermediate affordable tenures (ie. lying below line B). All proportions are rounded to the nearest 5%.

D3 Proportion of households able to afford different tenures, at 2008 prices

Local housing market area	Shared ownership 25% owned	Purchase 15th quartile, 90% mortgage	Social rented	Intermediate affordable housing	Market housing
	Level "B"	Level "A"	Household income below "B"	Household income between "A" and "B"	Household income above "A"
1. Oswestry town	£16,880	£26,100	30%	20%	50%
2. Oswestry rural	£22,480	£31,371	25%	10%	65%
3. Ellesmere	£21,360	£30,086	25%	10%	65%
4. Wem	£23,680	£32,143	30%	20%	50%
5. Whitchurch	£18,440	£28,029	25%	10%	65%
6. Market Drayton	£24,440	£32,143	25%	20%	55%
7. Shrewsbury urban	£19,880	£30,729	25%	30%	45%
8. Shrewsbury rural	£27,480	£38,829	40%	20%	40%
9. Bridgnorth, Broseley, Albrighton & Shifnal	£23,200	£34,071	25%	10%	65%
10. Much Wenlock & Highley	£29,760	£32,271	50%	5%	45%
11. Stretton, Craven Arms & Corvedale	£30,160	£33,686	60%	5%	35%
12. Ludlow & Cleobury Mortimer	£19,680	£31,564	25%	25%	50%
13. Welsh Borders	£29,640	£39,857	55%	15%	30%
Shropshire average	£21,920	£30,857	25%	25%	50%

Please note that the proportion lying above line "A" is the *inverse* of the percentile shown in the bar graph. For example, in Market Drayton line "A" lies approximately at the 45th centile, meaning that 45% of households fall below the line (ie. unable to afford market housing) and 55% lie above the line (ie. able to afford market housing).

D4 Estimated total need for affordable housing

The need for affordable housing in Shropshire is comprised of two components: newly arising need and the backlog of existing need. These are considered in turn.

Newly arising need

Newly arising need is comprised of newly forming households unable to afford market housing, and existing households whose circumstances change and fall into housing need.

The Office of National Statistics' 2006-based household projections anticipate an increase of 29,488 households in Shropshire over the years 2006-2026. This equates to an average of 1,474 households per annum. Applying the proportions in table D3, it is estimated that 50% of new households will not be able to afford market housing in Shropshire at current house prices, resulting in a need for affordable housing of 737 homes per annum.

An alternative estimate is provided by the number of homes planned in Shropshire, based on the emerging Core Strategy Development Plan Document. The Core Strategy plans for up to 27,500 new homes in Shropshire over the years 2006-2026. This equates to an average of 1,375 homes per annum. Applying the proportions in table D3, it is estimated that 50% of these households will not be able to afford market housing in Shropshire at current house prices, resulting in a need for affordable housing of 688 homes per annum.

For an estimate of households falling into housing need, we have used the number of homeless households. In 2009/10 the number of households accepted as statutorily homeless which the local authority had a duty to re-house was 214, out of a total of 706 households who presented themselves as homeless. In 2008/9 the figure was 252 accepted homeless, out of a total of 678 presenting as homeless. The two-year average used below is 233 homelessness acceptances (the low estimate) and 692 presenting as homeless (the high estimate).

Homeless figures under-estimate the number of households who fall into housing need each year, as not all households who are in unsuitable accommodation or who are no longer able to afford their existing housing will present themselves as homeless. It has been assumed that these households will register for affordable housing, through the Choice Based Lettings Scheme, and will therefore be included in the section below.

Backlog of existing need

Backlog need for affordable housing is based on table B6.1, which shows the demand for social housing. There were 8,047 applicants registered with Choice Based Lettings at July 2010. Although not all households who are registered will be in housing need, they will be compensated for by those who are in housing need but who have not registered. A common reason for not registering is an assumption that no properties will become available, which unfortunately is the case in many rural areas.

To clear the backlog of 8,047 applicants over 5 years would require 1,609 affordable properties per year for the next 5 years. Stock turnover in 2008/9 was 1,262 properties (table B8.2).

The figures are brought together to provide an estimate total housing need across Shropshire per annum.

	Low estimate	High estimate	Notes
(a) Newly arising need from new households	688 per year	737 per year	The low estimate is based on planned delivery of homes in the Core Strategy; the high estimate is based on ONS 2006-based household projections.
(b) Newly arising need from existing households falling into need	233 per year	692 per year	The low estimate is based on those accepted by Shropshire Council as statutorily homeless (2 year average), while the high estimate is homeless applications.
(c) Backlog of existing need	1,609 per year	1,609 per year	Based on those registered with the Shropshire Choice Based Lettings scheme, divided by 5 years.
(d) no. of lets (properties available)	1,262	1,262	This includes the turnover of all social housing stock in Shropshire, based on 2008/9 figures.
Housing need (a)+(b)+(c) – (d)	1,268 per year	1,776 per year	Estimated annual need for affordable housing.

For comparison, the housing need identified in the 2008 Strategic Housing Market Assessment (SHMA) was 1,585 affordable homes per year, comprised of a newly arising need of 1,529 and a backlog of existing need of 1,157.

D5 Need for gypsy and traveller pitches

The need for gypsy and traveller pitches and travelling showpersons plots was assessed in the Gypsy and Traveller Accommodation Assessment 2008, the results of which are shown below. The number of transit pitches that are needed is based on the West Midlands Gypsy and Traveller Provision Policy Statement (March 2010).

	Former district area	Assessed need Gypsy & traveller pitches 2007-2017	Planning consents April 2007 -July 2010	Remaining need	Transit pitches	Assessed need Travelling showpersons plots
1. Oswestry town	Oswestry Borough	13		13	-	4
2. Oswestry rural						
3. Ellesmere	North Shropshire District	38		38	-	-
4. Wem						
5. Whitchurch						
6. Market Drayton						
7. Shrewsbury urban	Shrewsbury & Atcham Borough	13	1 pitch, Dorrington 2008/9 1 pitch, Shoot Hill 2009/10	11	20	-
8. Shrewsbury rural						
9. Bridgnorth, Broseley, Albrighton & Shifnal	Bridgnorth District	6		6	-	-
10. Much Wenlock & Highley						
11. Stretton, Craven Arms & Corvedale	South Shropshire District	23	10 pitches, the Oakery site, south of Ludlow, 2008/9	13	-	-
12. Ludlow & Cleobury Mortimer						
13. Welsh Borders						
Shropshire total need		93	12	81	20	4

Source: Gypsy and Traveller Accommodation Assessment 2008, for Herefordshire, Powys, Shropshire and Telford & Wrekin