

Local Authorities of Gloucestershire

Strategic Housing Market
Assessment Update

Final March 2014

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Chapter Listing

1. Introduction.....	1
Purpose	1
Context	2
Government Guidance	3
Analysis contained in this report.....	3
2. Methodology	7
Introduction.....	7
Re-weighting the dataset.....	7
Updating the financial profile	9
3. Socio-economic Profile	11
Introduction.....	11
Demography.....	11
Economy.....	16
Earnings	20
4. The Housing Stock.....	23
Introduction.....	23
Dwelling stock.....	24
Accommodation profile	25
Tenure	26
The private rented sector.....	28
5. The Housing Market	33
Introduction.....	33
The situation in Gloucestershire	34
The cost of housing	37
Analysis of housing market ‘gaps’	44
Affordable Rent.....	52
6. Financial Information	65
Introduction.....	65
Household income.....	65
Household savings and equity	66
Financial capacity of Gloucestershire County’s households	67
Theoretical affordability of market housing.....	68
7. Housing Need	71
Introduction.....	71
Stage 1: Current need (Steps 1.1-1.4)	73
Stage 2: Future need (Steps 2.1-2.4).....	78
Stage 3: Available stock to offset need (Steps 3.1-3.8)	80

Estimate of net annual housing need	83
Types of households in need.....	85
Locations of affordable accommodation required	86
Tenure of affordable home required	87
Type of accommodation required	92
Size of accommodation required	93
Sensitivity analysis.....	94
Local Housing Allowance – a caveat.....	96
8. Improving Market Balance Over the Longer Term	99
Introduction	99
Objectively Assessed Need	101
Demographic projections.....	104
Adequacy of the housing stock.....	107
Tenure of housing required	109
Size of housing required within each tenure	110
Local Authority Outputs	115
Detail on requirements of subgroups of the population.....	121
9. Policy implications of the results	123
Introduction	123
Overall scale of housing growth	123
Mix of housing required	124
Affordable Rent.....	127
Monitoring the market.....	128
Glossary	131
Appendix A1. Further results for Cheltenham.....	135
Appendix A2. Further results for Cotswold	151
Appendix A3. Further results for Forest of Dean	167
Appendix A4. Further results for Gloucester	181
Appendix A5. Further results for Stroud.....	197
Appendix A6. Further results for Tewkesbury	213
Appendix A7. Stakeholder event notes	229
Appendix A8. LTBHM model step-by step example.....	230



1. Introduction

Summary

- i) This Strategic Housing Market Assessment (SHMA) Update provides a quantitative and qualitative profile of the current and future housing market identifying both the extent of affordable housing need locally and the nature of additional housing required to best provide for the whole population. It is required to inform the prospective Development Plans being produced in several authorities within the County and because new the National Planning Policy Framework (NPPF) was published in 2012. In addition the Coalition government have made a range of changes to the housing sector, including the introduction of Affordable Rent.
- ii) The study will meet the requirements of paragraph 159 of the National Planning Policy framework and adhere to the approach set out in the Strategic Housing Market Assessment – Practice Guidance and the draft NPPG published in August 2013.

Purpose

- 1.1 This Strategic Housing Market Assessment (SHMA) Update provides a quantitative and qualitative profile of the current and future housing market identifying both the extent of affordable housing need locally and the nature of additional housing required to best provide for the whole population. This is undertaken using a range of data so that the outputs of this SHMA provide robust evidence that will inform local housing strategies and planning policies. The outputs are provided at County-wide level. Previous work¹ has broadly identified the County of Gloucestershire as constituting a housing market area. The existence of this housing market area was briefly reviewed using price information available at the time of reporting and found to be still accurate, although it is acknowledged that the absence of the new Census data on migration and travel to work flows at time of reporting limited the extent of this review.
- 1.2 In accordance with the latest Government guidance a variety of existing data sources have been used to provide a diverse evidence base. This includes published local and national secondary data, making use of a recent household survey previously undertaken across the study area, obtaining new primary data on the cost of housing locally and the local drivers of the housing market to fill gaps in the secondary data and via stakeholder consultation - stakeholder views have been sought and incorporated into the study. Stakeholders were consulted at an event after the draft report and via online consultations and finally at an event to publicise the reports conclusions.

¹ Geography of Housing Market Areas in England. Summary Report. Published in July, 2010 for by National Housing and Planning Advice Unit by Colin Jones, Mike Coombes and Cecilia Wong.

- 1.3 These various information sources are used alongside established modelling techniques and the previously published assessments of Objectively Assessed Need to derive outputs to two models – the housing needs assessment model and the Long-term Balancing Housing Markets model (discussed in more detail later in this chapter). This Gloucestershire wide SHMA combines work on the scale of affordable housing need with an objective assessment of the mix of housing and range of tenures that the local population is likely to require from the present day to 2031. This is to ensure that the SHMA covers the remaining plan-period for all adopted and emerging Core Strategies within the Gloucestershire housing market area.

Context

- 1.4 A Strategic Housing Market Assessment (SHMA) was originally published for the six authorities of Gloucestershire in January 2009. However, an additional chapter (16) was added in April 2010 to summarise the results and the policy implications of the 2009 Housing Needs Assessment (HNA) which was subsequently undertaken across the County. This HNA (finalised in 2010) was based on primary data collected in April and May 2009 and provided additional detail on the understanding of the local labour market. The reports met the requirements of Planning Policy Statement 3 (PPS3) and also Planning Policy Statement 12 (PPS12) and adhered to the CLG publication '*Strategic Housing Market Assessment Practice Guidance*' (August 2007).
- 1.5 A number of authorities within Gloucestershire are gathering evidence to inform Development Plans (to be finalised later this year) that will identify the future housing requirements within the authority. The Councils recognise that it would be beneficial for this evidence to include up-to-date housing market need and demand information and have therefore commissioned this SHMA update to provide this. In addition the National Planning Policy Framework (NPPF) was published in Spring 2012 setting out slightly altered requirements of an SHMA. One of the key outputs is that (long-term) future demand for housing should be addressed and the Councils need to be aware of how provision for future housing in neighbouring authorities will affect them. This SHMA update will therefore frame the outputs within these altered requirements.
- 1.6 This update to the SHMA is also timely because the Coalition Government has made a range of changes to the housing sector since the previous SHMA. The most notable for the purposes of this study is Affordable Rent. This new social tenure is the main object of planned future housing investment by the HCA (Homes and Communities Agency) so this report will establish its potential in Gloucestershire. The impact of other changes, including to changes to Local Housing Allowance, will also be addressed in this report.
- 1.7 This SHMA update report will assess the appropriate response within the current market conditions and new policy landscape. This is done by direct examination of the secondary data and through analysis of an updated household survey dataset. The updated dataset is created by applying the secondary data changes recorded to the primary data collected in 2009/10 as described in Chapter 2. This report will present the results in accordance with the latest Government Guidance.



Government Guidance

- 1.8 National Planning Policy is now the NPPF. Paragraph 159 of the NPPF (March 2012) sets out the role of an SHMA.

Local planning authorities should have a clear understanding of housing requirements in their area. They should:

- *Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:
 - *meets household and population projections, taking account of migration and demographic change*
 - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and*
 - *caters for housing demand and the scale of housing supply necessary to meet this demand (para 28)**

- 1.9 Whilst the NPPF outlines how a SHMA fits into the wider housing policy framework, the detailed Practice Guidance (Strategic Housing Market Assessment Practice Guidance, August 2007) provides an indication as to how an SHMA should be undertaken and what topics should be covered. The Practice Guidance provides details about the whole process of conducting a SHMA and, importantly, sets out a comprehensive model for the assessment of affordable housing need. It should be noted that whilst draft National Planning Practice Guidance (NPPG) was published during the drafting of this report, the outputs required from the process and approaches used to arrive at them are largely unchanged.

- 1.10 This report will meet the requirements of paragraph 159 of the NPPF as well as meet the requirements and adhere to the approach set out in the Strategic Housing Market Assessment – Practice Guidance and the draft NPPG published in August 2013.

Analysis contained in this report

- 1.11 This SHMA update report presents a comprehensive analysis of the Gloucestershire Housing Market. It contains two housing models each with a different objective. Chapter 7 presents the CLG housing need model, calculated in accordance with (chapter five of) the Practice Guidance. (It should be noted that whilst the draft NPPG was published during the drafting of this report, the stages involved in the calculation of housing need within the housing needs assessment model remain unchanged.) This assesses the absolute need for affordable housing in Gloucestershire using established definitions and a prescribed methodology and expressed as units per year. The outputs enable comparison with previous estimates and estimates made in other areas of the country. The model is an analysis of the situation now and is used to inform local housing strategies over the short term.

1.12 A second model, the Long Term Balancing Housing Markets (LTBHM) model is detailed in Chapter 8 of the report. This model considers the nature of housing required in Gloucestershire over the longer plan-period (the outputs address changes required up to 2031). This model addresses the full housing market rather than focusing on the affordable sector, producing guidance as to the mix and type of housing to be provided to meet the requirements of a future population. The chapter will produce outputs based on the current Objectively Assessed Need of the separate authorities within Gloucestershire (as identified in other published documents). The model is an analysis of the situation over the longer term to inform planning policies on housing mix and tenure.

1.13 The full structure of the report is:

Chapter 2 describes the methodology used to robustly update the household survey, which forms an important information source for this SHMA update.

Chapter 3 of the report examines the latest data on the labour market and the resident population.

Chapter 4 presents a profile of the housing stock in Gloucestershire and the changes that have occurred to it, including the notable growth of the private rented sector which is examined in more detail.

Chapter 5 is an analysis of the current local housing market and the cost of accommodation in the County.

Chapter 6 presents a consideration of the current financial capacity of households and their ability to afford market housing.

Chapter 7 contains the results of the housing needs assessment model in accordance with the Practice Guidance approach, including an analysis of the suitability of Affordable Rent within Gloucestershire.

Chapter 8 sets out an analysis of the entire housing market within the balancing housing markets model, which will identify the amount and nature of housing required in Gloucestershire up to 2031. The chapter also describes the approaches used within the County to calculate at Objectively Assessed Need.

Chapter 9 summarises the policy implications of these findings within the requirements of NPPF.

1.14 The previous SHMA (and other evidence documents) presented a large range of data on the housing market and related subjects, whereas this SHMA update report will be focused on the key information required to understand the housing market currently and how it will change in the future (alongside the consequences of the planning and housing reforms). This report should therefore be read in association with the previous studies, which provide detail on elements of the housing market that have not been addressed within this update study. Table 1.1 below sets out where the core output

requirements set out in the Practice Guidance are located in this report. Please note that discrepancies may occur in some tables between sums of the component items and the total, due to the rounding of constituent figures in the table.

Table 1.1 Meeting the Practice Guidance core outputs	
<i>Item</i>	<i>Location</i>
1) Estimates of current dwellings in terms of size, type, condition and tenure	Chapter 4
2) Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the market.	Chapter 5 and 6
3) Estimate of the total future number of households, broken down by age and type where possible	Chapter 8
4) Estimate of current number of households in housing need	Chapter 7
5) Estimate of future households that will require affordable housing	Chapter 8
6) Estimate of future households requiring market housing	Chapter 8
7) Estimate of size of affordable housing required	Chapter 8
8) Estimate of household groups who have particular housing requirements e.g. families, older people, key workers black and ethnic minority groups, disabled people, young people etc	Chapter 7

Source: Gloucestershire County Strategic Housing Market Assessment, 2013



2. Methodology

Summary

- i) The analysis of the local housing market presented in the original report was based on a household survey of 11,125 households in Gloucestershire. For the purpose of this report, this household dataset has been updated through two processes: re-weighting the data and updating the financial profile. This provides an accurate profile of all households in Gloucestershire as of March 2013.

Introduction

- 2.1 In addition to documenting the changes that have been recorded in Gloucestershire since the 2009 SHMA, a new analysis of the housing market has been facilitated by the creation of an updated household dataset. A household survey was completed across the six authorities of Gloucestershire in April and May 2009 using postal questionnaires as part of the County-wide Housing Needs Assessment (HNA). In each constituent authority, the survey was drawn, at random, from the Council Tax Register covering all areas and tenure groups. A total sample of 11,125 was achieved across the County.
- 2.2 This primary data has been updated using two measures – re-weighting the data to take account of the latest information on the structure of households in Gloucestershire County and updating the financial profile of households to reflect the changes recorded since the 2010 HNA. This chapter will describe the approach used for these two processes. The method has been used in over 50 previous studies and it has never been criticised at a Planning Inquiry. A supplementary methodology paper has been provided alongside this report to provide further detail on the approach used.

Re-weighting the dataset

- 2.3 The 2010 HNA estimated that there were a total of 255,945 households in Gloucestershire as of mid-2009. This figure was largely derived from the Councils' HSSA returns and the 2006-based population and household projections. The publication of the initial 2011 Census results have shown that household growth since the previous Census has been much lower than was indicated by all of the household estimates published between 2001 and 2011 and that across the country the number of households resident is notably lower than had been projected².

² Across England the number of households recorded by the 2011 Census is 350,000 lower than the 2008-based household projections indicated for 2011.

2.4 Using the 2011 Census household total for Gloucestershire and uplifting it by the change indicated for the County in the 2008-based household projections (adjusted to reflect that household growth has been slower than projections have previously suggested), it is estimated that the household population in Gloucestershire at March 2013, the base date of this SHMA report, is 259,770. The dataset has therefore been reweighted to this total. This summarises the results at a County-wide level, however the reweighting process took place at a Local Authority level (and the County-level results are aggregated from these). Since the initial analysis was undertaken (and the first draft was published) the 2011-based Interim Household Projections have been published. These indicate that the figures derived in the process are accurate.

2.5 The data also has to be weighted by a number of variables so that the profile is representative of the characteristics of the household population (within each individual authority). The variables used to weight the data are listed below.

- Tenure
- Household type
- Age of resident population
- Employment profile of resident population
- Sub-area
- Council Tax Band
- Car ownership
- Accommodation type
- Number of bedrooms
- Ethnicity

2.6 Table 2.1 shows an estimate of the current tenure split in Gloucestershire County. The data shows that 68.8% of households are owner-occupiers with 13.2% in the social rented sector and 18.0% resident in private rented accommodation. A table showing the equivalent information for the constituent Local Authorities of the Council is presented in the Appendices.

Table 2.1 Number of households in each tenure group 2013		
<i>Tenure</i>	<i>Total number of households</i>	<i>% of households</i>
Owner-occupied (no mortgage)	92,393	35.6%
Owner-occupied (with mortgage)*	86,228	33.2%
Social rented	34,379	13.2%
Private rented**	46,770	18.0%
Total	259,770	100.0%

*includes shared ownership, **Includes households living rent free.

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013;

Updating the financial profile

- 2.7 As the original survey data has to be updated from its mid-2009 base, it has been necessary to make an estimate of the likely change in income levels since this time (and indeed changes in savings and equity). The principle of updating the financial profile is not to update the situation of the particular household that responded to the initial questionnaire, but to present an accurate representation for an equivalent household that exists currently. Households' financial information was updated via an indexing approach, as there are time-series secondary data available at a local level that record changes in the relevant variables. A separate method was used for the three variables that were updated – income, savings and equity.
- 2.8 The Annual Survey of Hours and Earnings (ASHE) was used to update the earned income of households with an employed member. The change recorded by ASHE over the last three and three quarter years was applied to the dataset to generate a profile for March 2013. As ASHE provides values at a range of points on the earnings distribution, it is possible to update income depending on the change recorded for the particular quartile the original household income of 2009 was in. ASHE also presents results at a Local Authority level so the changes applied to the dataset reflect the conditions in that particular authority.
- 2.9 For example, lower quartile incomes were estimated to have increased by 2.6% since 2009 in Stroud, median incomes have increased by 6.4% and upper quartile incomes have grown by 5.3%. These increases have been applied to the survey data for Stroud to bring it up to a March 2013 base with equivalent figures used for the same process in each of the other five authorities. The incomes of retired households were assumed to increase with inflation (Consumer Price Index, CPI), while the income of benefit dependent households was assumed to follow the trend in overall spending on non-housing related benefits (excluding those benefits not linked to unemployment) per claimant in the individual authority area.
- 2.10 In the absence of any secondary data on the average level of savings in the UK, savings were updated according to inflation (CPI). This indicated an increase of 10.4% over the last three and three quarter years. This increase has been applied to the survey data to bring it up to a March 2013 base. Whilst this increase may appear large, analysis by the Office of National Statistics (ONS) on the proportion of income that households use for savings indicates that households are saving almost three times as much of their income (proportionally) in the last two years than they were in the two years prior to the previous study (2009).

- 2.11 For affordability purposes it is also important to consider changes in household equity. The Land Registry provides the best source of information on the value of property at a Local Authority level, with data on the price of all home sales for every quarter of the year. Analysis of Land Registry data suggests that overall, median house prices within Gloucestershire have increased by 3.1% over the past three and three quarter years. As the Land Registry presents data for a range of points on the price distribution and at a Local Authority level, it is possible to update the value of owner-occupied homes by the change in prices recorded for the appropriate price level within the particular authority within Gloucestershire.
- 2.12 These figures have been applied to survey data about property values – this in turn has enabled us to make an estimate of likely equity levels. For example, a household living in a house worth £100,000 and with £50,000 of equity (in 2009) would now be assumed to be living in a house worth £103,100 and with £51,550 of equity. The actual figures used in this process depend on the data recorded for the specific Local Authority.



3. Socio-economic Profile

Summary

- i) Various secondary data sources were reviewed as part of the updating process. The recent Census indicates that in 2011 the population of the County was 596,894 and that since 2001 the population has increased by 5.7%. The size of the household population, has increased at a higher rate between 2001 and 2011 (7.0%).
- ii) Gloucestershire contains a lower proportion of the population that are working age than is found nationally, principally because there is a larger than average proportion of people of pensionable age in the County. The Black, Asian and Minority Ethnic population of Gloucestershire County is just 4.7% of the total population.
- iii) There has been a notable growth in part-time employment in Gloucestershire over the last ten years, whilst the number of people in full-time employment has risen more modestly.
- iv) The proportion of economically active residents that are unemployed in Gloucestershire has increased from 1.6% in January 2007 to 2.8% currently, however unemployment in the County has reduced over the last 12 months.
- v) Gloucestershire contains proportionally more residents working in managerial jobs than is found regionally. The County also contains a higher than average level of working-age residents with level 4 qualifications and above.
- vi) The mean earned income for employees in Gloucestershire in 2012 was £32,664, higher than the equivalent figures for the South West region and England.

Introduction

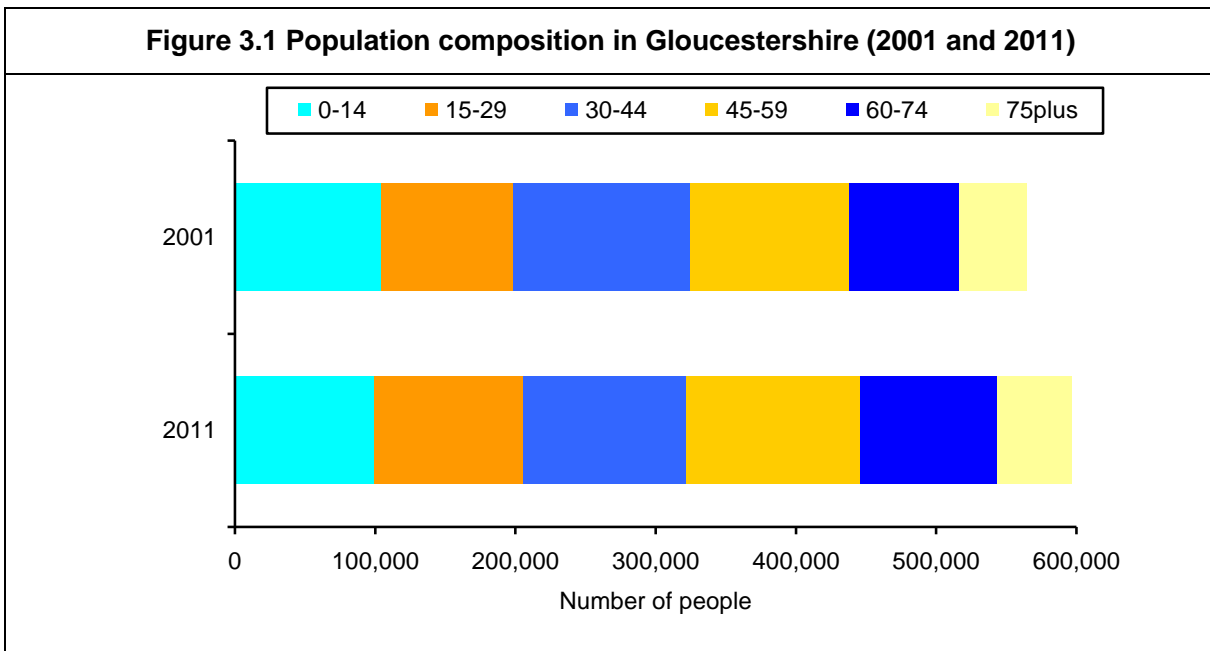
- 3.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. This chapter uses recently published secondary data to document the current socio-economic profile in Gloucestershire and how it has changed. The information presented compares the circumstances in the County to the regional and national situation where possible and also looks at differences between the authorities within the County. This contextual information is important to understand the current situation and the direction of movement in the area, so that the implications of the housing market models presented in Chapters 6 and 7 can be better understood.

Demography

- 3.2 The recently released 2011 Census data provides a comprehensive profile of the population of Gloucestershire and how it has changed since the previous Census.

Population

3.3 The Census indicates that the resident population in Gloucestershire in 2011 was 596,894 and that since 2001 the population had increased by 5.7%, over 32,000 people. In comparison the population of the South West region increased by 9.8% between the 2001 and 2011 Census, whilst the population of England increased by 8.9%. Within Gloucestershire, Gloucester recorded the greatest population increase, at 10.7% followed by Tewkesbury (at 7.2%) and Cheltenham (5.2%). Population growth was slowest in Forest of Dean (2.5%) followed by Cotswold (3.1%) and Stroud (4.5%). Figure 3.1 illustrates the age composition of the population in Gloucestershire in 2001 and 2011 according to the Census. It shows that since 2001 the number of people aged 60 or over has markedly increased and the population of the County aged 15 to 29 and 45 to 59 has also increased substantially. In contrast the number of people aged between 30-44 has decreased notably.



3.4 The 2011 Census figures also indicate that Gloucestershire contains a lower proportion of the population that are working age than is found nationally: 63.5% in Gloucestershire and 64.8% across England. This is principally because there are a larger than average proportion of people of pensionable age in the County (18.7% in Gloucestershire compared to 16.3% in England). The South West region as a whole contains fewer working age people (62.8%) and more pensioners (19.6%) than Gloucestershire.

3.5 The 2011 Census indicates that the population density in Gloucestershire is 1,092 people per km², an increase from 1,001 people per km² in 2001. The 2011 figure for England is 407 people per km². The figure for the South West region is not currently available.

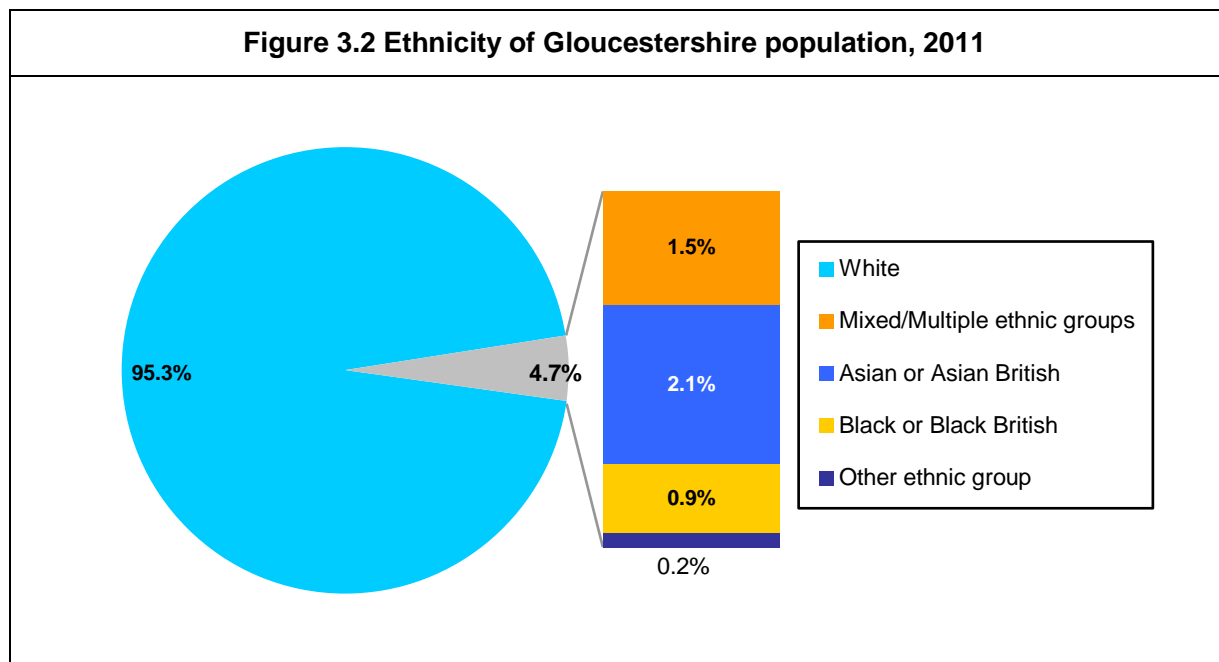
3.6 Some 16.8% of the resident population in Gloucestershire have a long-term health problem or disability, compared to 18.5% of residents in the South West region and 17.6% of people across



England. This is quite notable, given the older than average profile of the population. Residents in Cheltenham were particularly unlikely to have a long-term health problem or disability (15.2%) with residents in Forest of Dean most likely (19.6%).

Ethnicity

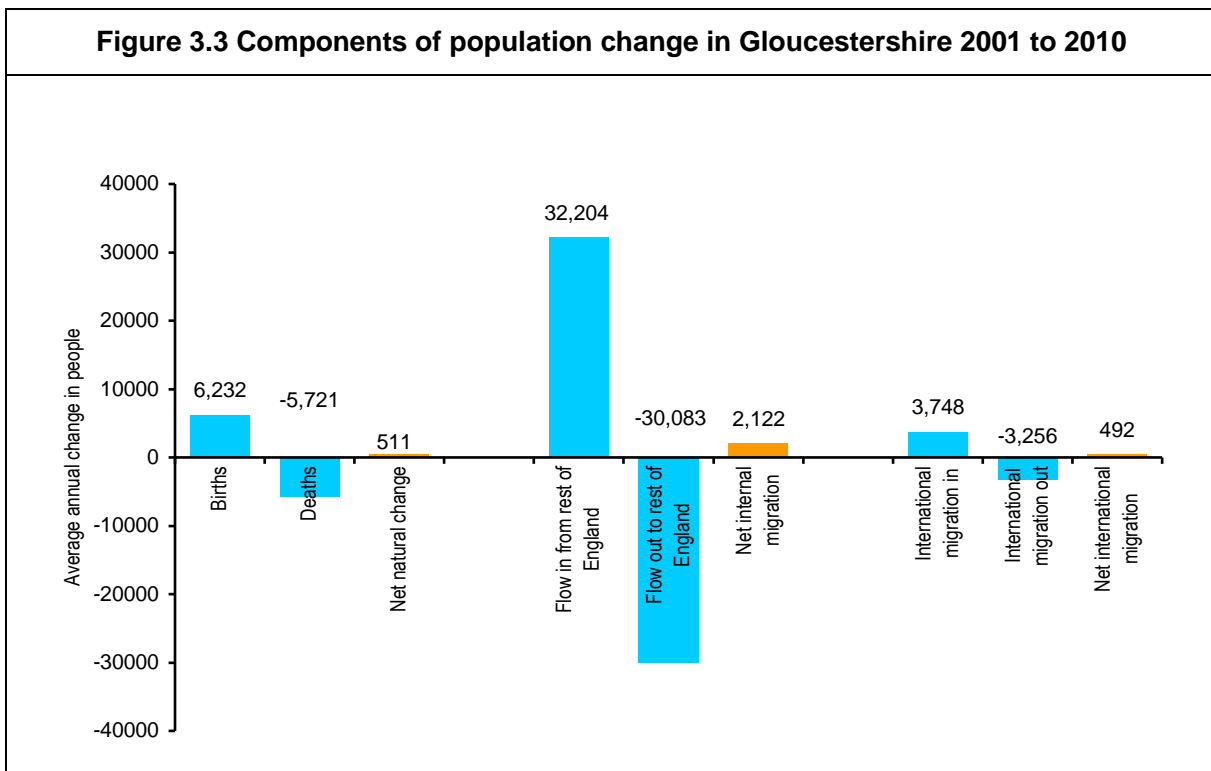
- 3.7 According to the 2001 Census, the proportion of Black, Asian and Minority Ethnic (BAME) (non-White) groups in Gloucestershire County was 2.8%, higher than the figure recorded for the South West region (2.3%) but lower than the national average (9.1%). The 2011 Census suggests that the BAME population of Gloucestershire County has increased to 4.7% of the total population, but remains notably smaller than the national figure (14.5% in England) and equal to the regional figure. This amounts to an increase of around 11,200 people (an increase of 70.0%) in BAME groups between 2001 and 2011. The 2011 Census indicates that Gloucester has the highest BAME population (10.9%) followed by Cheltenham (5.7%) and Tewkesbury 2.5%), whilst Forest of Dean has the smallest BAME population (1.5%) followed by Stroud (2.1%) and Cotswold (2.2%).
- 3.8 Figure 3.2 presents the ethnicity of the population in the County in 2011. The ‘Asian or Asian British’ represents the largest BAME group in Gloucestershire County (2.1% of total population).



Source: 2011 Census

- 3.9 The Census reveals that just 0.9% of the population of Gloucestershire in 2011 had been resident in the UK for less than two years, compared to 1.0% in the South West region and 1.8% across England. The overwhelming majority of the population of the County have resided in the UK for over 5 years (including those born in the UK); 97.8% in Gloucestershire compared to 97.7% in the South West and 96.0% in England.

3.10 Figure 3.3 presents further detail on the components of population change in Gloucestershire between 2001 and 2010. It indicates that an average of 32,204 people moved into the County each year from elsewhere in England, whilst 30,083 people moved from Gloucestershire to elsewhere in the country. This equates to a net growth of 2,122 people per year from internal migration. The figure shows that net internal migration was the largest component of population growth followed by net natural change and net international migration. It is interesting to note that in Cheltenham net international migration was the largest component of population growth and in Gloucester it was net natural change, whilst in all the other authorities it was net internal migration. In Cotswold, Stroud and Forest of Dean natural change resulted in a fall in population.



Source: ONS components of change for England and Wales - annual tables for 1991-2 to 2009-10

Number of households

3.11 The 2011 Census revealed that the household population in Gloucestershire has increased by 7.0% since 2001, a slower rate than regionally (8.6%) and nationally (7.9%). Within Gloucestershire, Gloucester recorded the greatest household growth (10.0%) followed by Tewkesbury (8.5%) and Stroud (7.1%), whilst Forest of Dean had the slowest household growth (5.0%) followed by Cotswold (5.3%) and Cheltenham (5.7%). As the population has increased at a slower rate than the number of resident households between 2001 and 2011, this implies that the average size of households in Gloucestershire is decreasing as is illustrated in Table 3.1.

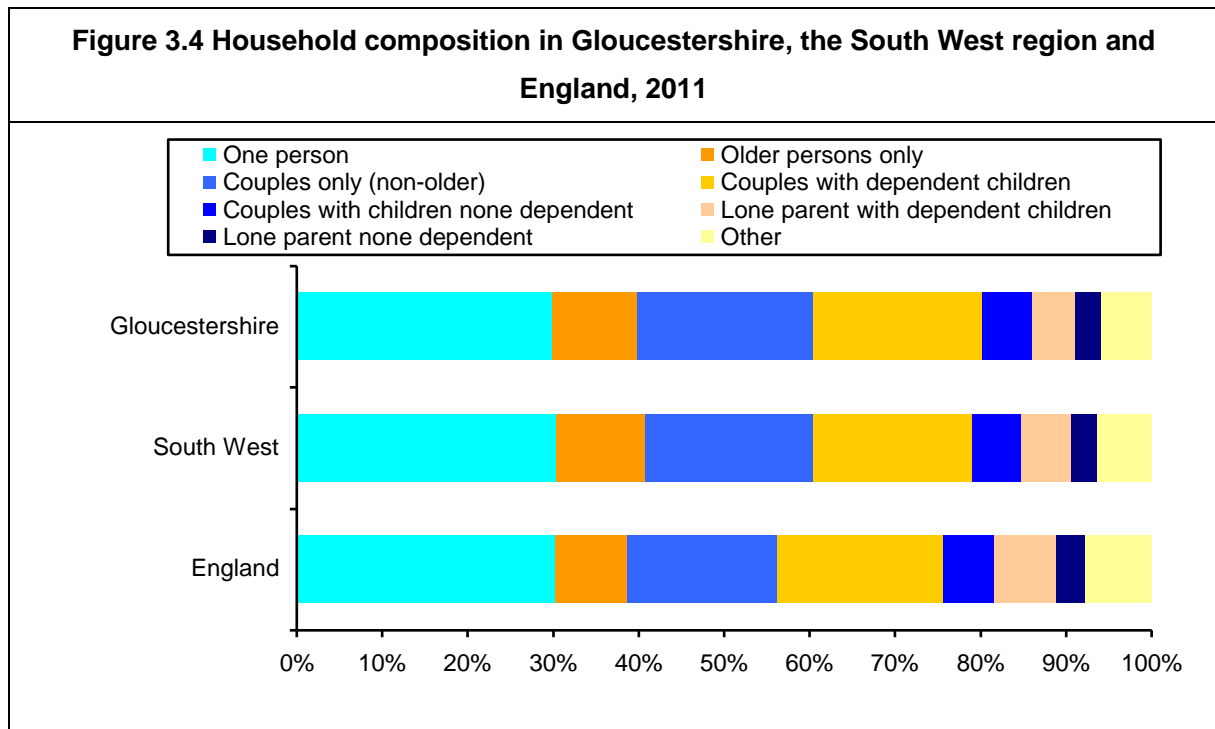


	2001	2011
Population	564,559	596,984
Households	237,872	254,615
Average household size	2.37	2.34

Source: 2001 & 2011 Census

3.12 This average household size of 2.34 compares to an average of 2.9 bedrooms per household in the County according to the 2011 Census. The 2011 Census also indicates that 2.7% of households in Gloucestershire had fewer bedrooms than they required (compared to 1.9% across the South West region and 4.8% nationally), whilst 74.9% have at least one bedroom more than they require (as opposed to 73.3% in the South West and 68.7% across England).

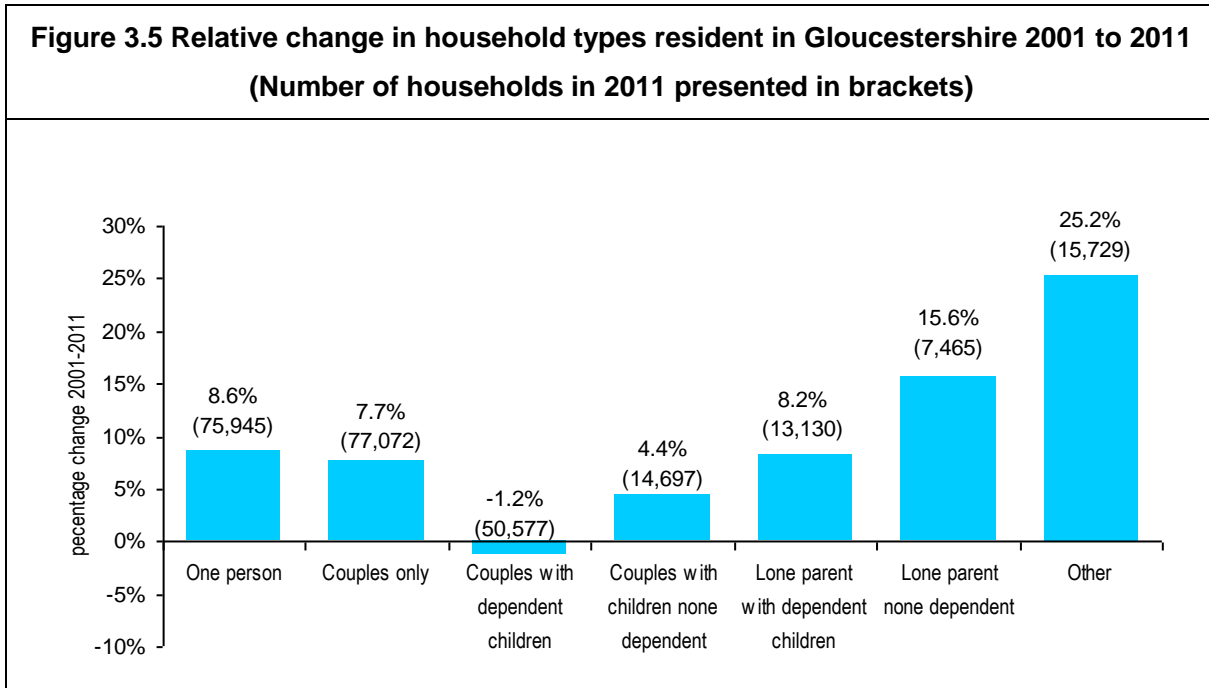
3.13 Figure 3.4 compares the household composition in Gloucestershire in 2011 with that recorded for the South West region and England. The data indicates that older persons only households constitute 10.0% of all households in the County compared to 10.3% in the region and 8.4% nationally. A third (33.7%) of households in Gloucestershire contain children compared to 33.1% in the South West and 36.0% in England. The figure also shows that some 29.8% of households in Gloucestershire contain only one person, marginally lower than the regional and national figures.



Source: 2011 Census

3.14 Figure 3.5 shows the relative (rather than absolute) change recorded between the 2001 and 2011 Census for the different household groups in Gloucestershire. The figure shows that 'other' households have increased the most (although from a low base), followed by lone parent households

with no dependent children (again from a low base). The absolute increase was greatest for one person households followed by couple households. It is interesting to note that couples with only non-dependent children have increased at a notable rate whilst couples with dependent children have decreased. This suggests that household formation rates amongst young adults may have reduced.



Source: 2001 & 2011 Census

Economy

- 3.15 Considerable data is available on the economic context in Gloucestershire, which enables a detailed profile of the current local economy to be presented.

Employment in Gloucestershire County

- 3.16 The latest data available on the economy in Gloucestershire indicates that there is some capacity to undergo growth. NOMIS³ data on 'job density' (this is a measure of the number of jobs per person of working age) for 2010 shows that there are 0.84 jobs per working age person in the County. This is slightly higher than the South West region (0.82) and England as a whole (0.78). The figure of 0.84 represents an increase from the 0.81 recorded in 2006 before the start of the economic downturn.
- 3.17 Cheltenham records the highest job density in 2010 at 0.95 jobs per working age person, followed by Gloucester (at 0.94). At 0.55, Forest of Dean records a notably lower level of job density than any other authority in the County.
- 3.18 Data is also available from the ONS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an

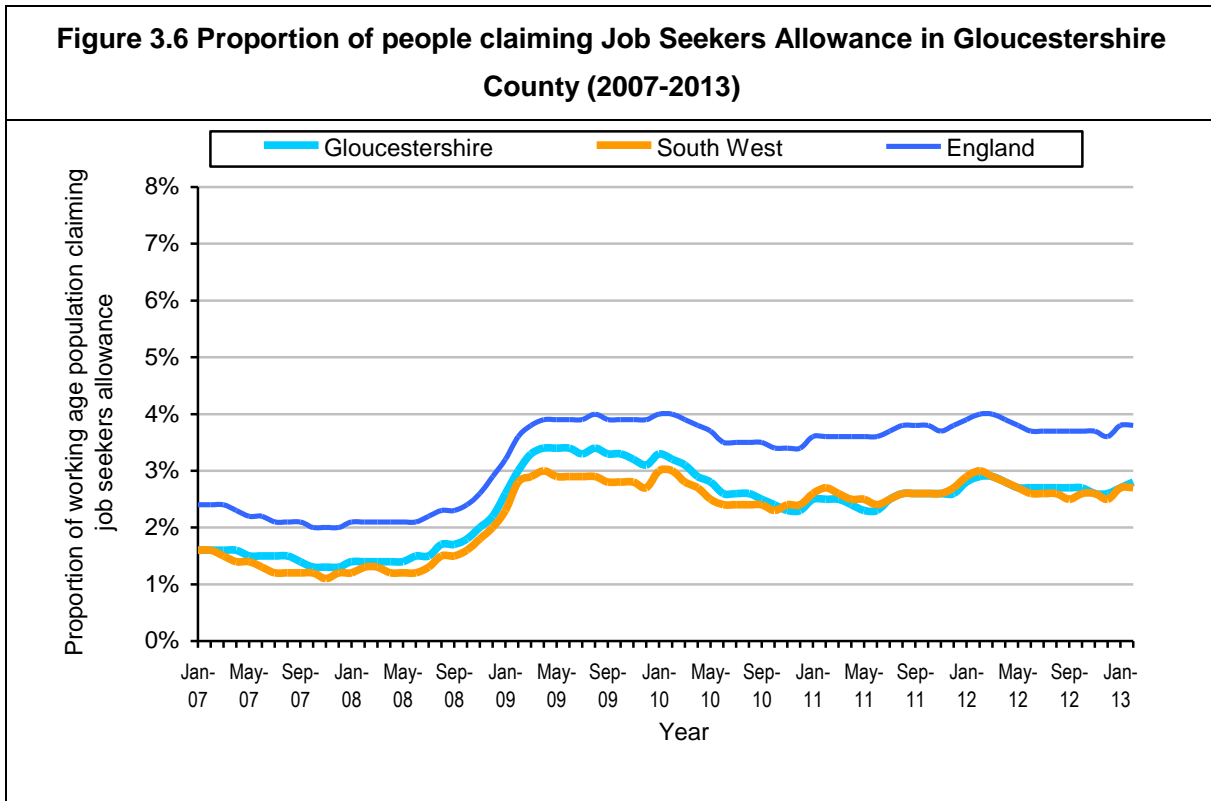
³ NOMIS is a website provided by the Office of National Statistics that contains a range of labour market data at local authority level. www.nomisweb.co.uk

increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship. ONS indicates that the number of VAT registered businesses at the end of 2011 in the County was 26,250; this is increase from the figure of 24,770 recorded in 2006 before the economic downturn. The increase in VAT registered businesses over this period may have been caused by a lack of employment opportunities, driving more people to self-employment. It is worth noting that the number of enterprises that have closed in Gloucestershire exceeded the number that opened in 2009 and 2010, but in 2011 more opened than closed.

Employment profile of residents in the County

- 3.19 Although the overall economic performance of Gloucestershire provides important context, an understanding of the affect of the economic climate on the resident population is more crucial to this study.
- 3.20 The Census provides an overview of the employment situation in Gloucestershire in 2011. It shows that of all residents in work (excluding those that are also students), 16.9% are self-employed, with 60.5% full-time employees and 22.6% part-time employees. The levels of part-time employment and self-employment are above both the national (15.7% and 22.1% respectively) averages but below the regional figures (17.6% and 23.7%). Since the 2001 Census the number of part-time employees in Gloucestershire has increased by 22.1%, whilst the number of full-time employees has risen by 2.7%. The number of self-employed residents has increased by 22.7%. The relatively large increase in part-time employment (relative to full-time employment) suggests that there is an increasing proportion of the workforce with lower incomes.
- 3.21 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides an up-to-date measure of the level of unemployment of residents in an area. Figure 3.6 shows the change in the proportion of the working age population claiming Job Seekers Allowance in Gloucestershire since January 2007. The figure indicates that the Gloucestershire unemployment level has been similar to the level for the South West region but below the national average. All three areas experienced a substantial increase in Job Seekers Allowance claimants in the autumn of 2008 due to the economic downturn.
- 3.22 Gloucester records the highest level of unemployment within the County (4.2% as of February 2013), followed by Cheltenham (3.2%) and Forest of Dean (2.7%). Unemployment is lowest in Cotswold (1.6%) followed by Stroud and (2.0%) Tewkesbury (2.2%). Whilst Gloucester records the highest level of unemployment amongst residents, the City provides an important sub-regional employment hub and there is a notably larger number of people working within Gloucester than in the other authorities in the County.
- 3.23 Since January 2007, unemployment in Gloucestershire has increased by 76.6% (as opposed to 74.9% regionally and 64.9% nationally). However, unemployment has decreased in the last twelve months in Gloucestershire (by 5.1%) a pattern similar to that recorded regionally (a 4.7% decrease) and nationally (an 8.4% decrease). Since the 2010 housing needs assessment was finalised (June 2010)

unemployment in the County has increased by 7.3% (compared to 14.3% across the South West and 11.4% nationally).



Source: ONS Claimant count

- 3.24 It is worth noting that Gloucestershire has a relatively small proportion of young people unemployed; 4.4% of 18 to 24 year olds in the County are unemployed compared to 4.3% at the regional level and 5.8% nationally. The level of long-term unemployed residents (more than 12 months unemployed) however is at an average level (0.7% of the working age population, compared to 0.6% in the South West region and 1.0% for England).
- 3.25 The Census presents a ‘Standard Occupation Classification’ which categorises all working people resident within an area 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 Table 3.2 illustrates, some 40.9% of employed residents in Gloucestershire work in groups 1 to 3, a similar level to that recorded for the South West region and England. Gloucestershire has a slightly smaller proportion of the workforce in groups 6-7 and 9-8 than is found regionally and nationally. Cotswold is the authority within the County with the highest proportion of employed residents working in groups 1 to 3 (45.3%) followed by Cheltenham (45.2%), whilst Gloucester records the lowest proportion (34.0%).
- 3.26 The table also shows that since the 2001 Census there has been a considerable increase in the number of people resident in Gloucestershire County employed within groups 6 to 7 and a smaller increase in the number employed within groups 1 to 3.



Table 3.2 Occupation structure				
<i>Occupation Groups</i>	<i>Gloucestershire 2011</i>	<i>South West 2011</i>	<i>England 2011</i>	<i>Change in # of people employed in Gloucester- shire since 2001</i>
Group 1-3: Senior, Professional or Technical	40.9%	39.7%	41.1%	12.6%
Group 4-5: Administrative, skilled trades	24.8%	24.4%	22.8%	4.6%
Group 6-7: Personal service, Customer service and Sales	17.0%	18.2%	17.7%	37.0%
Group 8-9: Machine operatives, Elementary occupations	17.3%	17.7%	18.3%	-6.6%
Total	100.0%	100.0%	100.0%	9.9%

Source: 2001 & 2011 Census

3.27 Analysis of the 2011 Census data indicates that public administration & defence and manufacturing industries are relatively large employers for residents in Gloucestershire compared to the national average. The opposite is true for the transport and storage sector. Comparison with the 2001 Census data indicates that the economy in Gloucestershire has become more diverse over the last ten years in response to the decrease in the relative importance of the manufacturing and agriculture, forestry & fishing sectors.

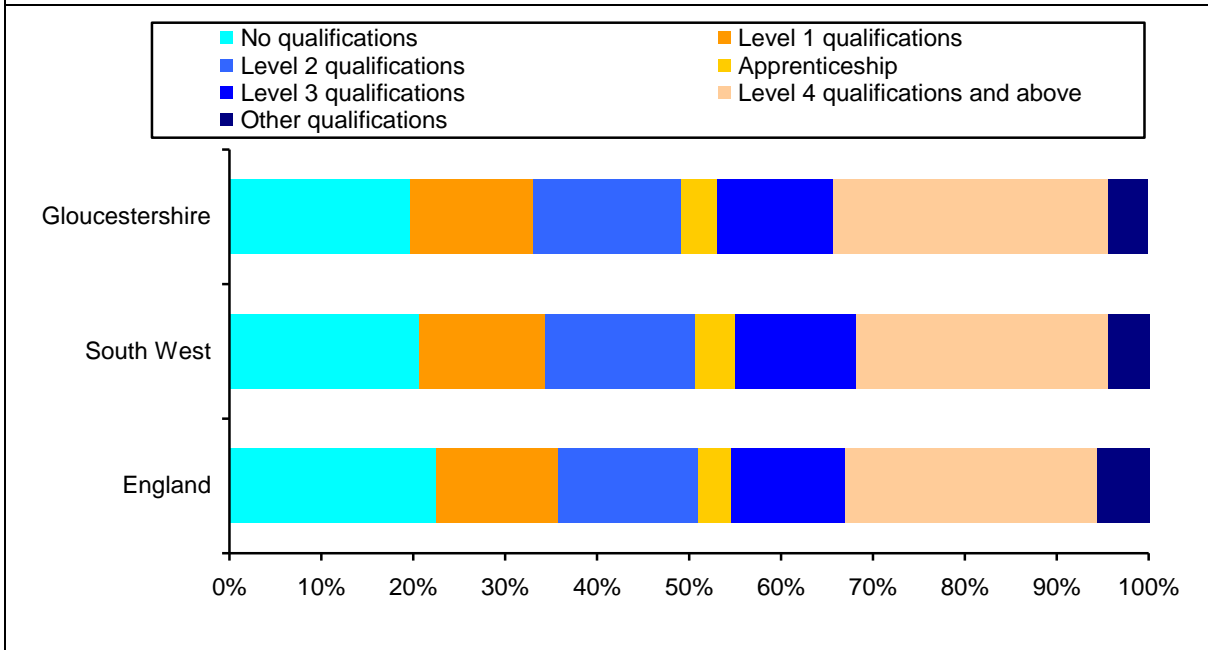
Qualifications

3.28 Figure 3.7 shows the highest qualification level of the working-age residents of Gloucestershire, compared to the regional and national equivalents as recorded in the 2011 Census. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-level) and Level 4 the highest (undergraduate degree or higher).

3.29 The data indicates that some 19.6% of working-age residents in the County have no qualifications, lower than the figure for the South West region and England (20.7% and 22.5% respectively). Gloucestershire also has more residents with Level 4 or higher qualifications. Cheltenham has the highest proportion of working age residents with Level 4 or higher qualifications (36.2%) and Gloucester the lowest (22.2%).

3.30 It is important to note that the proportion of working-age residents in Gloucestershire without qualifications has reduced since the 2001 Census and the proportion with Level 4 or higher qualifications has increased notably (from 21.1% in 2001 to 29.9% in 2011).

Figure 3.7 Highest qualification level of residents in Gloucestershire, the South West region and England, 2011



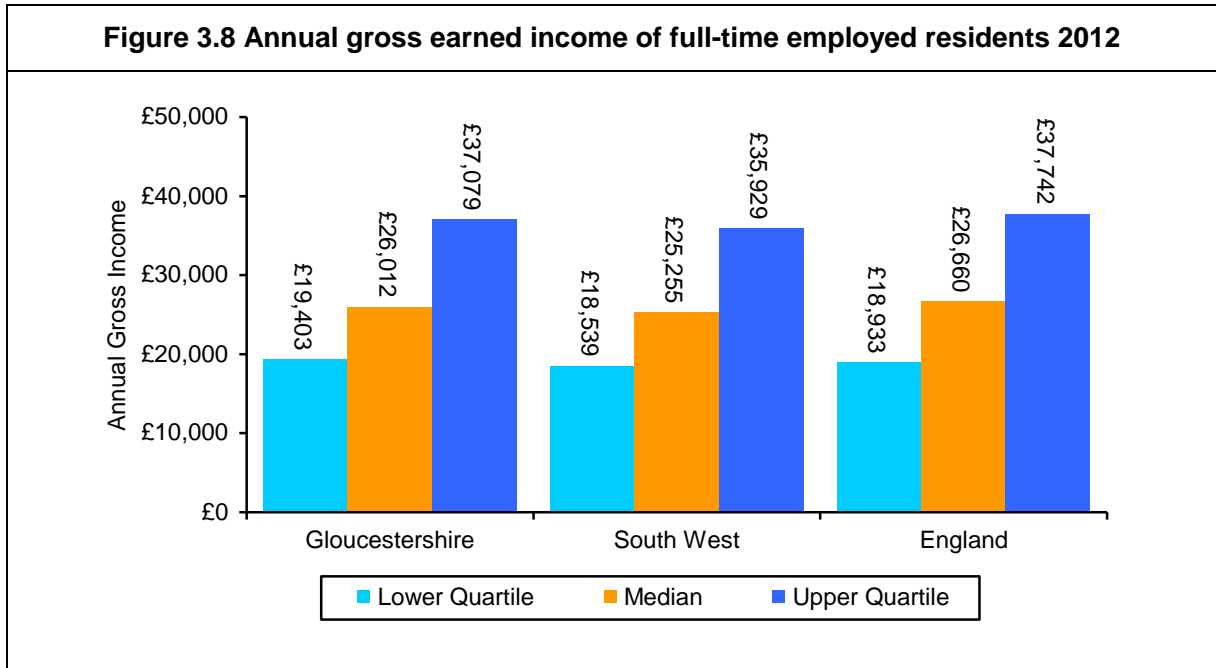
Source: 2011 Census

Earnings

3.31 The mean earned income for full-time employees resident in Gloucestershire County in 2012 was £32,664, according to the ONS Annual Survey of Hours and Earnings, higher than both the South West region (at £30,062) and England (£32,089). It is important to note that these figures assess individual earned incomes rather than household incomes. As Figure 3.8 shows, at all points on the distribution, annual gross income in Gloucestershire County is higher than the equivalent in the South West region, but lower than the national figures (except for lower quartile earnings).

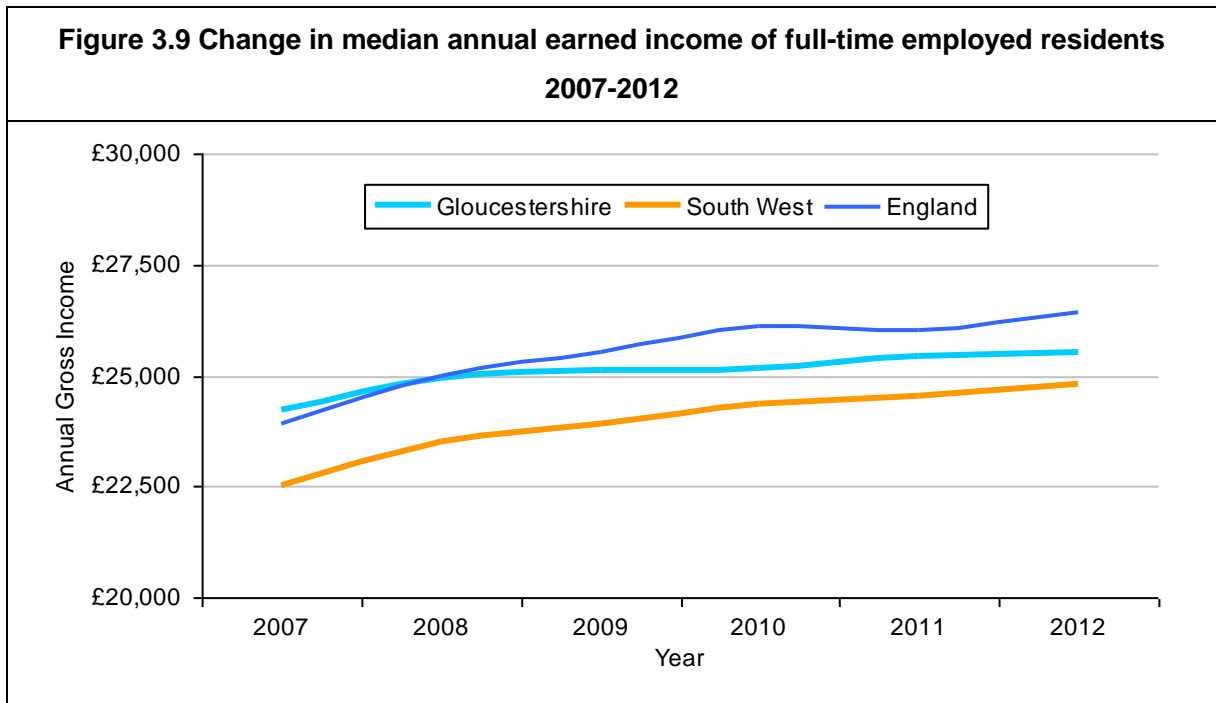
3.32 Across the individual authorities of Gloucestershire, Stroud records the highest median earned income (£28,017) followed by Cheltenham, (£28,688) and Tewkesbury (£25,989), whilst Gloucester has the lowest mean earned income (£23,197) then Cotswold (£25,080) and Forest of Dean (£25,667). Whilst the income of residents of Gloucester are relatively low the income of full-time employees working in the City is very similar to the County average.





Source: ONS Annual Survey of Hours and Earnings (2012)

3.33 Figure 3.9 shows the change in the median earned income of full-time employees resident in Gloucestershire, the South West region and England since 2007. Gloucestershire County has recorded a smaller increase since 2007 (5.5%) than the South West region (10.1%) and England (10.4%).



Source: ONS Annual Survey of Hours and Earnings (2008-2012)

3.34 ONS have produced estimates of the proportion of households in poverty in 2008 for each middle-super output area (MSOA) in England and Wales, although these are classed as experimental



statistics and should be treated with caution. The lowest figure recorded for the MSOAs in Gloucestershire is 10.4% of households in poverty and the highest is 36.2%. In comparison the median figure across England and Wales is 19.9%. Overall of the 75 MSOAs in Gloucestershire, 17 recorded a higher percentage than the national median, and 58 had a lower figure. This suggests that households in poverty are not a significant issue in the County.

- 3.35 In addition in December 2012 the CLG published data tracking economic and child income deprivation at neighbourhood level in England between 1999 and 2009. This showed that of the 326 authorities in England, Gloucester was ranked the 108th worst for child income deprivation in 2009, with Forest of Dean ranked 184th, Cheltenham 196th, Tewkesbury 216th, Stroud 261st and Cotswold 282nd.



4. The Housing Stock

Summary

- i) The recent Census indicates that in 2011 there were 268,944 dwellings in the County and that since 2001 the dwelling stock had increased by 9.0%, a lower level than the South West as a whole, but a greater rate than nationally.
- ii) Gloucestershire contains an average number of homes with no usual residents in, principally vacant properties and second homes, although Cotswold has a notably higher rate of second homes.
- iii) The most common property type in the County is semi-detached houses, followed by detached and terraced houses. Only 15.1% of dwellings are flats, lower than the figures for the region (19.0%) and the England as a whole (22.1%).
- iv) The size of the private rented sector increased by over 70% in the County between 2001 and 2011. This substantial growth matches regional and national trends. Much of the growth of the private rented sector in Gloucestershire, has been from prosperous households unable to access home ownership, but also young adults remaining in shared accommodation in the sector for longer and also households requiring financial support (Local Housing Allowance) to afford a market home.
- v) There is an increasing proportion of households with children resident in the private rented sector in the County, with pensioner households becoming less significant. Households in the sector have a broad range of incomes.
- vi) It is estimated that in Gloucestershire in 2013 27.4% of households in the private rented sector are supported by Housing Benefit or Local Housing Allowance, compared to around 25% nationally.

Introduction

- 4.1 Analysis of the stock of housing allows a broad assessment of the range of properties currently within the County. A range of data sources, including the 2011 Census, will be used to provide an overview of the housing stock in Gloucestershire and how it has changed. The profile of dwellings in Gloucestershire will be compared to the regional and national situation where possible. This contextual information is important to understand the current situation and the direction of movement in the area, so that the implications of the housing market models presented in Chapters 6 and 7 can be better understood.
- 4.2 The biggest change to the dwelling stock recorded is in the tenure profile, most notably the growth of private rented accommodation. The growth of this sector and the changing profile of households resident in it will be examined at a national level using recently published research, and also at a local

level based on County-wide data and the opinions of letting agents operating in Gloucestershire. The cost of this tenure will be examined in the following chapter.

Dwelling stock

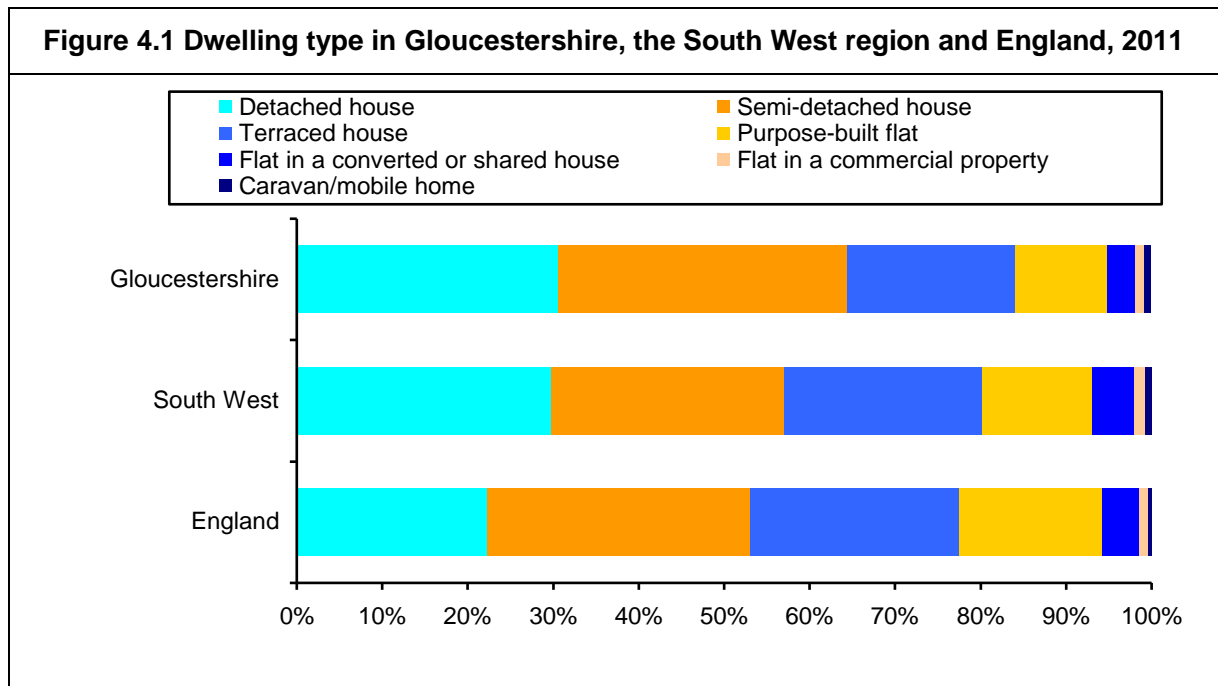
- 4.3 The Census indicates that there were 268,944 dwellings in Gloucestershire in 2011 and that since 2001 the number of dwellings has increased by 9.0%, over 22,000 properties. In comparison the dwelling stock in the South West region increased by 9.9% between the 2001 and 2011 Census, whilst the dwelling stock of England increased by 8.3%. Gloucester recorded the greatest increase in dwellings between 2001 and 2011 (12.2%) followed by Tewkesbury (10.9%) and Stroud (8.6%). In contrast, Cheltenham had the smallest increase in stock (6.3%) followed by Forest of Dean (7.5%) and Cotswold (8.4%).
- 4.4 According to the Census there were 14,952 homes with no usual resident household in Gloucestershire in 2011. This represents 5.5% of all of the accommodation available for residence in the County a figure lower than the average for the South West of 6.0% but higher than the figure for England as a whole of 4.3%. The proportion of accommodation with no usual resident household in Gloucestershire has increased markedly since 2001, when a figure of 3.4% was recorded. At 9.3%, Cotswold has a particularly large proportion of dwellings with no usual resident household.
- 4.5 The 2011 Census clarifies that homes with no usual residence include second homes, vacant dwellings and short-term residents/visitors at the accommodation on the night of the Census. Information from the Council's 2011 Housing Strategy Statistical Appendix (HSSA) submission suggests that the number of vacant properties in Gloucestershire as of 1st April 2011 was 8,835. This suggests that the number of second homes in the County is in the region of 5,800-6,100 (around 2.3% of all accommodation in Gloucestershire). The same approach suggests that around 3.3% of all accommodation in the South West of England is second homes as is 1.4% of all accommodation nationally. The highest figure within the constituent authorities of Gloucestershire is Cotswold, where it is estimated that 6.4% of dwellings are second homes. The vacancy rate in 2011 in Gloucestershire was estimated to be 3.4%⁴, compared to 2.7% across the region and 2.9% nationally.
- 4.6 According to the various Councils' 2012 ELASH (English Local Authority Statistics on Housing, the replacement of the HSSA) returns, there are an estimated 5,990 Houses in Multiple Occupation (HMOs) in Gloucestershire. Almost 60% of these HMOs are in Cheltenham and a further quarter are in Stroud. Of the 5,990 HMOs in the County, 456 are estimated to require a mandatory licence. There are 41,593 dwellings in the County that have a Category 1 Hazard (as assessed within the Health and Housing Safety Rating System). Some 28.7% of these dwellings with a Category 1 Hazard are found in Stroud, 26.2% in Cotswold and 22.9% in Forest of Dean.

⁴ Any homes not available to be occupied permanently, such as second homes, are excluded from the total stock figure, when calculating the vacancy rate.



Accommodation profile

4.7 Figure 4.1 compares the type of accommodation in Gloucestershire in 2011 with that recorded for the South West region and England. Gloucestershire contains more detached houses and fewer terraced properties than the regional and national averages. Only 15.1% of dwellings are flats, lower than the figures for the region (19.0%) and the England as a whole (22.1%). The most common property type in the County is semi-detached houses, followed by detached and terraced houses. Forest of Dean has a notably high proportion of detached properties, at 44.9%, whilst Cheltenham contains the greatest percentage of flats (28.0%).



4.8 Since 2001 the number of purpose built flats has increased by 31.1%, although they remain just 10.8% of the total dwelling stock. The number of flats in a converted or shared house has also increased notably by 18.2%, again from a very low base. The change in the number of houses has been less notable; the number of detached houses has increased by 7.5%, semi-detached houses by 6.0% and terraced houses by 8.4%.

4.9 Table 4.1 compares the size of accommodation (in terms of bedrooms) in Gloucestershire, the South West region and England. The table indicates that the County has a smaller proportion of small (two or fewer bedrooms) properties than the South West region and England as a whole. The table also indicates that 23.5% of dwellings in Gloucestershire contain four or more bedrooms compared to 21.4% across the region and 19.0% nationally.

4.10 Gloucester contains the greatest proportion of small dwellings; 43.8% have two or fewer bedrooms, followed by Cheltenham (38.2%) and Stroud (33.7%). The dwelling stock in Cotswold comprises the fewest dwellings with two or fewer bedrooms (31.8%) followed by Tewkesbury (31.9%) and Forest of



Dean (32.5%). Cotswold has the greatest proportion of large dwellings; with 28.4% containing four or more bedrooms, followed by Stroud (27.0%), Tewkesbury (25.5%), Forest of Dean (22.6%), Cheltenham (20.8%) and Gloucester (18.7%).

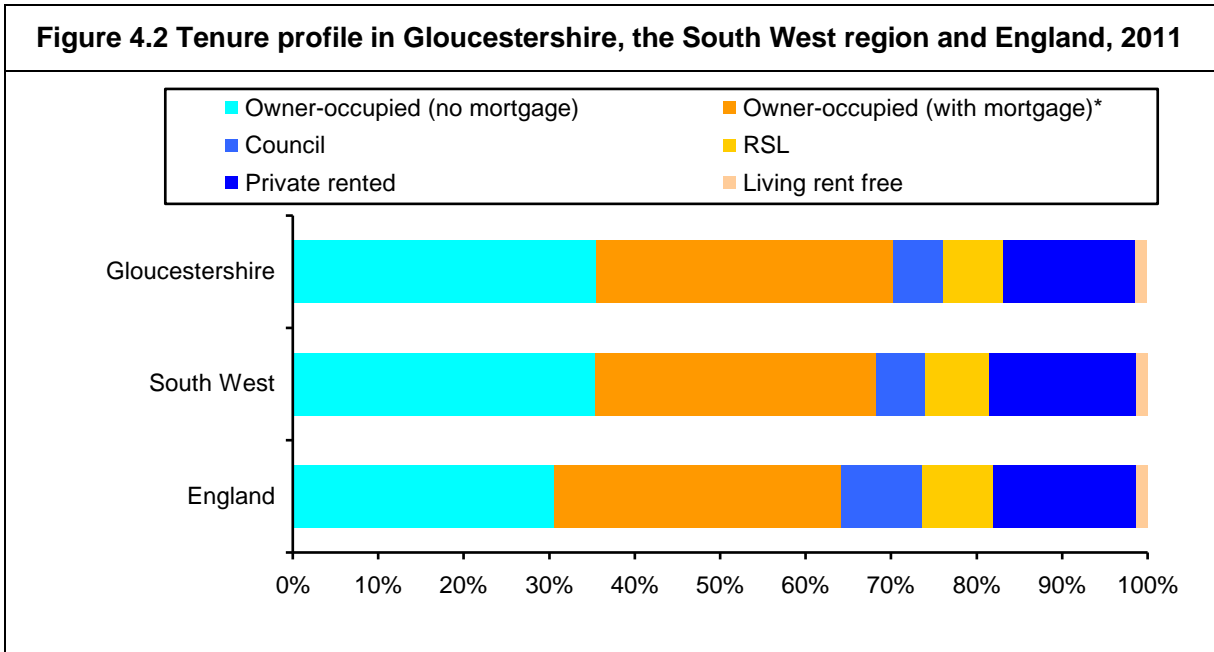
<i>Property size</i>	<i>Gloucestershire</i>	<i>South West</i>	<i>England</i>
No bedrooms	0.2%	0.2%	0.2%
1 bedroom	10.1%	10.7%	11.8%
2 bedrooms	25.7%	27.3%	27.9%
3 bedrooms	40.6%	40.4%	41.2%
4 bedrooms	17.7%	16.1%	14.4%
5 or more bedrooms	5.8%	5.3%	4.6%
Total	100.0%	100.0%	100.0%

Source: 2011 Census

- 4.11 The number of bedrooms in a property was not collected in the 2001 Census, however both the 2001 and 2011 Census recorded the total number of rooms in a dwelling. A comparison of the figures for Gloucestershire shows that the number of larger dwellings has recorded the greatest rise; between 2001 and 2011 the number of properties with 8 or more rooms increased by 25.0% and the number of properties with 7 rooms rose by 16.4%. In contrast the number of homes with five rooms declined. There was also a notable increase in the number of smaller dwellings, with the number of properties with three or fewer rooms increasing by 17.2%.

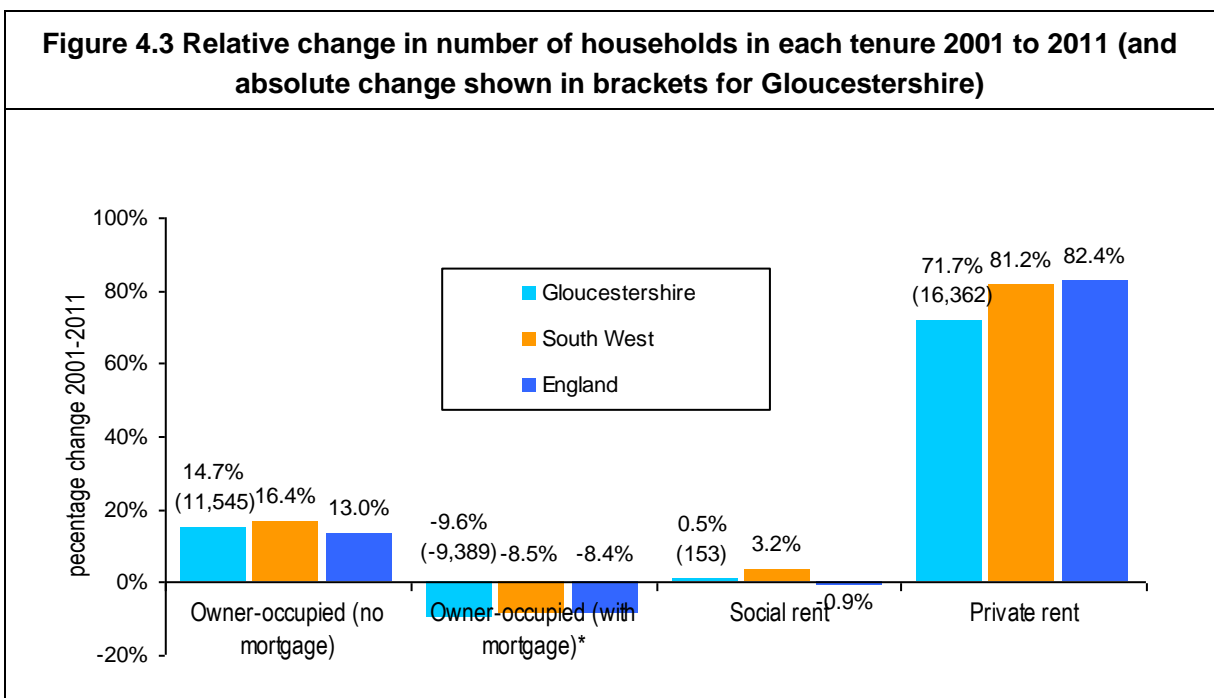
Tenure

- 4.12 Figure 4.2 compares the tenure of households in Gloucestershire in 2011 with that recorded for the South West region and England. The data indicates that households in the County are more likely to be owner-occupiers (both with a mortgage and without a mortgage) than households across the region and all households in England. The proportion of households in Gloucestershire resident in the social rented sector is lower than in the South West region and across England as a whole, whilst the size of the private rented sector is smaller than the national average and the regional average.



*Includes shared ownership. Source: 2011 Census

4.13 Figure 4.3 shows the change in the size of each tenure between the 2001 and 2011 Census. The figure shows that in Gloucestershire, the South West region and England as a whole the private rented sector has increased dramatically, although the growth of 71.7% in the County is lower than that recorded nationally. The number of owner-occupiers with no mortgage has also recorded an increase in all three areas, whilst owner-occupiers with a mortgage have decreased. The social rented sector has shown the smallest change, increasing by 0.5% in Gloucestershire. The affect of the growth in the private rented sector on the price of rents is discussed in the next chapter.



*Includes shared ownership. Source: 2001 & 2011 Census



The private rented sector

- 4.14 This growth in the private rented sector alongside the related availabilities of other tenures has had a notable impact on housing market dynamics and the decisions made by households within the housing market. The report *'Who Lives in the Private Rented Sector'* published in January 2013 by the British and Social Housing Foundation (BSHF) will be used to describe the drivers behind the growth of the tenure nationally and the consequent changing nature of households within it, whilst the updated household survey dataset and the views of local letting agents will be used to illuminate the situation in Gloucestershire.

The growth of the private rented sector

- 4.15 The BSHF report notes that the growth in the private rented sector at the start of this century was caused by the availability of buy-to-let mortgages allied to rising house prices which led to the sector being considered a good investment. The economic downturn from mid-2007 onwards changed these conditions but the private rented sector continued to grow, although for different reasons in different parts of the country. In more prosperous areas, the growth has been driven by the inaccessibility of owner-occupation due to both high house prices and unfavourable mortgage lending criteria. In less prosperous areas, growth has resulted from the limited supply of social rented housing, with households being forced into the private rented sector instead. In addition, across the country, demand for the tenure has increased from households choosing to live in the sector due to its greater flexibility during this period of economic uncertainty.
- 4.16 Gloucestershire can be considered a more prosperous area and much of the growth recorded in the private rented sector in the County has been from employed households (although the inaccessibility of social housing for households unable to afford market accommodation has also driven growth of the sector). According to the Census, 71.4% of household heads in the private rented sector were in employment in Gloucestershire in 2001. The updated household survey dataset suggests that the figure for the tenure currently is 76.7% . Demand for the sector has also increased in Gloucestershire due to the growth in household groups that typically look to reside in the tenure – young adults and also from households that traditionally do not live in this tenure in Gloucestershire – households with children.
- 4.17 As described in paragraph 3.3, the Census revealed that the number of people aged between 15-29 in the County increased by over 9,500 between 2001 and 2011, resulting in additional demand for private rented accommodation. Discussions with letting agents reflected that some of the increased activity over the last few years was a consequence of more demand from young people sharing, but also from couples who do not yet wish to buy.
- 4.18 Agents indicated that there has also been an increase in households with fairly young children renting in the County. Typically these households would be moving from an urban area to a suburban or rural area within the County and looking to buy a property with more space, however the less favourable mortgage lending criteria now offered mean that these households are now moving to equivalent

accommodation in the private rented sector rather than waiting in situ till they can afford to purchase a home.

- 4.19 Agents noted that demand still exists for private rented property in Gloucestershire and that the cost of larger private rented properties in the County had notably increased even during the wider economic downturn. The demand for properties at the lower end of the market, likely to be occupied by benefit-supported tenants, was quite high in certain parts of the County, most notably Gloucester and Forest of Dean, but demand for mid-range homes for the households with children described above was thought to be most secure in the medium-term. Overall three bedroom property was considered to be most in demand.
- 4.20 Agents indicated that households with children usually use a different set of criteria when selecting a private rented home, considering the size of the outdoor space on the property as well as the space indoors. Accessibility of schools was also a significant determinant as to where households with children consider – resulting in rental markets operating very locally for this group. For other households looking to rent, the market area considered was wider, although many had clear ideas about which parts of the County they would consider living in.

Profile of households in the sector

- 4.21 As the BSHF report notes the size of the growth of the private rented tenure *'means that the sector is now housing new types of household that it did not previously house in any significant quantity'*. The BSHF report also documents the nature of this change in households in the sector nationally, which is summarised below:
- Despite the ageing of the broader population, the proportion of younger households in the private rented sector is increasing.
 - Whilst single person households and households containing two adults and no children comprise over 60% of the sector, this proportion has decreased since the turn of the century. There has been a significant growth in the number of households with children in the sector and they are over-represented in this tenure relative to their frequency in the wider population – around 15% of households with children live in the private rented sector.
 - Households from across the income spectrum reside in the tenure, although there is a slight over-representation of the lower income groups.
 - Affordability in the private rented sector is an increasingly important issue, with rents rising faster than earnings. Nearly 40% of households spend over 30% of their income on housing and more than 15% spend over half their income on housing.
- 4.22 A comparison of the profile of households in the private rented sector in Gloucestershire in 2001 as recorded by the Census, to the profile of households in the tenure now according to the updated household survey dataset, reveals that the proportion of pensioner households and single non-

pensioner households in the tenure has decreased, whilst the proportion of multi-adult households without children and households with children has increased.

- 4.23 The updated household survey dataset indicates that, compared to the other tenures, households in the private rented sector are on average younger (with a median age of household heads of 38, as opposed to 44 in the owner-occupied with mortgage sector, 56 for social rented households and 65 in the owner-occupied no mortgage sector). The overall household profile within the tenure is relatively balanced, although lone parents are disproportionately likely to reside in private rented accommodation and pensioner households disproportionately unlikely to.
- 4.24 Data from the 2011 Census indicates that the average household size of 2.25 people in the private rented sector in Gloucestershire is slightly lower than that recorded in the tenure across the South West region (2.29) and for England as a whole (2.37), suggesting a greater proportion of smaller households.
- 4.25 The updated household survey dataset suggests that there is a broad range of incomes amongst households in the private rented sector in Gloucestershire and whilst incomes in the £15,000 to £25,000 range are most common (24.1% of households) there are a notable number of households with incomes in excess of £40,000 (22.3% of households).

The nature of the benefit-supported private rented sector

- 4.26 The BSHF report, using figures from the Family Resources Survey, estimates that in 2009/10 around a quarter of private tenants were in receipt of Housing Benefit; although it is acknowledged that this is likely to be a slight underestimate as the Family Resources Survey under-reports the claiming of Housing Benefit. It is estimated that in Gloucestershire in 2013 just under a quarter (27.4%) of households in the private rented sector are supported by Housing Benefit or Local Housing Allowance (known hereafter as benefit-supported tenants), a very similar figure. The BSHF report also notes that within the benefit-supported private rented sector nationally:
- There are fewer younger households than the private rented sector as a whole, however the largest growth has been from the 16-24 year old age group.
 - There are more households with children than in the private rented sector as a whole, and they constitute over half of all households in the sector – a figure that is continuing to grow.
 - The majority of households are not in work (an average of 78% over the last decade), however over 90% of new Housing Benefit claimants in the last two years are in work.
 - Households are more likely to reside in their home for longer periods; 43% having lived in their home for three or more years, compared to 31% of all private tenants.
- 4.27 Table 4.2 compares benefit-support households in the private rented sector in Gloucestershire with households resident in the tenure in the County without this benefit, using data from the updated household dataset. The table shows that the benefit-supported sector is much more likely to contain



pensioner households and lone parent households than the non-benefit-supported sector. The average age of households in the benefit-supported sector is consequently older at 41.

- 4.28 There is a dramatic difference in the employment profile of these households, with 46.4% of those in the benefit-supported sector containing an employed person in the household, compared to 90.8% of households in the non-benefit-supported sector. This affects the household income recorded, with the median income for households in the benefit-supported private rented sector less than a third of the figure for households in the non-benefit-supported sector.

Table 4.2 Comparison of households within the private rented sector			
	<i>Benefit-supported</i>	<i>Non-benefit-supported</i>	<i>All private rented households</i>
<i>Household type</i>			
Single pensioners	13.4%	4.3%	6.8%
2 or more pensioners	3.7%	2.1%	2.6%
Single non-pensioners	25.8%	29.2%	28.3%
2 or more adults, no children	12.0%	43.5%	34.9%
Lone parent	28.8%	2.6%	9.7%
2+ adults 1 child	8.3%	8.8%	8.7%
2+ adults 2+ children	8.0%	9.5%	9.0%
Total	100.0%	100.0%	100.0%
<i>Median age of household head</i>	41	37	38
<i>Whether employed person in household</i>			
Yes	46.4%	90.8%	78.7%
No	53.6%	9.2%	21.3%
Total	100.0%	100.0%	100.0%
<i>Median household income</i>	£8,219	£29,409	£21,823

Source: Gloucestershire County Strategic Housing Market Assessment, 2013



5. The Housing Market

Summary

- i) According to data from the Land Registry, the mean house price in Gloucestershire in the third quarter of 2012 was £244,410. Data shows that since the previous report prices have risen notably and property sales have risen markedly.
- ii) The housing markets in operation in Gloucestershire County were re-examined and the nine price markets and eight rental markets previously identified were found to be appropriate. The Cotswold North and Winchcombe price market is the most expensive part of the County and the Gloucester and Forest of Dean Central & South price markets the cheapest.
- iii) The cost of housing by size was re-assessed for all tenures in the County. Entry-level prices in Gloucestershire range from £69,800 for a one bedroom home in the Forest of Dean Central and South price market up to £356,300 for a four bedroom property in the Cotswold North and Winchcombe price market. Entry-level rents in Gloucestershire range £375 per month for a one bedroom home in the Gloucester, Dursley, Wotton & Vale and Forest of Dean rental markets up to £1,150 per month for a four bedroom property in the Cotswold North and Winchcombe rental market.
- iv) An analysis of the gaps between each tenure shows that there is a very large income gap between the social rented sector and market rent. This indicates that intermediate housing priced within this gap could potentially be useful for a number of households in Gloucestershire. The significant gap between market entry rents and market entry purchase indicates notable potential demand for part-ownership products for households in this gap.
- v) Flexible Tenancies are being introduced as a new tenure. They will allow Affordable Rent to be charged. Affordable Rent will be based on the open market value of each property. Within Gloucestershire, as bedroom size increases the range of Affordable Rents possible increases.

Introduction

- 5.1 An effective SHMA is founded on a thorough understanding of local housing – what it costs, how this varies and in what direction the market is heading. This chapter initially describes the changes in the housing market that have been recorded in the constituent authorities, Gloucestershire and England since the 2010 HNA (the last time the housing market was profiled in detail). Subsequently it re-assesses the entry-level costs of housing in Gloucestershire, to document how this has changed since the 2010 HNA. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist.

5.2 Affordable Rent is intended to help fill the gaps that exist in the current housing market. The most important issue for the Councils to determine is the level at which Affordable Rent should be set. This chapter will therefore also consider the potential cost of Affordable Rent in Gloucestershire.

The situation in Gloucestershire

5.3 The most recent house price data available at the time of the 2010 HNA report was from the first quarter of 2009. The Land Registry has now published data through to 2012. The equivalent figures for the first quarter of 2012 will therefore be presented (so the data is not influenced by seasonal variations). It is therefore possible to assess the changes recorded in each authority in Gloucestershire over this period, alongside the county-wide and national figures.

5.4 Table 5.1 shows the change in average prices between the first quarter of 2009 and the first quarter of 2012 for England, Gloucestershire and the constituent authorities. The table shows that between 2009 and 2012 average prices increased at the same rate in Gloucestershire as they have nationally, although average prices in Cheltenham, Tewkesbury and Cotswold have increased at a faster rate than across England as a whole. Across the County, Gloucester recorded the slowest growth in house prices, followed by Forest of Dean.

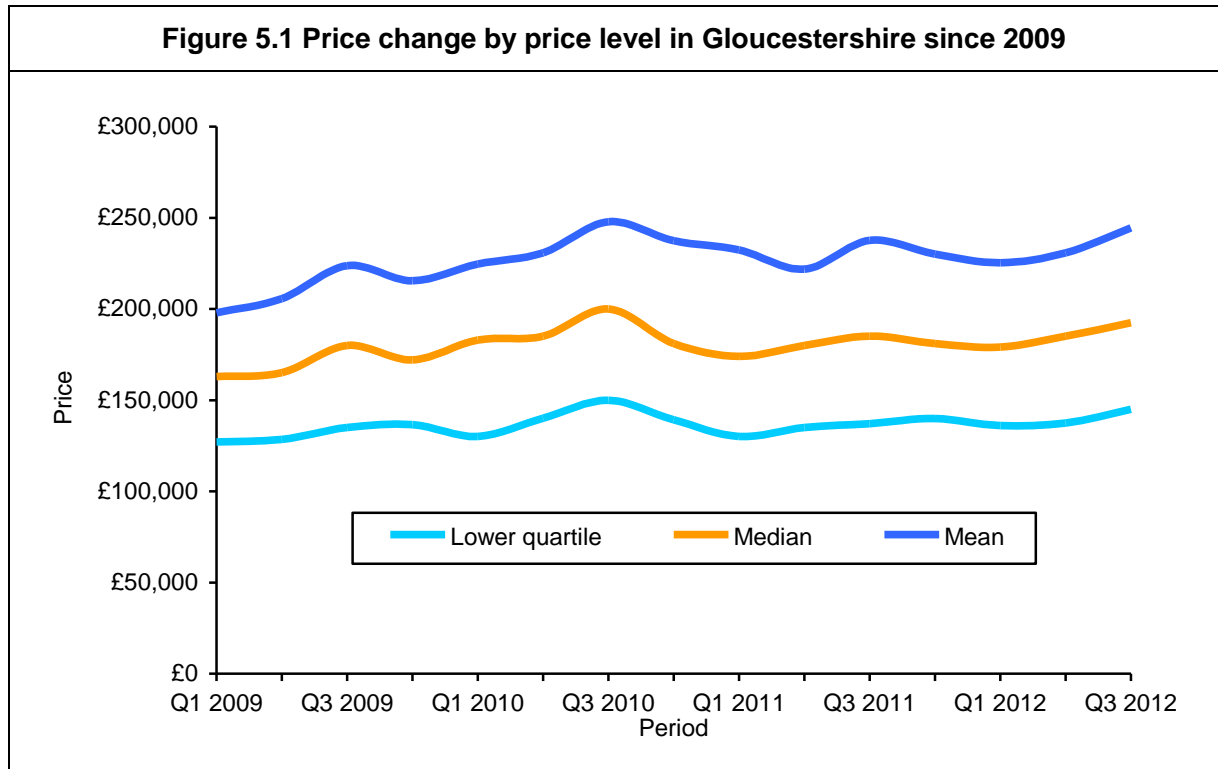
5.5 Overall properties in Gloucestershire are on average cheaper than those in England, but properties in Cheltenham and Cotswold are more expensive than the national average. Average prices in Cotswold are markedly higher than in other authorities in the County, whilst average prices in Gloucester are markedly lower, although this partly reflects the higher proportion of smaller dwellings in the City than elsewhere in the County.

<i>Area</i>	<i>Average price Jan - Mar 2009</i>	<i>Average price Jan - Mar 2012</i>	<i>Percentage change recorded 2009-2012</i>
England	£201,172	£229,490	14.1%
Gloucestershire	£197,467	£225,347	14.1%
Cheltenham	£201,607	£246,869	22.5%
Cotswold	£288,001	£344,953	19.8%
Forest of Dean	£179,976	£191,475	6.4%
Gloucester	£145,243	£149,358	2.8%
Stroud	£202,130	£234,210	15.9%
Tewkesbury	£179,480	£218,022	21.5%

Source: Land Registry via CLG

5.6 Figure 5.1 shows price change by property price level since the first quarter of 2009. The figure shows that prices at all levels follow the same pattern of seasonal peaks and troughs. Median prices have

increased the most over the last three and a half years (by 18.1%)⁵ and lower quartile prices the least (14.2%).



Source: Land Registry via CLG

- 5.7 Table 5.2 shows the change in the number of property sales between the first quarter of 2009 and the first quarter of 2012. The table indicates that property sales have notably increased since the very low historical levels recorded at the time of the previous SHMA report. Gloucestershire County records the level of sales increasing by 48.5% during this period, lower than the national figure of 64.5%. Within Gloucestershire, sales levels have grown fastest in Forest of Dean and slowest in Cotswold.

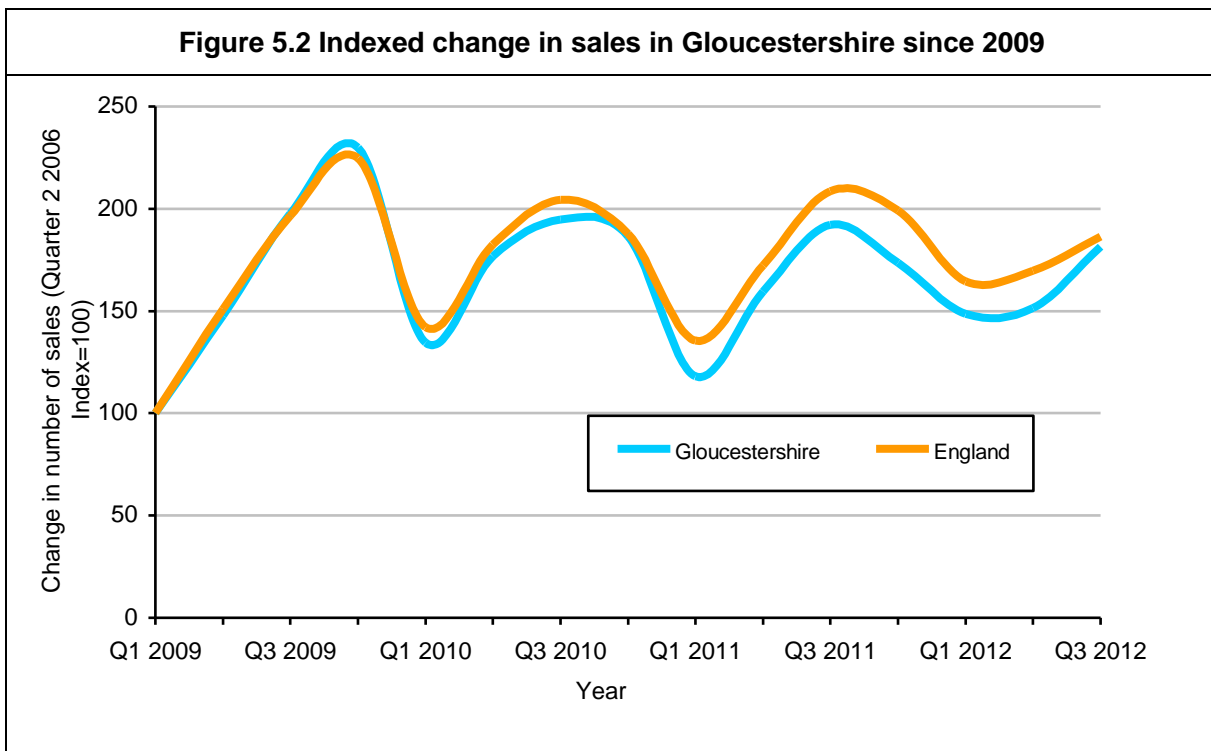
⁵ This figure differs notably from the figure set out in paragraph 2.11 because it covers a different time period (Q1 2009 to Q3 2013 rather than May 2009 to March 2013) The figure is higher for the Q1 2009 to Q3 2013 period because it includes more of the affect of the seasonal fluctuation in prices.



Area	Number of sales Jan - Mar 2009	Number of sales Jan - Mar 2012	Percentage change recorded 2009-2012
England	87,289	143,554	64.5%
Gloucestershire	1,251	1,858	48.5%
Cheltenham	273	433	58.6%
Cotswold	186	236	26.9%
Forest of Dean	137	236	72.3%
Gloucester	268	403	50.4%
Stroud	220	315	43.2%
Tewkesbury	167	235	40.7%

Source: Land Registry via CLG

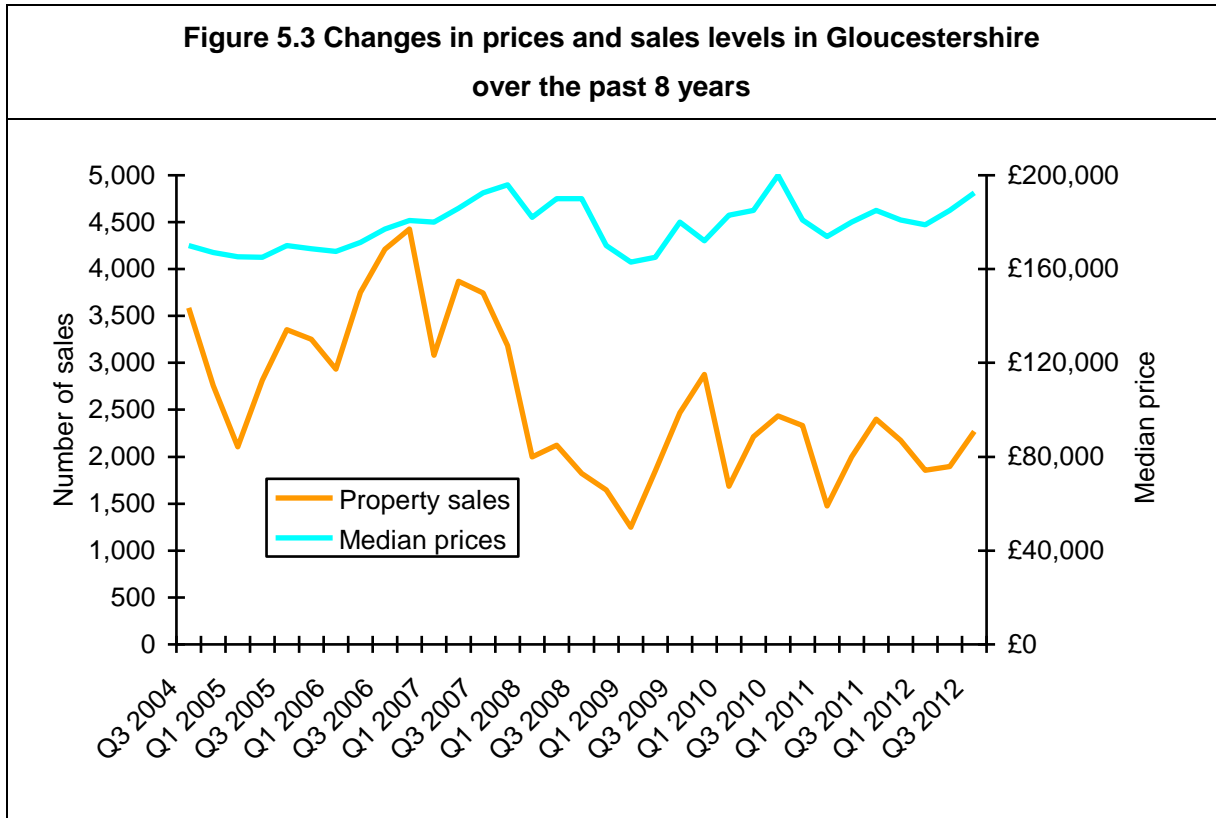
5.8 Figure 5.2 shows the indexed change in the number of property sales since the first quarter of 2009 for Gloucestershire and England. The figure suggests that in Gloucestershire the pattern follows that recorded for England and, despite seasonal fluctuations, sales levels are much higher now than they were at the start of 2009.



Source: Land Registry via CLG

5.9 It is useful to briefly review housing market activity over a longer period to consider the influences on property price changes. Figure 5.3 shows the variation in median prices and property sales levels since 2004. The data suggests that property prices remained relatively stable over the last eight years despite property sales declining dramatically for part of that period (Summer 2007 to Summer 2009).





Source: Land Registry via CLG

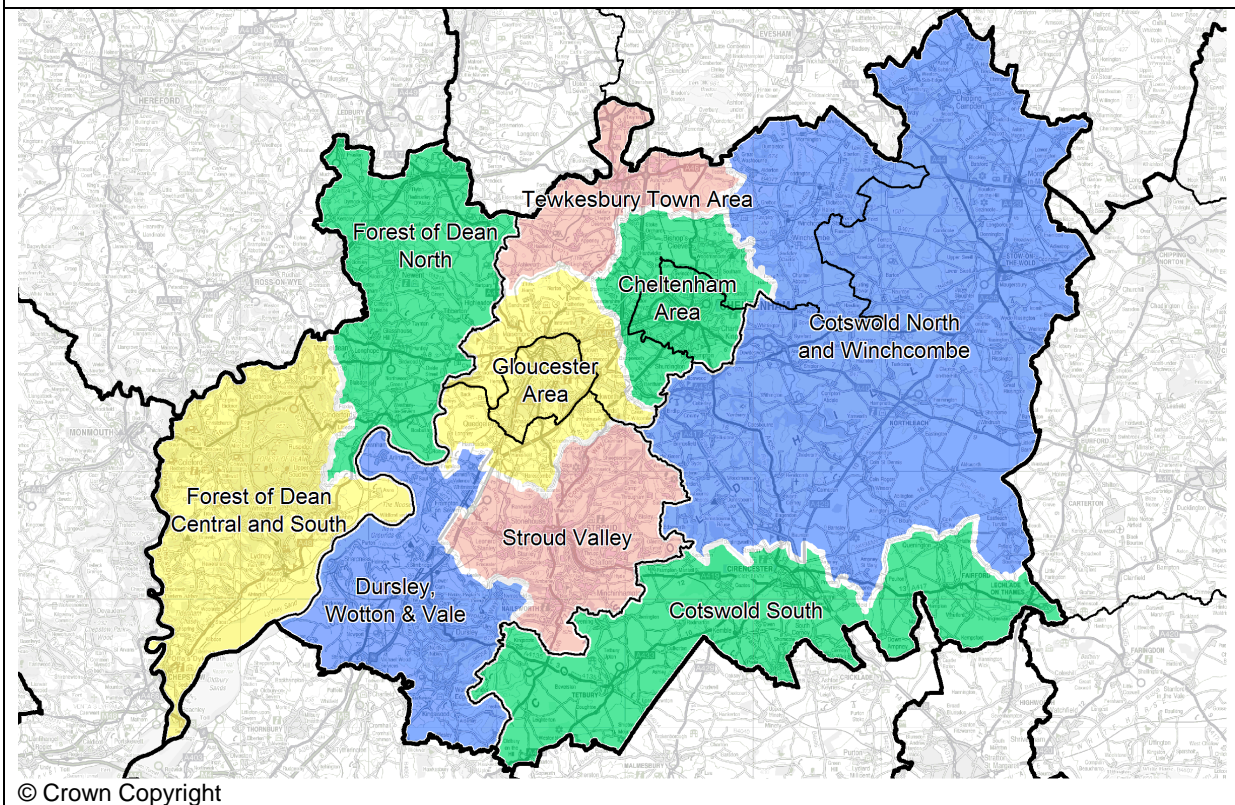
The cost of housing

5.10 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 as determined by the bedroom standard. As part of this study we have therefore undertaken a new price survey to assess the current cost of housing in the County. This has involved both reviewing the different price markets within Gloucestershire identified in the previous SHMA report and establishing the entry-level cost of housing by number of bedrooms in each price market that exists.

Sub-markets

5.11 The 2010 HNA report identified nine price markets within Gloucestershire (and eight rental market areas with the two price markets in Forest of Dean combined), based on ward boundaries. Variations in prices and market rents have been re-assessed to see if the housing market in Gloucestershire is still divided in the same way as in 2009. The new analysis of the housing market indicated that these nine price markets (and eight rental markets) still characterise the different areas of Gloucestershire, although they have changed since 2009 in different ways. The nine price markets are presented in Figure 5.4.

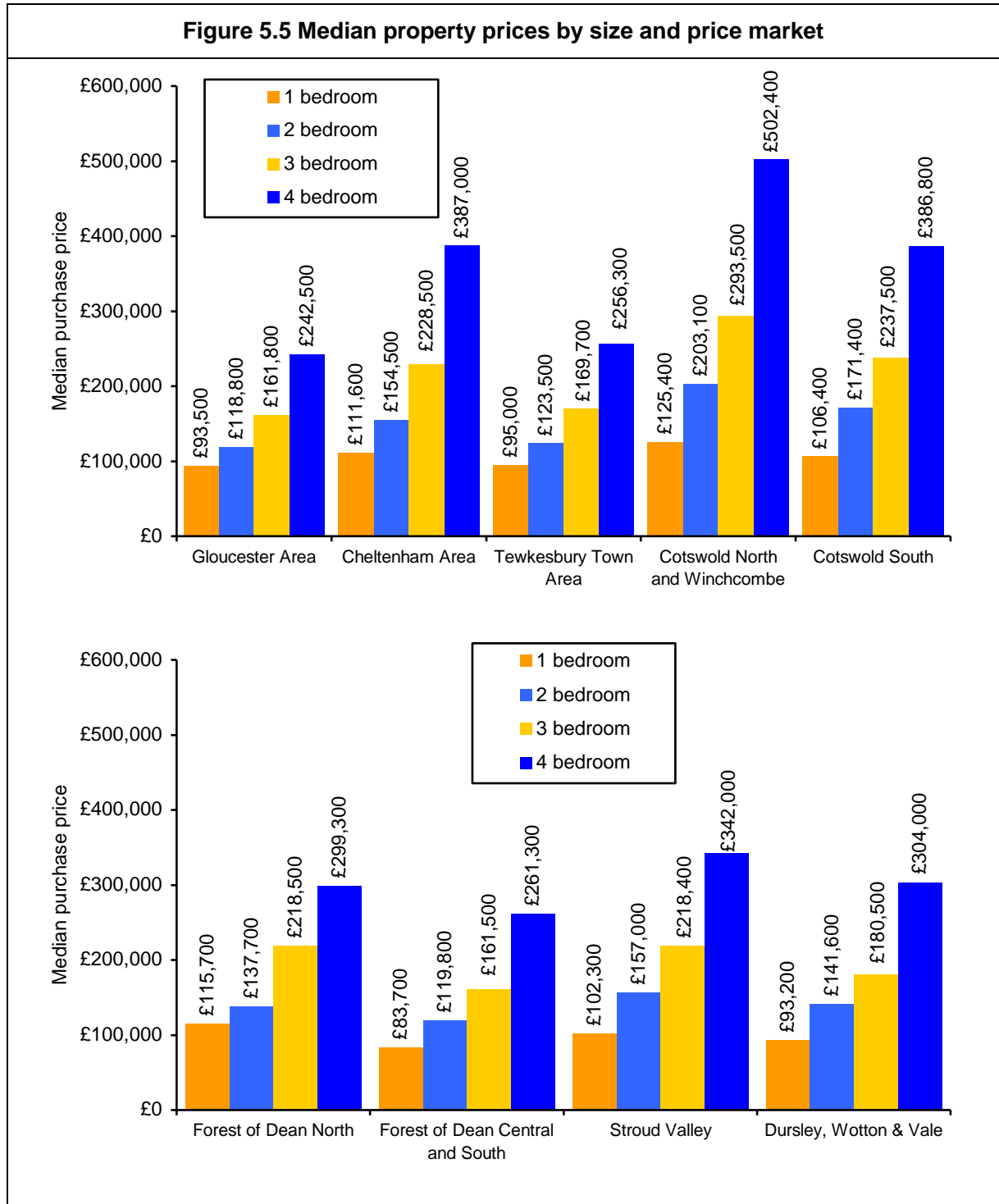


Figure 5.4 Price areas in Gloucestershire used for affordability tests

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Home ownership

- 5.12 Median property prices by number of bedrooms were obtained in each of these nine price markets via an online search of properties advertised for sale during March 2013. The results of this online price survey are presented in Figure 5.5. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 5% lower).
- 5.13 The figure shows that the price increase between three and four bedroom homes is largest in all price markets (both in relative and absolute terms) except Dursley, Wotton & Vale where the largest relative difference is between two and three bedroom homes. Across the County Median four bedroom homes are typically 59% more expensive than three bedroom homes, with three bedroom homes on average 41% higher than two bedroom dwellings and two bedroom properties 43% more expensive than one bedroom accommodation. Overall prices are highest in the Cotswold North and Winchcombe price market followed by the Cheltenham and Cotswold South price markets. Prices are lowest in the Gloucester and Forest of Dean Central & South price markets.



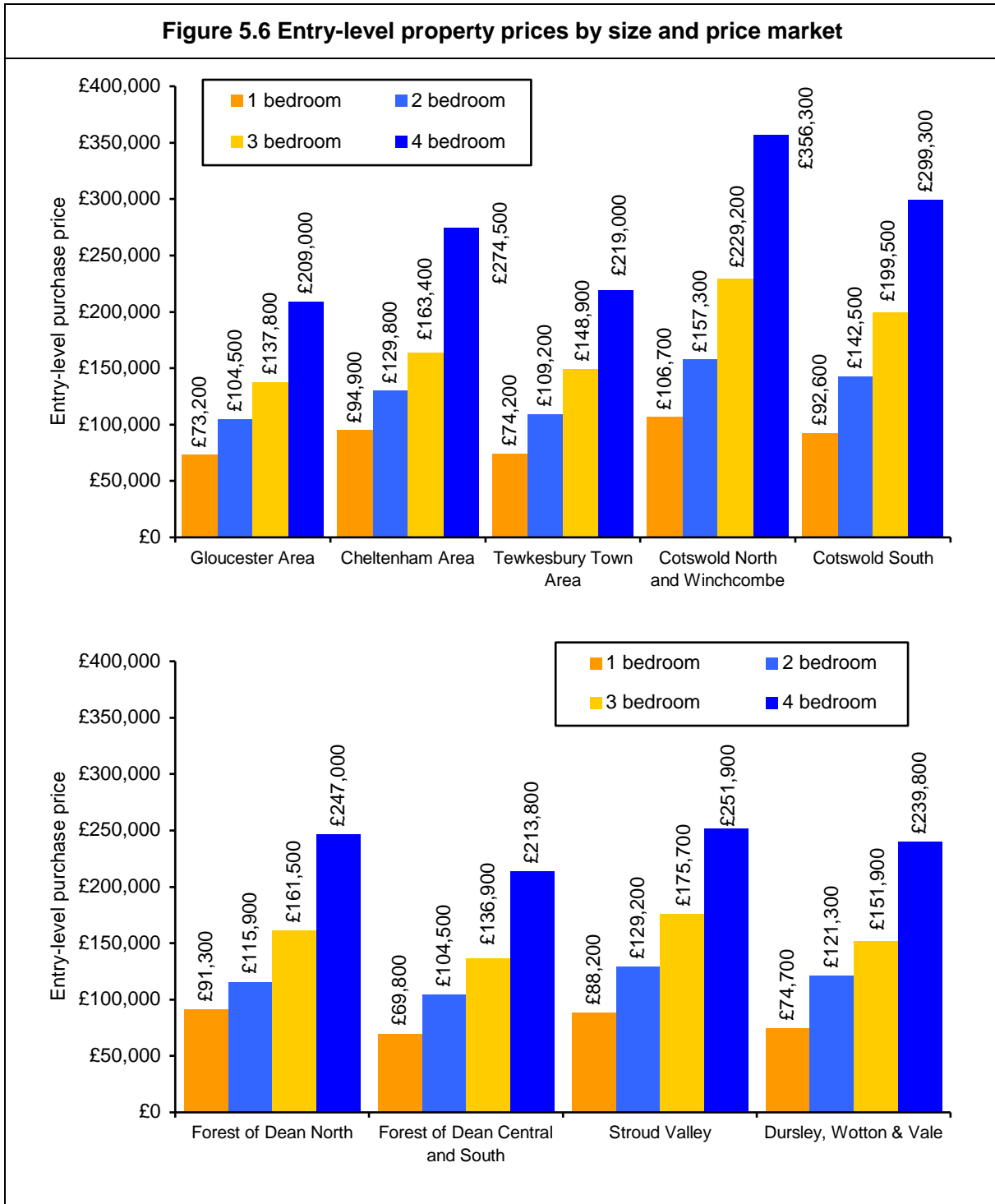
Source: Online estate agents survey March 2013

5.14 The online survey also collected information at different points of the price distribution. Entry-level property prices for each price market area are presented in Figure 5.6 below. In accordance with the Practice Guidance (and to replicate the approach used in the previous report), entry-level prices are based on lower quartile prices.

5.15 The figure indicates that entry-level prices in Gloucestershire County range from around £69,800 for a one bedroom home in the Forest of Dean Central and South price market up to £356,300 for a four



bedroom property in the Cotswold North and Winchcombe price market. In terms of market availability the analysis showed that three bedroom properties are most commonly available to purchase in all price markets, except Forest of Dean Central and South, where four bedroom properties are most frequent, and Cheltenham, where two bedroom homes have the greatest availability.



Source: Online estate agents survey March 2013

5.16 Table 5.3 shows how entry-level prices have changed between 2009 and 2013. It indicates that in all price market areas three and four bedroom entry-level prices have increased by more than one and



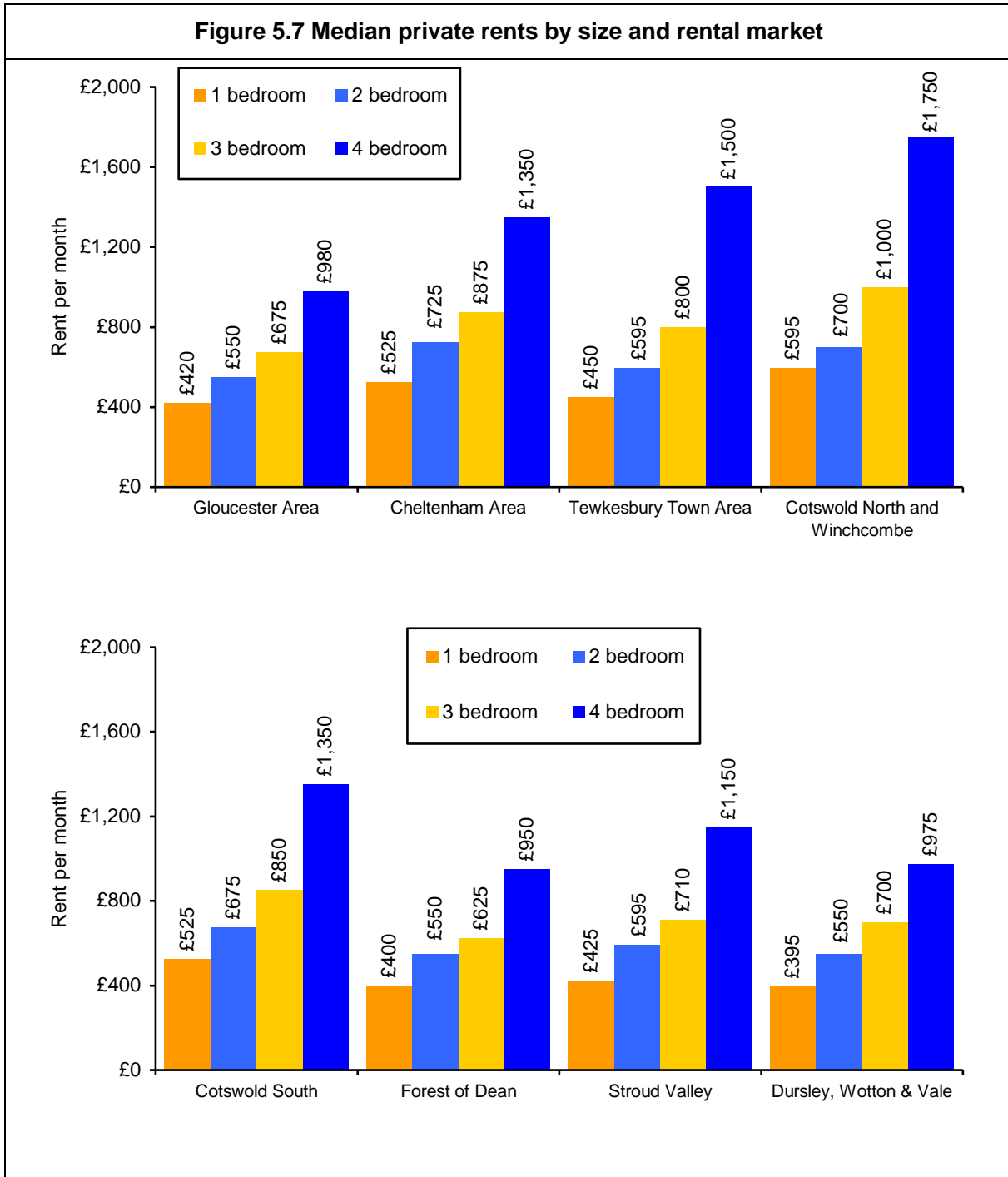
two bedroom prices, with the notable exception of Tewkesbury. The table also shows that some property prices have fallen, principally one and two bedroom homes, with the Forest of Dean price markets recording the biggest decreases. Overall entry-level prices have increased most in the Gloucester and Stroud Valley price markets.

<i>Accommodation size</i>	<i>Gloucester Area</i>	<i>Cheltenham Area</i>	<i>Tewkesbury Town Area</i>	<i>Cotswold North and Winchcombe</i>	<i>Cotswold South</i>
One bedroom	6.1%	2.6%	19.5%	-3.4%	-1.3%
Two bedroom	5.4%	0.8%	7.9%	-5.7%	-3.2%
Three bedroom	7.0%	4.5%	1.2%	8.3%	14.3%
Four bedroom	13.6%	6.6%	-2.3%	11.7%	12.6%
<i>Accommodation size</i>	<i>Forest of Dean North</i>	<i>Forest of Dean Central and South</i>	<i>Stroud Valley</i>	<i>Dursley, Wotton & Vale</i>	
One bedroom	-14.4%	-11.2%	5.1%	-7.2%	
Two bedroom	-8.0%	-5.3%	6.0%	-7.5%	
Three bedroom	6.4%	-4.0%	12.8%	8.3%	
Four bedroom	7.4%	8.1%	19.0%	4.3%	

Source: Online survey of property prices 2009 and 2013

Private rent

- 5.17 Discussions with letting agents revealed that the principle factor determining the rent of a unit is not its general location, but the condition and situation of the property. The median price for private rented accommodation by property size and rental market is presented in Figure 5.7. The rents presented in the report are charged rents rather than advertised, (with letting agents indicating a discount of around £20 per month for smaller properties and £50 per month for larger properties). As before, the Cotswold North and Winchcombe rental market is the most expensive, followed by Cotswold South and Gloucester. The Prices are lowest in the Gloucester and Forest of Dean Central & South price markets. The cheapest rental markets are Gloucester, Dursley, Wotton & Vale and Forest of Dean. The data shows that the price increase for a larger property size is quite consistent across all the market areas (about 20 to 35% more to move up from a one or two bedroom home and 50-60% to move up from a three bedroom homes).



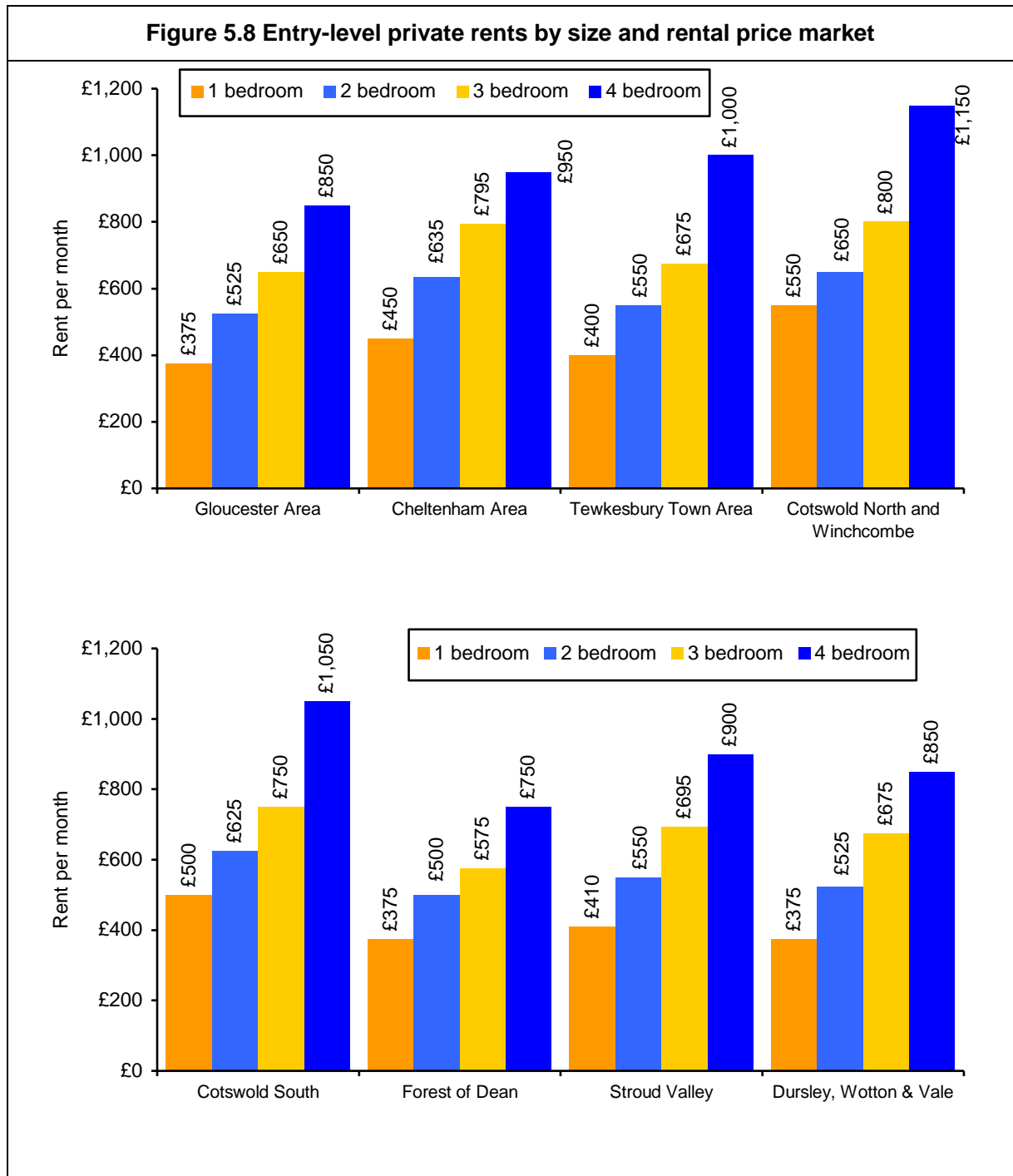
Source: Online letting agents survey March 2013

Entry-level rents

5.18 The entry-level price for private rented accommodation by property size and rental market is presented in Figure 5.8. These entry-level rents represent the charged (rather than advertised) cost and were validated during our discussion with local letting agents. In accordance with the Practice Guidance (and to replicate the approach used in the previous report), entry-level prices are based on lower rents. The figure indicates that entry-level rents in Gloucestershire range from £375 per month for a one bedroom home in the Gloucester, Dursley, Wotton & Vale and Forest of Dean rental markets up to



£1,150 per month for a four bedroom property in the Cotswold North and Winchcombe rental market. 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 and fewer four bedroom properties.



Source: Online letting agents survey March 2013

5.19 Table 5.4 shows how the County-wide entry-level rents have changed between 2009 and 2013. The table indicates that rents have increased fairly inconsistently across the County, although the Tewkesbury & Cotswold North & Winchcombe rental markets have recorded the largest increase.



<i>Accommodation size</i>	<i>Gloucester Area</i>	<i>Cheltenham Area</i>	<i>Tewkesbury Town Area</i>	<i>Cotswold North and Winchcombe</i>
One bedroom	-1.3%	0.0%	14.3%	22.2%
Two bedroom	5.0%	5.8%	10.0%	8.3%
Three bedroom	12.1%	10.4%	18.4%	14.3%
Four bedroom	13.3%	2.2%	17.6%	15.0%
<i>Accommodation size</i>	<i>Cotswold South</i>	<i>Stroud Valley</i>	<i>Dursley, Wotton & Vale</i>	<i>Forest of Dean</i>
One bedroom	4.2%	0.0%	4.2%	-1.3%
Two bedroom	0.8%	10.0%	1.0%	6.4%
Three bedroom	7.1%	13.9%	-0.7%	-0.9%
Four bedroom	8.2%	12.5%	7.6%	19.0%

Source: Online survey of property prices 2009 and 2013

Social rents

- 5.20 The cost of social rented accommodation by dwelling size in Gloucestershire can be obtained from Homes & Communities Agency's Statistical Data Return dataset for the RSL sector and the Councils individual ELASH returns for the Council stock. Table 5.5 illustrates the cost of social rented dwellings in Gloucestershire County. As can be seen the costs are significantly below those for private rented housing, particularly for larger houses, indicating a significant potential gap between the social rented and market sectors.

<i>Bedrooms</i>	<i>Cheltenham</i>	<i>Cotswold</i>	<i>Forest of Dean</i>	<i>Gloucester</i>	<i>Stroud</i>	<i>Tewkesbury Borough</i>
1 bed	£301	£342	£296	£264	£277	£319
2 bed	£337	£399	£344	£320	£328	£366
3 bed	£374	£449	£370	£354	£352	£395
4+ bed	£409	£497	£399	£414	£409	£451

Source: HCA's Statistical Data Return 2012; Individual Council's ELASH 2012

Analysis of housing market 'gaps'

- 5.21 Housing market gaps analysis has been developed to allow easy comparisons of the costs of the tenure range. Figure 5.9 below shows the housing ladder that exists for one bedroom properties in each price market in Gloucestershire. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them. To do this, we have divided the entry-level property price by 3.5 to get an income figure⁶ and multiplied the annual rent by four to produce a

⁶ Whilst a deposit of at least 5% is typically required when trying to purchase a home, we have excluded this requirement for this illustrative exercise.

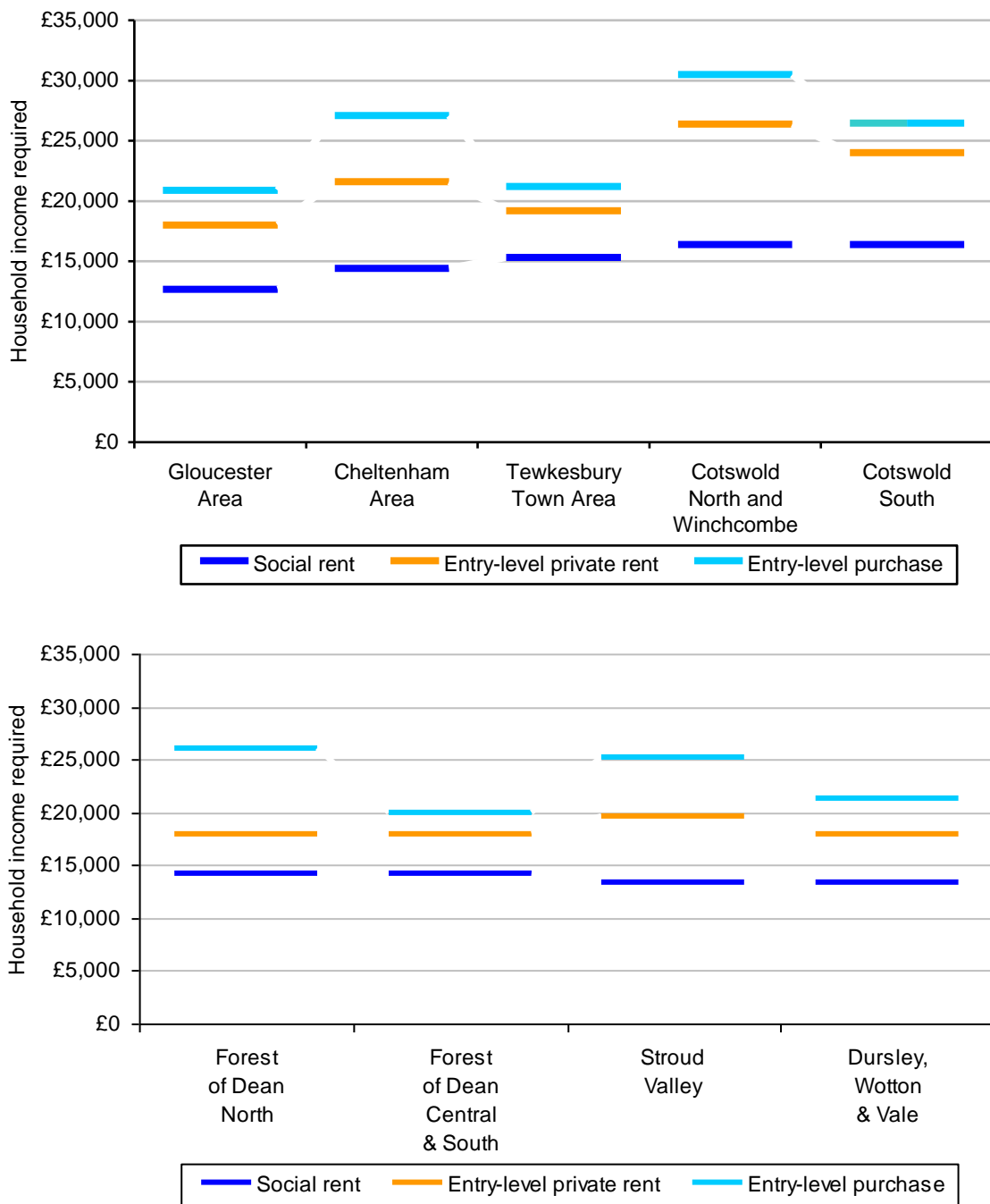
comparable figure (to reflect that no more than 25% gross income is spent by households on renting). This latter step was carried out for both social⁷ and market rents. This is in accordance with the affordability criteria set out in the Practice Guidance.

- 5.22 The figure shows a comparison of the likely 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.
- 5.23 The figure indicates that in all price markets, the gap between social rent and market rent is larger than the gap between market rent and entry-level home ownership. The gaps within the Cotswold North & Winchcombe price market are particularly large; an additional £10,000 per year is required to access a one bedroom private rented home over the cost of a one bedroom social rented property, with a further £4,000 required to move to an owner-occupied home.

⁷ It should be noted that although price markets cross Local Authority boundaries, the social rent levels used for this illustration are from the authority in which the majority of the price market is located.



Figure 5.9 Household income required to access one-bedroom housing in Gloucestershire, by price market

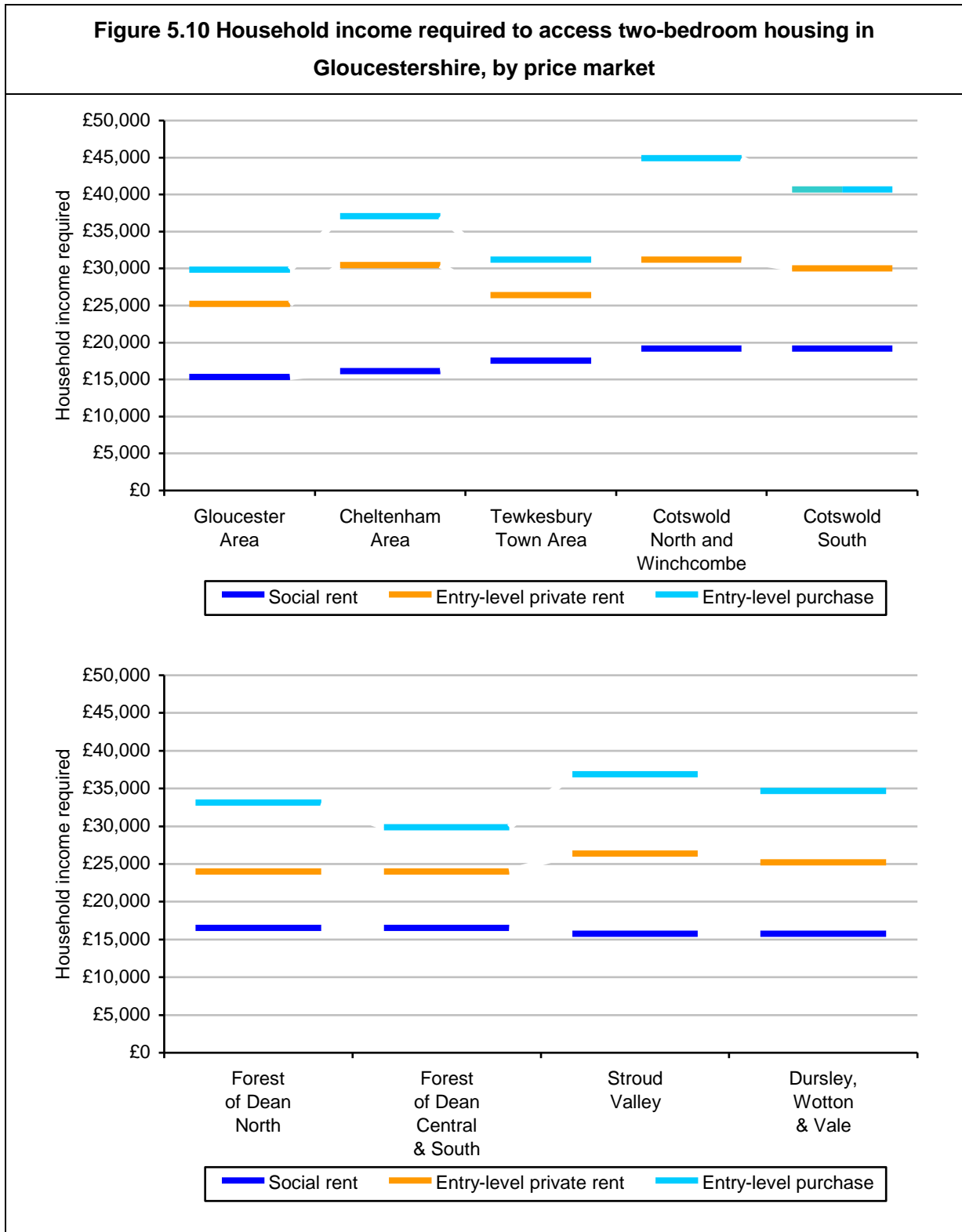


Source: Online estate and letting agents survey March 2013; HCA's Statistical Data Return 2012; Individual Council's ELASH 2012

5.24 Figures 5.10 to 5.12 show the equivalent information for two, three and four bedroom homes. It is clear that as the property size increases, so do the gaps between the cost of the tenures – to move from a four bedroom social rented home in the Cotswold North & Winchcombe price market to one in the



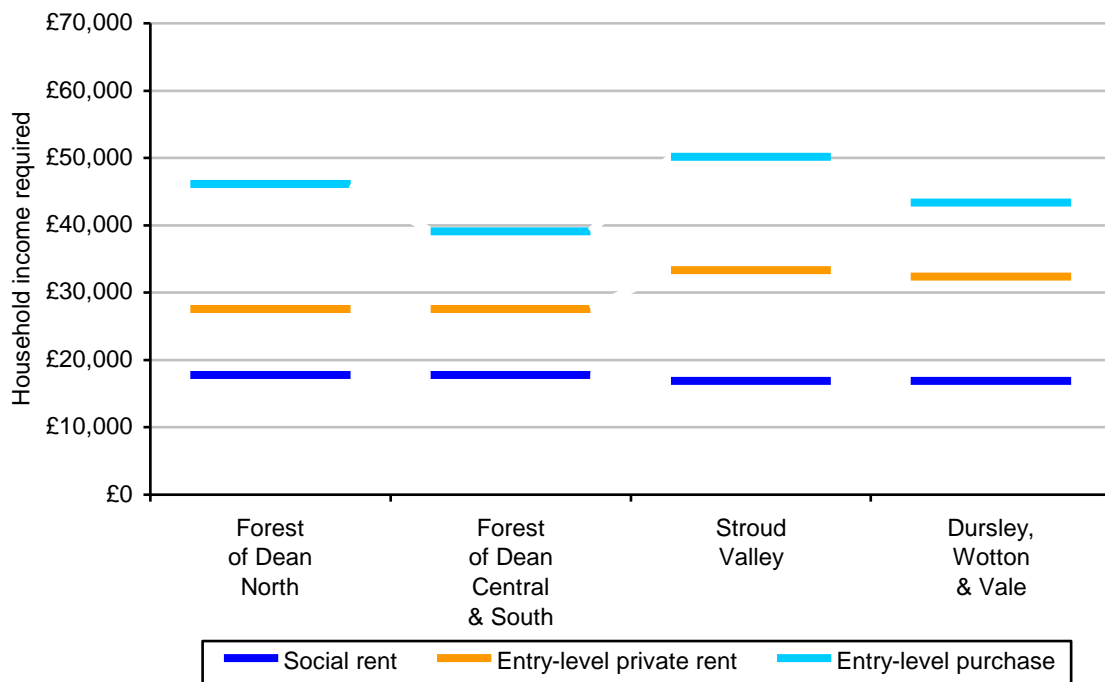
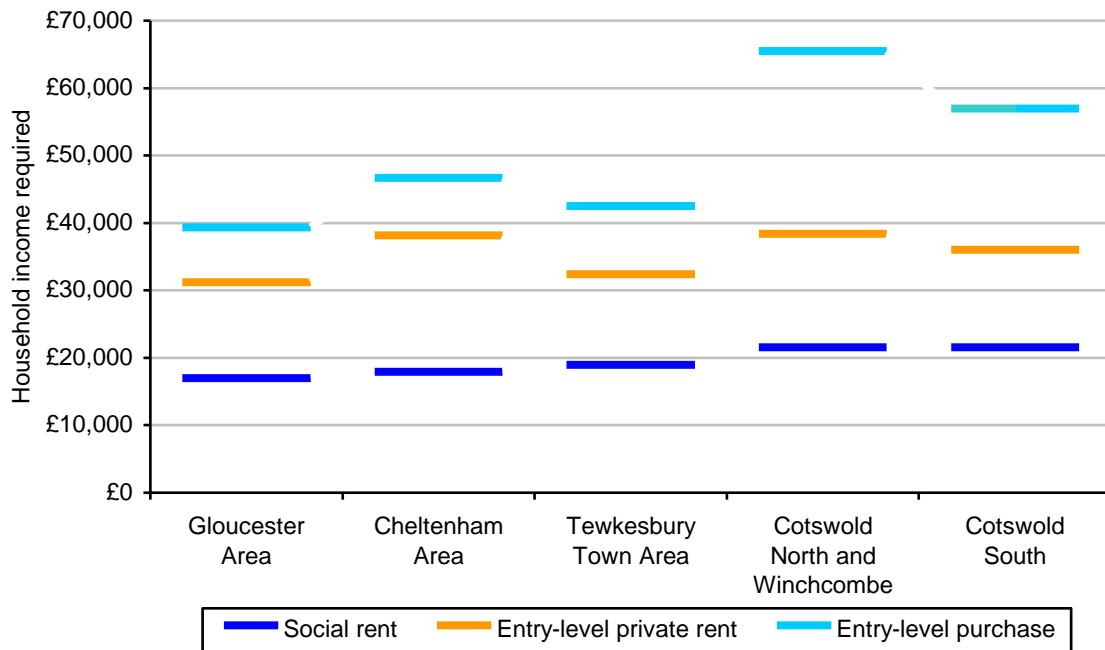
private rented sector would require an additional £31,000, and a further £46,000 would be required to purchase a four bedroom property in the area.



Source: Online estate and letting agents survey March 2013; HCA's Statistical Data Return 2012; Individual Council's ELASH 2012

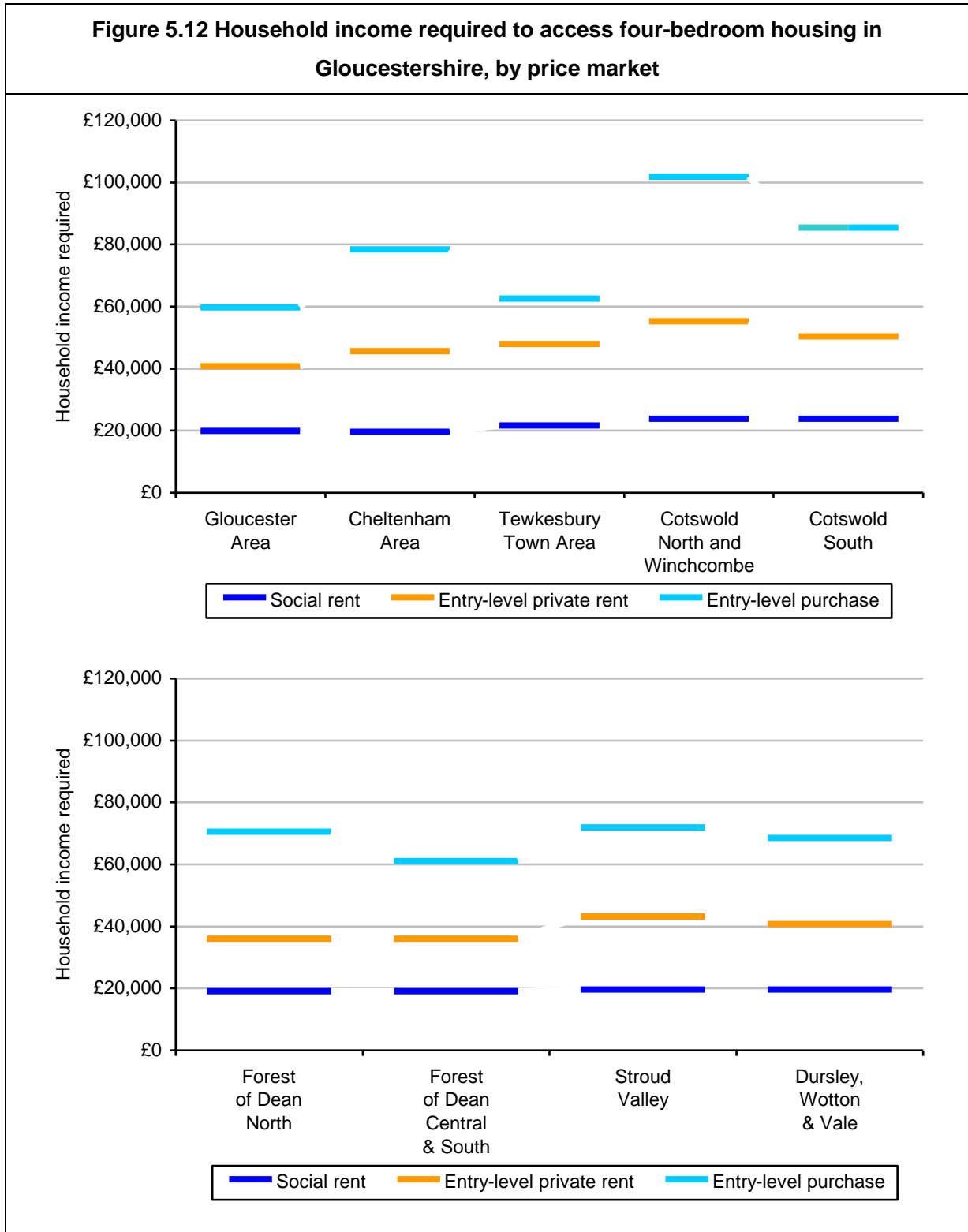


Figure 5.11 Household income required to access three-bedroom housing in Gloucestershire, by price market



Source: Online estate and letting agents survey March 2013; HCA's Statistical Data Return 2012; Individual Council's ELASH 2012





Source: Online estate and letting agents survey March 2013; HCA's Statistical Data Return 2012; Individual Council's ELASH 2012

5.25 Table 5.6 shows the size of the gaps in each of the price market areas in Gloucestershire. The table indicates, for example, that one bedroom market entry rents in the Gloucester price market are 41.9% higher (in terms of income required) than the cost of social rented accommodation. The very large gap recorded between social rents and market entry rents in all price markets and for all property sizes



indicates that intermediate housing could potentially be useful for a large number of households in Gloucestershire.

- 5.26 The Cheltenham price market records the largest percentage difference between social rent and market rent for all dwelling sizes other than one bedroom accommodation, where the largest gap is found in Cotswold North and Winchcombe. A large range of households are therefore likely to be without an affordable tenure suitable for them in these areas. The smallest percentage difference between social rent and market rent is recorded in the Forest of Dean price markets.

Table 5.6 Scale of key housing market gaps in Gloucestershire					
One bedroom					
<i>Price-market</i>	<i>Income required social rent</i>	<i>Income required lower quartile market rent</i>	<i>Income required lower quartile home ownership</i>	<i>Social rent/ market rent gap</i>	<i>Rent/buy gap</i>
Gloucester Area	£12,683	£18,000	£20,914	41.9%	16.2%
Cheltenham Area	£14,435	£21,600	£27,114	49.6%	25.5%
Tewkesbury Town Area	£15,329	£19,200	£21,200	25.3%	10.4%
Cotswold North and Winchcombe	£16,404	£26,400	£30,486	60.9%	15.5%
Cotswold South	£16,404	£24,000	£26,457	46.3%	10.2%
Forest of Dean North	£14,194	£18,000	£26,086	26.8%	44.9%
Forest of Dean Central and South	£14,194	£18,000	£19,943	26.8%	10.8%
Stroud Valley	£13,301	£19,680	£25,200	48.0%	28.0%
Dursley, Wotton & Vale	£13,301	£18,000	£21,343	35.3%	18.6%
Two bedroom					
<i>Price-market</i>	<i>Income required social rent</i>	<i>Income required lower quartile market rent</i>	<i>Income required lower quartile home ownership</i>	<i>Social rent/ market rent gap</i>	<i>Rent/buy gap</i>
Gloucester Area	£15,336	£25,200	£29,857	64.3%	18.5%
Cheltenham Area	£16,163	£30,480	£37,086	88.6%	21.7%
Tewkesbury Town Area	£17,549	£26,400	£31,200	50.4%	18.2%
Cotswold North and Winchcombe	£19,170	£31,200	£44,943	62.8%	44.0%
Cotswold South	£19,170	£30,000	£40,714	56.5%	35.7%
Forest of Dean North	£16,525	£24,000	£33,114	45.2%	38.0%
Forest of Dean Central and South	£16,525	£24,000	£29,857	45.2%	24.4%
Stroud Valley	£15,747	£26,400	£36,914	67.6%	39.8%
Dursley, Wotton & Vale	£15,747	£25,200	£34,657	60.0%	37.5%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table 5.6 continued Scale of key housing market gaps in Gloucestershire					
Three bedroom					
<i>Price-market</i>	<i>Income required social rent</i>	<i>Income required lower quartile market rent</i>	<i>Income required lower quartile home ownership</i>	<i>Social rent/ market rent gap</i>	<i>Rent/buy gap</i>
Gloucester Area	£16,971	£31,200	£39,371	83.8%	26.2%
Cheltenham Area	£17,949	£38,160	£46,686	112.6%	22.3%
Tewkesbury Town Area	£18,952	£32,400	£42,543	71.0%	31.3%
Cotswold North and Winchcombe	£21,555	£38,400	£65,486	78.1%	70.5%
Cotswold South	£21,555	£36,000	£57,000	67.0%	58.3%
Forest of Dean North	£17,761	£27,600	£46,143	55.4%	67.2%
Forest of Dean Central and South	£17,761	£27,600	£39,114	55.4%	41.7%
Stroud Valley	£16,886	£33,360	£50,200	97.6%	50.5%
Dursley, Wotton & Vale	£16,886	£32,400	£43,400	91.9%	34.0%
Four bedroom					
<i>Price-market</i>	<i>Income required social rent</i>	<i>Income required lower quartile market rent</i>	<i>Income required lower quartile home ownership</i>	<i>Social rent/ market rent gap</i>	<i>Rent/buy gap</i>
Gloucester Area	£19,866	£40,800	£59,714	105.4%	46.4%
Cheltenham Area	£19,621	£45,600	£78,429	132.4%	72.0%
Tewkesbury Town Area	£21,653	£48,000	£62,571	121.7%	30.4%
Cotswold North and Winchcombe	£23,879	£55,200	£101,800	131.2%	84.4%
Cotswold South	£23,879	£50,400	£85,514	111.1%	69.7%
Forest of Dean North	£19,143	£36,000	£70,571	88.1%	96.0%
Forest of Dean Central and South	£19,143	£36,000	£61,086	88.1%	69.7%
Stroud Valley	£19,609	£43,200	£71,971	120.3%	66.6%
Dursley, Wotton & Vale	£19,609	£40,800	£68,514	108.1%	67.9%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Affordable Rent

- 5.27 Affordable Rents are being introduced to help fill the gaps that exist in the current housing market. Affordable Rent is a new form of affordable housing intended to house households in need of rented affordable housing. Affordable Rents can be set at *up to 80%* of open market rents. This section, therefore profiles in more detail the private rented sector, on which the tenure is based, and then considers the potential cost of Affordable Rent in the various rental markets within Gloucestershire.

Understanding the private rented sector (PRS) in Gloucestershire

- 5.28 The section considers the breadth of the private rented market for each property size within each rental market in Gloucestershire. Table 5.7 shows the cost at the key points of the rental distribution. It can be seen from the figures in the Table that in all rental markets each property size operates in largely distinct markets as there are notable differences between the median rents for each property size and overlap within the inter-quartile ranges is minimal (overlap is only recorded in Cheltenham and between one and two bedroom homes in Cotswold North).

Table 5.7 Private sector rent level in Gloucestershire (cost per month)				
Gloucester Area rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£325	£395	£525	£795
Lower Quartile	£375	£525	£650	£850
Median	£420	£550	£675	£980
Upper Quartile	£450	£595	£695	£1,150
Maximum	£600	£750	£850	£1,500
Inter-quartile range	£75	£70	£45	£300
% difference between quartiles	20.0%	13.3%	6.9%	35.3%
Cheltenham Area rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£425	£450	£650	£750
Lower Quartile	£450	£635	£795	£950
Median	£525	£725	£875	£1,350
Upper Quartile	£595	£850	£1,100	£1,600
Maximum	£1,250	£1,800	£1,750	£2,800
Inter-quartile range	£145	£215	£305	£650
% difference between quartiles	32.2%	33.9%	38.4%	68.4%
Tewkesbury Town Area rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£350	£475	£575	£750
Lower Quartile	£400	£550	£675	£1,000
Median	£450	£595	£800	£1,500
Upper Quartile	£500	£625	£950	£1,750
Maximum	£600	£775	£1,250	£2,500
Inter-quartile range	£100	£75	£275	£750
% difference between quartiles	25.0%	13.6%	40.7%	75.0%
Cotswold North and Winchcombe rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£450	£515	£595	£850
Lower Quartile	£550	£650	£800	£1,150
Median	£595	£700	£1,000	£1,750
Upper Quartile	£675	£795	£1,150	£1,950
Maximum	£850	£1,450	£1,700	£2,700
Inter-quartile range	£125	£145	£350	£800
% difference between quartiles	22.7%	22.3%	43.8%	69.6%

Source: Online letting agents survey March 2013

Table 5.7 continued Private sector rent level in Gloucestershire (cost per month)				
Cotswold South rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£425	£520	£620	£850
Lower Quartile	£500	£625	£750	£1,050
Median	£525	£675	£850	£1,350
Upper Quartile	£595	£700	£995	£1,700
Maximum	£695	£900	£1,195	£2,850
Inter-quartile range	£95	£75	£245	£650
% difference between quartiles	19.0%	12.0%	32.7%	61.9%
Forest of Dean rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£325	£400	£495	£675
Lower Quartile	£375	£500	£575	£750
Median	£400	£550	£625	£950
Upper Quartile	£430	£575	£700	£1,250
Maximum	£550	£800	£1,250	£2,000
Inter-quartile range	£55	£75	£125	£500
% difference between quartiles	14.7%	15.0%	21.7%	66.7%
Stroud Valley rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£350	£450	£650	£850
Lower Quartile	£410	£550	£695	£900
Median	£425	£595	£710	£1,150
Upper Quartile	£460	£675	£765	£1,500
Maximum	£550	£950	£1,200	£2,250
Inter-quartile range	£50	£125	£70	£600
% difference between quartiles	12.2%	22.7%	10.1%	66.7%
Dursley, Wotton & Vale rental market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£325	£400	£650	£800
Lower Quartile	£375	£525	£675	£850
Median	£395	£550	£700	£975
Upper Quartile	£450	£575	£750	£1,200
Maximum	£490	£750	£900	£1,750
Inter-quartile range	£75	£50	£75	£350
% difference between quartiles	20.0%	9.5%	11.1%	41.2%

Source: Online letting agents survey March 2013

- 5.29 For all property sizes, the extremes of each market overlap somewhat with the next size of dwelling. For example, in all rental markets a household in a high quality two-bed dwelling could live in a median priced three-bed property at the same rent but they would have to accept a noticeable drop in quality.

Affordable Rents compared with open market rents

- 5.30 We have considered various forms of averaging to derive a median market rent, from which the Affordable Rent at 80% could be calculated. The most effective, we believe, is to take the median from the middle range of observed rents. Tables 5.8 to 5.15 compare the observed ranges of rent in the PRS with the Affordable Rents based at 80% of these levels. Social rent and Local Housing Allowance (LHA) levels are also included. The tables show that social rent levels in Gloucestershire are consistently below the entire range of rates for Affordable Rent products⁸ and the gap between social rent and Affordable Rent increases with property size.
- 5.31 Five Broad Rental Market Areas (BRMA) apply across Gloucestershire; with the majority of the County located within the Gloucester BRMA and the Cheltenham BRMA, but parts of Cotswold falling within the West Wiltshire BRMA and the South Warwickshire BRMA and parts of Forest of Dean falling within the Herefordshire BRMA. The LHA rate for all the applicable BRMAs within each rental market area, as set by the Valuation Office Agency are also included in each table. This is based on the 30th percentile of open market rents. In most markets the LHA rates are above the median and often above the maximum Affordable Rent level.
- 5.32 In Gloucestershire the LHA rates are generally above the median Affordable Rent but below the maximum Affordable Rent. In this instance, if the intended households for Affordable Rent homes require the entire rent to be covered by LHA, the properties available should be drawn from the lower-middle end of the market, in which case the rent level would be below the LHA rate.
- 5.33 In terms of providing an Affordable Rent product that is above the social rent level but suitably below the entry-level (lower quartile) market rent, the tables suggest that the most suitable properties to be made available for Affordable Rent would be ones equivalent to those in the 'lower-middle' section of the open market.

⁸ Except for one bedroom Affordable Rents at 80% of lower quartile prices in the Gloucester rental market located within the Tewkesbury Local Authority area.

Table 5.8 Rent levels by tenure - Gloucester Area rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£375	£525	£650	£850
Median	£420	£550	£675	£980
Upper Quartile	£450	£595	£695	£1,150
Affordable Rent				
Minimum (80% of lower quartile)	£300	£420	£520	£680
Median (80% of median)	£336	£440	£540	£784
Maximum (80% of upper quartile)	£360	£476	£556	£920
Social rent				
Gloucester LA area*	£264	£320	£354	£414
Tewkesbury LA area*	£319	£366	£395	£451
Stroud LA area*	£277	£328	£352	£409
LHA rate				
Gloucester BRMA **	£395	£525	£625	£795

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.9 Rent levels by tenure - Cheltenham Area rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£450	£635	£795	£950
Median	£525	£725	£875	£1,350
Upper Quartile	£595	£850	£1,100	£1,600
Affordable Rent				
Minimum (80% of lower quartile)	£360	£508	£636	£760
Median (80% of median)	£420	£580	£700	£1,080
Maximum (80% of upper quartile)	£476	£680	£880	£1,280
Social rent				
Cheltenham LA area*	£301	£337	£374	£409
Tewkesbury LA area*	£319	£366	£395	£451
LHA rate				
Cheltenham BRMA**	£475	£615	£725	£1,000

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.10 Rent levels by tenure – Tewkesbury Town Area rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£400	£550	£675	£1,000
Median	£450	£595	£800	£1,500
Upper Quartile	£500	£625	£950	£1,750
Affordable Rent				
Minimum (80% of lower quartile)	£320	£440	£540	£800
Median (80% of median)	£360	£476	£640	£1,200
Maximum (80% of upper quartile)	£400	£500	£760	£1,400
Social rent				
Tewkesbury LA area*	£319	£366	£395	£451
LHA rate				
Cheltenham BRMA**	£475	£615	£725	£1,000
Gloucester BRMA **	£395	£525	£625	£795

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.11 Rent levels by tenure - Cotswold North and Winchcombe rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£550	£650	£800	£1,150
Median	£595	£700	£1,000	£1,750
Upper Quartile	£675	£795	£1,150	£1,950
Affordable Rent				
Minimum (80% of lower quartile)	£440	£520	£640	£920
Median (80% of median)	£476	£560	£800	£1,400
Maximum (80% of upper quartile)	£540	£636	£920	£1,560
Social rent				
Cotswold LA area*	£342	£399	£449	£497
LHA rate				
Cheltenham BRMA**	£475	£615	£725	£1,000
Gloucester BRMA **	£395	£525	£625	£795
West Wiltshire BRMA**	£425	£525	£650	£825
Warwickshire South BRMA **	£495	£625	£750	£995

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.12 Rent levels by tenure – Cotswold South rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£500	£625	£750	£1,050
Median	£525	£675	£850	£1,350
Upper Quartile	£595	£700	£995	£1,700
Affordable Rent				
Minimum (80% of lower quartile)	£400	£500	£600	£840
Median (80% of median)	£420	£540	£680	£1,080
Maximum (80% of upper quartile)	£476	£560	£796	£1,360
Social rent				
Cotswold LA area*	£342	£399	£449	£497
LHA rate				
Gloucester BRMA **	£395	£525	£625	£795
West Wiltshire BRMA**	£425	£525	£650	£825

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.13 Rent levels by tenure - Forest of Dean rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£375	£500	£575	£750
Median	£400	£550	£625	£950
Upper Quartile	£430	£575	£700	£1,250
Affordable Rent				
Minimum (80% of lower quartile)	£300	£400	£460	£600
Median (80% of median)	£320	£440	£500	£760
Maximum (80% of upper quartile)	£344	£460	£560	£1,000
Social rent				
Forest of Dean LA area*	£296	£344	£370	£399
LHA rate				
Gloucester BRMA **	£395	£525	£625	£795
Herefordshire BRMA**	£395	£500	£595	£725

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.14 Rent levels by tenure – Stroud Valley rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£410	£550	£695	£900
Median	£425	£595	£710	£1,150
Upper Quartile	£460	£675	£765	£1,500
Affordable Rent				
Minimum (80% of lower quartile)	£328	£440	£556	£720
Median (80% of median)	£340	£476	£568	£920
Maximum (80% of upper quartile)	£368	£540	£612	£1,200
Social rent				
Stroud LA area*	£277	£328	£352	£409
LHA rate				
Gloucester BRMA **	£395	£525	£625	£795

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Table 5.15 Rent levels by tenure - Dursley, Wotton & Vale rental market				
(cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£375	£525	£675	£850
Median	£395	£550	£700	£975
Upper Quartile	£450	£575	£750	£1,200
Affordable Rent				
Minimum (80% of lower quartile)	£300	£420	£540	£680
Median (80% of median)	£316	£440	£560	£780
Maximum (80% of upper quartile)	£360	£460	£600	£960
Social rent				
Stroud LA area*	£277	£328	£352	£409
LHA rate				
Gloucester BRMA **	£395	£525	£625	£795

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012, ** Valuation Office Agency March 2013

Affordable Rent levels

- 5.34 Having established how Affordable Rent at 80% should be positioned in the market, it is important to consider the cost of other potential Affordable Rent options below the maximum of 80%. Alternative levels of Affordable Rent (70%, 65% and 60% of the median of the market) are also considered to

understand how lowering rents impacts affordability. The costs of renting at these various levels are presented in Table 5.16.

- 5.35 The figures in shaded cells in Table 5.16 indicate where the Affordable Rent rate is lower than the social rent level. As a result, when the affordability of different levels of Affordable Rent is tested in Chapter 7, we do not test these options. As the aim of Affordable Rent is to generate a greater income for registered providers (RPs) to supply more affordable developments, charging these levels would generate less income, therefore the RPs would be better off charging social rents.
- 5.36 A limited number of Affordable Rent units are currently available in Gloucestershire (20 as at April 2012 according to the HCA's Statistical Data Return). The table also indicates the current Affordable Rent charged on these properties (including any service charge). The table shows that the current Affordable Rent levels charged are below the cost of entry-level (lower quartile) rent for all property sizes. The Affordable Rent currently charged is generally around the 80% Affordable Rent level calculated, apart from in Cotswold where it is between the 65% and 70% Affordable Rent levels calculated.



Table 5.16 Monthly rental figures of different Affordable Rent levels – by property size				
Gloucester Area rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£375	£525	£650	£850
Affordable Rent at 80%	£336	£440	£540	£784
Affordable Rent at 70%	£294***	£385	£473	£686
Affordable Rent at 65%	£273****	£358	£439	£637
Affordable Rent at 60%	£252	£330***	£405	£588
Social rent Gloucester LA area*	£264	£320	£354	£414
Social rent Tewkesbury LA area*	£319	£366	£395	£451
Social rent Stroud LA area*	£277	£328	£352	£409
Cheltenham Area rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£450	£635	£795	£950
Affordable Rent at 80%	£420	£580	£700	£1,080
Affordable Rent at 70%	£368	£508	£613	£945
Affordable Rent at 65%	£341	£471	£569	£878
Affordable Rent at 60%	£315***	£435	£525	£810
Social rent Cheltenham LA area*	£301	£337	£374	£409
Social rent Tewkesbury LA area*	£319	£366	£395	£451
Tewkesbury Town Area rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£400	£550	£675	£1,000
Affordable Rent at 80%	£360	£476	£640	£1,200
Affordable Rent at 70%	£315	£417	£560	£1,050
Affordable Rent at 65%	£293	£387	£520	£975
Affordable Rent at 60%	£270	£357	£480	£900
Social rent*	£319	£366	£395	£451
Current Affordable Rent charged*	-	£521	-	-
Cotswold North and Winchcombe rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£550	£650	£800	£1,150
Affordable Rent at 80%	£476	£560	£800	£1,400
Affordable Rent at 70%	£417	£490	£700	£1,225
Affordable Rent at 65%	£387	£455	£650	£1,138
Affordable Rent at 60%	£357	£420	£600	£1,050
Social rent*	£342	£399	£449	£497
Current Affordable Rent charged*	£365	£485	-	-

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012

Only lower in Tewkesbury LA area. *Only lower in Tewkesbury & Stroud LA areas

Table 5.16 Monthly rental figures of different Affordable Rent levels – by property size				
Cotswold South rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£500	£625	£750	£1,050
Affordable Rent at 80%	£420	£540	£680	£1,080
Affordable Rent at 70%	£368	£473	£595	£945
Affordable Rent at 65%	£341	£439	£553	£878
Affordable Rent at 60%	£315	£405	£510	£810
Social rent*	£342	£399	£449	£497
Current Affordable Rent charged*	£365	£485	-	-
Forest of Dean rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£375	£500	£575	£750
Affordable Rent at 80%	£320	£440	£500	£760
Affordable Rent at 70%	£280	£385	£438	£665
Affordable Rent at 65%	£260	£358	£406	£618
Affordable Rent at 60%	£240	£330	£375	£570
Social rent*	£296	£344	£370	£399
Current Affordable Rent charged*	-	£420	£542	-
Stroud Valley rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£410	£550	£695	£900
Affordable Rent at 80%	£340	£476	£568	£920
Affordable Rent at 70%	£298	£417	£497	£805
Affordable Rent at 65%	£276	£387	£462	£748
Affordable Rent at 60%	£255	£357	£426	£690
Social rent*	£277	£328	£352	£409
Current Affordable Rent charged*	-	£460	-	-
Dursley, Wotton & Vale rental market				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Lower Quartile Private Rents	£375	£525	£675	£850
Affordable Rent at 80%	£316	£440	£560	£780
Affordable Rent at 70%	£277	£385	£490	£683
Affordable Rent at 65%	£257	£358	£455	£634
Affordable Rent at 60%	£237	£330	£420	£585
Social rent*	£277	£328	£352	£409
Current Affordable Rent charged*	-	£460	-	-

Source: Online letting agents survey March 2013, *HCA's Statistical Data Return 2012; Individual Council's ELASH 2012

Shared ownership

- 5.37 Whilst this section has profiled Affordable Rent in detail, it should be noted that shared ownership accommodation is an alternative affordable product aimed at the same group of households - those able to afford more than social rents but unable to afford market accommodation.
- 5.38 Table 5.17 presents the estimated costs of shared ownership housing in Gloucestershire. The prices presented in the table were obtained from the online estate agent survey. The monthly costs of the most commonly available equity shares offered are also shown. The monthly costs are based on an interest rate of 5.69% paid on the equity share owned by the household in the property and rent payable at 2.5% on the remaining equity. It is presumed the equity share is acquired by a loan, rather than bought outright. These costs have been produced just to allow a broad comparison with the Affordable Rent levels presented above. It is clear that there is a potential overlap between the two products, particularly between shared ownership with a 50% equity share and Affordable Rent at 70% (and Affordable Rent at 65% in cheaper areas), but also between shared ownership with a 75% equity share and Affordable Rent at 80% in more expensive areas.

Table 5.17 Estimated cost of shared ownership accommodation in Gloucestershire				
	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Open market value	£100,000	£150,000	£190,000	£250,000
Monthly cost of shared ownership with a 5% equity share	£222	£332	£421	£554
Monthly cost of shared ownership with a 25% equity share	£275	£412	£522	£687
Monthly cost of shared ownership with a 50% equity share	£341	£512	£648	£853
Monthly cost of shared ownership with a 75% equity share	£408	£612	£775	£1,019

Source: Online letting agents survey March 2013



6. Financial Information

Summary

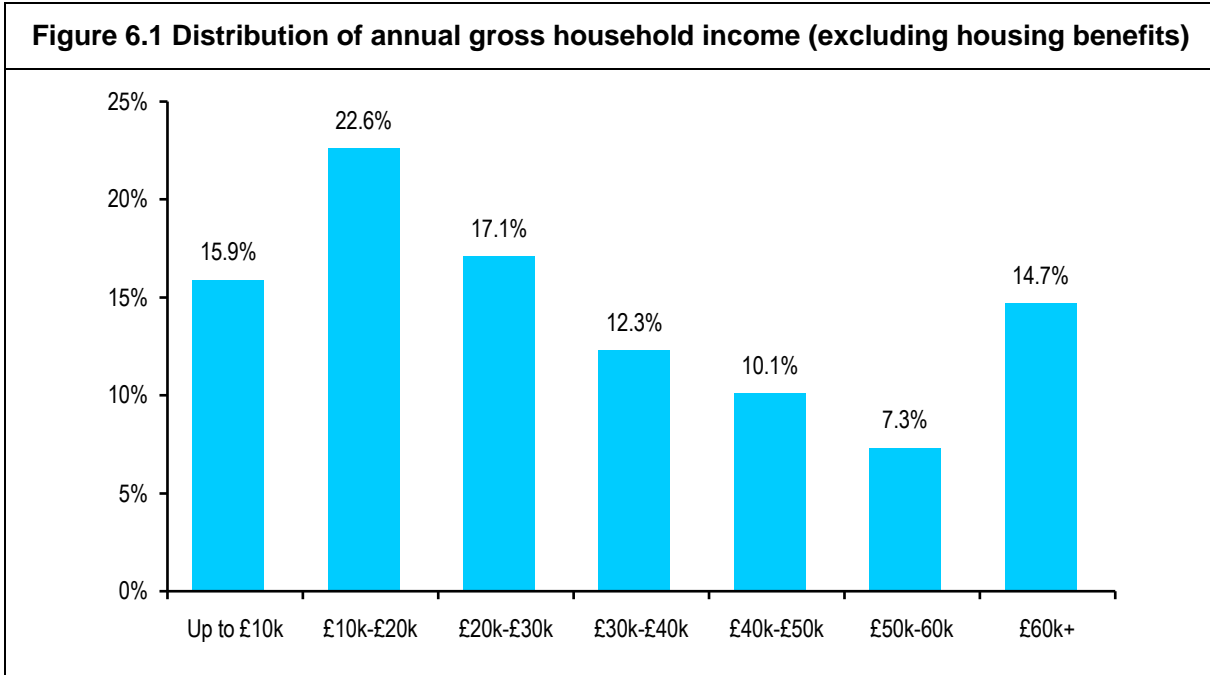
- i) The updated survey estimates that the median annual gross household income (including non-housing benefits) in Gloucestershire is £26,076. This is an increase of 11.8% since the previous SHMA report in 2009. Since 2007 the median savings levels have increased by 0.8% whilst the median equity amongst owner-occupiers has increased by 3.4%.
- ii) Based on the affordability criteria set out in the Practice Guidance, some 24.3% of all households in Gloucestershire are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 22.7% in 2009 from the previous SHMA report.

Introduction

- 6.1 Chapter 2 of this report describes how the financial profile of each household within the primary dataset has been updated. This chapter presents the current financial situation of households in Gloucestershire derived from the updated dataset. The chapter considers each of the elements that constitute financial capacity. These results are then combined with the analysis of the local housing market, presented in the previous chapter, to make an assessment of affordability for households in Gloucestershire.

Household income

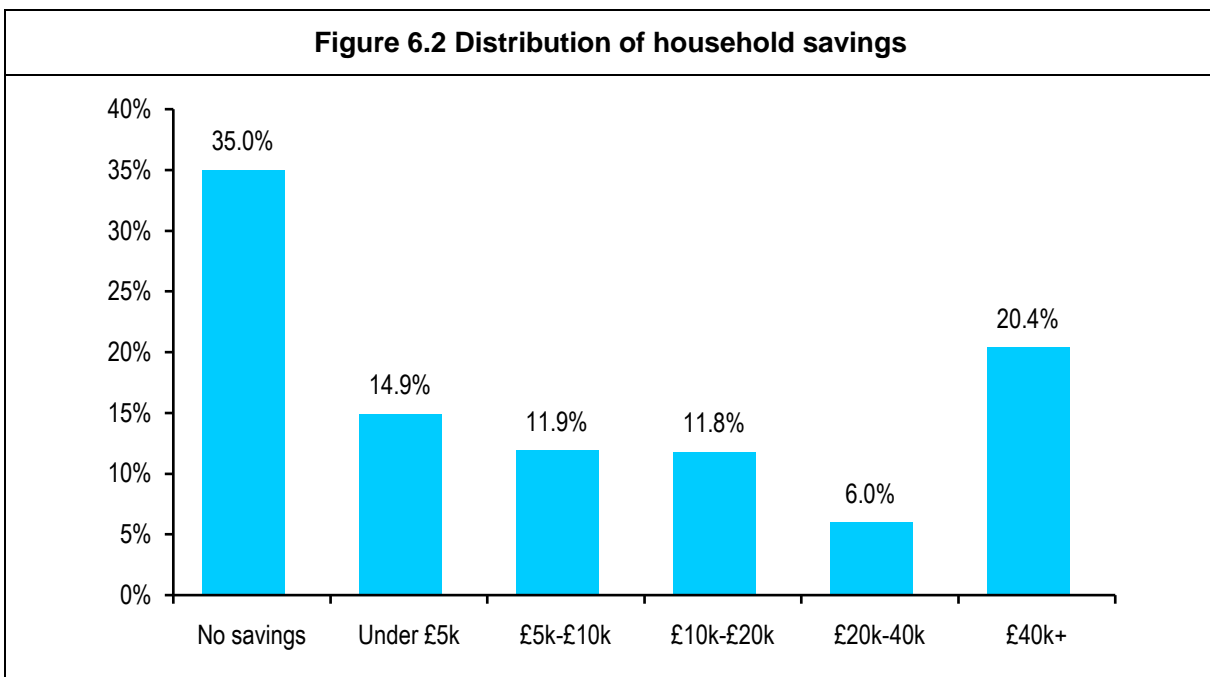
- 6.2 The updated household survey dataset estimates that the median annual gross household income excluding housing benefits in Gloucestershire is £26,076, which is an increase of 11.8% since the 2010 HNA. The mean household income is noticeably higher at £34,280. It is worth noting that households containing at least one person in current employment had a median income of £35,114 (and a mean of £41,926).
- 6.3 Figure 6.1 shows the distribution of income in the County. It is clear that there is a significant range of incomes, with 38.5% of households having an income of less than £20,000, and 14.7% of households having an income in excess of £60,000.



Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Household savings and equity

6.4 The median level of household savings in Gloucestershire in 2013 according to the updated household survey dataset is £4,467, which is an increase of 0.8% from the figure recorded in the 2010 HNA. The mean figure for household savings is currently £38,471. Figure 6.2 shows the distribution of savings in Gloucestershire. Households with no savings also include those in debt. The survey indicates that 35,264 households in the County are in debt, which constitutes 13.6% of all households in Gloucestershire.



Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013



- 6.5 The high proportion of households in Gloucestershire with savings below £10,000 (61.9%), when considered alongside the requirement for a significant deposit when buying a home, helps explain the high growth in the private rented sector recorded in the County. In all Local Authority areas over half of households have less than £10,000 in savings.
- 6.6 The updated household survey dataset indicates that the median amount of equity that all owner-occupiers (both those with and without mortgages) have in their property is estimated to be £148,718 currently. This is an increase of 3.4% since the 2010 HNA⁹. The mean level of equity is £187,091.

Financial capacity of Gloucestershire County's households

- 6.7 Financial capacity is the term created to define the capitalised amount of money a household potentially has available to move home. It takes account of all the resources that a household has available and is calculated as: income (x3.5) + savings + equity. The income is multiplied by 3.5 as this is the typical multiplier used to assess a household's ability to purchase a home and is the approach suggested in the Practice Guidance.
- 6.8 Table 6.1 provides the median financial capacity figures by tenure. The data shows that owners without a mortgage (often retired) have a greater overall financial capacity than those (typically younger) with a mortgage, but the latter have much higher incomes. Both have a far greater financial capacity than households in the rented sector. It is clear that the financial capacity of social renters will prohibit the majority from being able to consider buying a home or renting privately within Gloucestershire; other affordable tenures may be suitable for some of these households however.

<i>Tenure</i>	<i>Median annual gross household income</i>	<i>Median savings</i>	<i>Median equity</i>	<i>Financial capacity</i>
Owner-occupied (no mortgage)	£23,621	£33,733	£183,087	£299,492
Owner-occupied (with mortgage)	£43,770	£2,396	£89,339	£244,932
Social rented	£11,049	£230	£0	£38,903
Private rented	£21,841	£355	£0	£76,800
Average	£26,077	£4,467	£88,353	£184,088

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

- 6.9 Table 6.2 shows how median financial information varies across the constituent Local Authorities of Gloucestershire. The data shows that median incomes are highest in Cotswold followed by Cheltenham and lowest in Forest of Dean. Median household savings are highest in Cotswold followed by Stroud and lowest in Gloucester. Equity levels in Cotswold are much higher than any other

⁹ This figure differs notably from the figure set out in paragraph 5.6 because it covers a different time period (May 2009 to March 2013 rather than Q1 2009 to Q3 2013). The figure is higher for the Q1 2009 to Q3 2013 period because it includes more of the affect of the seasonal fluctuation in prices.

area in the County and much lower than elsewhere in Gloucester. Overall financial capacity is highest in Cotswold and lowest in Gloucester, which has a smaller proportion of owner-occupied households and therefore have fewer households with equity.

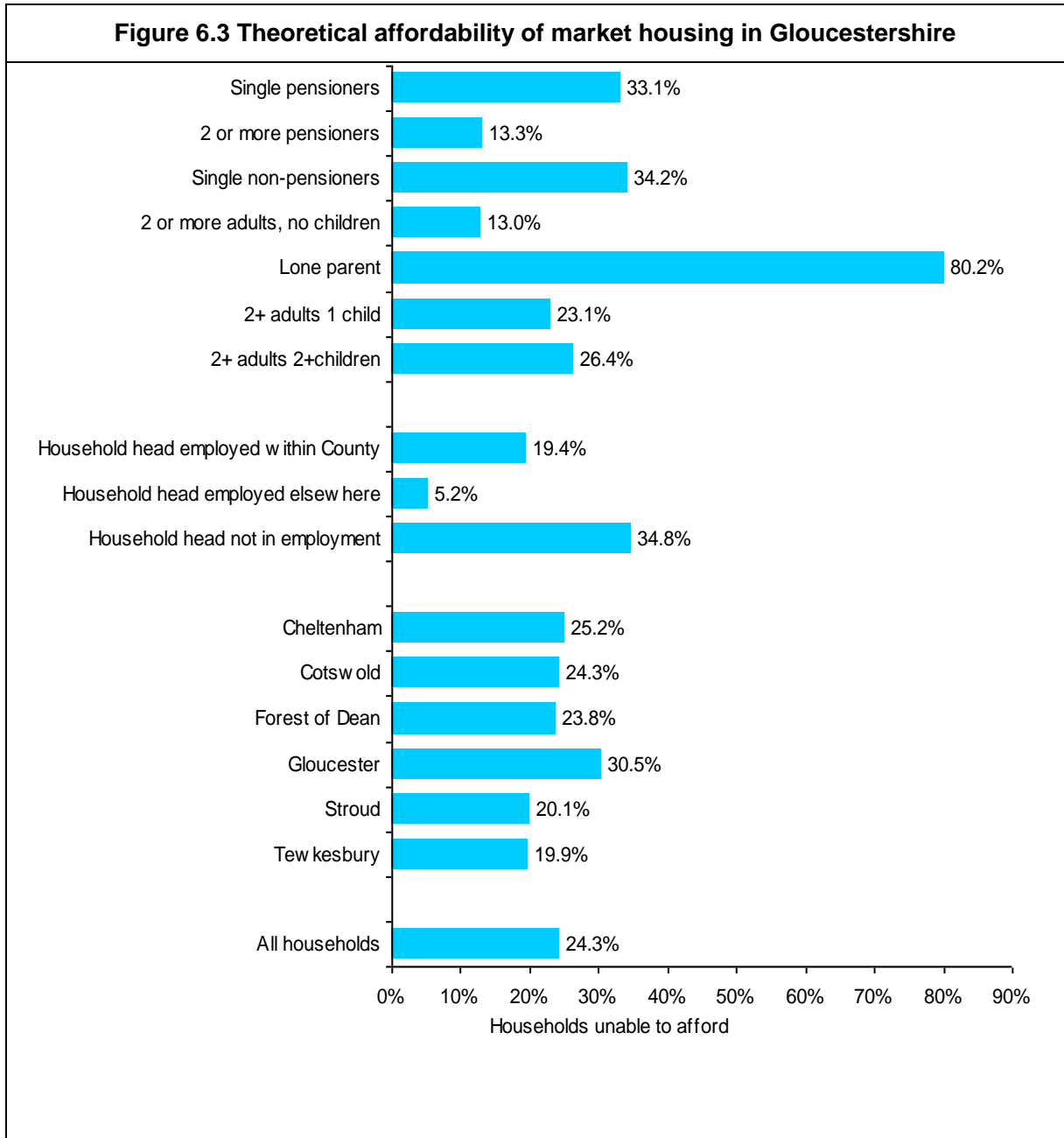
<i>Local Authority area</i>	<i>Median annual gross household income</i>	<i>Median savings</i>	<i>Median equity (owner-occupiers only)</i>	<i>Financial capacity (all households including renters)</i>
Cheltenham	£28,664	£5,168	£175,763	£173,191
Cotswold	£29,360	£10,598	£209,938	£233,209
Forest of Dean	£21,628	£3,300	£141,133	£183,975
Gloucester	£22,812	£1,043	£106,090	£119,103
Stroud	£27,560	£7,235	£167,179	£218,708
Tewkesbury Borough	£26,898	£6,748	£152,040	£200,507
Average	£26,077	£4,467	£148,718	£184,088

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Theoretical affordability of market housing

- 6.10 This information on the financial capacity of households alongside data on the cost of entry-level housing in Gloucestershire can be used to examine the ability of households to afford housing within their price market (the entry-level cost of which was set out for all price markets in chapter 5), based on the affordability criteria set out in the Glossary.
- 6.11 Figure 6.3 shows the current affordability of households by household type, location of employment of household head and Local Authority within the County. This is theoretical affordability of households, as the analysis considers all households in the County and does not take into account their intention of moving. The analysis in chapter 7 (and the associated Appendices) considers the affordability of particular subsets of the population, which is why the figures recorded are different.
- 6.12 The data indicates that 80.2% of lone parent households in the County 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. Households that contain two or more adults and no children are most likely to be able to afford market housing in Gloucestershire.
- 6.13 Some 19.4% of households headed by someone employed in Gloucestershire would be unable to afford market housing in the County (if they were to move now), compared to 5.2% of households headed by someone employed outside of Gloucestershire. The figure shows that households in Tewkesbury price area are most likely to be able to afford market housing in the local area, with households in Gloucester least likely.

6.14 Overall, some 24.3% of all households in Gloucestershire County are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 22.7% in the 2010 HNA report.



Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013





7. Housing Need

Summary

- i) A key element of housing need is an assessment of the suitability of a household's current housing. It is estimated that a total of 15,035 households are living in unsuitable housing. This represents 5.8% of all households in Gloucestershire.
- ii) Following the steps of the needs assessment model specified by the Practice Guidance results in a net need estimate of 5,698 affordable dwellings per year in Gloucestershire. A range of dwelling sizes are needed, with larger affordable homes most urgently required.
- iii) A notable number of households in need and on the Housing Register could afford Affordable Rent at 80% of the median market rent. The most practical level to set Affordable Rent to meet substantial need may however be at 65 or 70%.
- iv) If the methodology is adjusted to be more reflective of the current housing market (rather than the one that prevailed when the Guidance was released) by factoring a higher affordability threshold and the supply of private rented accommodation (via LHA) to house those requiring affordable housing, the need for new affordable units reduces to 1,067 per year. The figure of 1,067 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Gloucestershire. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Gloucestershire (422 per annum as set out in step 3.3), so represents the annual requirement in addition to the dwellings that are already planned.

Introduction

- 7.1 This chapter sets out the housing needs assessment model, a tool for informing local affordable housing strategies. It calculates the short term, annual affordable housing requirement to meet both ongoing need and the backlog of existing need. Whilst the overall figure produced is a requirement for additional affordable housing, it is not equivalent to the number of new affordable units that need to be built – building new affordable homes is only one way of meeting the needs of those households in need. The net affordable housing need identified therefore is not intended to be related to the net change in number of households, because it assesses only part of the housing market (the affordable sector only). The figures emanating from the model do not inform part of the calculation of the Objectively Assessed Need.

- 7.2 The information presented in the preceding chapters sets out the context of the housing market on which the model outputs need to be understood and (in the terms of the cost of housing in Chapter 5) is assessed against. It is a separate model to that presented in Chapter 8, which has a different purpose and approach and is not directly comparable to the assessment set out in this chapter.
- 7.3 Housing need is a term first used in the mid-1990s to help provide a means-tested estimate of the requirement for affordable housing in an area. The Practice Guidance (August 2007) defines housing need as *‘the quantity of housing required for households who are unable to access suitable housing without financial assistance.’*
- 7.4 This chapter presents the results of the three broad stages of the needs assessment model. Within each of the three stages there are a number of detailed calculations (16 in total) many of which themselves have a number of components. This chapter presents details of how each of these 16 detailed steps is calculated using locally available data for Gloucestershire. An annual estimate of housing need is calculated from these 16 steps and the tenure, type and size of accommodation most appropriate to meet this need is discussed. Appendices A1 to A6 present the key outputs produced from the model for each Local Authority area within the County. It should be noted that whilst the draft NPPG was published during the drafting of this report, the stages involved in the calculation of housing need within the housing needs assessment model remain unchanged.
- 7.5 The housing needs assessment model is presented using the most detailed available data (the household survey dataset) to show the extent of all housing need (following the Practice Guidance) and then rationalise it in current market conditions at the end of the chapter, by adjusting the affordability threshold used and including the availability of some housing in the private rented sector to meet housing need. By presenting these adjustments at the end of the chapter, it enables more detail to be understood about housing need. If the affordability assumptions are adjusted at the start of the model, or if households currently resident in the private rented sector via LHA are excluded at the start of the model, it will ignore certain households in need, even though they are within the Practice Guidance definition. The approach used helps highlight the unaffordability of the market for many households within it. It also helps evidence the need for additional affordable housing (by showing a larger group of households that would legitimately and justifiably benefit from the additional accommodation).
- 7.6 In addition the approach used has several other advantages:
- It provides a figure that is comparable with the estimate in the previous report and therefore enables a trend to be documented.
 - It allows a much more robust and detailed analysis of households in need (from the updated dataset) than would be permitted from secondary data.
 - It avoids using the waiting list and past social re-lets as an information source on housing need. It is inaccurate to presume that the number of past lettings in the social rented sector

reflects the need arising for them, this would suggest therefore that if no lettings were made then there would be no housing need. Presuming past supply is representative of current need therefore has substantial limitations. Waiting lists have different criteria in different areas and are reviewed periodically (often resulting in a large reduction of households on them) meaning they are inconsistent information source between areas and across time. Furthermore waiting list data is limited in comparison because the likelihood of accessing affordable accommodation reflects the likelihood of applying to the waiting list (so areas where there is a good supply of affordable housing often have a larger waiting list than areas where the supply is much worse, even though market accommodation is much less affordable in the second area). Waiting list data is therefore not representative of the whole household population of the authority, but reflects groups more likely to achieve access to affordable housing and household groups with experience of the system.

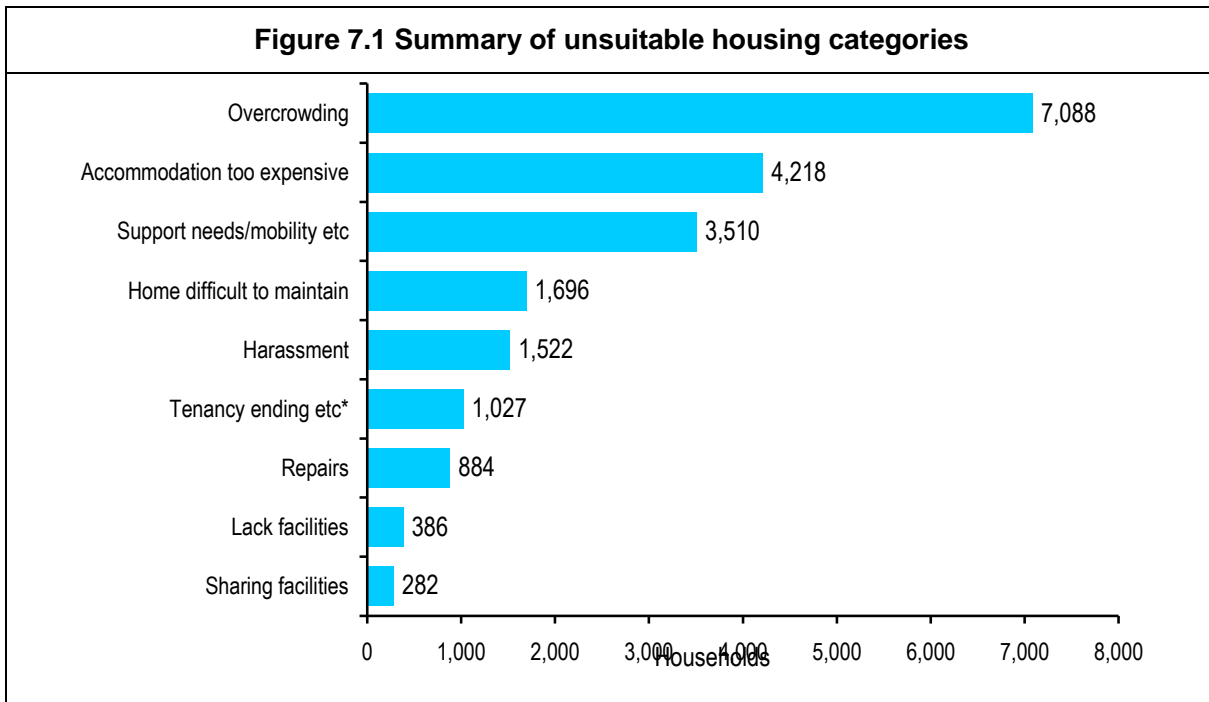
- 7.7 It is important to note that for the calculation of the housing needs assessment model, student households are excluded. This is because student households are a special case, particularly in relation to affordable housing. Most have low incomes, but do not generally qualify for affordable housing due to the short-term nature of their residence. Although student-only households raise their own housing issues, as these do not directly impact on the need for affordable housing, they are not addressed in this model. The survey estimates that there are 718 student-only households in Gloucestershire, meaning the base household population for the housing needs assessment model is 259,052.

Stage 1: Current need (Steps 1.1-1.4)

- 7.8 The first stage of the model assesses current need. This begins with an assessment of housing suitability and affordability and also considers homeless households before arriving at a total current need estimate (gross).

Unsuitable housing

- 7.9 A key element of housing need is an assessment of the suitability of a household's current housing. The Practice Guidance sets out a series of nine criteria for unsuitable housing, which have been used in this report. It is estimated that a total of 15,035 households are living in unsuitable housing. This represents 5.8% of all households in Gloucestershire.
- 7.10 Figure 7.1 shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main cause of unsuitable housing is overcrowding, followed by the dwelling being too expensive.



*End of tenancy refers only to households where the tenancy is ending and it is not being renewed.

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013
 N.B. Households can have more than one reason for unsuitability, hence figures add up to more than 15,035

7.11 Table 7.1 shows unsuitable housing by tenure. The data suggests that households living in rented accommodation are particularly likely to be in unsuitable housing.

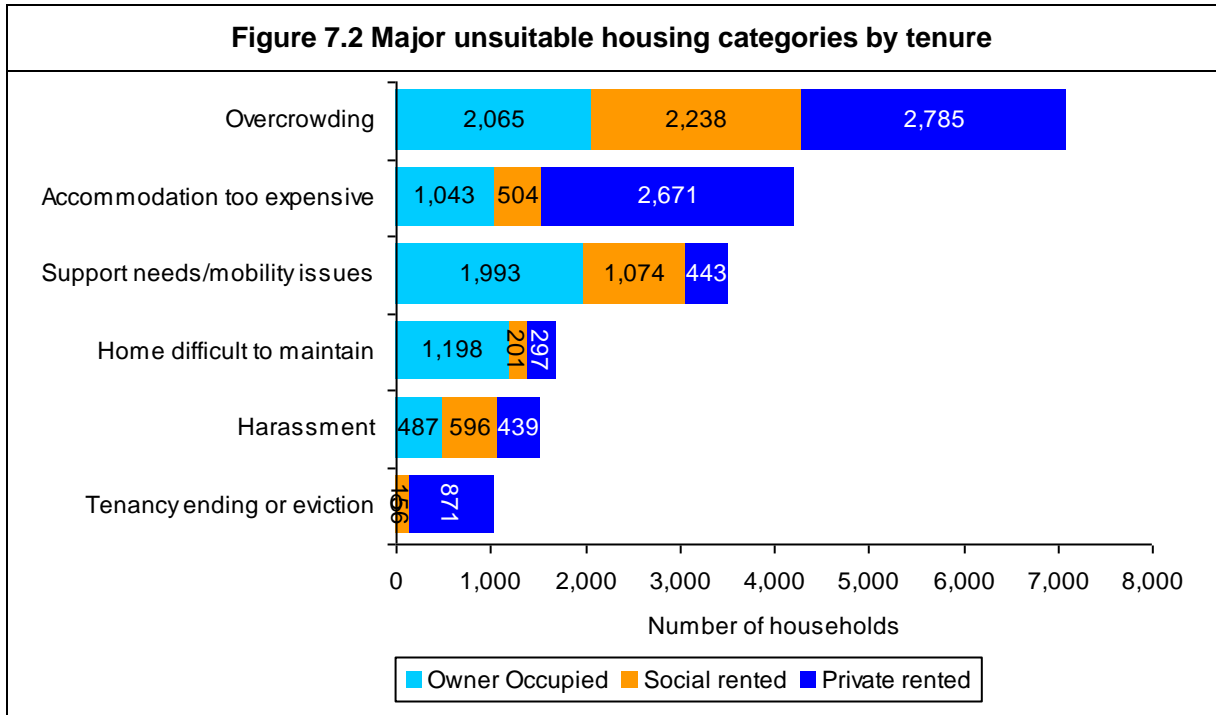
Table 7.1 Unsuitable housing and tenure

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in Gloucestershire	% of tenure in unsuitable housing	% of all unsuitable housing
Owner-occupied (no mortgage)	2,364	89,844	92,208	2.6%	15.7%
Owner-occupied (with mortgage)	3,011	83,131	86,142	3.5%	20.0%
Social rented	3,424	30,955	34,379	10.0%	22.8%
Private rented	6,237	40,086	46,323	13.5%	41.5%
Total	15,035	244,017	259,052	5.8%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

7.12 The major reasons for unsuitability of housing in Gloucestershire are broken down by tenure in Figure 7.2. As can be seen, there is significant variation, although the main source of unsuitable housing is overcrowding in each tenure.





Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

'In-situ' solutions

- 7.13 The survey has highlighted that 15,035 households are in unsuitable housing. However, it is most probable that some of the unsuitability can be resolved in the households' current accommodation. Households living in housing deemed unsuitable for the following reasons were not considered to have an in-situ solution: end of tenancy¹⁰, accommodation too expensive, overcrowding¹¹, sharing facilities, harassment¹².
- 7.14 The updated household survey dataset estimates that of the 15,035 households in unsuitable housing, 10,787 (or 71.7%) do not have an in-situ solution and therefore require a move to alternative accommodation, as they are in unsuitable housing for a reason that cannot be resolved within their current accommodation¹³.

¹⁰ End of tenancy refers only to households where the tenancy is ending and it is not being renewed.

¹¹ Overcrowded households included as those not having an in-situ solution exclude any where the overcrowding would be negated by a household member(s) moving out now (only where it is evidenced that the move from this newly forming household is likely to be achieved).

¹² There is no way within the model to work out how many households could remain in their home after suffering from harassment as a consequence of assistance from a relevant agency and which ones this would be, therefore all of these households are considered - this is a limitation of the assumptions used.

¹³ The intention to move can be limited by the availability of appropriate housing therefore all unsuitably housed households without an in-situ solution are considered (the fact that they don't intend to move also does not mean that there housing is suitable), however analysis indicates that 96.3% of households without an in-situ solution in Gloucestershire intend to move therefore changing this assumption would not materially affect the results, but may exclude the requirements of households unable to move due to accommodation availability.



Affordability

- 7.15 These 10,787 households in unsuitable housing and requiring a move to alternative accommodation are tested for their ability to afford market housing in their price market area using the criteria set out in the Practice Guidance. Overall 68.2% (7,357 households) are unable to afford market housing.
- 7.16 The 7,357 households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation) are considered to be in housing need. This represents 2.8% of all existing (non-student) households in Gloucestershire.
- 7.17 Table 7.2 shows the tenure of the 7,357 households currently estimated to be in housing need. The results show that social and private rented tenants are most likely to be in housing need. Of all households in need 56.1% currently live in private rented accommodation and 31.6% in a social rented home.

Tenure	Housing need				
	In need	Not in need	Number of h'holds in Glocs	% of tenure in need	% of all housing need
Owner-occupied (no mortgage)	64	92,143	92,208	0.1%	0.9%
Owner-occupied (with mortgage)*	837	85,305	86,142	1.0%	11.4%
Social rented	2,326	32,053	34,379	6.8%	31.6%
Private rented	4,130	42,193	46,323	8.9%	56.1%
Total	7,357	251,695	259,052	2.8%	100.0%

*Includes shared ownership households

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

- 7.18 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 (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need. It is estimated that some 2,326 households in need currently live in affordable housing (social rented and shared ownership accommodation).

Homeless households

- 7.19 The housing needs assessment is a 'snapshot' survey that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of current need.
- 7.20 To assess the number of homeless households we have used information contained in the P1(E) return of each constituent Council in the County. The main source of information used is Section E6 which shows the number of households accommodated by the authority at the end of the quarter. The

important point about this information is the note underneath: “This should be a ‘snapshot’ of the numbers in accommodation on the last day of the quarter, not the numbers placed in accommodation during the quarter.” This is important given the snapshot nature of the survey. Data compiled from the fourth quarter of 2012 is shown in Table 7.3.

Category	No.
<u>Bed and breakfast</u>	<u>59</u>
<u>Other nightly paid</u>	<u>1</u>
<u>Hostel</u>	<u>30</u>
Private sector accommodation leased by authority	0
Private sector accommodation leased by RSLs	31
Directly with a private sector landlord	20
Within Council’s own stock	19
Within RSL stock	21
Other	5
Total	186

Source: P1(E) returns (Quarter 4 2012) from each Council in Gloucestershire

7.21 Not all of the categories in the above table are added to our assessment of existing households in need. This is because, in theory, they will be part of our household survey sample. For example, households housed within the Council’s own stock should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the household dataset sample was drawn. After considering the various categories, we have concluded that there are three (underlined) which should be included as part of the homeless element, due to not forming part of the original Council Tax file. Therefore, of the 186 homeless households in temporary accommodation, 90 will be counted as additional need for the purpose of the housing needs assessment.

Total current need

7.22 Table 7.4 summarises the first stage of the overall assessment of housing need as set out by the Practice Guidance. The data shows that there are an estimated 7,447 households in current need in Gloucestershire.

Table 7.4 Stage 1: Current housing need (gross)

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
1.1 Homeless households and those in temporary accommodation	7.21		90
1.2 Overcrowding and concealed households	7.16	Two steps taken together	7,357
1.3 Other groups			
1.4 equals Total current housing need (gross)	7.22	1.1+1.2+1.3	7,447

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

Stage 2: Future need (Steps 2.1-2.4)

7.23 In addition to Current Need, there will also be Future Need. This forms the second stage of the housing needs assessment model. This is split, as per the Practice Guidance, into two main categories. These are as follows:

- new household formation (× proportion unable to buy or rent in market) (Table 7.5)
- existing households falling into need. (Table 7.6)

Need from newly forming households

7.24 The estimate of the number of newly forming households in need of affordable housing is calculated from the updated survey dataset and is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of future need.

7.25 Table 7.5 shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years.

Table 7.5 Derivation of newly arising need from new household formation

<i>Aspect of calculation</i>	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years	41,799	
Minus households NOT forming in previous move	-30,857	10,942
TOTAL APPLICABLE MOVES	10,942	
ANNUAL TOTAL APPLICABLE MOVES	5,471	
Minus households able to afford market housing (45.1%)	-2,466	3,005
ANNUAL ESTIMATE OF NEWLY ARISING NEED	3,005	

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

7.26 The table above shows that an estimated 10,942 households were newly formed within the County over the past two years, which equates to 5,471 households per annum. The affordability test is then applied to these households. Each newly forming household that is potentially in need is tested for

their ability to afford market accommodation of an appropriate size using the information on their particular financial circumstances. The household dataset estimates that 54.9% of these households are unable to afford market housing without some form of subsidy in Gloucestershire. Overall therefore, there is a future need from 3,005 newly forming households per year.

Existing households falling into need

- 7.27 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). This is calculated from the household dataset and is based on an assessment of the ability to afford of existing households who have moved home within the last two years. A household will fall into need if it has to move home and is unable to afford to do this within the private sector (examples of such a move would be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim Local Housing Allowance (formerly Housing Benefit) or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).
- 7.28 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of 'transfers' and so the additional needs arising from within the social rented stock will be net zero.
- 7.29 Table 7.6 shows the derivation of existing households falling into need.

Table 7.6 Derivation of newly arising need from existing households		
<i>Aspect of calculation</i>	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years		41,799
Minus households forming in previous move	-10,942	30,857
Minus households transferring within affordable housing	-3,045	27,813
TOTAL APPLICABLE MOVES		27,813
Minus households able to afford market housing (64.5%)	-17,950	9,863
ESTIMATE OF NEWLY ARISING NEED		9,863
ANNUAL ESTIMATE OF NEWLY ARISING NEED		4,931

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

- 7.30 The table above shows that a total of 30,857 existing households moved in the last two years. Removing households transferring within affordable housing leaves 27,813 households who are potentially in need. The affordability test is applied to each of these 27,813 households. It is estimated that 9,863 of these households are unable to afford market housing (35.5%). Annualised this is 4,931 households per year.

Total future need

- 7.31 The data from the two steps described above can now be put into the needs assessment model as illustrated in Table 7.7. It indicates that future need will arise from a total of 7,936 households per annum.

Table 7.7 Future need (per annum)			
<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Number</i>
2.1 New household formation (gross per year)	7.26		5,471
2.2 Proportion of new households unable to buy or rent in the market	7.26	leaves 3,005	54.9%
2.3 Existing households falling into need	7.30		4,931
2.4 Total newly arising housing need (gross per year)	7.31	2.1×2.2+2.3	7,936

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Stage 3: Available stock to offset need (Steps 3.1-3.8)

- 7.32 The supply of affordable housing to meet housing need comprises the third stage of the housing needs assessment model. The affordable housing supply stage is split between existing stock that is available to offset the current need and the likely future level of supply.

Available stock to offset current need

- 7.33 The stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and 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

- 7.34 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 (paragraph 7.13), there are 2,326 households currently in need already living in affordable housing.

Surplus stock

- 7.35 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The Practice Guidance 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. All authorities in Gloucestershire record a vacancy rate in the affordable sector lower than the 3% benchmark, however the Councils have identified that across the six authorities there are 29 vacant dwellings that are not vacant due to typical market churn and would be suitable to be brought back into use. These 29 dwellings will therefore be considered as surplus dwellings that are available to increase the supply of affordable housing.

Committed supply of new affordable units

- 7.36 The Practice Guidance recommends that this part of the assessment includes 'new social rented and intermediate housing which are committed to be built over the period of the assessment'. For the purposes of analysis each Council has provided a figure for the planned supply of affordable housing over the next five years. This indicates that there are 2,109 affordable dwellings currently planned in Gloucestershire.

Planned units to be taken out of management

- 7.37 The Practice Guidance states that this step 'involves estimating the numbers of social rented or intermediate units that will be taken out of management'. The main component of this step will be properties which are expected to be demolished (or replacement schemes that lead to net losses of stock). At the time of reporting, no affordable dwellings were expected to be 'taken out of management' leading to a net loss across Gloucestershire, hence a figure of zero has been used in this step of the model.

Total available stock to meet current need

- 7.38 Having been through a number of detailed stages in order to assess the total available stock to offset current need in Gloucestershire, we shall now bring together all pieces of data to complete this part of the needs assessment model. This is presented in the Table 7.8. The data shows that there are an estimated 4,464 properties available to offset the current need in Gloucestershire.

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
3.1 Affordable dwellings occupied by households in need	7.34		2,326
3.2 Surplus stock	7.35		29
3.3 Committed supply of affordable housing	7.36		2,109
3.4 Units to be taken out of management	7.37		0
3.5 Total affordable housing stock available	7.38	3.1+3.2+3.3-3.4	4,464

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

Future supply of affordable housing

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

The future supply of social rented housing

- 7.40 This is an estimate of likely future re-lets from the social rented stock (excluding transfers within the social rented sector). The Practice Guidance suggests that the estimate should be based on past

trend data which can be taken as a prediction for the future. To enable consistency with the future need section (Stage 2), we have looked at trend data for the past two years.

- 7.41 CORE data provides an indication of the number of lettings in the RSL sector whilst the Councils' ELASH/HSSA return provides an indication of the number of lettings in Council owned housing. Table 7.9 shows the number of social rented lettings in Gloucestershire over the last two years (excluding transfers and exchanges). The average number of lettings (excluding transfers but including nominations) across the social rented sector over the two-year period was 2,656 per annum.

Table 7.9 Analysis of past housing supply (social rented sector)			
<i>Source of supply</i>	<i>2010/2011</i>	<i>2011/2012</i>	<i>Average</i>
LA lettings			
- LA lettings to new secure tenants	33	41	37
- LA lettings to new tenants on an introductory tenancy	861	838	850
- Other non-transferring tenants	38	57	48
Total LA lettings excluding transfers	932	936	934
RSL lettings excluding transfers	1,794	1,649	1,722
All social rented lettings excluding transfers	2,726	2,585	2,656

Source: CORE LA Area Lettings Reports 2010/2011 & 2011/2012; HSSA/ELASH return for Councils in Gloucestershire 2010/2011 & 2011/2012

Supply of intermediate housing

- 7.42 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in Gloucestershire). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.
- 7.43 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 as determined using secondary data (7.8%) to the estimated intermediate stock in Gloucestershire (2,284 units), it is estimated that around 178 units of intermediate housing will become available to meet housing needs from the existing stock of such housing.

Annual future supply of affordable housing

- 7.44 This step is the sum of the previous two. The total future supply is estimated to be 2,834, comprised of 2,656 units of social re-lets and 178 units of intermediate housing. This is shown in Table 7.10.

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
3.6. Annual supply of social re-lets (net)	7.41		2,656
3.7. Annual supply of intermediate housing available for re-let or resale at sub-market levels	7.43		178
3.8. Annual supply of affordable housing	7.44	3.6+3.7	2,834

Source: Gloucestershire Strategic Housing Market Assessment 2013; various secondary sources

Estimate of net annual housing need

- 7.45 The 16 steps detailed above (set across the three broad stages) are brought together in the housing needs assessment model as set out in Table 7.11.

<i>Stage and step in calculation</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Number</i>
STAGE 1: CURRENT NEED (Gross)			
1.1 Homeless households and those in temporary accommodation	7.21		90
1.2 Overcrowding and concealed households	7.16	Two steps taken together	7,357
1.3 Other groups			
1.4 Total current housing need (gross)	7.22	1.1+1.2+1.3	7,447
STAGE 2: FUTURE NEED			
2.1 New household formation (gross per year)	7.26		5,471
2.2 Proportion of new households unable to buy or rent in the market	7.26	leaves 3,005	54.9%
2.3 Existing households falling into need	7.30		4,931
2.4 Total newly arising housing need (gross per year)	7.31	2.1×2.2+2.3	7,936
STAGE 3: AFFORDABLE HOUSING SUPPLY			
<i>Current supply</i>			
3.1 Affordable dwellings occupied by households in need	7.34		2,326
3.2 Surplus stock	7.35		29
3.3 Committed supply of affordable housing	7.36		2,109
3.4 Units to be taken out of management	7.37		0
3.5 Total affordable housing stock available	7.38	3.1+3.2+3.3-3.4	4,464
<i>Future supply</i>			
3.6 Annual supply of social relets (net)	7.40		2,656
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	7.43		178
3.8 Annual supply of affordable housing	7.44	3.6+3.7	2,834

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

- 7.46 The Practice Guidance states that these figures need to be annualised to establish an overall estimate of net housing need. The first step in this process is to calculate the net current need. This is derived by subtracting the estimated total stock of affordable housing available (step 3.5) from the gross current need (step 1.4). This produces a net current need figure of 2,983 (7,447-4,604).
- 7.47 The second step is to convert this net current need figure into an annual flow. The Practice Guidance acknowledges that this current need can be addressed over any length of time although a period of less than five years should be avoided. For the purposes of this study the quota of five years proposed in the Practice Guidance will be used. Therefore to annualise the net current need figure, it will be divided by five. This calculation results in a net annual quota of 597 (2,983/5) households who should have their needs addressed.
- 7.48 The final step is to sum the net annual quota of households who should have their needs addressed with the total newly arising housing need (step 2.4) and subtract the future annual supply of affordable housing (step 3.8). This leads to an annual need estimate of 5,698 (597+7,936-2,834). These figures are summarised in Table 7.12 below.

Table 7.12 Summary of needs assessment model		
<i>Element</i>		<i>Number</i>
Current need (a)	(Step 1.4)/5	1,489
Current supply (b)	(Step 3.5)/5	892
Net current need		597
Future need (c)	(Step 2.4)	7,936
Future supply (d)	(Step 3.8)	2,834
Net future need		5,102
Total net annual need		5,698
Total gross annual need (a+c)		9,426
Total gross annual supply (b+d)		3,726
Total net annual need		5,698

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources. There may be a slight discrepancy in summing of figures due to rounding.

- 7.49 The annual requirement of 5,698 affordable units per year in Gloucestershire represents a notable increase from the equivalent figure of 3,698 calculated in the 2010 Housing Needs Assessment. This increase reflects that there has been a big growth in the private rented sector and the proportion of moves involving this tenure has also increased. Many households living into private rented accommodation are either paying more than 25% of their income on rent or accessing the sector via LHA – both of which would cause them to be in need according to the model. This is why the growth of the private rented sector has had a significant impact on the level of housing need. The increase in part-time rather than full-time employment has also had an impact on affordability for some households.

Types of households in need

7.50 Table 7.13 gives a breakdown of gross annual households in need, by household type. The table shows that some 17.3% of lone parents are in housing need compared to 0.8% of multi-pensioner households. Overall, single non-pensioner households comprise 30.2% of all households in need and other multi-adult households with no children a further 19.7% of households in housing need.

7.51 It should be noted that 1,399 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance (introduced properly in para 7.78) to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to (presuming shared accommodation is available).

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
Single pensioners	475	32,957	33,432	1.4%	5.0%
2 or more pensioners	79	26,036	26,116	0.3%	0.8%
Single non-pensioners	2,845	41,331	44,176	6.4%	30.2%
More than one adult, no children	1,856	90,141	91,997	2.0%	19.7%
Lone parent	1,706	8,166	9,872	17.3%	18.1%
2+ adults 1 child	1,053	23,554	24,607	4.3%	11.2%
2+ adults 2+ children	1,409	27,443	28,852	4.9%	15.0%
Total	9,425	249,627	259,052	3.6%	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

7.52 Table 7.14 shows the ethnicity of households in need. The table shows that some 10.0% of 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 3.4% of 'White' households. However, 'White' households still constitute 88.6% of all households in housing need.

Table 7.14 Annual need requirement by ethnicity of household head

<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	8,350	239,951	248,301	3.4%	88.6%
BAME	1,075	9,676	10,751	10.0%	11.4%
Total	9,425	249,627	259,052	3.6%	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 7.53 Table 7.15 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The table shows that households containing a support needs person are more likely to be in housing need than households where no support needs person is present.

Table 7.15 Annual need requirement by support needs

<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	1,818	38,104	39,923	4.6%	19.3%
Nobody with support need present	7,606	211,523	219,129	3.5%	80.7%
Total	9,425	249,627	259,052	3.6%	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Locations of affordable accommodation required

- 7.54 Table 7.16 shows the distribution of housing need across the different Local Authorities within Gloucestershire. The appendices provide full detail on how the level of gross need and supply was calculated in each area alongside detail on the types of households resident in housing need and the size, type and tenure of affordable housing required. The Appendices also repeat the sensitivity analysis presented later in this chapter at a Local Authority level.
- 7.55 The last column in Table 7.16 presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property in the Local Authority by the derived need in that Local Authority. The lower the figure produced, the more acute the need for affordable accommodation in the Local Authority, as the current supply is unlikely to meet the identified need.

Table 7.16 Geographical distribution of housing need					
<i>Local Authority</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
Cheltenham	2,232	777	1,456	25.5%	34.8%
Cotswold	980	406	574	10.1%	41.4%
Forest of Dean	1,311	497	814	14.3%	37.9%
Gloucester	2,767	991	1,776	31.2%	35.8%
Stroud	1,165	672	492	8.6%	57.7%
Tewkesbury	970	383	587	10.3%	39.5%
Total	9,426	3,726	5,698	100.0%	39.5%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

- 7.56 The table suggests that there is a net need for affordable housing in all authorities, with the largest requirement in Gloucester followed by Cheltenham and the smallest requirement in Stroud. The final column shows that the need relative to supply is the greatest in Cheltenham followed by Gloucester.

Tenure of affordable home required

- 7.57 As discussed in Chapter 5, Affordable Rent is being introduced. The target residents for this product are households in housing need and other households on the Housing Register. This section will therefore consider the suitability of different Affordable Rent levels for meeting housing need as well as those households on the Housing Register.

Affordability of Affordable Rent for households in housing need

- 7.58 Table 7.17 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.
- 7.59 The table shows a gross annual need of the 9,425 households, 13.9%, some 1,308 households, could afford Affordable Rent at 80%. Some 1,975 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and 2,417 households would be suitable for Affordable Rent set at 65%.
- 7.60 The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties with the support of LHA. These households could also reside

in the social rented sector with the support of Housing Benefit. It is not for this report to determine which of these options is the most appropriate, but should be decided by key stakeholders.

	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	1,308	13.9%
Affordable Rent at 70%	1,975	21.0%
Affordable Rent at 65%	2,417	25.6%
Affordable Rent at 60%	2,620	27.8%
Social rent	3,269	34.7%
Require subsidy	6,155	65.3%
Total number of households	9,425	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

7.61 Table 7.18 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will be most suitable for households in need of one bedroom accommodation. Over a quarter of households requiring one, two and three bedroom homes could afford Affordable Rent at 65%. Few households requiring a four bedroom home can afford anything more than social rent.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	16.8%	14.1%	9.2%	0.0%
Affordable Rent at 70%*	24.9%	17.6%	23.5%	4.0%
Affordable Rent at 65%*	25.8%	27.4%	29.8%	4.5%
Affordable Rent at 60%*	25.8%	29.1%	41.6%	4.7%
Social rent	30.1%	32.3%	51.9%	45.8%
Require subsidy	69.9%	67.7%	48.1%	54.2%
Total number of households (per annum)	4,377 (100%)	3,239 (100%)	1,247 (100%)	562 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Households on the Register, including those in need

7.62 This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from each Council's Housing Register has been used to inform this analysis. Table 7.19 shows how many of the 17,509 households on the Housing Register in Gloucestershire are able to afford different levels of Affordable Rent. The table below shows that just over a tenth of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 2,000 households on the Housing Register

would be able to afford Affordable Rent at 80% and if Affordable Rent is set at the level of 60% then this figure would increase to almost 4,000 households.

	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	1,786	10.2%
Affordable Rent at 80%	1,836	10.5%
Affordable Rent at 70%	3,215	18.4%
Affordable Rent at 65%	3,669	21.0%
Affordable Rent at 60%	3,859	22.0%
Social rent	4,798	27.4%
Require subsidy	10,925	62.4%
Total number of households	17,509	100.0%

Source: Gloucestershire Council's Housing registers; Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

7.63 Table 7.20 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring one and three bedroom accommodation. Affordable Rent at the 65% level would be suitable for a quarter of households on the Housing Register requiring a two bedroom home as well as a fifth of households requiring a one or three bedroom property.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
<i>Market housing</i>	11.1%	10.7%	7.2%	2.2%
Affordable Rent at 80%	12.1%	8.3%	11.2%	1.1%
Affordable Rent at 70%*	19.3%	17.6%	20.9%	2.2%
Affordable Rent at 65%*	20.0%	24.9%	20.9%	2.2%
Affordable Rent at 60%*	20.0%	25.9%	26.3%	2.2%
Social rent	23.7%	34.3%	28.9%	17.5%
Require subsidy	65.2%	55.0%	64.0%	80.3%
Total number of households	9,479 (100%)	5,393 (100%)	2,137 (100%)	500 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire Council's Housing registers; Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

What is the need for Affordable Rent?

7.64 Table 7.21 draws on the data in tables 7.17 and 7.19 to show the total number of households that could afford Affordable Rent at different levels (excluding those that can only afford social rent and

those that are able to afford market accommodation). Affordable Rent at 80% can be afforded by almost half of households in need or on the Housing Register suitable for an intermediate product. Affordable Rent at 70% would be suitable for 75.4% of all households in need able to pay more than social rent, whilst 83.3% of households on the Housing Register able to pay more than social rent would be suitable for Affordable Rent at this level. If Affordable Rent were priced at 65%, almost all (92.3%) of households in housing need able to pay more than social rent, would be able to afford it. This is also true for 95.1% of households on the Housing Register able to pay more than social rent.

Table 7.21 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products (figures presented cumulatively)

<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	1,308	49.9%	1,836	47.6%
Affordable Rent (70%)	1,975	75.4%	3,215	83.3%
Affordable Rent (65%)	2,417	92.3%	3,669	95.1%
Affordable Rent (60%)	2,620	100.0%	3,859	100.0%
Total	2,620	100.0%	3,859	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 7.65 The table above just considers those able to afford one of the intermediate options presented, it is also possible for those unable to afford any affordable accommodation to reside in either Affordable Rent or social rent (with support of Local Housing Allowance/ Housing Benefit), however it is not for this report to determine which of these options is the most appropriate.
- 7.66 Affordable Rent is set at the Local Authority level and equivalent tables containing this information for each constituent authority in Gloucestershire are presented in the Appendices alongside a suggestion as to what the data indicates would be the most suitable level for Affordable Rent in the area.

Overlap with Shared ownership

- 7.67 This analysis has examined the affordability of Affordable Rent at a range of levels to try and demonstrate the need for it in Gloucestershire. However it should be noted that, as discussed in Chapter 5, shared ownership accommodation is an alternative affordable accommodation with a similar monthly cost. It is therefore likely that some households able to afford Affordable Rent would also be suitable for shared ownership, although due to requiring capital equivalent to 10% of the value of this equity share the number of suitable households may be limited.
- 7.68 The shared ownership options available locally can be added to the analysis of the ability of households in need to afford presented above. Table 7.22 illustrates how many households in defined housing need are able to afford the different intermediate products available, by bedroom size. Households able to afford a shared ownership product are allocated to this product rather than an Affordable Rented option, because the subsidy involved in providing a shared ownership property is

generally lower than that required to provide an Affordable Rented home. Households assessed for their ability to afford a rented product in this table exclude those able to afford a shared ownership option. The figures are presented cumulatively for shared ownership and then separately for the rented options, so that any household that can afford a more expensive version of the product is included within the figures for the cheaper versions. The data indicates that shared ownership at a 25% share is most useful in addressing need, although larger shared ownership properties are difficult to afford.

<i>Affordable product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Shared ownership with a 75% equity share	28	13	0	0
Shared ownership with a 50% equity share	98	41	15	0
Shared ownership with a 25% equity share	201	124	34	0
Affordable Rent at 80%	533	334	81	0
Affordable Rent at 70%*	890	125	126	23
Affordable Rent at 65%*	930	765	338	25
Affordable Rent at 60%*	930	126	127	26
Social rent	1,118	922	613	257
Require subsidy	3,058	2,193	600	305
Total number of households (per annum)	4,377	3,239	1,247	562

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

7.69 Table 7.23 repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. In terms of households on the Housing Register, shared ownership with a 50% share is particularly suitable for households requiring one bedroom accommodation, but shared ownership with a 25% share would assist a notable number of households requiring a one, two and three bedroom home.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	1,048	579	153	11
Shared ownership with a 75% equity share	107	58	13	0
Shared ownership with a 50% equity share	306	136	27	3
Shared ownership with a 25% equity share	789	297	84	3
Affordable Rent at 80%	361	153	155	2
Affordable Rent at 70%*	1,041	651	362	8
Affordable Rent at 65%*	1,105	1,045	362	8
Affordable Rent at 60%*	1,105	1,099	479	8
Social rent	1,461	1,551	533	85
Require subsidy	6,181	2,966	1,367	402
Total number of households	9,479	5,393	2,137	500

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire Council's Housing registers; Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Type of accommodation required

7.70 Table 7.13 shows that there are a notable number of households in housing need that are pensioners, whilst Table 7.15 shows a considerable number of household in housing need have a support need. It is likely that some of the households in these groups will require supported accommodation. Table 7.24 shows the type of accommodation required by households in housing need in Gloucestershire. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6 (the distinction is set out in the CORE and ELASH/HSSA returns used to derive the figure at this stage). The last column presents the supply as a percentage of need. The table suggests that all of the net need is for general needs homes and there will be a surplus of supported accommodation, although it is acknowledged that this accommodation could be appropriate for some households in need not initially identified as being suitable for it.

<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	8,528	2,643	5,885	100.0%	31.0%
Supported	897	1,084	-187	-	120.8%
Total	9,426	3,726	5,698	100.0%	39.5%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

7.71 It should be noted, that the term supported housing is also an umbrella term and includes a range of different accommodation types. It is possible that there will remain shortages of particular forms of supported housing within this overall shortfall, however the data is not detailed enough for this to be examined.

Size of accommodation required

7.72 Analysis of the 897 households in need requiring supported accommodation reveals that 69.2% require a one bedroom dwelling, 18.3% a two bedroom unit and 12.5% a dwelling with three or more bedrooms. Table 7.25 shows the size of property required by the 8,528 households in housing need and requiring general needs accommodation in Gloucestershire. The supply distribution is derived from the 2011-12 CORE return for each individual authority in Gloucestershire. The last column presents the supply as a percentage of need.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	3,757	864	2,893	49.2%	23.0%
Two bedrooms	3,074	1,216	1,858	31.6%	39.6%
Three bedrooms	1,168	483	684	11.6%	41.4%
Four or more bedrooms	529	80	449	7.6%	15.1%
Total	8,528	2,643	5,885	100.0%	31.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

7.73 The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and three bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by one bedroom dwellings. Households in need requiring three bedroom accommodation are most likely to have their need met from the current supply.

7.74 Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described in para 7.51 above, 1,399 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Gloucestershire, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table 7.26. The table suggests that the largest net need is for two bedroom homes, followed by one bedroom accommodation.

**Table 7.26 Size of additional units required to meet housing need (general needs)
– excluding households suitable for shared housing**

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	2,358	864	1,494	33.3%	36.6%
Two bedrooms	3,074	1,216	1,858	41.4%	39.6%
Three bedrooms	1,168	483	684	15.3%	41.4%
Four or more bedrooms	529	80	449	10.0%	15.1%
Total	7,129	2,643	4,486	100.0%	37.1%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

Sensitivity analysis

- 7.75 The housing needs assessment model requirement of 5,698 additional affordable homes per year does not equate logically with the planned additional 2,500 or so new homes per year in the County between 2011 and 2016 as currently identified by each Council. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

- 7.76 The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table 7.27 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table 7.27 Impact of different affordability assumptions on affordable housing requirement in Gloucestershire			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	1,376	1,236	1,074
Backlog supply (annual)	867	834	799
Net backlog need (annual)	508	402	276
Future need (annual)	6,597	5,919	5,100
Future supply (annual)	2,834	2,834	2,834
Net future need (annual)	3,764	3,085	2,266
Total net annual need	4,272	3,487	2,542
Total gross annual need	7,973	7,155	6,174
Total gross annual supply	3,701	3,668	3,632
Total net annual need	4,272	3,487	2,542

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

- 7.77 The table indicates that the number of households in need would decrease from 5,698 to 4,272 if 30% of gross household income could be spent on rent. This would decrease further to 3,487 if 35% of income could be spent on rent and to 2,542 if the affordability assumption was changed to 40%.

Local Housing Allowance

- 7.78 Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 2,420 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends). Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Gloucestershire, the needs figure would reduce to 3,278 per annum.

Adjusted model outputs

- 7.79 Table 7.28 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Gloucestershire, then there would be 2,211 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 2,420 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 1,067 per year. Stakeholders have showed broad agreement that both these assumptions are fair and

accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Table 7.28 Adjusted housing need assessment in Gloucestershire			
<i>Element</i>	<i>Need according to the model</i>	<i>Change due to altered assumptions</i>	<i>Resultant adjusted figures</i>
Total gross annual need	9,425	-2,211	7,214
Total gross annual supply	3,727	+2,420	6,147
Total net annual need	5,698	-	1,067

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013; various secondary sources

- 7.80 The figure of 5,698 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 1,067 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Gloucestershire. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Gloucestershire, (422 dwellings per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in the County.

Local Housing Allowance – a caveat

- 7.81 Recent changes to the administration of LHA by the Coalition Government will impact on the capacity of the private rented sector via LHA to continue to meet housing need in Gloucestershire. Although notionally set at the 30th percentile of properties available on the market, a comparison of the LHA rate with private rented sector rents presented in Tables 5.8 to 5.15 suggest that it is lower than this level and closer to the 15th percentile of properties.
- 7.82 What this means is that many households in the private rented sector via LHA will not get the same level of financial support towards their rent as they had previously (when the rate was set at 50th percentile of properties available on the market, as opposed to the 30th percentile now). The potential consequences are that LHA landlords will be forced to reduce their rent levels notably, households in the sector will have to increase their income to make up for the reduced LHA received, or households will be forced to look for new accommodation elsewhere. If the last of these three options happens, many households affected are likely to present themselves to the Council due to becoming homeless. These households will therefore join the backlog of housing need.

- 7.83 It is worth noting that from April 2013 the payment of Housing Benefit¹⁴ (HB) in the social rented sector will be on the number of bedrooms required rather than the number of bedrooms occupied. Households in the social rented sector receiving HB that are under-occupying their home will have a reduction in the level of HB received. This may force even more households out of their current home. Pensioner households are however exempt from this change in policy. It is worth noting that it is estimated that there are 8,485 non-pensioner households in the social rented sector in Gloucestershire in receipt of HB that currently under-occupy their home.
- 7.84 Table 7.29 sets out the size of home these households require compared to the size of home they occupy. This indicates that this policy could result in the release of 4,523 three bedroom social rented homes, for occupation by another household, with two and four bedroom social rented homes also becoming more available. However an additional 5,251 one bedroom units would be required to house these displaced households. This analysis presumes all households affected would be forced to move out, it is likely that some households will be able to afford the increase in cost and remain in their home.

Table 7.29 Difference in size of home required and size of home occupied by non-pensioner households under-occupying in the social rented sector			
<i>Number of bedrooms</i>	<i>Number of h'holds requiring property size</i>	<i>Number of h'holds occupying property size</i>	<i>Difference</i>
One bedroom	5,251	0	-5,251
Two bedrooms	2,930	3,277	348
Three bedrooms	280	4,803	4,523
Four or more bedrooms	24	404	380
Total	8,485	8,485	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 7.85 Stakeholders recommended that where the change in Housing Benefit criteria will have an impact on affordable housing shortfalls the relevant Local Authority and Registered Providers in the area should review their housing stock and consider how they need to rationalise this through re-modelling / selling stock that is no longer required to fund alternative new provision. Procedures could be put in place to ensure co-operation across the County on this issue.

¹⁴ Housing Benefit has only been changed to Local Housing Allowance within the private rented sector.



8. Improving Market Balance Over the Longer Term

Summary

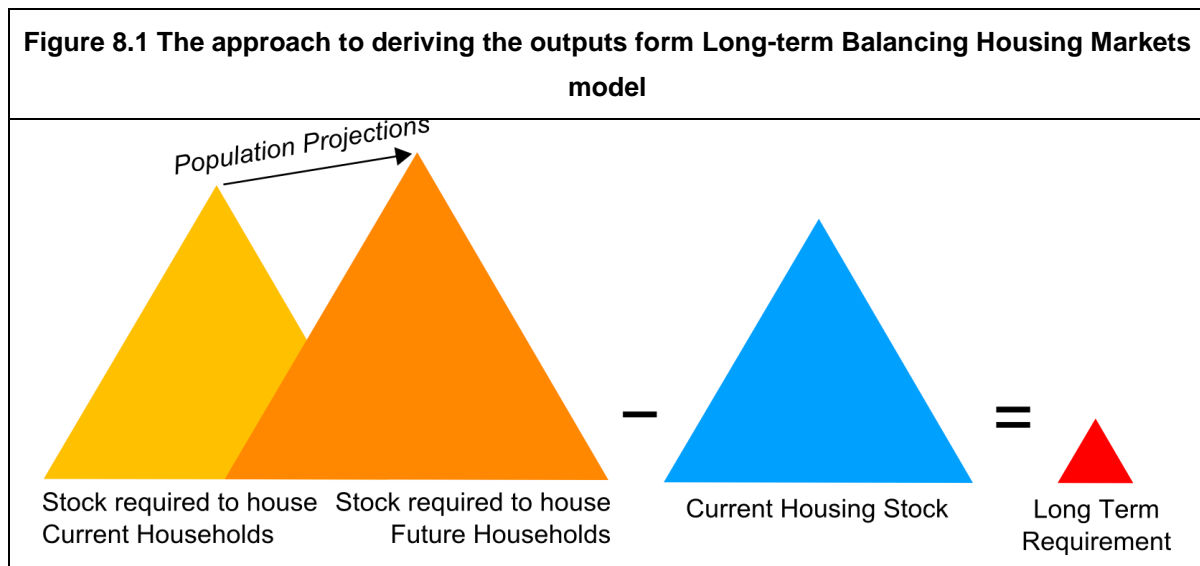
- i. The population and household projections suggest that there will be a notable growth of the resident population over the next 18 years, with a significant increases in particular age cohorts, particularly those aged 90 or over. In addition, the associated household projections indicate there will be large increases in the number of lone parent and ‘other’ households.
- ii. In terms of the accommodation required to provide housing market balance over the long-term, the model which is based on secondary data in combination with the household survey data and considers a range of factors including the adequacy of current housing, suggests that of the new housing required up to 2031 (49,425 dwellings in total), 69% should be market dwellings, 6% shared ownership, 19% Affordable Rent and 6% new social rented dwellings (although this also could be Affordable Rent if it is priced below the LHA rate).

Introduction

- 8.1 This chapter brings together independent assessments of the scale of the Objectively Assessed Need across Gloucestershire and presents the findings of the Long-Term Balancing Housing Markets (LTBHM) model. The purpose of the model is to identify the new accommodation required to adequately house the future population in the County and ensure that the housing market is balanced over the long term (the whole Plan period). In doing so it will support a shared understanding and coordinated policy approach to housing provision within the strategic housing market area. It is distinct from the housing needs assessment model presented in the previous chapter which is limited to an analysis of the affordable sector in isolation rather than considering the interaction between the different tenures in the housing market.
- 8.2 The model uses elements of the primary and secondary data presented in Chapters 3 to 6, alongside independent work on the objectively assessed need of each local authority area (including the projected change to the population and household composition). Data inputs and calculations are for small geographical areas, the results of which are then aggregated to provide either County or District level outputs. Where County level results are provided within Chapter 8, the associated District level results can be found in the appendices.

8.3 The Long-term Balancing Housing Markets model is not a household flow model, but an assessment of the accommodation required to house the future household population. Figure 8.1 demonstrates how the model works:

- Firstly a suitable accommodation profile is identified. The model considers current occupation patterns of households and makes adjustments to ensure the occupation patterns moving forward are sustainable for all households, (but in the majority of cases it is presumed that the occupation patterns exhibited today are satisfactory). The adjustments made are not to the particular household now, but so the future household is most efficiently accommodated. Therefore it assumes for example that whilst there are some households now in social rented sector that can afford shared ownership accommodation, equivalent future households would be resident in this tenure.
- Secondly the projected change to the population and household composition alongside the employment growth indicated in the Objectively Assessed Need calculations produced separate to this SHMA report are applied to the household survey dataset to provide an estimated household profile for 18 years' time. This means that the model can identify the profile of accommodation required to adequately house the profile of future households within the Objectively Assessed housing growth.
- Lastly the difference between this and the current stock profile indicates the additional dwellings required.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

8.4 The LTBHM model generates two key outputs to inform future planning policies on housing mix and affordability:



- Data relating to the scale and mix of housing that would exist if an ideal tenure profile was achieved by 2031; and
- The level of change required to achieve this tenure profile, therefore balancing the housing market over an 18 year period from 2013-2031.

8.5 The model set out in this chapter is different to the one set out in the previous chapter. It is not appropriate to make direct comparisons between the two.

8.6 This chapter initially looks at the Objectively Assessed Need calculations undertaken for the Local authorities of Gloucestershire separate to this report. The chapter then goes on to present the population and household projections for each constituent authority within the County associated with this work on Objectively Assessed Need. This is followed by a discussion of the adjustments made to the current occupation profile to ensure the occupation patterns moving forward are sustainable for all households. Finally the results of the model are presented.

Government Guidance

8.7 Although there is not a housing market model in the Practice Guidance, there is comment on the importance of studying mix and balance in the NPPF. The following extract from paragraph 50 of the National Planning Policy Framework indicates the importance of a housing market model with this purpose:

‘To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community..;*
- *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand’*

Objectively Assessed Need

8.8 Local authorities within the Gloucestershire housing market area have commissioned work, individually and jointly, on the scale of Objectively Assessed Need in their areas. This work is briefly outlined below. The Objectively Assessed Need, which is expressed at District level, constitutes the figure that the Council should seek to plan towards in accordance with the NPPF. It is therefore an important input to the LTBHM model. The model outputs are provided at both District and County levels, to inform local planning policies and support a coordinated strategic approach to housing provision.

8.9 Cheltenham, Gloucester and Tewkesbury Council are working together to produce a Joint Core Strategy and commissioned Nathaniel Lichfield & Partners (NLP) to determine their Objectively



Assessed Need. The report¹⁵ used the latest demographic projections available at the time to examine the number of new homes required in each of the three constituent authorities to meet the Objectively Assessed Need arising from both future demographic and economic growth. The results have subsequently been reviewed in response of the publication of the 2011-based Interim Household Projections in April 2013, in a report from the Cambridge Centre of Housing & Planning Research¹⁶. This review revised the identified Objectively Assessed Need figures in light of these latest projections, which take into account the results of the Census, and this report contains the most up to date estimate of Objectively Assessed Need in these three authorities.

- 8.10 Stroud and Cotswold Councils have each separately commissioned Keith Woodhead to undertake an equivalent study that sets out the Objectively Assessed Need for housing within each District and the number of jobs associated with this growth. Whilst the report¹⁷ for Cotswold was published recently it was produced before the 2011-based Interim Household Projections were available and a revised version of the report is to follow. In Stroud, a report¹⁸ was initially published providing the detailed assessment of the Objectively Assessed Need in the District. This has been supplemented by a brief update¹⁹, which reviews the findings in light of the 2011-based Interim Household Projections and therefore contains the most recent Objectively Assessed Need figure for Stroud.
- 8.11 Whilst Forest of Dean has not yet commissioned any separate work on the Objectively Assessed Need in the District, the Council have relatively recently (February, 2012) had their Core Strategy adopted meaning the future housing requirement for the District has been recently been agreed (and is unlikely to be reviewed in the near future). This figure can therefore be considered the Objectively Assessed Need in the District for the purpose of this report.
- 8.12 In terms of a holistic representation of the Objectively Assessed Need across the County-wide housing market area, the current situation is not perfect. In addition to Forest of Dean not having a specifically derived figure, there are discrepancies between the calculations in the data used (the most recent Cotswold report predates the most recent household projection release) and the methodologies applied (the recent Stroud report takes a different approach to the projection forward of the 2011-2021 Interim Projections to the most recent JCS report and the most recent JCS report models the economic impact of household growth in more detail). Whilst this inconsistency employed is awkward there is no reason to believe that any of the calculations are incorrect (although it is beyond the scope of our instructions to check or review them). The outputs are compatible so long as these differences

¹⁵ Nathaniel; Lichfield & Partners Assessment of Housing Needs. Gloucester, Cheltenham & Tewkesbury Joint Core Strategy (September, 2012)

¹⁶ Cambridge Centre of Housing & Planning Research The new Household Projections and their implications for the Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council areas. Final Report (May, 2013)

¹⁷ Keith Woodhead A review of future housing requirements for Cotswold District (February, 2013)

¹⁸ Keith Woodhead Population Growth & Total Housing Requirements for Stroud District. Evidence review & commentary on representations received during public consultation (August, 2012)

¹⁹ Keith Woodhead Population Growth & Total Housing Requirements for Stroud District. Evidence review update incorporating updated material from DCLG Interim 2011-based household projections (April, 2013)



are acknowledged. The approach taken can therefore be summarised as the most suitable in the circumstances. The NPPF is clear that the evidence to support a Plan should be '*existing available evidence*' and be '*proportionate*'. The NPPF and the recent draft guidance is quite clear that Councils should not be commissioning extra research when they have existing research.

- 8.13 It is recommended that when further work is undertaken that this rationalises the Objectively Assessed Need across the County-wide housing market area including providing an equivalent figure for Forest of Dean. It is further recommended that when the Councils are discussing cross boundary issues, including the distribution of housing and how the Objectively Assessed Need is met across the whole County that the existing differences in approach are acknowledged.
- 8.14 The modelling of the market in this SHMA using the LTBHM however will proceed with the existing information on Objectively Assessed Need presented in the reports discussed above, which is the best *existing available evidence*.
- 8.15 The Cambridge Centre of Housing & Planning Research report provides four scenarios for the level of Objectively Assessed Need in each of the three constituent authorities and concludes that three are realistic. The report suggests that the authorities have should have sufficient flexibility to cater for any of these three outcomes. The model will therefore initially identify the nature of housing required to address the Objectively Assessed Need set out in the middle scenario (called '*partial return to trend*'), but will also produce equivalent results for the lower scenario (called '*updated baseline*') and higher scenario (called '*Cambridge Econometrics*') in the Appendices.
- 8.16 The Keith Woodhead report for Cotswold Council identifies an Objectively Assessed Need for between 6,900 and 7,200 new dwellings in the District from 2011 to 2031, so that sustainable economic growth can be supported, although it is stated that only demographic-led growth could require as few as 6,000 dwellings. The Council's preferred option is 6,900 additional dwellings so this will be assessed within the initial scenario and equivalent outputs for these alternative levels produced in the Appendices.
- 8.17 The Keith Woodhead update for Stroud Council identifies a revised Objectively Assessed Need for between 9,350 and 10,500 new dwellings in the District from 2006 to 2031, with a figure of 9,500 recommended as most likely. This figure of 9,500 additional dwellings will be assessed within the initial scenario and equivalent outputs for the alternative levels calculated in the Appendices.
- 8.18 A single housing growth figure exists within the Forest of Dean Core Strategy, so no further scenarios are presented for this Authority. Table 8.1 sets out the number of additional dwellings required in each authority in each of the scenarios being examined (the following paragraph explains why the figures used differ from the ones set out in the reports discussed).

Table 8.1 Objectively Assessed Need, 2013 – 2031

Authority	Main	Lower	Higher
Cheltenham*	9,669	8,099	14,799
Cotswold**	5,971	5,071	6,271
Forest of Dean****	5,705	-	-
Gloucester*	12,015	9,415	10,315 ²⁰
Stroud***	6,713	6,563	7,713
Tewkesbury*	9,322	8,722	10,122

Source: *Footnote 16 above; **Footnote 17 above; ***Footnote 18 above; ****Forest of Dean Adopted Core Strategy, 2012

- 8.19 The model will assess the tenure and size of housing required to meet the Objectively Assessed Need between 2013 and 2031. The Gloucester, Cheltenham, Tewkesbury and Cotswold results in the reports referenced above are all based on housing requirements between 2011 and 2031. These totals have therefore been reduced based on the actual net housing delivery achieved between 2011-2013 in each authority (the amount of the Objectively Assessed Need already delivered). The Stroud results are based on the period of 2006 to 2031, therefore the figures are reduced based on the actual net housing delivery achieved between 2006 and 2013. The Forest of Dean Core Strategy extends to 2026, however the annual requirement for additional new housing of 310 dwellings per year is presumed to continue for the 18 year period of the model so that a HMA-wide figure can be produced that covers all plan-periods in the Gloucestershire housing market area and joint planning can be more easily facilitated. The total requirement however has been adjusted to reflect what has already been delivered.

Demographic projections

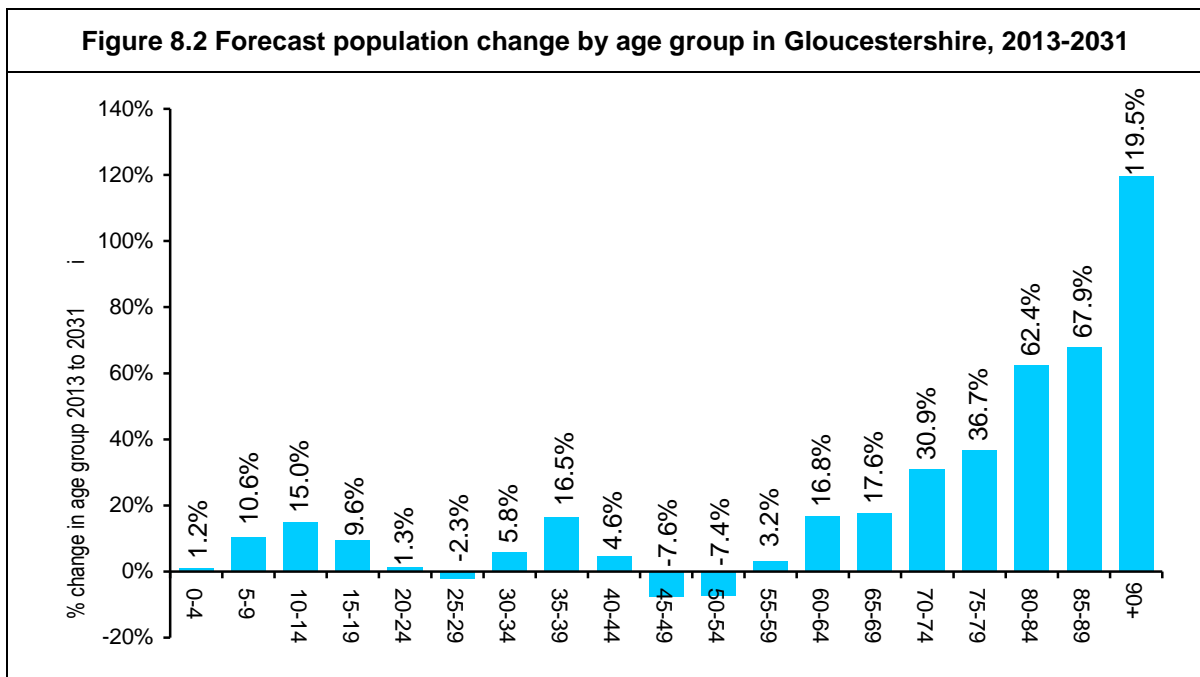
- 8.20 Using the same data sources and assumptions as used in the calculation of the Objectively Assessed Need in the reports discussed above, equivalent demographic projections can be produced for the constituent authorities²¹ of Gloucestershire for the period 2013 to 2031, which also contain an adjustment to reflect the remaining household growth left in the plan-period after the house building already achieved has been discounted (as set out in para 8.19 above). These projections are used within the model to reweight the dataset so that a profile of the population in 2031 can be derived. The

²⁰ In Gloucester the higher scenario is a smaller figure than the main scenario because in the middle scenario for the whole Joint Core Strategy area ('*partial return to trend*') a greater requirement is identified in Gloucester than within the higher scenario for the whole Joint Core Strategy area ('*Cambridge Econometrics*').

²¹ Without externally produced data for the Forest of Dean, we have derived projections based on the 2011 census age profile, mortality and fertility rates from the 2010-based projections (as they are based on the latest results on current life expectancy and the fertility rate has been adjusted to reflect the current upsurge in births that has been recorded in the past few years), the migration flows from the 2008-based projections as they better show the nature of normal migration flows in the District (due to including a smaller proportion of the economic downturn) and we have assumed that the employment level in 2031 will be equivalent to the rate of employment per working age person recorded in 2008. To convert the population projections into household equivalents we have used headship rates (for different household types) per age band of the population. We have taken an average of these figures recorded within the 2008-based and 2011-based projections to best reflect current social changes (better represented in the 2011-based projections), but also normal wider-economic conditions (better represented in the 2008-based projections).

model also takes into account the employment growth associated with these projections as set out in the reports referenced above.

8.21 These projections indicate that the population living within Gloucestershire is projected to increase by 12.6% between 2013 and 2031 (an increase of 77,000 people). The projections allow for data to be broken down by five year age cohort. Figure 8.2 shows the projected change within each age cohort between 2011 and 2021. The population projection data indicates that there will be reductions in certain age groups (40-54 years olds) but the majority of cohorts are predicted to grow, albeit moderately. The exception is the number of older people, which is projected to grow quite notably; with the number of people aged 90 or over expected to increase by over 100% by 2031.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

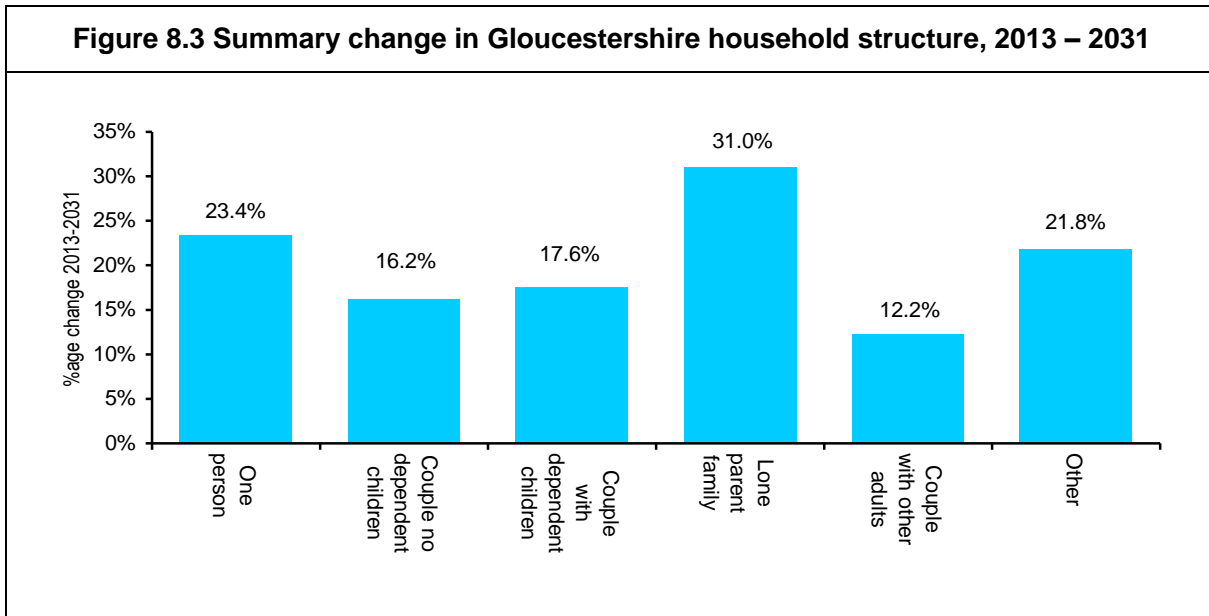
8.22 The associated change in household population indicated by these projections, suggest that the number of households is set to increase at a faster rate than the population, therefore it is anticipated that the average household size will decrease from 2.35 to 2.22 persons between 2013 and 2031.

	2013	2031	% change
Population	610,629	687,649	12.6%
Households	259,770	309,195	19.0%
Average household size	2.35	2.22	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



8.23 The projections suggest that the structure of households in Gloucestershire is likely to change over time. Whilst the table above suggests that the overall number of households is expected to increase by 19.0%, Figure 8.3 shows that this increase is not uniform across different household groups. The number of 'couple with other adult' households is expected to increase by 12.2%, whilst in contrast lone parent households are anticipated to increase by 31.0%. The data equivalent to that presented in Figures 8.2, 8.3 and Table 8.2 for each constituent authority in the County is presented in the Appendices.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

8.24 These projections alongside the employment growth indicated in the Objectively Assessed Need calculations have been applied to the household survey dataset to provide an estimated household profile for 18 years' time. This means that the model can identify the range of accommodation required to house the profile of future households within the Objectively Assessed housing growth. The accommodation requirements are compared to the current stock resulting in the suggested provision for new housing in terms of tenure and dwelling size to balance the housing stock. However, rather than simply prescribing current occupation patterns into the future, the model looks to ensure future households are adequately housed and that they use the housing market more efficiently. Before the accommodation requirements of the future population are calculated, it is important to state these adjustments.

8.25 It should be noted that whilst the model focuses on housing the population in 18 years' time, the new accommodation suggested by the model is still useful in the interim as the changes to the household structure set out in Figure 8.3 are part of an ongoing trend rather than a variable pattern. This is illustrated in Table 8.3 which shows the proportional change in household types between 2013 and 2018 alongside equivalent figures for the period 2013 to 2031. The data is clear that the changes occurring over the next five years are common to the broader trend projected for 2013 to 2031. The results of the model are therefore applicable in both the medium-term and long-term.

Table 8.3 Change in household structure in Gloucestershire over the medium-term, and long-term		
Household type	<i>% change between 2013 and 2018</i>	<i>% change between 2013 and 2031</i>
One person	6.9%	23.4%
Couple no dependent children	3.8%	16.2%
Couple with dependent children	5.3%	17.6%
Lone parent family	9.9%	31.0%
Couple with other adults	3.0%	12.2%
Other	4.5%	21.8%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Adequacy of the housing stock

- 8.26 For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of Gloucestershire. This is determined through response to the household survey.
- 8.27 A household is considered currently adequately housed unless the household has indicated that they need to move home now because the accommodation is inadequate for the household. This is ascertained from the reason cited for the household moving. Households whose moves are caused by the accommodation size, cost, form and services available within it being currently unsuitable for the resident, are considered to be inadequately housed and to require alternative accommodation. The tenure and size of dwelling these households expect to achieve when they move are presumed to represent the nature of the accommodation that they require.
- 8.28 Some further adjustments are also made to remove over the long-term any undesirable elements of market imbalance that exist currently:
- Households that are overcrowded are assumed to require a property large enough for overcrowding not to take place.
 - Non-pensioner households in the social rented stock in receipt of Housing Benefit that under-occupy their home are assumed to require a dwelling with no spare bedrooms (to reflect the changes being introduced in April 2013 as discussed in para 7.81).
 - Households resident in the private rented sector without Local Housing Allowance who identified that the cost of their current housing was a severe problem are assigned to a tenure that they can afford according to the Practice Guidance affordability test.
- 8.29 Table 8.4 shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that some 7.1% of households are classified as inadequately housed currently. Lone parent households are least likely to reside in adequate

accommodation, whilst households with two or more pensioners are least likely to be inadequately housed.

<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Single pensioners	3,028	33,432	9.1%
2 or more pensioners	1,572	26,116	6.0%
Single non-pensioners	2,719	44,264	6.1%
More than one adult, no children	5,163	92,563	5.6%
Lone parent	1,648	9,930	16.6%
2+ adults, 1 child	1,874	24,614	7.6%
2+ adults, 2+ children	2,569	28,852	8.9%
Total	18,573	259,770	7.1%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

8.30 Some further adjustments are also made to use the affordable stock and any housing subsidy paid most economically (this adjustment also allows the introduction of Affordable Rent to be assessed):

- Households resident in the private rented sector on Local Housing Allowance (LHA) that can afford market, shared ownership or Affordable Rented accommodation are assumed to require this, to ensure that the stock is being most appropriately and efficiently used. The cost of Affordable Rented accommodation is based at 80% Affordable Rent. Shared ownership is deemed suitable for those able to afford a home with a 25% share and with 10% of the value of this equity share in capital.
- Households in social rented accommodation that can afford market, shared ownership or Affordable Rented accommodation are assumed to require this to ensure that the stock is being most appropriately and efficiently used.

8.31 Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of suitable accommodation for each household type is applied to the household population in 18 years' time²². The model therefore assumes that the pattern of accommodation required by each household type remains constant. It therefore assumes that the LHA supported private rented sector will be available at the same level as today; the consequence of that not being the case are discussed in para 8.40.

²² Further detail is presented in Appendix A8 to demonstrate how the adjustments set out affect the occupation patterns used in the model. This is done for the using the 2 or more adults, 2 or more children household group.

Tenure of housing required

- 8.32 Table 8.5 shows the tenure profile of households resident in Gloucestershire currently. The table indicates that over 80% of households are resident in market accommodation (without the aid of LHA), 0.9% live in a shared ownership home, 5.4% live in a social rented property (without the aid of HB) and 12.7% live in rented accommodation with the aid of benefit (HB or LHA).

<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	210,328	81.0%
Shared ownership	2,267	0.9%
Social rented	14,071	5.4%
Benefit supported (both private and social rented)	33,104	12.7%
Total	259,770	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.33 The tenure of Affordable Rent is being introduced and the distinction in the affordable sector will be between those able to afford Affordable Rent (or shared ownership) and those requiring subsidy for their housing costs (those needing LHA or HB to live in the rented sector). Taking this into account, Table 8.6 shows the ideal tenure profile for the County in 18 years' time (if all households are to be adequately housed and the affordable stock is to be used most efficiently). The data shows that in 2031 the housing stock should comprise 79.1% market dwellings, 1.7% shared ownership properties, 3.0% Affordable Rented homes and 16.2% dwellings occupied with the support of benefit.

<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	244,598	79.1%
Shared Ownership	5,299	1.7%
Affordable Rent	9,191	3.0%
Benefit supported (both private and social rented)	50,108	16.2%
Total	309,195	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.34 Table 8.7 shows the tenure profile required by households resident in Gloucestershire in 18 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 69.3% of new housing should be in the market sector, 6.1% should be shared ownership properties and 18.6% Affordable Rent. It is assumed that the current LHA supported private rented homes and the social rented stock will principally house households unable to afford Affordable Rent, including those requiring benefit (although it is acknowledged that these households could also be accommodated in

Affordable Rented accommodation as long as the rent levels were below the LHA rate). The model indicates that an additional 2,933 homes will be required for these households. It is suggested that these new dwellings be social rented accommodation (although suitably priced Affordable Rented dwellings would also be suitable). These additional social rented dwellings constitute 5.9% of the total new homes required in Gloucestershire. The model therefore assumes that the LHA supported private rented sector stays the same size as it is currently and that there is no additional market housing required arising from households that would most appropriately be housed in the affordable sector.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Market	210,328	244,598	34,269	69.3%
Shared ownership	2,267	5,299	3,032	6.1%
Affordable Rent*	0	9,191	9,191	18.6%
Social rented	14,071	50,108	2,933	5.9%
Benefit supported	33,104			
Total	259,770	309,195	49,425	100.0%

*It should be noted that there are a limited number of Affordable Rented units already in Gloucestershire (20 as at April 2012 according to the HCA's Statistical Data Return 2012), however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.35 The total requirement for market housing is 34,329 dwellings with the total requirement for affordable housing 15,156 homes. The LTBHM model is able to also provide detail on the size of new dwellings required within each of these tenures. This is shown in the section below.

Size of housing required within each tenure

- 8.36 Table 8.8 presents the size of market accommodation required in Gloucestershire in 18 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 41.2% of new market dwellings should be three bedroom properties, with 30.6% having two bedrooms, 19.2% containing four or more bedrooms and 9.1% having one bedroom.

Table 8.8 Size of new market accommodation required in Gloucestershire over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	13,012	16,115	3,103	9.1%
Two bedrooms	47,208	57,698	10,490	30.6%
Three bedrooms	90,540	104,647	14,107	41.2%
Four or more bedrooms	59,568	66,139	6,571	19.2%
Total	210,328	244,599	34,271	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.37 This analysis can be repeated for shared ownership housing and is presented in Table 8.9. The data indicates that of the 3,032 shared ownership dwellings required within the County, 40.2% should be two bedroom properties with a further 26.0% three bedroom accommodation. Just over a fifth should have one bedroom and 12.1% should have four or more bedrooms.

Table 8.9 Size of new shared ownership accommodation required in Gloucestershire over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	103	762	659	21.7%
Two bedrooms	1,106	2,324	1,218	40.2%
Three bedrooms	829	1,616	787	26.0%
Four or more bedrooms	229	597	368	12.1%
Total	2,267	5,299	3,032	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.38 Table 8.10 shows the size of accommodation required in the Affordable Rented sector; as there is very little of this tenure in existence, it will almost all be new. The table shows that of the 9,190 additional Affordable Rented units required within Gloucestershire over the next 18 years, the majority (69.7%) should be two and three bedroom properties.

Table 8.10 Size of new Affordable Rented homes required in Gloucestershire over the next 18 years		
<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	2,415	26.3%
Two bedrooms	3,615	39.3%
Three bedrooms	2,790	30.4%
Four or more bedrooms	370	4.0%
Total	9,190	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.39 Table 8.11 presents the size of social rented/LHA supported private rented accommodation required in Gloucestershire in 18 years' time in comparison to the size profile recorded in the social rented and LHA supported private rented sector currently. The implied additional housing required is also presented. It is assumed that the current LHA supported private rented sector stock will continue to be available to this group of households in the future and will form an 'alternative affordable housing' supply. It is presumed that all of the additional housing required for the group will be social rented, because Local Authorities lack the ability to enable the effective delivery of private rented housing at LHA rates. The model therefore assumes that the LHA supported private rented sector stays the same size as it is currently and that there is no additional market housing required arising from households that would most appropriately be housed in the affordable sector. The table shows that 34.3% of the new social rented housing required should comprise three bedrooms, 33.4% should have four or more bedrooms, 22.9% should have two bedrooms and 9.4% should contain a single bedroom.

Table 8.11 Size of new social rented accommodation required in Gloucestershire over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	13,577	13,852	275	9.4%
Two bedrooms	18,190	18,860	670	22.9%
Three bedrooms	13,936	14,943	1,007	34.3%
Four or more bedrooms	1,472	2,452	980	33.4%
Total	47,175	50,107	2,932	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.40 To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5), it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the

payment of LHA. Table 8.12 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table 8.12 Size of new Affordable Rented homes required in Gloucestershire over the next 18 years – all households unable to afford market or shared ownership housing				
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	13,577	16,267	2,690	22.2%
Two bedrooms	18,190	22,475	4,285	35.3%
Three bedrooms	13,936	17,733	3,797	31.3%
Four or more bedrooms	1,472	2,822	1,350	11.1%
Total	47,175	59,297	12,122	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.41 It should be noted that, if the amount of LHA supported private rented sector homes reduces as a consequence of the reduction of the LHA rates and the accommodation reverts to 'standard' market accommodation, then the reverted dwellings should be deducted from the total market requirement and dwellings of equivalent size be added to the affordable (social rented or Affordable Rented) requirement.
- 8.42 It is anticipated that 2,157 of the total 13,852 one bedroom social rented/LHA supported private rented homes required in 2029, are required by single person households deemed suitable for the shared room rate (aged 35 or under). If this policy is still in place in 2029, then the figure of 2,157 could be deducted from the one bedroom total and an equivalent figure added to the two or three bedroom requirement of the same sector (1,079 two bedroom homes, presuming two people sharing in all instances, or 719 three bedroom homes presuming three people sharing for example.) to illustrate the potential impact of this. Table 8.13 replicates the results presented in Table 8.11, but assumes the 2,157 applicable households are housed in shared accommodation rather than in a one bedroom home.

Table 8.13 Size of new social rented accommodation required in Gloucestershire over the next 18 years – accounting for households suitable for shared housing.

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	13,577	11,695	-1,882	0.00%
Two bedrooms	18,190	19,399	1,209	34.0%
Three bedrooms	13,936	15,303	1,367	38.4%
Four or more bedrooms	1,472	2,452	980	27.6%
Total	47,175	48,849	1,674	100.00%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

The affect of conversion of social rent to Affordable Rent

- 8.43 The model presented has presumed that there is no Affordable Rented stock currently available and that all of the new provision will have to be new build, however Registered Providers are starting to convert some social rented re-lets into Affordable Rented accommodation. This would mean that the amount of new build Affordable Rented accommodation required will be reduced. To demonstrate the potential impact on the outputs of the LTBHM model, Table 8.14 shows the overall number of new homes required in each tenure presuming 10% of social rented dwellings let between 2013 and 2031 are converted to Affordable Rent.

Table 8.14 Tenure of new accommodation required in Gloucestershire over the next 18 years (assuming 10% of social rented re-lets from the existing stock are converted to Affordable Rent by 2031)

<i>Tenure</i>	<i>Existing stock in 2031</i>	<i>Stock required 2031</i>	<i>Change required</i>	<i>% of change required</i>
Market	210,328	244,598	34,269	69.3%
Shared ownership	2,267	5,299	3,032	6.1%
Affordable Rent	4,781	9,191	4,410	8.9%
Social rented/ Benefit supported private rented	42,394	50,108	7,714	15.6%
Total	259,770	309,195	49,425	100.00%

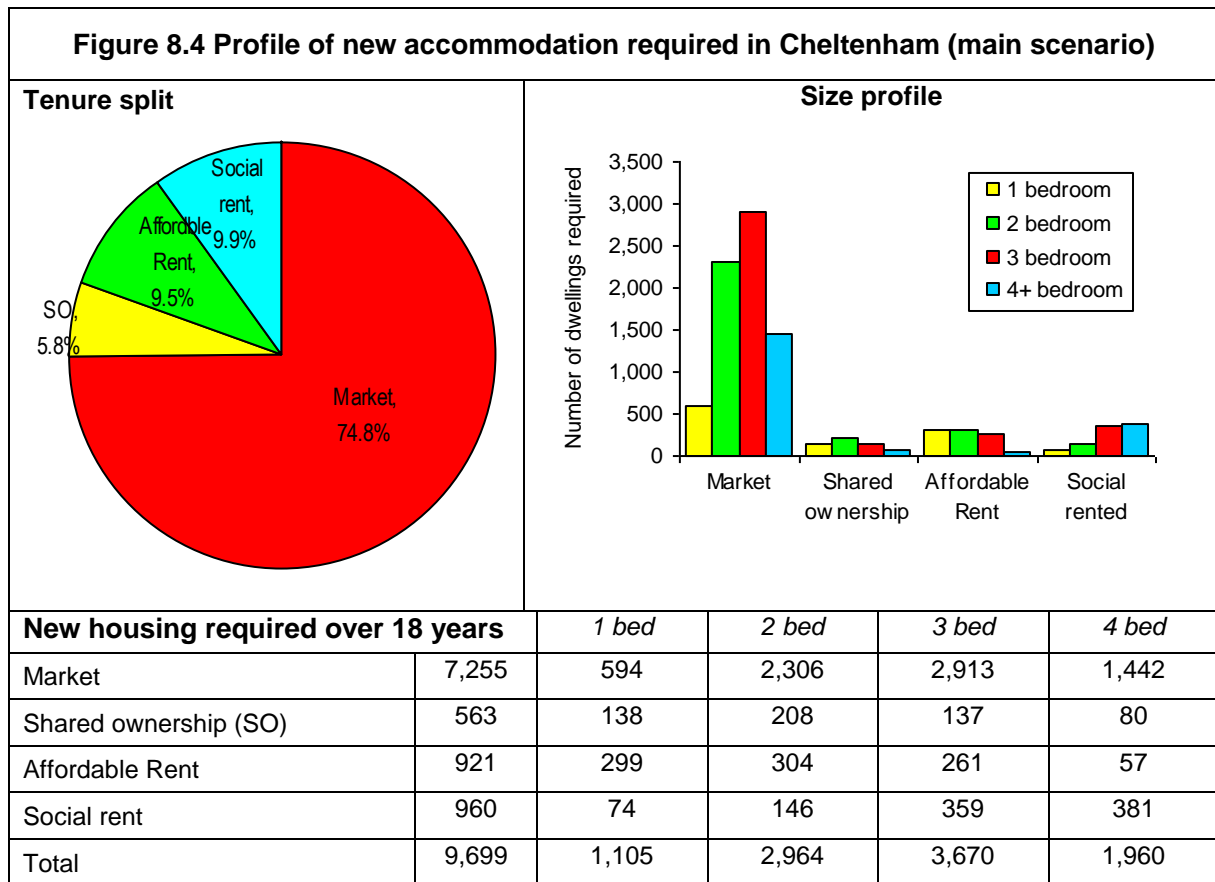
Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

- 8.44 The conversion of these re-lets would reduce the requirement for new build Affordable and increase the requirement for new build social rent. However if it is decided that Affordable Rent should be the only non-ownership affordable product built, as households unable to afford it will be able to reside in it via the payment of LHA, then the distinction will be immaterial.



Local Authority Outputs

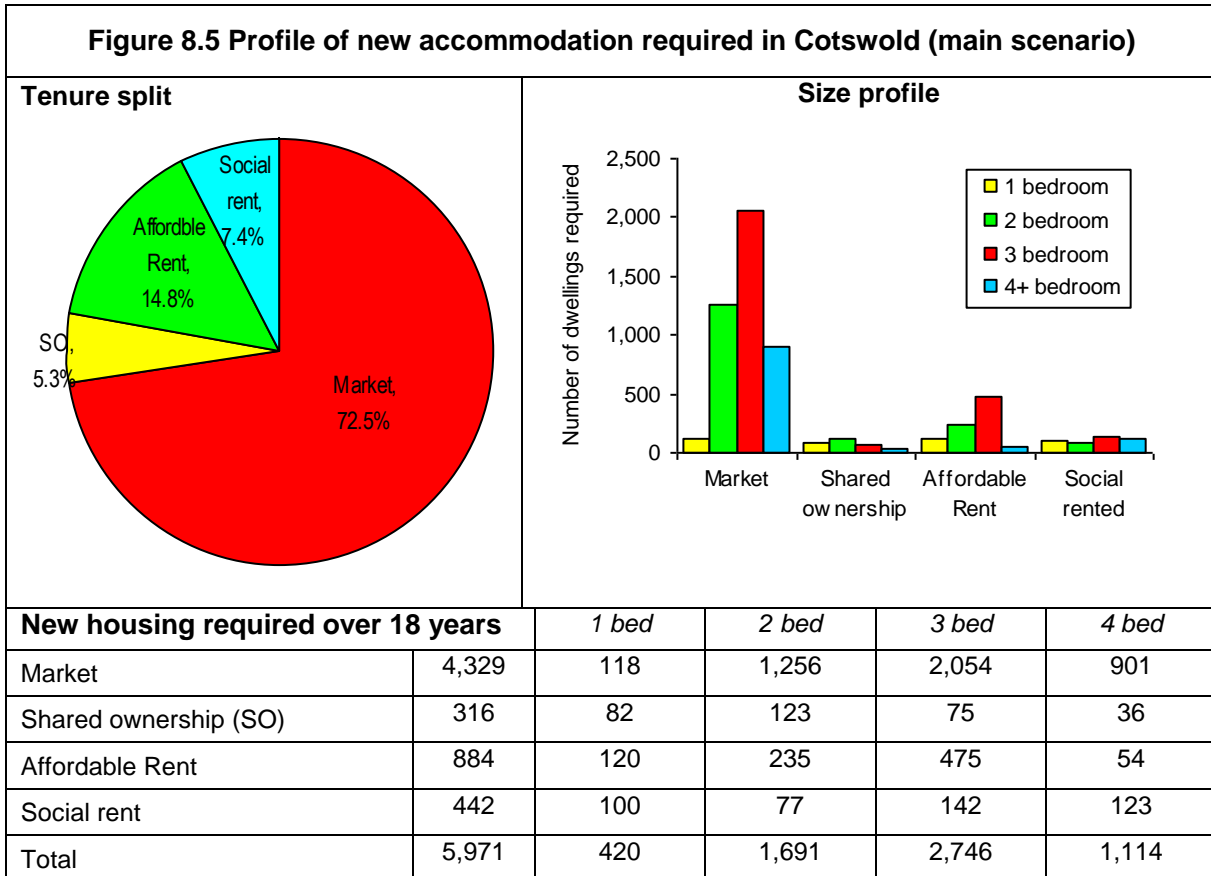
- 8.45 As the model is based on data and calculations performed for small geographical units, these outputs can be disaggregated to the six Local Authorities within Gloucestershire. These outputs inform planning policies on housing mix and tenure, for which key decisions are likely to be made at local authority level. The scale and mix of housing which the model allocates to each district reflects the scale and mix required to meet the Objectively Assessed Need of that district, whether or not the development occurs within the local authority boundary.
- 8.46 Summary results for each authority are presented in Figures 8.4 to 8.9 below. Further detail on the stages of the model used to derive these overall figures is presented in the Appendices. The Appendices also present summary results under two further scenarios for all authorities other than Forest of Dean, as set out in Table 8.1.
- 8.47 Figure 8.4 shows the results for Cheltenham. The results indicate that in Cheltenham, some 74.8% of new housing should be market accommodation, with 9.5% Affordable Rent, 9.9% social rent and 5.8% shared ownership. The majority of market accommodation required is two and three bedroom dwellings. A range of different size homes are required in the shared ownership and Affordable Rent sectors. The largest requirement for social rented homes is for four bedroom properties. The total market requirement is 7,255 dwellings with the total affordable requirement being 2,444 dwellings.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



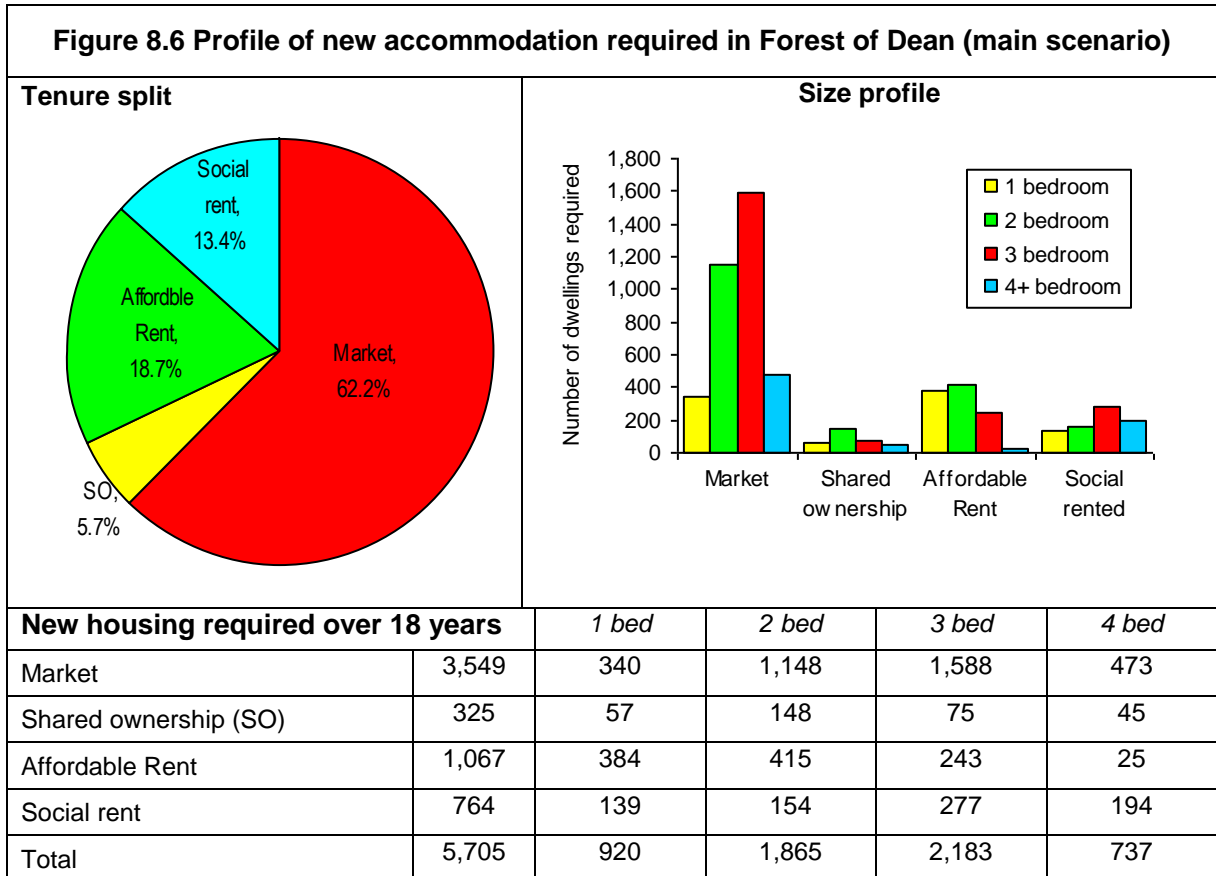
8.48 Figure 8.5 shows the results for Cotswold. The results indicate that in Cotswold, some 72.5% of new housing should be market accommodation, with 14.8% Affordable Rent, 7.4% social rent and 5.3% shared ownership. The majority of market accommodation required is three bedroom dwellings. A range of different size homes are required in the shared ownership and social rented sectors. The largest requirement for Affordable Rented homes is for three bedroom properties. The total market requirement is 4,329 dwellings with the total affordable requirement being 1,642 dwellings.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



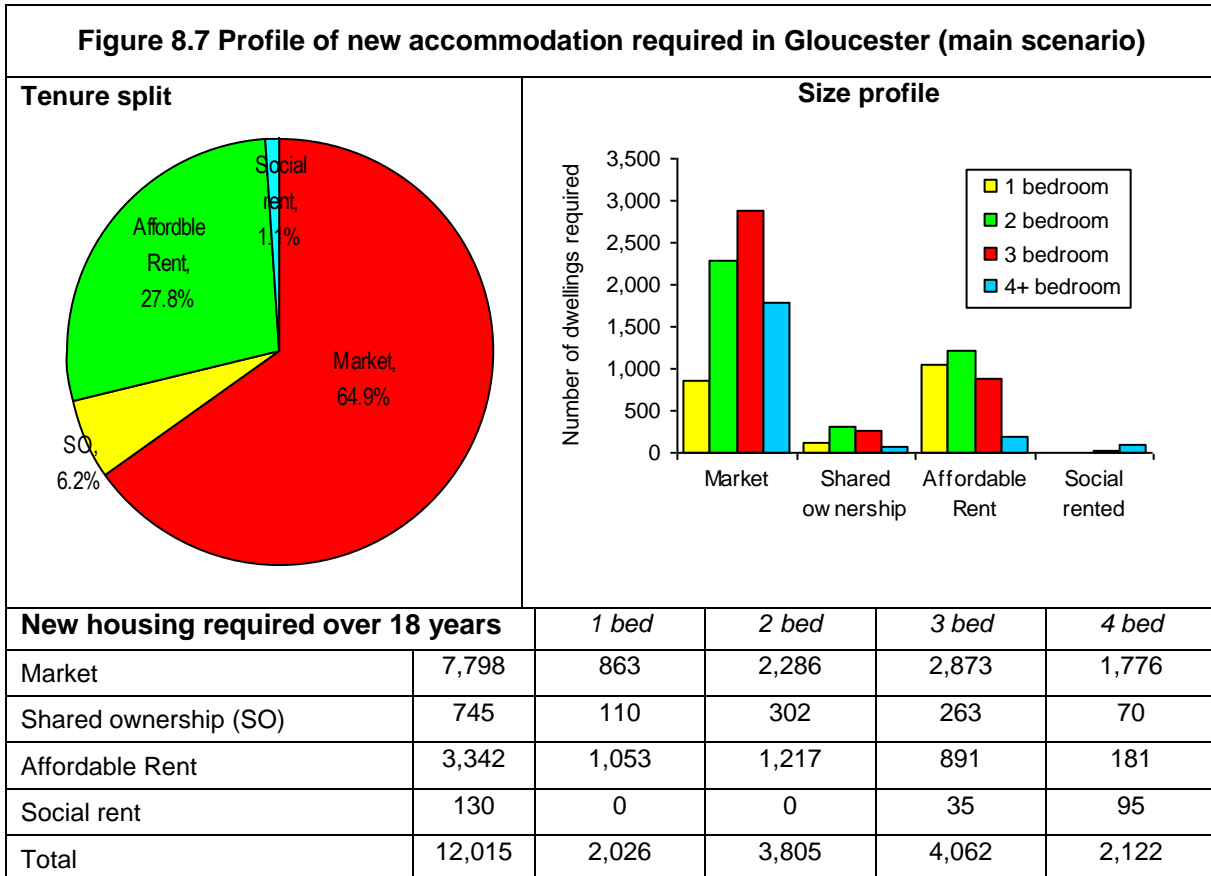
8.49 Figure 8.6 shows the results for Forest of Dean. The results indicate that in Forest of Dean, some 62.2% of new housing should be market accommodation, with 18.7% Affordable Rent, 13.4% social rent and 5.7% shared ownership. The majority of market accommodation required is three bedroom dwellings. A large number of one and two bedroom Affordable rented homes are required with larger social rented dwellings also needed. The total market requirement is 3,549 dwellings with the total affordable requirement being 2,156 dwellings.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



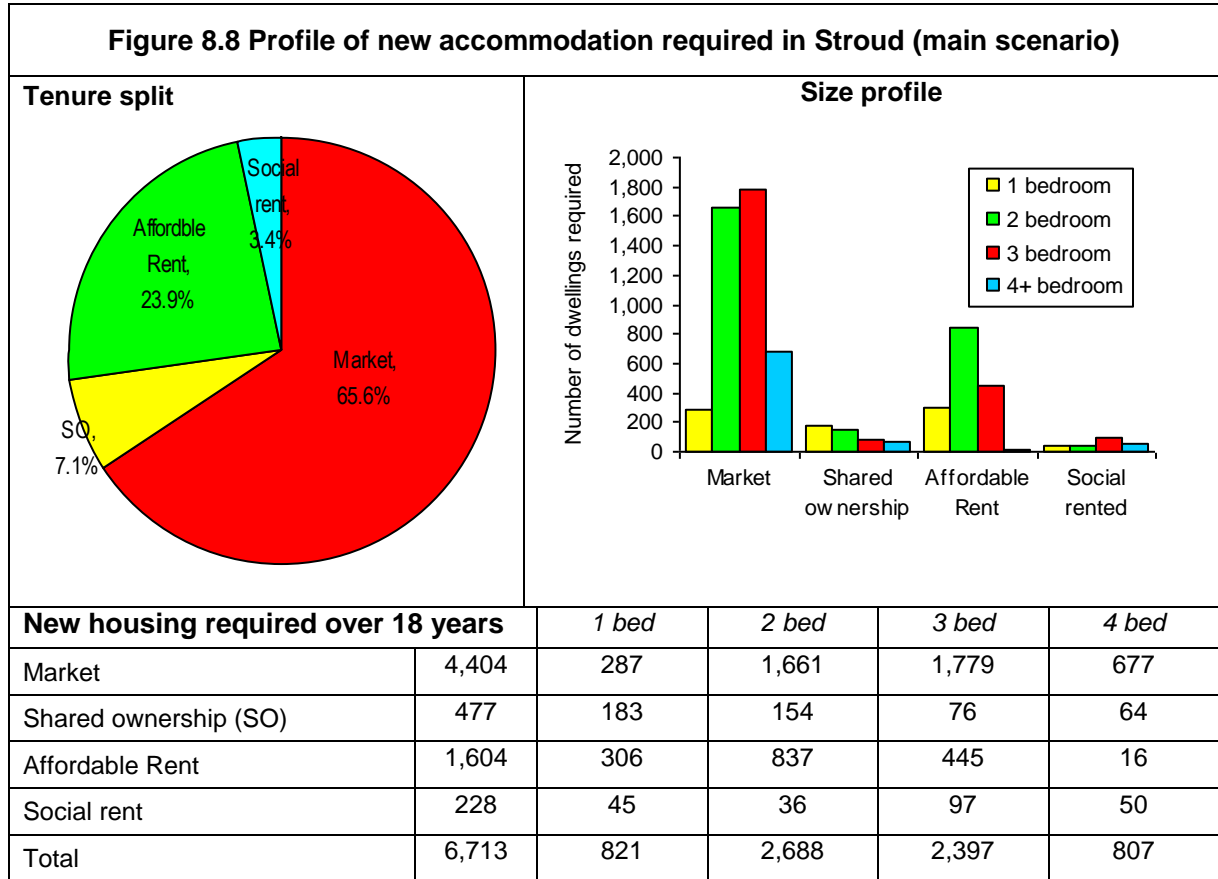
8.50 Figure 8.7 shows the results for Gloucester. The results indicate that in Gloucester, some 64.9% of new housing should be market accommodation, with 27.8% Affordable Rent, 1.1% social rent and 6.2% shared ownership. A notable number of one, two and three bedroom Affordable Rent homes are required. The only additional social rented dwellings required are three and four bedroom properties. The total market requirement is 7,798 dwellings with the total affordable requirement being 4,217 dwellings.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



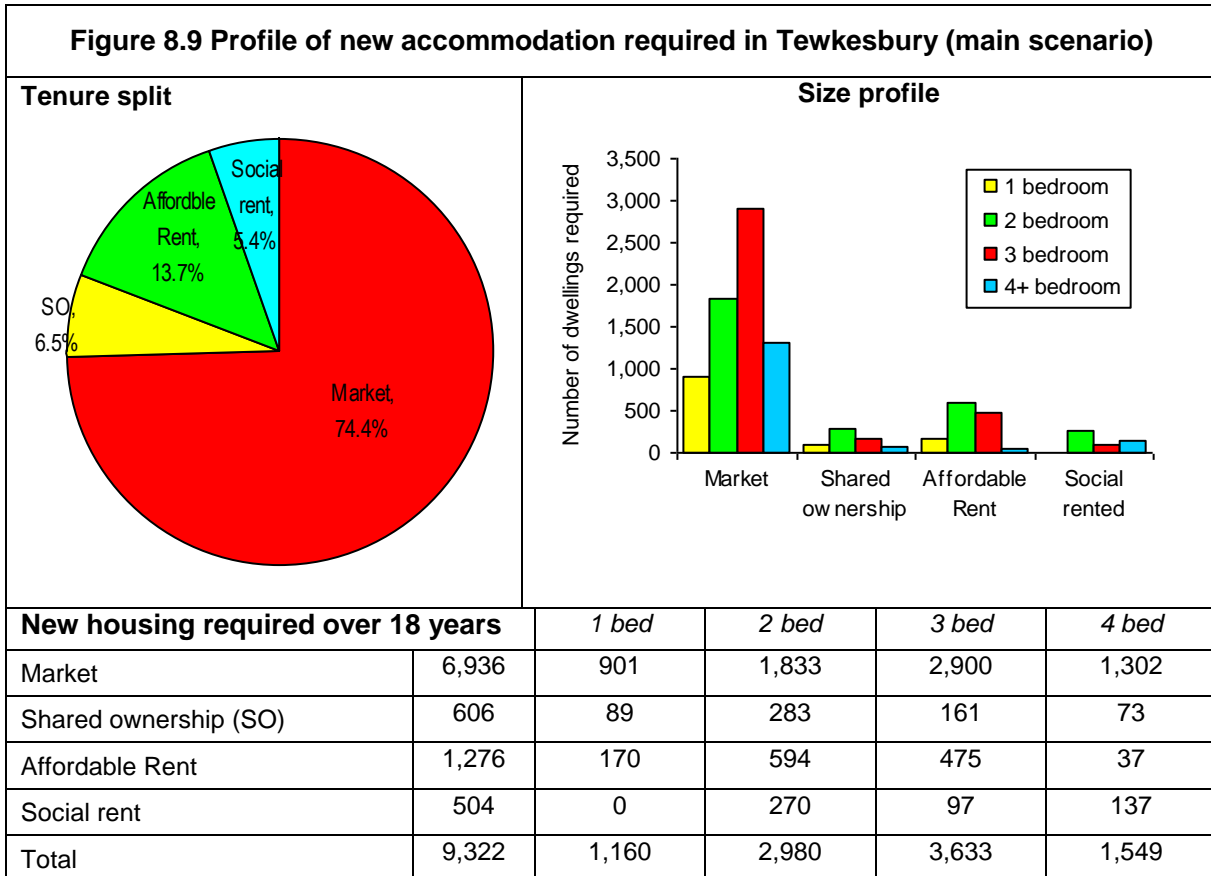
8.51 Figure 8.8 shows the results for Stroud. The results indicate that in Stroud, some 65.7% of new housing should be market accommodation, with 23.9% Affordable Rent, 3.4% social rent and 7.1% shared ownership. A notable number of two bedroom Affordable Rented homes are needed as are two and three bedroom market accommodation. The total market requirement is 4,404 dwellings with the total affordable requirement being 2,309 dwellings.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



8.52 Figure 8.9 shows the results for Tewkesbury. The results indicate that in Tewkesbury, some 74.4% of new housing should be market accommodation, with 13.7% Affordable Rent, 5.4% social rent and 6.5% shared ownership. The majority of market accommodation required is three bedroom dwellings. A range of different size homes are required in the shared ownership, Affordable Rent and social rented sectors. The total market requirement is 6,936 dwellings with the total affordable requirement being 2,386 dwellings.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Detail on requirements of subgroups of the population

8.53 The NPPF indicates that an SHMA should ensure that all subgroups of the population are addressed. Whilst the LTBHM considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. Tables 8.15 shows the ideal accommodation profile for older person households in Gloucestershire in 2031. Table 8.16 shows the equivalent information for households with dependent children, whilst Table 8.17 indicates the accommodation requirements in 2031 of those with a support need. It should be noted that the NPPF specifically refers to *service families and people wishing to build their own homes* within the examples sited in paragraph 159. There was not capacity within this project to collect any primary data specifically on these groups of the population, therefore it is recommended that the Councils undertake further research to inform their evidence base.

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	5.4%	0.1%	1.6%	15.1%	22.3%
Two bedrooms	22.6%	0.2%	1.1%	3.5%	27.4%
Three bedrooms	34.6%	0.2%	0.2%	0.9%	36.0%
Four or more bedrooms	14.1%	0.0%	0.0%	0.1%	14.3%
Total	76.8%	0.5%	2.9%	19.7%	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Two bedrooms	7.5%	0.2%	4.3%	9.6%	21.6%
Three bedrooms	32.9%	0.8%	3.4%	8.2%	45.3%
Four or more bedrooms	31.5%	0.0%	0.5%	4.1%	36.1%
Total	71.9%	1.1%	6.0%	21.1%	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table 8.17 Type of accommodation required for support needs households in 2031
(total households: 54,255)**

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	4.5%	0.3%	2.5%	20.8%	28.1%
Two bedrooms	17.9%	0.7%	2.0%	6.8%	27.4%
Three bedrooms	25.9%	0.2%	1.1%	4.2%	31.4%
Four or more bedrooms	11.8%	0.1%	0.1%	1.1%	13.1%
Total	60.1%	1.3%	5.6%	32.9%	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

8.54 The figures presented in this chapter also include a requirement for sheltered housing both in the market and affordable sectors. This is important because the population projections identified that the older age bands are likely to experience some of the largest increases. This is derived using the model, and the results are summarised in Table 8.18.

**Table 8.18 Net additional sheltered accommodation required in Gloucestershire
over the next 18 years**

<i>Local Authority area</i>	<i>Size profile 2031</i>	<i>% of change required</i>
Cheltenham	759	14.2%
Cotswold	911	17.0%
Forest of Dean	1,051	19.7%
Gloucester	846	15.8%
Stroud	1,054	19.7%
Tewkesbury	720	13.5%
Gloucestershire	5,342	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

8.55 It should be stated that this type of analysis has limitations. When updating the household dataset, there is no way of cross-checking changing patterns toward moving into sheltered accommodation, as there is with changing patterns to the tenure in which households move into. In addition improvements in the health of the future elderly population may reduce the requirement for sheltered housing. Furthermore attitudes towards the suitability of specialist accommodation for a potential household are much more likely to change over 18 years than attitudes towards the most appropriate size and tenure of home that would be suitable for a household. Due to these limitations, these figures should be treated with caution.

9. Policy implications of the results

Introduction

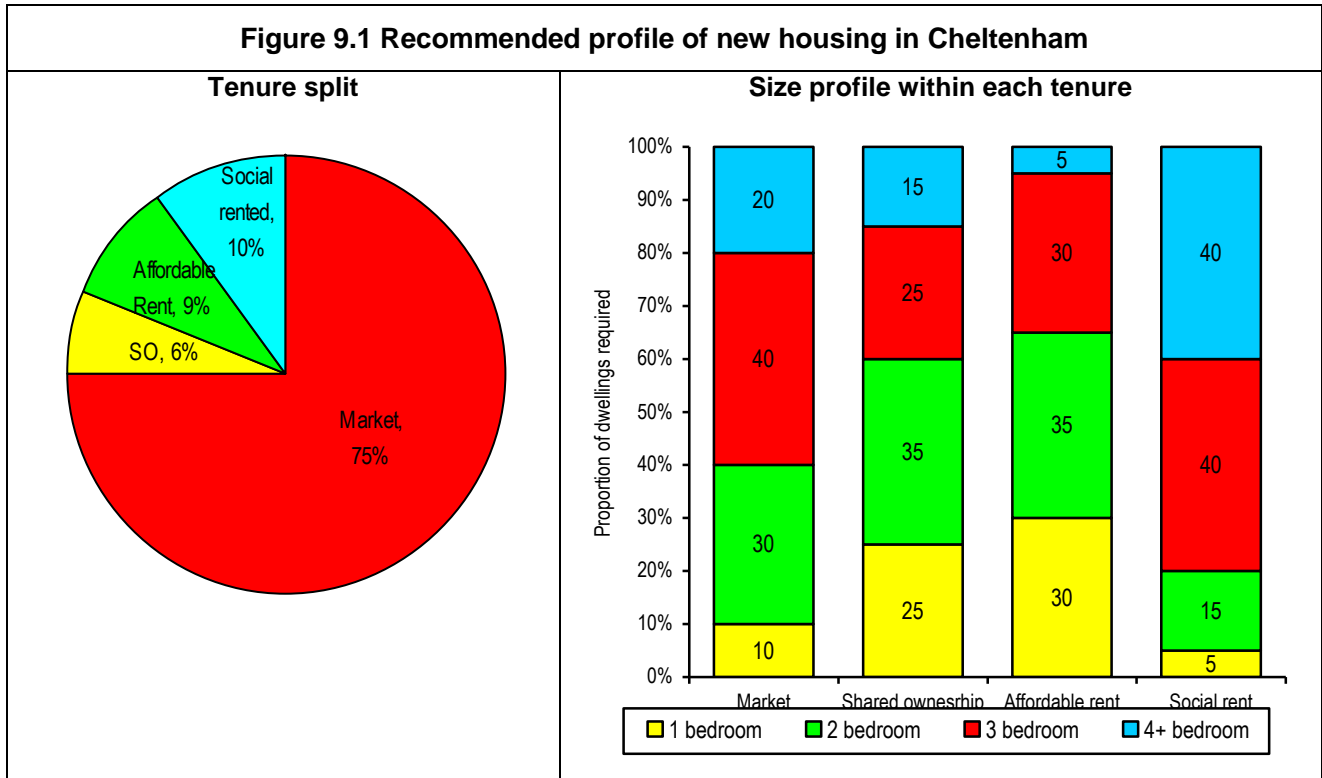
- 9.1 Both the NPPF and the Practice Guidance (and draft NPPG) are clear that the ultimate aim of a Strategic Housing Market Assessment is to provide robust evidence that will inform local housing strategy and planning policies. This report sets out a series of suggestions about possible policy responses in light of the findings of this SHMA, set in the context of the NPPF requirements. The recommendations regarding housing mix relate to the outputs of Chapter 8, while the Affordable Rent advice relates to the outputs of Chapter 7.

Overall scale of housing growth

- 9.2 Paragraph 182 of the NPPF indicates that, in accordance with the Duty to Cooperate, a Local Plan plan should be prepared *‘based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.’* It is therefore positive that the Councils within this Housing Market Area have positively engaged to try and determine the Objectively Assessed Need across the constituent Council areas.
- 9.3 Chapter 8 discussed the level of Objectively Assessed Need in each authority of Gloucestershire as set out in work undertaken separately from to this study. The Objectively Assessed Need represents the figure that each Council should seek to plan towards in accordance with the NPPF, but it does not constitute the housing target. Each Council also has to take into account a range of other factors; including, the number of vacant properties available to help meet future demand, the environmental impact of potential development, how future housing development will impact on other infrastructure and how it corresponds to other priorities in the Local Authority area. The objectively assessed need therefore informs the total dwelling growth proposed, but does not determine it.
- 9.4 In addition, the limitations to the projections indicate that they should not be used as the sole information source for determining a housing target as the CLG Quality Report indicates *“...these are demographic and trend-based only and do not take into account any policy changes that may affect actual household formation in future.”*
- 9.5 Submissions to the SHMA consultation process, suggest that the majority of stakeholders are concerned that future housing targets should be sufficient to support future employment opportunities associated with economic growth in the County, and also provide additional supply so that price rises are slowed and affordability is improved in Gloucestershire. Overall there is a preference for targets at the higher end of the range of options within the submissions received.

Mix of housing required

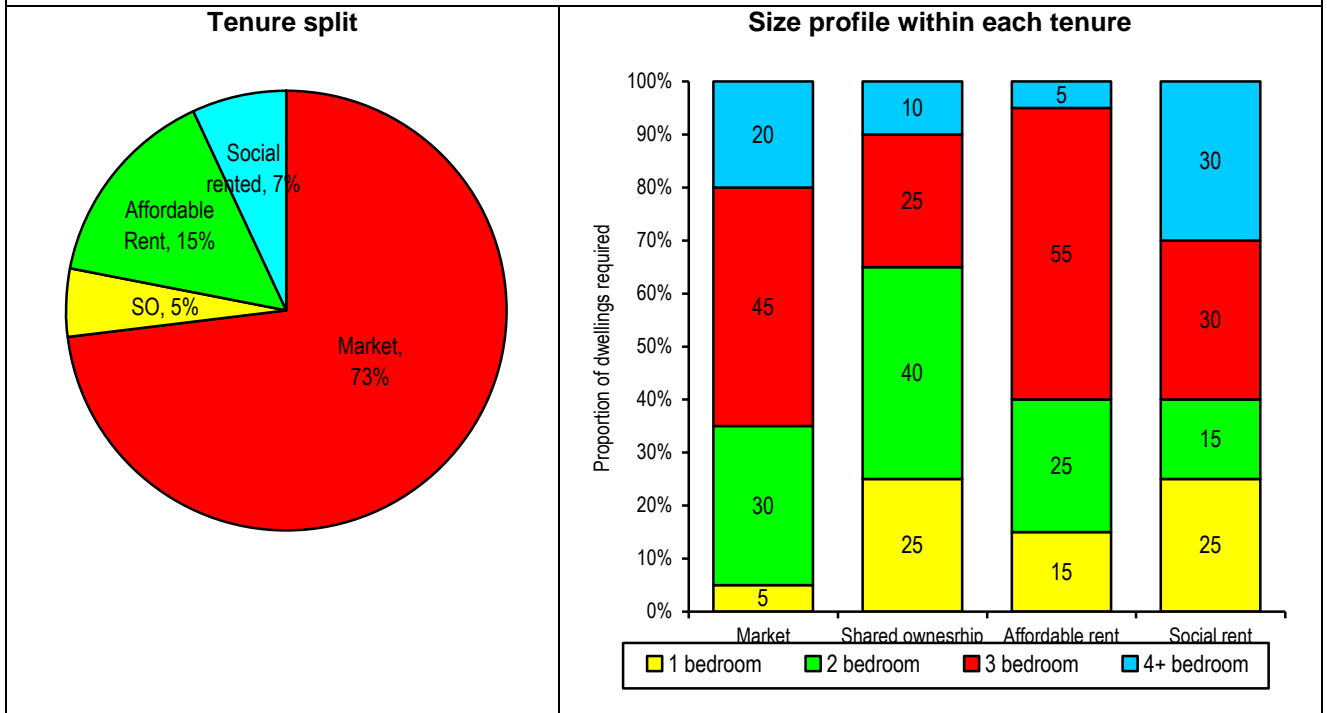
9.6 The LTBHM model provides considerable detail on the size and tenure of accommodation required within each tenure. The main scenario (as set out in Table 8.1) outputs have been used to inform the recommended dwelling mix within each authority in Gloucestershire. These results are summarised in Figures 9.1 to 9.6 below. Whilst the outputs separate a requirement for new social rented dwellings from the Affordable Rent requirement, it is acknowledged that these groups could be amalgamated and all this new housing be Affordable Rent.



Source: Gloucestershire Strategic Housing Market Assessment, 2013

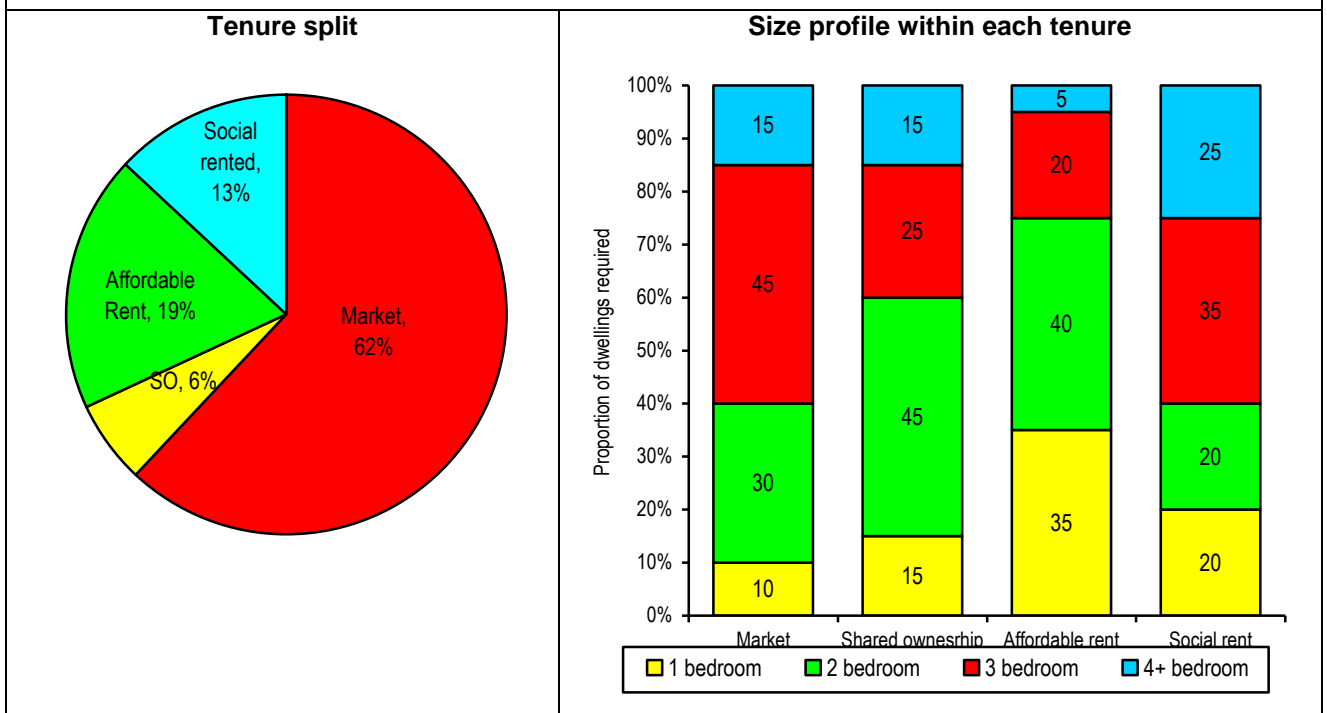


Figure 9.2 Recommended profile of new housing in Cotswold



Source: Gloucestershire Strategic Housing Market Assessment, 2013

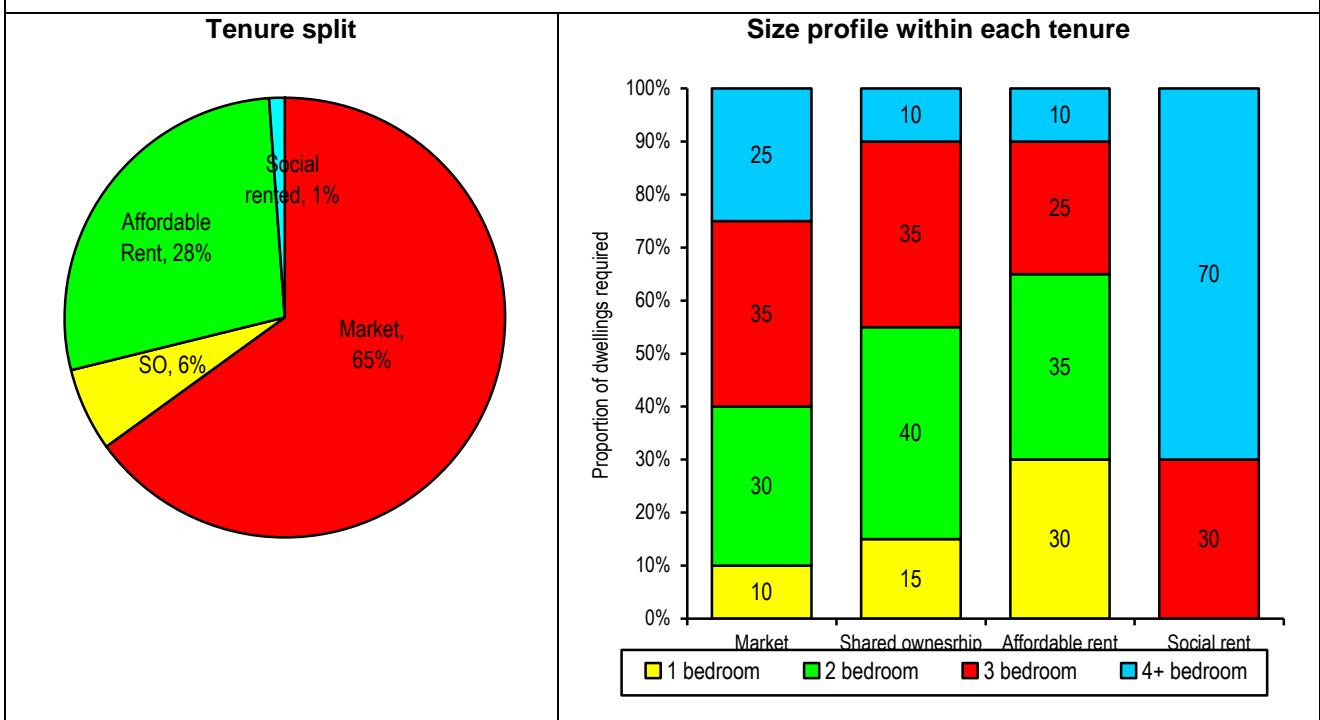
Figure 9.3 Recommended profile of new housing in Forest of Dean



Source: Gloucestershire Strategic Housing Market Assessment, 2013

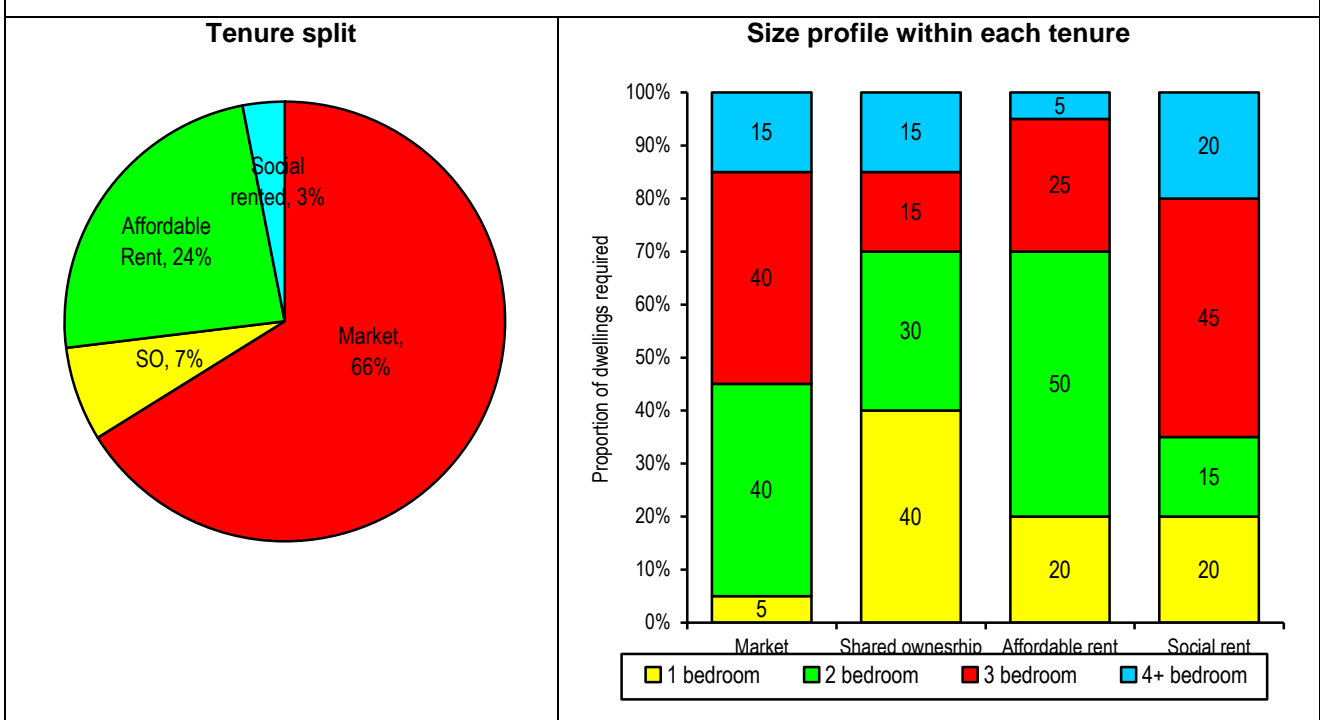


Figure 9.4 Recommended profile of new housing in Gloucester



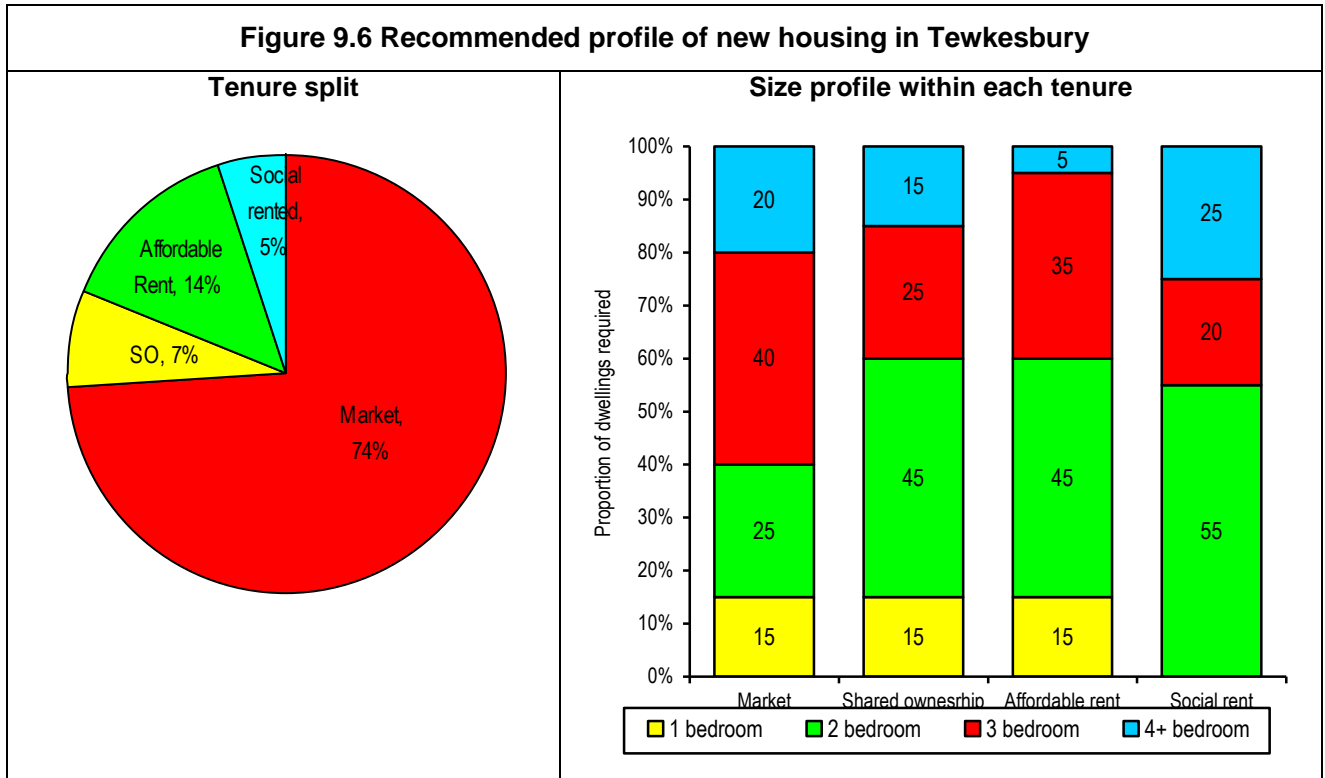
Source: Gloucestershire Strategic Housing Market Assessment, 2013

Figure 9.5 Recommended profile of new housing in Stroud



Source: Gloucestershire Strategic Housing Market Assessment, 2013





Source: Gloucestershire Strategic Housing Market Assessment, 2013

9.7 Whilst, the overall target for additional affordable housing proposed in each authority is generally lower than that put forward in the previous study, this does not reflect an improvement in affordability, as housing need has got demonstrably worse in all areas. Rather this reflects the change in emphasis within the new guidance as to how the private rented sector be considered, which has been factored into the LTBHM model outputs in this report – with the Benefit supported sector viewed as a permanent supply unlike in the previous study. The result is affordable housing targets which are lower, but which are realistic. As the draft NPPG notes ‘Any assessment of need should be realistic in taking account the particular nature of that area Assessing development needs should be proportionate.’ This report however is just one piece of evidence and the Councils will set their housing targets using other considerations as well (including the day to day experience of housing departments).

Affordable Rent

9.8 If the Affordable Rent were set at 80% of median market rent, it would be affordable for a notable number of households in housing need, however relatively few of those requiring four bedroom accommodation. If Affordable Rent were set at 70% of market rent, it would be affordable to more households in housing need. Stakeholders however indicated that Affordable rent at 80% was most likely to be suitable in the County and if a lower threshold was used the Council would need to ensure it is viable – there is a danger that lower thresholds could result in Residential Providers being left with a funding gap, which may act as a barrier to delivery of affordable accommodation.



- 9.9 It is up to the individual Councils to choose the level at which Affordable Rent is finally sought: there is a considerable range of evidence in this report. The current cost of Affordable Rent in the authorities where it exists (set out in Table 5.16) seems to be appropriate, although there is a need to ensure it is set at a lower level relative to market costs for larger dwellings where the intermediate gap is greater.

The SHMA as an ‘evidence base’

- 9.10 These findings form part of the ‘evidence base’ for policy, but do not form policy in itself. It is a policy issue for the Councils to decide what types of affordable housing to build. The Councils will want to consider their priorities in the light of the evidence, but will not in any way be dictated by it. It is recommended that the outputs from this report should also be viewed alongside the other information on the Councils’ housing and planning priorities.
- 9.11 It should be noted that the NPPF specifically refers to *service families and people wishing to build their own homes* within the examples sited in paragraph 159. There was not capacity within this project to collect any primary data specifically on these groups of the population, therefore it is recommended that the Council’s undertake further research to inform their evidence base.

Monitoring the market

- 9.12 The SHMA provides an analysis of the housing market at a particular point in time, however the housing market is constantly evolving and it is useful to be able to monitor the affect of changes in market conditions on the conclusions of this SHMA. The methodology paper presented alongside this report emphasises that producing the key outputs of the report, which are derived from the dataset, is a complex and time-consuming job which cannot therefore be undertaken at frequent intervals. It is useful therefore to highlight which secondary data sources can be checked regularly to provide an indication of the direction of movement of the market. The key issues to monitor are affordability and the delivery of housing.

Monitoring affordability

- 9.13 The crucial output to measure is the cost of housing locally. This can be compared against economic indications to understand the direction of the housing market and where the pressure points are likely to be, but also allows the completion of the housing ladder as set out in Figures 5.9 to 5.12, so that the size of the housing market gaps and how are they changing can be understood. Figure 9.7 explains the way in which entry-level prices and rents should be derived.



Figure 9.7 Establishing new minimum prices/rents

1. Prices for each size of dwelling will vary across a housing market area, often within short distances. It is important therefore to identify the boundaries of the individual price markets that exist within the County.
2. Once the appropriate price markets have been determined, they can be mapped onto an appropriate house price listing website (such as Rightmove.co.uk). This means it is possible to search for homes only with the market boundary identified.
3. The Practice Guidance indicates entry-level prices should be approximated by the lower quartile value. For each price market it is possible to identify the number of properties of each size available. If the total number of properties of a particular size is quartered and then the properties are sorted by cost in ascending order, then the property at the quartered value is the lower quartile point.
4. This process is repeated for all property sizes and then for different price markets.
5. The derived costs should be verified with local letting agents and the discount from advertised to sale price/rent understood.
6. The cost of social rented accommodation by dwelling size can be obtained from Homes & Communities Agency's Statistical Data Return dataset for the RSL sector and the Council's individual ELASH return for the Council stock. The number of lettings these averages are based on is also presented, so it possible to work out the overall average of that dwelling size across the social rented sector.

Source: Gloucestershire Strategic Housing Market Assessment, 2013

- 9.14 Following the process set out in paragraph 5.21 these costs can be converted into a household income required to show the housing ladder. The housing ladder can be compared with historical equivalents to see which prices are increasing at the greatest rate and where the housing gaps are increasing and receding. It is also a useful tool for testing the suitability of intermediate products to ensure they are below market housing.
- 9.15 The change in prices and rents should also be compared against secondary data on economic conditions. The Annual Survey of Hours and Earnings publishes annual results for the level of earned income of employees at a Local Authority level. This sets out income levels at a range of points on the total distribution (at decile level where the sample size permits it). Trends in lower quartile and median earned incomes of residents should be compared to trends in rents and prices to monitor how the affordability ratio is changing in a location.
- 9.16 There are three data sources that are useful to monitor to indicate potential pressure on the affordable sector; the number of people claiming Job Seekers Allowance (published by the ONS on a monthly basis), the number of households that present to the Council as homeless each quarter and the number of new households within the private rented sector that approach the Council for help with their rents (principally through Local housing Allowance) each quarter. A notable change in the levels of any of these variables is likely to reflect a notable change in market conditions.

Monitoring housing delivery

9.17 To assist the Councils in monitoring their progress towards achieving market balance we have provided them with a simple monitoring tool in the form of an Excel spread sheet. Initially this has been set up to monitor the progress toward the market balance identified in the LTBHM, shown in Table 8.7 of this report (presuming 49,425 new dwellings in period to 2031 and 30.7% of these will be affordable). The working sheet is shown in Figure 9.8 .

Figure 9.8 Monitoring housing delivery against desired tenure balance worksheet

Long-term BHM - achieving market balance more quickly				Market		Affordable	
Start year		2013		Starting stock	210,328	49,442	
End year		2031		Target % affordable for tenure balance		20.9%	
Total build (all housing)		49,425		Years taken to reach balance		19	
Total build % affordable		30.7%		Tenure balance achieved at		2032	
Year	Market stock	Affordable stock	% of build affordable	Build rate (override)	Build rate	% of stock affordable	Balance Achieved
2013	210,328	49,442	30.7%		2,746	19.0%	NO
2014	212,231	50,285	30.7%		2,746	19.2%	NO
2015	214,134	51,128	30.7%		2,746	19.3%	NO
2016	216,037	51,971	30.7%		2,746	19.4%	NO
2017	217,939	52,814	30.7%		2,746	19.5%	NO
2018	219,842	53,657	30.7%		2,746	19.6%	NO
2019	221,745	54,500	30.7%		2,746	19.7%	NO
2020	223,648	55,343	30.7%		2,746	19.8%	NO
2021	225,551	56,186	30.7%		2,746	19.9%	NO
2022	227,454	57,029	30.7%		2,746	20.0%	NO
2023	229,357	57,872	30.7%		2,746	20.1%	NO
2024	231,259	58,715	30.7%		2,746	20.2%	NO
2025	233,162	59,558	30.7%		2,746	20.3%	NO
2026	235,065	60,401	30.7%		2,746	20.4%	NO
2027	236,968	61,244	30.7%		2,746	20.5%	NO
2028	238,871	62,087	30.7%		2,746	20.6%	NO
2029	240,774	62,930	30.7%		2,746	20.7%	NO
2030	242,677	63,773	30.7%		2,746	20.8%	NO
2031	244,580	64,615	30.7%		2,746	20.9%	NO
2032	246,482	65,458	30.7%		2,746	21.0%	YES

Source: Gloucestershire Strategic Housing Market Assessment, 2013

9.18 This tool allows the Councils to add in the number of houses built each year and the proportion which were affordable. The spreadsheet updates a revised target in terms of total new build and the proportion to be affordable, to allow progress towards the long-term aim of a balanced market to be monitored.

9.19 It is worth noting that, if changes occur that may affect the key drivers of the housing market, such as national policy around affordable housing or Housing Benefit, or new long-term household projections are published, then it may be necessary to undertake a brand new SHMA.



Glossary

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on standard lending multipliers (3.5 times income) and considers any capital the household may have (existing equity or savings) to discount from the purchase price of the home. The household also requires capital amounting to 5% of the purchase price if they are determined as able to afford. Rental affordability is defined as the rent being less than a proportion of a household's gross income (25% of gross income is used as the baseline).

Affordable housing

NPPF defines affordable housing as *'Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.'*

Affordable Rent

NPPF defines Affordable Rent as *'housing that is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).'*

Annual need

The combination of the net future need plus an allowance to deal progressively with part of the net current need.

Average

The term 'average' when used in this report is taken to be a mean value, unless otherwise stated.

Bedroom standard

The bedroom standard is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use, to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents, even though they may not be in use as such.

Concealed household

A household that currently lives within another household, but has a preference to live independently and is unable to afford appropriate market housing.

Current need

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

Disaggregation

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical price market within Gloucestershire.

Financial capacity

This is defined as household income+savings+equity (the value of the property owned by owner-occupiers, typically the family home, net of mortgage). This provides an indication, when put on a capital basis, of the amount which the household could afford to pay for housing. Since equity is now a substantial part of the overall financial capacity of the large fraction of owner-occupiers, it is essential to use this measure rather than the old price/income ratio to measure the activity of a housing market.

Forecast

Either of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

Grossing-up

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

Household

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

Household formation

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs).

Household living within another household

Is a household living as part of another household of which they are neither the head nor the partner of the head.

Households sharing

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this, constitute 5 one-person households).

Housing market area

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay.

Housing need

Housing need is defined as the number of households lacking their own housing, or living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some financial assistance.

Housing Register

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing registers, often called waiting lists, may include not only people with general needs, but people with support needs or requiring access because of special circumstances, including homelessness.

Housing size

Measured in terms of the number of bedrooms, habitable rooms or floor space. This report uses the number of bedrooms.

Income

Income means gross household income unless otherwise qualified

Intermediate housing

NPPF defines intermediate housing as '*homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.*'

Lending multiplier

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted is 3.5 times income.

Lower quartile

The value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one quarter of the way up the ranking from the cheapest to the most expensive.

Mean

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

Median

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

Migration

The movement of people between geographical areas, primarily defined in this context as the local authority County area. The rate of migration is usually measured as an annual number of households, living in Gloucestershire at a point in time, who are not resident in Gloucestershire one year earlier.

Net need

The difference between need and the expected supply of available affordable housing units (e.g. from the re-letting of existing social rented dwellings).

Newly arising need

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

Non-selfcontained accommodation

Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

Overcrowding

An overcrowded dwelling is one which is below the bedroom standard (see 'Bedroom Standard' above).

Primary data

Information that is collected from a bespoke data collection exercise (e.g. surveys, focus groups or interviews) and analysed to produce a new set of findings.

Potential households

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head, nor the partner of the head, and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation rather than continuing to live with their 'host' household.

Projection

Either of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Random sample

A sample in which each member of the population has an equal chance of selection.

Re-lets

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

Rounding error

Totals in tables may differ by small amounts (typically one) due to the fact that fractions have been added together differently. Thus a table total may say 2011, and if the individual cell figures are added the total may come to 2012. This is quite normal and is a result of the computer additions made. Figures should never be taken to be absolutely accurate. No such state exists. The figures in this document are robust estimates, not absolutely precise ones. The usual practice is to use the stated total (in the above case 2011) rather than the figure of 2012 to which the individual figures sum. That is because the total will have resulted from a rounding after all the fractions are taken fully into account.

Sample survey

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

Sampling frame

The complete list of addresses or other population units within the survey area which are the subject of the survey.

Secondary data

Existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership schemes

Housing that is available to buy a proportion of (usually at market value). The remaining part portion of the homes is usually rented. The monthly costs are based on an interest rate of 5.69% paid on the equity share owned by the household in the property and rent payable at 2.5% on the remaining equity. To be able to afford to access shared ownership accommodation a household must have capital amounting to 10% of the value of the equity share.

SHMA (Strategic Housing Market Assessment)

SHMA derives from government guidance suggesting that the 'evidence base' required for the good planning of an area should be the product of a process rather than a technical exercise.

Social rented housing

NPPF defines social rented housing as housing '*Social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime.*'

Stratified sample

A sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics based, for example, on sub-areas and applying a different sampling fraction to each sub-sector.

Specialised housing

Refers to housing that has been specially designed for a particular client group to meet their particular needs (such as accommodation that is accessible to people with a physical disability, extracare housing where care services are provided on site, hostels, refuges or group homes) or housing specifically designated for particular groups (such as older people, people with physical disabilities, learning difficulties or mental health issues). This is characterised as housing that includes special design features and/or access to support to assist people to live independently for as long as possible in their own home.

Support needs

Relating to people who have specific needs: such as those associated with a disability.

Under-occupation

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

Unsuitably housed households

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason.

Appendix A1. Further results for Cheltenham

Contents

Further detail on housing need

- Table A1.1 Housing needs assessment model for Cheltenham
- Table A1.2 Summary of needs assessment model for Cheltenham
- Table A1.3 Annual need requirement by household type in Cheltenham
- Table A1.4 Annual need requirement by ethnicity of household head in Cheltenham
- Table A1.5 Annual need requirement by support needs in Cheltenham
- Table A1.6 Affordability of households in need in Cheltenham (annual)
- Table A1.7 Size and type of Affordable Rent home required by those in need in Cheltenham
- Table A1.8 Affordability of households on Housing Register in Cheltenham
- Table A1.9 Size and type of Affordable Rent home required by those on the Housing Register in Cheltenham
- Table A1.10 Total number of households able to afford different affordable products in Cheltenham
- Table A1.11 Type of affordable accommodation required to meet housing need in Cheltenham
- Table A1.12 Size of additional units required to meet housing need (general needs) in Cheltenham
- Table A1.13 Size of additional units required to meet housing need (general needs) in Cheltenham – excluding households suitable for shared housing
- Table A1.14 Impact of different affordability assumptions on affordable housing requirement in Cheltenham
- Table A1.15 Adjusted housing need assessment in Cheltenham

Current tenure profile

- Table A1.16 Number of households in each tenure group in Cheltenham 2013

Demographic projections for Cheltenham

- Figure A1.1 Forecast population change by age group in Cheltenham, 2013-2031
- Table A1.17 Change in Cheltenham population, households and household size, 2013 – 2031
- Figure A1.2 Summary change in Cheltenham household structure, 2013 – 2031

Derivation of the figures in the main LTBHM scenario for Cheltenham

- Table A1.18 Tenure of new accommodation required in Cheltenham over the next 18 years
- Table A1.19 Size of new market accommodation required in Cheltenham over the next 18 years
- Table A1.20 Size of new shared ownership accommodation required in Cheltenham over the next 18 years
- Table A1.21 Size of new Affordable Rented homes required in Cheltenham over the next 18 years
- Table A1.22 Size of new social rented accommodation required in Cheltenham over the next 18 years

Table A1.23 Size of new Affordable Rented homes required in Cheltenham over the next 18 years – if house all households unable to afford market or shared ownership housing

Alternative LTBHM scenarios outputs for Cheltenham

Figure A1.3 Profile of new accommodation required in Cheltenham (lower scenario)

Figure A1.4 Profile of new accommodation required in Cheltenham (higher scenario)

Housing needs tables

Table A1.1 Housing needs assessment model for Cheltenham	
Stage and step in calculation	Number
STAGE 1: CURRENT NEED (Gross)	
1.1 Homeless households and those in temporary accommodation	5
1.2 Overcrowding and concealed households	1,578
1.3 Other groups	
1.4 Total current housing need (gross)	1,583
STAGE 2: FUTURE NEED	
2.1 New household formation (gross per year)	1,608
2.2 Proportion of new households unable to buy or rent in the market	54.1%
	(870)
2.3 Existing households falling into need	1,046
2.4 Total newly arising housing need (gross per year)	1,916
STAGE 3: AFFORDABLE HOUSING SUPPLY	
<i>Current supply</i>	
3.1 Affordable dwellings occupied by households in need	482
3.2 Surplus stock	23
3.3 Committed supply of affordable housing	218
3.4 Units to be taken out of management	0
3.5 Total affordable housing stock available	723
<i>Future supply</i>	
3.6 Annual supply of social relets (net)	588
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	44
3.8 Annual supply of affordable housing	632

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	317
Current supply	(Step 3.5)/5	145
Net current need		172
Future need	(Step 2.4)	1,916
Future supply	(Step 3.8)	632
Net future need		1,284
Total net annual need		1,456
Total gross annual need		2,232
Total gross annual supply		777
Total net annual need		1,456

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

Types of households in need

Table A1.3 gives a breakdown of gross annual households in need, by household type. The table shows that some 19.4% of lone parents are in housing need compared to 0.5% of multi-pensioner households. Overall, single non-pensioner households comprise 28.6% of all households in need and other multi-adult households with no children a further 22.6% of households in housing need.

It should be noted that 273 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	98	6,475	6,573	1.5%	4.4%
2 or more pensioners	20	4,238	4,258	0.5%	0.9%
Single non-pensioners	638	10,921	11,559	5.5%	28.6%
More than one adult, no children	504	17,806	18,310	2.8%	22.6%
Lone parent	370	1,537	1,907	19.4%	16.6%
2+ adults 1 child	280	3,732	4,013	7.0%	12.6%
2+ adults 2+ children	322	4,634	4,955	6.5%	14.4%
Total	2,232	49,343	51,575	4.3%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A1.4 shows the ethnicity of households in need. The table shows that some 17.3% of 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 3.6% of 'White' households. However, 'White' households still constitute 78.7% of all households in housing need.

Table A1.4 Annual need requirement by ethnicity of household head in Cheltenham					
<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	1,757	47,074	48,831	3.6%	78.7%
BAME	476	2,270	2,746	17.3%	21.3%
Total	2,233	49,344	51,577	4.3%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A1.5 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The table shows that households containing a support needs person are less likely to be in housing need than households where no support needs person is present.

Table A1.5 Annual need requirement by support needs in Cheltenham					
<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	236	6,140	6,376	3.7%	10.6%
Nobody with support need present	1,996	43,203	45,199	4.4%	89.4%
Total	2,232	49,343	51,575	4.3%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - affordability of Affordable Rent for households in housing need

Table A1.6 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.

The table shows that of the 2,232 households in gross need each year, 2.5%, some 55 households, could afford Affordable Rent at 80%. Some 288 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and 391 households would be suitable for Affordable Rent set at 65%.

The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the

expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of LHA.

	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	55	2.5%
Affordable Rent at 70%	288	12.9%
Affordable Rent at 65%	391	17.5%
Affordable Rent at 60%	411	18.4%
Social rent	592	26.5%
Require subsidy	1,641	73.5%
Total number of households	2,232	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A1.7 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will only be suitable for households in need of one bedroom accommodation. Around a quarter of households requiring one and three bedroom homes could afford Affordable Rent at 65%. Few households requiring a four bedroom home can afford anything more than social rent.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	5.0%	0.0%	0.0%	0.0%
Affordable Rent at 70%*	19.4%	0.0%	25.8%	0.0%
Affordable Rent at 65%*	23.2%	8.7%	25.8%	1.7%
Affordable Rent at 60%*	23.2%	11.6%	25.8%	1.7%
Social rent	29.9%	20.0%	40.5%	6.7%
Require subsidy	70.1%	80.0%	59.5%	93.3%
Total number of households (per annum)	1,097 (100%)	682 (100%)	289 (100%)	164 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - households on the Register, including those in need

This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from the Council's Housing Register has been used to inform this analysis. Table A1.8 shows how many of the 4,059 households on the Housing Register in Cheltenham are able to afford different levels of Affordable Rent. The table below shows that some 7.4% of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 200 households on the Housing Register are able to

afford Affordable Rent at 80% and if Affordable Rent is set at the level of 65% then this figure would increase to around 450 households.

Table A1.8 Affordability of households on Housing Register in Cheltenham (figures presented cumulatively)		
	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	301	7.4%
Affordable Rent at 80%	198	4.9%
Affordable Rent at 70%	431	10.6%
Affordable Rent at 65%	457	11.3%
Affordable Rent at 60%	457	11.3%
Social rent	933	23.0%
Require subsidy	2,819	69.6%
Total number of households	4,053	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A1.9 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring one bedroom accommodation. Affordable Rent at the 70% level would be suitable for almost a quarter of households on the Housing Register requiring a three bedroom home as well as 13.5% of households requiring a one bedroom property.

Table A1.9 Size and type of Affordable Rent home required by those on the Housing Register in Cheltenham (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	10.3%	3.3%	7.0%	0.0%
Affordable Rent at 80%	7.2%	1.6%	3.5%	0.0%
Affordable Rent at 70%*	12.4%	5.4%	23.0%	0.0%
Affordable Rent at 65%*	13.5%	5.4%	23.0%	0.0%
Affordable Rent at 60%*	13.5%	5.4%	23.0%	0.0%
Social rent	22.9%	26.7%	23.0%	11.1%
Require subsidy	66.8%	70.0%	70.0%	88.9%
Total number of households	2,313 (100%)	1,139 (100%)	483 (100%)	118 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

What is the need for Affordable Rent?

Table A1.10 draws on the data in Tables A1.6 and A1.8 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). Affordable Rent at 80% can be afforded by almost half of households on the Housing Register suitable for an intermediate product but relatively few households in need. Affordable Rent at 70% would be suitable for 70.2% of all households in need able to pay more than social rent, whilst 94.3% of

households on the Housing Register able to pay more than social rent would be suitable for Affordable Rent at this level. If Affordable Rent were priced at 65%, almost all (95.2%) of households in housing need able to pay more than social rent, would be able to afford it. This is also true for all of households on the Housing Register able to pay more than social rent.

Table A1.10 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products in Cheltenham (figures presented cumulatively)				
<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	55	13.4%	198	43.4%
Affordable Rent (70%)	288	70.2%	431	94.3%
Affordable Rent (65%)	391	95.2%	457	100.0%
Affordable Rent (60%)	411	100.0%	457	100.0%
Total	411	100.0%	457	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Type of accommodation required

Table A1.11 shows the type of accommodation required by households in housing need in Cheltenham. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6. The last column presents the supply as a percentage of need. The table suggests that all of the net need is for general needs homes and there will be a surplus of supported accommodation, although it is acknowledged that this accommodation could be appropriate for some households in need not initially identified as being suitable for it.

Table A1.11 Type of affordable accommodation required to meet housing need in Cheltenham					
<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	2,130	519	1,611	100.0%	24.4%
Supported	103	258	-155	-	250.2%
Total	2,233	777	1,456	100.0%	34.8%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Size of accommodation required

Analysis of the 103 households in need requiring supported accommodation reveals that 94.6% require a one bedroom dwelling and 5.4% a two bedroom unit. Table A1.12 shows the size of property required by the 2,130 households in housing need and requiring general needs accommodation in Cheltenham. The supply distribution is derived from the 2011-12 CORE return for Cheltenham. The last column presents the supply as a percentage of need.

Table A1.12 Size of additional units required to meet housing need (general needs) in Cheltenham					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	1,000	210	790	49.0%	21.0%
Two bedrooms	676	226	450	28.0%	33.4%
Three bedrooms	290	80	210	13.0%	27.5%
Four or more bedrooms	164	3	161	10.0%	2.1%
Total	2,130	519	1,611	100.0%	24.4%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and three bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by one bedroom dwellings. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described above, 273 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Cheltenham, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table A1.13. The table suggests that the largest net need is for one bedroom homes, followed by two bedroom accommodation.

Table A1.13 Size of additional units required to meet housing need (general needs) in Cheltenham – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	727	210	517	38.6%	28.9%
Two bedrooms	676	226	450	33.7%	33.4%
Three bedrooms	290	80	210	15.7%	27.5%
Four or more bedrooms	164	3	161	12.0%	2.1%
Total	1,857	519	1,338	100.0%	28.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Sensitivity analysis

The housing needs assessment model requirement does not equate logically with the planned new homes per year in the Authority area. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table A1.14 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table A1.14 Impact of different affordability assumptions on affordable housing requirement in Cheltenham			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	287	256	256
Backlog supply (annual)	145	145	145
Net backlog need (annual)	142	111	111
Future need (annual)	1,734	1,420	1,346
Future supply (annual)	632	632	632
Net future need (annual)	1,102	788	714
Total net annual need	1,244	900	826
Total gross annual need	2,021	1,676	1,602
Total gross annual supply	777	777	777
Total net annual need	1,244	900	826

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table indicates that the number of households in need would decrease from 1,456 to 1,244 if 30% of gross household income could be spent on rent. This would decrease further to 900 if 35% of income could be spent on rent and to 826 if the affordability assumption was changed to 40%.

Local Housing Allowance

Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 491 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends).

Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Cheltenham, the needs figure would reduce to 965 per annum.

Adjusted model outputs

Table A1.15 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Cheltenham, then there would be 556 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 491 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 409 per year. Stakeholders have showed broad agreement that both these assumptions are fair and accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Table A1.15 Adjusted housing need assessment in Cheltenham			
Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	2,232	-556	1,676
Total gross annual supply	777	+491	1,267
Total net annual need	1,456		409

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The figure of 1,456 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 409 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Cheltenham. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Cheltenham (44 per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in Cheltenham.

Tenure profile

Chapter 2 explained how the dataset was updated by adjusting the financial profile of households and reweighting the dataset. The chapter showed the weighted tenure profile used in this study. Table A1.16 shows the equivalent information for Cheltenham only. The data shows that 73.6% of households are owner-occupiers with 12.4% in the social rented sector and 24.0% resident in private rented accommodation.

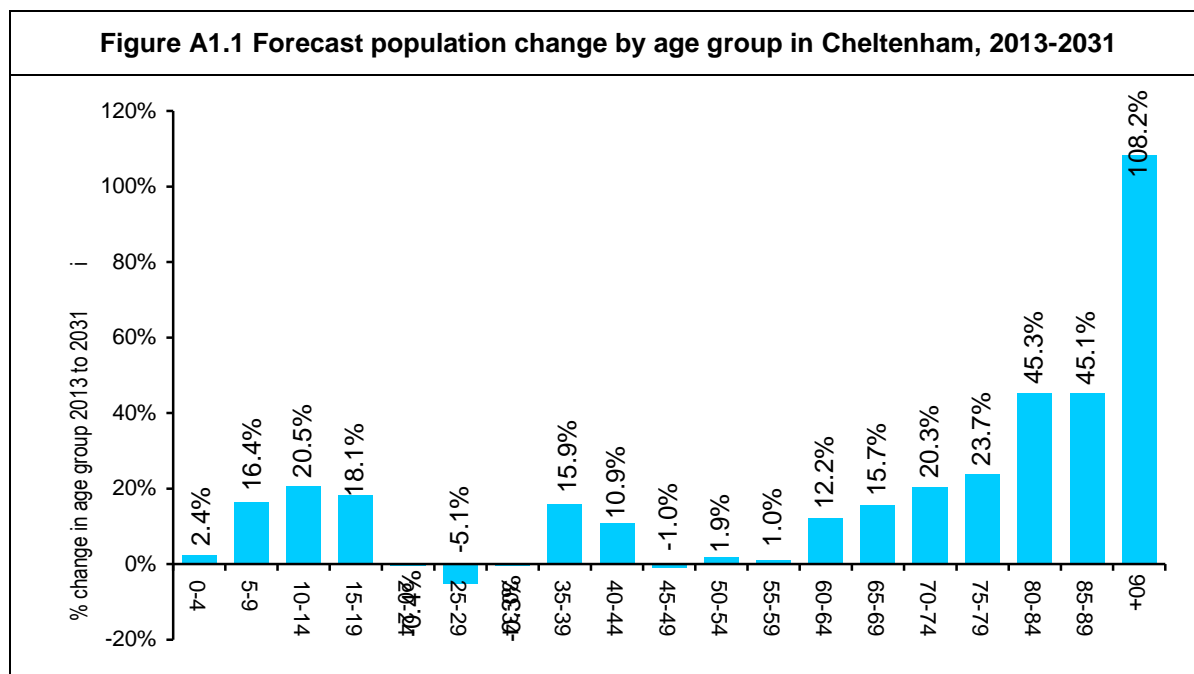
Table A1.16 Number of households in each tenure group in Cheltenham 2013

Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	16,526	31.8%
Owner-occupied (with mortgage)	16,509	31.8%
Social rented	6,467	12.4%
Private rented	12,478	24.0%
Total	51,980	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Demographic projections for Cheltenham

Chapter 8 set out the latest demographic projections for Gloucestershire, figures A1.1, A1.2 and table A1.17 present the equivalent information for Cheltenham.

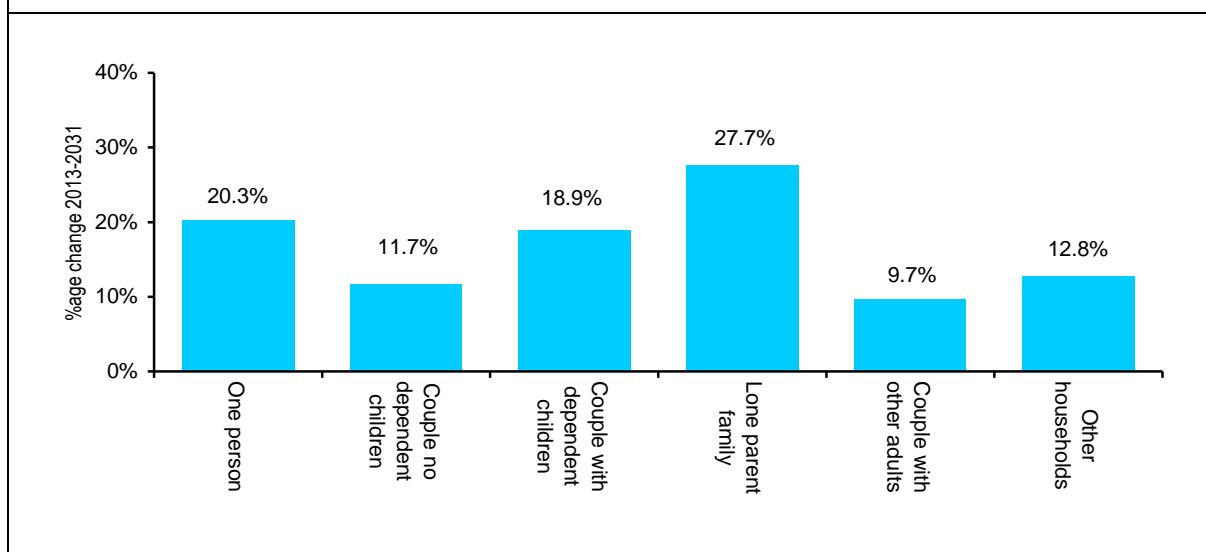
Figure A1.1 Forecast population change by age group in Cheltenham, 2013-2031

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A1.17 Change in Cheltenham population, households and household size, 2013 – 2031

	2013	2031	% change
Population	119,135	134,140	12.6%
Households	51,980	61,679	18.7%
Average household size	2.29	2.17	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Figure A1.2 Summary change in Cheltenham household structure, 2013 – 2031

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Derivation of the figures in the main LTBHM scenario for Cheltenham

Figure 8.4 set out the nature of housing required in Cheltenham to meet the Objectively Assessed Need within the main scenario. Tables A1.18 to A1.22 provide the detail that shows how these net figures were derived.

Table A1.18 Tenure of new accommodation required in Cheltenham over the next 18 years

Tenure	Current tenure profile	Tenure profile 2031	Change required	% of change required
Market	42,421	49,676	7,255	74.8%
Shared ownership	461	1,024	563	5.8%
Affordable Rent*	0	921	921	9.5%
Social rented	2,310	10,058	960	9.9%
Benefit supported	6,788			
Total	51,980	61,679	9,699	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in Cheltenham, however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A1.19 Size of new market accommodation required in Cheltenham over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	4,620	5,214	594	8.2%
Two bedrooms	11,498	13,804	2,306	31.8%
Three bedrooms	15,876	18,789	2,913	40.2%
Four or more bedrooms	10,427	11,869	1,442	19.9%
Total	42,421	49,676	7,255	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A1.20 Size of new shared ownership accommodation required in Cheltenham e over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	28	166	138	24.5%
Two bedrooms	210	418	208	36.9%
Three bedrooms	169	306	137	24.3%
Four or more bedrooms	54	134	80	14.2%
Total	461	1,024	563	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A1.21 Size of new Affordable Rented homes required in Cheltenham over the next 18 years		
<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	299	32.5%
Two bedrooms	304	33.0%
Three bedrooms	261	28.3%
Four or more bedrooms	57	6.2%
Total	921	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A1.22 Size of new social rented accommodation required in Cheltenham over the next 18 years

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	3,015	3,089	74	7.7%
Two bedrooms	3,535	3,681	146	15.2%
Three bedrooms	2,305	2,664	359	37.4%
Four or more bedrooms	243	624	381	39.7%
Total	9,098	10,058	960	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5) it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A1.23 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table A1.23 Size of new Affordable Rented homes required in Cheltenham over the next 18 years – if house all households unable to afford market or shared ownership housing

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	3,015	3,388	373	19.8%
Two bedrooms	3,535	3,985	450	23.9%
Three bedrooms	2,305	2,925	620	33.0%
Four or more bedrooms	243	681	438	23.3%
Total	9,098	10,979	1,881	100.0%

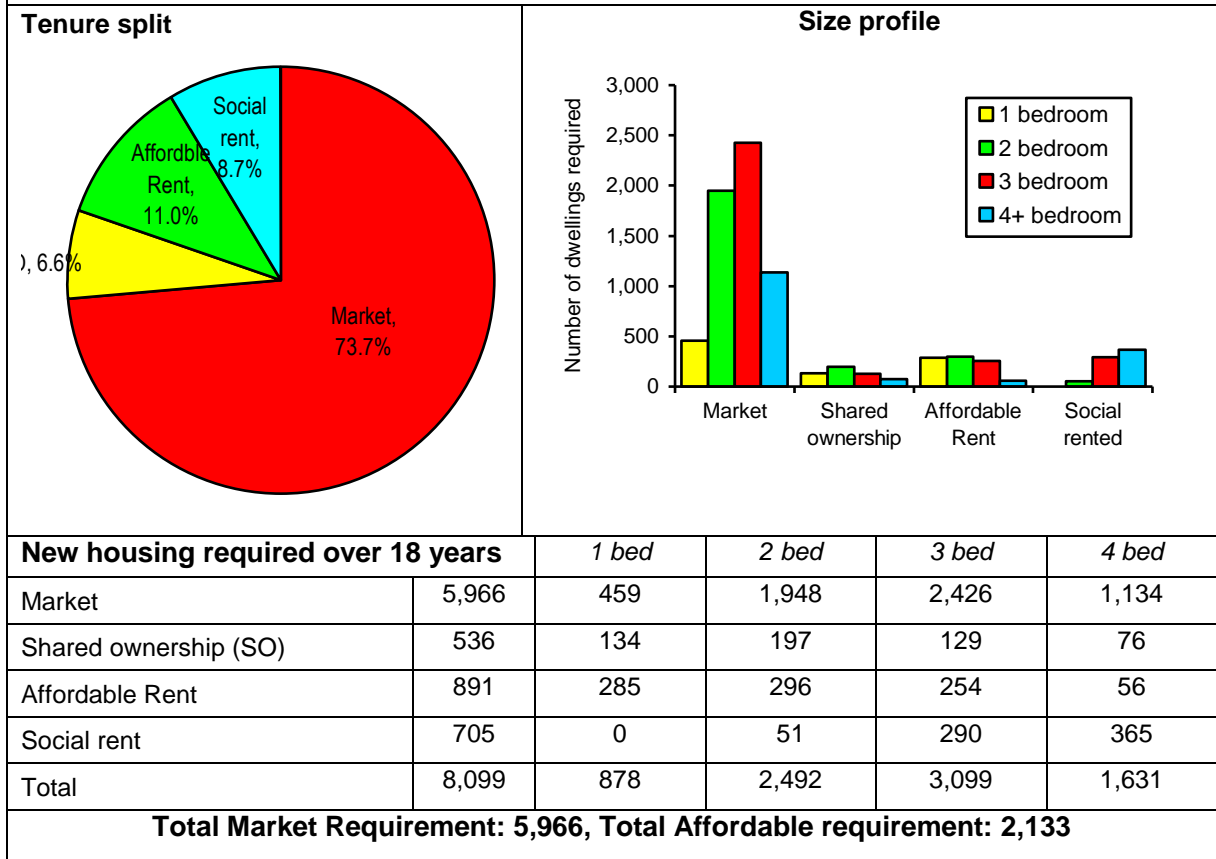
Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Alternative LTBHM scenarios outputs for Cheltenham

The model has been run to provide equivalent detail for the different potential levels of Objectively Assessed Need set out in the published reports (set out in Table 8.1). Figures A1.3 and A1.4 set out summary results for the size and tenure of new homes required within the lower and upper estimates of Objectively Assessed Need in Cheltenham.



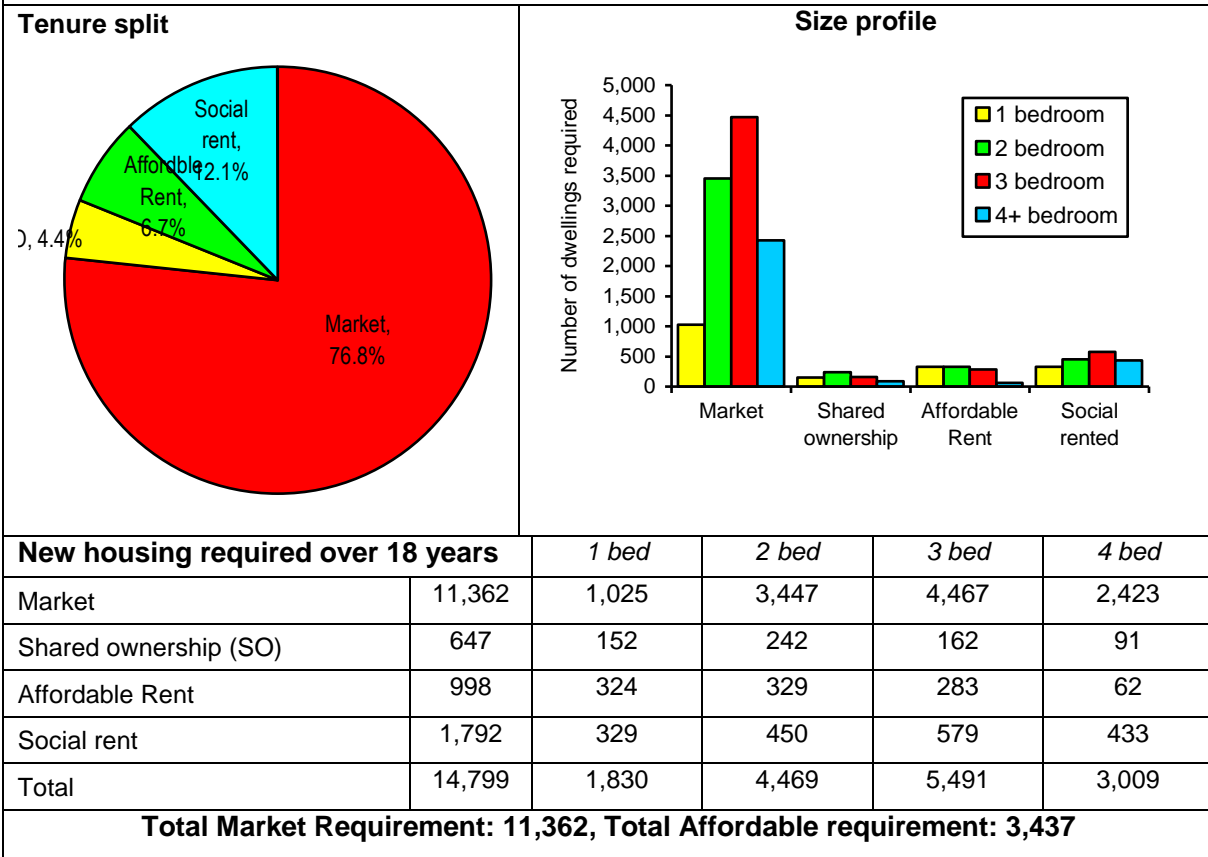
Figure A1.3 Profile of new accommodation required in Cheltenham (lower scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Figure A1.4 Profile of new accommodation required in Cheltenham (higher scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Appendix A2. Further results for Cotswold

Contents

Further detail on housing need

Table A2.1 Housing needs assessment model for Cotswold

Table A2.2 Summary of needs assessment model for Cotswold

Table A2.3 Annual need requirement by household type in Cotswold

Table A2.4 Annual need requirement by ethnicity of household head in Cotswold

Table A2.5 Annual need requirement by support needs in Cotswold

Table A2.6 Affordability of households in need in Cotswold (annual)

Table A2.7 Size and type of Affordable Rent home required by those in need in Cotswold

Table A2.8 Affordability of households on Housing Register in Cotswold

Table A2.9 Size and type of Affordable Rent home required by those on the Housing Register in Cotswold

Table A2.10 Total number of households able to afford different affordable products in Cotswold

Table A2.11 Type of affordable accommodation required to meet housing need in Cotswold

Table A2.12 Size of additional units required to meet housing need (general needs) in Cotswold

Table A2.13 Size of additional units required to meet housing need (general needs) in Cotswold – excluding households suitable for shared housing

Table A2.14 Impact of different affordability assumptions on affordable housing requirement in Cotswold

Table A2.15 Adjusted housing need assessment in Cotswold

Current tenure profile

Table A2.16 Number of households in each tenure group in Cotswold 2013

Demographic projections for Cotswold

Figure A2.1 Forecast population change by age group in Cotswold, 2013-2031

Table A2.17 Change in Cotswold population, households and household size, 2013 – 2031

Figure A2.2 Summary change in Cotswold household structure, 2013 – 2031

Derivation of the figures in the main LTBHM scenario for Cotswold

Table A2.18 Tenure of new accommodation required in Cotswold over the next 18 years

Table A2.19 Size of new market accommodation required in Cotswold over the next 18 years

Table A2.20 Size of new shared ownership accommodation required in Cotswold over the next 18 years

Table A2.21 Size of new Affordable Rented homes required in Cotswold over the next 18 years

Table A2.22 Size of new social rented accommodation required in Cotswold over the next 18 years

Table A2.23 Size of new Affordable Rented homes required in Cotswold over the next 18 years – if house all households unable to afford market or shared ownership housing

Alternative LTBHM scenarios outputs for Cotswold

Figure A2.3 Profile of new accommodation required in Cotswold (lower scenario)

Figure A2.4 Profile of new accommodation required in Cotswold (higher scenario)

Housing needs tables

Table A2.1 Housing needs assessment model for Cotswold	
Stage and step in calculation	Number
STAGE 1: CURRENT NEED (Gross)	
1.1 Homeless households and those in temporary accommodation	5
1.2 Overcrowding and concealed households	597
1.3 Other groups	
1.4 Total current housing need (gross)	602
STAGE 2: FUTURE NEED	
2.1 New household formation (gross per year)	640
2.2 Proportion of new households unable to buy or rent in the market	49.6%
	(317)
2.3 Existing households falling into need	542
2.4 Total newly arising housing need (gross per year)	859
STAGE 3: AFFORDABLE HOUSING SUPPLY	
<i>Current supply</i>	
3.1 Affordable dwellings occupied by households in need	243
3.2 Surplus stock	0
3.3 Committed supply of affordable housing	395
3.4 Units to be taken out of management	0
3.5 Total affordable housing stock available	638
<i>Future supply</i>	
3.6 Annual supply of social relets (net)	257
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	22
3.8 Annual supply of affordable housing	279

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	121
Current supply	(Step 3.5)/5	128
Net current need		-7
Future need	(Step 2.4)	859
Future supply	(Step 3.8)	279
Net future need		581
Total net annual need		574
Total gross annual need		980
Total gross annual supply		406
Total net annual need		574

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

Types of households in need

Table A2.3 gives a breakdown of gross annual households in need, by household type. The table shows that some 7.8% of single non-pensioners are in housing need compared to 0.0% of multi-pensioner households. Overall, single non-pensioner households comprise 45.2% of all households in need and multi-adult households with two or more children a further 14.4% of households in housing need.

It should be noted that 262 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	121	5,464	5,585	2.2%	12.3%
2 or more pensioners	0	4,498	4,498	0.0%	0.0%
Single non-pensioners	443	5,202	5,645	7.8%	45.2%
More than one adult, no children	140	12,497	12,637	1.1%	14.3%
Lone parent	69	917	986	7.0%	7.1%
2+ adults 1 child	65	3,138	3,203	2.0%	6.7%
2+ adults 2+ children	142	4,137	4,278	3.3%	14.4%
Total	980	35,853	36,833	2.7%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A2.4 shows the ethnicity of households in need. The table shows that some 9.4% of 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 2.5% of 'White' households. However, 'White' households still constitute 93.2% of all households in housing need.

Table A2.4 Annual need requirement by ethnicity of household head in Cotswold					
<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	914	35,212	36,125	2.5%	93.2%
BAME	66	642	709	9.4%	6.8%
Total	980	35,854	36,834	2.7%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A2.5 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The table shows that households containing a support needs person are more likely to be in housing need than households where no support needs person is present.

Table A2.5 Annual need requirement by support needs in Cotswold					
<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	149	4,731	4,880	3.1%	15.2%
Nobody with support need present	830	31,123	31,953	2.6%	84.8%
Total	979	35,854	36,833	2.7%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - affordability of Affordable Rent for households in housing need

Table A2.6 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.

The table shows that of the 980 households in gross need each year, 25.1%, some 246 households, could afford Affordable Rent at 80%. Some 386 households in need could be 412 households would be suitable for Affordable Rent set at 60%.

The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the



expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of LHA.

	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	246	25.1%
Affordable Rent at 70%	386	39.4%
Affordable Rent at 65%	386	39.4%
Affordable Rent at 60%	412	42.0%
Social rent	473	48.3%
Require subsidy	506	51.7%
Total number of households	980	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A2.7 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will be most suitable for households in need of two bedroom accommodation. Over a third of households requiring one bedroom homes, 58.6% of households requiring two bedroom homes and 45.0% of households requiring four bedroom accommodation could afford Affordable Rent at 70%. Few households requiring a four bedroom home can afford anything more than social rent.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	16.6%	58.6%	33.8%	0.0%
Affordable Rent at 70%*	35.5%	58.6%	45.0%	0.0%
Affordable Rent at 65%*	35.5%	58.6%	45.0%	0.0%
Affordable Rent at 60%*	35.5%	64.2%	56.5%	3.5%
Social rent	37.0%	64.2%	89.3%	26.0%
Require subsidy	63.0%	35.8%	10.7%	74.0%
Total number of households (per annum)	661 (100%)	151 (100%)	139 (100%)	29 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - households on the Register, including those in need

This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from the Council's Housing Register has been used to inform this analysis. Table A2.8 shows how many of the 1,900 households on the Housing Register in Cotswold are able to afford different levels of Affordable Rent. The table below shows that some 14.6% of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 250 households on the Housing Register are able to

afford Affordable Rent at 80% and if Affordable Rent is set at the level of 65% then this figure would increase to almost 450 households.

Table A2.8 Affordability of households on Housing Register in Cotswold (figures presented cumulatively)		
	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	278	14.6%
Affordable Rent at 80%	247	13.0%
Affordable Rent at 70%	422	22.2%
Affordable Rent at 65%	448	23.6%
Affordable Rent at 60%	448	23.6%
Social rent	484	25.5%
Require subsidy	1,138	59.9%
Total number of households	1,900	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A2.9 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring two bedroom accommodation. Affordable Rent at the 70% level would be suitable for a third of households on the Housing Register requiring a two bedroom home as well as almost a quarter of households requiring a three bedroom property and 16.7% of households requiring a one bedroom home.

Table A2.9 Size and type of Affordable Rent home required by those on the Housing Register in Cotswold (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	13.9%	18.2%	12.5%	0.0%
Affordable Rent at 80%	8.7%	27.2%	6.2%	0.0%
Affordable Rent at 70%*	16.7%	36.3%	23.0%	0.0%
Affordable Rent at 65%*	16.7%	41.7%	23.0%	0.0%
Affordable Rent at 60%*	16.7%	41.7%	23.0%	0.0%
Social rent	16.7%	49.1%	23.0%	0.0%
Require subsidy	69.4%	32.7%	64.5%	100.0%
Total number of households	1,077 (100%)	577 (100%)	199 (100%)	47 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

What is the need for Affordable Rent?

Table A2.10 draws on the data in Tables A2.6 and A2.8 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). Affordable Rent at 80% can be afforded by over half of households in need or on the Housing Register suitable for an intermediate product. Affordable Rent at 70% would be suitable for 93.8% of all

households in need able to pay more than social rent, whilst 94.2% of households on the Housing Register able to pay more than social rent would be suitable for Affordable Rent at this level.

Table A2.10 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products in Cotswold (figures presented cumulatively)				
<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	246	59.7%	247	55.1%
Affordable Rent (70%)	386	93.8%	422	94.2%
Affordable Rent (65%)	386	93.8%	448	100.0%
Affordable Rent (60%)	412	100.0%	448	100.0%
Total	412	100.0%	448	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Type of accommodation required

Table A2.11 shows the type of accommodation required by households in housing need in Cotswold. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6. The last column presents the supply as a percentage of need. The table suggests that all of the majority of the net need is for general needs homes, but there will also be a small requirement for supported accommodation.

Table A2.11 Type of affordable accommodation required to meet housing need in Cotswold					
<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	864	332	532	92.9%	38.4%
Supported	115	75	41	7.1%	64.6%
Total	979	406	573	100.0%	41.5%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Size of accommodation required

Analysis of the 115 households in need requiring supported accommodation reveals that 84.0% require a one bedroom dwelling and 16.0% a dwelling with two or more bedrooms. Table A2.12 shows the size of property required by the 864 households in housing need and requiring general needs accommodation in Cotswold. The supply distribution is derived from the 2011-12 CORE return for Cotswold. The last column presents the supply as a percentage of need.

Table A2.12 Size of additional units required to meet housing need (general needs) in Cotswold					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	564	114	450	84.5%	20.2%
Two bedrooms	151	142	9	1.7%	94.0%
Three bedrooms	132	70	62	11.7%	52.8%
Four or more bedrooms	17	6	11	2.1%	33.6%
Total	864	332	532	100.0%	38.4%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by three bedroom homes. The final column shows that the need relative to supply is the greatest for one bedroom homes, followed by four bedroom dwellings. Households in need requiring three bedroom accommodation are most likely to have their need met from the current supply.

Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described above, 262 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Cotswold, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table A2.13. The Table suggests that the largest net need is for one bedroom homes, followed by three bedroom accommodation.

Table A2.13 Size of additional units required to meet housing need (general needs) in Cotswold – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	301	114	187	69.4%	37.8%
Two bedrooms	151	142	9	3.4%	94.0%
Three bedrooms	132	70	62	23.1%	52.8%
Four or more bedrooms	17	6	11	4.1%	33.6%
Total	602	332	270	100.0%	55.1%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Sensitivity analysis

The housing needs assessment model requirement does not equate logically with the planned new homes per year in the Authority area. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table A2.14 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table A2.14 Impact of different affordability assumptions on affordable housing requirement in Cotswold			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	95	93	90
Backlog supply (annual)	116	116	116
Net backlog need (annual)	-21	-23	-26
Future need (annual)	627	585	503
Future supply (annual)	279	279	279
Net future need (annual)	349	306	224
Total net annual need	328	283	199
Total gross annual need	722	677	593
Total gross annual supply	394	394	394
Total net annual need	328	283	199

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table indicates that the number of households in need would decrease from 573 to 328 if 30% of gross household income could be spent on rent. This would decrease further to 283 if 35% of income could be spent on rent and to 199 if the affordability assumption was changed to 40%.

Local Housing Allowance

Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 153 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends).

Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Cotswold, the needs figure would reduce to 420 per annum.

Adjusted model outputs

Table A2.15 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Cotswold, then there would be 291 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 153 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 130 per year. Stakeholders have showed broad agreement that both these assumptions are fair and accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	980	-291	689
Total gross annual supply	406	+153	559
Total net annual need	574	-	130

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The figure of 574 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 130 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Cotswold. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Cotswold (79 homes per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in Cotswold.

Tenure profile

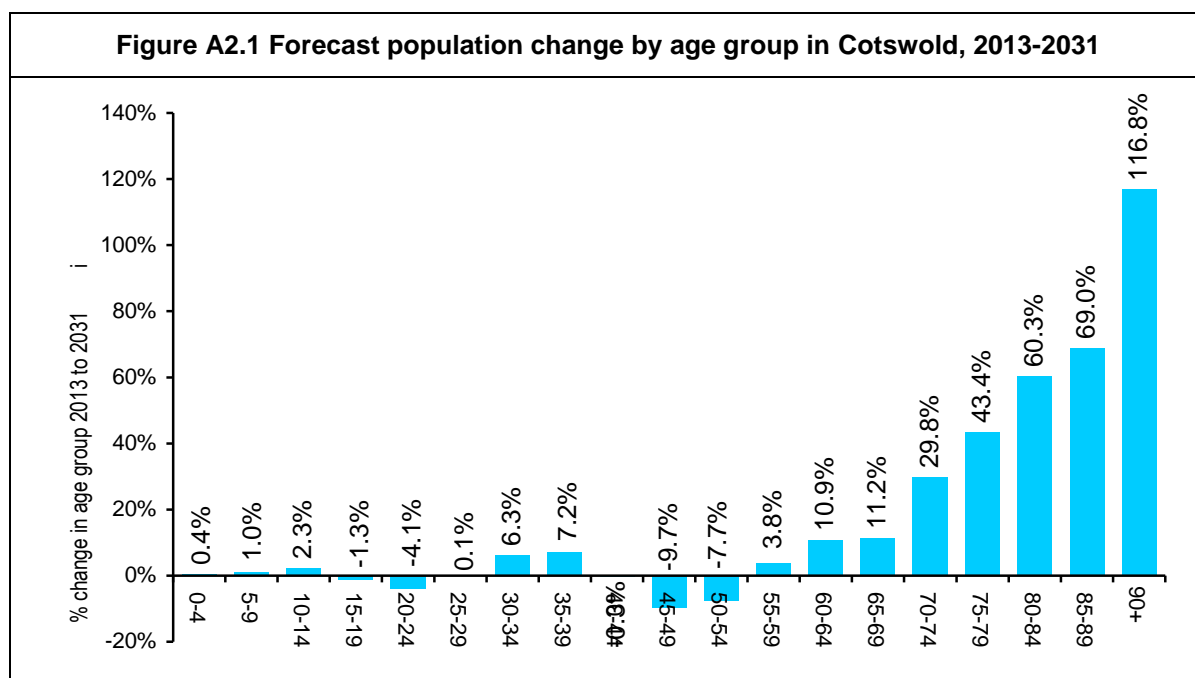
Chapter 2 explained how the dataset was updated by adjusting the financial profile of households and reweighting the dataset. The chapter showed the weighted tenure profile used in this study. Table A2.16 shows the equivalent information for Cotswold only. The data shows that 66.8% of households are owner-occupiers with 14.4% in the social rented sector and 18.8% resident in private rented accommodation.

Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	14,299	38.7%
Owner-occupied (with mortgage)	10,391	28.1%
Social rented	5,320	14.4%
Private rented	6,930	18.8%
Total	36,940	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Demographic projections for Cotswold

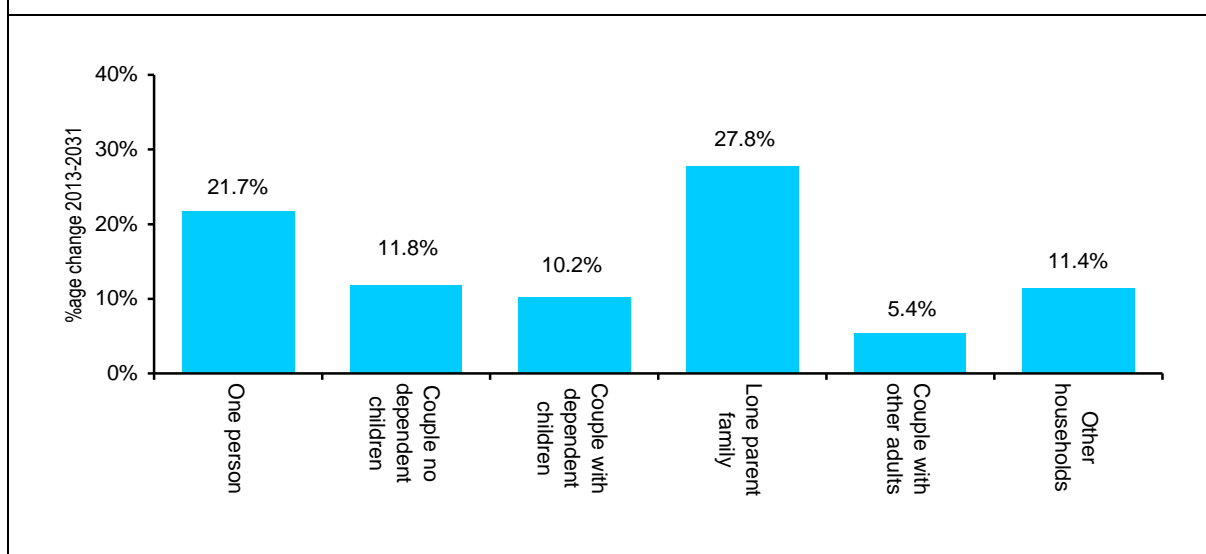
Chapter 8 set out the latest demographic projections for Gloucestershire, Figures A2.1, A2.2 and Table A2.17 present the equivalent information for Cotswold.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

	2013	2031	% change
Population	84,472	92,814	9.9%
Households	36,940	42,911	16.2%
Average household size	2.29	2.16	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Figure A2.2 Summary change in Cotswold household structure, 2013 – 2031

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Derivation of the figures in the main LTBHM scenario for Cotswold

Figure 8.5 set out the nature of housing required in Cotswold to meet the Objectively Assessed Need within the main scenario. Tables A2.18 to A2.22 provide the detail that shows how these net figures were derived.

Table A2.18 Tenure of new accommodation required in Cotswold over the next 18 years

Tenure	Current tenure profile	Tenure profile 2031	Change required	% of change required
Market	30,383	34,712	4,329	72.5%
Shared ownership	422	738	316	5.3%
Affordable Rent*	0	884	884	14.8%
Social rented	2,563	6,577	442	7.4%
Benefit supported	3,572			
Total	36,940	42,911	5,971	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in Cotswold, however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A2.19 Size of new market accommodation required in Cotswold
over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,399	1,517	118	2.7%
Two bedrooms	6,199	7,455	1,256	29.0%
Three bedrooms	12,458	14,512	2,054	47.4%
Four or more bedrooms	10,327	11,228	901	20.8%
Total	30,383	34,712	4,329	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A2.20 Size of new shared ownership accommodation required
in Cotswold e over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	0	82	82	25.9%
Two bedrooms	224	347	123	38.9%
Three bedrooms	171	246	75	23.7%
Four or more bedrooms	27	63	36	11.4%
Total	422	738	316	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A2.21 Size of new Affordable Rented homes required in Cotswold
over the next 18 years**

<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	120	13.6%
Two bedrooms	235	26.6%
Three bedrooms	475	53.7%
Four or more bedrooms	54	6.1%
Total	884	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A2.22 Size of new social rented accommodation required in Cotswold
over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	1,625	1,725	100	22.6%
Two bedrooms	2,164	2,241	77	17.4%
Three bedrooms	2,147	2,289	142	32.1%
Four or more bedrooms	199	322	123	27.8%
Total	6,135	6,577	442	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5) it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A2.23 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

**Table A2.23 Size of new Affordable Rented homes required in Cotswold
over the next 18 years – if house all households unable to afford market or shared
ownership housing**

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	1,625	1,845	220	16.6%
Two bedrooms	2,164	2,476	312	23.5%
Three bedrooms	2,147	2,764	617	46.5%
Four or more bedrooms	199	376	177	13.3%
Total	6,135	7,461	1,326	100.0%

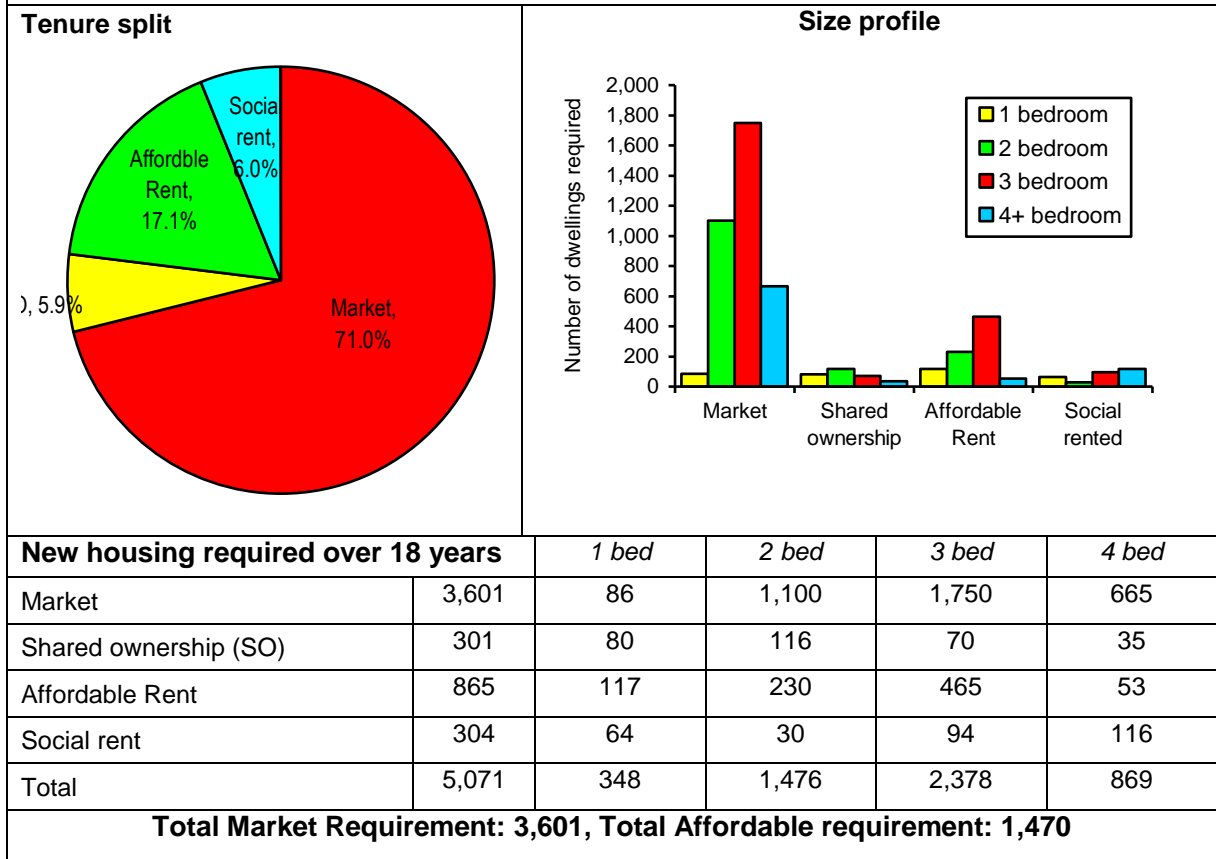
Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Alternative LTBHM scenarios outputs for Cotswold

The model has been run to provide equivalent detail for the different potential levels of Objectively Assessed Need set out in the published reports (set out in Table 8.1). Figures A2.3 and A2.4 set out summary results for the size and tenure of new homes required within the lower and upper estimates of Objectively Assessed Need in Cotswold.



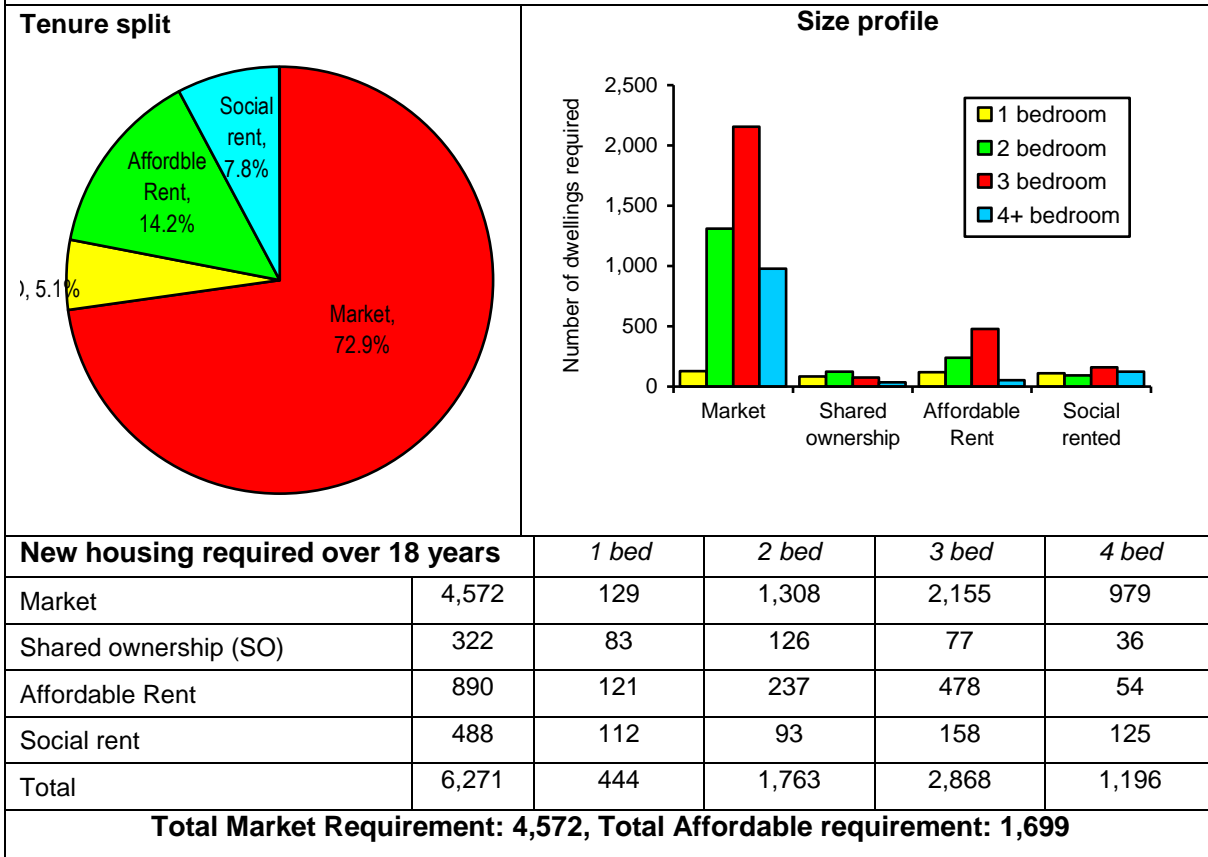
Figure A2.3 Profile of new accommodation required in Cotswold (lower scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Figure A2.4 Profile of new accommodation required in Cotswold (higher scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Appendix A3. Further results for Forest of Dean

Contents

Further detail on housing need

- Table A3.1 Housing needs assessment model for Forest of Dean
- Table A3.2 Summary of needs assessment model for Forest of Dean
- Table A3.3 Annual need requirement by household type in Forest of Dean
- Table A3.4 Annual need requirement by ethnicity of household head in Forest of Dean
- Table A3.5 Annual need requirement by support needs in Forest of Dean
- Table A3.6 Affordability of households in need in Forest of Dean (annual)
- Table A3.7 Size and type of Affordable Rent home required by those in need in Forest of Dean
- Table A3.8 Affordability of households on Housing Register in Forest of Dean
- Table A3.9 Size and type of Affordable Rent home required by those on the Housing Register in Forest of Dean
- Table A3.10 Total number of households able to afford different affordable products in Forest of Dean
- Table A3.11 Type of affordable accommodation required to meet housing need in Forest of Dean
- Table A3.12 Size of additional units required to meet housing need (general needs) in Forest of Dean
- Table A3.13 Size of additional units required to meet housing need (general needs) in Forest of Dean – excluding households suitable for shared housing
- Table A3.14 Impact of different affordability assumptions on affordable housing requirement in Forest of Dean
- Table A3.15 Adjusted housing need assessment in Forest of Dean

Current tenure profile

- Table A3.16 Number of households in each tenure group in Forest of Dean 2013

Demographic projections for Forest of Dean

- Figure A3.1 Forecast population change by age group in Forest of Dean, 2013-2031
- Table A3.17 Change in Forest of Dean population, households and household size, 2013 – 2031
- Figure A3.2 Summary change in Forest of Dean household structure, 2013 – 2031

Derivation of the figures in the main LTBHM scenario for Forest of Dean

- Table A3.18 Tenure of new accommodation required in Forest of Dean over the next 18 years
- Table A3.19 Size of new market accommodation required in Forest of Dean over the next 18 years
- Table A3.20 Size of new shared ownership accommodation required in Forest of Dean over the next 18 years

Table A3.21 Size of new Affordable Rented homes required in Forest of Dean over the next 18 years

Table A3.22 Size of new social rented accommodation required in Forest of Dean over the next 18 years

Table A3.23 Size of new Affordable Rented homes required in Forest of Dean over the next 18 years – if house all households unable to afford market or shared ownership housing

Housing needs tables

Table A3.1 Housing needs assessment model for Forest of Dean	
Stage and step in calculation	Number
STAGE 1: CURRENT NEED (Gross)	
1.1 Homeless households and those in temporary accommodation	2
1.2 Overcrowding and concealed households	1,568
1.3 Other groups	
1.4 Total current housing need (gross)	1,570
STAGE 2: FUTURE NEED	
2.1 New household formation (gross per year)	586
2.2 Proportion of new households unable to buy or rent in the market	67.2%
	(393)
2.3 Existing households falling into need	603
2.4 Total newly arising housing need (gross per year)	997
STAGE 3: AFFORDABLE HOUSING SUPPLY	
<i>Current supply</i>	
3.1 Affordable dwellings occupied by households in need	499
3.2 Surplus stock	0
3.3 Committed supply of affordable housing	470
3.4 Units to be taken out of management	0
3.5 Total affordable housing stock available	969
<i>Future supply</i>	
3.6 Annual supply of social relets (net)	294
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	10
3.8 Annual supply of affordable housing	304

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	314
Current supply	(Step 3.5)/5	194
Net current need		120
Future need	(Step 2.4)	997
Future supply	(Step 3.8)	303
Net future need		693
Total net annual need		814
Total gross annual need		1,311
Total gross annual supply		497
Total net annual need		814

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

Types of households in need

Table A3.3 gives a breakdown of gross annual households in need, by household type. The table shows that some 14.9% of lone parents are in housing need compared to 0.2% of multi-pensioner households. Overall, single non-pensioner households comprise 34.7% of all households in need and other multi-adult households with no children a further 25.6% of households in housing need.

It should be noted that 276 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	108	4,300	4,408	2.5%	8.2%
2 or more pensioners	10	4,008	4,018	0.2%	0.7%
Single non-pensioners	455	4,532	4,987	9.1%	34.7%
More than one adult, no children	335	12,869	13,204	2.5%	25.6%
Lone parent	161	923	1,084	14.9%	12.3%
2+ adults 1 child	108	3,135	3,243	3.3%	8.2%
2+ adults 2+ children	134	3,686	3,819	3.5%	10.2%
Total	1,311	33,453	34,764	3.8%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A3.4 shows the ethnicity of households in need. The table shows that some no 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 3.8% of 'White' households.

Table A3.4 Annual need requirement by ethnicity of household head in Forest of Dean					
<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	1,311	32,929	34,240	3.8%	100.0%
BAME	0	523	523	0.0%	0.0%
Total	1,311	33,452	34,763	3.8%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A3.5 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The table shows that households containing a support needs person are more likely to be in housing need than households where no support needs person is present.

Table A3.5 Annual need requirement by support needs in Forest of Dean					
<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	430	6,293	6,723	6.4%	32.8%
Nobody with support need present	881	27,159	28,040	3.1%	67.2%
Total	1,311	33,452	34,763	3.8%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - affordability of Affordable Rent for households in housing need

Table A3.6 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.

The table shows that of the 1,311 households in gross need each year, 12.9%, some 169 households, could afford Affordable Rent at 80%. Some 233 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and 303 households would be suitable for Affordable Rent set at 65%.

The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the

expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of LHA.

Table A3.6 Affordability of households in need in Forest of Dean (annual) (figures presented cumulatively)		
	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	169	12.9%
Affordable Rent at 70%	233	17.8%
Affordable Rent at 65%	303	23.1%
Affordable Rent at 60%	303	23.1%
Social rent	358	27.3%
Require subsidy	953	72.7%
Total number of households	1,311	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A3.7 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will be most suitable for households in need of one bedroom accommodation. Almost a quarter of households requiring one and two and four bedroom homes could afford Affordable Rent at 65%.

Table A3.7 Size and type of Affordable Rent home required by those in need in Forest of Dean (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	23.6%	2.3%	0.0%	0.0%
Affordable Rent at 70%	23.6%	7.2%	13.6%	24.5%
Affordable Rent at 65%*	23.6%	24.9%	16.1%	24.5%
Affordable Rent at 60%*	23.6%	24.9%	16.1%	24.5%
Social rent	28.6%	24.9%	16.1%	47.1%
Require subsidy	71.4%	75.1%	83.9%	52.9%
Total number of households (per annum)	681 (100%)	369 (100%)	169 (100%)	92 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - households on the Register, including those in need

This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from the Council's Housing Register has been used to inform this analysis. Table A3.8 shows how many of the 2,461 households on the Housing Register in Forest of Dean are able to afford different levels of Affordable Rent. The table below shows that almost a tenth of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 200 households on the Housing Register are able to afford Affordable Rent at 80% and if Affordable Rent is set at the level of 65% then this figure would increase to over 400 households.

Table A3.8 Affordability of households on Housing Register in Forest of Dean (figures presented cumulatively)		
	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	238	9.7%
Affordable Rent at 80%	194	7.9%
Affordable Rent at 70%	313	12.7%
Affordable Rent at 65%	406	16.5%
Affordable Rent at 60%	406	16.5%
Social rent	451	18.3%
Require subsidy	1,772	72.0%
Total number of households	2,461	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A3.9 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring one and two bedroom accommodation. Affordable Rent at the 65% level would be suitable for over a quarter of households on the Housing Register requiring a two bedroom home as well as 14.8% of households requiring a one bedroom property.

Table A3.9 Size and type of Affordable Rent home required by those on the Housing Register in Forest of Dean (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	9.4%	14.5%	0.0%	0.0%
Affordable Rent at 80%	10.1%	7.2%	0.0%	0.0%
Affordable Rent at 70%*	14.8%	14.5%	0.0%	0.0%
Affordable Rent at 65%*	14.8%	27.1%	0.0%	0.0%
Affordable Rent at 60%*	14.8%	27.1%	0.0%	0.0%
Social rent	17.9%	27.1%	0.0%	0.0%
Require subsidy	72.7%	58.4%	100.0%	100.0%
Total number of households	921 (100%)	456 (100%)	342 (100%)	70 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

What is the need for Affordable Rent?

Table A3.10 draws on the data in Tables A3.6 and A3.8 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). Affordable Rent at 80% can be afforded by over half of households in need and almost half of households on the Housing Register suitable for an intermediate product. Affordable Rent at 70% would be suitable for 77.1% of all households in need able to pay more than social rent, whilst 77.0% of households on the Housing Register able to pay more than social rent would be suitable for Affordable Rent at this level. If Affordable Rent were priced at 65%, all households in housing need

able to pay more than social rent would be able to afford it. This is also true for all households on the Housing Register able to pay more than social rent.

Table A3.10 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products in Forest of Dean (figures presented cumulatively)				
<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	169	55.9%	194	47.6%
Affordable Rent (70%)	233	77.1%	313	77.0%
Affordable Rent (65%)	303	100.0%	406	100.0%
Affordable Rent (60%)	303	100.0%	406	100.0%
Total	303	100.0%	406	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Type of accommodation required

Table A3.11 shows the type of accommodation required by households in housing need in Forest of Dean. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6. The last column presents the supply as a percentage of need. The Table suggests that the majority of the net need is for general needs homes, but there is a notable requirement for supported accommodation.

Table A3.11 Type of affordable accommodation required to meet housing need in Forest of Dean					
<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	1,166	420	746	91.7%	36.0%
Supported	145	78	67	8.3%	53.5%
Total	1,311	497	814	100.0%	37.9%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Size of accommodation required

Analysis of the 145 households in need requiring supported accommodation reveals that 62.0% require a one bedroom dwelling, 20.3% a two bedroom unit and 17.7% a dwelling with three or more bedrooms. Table A3.12 shows the size of property required by the 1,166 households in housing need and requiring general needs accommodation in Forest of Dean. The supply distribution is derived from the 2011-12 CORE return for Forest of Dean. The last column presents the supply as a percentage of need.

Table A3.12 Size of additional units required to meet housing need (general needs) in Forest of Dean					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	591	89	502	67.2%	15.1%
Two bedrooms	340	236	104	13.9%	69.4%
Three bedrooms	165	93	73	9.7%	56.0%
Four or more bedrooms	71	2	69	9.2%	3.4%
Total	1,166	420	746	100.0%	36.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and three bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by one bedroom dwellings. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described above, 276 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Forest of Dean, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table A3.13. The table suggests that the largest net need is for one bedroom homes, followed by two bedroom accommodation.

Table A3.13 Size of additional units required to meet housing need (general needs) in Forest of Dean – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	315	89	226	48.0%	28.3%
Two bedrooms	340	236	104	22.0%	69.4%
Three bedrooms	165	93	73	15.4%	56.0%
Four or more bedrooms	71	2	69	14.6%	3.4%
Total	891	420	471	100.0%	47.1%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Sensitivity analysis

The housing needs assessment model requirement does not equate logically with the planned new homes per year in the Authority area. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table A3.14 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table A3.14 Impact of different affordability assumptions on affordable housing requirement in Forest of Dean			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	296	247	218
Backlog supply (annual)	194	173	173
Net backlog need (annual)	102	74	45
Future need (annual)	806	623	476
Future supply (annual)	303	303	303
Net future need (annual)	503	319	173
Total net annual need	605	393	218
Total gross annual need	1,102	870	694
Total gross annual supply	497	476	476
Total net annual need	605	393	218

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table indicates that the number of households in net need would decrease from 814 to 605 if 30% of gross household income could be spent on rent. This would decrease further to 393 if 35% of income could be spent on rent and to 218 if the affordability assumption was changed to 40%.

Local Housing Allowance

Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 327 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends).

Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Forest of Dean, the needs figure would reduce to 487 per annum.

Adjusted model outputs

Table A3.15 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Forest of Dean, need would reduce by 420 households each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 327 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 67 per year. Stakeholders have showed broad agreement that both these assumptions are fair and accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	1,311	+420	891
Total gross annual supply	497	-327	824
Total net annual need	814	-	67

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The figure of 814 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 67 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Forest of Dean. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Forest of Dean (94 homes per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in Forest of Dean.

Tenure profile

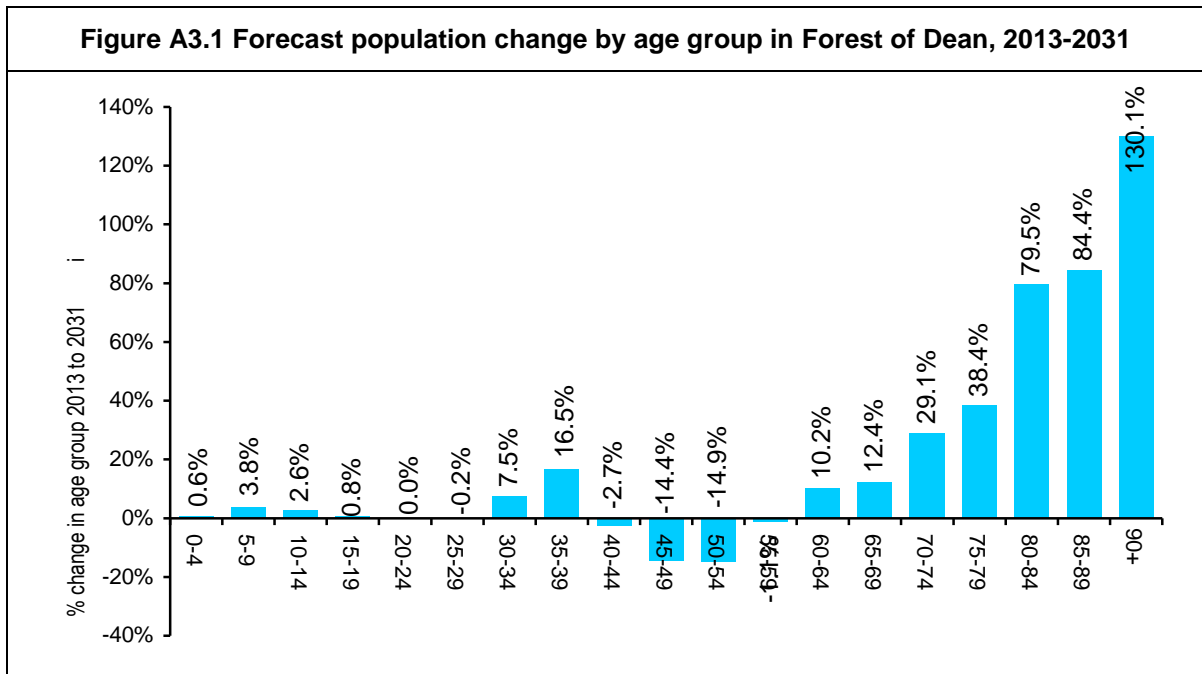
Chapter 2 explained how the dataset was updated by adjusting the financial profile of households and reweighting the dataset. The chapter showed the weighted tenure profile used in this study. Table A3.16 shows the equivalent information for Forest of Dean only. The data shows that 73.1% of households are owner-occupiers with 13.1% in the social rented sector and 13.8% resident in private rented accommodation.

Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	14,259	41.0%
Owner-occupied (with mortgage)	11,175	32.1%
Social rented	4,557	13.1%
Private rented	4,809	13.8%
Total	34,800	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Demographic projections for Forest of Dean

Chapter 8 set out the latest demographic projections for Gloucestershire, Figures A3.1, A3.2 and Table A3.17 present the equivalent information for Forest of Dean.

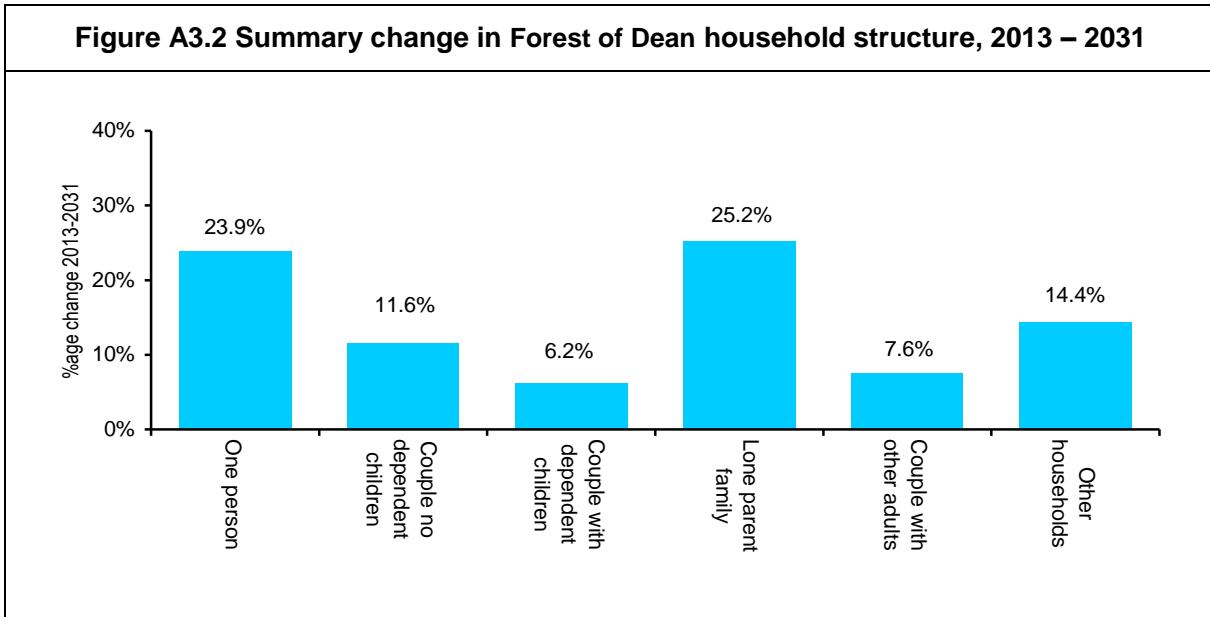


Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

	2013	2031	% change
Population	83,382	91,697	10.0%
Households	34,800	40,505	16.4%
Average household size	2.40	2.26	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013





Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Derivation of the figures in the main LTBM scenario for Forest of Dean

Figure 8.6 set out the nature of housing required in Forest of Dean to meet the Objectively Assessed Need within the main scenario. Tables A3.18 to A3.22 provide the detail that shows how these net figures were derived.

Table A3.18 Tenure of new accommodation required in Forest of Dean over the next 18 years

Tenure	Current tenure profile	Tenure profile 2031	Change required	% of change required
Market	28,369	31,918	3,549	62.2%
Shared ownership	154	479	325	5.7%
Affordable Rent*	0	1,067	1,067	18.7%
Social rented	1,521	7,041	764	13.4%
Benefit supported	4,756			
Total	34,800	40,505	5,705	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in Forest of Dean, however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



**Table A3.19 Size of new market accommodation required in Forest of Dean
over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	905	1,245	340	9.6%
Two bedrooms	6,387	7,535	1,148	32.3%
Three bedrooms	13,331	14,919	1,588	44.7%
Four or more bedrooms	7,747	8,220	473	13.3%
Total	28,369	31,918	3,549	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A3.20 Size of new shared ownership accommodation required
in Forest of Dean e over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	0	57	57	17.5%
Two bedrooms	74	222	148	45.5%
Three bedrooms	62	137	75	23.1%
Four or more bedrooms	18	63	45	13.8%
Total	154	479	325	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A3.21 Size of new Affordable Rented homes required in Forest of Dean
over the next 18 years**

<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	384	36.0%
Two bedrooms	415	38.9%
Three bedrooms	243	22.8%
Four or more bedrooms	25	2.3%
Total	1,067	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A3.22 Size of new social rented accommodation required in Forest of Dean over the next 18 years

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	1,816	1,955	139	18.2%
Two bedrooms	2,008	2,162	154	20.2%
Three bedrooms	2,286	2,563	277	36.3%
Four or more bedrooms	167	361	194	25.4%
Total	6,277	7,041	764	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5) it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A3.23 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table A3.23 Size of new Affordable Rented homes required in Forest of Dean over the next 18 years – if house all households unable to afford market or shared ownership housing

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	1,816	2,339	523	28.6%
Two bedrooms	2,008	2,577	569	31.1%
Three bedrooms	2,286	2,806	520	28.4%
Four or more bedrooms	167	386	219	12.0%
Total	6,277	8,108	1,831	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Appendix A4. Further results for Gloucester

Contents

Further detail on housing need

Table A4.1 Housing needs assessment model for Gloucester

Table A4.2 Summary of needs assessment model for Gloucester

Table A4.3 Annual need requirement by household type in Gloucester

Table A4.4 Annual need requirement by ethnicity of household head in Gloucester

Table A4.5 Annual need requirement by support needs in Gloucester

Table A4.6 Affordability of households in need in Gloucester (annual)

Table A4.7 Size and type of Affordable Rent home required by those in need in Gloucester

Table A4.8 Affordability of households on Housing Register in Gloucester

Table A4.9 Size and type of Affordable Rent home required by those on the Housing Register in Gloucester

Table A4.10 Total number of households able to afford different affordable products in Gloucester

Table A4.11 Type of affordable accommodation required to meet housing need in Gloucester

Table A4.12 Size of additional units required to meet housing need (general needs) in Gloucester

Table A4.13 Size of additional units required to meet housing need (general needs) in Gloucester – excluding households suitable for shared housing

Table A4.14 Impact of different affordability assumptions on affordable housing requirement in Gloucester

Table A4.15 Adjusted housing need assessment in Gloucester

Current tenure profile

Table A4.16 Number of households in each tenure group in Gloucester 2013

Demographic projections for Gloucester

Figure A4.1 Forecast population change by age group in Gloucester, 2013-2031

Table A4.17 Change in Gloucester population, households and household size, 2013 – 2031

Figure A4.2 Summary change in Gloucester household structure, 2013 – 2031

Derivation of the figures in the main LTBHM scenario for Gloucester

Table A4.18 Tenure of new accommodation required in Gloucester over the next 18 years

Table A4.19 Size of new market accommodation required in Gloucester over the next 18 years

Table A4.20 Size of new shared ownership accommodation required in Gloucester over the next 18 years

Table A4.21 Size of new Affordable Rented homes required in Gloucester over the next 18 years

Table A4.22 Size of new social rented accommodation required in Gloucester over the next 18 years

Table A4.23 Size of new Affordable Rented homes required in Gloucester over the next 18 years – if house all households unable to afford market or shared ownership housing

Alternative LTBHM scenarios outputs for Gloucester

Figure A4.3 Profile of new accommodation required in Gloucester (lower scenario)

Figure A4.4 Profile of new accommodation required in Gloucester (higher scenario)

Housing needs tables

Table A4.1 Housing needs assessment model for Gloucester	
Stage and step in calculation	Number
STAGE 1: CURRENT NEED (Gross)	
1.1 Homeless households and those in temporary accommodation	65
1.2 Overcrowding and concealed households	1,845
1.3 Other groups	
1.4 Total current housing need (gross)	1,910
STAGE 2: FUTURE NEED	
2.1 New household formation (gross per year)	1,234
2.2 Proportion of new households unable to buy or rent in the market	80.2%
	(990)
2.3 Existing households falling into need	1,395
2.4 Total newly arising housing need (gross per year)	2,385
STAGE 3: AFFORDABLE HOUSING SUPPLY	
<i>Current supply</i>	
3.1 Affordable dwellings occupied by households in need	420
3.2 Surplus stock	0
3.3 Committed supply of affordable housing	107
3.4 Units to be taken out of management	0
3.5 Total affordable housing stock available	527
<i>Future supply</i>	
3.6 Annual supply of social relets (net)	820
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	66
3.8 Annual supply of affordable housing	886

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	382
Current supply	(Step 3.5)/5	105
Net current need		277
Future need	(Step 2.4)	2,385
Future supply	(Step 3.8)	886
Net future need		1,499
Total net annual need		1,776
Total gross annual need		2,767
Total gross annual supply		991
Total net annual need		1,776

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

Types of households in need

Table A4.3 gives a breakdown of gross annual households in need, by household type. The table shows that some 21.2% of lone parents are in housing need compared to 0.2% of single pensioner households. Overall, single non-pensioner households comprise 30.8% of all households in need and lone parent households a further 22.7% of households in housing need.

It should be noted that 465 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	21	6,131	6,152	0.3%	0.8%
2 or more pensioners	19	3,982	4,000	0.5%	0.7%
Single non-pensioners	853	8,032	8,885	9.6%	30.8%
More than one adult, no children	473	16,829	17,302	2.7%	17.1%
Lone parent	627	2,338	2,966	21.2%	22.7%
2+ adults 1 child	343	5,613	5,956	5.8%	12.4%
2+ adults 2+ children	430	5,756	6,187	7.0%	15.6%
Total	2,767	48,681	51,447	5.4%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A4.4 shows the ethnicity of households in need. The table shows that some 10.3% of 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 4.9% of 'White' households. However, 'White' households still constitute 81.5% of all households in housing need.

Broad ethnic group	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
White	2,254	44,207	46,461	4.9%	81.5%
BAME	513	4,474	4,987	10.3%	18.5%
Total	2,767	48,681	51,448	5.4%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A4.5 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The table shows that households containing a support needs person are more likely to be in housing need than households where no support needs person is present.

Support needs household	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
Contains someone with support need	600	9,429	10,029	6.0%	21.7%
Nobody with support need present	2,167	39,252	41,419	5.2%	78.3%
Total	2,767	48,682	51,448	5.4%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - affordability of Affordable Rent for households in housing need

Table A4.6 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.

The table shows that of the 2,767 households in gross need each year, 18.8%, some 519 households, could afford Affordable Rent at 80%. Some 642 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and 880 households would be suitable for Affordable Rent set at 65%.

The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the

expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of LHA.

	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	519	18.8%
Affordable Rent at 70%	642	23.2%
Affordable Rent at 65%	880	31.8%
Affordable Rent at 60%	924	33.4%
Social rent	1,069	38.6%
Require subsidy	1,698	61.4%
Total number of households	2,767	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A4.7 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will be most suitable for households in need of one bedroom accommodation. Over 30% of households requiring one and two bedroom homes and over half of households requiring a three bedroom dwelling could afford Affordable Rent at 65%. No households requiring a four bedroom home can afford anything more than social rent.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	28.7%	10.8%	16.5%	0.0%
Affordable Rent at 70%*	30.9%	15.2%	31.2%	0.0%
Affordable Rent at 65%*	30.9%	30.9%	52.4%	0.0%
Affordable Rent at 60%*	30.9%	30.9%	65.1%	0.0%
Social rent	33.2%	30.9%	66.8%	70.4%
Require subsidy	66.8%	69.1%	33.2%	29.6%
Total number of households (per annum)	1,219 (100%)	1,046 (100%)	344 (100%)	158 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - households on the Register, including those in need

This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from each Council's Housing Register has been used to inform this analysis. Table A4.8 shows how many of the 4,615 households on the Housing Register in Gloucester are able to afford different levels of Affordable Rent. The table below shows that some 5.4% of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 700 households on the Housing Register

are able to afford Affordable Rent at 80% and if Affordable Rent is set at the level of 60% then this figure would increase to over 1,450 households.

Table A4.8 Affordability of households on Housing Register in Gloucester (figures presented cumulatively)		
	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	250	5.4%
Affordable Rent at 80%	684	14.8%
Affordable Rent at 70%	1,108	24.0%
Affordable Rent at 65%	1,374	29.8%
Affordable Rent at 60%	1,452	31.5%
Social rent	1,496	32.4%
Require subsidy	2,870	62.2%
Total number of households	4,615	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A4.9 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring one and three bedroom accommodation. Affordable Rent at the 65% level would be suitable for over 30% of households on the Housing Register requiring a one, two and three bedroom home.

Table A4.9 Size and type of Affordable Rent home required by those on the Housing Register in Gloucester (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	6.4%	5.7%	2.9%	0.0%
Affordable Rent at 80%	19.5%	4.9%	23.8%	0.0%
Affordable Rent at 70%*	28.8%	15.6%	30.7%	0.0%
Affordable Rent at 65%*	30.5%	30.2%	30.7%	0.0%
Affordable Rent at 60%*	30.5%	30.2%	40.0%	0.0%
Social rent	32.6%	30.2%	40.0%	0.0%
Require subsidy	61.0%	64.0%	57.1%	100.0%
Total number of households	2,329 (100%)	1,542 (100%)	595 (100%)	149 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

What is the need for Affordable Rent?

Table A4.10 draws on the data in Tables A4.6 and A4.8 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). Affordable Rent at 80% can be afforded by over half of households in need and almost half of households on the Housing Register suitable for an intermediate product. Affordable Rent at 70% would be suitable for 69.5% of all households in need able to pay more than social rent, whilst 76.3% of households on the Housing Register able to pay more than social rent would be suitable for

Affordable Rent at this level. If Affordable Rent were priced at 65%, almost all (95.3%) of households in housing need able to pay more than social rent, would be able to afford it. This is also true for 94.7% of households on the Housing Register able to pay more than social rent.

Table A4.10 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products in Gloucester (figures presented cumulatively)				
<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	519	56.2%	684	47.1%
Affordable Rent (70%)	642	69.5%	1,108	76.3%
Affordable Rent (65%)	880	95.3%	1,374	94.7%
Affordable Rent (60%)	924	100.0%	1,452	100.0%
Total	924	100.0%	1,452	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Type of accommodation required

Table A4.11 shows the type of accommodation required by households in housing need in Gloucester. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6. The last column presents the supply as a percentage of need. The table suggests that all of the net need is for general needs homes and there will be a surplus of supported accommodation, although it is acknowledged that this accommodation could be appropriate for some households in need not initially identified as being suitable for it.

Table A4.11 Type of affordable accommodation required to meet housing need in Gloucester					
<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	2,411	567	1,844	100.0%	23.5%
Supported	355	425	-69	-	119.5%
Total	2,766	991	1,775	100.0%	35.8%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Size of accommodation required

Analysis of the 355 households in need requiring supported accommodation reveals that 68.2% require a one bedroom dwelling, 21.8% a two bedroom unit and 10.0% a dwelling with three or more bedrooms. Table A4.12 shows the size of property required by the 2,411 households in housing need and requiring general needs accommodation in Gloucester. The supply distribution is derived from the 2011-12 CORE return for Gloucester. The last column presents the supply as a percentage of need.

Table A4.12 Size of additional units required to meet housing need (general needs) in Gloucester					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	977	206	771	41.8%	21.1%
Two bedrooms	969	222	746	40.5%	23.0%
Three bedrooms	308	86	222	12.0%	27.9%
Four or more bedrooms	158	52	106	5.7%	33.2%
Total	2,411	567	1,844	100.0%	23.5%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and three bedroom homes. The final column shows that the need relative to supply is the greatest for one bedroom homes, followed by two bedroom dwellings. Households in need requiring four bedroom accommodation are most likely to have their need met from the current supply.

Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described above, 465 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Gloucester, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table A4.13. The table suggests that the largest net need is for two bedroom homes, followed by one bedroom accommodation.

Table A4.13 Size of additional units required to meet housing need (general needs) in Gloucester – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	512	206	305	22.1%	40.3%
Two bedrooms	969	222	746	54.1%	23.0%
Three bedrooms	308	86	222	16.1%	27.9%
Four or more bedrooms	158	52	106	7.6%	33.2%
Total	1,946	567	1,379	100.0%	29.1%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013



Sensitivity analysis

The housing needs assessment model requirement does not equate logically with the planned new homes per year in the Authority area. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table A4.14 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table A4.14 Impact of different affordability assumptions on affordable housing requirement in Gloucester			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	396	369	294
Backlog supply (annual)	97	89	74
Net backlog need (annual)	299	279	220
Future need (annual)	1,905	1,782	1,462
Future supply (annual)	886	886	886
Net future need (annual)	1,019	896	576
Total net annual need	1,318	1,175	796
Total gross annual need	2,301	2,151	1,756
Total gross annual supply	983	975	960
Total net annual need	1,318	1,175	796

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table indicates that the number of households in need would decrease from 1,776 to 1,318 if 30% of gross household income could be spent on rent. This would decrease further to 1,175 if 35% of income could be spent on rent and to 796 if the affordability assumption was changed to 40%.

Local Housing Allowance

Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 806 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends).

Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Gloucester, the needs figure would reduce to 970 per annum.

Adjusted model outputs

Table A4.15 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Gloucester, then there would be 600 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 806 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 370 per year. Stakeholders have showed broad agreement that both these assumptions are fair and accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	2,767	-600	2,167
Total gross annual supply	991	+806	1,797
Total net annual need	1,776	-	370

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The figure of 1,776 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 370 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Gloucester. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Gloucester (21 per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in Gloucester.

Tenure profile

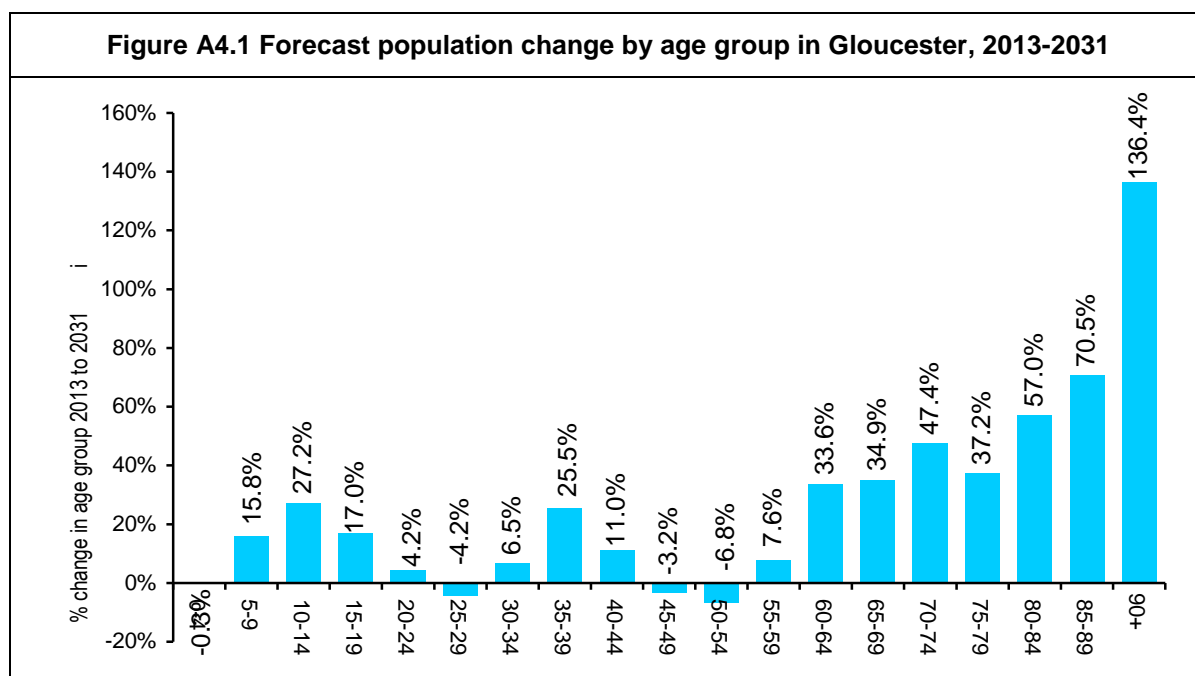
Chapter 2 explained how the dataset was updated by adjusting the financial profile of households and reweighting the dataset. The chapter showed the weighted tenure profile used in this study. Table A4.16 shows an the equivalent information for Gloucester only. The data shows that 65.7% of households are owner-occupiers with 14.4% in the social rented sector and 19.9% resident in private rented accommodation.

Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	14,865	28.8%
Owner-occupied (with mortgage)	19,059	36.9%
Social rented	7,419	14.4%
Private rented	10,266	19.9%
Total	51,610	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Demographic projections for Gloucester

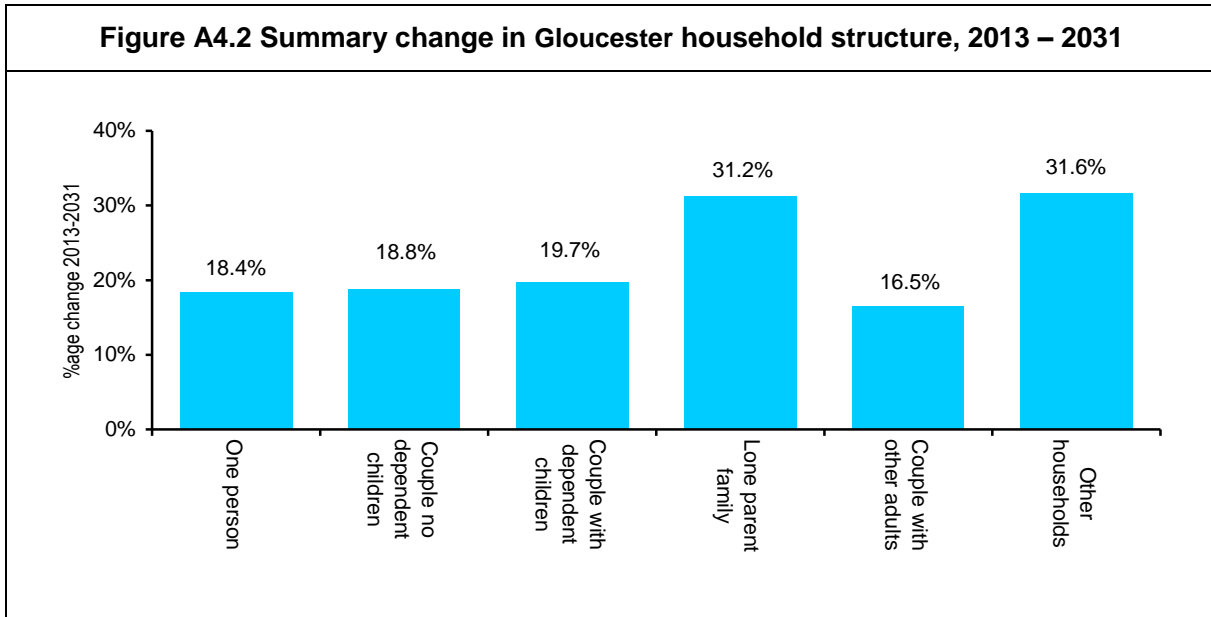
Chapter 8 set out the latest demographic projections for Gloucestershire, Figures A4.1, A4.2 and Table A4.17 present the equivalent information for Gloucester.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

	2013	2031	% change
Population	124,770	144,846	16.1%
Households	51,610	63,625	23.3%
Average household size	2.42	2.28	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Derivation of the figures in the main LTBHM scenario for Gloucester

Figure 8.7 set out the nature of housing required in Gloucester to meet the Objectively Assessed Need within the main scenario. Tables A4.18 to A4.22 provide the detail that shows how these net figures were derived.

Table A4.18 Tenure of new accommodation required in Gloucester over the next 18 years

Tenure	Current tenure profile	Tenure profile 2031	Change required	% of change required
Market	39,371	47,169	7,798	64.9%
Shared ownership	580	1,325	745	6.2%
Affordable Rent*	0	3,342	3,342	27.8%
Social rented	2,612	11,659	130	1.1%
Benefit supported	9,047			
Total	51,610	63,625	12,015	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in Gloucester, however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



**Table A4.19 Size of new market accommodation required in Gloucester
over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	2,364	3,227	863	11.1%
Two bedrooms	8,839	11,125	2,286	29.3%
Three bedrooms	18,990	21,863	2,873	36.8%
Four or more bedrooms	9,178	10,954	1,776	22.8%
Total	39,371	47,169	7,798	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A4.20 Size of new shared ownership accommodation required
in Gloucester e over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	40	150	110	14.8%
Two bedrooms	269	571	302	40.5%
Three bedrooms	203	466	263	35.3%
Four or more bedrooms	68	138	70	9.4%
Total	580	1,325	745	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A4.21 Size of new Affordable Rented homes required in Gloucester
over the next 18 years**

<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	1,098	32.3%
Two bedrooms	1,230	36.2%
Three bedrooms	891	26.2%
Four or more bedrooms	181	5.3%
Total	3,400	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A4.22 Size of new social rented accommodation required in Gloucester over the next 18 years

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	3,560	3,515	-45	-62.5%
Two bedrooms	4,714	4,701	-13	-18.1%
Three bedrooms	2,904	2,939	35	48.6%
Four or more bedrooms	481	576	95	131.9%
Total	11,659	11,731	72	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5) it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A4.23 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table A4.23 Size of new Affordable Rented homes required in Gloucester over the next 18 years – if house all households unable to afford market or shared ownership housing

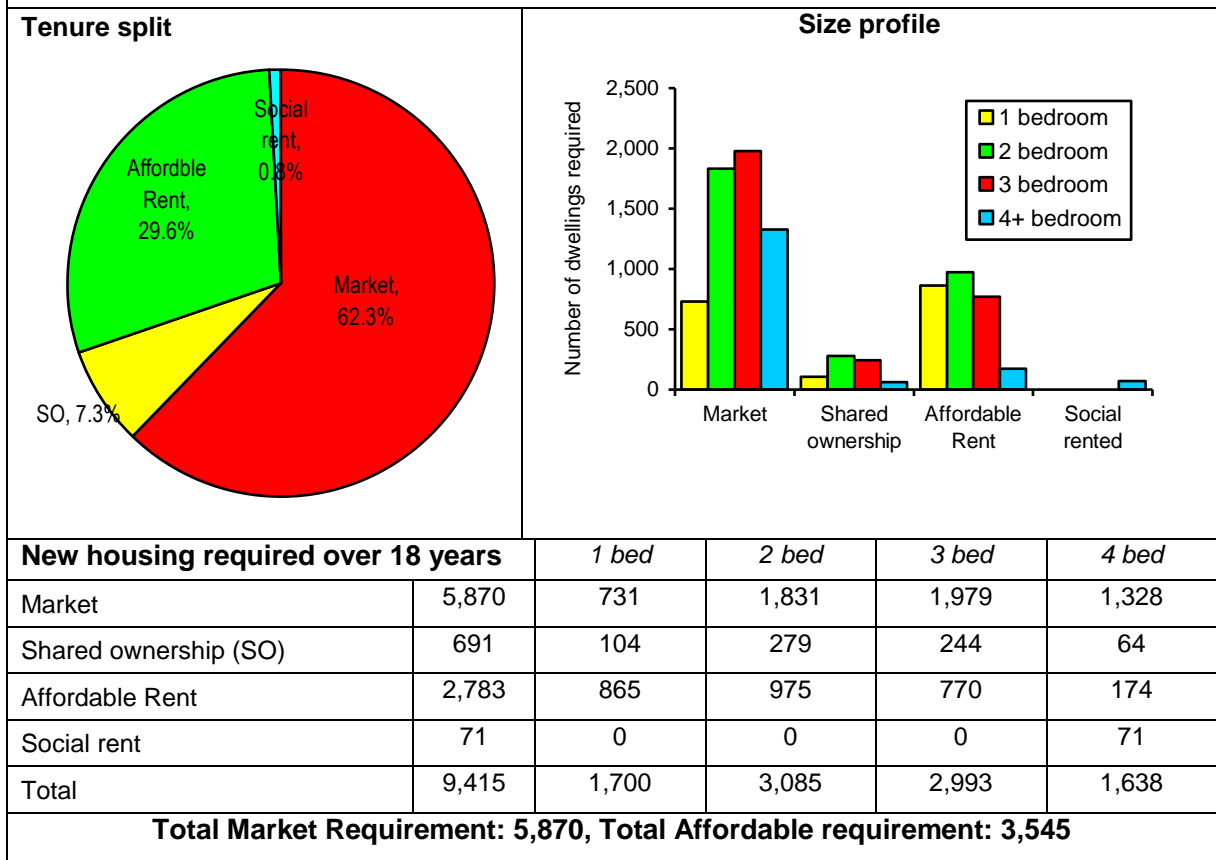
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	3,560	4,613	1,053	30.3%
Two bedrooms	4,714	5,931	1,217	35.1%
Three bedrooms	2,904	3,830	926	26.7%
Four or more bedrooms	481	757	276	7.9%
Total	11,659	15,131	3,472	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Alternative LTBHM scenarios outputs for Gloucester

The model has been run to provide equivalent detail for the different potential levels of Objectively Assessed Need set out in the published reports (set out in Table 8.1). Figures A4.3 and A4.4 set out summary results for the size and tenure of new homes required within the lower and upper estimates of Objectively Assessed Need in Gloucester.

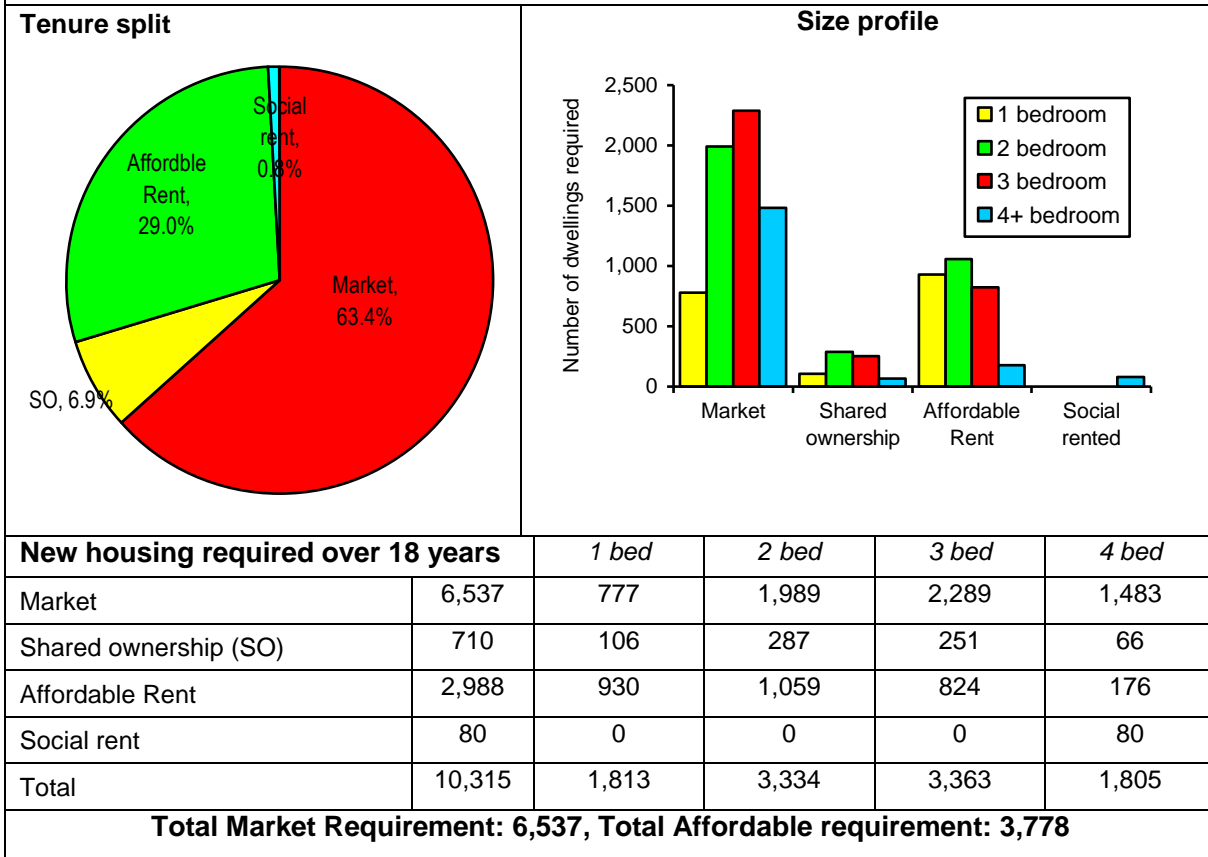
Figure A4.3 Profile of new accommodation required in Gloucester (lower scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Figure A4.4 Profile of new accommodation required in Gloucester (higher scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Appendix A5. Further results for Stroud

Contents

Further detail on housing need

Table A5.1 Housing needs assessment model for Stroud

Table A5.2 Summary of needs assessment model for Stroud

Table A5.3 Annual need requirement by household type in Stroud

Table A5.4 Annual need requirement by ethnicity of household head in Stroud

Table A5.5 Annual need requirement by support needs in Stroud

Table A5.6 Affordability of households in need in Stroud (annual)

Table A5.7 Size and type of Affordable Rent home required by those in need in Stroud

Table A5.8 Affordability of households on Housing Register in Stroud

Table A5.9 Size and type of Affordable Rent home required by those on the Housing Register in Stroud

Table A5.10 Total number of households able to afford different affordable products in Stroud

Table A5.11 Type of affordable accommodation required to meet housing need in Stroud

Table A5.12 Size of additional units required to meet housing need (general needs) in Stroud

Table A5.13 Size of additional units required to meet housing need (general needs) in Stroud – excluding households suitable for shared housing

Table A5.14 Impact of different affordability assumptions on affordable housing requirement in Stroud

Table A5.15 Adjusted housing need assessment in Stroud

Current tenure profile

Table A5.16 Number of households in each tenure group in Stroud 2013

Demographic projections for Stroud

Figure A5.1 Forecast population change by age group in Stroud, 2013-2031

Table A5.17 Change in Stroud population, households and household size, 2013 – 2031

Figure A5.2 Summary change in Stroud household structure, 2013 – 2031

Derivation of the figures in the main LTBHM scenario for Stroud

Table A5.18 Tenure of new accommodation required in Stroud over the next 18 years

Table A5.19 Size of new market accommodation required in Stroud over the next 18 years

Table A5.20 Size of new shared ownership accommodation required in Stroud over the next 18 years

Table A5.21 Size of new Affordable Rented homes required in Stroud over the next 18 years

Table A5.22 Size of new social rented accommodation required in Stroud over the next 18 years

Table A5.23 Size of new Affordable Rented homes required in Stroud over the next 18 years – if house all households unable to afford market or shared ownership housing

Alternative LTBHM scenarios outputs for Stroud

Figure A5.3 Profile of new accommodation required in Stroud (lower scenario)

Figure A5.4 Profile of new accommodation required in Stroud (higher scenario)

Housing needs tables

Table A5.1 Housing needs assessment model for Stroud	
Stage and step in calculation	Number
STAGE 1: CURRENT NEED (Gross)	
1.1 Homeless households and those in temporary accommodation	1
1.2 Overcrowding and concealed households	882
1.3 Other groups	
1.4 Total current housing need (gross)	883
STAGE 2: FUTURE NEED	
2.1 New household formation (gross per year)	818
2.2 Proportion of new households unable to buy or rent in the market	25.8% (211)
2.3 Existing households falling into need	777
2.4 Total newly arising housing need (gross per year)	988
STAGE 3: AFFORDABLE HOUSING SUPPLY	
<i>Current supply</i>	
3.1 Affordable dwellings occupied by households in need	461
3.2 Surplus stock	4
3.3 Committed supply of affordable housing	513
3.4 Units to be taken out of management	0
3.5 Total affordable housing stock available	978
<i>Future supply</i>	
3.6 Annual supply of social relets (net)	456
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	21
3.8 Annual supply of affordable housing	477

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources



<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	177
Current supply	(Step 3.5)/5	196
Net current need		-19
Future need	(Step 2.4)	988
Future supply	(Step 3.8)	477
Net future need		511
Total net annual need		492
Total gross annual need		1,165
Total gross annual supply		672
Total net annual need		492

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

Types of households in need

Table A5.3 gives a breakdown of gross annual households in need, by household type. The table shows that some 19.9% of lone parents are in housing need compared to 0.1% of multi-pensioner households. Overall, lone parent households comprise 29.2% of all households in need and single non-pensioner households a further 22.6% of households in housing need.

It should be noted that 56 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	73	6,315	6,388	1.1%	6.3%
2 or more pensioners	7	5,271	5,278	0.1%	0.6%
Single non-pensioners	263	7,059	7,323	3.6%	22.6%
More than one adult, no children	123	17,268	17,391	0.7%	10.6%
Lone parent	340	1,364	1,704	19.9%	29.2%
2+ adults 1 child	97	4,612	4,709	2.1%	8.3%
2+ adults 2+ children	262	5,515	5,777	4.5%	22.5%
Total	1,165	47,405	48,570	2.4%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A5.4 shows the ethnicity of households in need. The table shows that no 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 2.4% of 'White' households.

Table A5.4 Annual need requirement by ethnicity of household head in Stroud					
<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	1,165	46,461	47,625	2.4%	100.0%
BAME	0	945	945	0.0%	0.0%
Total	1,165	47,405	48,570	2.4%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A5.5 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The Table shows that households containing a support needs person are more likely to be in housing need than households where no support needs person is present.

Table A5.5 Annual need requirement by support needs in Stroud					
<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	233	6,540	6,773	3.4%	20.0%
Nobody with support need present	932	40,865	41,797	2.2%	80.0%
Total	1,165	47,405	48,570	2.4%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - affordability of Affordable Rent for households in housing need

Table A5.6 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.

The table shows that of the 1,165 households in gross need each year, 6.4%, some 75 households, could afford Affordable Rent at 80%. Some 100 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and 231 households would be suitable for Affordable Rent set at 60%.

The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the

expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of LHA.

	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	75	6.4%
Affordable Rent at 70%	100	8.6%
Affordable Rent at 65%	134	11.5%
Affordable Rent at 60%	231	19.9%
Social rent	336	28.9%
Require subsidy	828	71.1%
Total number of households	1,165	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A5.7 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will be most suitable for households in need of one and two bedroom accommodation. Almost a quarter of households requiring two bedroom homes could afford Affordable Rent at 65% as could almost 40% of households requiring a three bedroom homes. No households requiring a four bedroom home can afford anything more than social rent.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	7.1%	9.4%	1.2%	0.0%
Affordable Rent at 70%*	7.1%	12.0%	6.9%	0.0%
Affordable Rent at 65%*	7.1%	18.6%	7.9%	0.0%
Affordable Rent at 60%*	7.1%	24.1%	39.7%	0.0%
Social rent	18.1%	24.1%	39.7%	77.6%
Require subsidy	81.9%	75.9%	60.3%	22.4%
Total number of households (per annum)	382 (100%)	476 (100%)	225 (100%)	81 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - households on the Register, including those in need

This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from the Council's Housing Register has been used to inform this analysis. Table A5.8 shows how many of the 2,703 households on the Housing Register in Stroud are able to afford different levels of Affordable Rent. The table below shows that almost a fifth of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 366 households on the Housing Register able to afford

Affordable Rent at 80% and if Affordable Rent is set at the level of 65% then this figure would increase to over 650 households.

Table A5.8 Affordability of households on Housing Register in Stroud (figures presented cumulatively)		
	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	494	18.3%
Affordable Rent at 80%	366	13.5%
Affordable Rent at 70%	613	22.7%
Affordable Rent at 65%	654	24.2%
Affordable Rent at 60%	711	26.3%
Social rent	779	28.8%
Require subsidy	1,429	52.9%
Total number of households	2,703	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A5.9 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring three bedroom accommodation. Affordable Rent at the 65% level would be suitable for around a quarter of households on the Housing Register requiring each bedroom size.

Table A5.9 Size and type of Affordable Rent home required by those on the Housing Register in Stroud (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	18.0%	17.8%	21.8%	25.2%
Affordable Rent at 80%	13.7%	12.4%	22.3%	12.6%
Affordable Rent at 70%*	22.7%	21.3%	33.2%	25.2%
Affordable Rent at 65%*	22.7%	26.6%	33.2%	25.2%
Affordable Rent at 60%*	22.7%	33.9%	33.2%	25.2%
Social rent	25.1%	33.9%	33.2%	53.7%
Require subsidy	57.0%	48.3%	45.0%	21.1%
Total number of households	1,666 (100%)	735 (100%)	259 (100%)	43 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

What is the need for Affordable Rent?

Table A5.10 draws on the data in tables A5.6 and A5.8 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). Affordable Rent at 80% can be afforded by almost a third of households in need and over half of households on the Housing Register suitable for an intermediate product. Affordable Rent at 70% would be suitable for 43.3% of all households in need able to pay more than social rent, whilst 86.2% of households on the Housing Register able to pay more than social rent would be suitable for

Affordable Rent at this level. If Affordable Rent were priced at 65%, almost all (92.0%) of households on the Housing Register able to pay more than social rent, would be able to afford it.

Table A5.10 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products in Stroud (figures presented cumulatively)				
<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	75	32.2%	366	51.4%
Affordable Rent (70%)	100	43.3%	613	86.2%
Affordable Rent (65%)	134	57.8%	654	92.0%
Affordable Rent (60%)	231	100.0%	711	100.0%
Total	231	100.0%	711	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Type of accommodation required

Table A5.11 shows the type of accommodation required by households in housing need in Stroud. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6. The last column presents the supply as a percentage of need. The table suggests that all of the net need is for general needs homes and there will be a surplus of supported accommodation, although it is acknowledged that this accommodation could be appropriate for some households in need not initially identified as being suitable for it.

Table A5.11 Type of affordable accommodation required to meet housing need in Stroud					
<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	1,063	486	577	100.0%	45.7%
Supported	102	187	-85	-	183.5%
Total	1,165	672	492	100.0%	57.7%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Size of accommodation required

Analysis of the 102 households in need requiring supported accommodation reveals that 41.0% require a one bedroom dwelling, 27.0% a two bedroom unit and 32.0% a dwelling with three or more bedrooms. Table A5.12 shows the size of property required by the 1,063 households in housing need and requiring general needs accommodation in Stroud. The supply distribution is derived from the 2011-12 CORE return for Stroud. The last column presents the supply as a percentage of need.

Table A5.12 Size of additional units required to meet housing need (general needs) in Stroud					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	341	177	164	28.3%	52.0%
Two bedrooms	449	211	238	41.1%	47.0%
Three bedrooms	192	94	98	17.0%	48.9%
Four or more bedrooms	82	4	78	13.5%	4.4%
Total	1,064	486	578	100.0%	45.7%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for two bedroom accommodation, followed by one and three bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by two bedroom dwellings. Households in need requiring one bedroom accommodation are most likely to have their need met from the current supply.

Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described above, 56 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Stroud, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table A5.13. The table suggests that the largest net need is for two bedroom homes, followed by one bedroom accommodation.

Table A5.13 Size of additional units required to meet housing need (general needs) in Stroud – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	285	177	108	20.7%	62.2%
Two bedrooms	449	211	238	45.5%	47.0%
Three bedrooms	192	94	98	18.8%	48.9%
Four or more bedrooms	82	4	78	14.9%	4.4%
Total	1,008	486	522	100.0%	48.2%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Sensitivity analysis

The housing needs assessment model requirement does not equate logically with the planned new homes per year in the Authority area. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table A5.14 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table A5.14 Impact of different affordability assumptions on affordable housing requirement in Stroud			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	164	164	117
Backlog supply (annual)	190	190	178
Net backlog need (annual)	-26	-26	-61
Future need (annual)	926	911	791
Future supply (annual)	477	477	477
Net future need (annual)	450	434	314
Total net annual need	424	408	253
Total gross annual need	1,091	1,075	908
Total gross annual supply	667	667	655
Total net annual need	424	408	253

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table indicates that the number of households in need would decrease from 492 to 424 if 30% of gross household income could be spent on rent. This would decrease further to 408 if 35% of income could be spent on rent and to 253 if the affordability assumption was changed to 40%.

Local Housing Allowance

Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 390 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends).

Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Stroud, the needs figure would reduce to 103 per annum.

Adjusted model outputs

Table A5.15 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Stroud, then there would be 84 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 390 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 19 per year. Stakeholders have showed broad agreement that both these assumptions are fair and accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Table A5.15 Adjusted housing need assessment in Stroud			
Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	1,165	-84	1,080
Total gross annual supply	672	+390	1,062
Total net annual need	492	-	19

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The figure of 492 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 19 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Stroud. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Stroud (103 homes per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in Stroud.

Tenure profile

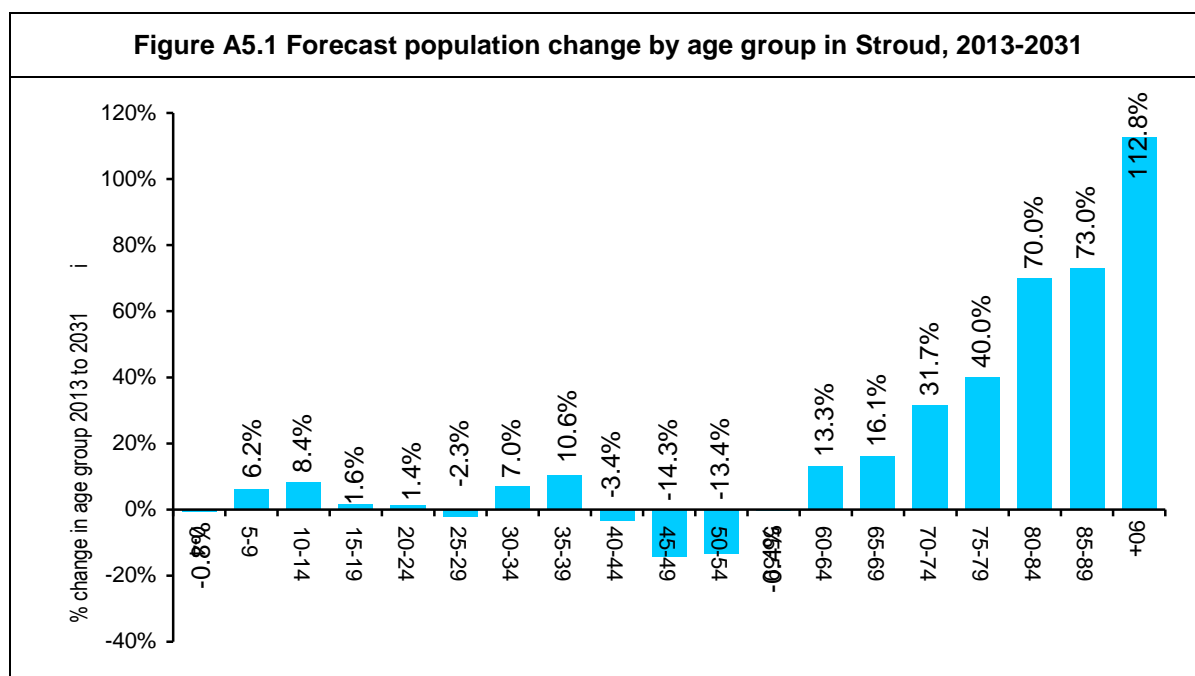
Chapter 2 explained how the dataset was updated by adjusting the financial profile of households and reweighting the dataset. The chapter showed the weighted tenure profile used in this study. Table A5.16 shows an the equivalent information for Stroud only. The data shows that 72.4% of households are owner-occupiers with 13.1% in the social rented sector and 14.5% resident in private rented accommodation.

Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	18,572	38.2%
Owner-occupied (with mortgage)	16,588	34.2%
Social rented	6,359	13.1%
Private rented	7,051	14.5%
Total	48,570	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Demographic projections for Stroud

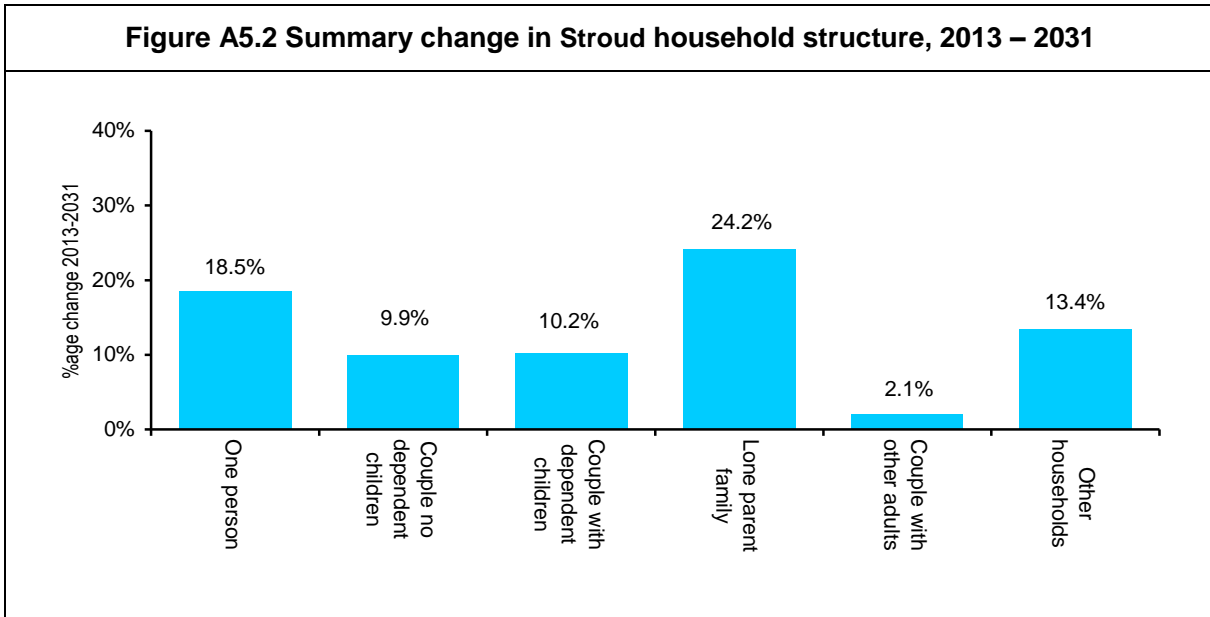
Chapter 8 set out the latest demographic projections for Gloucestershire, Figures A5.1, A5.2 and Table A5.17 present the equivalent information for Stroud.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

	2013	2031	% change
Population	114,584	123,794	8.0%
Households	48,570	55,283	13.8%
Average household size	2.36	2.24	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Derivation of the figures in the main LTBHM scenario for Stroud

Figure 8.8 set out the nature of housing required in Stroud to meet the Objectively Assessed Need within the main scenario. Tables A5.18 to A5.22 provide the detail that shows how these net figures were derived.

Table A5.18 Tenure of new accommodation required in Stroud over the next 18 years

Tenure	Current tenure profile	Tenure profile 2031	Change required	% of change required
Market	39,873	44,277	4,404	65.6%
Shared ownership	288	765	477	7.1%
Affordable Rent*	0	1,604	1,604	23.9%
Social rented	3,216	8,637	228	3.4%
Benefit supported	5,193			
Total	48,570	55,283	6,713	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in Stroud, however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



**Table A5.19 Size of new market accommodation required in Stroud
over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	2,167	2,454	287	6.5%
Two bedrooms	8,307	9,968	1,661	37.7%
Three bedrooms	16,440	18,219	1,779	40.4%
Four or more bedrooms	12,958	13,635	677	15.4%
Total	39,873	44,277	4,404	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A5.20 Size of new shared ownership accommodation required
in Stroud over the next 18 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	18	201	183	38.4%
Two bedrooms	145	299	154	32.3%
Three bedrooms	97	173	76	15.9%
Four or more bedrooms	28	92	64	13.4%
Total	288	765	477	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

**Table A5.21 Size of new Affordable Rented homes required in Stroud
over the next 18 years**

<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	306	19.1%
Two bedrooms	837	52.2%
Three bedrooms	445	27.7%
Four or more bedrooms	16	1.0%
Total	1,604	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A5.22 Size of new social rented accommodation required in Stroud over the next 18 years

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	2,253	2,298	45	19.7%
Two bedrooms	3,385	3,421	36	15.8%
Three bedrooms	2,576	2,673	97	42.5%
Four or more bedrooms	196	246	50	21.9%
Total	8,409	8,637	228	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5) it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A5.23 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table A5.23 Size of new Affordable Rented homes required in Stroud over the next 18 years – if house all households unable to afford market or shared ownership housing

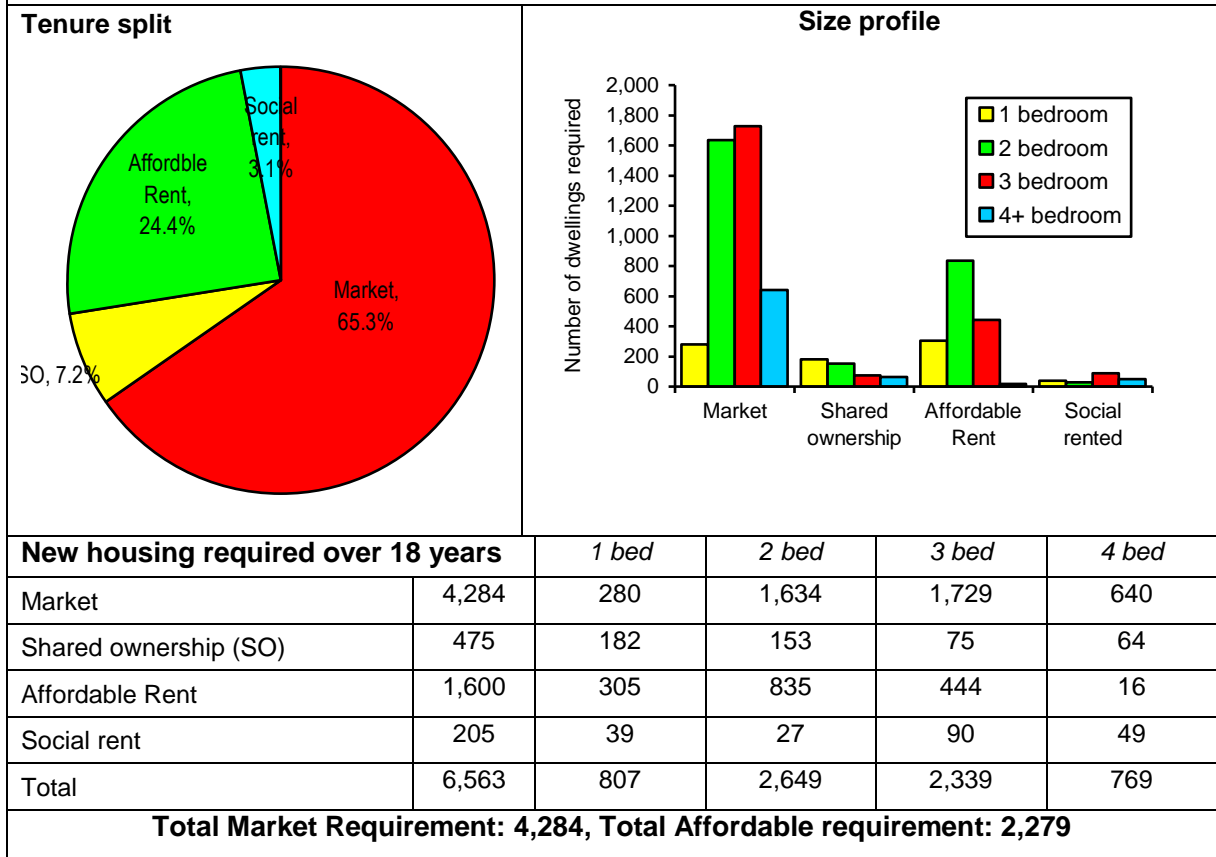
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	2,253	2,604	351	19.2%
Two bedrooms	3,385	4,258	873	47.7%
Three bedrooms	2,576	3,118	542	29.6%
Four or more bedrooms	196	262	66	3.6%
Total	8,409	10,241	1,832	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Alternative LTBHM scenarios outputs for Stroud

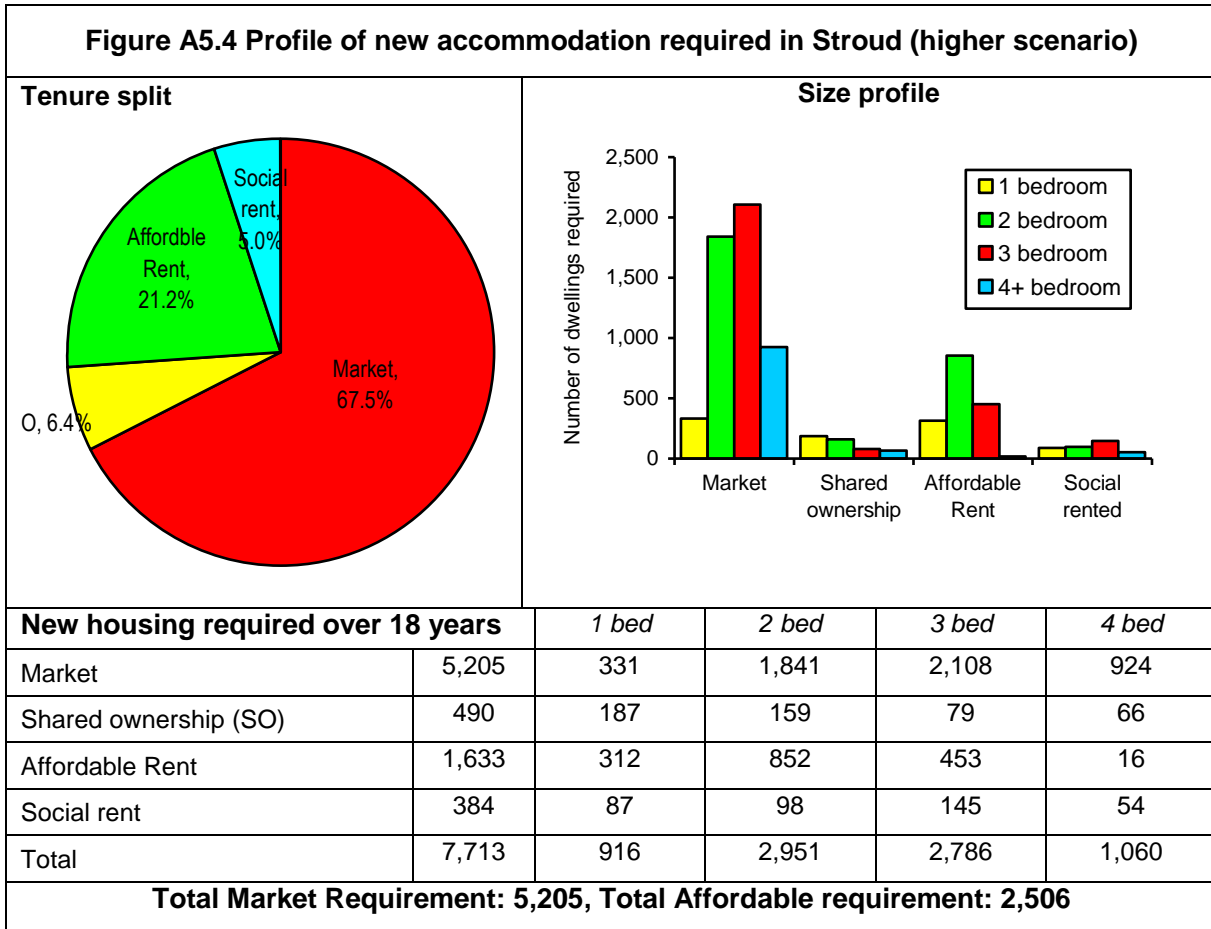
The model has been run to provide equivalent detail for the different potential levels of Objectively Assessed Need set out in the published reports (set out in Table 8.1). Figures A5.3 and A5.4 set out summary results for the size and tenure of new homes required within the lower and upper estimates of Objectively Assessed Need in Stroud.

Figure A5.3 Profile of new accommodation required in Stroud (lower scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013





Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Appendix A6. Further results for Tewkesbury

Contents

Further detail on housing need

- Table A6.1 Housing needs assessment model for Tewkesbury
- Table A6.2 Summary of needs assessment model for Tewkesbury
- Table A6.3 Annual need requirement by household type in Tewkesbury
- Table A6.4 Annual need requirement by ethnicity of household head in Tewkesbury
- Table A6.5 Annual need requirement by support needs in Tewkesbury
- Table A6.6 Affordability of households in need in Tewkesbury (annual)
- Table A6.7 Size and type of Affordable Rent home required by those in need in Tewkesbury
- Table A6.8 Affordability of households on Housing Register in Tewkesbury
- Table A6.9 Size and type of Affordable Rent home required by those on the Housing Register in Tewkesbury
- Table A6.10 Total number of households able to afford different affordable products in Tewkesbury
- Table A6.11 Type of affordable accommodation required to meet housing need in Tewkesbury
- Table A6.12 Size of additional units required to meet housing need (general needs) in Tewkesbury
- Table A6.13 Size of additional units required to meet housing need (general needs) in Tewkesbury – excluding households suitable for shared housing
- Table A6.14 Impact of different affordability assumptions on affordable housing requirement in Tewkesbury
- Table A6.15 Adjusted housing need assessment in Tewkesbury

Current tenure profile

- Table A6.16 Number of households in each tenure group in Tewkesbury 2013

Demographic projections for Tewkesbury

- Figure A6.1 Forecast population change by age group in Tewkesbury, 2013-2031
- Table A6.17 Change in Tewkesbury population, households and household size, 2013 – 2031
- Figure A6.2 Summary change in Tewkesbury household structure, 2013 – 2031

Derivation of the figures in the main LTBHM scenario for Tewkesbury

- Table A6.18 Tenure of new accommodation required in Tewkesbury over the next 18 years
- Table A6.19 Size of new market accommodation required in Tewkesbury over the next 18 years
- Table A6.20 Size of new shared ownership accommodation required in Tewkesbury over the next 18 years
- Table A6.21 Size of new Affordable Rented homes required in Tewkesbury over the next 18 years
- Table A6.22 Size of new social rented accommodation required in Tewkesbury over the next 18 years

Table A6.23 Size of new Affordable Rented homes required in Tewkesbury over the next 18 years – if house all households unable to afford market or shared ownership housing

Alternative LTBHM scenarios outputs for Tewkesbury

Figure A6.3 Profile of new accommodation required in Tewkesbury (lower scenario)

Figure A6.4 Profile of new accommodation required in Tewkesbury (higher scenario)

Housing needs tables

Table A6.1 Housing needs assessment model for Tewkesbury	
Stage and step in calculation	Number
STAGE 1: CURRENT NEED (Gross)	
1.1 Homeless households and those in temporary accommodation	12
1.2 Overcrowding and concealed households	886
1.3 Other groups	
1.4 Total current housing need (gross)	898
STAGE 2: FUTURE NEED	
2.1 New household formation (gross per year)	586
2.2 Proportion of new households unable to buy or rent in the market	37.9%
	(222)
2.3 Existing households falling into need	569
2.4 Total newly arising housing need (gross per year)	790
STAGE 3: AFFORDABLE HOUSING SUPPLY	
<i>Current supply</i>	
3.1 Affordable dwellings occupied by households in need	222
3.2 Surplus stock	2
3.3 Committed supply of affordable housing	406
3.4 Units to be taken out of management	0
3.5 Total affordable housing stock available	630
<i>Future supply</i>	
3.6 Annual supply of social relets (net)	242
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	15
3.8 Annual supply of affordable housing	257

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	180
Current supply	(Step 3.5)/5	126
Net current need		54
Future need	(Step 2.4)	790
Future supply	(Step 3.8)	257
Net future need		534
Total net annual need		587
Total gross annual need		970
Total gross annual supply		383
Total net annual need		587

Source: Gloucestershire Strategic Housing Market Assessment; various secondary sources

Types of households in need

Table A6.3 gives a breakdown of gross annual households in need, by household type. The table shows that some 11.4% of lone parents are in housing need compared to 0.6% of multi-pensioner households. Overall, other multi-adult households with no children comprise 28.7% of all households in need and single non-pensioner households a further 19.9% of households in housing need.

It should be noted that 67 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	52	4,273	4,325	1.2%	5.4%
2 or more pensioners	25	4,039	4,063	0.6%	2.5%
Single non-pensioners	193	5,585	5,778	3.3%	19.9%
More than one adult, no children	279	12,874	13,153	2.1%	28.7%
Lone parent	140	1,085	1,225	11.4%	14.4%
2+ adults 1 child	161	3,322	3,483	4.6%	16.6%
2+ adults 2+ children	121	3,714	3,835	3.2%	12.5%
Total	970	34,893	35,863	2.7%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A6.4 shows the ethnicity of households in need. The table shows that some 2.8% of 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 2.7% of 'White' households. 'White' households constitute 97.6% of all households in housing need.

Table A6.4 Annual need requirement by ethnicity of household head in Tewkesbury					
<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	947	34,077	35,024	2.7%	97.6%
BAME	24	816	839	2.8%	2.4%
Total	970	34,893	35,863	2.7%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A6.5 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The Table shows that households containing a support needs person are more likely to be in housing need than households where no support needs person is present.

Table A6.5 Annual need requirement by support needs in Tewkesbury					
<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	170	4,974	5,144	3.3%	17.5%
Nobody with support need present	800	29,919	30,719	2.6%	82.5%
Total	970	34,893	35,863	2.7%	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - affordability of Affordable Rent for households in housing need

Table A6.6 illustrates how many households in defined housing need are able to afford different levels of Affordable Rent. The figures are presented cumulatively, so that any household that can afford a more expensive version of Affordable Rent are included within the figures for the cheaper versions. For example households able to afford Affordable Rent at 80% are included within the number of households able to afford Affordable Rent at 70%.

The table shows that of the 970 households in gross need each year, 25.5%, some 244 households, could afford Affordable Rent at 80%. Some 325 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and 341 households would be suitable for Affordable Rent set at 60%.

The largest group of households in need are those unable to afford any accommodation without subsidy (LHA/HB). The data in Tables 5.8 to 5.15 shows that the LHA rate should be above the



expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of LHA.

Table A6.6 Affordability of households in need in Tewkesbury (annual) (figures presented cumulatively)		
	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	244	25.2%
Affordable Rent at 70%	325	33.5%
Affordable Rent at 65%	325	33.5%
Affordable Rent at 60%	341	35.2%
Social rent	442	45.5%
Require subsidy	528	54.5%
Total number of households	970	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A6.7 splits the figures shown in the table above by bedroom size, again the figures are shown cumulatively. It shows that Affordable Rent at 80% will be most suitable for households in need of two bedroom accommodation.

Table A6.7 Size and type of Affordable Rent home required by those in need in Tewkesbury (figures presented cumulatively)				
	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	9.5%	39.4%	12.2%	0.0%
Affordable Rent at 70%*	23.1%	46.1%	12.2%	0.0%
Affordable Rent at 65%*	23.1%	46.1%	12.2%	0.0%
Affordable Rent at 60%*	23.1%	46.1%	32.6%	0.0%
Social rent	23.1%	55.0%	75.2%	54.7%
Require subsidy	76.9%	45.0%	24.8%	45.3%
Total number of households (per annum)	337 (100%)	515 (100%)	81 (100%)	37 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Tenure of affordable home required - households on the Register, including those in need

This sub-section repeats the above analysis but this time considers households on the Housing Register, which are not necessarily households in need. Anonymised data from the Council's Housing Register has been used to inform this analysis. Table A6.8 shows how many of the 1,777 households on the Housing Register in Tewkesbury are able to afford different levels of Affordable Rent. The table below shows that just over a tenth of households on the Housing Register are able to afford suitable accommodation in the open market. Almost 150 households on the Housing Register are able to afford Affordable Rent at 80% and if Affordable Rent is set at the level of 60% then this figure would increase to almost 400 households.

	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing</i>	225	12.6%
Affordable Rent at 80%	147	8.3%
Affordable Rent at 70%	329	18.5%
Affordable Rent at 65%	329	18.5%
Affordable Rent at 60%	385	21.7%
Social rent	656	36.9%
Require subsidy	897	50.5%
Total number of households	1,777	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Table A6.9 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring one and two bedroom accommodation. Affordable Rent at the 60% level would be suitable for a quarter of households on the Housing Register requiring a two bedroom home as well as a third of households requiring a three bedroom property.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Market housing	11.0%	16.7%	8.0%	0.0%
Affordable Rent at 80%	9.8%	8.4%	4.0%	0.0%
Affordable Rent at 70%*	15.3%	26.8%	8.0%	0.0%
Affordable Rent at 65%*	15.3%	26.8%	8.0%	0.0%
Affordable Rent at 60%*	15.3%	26.8%	31.8%	0.0%
Social rent	16.6%	53.9%	52.7%	70.5%
Require subsidy	72.3%	29.4%	39.2%	29.5%
Total number of households	826 (100%)	619 (100%)	259 (100%)	73 (100%)

*Not all sizes tested depending on cost relative to social rent, see Table 5.16. Source: Gloucestershire County Strategic Housing Market Assessment, 2013

What is the need for Affordable Rent?

Table A6.10 draws on the data in tables A6.6 and A6.8 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). Affordable Rent at 80% can be afforded by almost three-quarters of households in need and a third of households on the Housing Register suitable for an intermediate product. Affordable Rent at 70% would be suitable for 95.2% of all households in need able to pay more than social rent, whilst 85.5% of households on the Housing Register able to pay more than social rent would be suitable for Affordable Rent at this level.

Table A6.10 Total number of households (of those that can afford more than social rent but cannot afford market rent) able to afford different affordable products in Tewkesbury (figures presented cumulatively)

<i>Product type</i>	<i>Households in need (annual)</i>		<i>Households on register</i>	
Affordable Rent (80%)	244	71.6%	147	38.2%
Affordable Rent (70%)	325	95.2%	329	85.5%
Affordable Rent (65%)	325	95.2%	329	85.5%
Affordable Rent (60%)	341	100.0%	385	100.0%
Total	341	100.0%	385	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Type of accommodation required

Table A6.11 shows the type of accommodation required by households in housing need in Tewkesbury. The supply of supported housing can be differentiated from within the overall social rented re-let supply calculated at stage 3.6. The last column presents the supply as a percentage of need. The Table suggests that the majority of the net need is for general needs homes but there is also a requirement for supported accommodation.

Table A6.11 Type of affordable accommodation required to meet housing need in Tewkesbury

<i>Type of property</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
General needs	894	320	574	97.8%	35.8%
Supported	76	63	13	2.2%	82.9%
Total	970	383	587	100.0%	39.5%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Size of accommodation required

Analysis of the 76 households in need requiring supported accommodation reveals that 67.8% require a one bedroom dwelling 32.2% a dwelling with two or more bedrooms. Table A6.12 shows the size of property required by the 894 households in housing need and requiring general needs accommodation in Tewkesbury. The supply distribution is derived from the 2011-12 CORE return for Tewkesbury. The last column presents the supply as a percentage of need.

Table A6.12 Size of additional units required to meet housing need (general needs) in Tewkesbury					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	285	67	218	37.9%	23.6%
Two bedrooms	490	179	311	54.2%	36.5%
Three bedrooms	81	61	20	3.4%	75.6%
Four or more bedrooms	38	13	25	4.4%	33.2%
Total	894	320	574	100.0%	35.8%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for two bedroom accommodation, followed by one and four bedroom homes. The final column shows that the need relative to supply is the greatest for one bedroom homes, followed by four bedroom dwellings. Households in need requiring three bedroom accommodation are most likely to have their need met from the current supply.

Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described above, 67 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Tewkesbury, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table A6.13. The table suggests that the largest net need is for two bedroom homes, followed by one bedroom accommodation.

Table A6.13 Size of additional units required to meet housing need (general needs) in Tewkesbury – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	218	67	151	29.7%	30.9%
Two bedrooms	490	179	311	61.4%	36.5%
Three bedrooms	81	61	20	3.9%	75.6%
Four or more bedrooms	38	13	25	5.0%	33.2%
Total	827	320	507	100.0%	38.7%

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

Sensitivity analysis

The housing needs assessment model requirement does not equate logically with the planned new homes per year in the Authority area. This is because the CLG needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing. This brief section considers the impact of changing two of the assumptions used in the model to help rationalise what is a very large figure.

Affordability threshold

The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table A6.14 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table A6.14 Impact of different affordability assumptions on affordable housing requirement in Tewkesbury			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	138	108	100
Backlog supply (annual)	126	121	114
Net backlog need (annual)	12	-14	-14
Future need (annual)	598	598	521
Future supply (annual)	257	257	257
Net future need (annual)	341	341	264
Total net annual need	353	327	251
Total gross annual need	736	705	621
Total gross annual supply	383	378	370
Total net annual need	353	327	251

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The table indicates that the number of households in need would decrease from 587 to 353 if 30% of gross household income could be spent on rent. This would decrease further to 327 if 35% of income could be spent on rent and to 251 if the affordability assumption was changed to 40%.

Local Housing Allowance

Local Housing Allowance (LHA) is the replacement for the former Housing Benefit. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. Whilst LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 255 LHA-supported lets that become available within the private rented sector each year (based on survey data on past trends).

Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in Tewkesbury, the needs figure would reduce to 333 per annum.

Adjusted model outputs

Table A6.15 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in Tewkesbury, then there would be 260 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 255 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 105 per year. Stakeholders have showed broad agreement that both these assumptions are fair and accurate; it was felt that an affordability threshold of 35% reflects what households are currently paying in the private rented sector in Gloucestershire and that in reality the private rented sector via LHA offers a secure housing options for many households unable to be housed within the existing affordable housing stock.

Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	970	-260	710
Total gross annual supply	383	+255	637
Total net annual need	587	-	73

Source: Gloucestershire County Strategic Housing Market Assessment, 2013

The figure of 587 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. However, the figure of 73 is more representative of the way that housing need is experienced in current market conditions, as acknowledged by stakeholders. This can be viewed as the core housing need in Tewkesbury. It is clear however, that there is larger group of households in need that would legitimately and justifiably benefit from affordable accommodation provided in addition to that meeting the core housing need. This figure is also net of the affordable housing currently planned for Tewkesbury (81 homes per annum as set out in step 3.3), so represents the annual requirement in addition to these dwellings that are already planned. The model is also clear that the number of households in housing need is growing in Tewkesbury.

Tenure profile

Chapter 2 explained how the dataset was updated by adjusting the financial profile of households and reweighting the dataset. The chapter showed the weighted tenure profile used in this study. Table A6.16 shows an the equivalent information for Tewkesbury only. The data shows that 73.5% of households are owner-occupiers with 11.9% in the social rented sector and 14.6% resident in private rented accommodation.

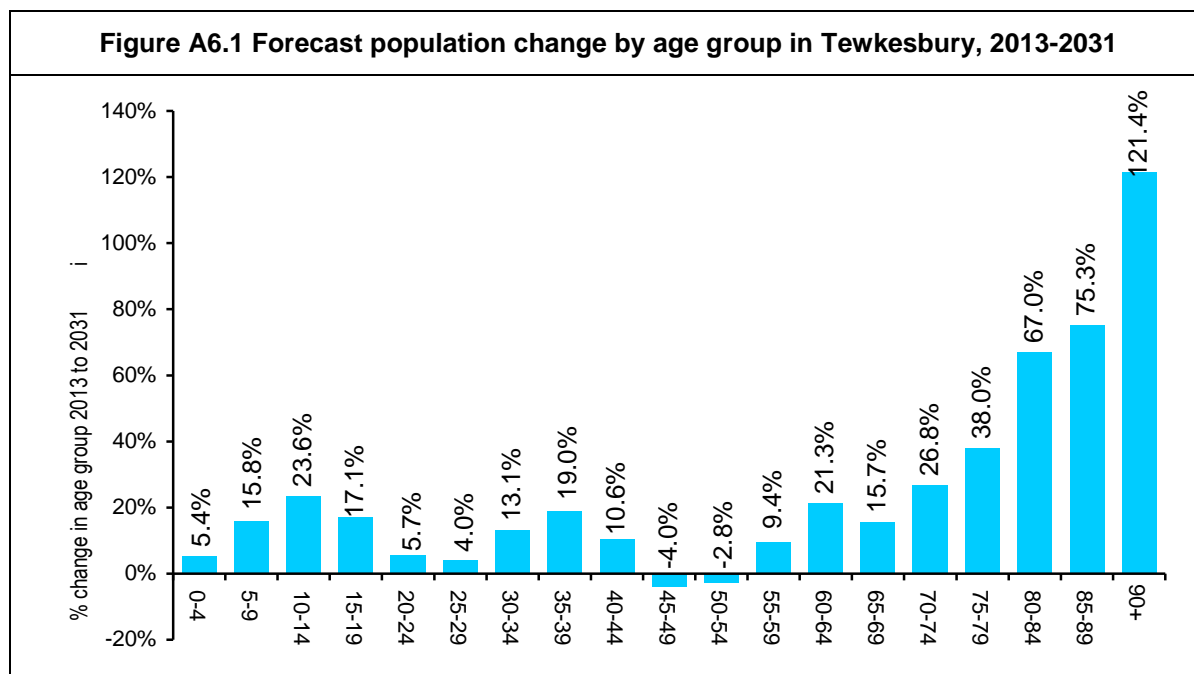
Table A6.16 Number of households in each tenure group in Tewkesbury 2013

Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	13,873	38.7%
Owner-occupied (with mortgage)	12,505	34.9%
Social rented	4,257	11.9%
Private rented	5,236	14.6%
Total	35,870	100.0%

Source: Gloucestershire County Strategic Housing Market Assessment, updated household dataset 2013

Demographic projections for Tewkesbury

Chapter 8 set out the latest demographic projections for Gloucestershire, Figures A6.1, A6.2 and Table A6.17 present the equivalent information for Tewkesbury.

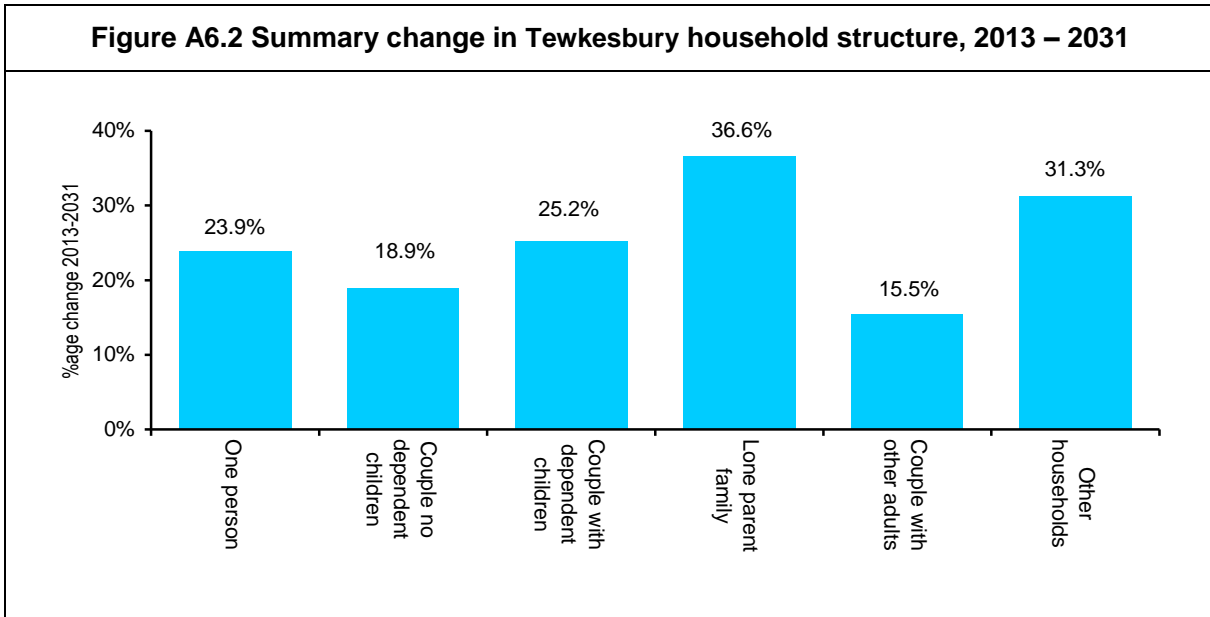
Figure A6.1 Forecast population change by age group in Tewkesbury, 2013-2031

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A6.17 Change in Tewkesbury population, households and household size, 2013 – 2031

	2013	2031	% change
Population	84,286	100,359	19.1%
Households	35,870	45,192	26.0%
Average household size	2.35	2.22	-

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Derivation of the figures in the main LTBHM scenario for Tewkesbury

Figure 8.9 set out the nature of housing required in Tewkesbury to meet the Objectively Assessed Need within the main scenario. Tables A6.18 to A6.22 provide the detail that shows how these net figures were derived.

Table A6.18 Tenure of new accommodation required in Tewkesbury over the next 18 years

Tenure	Current tenure profile	Tenure profile 2031	Change required	% of change required
Market	29,911	36,847	6,936	74.4%
Shared ownership	362	968	606	6.5%
Affordable Rent*	0	1,276	1,276	13.7%
Social rented	1,850	6,063	466	5.4%
Benefit supported	3,747			
Total	35,870	45,192	9,322	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in Tewkesbury, however for the purpose of this model the stock is presumed to be 0.

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Table A6.19 Size of new market accommodation required in Tewkesbury over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,557	2,458	901	13.0%
Two bedrooms	5,979	7,812	1,833	26.4%
Three bedrooms	13,445	16,345	2,900	41.8%
Four or more bedrooms	8,930	10,232	1,302	18.8%
Total	29,911	36,847	6,936	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A6.20 Size of new shared ownership accommodation required in Tewkesbury e over the next 18 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	17	106	89	14.7%
Two bedrooms	184	467	283	46.7%
Three bedrooms	127	288	161	26.6%
Four or more bedrooms	34	107	73	12.0%
Total	362	968	606	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A6.21 Size of new Affordable Rented homes required in Tewkesbury over the next 18 years		
<i>Dwelling size</i>	<i>Size profile 2031</i>	<i>% of change required</i>
One bedroom	208	15.8%
Two bedrooms	594	45.2%
Three bedrooms	475	36.1%
Four or more bedrooms	37	2.8%
Total	1,314	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A6.22 Size of new social rented accommodation required in Tewkesbury over the next 18 years

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	1,308	1,270	-38	-8.2%
Two bedrooms	2,383	2,653	270	57.9%
Three bedrooms	1,719	1,816	97	20.8%
Four or more bedrooms	186	323	137	29.4%
Total	5,597	6,063	466	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate (as suggested in chapter 5) it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A6.23 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

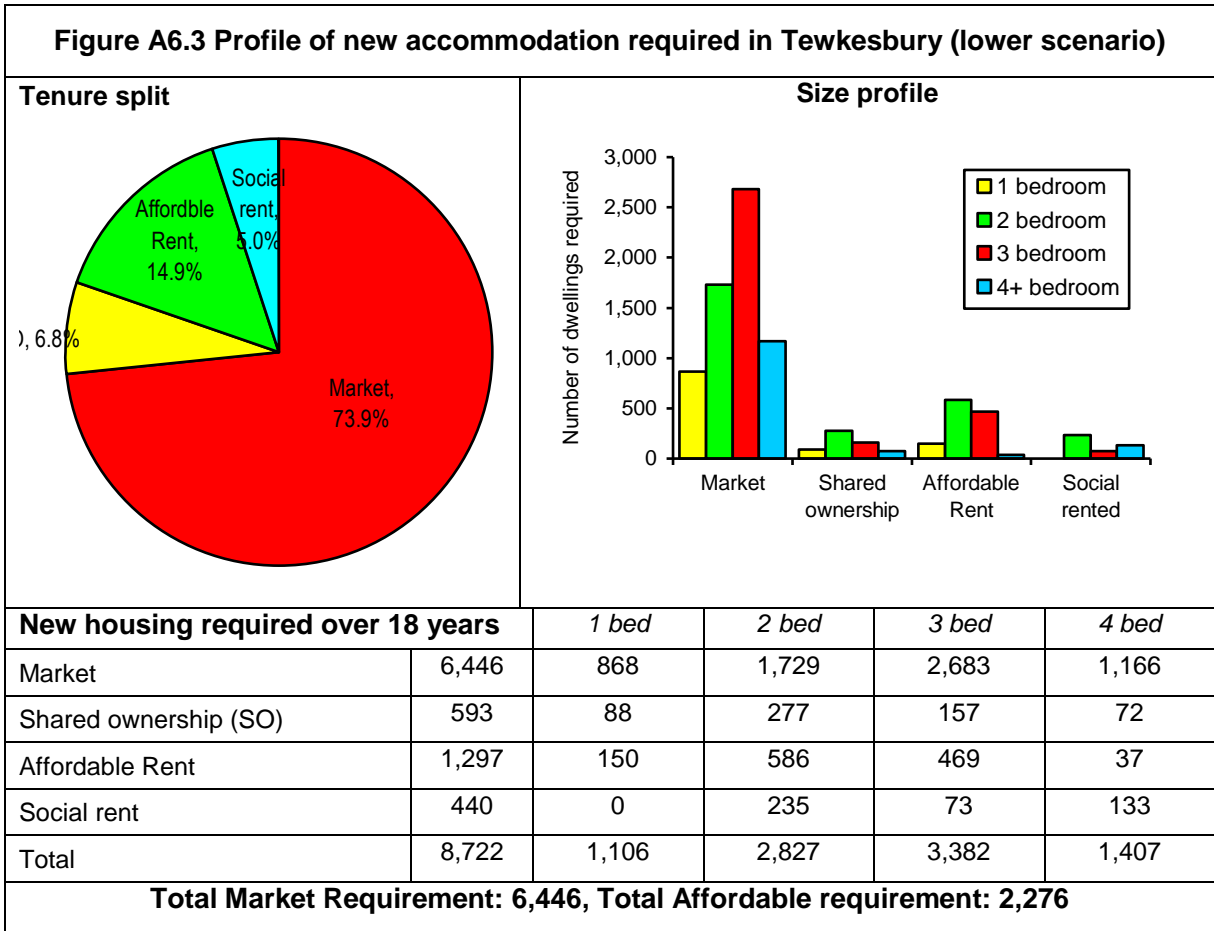
Table A6.23 Size of new Affordable Rented homes required in Tewkesbury over the next 18 years – if house all households unable to afford market or shared ownership housing

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	1,308	1,478	170	9.6%
Two bedrooms	2,383	3,247	864	48.5%
Three bedrooms	1,719	2,291	572	32.1%
Four or more bedrooms	186	360	174	9.8%
Total	5,597	7,377	1,780	100.0%

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Alternative LTBHM scenarios outputs for Tewkesbury

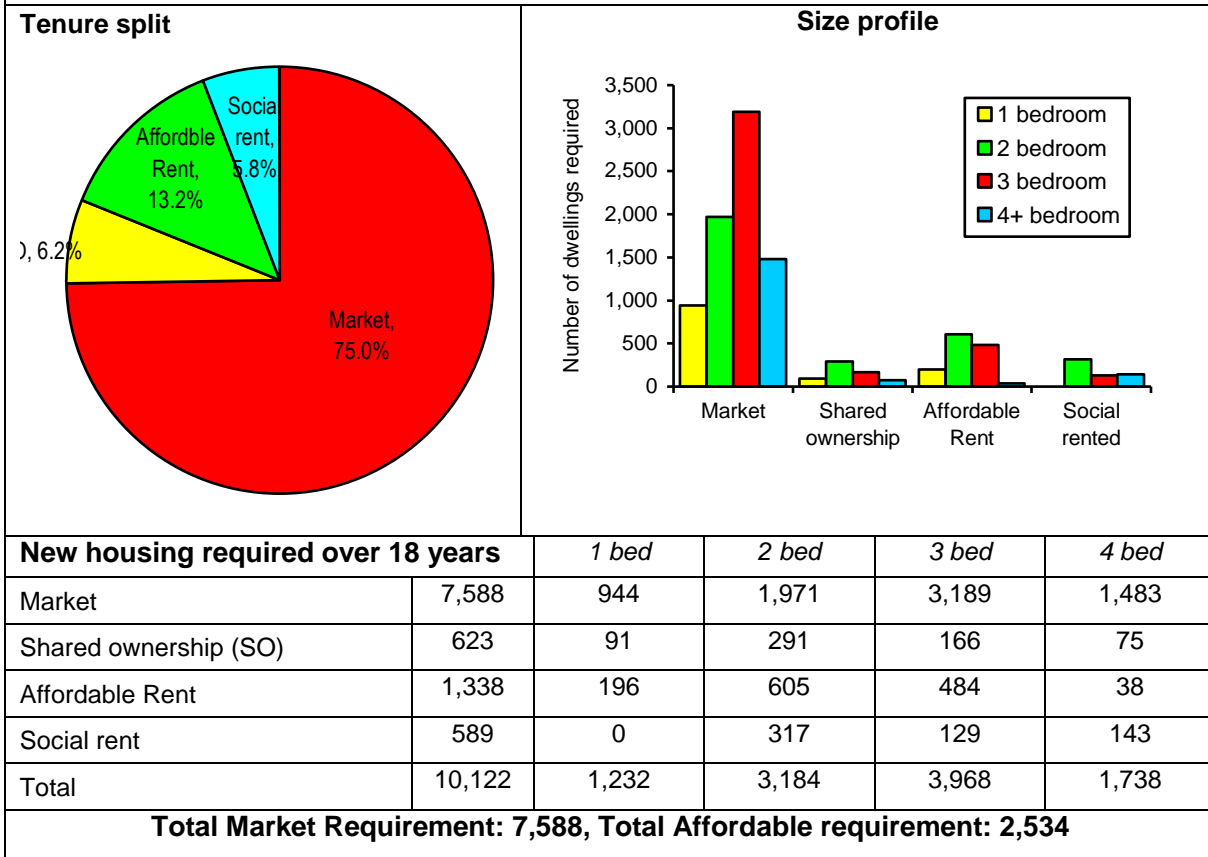
The model has been run to provide equivalent detail for the different potential levels of Objectively Assessed Need set out in the published reports (set out in Table 8.1). Figures A6.3 and A6.4 set out summary results for the size and tenure of new homes required within the lower and upper estimates of Objectively Assessed Need in Tewkesbury.



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Figure A6.4 Profile of new accommodation required in Tewkesbury (higher scenario)



Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



Appendix A7. Stakeholder event notes

A consultation event on the draft Strategic Housing Market Assessment report took place on 9th May 2013. A large breadth and number of organisations were invited to attend to observe the findings of the Strategic Housing Market Assessment so far, to discuss them and to comment on the operation of the housing market in Gloucestershire.

The event was well attended, with a diversity of stakeholders represented. The first part of the event was a presentation of the initial outputs of the study including question and answer sessions. The second part of the event was a wider discussion of the methodology used, outputs arrived at and broader concerns about the housing market area. Despite several avenues of discussion being pursued the feedback and comments provided at the event were quite limited. The topics covered were ranged from the latest information on intermediate tenures, the influence of Bristol on South Gloucestershire and how deposits are accounted for within the analysis.

Appendix A8. LTBHM model step-by step example

This Appendix demonstrates how the adjustments set out in paras 8.25 to 8.30 of chapter 8 affect the occupation patterns used in the Long-term Balancing Housing Markets model. This is done for the using the '2 or more adults, 2 or more children' household group. The current occupation pattern is initially set out with equivalent tables showing how this is altered after each step of the adjustments then presented.

Table A8.1 Type of accommodation occupied the '2 or more adults, 2 or more children' household group

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Social rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	44	0	0	47	91
Two bedrooms	1,208	30	398	932	2,567
Three bedrooms	10,109	184	1,641	1,008	12,943
Four or more bedrooms	12,547	0	169	535	13,251
Total	23,907	214	2,209	2,522	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.2 Step 1. Adjusted accommodation requirements of the '2 or more adults, 2 or more children' household group once amendments have been made for households that indicate that they need to move home now because their accommodation is inadequate

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Social rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	44	0	0	28	71
Two bedrooms	1,048	30	345	684	2,107
Three bedrooms	10,067	233	1,955	850	13,104
Four or more bedrooms	12,707	0	328	535	13,570
Total	23,865	262	2,628	2,097	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.3 Step 2. Adjusted accommodation requirements of the ‘2 or more adults, 2 or more children’ household group once amendments have been made for overcrowded households

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Social rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0	0	0	0	0
Two bedrooms	817	30	345	510	1,701
Three bedrooms	10,116	184	1,539	776	12,615
Four or more bedrooms	12,933	49	744	811	14,536
Total	23,865	262	2,628	2,097	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.4 Step 3. Adjusted accommodation requirements of the ‘2 or more adults, 2 or more children’ household group once amendments have been made for non-pensioner households under-occupying their home in the social rented sector

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Social rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0	0	0	0	0
Two bedrooms	817	30	345	628	1,819
Three bedrooms	10,116	184	1,539	693	12,532
Four or more bedrooms	12,933	49	744	776	14,501
Total	23,865	262	2,628	2,097	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.5 Step 4. Adjusted accommodation requirements of the ‘2 or more adults, 2 or more children’ household group once amendments have been made for residents in the private rented sector without Local Housing Allowance who identified that the cost of their current housing was a severe problem

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Social rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0	0	0	0	0	0
Two bedrooms	817	30	0	345	628	1,819
Three bedrooms	10,024	204	73	1,539	693	12,532
Four or more bedrooms	12,691	49	241	744	776	14,501
Total	23,531	282	314	2,628	2,097	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.6 Step 5. Adjusted accommodation requirements of the ‘2 or more adults, 2 or more children’ household group once amendments have been made for households resident in the private rented sector on Local Housing Allowance (LHA) that can afford market, shared ownership or Affordable Rented accommodation

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Social rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0	0	0	0	0	0
Two bedrooms	817	30	141	345	487	1,819
Three bedrooms	10,024	204	188	1,539	577	12,532
Four or more bedrooms	12,691	49	372	744	645	14,501
Total	23,531	282	701	2,628	1,709	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.7 Step 6. Adjusted accommodation requirements of the ‘2 or more adults, 2 or more children’ household group once amendments have been made for social rented accommodation that can afford market, shared ownership or Affordable Rented accommodation

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0	0	0	0	0
Two bedrooms	840	41	253	685	1,819
Three bedrooms	10,092	231	782	1,427	12,532
Four or more bedrooms	12,703	76	435	1,287	14,501
Total	23,634	347	1,471	3,399	28,852

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013

Table A8.8 Step 7. Final idealised accommodation requirements of the ‘2 or more adults, 2 or more children’ household group weighted to the population profile in 2031

<i>Dwelling size</i>	<i>Market</i>	<i>Shared ownership</i>	<i>Affordable rent</i>	<i>Benefit supported</i>	<i>Total</i>
One bedroom	0	0	0	0	0
Two bedrooms	869	39	264	741	1,917
Three bedrooms	10,300	223	793	1,447	12,765
Four or more bedrooms	12,703	78	438	1,347	14,573
Total	23,872	339	1,495	3,535	29,256

Source: Gloucestershire Strategic Housing Market Assessment updated household dataset 2013



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