



**Gloucestershire**  
COUNTY COUNCIL

## Gloucestershire and Districts

### Strategic Housing Market Assessment



## Final Report

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# FOREWORD

## Structure and nature of the report

This (Strategic Housing Market Assessment) SHMA report is divided into sections. The logic for the sections derives from the Brief for the work, Government Guidance and the need for a logical explanation of the work. An additional section is also included detailing updated information that has become available as the result of further result commissioned since the original SHMA report was produced.

At the start of each section the chapter titles and short summary of content are listed, in order to assist the reader to gain a brief overview of the detailed contents. A more substantial overview is provided in the Executive Summary. A considerable part of this report is devoted to following the many stages of the department for Communities and Local Government (CLG) Practice Guidance (March and August 2007) whose stages are labelled throughout the relevant chapters. Since the stages/steps of the Guidance are not numbered sequentially in each chapter of the Guidance, we have added a chapter number identifier (so Step 5.1 becomes 5.5.1 if Guidance Chapter 5 is involved).

The next page of this report provides a summary list of the chapters. Detailed contents of each chapter are presented after the Glossary, at the end of the report. These can be used as an index when seeking further information on a given topic.

Reports such as this use a multitude of data sources, many of which are frequently altered or updated. In that respect the report is constantly evolving. In the critical respect of housing markets and affordable housing, however, a procedure is given in the last chapter for updating that key area.

## Conventions: key terms and maps

The Glossary provides a detailed list describing the meaning of the main terms used in this report. Maps are typically shown in terms of degrees of intensity, rather than by specific numbers. That is because the distributions would be uninformative if, for instance, an equal four-way split were used. Each distribution is examined so as to show its variation effectively – this may mean that three categories lie in the last quarter of the overall range.

## Acknowledgements

A large-scale assessment of this nature is a collaborative effort and Fordham Research wish to thank all members of the SHMA partnership for their support, guidance and contributions. We would also like to thank those local stakeholders who participated in the discussion and whose local knowledge and views have been immensely helpful.



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# SECTION A: INTRODUCTION

This section explains what the report seeks to achieve.





# 1. Introduction

The purpose of this chapter is to explain:

- What a Strategic Housing Market Assessment is
- Why Gloucestershire Councils undertook the work
- What methodology was employed
- How the report is structured

## What is a Strategic Housing Market Assessment?

1.1 Strategic Housing Market Assessments (SHMAs) are used by local authorities and regional bodies to develop a good understanding of how housing markets operate. They promote an approach to assessing housing need and demand which can inform the development of Local Development Documents and Regional Spatial Strategy planning for housing policies, as set out in Planning Policy Statement 3: Housing.

1.2 More specifically, the value of Strategic Housing Market Assessments (SHMAs) is in assisting policy development, decision-making and resource-allocation processes by:

- enabling regional bodies to develop long-term strategic views of housing need and demand to inform Regional Spatial Strategies and regional housing strategies
- enabling local authorities to think spatially about the nature and influence of the housing markets in respect to their local area
- providing robust evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing
- providing evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable housing
- supporting authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner-occupied, private rented and affordable – and assessment of the key drivers and relationships within the housing market
- drawing together the bulk of the evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer; and
- ensuring the most appropriate and cost-effective use of public funds

- 1.3 It also encourages local authorities to assess housing need and demand in terms of housing market areas. This might involve working with other local authorities in a sub-regional housing market area through a housing market partnership.
- 1.4 The Guidance describes a series of steps and processes. This report, at least, adheres to these guidelines although in most instances it also provides additional analysis.

### **Why Gloucestershire Councils undertook the work**

- 1.5 The South West Regional Housing Strategy 2005 to 16 identified the Gloucester-Cheltenham sub-region as a Housing Market Area. The area is centred on the County of Gloucestershire but incorporates some of its surrounding areas both within and outside of the South West region.
- 1.6 The six Gloucestershire district councils along with Gloucestershire County Council appointed Fordham Research to produce a robust report to help understand the housing market in which the partner councils operate and to better influence supply issues in order to help produce a more balanced housing market.
- 1.7 A Steering Group was then formed consisting of the partner local authorities. It then compiled a Draft Housing Market Assessment document that follows the requirements of the latest published SHMA Guidance and PPS3. This information required further analysis, especially in respect of making an assessment of the market and future needs and requirements of households.
- 1.8 A key part of the research process was the involvement of stakeholders at the relevant points of the analysis, in order to ensure their full involvement in the process and therefore the policies that evolve from the study.

### **What methodology was employed?**

- 1.9 The CLG Practice Guidance (Version 2) of August 2007 recommends the use of secondary data only to produce the required outputs. The County, in beginning the process, followed the spirit of this guidance (which was already available in draft at the time).
- 1.10 In November 2006 Gloucestershire County Council compiled data relevant to undertaking a County-wide SHMA. This was then supplemented and updated by additional data and analysis undertaken by Fordham Research (see Volume 2 of this report).

- 1.11 This secondary analysis was complemented by the collection of primary data through stakeholder events undertaken with a representative range of professional stakeholders and community members. Additionally, interviews were undertaken with local estate agents in order to determine their views on the key characteristics of local housing markets (e.g. price changes, migration patterns and housing market drivers).
- 1.12 The Practice Guidance (as in Table 1.1) provides a checklist of process requirements. The following list of seven items paraphrases the requirement, and then summarises our response.
- i) **Approach to identifying the sub-market:** this was done originally by DTZ, but revised through the stakeholder process here.
  - ii) **Housing market conditions to be assessed in the local context:** the report contains local market information at many points
  - iii) **Involves stakeholders:** there has been a full involvement of stakeholders in the process, partly managed by the Council and partly facilitated by Fordham Research.
  - iv) **Full technical explanation:** there are technical explanations at relevant points in the text and also the Appendices.
  - v) **Assumptions and judgements fully justified and transparent:** a Glossary of key terms is provided, and where assumptions and judgements have been made, they are explained as clearly as possible.
  - vi) **Uses and reports on quality control mechanisms:** the work was carried out in accordance with the Practice Guidance as far as possible (discussed in more detail below).
  - vii) **Explains about monitoring and updating:** the final chapter sets out the approach which is suggested.
- 1.13 As noted above the SHMA was undertaken using strictly applied quality control processes. These processes included:
- The overseeing of the SHMA by a nominated Project Manager who ensured that the aims of the research were met;
  - Extensive liaison between the research consultants and the SHMA Steering Group regarding the progress of the research process;
  - The holding of events that allowed stakeholders to comment on the research processes and the main research findings;
  - The regular provision of draft reports that enabled Steering Group members to comment on the report before it was finalised;

- Rigorous proof reading and peer review of the report before publication.

1.14 The process described in the Practice Guidance is carefully followed in this report. It does not entirely follow the order of all the stages and steps, but they are included:

**Table 1.1 Practice guidance stages/steps in Gloucestershire SHMA report**

<i>Chapter of the SHMA report</i>	<i>Stage/Step identified in the Practice Guidance (August 2007)</i>	<i>Page in Guide</i>
Ch 5	Stage 3.1: The demographic and economic context Step 3.1.1 Demography and Household Types Step 3.1.2: National and Regional Economic Policy Step 3.1.3: Employment Levels and Structure Step 3.1.4 Incomes & Earnings	18 19 20 21 22
Ch 5	Stage 3.2: The housing stock Step 3.2.1 Dwelling Profile Step 3.2.2 Stock Condition Step 3.2.3 Shared Housing and Communal Establishments	22 23 24 25
Ch 7	Stage 3.3: The active market Step 3.3.1 The Cost of buying or renting a property Step 3.3.2 Affordability of housing Step 3.3.3 Overcrowding and Under-Occupation Step 3.3.4 Vacancies, Available Supply and Turnover by Tenure	25 26 29 30 31
Ch 8	Stage 4.1: Projecting changes in the future numbers of households Stage 4.2: Future Economic Performance Stage 4.3: Future Affordability	35 36 37
Ch 9	Stage 5.1: Current need (gross) Stage 5.2: Future need Step 5.2.1 New household formation Step 5.2.2 Proportion unable to afford entry-level market housing Step 5.2.3 Existing households falling into need Step 5.2.4 Total newly arising need Stage 5.3: Affordable housing supply Step 5.3.1 Affordable dwellings occupied by households in need Step 5.3.2 Surplus stock Step 5.3.3 Committed supply of new affordable units Step 5.3.4 Units to be taken out of management Step 5.3.5 Total affordable housing stock available Step 5.3.6 Future annual supply of social re-lets (net) Step 5.3.7 Future annual supply of intermediate affordable housing Step 5.3.8 Future annual supply of affordable housing units Stage 5.4 Step 5.4.1: Choices with the existing affordable housing stock Step 5.4.2 Requirement for affordable housing of different sizes Step 5.4.3: the private rented sector Stage 5.5 Step 5.5.1 Estimate of net annual housing need Step 5.5.2: Key issues for future policy/strategy Step 5.5.3: Joining across the assessment	43 45 45 46 46 46 47 47 47 47 48 48 48 48 49 49 50 50 51 52 53 53
Ch 10	Specific Groups (no formal stages or steps)	
Ch 12	Stage 3.4: Bringing the evidence together Step 3.4.1: Mapping market characteristics: Future growth in Gloucestershire Step 3.4.2: Trends and drivers Step 3.4.3: Issues for future policy/strategy	32 32 33 34

Source: Each of the stages and steps from the Practice Guidance (Version 2 August 2007) has had added to it the chapter from which it comes, as the first number, so as to distinguish each stage and step from the others. The final column shows the relevant page number within the Practice Guidance.

## How the report is structured

1.15 As Practice Guidance recognises, extensive secondary information sources already exist. It would be challenging if this was presented only as a mass of data. There is a danger that the main findings of the research would be obscured by the large amount of data. As such, this report is presented in two volumes:

- Volume 1 The Strategic Housing Market Assessment (SHMA) analysis
- Volume 2 The evidence base and supporting information

1.16 Volume 1 follows the recommended structure outlined in the Guidance and draws on the evidence base. It summarises the outputs required at each stage and draws on the evidence, including input from the steering group and stakeholders. As highlighted above, it has been necessary to supplement the content with the key requirements of PPS3.

## Update: Housing Need Assessment 2009

1.17 The report also includes a short chapter (Chapter 16) summarising a further piece of research, the Gloucestershire Housing Need Assessment 2009, produced since the original publication of the SHMA. This provides considerable additional information relevant to Housing Need and the housing market generally in Gloucestershire, enabling more robust and detailed policy conclusions to be reached regarding the quantitative outputs required by PPS3.

## Summary

- i) This chapter introduced the Strategic Housing Market Assessment (SHMA) for Gloucestershire and explained how its content fits with national Practice Guidance.
- ii) This edition of the report has been updated with information from the Gloucestershire Housing Need Assessment 2009, in the form of an additional chapter (Chapter 16), providing more robust and detailed policy conclusions regarding the quantitative outputs required by PPS3.

## SECTION B: CONTEXT

This section describes the Housing Market Area (HMA) and the study area within it, the housing and planning policy context, and the demographic and economic context.

These sections should be read in the context of the summarised features of the national housing market provided in Appendix 1

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## 2. National and regional policy and background information

The purpose of this chapter is to explain:

- The Planning and Housing strategy context of the County and its districts

- 2.1 This chapter provides an overview of the planning and housing policy context. The publication of PPS3 in November 2006 has placed greater emphasis on an evidence-based approach to policy formulation. Regional Spatial Strategies (RSS) and Local Development Documents (LDD) should be informed by a robust and, where possible, shared evidence base. In particular, Authorities should develop a better understanding of housing need and demand through a Strategic Housing Market Assessment (SHMA) and housing land supply through a Strategic Housing Land Availability Assessment (SHLAA).
- 2.2 These assessments are an important part of the policy making process. They provide information on the level of need and demand for housing and the opportunities that exist to meet it. Government Guidance states that assessments should be prepared collaboratively with stakeholders.
- 2.3 A SHMA is broader than the Housing Needs Assessment that was completed for Gloucestershire County Council and the District Councils in 2004 as it examines socio-economic trends, demand pressures and key drivers. The SHMA will project future need for affordable and market housing and thereby will influence the development of housing and planning policy.
- 2.4 PPS3 Annex C states that a Strategic Housing Market Assessment should:
- Estimate housing need and demand in terms of affordable and market housing
  - Determine how the distribution of need and demand varies across the plan area, for example, as between the urban and rural areas
  - Consider future demographic trends and identify the accommodation requirements of specific groups such as homeless households, Black and Minority Ethnic groups, first-time buyers, disabled people, older people, Gypsies and Travellers and occupational groups such as key workers, students and operational defence personnel

2.5 Further, it states in paragraph 22 that:

“Based upon the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities will then need to set out in Local Development Documents:

- The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.
- The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).
- The size and type of affordable housing required”

2.6 Lastly, PPS3 states that:

“In Local Development Documents, Local Planning Authorities should:

- Set an overall target for the amount of affordable housing to be provided
- Set separate targets for social-rented and intermediate affordable housing
- Specify the type and size of affordable housing
- Set out the range of circumstances in which affordable housing will be required
- Set out the approach to seeking developer contributions to facilitate provision of affordable housing”

2.7 In this context the findings of the SHMA provide an important part of the evidence base to support policy development.

2.8 The key aims of the SHMA are:

- To analyse secondary and primary data in order to identify the location and amount of market and affordable housing needed
- To provide evidence to inform the implementation of the South West Regional Spatial Strategy and the Local Development Frameworks
- To provide evidence to inform public sector housing delivery decisions at local and strategic levels
- To involve the private sector and other stakeholders in preparing the assessments

### ***Spatial planning context***

2.9 This is provided by Regional Planning Guidance note 10 (now the interim Regional Spatial Strategy - RSS), the emerging Draft RSS, the County Structure Plan (adopted in Nov 1999) and District based Local Plans and emerging Local Development Frameworks (LDFs).

**Draft RSS and Panel Report**

- 2.10 The Draft RSS was subject to a ten week Examination in Public (EiP), which began on 17 April 2007. The recommendations of the panel were published on 10 January 2008 including recommended amendments to District housing requirements for the period 2006–2026. These figures will need to be taken into account by District Councils in their preparation of the Local Development Frameworks (although it is important to note that the Panel figures are recommendations and are subject to change).
- 2.11 The figures in the Examination in South West Draft RSS<sup>1</sup> (July 2008) are as follows:

<b>Table 2.1 Panel report housing figures 2006 – 2026 (January 2008)</b>		
District	2006 – 2026 Total net dwelling requirement	2006 – 2026 Annual average net dwelling requirement
Cheltenham	8,100	405
Gloucester	11,500	575
Tewkesbury	14,600	730
Cotswold	6,900	345
Forest of Dean	6,200	310
Stroud	9,100	455
County total	56,400	2,820

Source: South West Draft RSS July 2008

- 2.12 According to the Panel Report provision should be made within the County for 56,400 dwellings. Growth is concentrated in the strategically significant cities and towns (SSCT) of Gloucester and Cheltenham and their surrounding areas. The growth is distributed as follows:

**Gloucester**

- i) 13,500 new homes within the existing Gloucester urban area (11,500 in Gloucester and 2,000 at Brockworth (Tewkesbury))
- ii) 2,000 new homes in an area of search to the south of Gloucester (Stroud)
- iii) 1,500 new homes in an area of search to the south of Gloucester (Stroud)
- iv) 1,500 new homes in an area of search to the east of Gloucester (Tewkesbury)
- v) 2,500 new homes in an area of search to the north of Gloucester (Tewkesbury)

<sup>1</sup> The Draft Revised Regional Spatial Strategy For The South West Incorporating The Secretary Of State's Proposed Changes - For Public Consultation July 2008

## Cheltenham

- i) 6,500 new homes within the existing Cheltenham urban area (Cheltenham)
- ii) 1,300 new homes in an area of search to the south of Cheltenham (600 in Cheltenham and 700 in Tewkesbury)
- iii) 5,000 new homes in an area of search to the north of Cheltenham (1,000 in Cheltenham and 4,000 in Tewkesbury)
- iv) 1,000 new homes at in an area of search to the north of Bishop's Cleeve (within Tewkesbury Borough)

## Elsewhere in the HMA outside the SSCT Area

- i) 5,600 dwellings within the rest of Stroud District
  - ii) 2,900 dwellings within the rest of Tewkesbury Borough
  - iii) 6,200 dwellings within Forest of Dean
  - iv) 6,900 dwellings within Cotswold District
- 2.13 The RSS emphasises that the primary focus for development should be at the SSCTs as these offer the greatest opportunities for employment and the greatest levels of accessibility by means other than the car to cultural, transport, health, education and other services.
- 2.14 The total housing stock in the County in 2006 was 255,700 properties and so over the 20 years of the plan, a potential 56,400 (20 x 2,820) will be built if the RSS is realised in full. This will add about 22% to the County's housing stock (assuming that there are not substantial demolitions over that period).
- 2.15 Although the annual change is small relative to the stock, the overall impact of the change over two decades is very substantial – more than a fifth more dwellings.
- 2.16 As such, there is significant scope to alter the housing mix and balance in the County (especially the provision of affordable housing in key locations) through this additional stock. Importantly, improved mix and balance is one of the key aims of PPS3.

- 2.17 The strategy for the remainder of the County is to implement smaller-scale developments in market towns as determined by their roles and functions. Where they meet criteria in policies set out in the Draft RSS, such towns should be identified in LDFs as the focal points for the provision of locally significant development. The scale of development should increase self-containment of the places identified and develop their function as service centres, especially in terms of employment and service accessibility.

### **Adopted Gloucestershire Structure Plan, second review 1999**

- 2.18 The strategic policy contained in this document is now somewhat dated and superseded to some degree by RPG10 (2001) through its incorporation into the statutory planning system via the 2004 Planning and Compulsory Purchase Act and by the emerging RSS that, upon adoption, will replace Structure Plans across the region.
- 2.19 The County progressed a Third Alteration of the Structure Plan to the Second Modifications stage. However, following a Direction from the Secretary of State it was decided in July 2005 that no further progress would be made on the Third Alteration. The most recently adopted Structure Plan, therefore, remains as the Second Review (November 1999). This Plan's end date is 2011 and it continues to be monitored. That said the policies of the Third Alteration remain as 'material considerations' in both the determination of planning applications and the development of Local Plans / Local Development Documents.
- 2.20 All policies contained in the Structure Plan Second Review have been saved until the RSS is adopted. It is important to note that the housing requirements stated in the Review have changed considerably.

### ***District planning and housing policy***

- 2.21 The table below summarises the County and each District's position in relation to relevant policy documentation. A fuller explanation of the status and a synopsis of relevant policy in individual District's Local Plans, LDFs and Housing Strategies are included in the SHMA Evidence Base (Volume 2 of this report).

**Table 2.2 Policy preparation in Gloucestershire**

District	Adopted Local Plan	LDF – Core Strategy	Housing Strategy	Community Strategy
Cheltenham Borough	1991 to 2011 (adopted June 2006)	Joint Core Strategy being developed with Tewkesbury Borough Council and Gloucester City Council. Wider public consultation in September 2009.	Existing covers period 2001 – 2010 (adopted 2005)	‘Our Future, Our Choice’ Community Strategy 2008-2011
Cotswold	2001-2011 (adopted April 2006)	Issues/options for consultation (Reg 25) – ongoing from November 2007  Preferred options for consultation (Reg 26) – March 2009	Existing covers period 2005-2008 (Adopted 2005)	Community Strategy Action Plan 2006-2007  Sustainable Community Strategy 2007-2010 currently under preparation. Due for approval April 2008.
Forest of Dean	November 2005	Preferred Options approved December 2007	Existing covers period 2005-08	Sustainable Community Plan 2008 - 2020
Gloucester City	Adopted Gloucester Local Plan 1983 (certain policies saved beyond Sept 2007) Revised Deposit Draft Local Plan 2002	Joint Core Strategy being developed with Cheltenham Borough Council and Tewkesbury Borough Council. Wider public consultation in September 2009.	Existing covers period 2005-2010 (Actions updated each year)	Community Strategy 2008-2018 Adopted September 2007
Stroud	Adopted 10 November 2005	Preferred Option consultation Oct/Nov 2008	Existing covers period 2005 – 2009. To be replaced by Sub-Regional Housing Strategy.	Stroud Community Strategy 2004 Currently under review. Stakeholder consultation June 2008. Aim to adopt new SCS Oct 2008.

Tewkesbury Borough	TBLP to 2011 adopted March 2006	Joint Core Strategy being developed with Cheltenham Borough Council and Gloucester City Council. Wider public consultation in September 2009.	Existing covers period 2005-2010	New Sustainable Community Strategy due April 2009
County	Minerals Local Plan 1997 – 2006. Adopted April 2003	Minerals LDF Preferred Options for consultation January 2008	N/A	Gloucestershire Sustainable Community Strategy – 2007-2017
	Waste Local Plan 2002 – 2012 Adopted Oct 2004	Waste LDF Preferred Options for consultation January 2008.	N/A	

Source: Fordham Research 2008

## County and local community strategies

2.22 As PPS3 states, Local Planning Authorities and Regional Planning Bodies have a key role in defining and communicating the spatial vision for their area, determining their strategy for delivering the vision and joining up planning, housing and wider strategies including economic and Community Strategies.

2.23 Economic strategies are discussed in more detail in Chapter 4 whilst Community Strategies are discussed below.

2.24 Gloucestershire Sustainable Community Strategy (2007-2017) outlines five key themes<sup>2</sup>:

- The environment is central to quality of life
- People want to be safe, healthy and prosperous and get along with each other. They want to have a real say in issues that affect them
- Everyone matters. We must aim for good outcomes for all
- The places where people live have a huge effect on their quality of life. People want to live in clean and pleasant places where they can access the services they need
- The County's vibrant urban and rural economy supports a diverse society. Gloucestershire's continued prosperity depends on the right business environment and on people having the opportunity to develop their skills

<sup>2</sup> Gloucestershire Sustainable Community Strategy 2007-2017:2

- 2.25 Importantly, as well as outlining how the County's District Councils will achieve its key aims the Community Strategy acknowledges the need to balance the substantial numbers of new housing planned over the next 20 years with the need to protect the natural and built environment.
- 2.26 All Gloucestershire District Councils share the same broad Community Strategy aims and objectives as mentioned above. Similarly, all Councils acknowledge the important role of Local Strategic Partnerships (LSPs) in implementing Community Strategies. Importantly, housing and dealing with housing issues and problems are seen as important components of the Community Strategies.
- 2.27 Cheltenham Borough Council's Community Strategy 2008-2011 recognises the importance of housing to supporting communities. However, it acknowledges that in terms of housing choice, Cheltenham has a well documented lack of affordable housing and increasing supply is a huge challenge for the Borough. In response, the CSP (Community Safety Partnership) and Stronger Community Partnership will lead on initiatives to address the following issues<sup>3</sup>:
- Developing a shared approach to consultation across the CSP to be set out in an agreed community engagement strategy that links to the emerging neighbourhood management proposals
  - Developing a community cohesion group that will ensure that people of all backgrounds, faiths and circumstances have similar life opportunities
  - Supporting community regeneration in areas of multiple deprivation
  - Promoting lifelong learning opportunities for all
  - Promoting independent living for older people
  - Supporting initiatives to encourage and promote volunteering
  - Gaining partner commitment to use their land holdings to provide more affordable housing
- 2.28 The Cotswold District Council Community Strategy sees dealing with housing and homelessness as one of its key priorities. It has developed the following policy responses<sup>4</sup>:
- In partnership with the Cotswold Housing Partnership, the Council built 612 new homes between 2001 and 2005
  - It ensures that Homeless families are no longer placed in bed and breakfast accommodation for more than six weeks
  - It has fully implemented a Starter Home Initiative for Public Sector Key Workers
  - Its Local Plan specifies that up to 50 percent of residential developments have to be affordable housing

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<sup>3</sup> Cheltenham Borough Council Community Strategy, 2008-11: 33

<sup>4</sup> Cotswold District Council Community Strategy Action Plan 2006-07: 16



- A hostel for young people in Stow was opened in December 2005
- A young persons' housing handbook, to better inform them about housing issues & provision was produced in March 2005
- In January 2006 it produced a guide for homeless people

2.29 The Forest of Dean Partnership is currently in the process of developing a Community Plan for the District. The Partnership is made up of representatives from a wide range of organisations including:

- District Council
- County Council
- Parish and Town Councils
- Police
- Health
- Voluntary and community organisations
- Local businesses etc.

2.30 The Community Plan for the Forest of Dean District depicts the partnership's shared vision for the future of the District. It aims to address the needs and hopes of those living and working in the area and to help organisations to plan the delivery of their services over the next five years and beyond. It is a framework on which organisations and groups can build detailed local delivery plans and projects.

2.31 The Community Plan is closely linked to the Community Strategy for Gloucestershire and the more detailed Town and Parish Plans. Finally, the Community Plan is a living document which will be monitored, reviewed and updated by the Partnership. It will change as the needs of people living and working in the district change.

2.32 The Gloucester Sustainable Community Strategy (2008 to 2018) is divided into four main aims:

- Aim 1: A place where the future matters
- Aim 2: A place where all communities matter and people want to live
- Aim 3: A place where all people matter and where people can 'narrow the gap' in health, poverty and social exclusion
- Aim 4: A place that thrives

2.33 Aim 3 of the strategy aims to ensure that everyone has improved access to decent, warm and affordable homes. This will be achieved by improving standards in private sector accommodation, reducing fuel poverty among vulnerable households and by increasing the number of affordable homes through the Local Development Framework and Housing Strategy.

- 2.34 Stroud LSP works closely with the Stroud District Council Affordable Housing Group, to look at several options to increase the number of affordable and appropriate homes within the District.
- 2.35 Again, the Stroud Community Strategy sees a lack of affordable housing as an issue that may impact on community cohesion. It states that local people are concerned about where their children will live and about how to provide housing, which local people can afford. Another important factor is physical accessibility and suitability of housing for vulnerable and older people.
- 2.36 In response, the LSP is working closely with the Stroud District Council Affordable Housing Group to look at options for increasing the number of affordable and appropriate homes within the District. Its main objectives are to<sup>5</sup>:
- Make sure that everyone has access to a home that suits their needs
  - Increase the availability and provision of affordable housing in rural and urban areas
  - Take steps to ensure that more homes are accessible
  - Maintain and improve existing homes, including improvements to energy efficiency.
- 2.37 Finally, Tewkesbury Borough Council's Community Strategy acknowledges that having a decent home reflects many aspects of life and the ability to contribute fully to society. More specifically, it argues that there is increasing awareness about the need for affordable housing and the need for the LSP to help balance the demand and supply of housing. In response, it has implemented a range of policies including Housing Enabling and Rural Enabling Programmes.

## **Transport policy**

### ***National transport policy***

- 2.38 National, regional and County policies acknowledge the important relationship between transport and housing policy. More specifically, there is a need to consider the impact that the new housing planned between 2006 and 2026, especially within the growth areas, may have on the County's transport infrastructure. A related issue is the desire by policy-makers to ensure that both housing and transport policies remain sustainable. The importance of this issue was emphasised by participants during the stakeholder workshops.

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<sup>5</sup> Stroud District Council Community Strategy, 2004: 4

- 2.39 Much current government transport policy has been influenced by the Eddington Report (2006) undertaken on behalf of the Department for Transport. In his report, Sir Rod Eddington acknowledged that parts of the UK transport system are under serious strain. It estimates that if left unchecked, the rising cost of congestion will waste an extra £22 billion worth of time in England alone by 2025. By then 13 per cent of traffic will be subject to stop-start travel conditions. Commuter rail lines are forecast to see further increases in overcrowding, and intercity rail services will see many trains at or beyond seating capacity on the approaches to cities.
- 2.40 In response, the Eddington report argues that the strategic priorities for long-term transport policy should deal with the growing and congested urban areas and their catchments, and also the key inter-urban corridors and key international gateways that are showing signs of increasing congestion and unreliability. Government should focus on these areas because they are heavily used, of growing economic importance, and showing signs of congestion and unreliability – and these problems are set to get significantly worse. They are the places where transport constraints have significant potential to hold back economic growth.
- 2.41 Importantly, the report highlights the important role that regional and local bodies have in determining and implementing transport policy, and argues for building on existing local government responsibilities and the greater sub-national influence over funding decisions through Regional Funding Allocations (RFAs).

### ***Regional transport policy***

- 2.42 The Draft Regional Spatial Strategy for the South West 2006 to 2026 states that fundamental to the achievement of a more sustainable region is the need to ensure that in future the need to travel (particularly by car) is reduced by creative planning of new development.
- 2.43 Importantly, it argues that as jobs increasingly concentrate in the main centres, a dispersed pattern of housing development in future is likely to worsen existing trends and result in failure to deliver against sustainable development policies. A better balance between homes and jobs through careful planning and investment in both rural and urban locations is required.
- 2.44 As such, continued economic development in the market towns and in smaller settlements and rural communities will help address specific issues and deliver appropriate levels of local job creation, providing people with local opportunities so as not to fuel unsustainable travel patterns. RPG10 established that focussing large-scale housing provision at existing centres is the best way of accommodating large-scale change.

- 2.45 More specifically, it acknowledges that future growth of the SSCTs in the northern and central parts of the region has to be managed carefully. The settings of these cities and towns include sensitive assets of environmental and heritage importance, and there are areas of potential flood risk. In particular, the 'Core City' and prospective national growth centre of Bristol, together with Exeter, Gloucester and Cheltenham, should be encouraged to continue to expand economically and further develop as major service and cultural centres.
- 2.46 It identifies Gloucester and Cheltenham as strategically important centres with distinctive qualities in relation to their economies. The area will benefit from improvements to inter-regional road and rail connections, principally the A417/A419 (Gloucester/Cheltenham to Swindon) and strategic rail links (Cheltenham/ Gloucester to London and the South East). The area also benefits from a University. Realising their economic potential in a complementary way whilst also seeking to achieve high-quality lifestyles for all members of the community is not only critical to their future success, but also to the success of the regional economy.
- 2.47 Employment in the Gloucester travel to work area (TTWA) is expected to grow by about 9,300 to 12,700 jobs over the period 2006 to 2026. In acknowledging this the draft RSS states that balancing the provision of housing and jobs will be critical in creating more sustainable development and travel patterns through reducing the overall levels of in-commuting to Gloucester from rural communities, particularly in Stroud District, Tewkesbury Borough and Forest of Dean District. The scale of growth proposed will enable a more sustainable balance between jobs and homes to be achieved (Draft Regional Spatial Strategy for the South West 2006 to 2026, June 2006: 67).
- 2.48 Similarly, over the next 20 years about 8,000 to 10,800 jobs are expected to be generated in the Cheltenham TTWA, primarily within the urban area. For Cheltenham, the key issues include accommodating further economic activity, protecting and enhancing the unique built environment and increasing the supply of affordable and market housing to meet the economic growth opportunities forecast over the plan period, and local needs.
- 2.49 Reflecting the above issues, the RSS Examination in Public Report concludes that the main objective of the draft RSS should be a reduction in the rate of traffic growth. It acknowledges that considerable commuting can still be generated between two well-balanced communities. Nevertheless, it supports the objective of seeking a better alignment between jobs, homes and services as a means of reducing the need to travel and conclude that this should be included as a Regional Transportation Strategy (RTS) objective. In relation to the growth areas, it argues that the draft RTS should seek a more effective linkage between transport facilities and development as a means of reducing the need to travel particularly by car.

2.50 From a national policy perspective, the Department of Transport states that although working patterns may change and home-working increase, most people face the prospect that travel to work is likely to be an inescapable fact of life for the foreseeable future. Informing commuters of the true carbon cost of this travel will achieve little (and will be understandably resented), if they have little real choice about reducing the length of their journeys or switching modes of transport. As such, it argues that the location of housing relative to transport connections and jobs is critical.

### **County transport policy**

2.51 The Second Gloucestershire Local Transport Plan 2006 to 2011 identifies a number of gaps and bottlenecks in the County's transport and communication infrastructure that present problems to local businesses and limit access to employment. The major gap is the 'missing link' on the A417/419, which forms a major access route to the M4. Issues have also been raised regarding the level of rail services to London and the accessibility of the Forest of Dean. There is also serious concern that economic growth without accompanying improvements to the infrastructure will lead to unacceptable and economically damaging levels of congestion, particularly in urban centres.

2.52 Usefully, the report analyses the commuting patterns of each Gloucestershire council area. It states that 70% of the journeys to work of Cheltenham residents start and finish within the Cheltenham area giving the potential for some of these trips to be conducted by public transport, cycling and walking. Of these contained journeys only 25% finish in the central area of Cheltenham. This demonstrates the impact of decentralisation of employment and means that the County Transport Strategy must address the need for trips to a variety of destinations in the Borough.

2.53 Gloucester has a large degree of containment (68%), but significant out-commuting to Cheltenham and Tewkesbury is also present. However, it should be noted that the degree of commuting to Tewkesbury appears higher because Churchdown and Brockworth are within Tewkesbury Borough, despite their close proximity to Gloucester.

2.54 Journey to work patterns for Stroud District show significant out-bound flows to Gloucester (10%) and Bristol/Bath (6%). The number of in-commuters to Stroud is far less than those out-commuting. Poor rail and bus links means most of the 17,739 out-commuters are making their journey by car.

2.55 Tewkesbury has the lowest percentage of population working within the Borough (49%). Large numbers of Tewkesbury residents travel to Cheltenham (23%) and Gloucester (14%) to work. However, figures are biased by the urban areas on the edge of Cheltenham and Gloucester being within Tewkesbury Borough.

- 2.56 In the Cotswolds the average distance travelled to work (17 km) is the highest in the County, well above the national average, and has increased by 4 km since 1991. There are, in particular, a high proportion of workers travelling outside the District for work. Car use for other purposes, such as shopping and leisure, has also continued to rise, with car use for these purposes overtaking the County average.
- 2.57 The main mode of transport to work in the Forest of Dean is by car and this has increased by 17% since 1991. Working from home has risen over the decade to become more popular than the use of public transport, which is now the least utilised mode of transport. The Forest of Dean is more reliant on the car than the County as a whole, with an increase in its use for all purposes.

## Summary

- i) This chapter reviews a wide range of strategies with relevance to housing
- ii) The relationship between housing growth, jobs and transport policy have been emphasised by the policy makers and the Strategic Housing Market Assessment consultation process
- iii) The County has very different policy requirements, ranging from the relatively isolated communities of the Forest of Dean, to the Cotswold area which is well under the influence of the South East

## 3. Input from stakeholder consultations

The purpose of this chapter is to:

- Summarise the geography and character of the study area
- Summarise the perceptions of stakeholders and those servicing the housing market
- Summarise the role of steering group meetings

### The character of the study area

- 3.1 As part of our methodology Fordham Research spent a considerable amount of time in the study area. It is important to understand the geography and character of the study area so that the Strategic Housing Market Assessment can properly describe the housing market.
- 3.2 Gloucestershire is a County with several different character areas:
- To the north there is the Vale of Gloucester which includes the towns of Cheltenham, Gloucester and Tewkesbury
  - To the west there is the Forest of Dean with its principal towns of Cinderford, Coleford and Lydney
  - To the south there is the Vale of Berkeley with its towns of Dursley, Stonehouse and Stroud. The river Severn separates the western and southern areas
  - To the east there is the Cotswold Hills. This is an area of considerable rural character and beauty. The principal town is Cirencester, with a narrow valley that connects Cirencester to Stroud at its west
- 3.3 The wealth of the area was founded on the wool industry with its associated transport and engineering. Coal was extracted from the Forest of Dean.
- 3.4 Gloucester is the 'County Town' of Gloucestershire. Cheltenham and Gloucester are a short distance away from each other and are joined by good road and rail connections. They form the principal economic centre and administrative centre of Gloucestershire. Gloucester is situated on the River Severn and as this river moves into the Vale of Gloucester it connects with Tewkesbury. There are good road and rail connections to Bristol, Birmingham and Cardiff.
- 3.5 Using this context we can consider the information obtained from stakeholders.

## **Estate agents, letting agents and new development sales staff interviews**

3.6 Estate and letting agents were visited throughout the study area. Interviews were also conducted with on site sales staff on larger scale newbuild sites. This is in addition to a systematic collection of entry level house prices and rents which are contained in a later part of the report. This Chapter is not so much about price and affordability but location, drivers and change.

3.7 The purpose of the visits and discussions was to understand the perceptions of people servicing the housing market. In particular questions were asked about:

- Local markets, self-containment and the identity of local sub-markets
- The characteristics of households moving home
- Price ranges and affordability
- What factors appeal/do not appeal to potential purchasers
- Investor activity
- The role of private renting in that locality

3.8 The discussions with developers are considered to be particularly important in the light of planned housing growth in the area and neighbouring districts. In selecting agents the research aimed to achieve a mix of local independent agents and those with national coverage. The main findings of the estate agent interviews are presented below whilst detailed findings are contained in Appendix 1.

3.9 In summary our findings to the above questions are as follows:

### ***General summary of findings from agents***

3.10 Whilst compared to a national scale the housing market faces few challenges linked to deprivation or obsolescence. This is interesting because other local economies in other parts of the country based on the textile industry have not been as successful in adapting to the change from manufacturing to services, financial services and the knowledge based economy.

3.11 That said the area is one of different influences and contrasts. Different parts of the County are influenced by the labour markets of Worcester, Cheltenham, Swindon, Bristol and to a lesser extent, Birmingham. London presents an unusual influence as this is one of relatively wealthier households seeking an exceptional residential offer in the Cotswolds. This is possible because of the M4 and M5 Motorways and major trunk roads such as the A417. Agents felt that whilst rail links were important they were not a key mode of travel and it would not influence the location choices of most households.



- 3.12 There are clear affordability problems. Social housing is not highly visible and supply has been severely affected by the right to buy. An equally important problem is the difficulty faced by economically active people where entry level prices are apparently out of reach. Nevertheless agents were able to draw our attention to cheaper property and describe how these people were adapting.
- 3.13 The way the market is serviced is of interest. Whilst all agents offer a wide range of property there are very clearly agents that market property in the upper ranges of distinctiveness and price. All agents covered a wide rural geographical area surrounding their base.
- 3.14 Most agents reported a reduction in buy to let except for the cheaper properties in the Forest of Dean. Capital prices and interest rates were otherwise unfavourable. Some investors were now selling rather than renting. Yet there remains considerable demand for rented accommodation.
- 3.15 All agents confirmed that it was difficult for households on incomes under £35k to buy. This is significant as many households in service sector and elementary occupations have combined income lower than this figure. One agent said 'I'm still living with my mum and I am saving for a deposit. I could not do this if I was paying rent. I don't want to rent because you get nothing back for your money.' Other agents talked about other forms of assistance from parents such as gifts and loans. All welcomed growing interest in shared ownership products.
- 3.16 The current (Summer 2008) negative economic circumstances may both hinder and help first-time buyers within the County. The 'credit crunch' is likely to lead to fewer financial products being made available to first-time buyers making it more difficult for them to enter the owner-occupied sector. Alternatively, fewer buyers will mean that house price inflation is likely to slow or become negative (i.e. house prices will fall), at least over the short term, meaning that housing affordability for first-time buyers will not worsen. Nonetheless, both these factors are likely to lead to a reduction in the supply of new housing in the County over the short to medium term (see Chapter 8 for a more detailed discussion of the impact of economic and financial factors on the County's housing market).
- 3.17 The SSCT areas displayed evidence of considerable growth through land release. Smaller towns were achieving some growth through small infill developments or conversions of former industrial property. Some schemes were being marketed as second homes or retirement housing. New housing development was evident on a large scale in the towns and cities.

3.18 Even though the County covers a large geographical area it would be difficult to define more than three sub-markets. Given their diverse nature data might even demonstrate that these are housing market areas in their own right. However, if agents are correct, commuting is such that links can be drawn with Bristol, Swindon, Worcester and even Oxford and Birmingham. The three sub-markets are seen as:

1. Cheltenham, Gloucester, Tewkesbury
2. The Cotswolds – Stroud, Cirencester and Tetbury
3. Forest of Dean

3.19 The Cheltenham market is more typical of a large city and it could be argued that it is a sub-market in its own right. It is a very complex housing market. More than other towns in the County a great many houses have been converted into apartments for young professionals, students and older people. Housing is of very variable quality both in terms of architecture and condition.

3.20 The Forest of Dean has the weakest prices in the study area but is of great interest to incomers.

***Specific remarks relating to Cheltenham, Gloucester and Tewkesbury***

3.21 A number of factors link these towns economically. There has been considerable growth around Gloucester and it is envisaged that further growth will occur in Tewkesbury Borough in the form of Urban Extensions serving the area's high demand for additional housing. In Cheltenham and Gloucester there has been considerable emphasis on flats and apartments in the form of new construction and conversions. Conversions are a particular feature of the market in Cheltenham.

3.22 Agents believe that too many apartments have been built or are under construction especially in Gloucester. Newbuild agents stressed the importance of location and lifestyle. Their clients were generally better off financially. They relied upon good access to the M5 as commuting was a key feature of their lifestyle. They believed that restrictions on car parking spaces on new developments were unreasonable: a view generally shared by newbuild agents across the country.

## **Stakeholder workshops**

3.23 Workshops involved different groups of people:

- Elected members
- Professionals
- Members of the Public

3.24 Workshops were held in two stages:

### **Stage one**

3.25 This phase was designed to understand perceptions of the housing market from a number of perspectives. The scope of 'perceptions' included the extent of the housing market and sub-markets, the degree of self-containment from a residential and travel to work perspective, sustainability of existing towns and villages and economic, transport and environmental issues impacting on the market. Other key issues are attitudes to housing growth and views about the tenure, size and character of the new housing.

3.26 Some of the key perceptions and issues are revisited in the quantitative phase of the study.

3.27 All workshops were preceded with a short keynote presentation explaining the purpose of the meeting, the stakeholders' role in it and some key information about the characteristics of the housing market.

3.28 The discussion topics for the first two groups were directed by the stakeholders. A semi-structured questionnaire was used to aid group discussion in the third workshop.

3.29 All attendees were invited to record an appraisal of the event. The form was also designed to be a further vehicle to capture the issues that people found most interesting and record what they considered to be the key messages that should be passed to the District Councils.

### **Stage 2**

3.30 Workshops were repeated to present the draft findings of the study and ask attendees to reality check findings.

### **Reporting**

3.31 An electronic newsletter summarising the workshop events in both phases was compiled and circulated to everyone invited to the workshops presenting a further opportunity for stakeholders to express views and raise issues.

- 3.32 An account of all workshops and meetings follows. The account covers the essence of the discussion and the key messages that were recorded on appraisal sheets.
- 3.33 All of the above is in addition to periodic meetings with the project steering group.
- 3.34 The following notes have been prepared to capture the main points of the discussion in order to feed into the data analysis and report stages of the Strategic Housing Market Assessment. Notes have been condensed into themes rather than presented as minutes. Please note that some of the phraseology is that of contributors. The report is here to reflect the range of views expressed and certain themes and issues will not necessarily be reflected in the subsequent analysis.

### **Summary of findings: Elected members**

- 3.35 All Councils were represented at the meeting.
- 3.36 Members highlighted the following points from the presentation:
- Growth in single person households
  - Growth in older persons households
  - Increase in managers and professionals (well paid jobs)

### **Discussion**

- 3.37 Members put forward a number of interesting perspectives on the local housing market.

#### ***Need and demand***

- 3.38 Discussion mostly centred on the need and demand for additional housing, the nature of the demand and the challenge of meeting, it especially in rural areas.
- 3.39 Members believed that the increase in in-migrant workers in Gloucester City was the second highest in the South West. National population projections assume that there is a significant amount of other in-migration, perhaps from abroad.
- 3.40 Employment sites are being sold off for housing which is impacting on the economic potential of the area.
- 3.41 The London market is burning out of control and having a knock on effect on other housing markets including Gloucestershire.

- 3.42 A significant amount of building would be needed to bring house prices down. That was thought to be unrealistic. The only other possibility of prices falling would be a crash in the market.

### **Rural issues**

- 3.43 Cotswold has the highest affordability problems in the South West since there is so much wealth in the area, so people on the lowest incomes really struggle.
- 3.44 Members wondered if there was perhaps too much emphasis on trying to preserve the past resulting in people not being able to afford to live there.
- 3.45 There are perceptions that certain areas are rich but this hides the situation of lower income households.
- 3.46 It was suggested that more family housing is required. Rural areas are suffering from a lack of young people; they are needed to keep schools open.
- 3.47 People are resisting housing development in rural areas, as they feel it is cheap, poor quality construction and takes away the green land that makes the area what it is.
- 3.48 People in wealthy areas want the retail offer, but these shops are maintained by those on minimum wages who simply cannot afford to live there.
- 3.49 Poor transport options are also an issue.

### **Retirement housing**

- 3.50 People are downsizing leaving larger houses, but the people who need housing cannot afford the large properties. So either they are being bought up by people from London or converted into flats.
- 3.51 The Cotswolds are in danger of becoming an older persons 'theme park'

### **Urban growth**

- 3.52 The presentation highlighted the scale of recent and planned growth. Attitudes to growth in rural areas are recorded above. The following remarks are in relation to urban growth.
- 3.53 Concern was expressed about problems with the apartment market. It was remarked that vacant flats in the City Centre are now being filled with households displaced due to the floods.

- 3.54 Urban extensions (e.g. Quedgeley) are already a great concern to police due to the anti-social behaviour. There aren't enough community facilities being put into new developments to support the development of a local community.
- 3.55 There was a mixed view in the audience as to whether housing should be allowed to grow organically rather than as one large estate. The fear with organic growth is that it is only available to the rich.
- 3.56 "City drift" is a problem. People come to Gloucester because there is no private rented accommodation in other areas.
- 3.57 Thinking about the unmet need for affordable housing, it was felt social housing problems have been engineered by the government due to the Right to Buy. Whilst it creates wealth, it also creates poverty.
- 3.58 With issues of climate change should we not be focussing on more concentrated, well-thought out growth?

### **Summary of findings: Stakeholders**

- 3.59 Discussion took place in two break-out groups. Some of the discussion was directed to the steering group and consultants seeking a better understanding of the scope of the Strategic Housing Market Assessment.
- 3.60 In response to a request from the consultants, stakeholders subsequently contributed further valuable information in terms of reports and evidence.
- 3.61 The themes that emerged from discussion were:

#### ***Migrant workers***

- Reference was made to current studies. There was concern that workers were competing with other groups of people seeking rooms or shared accommodation. Some felt that there were health and safety risks to workers posed by the accommodation and that the local authorities should be alert to this. Stakeholders drew attention to the fact that this was occurring in rural as well as urban areas. It was agreed that this issue would be taken forward to the steering group.

#### ***Travellers and showmen***

- The shortage of accommodation and sites was highlighted.

### ***Meeting the challenge for more housing***

- Stakeholders felt that newbuild was only one option and that robust empty property strategies should be devised and implemented.
- It was also considered that there was scope to convert space over shops for living accommodation.
- Considerable thought was given to the nature of the future demand. This was in terms of size and household typologies. Stakeholders had understood the trend toward smaller households but considered that the question of the long term sustainability of dwellings should also be a design consideration.
- Other important design considerations were with regard to older people and people with support needs.
- The importance of retaining younger people in the area was considered to be very important and the availability of providing housing that they could afford was considered to be an important factor.
- Some thought that surplus Local Authority land if available for housing should be used tactically, as market prices were proving very challenging for affordable housing.

### ***The impact of growth***

- Recent local flooding raised issues about the feasibility and desirability of some sites allocated for new house building. Developers reported some concern expressed by potential customers
- Stakeholders echoed the point made in the other workshops about the need to create communities as well as homes
- A debate ensued about the possibility and desirability of creating more homes in rural areas

### ***Transport***

- The contribution of transport was highlighted as a factor in local sustainability. One outcome of a successful strategy would be a reduction in out-commuting and reducing the need to travel. This would be consistent with a greater degree of self-containment

## **Summary of findings: Community groups**

3.62 This workshop was very well attended and all districts were represented. Discussion was extremely wide ranging.

- 3.63 Discussion and feedback was more structured for this workshop. Research questions were aimed at a resident's perspective. We have attempted to capture the discussion in themes. However some groups felt very strongly about how housing growth might affect villages and discussion was centred on that topic.

#### ***The quality of life***

- Most residents felt that there was a good quality of life for most groups. They were anxious that housing growth areas should have a good quality of life also
- Other factors that might worsen the quality of life were high density development, insufficient open space, no facilities other than pubs, and poor public transport
- Some residents felt that the quality of life for some social tenants was particularly poor due to drug abuse, crime and anti-social behaviour
- Particular concern was expressed about communities rather than just houses being created

#### ***First time buyers***

- Responses varied across the County but it was generally felt that it was very difficult for low earners, especially in villages. Concern was expressed about the impact of second homes.

#### ***The private rented sector***

- Most people felt that the quality of housing in this sector was good and that it made a valuable contribution to housing supply.
- There were some reservations about the buy to let investor.
- Access to housing by migrant workers was felt to be an issue but not a major one.

#### ***Social or affordable housing***

- Everyone agreed that there was a shortage. Some drew attention to the progress that had been made in some areas
- Many felt that such housing should be allocated to local people not 'outsiders'

#### ***Housing choice for older people***

- Most people thought that there was a shortage of suitable housing and that the rural areas were most badly affected
- More sheltered housing was needed



### **Hopes and fears**

3.64 Common themes were:

- Extra housing in villages in a balanced way
- Avoidance of allocating problem households in villages where there was unlikely to be support from council officers or social workers
- That the Countryside would only be for the rich
- That services should be considered alongside new housing

### **Main messages to the Councils**

3.65 Groups and individuals were invited to use the workshop feedback as a vehicle for recording main messages taking in to account the presentation, the discussion and their own views. The most frequent views were:

- That services should be considered alongside new housing

### **Steering group**

3.66 Work with the steering group has made a significant contribution to the study:

- Ensuring that the work of the contractor was constantly monitored for quality, conformity and progress against the project plan
- Providing unpublished documents and information
- Discussion on issues arising from the work
- Involvement in stakeholder workshops
- Discussion of the policy issues arising from the work
- Comment on draft reports

## Summary

- i) Gloucestershire can be regarded as having three housing sub-markets of distinct character.
- ii) Different parts of the County are influenced by the labour markets of Worcester, Cheltenham, Swindon, Bristol and to a lesser extent, Birmingham.
- iii) Compared to a national scale the housing market faces few challenges linked to deprivation or obsolescence although there are clear issues with housing affordability.
- iv) There are concerns about the saturation of the apartment market in Gloucester.
- v) Communities and developers were concerned that large scale new development should enable social cohesion and successful communities.
- vi) Everyone attached considerable importance to retaining the character of the Cotswolds and other rural parts of the County. They recognised the challenges of meeting need and demand for additional housing.

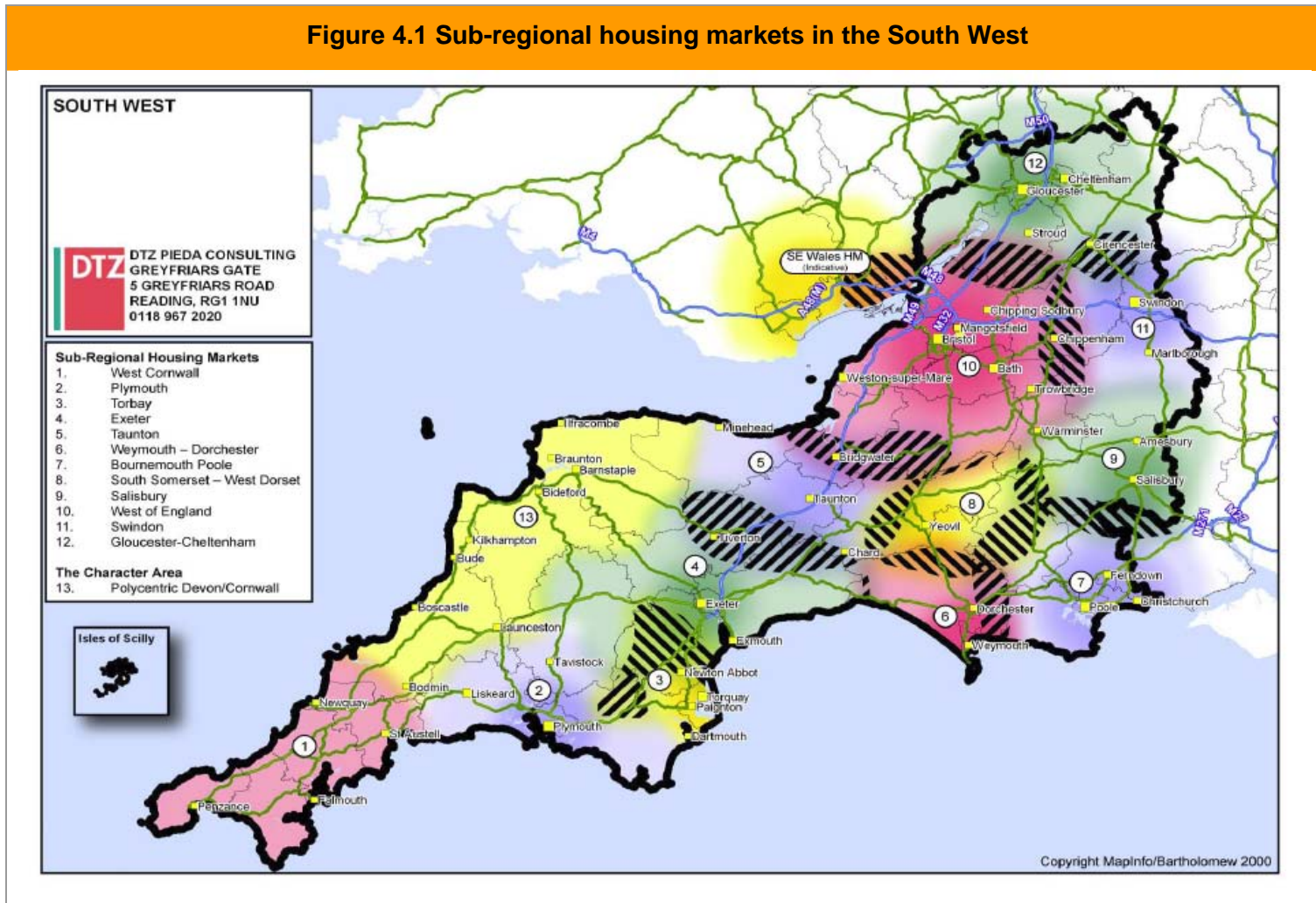
## 4. The Sub-regional Housing Market Area

The purpose of this chapter is to explain:

- The context within which the County is seen as a Housing Market area

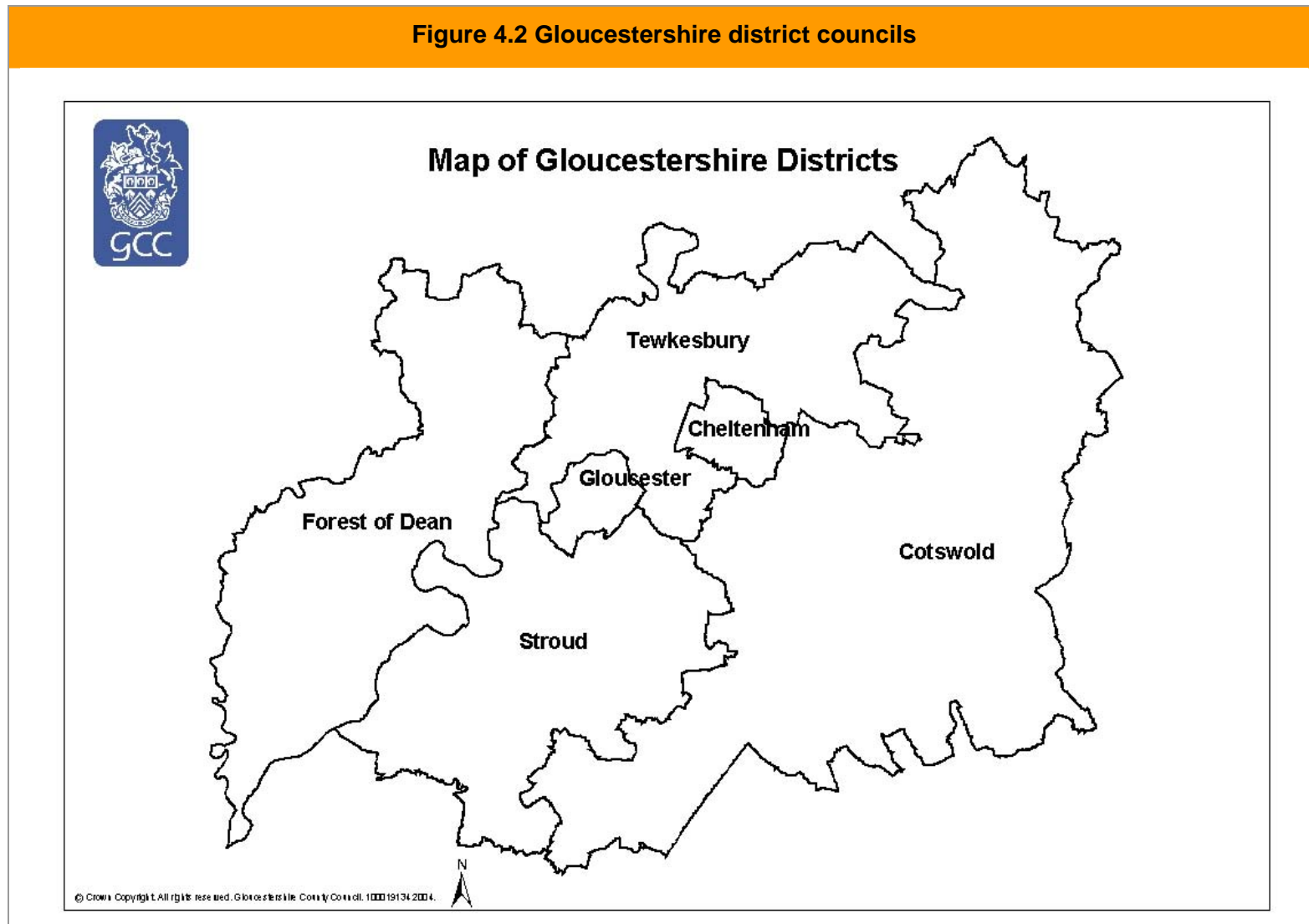
### Determining the Housing Market Area

- 4.1 The number and extent of the sub-regional housing market areas in the South West has been identified by consultants DTZ as part of the work preparing the RSS (see figure 4.1). Twelve market areas are set out in the DTZ report – ‘*Analysis of Sub-regional Housing Markets in the South West*’ (July 2004) including the Gloucester-Cheltenham urban area.
- 4.2 This broadly embraces the whole County of Gloucestershire and its constituent districts (see figure 4.2). However, it acknowledges that Gloucestershire’s housing market is influenced by housing markets beyond the County. For instance, southern parts of Stroud District are influenced by the West of England housing markets, parts of Cotswold District are influenced by Swindon, Oxford and Stratford upon Avon housing markets, Tewkesbury Borough is influenced by the Worcester Local Housing Market, and the Forest of Dean area is influenced by Bristol and the Welsh housing market.
- 4.3 Nonetheless, the County has been broadly identified as constituting a housing market area. As such, the County Council and the District Councils have agreed to work together using a consistent methodology to produce the Strategic Housing Market Assessment for Gloucestershire. Government Guidance sets out detailed methodologies for carrying out the assessment.



Gloucestershire County Council, 2006

Figure 4.2 Gloucestershire district councils



Gloucestershire County Council, 2006

## Migration

- 4.4 The extended analysis in the evidence base report is summarised in the table below. This indicates that, while none of the Gloucestershire districts achieves the ‘ideal’ of 70% self-containment of home moves, all apart from Tewkesbury Borough and Cotswold are quite self contained.
- 4.5 In most of England 70% self–containment is rarely seen at district level and most districts are more likely to show 50% than 70% self-containment. In that sense Tewkesbury Borough and Cotswold are more typical. The overall figure for the County is not shown, but it is clearly likely to be higher and somewhat nearer to 70%.

**Table 4.1 Self-containment of housing market areas 2001**

	Total household moves	Moves within district	Moves out of district	% Housing market self-containment
Cheltenham	3,550	2,252	1,298	63.4%
Cotswold	2,399	1,244	1,155	51.9%
Forest of Dean	2,070	1,265	805	61.1%
Gloucester	3,452	2,250	1,202	65.2%
Stroud	2,766	1,684	1,082	60.9%
Tewkesbury	2,186	1,057	1,129	48.4%
Gloucestershire	16,423	9,752	6,671	na <sup>6</sup>

Source: Gloucestershire SHMA Evidence Base table after para 3.37

## Commuting

- 4.6 Commuting flows and migration are two sides of the same coin: people can remain where they are and commute to a job, or move home so as to be closer to it. They also make these decisions when their job changes). Both types of flows can assist in defining the market area. The following information relates to travel to work.
- 4.7 The role of the local economy in driving housing demand is complicated by the fact that a large number of people reside in the County and commute out to work in adjacent major economic centres (e.g. London, Bristol and Swindon). Around 13% of the County’s workforce out-commutes to work i.e. 35,400 people.
- 4.8 This compares to a regional average of 19% of journeys being undertaken for the purpose of commuting to work. It is arguable that the lower proportion of people commuting within the County is indicative of a more ‘self-contained’ and sustainable economy. This highlights the importance of the role of the wider regional economy in the economic activity of local people, and therefore demands for housing.

<sup>6</sup> Separate figures of households that have migrated out of the County are not available from the Census.

- 4.9 Also, it is important to note that Gloucestershire local authorities are actively developing housing policies that aim to reduce commuting e.g. Forest of Dean District is developing housing policies that aims to reduce commuting to Gloucester.
- 4.10 Examining patterns of commuting for each District Council also highlights important commuting patterns. Note that these are personal not household journeys.
- 4.11 Table 4.2 describes Gloucester's largest commuting inflows and outflows. Largest inflows of commuters are from Tewkesbury Borough (5,386 persons or 9.1% of all in-commuting persons) and Stroud District (5,278 or 9.0%). Similarly, the largest out-commuting from Gloucester is to Tewkesbury Borough (5,066 persons or 28.9% of all out-commuting persons) and Cheltenham (4,450 or 25.4%).

<b>Table 4.2 Gloucester – commuting flows 2001</b>					
	Inflow	%	Outflow	%	Net flow
Tewkesbury	5,386	9.1	5,066	28.9	320
Cheltenham	3,398	5.8	4,450	25.4	-1052
Stroud	5,278	9.0	2,994	17.1	2284
Forest of Dean	4,512	7.7	702	4.0	3810
Cotswold	678	1.2	628	3.6	50
South Gloucestershire	523	0.9	561	3.2	-38
Bristol, City of	335	0.6	464	2.6	-129
Swindon	106	0.2	418	2.4	-312

Source: ONS, 2007

- 4.12 Stroud District's largest commuting inflows are from Gloucester (2,994 persons or 30.8% of all in-commuting persons) and South Gloucestershire (1,459 or 15.0%). Similarly, the largest out-commuting from Stroud District is to Gloucester (5,278 persons or 29.3% of all out-commuting persons) and South Gloucestershire (2,800 or 15.6%).

<b>Table 4.3 Stroud commuting flows 2001</b>					
Stroud	Inflow	%	Outflow	%	Net flow
Gloucester	2,994	30.8	5,278	29.3	-2284
South Gloucestershire	1,459	15.0	2,800	15.6	-1341
Cotswold	866	8.9	1,928	10.7	-1062
Cheltenham	863	8.9	1,822	10.1	-959
Bristol, City of	495	5.1	1,508	8.4	-1013
Tewkesbury	730	7.5	1,214	6.7	-484
Swindon	88	0.9	584	3.2	-496
North Wiltshire	166	1.7	442	2.5	-276

Source: ONS, 2007

- 4.13 Tewkesbury Borough's largest commuting inflows are from Cheltenham (5,372 persons or 28.4% of all in-commuting persons) and Gloucester (5,066 or 26.8%). Similarly, the largest out-commuting from Tewkesbury Borough is to Cheltenham (8,678 persons or 22.7% of all out-commuting persons) and Gloucester (5,386 or 14.1%).

<b>Table 4.4 Tewkesbury commuting flows 2001</b>					
	inflow	%	outflow	%	Net flow
Cheltenham	5,372	28.4	8,678	22.7	-3,306
Gloucester	5,066	26.8	5,386	14.1	-320
Stroud	1,214	6.4	730	1.9	484
Cotswold	559	3.0	697	1.8	-138
Wychavon	1,801	9.5	652	1.7	1,149
Forest of Dean	1,350	7.1	414	1.1	936
Malvern Hills	764	4.0	294	0.8	470
South Gloucestershire	199	1.1	270	0.7	-71

Source: ONS, 2007

- 4.14 Forest of Dean's largest commuting inflows are from the County of Herefordshire (1,104 persons or 24.0% of all in-commuting persons) and Monmouthshire (852 or 18.6%). Similarly, the largest out-commuting from the Forest of Dean is to Gloucester (4,512 persons or 33.0% of all out-commuting persons) and Monmouthshire (1,756 or 12.9%).

<b>Table 4.5 Forest of Dean commuting flow, 2001</b>					
	inflow	%	outflow	%	Net flow
Gloucester	702	15.3	4,512	33.0	-3,810
Monmouthshire	852	18.6	1,756	12.9	-904
Herefordshire, County of	1,104	24.0	1,382	10.1	-278
Tewkesbury	414	9.0	1,350	9.9	-936
Cheltenham	284	6.2	1,043	7.6	-759
South Gloucestershire	57	1.2	526	3.9	-469
Bristol, City of	59	1.3	458	3.4	-399
Stroud	205	4.5	458	3.4	-253

Source: ONS, 2007

- 4.15 Cheltenham's largest commuting inflows are from Tewkesbury Borough (8,678 persons or 14.6% of all in-commuting persons) and Gloucester (4,450 or 7.5%). Similarly, the largest out-commuting from Cheltenham is to Tewkesbury Borough (5,372 persons or 34.2% of all out-commuting persons) and Gloucester (3,398 or 21.6%).



**Table 4.6 Cheltenham commuting flows, 2001**

	inflow	%	outflow	%	Net flow
Tewkesbury	8,678	14.6	5,372	34.2	3306
Gloucester	4,450	7.5	3,398	21.6	1052
Cotswold	1,500	2.5	1,284	8.2	216
Stroud	1,822	3.1	863	5.5	959
Swindon	121	0.2	432	2.8	-311
Bristol, City of	206	0.3	384	2.4	-178
Wychavon	1,070	1.8	340	2.2	730
South Gloucestershire	238	0.4	319	2.0	-81

Source: ONS, 2007

- 4.16 Finally, Cotswold's largest commuting inflows are from Stroud District (1,928 persons or 17.3% of all in-commuting persons) and Cheltenham (1,284 or 11.5%). Similarly, the largest out-commuting from the Cotswolds is to Swindon (2,648 persons or 19.4% of all out-commuting persons) and Cheltenham (1,500 or 11.0%).

**Table 4.7 Cotswold commuting flows, 2001**

	inflow	%	outflow	%	Net flow
Swindon	830	7.5	2,648	19.4	-1818
Cheltenham	1,284	11.5	1,500	11.0	-216
North Wiltshire	1,235	11.1	1,368	10.0	-133
West Oxfordshire	504	4.5	1,003	7.4	-499
Stroud	1,928	17.3	866	6.4	1062
Gloucester	628	5.6	678	5.0	-50
Stratford-on-Avon	633	5.7	630	4.6	3
Tewkesbury	697	6.3	559	4.1	138

Source: ONS, 2007

### Overall picture of commuting in terms of market area

- 4.17 Most of the commuting flows are within the County. The main exceptions to this pattern are the major net outflows from Stroud to Bristol and its outlying urban area, and to a lesser extent from Cotswold into Swindon. Even in the case of Stroud District, although it shows a net outflow of commuters to all destinations shown, the majority of its commuter out-flow is to other Gloucestershire districts, mainly Gloucester.

- 4.18 These patterns tend to confirm the County as a coherent HMA.

### SSCT potential urban extensions

- 4.19 This section considers the proposed urban extensions in respect of the Strategic Housing Market Assessment.

- 4.20 The role of the Strategic Housing Market Assessment is to provide the evidence to ensure that the development goes with the grain of fundamental demographic and economic drivers that prevail in the housing market area.
- 4.21 The complex balancing of issues that result in design decisions and planning consents is outside the scope of the Strategic Housing Market Assessment. Nevertheless there are some fundamental observations that need to be taken into account that is described below.
- 4.22 This topic has been considered at a number of levels and from different perspectives:
- The data - especially the various population and household projections
  - Comments made by members of the Steering Group
  - Comments made by Stakeholders
- 4.23 The SHMA for Gloucestershire provides guidance in respect of the total amount of housing provision that should be provided in the Gloucestershire HMA, and also the profile of that housing.
- 4.24 The profile is expressed as the requirements for market and affordable housing, the affordable tenure split in terms of social rented and intermediate housing and size mix profiles in terms of number of bedrooms.
- 4.25 Further work would be required to translate that guidance into proposals for specific locations. Generally speaking, it is envisaged that this work would form part of the ongoing LDF process. However, of those locations, the major urban extensions proposed for Gloucester and Cheltenham are of considerable importance, and it is appropriate for the SHMA to provide guidance in respect of these.
- 4.26 The locations for the urban extensions and areas of search identified in the EiP Panel Report are being considered in detail in terms of specific development areas in the emerging Local Development Frameworks. As noted in Chapter 2, the 56,400 dwellings, which potentially could be built over the next 20 years will be based upon large scale developments rather than infill:
- 9,500 dwellings located in the Gloucester urban extension
  - 3,500 dwellings partly located within Gloucester and Stroud
  - 4,000 dwellings partly located within Gloucester and Tewkesbury
  - 6,500 dwellings located in the Cheltenham urban area
  - 7,300 dwellings partly in Cheltenham and Tewkesbury (1,000 in the north west of Cheltenham Borough and 600 in the south of Cheltenham Borough with the remainder in Tewkesbury Borough)
- 4.27 It is important to note that these figures remain recommendations until they are ratified by the Secretary of State.

- 4.28 The appropriate housing profiles for the extensions and areas of search will be influenced by the housing needs of Gloucester and Cheltenham and Tewkesbury. However, if these settlements are to be successful in the long-term, it will be important to create a balanced and sustainable community in each case.
- 4.29 It will not be sufficient to provide, simply, those dwelling types and sizes that are going to be required to meet Gloucester's, Cheltenham's or Tewkesbury's overall needs. The new developments' must provide for a full range of household types (e.g. young families, single people, older couples), that takes into account both current and future household profiles.
- 4.30 During meetings organised for the purposes of this research, stakeholders expressed the view that communities should be created, and not just new homes. This point was strongly echoed by developers who argued that their aim was to arrive at cohesive communities through good design and by delivering the housing demanded by the market. Everyone who expressed a view urged caution over new developments that are predominantly in the form of apartments.
- 4.31 The data suggests that although there are underlying demographic drivers for a greater supply of housing in the growth areas (see Volume 2, Chapter 4); a great deal of demand will derive from in-migrant households. This is a driver that has been present for some years.
- 4.32 There are substantial differences between the costs of second-hand and newbuild housing. The costs gap is illustrated by Volume 2, (figure 9.2 in Chapter 9). This implies that only wealthier households with relatively high levels of income or equity can afford to buy new housing.
- 4.33 As such, the impact of newbuild on a large scale within the growth areas will result in cheaper second hand housing coming on to the local market, and the markets of Worcester etc. from where a large proportion of migration originates.
- 4.34 The challenge will be to arrive at a design solution that meets a number of policy aims:
- Good practice, for example as cited by 'Best Practice in Urban Extensions and New Settlements – a report on emerging best practice, (TCPA)
  - A cohesive community
  - In step with local aspirations and at prices that are within the reach of local households
  - In step with demographic trends
  - That minimise environmental concerns
- 4.35 Later chapters of this report provide the detailed evidence in terms of data and analysis.

## Summary

- i) The DTZ work in 2004 found the County to be a plausible HMA. Migration data suggests quite a high level of self-containment for the County: most districts achieving 60% or so for all home moves and only Tewkesbury Borough and Cotswold (about 50%) showing somewhat more open patterns of migration.
- ii) The evidence added in this study re-enforces that view. Commuting flows are largely internal to the County, with Stroud District having a large flow to Bristol, and Cotswold to Swindon, but in all districts the major flows are within the County.
- iii) The survey of estate and letting agents confirms this view. It suggests that the major new urban extensions will attract households from outside the area and will help to keep down second-hand prices
- iv) Stakeholders have attached considerable importance to ensuring that these major new urban extensions are capable of sustaining cohesive communities.
- v) The Strategic Housing Market Assessment collects and analyses data important to the design of urban extensions and other large scale developments. It is important to recognise that other factors outside the scope of the Strategic Housing Market Assessment will also influence the design.

## 5. Demographic and economic data

The purpose of this chapter is to explain:

- A wide range of demographic and economic features of the County and its districts

5.1 As noted in the introduction (Table 1.1), the steps in the following analysis are aligned with the Practice Guidance.

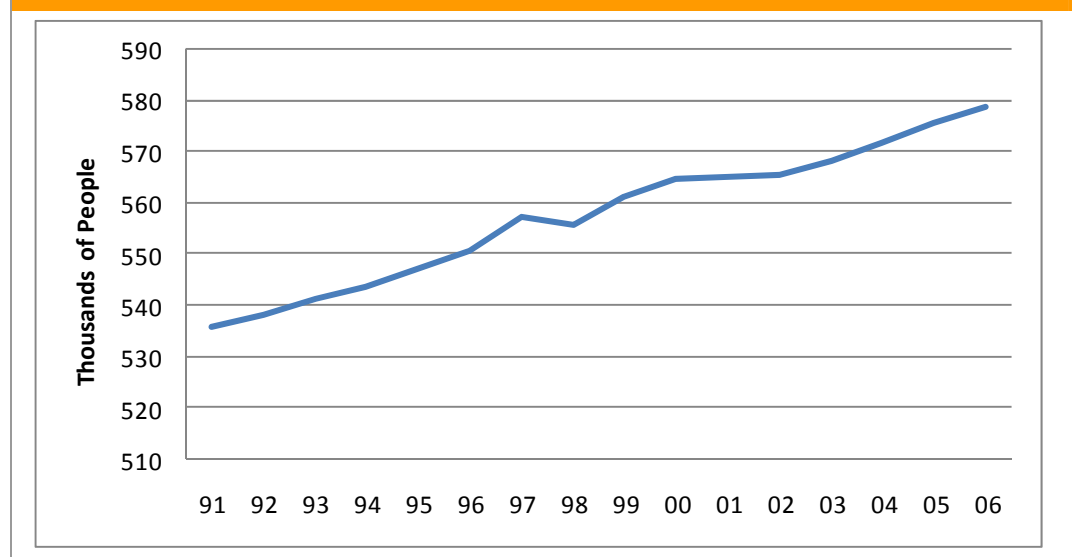
### Step 3.1.1 Demography and household types

5.2 One-family households remained the predominant household type in Gloucestershire but the number of single-person households has grown steeply over the past decade by 28% so that they now constitute nearly one third (29.4%) of all households. More than half (51%) of single-person households consist of lone-pensioners.

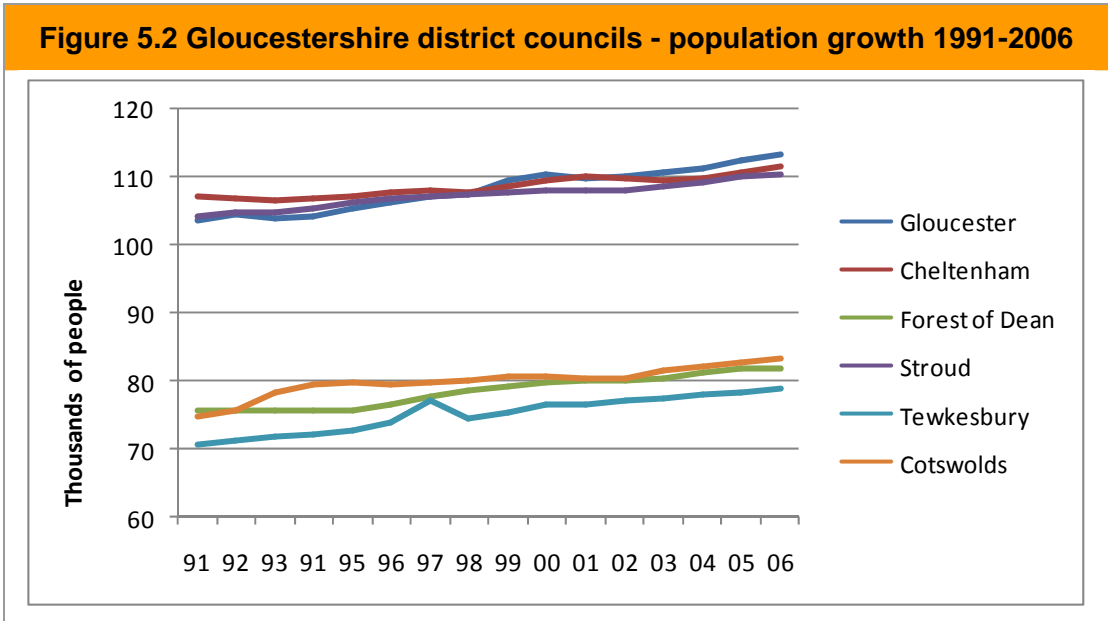
5.3 Population in Gloucestershire, a key driver of local housing needs and demand, grew by 7.3% from 535,982 to 575,829 between 1991 and 2005. This is higher than the national growth of 5.2% in England and Wales over the same period. The continual growth meant that demand for more housing has persisted during that period.

5.4 Cotswold and Tewkesbury Borough recorded the fastest rates of growth between 1991 and 2005, with Cotswold also experiencing the largest absolute increase in population of all districts, followed by Gloucester and Tewkesbury Borough.

**Figure 5.1 Gloucestershire population growth 1991-2006**



Source: ONS, 2001



5.5 The six districts in the County are all different in character, but in terms of size measured by numbers of households they fall into two groups. This is illustrated by Table 5.1, the larger districts of Cheltenham, Gloucester and Stroud District, and three smaller districts of Cotswold, Forest of Dean and Tewkesbury Borough. This balance is set to change, due to the major relative growth planned for Tewkesbury over the next 15 to 20 years.

**Table 5.1 Household population by district (2006)**

District	Number of households (000s)	Percentage
Cheltenham	50	22.1%
Cotswold	36	15.9%
Forest of Dean	34	15.0%
Gloucester	48	21.2%
Stroud	47	20.8%
Tewkesbury	34	15.0%
Total	249	100.0%

Source: ONS, 2006

**County ethnicity profile**

5.6 Between 1991 and 2001 the ethnic minority population in Gloucestershire grew slowly and remained small. The total ethnic minority population increased by only 1%, compared to the national increase of 2.8% over the same period. By 2001, approximately 16,000 residents were from non-white ethnic groups, accounting for 2.8% of the total population, against the national average of 8.7%.

- 5.7 Census analysis indicates that the local ethnic minority population displayed a different housing pattern in tenure from the majority white population. In general, there was a much lower proportion of non-white householders in owner-occupation and higher proportion in private renting. The household structures and living arrangements within the non-white community were also more diverse<sup>7</sup>. These characteristics would need to be considered when local housing policies are formulated (especially in Gloucester and Cheltenham where the non-white population is concentrated) (see Chapter 10 for a more detailed analysis of the Gloucestershire BME population).

**Table 5.2 Ethnic profile of household residents (%) in 2001**

Ethnicity	England & Wales	County	Gloucestershire	Cheltenham	Cotswolds	Forest of Dean	Gloucester	Stroud	Tewkesbury
White	90.9	97.7	97.2	96.7	98.8	99.1	92.5	98.7	98.6
Mixed	1.3	0.8	0.9	0.9	0.5	0.5	1.9	0.5	0.6
Asian	4.6	0.7	1.0	1.4	0.2	0.1	2.8	0.3	0.5
Black	2.3	0.4	0.6	0.3	0.1	0.1	2.3	0.1	0.1
Chinese/Other	0.9	0.4	0.4	0.8	0.4	0.2	0.5	0.4	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

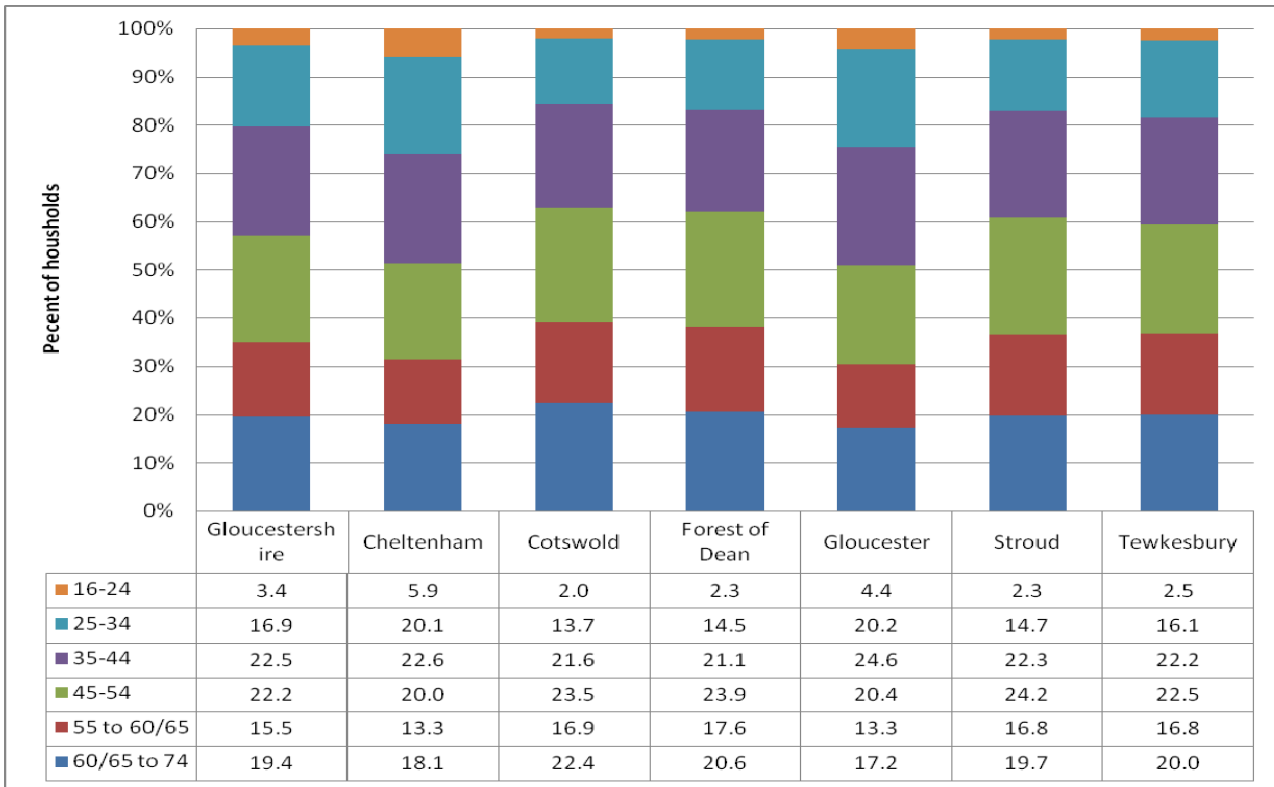
Source: Gloucestershire County Council 2006

### County age profile

- 5.8 It can be seen from Figure 5.3 below that householders aged 35 to 54 and 55-pensionable age each accounted for 20-24% of all households in the County.
- 5.9 Young households (aged 16 to 24) accounted for only 2% in Cotswold, rising to 5.9% in Cheltenham. The relatively high proportion of young households in Cheltenham could be due to a larger number of student households in the area.
- 5.10 One in five households in the County was a pensioner household. The proportion of these households was the highest in Cotswold, reflecting the age structure of the district. It is predicted that the number of pensioner households could rise as life expectancy grows.
- 5.11 The proportions of households headed by the 25 to 34 year-olds, the key target group of the Government's housing policies, varied greatly between districts from 20.2% in Gloucester falling to 13.7% in Cotswold. This is likely to be due to the fact that these groups are least able to afford the higher house prices present in Cotswold District.

<sup>7</sup> Housing and Households in Gloucestershire, September 2006, Research Team, Gloucestershire County Council.

**Figure 5.3 Age structure of household reference persons 2001**

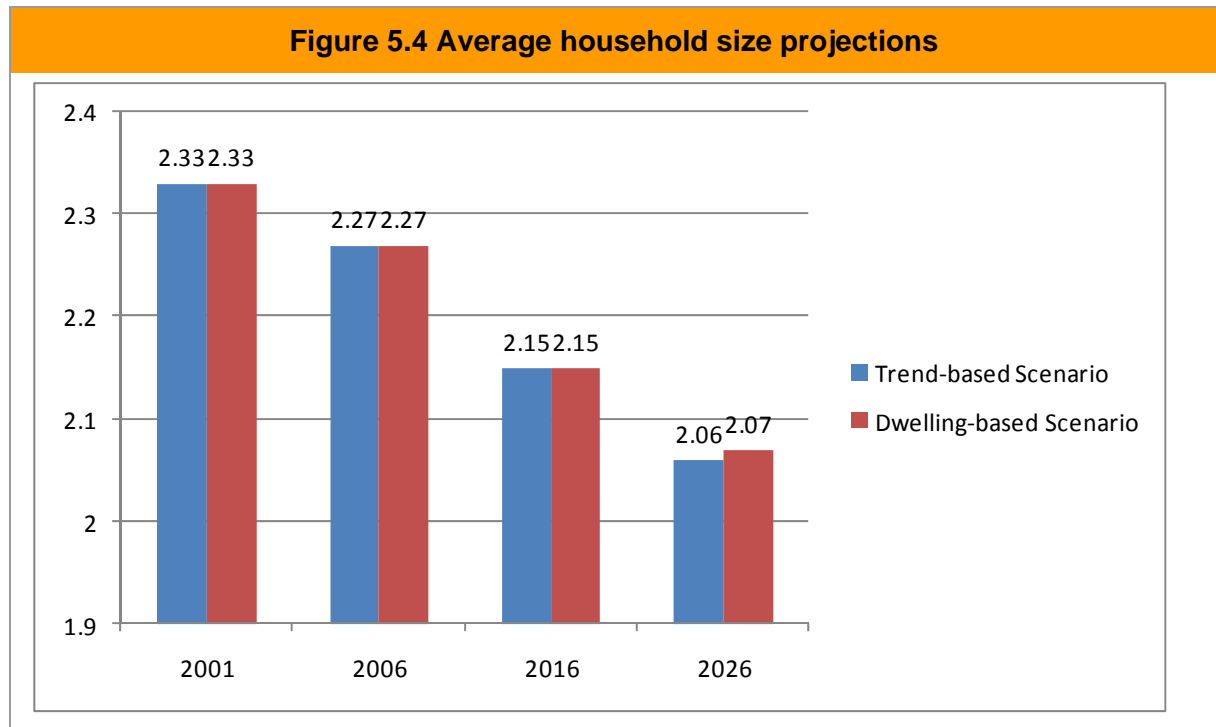


Source: ONS, 2001

### Household size

- 5.12 The average number of persons per household in the County has been falling largely due to the rise in single-person households. The average household size fell from 2.50 to 2.37 people between 1991 and 2001, and dropped further to 2.27 in 2006.
- 5.13 Forest of Dean saw the biggest drop in average household size during the decade. Cheltenham continued to be the district with the smallest average household size due to the presence of a large number of single-person households in the district.
- 5.14 The Gloucestershire County Council Household Projections to 2026 report suggests that average household size will continue to fall from 2.27 persons in 2006 to 2.06 or 2.07 persons by 2026.





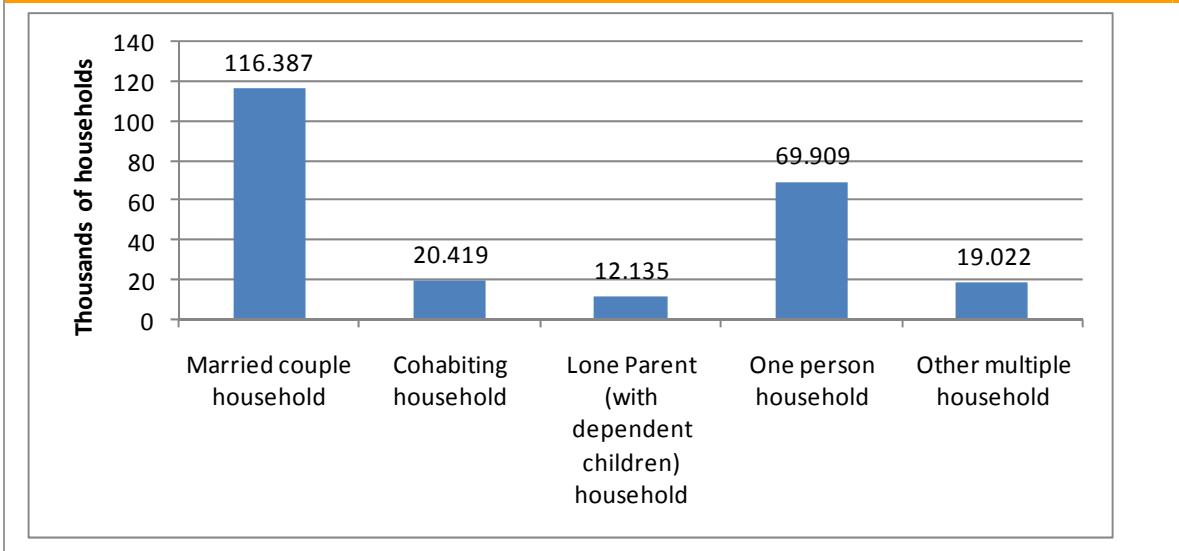
Source: Gloucestershire County Council Household Projections to 2026

## Household structure

- 5.15 One-family households remained the predominant household type in Gloucestershire in 2001. Despite that, the number of single-persons has grown steeply over the past decade. The number of single-person households rose by 28% to 70,000 during the decade to 2001, accounting for nearly 30% of all households in Gloucestershire.
- 5.16 The increase in the number of single-person households was due to a rise in divorce and separation, persons living alone and a growing number of lone-pensioners. Over half of single-person households in Gloucestershire (51%) consisted of a lone-pensioner<sup>8</sup>.
- 5.17 Importantly, the number of one-person households is widely predicted to continue to rise in the next two decades, meaning that demand for more housing and in particular smaller housing units will continue to grow.

<sup>8</sup> Housing and Households in Gloucestershire, Research Team, Gloucestershire County Council, September 2006

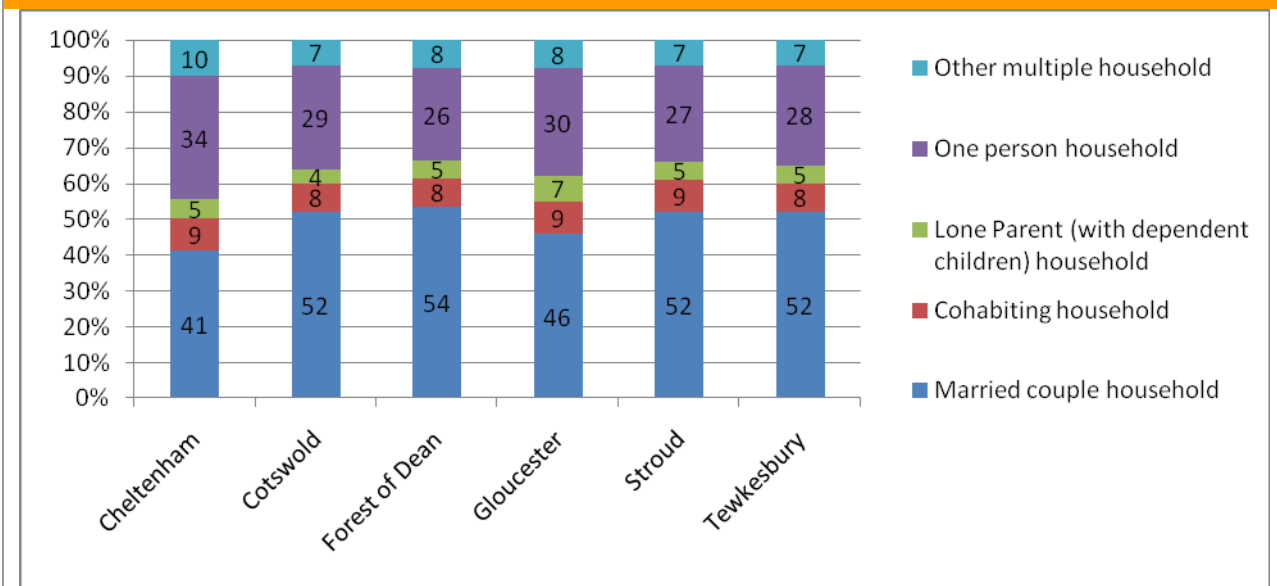
**Figure 5.5 Household numbers by structure in Gloucestershire 2001**



Source: ONS, 2001

NB ONS defines 'other multiple household' as "neither family nor single person households"

**Figure 5.6 Household structure in districts, 2001**



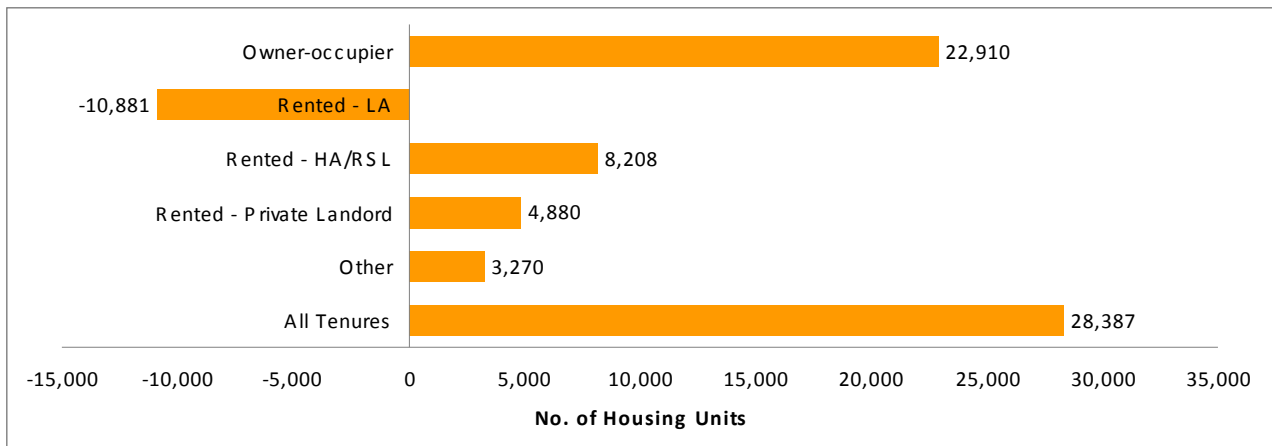
Source: ONS, 2001

### Housing types

- 5.18 A significant transformation also took place in the County’s rental housing market over the decade of 1991 to 2001. The council housing stock reduced sharply due to the impact of Right to Buy. Housing associations took on a much greater role in providing social housing to meet local needs.
- 5.19 While social housing provisions declined as a whole between 1991 and 2001, private renting had become more prevalent particularly in Cheltenham and Gloucester over this period.

5.20 The tenure mix in the local housing market could change further over the next two decades if local authorities succeed in enabling more affordable housing to be delivered alongside newbuild for sale through planning gain. It is envisaged that a proportion of the Regional Spatial Strategy newbuild targets will be in the form of affordable housing. The Strategic Housing Market Assessment has an important role in providing the evidence to support this.

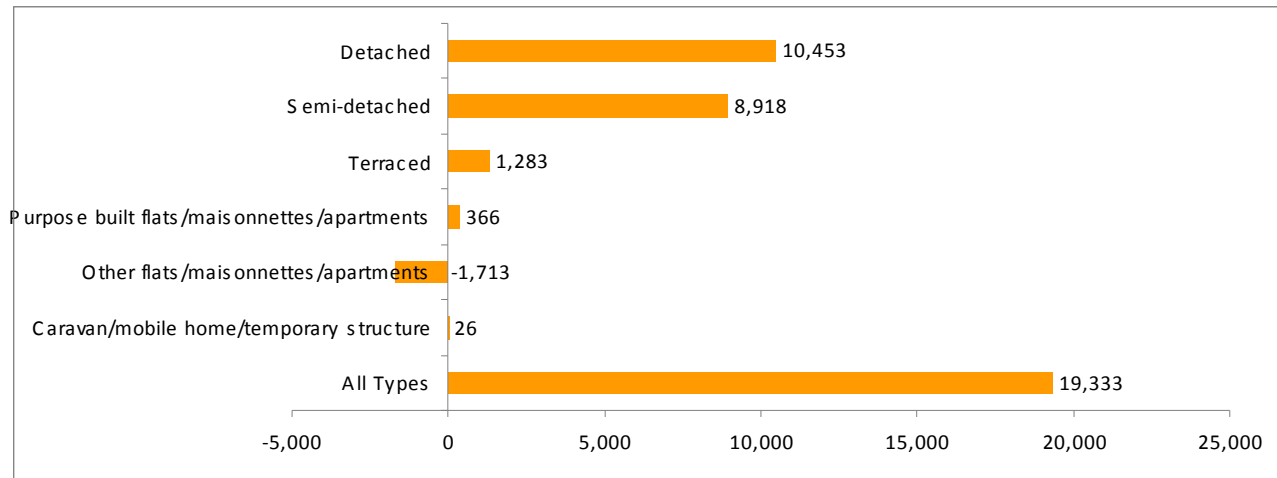
**Figure 5.7 Change in housing tenure in Gloucestershire 1991-2001 (numbers)**



Source: ONS, 2001

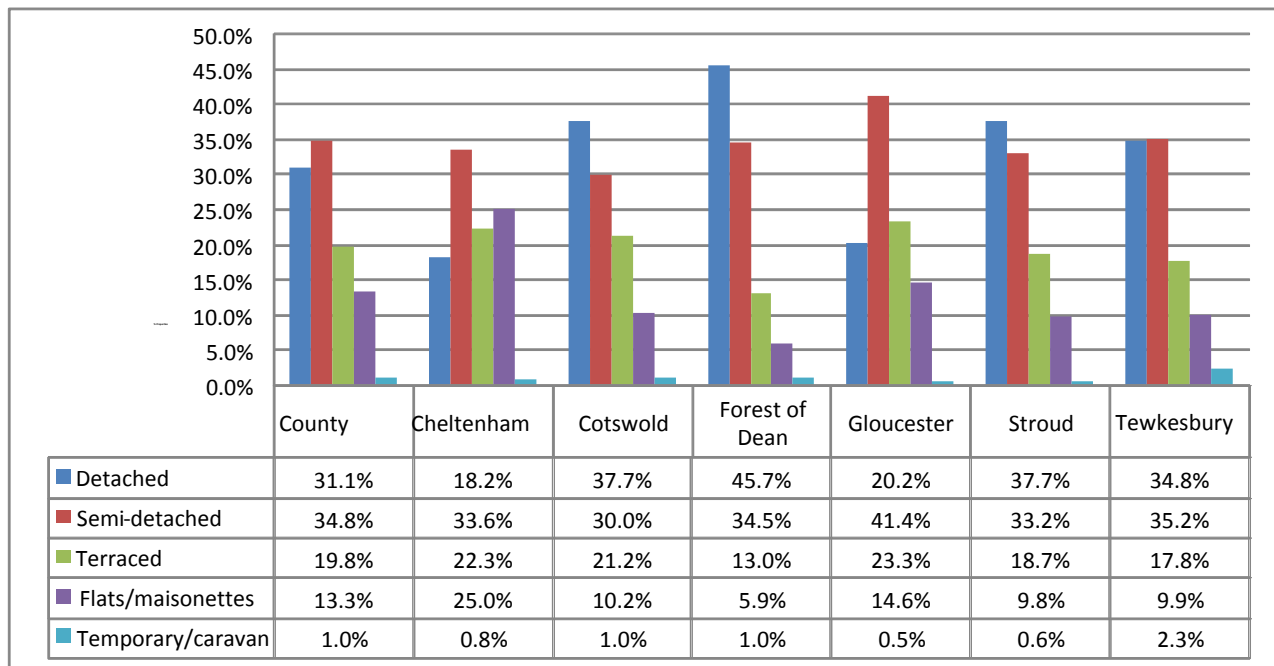
- 5.21 With the exception of non-purpose built accommodation, all housing types recorded an increase in numbers. The largest increase was in detached (10,500) and semi-detached (9000) dwellings, a rise of 16 and 12% respectively.
- 5.22 By 2001, detached and semi-detached dwellings accounted for 31% and 35% of all housings in the County. This was followed by terraced housing, which represented another 20%.
- 5.23 However, it is likely that the County has followed national trends whereby, since the implementation of Planning Policy Guidance 3 in 2000, there has been an increase in flats and apartments as a proportion of all newbuild. One reason is that higher densities are more likely to be achieved by constructing flats or apartments rather than houses, especially in urban areas where larger development sites may be at a premium.

**Figure 5.8 Change in house types in Gloucestershire 1991-2001**



Source: ONS, 2001

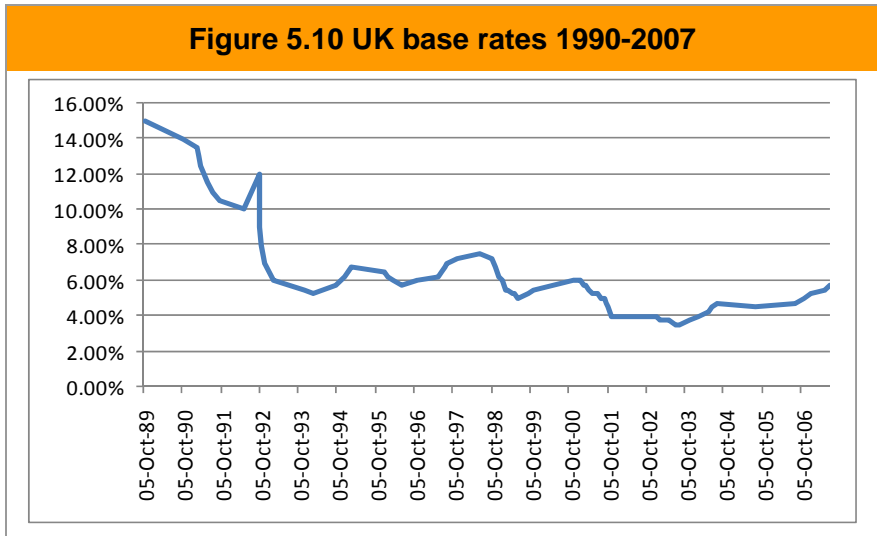
- 5.24 The increase in detached and semi-detached housing took place across all districts. Despite this, there remained large disparities in housing type mix among districts.
- 5.25 Flats/apartments/maisonnettes had a much larger share in Cheltenham than any other district following a sharp increase between 1991 and 2001. A quarter of all dwellings in the district took this form. This is against only 6% in the Forest of Dean and 10% in Tewkesbury Borough.
- 5.26 Detached houses were the main form in the Forest of Dean - 45% of dwellings were detached houses, the highest proportion of all districts. This compares to only 18% in Cheltenham and 20% in Gloucester.

**Figure 5.9 Housing type mix in Gloucestershire 2001**

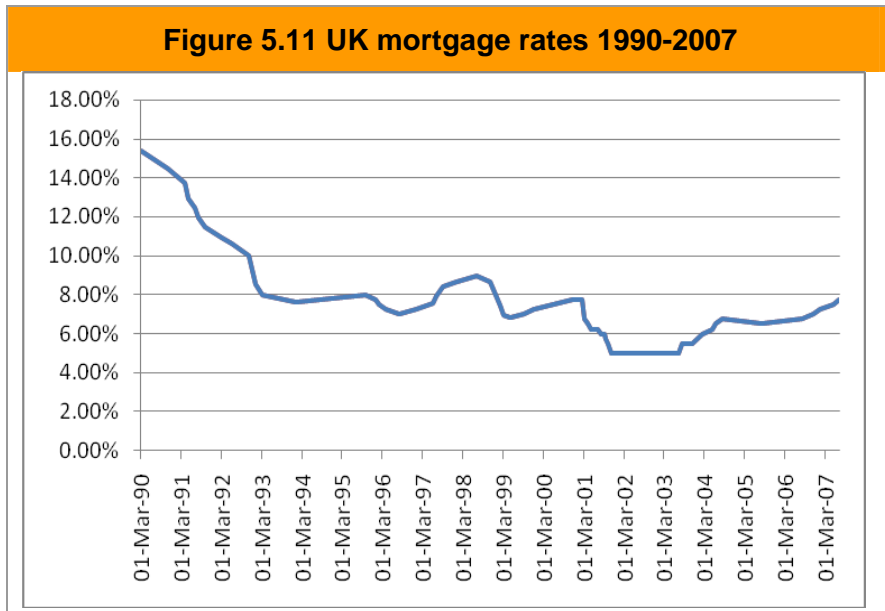
Source: ONS, 2001

### **Step 3.1.2: National and regional economic policy - interest and base rates**

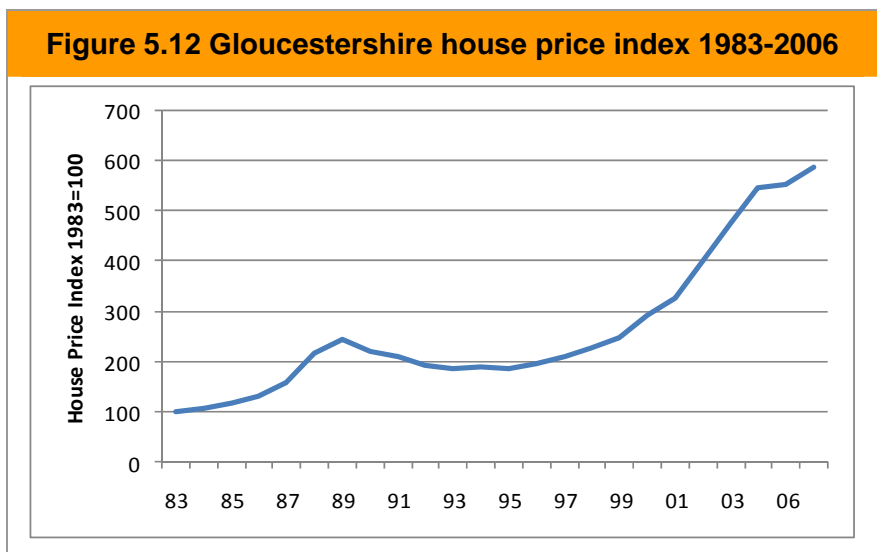
- 5.27 Historically, there has been a direct link between interest rates and house price growth. The very high interest rates of the early 1990s led to many home owners falling into negative equity i.e. the value of their home was less than the value of their mortgage commitment.
- 5.28 When the interest rate started to fall during the early 2000s, house prices increased significantly (see Chapter 6 for detailed house price data). When the interest rate increased between 2004 and 2005, house price growth also slowed.
- 5.29 The correlation between interest rates and houses prices can be clearly seen in Figures 5.10-5.12 which show that prices in Gloucestershire increased more strongly after 2000 when interest rates declined.
- 5.30 The Nationwide Building Society predicts that a slower economy, stretched affordability, tighter credit conditions and lower buy-to-let demand will mean that house price inflation during 2008 will be restricted to 0%. However, given the varied housing characteristics of the SHMA area, it is likely any impact of interest rates changes are also likely to vary.



Source: Bank of England, 2007



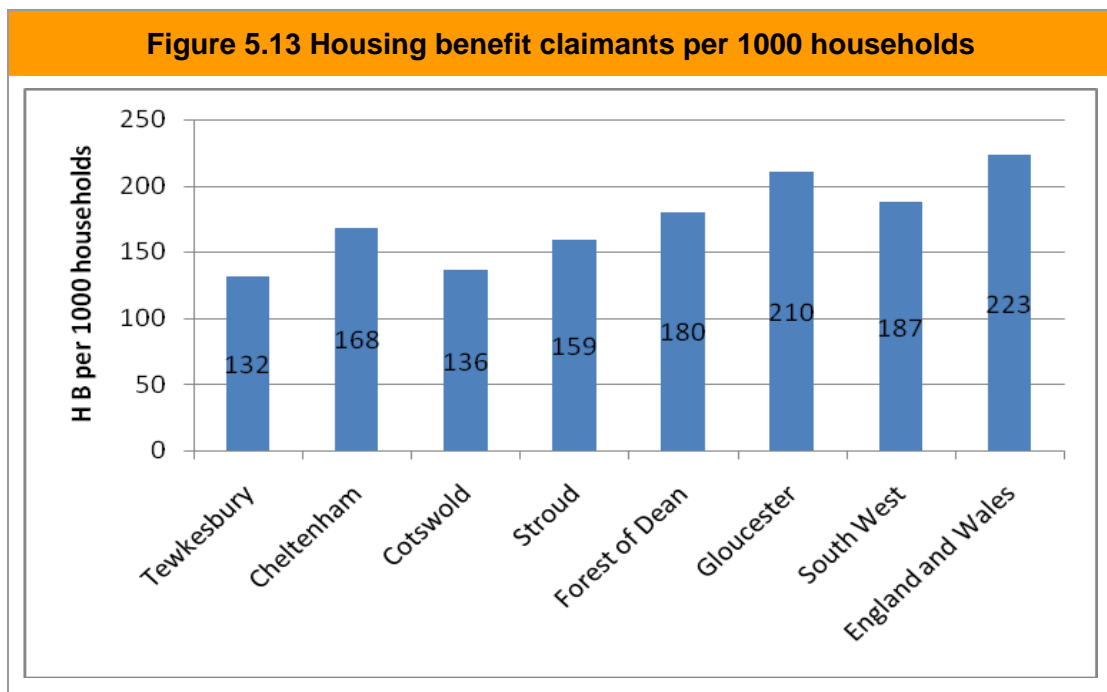
Source: Bank of England, 2007



Source: Halifax Building Society, 2007

## Levels of Housing Benefit

- 5.31 Levels of Housing Benefit applications may be used as a proxy measure for the level of economic deprivation within an area. As can be seen from below, Housing Benefits applications in relative terms, per 1,000 households, were highest Gloucester at 210 applicants per 1,000 households. They were lowest in Tewkesbury Borough at 132 applicants per 1,000 households.
- 5.32 In general terms, the number of Housing Benefit applications per 1,000 household for all six district councils (164) is lower than the than the average for England and Wales (223) reflecting the relative prosperity of the County. Nonetheless, this also suggests that there remains a significant proportion of householders within the County who are not able to access social or private rented housing without financial subsidies.



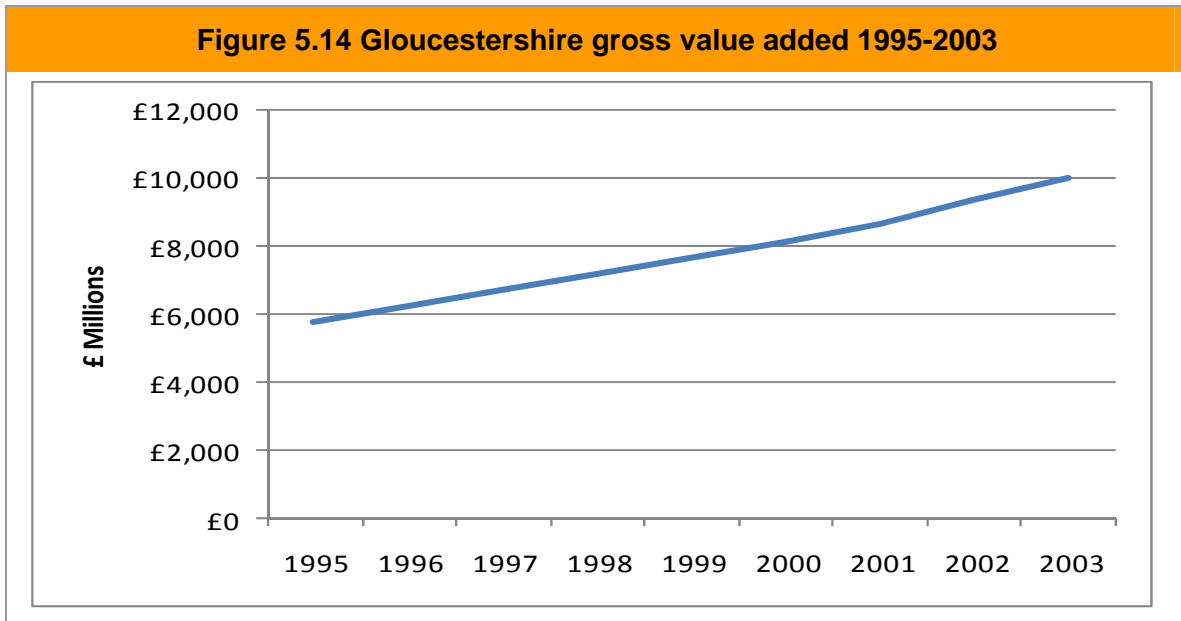
Source: ONS, 2001

## Economic growth rates

- 5.33 In 2003, the size of the Gloucestershire economy was estimated at £10.02 billion in terms of Gross Value Added (GVA)<sup>9</sup>, contributing to 13% of the regional economy. The Gloucestershire Economic Strategy (2003 to 2014) suggests that the County's GVA grew at the slightly lower rate of 4.9% between 1995 and 2001. Although it is difficult to predict long-term economic cycles with certainty, the strategy states that the County's economic growth over the period 2003 to 2015 will average 2.1%, slightly lower than the regional average of 2.4% and national average of 2.3%.

<sup>9</sup> ONS, provided by Gloucestershire Labour Market Information Unit (GLMIU), Research Team, Gloucestershire County Council

- 5.34 Both the Draft RSS and EiP Panel Report acknowledge that the Cheltenham/Gloucester sub-region is regarded as one of the region's focal points for economic growth. According to the EiP, with suitable restructuring, regeneration and provision for growth, both Gloucester and Cheltenham have potential to make a much greater contribution to the Regional economy.
- 5.35 However, the RSS notes that while Gloucester and Cheltenham should accommodate the major part of the development within their areas of functional influence, LDDs should identify where opportunities exist within Stroud, Tewkesbury and the Forest of Dean towns. Opportunities should be promoted and encouraged for development that will reduce the existing imbalances between population, employment and housing provision and reduce dependence on car-borne commuting.
- 5.36 As such, it argues that strategic releases of housing should only be provided when it can be demonstrated that an increasing rate of employment has brought employment and housing more closely into balance.
- 5.37 Finally, future regional economic growth will not be uniform across all sectors with the greatest potential for growth in the period to 2010 including business services, other services and education.



Source: ONS, 2006



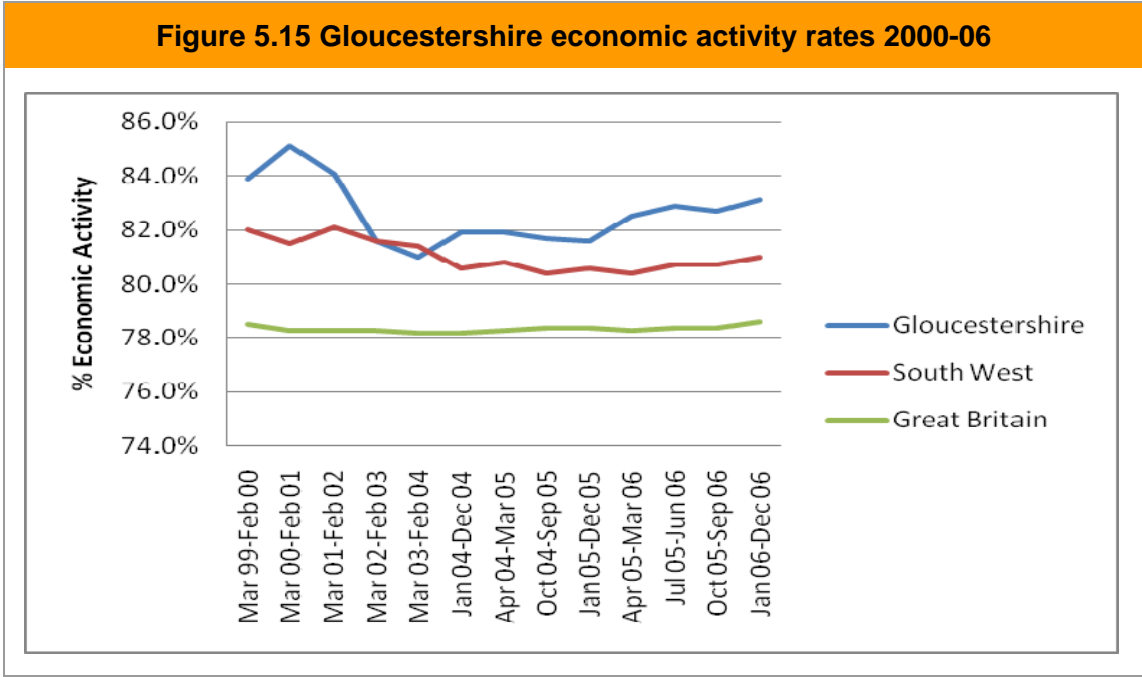
## Government funding for regeneration

- 5.38 According to the Draft Gloucestershire Urban Economic Strategy (2007), taking into account current unemployment (registered and actual), demographic projections and forecast structural reductions in manufacturing and agriculture, the Gloucestershire economy needs to generate around 20,000 jobs by 2010 just to meet the needs of its indigenous population (p.15).
- 5.39 The Gloucestershire Urban Economic Strategy states that the current level of investment in regeneration projects offers urban Gloucestershire the opportunity to tackle much of the deprivation provided that those suffering deprivation have the skills and the means to access the job opportunities.
- 5.40 A key strategic ambition is to “ensure that those who are most deprived in urban Gloucestershire have the opportunity to participate in the jobs that will deliver the regeneration projects and are subsequently created” (p.15).
- 5.41 In order to achieve this objective, constituent authorities in Gloucestershire have implemented a range of urban regeneration initiatives aimed increasing trade and jobs of all types and making urban Gloucestershire a more attractive place to live and work.
- 5.42 The Gloucester Heritage Urban Regeneration Company, established in 2004, is helping to facilitate the regeneration of a number of major sites including the Railway Corridor, King’s Square and the Bus Station, Greyfriars, Blackfriars, Gloucester Docks, Gloucester Quays and the Canal Corridor.
- 5.43 There is growing interest in design and the built environment and recognition that good design and investment in public places lies at the heart of regeneration and sustainable development. Cheltenham’s Civic Pride initiative is designed to preserve the town’s regency heritage whilst at the same time revitalising its street scene, including the buildings, roads and open spaces. As such, in the past couple of years the council has carried out projects in the town centre to enhance the environment for all residents and visitors.
- 5.44 In Cheltenham, the Civic Pride initiative involves mixed use development of three council owned sites, to provide town centre employment and affordable housing. In addition to achieving a high standard of sustainable design, the regeneration of these sites will provide funding for investment in the town centre public realm, which aims to improve the economic vitality of Cheltenham.
- 5.45 In the Forest of Dean there are regeneration plans centred around the three largest towns, especially Lydney and Cinderford with the latter involving major investment by English Partnerships.

- 5.46 In Stroud the Cotswold Canals Project will regenerate the Severn Thames Canal through the heart of that part of urban Gloucestershire.
- 5.47 Other regeneration initiatives include 'Building Communities', funded by SWRDA, delivering community capacity in Westgate Ward in Gloucester, Neighbourhood Management Pilot, funded by GOSW, supporting local neighbourhood initiatives in Barton, Tredworth and White City, EQUAL Programme Projects, funded by the European Social Fund, bids led by University of Gloucestershire to provide Adult Continuing Education and Training.
- 5.48 There are also Community Regeneration areas, which seek to address social deprivation particularly through learning, childcare provision and initiatives aimed at engaging with young people.
- 5.49 In order to encourage economic regeneration in rural areas, the Regional Development Agency has implemented a Rural Economic Strategy for the County in 2003.
- 5.50 The RDA has invested some £3M of Rural Renaissance funds and a further £1M of Modernising Rural Delivery Funds in the County. This investment has in turn attracted public and private matched funding so that the total value of the Rural Renaissance Scheme in Gloucestershire is £6.8M and this is invested in 83 different projects.

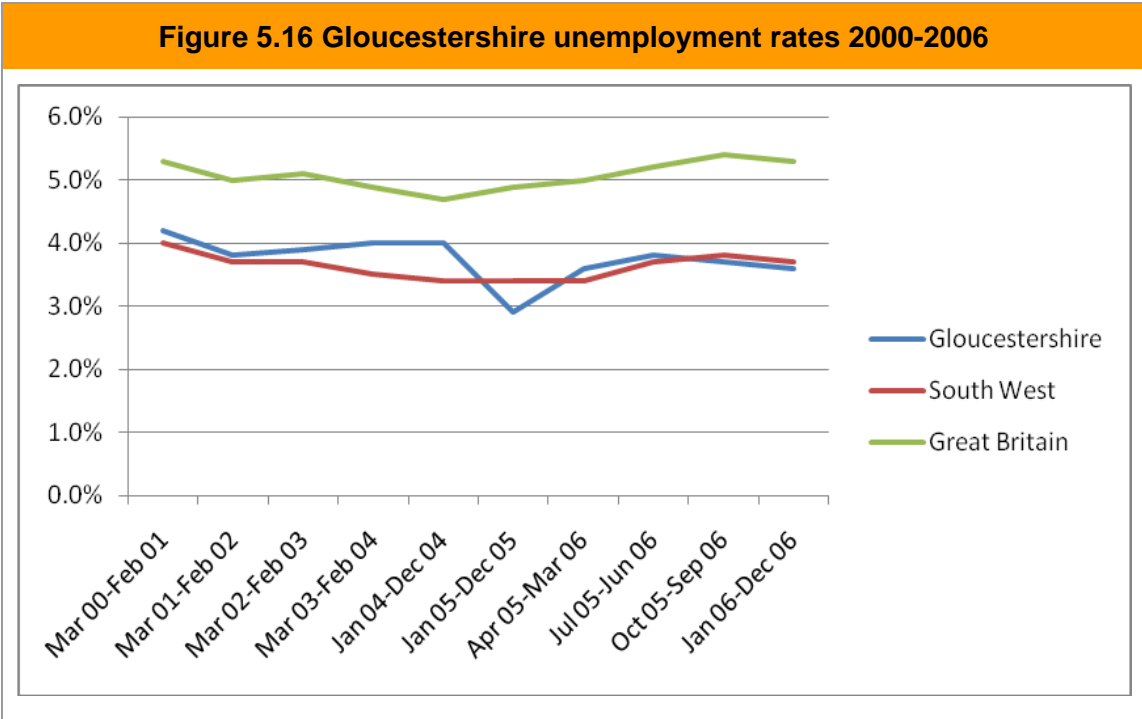
### **Step 3.1.3: Employment levels and structure**

- 5.51 Economic activity levels among local residents has been higher than the national average, fluctuating between 81.0% and 85.1% between 2000 and 2006, indicating a healthy labour market where a large proportion of people are available to work in the local economy.
- 5.52 Unemployment levels compared to national levels are also low. Importantly, with the exception of a brief interlude during 2003/04, County economic activity rates have been consistently above both regional and national averages.



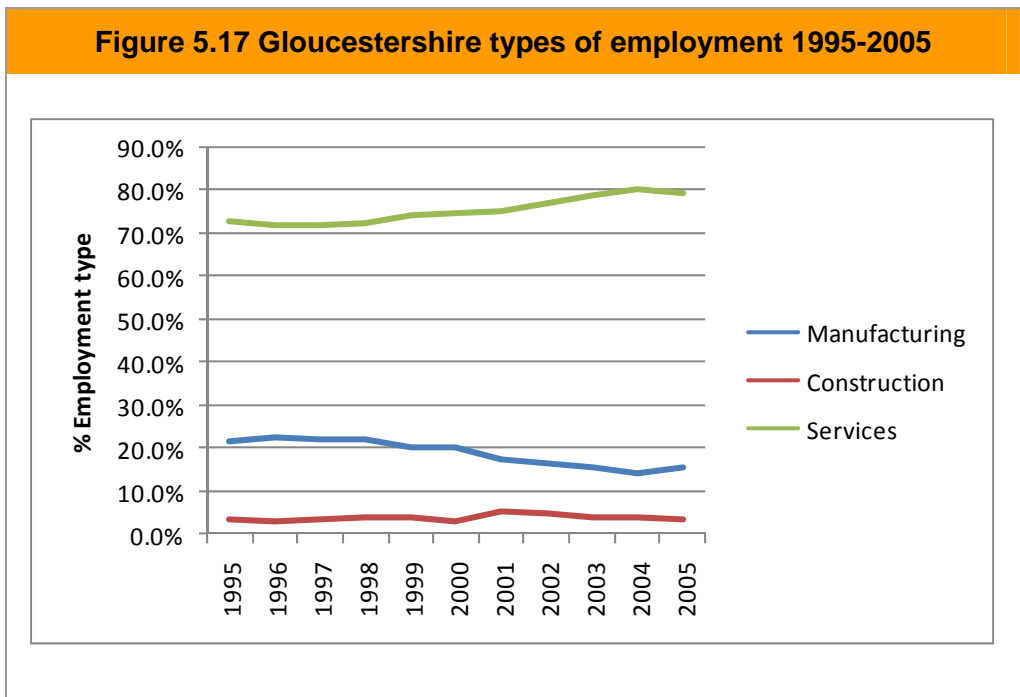
Source: NOMIS, 2006

5.53 The rate of unemployment within the County between 2000 and 2006 was consistently below the national average, although it was mainly around or slightly higher than the regional average.



Source: NOMIS, 2006

- 5.54 The County's economy is built around Cheltenham and Gloucester areas, which provide nearly half of the County's employment. As such, much of the draft Urban Economic Strategy reflects the importance of these two areas to the County's economy. In line with the national trend, the County is moving towards a service-based economy as primary and manufacturing industries continue to decline.
- 5.55 The largest employment sectors in Gloucestershire are currently public services, distribution and retail, and business services, banking and finance. However, compared to the region and nation, the County's manufacturing sector is still large, and the business and finance sector under-represented<sup>10</sup>.

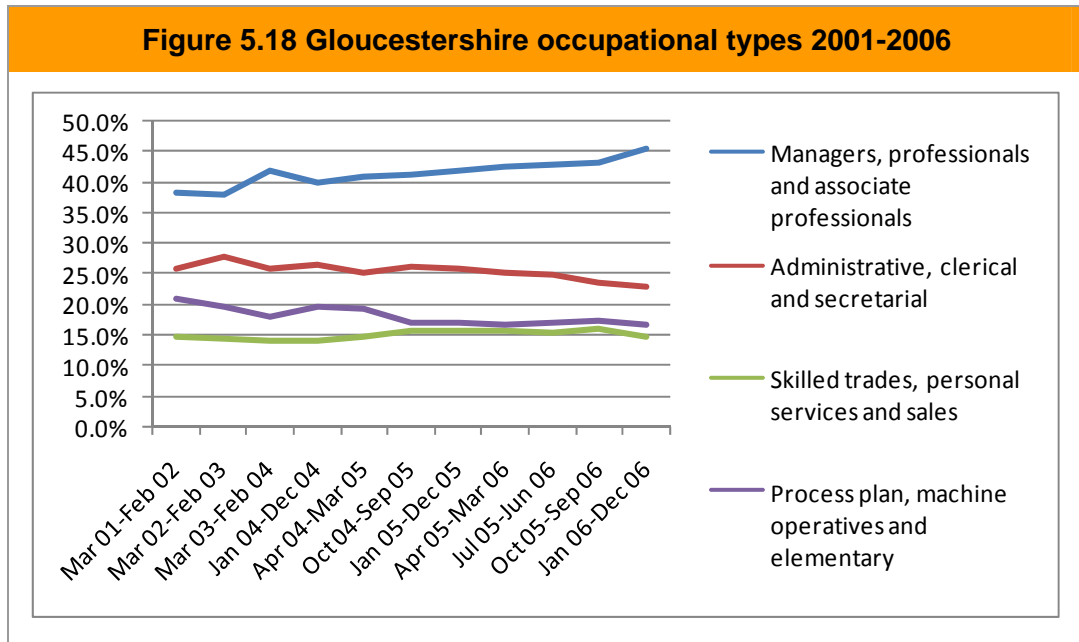


Source: NOMIS, 2006

- 5.56 As Gloucestershire moved towards a service economy, the number of higher-skilled managerial and professional occupations that it created increased, by 31% from 97,500 to 127,400 between 1991 and 2003. This compared with a growth of 11% in overall employment. In contrast, process plant, machine operatives and elementary occupations declined by 6% over the period. By 2003, managerial and professional jobs accounted for 41% of all employment, increasing from 34% in 1991.
- 5.57 Similar trends also occurred at district level with the proportion of managerial and professional occupations accounting for between 40 and 42% of all jobs across districts.

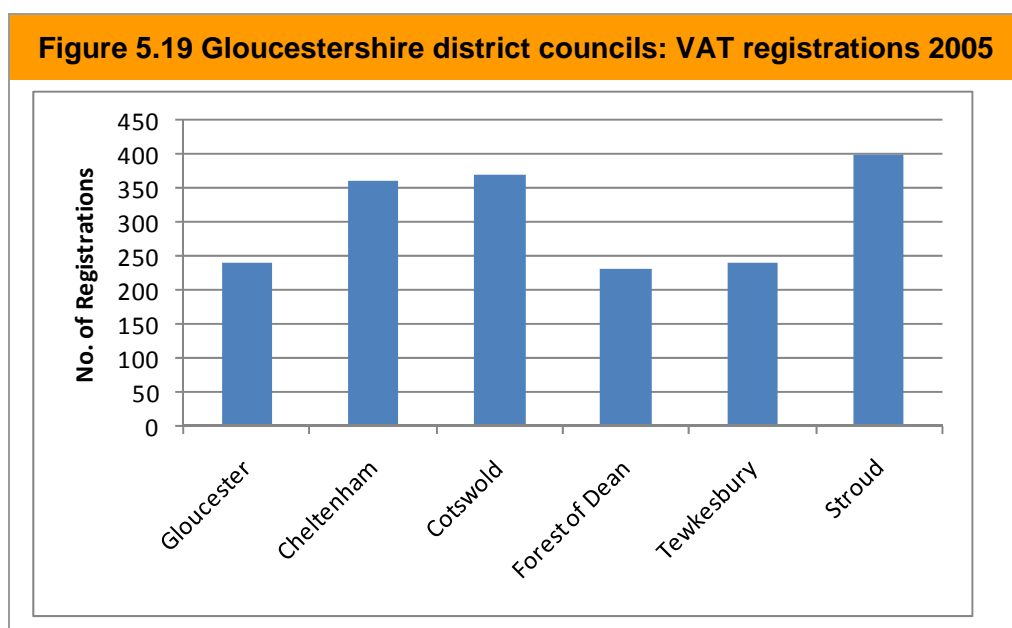
<sup>10</sup> The Economy of Gloucestershire, 2005, Gloucestershire Labour Market Information Unit (GLMIU), Research Team, Gloucestershire County Council

5.58 The increase in higher skilled employment would have resulted in a rise in average earnings, which might have sustained the increase in local house prices. Alternatively, as earning gaps widened between the highest paid and the lowest paid, the poorest paid workers would find local housing increasingly unaffordable.



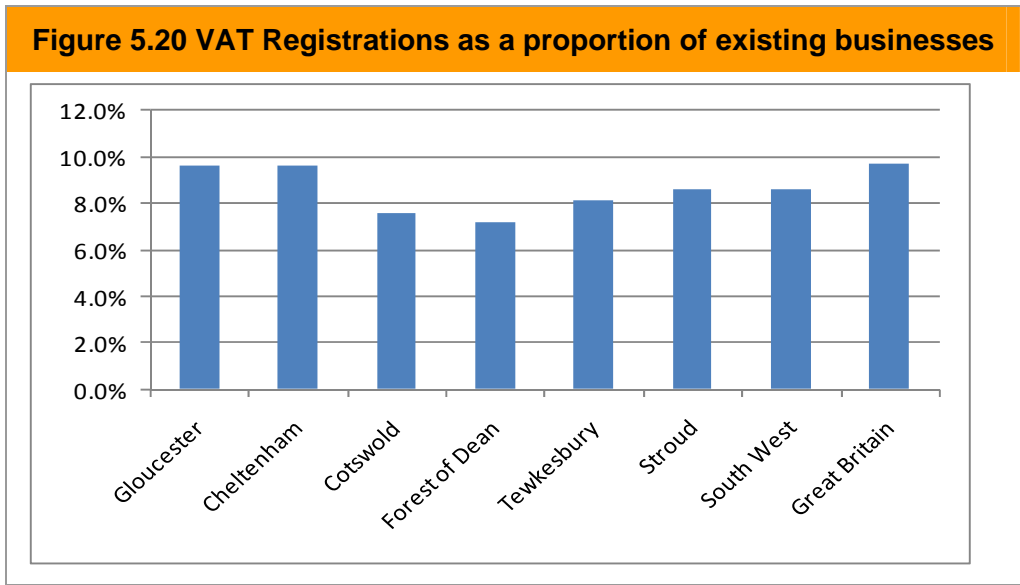
Source: NOMIS, 2006

5.59 The number of VAT registrations of businesses (i.e. businesses with an annual turnover higher than £60,000) can be broadly indicative of the health of the local economy. In absolute terms. New VAT registrations for 2005 were highest in Stroud district (400 new VAT registrations), followed by Cotswold (370), Cheltenham (360), Gloucester (240), Tewkesbury Borough (240) and Forest of Dean (230).



Source: ONS, 2007

5.60 However, it is important to look at new VAT registrations as a proportion of existing VAT registered businesses. In this instance the proportion of new VAT registrations for the Gloucestershire District Councils (8.5%) is lower than the UK average (9.7%) but around the regional average (8.6%).

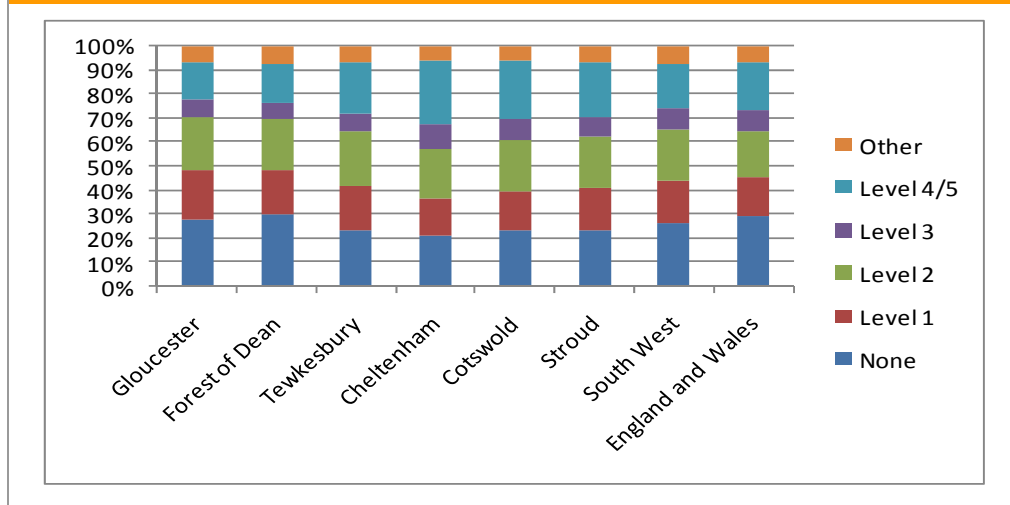


Source: ONS, 2007

### Skills and education

5.61 Compared with the UK and South West averages, people living within Gloucestershire are relatively well qualified. All six Councils have a lower than average proportion of people without qualifications (UK=29.1%) with Cheltenham (21.6%) containing the lowest proportion. Similarly, Cheltenham (26.5%) contains the highest proportion of people with qualifications at NVQ Levels 4/5 (or equivalent) and Gloucester the lowest (14.9%).

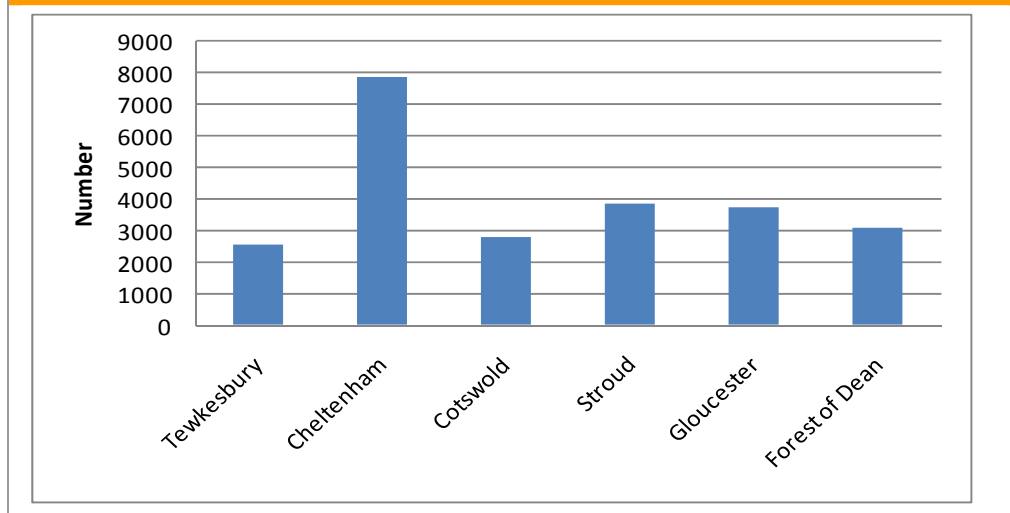
**Figure 5.21 Gloucestershire district councils: Level of qualifications 2001**



Source: ONS, 2007

5.62 Cheltenham also contains the largest number of people who derive from the council area and are registered as full-time students (7,896 students), followed by Stroud district (3,841), Gloucester (3,754), Forest of Dean (3,061), Cotswold (2,791) and Tewkesbury Borough (2,549).

**Figure 5.22 Gloucestershire district councils : Number of students 2001**



Source: ONS, 2007

5.63 The University of Gloucestershire has campuses in both Gloucester and Cheltenham. There are currently around 10,000 full-time and part-time students studying at the university although one of its key priorities is to expand student numbers to around 15,000 students in the near future.

5.64 Most students are currently housed in either halls of residence located on or close to campuses or in university accredited private rented accommodation. As such, any increase in student numbers without a corresponding increase in the provision of halls of residence is likely to increase demand for private rented sector accommodation located close to university campuses. In other study areas we have observed that local landlords have responded to this as they can achieve high rental yields due to students sharing.

### Step 3.1.4 Incomes and earnings

#### Incomes and earnings

5.65 Earnings of local residents are the key parameter of affordability. The overall average earnings in the County have increased at an annual rate of 4.7% during the last five years and by 2006 were above both the regional and national levels.

5.66 The pay gap between the County and the nation that widened between 2003 and 2004 is now closing. The latest average gross earnings of residents in Gloucestershire were £24,274 p.a. This is below the £24,908 p.a. average for the UK but above the £22,498 p.a. average for the South West<sup>11</sup>.

5.67 It is important to note that there is a slight difference between average County incomes based on those who live within the area (£24,274 p.a.) and incomes based on those who work within the area (£22,884 p.a.). However, differences between work and residence-based incomes are more substantial at district level. Cotswold residence-based incomes are 30% greater than work-place incomes, whilst in Gloucester residence-based incomes are 14% lower than work-place incomes.

<b>Table 5.3 Residence and work-based incomes</b>			
	Mean pay by residence	Mean pay by workplace	Diff (%)
Cheltenham	£24,809	£23,152	6.7%
Cotswold	£28,600	£20,004	30.1%
Forest of Dean	£25,840	£21,357	17.3%
Gloucester	£20,740	£23,691	-14.2%
Stroud	£23,413	£22,070	5.7%
Tewkesbury	£25,108	£25,030	0.3%
Gloucestershire	£24,274	£22,884	5.7%
South West	£22,498	£22,072	1.9%
UK	£24,908	£24,908	0.0%

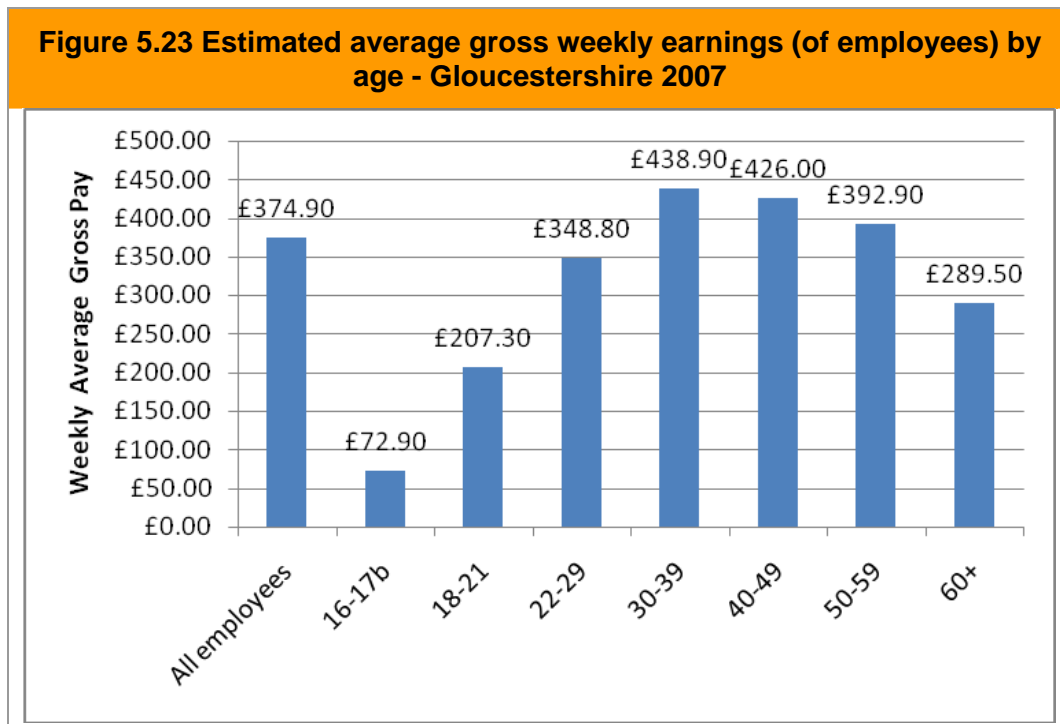
Source: Annual Survey of Hours and Earnings, Office for National Statistics, 2007

<sup>11</sup> Source: Annual Survey of Hours and Earnings, Office for National Statistics, 2007



## Income by age

- 5.68 National earnings statistics confirm that earnings ability increases with age until 50 where it begins to fall. Figure 5.23 applies national data pattern to local earnings among age groups. It shows that, in the County and across districts, a person's earnings climb during the age of 30 to 39, reaching its peak in their 40s and then starts to fall. The same pattern was seen across all districts.
- 5.69 This is consistent with home ownership rates in the County, which show sharp increases among the 35 to 44 year-olds.



Source: ASHE, 2007

## Summary

- i) The population in Gloucestershire has grown during the past 15 years, which has sustained demand for local housing. Cotswold and Tewkesbury Borough experienced the highest rate of growth over the period.
- ii) The population is projected to grow over the next 20 years by around 8%. This is much lower than the predicted increase in household growth (21.7%) which is faster than population growth due to the trend of decreasing household size.
- iii) The local Black & Minority Ethnic (BME) population displays a different tenure profile from the white population and have more diverse household structures.
- iv) The number of one-person households is predicted to rise in the next two decades, meaning that demand for more housing, and in particular smaller housing units, will continue to grow.
- v) Economic activity levels among local residents are higher than the national average, fluctuating between 81.0% and 85.1% between 2000 and 2006.
- vi) During the same period, the rate of unemployment within the County between 2000 and 2006 at 3.8% was consistently below the national average of 5.1% although it was mainly around or slightly higher than the regional average of 3.6%.
- vii) There is considerable variation across the County in relation to benefit claims. This demonstrates varying levels of poverty across the County.
- viii) The largest employment sectors in Gloucestershire are currently public services, distribution and retail, and business services, banking and finance.
- ix) Compared with the UK and South West averages, people living within Gloucestershire are relatively well qualified.
- x) The changing economy means that the types of occupations the County has to offer are vastly different from those of a few decades ago, impacting on economic rates (of both men and women), earnings and ultimately housing affordability.
- xi) The average gross earnings of residents in Gloucestershire during 2006 were £24,274 a year, below the £24,908 for the UK but above the £22,498 for the South West. However, it is important to note that, at district level, there are substantial differences between average County incomes based on workplace and incomes based on residence.

## 6. Housing stock

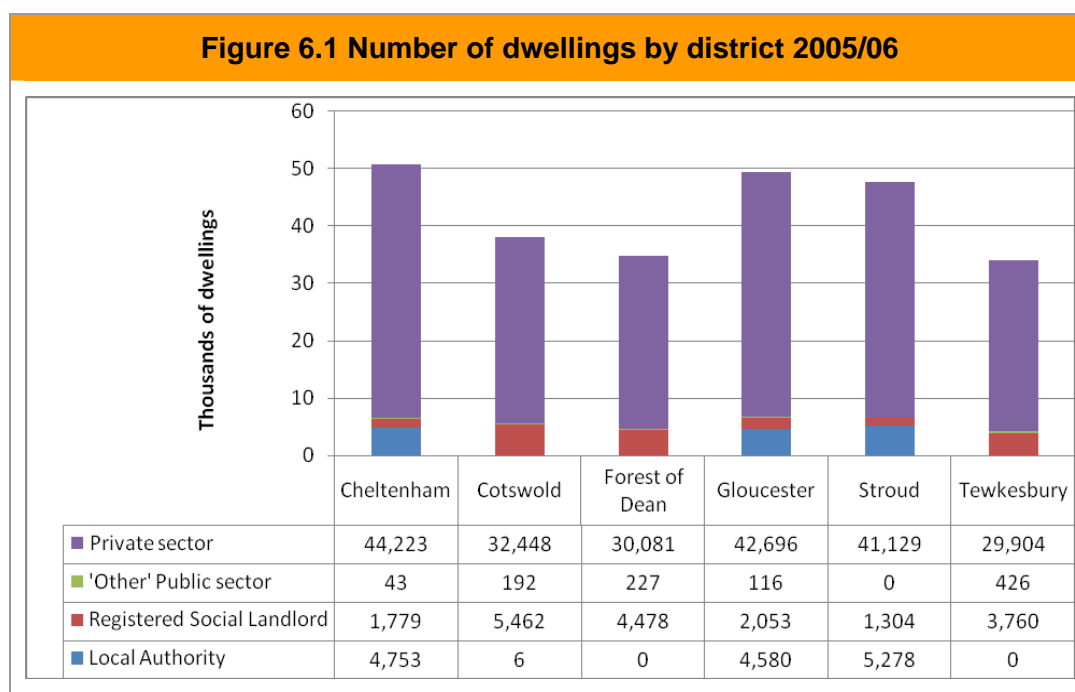
The purpose of this chapter is to explain:

- The profile of the housing stock, features of the households within it, and its physical condition

### Step 3.2.1 Dwelling profile

#### Dwelling profile

- 6.1 The Census provides the numbers of household spaces in the County. However, household space is not equivalent to a dwelling, a unit that planners often use to plan housing, because a dwelling can consist of one or more household spaces.
- 6.2 Between 2001 and 2005/6, a net total of 8,900 dwellings were completed<sup>12</sup>. By 2005/06, the most populated districts of Cheltenham, Gloucester and Stroud District accounted for 20%, 19% and 19% respectively of all dwellings in the County.



Source: South West HSSA 2005/06

<sup>12</sup> Housing Land Availability Monitor, Research Team, Gloucestershire County Council, 2006

- 6.3 The proportion of properties in council tax bands can be used as a proxy measure for household wealth. As can be seen in the table below, there are some minor differences between the Districts in Gloucestershire.
- 6.4 Gloucester contains the highest proportion of properties in Council Tax Band A (30.6%) (i.e. the lowest valued properties), which is higher than the average for England and Wales (24.7%). However, the remaining five authorities have a lower than average proportion of properties in Band A.
- 6.5 In contrast, Cotswolds (23.0%) contains the highest proportion of properties in the four highest bands (i.e. F-I), followed by Tewkesbury Borough (13.5%), Stroud district (13.0%), Cheltenham (8.7%), Forest of Dean (8.3) and Gloucester (2.0%).

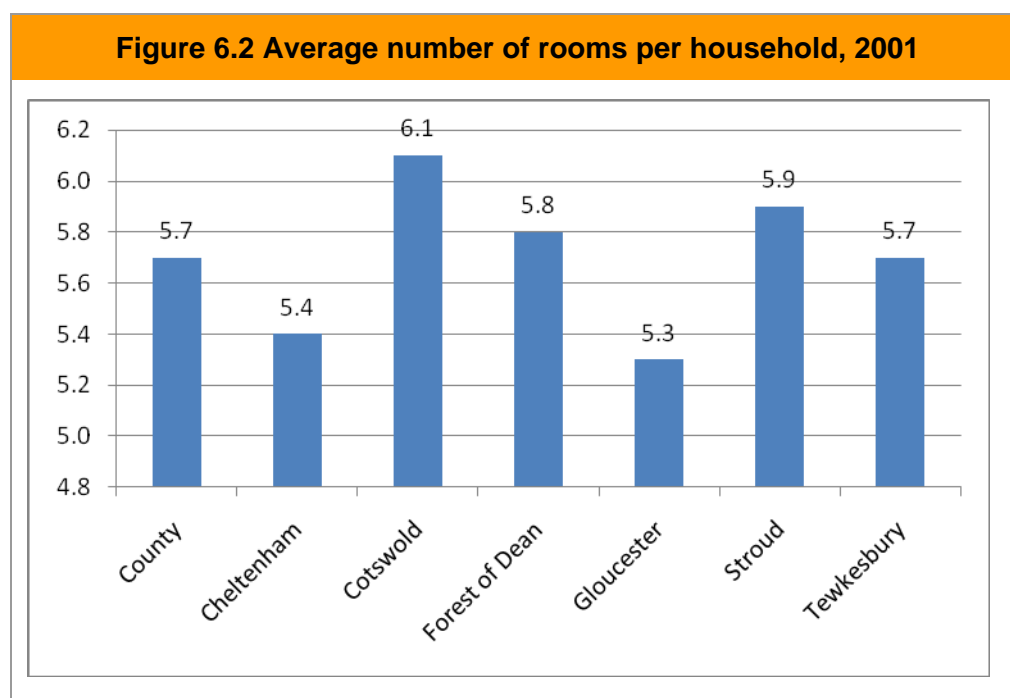
**Table 6.1 Gloucestershire district councils council tax bands, 2006**

Council tax band	Tewkesbury (%)	Cheltenham (%)	Cotswold (%)	Stroud (%)	Gloucester (%)	Forest of Dean (%)	South West (%)	England & Wales (%)
Band A	16.4	16.6	8.2	13.8	30.6	17.6	17.2	24.7
Band B	15.6	23.8	12.0	23.3	27.2	25.6	24.4	19.4
Band C	26.8	25.9	25.9	22.7	23.6	22.8	23.1	21.6
Band D	14.9	16.2	16.4	15.0	10.2	15.1	15.8	15.2
Band E	12.9	8.9	14.5	12.2	6.4	10.8	10.6	9.7
Band F	7.9	4.8	10.8	7.4	1.6	5.3	5.4	5.2
Band G	5.1	3.7	10.6	5.1	0.4	2.8	3.1	3.6
Band H	0.5	0.2	1.6	0.5	0.0	0.2	0.3	0.6
Band I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: ONS 2001 Housing Size

- 6.6 From Census 2001 data, it can be determined that the average size of housing in Gloucestershire was 5.66 rooms. The definition of a room in the Census<sup>13</sup> is not the same as a bedroom, which is a more commonly used concept to judge the size of a house and plan for housing.
- 6.7 The average number of rooms was the highest in Cotswold where the average was 6.06 rooms per household. Despite that, its average household size was the second smallest in the County. Gloucester had the lowest average number of rooms in the County (5.33 rooms) while its average household size was ranked the third highest in the County (the map 'Average Number of Rooms per Household in 2001' in Volume 2 of this report confirms that that larger houses are more likely to be in rural areas, especially Cotswold).

<sup>13</sup> Include kitchen, living rooms, bedrooms, utility rooms and studies. Exclude bathrooms, toilets, halls, landings and storage rooms.

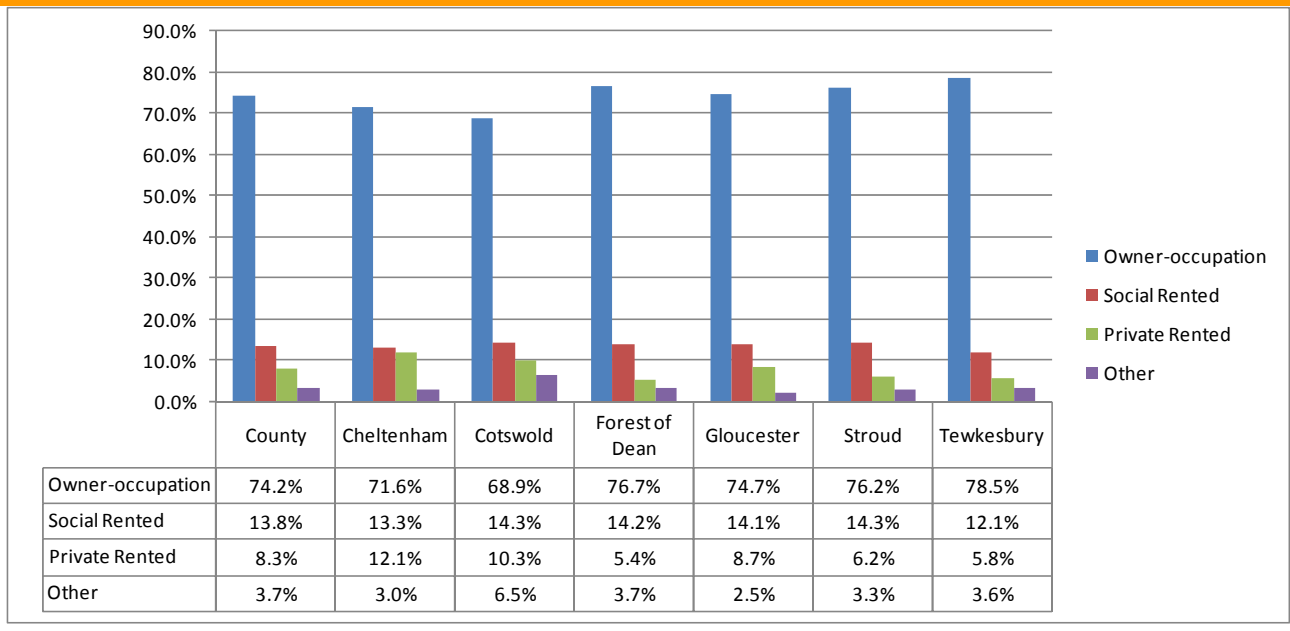


Source: ONS, 2001

## Housing tenure

- 6.8 The proportion of households in owner-occupation increased between 1991 and 2001 in Gloucestershire. Over the period, the number of owner-occupied households in the County rose by nearly 23,000 and accounted for 80% of total housing growth during that time.
- 6.9 The level of owner-occupation in Gloucestershire at 72.2% was also high compared to the national average of 68.9%. The proportion of home ownership was the highest in Tewkesbury Borough at 78.5%, which was ranked the sixth highest in the South West. Cotswold and Cheltenham Districts were among the lowest in the region (ranked 38th and 33rd respectively out of 45 districts).

**Figure 6.3 Tenure mix in Gloucestershire and districts, 2001**



Source: ONS, 2001

NB 'Other' includes households renting from an employer of a household member, relative or friend of a household member, or living rent free.

### Headship rate by age

6.10 The following table compares headship rates<sup>14</sup> among the 16 to 44 year-olds between 1991 and 2001 in Gloucestershire to assess prevalence of headship among this age group. Headship rates among the 16 to 24 and 25 to 34 age groups in Gloucestershire were 12.9 and 47.8% respectively in 2001. There was no equivalent comparison with 1991 data because of different age categories used. The combined headship rate for 16 to 44 year-olds suggests that headship rate of this group rose from 39.0% to 41.7% between 1991 and 2001. The rise in headship rates among this age group could be due to the growing number of single-person and smaller households, and an increase in female householders.

**Table 6.2 Headship rates among 16-44 year olds 1991 & 2001**

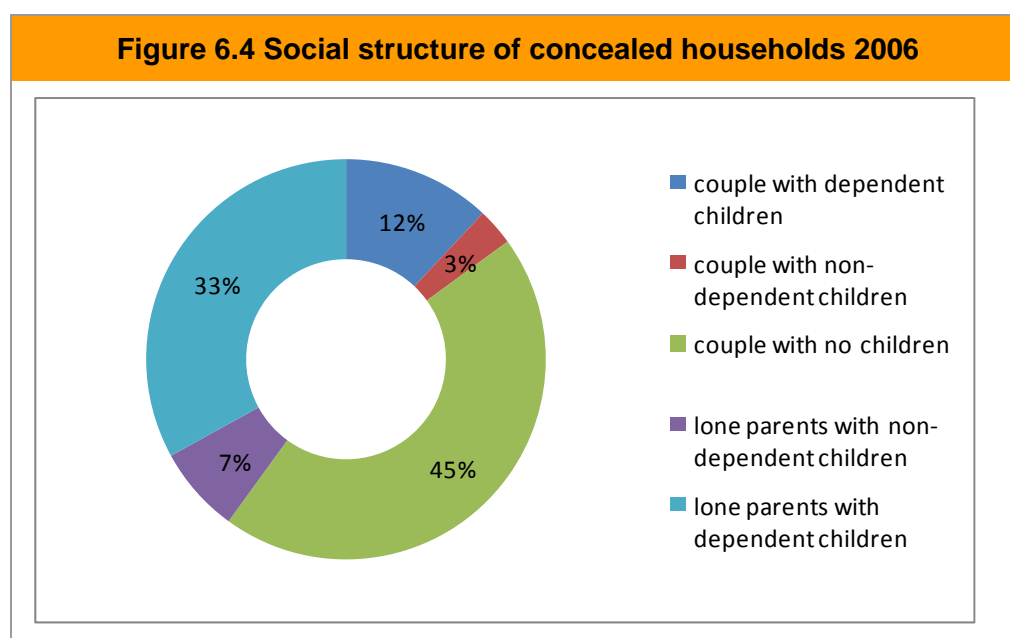
Age of household reference person	1991 headship rate	2001 headship rate
16-24		12.9%
16-29	25.5%	
25-34		47.8%
35-44		55.3%
30-44	51.6%	
16-44 combined	39.0%	41.7%

Source: ONS, 2001

<sup>14</sup> The number of household reference persons as a proportion of the population in that age group.

## Concealed families

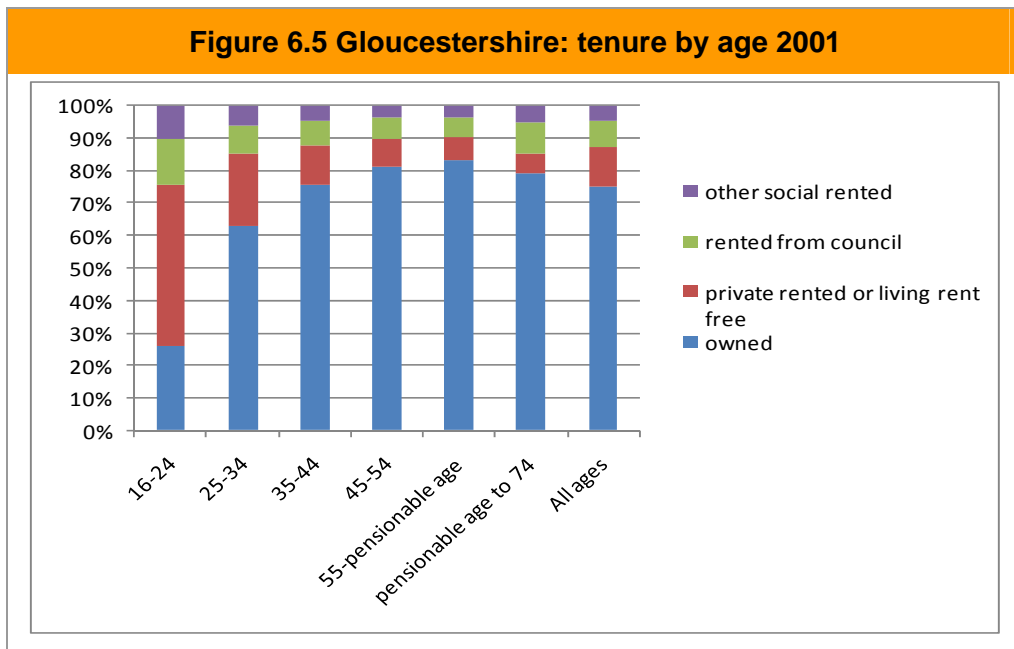
- 6.11 The Census provides an estimate of the number of concealed families in the County by identifying a concealed family as one that does not include the household reference person. In other words, they are family living within another family household. One important policy issue for planning and housing authorities about concealed family is to know the extent to which families are forced to become 'concealed' because they cannot afford to move.
- 6.12 In Gloucestershire there were approximately 1,400 concealed families, representing about 0.8% of all families in the County. Compared to England and Wales (1.1%), the proportion in Gloucestershire was low.
- 6.13 Couples without children emerged as the largest group of concealed families in Gloucestershire, accounting for 45% of all concealed families. Among these families, nearly 40% of heads of households were aged 29 or under. The second largest group was lone-parents with dependent children, representing 33% of all concealed families. This is despite local council house policies that give accommodation priorities to lone-parents with dependent children.
- 6.14 The likelihood of a lone-parent family becoming 'concealed' also seems to be linked to the age of the parent. Among all concealed lone-parent households with dependent children, 60% of parents were aged 29 or under. A significant number of concealed families in the County were pensioner-couples, accounting for 14% of all concealed households across the County.



Source: ONS, 2001

### Access by age

6.15 Data from the Census suggests that home ownership in Gloucestershire and districts started between 25 and 34 and rose rapidly among the 35 to 44 year-olds. Ownership rate reached a plateau of between 81% and 83% among the middle-aged householders (mature households) before it gradually fell to around 79% among pensioners. Private renting was most prevalent in the younger groups and rare among pensioners.

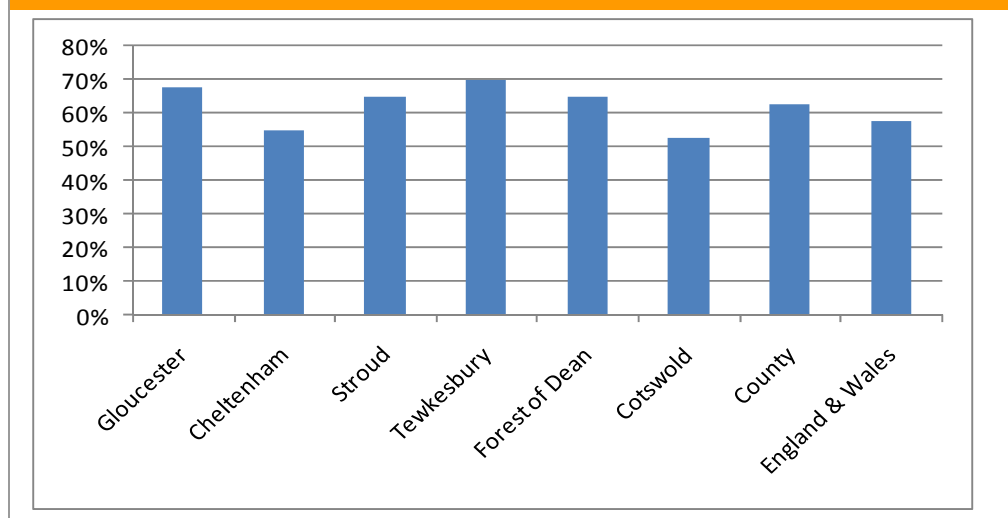


Source: Gloucestershire County Council 2001

6.16 The following chart focuses on home ownership rates among the 25 to 34 year-olds, the target group of government housing policies. It can be seen that ownership rate among this group in the County was higher than the national average. However, the rates were comparatively low in Cotswold and Cheltenham, implying that affordability among young people in these two districts was low.



**Figure 6.6 Proportion of household reference persons aged 25-34 in owner-occupation 2001**

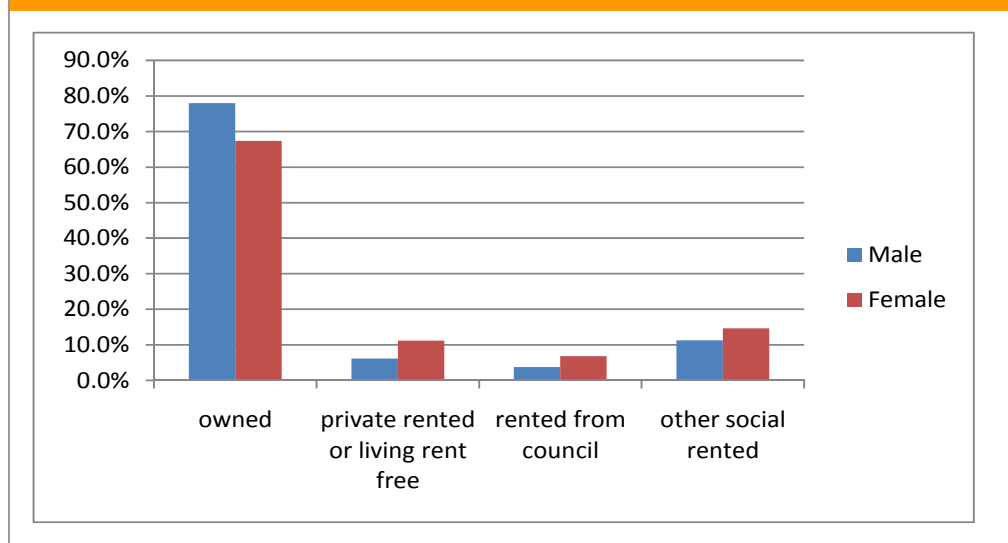


Source: Gloucestershire County Council 2001

## Access by gender

6.17 There were clear tenure differences between male and female household reference persons in Gloucestershire. Across the County, home ownership among females was lower than that of males, and the proportion of female household reference persons in social renting was nearly twice as high as that of males. The lower proportion in ownership among households headed by females was likely to be due to lower income. It is envisaged that an increase in supply of affordable housing e.g. shared-equity homes, might fill the gaps in the housing market for some female householders.

**Figure 6.7 Tenure by gender of household reference persons in Gloucestershire 2001**

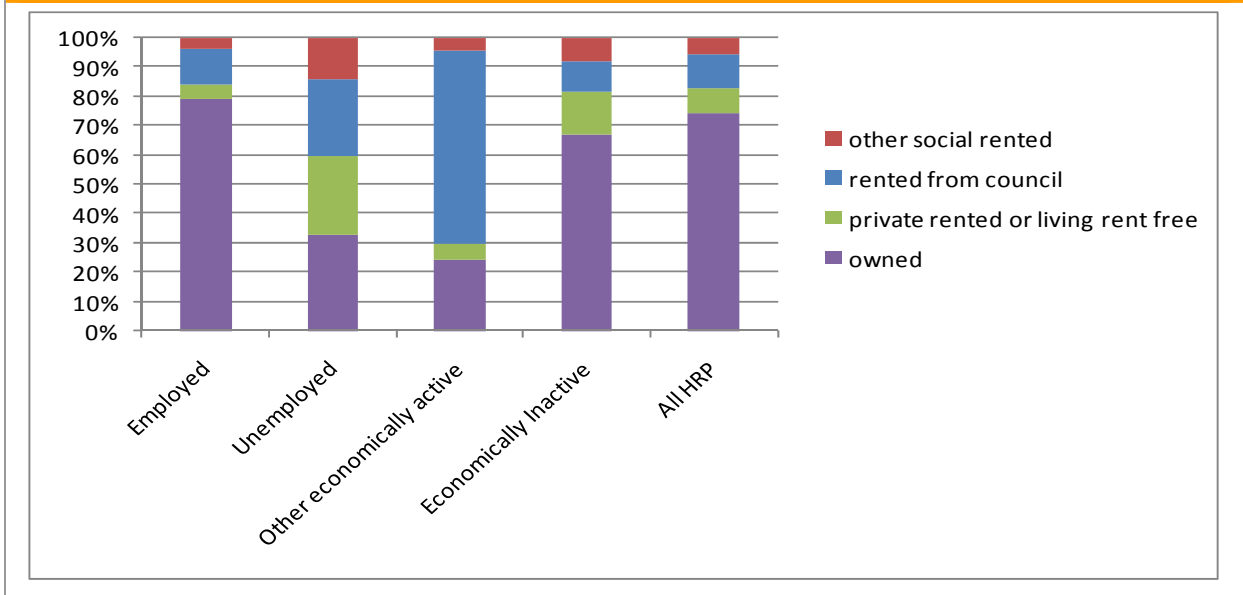


Source: Gloucestershire County Council 2001

### Access by economic activity

6.18 Census data indicates that a householder’s economic activity impacts on their access to housing. In general, employed householders were the most likely to be homeowners than any other groups. Self-employment, however, appeared to be a hindrance to ownership. Ownership among unemployed householders was also low.

**Figure 6.8 Gloucestershire: access to housing by economic activity of household reference persons 2001**

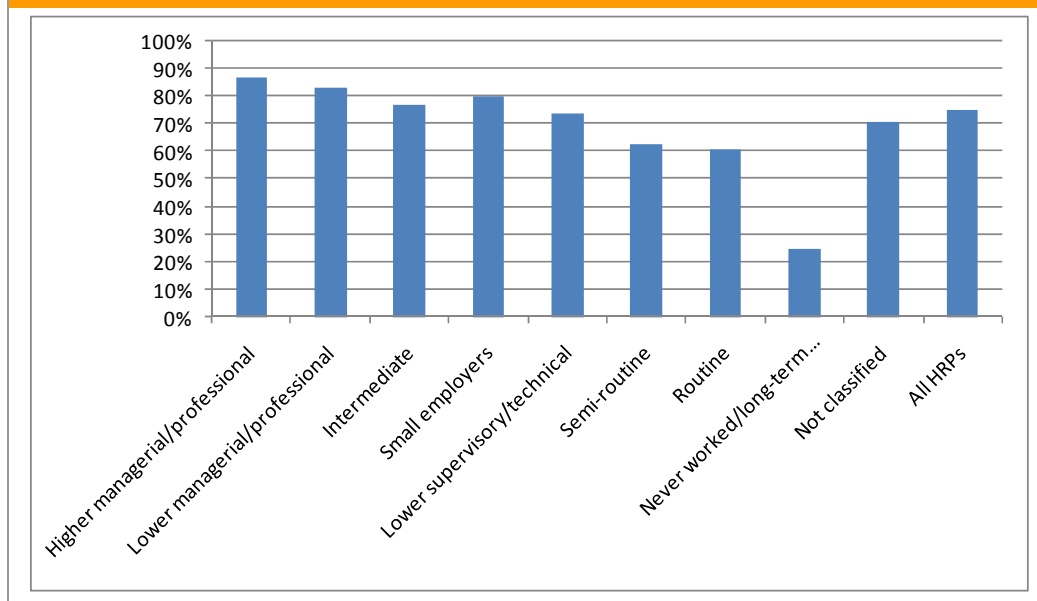


Source: Gloucestershire County Council 2001

### Access by social class

6.19 The following chart examines the prevalence of ownership across householders of different social class in 2001 in the County as a whole. It can be seen that overall, there was a direct correlation between social class and home ownership: the higher the social class of the householder, the more likely they were a homeowner.

**Figure 6.9 Proportion of home ownership by social class in Gloucestershire 2001**



Source: Gloucestershire County Council 2001

### Step 3.2.2 Stock condition

6.20 The table below shows that the rate of unfitness in the private rented sector averages 7.5% ranging from 16.2% in Stroud district to 1.1% in Cotswold. The average rate of unfitness in the social rented sector is much lower at 1.3% suggesting that stock owning councils and Registered Social Landlords have made good progress in bringing properties up to Decent Homes standard, although it ranges fairly widely from 4.1% in Cotswold to 0.4% in Forest of Dean.

**Table 6.3 Rate of unfitness**

	LA/RSL (%)	Private Rented (%)
Cheltenham	0.5%	8.9%
Cotswold	4.1%	1.1%
Forest of Dean	0.4%	3.2%
Gloucester	2.2%	6.1%
Stroud	0.6%	16.2%
Tewkesbury	0.0%	6.9%
Gloucestershire	1.3%	7.5%

Source: HSSA 2007

### Step 3.2.3 Shared housing and communal establishments

- 6.21 Shared housing and communal establishments can be a result of inadequate supply of affordable housing in a local area. In the Census, a household space is considered as a shared dwelling if one of the conditions set is present in the accommodation, e.g. not all rooms are behind a door that only that household can use<sup>15</sup>.
- 6.22 Of all household spaces in Gloucestershire, over 99.7% were in an unshared dwelling. In total, only 603 household spaces were in a shared dwelling, representing 0.24%. This was below the national proportion of 0.35%.
- 6.23 The distribution of shared dwellings was highly uneven with almost all located in Gloucester and Cheltenham.

<b>Table 6.4 Household space in shared and unshared dwellings Gloucestershire 2001</b>		
	Number	%
All Household Spaces	248,832	100.00
In an unshared dwelling	248,229	99.76
In a shared dwelling	603	0.24

Source: Census 2001

- 6.24 According to the Census, there were just over 9,650 people in the County living in communal establishments, representing 1.7% of all residents in the County. Of these, 52% lived in medical and care establishments. Older people over the age of 74 accounted for 36% of people in communal establishments. A slightly larger number of people in communal establishments, however, were between the age of 16 and 34 accounting for 37%. 11% of communal residents were children.
- 6.25 Cheltenham had the largest number of communal residents, which reflects the number of care/elderly homes and boarding schools in the area. One implication of the former characteristic is that Cheltenham may become the focus of demand from older people in rural areas with fewer care homes.

<sup>15</sup> See Census 2001: Definition.

## Summary

- i) There was an estimated 255,700 dwellings in the County in 2005/06 with Cheltenham, Gloucester and Stroud district having the largest numbers.
- ii) The overall housing density in the County is low at 0.9 households per hectare although housing densities in Gloucester and Cheltenham tend to be higher than the County average. Also, densities in new housing sites in the two districts had also increased during recent years.
- iii) The average number of rooms is highest in Cotswold where the average was 6.06 rooms per household despite its average household size being second smallest in the County.
- iv) The number of households in owner-occupation rose between 1991 and 2001 in the County and districts, accounting for 80% of total housing growth during that time. The level of owner-occupation in Gloucestershire was also higher than the national average.
- v) Social housing provisions declined as a whole between 1991 and 2001 while private renting became more prevalent particularly in Cheltenham and Gloucester over this period.
- vi) With the exception of non-purpose built accommodation, all housing types recorded an increase in numbers across districts. The largest increase was in detached and semi-detached dwellings. There were, however, large disparities in housing type mix between districts.
- vii) Less than 0.3% of household space in the County was shared housing, with almost all of these locating in Gloucester and Cheltenham.
- viii) There were approximately 1,400 concealed families in the County, representing about 0.8% of all families. Couples without children were the largest group, accounting for 45%. The second largest group was lone-parents with dependent children, representing 33%.



## 7. The active housing market

The purpose of this chapter is to explain:

- The cost and affordability of housing, its level of occupancy and turnover

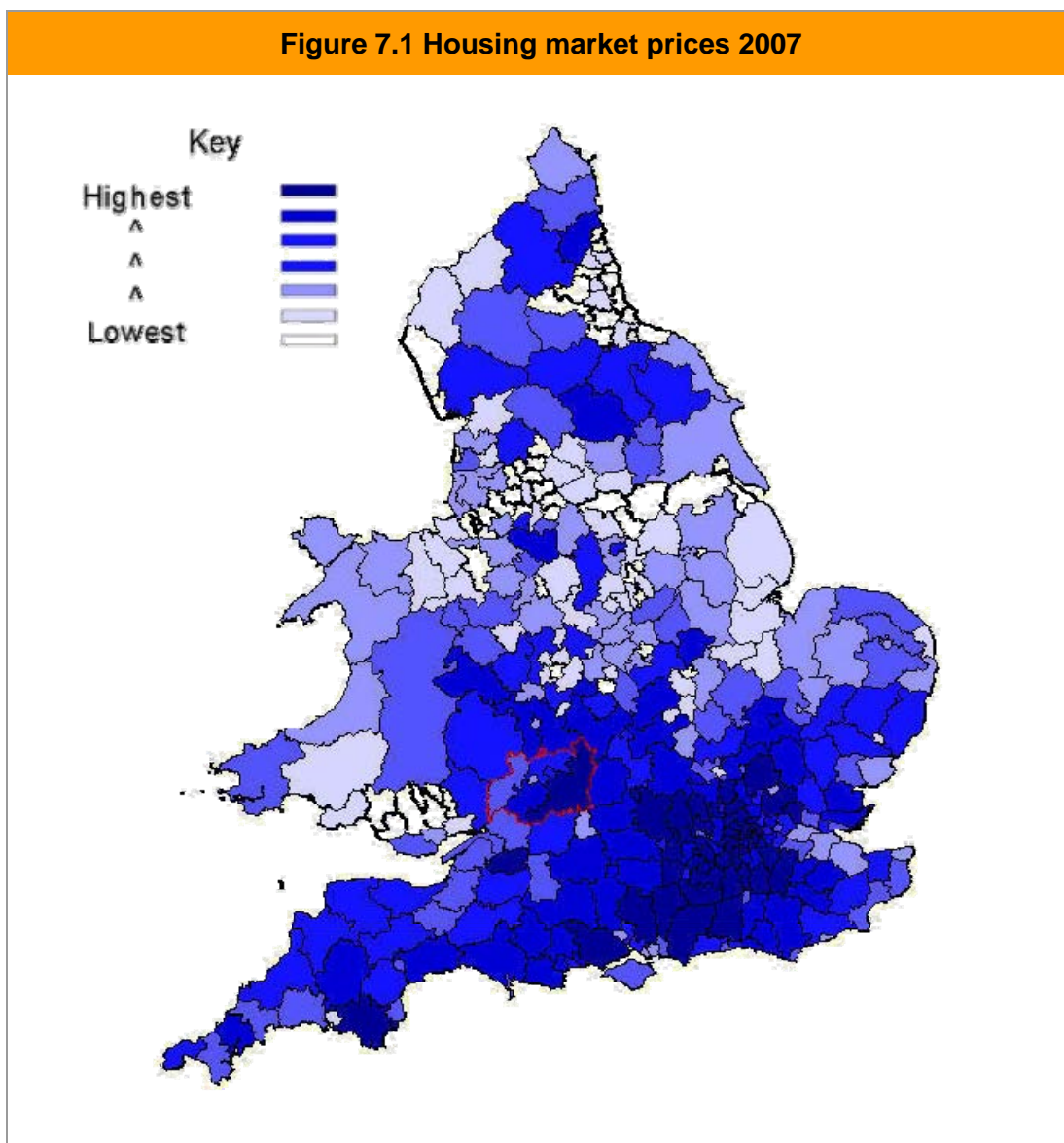
### ***Step 3.3.1 The cost of buying or renting a property***

#### **The cost of buying or renting a property**

- 7.1 Average house prices for all types of housing<sup>16</sup> in Gloucestershire have been above the national average since 1996. While average house prices in the County and the region began to converge in 2002, the gap between the County and the nation has widened in the last 5 years as local average house prices increased at a faster rate than nationally.
- 7.2 Between 1996 and 2005, average house prices in the County rose by 12.0% per annum. This is against the regional and national annual increase of 12.5% and 11.4% respectively.
- 7.3 The map below shows that by the second quarter (March to June) 2007 Gloucestershire was one of the most expensive in the region and average house prices were comparable to those in the South East.

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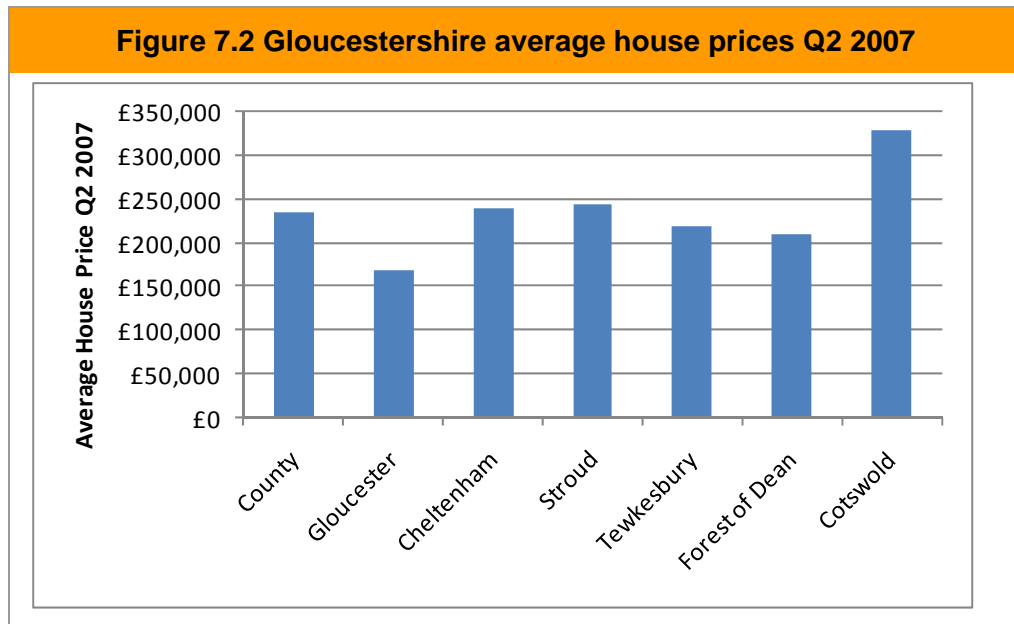
<sup>16</sup> Source: CLG website



Source: Land Registry, 2007

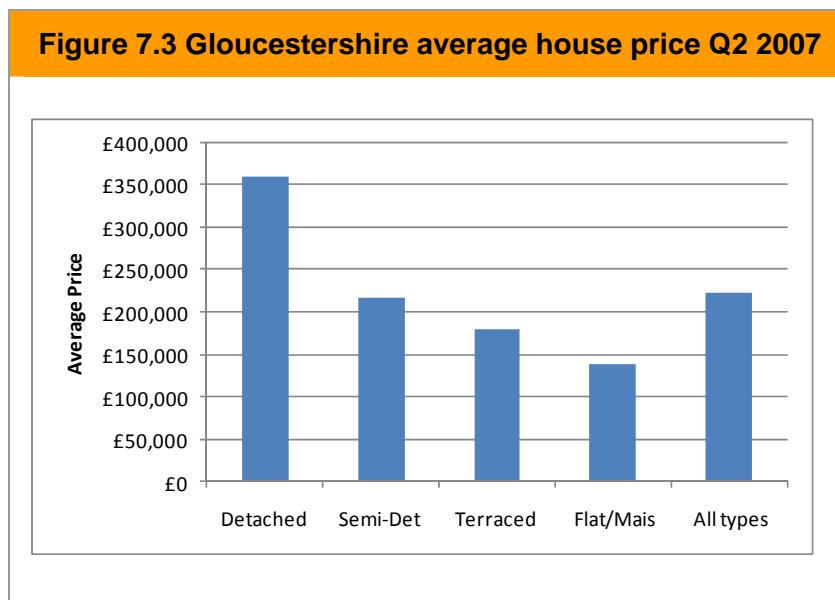
- 7.4 By quarter 2 of 2007, the average price for all property types in Gloucestershire had increased to £235,184 (Land Registry, 2007). Average house prices during quarter 2 of 2007 were highest in Cotswold (£330,168) and lowest in Gloucester (£168,816).





Source: Land Registry, 2007

- 7.5 The average price for different types of properties within the County vary widely with detached properties averaging £359,197, semi-detached properties £217,913, terraced properties £179,457 and flats or maisonettes £138,725. However, it is important to note that there are variations between districts with, for example, the average price of detached houses during the same period ranging from £248K in Gloucester to £472K in Cheltenham.



Source: Land Registry, 2007

### Step 3.3.2 Affordability of housing

7.6 The following table allows comparison of average prices across the County whilst the next sub-section provides more detail for dwelling types.

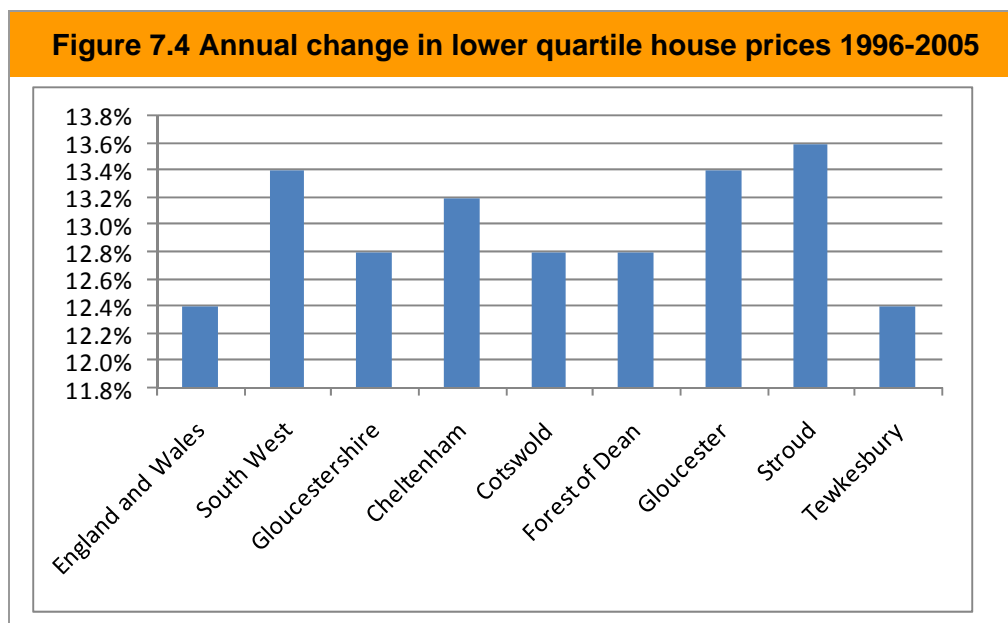
Table 7.1 Land registry average prices (4th quarter 2007)		
Area	Average price	Comparison with England & Wales
Cheltenham	£238,267	107.2%
Cotswold	£346,402	155.9%
Forest of Dean	£214,914	96.7%
Gloucester	£172,586	77.7%
Stroud	£252,791	113.7%
Tewkesbury	£251,928	113.4%
Gloucestershire	£239,282	107.7%
South West	£234,847	105.7%
England & Wales	£222,256	100.0%

Source: Land Registry

#### Entry-level properties

7.7 Housing costs for entry-level properties (approximated by lowest quartile properties) in Gloucestershire rose faster than average properties, at 12.8% per annum between 1996 and 2005, indicating high demand relative to supply. The average house price for entry-level properties in Gloucestershire was £128,000 in 2005 compared to £44,000 in 1996. Again, there was some variation across districts with lower quartile house prices at £111K in Gloucester, compared with £122K in Forest of Dean, £133K in Tewkesbury Borough, £135K in Stroud district, £136K in Cheltenham and £172K in Cotswold.

7.8 The trend was seen across all districts except in Forest of Dean where house prices for entry-level properties grew at a slower rate than average properties. Between 1996 and 2005, Stroud and Gloucester recorded the highest rates of house price growth for entry-level properties.



Source: Land Registry, 2005

- 7.9 Using Land Registry's quarterly house price data for various types of properties between April/June 2003 and April/June 2006; this section compares the most recent changes in house prices for different types of housing in all districts in order to identify the presence of demand pressure.
- 7.10 This perspective is slightly modified when the rates of recent change are considered. Lower quartile house prices during 1996 to 2005 increased most in Stroud district and Gloucester where change was at or above the regional average.
- 7.11 House price increases for Cheltenham during the same period were slightly below the regional average whilst house price increases in Cotswold and Forest of Dean were relatively low (below the regional average but higher than the average for England and Wales). Finally, house price increases in Tewkesbury Borough were the lowest in the region although still at around the average for England and Wales.

**Table 7.2 Average house prices Apr/Jun 2003 - Apr/Jun 2006**

Detached Houses					
	Apr-Jun 2003	Apr-Jun 2004	Apr-Jun 2005	Apr-Jun 2006	% growth 2003-2006
Gloucestershire	274,159	285,330	306,497	324,765	18.5
Cheltenham	328,265	329,296	333,015	356,293	8.5
Cotswold	361,827	373,246	397,479	475,635	31.5
Forest of Dean	199,410	240,210	243,301	251,168	26.0
Gloucester	194,188	206,862	237,253	234,973	21.0
Stroud	280,882	296,698	301,507	317,337	13.0
Tewkesbury	281,455	278,587	298,683	297,817	5.8
Semi-Detached Houses					
Gloucestershire	148,720	172,166	179,078	186,255	25.2
Cheltenham	164,546	199,540	215,627	226,949	37.9
Cotswold	200,416	239,653	225,503	231,251	15.4
Forest	113,429	134,288	157,341	156,471	37.9
Gloucester	120,764	137,793	142,696	151,033	25.1
Stroud	159,572	169,857	173,923	183,190	14.8
Tewkesbury	145,085	166,219	170,067	182,960	26.1
Terraced Houses					
Gloucestershire	128,427	150,045	150,621	163,065	27.0
Cheltenham	158,257	176,478	180,242	198,563	25.5
Cotswold	176,439	202,209	198,477	230,472	30.6
Forest	97,041	120,856	129,185	137,557	41.8
Gloucester	100,716	116,351	122,738	127,505	26.6
Stroud	122,554	143,930	156,585	157,136	28.2
Tewkesbury	123,169	138,337	137,093	148,714	20.7
Flats/Maisonettes					
Gloucestershire	109,187	131,464	136,028	138,193	26.6
Cheltenham	129,800	149,522	155,991	157,969	21.7
Cotswold	167,778	165,084	153,765	174,711	4.1
Forest	71,975	84,938	75,025	101,126	40.5
Gloucester	82,670	103,267	118,129	113,020	36.7
Stroud	91,288	105,195	131,671	115,907	27.0
Tewkesbury	70,405	115,468	97,456	107,820	53.1

Source: Land Registry, 2006

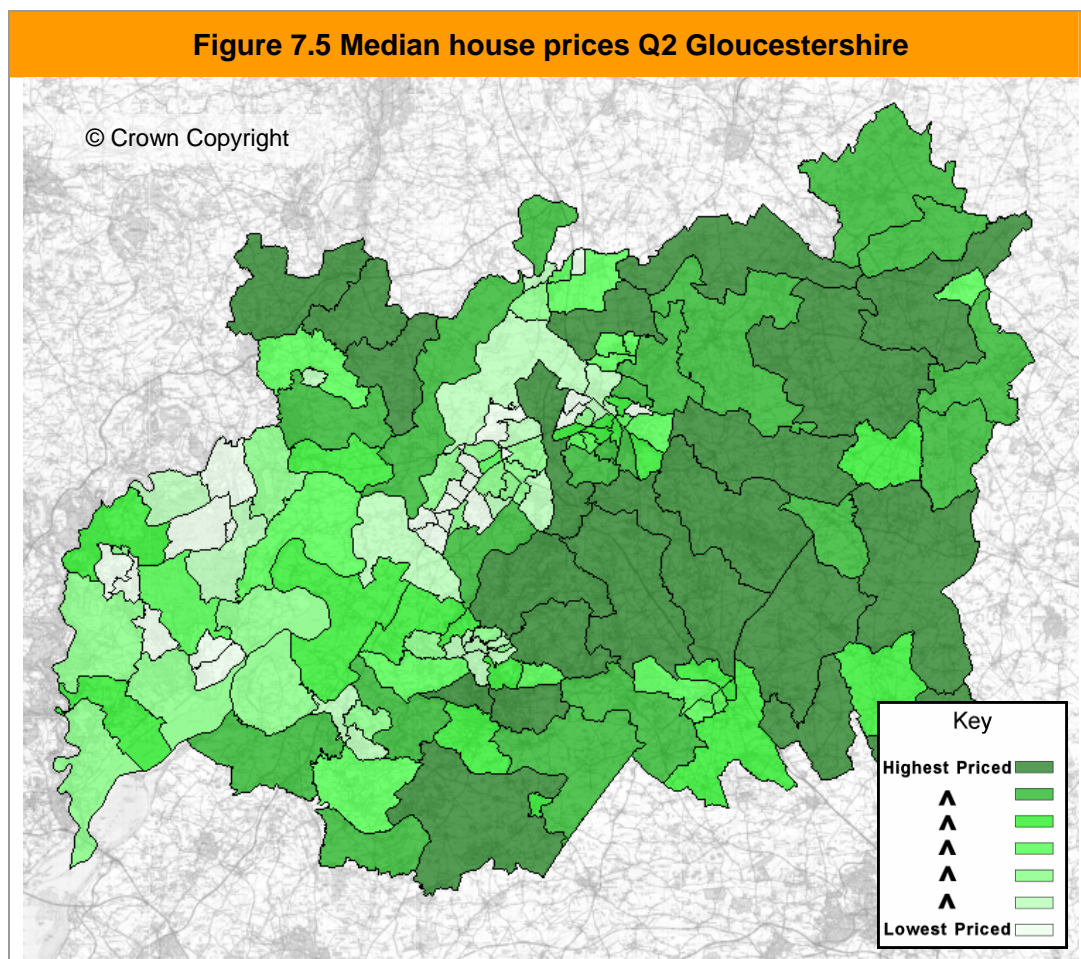
7.12 As noted above, more recent figures (Quarter 2 of 2007) show that average house prices in Gloucestershire had increased to £235,184. However, there is considerable variation throughout the County with average house prices highest in Cotswold (£330,168) and lowest in Gloucester (£168,816).

**Table 7.3 Gloucestershire average house prices (Quarter 2, 2007)**

District Name	Detached	Sales	Semi-Det	Sales	Terraced	Sales	Flat/Mais	Sales	Overall Average	Total Sales
Gloucester	£248,667	121	£169,941	235	£143,287	225	£127,408	101	£168,816	682
Cheltenham	£472,975	88	£246,370	191	£212,647	165	£160,667	217	£239,985	661
Stroud	£377,411	184	£210,133	157	£178,352	150	£145,308	98	£243,510	589
Tewkesbury	£317,082	120	£206,586	155	£170,870	97	£126,812	56	£219,034	428
Forest of Dean	£278,172	152	£175,292	115	£146,488	69	£112,950	22	£209,590	358
Cotswold	£465,194	151	£299,516	107	£225,095	101	£159,203	38	£330,168	397

Source: Land Registry, 2007

7.13 The map below, which indicates median house prices across the County, confirms that highest median house prices are highest around the north and east of the County especially Cotswold and Tewkesbury Borough.

**Figure 7.5 Median house prices Q2 Gloucestershire**

Source: Fordham Research, 2007

7.14 Chapter 6 of the evidence base, which contains guidance on the sizes and tenures of new housing required at sub-district level, suggests that both the level and distribution of affordable housing in each district varies considerably.

- 7.15 In areas with a greater proportion of social rented housing it could be assumed that the need will be relatively lower (as there is a greater stock of housing to meet needs as they arise). This pattern has been observed in many districts. However, it is also possible that, due to higher levels of social and economic disadvantage, areas with the greatest proportion of social housing may display the highest levels of housing need.
- 7.16 In areas with a greater proportion of households in the private rented sector it is assumed that the need is greatest. The reasoning behind this comes from research which suggests that households in the private rented sector typically have some of the highest levels of housing need as well as having relatively high aspirations to enter the owner-occupied sector. The first of these two observations has been demonstrated in Housing Needs Surveys over the past five years.

**Overall cost of private renting**

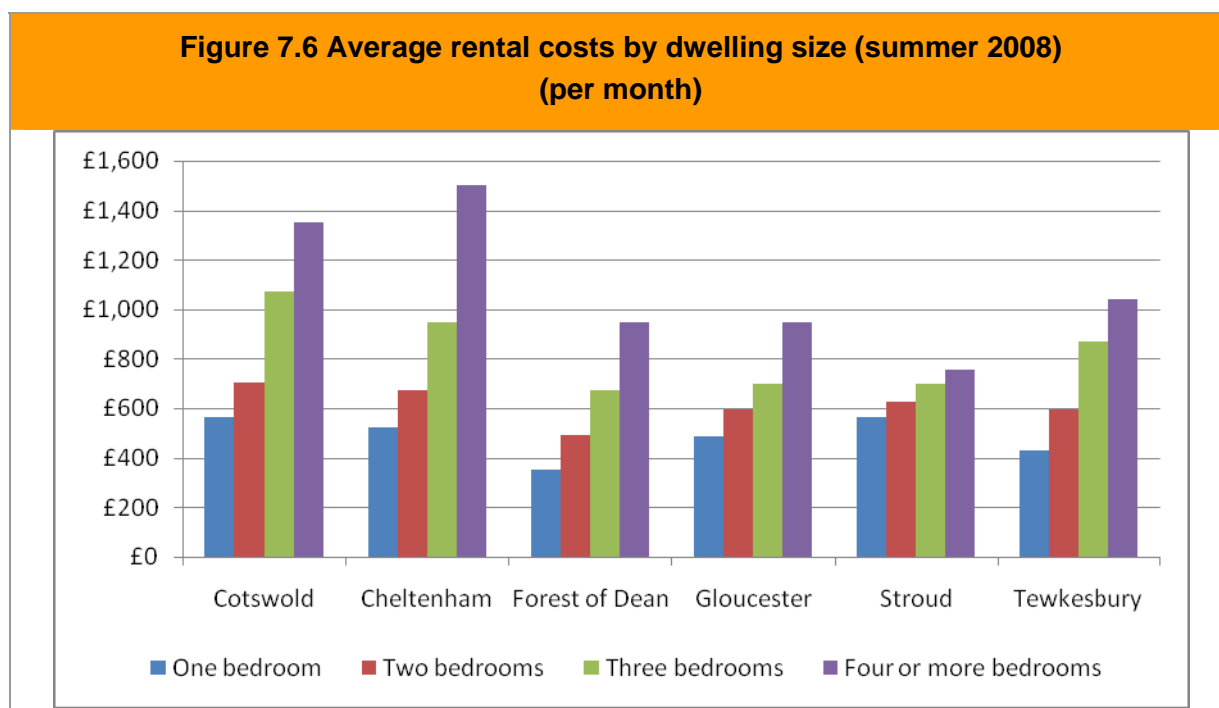
- 7.17 Whilst the Land Registry holds a complete record of all property sales, Practice Guidance acknowledges that there is no definitive source of information on market rents. Information on the cost of housing in this tenure for this report will be collected from two sources, local letting agents and the rent service, in line with Guidance. Information from the rent service will be used to understand trends in the local private rental market, whilst letting agent information will be used to establish the current cost of renting privately in the study area and the cost of entry-level rents.
- 7.18 Information on current private rental costs in the study area has been collected through an online survey of letting agent prices. The table below shows the average cost of private rents in each of the six constituent authorities of the study area. The table shows Cotswold records the highest average rental cost.

<b>Table 7.4 Average private rental costs summer 2008 (per month)</b>	
Area	Average rent
Cheltenham	£775
Cotswold	£1,070
Forest of Dean	£616
Gloucester	£603
Stroud	£695
Tewkesbury	£937

Source: Online letting agent survey

### Private rental costs by property size

7.19 The figure below shows average private rental costs for the six individual districts for each dwelling size (from the online letting agent survey). The figure below shows that Stroud district has the highest average rents for one bedroom properties, whilst Cotswold records the highest average rents for two and three bedroom properties, and Cheltenham for four. On average, private sector rents tend to be less expensive in Forest of Dean, Gloucester, Stroud and Tewkesbury Borough, and more expensive in Cotswold and Cheltenham. However, Cheltenham also contains a number of smaller, cheaper private rented sector properties.

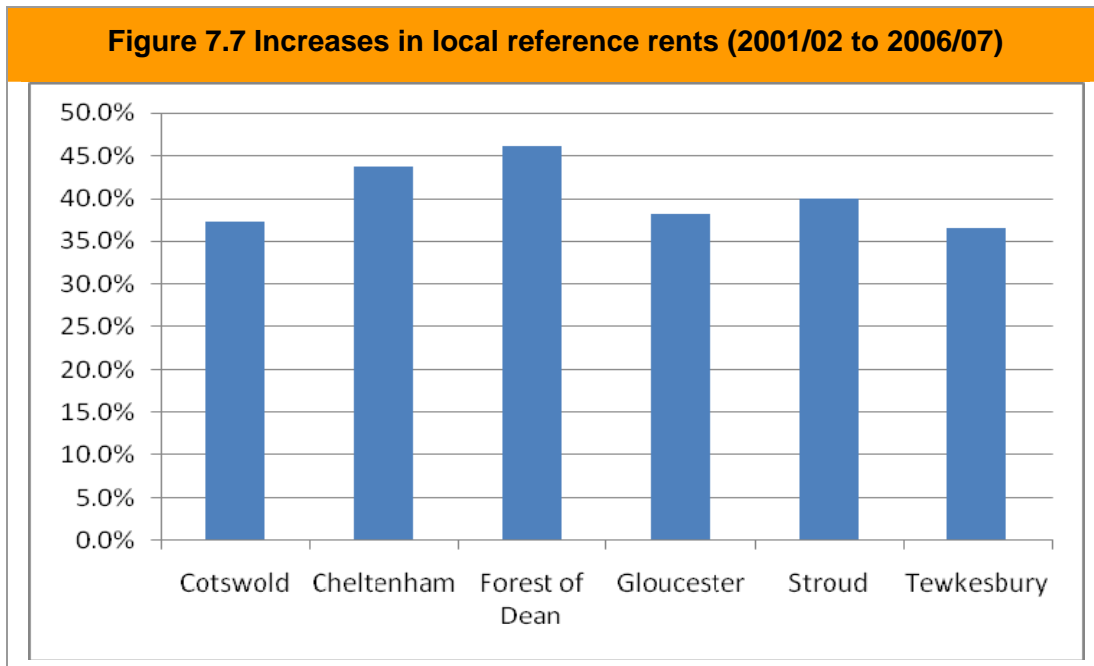


Source: Online letting agent survey

### Trends in rental costs

7.20 The rent service collates data regarding households resident in the private rented sector on Housing Benefit across the country. One of the pieces of information obtained is the local reference rent. This is the cost generally paid to rent a property equivalent to that being let via Housing Benefit on the open market. The rent service has historical records of average local reference rents in each local authority for the period 2001/02 to 2006/07. Whilst these costs do not compare with overall average rental costs in an area they do provide an indication in the change in costs in the private rental market. The figure below shows the increase in average local reference rents in each district of the study area over this period.

7.21 The data shows that the highest rises over the four years have been in Forest of Dean (46.2%), Cheltenham (43.7%) and Stroud district (40.0%) with the lowest rises in Gloucester (38.2%), Cotswold (37.2%) and Tewkesbury Borough (36.6%).



Source: Rent service

**Entry-Level private rental costs**

7.22 The cost of entry-level market rents can only be obtained via a letting agent survey. The Guidance indicates that entry-level rents should be approximated by lowest quartile prices. The table below presents these rent estimates for each authority. The table indicates that within the county, Stroud district records the highest entry level rent and Gloucester and Forest of Dean the lowest. In all authorities the cost of lower quartile accommodation is greater than the average cost of one bedroom private rented accommodation.

**Table 7.5 Entry level rental costs summer 2008 (per month)**

Area	Average rent
Cheltenham	£550
Cotswold	£646
Forest of Dean	£500
Gloucester	£500
Stroud	£662
Tewkesbury	£606

Source: Online letting agent survey



**Overall cost of social rented property**

- 7.23 The local authority stock was transferred to Registered Social Landlords (RSLs) control in Cotswold in 1997, Tewkesbury in 1999 and Forest of Dean in 2003. In the three remaining other authorities there is currently social rented stock owned by both the Local Authority and RSLs. This section will present information on all social rented costs in the county and so will include RSL costs in all six districts and Local Authority costs in Cheltenham, Gloucester and Stroud district.
- 7.24 Information on current social rented costs in the study area has been collected from the CLG as suggested by the Guidance. The table below shows the average cost of RSL rents in each of the six constituent authorities in the county. The table shows that Cotswold records the highest overall average RSL rental cost with Forest of Dean recording the lowest overall average RSL rental cost.

<b>Table 7.6 Average RSL rental costs 2007 (per week)</b>	
Area	Average rent
Cheltenham	£68.41
Cotswold	£76.00
Forest of Dean	£60.76
Gloucester	£67.43
Stroud	£71.90
Tewkesbury	£66.59

Source: CLG

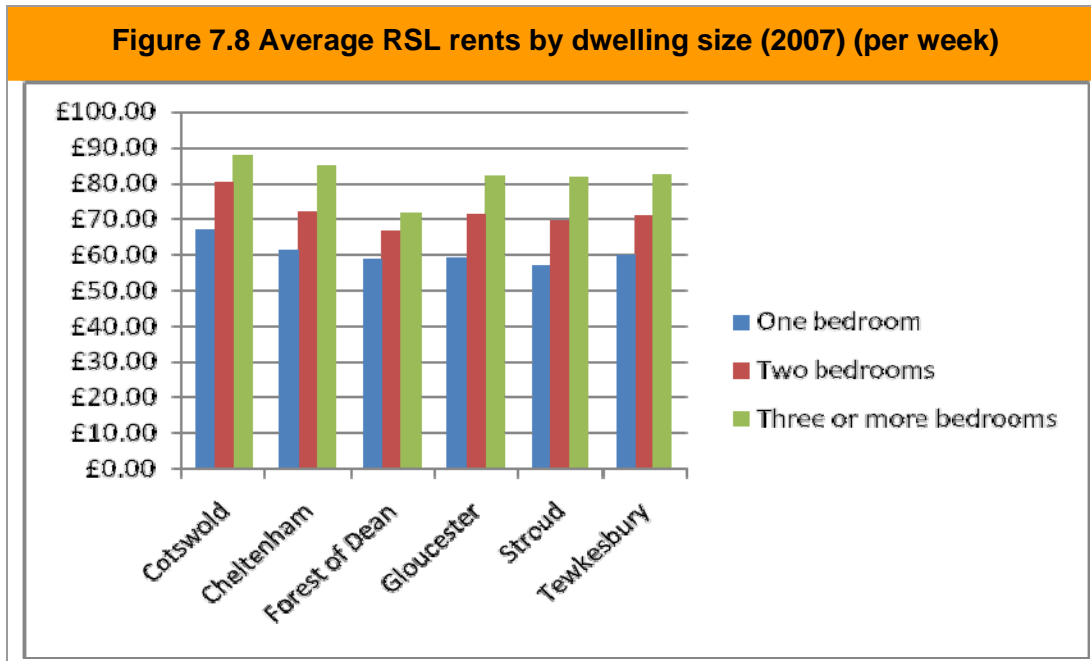
- 7.25 The table below shows the average cost of Local Authority rents in each of the three authorities that still contain Local Authority stock. The table shows that Cheltenham records the highest overall average social rent cost.

<b>Table 7.7 Average LA rental costs 2006 (per week)</b>	
Area	Average rent
Cheltenham	£64.62
Cotswold	LSVT
Forest of Dean	LSVT
Gloucester	£59.58
Stroud	£61.15
Tewkesbury	LSVT

Source: CLG

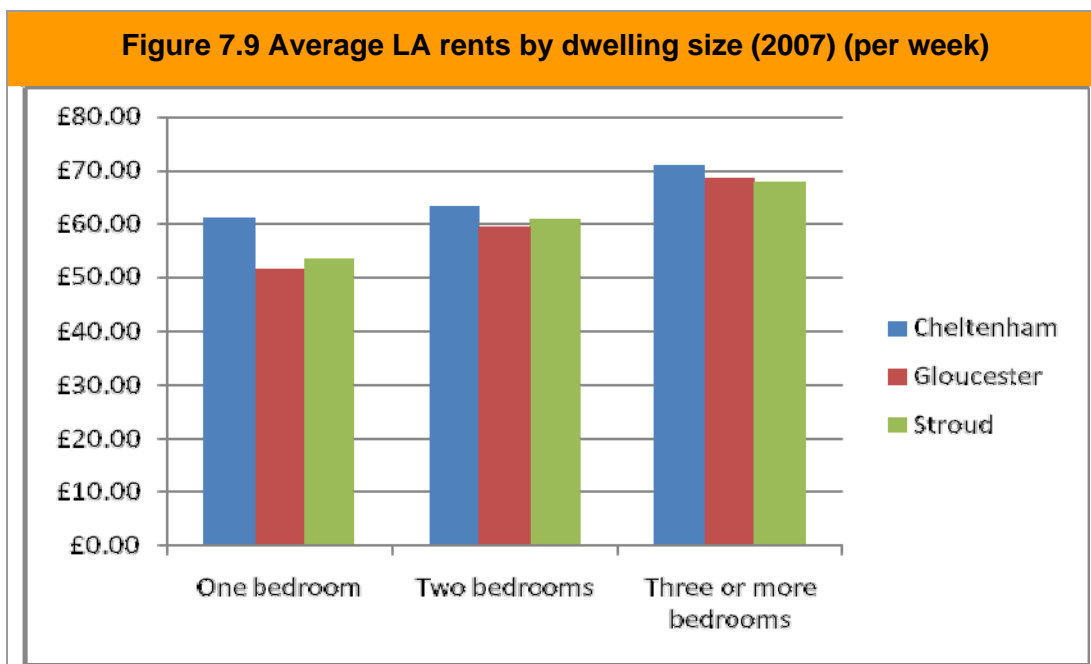
**Social rents by property size**

7.26 CORE data contains information on the cost of social rented lets by property size. The figure below shows average RSL rents for each dwelling size: there is little difference between the rents recorded in each area.



Source: CORE

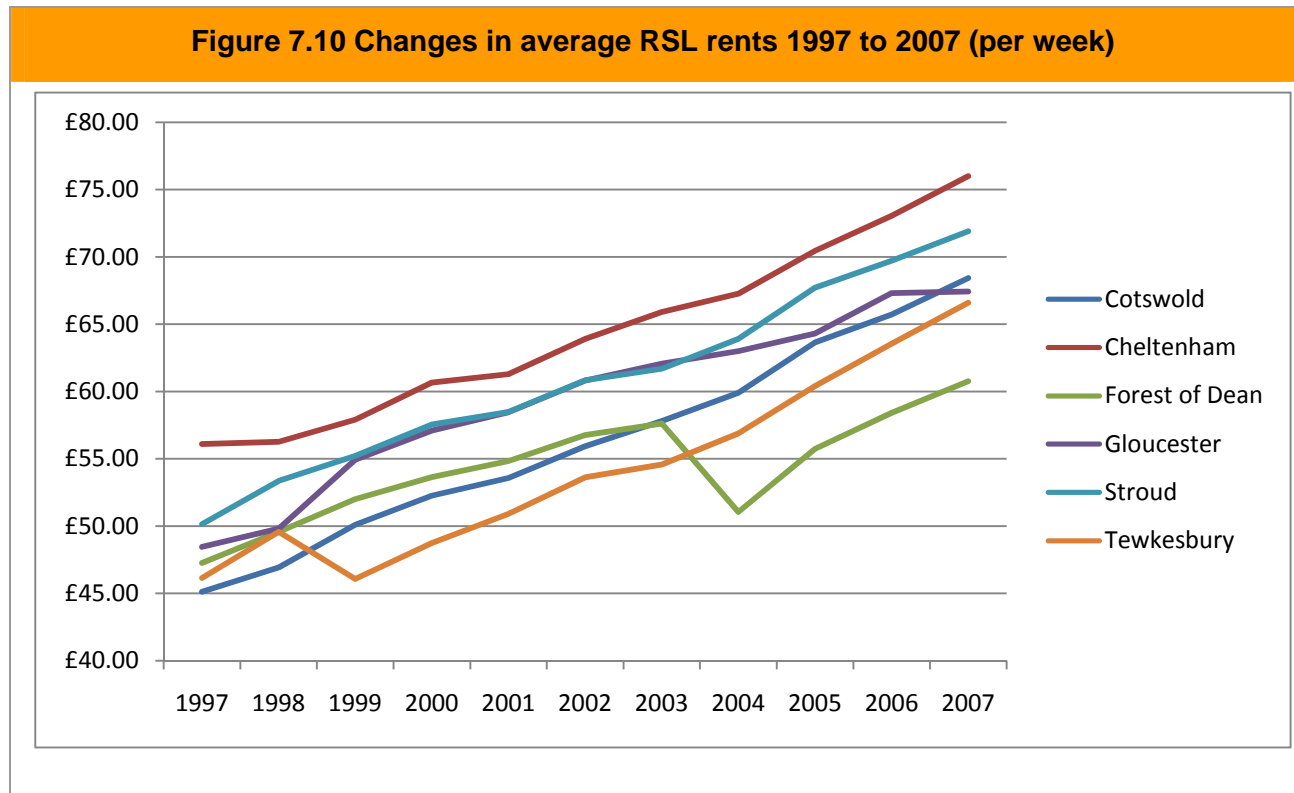
7.27 The figure below shows average Local Authority rents for each dwelling size for all authorities still containing Local Authority stock: Local Authority rents in Cheltenham are slightly more expensive than in Gloucester or Stroud district.



Source: CORE

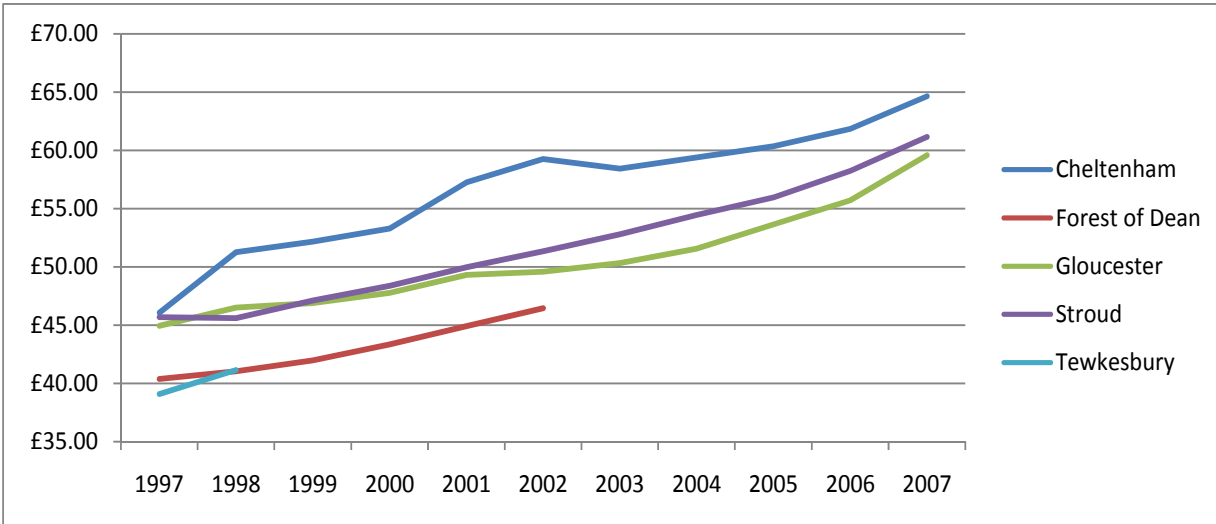
### Trends in social rental costs

7.28 The figure below shows the changes recorded in RSL rent levels since 1997 in each of the six authority areas. The rate of increase in RSL rents for the years between 1997 and 2007 is 51.6% in Cotswold, 44.3% in Tewkesbury Borough, 43.4% in Stroud district, 39.2% in Gloucester, 35.5% in Cheltenham and 28.5% in Forest of Dean.



7.29 The figure below shows the changes recorded in Local Authority rent levels between 1997 and 2007 in Cheltenham, Gloucester and Stroud district. The rate of increase in Local Authority rents for the years between 1997 and 2007 is 40.3% in Cheltenham, 33.9% in Stroud and 32.5% in Gloucester.

**Figure 7.11 Changes in average LA rents 1997 to 2007 (per week)**



Source: CLG

**A comparison of housing costs by tenure**

7.30 Guidance recommends that the costs of different tenures can be compared by converting house prices into weekly housing costs using information on prevailing interest rates.

7.31 The table below shows the weekly cost of each tenure for the six constituent districts. The table shows that in most instances Cotswolds is the most expensive district and Forest of Dean the cheapest.

**Table 7.8 Weekly costs of housing in the study area (2007)**

Tenure	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury
LA rent	£62.62	-	-	£59.58	£61.15	-
RSL rent	£68.41	£76.00	£60.76	£67.43	£71.90	£66.59
Entry-level private rent	£149.08	£126.92	£115.38	£115.38	£152.77	£139.85
Mean private rent	£178.85	£246.92	£142.15	£139.15	£160.38	£216.23
Entry-level owner-occupation	£232.00	£249.00	£183.00	£186.00	£201.00	£217.00
Mean owner-occupation	£278.00	£299.00	£220.00	£223.00	£241.00	261.00

Source: Land Registry, CLG, Online letting agent survey, rent service

### Step 3.3.3 Overcrowding and under-occupation

- 7.32 Overcrowding can (although not necessarily) be a sign of the ‘unaffordability’ of housing if households are forced to live in overcrowded conditions due to a lack of affordable larger housing. The Census 2001 provides a measure of overcrowding by using an occupancy rating. The rating was derived by comparing the actual number of rooms<sup>17</sup> to the number of rooms ‘required’ by members of the household, based on a relationship between them and their ages. As such, any households which have fewer rooms than the number determined by their ‘occupancy rating’ is deemed to be overcrowded.
- 7.33 In total, nearly 11,000 households in the County were considered as overcrowded i.e. they had too few rooms for the size of the household. This represents 4.6% of all households.
- 7.34 One key feature of overcrowding that emerged was the wide variations between districts, with the proportions reaching 6.7% in Cheltenham and 6.0% in Gloucester, ranking the sixth and ninth worst in the South West region. All other districts did not experience the problem to any similar degree, with Cotswold and Stroud district in fact ranking among the best in the region on this measure. The fact that overcrowding is relatively low in Cotswold, an area of relatively high house prices, indicates that overcrowding is not exclusively caused by a lack of housing affordability. In this instance, a lack of overcrowding may be due to displacement i.e. households moving from relatively high priced districts to relatively low priced districts.

**Table 7.9 Overcrowding households in Gloucestershire and districts 2001**

	All Households	Overcrowding households	
	No.	No.	%
Cheltenham	48,168	3,223	6.7
Cotswold	34,423	1,027	3.0
Forest of Dean	32,536	1,136	3.5
Gloucester	45,767	2,728	6.0
Stroud	44,616	1,486	3.3
Tewkesbury	32,367	1,218	3.8
Gloucestershire	237,781	10,818	4.6

Source: ONS, 2001

- 7.35 Wards with the highest proportions of overcrowded households were in Cheltenham and Gloucester. Among the top ten wards with the largest proportions of households in overcrowded conditions, nine were located in these two districts. In Westgate ward of Gloucester, one of the most deprived wards in Gloucestershire, more than one in five households was overcrowded, the highest proportion in the County.

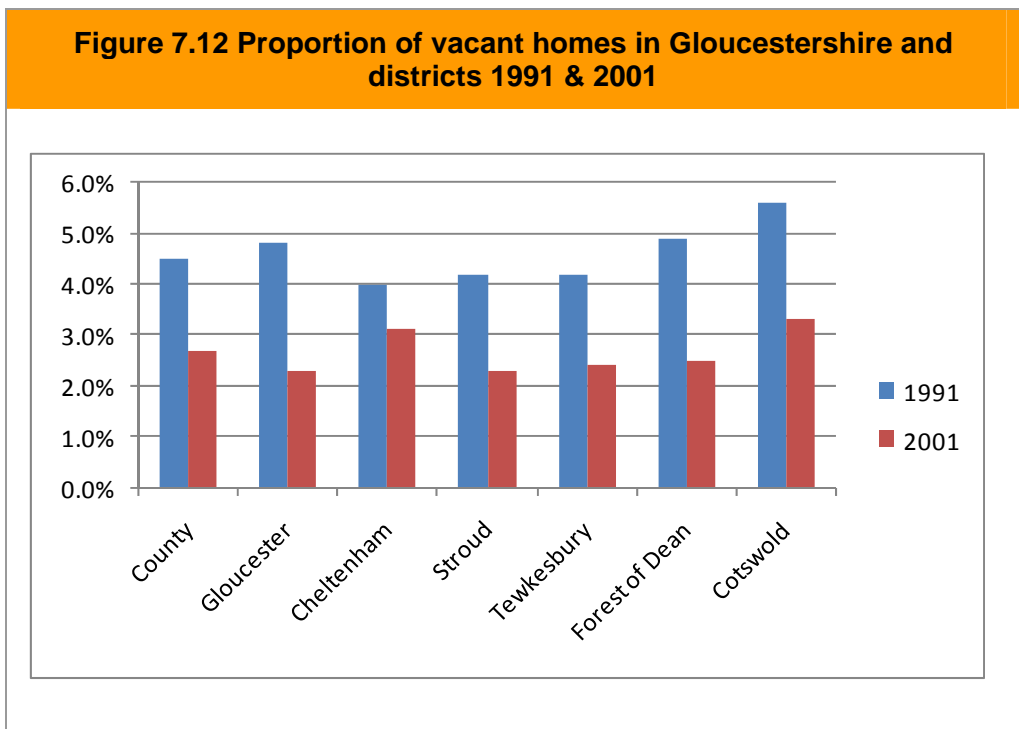
<sup>17</sup> Include kitchens, living rooms, bedrooms utility rooms and studies. Exclude bathrooms, toilets, halls, landings and storage rooms.

Table 7.10 Council wards with highest proportions of overcrowded households 2001			
District	Council wards	Overcrowding households	
		No.	%
Gloucester	Westgate	485	21.6
Cheltenham	Lansdown	412	15.7
Cheltenham	All Saints	357	13.9
Cheltenham	St Paul's	300	13.1
Gloucester	Kingsholm and Wotton	346	12.2
Cheltenham	College	260	10.4
Cheltenham	Pittville	269	10.3
Gloucester	Barton and Tredworth	427	10.1
Cheltenham	St Peter's	234	9.1
Stroud	Central	59	7.6

Source: ONS, 2001

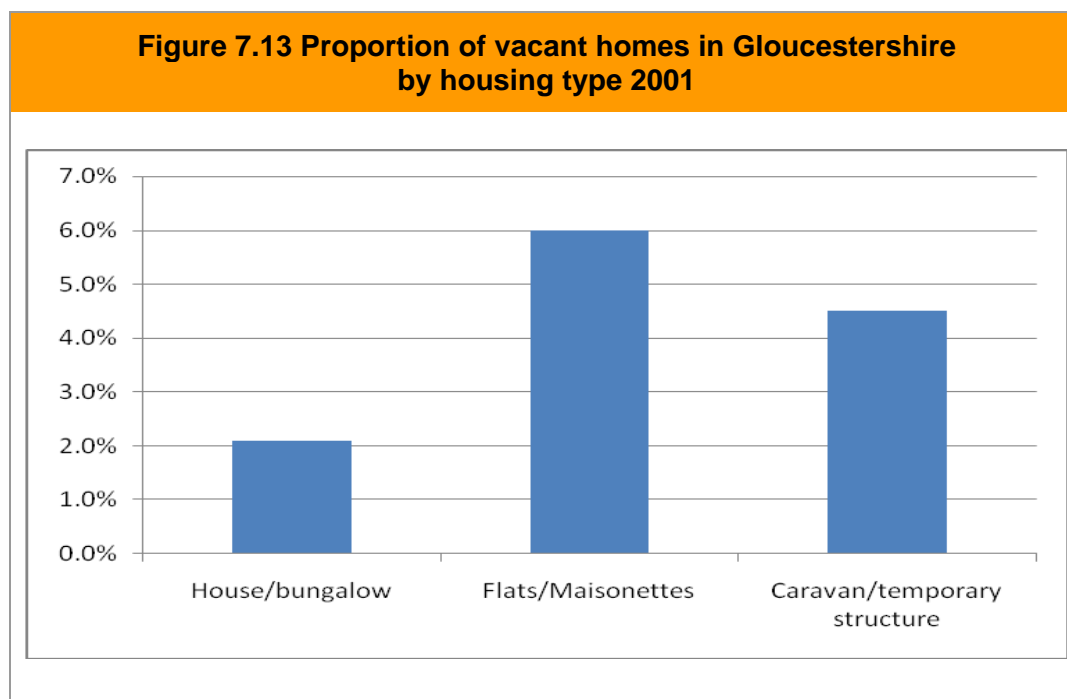
### Step 3.3.4 Vacancies, turnover rates and available supply by tenure

7.36 The number of vacant homes (excluding second homes) in Gloucestershire fell by more than a third from 10,200 to 6,700 between 1991 and 2001. The reduction in the number of vacant homes might be part of the market's response to household growth over the decade. The County's vacancy rate was 2.7% in 2001, below the national average of 3.2%. Nevertheless, vacancy rates in Cotswold and Cheltenham at 3.3 and 3.1% were among the highest in the South West, ranking ninth and eleventh out of 45 districts in the region.



Source: ONS, 2001

- 7.37 In general, vacancy was more common among flats/apartments/maisonettes, where the vacancy rate was three times that of houses and bungalows (6.0% compared with 2.1%). This might be because a higher proportion of flats/apartments/maisonettes were on the letting market, which was characterised by intermittent non-occupation. Vacancy rate of temporary accommodation and caravans was also higher than average (4.5%).



Source: ONS, 2001

### Current supply of market housing

- 7.38 In 2005, there were a total of 217,410 owner-occupied and private rented properties within the County. However, as noted in Chapter 2, there are plans to build another 56,400 properties over the 20 years, of which a large proportion will be in the private sector.

### Current supply of social housing

- 7.39 In 1980 the government introduced the Right to Buy Act which gave local authority tenants the right to purchase their council dwelling at discounted prices. Between 1979 and 2003 around 133,000 local authority dwellings throughout the South West region were sold under the Right To Buy legislation. During the same period a further 106,000 properties were transferred under large scale voluntary transfer agreements<sup>18</sup>. Within the County a total of 25,430 properties were either sold under the Right to Buy legislation between 1979 and 2006 or transferred under LSVT (Large Scale Voluntary Transfer) legislation during the same period.

<sup>18</sup> ONS Regional Trends 38 located at [www.ons.gov.uk](http://www.ons.gov.uk)

7.40 The sale of local authority stock under the Right to Buy policy combined with relatively low levels of newbuild has meant that the supply of social housing has been steadily declining since 1980. Between 2003/04 (when records are available) and 2005/06, the number of social lettings declined from 2,486 to 2,274.

<b>Table 7.11 Social lettings (excluding transfers)</b>						
	<b>2003/04</b>		<b>2004/05</b>		<b>2005/06</b>	
	<b>HA</b>	<b>LA/ALMO</b>	<b>HA</b>	<b>LA/ALMO</b>	<b>HA</b>	<b>LA/ALMO</b>
Cheltenham	165	547	160	532	88	491
Cotswold	315	0	317	0	260	0
Forest of Dean	263	0	255	0	246	0
Gloucester	115	359	158	357	136	360
Stroud	73	374	86	388	55	323
Tewkesbury	275	0	311	0	315	0

Source: Local authority lettings – HSSA; Housing Association lettings – CORE

## Intermediate housing

7.41 Taking into consideration the housing affordability issues discussed earlier in this chapter – (a characteristic within the County that is unlikely to change substantially in the near future (see Chapter 8 for a further discussion of this issue)) there is the need for both social and intermediate housing. Since April 2006, HomeBuy South West has offered a range of intermediate housing products to eligible households throughout the South West region including:

*NewBuild HomeBuy:* Open to people who cannot afford to buy a suitable home in any other way. Applicants must usually be in housing need and be unable to afford outright purchase. Successful applicants buy a 25%, 50% or 75% share in their home and pay a small rent on the remaining share. The monthly cost of buying a 50% share is about two-thirds of what would be paid on a mortgage if the property was bought outright. More shares can be bought until the home is bought outright.

*First Time Buyers Initiative:* Eligible to Local authority and housing association tenants, households on a local authority housing register, key workers and other first-time buyers given priority by the Regional Housing Board. The scheme offers an equity share of at least 50% of the property, dependent on individual circumstances. Successful applicants are able to purchase a share up to 75%. The unsold equity share is registered as a charge on the property.



*Ownhome*: Eligibility for *Ownhome* is targeted at groups such as local residents and key workers. Most applicants are first-time buyers. However, HomeBuy South West can also help a number of people who have previously owned property but are now unable to buy without assistance, for example in the case of a relationship breakdown. Successful applicants choose a suitable property (usually through an estate agent) on the open market. They then receive up to 40% of the value of the property in an equity loan. *Ownhome* is provided by a partnership between *Places for People* (a private property management and development company) and the *Co-Operative Bank*.

*My Choice HomeBuy*: Eligibility criteria for this scheme are the same as for *Ownhome*. Applicants obtain a mortgage through an independent financial advisor, bank or building society. When the property has been approved an equity loan will be granted between 15% and 50% of the property value, depending on individual circumstances. There is a monthly charge or fee on the loan of 1.50% per annum. The loan is redeemed in full when the property is sold.

*Resales*: HomeBuy South West offers a share of an existing home being sold by the leaseholder, on a shared ownership lease. Eligible to Local authority and housing association tenants, households on a local authority housing register, key workers and other first-time buyers given priority by the Regional Housing Board. Applicants purchase whatever size share the current leaseholder owns ranging from 25% to 80%.

- 7.42 Between April 2006 and March 2008 HomeBuy South West received 4,489 applications for its intermediate housing products. The largest numbers of applications were received from councils with the largest populated areas i.e. Gloucester (1,397 applicants or 31.1% of all applicants) and Cheltenham (1,046 applicants or 23.3%). It is apparent from these figures that intermediate housing, in the form of differing HomeBuy schemes, is playing an increasingly important role within the County with, on average, 260 applications per month since January 2006.
- 7.43 The largest proportions of applications derive from the large population centres of Gloucester and Cheltenham. Applicants tend to be relatively young and applicant households small with nearly two-thirds (61.6%) of applications being made by one person whilst the largest proportion of applicants (44.1%) were aged between 24 and 35 years. The low average age of 33 years is perhaps unsurprising given that affordability issues are most likely to impact on young people. Also, BME groups are more likely than average to be HomeBuy applicants, again, reflecting the characteristic that some BME groups may have some difficulty in accessing the owner-occupied sector.

- 7.44 Over two thirds (68.7%) are currently living in the private rented sector (36.6%) and nearly a third are currently living with family or friends (32.1%). One reason that most applications derive from these tenures is that they are more likely to perceive their current tenure as temporary i.e. they aspire towards owner-occupation or that they are more likely to meet the basic shared ownership criteria and are, as such, more likely to be advised by the HomeBuy agent to make an application. In contrast, people living in the social rented sector might not have sufficient financial means to enable them to apply for shared ownership housing.
- 7.45 It is perhaps unsurprising that, compared with all County households, applicant households have a slightly lower than average annual income and very limited access to either savings or equity. There is relatively little demand for key worker schemes with the most popular schemes being New Build HomeBuy, Open Market HomeBuy, and the First Time Buyers Initiative. As discussed further in Chapter 10, one reason may be that over half (53.6%) of all key workers in the County are employed in relatively well paid managerial or professional occupations and may not be eligible to apply under the HomeBuy criteria. Also, it is possible that the Key Worker Living scheme criteria i.e. that all shared ownership properties bought under this scheme can only be sold on to key workers, may further discourage applications.
- 7.46 Overall, around 1-in-10 (476) of all HomeBuy applications made between April 2006 and March 2008 were successful. The most popular schemes were: New Build HomeBuy (25.0%); a scheme which enables applicants to buy a share in a newly built (or sometimes refurbished) property; Open Market HomeBuy (20.8%), a scheme which aims to help people to secure 100% funding of the value of their first home; First Time Buyers Initiative (19.0%), a shared equity scheme supported by English Partnerships that aims to help households buy a share in a new home (50% of the funding for this scheme is put aside for key workers); and HomeBuy Resale, a scheme which sells HomeBuy properties which have become available for resale.
- 7.47 All successful applicants derive from smaller households with 55.9% consisting of one person only and 44.1% consisting of two persons, a factor which reflects the relatively young characteristic of applicant households. As such, successful applicants tended to buy smaller properties with 15.5% consisting of one bedroom and 55.7% two bedrooms. However, 27.7% consisted of three bedrooms and a small number (5 or 1.1%) four bedrooms. Successful applicants have a slightly higher than average income at £24,529 compared with the County average of £24,274 p.a. which suggests that financial capacity is an important factor in determining the success of an application. The average price of a property bought using a HomeBuy scheme was £145,337, considerably lower than the average Gloucestershire house price between October and December 2007 of £239,282.

7.48 To summarise, it is apparent that HomeBuy products have been consistently popular since the scheme was launched within the County in April 2006. Perhaps unsurprisingly, the demographic profile of successful applicants is that of smaller, younger households with relatively low incomes and limited access to equity. Key workers, at which some HomeBuy products are aimed, make only a small proportion of all successful applicants. This is probably due to their being more likely to be employed in higher paid occupations, and the limitations of some HomeBuy products aimed at key workers. Nonetheless, given the current 'credit crunch' it is likely that HomeBuy products will play an increasingly important role in providing intermediate housing within the County during the next five years or so (please note that a more extensive discussion of the HomeBuy scheme is presented in Appendix 4).

### **The impact of schools on house prices**

7.49 Whilst not explicitly required by government guidance (PPS3), it may nonetheless be useful to examine the relationship between demand levels for schools and house prices. It is arguable that good schools may lead to increases in house prices in adjoining areas. This is particularly the case where selection criteria are to some extent based on residence within a pre-defined locality i.e. increased housing demand in areas with good schools may positively impact on house prices.

### ***Housing demand and educational achievement***

7.50 There is a widely recognised correlation between educational achievement and housing demand. The correlation has been carried into detail in an unpublished study in Sheffield (which has a large amount of uniform 1930's housing) where it was possible to conclude that about £3,000 difference could be attributed to a dwelling based on a 1-point score difference in the A-level achievements of the school within whose catchment the dwelling lay.

7.51 Regardless of the precise price effect, which would be hard to prove in areas where house type is not uniform, there is clearly an effect on demand. It is equally clearly only felt by those who are owner-occupiers (and therefore quite mobile in terms of moves) and generally those whose children would be considered likely to achieve fairly good educational results.

7.52 The following extracts from the DCSC (Education Ministry) provide key data which covers all schools both state and private in the County in relation to both the regional and national figures. The data from the Government can be summarised in terms of its percentage differences, as shown in the table below the published extract.

<b>Table 7.12 A-Level results</b>						
	Average point score					
	Per candidate			Per entry		
	2002	2006	Difference	2002	2006	Difference
Gloucestershire LA	258.2	308.4(r)	50.2	76	83(r)	7.0
South East Region	246.8	281.7(r)	34.9	75	79.8(r)	4.8
England	254.7	289.5(r)	34.8	76	80.2(r)	4.2

Source: All data from: [http://www.dcsf.gov.uk/inyourarea/leas/lea\\_825.shtml](http://www.dcsf.gov.uk/inyourarea/leas/lea_825.shtml)

7.53 As has widely been recognised, there has been inflation of exam results without corresponding increase in the actual quality: hence the generally increased trend is probably not significant. But it is interesting to note the patterns of difference shown:

- i) Gloucestershire shows higher levels of A-Level achievement than either the national or regional averages. This is qualified in the case of 'per entry' where the County figure is the same as the national average in 2002, but has risen above it in 2006.
- ii) This effect might be seen as being associated with the fact that the County is at the regional boundary with the South East etc. This is not the case – the South East region has almost the same average as the South West (79.5% for 2006).

7.54 As such, the County has a very good record against national and regional comparisons, and this may be expected to have some effect on its attraction for new housing.

<b>Table 7.13 Literacy and numeracy at age 14</b>						
<b>Key stage 3 results: Percentage of pupils achieving level 5 or above</b>						
	English			Maths		
	1997	2007	% points difference	1997	2007	% points difference
Cheltenham District	65	79(r)	14	65	80(r)	15
Cotswold District	66	81(r)	15	68	83(r)	15
Forest of Dean District	56	79(r)	23	65	78(r)	13
Gloucester District	65	82(r)	17	67	80(r)	13
Stroud District	66	81(r)	15	70	83(r)	13
Tewkesbury District	62	78(r)	16	66	79(r)	13
Gloucestershire County	63	80(r)	17	67	81(r)	14
South West Region	60	76(r)	16	65	77(r)	12
England	57	74(r)	17	60	76(r)	16

Source: All data from: [http://www.dcsf.gov.uk/inyourarea/leas/lea\\_825.shtml](http://www.dcsf.gov.uk/inyourarea/leas/lea_825.shtml)

7.55 It is clear from this data that educational standards are higher across the County than either at the regional or national levels. There is not a perfect correlation with house prices, as other factors, such as location related to large employment centres main transport links, and quality of housing. Social context and countryside value are important too.

7.56 While there are clearly many other factors involved at district level, there is a broad agreement between higher education achievement and higher house prices. The main new areas for house building, near Gloucester and Cheltenham, are at present lower in the County range as far as education results are concerned. However it is worth emphasising that all the education results are noticeably higher than the national or regional averages. This means that demand for houses in these areas is likely to be relatively higher compared with areas without good schools and it likely that selling new houses will be easier. To summarise, whilst there is not a clear correlation between educational standards and house prices, it is likely that the provision of good schools in some locations is likely to positively impact on house prices in those areas.

## Summary

- i) Average house prices for all types of housing<sup>19</sup> in Gloucestershire have been above the national average since 1996. While average house prices of the County and the region began to converge in 2002, the gap between the County and the nation has widened in the last 5 years as local average house prices increased at a faster rate than nationally.
- ii) By Quarter 2 of 2007, the average price for all property types in Gloucestershire had increased to £235,184 (Land Registry, 2007). Average house prices during Q2 2007 were highest in Cotswold (£330,168) and lowest in Gloucester (£168,816).
- iii) Wards with the highest proportions of overcrowded households were in Cheltenham and Gloucester. Among the top ten wards with the largest proportions of households in overcrowding conditions, nine were located in these two districts.
- iv) In 2005, there were a total of 217,410 owner-occupied and private rented properties within the County. However, as noted in Chapter 2, there are plans to build another 56,400 properties over the 20 years, of which a large proportion will be in the private sector.
- v) The sale of local authority stock under the Right to Buy policy combined with relatively low levels of newbuild has meant that the total supply of social housing steadily declined between 2003/04 and 2005/06.
- vi) Between April 2006 and March 2008 HomeBuy South West received 4,489 applications for its intermediate housing products with a large proportion originating from households in Cheltenham and Gloucester. Applications tended to have been made by relatively small households requiring small properties. Over half (56.9%) of applications were made by single people and over a quarter (21.0%) of applications were made by households consisting of only two people. Unsurprisingly, HomeBuy applicants have relatively low incomes and savings.
- vii) There is clearly some correlation between the above average educational achievement in all the districts of the County, and the above average house prices across most of the County. The correlation is not direct, as many other factors are involved. However it is an encouragement to the substantial new house building that is planned for the County that education standards are clearly above average.

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<sup>19</sup> Source: CLG website

# SECTION C: THE FUTURE HOUSING MARKET

This section examines future projections for population and employment.





## 8. Projections for households and employment

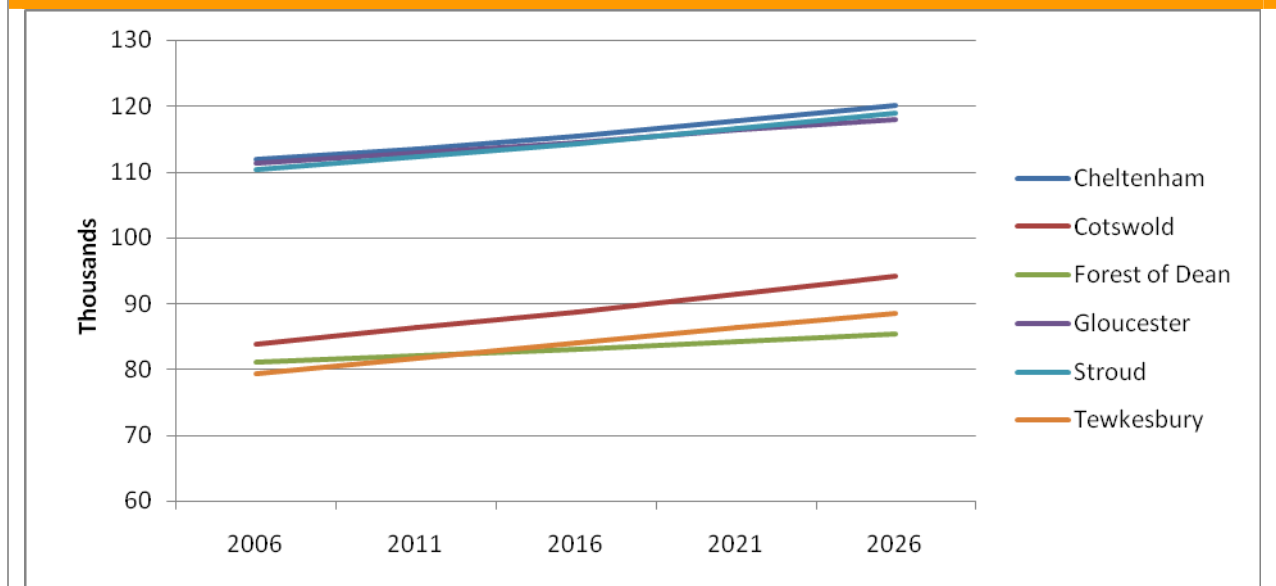
The purpose of this chapter is to:

- Consider future predicted changes in the number of households in the HMA, and the economic context for that change, and its likely effect on affordability

### Stage 4.1: Projecting changes in the future numbers of households

8.1 DCLG 2004-based projections predict that between 2006 and 2026 the County's population will increase by 8.2% from 578,000 people in 2006 to 625,000 in 2026. The largest increase in population over the period will be in Cotswold at 12.3% followed by Tewkesbury Borough (11.6%), Stroud district (7.8%), Cheltenham (7.3%), Gloucester (5.9%) and Forest of Dean (5.3%). However, it can be seen in the figure below that Cheltenham, Gloucester and Stroud district will maintain the largest populations within the County.

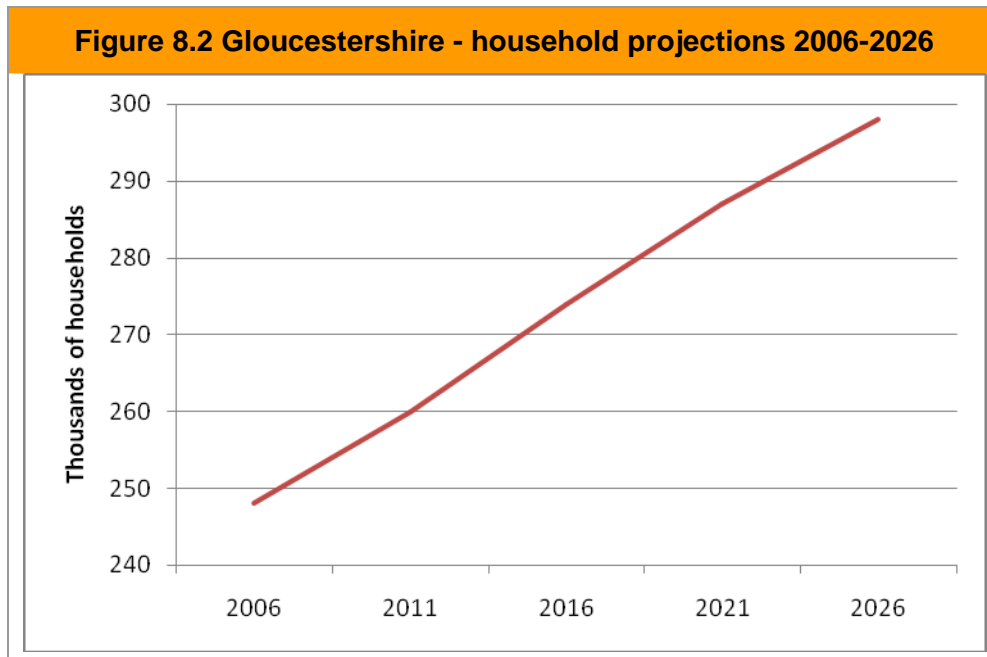
**Figure 8.1 Gloucestershire county population projections 2006-2026**



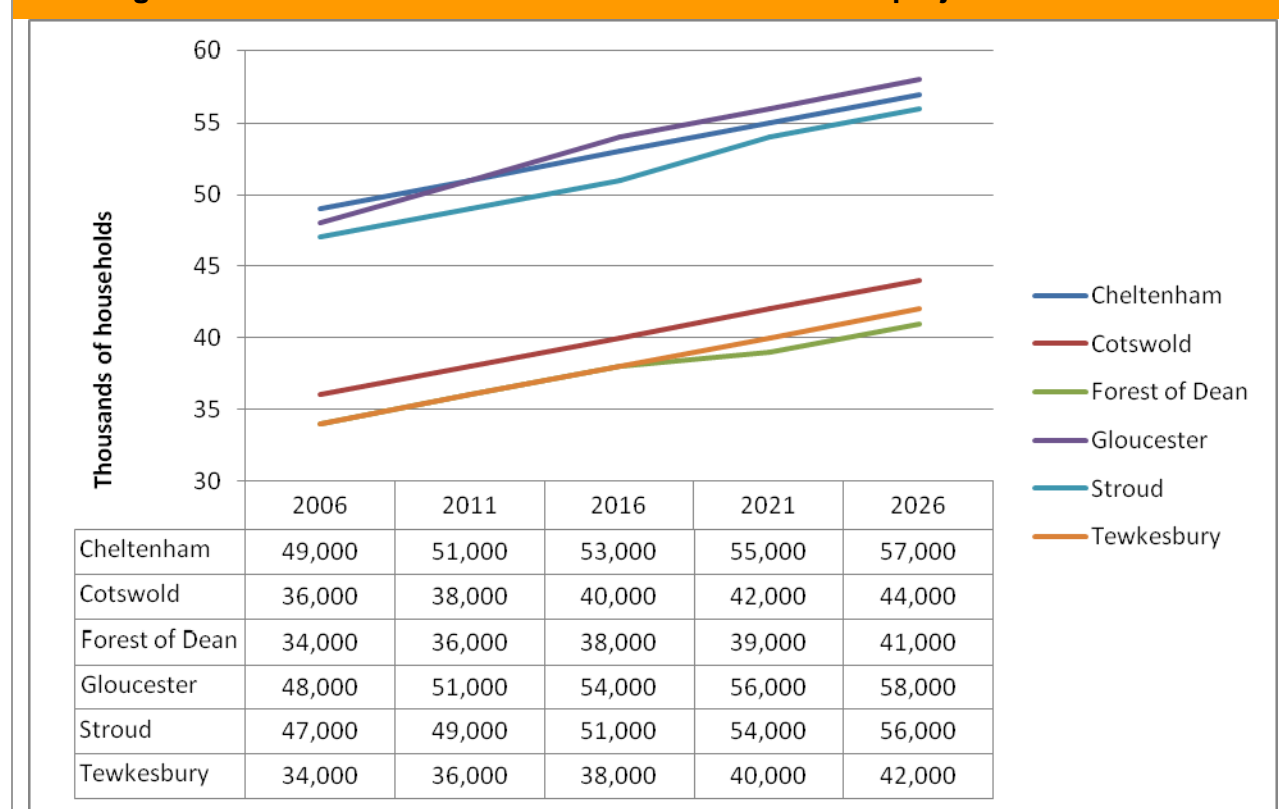
Source: DCLG, 2007

## Household projections

- 8.2 The number of households in Gloucestershire is projected to increase by 20.2% between 2006 and 2026 from a total of 248,000 to 298,000 households. This is equivalent to an annual increase of 2,500 households each year over the next 20 years.
- 8.3 The projected rate of increase in households for the County (20.2%) is faster than that projected for England as a whole (19.7%) but slower than the regional increase (24.3%).



- 8.4 The increase will be seen across all districts with Tewkesbury Borough and Cotswold projected to have the highest rates of increase, at 23.5% and 22.2% respectively. Cheltenham, by comparison, will have the lowest rate of increase of all districts, at 16.3%.

**Figure 8.3 Gloucestershire district councils - household projections 2006-2026**

Source: DCLG, 2007

- 8.5 As the local population grows in the next two decades, the structure of the population will change due to falling birth rates, longer life expectancy and the effect of migration. Policies for housing provisions will therefore have to adapt accordingly to meet the needs of a population that will have a different demographic profile.
- 8.6 By 2026, the number of people aged 65+ in the County is expected to exceed the current level by 52,000 people with people aged 75+ accounting for most of the increase. This will greatly increase the number of pensioner and lone-pensioner households in the housing market.
- 8.7 In contrast, the numbers of young adults (16 to 24) and people aged 25 to 44, the key age groups where new households are likely to arise, will decrease by approximately 4,000 and 6,000 people over the same period.
- 8.8 Although this could mean that the number of new young households will fall, this will be compensated to some extent by the projected rise in one-person households within these groups. Also, the decrease in the population of younger people combined with an increasing number of older people follows the national trend whereby the proportion of working to non-working people will decrease.

- 8.9 The implication of this trend is that local funds originating from council taxes and national funds originating from national insurance and PAYE may decrease at the same time as demands on services increase.
- 8.10 There are also differences with regards gender, as the overall female population is projected to be larger than male population due to the longer life expectancy among women results in a much larger female population in the 65+ age group than male (12,000 more). This means that the majority of lone-pensioner households will be headed by a woman.
- 8.11 In relation to BME population projections, there is no official projection of future ethnic population in the County and districts despite the fact that it is an important population group that any future housing policies will need to consider because of the different housing requirements and access issues that may arise.
- 8.12 However, the ONS has, as part of a series of 'experimental statistics' provided projections of the number of people in each ethnic group by local authority. The latest figures are estimates for 2005. The data shows that in the four year period 2001 to 2005 there is projected to have been a significant growth in all groups other than the White (British/Irish) group.
- 8.13 Overall, the County population is projected to have increased by 1.9% although the increase in the Chinese or Other group is 72.0%, Asian (50.0%) and Black (48.5%) with other BME groups also showing increases well above the overall HMA average.
- 8.14 Significantly, the number of households in Gloucestershire is projected to increase at a faster rate than the population at 20.2% between 2006 and 2026 from a total of 248,000 to 298,000 households. This is equivalent to an annual increase of 2,500 households each year over the next 20 years.
- 8.15 Also, it is predicted that over the same period that the characteristics of households will change with more one-person households and cohabiting households but fewer married couple households. Similarly, on current projections, the number of one-person households will exceed the number of married couple households by 2021.
- 8.16 The numbers of lone-parent household and other multi-person households are projected to increase very gradually. These changes are likely to significantly impact on the types and sizes of properties required between 2006 and 2026.
- 8.17 By 2026, one-person households in the County will comprise roughly 48 per cent lone-pensioners and 52 per cent non-pensioners. The number of lone-pensioners as a proportion of all one-person households will be the highest in Cotswold (55%) and Forest of Dean (54.3%). The highest proportion of non-pensioner single-person households will be in Cheltenham and Gloucester, both at 57 per cent.

- 8.18 The increase in one-person households will have implications for the overall level of affordability for housing because of the effect on household income, which might result in an increase in demand for affordable housing. The surge in the number of one-person households may also increase demand for renting particularly among younger households. To provide suitable housings to lone-pensioner households that offer easily accessible amenities will also become a key issue for future housing provisions.

### **Step 4.2: Future economic performance**

- 8.19 Although the County's economy has grown consistently since the early-2000s, it is projected to grow at a slower rate than that seen during the past decade, averaging 2.5% per annum between 2006 and 2015. The projected growth rate is the highest for Gloucester (2.6%) and lowest for Stroud district (2.2%)<sup>20</sup>.
- 8.20 The trend towards a service-based economy is projected to continue in the County with service industries continuing to grow and manufacturing and primary industries declining gradually over the next 10 years. The same trend is expected across all districts.
- 8.21 While the changing economy may offer more higher-skilled types of jobs and therefore increase overall earnings, it may also lead to unemployment among displaced workers from declining industries.
- 8.22 In terms of occupation, professional, managerial and technical occupations and skilled trades, personal services and sales and customer services types of occupations are projected to increase across the County and districts as a proportion of all employment as service industries grow. At the same time, employment opportunities in clerical/administrative work and process plant/machine operators and elementary occupations will reduce over time.
- 8.23 As local economic growth is projected to slow, employment levels are predicted to grow only slowly, while unemployment will increase over the next ten years. As a result, economic activity rates are projected to fall from 70% to 68% for men and from 58% to 57% for women.

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<sup>20</sup> Source: Gloucestershire Labour Market Information Unit, 2005.

- 8.24 The South West Panel Report (January 2008) provides some indication of both past and future economic performance. It suggests that in economic terms during the last 10 years the County is below regional averages. For example, in the Gloucester travel to work area (TTWA) total employment has grown half as fast as in the Region as a whole and Gross Value Added (GVA) growth has likewise been slow over the last 10 years, while Cheltenham TTWA has out-performed the Regional average on both fronts (+41% and +35% respectively). It states that although forecast jobs growth for 2006 to 2026 for the HMA as a whole falls into a range of about 32,000 to 42,000, draft RSS makes provision for 12,750 jobs in Gloucester TTWA and 10,800 in Cheltenham TTWA. Importantly, the Panel Report notes that the latter figures are not directly comparable with the former, not least because the extent of the HMA is different from that of the TTWAs. Also, they acknowledge that the process of restructuring the economy of the respective SSCTS may delay absolute jobs growth while at the same time resulting in longer-term productivity improvements. Both of these factors could to some degree offset jobs growth that might otherwise occur.
- 8.25 Despite the economic issues outlined above the Panel Report acknowledges the pivotal role of Gloucester and Cheltenham as key drivers of the County's economy. It sees Gloucester as an important driver of the regional economy with high growth potential. The regeneration of the City centre and docks area will help support delivery of improved retail facilities, together with enhanced cultural, and further education facilities. However, it recognises that there are skills shortages and recruitment difficulties in the city, for which it responds by suggesting policy solutions.
- 8.26 Similarly, the Panel Report sees Cheltenham as an economic driver for the region which has important functions as a cultural and tourism centre supported by specialist and high quality retailing. However, it regards Cheltenham as recently suffering from declining economic performance which needs to be reversed, primarily through diversification of employment opportunities, building on those of its existing specialism that have high growth potential (such as ICT and advanced engineering) and through the provision of adequate employment sites).
- 8.27 Finally, it sees other towns, both Stroud/Stonehouse and Tewkesbury/Ashchurch as acting as local service centres for wide parts of the rural area and provide a range of local employment opportunities. The Forest of Dean towns are shedding their industrial past in favour of a more tourism-based economy, and tourism growth here will need to be accompanied by enhancement of the urban areas. Cirencester is an historic town of some quality and its economic vitality is important to the well being of the Cotswold District. It argues that while all of these towns have locally important roles and functions, they can be expected to remain subordinate to those of Gloucester and Cheltenham.

### **Economic scenarios**

- 8.28 It may be useful to consider the impact of three different future economic scenarios on housing within the County:
1. Economic recession
  2. Economic stability
  3. Economic boom
- 8.29 Economic recession: Although an economic downturn is not inevitable, by Spring 2008, economic conditions are the worst for around a decade with house prices nationally either stagnant or decreasing, the cost of raw materials and food increasing and the 'credit crunch' preventing both businesses and individuals from accessing credit. Credit is a factor that constrains both consumer expenditure and the housing market.
- 8.30 Although a return to the negative equity crisis of the early 1990s is unlikely (current employment levels are high and interest rates are relatively low), it is not unimaginable that a general economic downturn may take place leading to higher levels of unemployment and interest rates.
- 8.31 The immediate impact of such a downturn on the County's economy would be that incomes for some households would decrease whilst higher interest rates would mean that housing costs would increase.
- 8.32 One factor determined by the stakeholder interviews with estate agents is that the housing supply is very sensitive to macro economic factors and that such a downturn in the economy would lead to a lesser supply of new housing. It is therefore likely that current RSS supply targets would not be met. At the time that this report is being completed developers are experiencing a large reduction in demand. Some are suggesting that it may take five years for production and sales to recover to 2007 levels.
- 8.33 In general terms, the national, regional and local economies have been relatively stable over the last 10 years or so with consistent levels of GDP and GVA growth, relatively low levels of unemployment (although higher in urban areas) and consistently high house price inflation. However, in housing terms a continuation of these trends is not sustainable as housing affordability continues to worsen. Continuing past trends means that it is unlikely that household income will increase at a sufficient rate to ameliorate the impact of large housing affordability ratios. This emphasises the importance of ensuring that the RSS housing supply and local affordable housing targets are successfully implemented.

- 8.34 Although unlikely in the near future, it may be useful to determine the impact of a substantial increase in economic growth. It may be that such a scenario is due to an upturn in national economic conditions or more local factors e.g. an increase in the proportion of highly skilled workers. Whilst such a scenario would be welcome, it is not without its own potential problems. In particular, high economic growth would probably lead to higher house prices making more acute the County's current affordability issues. This would lead to larger numbers of households in housing need and unable to access suitable housing.

### **Stage 4.3: Future affordability**

- 8.35 It is notoriously difficult to predict changes to housing markets over the longer term. By Spring 2008 there are a number of economic factors such as the increasing difficulty of consumers to obtain credit to purchase properties (the 'credit crunch'), and a general acceptance that national economic growth will slow suggesting that, at least in the short-term, house price inflation will be lower than during the past five or ten years.
- 8.36 According to the Nationwide Building Society, house prices fell by 0.6% during March 2008, cutting the annual rate of increase to its lowest rate since March 1996 at 1.1%. These trends are reflected by the Halifax's regional house price index for January to March 2008 which suggests that house prices in the South West fell by 2.6% compared to the UK average of -1.0%. The annual rate of house price inflation in the South West is now -3.3%, below the UK average increase of 1.1%. However, it notes that the South West has seen higher house price growth than the UK over the past ten years. Since the first quarter of 1998, house prices in the region have risen by 184%, compared with the UK average of 176%.
- 8.37 Despite these recent changes to national house price inflation there is little evidence that housing affordability is improving. According to the National Housing and Planning Advice Unit (NHPAU) (2007), by 2005 Gloucestershire was one of the most expensive in the South West region and average house prices were comparable to those in the South East. It states that in the short-term e.g. over the next one or two years, despite national changes to housing market conditions such as the increase in interest rates and more restricted access to credit, it is unlikely that this will impact much on the relatively high house prices within the County.
- 8.38 It is arguable that housing supply and earnings have most impact on housing affordability. Unfortunately, as the EiP Panel Report notes, the South West is the only region with above average house prices but below average income level. One reason for this factor is the mismatch between supply and demand supplemented by in-migration from areas with higher property values such as London and the South East.



- 8.39 As noted in Chapter 5, the latest average gross earnings of residents in Gloucestershire was £24,274 p.a. (with some differences between earnings based on residence and workplace), below the £24,908 p.a. for the UK but above the £22,498 p.a. for the South West. Given the current economic climate it is unlikely that the County's last five year average annual wage inflation of 4.7% will be maintained in the future. However, the fulfilment of the EiP Panel Report's recommendations that Cheltenham diversify its economy to sectors with high growth potential such as ICT and advanced engineering – and that Gloucester overcome its skills and recruitment shortages – should lead to an increase in higher skilled employees whom attract higher earnings. But, it is unlikely that the future affordability issues will be ameliorated by substantial increases in income.
- 8.40 In terms of housing supply, as noted throughout this report, there are plans to potentially provide 54,600 new homes within the County between 2006 and 2026. Many of these properties will be built in and around Tewkesbury Borough (14,600), Gloucester (11,500) and Cheltenham (8,100). In nominal terms, it is arguable that such a substantial increase in dwellings would impact on house prices. However, it must be borne in mind that according to CLG projections, the numbers of households in the County are likely to increase by around 50,000 between 2006 and 2026 i.e. the projected supply of new houses will be met by demand and, as such, is unlikely to lead to lower house prices.
- 8.41 So, the expected excess of supply over demand over the next 20 years will amount to only around 6,400 dwellings. Notwithstanding local differences between demand and supply, in general terms, such a small figure is unlikely to impact on housing affordability. The exception may be the 'new growth' zone in and around Tewkesbury, Gloucester and Cheltenham where most new housing within the County will be built and, as such, house price inflation is more likely to be constrained, although even in this instance, it is not certain if affordability will improve over the long term.

**Table 8.1 EiP panel housing figures 2006 – 2026 (panel report January 2008)**

District	2006 – 2026 Total net dwelling requirement	2006 – 2026 Annual average net dwelling requirement
Cheltenham	8,100	405
Gloucester	11,500	575
Tewkesbury	14,600	730
Cotswold	6,900	345
Forest of Dean	6,200	310
Stroud	9,100	455
County total	56,400	2,820

Source: Table 2.2

8.42 Again, it may be useful to refer to the NHPAU (2007) report findings on the impact of increasing housing supply on affordability. The report argues for an increase of around 270,000 new dwellings being built nationally in areas of least affordability between 2006 and 2016 in addition to the number recommended by existing Regional Spatial Strategies.

8.43 The report's rationale for this argument is that the supply of new dwellings at RSS recommended (i.e. pre-EiP Panel Report) levels will have little impact on improving affordability. As shown by the table below, the report predicts that housing affordability in the South West region for lower quartile properties would continue to deteriorate from 8.5 in 2007 to 13.6 in 2026.

**Table 8.2 Lower quartile to house price earnings ratio point estimates 2007-2026**

Region	Existing RPG plans- average annual net additions to 2016	Lower quartile house price to earnings ratio- point estimates		
		2007	2016	2026
North East	6,000	5.3	6.0	7.8
North West	12,790	5.6	6.5	8.9
Yorkshire & Humber	14,765	6.0	6.5	9.3
West Midlands	14,902	6.7	7.5	9.8
East Midlands	13,700	6.5	7.3	9.9
East England	20,850	7.7	9.7	12.4
London	19,048	9.0	10.6	12.0
South East	28,050	8.4	10.5	13.1
South West	20,200	8.5	10.6	13.6
England	150,305	7.1	8.4	10.9

Source: NHPAU (2007)

8.44 Affordability is particularly acute for those households aged 30 to 34 years trying to enter the housing market. As shown by the table below, the report predicts that the proportion of 30 to 34 year old couples in the South West able to buy a purpose built flat will decrease from 39.4% in 2007 to 17.8 % in 2026. The proportion unable to buy a terraced property will decrease from 26.4% in 2007 to 14.5% in 2026. Importantly, the model predicts that by 2026 affordability in the South West will be worse compared with London. Whilst the report acknowledges that this approach does have its limitations, it argues that it does help to illustrate the difference in the potential outcomes of different scenarios.

**Table 8.3 Projected impact of RPG housing plans on proportion of 30-34 year old couples able to buy**

Region	% of 30-34 year old couples able to afford a purpose built flat			Lower quartile house price to earnings ratio- point estimates		
	2007	2016	2026	2007	2016	2026
North East	76.8	63.3	36.8	74.8	57.9	34.0
North West	56.0	42.9	25.2	70.3	54.4	26.2
Yorkshire & Humber	55.4	44.9	25.7	62.2	51.8	26.2
West Midlands	64.9	53.6	28.5	55.3	42.8	23.5
East Midlands	67.6	52.9	29.8	61.6	46.0	20.2
East England	57.3	34.2	31.1	39.0	32.3	24.0
London	51.9	37.9	25.9	28.7	8.3	0.4
South East	49.7	37.5	32.1	38.0	33.2	22.2
South West	39.4	19.9	17.8	26.4	19.1	14.5
England	55.6	40.9	27.8	47.8	36.2	20.2

Source: NHPAU (2007)

8.45 The report examines the impact of increasing the annual target from around 200,000 new homes per annum to around 270,000 pa with 80% of the additional newbuild located in the South West, South East and East of England. The report suggests that this would help slow (although not reverse) decreasing affordability with the affordability ratio lower quartile properties increasing from 8.5 in 2007 to 9.8 in 2026, a much less substantial increase than that discussed above.

**Table 8.4 Illustrative impact of building 270,000 homes on market affordability by region 2007-2016**

Region	Focus growth in least affordable regions (270K) – Average annual net additions	Lower quartile house price to earnings ratio- point estimates		
		2007	2016	2026
North East	7,006	5.3	5.6	6.0
North West	23,730	5.6	5.9	6.5
Yorkshire & Humber	22,107	6.0	6.1	6.8
West Midlands	17,308	6.7	7.0	7.6
East Midlands	21,136	6.5	6.7	7.3
East England	25,886	7.7	8.5	8.8
London	31,159	9.0	9.9	10.5
South East	45,152	8.4	9.4	9.6
South West	32,360	8.5	9.5	9.8
England	236,113	7.1	7.7	8.2

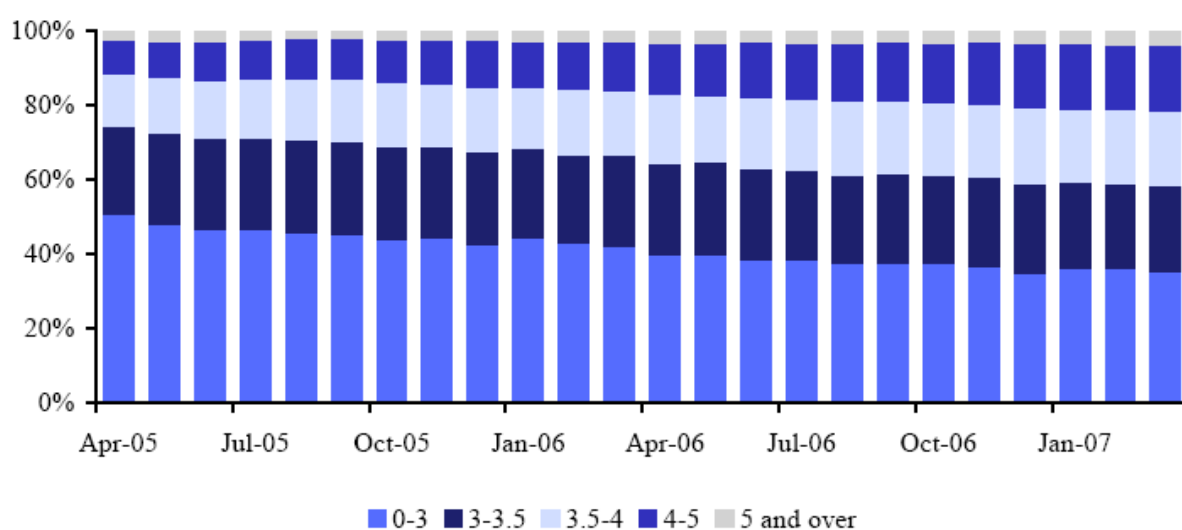
Source: NHPAU (2007)

8.46 Finally, one further way in which housing affordability is sometimes ameliorated is by changing mortgage lending criteria e.g. extending the length of mortgage repayment terms or increasing income/loan multipliers. According to HM Treasury Housing Review (March 2008), in terms of delivering outcomes, the UK housing finance system has been successful in enabling a wider range of borrowers to become homeowners.

8.47 As such, the UK has high levels of homeownership relative to other advanced economies. This has been achieved without undermining labour market flexibility and mobility due in part to the competitive and efficient nature of the UK housing finance market. Studies have found that while enjoying high rates of owner-occupation, UK households are more mobile than their European counterparts. The report cites Maclennan et al (2000) as suggesting that low mortgage switching costs in the UK are associated with high levels of regional mobility.

8.48 This has been aided by deregulation of financial regulations since the 1980s which increased consumer access to secured and unsecured credit. It also increased the number and type of mortgage products within the financial market including fixed rate, variable rate, endowment, base tracker, buy-to-let and sub prime mortgages. Some finance providers have attempted to attract first-time buyers by offering length of mortgage terms beyond the usual 25 years or offering higher than average income multipliers. This finding is confirmed by the Council of Mortgage Lenders whose research suggests that the proportion of first-time buyers obtaining mortgages using higher income multiples increased substantially between 2005 and 2007.

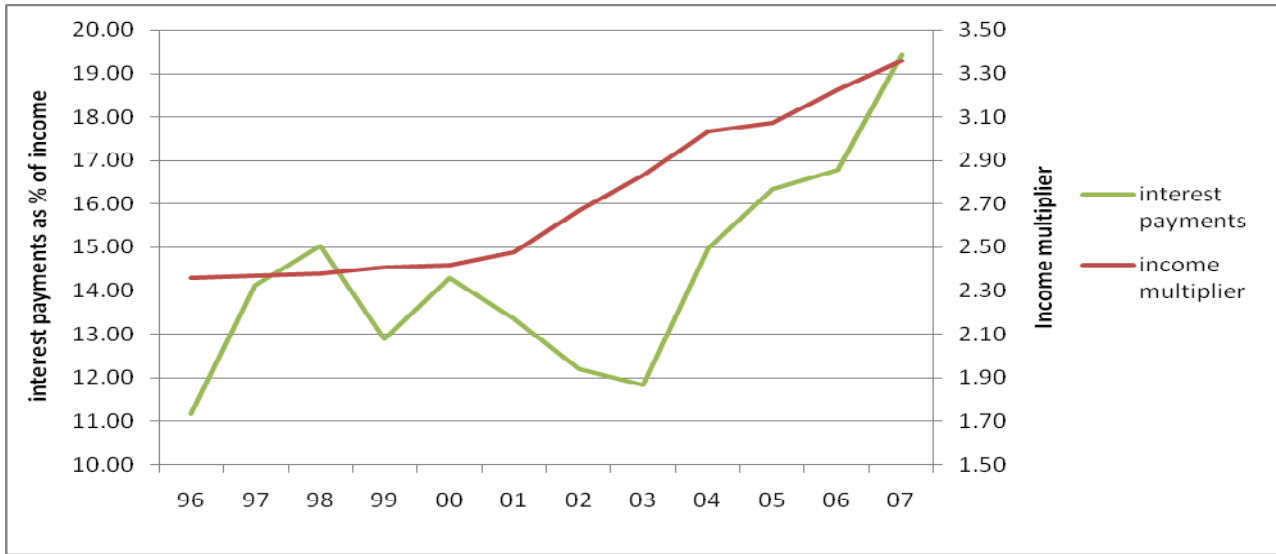
**Figure 8.4 Interest payments and income**



Source: CML, 2007

8.49 The trend of lenders offering higher income multipliers to first-time buyers can be seen below using the right-hand scale which suggests that the median income multiplier increased from 2.36 in 1997 to 3.36 in 2007. Importantly, although there is no perfect correlation, it is evident from the left hand scale that the use of higher income multipliers has led, on average, to first-time buyers requiring a higher proportion of their income to pay mortgage interest payments.

**Figure 8.5 Interest payments and income**



Source: HM Treasury, March 2008

8.50 However, the HM Treasury report states that secondary funding markets around the world have been significantly affected by the ongoing disruption in financial markets. Lenders in the UK, as elsewhere, have been unable to access secondary funding markets and have been obliged to turn to alternative and potentially more costly funding sources as a result. This has significant implications for borrowers and the housing market. Lenders have responded by tightening lending conditions, increasing mortgage fees and not passing on fully to mortgage borrowers' cuts in the Bank Rate or lower swap market interest rates. It is therefore unlikely, at least in the short-term, that changes to lending criteria may significantly impact on housing affordability either nationally or regionally.

## Summary

- i) Household population in the County is expected to rise by about 22% in the period 2006 to 26, as compared with 24% in the buoyant South West region as a whole, and 20% nationally for England. A substantial part of this increase is due to smaller household sizes mainly arising from a much older average population.
- ii) It is not clear how far the overall population will increase over that lengthy period, though the present path is one of significant increase.
- iii) Overall employment is expected to increase, but not by a great deal, and so the impetus for growth is more based on residence than work.
- iv) It is expected, from the nature of the household increase (ageing population), that there will be more need for smaller dwellings.
- v) Affordability is expected to worsen over the next 20 years increasing the impetus for a greater supply of affordable housing within the County.





## SECTION D: HOUSING NEEDS ANALYSIS

This section contains analysis following the procedure set out in the Practice Guidance in its Chapter 5 (general needs) and Chapter 6 (special needs).



## 9. Extent of housing need

The purpose of this chapter is to explain:

- The CLG Needs model applied to the County and its districts

### Introduction

- 9.1 Establishing the extent of housing need is crucial for creating housing policy in the housing market area. The guide contains a section describing the model that should be used to assess housing need in an area and how this result can be used to inform policy.
- 9.2 Before the model is discussed in detail it is necessary to define housing need. The Practice Guidance defines housing need as households who are unable to access suitable housing without some financial assistance. This means households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. Households who are not in housing need but would like affordable housing are excluded.
- 9.3 This analysis presents the results of the three stages of the housing needs assessment model. The three stages identified in the Strategic Housing Market Assessment Practice Guidance are: Current need (gross), Future need and Affordable housing supply and each will be dealt with individually. The Affordable housing supply stage is split between current stock and future supply.
- 9.4 Within each of the three broad stages set out in the table below 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 sixteen detailed steps is calculated using locally available data in Gloucestershire.

<b>Table 9.1 Steps required for the calculation of the affordable housing requirement</b>
Stage and step in calculation
<b>STAGE 1: CURRENT NEED (Gross)</b>
1.1 Homeless households and those in temporary accommodation
1.2 Overcrowding and concealed households
1.3 Other groups
1.4 equals Total current housing need (gross)
<b>STAGE 2: FUTURE NEED</b>
2.1 New household formation (gross per year)
2.2 Proportion of new households unable to buy or rent in the market
2.3 Existing households falling into need
2.4 Total newly arising housing need (gross per year)
<b>STAGE 3: AFFORDABLE HOUSING SUPPLY</b>
3.1 Affordable dwellings occupied by households in need
3.2 Surplus stock
3.3 Committed supply of affordable housing
3.4 Units to be taken out of management
3.5 Total affordable housing stock available
3.6 Annual supply of social re-lets (net)
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels
3.8 Annual supply of affordable housing

Source: CLG March 2007 Strategic Housing Market Assessments Practice Guidance

- 9.5 The Practice Guidance sets out a further two stages within the housing needs section that describe how the outputs from this model should be used: 'housing requirements of households in need' and 'bringing the evidence together'.
- 9.6 The 'housing requirements of households in need' stage derives the size, location and type of affordable housing required. The 'bringing the evidence together' stage calculates the net annual requirement for affordable housing and the implied proportion of all future housing in the authority which should be affordable. This chapter will also produce these results.
- 9.7 The calculation of housing need presented in this chapter is based solely on secondary data in line with the Practice Guidance. Whilst the majority of data is derived from robust secondary sources collated at the national level, it is necessary to use data held locally by each Council, including the housing registers. Previous housing needs estimates based principally on housing registers have been criticised because the quality of this data has been found to vary depending on individual local definitions, the in-house data management systems in place and the regularity with which the data is reviewed. To minimise the error associated with the use of locally held data the model presented has been simplified, although the approach used is still in accordance with the guide.

## **Stage 5.1 Current housing need gross**

- 9.8 The first part of this stage is an assessment of households that are currently in unsuitable housing, split between those that are currently homeless, those that reside within the affordable sector currently and those in other tenures. The CLG guide sets out a series of nine criteria for unsuitable housing:
- Homeless households
  - Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of Housing Benefit or in arrears due to expense
  - Households overcrowded according to the 'bedroom standard'
  - Dwelling too difficult to maintain (e.g. too large) even with equity release
  - Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
  - Households containing people with mobility impairment or other specific needs living in an unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ
  - Dwelling lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)
  - Dwelling subject to major disrepair or unfitness and household does not have the resources to make fit (e.g. through equity release or grants)
  - Household suffers harassment from others living in the vicinity which cannot be resolved except through a move
- 9.9 The Practice Guidance acknowledges that the housing register will provide the main source of information on the majority of households in unsuitable housing. An annual profile of the housing register as of 1st April is presented in the HSSA return each year.
- 9.10 The 2007 HSSA return added a further category about households on the housing register for Councils to complete – those in identified housing need. The guidance to the 2007 HSSA return indicates that these households in housing need should represent those that are in unsuitable housing. As the figure within the HSSA return only includes households not currently resident within affordable accommodation (including homeless households), this figure is the best estimate of the number of households in unsuitable housing outside of the affordable sector.

- 9.11 Households resident in unsuitable housing within the affordable sector create no net need for affordable housing as when they move they release an affordable dwelling for another household to inhabit. Of course the affordable housing vacated may not be of the property type and tenure required to meet need. Households in unsuitable housing in the affordable sector also form part of the supply estimate at Stage 3.1. That these households create no net requirement for affordable housing is acknowledged in the guide. As these two stages cancel each other out and there is no accurate estimate of the number of unsuitably housed households in need within the affordable sector in each individual authority it is appropriate to exclude this figure from the model.
- 9.12 The table below shows the number of households in unsuitable housing not currently resident in the affordable sector. Information from the P1E form provided by the Council closest to the date at which the housing register was assessed (1<sup>st</sup> April 2007) provides an indication of the number of homeless households within this estimate of all unsuitably housed households.
- 9.13 The table shows that Gloucester has the largest number of households in unsuitable housing (excluding those resident in the affordable sector), whilst Cheltenham displays the smallest number of unsuitable households.

**Table 9.2 Households in unsuitable housing not resident in the affordable sector**

Component	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Households in unsuitable housing not resident in the affordable sector	542	1,135	1,365	2,733	1,377	968	8,120
Estimated number of these households that are homeless	84*	24**	9**	26**	10**	15**	168

Source: HSSA 2007, \*P(1)E April 2007, \*\*P(1)E June 2007

### Affordability of unsuitably housed households

- 9.14 The Practice Guidance acknowledges that some of these unsuitably housed households are likely to be able to afford market housing in the area. Unfortunately there is no information directly available on the financial situation of these particular households in Gloucestershire; it is therefore not possible here to directly examine their ability to afford entry-level market costs. The Practice Guidance however suggests that the income profile of overcrowded households from the Survey of English Housing adjusted to the difference between national incomes and local incomes using other secondary data could be used as a proxy for the income of all unsuitably housed households.

- 9.15 Other sources of data referred to in the Practice Guidance are the Annual Survey of Hours and Earnings (ASHE) and data derived from the market analysis company CACI.
- 9.16 The latest data available from the Survey of English Housing records that nationally overcrowded households have an average income of £20,966 per year. The 2007 ASHE indicates that the median earnings of local residents in full-time employment are 106.5% of the national median in Cheltenham, 107.6% of the national median in Cotswold, 106.4% in Forest of Dean, 90.3% in Gloucester, 98.1% in Stroud district and 97.5% in Tewkesbury Borough.
- 9.17 This provides an estimated average household income for unsuitably housed households in each authority of the County. It is assumed that the income distribution of these households is equivalent to that recorded in the 2006 CACI household income profile for each authority.
- 9.18 The entry-level cost of both owner-occupied and private rented housing set out in chapter 6 is compared to the income distribution of these households. The point at which the income is sufficient for entry-level market costs to be affordable according to the affordability ratios used by the guide (3.5 times income to afford for owner-occupation and 4 times income to afford private rent) is estimated. It is assumed that all homeless households are unable to afford entry-level market costs.
- 9.19 The table below sets out the estimated proportions of unsuitably housed households able to afford market housing using this approach, using this estimate. It is possible that future calculations using different assumptions or new sources of evidence could come to different conclusions. The table shows that it is estimated that unsuitably housed households in Forest of Dean are most likely to be able to afford entry-level market housing, whilst unsuitably housed households in Tewkesbury Borough are least likely.

**Table 9.3 Affordability of households in unsuitable housing not resident in the affordable sector**

Component	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucester shire
Households in unsuitable housing not resident in the affordable sector	542	1,135	1,365	2,733	1,377	968	8,120
Proportion able to afford entry-level market housing	31.2%	30.0%	44.8%	41.7%	30.4%	27.3%	36.3%
Households in unsuitable housing requiring affordable accommodation	373	794	753	1,593	959	704	5,176

Source: HSSA, Fordham Research 2007

9.20 The table shows that there are some 5,176 households in unsuitable housing that are in need of affordable housing (excluding those resident in the affordable sector) across Gloucestershire. This figure represents the estimate for total current need across the County at the end of stage one of the model.

## Stage 5.2: Future need

9.21 In addition to the current needs discussed so far in this chapter there will be future need. This is split, as per the guide's model, into two main categories; newly forming households (× proportion unable to buy or rent in market) and existing households falling into need.

### Step 5.2.1 New household formation

9.22 The headship rate for each 5 year age cohort between the ages 15 and 54 was calculated using information from the 2001 Census on the number of people and number of household heads within each age cohort. This headship rate was then applied to the population projections between 2007 and 2012 to identify the projected number of households likely to form in Gloucestershire over the next five years. This figure is then averaged to provide an annual estimate for the number of newly forming households. This approach is compliant with the procedure described in the annex to the guide on suitable methodologies for deriving estimates of future household formation.

9.23 The table below presents the estimated number of new households likely to form each year across the County alongside the estimated rate of household formation (newly forming households as a proportion of all households). The table shows that in both relative and absolute terms it is expected that Gloucester will witness the largest number of newly forming households. It should be noted that the Survey of English Housing estimates that the new household formation rate is 1.9% across England, so the rate projected in each authority is similar to that found nationally.

**Table 9.4 Projected number of newly forming households and household formation rate (annual figures for the next five years)**

Component	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Number of newly forming households	881	702	611	961	924	618	4,696
Number of existing households	50,400	36,400	34,200	48,400	47,400	34,400	251,200
Households formation rate	1.7%	1.9%	1.8%	2.0%	1.9%	1.8%	1.9%

Source: Fordham Research 2007



### **Step 5.2.2 Proportion unable to afford entry-level market housing**

- 9.24 As there is no existing income profile for newly forming households available directly from secondary sources it has been necessary to derive an approximate income distribution using a variety of sources.
- 9.25 Steve Wilcox at the Joseph Rowntree Foundation has undertaken research into the ability of young households to afford market housing in each authority area in Great Britain. His report is titled 'The geography of affordable and unaffordable housing and the ability of younger working households to become home owners' (2006). He obtained further data from the Annual Survey of Hours and Earnings (ASHE) of 2003 to 2005 (updated to 2005) to model the average income of households with a 'household representative person' aged 20 and 39 in employment. This is a very useful indicator for the incomes of newly forming households as the data on household formation indicates that 80.6% of newly forming households in Gloucestershire come from within this age band.
- 9.26 Whilst the Wilcox study just presented a mean household income, it is assumed that the income distribution of these households is equivalent to that recorded in the 2006 CACI household income profile for each authority. The income distribution of these newly forming households can be compared to the entry-level costs for market housing in each authority. The point at which household income is sufficient for entry-level market costs to be affordable according to the affordability ratios used in chapter 6 of the Practice Guidance is estimated.
- 9.27 As the Wilcox research is based on the incomes of employed households it is also necessary to consider households forming that do not have any income from employment.
- 9.28 The 2001 Census holds data on the economic status of household heads in each five year age cohort at a local authority level. The rate of unemployment amongst household heads in each age cohort can be applied to the estimate for the total number of households forming within that age cohort in each individual authority. This provides an estimate of the number of newly forming households that will not have an employed household head each year. It is assumed that all of these households are unable to afford entry-level market costs.
- 9.29 The table below sets out the estimated proportions of newly formed households unable to afford market housing using this approach. The table shows that it is estimated that newly formed households in Forest of Dean are most likely to be able to afford entry-level market housing, whilst newly formed households in Cheltenham are least likely.

**Table 9.5 Affordability of newly forming households (annual figures for the next five years)**

Component	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Number of newly forming households	881	702	611	961	924	618	4,696
Proportion unable to afford entry-level market housing	57.9%	53.8%	40.8%	48.5%	52.5%	46.0%	50.5%
Number of newly forming households requiring affordable accommodation	511	378	249	465	484	284	2,372

Source: Fordham Research 2007

### **Step 5.2.3 Existing households falling into need**

- 9.30 The Practice Guidance recommends that this figure is derived by looking at recent changes to the number of households on the housing register. This can be done by reference to the HSSA returns between 2004 and 2007. The overall change in the number of households on the housing register between 2004 and 2007 is then collected and an annual average is then calculated for the three year period.
- 9.31 Changes in the number of households on the housing register between 2004 and 2007 in Cheltenham, Tewkesbury Borough and Forest of Dean did not accurately reflect the overall recent pattern of changes to the number of households on the housing register in the districts. In Cheltenham therefore it was decided to look at changes in the housing register over the two year period between 2005 and 2007. In Tewkesbury Borough it was decided to look at changes in the housing register over the two year period between 2006 and 2008, whilst in the Forest of Dean, changes in the housing register over the four year period between 2003 and 2007 were used.
- 9.32 The change in households on the housing register each year will however include newly forming households, which have featured in the previous step. To reduce the possibility of double counting it is necessary to estimate the likely number of newly forming households that are added to the housing register each year. There is no information directly from the housing register on the number of these households. However CORE data provides an estimate of the number of social rented lets each year taken by newly forming households in each authority. If it is assumed that the proportion of social rented lets accessed by newly forming households is the same as the proportion of households joining the housing register that are newly forming households, it is possible to calculate an estimate for the number of newly forming households that are part of the change recorded to the housing register by the HSSA.

- 9.33 The table below shows the annual change in the number of households on the housing register between 2004 and 2007 (2005 and 2007 in Cheltenham, 2006 and 2008 in Tewkesbury Borough and 2003 and 2007 in Forest of Dean) according to the HSSA returns. This represents the estimated number of all households falling into need each year (based on past trends rather than projections). The table also shows the number of these households that it is estimated are newly forming households. These newly forming households are removed from the first row and the total number of existing households falling into need each year is derived.
- 9.34 The table indicates that Cotswold records the highest number of existing households falling into need each year, whilst Stroud district records the lowest.

**Table 9.6 Number of existing households falling into need**

Component	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucester shire
Number of all households falling into need each year	527	800	195	302	100	151	2,074
Minus any newly forming households	92	159	46	46	31	39	412
Number of existing households falling into need each year	435	641	149	256	69	112	1,661

Source: Fordham Research 2007

### **Step 5.2.4 Total newly arising need**

- 9.35 The data from each of the above sources can now be put into the needs assessment table below. It indicates that additional need will arise from a total of 4,033 households per annum across the County.

**Table 9.7 Stage 2: Future need (per annum)**

Step	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
2.1 New household formation (gross per year)	881	702	611	961	924	618	4,696
2.2 Proportion of new households unable to buy or rent in the market	57.9%	53.8%	40.8%	48.5%	52.5%	46.0%	50.5%
2.3 Existing households falling into need	435	641	149	256	69	112	1,661
2.4 Total newly arising housing need (gross per year)	945	1,019	399	721	553	396	4,033

Source: Fordham Research 2007

### **Stage 5.3: Affordable housing supply**

9.36 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. The existing supply 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. The future supply of affordable units comes from two sources: relets within the social rented stock and relets within the intermediate stock.

#### **Step 5.3.1 Affordable dwellings occupied by households in need**

9.37 The need arising from these households forms part of the model at stage one. However, because no accurate estimate for this figure is available across the individual authorities and it has a net affect of zero, this figure will be excluded from stage 1 and this step.

#### **Step 5.3.2 Surplus stock**

9.38 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The DCLG guide suggests that if the vacancy rate in the affordable stock is in excess of 3% then these should be considered as surplus stock which can be included within the supply to offset needs. Chapter 6 showed that all authorities in Gloucestershire record a vacancy rate in the social rented sector of less than 3%, therefore no adjustment needs to be made to the figures.

### Step 5.3.3 Committed supply of new affordable units

- 9.39 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 we have taken HSSA data showing the number of planned and proposed affordable units for the period 2007 to 2009 as a guide to new provision.
- 9.40 The table below shows the number of affordable dwellings planned or proposed for this two year period in each authority from the 2007 HSSA. However, the figure for Tewkesbury Borough is based on the actual delivery for 2007/08 and an estimate of proposed delivery for 2008/09. The table indicates that some 59.9% of the committed supply of affordable housing in Gloucestershire is located in Gloucester and Tewkesbury Borough. However, it is likely that the economic downturn experienced during 2008/09 will adversely impact on the supply of affordable housing during the short-term at least. Also, it is important to note that the Gloucester Housing Market Partnership (GHMP) and Cheltenham and Tewkesbury Housing Market Partnership (CTHMP) both share nominations for affordable housing.

**Table 9.8 Stage 3.3: Committed supply of new affordable units over next two years**

Step	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucester shire
3.3 Committed supply	126	169	120	541	284	444	1,684

Source: HSSA 2007

### Step 5.3.4 Units to be taken out of management

- 9.41 The Practice Guidance states that this stage ‘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 the proposed number of affordable dwellings expected to be ‘taken out of management’ in the future was unknown (although likely to be very low) and hence a figure of zero has been used in this step of the model.

### Step 5.3.5 Total affordable housing stock available stock

- 9.42 This step is the culmination of the previous four and represents the total existing stock available. It is calculated by the sum of steps 3.1 to 3.3, followed by the deduction of step 3.4, as is presented in the table below. The data shows that there are an estimated 1,684 properties available to offset the current need in Gloucestershire. However, the continuing poor economic conditions during 2009 are likely to negatively impact on the supply of affordable housing, at least in the short-term.

**Table 9.9 Stage 3: Total affordable housing stock available**

Step	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
3.1 Affordable dwellings occupied by households in need	-	-	-	-	-	-	-
3.2 Surplus stock	0	0	0	0	0	0	0
3.3 Committed supply of affordable housing	126	169	120	541	284	444	1,684
3.4 Units to be taken out of management	0	0	0	0	0	0	0
3.5 Total affordable housing stock available	126	169	120	541	284	444	1,684

Source: Fordham Research 2007

### **Step 5.3.6 Future annual supply of social re-lets (net)**

- 9.43 Step 3.6 of the model is an estimate of likely future relets from the social rented stock (excluding transfers within the social rented sector). The Practice Guidance suggest that this should be based on past trend data which can be taken as a prediction for the future. The Practice Guidance also suggests the use of a three year average, to be consistent with the approach at step 2.3.
- 9.44 CORE data is used as the source for relets (excluding transfers) within the RSL sector, whilst the HSSA is used for relets (excluding transfers) within the Council rented sector in Cheltenham, Gloucester and Stroud district. The HSSA also provides an estimate of the number of households transferring between the two social rented tenures in Cheltenham, Gloucester and Stroud district.
- 9.45 The table below presents the figures for the supply of lettings (re-lets) from social stock over the past three years contained within the 2007 HSSA and CORE data. The table indicates that Cheltenham has the highest average number of lettings over the three-year period at 535 per annum. Forest of Dean has the lowest average number of lettings at 220 dwellings per annum.

**Table 9.10 Analysis of past housing supply – social rented sector**

Year	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
2004/05	580	317	255	435	447	311	2,345
2005/06	508	260	246	420	332	315	2,081
2006/07	518	262	160	527	429	290	2,186
Average	535	280	220	461	403	305	2,204

Source: HSSA 2007

### **Step 5.3.7 Future annual supply of intermediate affordable housing**

- 9.46 The amount of intermediate housing (mostly shared ownership) available in the stock is low 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. Therefore we include an estimate of the number of shared ownership units that become available each year.
- 9.47 The current number of shared ownership units in each authority can be determined from housing corporation data on the size of the stock in 2004 alongside information about recent completions of intermediate housing since 2004 from the HSSA data.
- 9.48 It is assumed that the relet rate for shared ownership properties is the same as that recorded for the social rented sector (excluding transfers). This relet rate is applied to the estimated shared ownership stock level to derive an estimated annual supply of shared ownership accommodation. The table below shows the calculation of the shared ownership supply in each district.

**Table 9.11 Calculation of relets from the intermediate stock**

Component	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Estimated size of the intermediate stock	266	389	113	375	331	200	1,674
Social rented sector relet rate (excluding transfers)	7.9%	4.9%	3.4%	7.8%	6.4%	6.5%	6.3%
Annual supply of intermediate housing	21	19	4	29	21	13	107

Source: Fordham Research Housing Corporation 2004, HSSA 2007

### **Step 5.3.8 Future annual supply of affordable housing units**

- 9.49 This step is the sum of the previous two. The total future supply in Gloucestershire is estimated to be 2,311, comprised of 2,204 units of social re-lets and 107 units of shared ownership. This is shown in the below table.

**Table 9.12 Future supply of affordable housing (per annum)**

Step	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
3.6 Annual supply of social re-lets (net)	535	280	220	461	403	305	2,204
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels	21	19	4	29	21	13	107
3.8 Annual supply of affordable housing	556	299	224	490	424	318	2,311

Source: Fordham Research 2007

### STAGES 5.4 & 5.5: Use of model results

9.50 Stages 5.4 & 5.5 of the housing need chapter in the guide relate to the housing requirements of households in need and bringing the evidence together. The analysis required within these two stages will be presented in a different order to that shown in the guide to ensure that it is easy to follow. This section does however contain all of the required outputs from these two stages.

### Estimate of net annual housing need

9.51 The table below shows the final figures in the housing needs assessment model. This brings together the three preceding stages that were calculated above.



**Table 9.13 Housing needs assessment model for Gloucestershire**

Step	Notes	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
<b>STAGE 1: CURRENT NEED (Gross)</b>								
1.1	All steps combined and unsuitably housed households to in the affordable sector excluded	373	794	753	1,594	959	704	5,176
1.4								
<b>STAGE 2: FUTURE NEED</b>								
2.1		881	702	611	961	924	618	4,696
2.2		57.9%	53.8%	40.8%	48.5%	52.5%	46.0%	50.5%
2.3		435	641	149	256	69	112	1,661
2.4	(2.1x2.2)+2.3	945	1,019	399	721	553	396	4,033
<b>STAGE 3: AFFORDABLE HOUSING SUPPLY</b>								
3.1		-	-	-	-	-	-	-
3.2		0	0	0	0	0	0	0
3.3		126	169	120	541	284	444	1,684
3.4		0	0	0	0	0	0	0
3.5	3.1+3.2+3.3-3.4	126	169	120	541	284	444	1,684
3.6		535	280	220	461	403	305	2,204
3.7		21	19	4	29	21	13	107
3.8	3.6+3.7	556	299	224	490	424	318	2,311

Source: Fordham Research 2007

- 9.52 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 calculated in stage 1.
- 9.53 The second step is to convert this net backlog need figure into an annual flow. The guide acknowledges that this backlog 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 guide will be used. Therefore to annualise the net current need figure it will be divided by five.
- 9.54 The final step is to add the net annual quota of households who should have their needs addressed to number of households that form the newly arising housing need (step 2.4) and subtract the future annual supply of affordable housing (step 3.8). The table below illustrates how these further steps are calculated for each district in Gloucestershire.

**Table 9.14 Derivation of annual net need for affordable housing in Gloucestershire**

Step in calculation	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucester shire
Net current need	247	625	633	1,053	675	260	3,493
Annualised net current need	49	125	127	211	135	52	699
Step 2.4	945	1,019	399	721	553	396	4,033
Step 3.8	556	299	224	490	424	318	2,311
Total net annual housing need	439	845	301	442	264	130	2,421

Source: Fordham Research 2007

9.55 This table shows that the total net annual housing need in Gloucestershire is for 2,421 affordable dwellings per annum comprised of 845 dwellings in Cotswold, 442 units in Gloucester, 439 homes in Cheltenham, 301 properties in Forest of Dean, 264 units in Stroud district and 130 dwellings in Tewkesbury Borough.

### The private rented sector

9.56 The Practice Guidance acknowledges that it is important for SHMA partnerships to understand the role of the private rented sector in accommodating households in housing need. The guide indicates that the number of households in the private rented sector on Housing Benefit should be recorded. Each Council was asked to provide their latest estimate for this figure. The results are presented in the table below.

9.57 Overall there are 9,305 households in the private rented sector on Housing Benefit across the County. The highest number is found in Cheltenham and the lowest number in Tewkesbury Borough. The figure for Cheltenham is an estimate, rather than an exact figure.

**Table 9.15 Number of households in the private rented sector on Housing Benefit**

	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucester shire
Number of households	1,835	969	1,100	2,577	1,968	856	9,305

Source: Council information

### Implied market housing requirement

9.58 Guidance indicates that the figure for the net annual need for affordable housing should be compared to the number of new dwellings to be built each year, documented in Chapter 2, to derive an estimate for the number of all dwellings that should be affordable. This is presented in the table below.

**Table 9.16 Annual housing provision compared to requirement for affordable housing**

Area	Annual housing provision 2006 to 2026	Annual net need for affordable housing	Implied proportion of dwellings that should be affordable
Cheltenham	405	439	108.4%
Cotswold	345	845	244.9%
Forest of Dean	310	301	97.1%
Gloucester	575	442	76.9%
Stroud	455	264	58.0%
Tewkesbury	730	130	17.8%
Gloucestershire	2,820	2,421	85.8%

Source: Draft South West RSS 2006, EiP January 2008, Fordham Research 2007

- 9.59 The table shows that in both Cotswold and Cheltenham the annual requirement for affordable housing exceeds the annual provision of housing. It is clear that if all of the identified housing need is going to be met within the affordable sector in these authorities then the level of future housing provision will have to increase. If it is not possible to increase the provision of new housing, the private rented sector will continue to be used to house households in need. However it is important to note that the table shows an implied proportion of dwellings that should be affordable, not actual targets (which are discussed more fully in Chapter 11). For example, although Tewkesbury borough's implied affordable need is 17.8%, its role in providing new housing to meet the needs of neighbouring local authorities means that its actual affordable housing requirement is at least 30% on qualifying sites. This is in accordance with its current Affordable Housing Planning Policy.
- 9.60 The other four authorities record an implied proportion of affordable accommodation that is technically achievable. However in Gloucester, Stroud and Forest of Dean the proportions indicated may not be realistic.

### Size of affordable housing required

- 9.61 The Practice Guidance states that the size profile of affordable housing required should be informed by data on the size of home required by households on the waiting list. The table below shows the proportion of households on the waiting list requiring a dwelling of a particular size in each district.

9.62 Table 9.17 shows that in all districts apart from the Forest of Dean one bedroom accommodation is required by over half of households on the waiting list. In the Forest of Dean only 40.0% of households on the waiting list require a one bedroom property. Overall Cotswold displays the highest proportion of households that require a one bedroom home. Forest of Dean records the highest proportion of households that require a three bedroom home whilst Cheltenham has the highest proportion of households that require a dwelling with four or more bedrooms.

**Table 9.18 Size of affordable accommodation required by households in need**

Bedrooms required	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
1	57.8%	60.0%	40.0%	54.7%	56.4%	56.5%	56.6%
2	25.9%	24.7%	38.2%	30.3%	30.5%	31.0%	27.8%
3	11.7%	12.2%	18.2%	12.7%	11.7%	8.7%	12.5%
4+	4.6%	3.1%	3.7%	2.3%	1.4%	3.8%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: HSSA, 2007 Fordham Research 2007

9.63 It is important to note that the figures represent the requirement for affordable housing gross of any supply and that because smaller dwellings in the social rented sector tend to have a higher turnover rate the size profile once the likely supply has been discounted may be different.

### Status of intermediate housing

9.64 The Practice Guidance identifies that there are two types of affordable housing suitable to meet the identified housing need - social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. The Practice Guidance indicates that affordable housing should be at a cost which is below the cost of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). This is clearly identified on page 25 of PPS3 which states:

*‘affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:*

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.*

9.65 Evidence of the potential demand for intermediate housing can be obtained from the 2005 Joseph Rowntree Foundation report entitled 'Affordability and the Intermediate Housing Market'. Within this report two potential markets for intermediate housing are defined. These are:

- Broad definition – working households unable to purchase lower quartile two- or three-bedroom properties (i.e. properties within the lowest 25% price bracket)
- Narrow definition – working households that can afford to pay a social rent (without the need for Housing Benefit), but who cannot buy lower decile two- or three-bedroom properties (i.e. properties within the lowest 10% price bracket)

**Figure 9.1 Different intermediate housing markets used by JRF**

Broad intermediate housing market				
Not in work	In work but on Housing Benefit	Not on Housing Benefit but cannot buy at lower decile level	Cannot buy at lower quartile level	Can buy at lower quartile level
Narrow intermediate housing market				

9.66 The report identified the proportion of households within these defined potential markets able to afford intermediate housing for each authority in Great Britain. The table below presents the results for each authority in Gloucestershire along with the South West and England.

9.67 The table examines the proportion of households in Gloucestershire able to afford intermediate housing within either the broad or narrow definition. It suggests that the need for intermediate housing is greatest in Cotswold as more than half (56.1%) of working households there cannot afford the lowest 25% priced two- and three-bedroom properties, and over a third (36.1%) of working households cannot afford to buy the lowest 10% priced two- and three-bedroom properties. In comparison, the need for intermediate is smallest in Gloucester where over a third (36.9%) of working households cannot afford the lowest 25% priced two- and three-bedroom properties, and over a fifth (21.3%) of working households cannot afford to buy the lowest 10% priced two- and three-bedroom properties. It is clear that the potential for intermediate housing is greatest in Cotswold and Tewkesbury Borough as a larger proportion can afford the narrow definition than is recorded in the South West region as a whole.

Table 9.19 JRF intermediate housing affordability		
Area	Broad definition	Narrow definition
Cheltenham	46.4%	28.6%
Cotswold	56.1%	36.1%
Forest of Dean	47.8%	29.8%
Gloucester	36.9%	21.3%
Stroud	50.2%	24.7%
Tewkesbury	50.9%	32.5%
South West	51.5%	31.4%
England	43.3%	23.5%

Source: JRF Affordability and the intermediate housing market (2005)

9.68 The JRF analysis considers the potential demand for intermediate housing based on the income profile of households that might be suitable for this tenure. It does not however consider whether these households would like to move to this type of housing. Information from Zone/HomeBuy Agents suggests that less than a fifth of households on the housing register across Gloucestershire have expressed an interest in intermediate housing in the County. However, it should be noted that only households who meet basic eligibility criteria are advised by the HomeBuy agent to make an application for intermediate housing, a factor that would limit the number of applications. Nonetheless, the figures identified by the JRF are therefore likely to be an overestimate of the proportion of housing need that can be resolved via an intermediate product.

## Summary

- i) This chapter contains the results of the three stages of the housing needs assessment model:
- ii) Stage 1, the current gross housing need, was calculated to be 5,176  
 Stage 2, the annual future need, was calculated to be 4,033 (per annum)  
 Within stage 3 the total affordable housing stock available was calculated to be 1,684  
 Within stage 3 the future annual supply of affordable housing units was calculated to be 2,311
- iii) The Housing Needs Assessment in Gloucestershire followed the guidance from CLG. Using this model it is estimated that the net annual housing need in Gloucestershire is 2,421

# 10. The housing requirements of specific household groups

The purpose of this chapter is to:

- Outline the housing situation of a range of specific household groups
- Summarise policy issues and implications

10.1 This chapter follows Chapter 6 of the Practice Guidance which does not require a series of numbered stages as per the previous chapter.

## Households containing someone with a limiting long-term illness

10.2 This section examines the housing situation of people/households that contain someone with some form of disability. Such disabilities include both those with medical needs (e.g. with a physical disability) and those with support needs (e.g. with a mental health problem).

10.3 The section uses data derived from the 2001 Census about households with a limiting long term illness (LLTI) and also data from the most recent housing needs surveys/assessments to provide a broad overview of the character of households with some sort of specific need and the spatial variation of such households.

## Census data

10.4 The table below shows the proportion of people with a LLTI and the proportion of *households* where at least one person has a LLTI. The data suggests that across the housing market area (HMA) around 38.4% of households contain someone with a LLTI. This figure is lower than the average for both the South West region and England and Wales.

10.5 The figures for the *population* with a LLTI show a similar trend when compared with regional and national figures. An estimated 16.2% of the population of the HMA have a LLTI.

<b>Table 10.1 Households and people with limiting long-term illness (LLTI) (2001)</b>		
Area	% of households containing someone with LLTI	% of population with LLTI
Tewkesbury	36.6%	15.5%
Cheltenham	35.5%	15.6%
Cotswold	35.2%	15.1%
Stroud	38.3%	15.8%
Gloucester	40.5%	16.9%
Forest of Dean	44.4%	18.0%
County	38.4%	16.2%
South West	42.8%	18.1%
England and Wales	43.8%	18.2%

Source: Office for National Statistics 2007 (from 2001 Census data)

### Characteristics of population with LLTI

- 10.6 It should be noted that the figures are for population and not households and so will to a certain extent be influenced by different household sizes. The split between different groups (e.g. tenure or car ownership/use) will therefore not match the figures split for households (from the 2001 Census) provided at several points in this report.
- 10.7 The first of the tables below looks at the tenure profile of the population with a LLTI compared with that with no LLTI. The data shows that the population with a LLTI are more likely to live in social rented accommodation. Over a quarter of the population with a LLTI live in social rented accommodation, compared with around 14%-15% in the owner-occupied and private rented sectors.

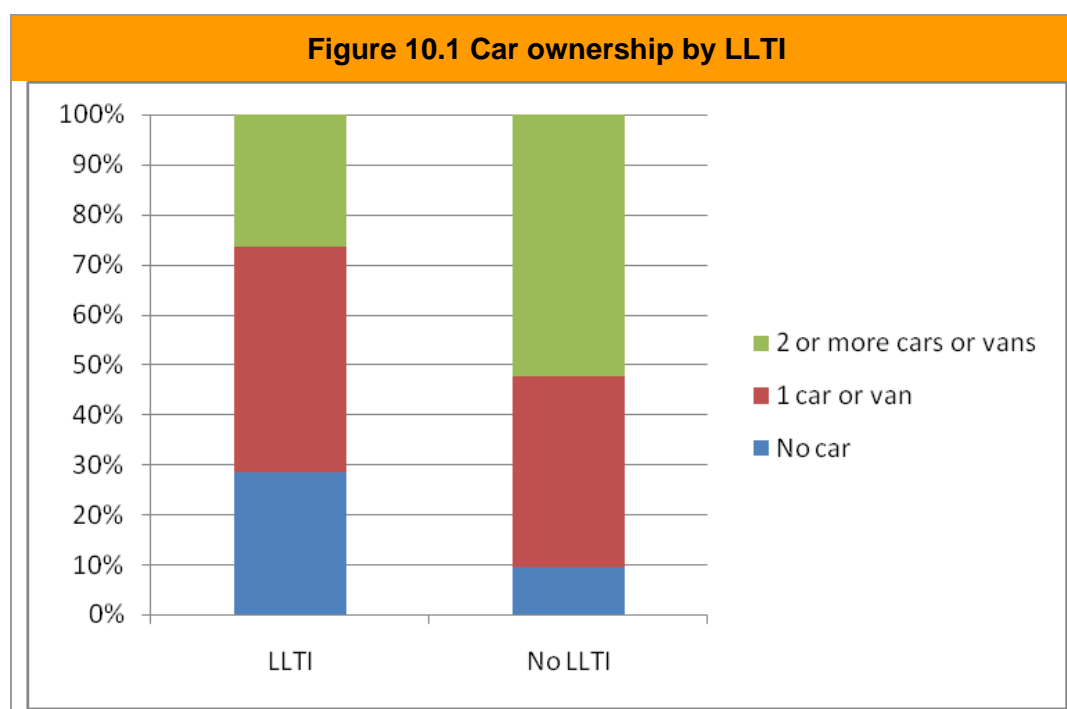
<b>Table 10.2 Tenure of population with LLTI in the HMA</b>				
Tenure group	With LLTI	No LLTI	Total population	% with LLTI
Owned	59,168	363,579	422,747	14.00%
Social rented	18,293	53,850	72,143	25.36%
Private rented	7,996	51,020	59,016	13.55%
<b>TOTAL</b>	<b>85,457</b>	<b>468,449</b>	<b>553,906</b>	<b>15.43%</b>

Source: Office for National Statistics 2007 (from 2001 Census data)

- 10.8 Further data from the Census suggests that people with a LLTI are slightly less likely to live in accommodation which is overcrowded. An estimated 4.6% of all people with a LLTI are over-crowded compared with 5.3% of people without a LLTI.



- 10.9 Also, the Census data suggests that across the HMA people with a LLTI are more likely than the remainder of the population to live in accommodation which does not have access at ground floor level. Overall, 10.8% of people with a LLTI live in accommodation which is not accessed from ground floor level, this compares with 8.9% of the population without a LLTI (this result is likely to be related to the findings for tenure with the social rented sector having a greater proportion of purpose-built flats).
- 10.10 Finally, LLTI is examined in relation to car ownership. As well as indicating potential mobility, this measure is frequently used as a proxy for wealth. The data suggests that people with a LLTI are far less likely to have access to a car or van than other households. The data is shown in the figure below.



Source: Office for National Statistics 2007 (from 2001 Census data)

### Survey data

- 10.11 Data from the Gloucestershire County-wide Housing Needs Assessment 2005 generally support the above findings.
- 10.12 The 2001 proportion of households who had at least one member with a limiting, long-term illness, ranged from 27.7% in Cheltenham to 34.6% in the Forest of Dean.
- 10.13 During the last six months, 4.9% (11,734) of all respondents had experienced a health problem that severely limited their daily activities or the work they could do. A further 12.3% (29,280) of respondents had experienced a health problem that limited their daily activities or the work they could do.

10.14 Looking at respondents who defined themselves as having a long-term illness or health problem over a six-month period, 23.7% (10,634) had been severely limited in their daily activities or the work they could do, a further 54.6% (24,499) had been limited. More than one fifth (21.7%) of respondents who had a long-term illness or health problem had not been limited in their daily activities or the work they could do as a result of their condition<sup>21</sup>.

### **Special needs: Policy issues**

The long term impact of Lifetime Homes on the new housing developments is worth considering, although it is likely that first buyers of such housing will rarely have mobility problems.

For the majority of this group a wide range of policy and service responses can be considered. Examples are: provision of floating support and health care, facilitate equity release where this might assist in providing adaptations, reviewing the services which councils already provide to maximise their targeting.

There is clearly a need for more specialist housing, and the need for extra care accommodation especially targeted upon the frail elderly.

Government policy suggests that from 2011 all new dwellings built with public subsidy should meet Lifetime Homes standards. In the meantime, given the high proportion of households within the County that contain someone with a limiting long-term illness, it is recommended that local planning authorities adopt a target of 25% of all new dwellings being constructed to Lifetime Homes standards.

### **Key worker households**

10.15 The Practice Guidance identifies an analysis of key worker households as an important area of study.

10.16 Key worker households are typically those working in the public services and Health Service sector. The Census provides some information about the population whose employment falls into the category of 'Public administration, education & health'. As such, the report looks at information from this group of the population as well as drawing on information from the 2005 Gloucestershire County-wide Housing Needs Assessment.

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<sup>21</sup> Gloucestershire County-wide Housing Needs Assessment 2005 p. 63

## The characteristics of key workers

10.17 The Census provides some additional data about the group of people working in public administration, education and health. The tables below show the age and social group of key workers.

10.18 Table 10.3 below shows that 'key workers' are typically older than other people in employment. Overall, it is estimated that 17.1% of key workers are aged under 30 compared with 23.1% of other working people. However, it is also interesting to note that the proportion of key workers aged 60 and over is lower than the equivalent proportion of non-key workers.

Table 10.3 Age of 'key workers' in the HMA			
Age group	Key worker	Non-key worker	All working people
Under 30	2,977	59,024	62,001
30 to 39	5,381	64,830	70,211
40 to 49	4,646	61,402	66,048
50 to 59	3,688	53,397	57,085
60 and over	667	16,933	17,600
TOTAL	17,359	255,586	272,945
Under 30	17.1%	23.1%	22.7%
30 to 39	31.0%	25.4%	25.7%
40 to 49	26.8%	24.0%	24.2%
50 to 59	21.2%	20.9%	20.9%
60 and over	3.8%	6.6%	6.4%
TOTAL	100.0%	100.0%	100.0%

Source: Office for National Statistics 2007 (from 2001 Census data)

10.19 Table 10.4 below shows the social group in which the key workers fall within. The data suggests that key workers are far more likely to be within social groups 1 to 3 (managers and senior officials, professional occupations, and associate professionals and technical occupations) than other working people. Over half of key worker employment is within groups 1 to 3 compared with only 39.0% of other working people.

10.20 In contrast, there are an estimated 6.3% of key workers whose employment falls into groups 8 and 9 (process plant and machine operatives, and elementary occupations) and for whom pay levels are likely to be lower. It is these households in the lower social grades who may have particular difficulty in accessing market housing. However, it should be noted that the proportion of other households in the lowest social group is significantly higher than for key workers (21.3% in social groups 8 & 9).

Table 10.4 Social group of 'key workers' in the HMA			
Social group	Key worker	Non-key worker	All working people
1 to 3	9,303	99,666	108,969
4 & 5	6,419	64,760	71,179
6 & 7	537	36,651	37,188
8 & 9	1,100	54,504	55,604
TOTAL	17,359	255,581	272,940
1 to 3	53.6%	39.0%	39.9%
4 & 5	37.0%	25.3%	26.1%
6 & 7	3.1%	14.3%	13.6%
8 & 9	6.3%	21.3%	20.4%
TOTAL	100.0%	100.0%	100.0%

Source: Office for National Statistics 2007 (from 2001 Census data)

Key	
1. Higher managerial and professional occupations	6. Semi-routine occupations
2. Lower managerial and professional occupations	7. Routine occupations
3. Intermediate occupations	8. Never worked and long-term unemployed
4. Small employers and own account workers	9. Uncategorised
5. Lower supervisory and technical occupations	

## Survey data

- 10.21 Data from the Gloucestershire County-wide Housing Needs Assessment 2005 suggested that, in all, an estimated 22,444 key workers reside in Gloucestershire, accounting for 6.1% of the total working population. The largest proportions of key workers are teachers with a population of 8,179 (36.4%).
- 10.22 The distribution of key workers across Gloucestershire's six local authority districts varies widely, with Stroud district home to 21.3% of the estimated 22,444 key workers, compared with 21.0% in Cheltenham, 17.5% in Gloucester, 13.6% in Forest of Dean, 13.1% in Cotswolds, and 12.0% in Tewkesbury Borough<sup>22</sup>.
- 10.23 It is not possible to determine the exact reasons as to why the distribution of key workers throughout the County is uneven. However, it is arguable that key workers are more likely to reside in areas with higher levels of public administration employment (e.g. Gloucester and Cheltenham), and due to lower average incomes, are less likely to reside in areas with lower levels of housing affordability e.g. Cotswolds.

<sup>22</sup> Gloucestershire Housing Needs Survey 2005, p.67

10.24 In response to the housing needs of key workers, the Regional Housing Board has determined that affordable housing programme resources will be allocated to assist key public sector workers. The Board uses the South West Key Worker definition which includes any public sector employee delivering an essential public service). Resources will be allocated provided that clear and specific evidence is produced from employers in that market area that they are experiencing real recruitment and retention difficulties.<sup>23</sup>

### **Key workers: Policy issues**

The survey has not identified particular housing problems for key workers within the County. Also, as Chapter 7 identified, key workers constituted only a small proportion of intermediate housing applicants. This is probably due to key workers being more likely to be employed in higher paid occupations, and the limitations of some HomeBuy products aimed at key workers.

However it is worth reviewing the issues of recruitment and retention on a continuing basis, as shortages in particular areas can appear quite quickly. In some parts of the County the new migrant workers will be providing key worker services, and this group presents different issues (see below).

In the short-term, new migrant workers are usually dependent on private rented sector accommodation. Those migrant workers who choose to remain in the County over the longer-term may seek accommodation using intermediate housing products such as HomeBuy.

Finally, it may be useful for Local Development Frameworks (LDFs) to what proportion (if any) of local authority affordable housing targets should be allocated to providing key worker dwellings.

### **Migrant workers**

10.25 Migrant workers are a group about whom relatively little is known, but are observed to be growing in numbers and changing in profile. They are established as an important part of the labour force in many areas. Due to their recent arrival in this country and the low income and pay of many of them, the quality of their housing is an issue. There is no official definition of a 'migrant worker' but as the name suggests, it generally describes households who have entered the country fairly recently and primarily for work purposes.

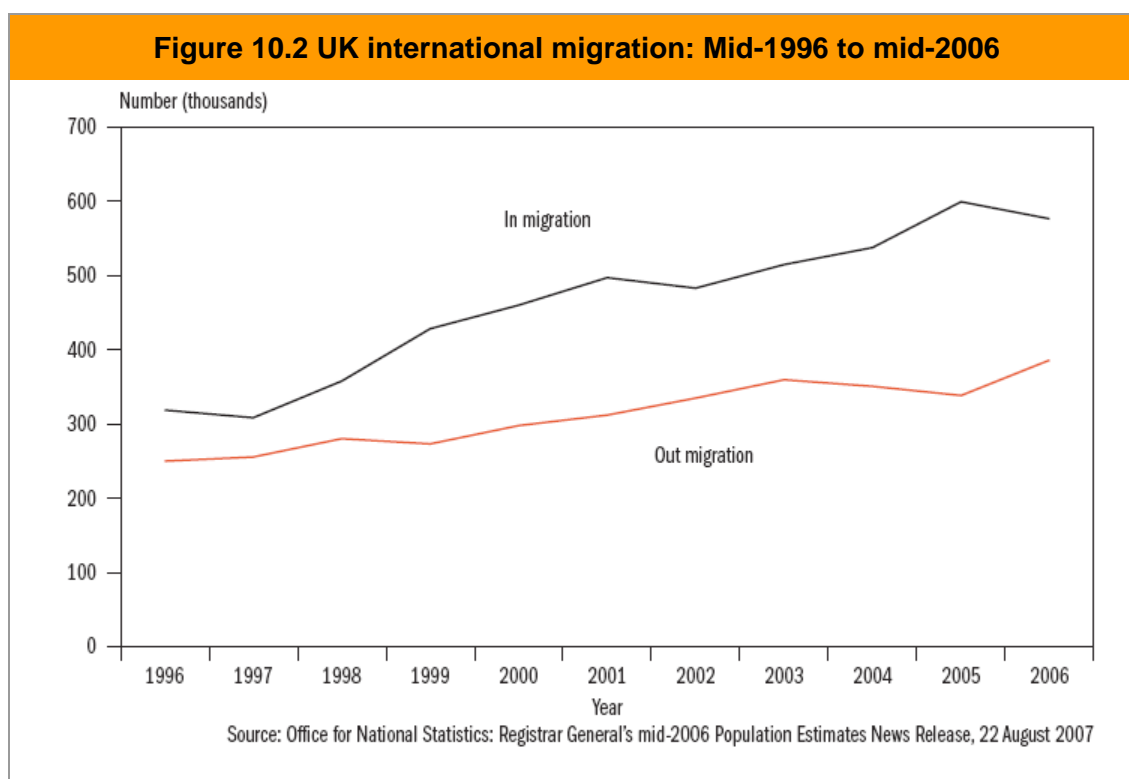
<sup>23</sup> South West Regional Housing Strategy 2005-2015 p.27

- 10.26 In May 2004 the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Cyprus and Malta joined the EU and are commonly referred to as the A8 accession countries. In January 2007 Bulgaria and Romania also joined the EU and became known as the A2 accession countries. There was widespread concern that extending the EU membership to a number of new countries at once would disturb the local labour force markets and disrupt social cohesions. The Government therefore introduced a number of work and welfare restrictions on the accession countries.
- 10.27 With regards to social housing, A8 and A2 migrant workers are permitted to apply for social housing after working legally in the UK continuously for 12 months. As a result Eastern European migrant workers are often found in the private rented sector or in employment where accommodation is provided by the employer or gangmaster.
- 10.28 Research has found that this impacts on both on the migrant workers and the indigenous community<sup>24</sup>. Migrant workers in private rented accommodation are reported to be living in extremely overcrowded circumstances and those whose accommodation is linked to their employment can be over-charged and left with little security and the threat of homelessness.
- 10.29 A report by the Wales Rural Observatory<sup>25</sup> refers to the pressure that this adds to the local housing markets. The research reveals that employers, gangmasters and private landlords often buy larger family sized dwellings in order to house as many migrant workers as possible in return for higher rental gains.
- 10.30 Migrant workers impact in different ways on local and national economies, housing, services, education and training and community cohesion. It is important therefore that Local Authorities are aware of what the local impacts are and how they can be addressed.
- 10.31 Similar to many areas throughout the UK, Gloucestershire has recently experienced an increase in migrant workers, especially from Eastern European countries. According to the Home Office, in the year to mid-2006, the flow of long-term migrants into the UK was 574,000 and the outflow was 385,000. Net international migration (the difference between long-term migration into and out of the UK) was 189,000 in 2006, down from 262,000 in the year to mid-2005 (p.5) (see below).

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<sup>24</sup> A8 Migrant workers in rural areas, *Commission for Rural Communities*, January 2007

<sup>25</sup> Scoping study on Eastern and Central European migrant workers in Rural Wales, *Wales Rural Observatory*, July 2006



Source: Home Office 2007

- 10.32 Research undertaken by Gloucestershire County Council (GCC) shows that Gloucestershire has experienced a rapid and large influx of migrant workers. In the last four years, 15,763 workers have applied for National Insurance Numbers since April 2003. These migrants represent an increase of 2.7% in the total population of the County in just four years and 4.5% of the projected working age population of Gloucestershire in 2007. Most of the migrants originate from Eastern Europe or former Soviet States and 41% (6,438) are Polish (p.4).
- 10.33 In the year to the end of March 2007 4,390 migrant workers resident in Gloucestershire applied for a National Insurance Number (NINo). This represented 10.53% of all NINo applications in the South West Region and 0.62% of all NINo applications in the UK (p.12). See the table below;

**Figure 10.3 National insurance number applications  
2006/07**

	All applications
Cheltenham	1,440
Cotswold	610
Forest of Dean	250
Gloucester	1,260
Stroud	460
Tewkesbury	370
Total Gloucestershire	4,390
South West	41,710
Gloucestershire as % of South West	10.53%
All UK	713,450
Gloucestershire as % of UK	0.62%

Source: Gloucestershire County Council 2007

10.34 Since April 2003 a total of 15,763 migrants have registered for work in Gloucestershire, with 2006/07 experiencing the greatest number of registrations to date. The table below shows the estimates of the numbers of migrant workers in Gloucestershire, by district and year, derived from available statistics by the GCC Research Team. Migrant Workers who have registered since April 2003 represent 4.5% of the projected total working age population of Gloucestershire in 2007, although care must be taken in using this statistic since it is not known how many migrant workers have left the County or the UK since. (p.12)

**Figure 10.4 Number of migrant workers by year of registration**

All Migrant Workers 2003 - 2007 - By District	Numbers of Migrant workers by year of registration					% change yr on yr		
	2003/04	2004/05	2005/06	2006/07	Total 2003 - 07	04/05 v 03/04	05/06 v 04/05	06/07 v 05/06
Cheltenham	706	946	1,019	1,440	4,111	34.0%	7.7%	41.3%
Cotswold	428	463	343	610	1,844	8.2%	-25.9%	77.8%
Forest of Dean	1,159	1,136	979	250	3,524	-2.0%	-13.8%	-74.5%
Gloucester	434	621	867	1,260	3,182	43.1%	39.6%	45.3%
Stroud	310	630	462	460	1,862	103.2%	-26.7%	-0.4%
Tewkesbury	214	372	284	370	1,240	73.8%	-23.7%	30.3%
<b>Total Gloucestershire</b>	<b>3,251</b>	<b>4,168</b>	<b>3,954</b>	<b>4,390</b>	<b>15,763</b>	<b>28.2%</b>	<b>-5.1%</b>	<b>11.0%</b>

Source: The Research Team, GCC using NIRS statistics on National Insurance Number Applications and Home Office statistics on Work Permit Applications, Worker Registration Scheme and Seasonal Agricultural Workers Scheme.

Source: Gloucestershire County Council 2007



10.35 The proportions of applicants for NINOs in 2006/2007 by Region of Origin and District are shown below. Eastern Europeans continue to dominate applications (59.23%), although other Europeans are also a significant proportion of migrant workers, particularly in Stroud district (17% of applications), whilst migrants from the Indian subcontinent represent 12% of all migrants applying for a NINo in Gloucester.

**Figure 10.5 National insurance applications 2006/07**

National Insurance Applications 2006/07									
Local Authority	Eastern Europe & former Soviet States	Other EC	Indian Sub-continent	Africa	Far East & South East Asia	North America	Australia/New Zealand	Others & unspecified	Total
Cheltenham	850	200	80	50	80	40	40	100	1,440
Cotswold	330	60	30	40	50	20	40	40	610
Forest of Dean	130	0	10	20	20	0	20	50	250
Gloucester	780	110	120	90	50	20	10	80	1,260
Stroud	270	80	20	20	10	10	20	30	460
Tewkesbury	240	40	20	10	20	10	20	10	370
<b>Total Gloucestershire</b>	<b>2,600</b>	<b>490</b>	<b>280</b>	<b>230</b>	<b>230</b>	<b>100</b>	<b>150</b>	<b>310</b>	<b>4,390</b>
<b>% of total</b>	<b>59.23%</b>	<b>11.16%</b>	<b>6.38%</b>	<b>5.24%</b>	<b>5.24%</b>	<b>2.28%</b>	<b>3.42%</b>	<b>7.06%</b>	<b>100.00%</b>

Source: National Insurance Recording System (NIRS), May 2007

Source: Gloucestershire County Council 2007

10.36 The research states that most migrant workers are employed full-time and work between 30 and 50 hours a week. The majority of Eastern European migrant workers in the County earn less than £6 per hour. However, a smaller proportion than is the case in other UK regions earn below the minimum wage. 45% of migrant workers whose employers responded to the survey were employed in unskilled work and a further 35% doing skilled work. Employers believe that as many as 25% of their workers are overqualified for the work that they do.

10.37 Migrant workers who responded to the employee survey are largely well educated and qualified. 35% had been at school/college, 15% had a vocational qualification and 39% had a university education/qualification. Employers and employees both perceive the language barrier to be a significant issue. For employers it is the main disadvantage of employing migrant workers and for employees it prevents them working at the level to which they are qualified. Some employers provide language training, but employees would like more help in accessing English language lessons that are affordable and fit in with work patterns (p.5).

10.38 According to the research, employers gave high praise to the migrant workers that they employ. They find them to be hard working, reliable, and committed and many of the businesses that responded would have serious problems with staff shortages if they were unable to employ migrant workers (p.5).

- 10.39 Importantly, in terms of housing, most migrant workers who were contacted during this research project rent rooms in shared houses, with a significant number dependant upon their employer for their accommodation. Most have aspirations to live in their own accommodation eventually (p.5). The research concludes that the increase in migrant workers is likely to lead to an increase in household creation and an increased demand for owner-occupied and private rented accommodation, particularly in Gloucester and Cheltenham (p.6).
- 10.40 Further, it concludes that many migrants start out in the UK in accommodation provided by their employers or in house shares with other migrants. This has short-term implications for the monitoring of Housing In Multiple Occupation (HMOs). However, those migrants who intend to stay long-term are likely to want to have homes of their own eventually, either privately rented or owned. As such, the assessment of housing needs for the County should account for this characteristic (p.43).
- 10.41 This view accords with findings by the Local Government Association 2007, who state that in areas experiencing significant economic growth, many migrants are living in overcrowded properties in a poor state of repair, sometimes with a high fire risk or other health and safety problems. Demand on social housing has, as yet, been low but the costs of increased Housing Benefit processing and issues of homelessness and destitution are issues in some areas. The complexities of supply, demand, entitlement and need pose short and longer-term challenges (p.5).

### **Migrant workers: Policy issues**

There is a considerable need for outreach facilities for this group, mainly housed in private rented housing at the lower end of that market. Access to social facilities, education, training and language facilities is required. Peterborough City has set up an organisation called New Link which provides a drop in centre with a wide range of languages spoken which has greatly assisted the assimilation of migrant workers in that city.

The migrant worker population contains members who will, if encouraged, wish to stay and since they are normally quite highly trained, add to the overall character of the community. They, like other groups, would benefit from cheap, but not social rented, housing. Some of them will in future years be candidates for intermediate and shared ownership housing.

## Older person households

10.42 Guidance recognises the need to provide housing for older people as part of achieving a good housing mix. As the population projections presented in Chapter 8 show, the number of older people is expected to increase significantly over the next few years. As such, this chapter examines the characteristics of the older person population.

### Number and distribution of older persons

10.43 The tables below show the number and proportion of older person households in the HMA at the time of the 2001 Census. The data shows that overall the proportion of households containing only pensioners is broadly in line with regional and national averages. At the time of the Census it was estimated that just over a quarter (25.2%) of households in the HMA were pensioner only. This figure is made up of 14.9% single pensioners and 10.2% of households with two or more pensioners.

<b>Table 10.5 Pensioner households in the HMA (Census 2001)</b>			
Pensioner households	The HMA	South West	England
Single pensioner	35,509	322,418	3,126,340
2 or more pensioners	24,326	231,214	1,942,737
All households	237,872	2,085,984	21,660,475
Single pensioner	14.9%	15.5%	14.4%
2 or more pensioners	10.2%	11.1%	9.0%
All households	100.0%	100.0%	100.0%
Total % pensioner only	25.2%	26.5%	23.4%

Source: Office for National Statistics 2007 (from 2001 Census data)

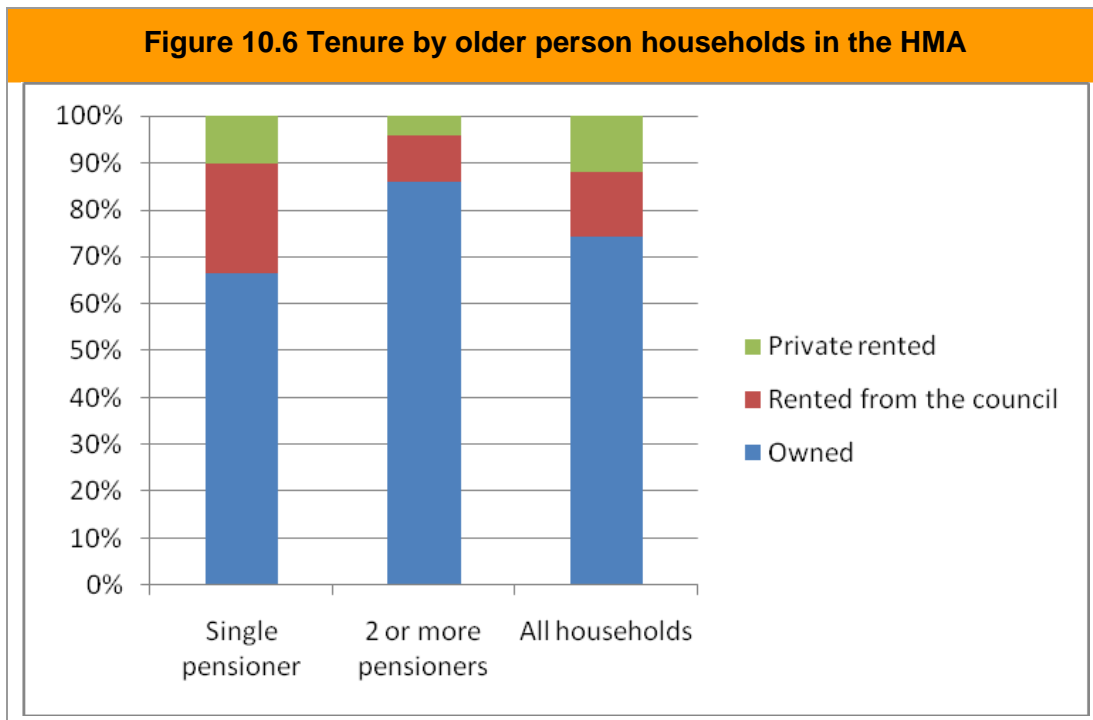
10.44 There are some slight differences between different HMA sub-areas. Whilst the average proportion of older person households is 25.2%, Cotswold has the highest proportion at 28.9% and Gloucester the lowest at 22.2%.

<b>Table 10.6 Pensioner households in the HMA (Census 2001)</b>						
Pensioner households	Tewkes- bury	Chelten- ham	Cotswold	Stroud	Gloucest- er	Forest of Dean
Single pensioner	4777	7434	5755	6546	6234	4763
2 or more pensioners	3513	4431	4204	4828	3924	3426
All households	32372	48164	34424	44617	45765	32530
Single pensioner	14.8%	15.4%	16.7%	14.7%	13.6%	14.6%
2 or more pensioners	10.9%	9.2%	12.2%	10.8%	8.6%	10.5%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	25.6%	24.6%	28.9%	25.5%	22.2%	25.2%

Source: Office for National Statistics 2007 (from 2001 Census data)

### Characteristics of older person households

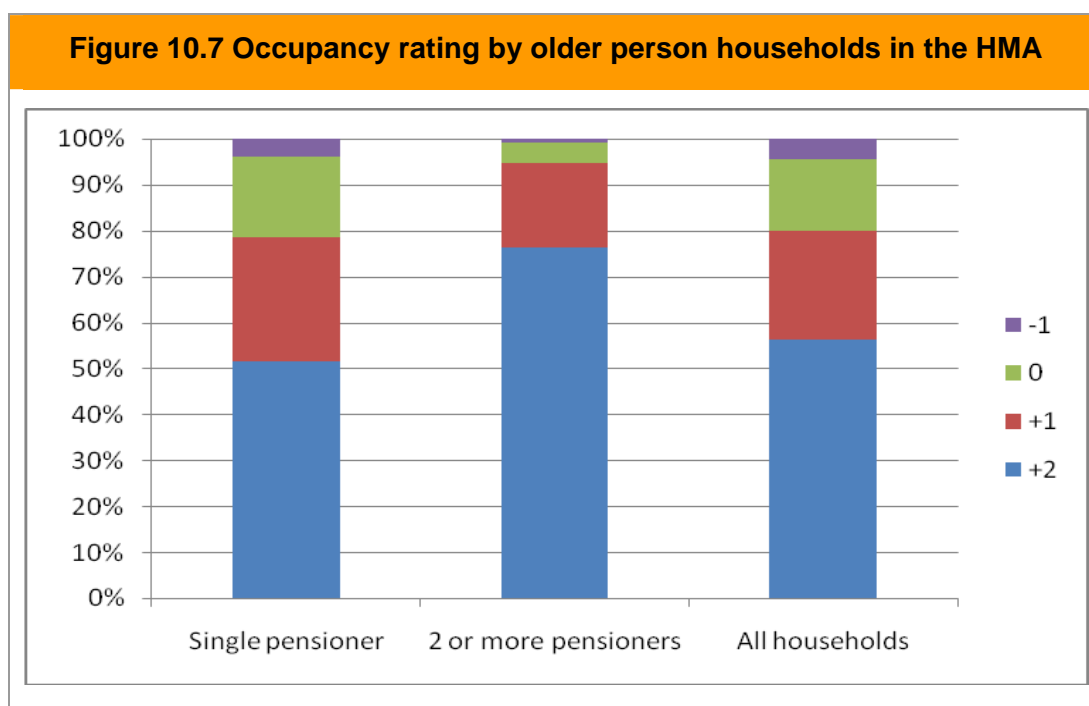
- 10.45 Census data has been used to explore in more detail some characteristics of older person households. Where possible, this data has been split between single pensioner households and households with two or more pensioners (and no other people).
- 10.46 The table below shows the broad tenure split of older person households in the HMA. The data shows that single pensioner households are particularly likely to live in social rented accommodation. In total it is estimated that nearly a third (31.9%) of single pensioner households live in the social rented sector, compared with only 14.7% of households with two or more pensioners and 16.7% of all households in the HMA.
- 10.47 The population projections discussed in Chapter 8, suggests that by 2026, the number of people aged 65+ in the County is expected to exceed the current level by 52,000: which will further increase pressure on demand for affordable housing.
- 10.48 Households with two or more pensioners are particularly likely to be owner-occupiers. 85% of this group own their own home, which is significantly higher than the equivalent figure for single pensioners (66.5%) and also notably higher than the figure for all households in the HMA (74.3%).



Source: Office for National Statistics 2007 (from 2001 Census data)

10.49 A key theme that is often brought out in SHMA work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the occupancy rating (see the Glossary for an explanation of this term). The data in the figure below shows that pensioner households (particularly those with two or more pensioners) are likely to be under-occupying their dwelling. In total it is estimated that nearly three-quarters (76.3%) of two or more pensioner households have an occupancy rating of +2 or more.

10.50 A such, it is arguable that there is scope for local authorities to offer incentives for older people such as providing housing in desirable locations, close to amenities, and with sufficient storage and space to accommodate their lifestyles. A range of attractive, affordable tenures could be developed, such as full or part rental, giving people choice. Household products could be developed which are more competitively priced in comparison to family housing.



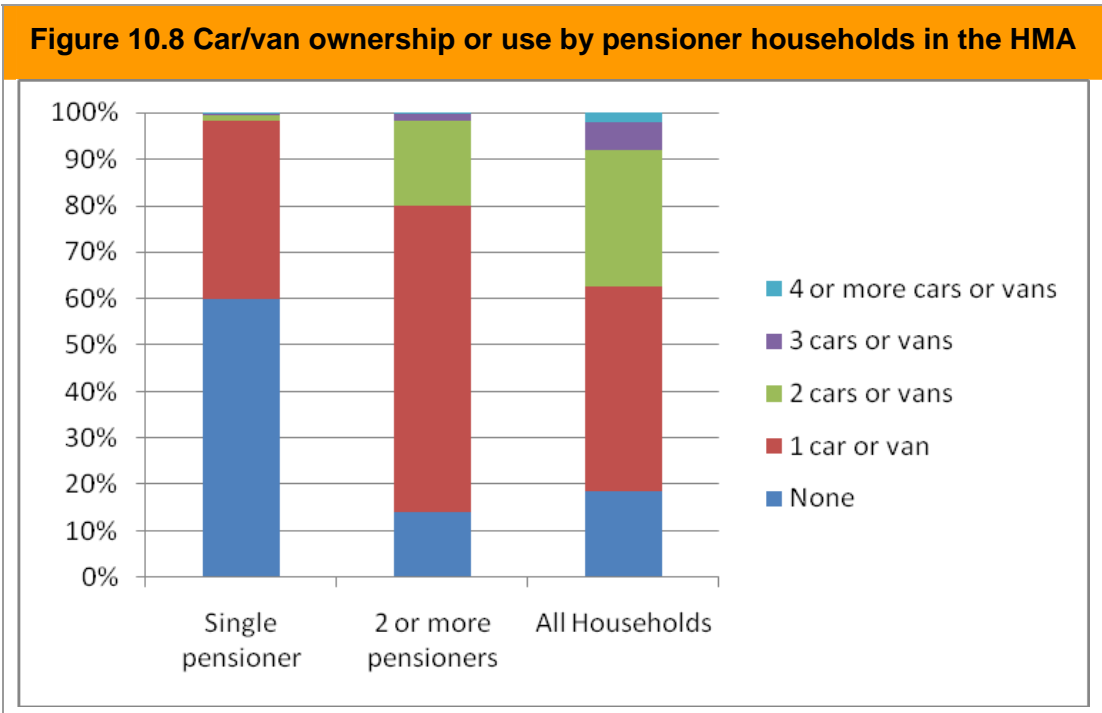
Source: Office for National Statistics 2007 (from 2001 Census data)

10.51 It is of interest to study the above information by tenure. The table below shows the number of pensioner households who have an occupancy rating of +2 or more in each of the three broad tenure groups. The table indicates that whilst the majority of older person households with an occupancy rating of +2 or more are in the owner-occupied sector there are 2,542 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more which may therefore present some opportunity to reduce under-occupation.

Table 10.7 Occupancy rating by older person households in the HMA			
Pensioner households	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	15,274	16,969	32,243
Social rented	1,587	955	2,542
Private rented	1,416	640	2,056
All tenures	18,277	18,564	36,841

Source: Office for National Statistics 2007 (from 2001 Census data) (from 2001 Census)

10.52 The final data from the Census investigated is car/van ownership/use. The data clearly shows that single pensioner households are far less likely than other households to have access to a car or van. Car ownership is often used as a proxy for relative wealth. As such, the data suggests that older person households are more likely to be economically deprived.



Source: Office for National Statistics 2007 (from 2001 Census data)

### **Older person households: Policy issues**

National policy encourages independent living, which is good in principle, but transfers the cost of ageing to the individual (many older person households are single person ones). The best public policy stance is to provide good advice and support for this national policy, which cannot really be altered at regional or sub-regional level.

This means that facilitation of equity release should be widely available, as well as well co-ordinated support services (see specific needs above). Under-occupation will be common and resultant costs of maintenance being high for the size of the remaining (often one-person) households, many of whom will not want to move.

Newbuild solutions are liable to be expensive, but the possibility of retirement villages that are not necessarily as bespoke or as limited in space as typical retirement complexes would be worth considering. If any public sector land remains in suitable (e.g. town centre) locations, it might be worth considering competitions for the best design, as at present there is a considerable gap between public sector sheltered housing and the exclusive end of the private sector market.

One possible policy solution is the provision of extra-care housing. The Housing Corporation's National Affordable Housing Prospectus 2008 to 11 invites bids for new specialist housing schemes for older people, including extra care housing. They require:

- homes for older people to have at least three habitable rooms (except in exceptional circumstances where local need justifies smaller homes);
- bids for grant to provide evidence of housing need that supports the scheme to be developed (e.g. extra care bids that fit with regional and local strategies and have the support of a range of partners including social services and health); and
- links to local and regional housing strategies.

Whilst the benefits of extra housing are evident (helping older people to live independently in suitable accommodation) competition for limited funding may mean that this type of policy response is not always possible

### **Families**

10.53 Guidance recognises the importance of providing housing for families to help create mixed communities. In this section of the report we have looked at Census data about the situation of households that contain children. For the purposes of analysis of Census data this section concentrates on households containing dependent children which have been broadly split into four groups:

- Married couples with dependent children
- Cohabiting couples with dependent children
- Lone parents with dependent children
- Other households with dependent children

## Number of families

10.54 The tables below show the number of households with dependent children in the HMA and other associated areas. The data shows that across the HMA just under a third of households (28.2%) contained dependent children. This figure is very close to both the figures for the region and England and Wales. The composition of these households is also broadly similar to the regional and national averages albeit with a slightly lower proportion of lone parent households.

<b>Table 10.8 Households with dependent children in the HMA (Census 2001)</b>			
Household type	The HMA	South West	England & Wales
Married couples with dependent children	43,361	357,236	3,802,703
Cohabiting couples with dependent children	7,822	64,336	701,552
Lone parents with dependent children	12,135	113,037	1,399,939
Other households with dependent children	3,787	34,963	484,067
All households	237,872	2,085,984	2,166,0475
Married couples with dependent children	18.2%	17.1%	17.6%
Cohabiting couples with dependent children	3.3%	3.1%	3.2%
Lone parents with dependent children	5.1%	5.4%	6.5%
Other households with dependent children	1.6%	1.7%	2.2%
All households	100.0%	100.0%	100.0%
Total % with dependent children	28.2%	27.3%	29.5%

Source: Office for National Statistics 2007 (from 2001 Census data)

10.55 Within the HMA there are some minor differences between different sub-areas. The lowest proportion of households with dependent children is found in Cheltenham (24.8% of households contain dependent children whilst the figure is highest in Gloucester (31.4%). Gloucester also contains the highest proportion of lone parent households (6.9%).



**Table 10.9 Households with dependent children in the HMA (Census 2001)**

Household type	Tewkesbury	Cheltenham	Cotswold	Stroud	Gloucester	Forest of Dean
Married couples with dependent children	6,188	7,364	6,328	8,647	8,493	6,341
Cohabiting couples with dependent children	930	1,352	973	1,588	1,818	1,161
Lone parents with dependent children	1,533	2,515	1,297	2,132	3,144	1,514
Other households with dependent children	469	724	450	656	902	586
All households	32,372	48,164	34,424	44,617	45,765	32,530
Married couples with dependent children	19.1%	15.3%	18.4%	19.4%	18.6%	19.5%
Cohabiting couples with dependent children	2.9%	2.8%	2.8%	3.6%	4.0%	3.6%
Lone parents with dependent children	4.7%	5.2%	3.8%	4.8%	6.9%	4.7%
Other households with dependent children	1.4%	1.5%	1.3%	1.5%	2.0%	1.8%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % with dependent children	28.2%	24.8%	26.3%	29.2%	31.4%	29.5%

Source: Office for National Statistics 2007 (from 2001 Census data)

## Characteristics of households with children

- 10.56 Using Census data we are able to provide some characteristics of households with dependent children. The data shows that the tenure profile of all households with dependent children does not vary much from the profile of all households in the HMA. However, there are considerable differences between the different groups of households with dependent children. Particularly notable are the higher number of married couples living in owner-occupied accommodation (85.2%) and the large proportion of lone parents in the social rented sector (26.2%). The lone parent group also shows a high proportion of households living in private rented housing and relatively few owner-occupiers.
- 10.57 These results would tend to suggest that lone parent households are relatively disadvantaged whilst married couple households with dependent children generally have a more prosperous profile.

**Table 10.10 Tenure of households with children in the HMA**

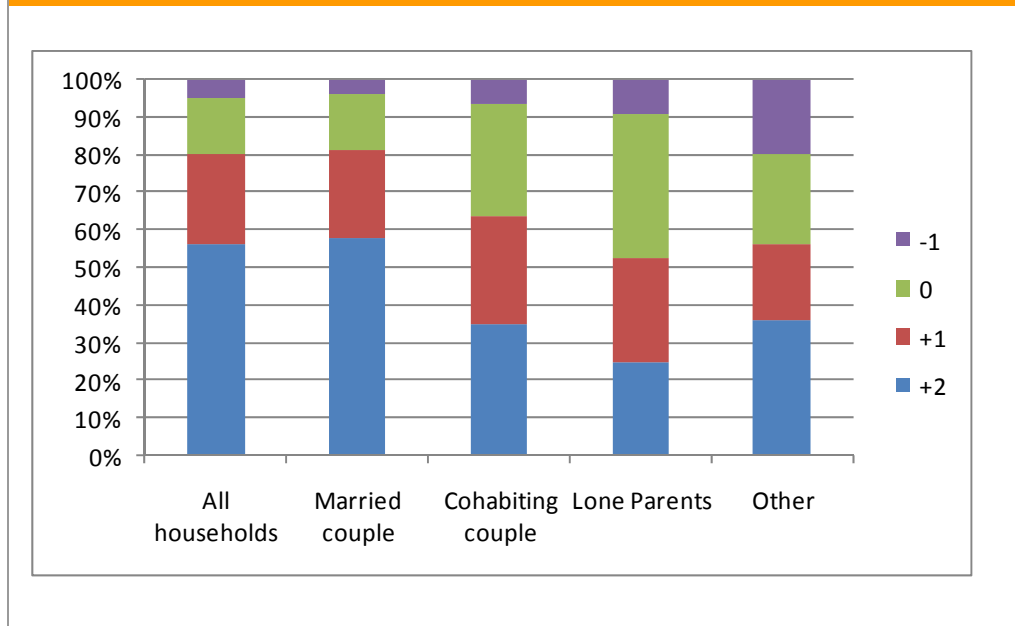
Tenure	Married couples with dependent children	Cohabiting couples with dependent children	Lone parents with dependent children	Other households with dependent children	All households with dependent children	All households
Owner-occupied	36,923	5,025	4,990	2,612	49,550	176,746
Social rented	3,415	1,890	2,740	769	8,814	32,699
Private rented	3,023	907	2,740	406	7,076	28,426
TOTAL	43,361	7,822	10,470	3,787	65,440	237,871
Owner-occupied	85.2%	64.2%	47.7%	69.0%	75.7%	74.3%
Social rented	7.9%	24.2%	26.2%	20.3%	13.5%	13.7%
Private rented	7.0%	11.6%	26.2%	10.7%	10.8%	12.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Office for National Statistics 2007 (from 2001 Census data)

10.58 Overcrowding is a key theme when looking at the housing needs of households with children, and again Census data can allow us to look at the numbers and proportions of households in each of the various groups who are overcrowded on the occupancy rating (having a negative occupancy rating). The figure below shows the occupancy rating for the various household groups and how this compares with all households in the HMA.

10.59 The data shows that households with dependent children are slightly more likely than other households to be overcrowded (negative occupancy rating) although this varies substantially for different household groups. The 'other' group of households contains a very high proportion of overcrowded households: this group is likely to be mainly larger households (and will often be extended family households). Other than this group, lone parents show a high level of overcrowding with an estimated 9.2% of households having a negative occupancy rating. This is more than twice the figure for all households in the HMA.

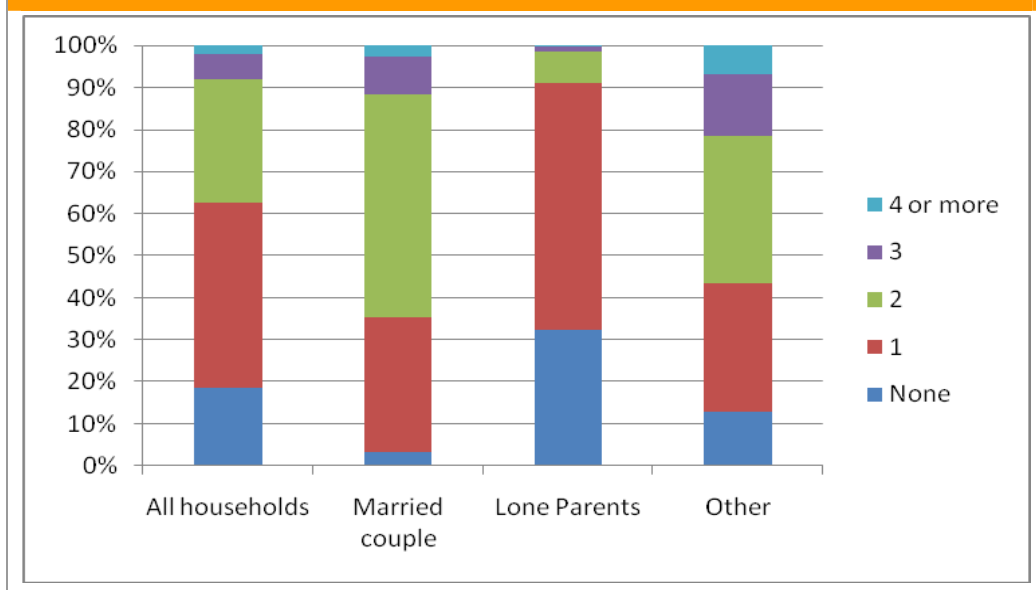
**Figure 10.9 Occupancy rating by households with dependent children in the HMA**



Source: Office for National Statistics 2007 (from 2001 Census data)

10.60 The final data from the Census investigated is car/van ownership/use as shown below. The data shows that households with children are more likely to have access to a car or van than other households. However, the data also shows that lone parent households are far less likely than other households to have access to a car or van. It should be noted that for the purpose of this analysis the Census outputs do not differentiate between married and cohabiting couples with dependent children.

**Figure 10.10 Car/van ownership/use by households with dependent children in the HMA**

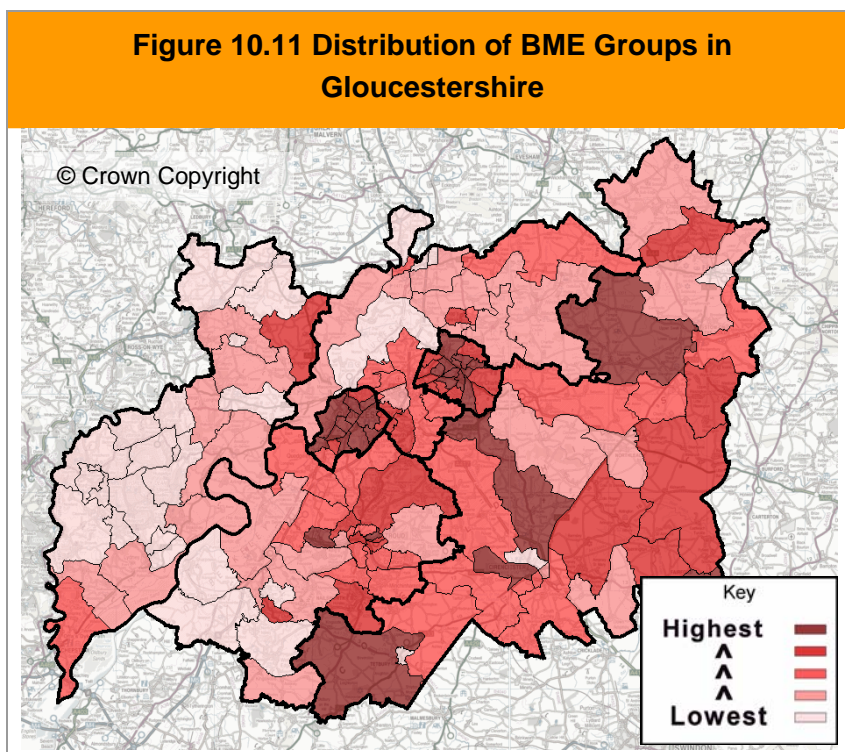


Source: Office for National Statistics 2007 (from 2001 Census data)

### Families: Policy issues

Households with children are a static group in terms of numbers. However the growth plans for the County will attract many households into it. The big newbuild developments, which are out of town centres, may mainly consist of family housing, and there is, based on the education attraction of the County, likely to be a substantial inflow of families to occupy it. There is no policy at present to encourage the integration of such households and new communities into the existing population. It is not something which can easily be organised by public authorities, but the setting up of more groups that would attract both existing and new residents might help such integration.

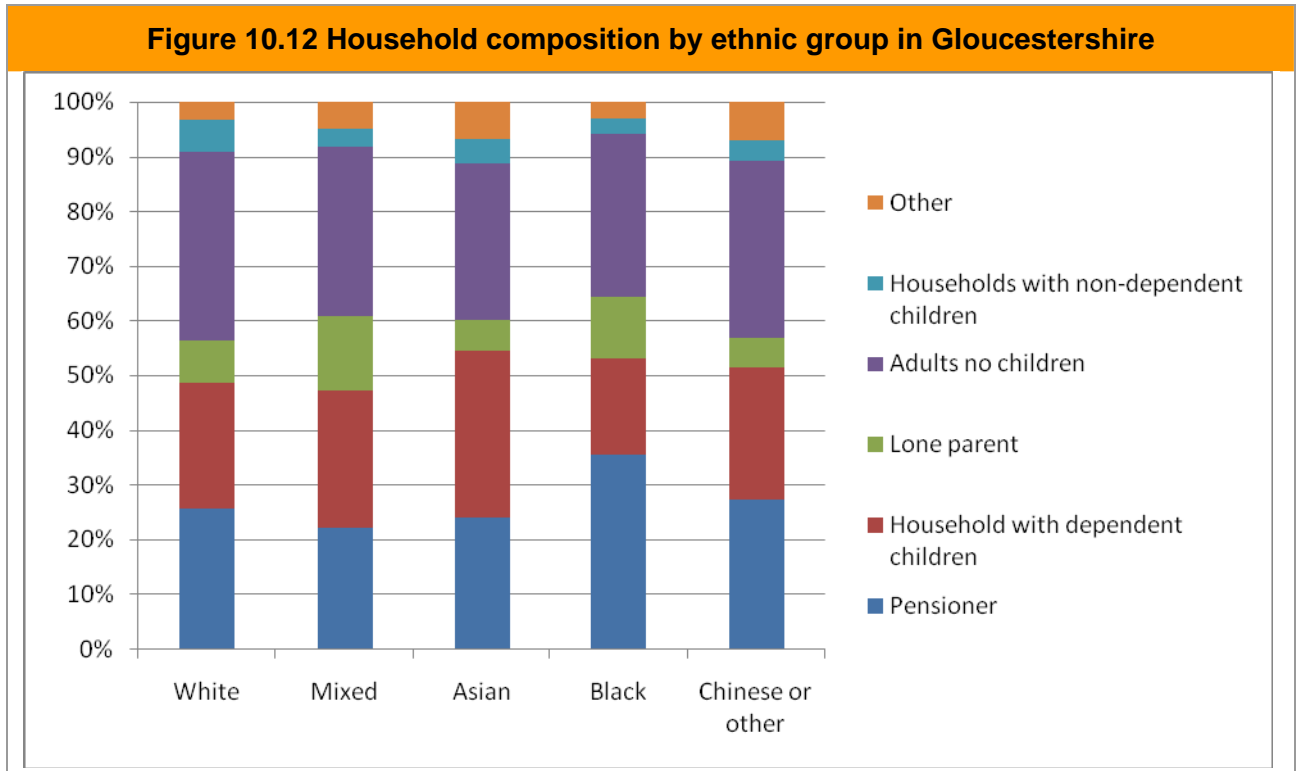
10.61 As noted in Section 5.6 by 2001, approximately 16,000 residents were from non-white ethnic groups, accounting for 2.8% of the total population, against the national average of 8.7%. As can be seen below, the ethnic minority population is concentrated in urban areas such as Gloucester and Cheltenham, although there are also some high concentrations scattered throughout the eastern wards of the county.



### Household characteristics (household reference person)

10.62 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the study area. The figure below looks at the household composition of the five main ethnic groups in 2001.

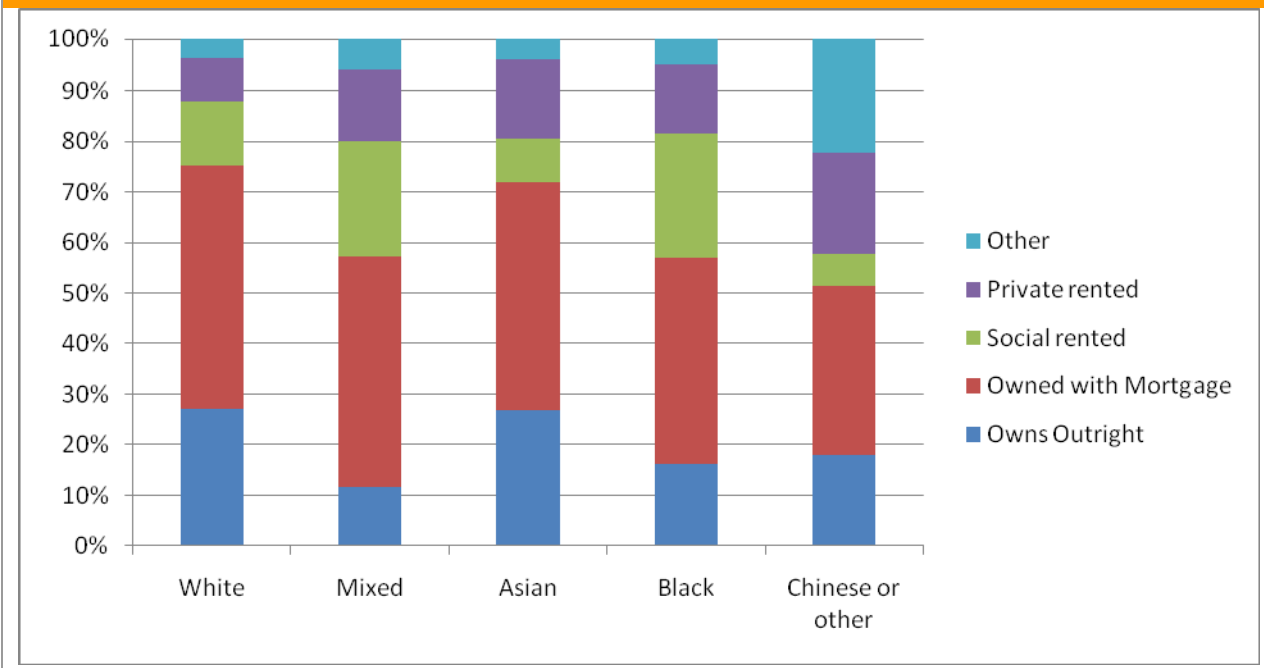
10.63 The data shows that there are some minor differences between BME groups and the White (British/Irish) household population in terms of household composition as well as a difference between different BME groups. White households are more likely to contain adults with no children whilst Asian households are more likely to contain children. Black households contain the highest proportion of pensioner households whilst mixed households are more likely to consist of lone parent households.



Source: Office for National Statistics 2007 (from 2001 Census data)

10.64 The figure below shows the tenure split of households in each of six broad ethnic groups. The data shows that White (British/Irish) households are more likely to own outright although all BME groups are only slightly less likely than White households to own with a mortgage. However, Black and Mixed households are most likely to be in the social rented sector, whilst all BME groups are more likely to reside in the private rented sector.

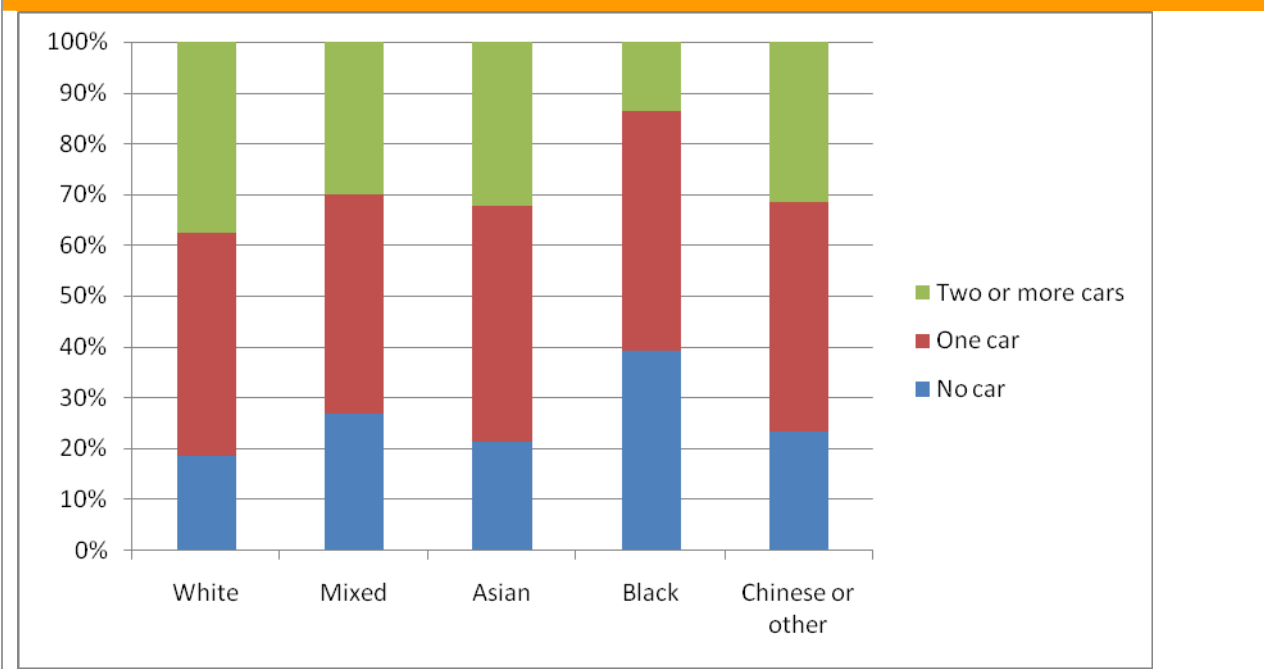
**Figure 10.13 Tenure by ethnic group in Gloucestershire**



Source: Office for National Statistics 2007 (from 2001 Census data)

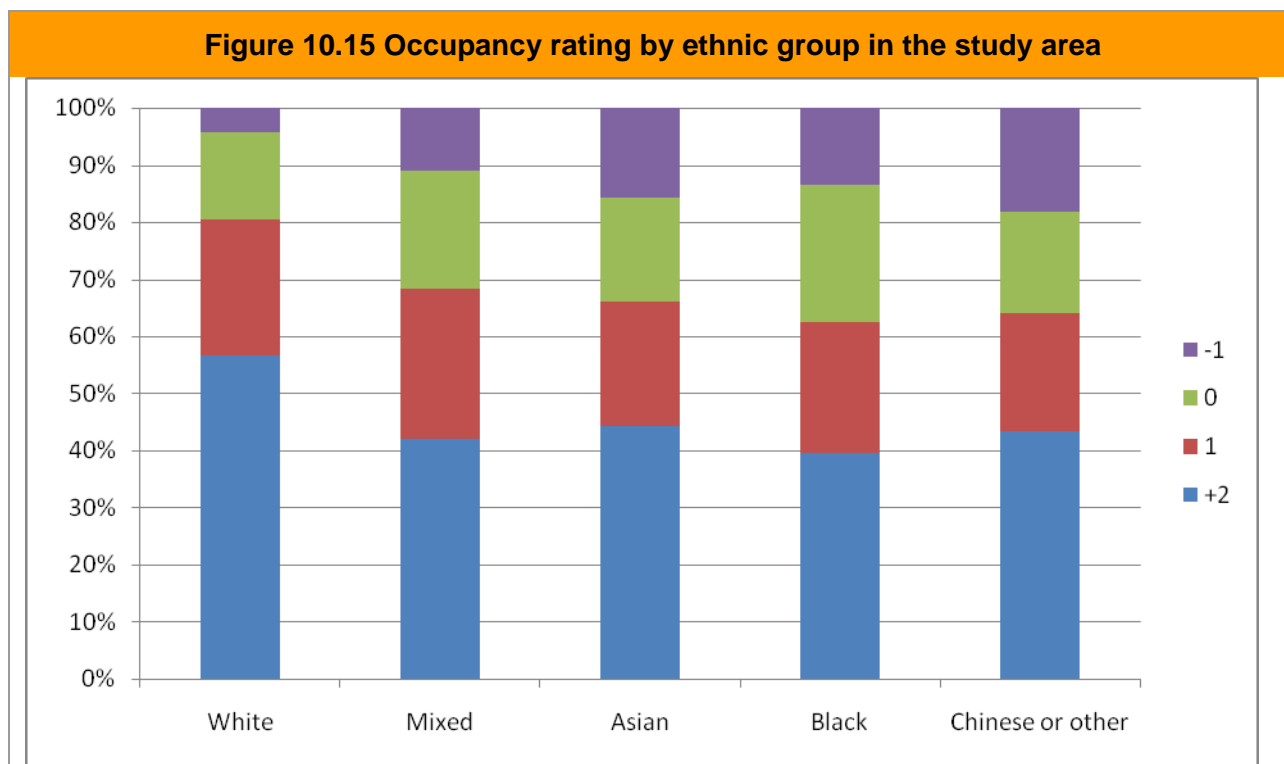
10.65 Car ownership is another useful variable when looking at the characteristics of BME households. The data shows that Black, Asian and Mixed households are the most likely not to have access to a car. People belonging to the White ethnic group are the most likely to have access to two or more cars.

**Figure 10.14 Car/van ownership/use by ethnic group in Gloucestershire**



Source: Office for National Statistics 2007 (from 2001 Census data)

10.66 The figure below shows the level of overcrowding and under-occupation using the occupancy rating. The occupancy rating is a measure of overcrowding and under-occupation, where a value of -1 implies that there is one room too few, and a value of +1 or +2 implies that there is one or two too many rooms. The data shows that all BME groups are more likely to be overcrowded than White (British/Irish) households (a negative occupancy rating). In particular the Census data suggests that Chinese or Other (18.2%) and Asian households are most likely to be overcrowded (15.7% with a negative occupancy rating). This figure compares with only 4.3% of the White (British/Irish group) who are far more likely to experience under-occupation than overcrowding.



Source: Office for National Statistics 2007 (from 2001 Census data)

### BME groups: Policy issues

It is clear that the BME group, though small, is disadvantaged. This is not always the case with a smaller BME population, but in Gloucestershire it means that focussed policy attention is called for.

The population is small but rapidly growing. In order to cater for this it is important to liaise with BME groups to establish what the public authorities can do to help. It is highly unlikely that most members of the BME community will be able to afford newbuild housing on urban extensions. It is more a question of whether other options, using new Housing Corporation products (which resemble the old do-it-yourself Shared Ownership) might be appropriate.

Further, Councils may wish to consider the adoption of housing policies and good practice specifically aimed at BME groups such as:

- Examine the BME housing strategies of partner authorities to ensure the dissemination of good practice
- Monitor housing services in both the private and social sectors to ensure that these are being taken up by BME groups
- Develop means of engaging BME homeowners and private tenants in community involvement structures
- Provide BME homeowners with advice on loans to improve their homes to decent standards
- Provide larger family homes through newbuild and deconversion in areas containing BME communities
- Provide a range of alternative housing options for BME elders e.g. (e.g. houses with annexes)
- Conduct research into the housing needs and aspirations of BME young people focussing on issues such as mobility, access to affordable housing for sale, and supported housing

### **Spatial features of the distribution of the specific groups**

- 10.61 Examining specific social groups, it is evident that the BME population is concentrated in the urban areas of Gloucester and Cheltenham although, given its rural character, there are surprisingly high proportions of BME groups living in the extreme south and north of Cotswold. In general, the BME population is more likely to reside in the east, rather than west, of the County. It is arguable that the higher concentrations of BME groups in urban, rather than rural areas is due to the former being more likely to offer better opportunities to network and to offer social services and facilities.
- 10.62 There are also some geographic differences with regards to household types. The proportion of families with dependent children is fairly even throughout the County. However fewer families with dependent children reside in some parts of urban areas (possibly reflecting the larger proportion of younger people) and the more rural north of the County (possibly reflecting the larger proportion of older people).
- 10.63 Conversely, lone parent families are concentrated in urban areas such as Gloucester and Cheltenham where social housing is more likely to exist. Nonetheless, there are fairly high concentrations of lone parent families throughout the County.
- 10.64 There are also differences in terms of the spatial distribution of people who may have specific housing needs or find it difficult to access appropriate housing. Although unemployment is relatively low at the County level, it is concentrated around urban areas such as Gloucester and Cheltenham, and rural areas such as Forest of Dean, where there are higher concentrations of agricultural workers.



- 10.65 Surprisingly, although key workers are evident in urban areas of the County such as Gloucester and Cheltenham, where services that may employ key workers are concentrated; there are high proportions around the northern parts of Forest of Dean and southern parts of Tewkesbury Borough. One reason for this characteristic may be housing affordability i.e. the relatively low cost of housing in areas where key workers reside.
- 10.66 Although below the national average, there are high concentrations of people with a limiting long-term illness throughout the County. However, there are high concentrations of people with a limiting long-term illness both within urban areas and more rural areas such as Forest of Dean. However, there is an inverse correlation between people with a limiting long-term illness and older people, with the latter more likely to be concentrated in the north west of the County (mainly parts of Tewkesbury Borough and the Cotswolds).

## Summary

- i) **Limiting long term illness.** Data from the 2001 Census suggests that 38.4% of households in the HMA contain someone with a limiting long-term illness (LLTI) whilst 16.2% of the population have a LLTI. These figures are broadly in line with regional and national averages. The proportion of households/population with a LLTI does vary somewhat across the HMA with Forest of Dean showing particularly high proportions with a LLTI.
- ii) **Key workers.** Census information about people working in 'public administration, education or health' has been used as a proxy for key workers. This data source suggests that 6.4% of employed people work in this industry across the HMA. 'Key workers' tend to be slightly older and are generally employed in jobs which fall into the highest social groups.
- iii) **Migrant workers.** Like most of England, Gloucestershire has experienced an explosive increase in migrant workers. No accurate figures exist, but of the order of 16,000 migrant workers have registered in the County, of whom some 40% are Polish (Polish workers form an even higher percentage of many migrant worker populations). This represents a 2.7% increase in the overall population, and most of the increase will be occupying the private rented sector and show high levels of overcrowding. A major challenge exists to provide a route up the housing ladder for those households wanting to remain in the country. They provide a valuable resource for society: they are usually highly qualified and also highly motivated even though doing relatively poorly qualified work during the early phase of their in-migration.
- iv) **Older persons.** Data shows that, overall, the proportion of households containing only pensioners is broadly in line with regional and national averages. At the time of the Census it was estimated that just over a quarter (25.2%) of households in the HMA were pensioner only. This figure is made up of 14.9% single pensioners and 10.2% of households with two or more pensioners.
- v) **Families.** Population projections suggest that the number of children in the population is not likely to grow in the future. Hence, there is an argument that additional family housing provision may be limited. However research elsewhere in the report does suggest a considerable demand for larger homes (likely to be for family households) in both the affordable and market sectors.

- vi) **BME groups:** It is clear that the BME population is small but rapidly growing. In order to cater for this it is important to liaise with BME groups to establish what the public authorities can do to help. It is highly unlikely that most members of the BME community will be able to afford newbuild housing on urban extensions. It is more a question of whether other options, using new Housing Corporation products (which resemble the old do-it-yourself Shared Ownership) might be appropriate.
- vii) **Spatial dimension.** The majority of the minority groups identified: BME, migrant worker, lone parents etc, are concentrated in the urban areas. Where disadvantaged groups are found in rural areas, however, their situation is usually worse, due to communication difficulties and there is scope for outreach work to help them.



# SECTION E: BRINGING THE EVIDENCE TOGETHER

This section draws together the evidence presented and seeks to produce a synthesis of its implications for policy. The first chapter reviews present policy and performance, followed by a review of the findings and future implications in the second.



# 11. Current policies and trends in housing

The purpose of this chapter is to set out:

- The current planning situation for affordable housing policy
- The current position on house building and market housing
- Implications for newbuild on the major development areas

## Introduction

- 11.1 This chapter reviews the overall situation as revealed by the preceding chapters. It adds further detail regarding the current planning situation across the County, and sets the scene for the next chapter in which more specific policy suggestions are made.
- 11.2 The Practice Guidance of August 2007 emphasises the value of the evidence base when considering policy formulation, but suggests that SHMA Steering Groups together with stakeholders should themselves formulate policy. Therefore our remarks refer to the policy implications presented by the evidence base.

## The current planning situation

- 11.3 It will be recalled that the overall target for newbuild housing in the County is just under 3,000 new dwellings per annum. This is generally spread across the six districts with the exception of Tewkesbury Borough which has substantially higher figures reflecting the major urban developments that are related to Gloucester and Cheltenham but which fall within Tewkesbury Borough's administrative area. The other district with above average levels of growth is Gloucester City itself, which has substantial growth planned within its boundaries.

## Local development frameworks

- 11.4 Table 2.2 above reviews the overall planning situation and progress toward the new Local Development Frameworks in each of the six districts. In most cases the stage of looking at preferred options for new development has been reached. Also, it is important to note that in order to develop a coordinated, strategic approach to housing Gloucester, Cheltenham and Tewkesbury Borough are currently developing a Joint Core Strategy.

**Position of the six districts on affordable housing**

11.5 The current affordable housing targets are shown in Table 11.1. As can be seen, four of the six councils are seeking 40% and the other two a target of at least 30%. These targets have generally increased since the last Local Plan was adopted, although it has to be noted that affordable housing targets have yet to be finalised by councils through their respective LDF processes.

<b>Table 11.1 Affordable housing targets</b>	
<i>District</i>	<i>Emerging/Adopted plan</i>
Cheltenham	In residential developments of 15 or more dwellings or residential sites of 0.5 hectare or greater a minimum of 40% of the total dwellings proposed will be sought for the provision of affordable housing (Affordable Housing Supplementary Planning Guidance adopted July 2004)
Cotswold	Up to a maximum of 50% affordable (Affordable Housing Supplementary Planning Guidance adopted February 2007)
Forest of Dean	40% on sites over 5 dwellings or more or over 0.2 hectares in rural areas and 15 or more and 0.5 hectares in urban areas (Local Plan), or 10 dwellings in 'town' sites and 5 elsewhere (draft Core Strategy November 2006)
Gloucester	40% affordable housing provision from all schemes proposing 15 or more dwellings, or greater than 0.5 ha in area (draft Revised Affordable Housing SPD, March 2008).
Stroud	30%, although may be exceeded where there is a higher level of local need or where affordable housing may be more readily provided (Affordable Housing Supplementary Planning Guidance, September 2008)
Tewkesbury	30% affordable housing (Affordable Housing Supplementary Planning Guidance. Adopted August 2005)

Sources: Council (draft) LDF Documents, 2004-08

11.6 PPS3 paragraph 29 emphasises the need to ensure that targets are deliverable. This has resulted in a parallel viability analysis whose results are summarised in the table below. Those interested in the full picture should read the viability study.



**Table 11.2 Extracts from Fordham Research viability assessment for Gloucestershire****Cheltenham****Table 7.1 Viability summary: Cheltenham**

Developer contributions	30% aff	Sites viable with	
		40% aff	50% aff
Base appraisal	4 viable	3 viable	0 viable 2 marginal
Reduced PG	4 viable	3 viable 1 marginal	2 viable

- 7.1 The findings suggest that the existing 40% target is reasonable. They do not provide robust support for an increase to 50%. However, there are clearly going to be some situations, especially where there is not a high alternative use value, in which 50% could be delivered, even more so if the tenure split were adjusted to provide more shared ownership.
- 7.2 It may be harder to achieve a high target on high density (i.e. apartment) schemes in the centre of Cheltenham than on sites which are less dense. As discussed above at 7.13, Government guidance encourages a mix of dwelling types; including an element of town houses, perhaps primarily to widen the range of affordable house types delivered, might also improve viability at a high target level. Alternatively a mixed use requirement on substantial sites could be helpful.

**Cotswold****Table 7.2 Viability summary: Cotswold**

Developer contributions	30% aff	Sites viable with		
		40% aff	50% aff	60% aff
Base appraisal	4 viable	4 viable	3 viable	3 viable
Reduced PG	4 viable	4 viable	3 viable 1 marginal	3 viable

- 7.3 The findings confirm that the current 50% target is reasonable. There appears to be some scope for an increase on this figure, although it might need to apply only to greenfield sites.

**Forest of Dean**

<b>Table 7.3 Viability summary: Forest of Dean</b>			
Developer contributions	30% aff	Sites viable with	
		40% aff	50% aff
Base appraisal	3 viable	1 viable	1 viable
Reduced PG	3 viable	2 viable 1 marginal	1 viable

7.4 The sites we examined tended towards ‘worst case’. The current policy (40% target & current tenure split), with a zero grant regime, could be sustained on typical sites in the Forest area.

7.5 However on brownfield sites in lower priced parts of the District, such a policy may be hard to sustain unless grant is available. Alternatively, where sites are found to be less viable the Council could consider an adjusted tenure split.

**Gloucester**

<b>Table 7.4 Viability summary: Gloucester</b>			
Developer contributions	30% aff	Sites viable with	
		40% aff	50% aff
Base appraisal	2 viable	2 viable	1 viable 1 marginal
Reduced PG	3 viable	2 viable	2 viable

7.6 There is a degree of support for the current 40% target; though two sites out of four are viable, both are on land not previously developed. This might suggest a differential policy between green and brownfield sites. High density flatted schemes represent a challenge for the City, and may require consideration of policy options.

**Stroud**

<b>Table 7.5 Viability summary: Stroud</b>			
Developer contributions	30% aff	Sites viable with	
		40% aff	50% aff
Base appraisal	2 viable	1 viable	1 viable
Reduced PG	3 viable	1 viable 1 marginal	1 viable

7.7 The appraisals suggest a reasonable degree of support for the current 30% target, and of course they use a 67/33 tenure split whilst the current target is 50/50. Site S3 is an extremely difficult and complex site and does not provide an ideal basis for policymaking. On the other hand, mixed tenure schemes, being less geared, hold up better as the affordable housing proportion increases.

7.8 No greenfield sites were tested in Stroud. This may reflect the nature of the sites coming forward in the area. However it seems quite feasible that these might commonly deliver 40%.

#### Tewkesbury

**Table 7.6 Viability summary: Tewkesbury**

Developer contributions	Sites viable with		
	30% aff	40% aff	50% aff
Base appraisal	4 viable	3 viable	1 viable 1 marginal
Reduced PG	4 viable	3 viable 1 marginal	3 viable

7.9 The present 30% target is very well supported by the appraisals for the four sites, and of course these assumed a tenure split at 67/33. There appears to be a case for a move to 40%, on greenfield sites at least.

Source: Fordham Research: Gloucestershire Councils Affordable Housing Site Viability Study, 2008

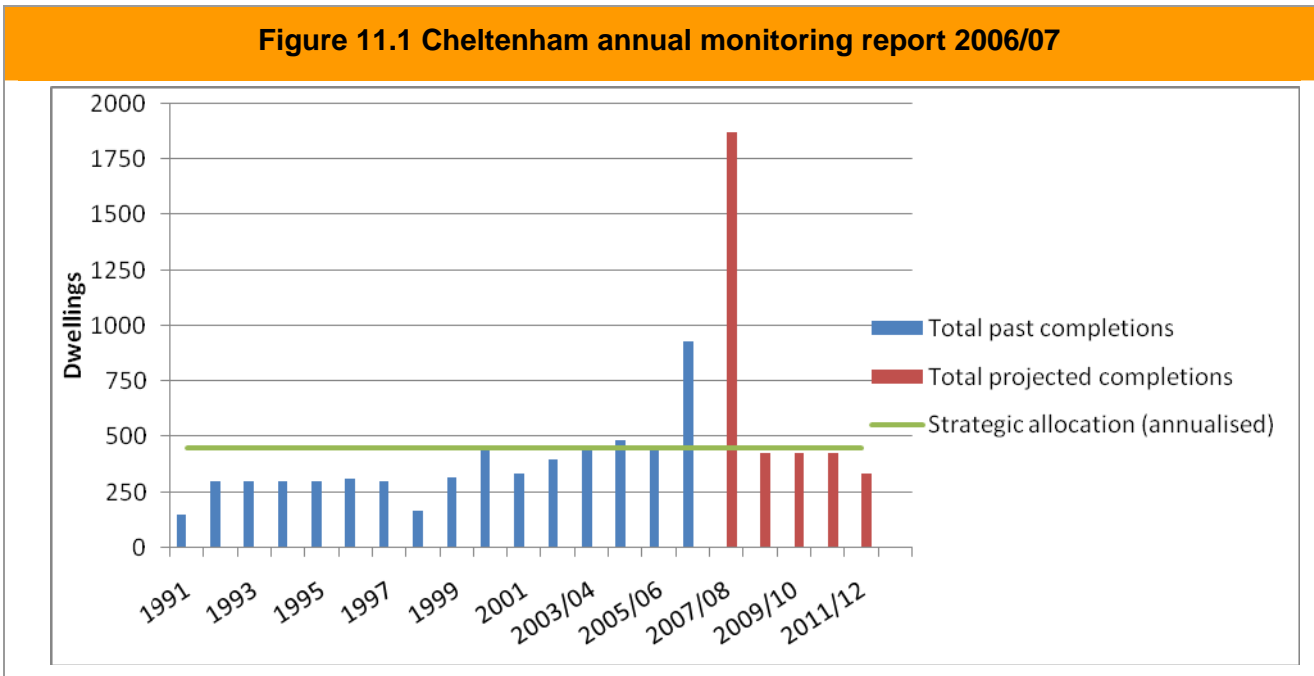
11.7 Examining the above from a housing market perspective and in broad terms, the results show that:

- i) In Cotswold targets of 50%+ are viable
- ii) In Cheltenham, Gloucester, Stroud district and Tewkesbury Borough a 40% target would work on most sites, but on a few a 30% one would be required when full allowance is made for other planning gains. However, it is important to note that councils may adopt different affordability targets for different types of sites e.g. brownfield/greenfield or certain types of properties e.g. houses/apartments
- iii) Whilst 40% may work on many sites in the Forest of Dean, without grant it may be difficult to achieve on brownfield sites in lower priced areas.

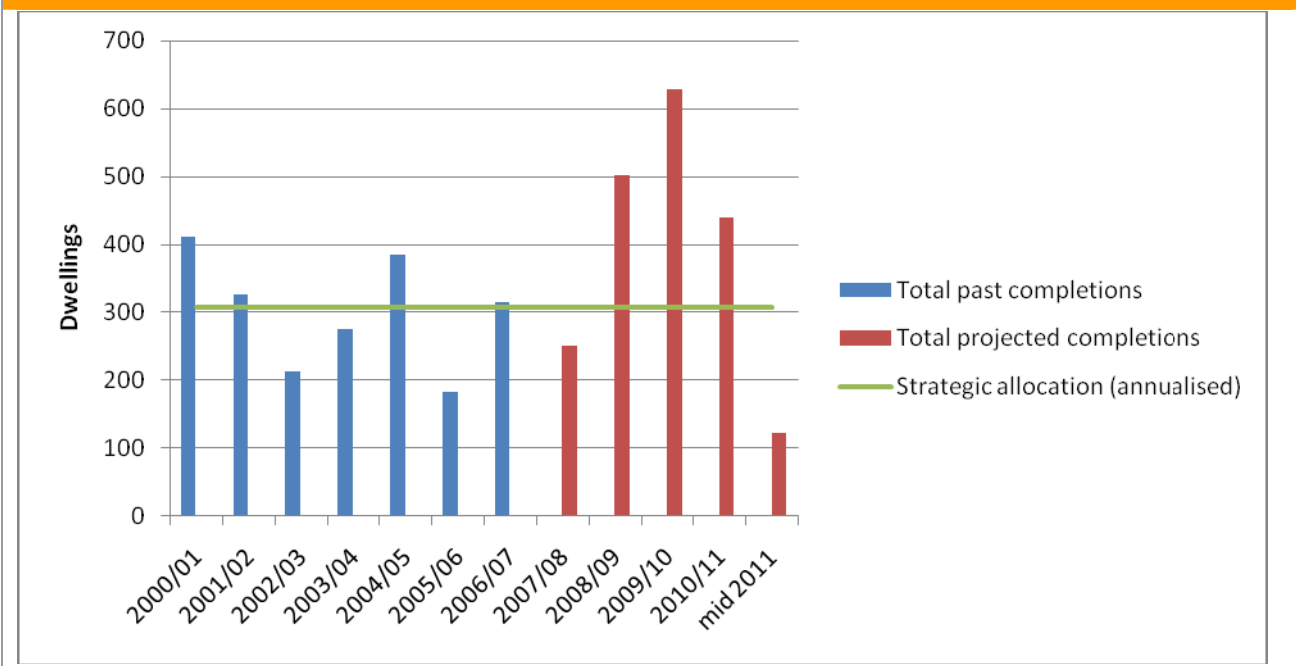
- 11.8 There can be sites in any district where conditions mean that the district affordable housing target may not be feasible. A typical example of such conditions would be the cost of remediation of contaminated land. This situation is addressed in the PPS3 Guidance. In practice, if the district affordable housing target is not feasible on a given site, then the applicant for the site can submit evidence in the form of a detailed viability analysis, to show that this is the case.
- 11.9 Since viability analysis is partly an art and partly a science, there is usually matter for discussion once such a viability analysis is produced. But in principle if it is agreed that the district wide normal target (which by PPS3 para 29 should be district/plan wide) is not viable, then a lower or no target can be agreed.
- 11.10 In conclusion, the levels of housing need in the County are generally high, and the targets for affordable housing are commensurate.

**Position on market housing**

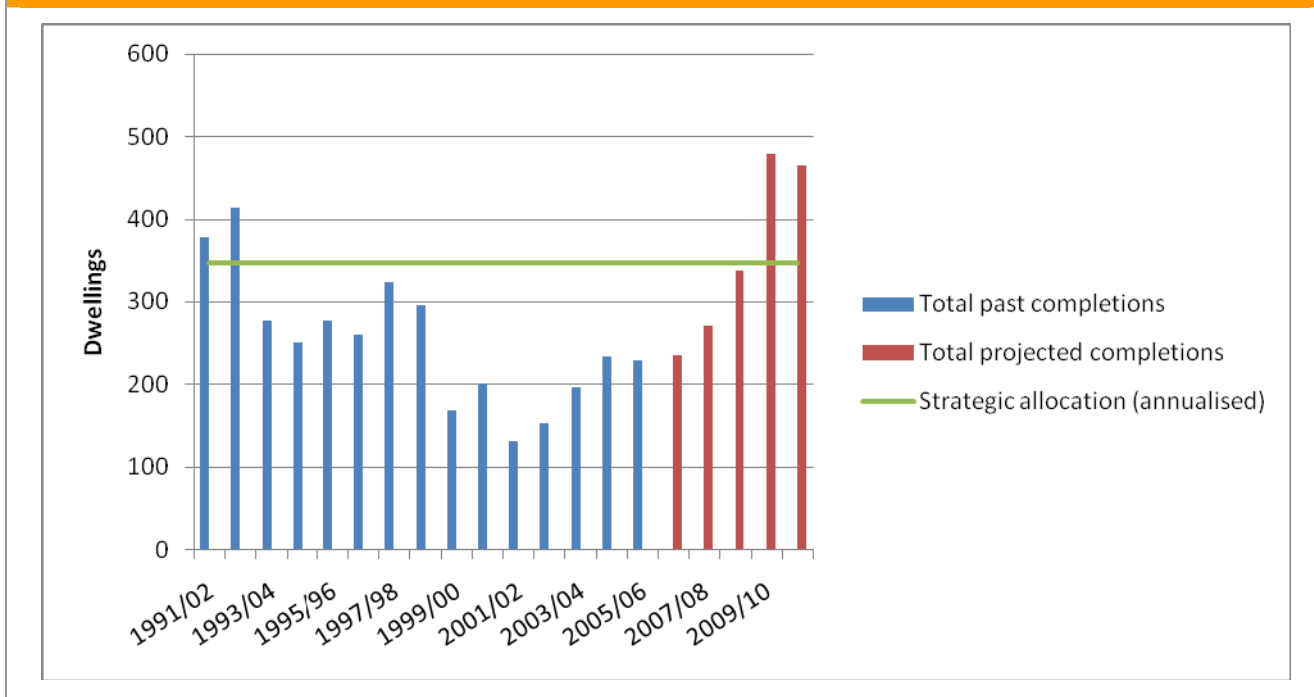
11.11 As a first step the results of the Annual Monitoring reports will be reviewed. These provide the current and prospective levels of newbuild. The following data comes from the Annual Monitoring Reports housing trajectory information, dated 2007. Please note that councils have used different date ranges to project the future supply of housing and, as such, the date ranges used in the charts below similarly differ.



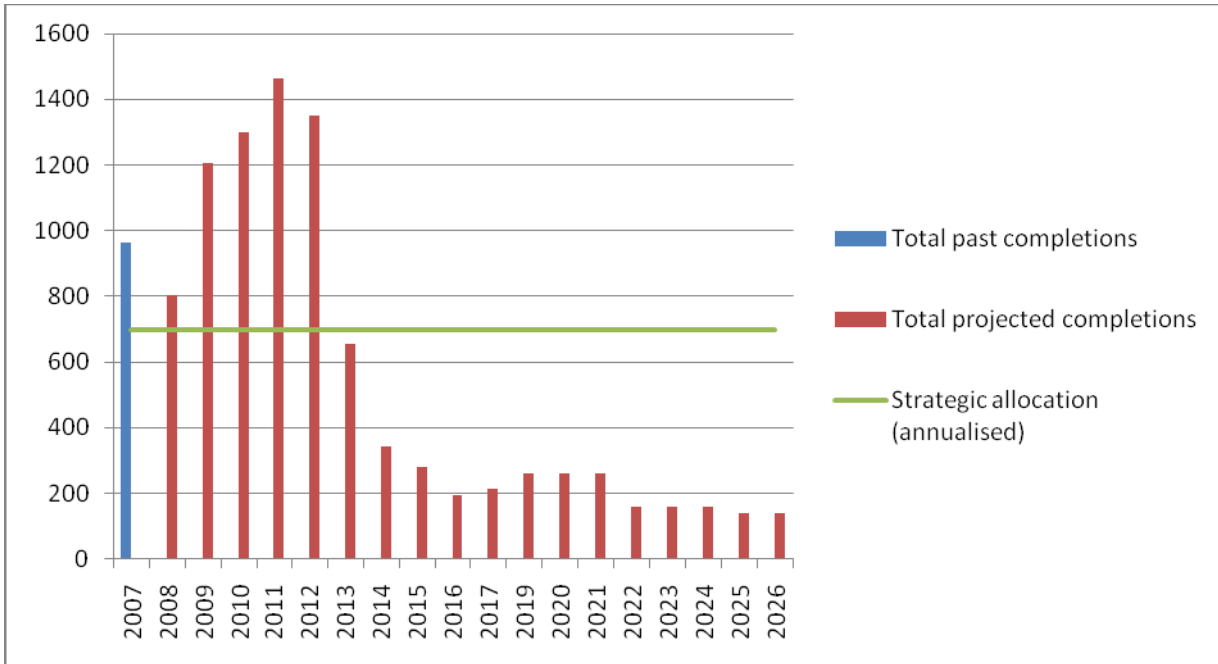
**Figure 11.2 Cotswold annual monitoring report 2006/2007**



**Figure 11.3 Forest of Dean annual monitoring report 2006/2007**



**Figure 11.4 Gloucester annual monitoring report 2006/07**



**Figure 11.5 Stroud annual monitoring report 2006/2007**

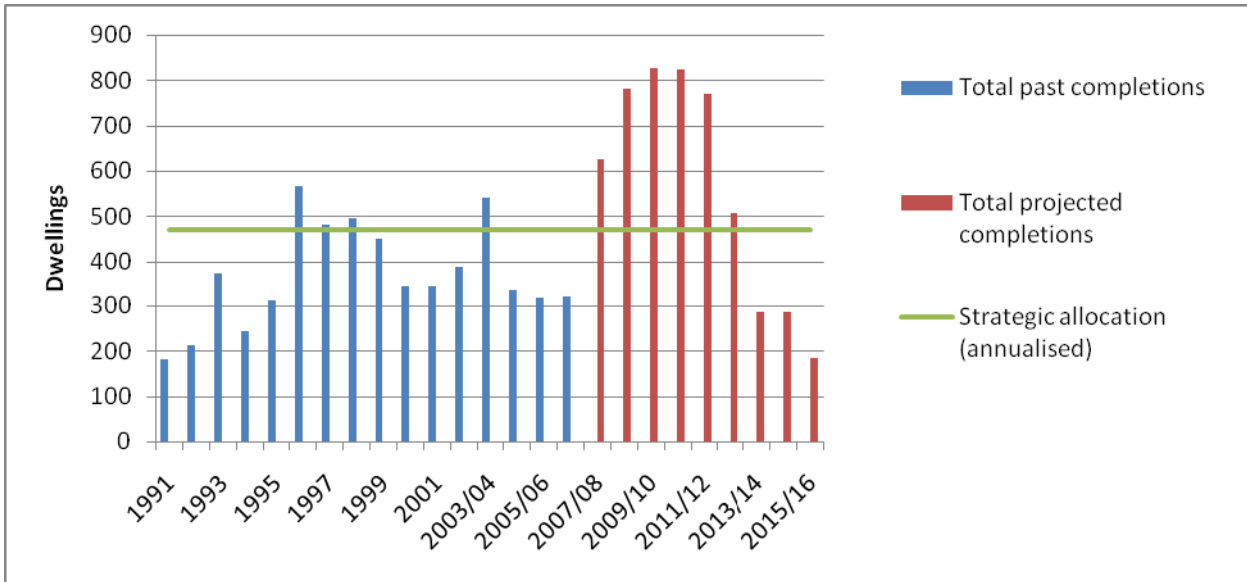
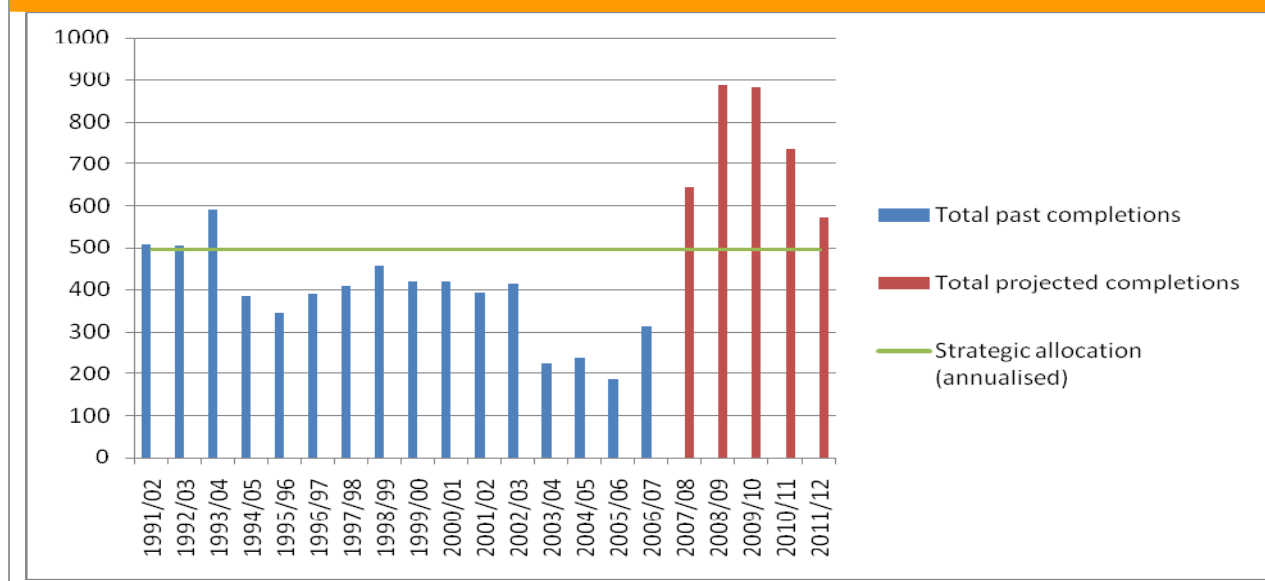


Figure 11.6 Tewkesbury annual monitoring report 2007



11.12 The table below relates the RSS targets for newbuild to the recent and future trends in each district.

Table 11.3 RSS housing figures 2006 – 2026 related to recent newbuild

District	2006 – 2026 Annual Average Net Dwelling Requirement	Approx recent newbuild per annum
Cheltenham	405	Consistently on or above target since 2003/04. Peak newbuild rate occurred during 2007/08 at 1,875 new dwellings pa, decreasing to an average 428 new dwellings between 2008/09 and 2010/11.
Cotswold	345	Varies widely above and below target. New build projected to peak at 628 pa. in 2009/10 before declining to 440 pa. in 2010/11.
Forest of Dean	405	Somewhat above target. Averages 633 new completions between 2006/07 and 2010/11.
Gloucester	575	Gloucester is projected to increase from 1,206 new dwellings pa. in 2008/09 peaking at 1,351 pa. in 2011/12 before falling to 655 pa. in 2012/13.
Stroud	455	Projected above average completions between 2007/08 and 2012/13 before declining to below average annual rates 2012/13 onwards.
Tewkesbury	730	Projected to increase to above target at 882 new dwellings pa. In 2009 before declining to 704 in 2010 and 572 in 2011.

Source: Table 2.1 above, plus comments from the graphs

11.13 In general the achievement in each district is not far from the target, which is of course because the targets are partly set with current performance in mind within a strategic framework for the County, although also with strategic objectives in view. Two things are noticeable:

- i) A number of districts show a bulge in completions in the future, which takes them above the annual target. If the housing market does not in practice support that level of completions, there could be some under performance in the aggregate output.
- ii) The only case where the target is well above current completions is Tewkesbury Borough, but this is explained by the existence of major new urban extensions (serving Gloucester and Cheltenham) in that district are still only identified as 'areas of search' in the RSS. Therefore, no development has taken place yet at either location.

11.14 It is also worth noting from Chapter 3 which details discussions with estate agents and other stakeholders that while the housing market was generally quite buoyant, there was a fear of the consequences of new development arising from the major floods of 2007. It is unlikely, whilst the RSS Development and Flood Risk policy (PPS25) is followed, that the risk of flooding will impact on RSS new supply. According to stakeholders, the two 'risk factors' to note are: the national housing market influence arising from credit problems and the local issue regarding flooding.

11.15 Since consultations were concluded a further risk to delivery of the house building targets has arisen. Here we refer to the credit crunch and the widely reported slow down in the rate of completions as households delay decision making. Those who are already homeowners are seeing the price of their existing house fall and are only moving if it is unavoidable.

### **Future of the urban extensions**

11.16 Helpful guidance was provided by local estate agents and developers on the question of demand for and types of dwelling likely on the urban extensions planned for Tewkesbury Borough and Stroud district. The conclusions were :

- i) There are two quite distinct markets: the urban centre one, which has high density developments (over 100 dwellings per hectare) and the urban extension type of market with densities at around 50dph (although the exact densities of the County's urban extensions will be determined by the usual planning processes). These imply radically different urban forms and different types of household buying/renting them.



- ii) On the urban extensions, using Kingsway (formerly RAF Quedgeley) at Gloucester as the example, about 40% of the purchasers of new homes are 'trading up'. About the same proportion are first-time buyers and the remaining 20% are buying for investment.
  - iii) The main urban extensions are still only just starting, or yet to begin. Therefore the current housing market worries may not be applicable by the time they are seriously underway. In general the agents' view is that the levels of newbuild planned are capable of being absorbed by the current housing market. However these views were expressed before the impact of the credit crunch became apparent.
- 11.17 In general, the local industry feels that the target levels are feasible and can be met. This involves the recognition that the urban centre housing market is quite different from the urban extension one. It may also require the separate marketing of different parts of the new greenfield urban extensions, to maximise their separate identity and hence marketability.
- 11.18 Stakeholders were concerned that proposed developments should be designed to promote social cohesion and a sense of community.
- 11.19 Parts of the Gloucestershire housing market are influenced by the housing markets of Bristol, London and Swindon. The Gloucestershire market competes by being a bit cheaper and more rural in character. It is also the case, of course, that Gloucestershire has its own self-contained housing market and this represents a solid foundation for expansion, as the new demand is likely in part to be families emerging from the existing population.

## **Regional policy**

- 11.20 The overall new housing supply figures discussed earlier in this chapter derive from the Regional Spatial Strategy. As such, they provide a regional, rather than County perspective on what can be achieved given the local economy, demand, infrastructure and environmental impacts. The County stands at the northern and eastern edge of the South West Region, and is nearest to the markets of the Midlands and South East. In that sense they are assisted by the additional demand from those markets, and to a lesser extent from South Wales.
- 11.21 The limitations on growth clearly include preservation of landscape and rural character. Additionally, there have recently been concerns regarding flood risks, although this is likely to be avoided if the RSS policy on Development and Flood Risk (PPS25) is followed. The transport aim is to reduce dependence on the car, but the emphasis on urban extensions may increase that dependence. The aim is to encourage the growth of local jobs so that any additional car trips are mainly local ones.

11.22 There exists a strong network of both rail and motorway links through the County. However, there are some demands for Junction 10 of the M5 to become a four-way junction and for traffic management systems to be introduced on the motorway.

## Summary

- i) The RSS for the County sets a target of just under 3,000 new dwellings per annum for the period to 2026. The target is in line with past and immediate future planned performance. The only area where that is not true is Tewkesbury, as that borough contains major new urban extensions to serve the demand for housing in Cheltenham and Gloucester. These have not yet been started. In general, considering the housing markets in the County, it seems likely that the planned housing can be delivered. A major risk to this delivery in the next three to five years is the credit crunch.
- ii) The general level of affordable housing targets in draft Local Development Framework core strategies are likely to be between 35%-40%. The exceptions are Forest of Dean (lower) and Cotswold (higher) which is partly a reflection of the relative levels of housing need, but also as modified by the detailed viability analyses carried out across the County as part of a parallel contract by Fordham Research. These showed that only in Forest of Dean was there any serious doubt about meeting the broad target on most sites. In the case of the Forest of Dean that council is addressing the issues raised by the viability results.
- iii) It seems clear that the market for housing in the urban extensions will be quite different from that in the town and city centres. The main aim is to encourage mixed communities and more affordable housing in the urban extensions with mix and density obtained through evidence and master planning.

## 12. Major themes, drivers and challenges

The purpose of this chapter is to:

- Identify the main themes that emerge from the evidence
- Discuss the drivers of future change
- Comment on the main challenges/threats faced by the County
- Conformity to the CLG Practice Guidance for SHMAs

### Introduction

12.1 This chapter brings together the key issues which will inform future housing and planning policy. Chapter 13 then examines the policy options.

12.2 This chapter is illustrated with a few of the key tables from preceding chapters, for ease of reference.

### Housing market areas and strategic housing market assessments

12.3 As noted in Chapter 4, the County was proposed as a Housing Market Authority by DTZ in a study in 2004. Their conclusion was based on market and travel to work containment. Although the levels of self-containment vary across the districts, there is a high level of self-containment, approaching the ideal of 70% self-containment for home moves and travel to work at the County level. The most 'open' are Tewkesbury (but that mainly refers to moves outside the Borough but within the County), and Cotswold (where the moves outside the district are more external to the County: to Swindon and London in particular). There is also a major influence from the neighbouring conurbation of Bristol. Despite these external influences, Gloucestershire does have integrity as an HMA.

12.4 There are two districts with lower levels of self-containment. In the case of Tewkesbury Borough, household moves outside the Borough are within the County. In the case of Cotswold District, where households' moves are outside the district, they are more external to the County and to Swindon and London in particular. There is also a major influence from the neighbouring conurbation of Bristol. Despite these external influences, Gloucestershire does have integrity as an HMA. This conclusion is supported by the data and the stakeholders.

12.5 Chapter 4 also suggested that the major new urban extensions (9,500 dwellings located in Gloucester urban extensions and 6,300 dwellings located in the Cheltenham urban extensions), will attract households from outside the area and will help to keep down second-hand prices. Stakeholders attached considerable importance to ensuring that these major new urban extensions are capable of sustaining cohesive communities.

**Step 3.4.1: Mapping market characteristics**

12.6 The data generated for the SHMA is mapped throughout the report, as part of the evidence base.

12.7 The six districts in the County are all different in character. When looking at household size, the authorities fall into two groups: this is illustrated by Table 12.1., the larger districts of Cheltenham, Gloucester and Stroud and three smaller districts of Cotswold, Forest of Dean and Tewkesbury Borough. This balance is set to change, due to the major relative growth planned for Tewkesbury Borough over the next 15 to 20 years.

Table 12.1 Household population by district (2006)		
District	Number of households (000s)	Percentage
Cheltenham	50	22.1%
Cotswold	36	15.9%
Forest of Dean	34	15.0%
Gloucester	48	21.2%
Stroud	47	20.8%
Tewkesbury	34	15.0%
Total	249	100.0%

Source: ONS

**Owner occupation**

12.8 As noted in Chapter 6, the County contains higher levels of owner-occupation than the national average. There are lower levels of social rented housing and private rented housing.

12.9 The proportion of households in owner-occupation increased between 1991 and 2001 in Gloucestershire. Over the period, the number of owner-occupied households in the County rose by nearly 23,000 and accounted for 80% of total housing growth during that time.

12.10 By 2005, there were a total of 217,410 owner-occupied and private rented properties within the County. However, as stated in Chapter 2, there are plans to build another 56,400 properties over 20 years, of which a large proportion will be in the private sector.

- 12.11 As such, the level of owner-occupation in Gloucestershire at 72.2% is high compared to the national average of 68.9%. The proportion of home ownership is the highest in Tewkesbury Borough at 78.5%, which is ranked the sixth highest in the South West. In contrast, Cotswold and Cheltenham Districts are among the lowest in the region (ranked 38th and 33rd respectively out of 45 districts).
- 12.12 However, Chapter 4 showed that owner-occupation is not equally distributed across all social classes. Disparities in social class structure across districts show that people in social classes 1-3 (higher managerial/professional) are concentrated in Cheltenham and parts of Cotswold, Stroud district and Tewkesbury Borough. Employment trends in the County broadly follow the national trend of a reduction in manufacturing and growth in the service sector.

### ***The private rented sector***

- 12.13 The private rented sector constitutes 8.3% of all housing stock within the County, a proportion that is lower than the national average of 9.9%. “City drift” is a problem. People come to Gloucester because there is no private rented accommodation in other areas.
- 12.14 Also, the University of Gloucestershire has campuses in both Gloucester and Cheltenham which attracts a large number of students to the private rented sector. There are currently around 10,000 full-time and part-time students studying at the university although one of its key priorities is to expand student numbers to around 15,000 students in the near future.
- 12.15 Most students are currently housed in either halls of residence located on or close to campuses or in university accredited private rented accommodation. As such, any increase in student numbers without a corresponding increase in the provision of halls of residence is likely to increase demand for private rented sector accommodation located close to university campuses. In other study areas we have observed that local landlords have responded to this as they can achieve high rental yields due to students sharing.

### ***The social rented sector***

- 12.16 Importantly, the social rented sector in the County is much smaller than the national average at 13.8% compared with 19.2% nationally. Between 1979 and 2003 around 133,000 local authority dwellings throughout the South West region were sold under the Right to Buy legislation.
- 12.17 During the same period a further 106,000 properties were transferred under large scale voluntary transfer agreements. Within the County a total of 25,430 properties were either sold under the Right to Buy legislation between 1979 and 2006 or transferred under LSVT legislation during the same period.

12.18 The sale of local authority stock under the Right to Buy policy combined with relatively low levels of newbuild has meant that the supply of social housing has been steadily declining since 1980. Between 2003/04 (when records are available) and 2005/06, the number of social lettings declined from 2,486 to 2,274.

### **Intermediate housing**

12.19 In relation to intermediate housing, evidence presented in Chapter 7 suggested that HomeBuy products have been consistently popular since the scheme was launched within the County in April 2006.

12.20 The demographic profile of successful applicants is that of smaller, younger households with relatively low incomes and limited access to equity. Key workers, at which some HomeBuy products are aimed, make only a small proportion of all successful applicants. This is probably due to their being more likely to be employed in higher paid occupations, and the limitations of some HomeBuy products aimed at key workers.

12.21 Nonetheless, given the current 'credit crunch' it is likely that HomeBuy products will play an increasingly important role in providing intermediate housing within the County during the next five years or so

### **Overcrowding and under-occupation**

12.22 Two important aspects of housing discussed in Chapter 6 were overcrowding and under-occupation. Overcrowding can (although not necessarily) be a sign of the 'unaffordability' of housing if households are forced to live in overcrowded conditions due to a lack of affordable larger housing. In total, nearly 11,000 households in the County were considered as overcrowded i.e. they had too few rooms for the size of the household. This represents 4.6% of all households.

12.23 However, evidence presented in Chapter 10 suggests that a number of older person households are over-occupying properties. In total it is estimated that nearly three-quarters (76.3%) of two or more pensioner households have an occupancy rating of +2 or more.

12.24 More specifically, whilst the majority of older person households over-occupying are in the owner-occupied sector there are 2,542 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more which may therefore present some opportunity to reduce under-occupation.

### **The active housing market**

- 12.25 Chapter 7 examined the cost and affordability of housing, its level of occupancy and turnover. It noted that there are substantial differences throughout the County in terms of house prices. There are extremely high prices in Cotswold whilst the lowest prices are found in Gloucester. Prices in the mostly rural Forest of Dean are similar to the national average whilst prices in Cheltenham, Stroud district and Tewkesbury Borough are more around the higher County average. The eastern end of the County is clearly much affected by the South East and London housing markets and price regime, while the south west of the County shows the more modest price levels found over the border in Wales and around the lower Severn.
- 12.26 This perspective is slightly modified when the rates of recent change are considered. Lower quartile house prices during 1996 to 2005 increased most in Stroud district and Gloucester where change was at or above the regional average. Lower quartile house price increases for Cheltenham during the same period were slightly below the regional average. House price increases in Cotswold and Forest of Dean were relatively low. They were (below the regional average but higher than the average for England and Wales. Finally, house price increases in Tewkesbury Borough were the lowest in the region although still at around the average for England and Wales.

### **Affordability**

- 12.27 The corollary of high house prices is that of low housing affordability. Between 1996 and 2005, average house prices in the County rose by 12.0% per annum. This is against the regional and national annual increase of 12.5% and 11.4% respectively. By Q2 2007, the average price for all property types in Gloucestershire had increased to £235,184 (Land Registry, 2007). Average house prices during Q2 2007 were highest in Cotswold (£330,168) and lowest in Gloucester (£168,816).
- 12.28 The average price for different types of properties within the County vary widely with detached properties averaging £359,197, semi-detached properties £217,913, terraced properties £179,457 and flats or maisonettes £138,725. However, it is important to note that there are variations between districts with e.g. the average price of detached houses during the same period ranging from £248K in Gloucester to £472K in Cheltenham.
- 12.29 Housing costs for entry-level properties (approximated by lowest quartile properties) in Gloucestershire rose faster than average properties, at 12.8% per annum between 1996 and 2005, indicating high demand relative to supply. The average house price for entry-level properties in Gloucestershire was £128,000 in 2005 compared to £44,000 in 1996.

- 12.30 Again, there was some variation across districts with lower quartile house prices £111K in Gloucester, compared with £122K in Forest of Dean, £133K in Tewkesbury Borough, £135K in Stroud district, £136K in Cheltenham and £172K in Cotswold. The trend was seen across all districts except in Forest of Dean where house prices for entry-level properties grew at a slower rate than average properties. Between 1996 and 2005, Stroud and Gloucester recorded the highest rates of house price growth for entry-level properties.
- 12.31 It is arguable that housing supply and earnings have most impact on housing affordability. Unfortunately, the South West is the only region with above average house prices but below average income level. One reason for this factor is the mismatch between supply and demand supplemented by in-migration from areas with higher property values such as London and the South East.
- 12.32 Affordability is particularly acute for those households aged 30 to 34 years trying to enter the housing market. According to NHPAU (2007), the proportion of 30 to 34 year old couples in the South West able to buy a purpose built flat will decrease from 39.4% in 2007 to 17.8 % in 2026. The proportion unable to buy a terraced property will decrease from 26.4% in 2007 to 14.5% in 2026. Importantly, NHPAU predicts that by the 2026 affordability in the South West will be worse compared with London.

**Future annual supply of intermediate affordable housing**

- 12.33 Based on CLG Practice Guidance, Chapter 9 determined the extent of housing need and the annual net need for affordable housing within the County.
- 12.34 Table 12.2 shows that the total net annual housing need in Gloucestershire is for 2,421 affordable dwellings per annum comprised of 845 dwellings in Cotswold, 442 units in Gloucester, 439 homes in Cheltenham, 301 properties in Forest of Dean, 264 units in Stroud district and 130 dwellings in Tewkesbury Borough.

Table 12.2 Derivation of annual net need for affordable housing in Gloucestershire							
Step in calculation	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucester shire
Net current need	247	625	633	1,053	675	260	3,493
Annualised net current need	49	125	127	211	135	52	699
Step 2.4	945	1,019	399	721	553	396	4,033
Step 3.8	556	299	224	490	424	318	2,311
Total net annual housing need	439	845	301	442	264	130	2,421

Source: Table 9.14



**Implied market housing requirement**

12.35 Guidance indicates that the figure for the net annual need for affordable housing should be compared to the number of new dwellings to be built each year documented in Chapter 2 to derive an estimate for the number of all dwellings that should be affordable. This is presented in the table below.

<b>Table 12.3 Annual housing provision compared to requirement for affordable housing</b>			
Area	Annual housing provision 2006 to 2026	Annual net need for affordable housing	Implied proportion of dwellings that should be affordable
Cheltenham	405	439	108.4%
Cotswold	345	845	244.9%
Forest of Dean	310	301	97.1%
Gloucester	575	442	76.9%
Stroud	455	264	58.0%
Tewkesbury	730	130	17.8%
Gloucestershire	2,820	2,421	85.8%

Source: Table 9.16

- 12.36 The table shows that in both Cotswold and Cheltenham the annual requirement for affordable housing exceeds the annual provision of housing. It is clear that if all of the identified housing need is going to be met within the affordable sector in these authorities then the level of future housing provision will have to increase. If it is not possible to increase the provision of new housing, the private rented sector will continue to be used to house households in need.
- 12.37 The other four authorities record an implied proportion of affordable accommodation that is technically achievable; however in Gloucester, Stroud district and Forest of Dean the proportions indicated may not be realistic.
- 12.38 The Practice Guidance states that the size profile of affordable housing required should be informed by data on the size of home required by households on the waiting list. The table below shows the proportion of households on the waiting list requiring a dwelling of a particular size in each district.
- 12.39 Table 12.4 shows that in all districts apart from the Forest of Dean one bedroom accommodation is required by over half of households on the waiting list. In the Forest of Dean only 40.0% of households on the waiting list require a one bedroom property. Overall Cotswold displays the highest proportion of households that require a one bedroom home. Forest of Dean records the highest proportion of households that require a three bedroom home whilst Cheltenham has the highest proportion of households that require a dwelling with four or more bedrooms.

**Table 12.4 Size of affordable accommodation required by households in need**

Bedrooms required	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
1	57.8%	60.0%	40.0%	54.7%	56.4%	56.5%	56.6%
2	25.9%	24.7%	38.2%	30.3%	30.5%	31.0%	27.8%
3	11.7%	12.2%	18.2%	12.7%	11.7%	8.7%	12.5%
4+	4.6%	3.1%	3.7%	2.3%	1.4%	3.8%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Table 9.17

12.40 It is important to note that the figures represent the requirement for affordable housing gross of any supply and that because smaller dwellings in the social rented sector tend to have a higher turnover rate the size profile once the likely supply has been discounted may be different.

**Intermediate housing**

12.41 Finally, Chapter 9 drew on work by the JRF (2005), to determine the proportion of households in Gloucestershire able to afford intermediate housing. Using ‘broad’ and ‘narrow’ definitions (see Chapter 9 for further details), it suggested that the need for intermediate housing is greatest in Cotswold as more than half (56.1%) of working households there cannot afford the lowest 25% priced two- and three-bedroom properties, and over a third (36.1%) of working households cannot afford to buy the lowest 10% priced two-and three-bedroom properties.

12.42 In comparison, the need for intermediate is smallest in Gloucester where over a third (36.9%) of working households cannot afford the lowest 25% priced two- and three-bedroom properties, and over a fifth (21.3%) of working households cannot afford to buy the lowest 10% priced two-and three-bedroom properties. It is clear that the potential for intermediate housing is greatest in Cotswold and Tewkesbury Borough as a larger proportion can afford the narrow definition than is recorded in the South West region as a whole.

**Table 12.5 JRF intermediate housing affordability**

Area	Broad definition	Narrow definition
Cheltenham	46.4%	28.6%
Cotswold	56.1%	36.1%
Forest of Dean	47.8%	29.8%
Gloucester	36.9%	21.3%
Stroud	50.2%	24.7%
Tewkesbury	50.9%	32.5%
South West	51.5%	31.4%
England	43.3%	23.5%

Source: Table 9.18

***The county's economy***

- 12.43 Chapters 5 and 8 examined the County's employment structure and economy. Gloucestershire, in common with the South West Region, has performed well. Its Gross Value Added is about £10 billion, and has grown at between 6-8% per year since 1995. Levels of workforce qualifications are generally good.
- 12.44 Although the County's economy has grown consistently since the early-2000s, it is projected to grow at a slower rate than that seen during the past decade averaging 2.5% p.a. between 2006 and 2015. The projected growth rate is the highest for Gloucester (2.6%) and lowest for Stroud district (2.2%).
- 12.45 However, recent adverse economic conditions suggest that the prospects for future economic growth, both regionally and nationally, are likely to be limited over the next one or two years. For example, recent HM Treasury projections (November 2008) suggest that UK GDP growth will increase by 0.75% in 2008 with the economy contracting in the second half of the year. The recession is forecast to continue into the first half of 2009, with GDP contracting by -1.25% to -0.75% in the year as a whole.
- 12.46 Chapter 8 considered the impact of three economic scenarios on the count: economic recession, economic stability and economic boom. It is apparent that the first economic scenario reflects the current economic situation. The scenario suggested that economic conditions are the worst for around a decade with house prices nationally either stagnant or decreasing, the cost of raw materials and food increasing and the 'credit crunch' preventing both businesses and individuals from accessing credit. Credit is a factor that constrains both consumer expenditure and the housing market.

- 12.47 Although a return to the negative equity crisis of the early 1990s is unlikely (current employment levels are high and interest rates are historically low), it is apparent that the economic downturn is leading to higher levels of unemployment and interest rates. The immediate impact of such a downturn on the County's economy is incomes for some households would decrease. Although house prices have decreased a lack of access to mortgages means that first-time buyer households are unlikely to benefit.
- 12.48 Despite the economic issues outlined above the Panel Report (January 2008) acknowledges the pivotal role of Gloucester and Cheltenham as key drivers of the County's economy. It sees Gloucester as an important driver of the regional economy with high growth potential. The regeneration of the City centre and docks area will help support delivery of improved retail facilities, together with enhanced cultural, and further education facilities. However, it recognises that there are skills shortages and recruitment difficulties in the city, for which it responds by suggesting policy solutions.
- 12.49 Similarly, the Panel Report sees Cheltenham as an economic driver for the region which has important functions as a cultural and tourism centre supported by specialist and high quality retailing. However, it regards Cheltenham as recently suffering from declining economic performance which needs to be reversed, primarily through diversification of employment opportunities, building on those of its existing specialism that have high growth potential (such as ICT and advanced engineering) and through the provision of adequate employment sites).
- 12.50 It sees other towns, both Stroud/Stonehouse and Tewkesbury/Ashchurch as acting as local service centres for wide parts of the rural area and provide a range of local employment opportunities. The Forest of Dean towns are shedding their industrial past in favour of a more tourism-based economy, and tourism growth here will need to be accompanied by enhancement of the urban areas. Cirencester is an historic town of some quality and its economic vitality is important to the well being of the Cotswold District. It argues that while all of these towns have locally important roles and functions, they can be expected to remain very much subordinate to those of Gloucester and Cheltenham.

### **Step 3.4.3: Issues for future policy/strategy**

#### **General issues**

- 12.51 The market characteristics and trends noted above may have important implications for the development of future policies and strategies.
- 12.52 The population projections point to a continuing trend for smaller household units. This is due to household dissolutions, people marrying later, and the increasing proportion of older people in the population. As such, over the next 20 years this will lead to a rate of household growth that is above the level of population growth.

- 12.53 Similarly, it is not clear how house price trends over the same period may fluctuate.
- 12.54 Another important finding is that there are significant differences between urban and rural areas of the County in terms of social, economic and housing characteristics. In general terms, BME groups, lone parents and unemployed people are more concentrated in urban areas. These are groups who are less likely to be able to access appropriate housing and be more likely to be in housing need.
- 12.55 This characteristic raises issues around the provision of both suitable housing and services. Although it is difficult to predict long-term trends, the concentration of groups with housing needs in urban areas, combined with the trend for smaller households and predicted growth in household numbers, may place further stress on the relatively limited social and affordable housing sectors within urban areas.
- 12.56 However, it is important to acknowledge that people with housing needs do not exclusively live within urban areas. Also, as noted above, some rural areas of the County are more likely to contain people with a limiting long-term illness, older people and families with children.

#### **Potential challenges/threats**

- 12.57 The main threat that can be seen from the present is the overall global credit situation. Since the main urban extensions will be developing in phases over many years, it may well be that the global situation will by then have stabilised.
- 12.58 There is always scope for a global situation to destabilise housing markets whether nationally (as in 2008) or more locally (when for example a local branch of a global business is closed). However such threats cannot easily be planned for, so much as managed when they happen.
- 12.59 On the issue of flooding, although some concerns were shown by some local stakeholders, this is likely to have little impact on the RSS strategy if the RSS policy on Development and Flood Risk (PPS25) is followed.
- 12.60 As mentioned in Chapter 10, the general situation of Gloucestershire is a good one from a housing market point of view. Its geographic position i.e. its relative proximity to London, and its transport connections to both the South West and Midlands, offers a considerable degree of choice for existing and potential households seeking to move. Further, the County has higher than average house prices. These summarise the County's advantages, and arguably outweigh the potential threats or challenges to the County's economy and housing market.

## County wide site viability assessment

- 12.61 The 'affordable housing viability' report which was undertaken by Fordham Research at the same time as this research tested the viability of implementing affordable housing across 24 differing sites in a range of locations throughout the County. Its detailed results were cited in Chapter 10 above, in relation to the feasibility of affordable housing targets.
- 12.62 The sites were tested with no affordable housing, and for options of 30%, 40% and 50% affordable housing (for Cotswold, whose existing target is 50%, additionally 60%). In each case the affordable housing was assumed to be a combination of 67% social rented and 33% intermediate housing. The intermediate housing was taken to be shared ownership housing at 25% share, with rent charged at 2.75% on the unsold equity.
- 12.63 It concluded that 19 of the 24 sites could produce 30% affordable housing and remain viable. At 40% five additional sites became unviable. By 50%, only seven sites remained viable, plus four which were classed as marginal. As such, the findings suggest that in some parts of the Housing Market Area there is scope for increasing targets from the present levels, whilst in others there is not. The results also suggest that it might be possible to vary targets, either geographically, or as between greenfield sites and previously developed land.
- 12.64 Finally, it is important to consider the long term impact of the Gloucester/Cheltenham/Tewkesbury growth area over the next 20 years.
- 12.65 The new housing development should aim to create mixed and inclusive communities, taking into account the scale of the development, the location of the site and overall housing needs. It is important for councils to acknowledge the close link between housing growth and local employment opportunities, particularly given the County's transport problems as highlighted in Chapter 2.
- 12.66 The importance of achieving these aims have been consistently highlighted by stakeholders throughout the Strategic Housing Market Assessment process.

## Summary

- i) In terms of trends and drivers, the County is quite a dynamic growth area: showing an annual growth rate of 7% or so, compared with 5% for England; the BME population which is often a source of household growth is not a major influence as it forms only 3% of the population compared with 9% nationally. However the overall location of the County puts it in a strong position to continue to grow at an above average rate and this clearly influences the housing trends.
- ii) In terms of the overall market, Tewkesbury Borough and Cotswold have the most open housing markets within the County, and the other four districts somewhat less open. The Gypsy and Traveller survey shows a considerable need for extra pitches in all areas except Cheltenham.
- iii) The historic growth of the housing stock has been strongly biased towards owner-occupation: about 80% of the recent increase has been owner-occupation (the national fraction being 68%). The affordable housing sector is relatively small and has not grown substantially, but the private rented sector on the other hand has shared in the substantial pattern of national growth in private renting.
- iv) The possible future growth route of the County is not clear in terms of whether it will be led by natural increase or by the greater allocations of new housing.
- v) The substantial rural parts of the County do not have an equivalent proportion of the various minority groups (for instance BME, lone parents and unemployed). Such groups tend to be mainly found in the urban areas: a typical pattern and one related to the availability of services. Despite that general pattern, there are distinct groups in the rural areas who do have particular needs, and it is important to increase outreach services to them.
- vi) The various challenges and threats to the planned development of housing in the County were considered. The current 'credit situation' is an example of a national trend which is having a major impact on prices and a slow down in the number of transactions. The main urban extensions do not come into major production for a few years and will be phased. This particular crisis may by then be over. The issue of flooding is a much more local one, outside the scope of this study, but clearly one that has achieved a higher profile during the past year than hitherto.





# SECTION F: POLICY IMPLICATIONS AND UPDATING

This concluding section draws on policy implications from the analysis, suggesting practical policy tools, and summarising an approach to updating.



# 13. Housing markets gaps and the housing ladder

The purpose of this chapter is to explain:

- The housing market gaps analysis
- How it applies in Gloucestershire
- The state of the 'housing ladder' in the County

## Introduction

13.1 It has been a concern of Government for at least two decades that there should be a well functioning 'housing ladder' so that newly forming households could enter the market, and 'climb' towards home ownership, and then move as appropriate up the size scale. This public concern has grown more acute as house prices have risen rapidly, especially over the last decade.

13.2 This has led to many initiatives to encourage access to the market, and in particular the owner-occupied market. Some two decades of evolution of 'low cost' home ownership and shared ownership have produced the present structure of tenures encouraged by the Housing Corporation. These are typically where a Registered Social Landlord owns part and the occupant owns the rest. Products are currently marketed as Open Market HomeBuy and New Build HomeBuy.

13.3 This chapter examines the cost of different types and tenures of housing. This is done to provide an updateable benchmark for assessing the affordability of new housing schemes.

## Housing market gaps

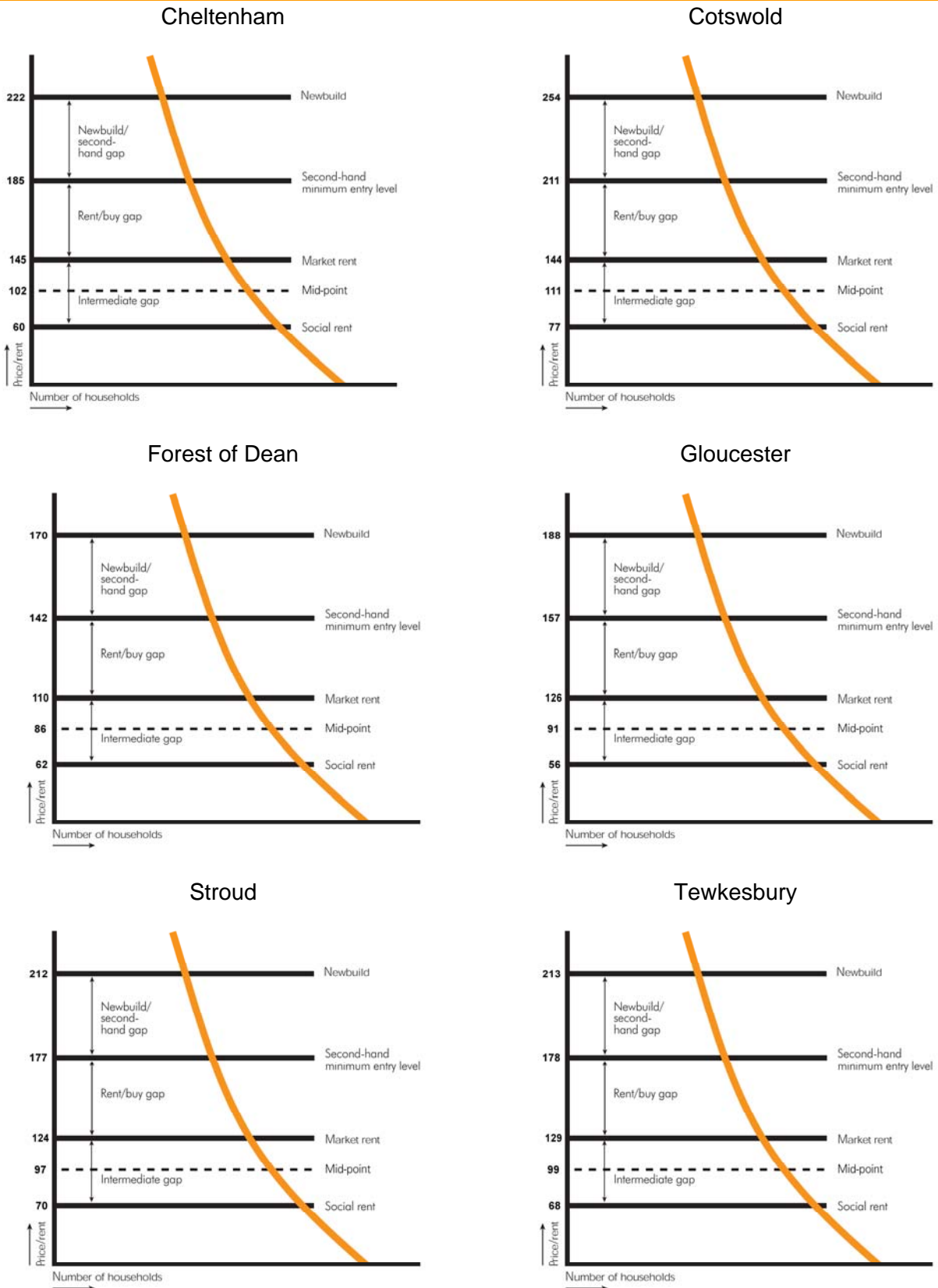
13.4 Housing market gaps analysis has been developed by Fordham Research to allow easy comparisons of the costs of the tenure range, in order to facilitate the testing of different newbuild proposals, and to show generally the nature of the housing ladder in a particular locality.

13.5 The following figures show a stylized housing ladder diagram designed to illustrate the nature of the housing market gaps in each sub-area. The figures are based on:

- i) Showing the weekly cost of housing for each tenure group on the y-axis, against the notional numbers of households (illustrated only figuratively by the orange curve) along the x-axis
- ii) This is done for two-bed dwellings only. Whilst the diagrams can be made to show properties of different sizes the two-bed house is chosen as it is the most likely entry point for many households. The weekly costs for the full range of dwelling sizes are shown in Table 14.1 in Chapter 14 regarding 'Policy Tools'.
- iii) The bars on the housing ladder gap diagrams show key tenure distinctions:
  - Newbuild to buy
  - Second-hand to buy
  - Private rental
  - Inferred mid-point of intermediate band
  - Social rent
- iv) Between each of the bars is a gap. The main two gaps of interest are:
  - The Rent/Buy gap: households in this gap can afford market rent without the need for Housing Benefit, but cannot afford to buy outright.
  - The Intermediate gap. Intermediate housing is defined in PPS3 as housing at between a social rent and market rent. Although technically intermediate housing begins at £1 or so below market rent level, housing at such a weekly cost would clearly not be of much use to households in housing need. We put the mid-point on the graph and infer the weekly costs. Typically more than half of the households in intermediate need lie below the mid point. It is necessary that intermediate housing should be priced well below the market entry point, as hardly any households in need would be helped by intermediate housing priced near the market entry. Even housing priced at the mid-point will leave many of those in intermediate need with only social rented housing as a choice.
- v) To enable comparisons, the capital cost of buying new and second hand housing is expressed as a weekly cost equivalent to a weekly mortgage payment). The technicalities of doing this are shown in the final chapter which explains how to update the base data shown in the final chapter of this report.

13.6 The following housing ladder diagrams illustrate the figures for two-bed dwellings for the range of tenures.

**Figure 13.1 Market gaps diagrams**



Note: This is an average for 2 bed dwellings  
Source: Fordham Research 2008

13.7 Table 13.1 below shows the housing costs differences between two-bed social rent and market rent properties, and two-bed market rent and owner-occupied properties.

<b>Table 13.1 Housing costs differences</b>		
Council area	Market rent as % of social rented	Market entry to buy as % of market entry rent
Cheltenham	242%	128%
Cotswold	187%	147%
Forest of Dean	177%	129%
Gloucester	225%	125%
Stroud	177%	143%
Tewkesbury	190%	138%

Source: Gloucestershire SHMA Fordham Research 2008. NB These percentages are for 2-bed dwellings.

13.8 In the case of Cheltenham and Gloucester, it costs more than twice as much to rent privately (even at the entry level), than to social rent. Although the differences in housing costs between entry-level market rents and entry level to buy are less substantial, they are nonetheless significant with the largest differences in Cotswold (147%) and Stroud district (143%). The pattern varies within these generalisations:

- The Forest of Dean shows the smallest differences in housing costs of all six councils but, nonetheless, they remain significant
- Cheltenham shows the biggest difference between social and private rental costs, but Stroud district and Cotswold the biggest difference between private sector renting and home ownership

13.9 Clearly no ordinary household is likely to increase its income by the implied great leaps to ascend this 'ladder'. It is the use of capital that makes this possible. Capital can be in many forms. The usual form is that of owner's equity in their present home. In the case of first-time buyers capital might be in the form of savings for a deposit. Increasingly parents and grandparents are releasing their equity or savings to children or grandchildren to enable them to ascend the ladder.

13.10 This puts extra pressure on the need to find newbuild housing variants which fill the gaps, rather than appear at each extreme, as discussed in the section on the suggested approach to pricing (Section 14.4 onwards).

13.11 The full range of weekly costs for all districts and tenures is provided, with guidance on updating it, at the end of the final chapter of this report.

- 13.12 To some extent, the findings above reflect those on housing need discussed in Chapter 9. As noted in Table 9.16, the implied proportion of dwellings that should be affordable is greater than the average annual provision of affordable housing between 2006 and 2026 for all six councils. It showed that the difference between implied and actual affordable housing provision was second highest in Cheltenham at 108.4% (which may reflect the difference between housing costs discussed above). However, where the difference between actual and implied annual affordable housing provision is most acute is Cotswold, where the difference is 244.9%.
- 13.13 The policy implications of these findings are that whilst market forces may determine the price of market housing, councils can relieve pressure on the lower end of the housing market by ensuring that affordable housing targets are met.

## Summary

- i) There are substantial housing market gaps in all districts of Gloucestershire which mean that the local housing 'ladder' is not an easy one to climb. The gaps vary quite a bit, the smallest being in Forest of Dean and the largest in Cheltenham and Gloucester.
- ii) Newbuild housing is mainly available as for sale and as social rent, in other words at the extreme ends of the range. There is little newbuild housing in between. Shared ownership (New Build HomeBuy in Housing Corporation terminology) is the main option. The problem is that some times this is more expensive than market rental due to the newbuild purchase element. At that level by definition it is not affordable housing.
- iii) There is a substantial need for social rented housing and also for intermediate. The rent/buy gap is large, and so some form of low cost market housing also has a role to play.





# 14. Policy tools for size mix and price

The purpose of this chapter is to:

- Set out a practical framework to assist size mix decisions at local (ward) level
- Set out a weekly cost matrix which enables pricing issues to be addressed

## Introduction

- 14.1 In a general way, if an area is dominated by one type of dwelling there is an argument for diluting that dominance by providing different tenures to provide a more balanced mix of housing. The principle is one that clearly should not be pursued in isolation, so it is important to qualify it.

## Guidance on mix

- 14.2 Balance of mix and stock has been a theme in Government Guidance for some years. PPS3 uses 'mix' alone, but the terms in which it mentions the idea carry with them the idea of a 'good' or in some sense 'balanced' mix:

*“Achieving a mix of housing:*

*20. Key characteristics of a mixed community are a variety of housing, particularly in terms of tenure and price and a mix of different households such as families with children, single person households and older people.*

*21. Regional Spatial Strategies should set out the region’s approach to achieving a good mix of housing. Local Planning Authorities should plan for a mix of housing on the basis of the different types of households that are likely to require housing over the plan period. This will include having particular regard to:*

*– Current and future demographic trends and profiles.*

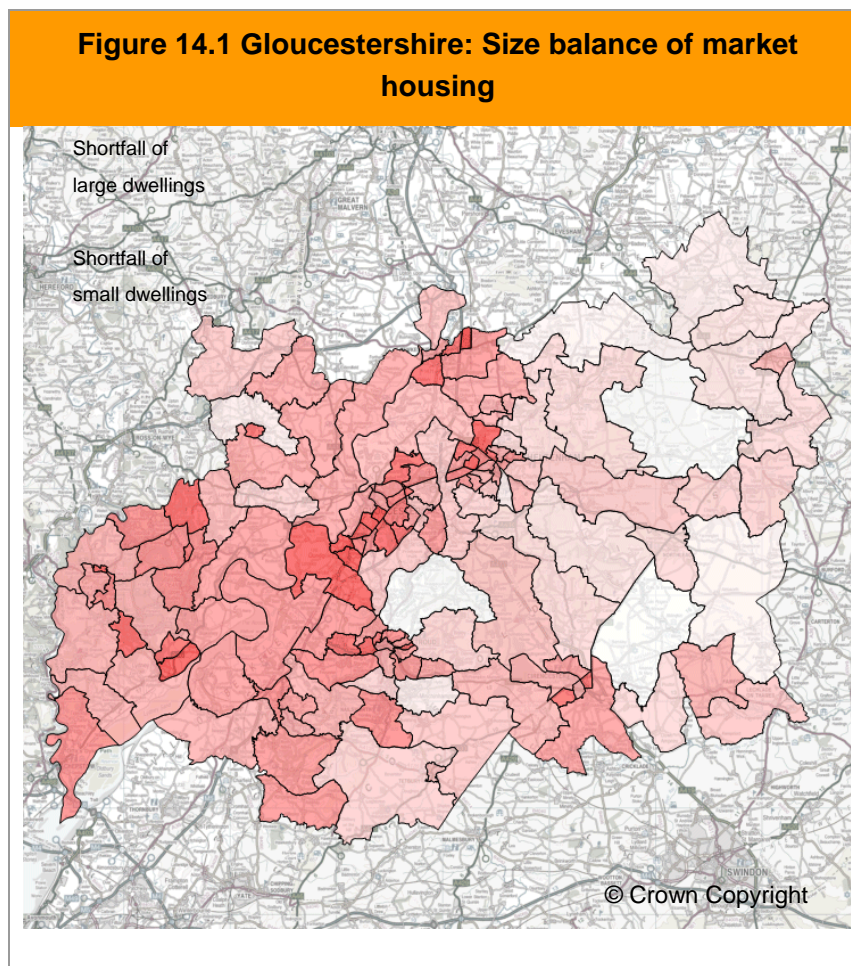
*– The accommodation requirements of specific groups, in particular, families with children, older and disabled people.*

*– The diverse range of requirements across the area, including the need to accommodate Gypsies and Travellers”*

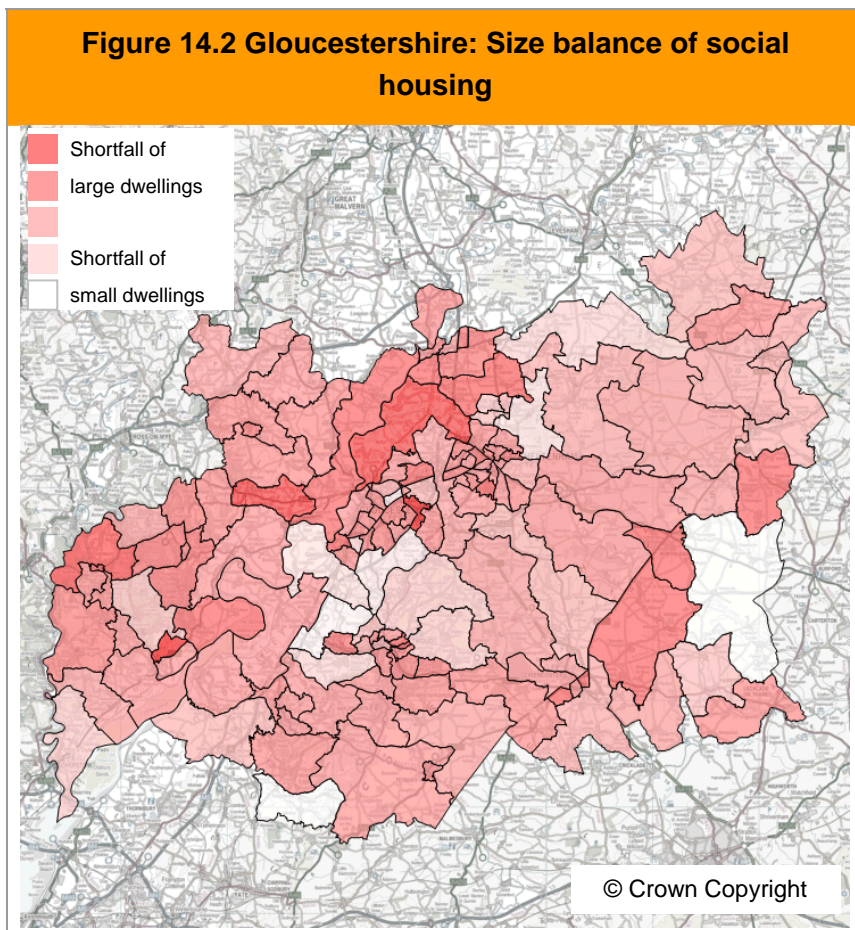
- 14.3 Para 22 of PPS3 (reviewed at the start of Chapter 2 above) requires size mix indications for both market and affordable housing, but at district level and with no requirement for sub-district targets or requirements. However it is possible to provide indications of size mix, by broad tenure, using the 2001 Census. This indicates the current stock position, since no major changes to the overall stock have occurred since then although some conversions of larger houses into flats may have taken place.
- 14.4 Clearly, mix and balance of new housing cannot be determined purely by looking at the current stock position, since the mix of new housing should be decided in relation to a number of factors, including:
- The **overall need/demand**. There may be a high level of housing need in an area which already has a lot of affordable housing, and provision of extra affordable housing may still be the dominant requirement. Equally there may be a high housing demand, which should be met in preference to other objectives.
  - The **mix of new housing should be designed to serve the needs and demands of the prospective population which will occupy it**. This can raise issues as between meeting the demand from in-migrant retired households or newly forming local households able to afford market housing. One type of market demand may dominate the other (e.g. because retired households have more money than younger local ones) and so policy may determine that the mix is more inclined to smaller family homes than retirement ones that market demand alone might suggest.
- 14.5 Issues of this kind require policy consideration, and that is not part of the SHMA report process, but rather an outcome of it. The evidence base of the SHMA is intended as an input to the policy process rather than a determinant of it. Hence the material in this chapter should be seen as one input to the process.
- 14.6 This chapter is based on a re-analysis of census information, much the most comprehensive local source, from which inferences about size mix can be drawn both for market and affordable housing. The detail of the analysis is provided in Appendix 2: this chapter simply shows the overall map indicators.
- 14.7 From this can be derived, other things being equal, inferences about the size mix of new housing that may be proposed in a locality. The other considerations mentioned above will of course be part of the calculation: the present calculation is just one input.
- 14.8 This chapter does not include analysis of the balance between market and affordable housing, as that could produce conflict with the affordable housing policies, existing and future, of each district. They will determine the broad tenure mix of new housing. The calculation shown in this chapter will be of some help in considering the size mix within each tenure.

## Suggested approach to policy on size mix

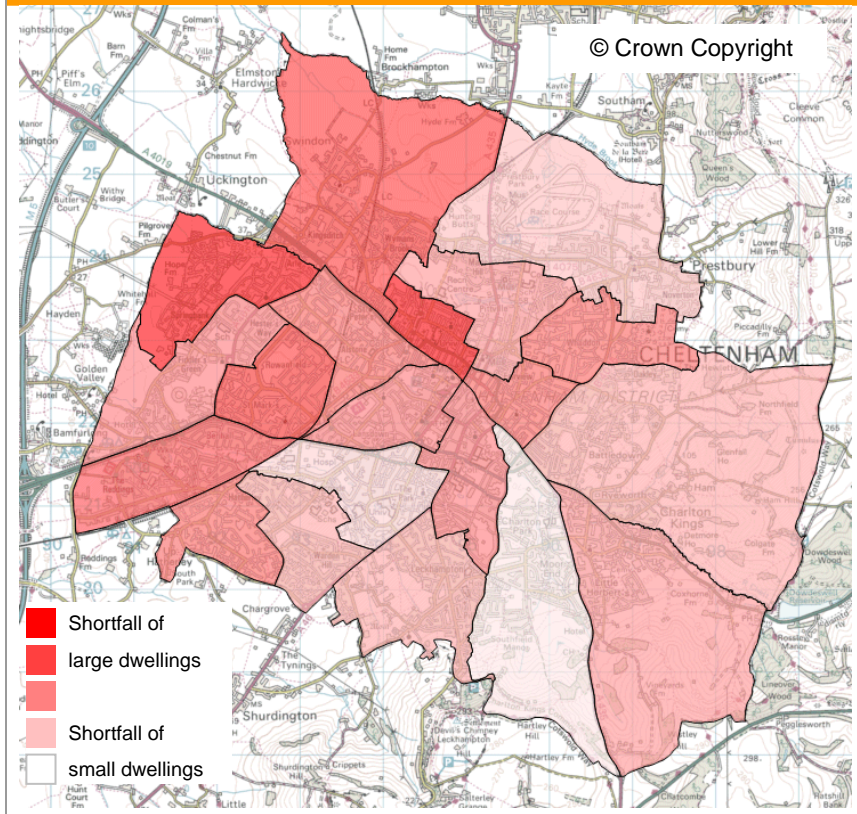
- 14.9 The approach suggested is simply to bear in mind the scores per ward in the tables that follow, when considering size mix issues in new developments. This will of course need to be combined with any wider strategic policy issues, and with site specific issues such as the size mix of housing immediately surrounding a site. Hence the tabulations provide one of several reference pointers that help to guide the size mix decisions.
- 14.10 Clearly this approach is more appropriate to smaller sites within existing rural and urban contexts, than to major development areas. In the latter there is a stronger reason to consider size mix in the context of a new community, rather than as an addition to existing ones. The approach set out here is directed more at the latter situation.
- 14.11 The first map looks at the County, and there follow six district level maps:



Source: Fordham Research, 2008

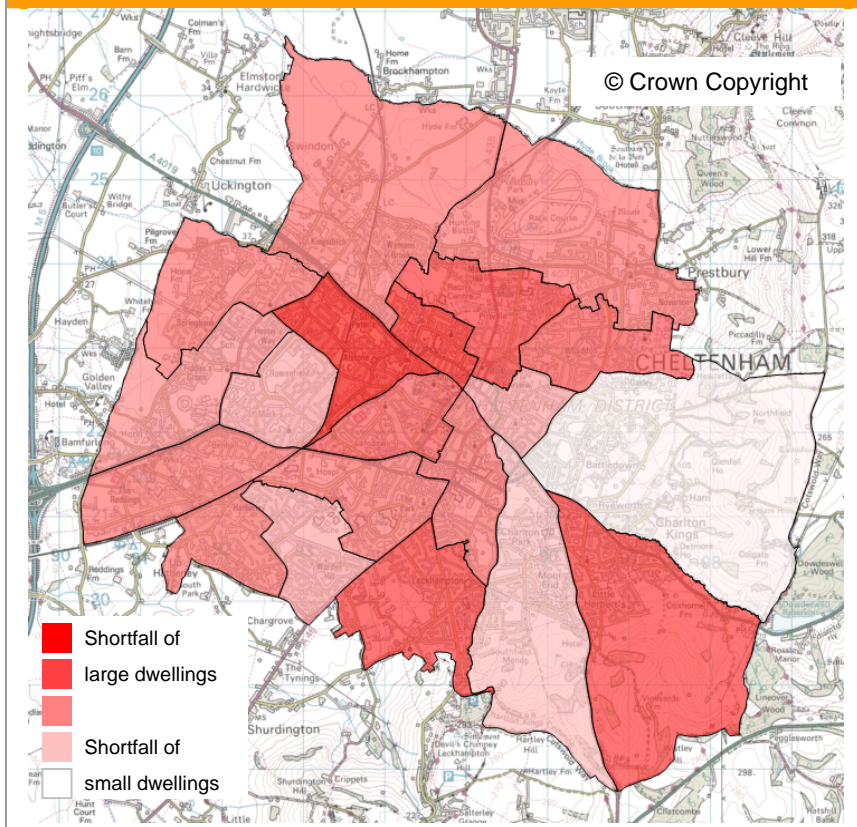


**Figure 14.3 Cheltenham: Size balance of market housing**

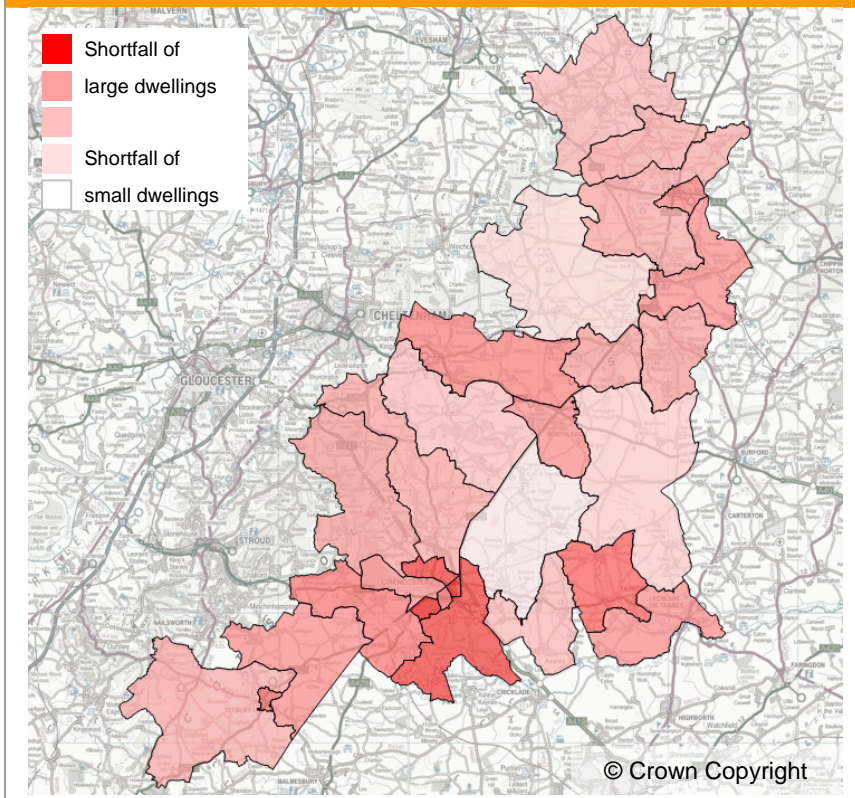


Source: Fordham Research, 2008

**Figure 14.4 Cheltenham: Size balance of social housing**

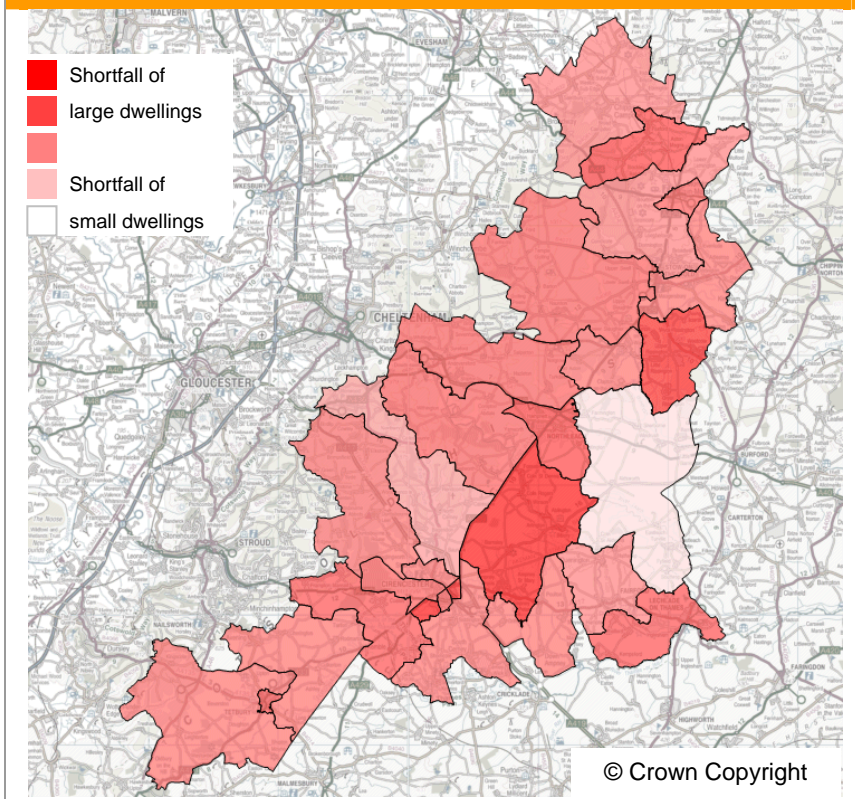


**Figure 14.5 Cotswold: Size balance of market housing**



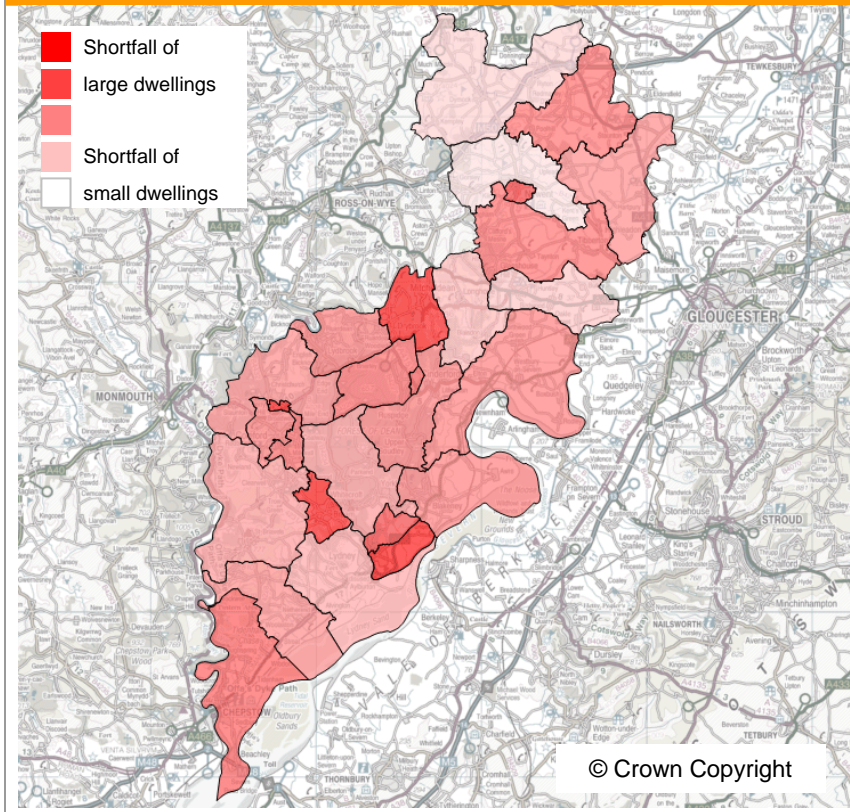
Source: Fordham Research, 2008

**Figure 14.6 Cotswold: Size balance of social housing**



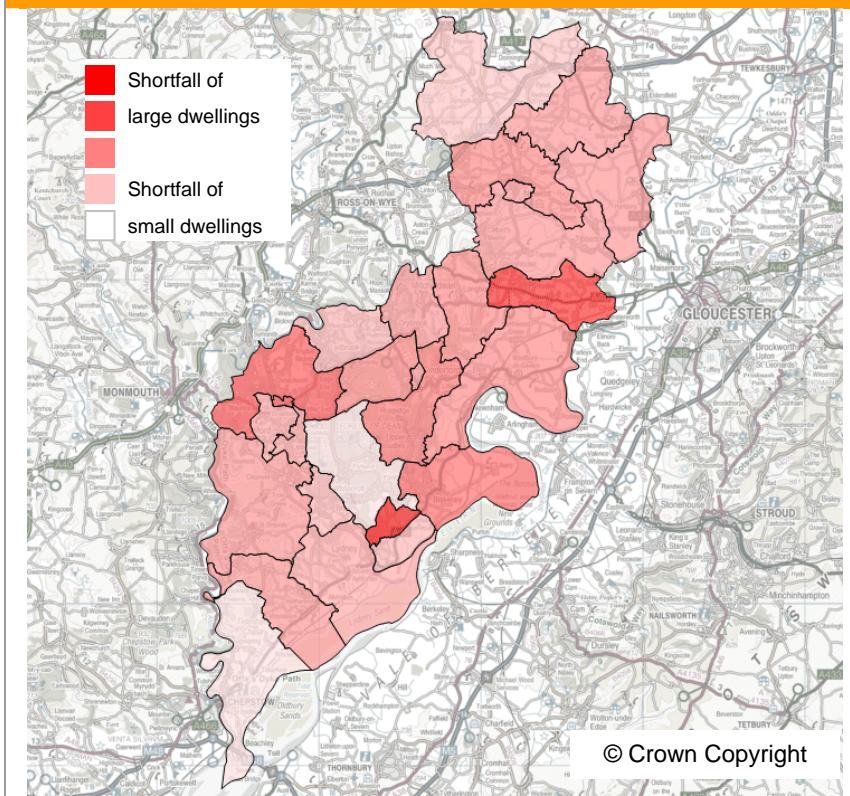
Source: Fordham Research, 2008

**Figure 14.7 Forest of Dean: Size balance of market housing**



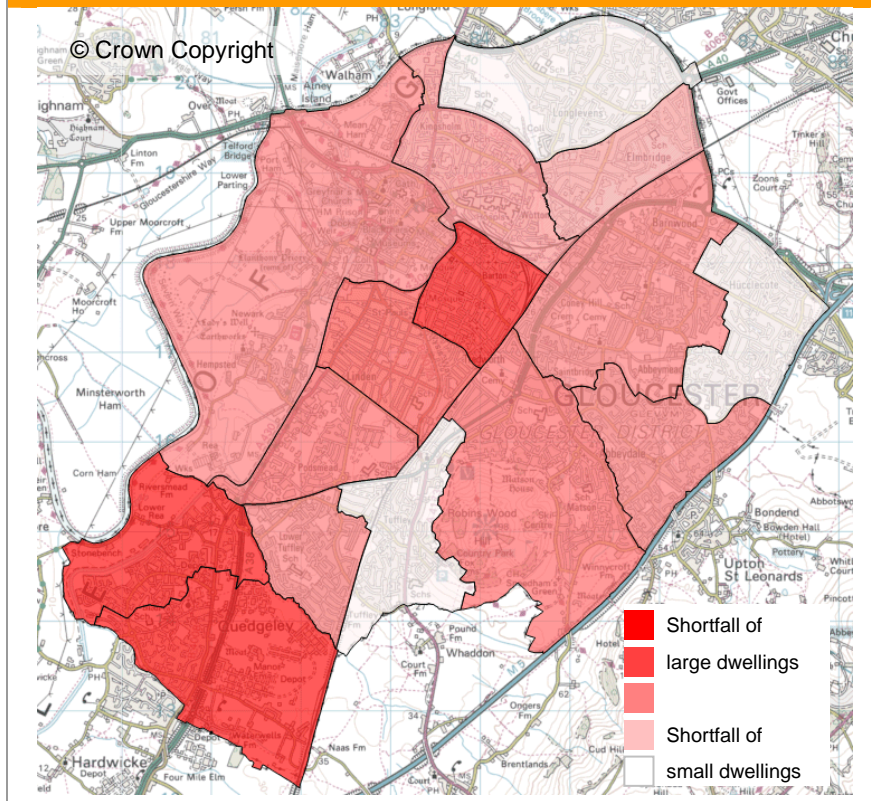
Source: Fordham Research, 2008

**Figure 14.8 Forest of Dean: Size balance of market**



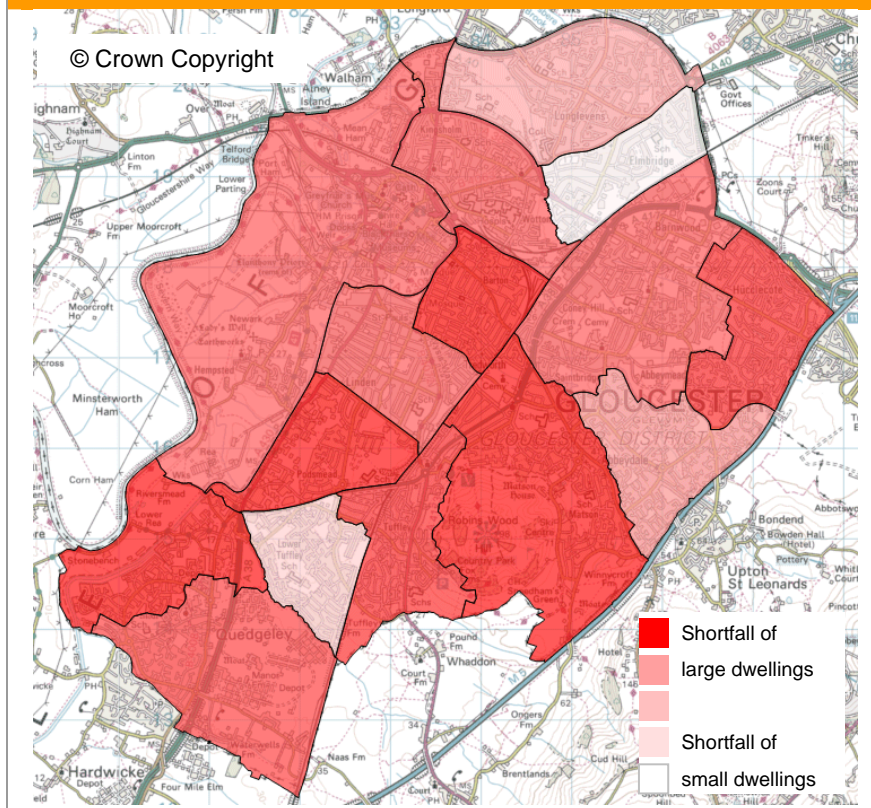
Source: Fordham Research, 2008

**Figure 14.9 Gloucester: Size balance of market housing**



Source: Fordham Research, 2008

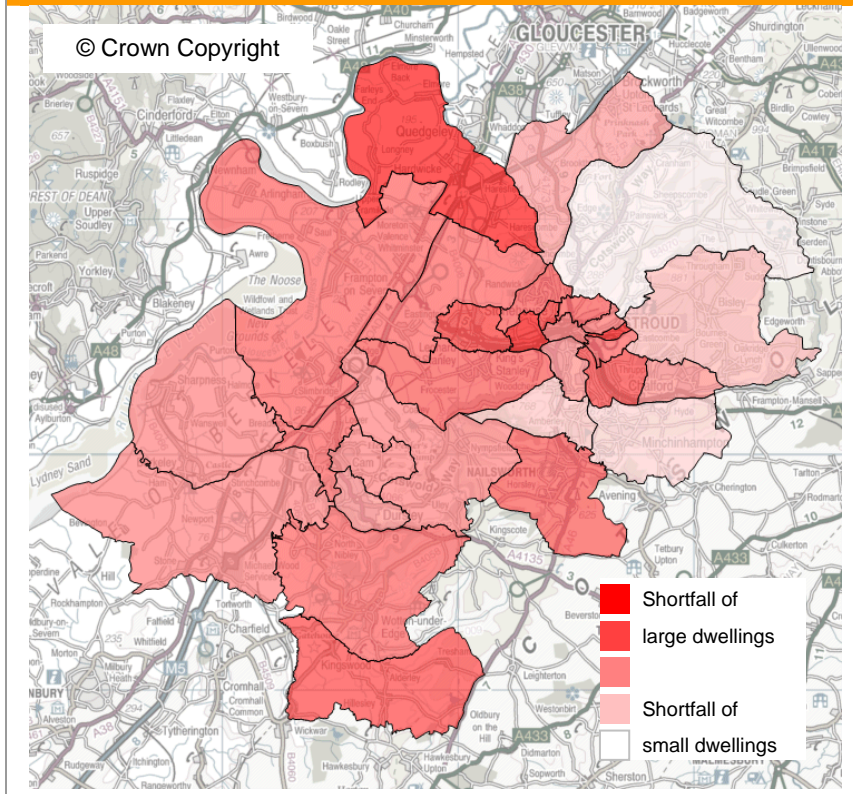
**Figure 14.10 Gloucester: Size balance of social housing**



Source: Fordham Research, 2008

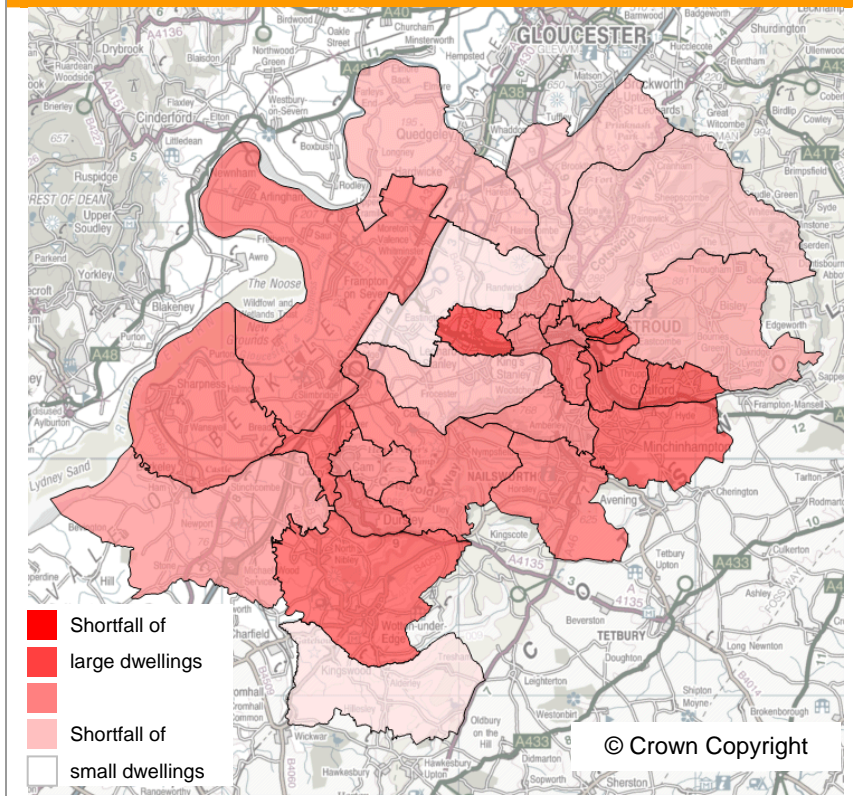


**Figure 14.11 Stroud: Size balance of market housing**



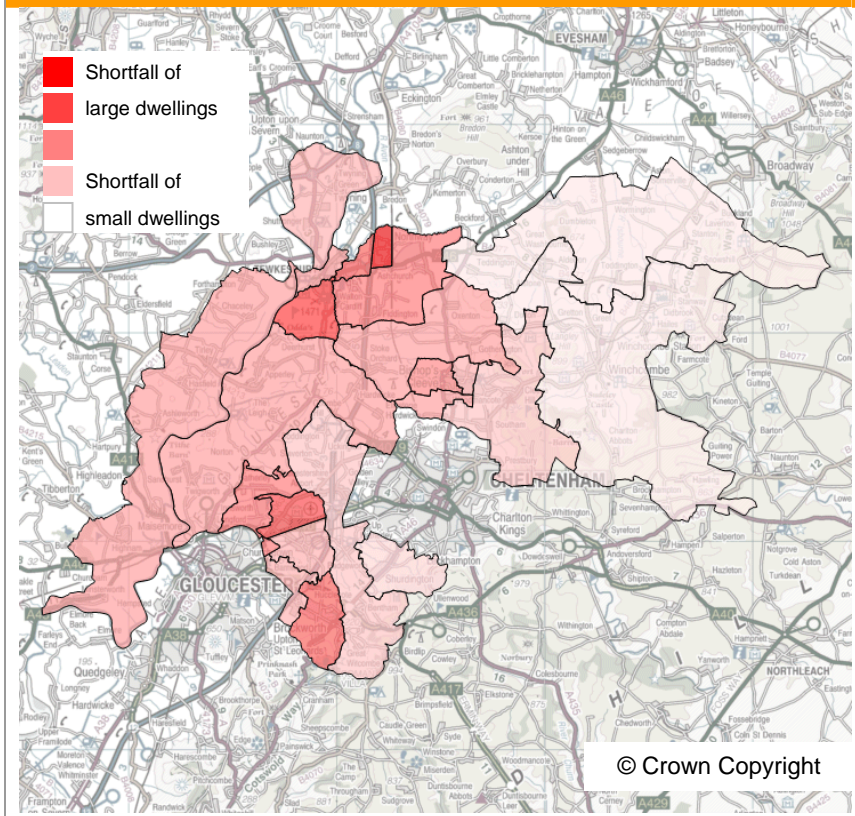
Source: Fordham Research, 2008

**Figure 14.12 Stroud: Size balance of social housing**



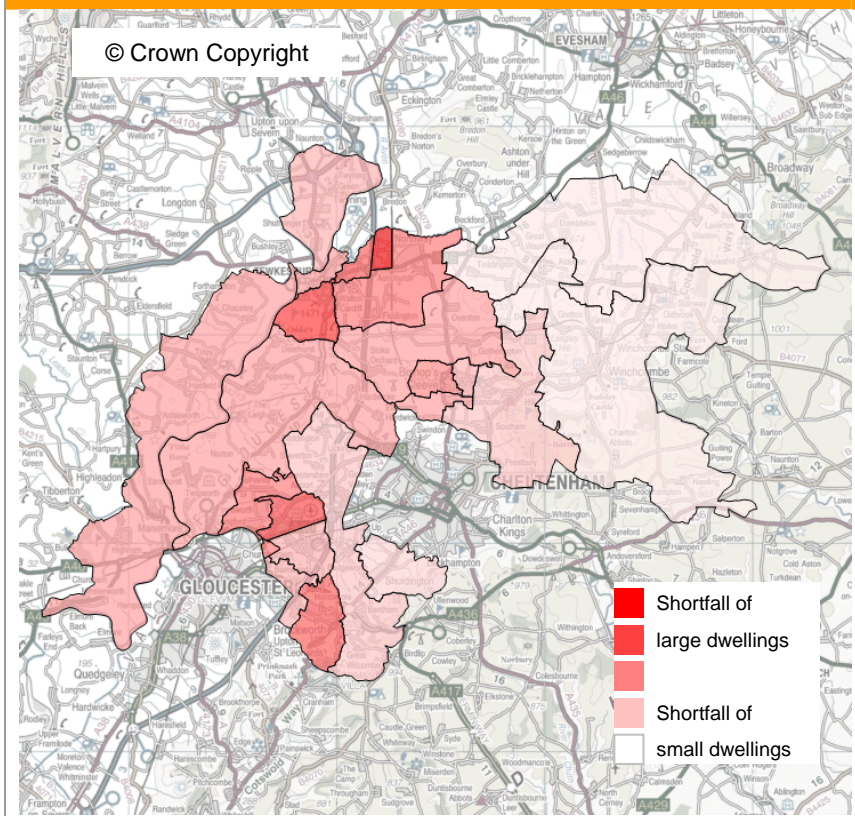
Source: Fordham Research, 2008

**Figure 14.13 Tewkesbury: Size balance of market housing**



Source: 2001 Census and Fordham Research

**Figure 14.14 Tewkesbury: Size balance of social housing**



Source: 2001 Census and Fordham Research

14.12 In very broad summary, the message from these maps can be summarised as in the table below:

**Table 14.1 Indicative size mix summaries for new dwellings**

Area	Size mix: more of what is required to balance the mix
Gloucestershire	Market: more larger in south-west; more smaller in north-east Affordable: more larger generally
Cheltenham	Market: more larger in north-east; more smaller over most of the town Affordable: more larger units generally, but more smaller in the east
Cotswold	Market: more smaller dwellings generally, but more larger ones in parts of the south Affordable: more larger units generally
Forest of Dean	Market: general shortage of smaller units Affordable: general shortage of smaller units
Gloucester	Market: patch by greater shortage of smaller units Affordable: general shortage of larger units
Stroud	Market: general shortage of larger units, but shortage of smaller units in the east Affordable: shortage of larger units in the middle, and of smaller units to north and south of that
Tewkesbury	Market: General shortage of smaller units Affordable: Shortage of larger units in the west and smaller in the east

Source: the maps above

14.13 To the extent that there is a general message, it is that on the market side there is no general trend, but on the affordable side there is a general shortage of and need for larger units. More detail on the workings and on ward level outputs will be found in Appendix 2.

### Suggested approach to pricing

14.14 PPS3 has helpfully required that affordable housing be specified as either social rented, or intermediate. The latter is priced between a social rent and market entry, normally private rent. There is then low cost market housing, which to be useful needs to fall into the 'rent/buy' gap shown in the graphs in Chapter 12 above.

14.15 The practical problem is that just labelling housing as 'intermediate' does not ensure that it is affordable to those households who are seeking it. It is essential, for example when negotiating a S106 Agreement to have a mechanism which will ensure that housing negotiated as 'intermediate' actually is intermediate in the local authority area in question i.e. it is priced around the mid-point of intermediate housing costs as shown in the table below.

14.16 The table below shows all the weekly costs for all the main tenures including a mid-point for the intermediate range. It is important that all intermediate housing is priced around the mid-point. For example, if intermediate housing is provided at the 'technically intermediate' level, such as £1 per week below the market entry level, it will help very few of those in intermediate need as they are unlikely to be able to afford weekly housing costs.

14.17 Further, say affordable housing was required in the following proportions:

- 60% of social rented housing
- 40% of intermediate housing

14.18 This would only be achievable if the intermediate price were set at the mid point of the intermediate range. If it were set just below housing market entry levels, then the actual balance of tenure provision would need to be 99% social rented and 1% intermediate in order to achieve the same overall balance of affordable housing value.

14.19 The households able to afford housing at the very top end of the intermediate range may in practice come to be able to afford market housing in a few years. As such, they would cease to be in housing need. The ones further down the spectrum are less likely to work their way out of housing need, and clearly their situation should be addressed if the label 'intermediate' is to mean what PPS3 says.

14.20 Hence unless the affordable housing policy is stated in the way implied by the paragraph above (which is not normally done) the only practical approach is to ensure that the intermediate housing is provided at around the mid-point of the range. For that to be possible, say in a S106 Agreement that may not come into force for some years, it is essential to have a matrix of weekly costs that is updateable. The table below is designed for that purpose. The updating procedure is set out in the next chapter.

14.21 The same comment applies if low-cost market housing is obtained, as is encouraged by paragraph 26 of PPS3: it should be in the rent/buy gap if it is to be of use. Otherwise it simply duplicates what the second hand market is providing anyway.

14.22 To summarise, the table below shows the weekly housing costs of all tenures. Intermediate weekly housing costs have been calculated using a mid-point between social rent and minimum private rent weekly costs.

14.23 In order for intermediate housing to be affordable to households in need, it must be set at or around the mid-point. As such, the table can be used by local authorities to determine the most appropriate intermediate weekly housing costs.

**Table 14.2 Comparative outgoings by tenure: Gloucestershire**

	Social rent £ weekly	Intermediate £ weekly	Min private rent £ weekly	Min price sale (second hand) £ weekly	Min price sale (newbuild) £ weekly
<b>Forest of Dean</b>					
1 bed	£56	£74	£92	£110	£132
2 bed	£62	£86	£110	£142	£170
3 bed	£67	£97	£127	£204	£245
4 bed	£72	£120	£167	£277	£333
<b>Gloucester</b>					
1 bed	£48	£70	£92	£113	£136
2 bed	£56	£91	£126	£157	£188
3 bed	£64	£107	£151	£199	£239
4 bed	£72	£123	£173	£273	£327
<b>Stroud</b>					
1 bed	£60	£82	£105	£125	£150
2 bed	£70	£97	£124	£177	£212
3 bed	£78	£122	£166	£220	£263
4 bed	£86	na	na	£282	£339
<b>Cotswold</b>					
1 bed	£64	£89	£114	£140	£168
2 bed	£77	£111	£144	£211	£254
3 bed	£86	£135	£183	£266	£319
4 bed	£95	£151	£208	£380	£456
<b>Cheltenham</b>					
1 bed	£56	£85	£114	£143	£171
2 bed	£60	£102	£145	£185	£222
3 bed	£69	£122	£175	£238	£285
4 bed	£78	£160	£242	£363	£435
<b>Tewkesbury</b>					
1 bed	£56	£79	£102	£142	£170
2 bed	£68	£99	£129	£178	£213
3 bed	£79	£115	£150	£224	£269
4 bed	£90	£165	£239	£325	£390

*Note: The prices of sale housing have been made into weekly costs using the procedure described in the last chapter of this report.  
The main data source was web-based mainly Rightmove.*

Source: Fordham Research Gloucestershire SHMA 2008

## Summary

- i) The 2001 Census was re-analysed to show, for both market and affordable housing, the current size mix by ward for the whole County. This permits an inference about the appropriate size mix of new housing by these two broad tenure groups. The size indications are only broad guides, to be used in conjunction with existing policies and site related factors. There is no single message for market housing, where the new supply required to balance the mix varies greatly. There is a slightly more general trend for affordable housing, in the form of a general overall need for larger dwellings.
  
- ii) The weekly cost matrix provided in the second part of the chapter shows the required weekly costs to ensure, for example, that 'intermediate' affordable housing actually is what it says. This table is updateable and can be included in S106 Agreements, which may only come into force some years after the grant of planning permission.

# 15. Monitoring and updating

The purpose of this chapter is to:

- List the appropriate data sources for updating the secondary material
- Provide a system for updating the weekly costs matrix for policy use purposes

## Introduction

15.1 One of the central features of the Guidance is that SHMAs are collaborative and continuing processes, not just production of a report. This requirement is implied by the Local Development Framework approach and the strong emphasis on flexibility in the response to changing housing market demands (e.g. para 60 of PPS3). This emphasis is mirrored in the Practice Guidance, where Figure 1.1 gives the key outputs but is matched by Figure 1.2 which provides a checklist of the key processes within the overall SHMA. The last of these process requirements is:

*‘Explain how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken’*

15.2 The rapid movement of prices and rents, and the key importance of the checklist of (weekly) costs of different tenures/sizes of dwellings provided in this sub-regional SHMA, makes it evident that monitoring and updating is an essential part of the process.

15.3 The key thing is to update the weekly costs; they are the key to most practical policy decisions on both planning and housing issues. This issue is dealt with last, after discussing the more general types of updating.

## Scope of this discussion

15.4 Monitoring and updating occurs at all levels from national to local. This sub-regional SHMA is designed to apply at sub-district, district and HMA level, and so the comments in this chapter are directed to that level. However the principles involved apply generally.

15.5 This section focuses upon updating rather than monitoring. Monitoring refers largely to the administrative issue of keeping change under review and developing a strategy for reviewing the sub-regional SHMA and updating it, and considering what policy implications may flow from such updates. This is a matter which the sub-regional SHMA Partnership will want to discuss, but it does not raise technical issues and is therefore not addressed further here.

## Guidance context

- 15.6 The sub-regional SHMA exists to support a wide policy spectrum: both at the local authority and higher level (particularly the Regional Spatial Strategy and Regional Housing Strategy). In the past these strategies have tended to be almost entirely top down. However the emerging sub-regional SHMAs have meant that RSSs are now taking aboard the local housing market results and being amended to respond to them. This process requires an updating procedure to be in place due to the periodic reviews that such policies undergo. At the same time the cycle of revision of such policies provides a key reference point for the updating of key SHMA information.
- 15.7 Apart from the major policy documents such as the RSS, there are regular productions such as Annual Monitoring reports and statistical returns to CLG which will require updated key statistics from the sub-regional SHMA.

## Updating the general findings

- 15.8 There are a wide range of data sources from which the general (secondary data) findings of this sub-regional SHMA can be updated. A useful list will be found in Annex B of the Strategic Housing Market Assessment Practice Guidance. That list is very comprehensive as to sources. The following table takes it a stage further by outlining the strengths and weaknesses of the key sources. This is something which the non-professional user may not know, and so it may be useful to provide some guidance.

**Table 15.1 Secondary data sources: Strengths and weaknesses**

<i>Topic and source</i>	<i>Frequency/scale</i>	<i>Strengths and weaknesses</i>
<b>(1) Survey of English Housing:</b> a wide range of socio-economic data on housing	Annual; national and regional (sample c 20,000)	An excellent contextual source on all aspects of housing. Its weaknesses are that no further cross-tabulation is possible and supply and demand issues are not covered. In addition its data is regional scale, not at the scale of a typical SHMA.
<b>(2) English House Condition Survey.</b> Mainly useful for housing stock evidence. Due to be combined with (1).	Annual; national and regional (sample 10,000)	Very good for provision of housing stock numbers at regional scale; also provides much detail on the 'decency' and general state of housing. Not as directly relevant to housing market analysis as (1) but valuable for the overall evidence base.



<b>(3) 2001 Census</b>	10 years; available at very local areas	The best source for many background purposes such as migration, due to the 100% sample. It is now somewhat out of date. The main weaknesses for SHMA purposes are that it contains neither financial capacity information (not even income) nor indications of future movement intentions.
<b>(4) General Household Survey (GHS).</b>	Annual; down to regional scale	Excellent descriptive source. Its' practical use in SHMA assessments is relatively minor, however, because it does not provide financial data linked to housing variables.
<b>(5) NOMIS website</b> [contains many other general data sources]	Available all the time and at many scales	The best source for many types of secondary data; weaknesses are as per the above sources. It does not provide the analytical inputs to a SHMA process, but much valuable background.
<b>(6) Population projections (ONS)</b>	Annually updated; regional and district level	They are conveniently detailed, and look some distance into the future, but are not of much direct use in SHMA analysis, since they are not based on households (see below)
<b>(7) Household projections (CLG)</b>	Due to be updated every 2 years; regional and usually district level availability; annual mid-year estimates are produced for districts	Much more useful than population, and a vital background series. The only commonly available projections for 15-20 year horizons. These are based on assumptions about household formation drawn from the current socio-economic situation, and do not in themselves represent 'demand' or predictions of the housing market.
<b>(8) English Longitudinal Survey of Ageing (NCSR)</b>	Bi-annual; national	Valuable background source. Useful for health; general economic situation and quality of life. Not of practical value for SHMA analysis due to scope and sample size
<b>(9) National Health Service (NHS) Central Register</b>	Quarterly or annual; national, regional and district	Extremely useful as it is the best source for migration in between the 10 year censuses. Of limited use for checking primary data, unfortunately, as it is biased by the fact that younger men and more mobile people are less likely to register. It is also collected for individuals, rather than households.

<b>(10) Inland Revenue income data</b>	Annual; regional and district	Valuable as background; very limited usefulness in SHMA work as it is personal (not family) and cannot be linked with any other information about the same individuals.
<b>(11) Annual Survey of Hours and Earnings (ASHE)</b>	Annual; regional and some district level data	The best source for individual income, but it is employment and individual, not home and household based. Moreover it is not possible to directly link the data to housing and other financial data for SHMA analysis
<b>(12) CORE (U of St Andrews)</b>	Annual; district	The best source for social rents
<b>(13) Rightmove (and other similar websites)</b>	Continuous; very local	By far the best source for both local house prices and rents, due to the large proportion of property now advertised here, and the ability to calculate median values. It is quicker to scan this than to look at other secondary sources and much more up to date.
<b>(14) Land Registry Sales of all housing</b>	Quarterly; postcode sector	By far the most accurate background source on value of dwellings. It does not contain information on size of property nor on repairs costs, and so it cannot be directly used in SHMA analysis. However it provides a reliable dynamic source for past price changes
<b>(15) Housing Strategy Statistical Annex (HSSA) CLG</b>	Annual; district	A good source for information on local authority related housing issues, such as build rates of social housing. It is dependent on forms returned by local authorities, and is of variable accuracy as a result. Some local authorities, when approached directly, produce different statistics to the HSSA.
<b>(16) Annual survey of mortgage lenders</b>	Annual; regional	The most comprehensive source for overall mortgage amounts and types. It does not (and nor do those of particular lenders) provide the full range of financial capacity for the households concerned, and so it cannot easily be used in SHMA analysis
<b>(17) Valuation Office Agency: value of properties sold</b>	Quarterly; postcode sector	Excellent source, however now subject to a charge; it simply provides valuation for the stock of housing and again cannot be cross-tabulated reliably with other data
<b>(18) Council Tax Band data (from districts)</b>	Annual; district	A good source for value of properties in a district; however, can be rendered of little value if there are wide areas of very low or very high priced housing, all in a single band.
<b>(19) Labour Force Survey ONS</b>	Quarterly; district	The best source for employment trends; however cannot be linked directly to housing market statistics

<b>(20) Index of multiple deprivation CLG</b>	4-5 years; district or lower	Key reference as a general description of the circumstance of the population, with obvious focus on deprivation (income, health, education, disabilities, barriers to housing).
<b>(21) Economic forecasts Treasury and commercial sources</b>	Regular; regional and district	Forecasts exist (e.g. Oxford Economic Forecasting), giving considerable detail at local authority level, showing changes in types of employment and migration for decades ahead. However their value is questionable given the recent economic downturn which these projections did not forecast.

Source: Annex B to the CLG Practice Guidance (March 2007); and Fordham Research 2007

15.9 There are many other possible sources although they tend to be minor in comparison to those above and are readily accessible by websites such as NOMIS<sup>26</sup>.

### Primary dataset

15.10 The key primary update for a sub-regional SHMA is the weekly costs aspect, addressed via the tables below. However local information on, for example, new variants of intermediate housing will no doubt be sought, and should be brought into the process. Similarly with new ideas from publications that seem capable of local application. Thus there are a wide range of informal updating processes which simply require initiative, rather than detailed analysis.

15.11 While an updated SHMA would ideally include the gathering of primary data, an assessment which fully conforms to the practice guidance can be produced using only secondary data. The sources listed above will help to update the secondary data. Updating any large primary datasets previously collected, however, requires specialist software and statistical knowledge.

15.12 In practice this is not a serious drawback. Market behaviour and expectations change all the time. Some of this behaviour is simply a response to changing costs of types of housing. That element of market behaviour can be readily updated using the procedure detailed in the table below (15.3).

### Triggers for updating

15.13 As discussed, there are data requirements which act as triggers for updating key figures at, for instance, annual intervals. There are also regular publications such as the ONS series on economic growth, and the Land Registry, which provide context for alerting sub-regional SHMA Steering Groups to the need for more frequent updating.

<sup>26</sup> NOMIS located at: <https://www.nomisweb.co.uk/Default.asp>

15.14 We would recommend at least quarterly updating of the key tabulation of weekly costs. The rate of change in this will serve as a key indicator of how frequently the core data needs to be updated.

### **Updating weekly costs**

15.15 Financial capacity, as opposed to the old focus on price/income ratios, is the appropriate measure for the ability to afford. However, it is to be emphasised that the main focus should be upon comparative prices and rents: what are the housing market gaps and how are they changing? That is what governs the issue of how fast people can 'climb the housing ladder'.

15.16 The most fundamental set of data for monitoring and updating is therefore the tabulation of weekly cost equivalents for purchase and rental. That is the main focus of the updating suggestions here, as it is both simple and central. As a first step a couple of related issues will be addressed, followed by specific instruction on the updating process.

15.17 As noted in 15.1 above, the 'Rightmove' website located at <http://www.rightmove.co.uk/> is currently the recommended source for both local house prices and rents, although other new sources could potentially emerge in the future.

### **Why not update incomes as well as the weekly costs of housing?**

15.18 There is no problem with updating incomes (indices exist for doing so) but it is in relative terms less important. From the point of view of planning and housing policy and practice the key updating issue is the relative costs of types/tenures of housing. The sub-regional SHMA has indicated the ability to afford housing in general. The policy issues which will arise from day to day are of a different type, for example:

- i) A house builder offers what is stated to be affordable housing of two bedrooms at a cost of £X per week. Is it affordable? All that needs to be done is to ensure that the costs are on a comparable and complete weekly basis, and the answer takes a few moments when comparing it with the cost table below.
- ii) An RSL proposes shared ownership homes at a given price. Again when reduced to an overall weekly cost (including management/service charges) by making the purchase element into a weekly cost, the comparison with the table will soon show if the product is indeed intermediate or low cost market.
- iii) When negotiating S106 Agreements reference to updated versions of this table will serve the purpose of ensuring that what is agreed to be housing of a given affordability really is.

15.19 As can be seen - all this important operational policy information can be derived directly from the table: no need for any elaborate calculation.

### How to calculate the updated prices

15.20 Before putting the purchase and weekly rent costs on a common basis, as discussed in the next subsection, it is necessary to set out some points on the way in which a reasonable set of updated prices can be derived for a given (probably district) area. The following table sets out general principles.

**Table 15.2 Establishing new minimum prices/rents**

1. Prices for each size of dwelling will vary across a district, often within short distances. There is no easy way to average such prices to produce a 'district average'.
2. Nor is that the sensible approach. The purpose is to allow calculation of the access threshold costs of different tenures/sizes of dwelling. Therefore the focus is upon the cheapest place for a given size of dwelling in the district involved. That should make the searching of websites (or agent inquiries) quite simple. There is not very much question about where the cheapest place in the district lies.
3. It should therefore not take too long, using one or both of websites like Rightmove and local agents to identify the current cost of purchase/rent in the 4 main size categories (and types i.e. flats/houses as well if desired).
4. The choice of the cheapest place is to ensure that the cost of accessing housing is not exaggerated. It may be unrealistic, in that a household might refuse to go from one end to the other of larger districts to find the cheapest dwelling. On the other hand, when the issue is public or private (land) subsidy, it is important not to exaggerate the threshold cost.
5. Use of these minimum costs may on the other hand make it difficult for those producing new housing (whether affordable or low cost market) to meet the implied threshold costs. That may be true, but it is realistic, in the sense that households who are finding it difficult to access housing will normally be obliged to search for the cheapest areas. If, for example, they can buy in the cheap area, there is no point in producing shared ownership that costs more than that, as it will not assist any/many households that are unable to buy.
6. Thus the minimum price approach seems the right one, and makes it much easier to find and agree on revised information in the future.

Source: Fordham Research 2007

15.21 The figures can, in the case of weekly cost, like rents, be inserted straight into the table. In the case of prices and shared ownership (combination of price and rent) it is necessary to process the information further.

15.22 The following table summarises the procedure for obtaining new prices from website sources:

**Table 15.3 Obtaining new price data from website sources**

Data for entry level prices is obtained from online services (e.g. rightmove.co.uk) which are used by a wide range of estate agents nationwide to advertise properties, using the following method.

First the large postcode areas within the study area are listed, since the data is typically held by postcode rather than by local authority or ward. The number of properties of each size (by number of bedrooms) is found for each postcode, excluding any commercial or shared ownership properties. The resulting figures are then divided by four, to determine the position of the lower quartile.

If there is insufficient data available from the website used for the purposes of the study, typically 50 residential dwellings in total, additional websites may be searched in the same way, or the results of more than one search on different days can be averaged to increase the robustness of the findings.

The property marking the lower quartile is found by sorting the properties of the required size (number of bedrooms) in ascending order by price. The prices are then tabulated and checked for any obvious errors or anomalies. The results are then discounted by 5% to allow for the typical difference between advertised prices and true sale prices. These are the final prices used for the analysis.

Groups of these prices for individual postcodes can be aggregated into larger sub-areas, by multiplying each price by the base size used to produce it, and then dividing by the sum of the base sizes for the whole group.

Source: Fordham Research 2008

15.23 This approach will enable updating of the prices/rents, which in turn can be put into the last table below. It will first be necessary to put all the figures onto the same basis, normally a weekly one as discussed below.

### **Putting purchase prices on a weekly cost basis**

15.24 The following table explains how to put purchase prices, which are normally expressed as capital costs, onto a weekly basis, for insertion into the table of weekly costs.

**Table 15.4 Turning the purchase price for a house into a weekly cost**

<i>Issue for calculation</i>	<i>Formula</i>	<i>Calculation</i>
*For interest only mortgage (which is preferable because it represents the cheapest method of entering the sector and therefore the entry level)		
Cost (price) of home = C (assumed here to be £125,500 for a 2-bed)		
Interest rate = I (currently 6.5%: Halifax Standard Variable Rate March 2008)		
Interest to be on mortgage to be paid per year = P		
Weekly Interest payment = W		
Interest only mortgage: calculation of interest	$C \cdot I = P$	$£125,500 \times 0.065 = £8,164 \text{ pa}$
Make the annual figure into a weekly one	$P/52 = W$	$£8,164/52: £157 \text{ per week}$

Source: Fordham Research 2007

15.25 The figure of £157 is then inserted into the relevant cell for 2-bed entry level purchase cost.

### Basic table for future updating

15.26 For convenience the weekly costs table is reproduced here. It is the template for successive revisions as market conditions change. It represents the testing framework for a wide range of new housing. It can be inserted, together with the updating procedure, into S106 Agreements and the like, in order to ensure that the housing (especially affordable housing) does indeed meet the necessary criteria to address the relevant need.

**Table 15.5 Comparative outgoings by tenure: Gloucestershire**

	Social rent £ weekly	Intermediate £ weekly	Min private rent £ weekly	Min price sale (second hand) £ weekly	Min price sale (newbuild) £ weekly
<b>Forest of Dean</b>					
1 bed	£56	£74	£92	£110	£132
2 bed	£62	£86	£110	£142	£170
3 bed	£67	£97	£127	£204	£245
4 bed	£72	£120	£167	£277	£333
<b>Gloucester</b>					
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<b>Stroud</b>					
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3 bed	£78	£122	£166	£220	£263
4 bed	£86	na	na	£282	£339
<b>Cotswold</b>					
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2 bed	£77	£111	£144	£211	£254
3 bed	£86	£135	£183	£266	£319
4 bed	£95	£151	£208	£380	£456
<b>Cheltenham</b>					
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2 bed	£60	£102	£145	£185	£222
3 bed	£69	£122	£175	£238	£285
4 bed	£78	£160	£242	£363	£435
<b>Tewkesbury</b>					
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2 bed	£68	£99	£129	£178	£213
3 bed	£79	£115	£150	£224	£269
4 bed	£90	£165	£239	£325	£390

Source: Fordham Research Gloucestershire SHMA 2008

## Policy use of the information

15.27 The revised table can be referred to in policy documents as a basic tool for assessing affordability. As emphasised above, it is not necessary to add income or financial capacity information. If the housing is cheaper than a given threshold, then it is affordable to the groups in question (those who can afford intermediate housing, or low cost market housing for example).



15.28 The revised table will, like that in this sub-regional SHMA, represent a central policy tool both for the local authority to check the affordability of different types of housing (e.g. Intermediate or low cost market) and for private sector bodies to check the affordability of what they are offering. This tabulation should provide a neutral basis for comparison of alternative packages whether of market or affordable housing.

## Summary

- i) It is a key feature of the sub-regional SHMA that it be a continuing process, not a 'one shot' report. Updating and monitoring is therefore a key feature of that process.
- ii) Strategies are needed for regular monitoring and updating, and triggers may be added where rapid changes are noted. The procedure outlined here is addressed to the submarket SHMA, but can be applied widely.
- iii) A listing is provided of the main secondary data sources which can be used to update the background information in the sub-regional SHMA. This is valuable in conjunction with the updating of costs to provide an overall picture.
- iv) Updating the primary data is not easily carried out by sub-regional SHMA Partnerships, as it is a technical exercise. This is not a serious drawback as the structure of a housing market does not usually change fundamentally in less than about five years. As a result, most market responses are due to changes in weekly costs of housing plus any general changes, such as net in or out migration.
- v) The key statistic is the weekly cost of different tenures/sizes of dwelling. It is not, as is still sometimes thought, price-income ratios (now almost meaningless in housing market practice). It is therefore essential to be able to update the key table of weekly costs in this sub-regional SHMA. A simple procedure is set out for doing this.
- vi) Thus a combination of updating the weekly costs matrix, and testing proposed new housing developments against it, plus background updating using the second and third tables in this section should enable the SHMA process to proceed constructively. The final ingredient is the commitment of the Steering Group. This cannot be made a written requirement, but clearly the will and drive of the Steering Group is in many ways the main route to successful evolution of the SHMA process.



# SECTION G: 2009 GLOUCESTERSHIRE HOUSING NEEDS ASSESSMENT

This section, added in April 2010, summarises the results of the 2009 Gloucestershire Housing Needs Assessment (HNA). This additional research, commissioned by all six Gloucestershire Local Authorities, included out a primary data survey across Gloucestershire to fill the gaps in the evidence available to the 2008 Strategic Housing Market Assessment, and also to extend knowledge of the Gloucestershire housing market, providing further information useful for policy.

This additional information substantially increases the evidence base available to the SHMA, particularly with regard to the quantitative outputs required by PPS3, including housing need and market balance. This section summarises the impacts of these changes and the policy implications arising from them.



# 16. Update: Impact of 2009 Gloucestershire Housing Needs Assessment

The purpose of this chapter is to:

- Detail the impact of the 2009 Gloucestershire Housing Needs Assessment (HNA) on the outputs of the SHMA
- Provide a summary of the policy implications arising from this updated information

## Introduction

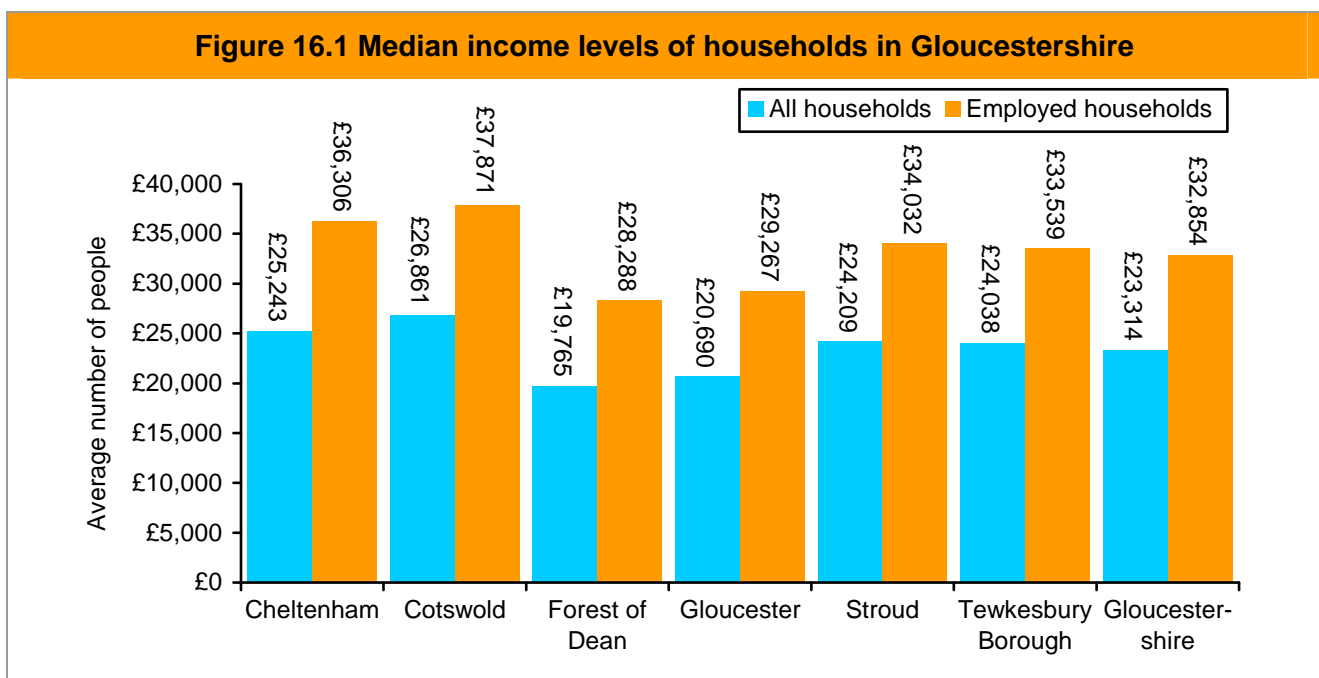
- 16.1 This chapter, added in April 2010, summarises the results of the 2009 Gloucestershire Housing Needs Assessment (HNA). This study, commissioned by all six Gloucestershire Local Authorities, included a primary data survey across Gloucestershire to fill the gaps in the evidence available to the 2008 Strategic Housing Market Assessment.
- 16.2 The resulting study has important policy implications, which are outlined in this update chapter. Where information in this chapter conflicts with the results of the original SHMA (in particular in the area of assessment of housing need), the results shown in this chapter should be taken to have precedence. This is because the new primary research carried out for the study gives a greater insight into the situation in Gloucestershire than was previously available.
- 16.3 It should be noted that the 2009 HNA was carried out over a year after the 2008 SHMA, and the figures produced by it therefore refer to this later point in time. They were also produced with the benefit of updated national and regional secondary data sources for 2009. There will, therefore, be small differences in the base figures (for example the total number of households) between the two studies; these are not errors.

## Background Information

- 16.4 This section provides some background information on households in Gloucestershire that was not available from the secondary data gathered for the original SHMA. The information here is restricted to some of the key gaps in the evidence from the SHMA above; for a more comprehensive picture, including at a District or Borough level, information is provided in the HNA reports.

16.5 One area where collecting primary data offers a particular advance over secondary data is in estimating the ability of households to afford market housing. This is because through the primary survey we can measure not only income, but also savings and equity. In addition the income data is based upon a larger sample than any available secondary data source, and crucially can be calculated for any sub-group of households required. With secondary data, estimating the financial status of any sub-group of households within a Local Authority requires that assumptions are made based on national data about both the proportions of certain sub-groups within the population and their relative financial status.

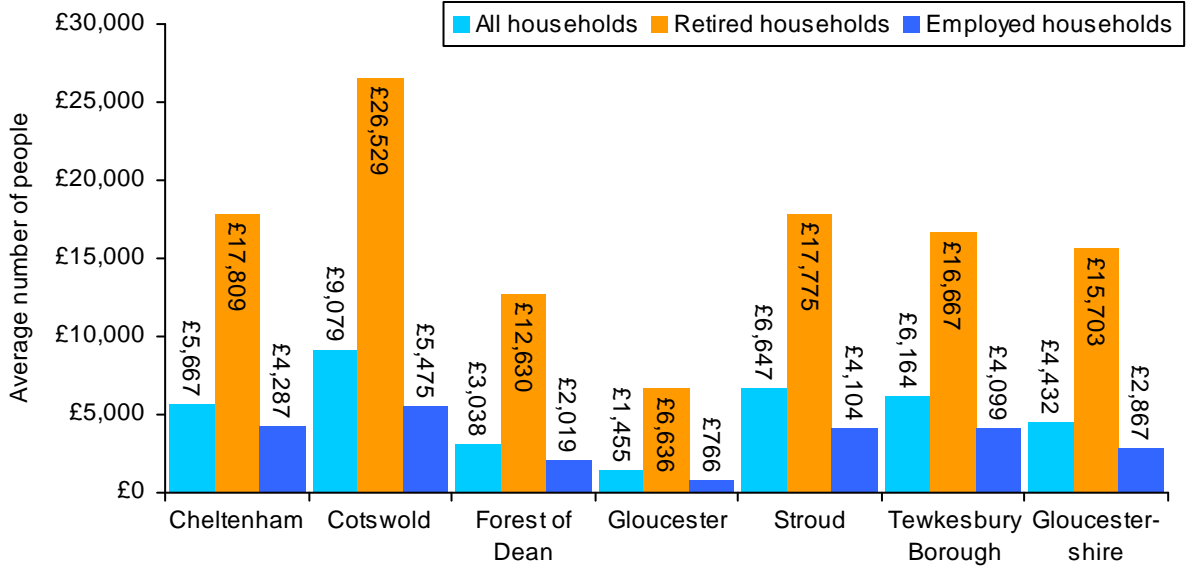
16.6 The figure below shows estimated income levels for households containing an employed person, and households generally, in each Local Authority area in Gloucestershire, using the 2009 household survey dataset.



Source: Fordham Research Gloucestershire household survey (2009)

16.7 The figure below shows savings levels for households containing an employed person, those households containing a retired person (but not an employed person), and households generally in each Local Authority area in Gloucestershire. As might be expected, across the County, retired households have much higher levels of savings.

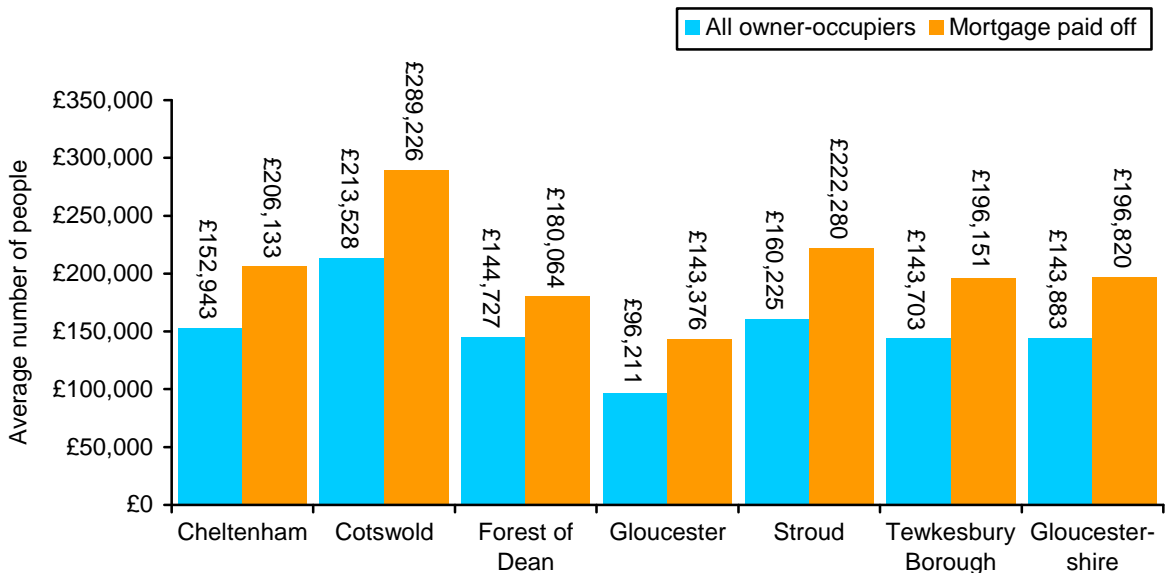
**Figure 16.2 Median savings levels of households in Gloucestershire**



Source: Fordham Research Gloucestershire household survey (2009)

16.8 In addition, from the primary household survey we are able to directly measure the equity available to owner-occupiers, including those who are currently paying off mortgages.

**Figure 16.3 Median equity levels of owner-occupier households in Gloucestershire**



Source: Fordham Research Gloucestershire household survey (2009)

## Overcrowding and under-occupation

16.9 Another key area where the primary data offers an improvement is in assessing the current housing circumstances of households in Gloucestershire. For example, the secondary data based SHMA was unable to separately assess current levels of overcrowding, since the most recent data available was from 2001. The estimated numbers of overcrowded and under-occupied households, from the household survey as of 2009, are as follows:

- **Overcrowded:** 1.8% of households = 4,713 households
- **Under-occupied:** 40.0% of households = 102,306 households

16.10 The latest SEH data on overcrowding shows that nationally around 2.5% of households are overcrowded, suggesting a lesser problem with this issue in most of Gloucestershire than in most of the country. The table below shows the levels of overcrowding and under-occupation at a District or Borough level.

<b>Table 16.1 Overcrowded and under-occupied households by Local Authority</b>					
<i>District / Borough</i>	<i>Occupancy level</i>			<i>All households</i>	
	<i>Overcrowded</i>	<i>(neither)</i>	<i>Under-occupied*</i>		
Cheltenham	2.1%	63.0%	34.9%	100%	51,424
Cotswold	1.5%	52.1%	46.5%	100%	37,233
Forest of Dean	2.5%	57.5%	40.0%	100%	34,806
Gloucester	2.0%	62.5%	35.4%	100%	49,853
Stroud	1.6%	56.0%	42.4%	100%	47,784
Tewkesbury Borough	1.3%	55.0%	43.7%	100%	34,845
<b>Gloucestershire</b>	<b>1.8%</b>	<b>58.2%</b>	<b>40.0%</b>	<b>100%</b>	<b>255,945</b>

Source: Fordham Research Gloucestershire household survey (2009)

\*Under-occupied refers to households with two or more bedrooms above the bedroom standard

## CLG Model Housing Need

16.11 Using the wide range of data gathered from the primary data survey, the CLG housing need model (described in chapter 9 of this report) was re-run using primary data for the demand side of the model, and for estimating supply through turnover. A full description of this process can be found in each of the Borough and District reports produced for the 2009 HNA.

16.12 As previously stated, it is recommended that the outputs of the housing need model based upon primary survey data should be given precedence. To demonstrate the importance of the additional information, an example is given below.



16.13 One key result of the availability of improved information on both unsuitability of housing and the financial situation of households in Gloucestershire is a much revised proportion of households assessed as in current housing need. The table below shows the estimated proportion of households currently living in unsuitable housing that are able to afford market housing within each District or Borough in Gloucestershire; as can be seen there are considerable differences, both in the percentages able to afford, and in the final outcomes.

**Table 16.2 Affordability of housing for those living in unsuitable housing:  
revised figures from primary survey**

Proportion of households in unsuitable housing able to afford market housing:	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury Borough	Gloucester-shire
Secondary data (2007)	31.2%	30.0%	44.8%	41.7%	30.4%	27.3%	36.3%
Primary data (2009)	37.3%	48.1%	30.6%	21.5%	34.8%	34.7%	33.3%
Total number of households* not already in affordable housing, and in current housing need:	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury Borough	Gloucester-shire
Secondary data (2007)	373	794	753	1,593	959	704	5,176
Primary data (2009)	629	260	747	1,037	362	378	3,413

Source: HSSA, Fordham Research (2007), Fordham Research Gloucestershire household survey (2009)

\*Excludes homeless households for the purposes of this table only

16.14 As might be expected, this increased availability of information significantly alters the final housing need outputs. The table below summarises the revised CLG model housing need figures arising within each Local Authority in Gloucestershire. Full details of the model's stages and their derivation can be found in the Housing Need Assessment reports.

**Table 16.3 Annual gross and net housing need by Local Authority**

	<i>Backlog need (Annual gross)</i>	<i>Total need (Annual gross)</i>	<i>Total supply (Annual gross)</i>	<i>Total need (Annual net)</i>	<i>% of total need (net) in County</i>	<i>% of households in County</i>
Cheltenham	243	1,716	803	913	24.7%	20.1%
Cotswold	109	862	327	535	14.5%	14.5%
Forest of Dean	260	1,064	359	705	19.0%	13.6%
Gloucester	300	1,800	1,003	797	21.6%	19.5%
Stroud	205	1,014	621	393	10.6%	18.7%
Tewkesbury Borough	141	790	435	355	9.6%	13.6%
<b>Gloucestershire</b>	<b>1,258</b>	<b>7,246</b>	<b>3,550</b>	<b>3,698</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

16.15 The table below compares the outputs of the secondary data base model in the SHMA with the revised HNA. As can be seen, the results are different both overall and for individual Districts and Boroughs.

<b>Table 16.4 Annual net housing need: SHMA and HNA results compared</b>		
	<i>SHMA, Secondary data based, 2008</i>	<i>HNA, Primary data based, 2009</i>
Cheltenham	439	913
Cotswold	845	535
Forest of Dean	301	705
Gloucester	442	797
Stroud	264	393
Tewkesbury Borough	130	355
<b>Gloucestershire</b>	<b>2,421</b>	<b>3,698</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

16.16 In practice, the distribution of need is slightly different to that shown purely from where need for affordable housing arises. Firstly, there is the issue of intermediate housing, summarised in the table below. As can be seen there is a small negative need for new equity based intermediate products such as shared ownership housing (having taken into account planned new supply and turnover of this type of housing). This results in an overall increase in the need figure, since additional social housing would be needed to make up the shortfall in affordable housing generated by this. This increases the total net need figure for Gloucestershire from 3,696 to 3,804 units. A fuller explanation of this is provided in the Housing Need Assessment reports for individual Districts and Boroughs.

<b>Table 16.5 Annual gross and net housing need by Local Authority: intermediate housing</b>				
	<i>Equity-based intermediate products</i>	<i>Intermediate rent</i>	<i>Social rented</i>	<i>Total net need (adjusted)</i>
Cheltenham	-17	282	647	929
Cotswold	7	141	387	535
Forest of Dean	17	64	624	705
Gloucester	-60	156	701	857
Stroud	-31	152	272	424
Tewkesbury Borough	-1	114	242	356
<b>Gloucestershire</b>	<b>-85 (24)</b>	<b>909</b>	<b>2,873</b>	<b>3,806</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

- 16.17 In addition, the latest available policy information (from the Secretary of State's Proposed Changes to the South West Draft Regional Spatial Strategy (RSS) (2008)) suggests that a number of urban extensions will be built to cater to the Cheltenham and Gloucester housing markets in some of the surrounding authorities (specifically Tewkesbury Borough and Stroud). In terms of modelling the housing market, this involves transferring some of the overall requirement for housing generated by the expansion of the population of Gloucester and Cheltenham into these surrounding authorities.
- 16.18 Logically, a proportion of the need for affordable housing should also be transferred with the urban extensions, in order to ensure that the need is fairly apportioned between new developments within Cheltenham and Gloucester and in the nearby urban extensions. The table below shows the result of this.

<b>Table 16.6 Annual gross and net housing need by Local Authority: reallocated to take account of urban extensions</b>				
	<i>Equity-based intermediate products</i>	<i>Intermediate rent</i>	<i>Social rented</i>	<i>Total net need (adjusted and reallocated)</i>
Cheltenham	0	166	382	548
Cotswold	7	141	386	535
Forest of Dean	17	64	624	705
Gloucester	0	84	382	462
Stroud	0	179	387	570
Tewkesbury Borough	0	275	711	986
<b>Gloucestershire</b>	<b>24</b>	<b>909</b>	<b>2,872</b>	<b>3,806</b>

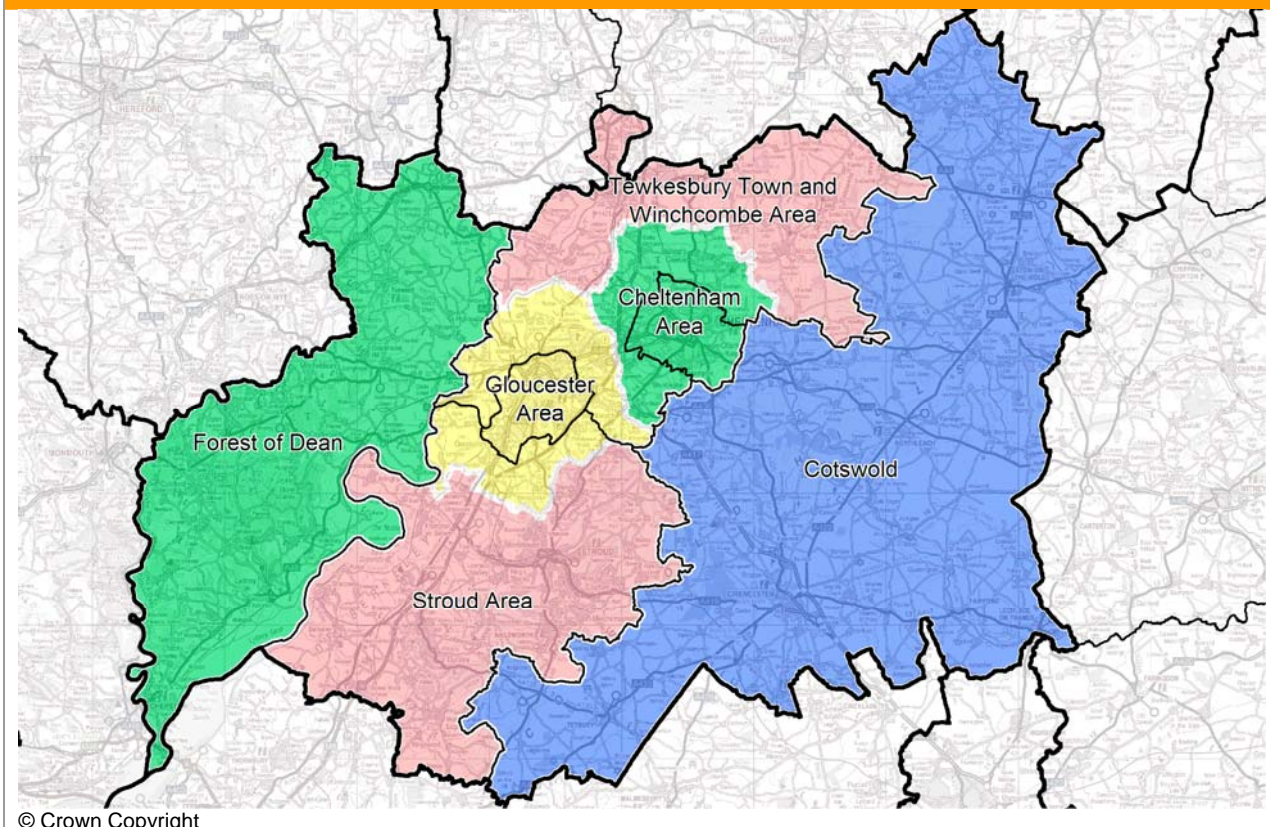
Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

## Market Balance Model

- 16.19 As part of the HNA, a second model was carried out to assess the broader housing market, going beyond the need for affordable housing. This provides quantitative outputs on the mix and balance of housing required in Gloucestershire, as required by PPS3. This reinforces the evidence base provided above.
- 16.20 The model considers the requirements of the population of Gloucestershire for housing in the long-term, using the ONS Demographic Projections in combination with the primary survey data to produce projections of the types of housing that might be required over the next 20 years.

- 16.21 The model takes account of the policies contained in the *Proposed Changes to the South West Draft RSS* with regard to the overall planned build rates of new housing, and aims to give the Local Authorities within Gloucestershire insights into how those proposed new housing units could best be distributed.
- 16.22 A summary of the model can be found in the Housing Needs Assessment Gloucestershire County Report and in further detail in the accompanying individual District and Borough reports.
- 16.23 The overall results are shown in the figures and tables below. It should be noted that the analysis was not carried out in all cases using Borough and District boundaries, specifically around Gloucester and Cheltenham. This was done so as to allow for planned urban extensions close to Gloucester and Cheltenham but within the neighbouring local authorities (Stroud District and Tewkesbury Borough). Further explanation can be found in the HNA Countywide Report. The map below shows the boundaries of the areas used for the market balance model analysis for quick reference.

**Figure 16.4 Areas used for market balance model analysis**



Source: Fordham Research Gloucestershire household survey (2009)

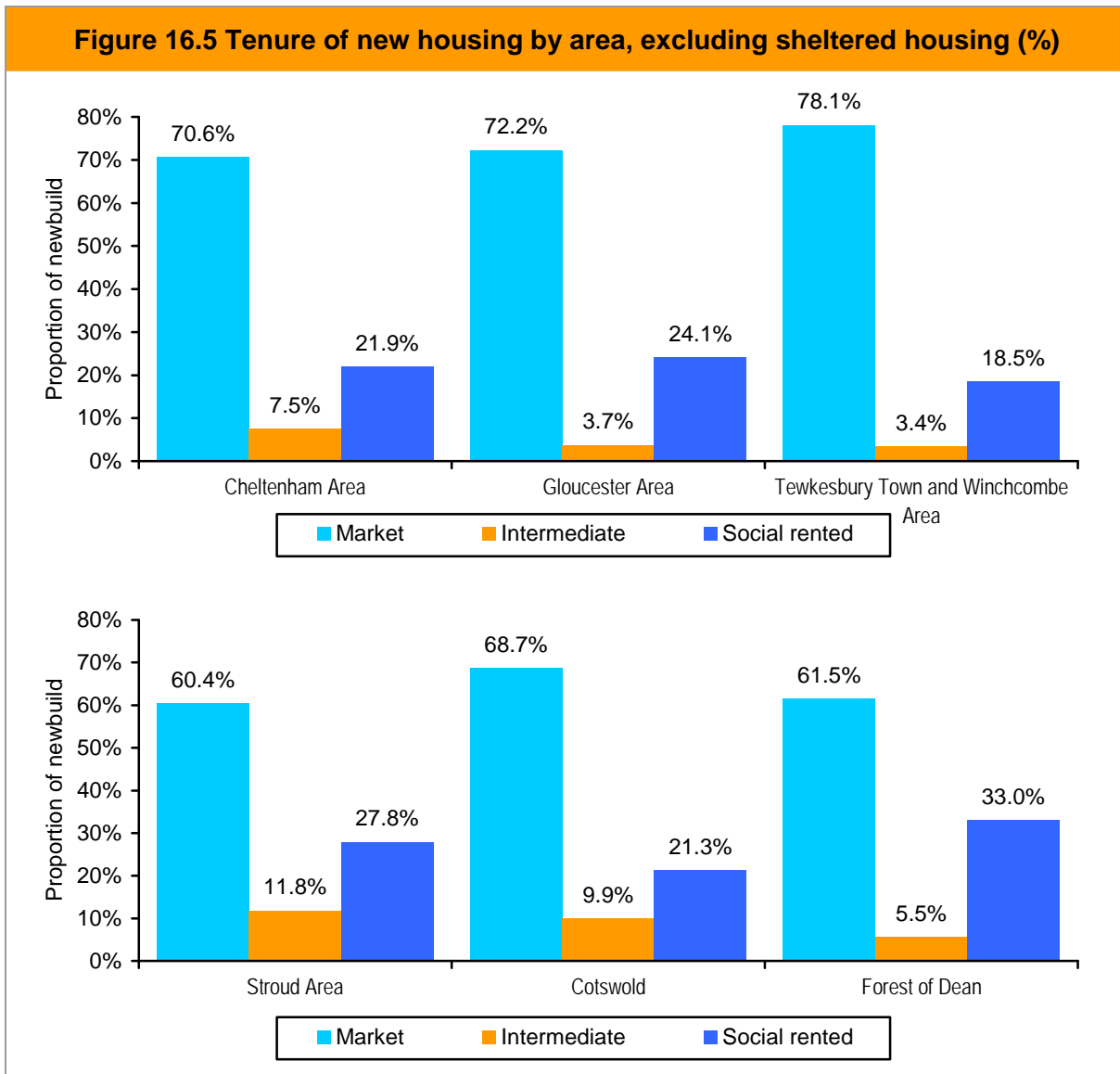
## Tenure requirements

16.24 The tenure requirements produced by the model for each area of the County (when adjusted to fit the overall targets for housing provision shown in the *Proposed Changes to the South West Draft RSS*) are shown in the tables and charts below.

16.25 It should be noted that the tables and charts below exclude sheltered housing (except where stated), and therefore the total numbers do not sum to the targets given in the *Proposed Changes to the South West Draft RSS* for housing provision.

<b>Table 16.7 Tenure of new housing by area, excluding sheltered housing (numbers)</b>				
	<i>Market</i>	<i>Intermediate</i>	<i>Social rented</i>	<i>Total</i>
Cheltenham Area	+8,919	+950	+2,771	+12,641
Gloucester Area	+13,990	+714	+4,664	+19,367
Tewkesbury Town & Winchcombe Area	+1,905	+82	+452	+2,439
Stroud Area	+2,627	+514	+1,209	+4,350
Cotswold	+4,059	+587	+1,259	+5,905
Forest of Dean	+3,133	+281	+1,681	+5,095
<b>Gloucestershire</b>	<b>+34,633</b>	<b>+3,128</b>	<b>+12,036</b>	<b>+49,797</b>
	<b>69.5%</b>	<b>6.3%</b>	<b>24.2%</b>	<b>100.0%</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources



Source: Fordham Research Gloucestershire household survey (2009)

16.26 There is also a requirement shown 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 same method, and the results are summarised in the table below.

16.27 As can be seen, the requirement for social rented property shown here is much higher than for ordinary housing. It should be stated that this type of calculation has some limitations. Due to the nature of the survey it is based upon, the model cannot assess the needs of groups unable to respond to a postal questionnaire. In addition, the model cannot consider extra financial support that might be offered by relatives, or the possibility that a person requiring sheltered housing might sell their existing home, using the equity to pay the rental cost. Due to these limitations, these figures should be treated with caution.

**Table 16.8 Tenure of new sheltered housing by area**

	<i>Market</i>		<i>Affordable</i>		<i>Total</i>
	<i>numbers</i>	<i>%</i>	<i>numbers</i>	<i>%</i>	
Cheltenham Area	+631	54.4%	+528	45.6%	+1,159
Gloucester Area	+497	30.5%	+1,135	69.5%	+1,633
Tewkesbury Town & Winchcombe Area	+289	62.7%	+172	37.3%	+461
Stroud Area	+565	45.2%	+685	54.8%	+1,250
Cotswold	+316	31.8%	+679	68.2%	+995
Forest of Dean	+184	16.6%	+921	83.4%	+1,105
<b>Gloucestershire</b>	<b>+2,482</b>	<b>37.6%</b>	<b>+4,120</b>	<b>62.4%</b>	<b>+6,603</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

### **Size of housing required within each tenure**

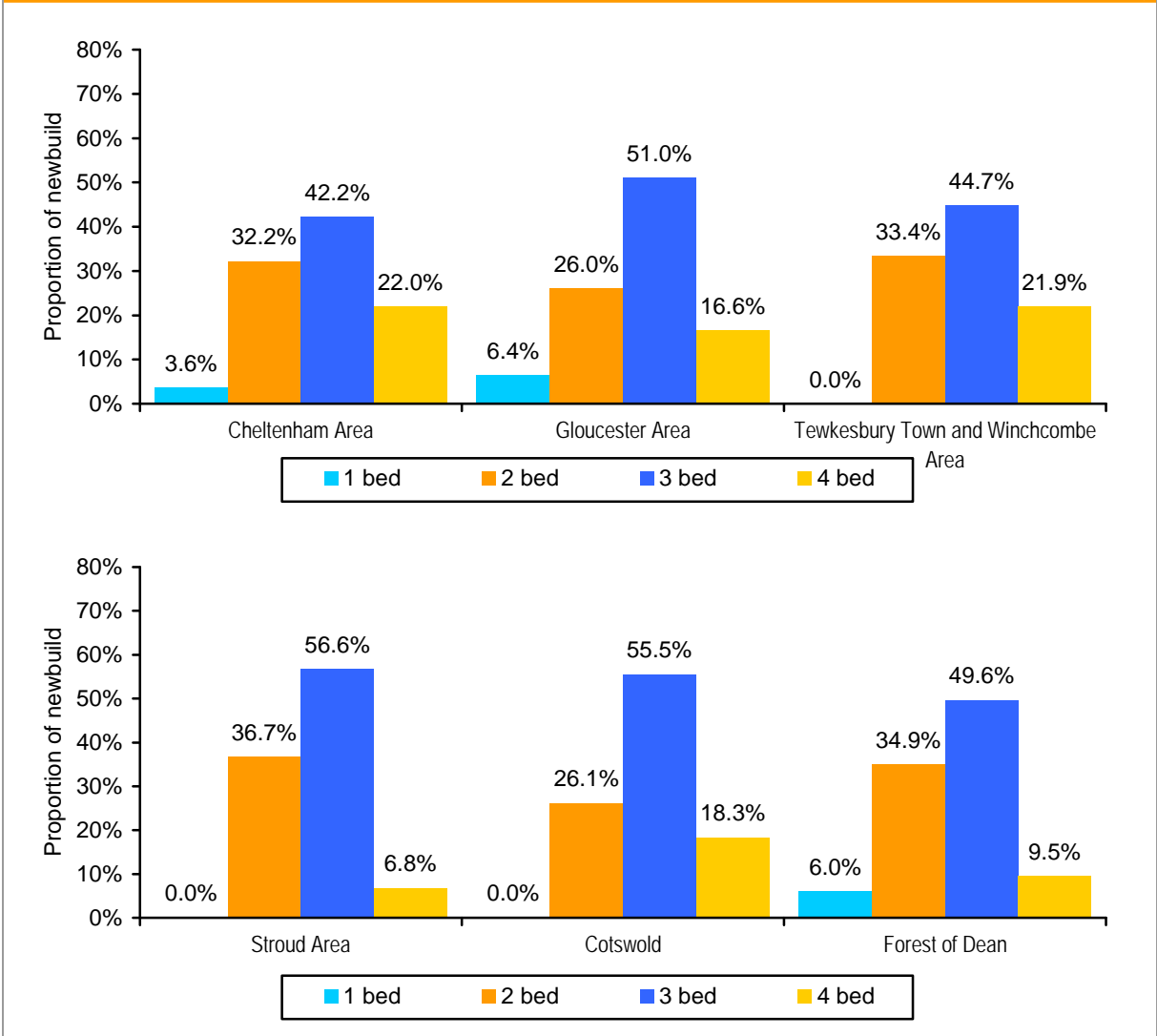
16.28 The table and figure below present the size of newbuild market accommodation suggested by the market balance model. Overall, in Gloucestershire it is suggested that nearly half of newbuild open market housing should be three bedrooms (49.6%), and only 3.3% one bedroom. The distribution for each area of the County is similar, with the main differences being in the relative proportions of two and four bedroom properties required.

**Table 16.9 Size of new market housing by area, excluding sheltered housing (numbers)**

	<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>4 bed</i>	<i>Total</i>
Cheltenham Area	+321	+2,869	+3,768	+1,962	+8,919
Gloucester Area	+893	+3,637	+7,132	+2,328	+13,990
Tewkesbury Town & Winchcombe Area	-38	+650	+868	+425	+1,905
Stroud Area	-14	+968	+1,494	+179	+2,627
Cotswold	-190	+1,111	+2,359	+779	+4,059
Forest of Dean	+187	+1,094	+1,553	+299	+3,133
<b>Gloucestershire</b>	<b>+1,159</b>	<b>+10,329</b>	<b>+17,174</b>	<b>+5,972</b>	<b>+34,633</b>
	<b>3.3%</b>	<b>29.8%</b>	<b>49.6%</b>	<b>17.2%</b>	<b>100.0%</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

**Figure 16.6 Size of new market housing by area, excluding sheltered housing (%)**



Source: Fordham Research Gloucestershire household survey (2009)

16.29 The same information for affordable housing is presented in the table and chart below. The size requirements for affordable housing vary more widely across the County, often due to the wide variation in the existing stock, rather than variations in the total requirements.

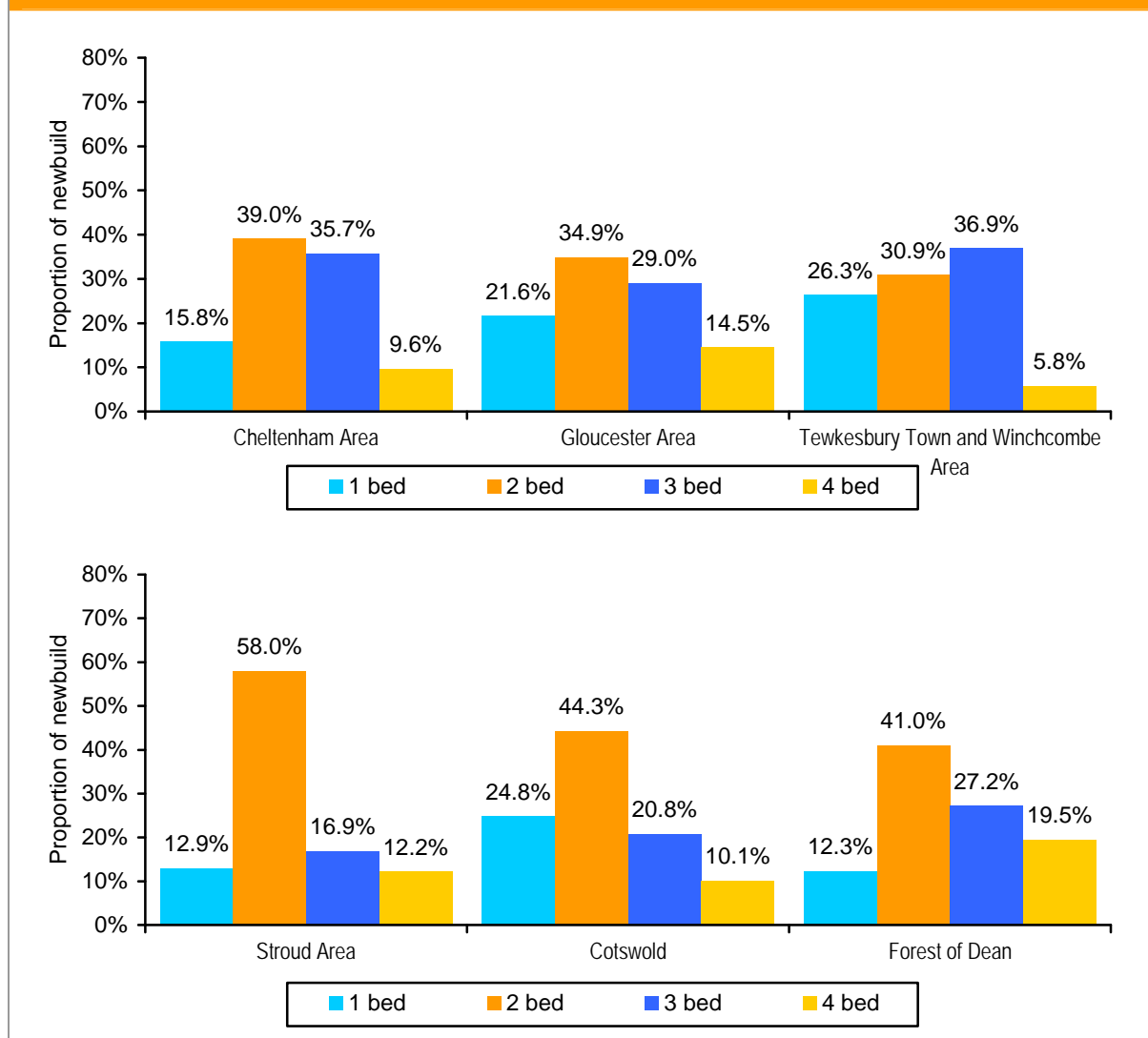


**Table 16.10 Size of new affordable housing by area, excluding sheltered housing (numbers)**

	1 bed	2 bed	3 bed	4 bed	Total
Cheltenham Area	+588	+1,450	+1,327	+356	+3,721
Gloucester Area	+1,161	+1,876	+1,562	+778	+5,378
Tewkesbury Town & Winchcombe Area	+140	+165	+197	+31	+534
Stroud Area	+223	+999	+291	+210	+1,723
Cotswold	+459	+818	+384	+186	+1,846
Forest of Dean	+240	+804	+534	+383	+1,962
<b>Gloucestershire</b>	<b>+2,811</b>	<b>+6,112</b>	<b>+4,295</b>	<b>+1,944</b>	<b>+15,164</b>
	<b>18.5%</b>	<b>40.3%</b>	<b>28.3%</b>	<b>12.8%</b>	<b>100.0%</b>

Source: Fordham Research Gloucestershire household survey (2009); various secondary data sources

**Figure 16.7 Size of new affordable housing by area, excluding sheltered housing (%)**



Source: Fordham Research Gloucestershire household survey (2009)

## Policy Outputs

16.30 The additional information provided by the primary data allows this report to more directly meet the quantitative requirements of PPS3, providing recommendations in terms of the proportion of newbuild housing that should be of specific tenures and sizes.

### Affordable housing targets

16.31 The CLG model based on primary data, as summarised earlier in this chapter, suggests a total need for 3,698 dwellings in the County per annum; this is 131% of the total number of new dwellings proposed per annum overall in the County (2,820), and so any level of affordable housing target could be supported by this, subject to viability. The *Proposed Changes to the South West Draft RSS* recommend a minimum level of provision of 35% for authorities in the region.

16.32 The market balance model summarised above suggests that in order to balance the market, between 22% and 39% of housing in each area of the County should be affordable. However, this is based upon balancing the market over 20 years; given the comparative urgency of meeting need for affordable housing, different targets could be justified in the short to medium-term. There is a discussion of this issue, in the context of existing policies (including the impact of urban extensions), in each of the Housing Needs Assessment District and Borough reports.

16.33 The table below shows the targets for newbuild housing recommended for each of the Districts and Boroughs as a result of this process.

**Table 16.11 Recommended proportion of affordable housing by Local Authority**

<i>Local Authority</i>	<i>Recommended proportions of affordable housing</i>	
	<i>Intermediate tenures</i>	<i>Social rented</i>
Cheltenham Area	12%	28%
Gloucester Area	8%	32%
Tewkesbury Town & Winchcombe Area	11%	25%
Stroud Area	12%	28%
Cotswold	14%	36%
Forest of Dean	6%	44%

Source: Fordham Research Gloucestershire household survey (2009)

### **Affordable housing size mix**

- 16.34 The market balance model also provides some recommendations on the size of housing that should be provided to balance the market. These are detailed in Figure 16.7 above.
- 16.35 We would recommend broadly following this size distribution in the provision of affordable housing in the County.

### **The SHMA and HNA as an 'evidence base'**

- 16.36 Although they considerably extend the findings of the original SHMA report, these additional findings remain only part of the 'evidence base' for policy, and do not form policy in itself. Local Authorities in Gloucestershire will want to consider their priorities in the light of the evidence, but policies are not in any way dictated by it.
- 16.37 It is recommended that the outputs from this report should be viewed in conjunction with those from relevant viability assessments when determining policy. This is particularly important considering the high level of immediate need for affordable housing found in this study, and the difficulties for delivery likely to be generated by the economic downturn.



# Appendix 1. Stakeholder consultation

## General

- A1.1 Whilst compared to a national scale the housing market in Gloucestershire faces few challenges linked to deprivation or obsolescence. This is interesting because other local economies based upon the textile industry have not been as successful in adapting to change.
- A1.2 That said the area is one of different influences and contrasts. Different parts of the County are influenced by the labour markets of Worcester, Cheltenham, Swindon, Bristol and to a lesser extent, Birmingham. London presents an unusual influence as this is one of rich people seeking an exceptional residential offer in the Cotswolds. This is possible because of the M4 and M5 Motorways and major trunk roads such as the A38. Agents felt that whilst rail links were important they were not a key mode of travel: it would not influence the location choices of most households.
- A1.3 There are clear affordability problems. Social housing is not highly visible and supply has been severely affected by the right to buy. An equally important problem is the difficulty faced by economically active people where entry level prices are apparently out of reach. Nevertheless agents were able to draw our attention to cheaper property and describe how these people were adapting.
- A1.4 The way the market is serviced is of interest. Whilst all agents offer a wide range of property there are very clearly agents that market property in the upper ranges of distinctiveness and price. All agents covered a wide rural geographical area surrounding their base.
- A1.5 Most agents reported a reduction in buy to let except for the cheaper properties in the Forest of Dean. Capital prices and interest rates were otherwise unfavourable. Some investors were now selling rather than renting. Yet there remains considerable demand for rented accommodation.
- A1.6 All agents confirmed that it was difficult for households on incomes under £35k to buy. This is significant as many households in service sector and elementary occupations have combined income lower than this figure. One agent said 'I'm still living with my mum and I am saving for a deposit. I could not do this if I was paying rent. I don't want to rent because you get nothing back for your money.' Other agents talked about other forms of assistance from parents such as gifts and loans. All welcomed growing interest in shared ownership products.

- A1.7 The large towns displayed evidence of considerable growth through land release. Smaller towns were achieving some growth through small infill developments of conversions of former industrial property. Some schemes were being marketed as second homes or retirement housing. New housing development was evident on a large scale in the towns and cities.
- A1.8 Even though the County covers a large geographical area it would be difficult to define more than three sub-markets. Given their diverse nature data might even demonstrate that these are housing market areas in their own right. However, if agents are correct, commuting is such that links can be drawn with Bristol Swindon Worcester and even Oxford and Birmingham.
1. Cheltenham, Gloucester, Tewkesbury
  2. The Cotswolds – Stroud, Cirencester and Tetbury
  3. Forest of Dean
- A1.9 The Cheltenham market is more typical of a large city and it could be argued that it is a sub-market in its own right. It is very complex.
- A1.10 The Forest of Dean has the weakest prices in the study area but is of great interest to incomers.

## **Gloucester**

- A1.11 This is not a large city. It has many attractions including the cathedral and docks. Yet the city centre is not outstanding. It is seeing expansion of its housing supply in order to house commuters from Bristol and Cheltenham. Agents said that road travel from Gloucester Suburbs would take between 20 to 30 minutes.
- A1.12 It is too small to divide into sub-markets. Yet there is a central area of cheaper housing (GL1) and many suburbs of good quality housing for those established in the housing market. The Docks area is smart but agents report up to 80% buy-to-let investment and a high level of vacancies.
- A1.13 Social housing is mainly concentrated in the south east of the city.
- A1.14 Employment is diverse although the main employer appears to be public sector: County Council, City Council and the Hospital.
- A1.15 It was notable that there are a large number of employment agencies in the city centre. They were advertising elementary occupations and were not busy.

- A1.16 Polish workers were in evidence. Agents reported strong demand from workers who were sharing in many of the suburbs. One city centre shop carried advertising cards in Polish. Cards were advertising rooms and work.
- A1.17 Future development is constrained due to the geography: there is a flood plain to the north-west.
- A1.18 Major development is underway in the south by means of Kingsway village where up to 3,300 new homes will be provided. It is notable that Gloucester HA is involved in providing low cost homes to local people.

## **Tewkesbury**

- A1.19 This is a historic town and a tourist destination. The local economy appears geared to this. Agents reported a strong rental market and commuting to Cheltenham, Worcester and Gloucester. The rail link is from a nearby town and the town is only a short distance from the M5.
- A1.20 The consultant visited a Bovis Homes development at Bishops Cleeve. This is a large mixed development. The site agent reported that it was selling mainly to professional childless couples. 1 in 3 sales were to investors. Most sales were to local people but no one was coming further than elsewhere in the County or just outside. The agent offered some insights into purchasers: 'employment patterns have changed; there is now more contracting especially in IT so what matters is good access to roads'. The agent thought that some affordable housing had been made available as shared ownership via Rooftop Housing Group (Evesham).

## **Cheltenham**

- A1.21 A smart prosperous spa town – very reminiscent of Harrogate and Bath, but larger. It is an economic hub of considerable importance. The town has significant sub areas one of which is in Tewkesbury district.
- A1.22 The town is surrounded by satellite villages some of which are now urban. These settlements are very important in the context of the area as they provide cheaper housing within easy commuting distance. They offer easy access to the M5.

A1.23 Cheltenham has unusual features for a town. Some large town houses have been converted to rental for sharing or apartments for older people. Despite the general smartness of the area, closer inspection revealed some town houses located near the centre to be in poor external condition. This reflected the need for high levels of expenditure due to the nature of the construction, age and location of the buildings in this Conservation Area. These were large houses converted into rooms or apartments for rent.

A1.24 The amount of retirement housing on offer either from agents or by developers was unusually high.

A1.25 Agents said that there was a growing student quarter around St Pauls. However, the area did not show overt signs of studentification.

A1.26 The key features of the housing market were:

- the large rental sector which was expensive. One agent felt that there was very little left to convert into apartments – it had all been done. Whilst there was some buy to let activity from long term investors, some as rentals were weakening and were not covering mortgages. The agent expressed concern that capacity of the rental market may become a problem – she foresaw rising demand but weakening supply. The level of renting, sharing and rooms is on a scale not seen outside London, probably due to the high cost and relative supply – Cheltenham is a large town not a major sprawling city.
- The growth of the surrounding developments. These are very important. They provide cheaper housing than the town centre and easy commuting. They have well established service centres. Most agents visited felt that more three bedroom family homes were needed.

A1.27 A new development was visited: George Wimpey, Battledown Park, Oakley. This is a mixed development at the side of a new large supermarket. It was very busy and sales patterns were similar to the above.

A1.28 In terms of prices, house share rates started from around £300 pcm. Self contained terraced houses from £550 pcm. The cheapest terraced housing for sale was typically £160k.

A1.29 In contrast, semi-detached housing in the surrounding developments could be found at under £200k.



## Stonehouse

A1.30 This is a small town, linear in layout and was unusual in that it sustained more agents than would be normal for its size. This is because the town acts as a service centre for the rural areas to the South and East. There are large employers in the area though not highly visible or detrimental to the landscape. Approaching the town from the West there were well maintained Victorian terraces that agents explained were built to house mill workers. These were now offered for sale at £180,000. They were not the cheapest housing on the market. The letting agent was unable to point to a particular reason for the strength of the local rental market. They reported a multitude of factors including affordability, relationship breakdown, and in-migrant workers. However, it was interesting to note that an owner wishing to rent was advised to modify his rent expectations.

A1.31 Starting prices were £120k for a newbuild flat and £140k for 2-bedroom terraced housing (rent was £450 pcm).

## Stroud

A1.32 This was a very busy market town, service centre and seat of the District council. The housing market was one of contrast as it included nearby villages (see below). Terraced housing was offered for sale anywhere between £140 and £450k. The latter was unusual because the garden would support a building plot. Nevertheless the house, though well located, was not of architectural interest. Cheaper property was located in small, less desirable areas but was not thought to be problematic.

A1.33 The range of housing for sale was very diverse in terms of location price and quality. Rents were around £425 for terraced housing.

## Minchinhampton

A1.34 This small town was visited as it was highlighted by Stroud agents. It was the archetypal traditional Cotswold town with historic buildings and a working market. It was also of interest because of the new retirement village that was currently being marketed. Information was obtained from the agents based in Cirencester. This was premium quality independent living for the over 55s with services provided. Agents reported that three quarters of enquiries were from local people the remainder being from the County or just outside. The agent understood that people were seeking to downsize and release some capital from existing housing. She pointed to similar schemes by the developer.

A1.35 The town sustained one agency that appeared to specialise in premium property.

## Cirencester

- A1.36 This is a truly distinctive and historic market town. It is of interest because of the nature of the local housing and its location. Agents reported a very strong link to Swindon which they felt did not have a good residential offer. Swindon is 30 minutes by car.
- A1.37 They also felt that local jobs were very poor. This had two implications, firstly the degree of out-commuting and secondly the difficulty that local people on moderate incomes faced in the housing market.
- A1.38 Prices started at £160k for a two bedroom terraced home. Agents pointed out that prices were cheaper in some of the outlying villages.

## Tetbury

- A1.39 This town displayed all of the hallmarks of a Cotswold town in terms of its layout and architecture. It catered for tourists and serviced the surrounding villages.
- A1.40 Agents highlighted the importance of local knowledge amongst potential buyers. Cheaper property did occasionally become available. One property attracted over 100 serious enquiries and was the subject of enquiries before it came on the market.
- A1.41 The agent reported interest in a shared ownership offer from a commercial lender. She believed that this was the way forward for first time buyers.
- A1.42 One agent was able to quantify the degree of self-containment. Over the last two months 42% of buyers were local. They felt that there was a severe shortage of one bedroom homes.
- A1.43 Prices started at £160k for a two bedroom terraced home.

## Dursley

- A1.44 Agents reported strong interest from Bristol residents where prices are stronger. They said that the commute to Bristol was easy.
- A1.45 The town is more industrial in nature. Until recently it had major manufacturing industries which were now residual. One agent described the area as a dormitory. It is well located for the M4 and M5.
- A1.46 With regard to affordability, one agent drew attention to a site where 2/3 bedroom prices started at £135k.

## Lydney

- A1.47 This was a busy service centre sustaining a good number of independently owned shops and businesses with a strong rural character. It services a large, predominantly rural area.
- A1.48 An interesting feature was a newly constructed infill apartment block that would be offered entirely for rent. Agents were very positive about the area, good access, retail, health services and schools. The anticipated further development in the Marina Area adding to the character of the town.
- A1.49 Agents agreed that sales were mostly made to people moving into the area and then using the town as a commuting base to Bristol Gloucester and even Birmingham. There was also strong demand for rental properties from professionals working at Smith Kline Beecham on rotation or secondment.
- A1.50 Prices were notably weaker than East of the Severn at £125k for terraced housing and rents from £285 pcm.

## Coleford

- A1.51 This is the principle town of the district and is an attractive market town. It was busy and offered a farmers' market on the day of the visit. Again it services a large rural area.
- A1.52 Agents felt that about half of the sales were to local people. Many residents used it as a commuter base. Incomers were attracted to the rural nature of the area and would typically be better off people seeking a less urban environment.
- A1.53 Prices were the strongest in the District at around £140k for terraced housing.
- A1.54 There was some interest from buy to let investors for cheaper property which they would either do up and sell or let.

## Cinderford

- A1.55 This was the least attractive of the Forest of Dean principal towns. In spite of its stunning views west over the valley, housing was noticeably less distinctive. Agents felt that there were problems in the town associated with deprivation. This, combined with the less attractive appearance, was felt to account for weaker prices.
- A1.56 Starting at £120k for terraced housing (the most predominant house type) agents reported that most transactions were by local people in stark contrast to the other Forest of Dean Towns.

A1.57 Agents said that some property had been on the market a long time and lower prices might be accepted.

## Appendix 2. Guidance on the sizes tenure of new housing at sub-district level

### Introduction

- A2.1 This appendix uses 2001 Census data to provide an indication of the sizes of additional housing at sub-district (in this case ward) level in order to assist the determination of the appropriate mix of housing at a detailed spatial scale.
- A2.2 In estimating which areas are likely to require larger or smaller dwellings, we have looked at the current stock of both market and social housing. The method used is to compare average household size and average dwelling size, measured via the number of rooms. Where household sizes are high relative to dwelling sizes it is assumed that larger dwellings are required, and vice versa.
- A2.3 The tables in this appendix have been split by individual districts within the study area for ease of reference, although a Countywide analysis has also been performed, allowing comparisons to be made across district boundaries. For each district a table has been provided showing the average number of rooms and average number of people per dwelling in each ward.
- A2.4 The other tables for each district combine these, by showing the wards ranked by both of these variables, and also the sum of the two ranks. A low figure here indicates a small average dwelling size and a large average household size. These figures are used to create the maps. For clarity, separate tables are given for market and social housing.

### Cheltenham

- A2.5 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 20 wards within Cheltenham.

**Table A2.1 Household and dwelling sizes: Cheltenham**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
All Saints	4.94	2.05	3.53	1.41
Battledown	6.03	2.35	4.49	2.19
Benhall and The Reddings	5.84	2.47	4.63	2.62
Charlton Kings	5.87	2.36	3.45	1.49
Charlton Park	6.09	2.23	3.31	1.17
College	5.04	2.05	3.48	1.46
Hesters Way	5.19	2.25	4.32	2.20
Lansdown	4.34	1.74	3.13	1.31
Leckhampton	5.89	2.28	4.39	2.47
Oakley	5.24	2.29	4.52	2.48
Park	5.32	1.97	3.30	1.36
Pittville	5.12	1.99	3.24	1.40
Prestbury	6.01	2.28	4.03	1.75
Springbank	5.04	2.38	4.66	2.66
St Mark's	5.51	2.47	4.32	2.18
St Paul's	4.92	2.37	4.23	2.20
St Peter's	5.09	2.27	4.26	2.25
Swindon Village	5.25	2.43	4.32	2.21
Up Hatherley	5.66	2.40	3.84	1.68
Warden Hill	5.30	2.22	4.52	2.46

Source: Fordham Research, 2008

A2.6 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

**Table A2.2 Inferred requirements for larger or smaller dwellings by ward in Cheltenham**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
St Paul's	2	6	8	Larger dwellings required
Springbank	4	5	9	
Swindon Village	10	3	13	
St Mark's	13	1	14	
Benhall and The Reddings	15	2	17	
Oakley	9	9	18	
St Peter's	6	12	18	
Up Hatherley	14	4	18	
All Saints	3	17	20	
College	5	16	21	
Hesters Way	8	13	21	
Lansdown	1	20	21	
Charlton Kings	16	7	23	
Pittville	7	18	25	
Warden Hill	11	15	26	
Battledown	19	8	27	
Leckhampton	17	10	27	
Prestbury	18	11	29	Smaller dwellings required
Park	12	19	31	
Charlton Park	20	14	34	

Source: Fordham Research, 2008

**Table A2.3 Inferred requirements for larger or smaller dwellings by ward in Cheltenham**

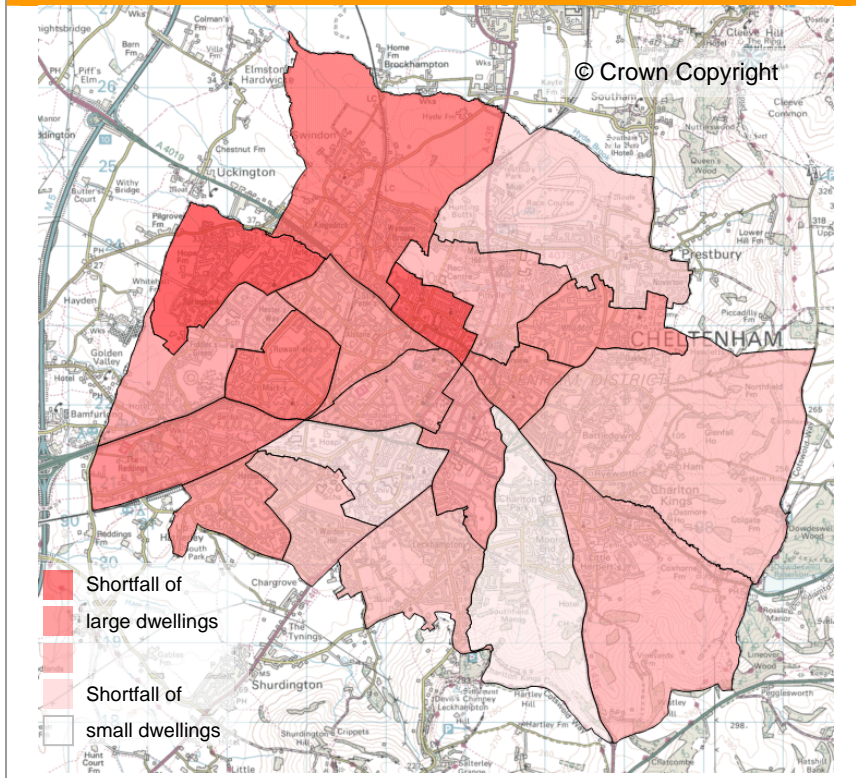
<b>Social housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
St Peter's	11	6	17	Larger dwellings required
St Paul's	10	8	18	
Charlton Kings	5	14	19	
Leckhampton	15	4	19	
Pittville	2	17	19	
Lansdown	1	19	20	
Oakley	17	3	20	
Benhall and The Reddings	19	2	21	
College	6	15	21	
Park	3	18	21	
Prestbury	9	12	21	
Springbank	20	1	21	
Swindon Village	14	7	21	
Up Hatherley	8	13	21	
Hesters Way	13	9	22	
All Saints	7	16	23	
St Mark's	12	11	23	
Warden Hill	18	5	23	
Charlton Park	4	20	24	Smaller dwellings required
Battledown	16	10	26	

Source: Fordham Research, 2008

A2.7 The resulting maps show that the need for larger dwellings is likely to be greatest in the central and north western areas of Cheltenham, particularly for social housing. For market housing, the greater demand for smaller dwellings is shown as being in the south and east of the town.

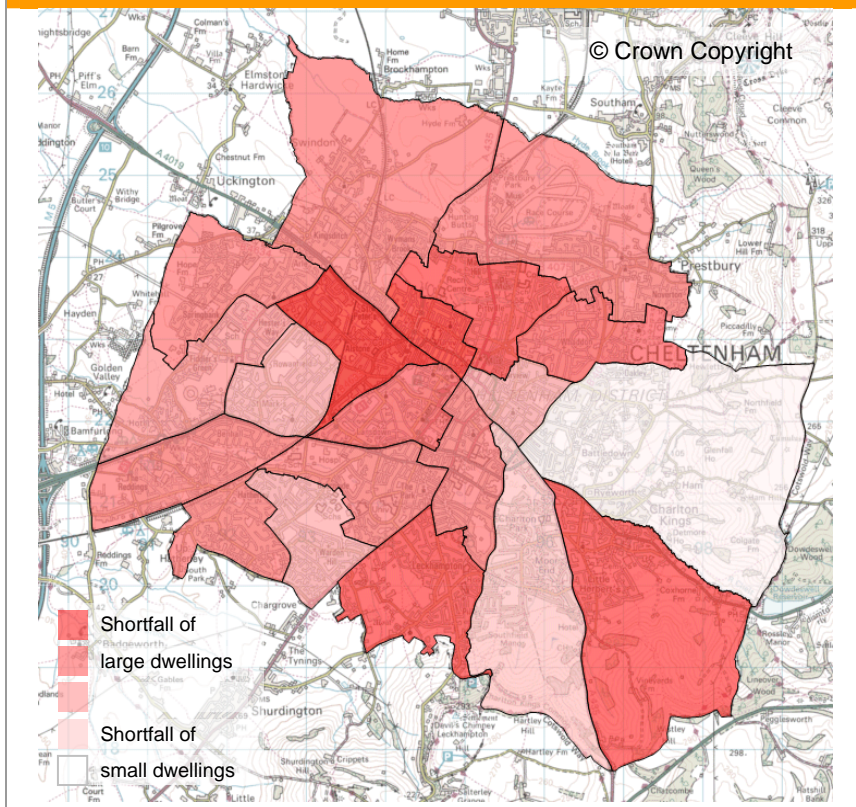


**Figure A2.1 Cheltenham: Size balance of market housing**



Source: Fordham Research, 2008

**Figure A2.2 Cheltenham: Size balance of social housing**



## Cotswold

A2.8 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 28 wards within Cotswold.

**Table A2.4 Household and dwelling sizes: Cotswold**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Ampney-Coln	6.37	2.22	4.54	2.75
Avening	6.04	2.36	4.69	2.45
Beacon-Stow	5.87	2.19	4.45	2.06
Blockley	6.02	2.23	4.65	2.61
Bourton-on-the-Water	5.69	2.13	4.58	2.36
Campden-Vale	6.00	2.16	4.68	2.37
Chedworth	6.42	2.38	5.13	2.86
Churn Valley	6.39	2.39	4.70	2.37
Cirencester Beeches	5.92	2.68	4.33	2.38
Cirencester Chesterton	5.63	2.47	4.50	2.65
Cirencester Park	5.10	1.88	3.24	1.33
Cirencester Stratton-Whiteway	5.92	2.44	5.07	2.66
Cirencester Watermoor	5.33	2.18	4.06	1.91
Ermin	6.52	2.45	4.94	2.57
Fairford	5.94	2.40	4.53	2.12
Fosseridge	6.04	2.24	4.60	2.29
Grumbolds Ash	6.32	2.39	4.70	2.50
Hampton	6.32	2.37	5.25	2.72
Kempsford-Lechlade	6.07	2.38	4.46	2.29
Moreton-in-Marsh	5.45	2.18	4.43	2.09
Northleach	6.03	2.32	4.03	2.21
Rissingtons	6.19	2.39	4.53	2.64
Riversmeet	6.32	2.26	5.03	1.76
Sandywell	6.16	2.40	4.96	2.70
Tetbury	5.78	2.29	4.44	2.29
Thames Head	6.30	2.44	4.67	2.57
Three Rivers	6.16	2.12	4.64	2.41
Water Park	5.83	2.41	4.52	2.22

Source: Fordham Research, 2008

A2.9 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

**Table A2.5 Inferred requirements for larger or smaller dwellings by ward in Cotswold**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Cirencester Chesterton	4	2	6	Larger dwellings required
Cirencester Beeches	9	1	10	
Water Park	7	6	13	
Cirencester Stratton-Whiteway	10	5	15	
Fairford	11	7	18	
Tetbury	6	17	23	
Cirencester Watermoor	2	23	25	
Thames Head	21	4	25	
Moreton-in-Marsh	3	24	27	
Sandywell	19	8	27	
Cirencester Park	1	28	29	
Kempsford-Lechlade	17	12	29	
Avening	15	15	30	
Beacon-Stow	8	22	30	
Northleach	14	16	30	
Bourton-on-the-Water	5	26	31	
Ermin	28	3	31	
Rissingtons	20	11	31	
Blockley	13	20	33	
Grumbolds Ash	24	10	34	
Churn Valley	26	9	35	
Fosseridge	16	19	35	
Hampton	22	14	36	
Campden-Vale	12	25	37	
Chedworth	27	13	40	
Riversmeet	23	18	41	
Three Rivers	18	27	45	Smaller dwellings required
Ampney-Coln	25	21	46	

Source: Fordham Research, 2008

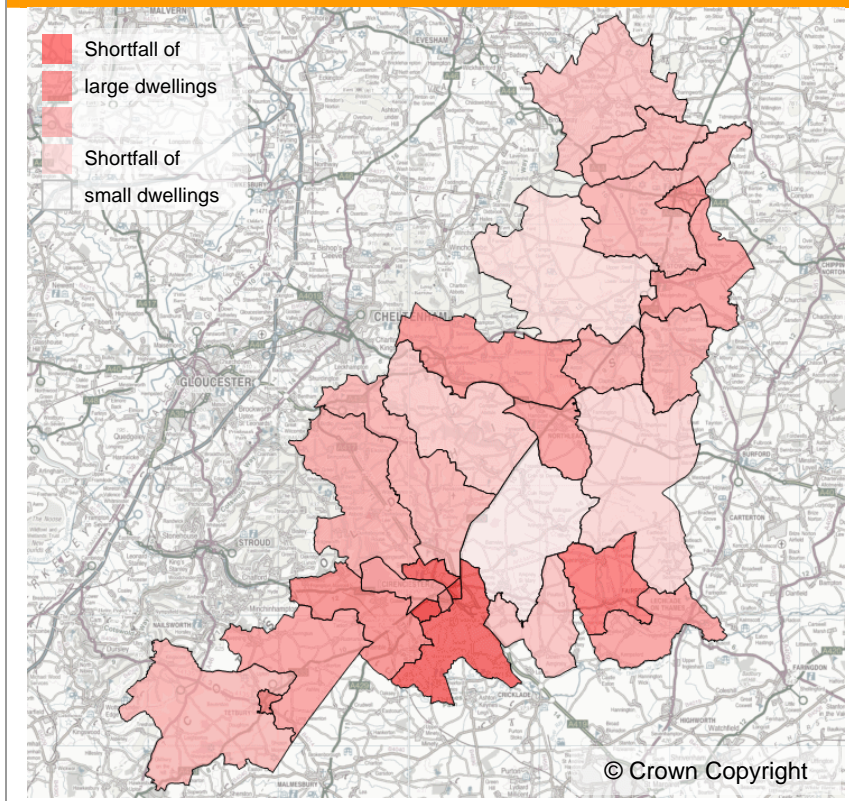
**Table A2.6 Inferred requirements for larger or smaller dwellings by ward in Cotswold**

<b>Social housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Cirencester Chesterton	9	6	15	Larger dwellings required
Ampney-Coln	13	2	15	
Cirencester Beeches	4	14	18	
Rissingtons	11	7	18	
Northleach	2	22	24	
Blockley	17	8	25	
Tetbury	6	20	26	
Kempsford-Lechlade	8	18	26	
Thames Head	18	9	27	
Sandywell	24	4	28	
Chedworth	27	1	28	
Cirencester Watermoor	3	26	29	
Moreton-in-Marsh	5	24	29	
Cirencester Park	1	28	29	
Three Rivers	16	13	29	
Water Park	10	21	31	
Cirencester Stratton-Whiteway	26	5	31	
Bourton-on-the-Water	14	17	31	
Hampton	28	3	31	
Avening	20	12	32	
Beacon-Stow	7	25	32	
Ermin	23	9	32	
Grumbolds Ash	21	11	32	
Fosseridge	15	19	34	
Campden-Vale	19	15	34	
Fairford	12	23	35	
Churn Valley	22	16	38	Smaller dwellings required
Riversmeet	25	27	52	

Source: Fordham Research, 2008

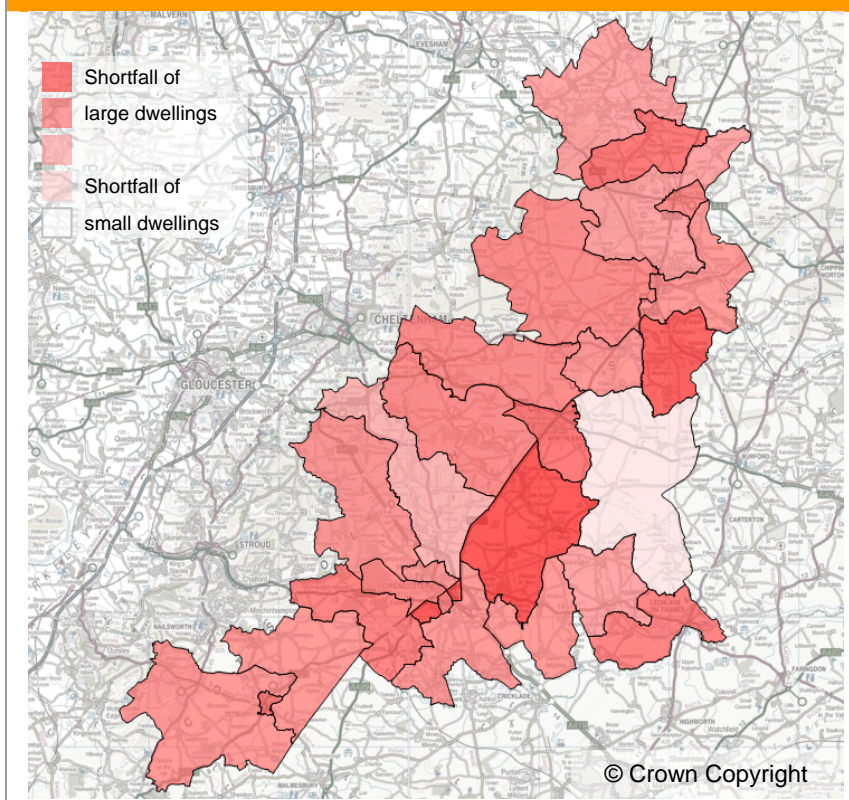
A2.10 The resulting maps show that the need for larger dwellings is likely to be greatest around Cirencester and to a lesser extent Tetbury, although for social housing, a need for larger dwellings is also found in some rural areas toward the east of the district. There is a particular shortfall of smaller dwellings in the most rural areas.

**Figure A2.3 Cotswold: Size balance of market housing**



Source: Fordham Research, 2008

**Figure A2.4 Cotswold: Size balance of social housing**



Source: Fordham Research, 2008

## Forest of Dean

A2.11 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 27 wards within Forest of Dean.

<b>Table A2.7 Household and dwelling sizes: Forest of Dean</b>				
Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Alvington	5.78	2.38	4.54	2.75
Awre	6.07	2.45	4.69	2.45
Berry Hill	5.63	2.53	4.45	2.06
Blaisdon and Longhope	6.28	2.44	4.65	2.61
Bream	5.58	2.52	4.58	2.36
Bromesberrow and Dymock	6.23	2.39	4.68	2.37
Christchurch & English Bicknor	6.10	2.44	5.13	2.86
Churcham and Huntley	6.08	2.36	4.70	2.37
Cinderford East	5.36	2.40	4.33	2.38
Cinderford West	5.21	2.32	4.50	2.65
Coleford Central	5.31	2.22	3.24	1.33
Coleford East	5.40	2.38	5.07	2.66
Hartpury	6.23	2.47	4.06	1.91
Hewelsfield and Woolaston	6.55	2.53	4.94	2.57
Littledean and Ruspidge	5.74	2.43	4.53	2.12
Lydbrook and Ruardean	5.71	2.43	4.60	2.29
Lydney East	5.54	2.54	4.70	2.50
Lydney North	5.48	2.44	5.25	2.72
Mitcheldean and Drybrook	5.64	2.54	4.46	2.29
Newent Central	5.52	2.45	4.43	2.09
Newland and St Briavels	5.99	2.42	4.03	2.21
Newnham and Westbury	6.17	2.48	4.53	2.64
Oxenhall and Newent North East	6.15	2.25	5.03	1.76
Pillowell	5.92	2.41	4.96	2.70
Redmarley	6.49	2.59	4.44	2.29
Tibberton	6.48	2.55	4.67	2.57
Tidenham	5.89	2.45	4.64	2.41

Source: Fordham Research, 2008

A2.12 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

**Table A2.8 Inferred requirements for larger or smaller dwellings by ward in Forest of Dean**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Lydney East	7	3	10	Larger dwellings required
Mitcheldean and Drybrook	10	4	14	
Berry Hill	9	6	15	
Bream	8	7	15	
Newent Central	6	12	18	
Lydney North	5	14	19	
Cinderford East	3	20	23	
Tidenham	14	10	24	
Cinderford West	1	25	26	
Coleford East	4	22	26	
Redmarley	26	1	27	
Tibberton	25	2	27	
Awre	17	11	28	
Littledean and Ruspidge	12	16	28	
Lydbrook and Ruardean	11	17	28	
Coleford Central	2	27	29	
Newnham and Westbury	21	8	29	
Christchurch and English Bicknor	19	13	32	
Hartpury	23	9	32	
Hewelsfield and Woolaston	27	5	32	
Newland and St Briavels	16	18	34	
Pillowell	15	19	34	
Alvington	13	23	36	
Blaisdon and Longhope	24	15	39	
Churcham and Huntley	18	24	42	
Bromesberrow and Dymock	22	21	43	Smaller dwellings required
Oxenhall & Newent North East	20	26	46	

Source: Fordham Research, 2008

**Table A2.9 Inferred requirements for larger or smaller dwellings by ward in Forest of Dean**

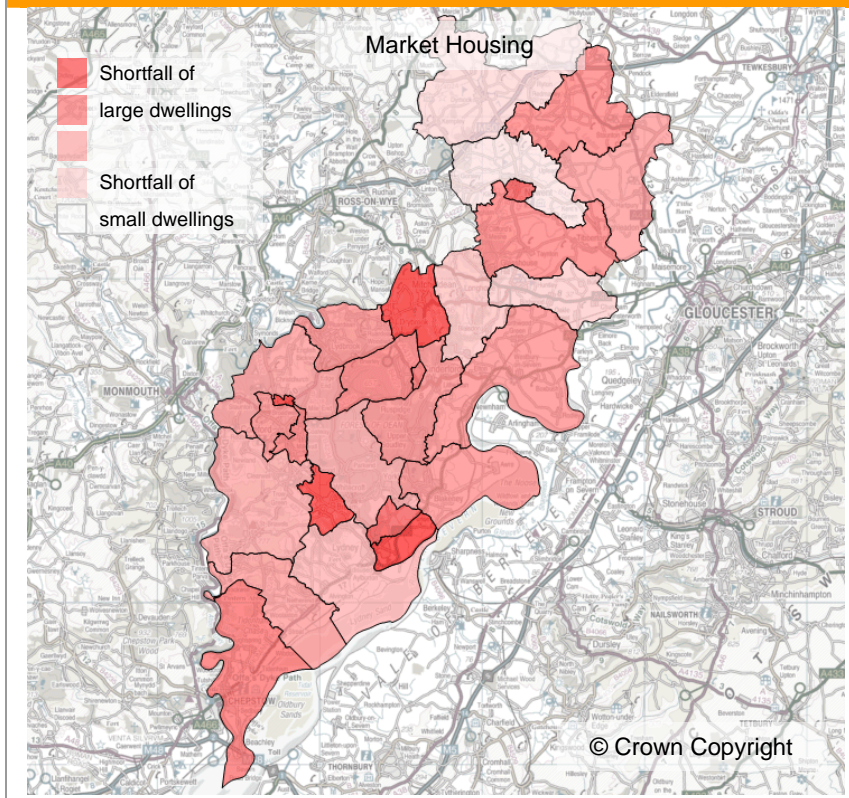
<b>Social housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Lydney North	1	6	7	Larger dwellings required
Churcham and Huntley	4	8	12	
Berry Hill	13	5	18	
Christchurch & English Bicknor	8	11	19	
Awre	12	10	22	
Littledean and Ruspidge	15	9	24	
Cinderford West	3	23	26	
Oxenhall & Newent North East	24	2	26	
Blaisdon and Longhope	21	6	27	
Newnham and Westbury	23	4	27	
Hartpury	27	1	28	Smaller dwellings required
Newent Central	7	21	28	
Hewelsfield and Woolaston	26	3	29	
Newland and St Briavels	17	12	29	
Redmarley	2	27	29	
Tibberton	5	24	29	
Cinderford East	14	16	30	
Mitcheldean and Drybrook	11	19	30	
Alvington	6	25	31	
Coleford Central	9	22	31	
Coleford East	18	13	31	Smaller dwellings required
Bream	19	15	34	
Lydbrook and Ruardean	20	14	34	
Lydney East	16	18	34	
Bromesberrow and Dymock	10	26	36	
Pillowell	25	17	42	
Tidenham	22	20	42	

Source: Fordham Research, 2008

A2.13 The resulting maps show that the need for larger market dwellings is likely to be greatest around Cinderford, Newent and Lydney, in the latter case also for social housing. There is an apparent shortfall of smaller dwellings in many rural areas, particularly in the north of the district.

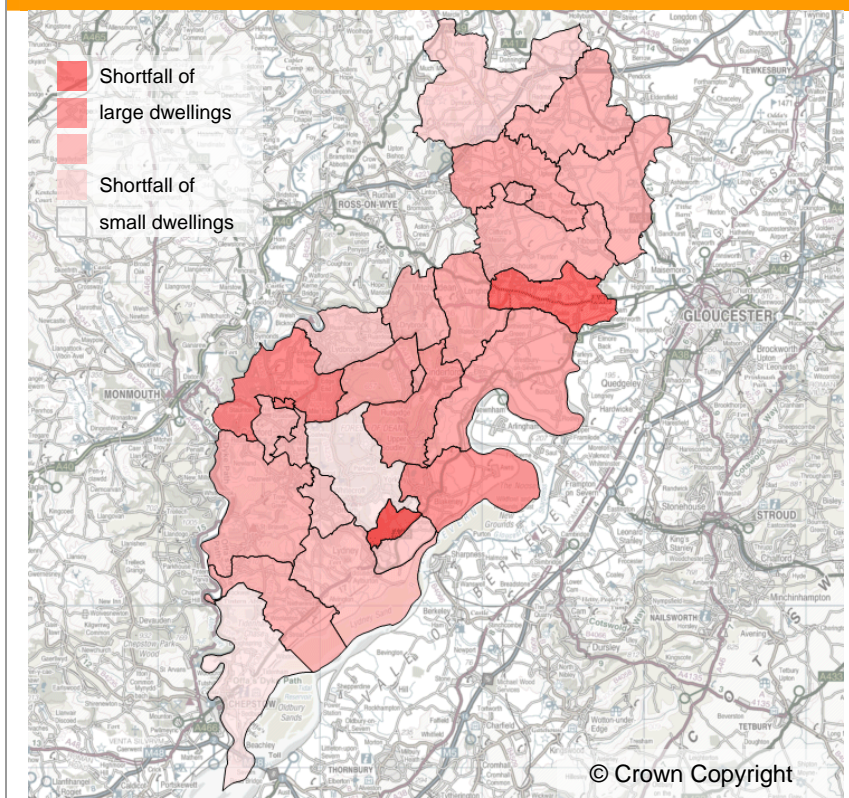


**Figure A2.5 Forest of Dean: Size balance of market**



Source: Fordham Research, 2008

**Figure A2.6 Forest of Dean: Size balance of market**



Source: Fordham Research, 2008

## Gloucester

A2.14 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 15 wards within Gloucester.

<b>Table A2.10 Household and dwelling sizes: Gloucester</b>				
Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Abbey	5.74	2.52	4.21	2.05
Barnwood	5.96	2.59	4.86	2.97
Barton and Tredworth	5.13	2.47	4.11	2.13
Elmbridge	5.91	2.50	4.84	2.06
Grange	5.10	2.34	4.64	2.11
Hucclecote	5.51	2.34	4.58	2.56
Kingsholm and Wotton	5.09	2.09	3.48	1.63
Longlevens	5.66	2.41	4.12	1.67
Matson and Robinswood	5.31	2.42	4.10	2.12
Moreland	5.42	2.45	4.61	2.48
Podsmead	5.55	2.48	4.11	2.13
Quedgeley Fieldcourt	5.01	2.44	3.75	1.73
Quedgeley Severn Vale	5.44	2.53	4.54	2.77
Tuffley	5.58	2.38	4.39	2.23
Westgate	4.45	1.83	3.20	1.32

Source: Fordham Research, 2008

A2.15 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

**Table A2.11 Inferred requirements for larger or smaller dwellings by ward in Gloucester**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Quedgeley Fieldcourt	2	8	10	Larger dwellings required
Quedgeley Severn Vale	8	2	10	
Barton and Tredworth	5	6	11	
Moreland	7	7	14	
Matson and Robinswood	6	9	15	
Podsmead	10	5	15	
Abbey	13	3	16	
Barnwood	15	1	16	
Grange	4	12	16	
Westgate	1	15	16	
Kingsholm and Wotton	3	14	17	
Elmbridge	14	4	18	
Hucclecote	9	13	22	
Longlevens	12	10	22	Smaller dwellings required
Tuffley	11	11	22	

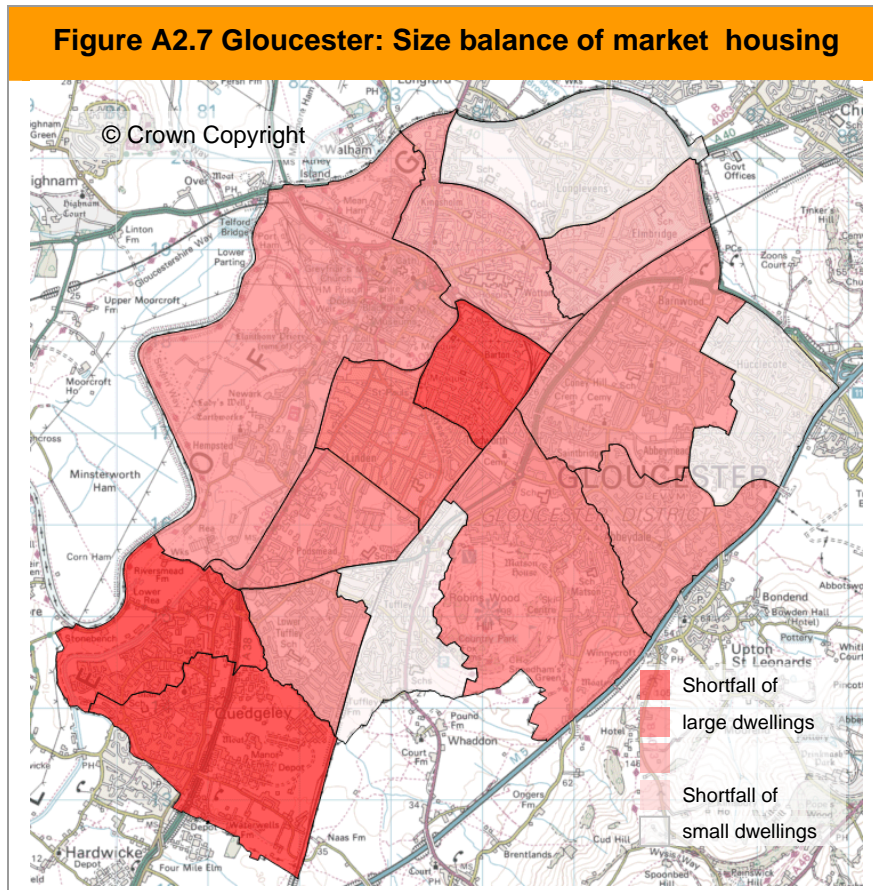
Source: Fordham Research, 2008

**Table A2.12 Inferred requirements for larger or smaller dwellings by ward in Gloucester**

<b>Social housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Quedgeley Severn Vale	10	2	12	Larger dwellings required
Barton and Tredworth	6	6	12	
Matson and Robinswood	4	8	12	
Podsmead	5	7	12	
Hucclecote	11	3	14	
Tuffley	9	5	14	
Quedgeley Fieldcourt	3	12	15	
Moreland	12	4	16	
Barnwood	15	1	16	
Westgate	1	15	16	
Kingsholm and Wotton	2	14	16	
Abbey	8	11	19	
Longlevens	7	13	20	
Grange	13	9	22	Smaller dwellings required
Elmbridge	14	10	24	

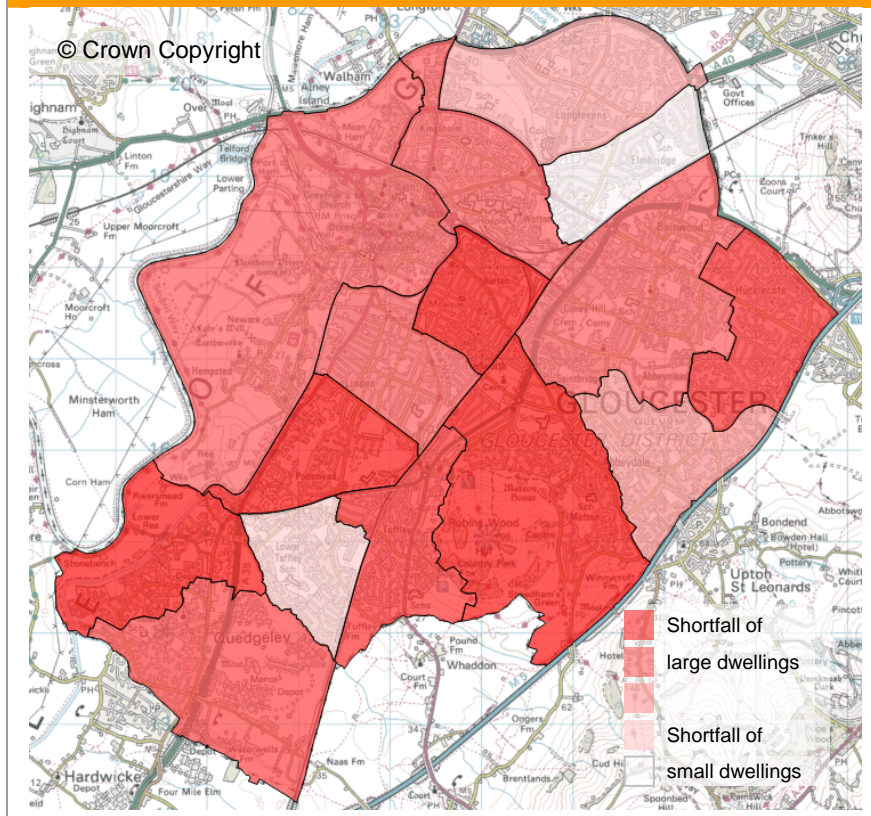
Source: Fordham Research, 2008

A2.16 The resulting maps show that the need for larger market dwellings is likely to be greatest in Quedgeley and the area to the east of the city centre, and for smaller dwellings around the northern and eastern suburbs. For social housing, the picture within the city shows no particular pattern. This is likely to be because social housing has historically been constructed in patches around the city, each containing similar types and sizes of dwelling.



Source: Fordham Research, 2008

**Figure A2.8 Gloucester: Size balance of social housing**



Source: Fordham Research, 2008

### Stroud District

A2.17 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 30 wards within Stroud District.

**Table A2.13 Household and dwelling sizes: Stroud**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Amberley and Woodchester	6.45	2.41	4.88	2.64
Berkeley	5.59	2.37	4.29	2.10
Bisley	6.41	2.42	5.02	2.37
Cainscross	5.51	2.47	4.56	2.27
Cam East	5.72	2.40	3.85	1.60
Cam West	5.67	2.42	4.57	2.45
Central	5.08	2.09	4.55	2.20
Chalford	5.87	2.41	4.38	2.32
Coaley and Uley	6.49	2.50	4.86	2.65
Dursley	5.59	2.29	4.35	2.19
Eastington and Standish	5.96	2.46	4.99	2.09
Farmhill and Paganhill	5.49	2.43	3.95	1.89
Hardwicke	5.51	2.49	4.85	2.12
Kingswood	6.26	2.66	4.86	1.82
Minchinhampton	6.21	2.26	4.23	2.15
Nailsworth	5.88	2.45	4.10	1.97
Over Stroud	6.11	2.49	4.68	2.29
Painswick	6.39	2.20	4.43	1.76
Rodborough	5.62	2.32	4.42	2.28
Severn	6.26	2.55	4.96	2.75
Slade	5.27	2.42	4.26	2.41
Stonehouse	5.36	2.42	4.39	2.39
The Stanleys	5.85	2.45	4.64	2.10
Thrupp	6.17	2.57	4.75	2.87
Trinity	5.41	2.32	4.47	2.38
Uplands	5.32	2.35	4.01	1.84
Upton St Leonards	6.42	2.43	4.67	2.04
Vale	6.56	2.56	4.25	1.64
Valley	5.47	2.32	3.93	2.19
Wotton-under-Edge	5.90	2.45	4.15	2.11

Source: Fordham Research, 2008

A2.18 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

**Table A2.14 Inferred requirements for larger or smaller dwellings by ward in Stroud**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Hardwicke	9	6	15	Larger dwellings required
Cainscross	8	8	16	
Slade	2	15	17	
Farmhill and Paganhill	7	14	21	
Stonehouse	4	17	21	
Thrupp	21	2	23	
Kingswood	23	1	24	
Uplands	3	23	26	
Nailsworth	17	10	27	
Over Stroud	20	7	27	
The Stanleys	15	12	27	
Eastington and Standish	19	9	28	
Severn	24	4	28	
Cam West	13	16	29	
Trinity	5	24	29	
Wotton-under-Edge	18	11	29	
Central	1	30	31	
Valley	6	26	32	
Berkeley	11	22	33	
Vale	30	3	33	
Coaley and Uley	29	5	34	
Cam East	14	21	35	
Chalford	16	20	36	
Dursley	10	27	37	
Rodborough	12	25	37	
Upton St Leonards	27	13	40	
Bisley	26	18	44	
Amberley and Woodchester	28	19	47	
Minchinhampton	22	28	50	Smaller dwellings required
Painswick	25	29	54	

Source: Fordham Research, 2008

**Table A2.15 Inferred requirements for larger or smaller dwellings by ward in Stroud**

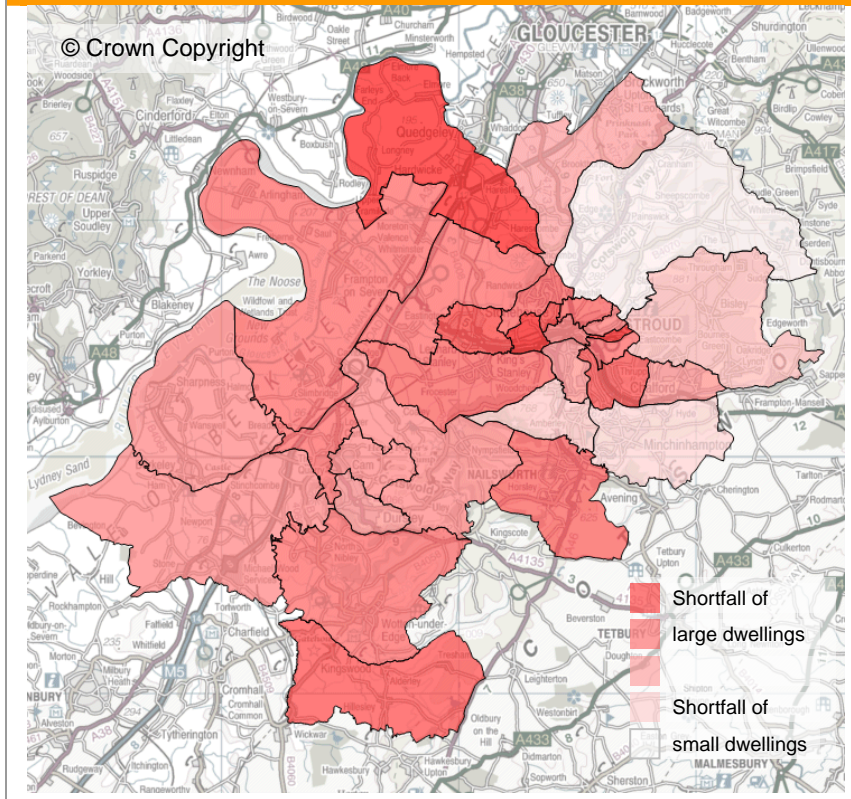
<b>Social Housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Slade	9	6	15	Larger dwellings required
Valley	2	16	18	
Stonehouse	13	7	20	
Chalford	12	10	22	
Thrupp	23	1	24	
Cam West	19	5	24	
Trinity	16	8	24	
Minchinhampton	7	17	24	
Wotton-under-Edge	6	19	25	
Dursley	11	15	26	
Rodborough	14	12	26	
Farmhill and Paganhill	3	25	28	
Nailsworth	5	24	29	
Coaley and Uley	26	3	29	
Uplands	4	26	30	
Severn	28	2	30	
Berkeley	10	20	30	
Cainscross	18	13	31	
Central	17	14	31	
Cam East	1	30	31	
Amberley and Woodchester	27	4	31	
Over Stroud	22	11	33	
Vale	8	29	37	
Bisley	30	9	39	
The Stanleys	20	21	41	
Hardwicke	24	18	42	
Painswick	15	28	43	
Upton St Leonards	21	23	44	
Eastington and Standish	29	22	51	Smaller dwellings required
Kingswood	25	27	52	

Source: Fordham Research, 2008

A2.19 The resulting maps show that the need for larger market dwellings is likely to be greatest in Stroud District, as well as the area immediately adjacent to Gloucester, and for smaller dwellings in the particularly rural areas in the Cotswolds. For social housing, the pattern is similar but more pronounced, with smaller dwellings required in rural areas and larger in the towns.

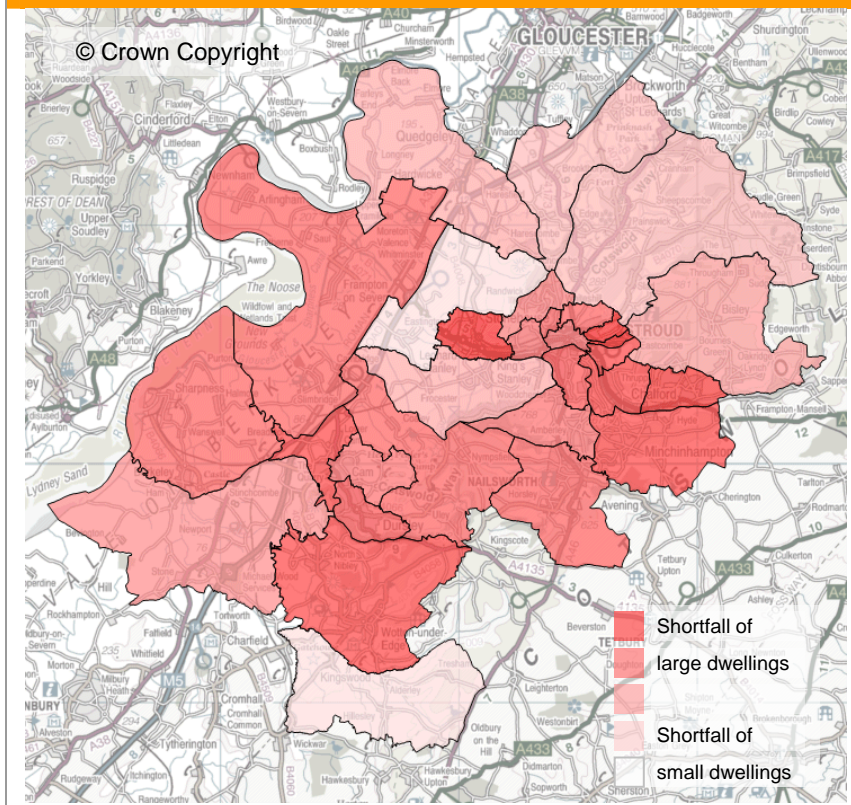


**Figure A2.9 Stroud: Size balance of market housing**



Source: Fordham Research, 2008

**Figure A2.10 Stroud: Size balance of social housing**



Source: Fordham Research, 2008

## Tewkesbury Borough

A2.20 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 22 wards within Tewkesbury Borough.

<b>Table A2.16 Household and dwelling sizes: Tewkesbury</b>				
Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Ashchurch with Walton Cardiff	5.78	2.43	4.67	3.31
Badgeworth	5.72	2.24	5.15	2.64
Brockworth	5.57	2.39	4.54	2.44
Churchdown Brookfield	5.81	2.33	4.38	1.88
Churchdown St John's	5.33	2.35	4.10	2.27
Cleeve Grange	5.33	2.21	4.31	1.60
Cleeve Hill	6.32	2.37	4.54	1.69
Cleeve St Michael's	5.36	2.19	4.61	2.22
Cleeve West	5.55	2.30	4.50	1.98
Coombe Hill	5.77	2.34	3.90	2.43
Highnam with Haw Bridge	6.55	2.60	4.39	2.44
Hucclecote	5.61	2.24	4.00	3.50
Innsworth with Down Hatherley	5.89	2.60	5.04	2.84
Isbourne	6.40	2.31	4.56	1.94
Northway	5.06	2.52	4.43	2.45
Oxenton Hill	6.52	2.59	4.43	2.57
Shurdington	5.88	2.24	4.19	2.06
Tewkesbury Newtown	5.78	2.55	3.59	1.14
Tewkesbury Prior's Park	5.45	2.44	4.10	2.23
Tewkesbury Town with Mitton	5.04	2.03	3.66	1.74
Twyning	6.09	2.39	4.00	1.97
Winchcombe	5.93	2.26	4.31	2.01

Source: Fordham Research, 2008

A2.21 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

**Table A2.17 Inferred requirements for larger or smaller dwellings by ward in Tewkesbury**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Northway	2	5	7	Larger dwellings required
Tewkesbury Prior's Park	6	6	12	
Churchdown St John's	3	11	14	
Tewkesbury Newtown	12	4	16	
Brockworth	8	9	17	
Innsworth with Down Hatherley	16	2	18	
Ashchurch with Walton Cardiff	13	7	20	
Cleeve West	7	15	22	
Coombe Hill	11	12	23	
Highnam with Haw Bridge	22	1	23	
Tewkesbury Town with Mitton	1	22	23	
Cleeve Grange	4	20	24	
Oxenton Hill	21	3	24	
Cleeve St Michael's	5	21	26	
Twynning	18	8	26	
Churchdown Brookfield	14	13	27	
Hucclecote	9	18	27	
Badgeworth	10	19	29	
Cleeve Hill	19	10	29	
Shurdington	15	17	32	
Winchcombe	17	16	33	Smaller dwellings required
Isbourne	20	14	34	

Source: Fordham Research, 2008

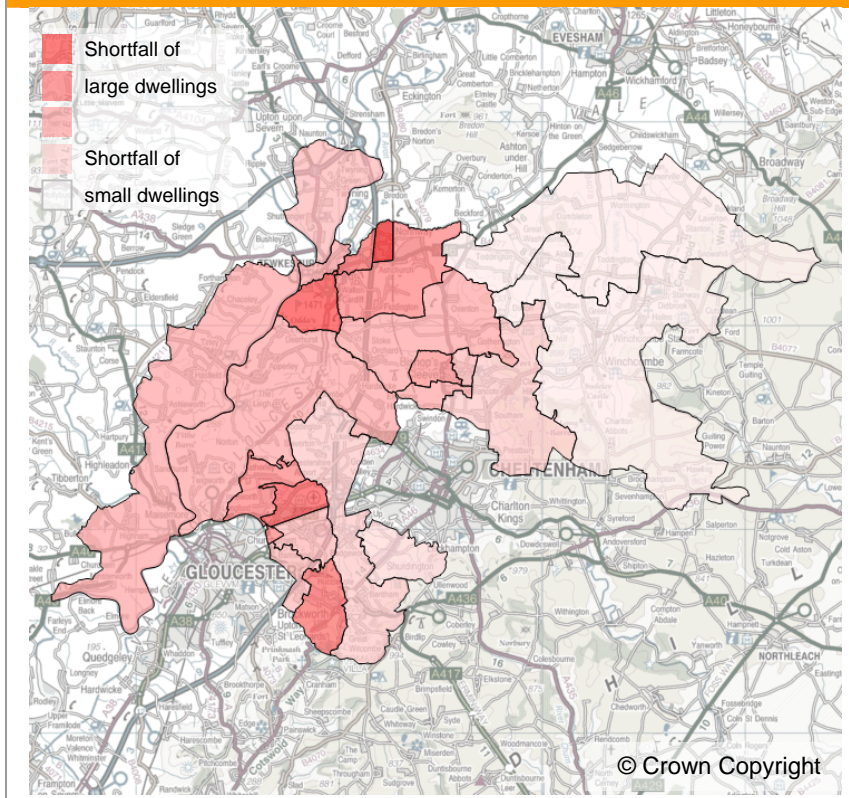
**Table A2.18 Inferred requirements for larger or smaller dwellings by ward in Tewkesbury**

<b>Social housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Hucclecote	4	1	5	Larger dwellings required
Coombe Hill	3	9	12	
Churchdown St John's	6	10	16	
Tewkesbury Prior's Park	7	11	18	
Oxenton Hill	13	5	18	
Highnam with Haw Bridge	12	7	19	
Northway	14	6	20	
Twyning	4	16	20	
Tewkesbury Town with Mitton	2	19	21	
Shurdington	8	13	21	
Ashchurch with Walton Cardiff	20	2	22	
Tewkesbury Newtown	1	22	23	
Winchcombe	9	14	23	
Innsworth with Down Hatherley	21	3	24	
Brockworth	17	8	25	
Badgeworth	22	4	26	
Churchdown Brookfield	11	18	29	
Cleeve West	15	15	30	
Cleeve Grange	10	21	31	
Cleeve St Michael's	19	12	31	
Isbourne	18	17	35	Smaller dwellings required
Cleeve Hill	16	20	36	

Source: Fordham Research, 2008

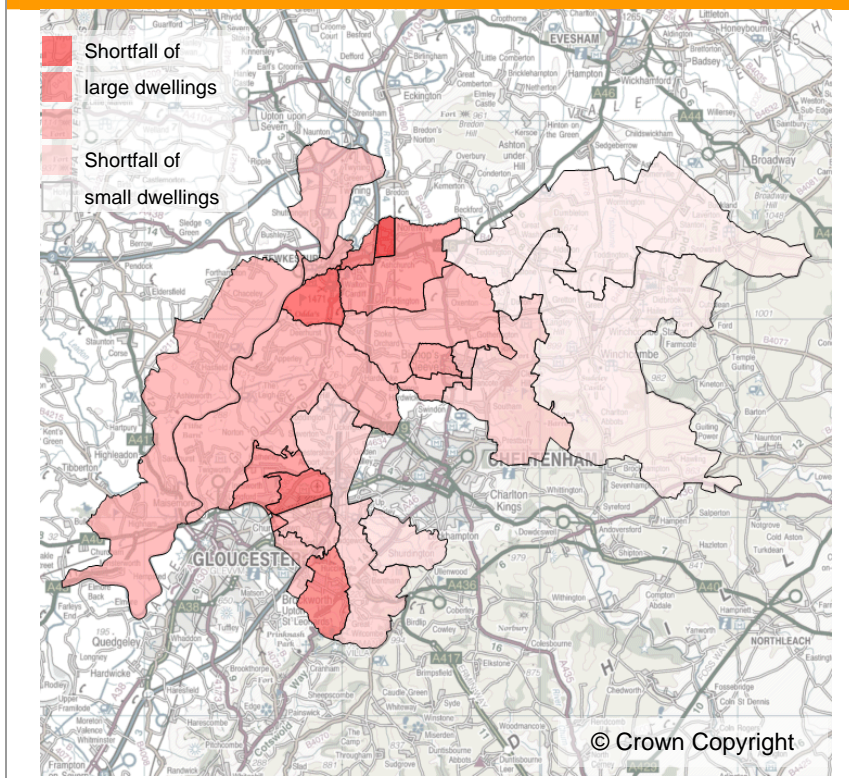
A2.22 The resulting maps show a clear pattern, with a shortfall in large dwellings seen in the town of Tewkesbury and in the wards immediately adjacent to Gloucester, and a shortfall of smaller dwellings seen in the rural areas, especially in the east of the district. This general pattern holds true for both market and social housing, although the need for larger dwellings in the social housing sector is particularly acute close to Gloucester.

**Figure A2.11 Tewkesbury: Size balance of market housing**



Source: 2001 Census and Fordham Research

**Figure A2.12 Tewkesbury: Size balance of social housing**



Source: 2001 Census and Fordham Research

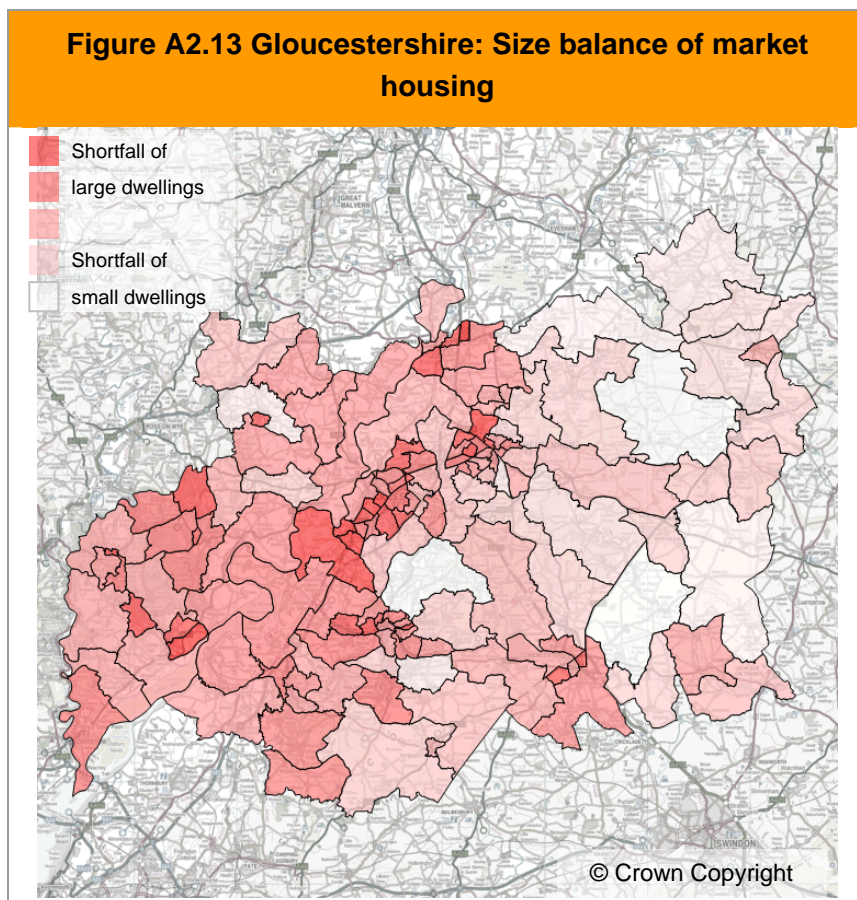
## Gloucestershire

A2.23 The map below shows the results of the analysis as applied to the whole of Gloucestershire. The wards are ranked as a group for this map rather than by individual district as above, allowing comparison across districts.

A2.24 The map clearly shows that larger dwellings are in greater need in large settlements such as Gloucester and Cheltenham, and smaller dwellings are more likely to be required in rural areas.

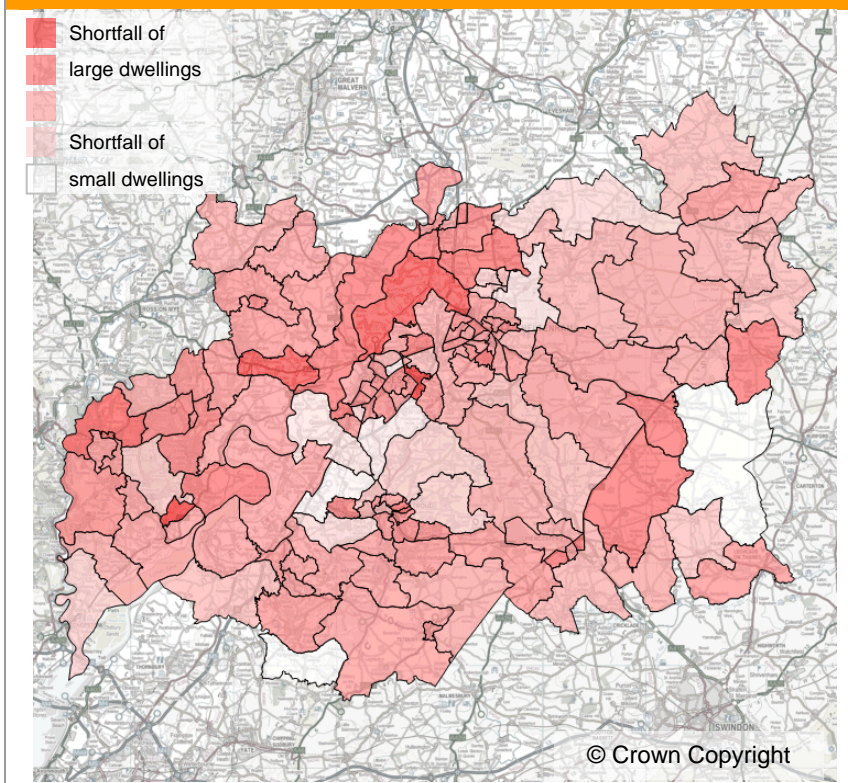
A2.25 The requirement for smaller dwellings is particularly acute in the broader area of the Cotswold Hills in the east of the County, which falls mostly into Cotswold District but also partly into Tewkesbury Borough and Stroud District. The situation is more balanced in the west of the County toward the Forest of Dean. Demand for larger dwellings is particularly strong in Gloucester.

A2.26 The distribution of shortfalls in particular sizes of social housing is broadly similar, but more patchy, due to the nature of the historical methods of construction of social housing, often in large estates of one particular type of dwelling. Particularly noticeable is the shortage of smaller dwellings in some parts of the Severn Valley in Stroud District, and of larger dwellings in Gloucester, Cheltenham and the immediately surrounding areas.



Source: Fordham Research, 2008

**Figure A2.14 Gloucestershire: Size balance of social housing**



Source: Fordham Research, 2008





## Appendix 3. District summaries

### Cheltenham

- A3.1 Cheltenham is part of a housing sub-market that also includes Gloucester and Tewkesbury. Along with Gloucester, Cheltenham is one of the two main urban centres within the County. As noted in Chapter 3, the Cheltenham housing market is more akin to a large city, and it could be argued that it is a sub-market in its own right. Its complex housing market contains many houses that have been converted into apartments for young professionals, students and older people. Indeed, flats, apartments and maisonettes had a much larger share in Cheltenham than any other district following a sharp increase in their construction in the town between 1991 and 2001. A quarter of all dwellings in the District took this form compared with only 6% in the Forest of Dean and 10% in Tewkesbury. However, the architecture and condition of housing in the town varies considerably.
- A3.2 Cheltenham's status as a major urban area within the County is reflected in the Examination in Public (EiP) Panel Report (January 2008) which sees it as an economic driver for the region having important functions as a cultural and tourism centre supported by specialist and high quality retailing. However, it also states that Cheltenham is suffering from a recent decline in economic performance. This will need to be reversed, primarily through diversification of employment opportunities, building on those of its existing specialisms that have high growth potential (such as ICT and advanced engineering) and through the provision of adequate employment sites.
- A3.3 Over the next 20 years about 8,000 to 10,800 jobs are expected to be generated in the Cheltenham travel to work area (TTWA), primarily within the urban area. For Cheltenham, the key issues include accommodating further economic activity, protecting and enhancing the unique built environment and increasing the supply of affordable and market housing to meet the economic growth opportunities forecast over the plan period and local needs. Looking at Cheltenham's economic relationship with its near neighbours, Cheltenham's largest commuting inflows are from Tewkesbury Borough (8,678 persons or 14.6% of all in-commuting persons) and Gloucester (4,450 or 7.5% respectively). Similarly, the largest out-commuting from Cheltenham is to Tewkesbury Borough (5,372 persons or 34.2% of all out-commuting persons) and Gloucester (3,398 or 21.6% respectively).

- A3.4 In terms of social composition, Cheltenham contains the lowest proportion of households with dependent children at 24.8% compared with a County average of 28.2%. However, the potential increase of 6,500 new dwellings over the next 20 years within the Cheltenham urban area, many of which are likely to consist of family sized housing, will probably impact on household composition. Over a third of households (35.5%) in Cheltenham contain someone with a limiting long-term illness whilst over a quarter (25.6%) are pensioner-only households. Many of these households may require specialist housing or adaptations to existing properties.
- A3.5 A further important social factor which may impact on housing demand is the relatively high level of educational attainment both within the County and Cheltenham. Cheltenham's population is relatively well qualified and contains the County's lowest proportion of people without qualifications. Similarly, the town contains the highest proportion of people with qualifications at NVQ Levels 4/5 (or equivalent) at 26.5%. The town also contains the largest number of people who derive from the council area and are registered as full-time students (7,896 students). Finally, the University of Gloucestershire has campuses in both Gloucester and Cheltenham. There are currently around 10,000 full-time and part-time students studying at the university: one of its key priorities is to expand student numbers to around 15,000 students in the near future. The close relationship between housing demand and educational achievement (as discussed in chapter 8), combined with the growing number of students is likely to continue to act as a positive stimulus on Cheltenham's housing market.
- A3.6 Housing affordability is an issue which impacts on both the County and Cheltenham. Similarly to four of the other five Gloucestershire Districts (the exception being Gloucester), between October and December (Q4) 2007 average house prices in Cheltenham were higher than the national average at £238,267 compared with £222,256 nationally (Land Registry, 2007). Importantly, entry-level prices in Cheltenham between 1996 and 2005 increased at an average rate of 13.2% per annum. Whilst this figure is slightly below the average increase for the County during the same period of 13.4% p.a., it suggests that housing affordability in Cheltenham has continued to decline.
- A3.7 One corollary of decreasing housing affordability is an increasing interest in intermediate housing within the town. Between April 2006 and March 2008 there were 1,046 applications for HomeBuy products of which 99 were approved. The continuing housing affordability issues mean that it is likely that the demand for intermediate housing products within the town will be sustained or possibly even increase.
- A3.8 Cheltenham, along with Gloucester, contains wards with the highest proportions of overcrowded households. Among the top ten wards with the highest proportions of households in overcrowding conditions, nine were located in these two Districts. Although the number of vacant homes (excluding second homes) in Gloucestershire fell by more than a third from 10,200 to 6,700 between 1991 and 2001 to a vacancy rate of 2.7%, the vacancy rate in Cheltenham stood at 3.1% ranking it 11th out of 45 districts in the region.

- A3.9 Over the next 20 years (2006 to 2026), the number of households in Cheltenham is expected to increase by 18.4% from 49,000 to 57,000 placing additional pressure on demand for housing. In response, the Examination in Public Panel Report suggests a potential target of 6,500 new dwellings in Cheltenham between 2006 and 2026. However, as a 'strategically significant town and city' (SSCT), 7,300 new dwellings could potentially be built in areas of search around Cheltenham. In order to coordinate planning over the next 20 years Cheltenham is developing a joint Core Strategy with Gloucester and Tewkesbury Borough with public consultation expected September 2009.
- A3.10 Finally, in terms of affordable housing, the council aims to ensure that in residential developments of 15 or more dwellings or residential sites of 0.5 hectare or greater a minimum of 40% of the total dwellings proposed will be sought for the provision of affordable housing. The market and social balance maps presented in Chapter 13 indicate that there is a need for larger market housing units in the north east of the town and smaller units throughout the town. There is also a general requirement for larger affordable units, but smaller affordable housing units are needed in the east of the town.

## Cotswold

- A3.11 Cotswold is part of the housing sub-market which includes Stroud, Cirencester and Tetbury. In some respects Cotswold differs somewhat compared to the other five Gloucestershire councils. As a rural district containing areas of outstanding natural beauty, Cotswold has consistently been an area of high housing demand for the last 10 or 15 years. Some of this demand has come from people living in the south east with higher than average incomes and whom are seeking either to permanently reside in the District or to purchase a second home (the District contains the highest proportion of second homes at 3.3% compared with the County average of 1.2%). This has led Cotswold to becoming the least affordable District within the County, particularly for young people trying to gain entry onto the housing ladder. Only 13.7% of households in Cotswold are headed by 25 to 34 year-olds compared to a County average of 16.9%. This is likely to be due to the fact that this age group is least able to afford the higher house prices present in Cotswold District.
- A3.12 Whilst between October and December 2007 the average price for all property types in Gloucestershire was £239,282, the average house price in Cotswold stood at £346,402. Similarly, housing costs for entry-level properties (approximated by lowest quartile properties) stood at £172,000 in Cotswold compared with a County average of £128,000. Between the second quarter of 2003 and the second quarter of 2006 house prices in Cotswold increased by an average of 20.4% compared with a County average of 25.6% although, as the above suggests, average house prices in Cotswold were already much higher than the County average. Unsurprisingly, Cotswold contains the highest proportion of properties in the four highest council tax bands (i.e. F-I) at 23.0% compared with the County average of 11.4%.

- A3.13 That there is decreasing housing affordability within Cotswold is a sentiment reflected by the views of stakeholders interviewed as part of this report. Some stated that Cotswold has the worst affordability problems in the South West because there is so much wealth in the area, so people on the lowest incomes really struggle. However, some stakeholders stated that the relative wealth of people living in the area hid the situation of lower income households (as discussed below). Some stakeholders suggested that more family housing is required. Rural areas are suffering from a lack of young people who are needed to keep schools open.
- A3.14 Whilst decreasing housing affordability in Cotswold prohibits many young people from buying properties in the District, it is attractive as a place for people with sufficient equity wanting to retire there. As such, it contains the highest proportion of pensioner-only households at 28.9% of the population compared with the County average of 25.3%. Also, the average number of rooms is the highest in Cotswold where the average was 6.06 rooms per household despite its average household size being the second smallest in the County. Volume 2 of this report confirms that larger houses are more likely to be in rural areas, especially Cotswold. What the above suggests is that Cotswold contains a relatively older population many of whom may occupy larger than average properties.
- A3.15 As such, although average house prices within the District are high, and the area may attract households with higher than average incomes, there may be substantial numbers of (relatively older) owner-occupiers who may struggle with housing costs. Furthermore, there is a substantial difference between the average pay of people who live in the District (£28,600 per annum) and people who work in the District (£20,004 per annum) which supports the notion that many of the people who have moved to the District may be commuting back to workplaces in the vicinity of their previous residence. On a positive note, and reflecting the higher than average size of properties, overcrowding in Cotswold is relatively low at 3.0% of all properties compared with the County average of 4.6%.
- A3.16 One reason for this low rate of overcrowding may be that households seeking accommodation may be displaced to areas with cheaper housing. The number of vacant homes (excluding second homes) in Gloucestershire fell by more than a third from 10,200 to 6,700 between 1991 and 2001. The reduction in the number of vacant homes might be part of the market's response to household growth over the decade. The County's vacancy rate was 2.7% in 2001, below the national average of 3.2%. Nevertheless, vacancy rates in Cotswold of 3.3% were among the highest in the South West, ranking ninth out of 45 Districts in the region.
- A3.17 Over the next 20 years (2006 to 2026), the number of households in Cotswold is expected to increase by 22.2% from 36,000 to 44,000 placing additional pressure on demand for housing. In response, the Examination in Public Panel Report suggests a potential target of 6,900 new dwellings in Cotswold between 2006 and 2026.

A3.18 In terms of affordable housing, the council has the highest target of the six Gloucestershire councils of up to a maximum of 50% affordable housing on proposed sites. However, whilst achieving a balance between new housing developments and environmental sustainability is a necessity for all six councils, that the Cotswold contains an area of outstanding beauty places further imperative for this goal to be achieved. The market and social balance maps presented in Chapter 13 indicate that there is a lack of smaller units of market housing generally, but larger ones in parts of the south of the District; whilst there is a general shortage of larger affordable units throughout the District

## Forest of Dean

A3.19 Forest of Dean comprises a single housing sub-market. Similar to Cotswold, it is a predominately rural district which shares some characteristics with the former such as the need to balance new development with its desire to preserve its areas of natural beauty. As noted by the South West Plan, the Forest of Dean towns of Cinderford, Coleford and Lydney are shedding their industrial past in favour of a more tourism-based economy. As such, it is expected that tourism growth here will need to be accompanied by enhancement of the urban areas. Due to its position in the west of the County, Forest of Dean is influenced by Bristol and the Welsh housing market.

A3.20 Given the above, it is perhaps unsurprising that Forest of Dean's largest commuting inflows are from the County of Herefordshire (1,104 persons or 24.0% of all in-commuting persons) and Monmouthshire (852 or 18.6% respectively). However, the largest out-commuting from the Forest of Dean is to Gloucester (4,512 persons or 33.0% of all out-commuting persons) and Monmouthshire (1,756 or 12.9% respectively). One reason for the weaker commuting links between Forest of Dean and the remainder of the County is the relatively weak transport links, a characteristic which limits accessibility to the District.

A3.21 This characteristic presents both advantages and disadvantages for the District. The South West Plan shows serious concern that economic growth within the County without accompanying improvements to the infrastructure will lead to unacceptable and economically damaging levels of congestion, particularly in urban centres. Alternatively, Forest of Dean towns are less exposed to commuting pressures, although they are also inherently less well connected to the rest of the sub-region.

A3.22 One consequence of this characteristic is that, unlike areas such as Gloucester, Cheltenham and Tewkesbury where urban extensions are planned, Forest of Dean is focussing on the qualitative enhancement of the urban areas. As such, regeneration plans are centred around the three largest towns, especially Lydney and Cinderford with the latter involving major investment by English Partnerships. The District is also being proactive in that it is developing housing policies that aim to reduce commuting to Gloucester.

- A3.23 There are some differences between the Forest of Dean and the remainder of the County in terms of housing. Detached houses, which constitute 45.7% of all properties, are the main form of housing in the Forest of Dean compared with only 18.2% in Cheltenham and 20.2% in Gloucester. One consequence of this characteristic is that there is a comparatively greater need for small (one bedroom) affordable properties in Forest of Dean compared with elsewhere.
- A3.24 In contrast, there are far fewer flats, apartments or maisonettes in Forest of Dean (5.9%) compared with Cheltenham (25.0%) and Gloucester (14.6%). Forest of Dean also contains the second lowest proportion of properties belonging to councils in the four highest Council Tax bands at 8.3% compared with Cotswolds (23.0%), Tewkesbury Borough (13.5%), Stroud District (13.0%), Cheltenham (8.7%) and Gloucester (2.0%).
- A3.25 In terms of social composition, between 1991 and 2005, Forest of Dean saw the biggest drop in average household size from an average of 2.61 persons in 1991 to 2.39 persons in 2005 (although this is still slightly higher than the County average of 2.33 persons per household). Forest of Dean also contains the County's highest proportion of households containing someone with a limiting long-term illness at 44.4% compared with the Gloucestershire average of 38.4%.
- A3.26 Despite such high proportions of households containing persons with a limiting long-term illness, the District contains only around the County average of pensioner-only households at 25.2% compared with the Gloucestershire average of 25.3%. Alternatively, the District contains the County's second highest proportion of households with dependent children at 29.5% compared with the Gloucestershire average of 28.2%.
- A3.27 Surprisingly, although key workers are evident in urban areas of the County such as Gloucester and Cheltenham where services that may employ key workers are concentrated, there are high proportions around the northern parts of Forest of Dean and southern parts of Tewkesbury Borough. One reason for this characteristic may be housing affordability i.e. the relatively low cost of housing in areas where key workers reside. Similarly to people living in the Cotswolds, there is a substantial difference in Forest of Dean between the average pay of people who live in the District (£25,840 per annum) and people who work in the District (£21,375 per annum) which supports the notion that many of the people who have moved to the District may be commuting back to workplaces in the vicinity of their previous residence.

- A3.28 In terms of house prices, during the fourth quarter (October to December) of 2007, Forest of Dean's were close to the national average at £214,914 (i.e. 96.7% of the UK average of £222,256). However, they are the second lowest house prices within the County with only Gloucester's being lower at £172,586, and are lower than the County average of £239,928. One reason may be that Districts located towards the east of the County are more likely to be influenced by the London and South East housing markets. Increases in lower quartile house prices (i.e. properties most likely to be sought by first-time buyers) in the District between 1996 and 2005 were the same as the County average of 12.8%.
- A3.29 By 2005 lower quartile house prices in Forest of Dean were £122,000 compared with the County average of £134,000. Indeed, between 1996 and 2005 Forest of Dean was the only District in the County where house prices for entry-level properties grew at a slower rate than average properties. What the above suggests is that the problem of housing affordability is less acute in Forest of Dean than in the other five Gloucestershire District Councils. This is supported by housing need figures which suggest that unsuitably housed households in Forest of Dean are most likely to be able to afford entry-level market housing, whilst unsuitably housed households in Tewkesbury Borough are least likely. For this reason, according to estate agents, Forest of Dean District attracts substantial attention from buyers wanting to purchase within the County. Also, agents reported a reduction in buy to let except for the cheaper properties in the Forest of Dean.
- A3.30 Over the next 20 years (2006 to 2026), the number of households in Forest of Dean is expected to increase by 23.5% from 34,000 to 42,000 placing additional pressure on demand for housing. In response, the Examination in Public Panel Report suggests a potential target of 6,200 new dwellings in Forest of Dean between 2006 and 2026.
- A3.31 Finally, in terms of affordable housing, the council has two targets of which one will be adopted in the near future: 40% on sites over 5 dwellings or more or over 0.2 hectares in rural areas and 15 or more and 0.5 hectares in urban areas (Local Plan), or 40% on sites of 10 dwellings in 'town' sites and 5 elsewhere (draft Core Strategy). Similarly to Cotswold, whilst achieving a balance between new housing developments and environmental sustainability is a necessity for all six councils, that the Forest of Dean is a predominantly rural area places further imperative for this goal to be achieved. The market and social balance maps presented in Chapter 13 indicate that there is a shortage of both smaller market and affordable housing units.

## Gloucester

- A3.32 Gloucester is part of housing sub-market that also includes Cheltenham and Tewkesbury Borough. Along with Cheltenham, Gloucester is the second of the County's two major urban areas. The South West Plan acknowledges the pivotal role of Gloucester, along with Cheltenham, as a key driver of the County's economy. It sees Gloucester as an important driver of the regional economy with high growth potential. The regeneration of the City centre and docks area will help support delivery of improved retail facilities, together with enhanced cultural, and further education facilities. However, it recognises that there are skills shortages and recruitment difficulties in the city, for which it responds by suggesting policy solutions. As discussed in further detail below, much of the increase in the supply of housing between 2006 and 2026 is expected to take place in or order to serve the Gloucester housing market.
- A3.33 Considering their proximity, the Panel Report suggests that the planning of Gloucester and Cheltenham should be in complementary rather than competitive ways. This will require a high degree of co-ordination between both SSCTs and will be necessary in order (for example) to ensure continuity of land supply, to achieve balanced housing/employment growth, to secure the necessary infrastructure capacity and to deal with travel and transport arrangements. In Gloucester and Cheltenham in particular, but in other places too, there will be a need to develop a co-ordinated growth strategy. As such, Gloucester is developing a joint Core Strategy with Cheltenham and Tewkesbury Borough with a consultation draft expected spring 2009.
- A3.34 The report argues that this is necessary to maximise the joint benefits of economic growth, to reduce imbalances of housing and employment provision between them, to avoid undue competition in the range of retail offer and to minimise duplication of investment, particularly in skills training. Also, in the field of transport investment, the siting of the proposed Gloucester Parkway Station (for example) may have wider implications for transport networks serving both towns as well as for the green belt that separates them.
- A3.35 Over the next 20 years, employment in the Gloucester travel to work area (TTWA) is expected to grow by between 9,300 to 12,700 jobs over the period 2006 to 2026. As such, the Panel Report states that balancing the provision of housing and jobs will be critical in creating more sustainable development and travel patterns through reducing the overall levels of in-commuting to Gloucester from rural communities, particularly in Stroud District, Tewkesbury Borough and Forest of Dean District. The scale of growth proposed will enable a more sustainable balance between jobs and homes to be achieved (Draft Regional Spatial Strategy for the South West 2006 to 2026, June 2006: 67).



- A3.36 Currently, Gloucester is a pivotal point for the County's commuters with the city experiencing both the largest inflow and outflow of commuters. The largest inflows of commuters are from Tewkesbury (5,386 persons or 9.1% of all in-commuting persons) and Stroud District (5,278 or 9.0% respectively). Similarly, the largest out-commuting from Gloucester is to Tewkesbury Borough (5,066 persons or 28.9% of all out-commuting persons) and Cheltenham (4,450 or 25.4% respectively). As stated above, the key aims in developing balanced communities over the next 20 years is to ensure that commuting is minimised, a policy that all Gloucestershire Councils are currently pursuing.
- A3.37 In terms of social composition, there are some slight differences between Gloucester and the remainder of the County. First, Gloucester contains the lowest proportion of older person households within the County at 22.2% compared with the County average of 25.3%. Alternatively, Gloucester contains the County's highest proportion of households with dependent children at 31.4% (compared with the County average of 28.2%), and similarly contains the County's highest proportion of households with lone parents at 6.9% (compared with the County average of 5.0%). Gloucester also contains a fairly high proportion of households containing someone with a limiting long-term illness at 40.5% compared with the County average of 38.4%.
- A3.38 Gloucester also contains around 17.5% of the County's key workers. This is perhaps slightly lower than expected given Gloucester's size and status as the County's administrative centre. One explanation may be that relatively better paid local government and administrative workers may choose to live outside the town.
- A3.39 As mentioned previously, there is a slight difference between average County incomes based on those who live within the area (£24,274 p.a.) and incomes based on those who work within the area (£22,884 p.a.). However, differences between work and residence-based incomes are more substantial at District level. Interestingly, Gloucester is the only District within the County where residence-based incomes (£20,740 p.a.) are lower than work-place incomes (£23,691 p.a.). One reason may be that people are commuting out of Gloucester to better paid jobs elsewhere within the County or further afield.
- A3.40 Whilst the County contains a relatively small Black Minority and Ethnic (BME) population at 2.8% against the national average of 8.7%, Gloucester contains the highest proportion of 7.5%. There is a much lower proportion of non-White householders in owner-occupation and higher proportion in private renting. The household structures and living arrangements within the non-White community were also more diverse. These characteristics would need to be considered when local housing policies are formulated.

- A3.41 Again, there are some slight differences in between Gloucester's built form and that of the remainder of the County. The level of owner-occupation in Gloucester at 74.7% is slightly higher than the County average of 74.2%. Similarly, the proportion of private rented dwellings within Gloucester is slightly higher than the County average at 8.7% compared with 8.3%, whilst the proportion of social rented properties is slightly higher than the County average at 14.1% compared with 13.8%. Gloucester also contains the highest proportion of properties in Council Tax band A (30.6%) (i.e. the lowest valued properties), which is higher than the average for England and Wales (24.7%).
- A3.42 Importantly, some stakeholders interviewed as part of this report believed that too many apartments have been built or are under construction especially in Gloucester. Newbuild agents stressed the importance of location and lifestyle. Their clients were generally better off financially. They relied upon good access to the M5 as commuting was a key feature of their lifestyle. They believed that restrictions on car parking spaces on new developments were unreasonable – a view generally shared by newbuild agents across the country.
- A3.43 In terms of house prices, by the fourth quarter of 2007, Gloucester had the lowest house prices in the County at £172,586 compared with the County average of £239,282 (Land Registry, 2007). This equates to 77.7% of the UK average for the same period of £222,256. It is likely that the current negative economic conditions and 'credit crunch' will embed further Gloucester as the District with the lowest average house prices within the County.
- A3.44 Importantly, the proportion of households headed by the 25 to 34 year-olds, the key target group of the Government's housing policies, was highest in Gloucester at 20.2% compared with the County average of 16.9%. However, this perspective needs to be slightly modified when the rates of recent change are considered. Between 1995 and 2005 lower quartile house prices increased most in Stroud District (13.6%) and Gloucester (13.4%) where change was at or above the County average (12.8%). By 2005 the average lower quartile price in Gloucester was £111,000 compared with the County average of £134,000.
- A3.45 As noted previously, overcrowding in Gloucestershire is worst in Cheltenham (6.7%) and Gloucester (6.0%), ranking the sixth and ninth worst in the South West region. All other districts did not experience the problem to any similar degree, with Cotswold and Stroud District in fact ranking among the best in the region on this measure. Wards with the highest proportions of overcrowded households were in Cheltenham and Gloucester. Among the top ten wards with the largest proportions of households in overcrowding conditions, nine were located in these two Districts. In Westgate ward of Gloucester, one of the most deprived wards in Gloucestershire, more than one in five households was overcrowded, the highest proportion in the County.

- A3.46 Over the next 20 years (2006 to 2026), the number of households in Gloucester is expected to increase by 23.5% from 48,000 to 60,000 placing additional pressure on demand for housing. In response, the Examination in Public Panel Report suggests a potential target of 6,200 new dwellings in Gloucester between 2006 and 2026. Whilst there is potential for 11,500 new dwellings in Gloucester over the next 20 years, there is further potential for an additional 9,500 dwellings in urban extensions and areas of search to the north, south and east of Gloucester situated in Stroud District and Tewkesbury Borough.
- A3.47 The Panel Report argues that a strong urban focus on Gloucester and Cheltenham would provide homes closest to where most jobs are likely to arise, where there are the best opportunities to secure increased public transport investment and usage, and where development would support both housing and economic-led regeneration of the respective urban areas.
- A3.48 Finally, in terms of affordable housing, the Council has a target of 40% affordable housing provision from all schemes proposing 15 or more dwellings, or greater than 0.5 hectares in area. In terms of meeting its targets for new dwellings over the next 20 years, an examination of past trends suggests that Gloucester is likely to meet its target of 575 new dwellings per annum. The market and social balance maps presented in Chapter 13 indicate that smaller units of market housing are required in 'patches', whilst there is a general shortage of larger affordable units throughout the city.

## **Stroud District**

- A3.49 Stroud is part of a housing sub-market which also includes Cotswold, Cirencester and Tetbury. It is a very busy market town which is both a service centre for adjacent villages as well as being the seat of the District council. According to the Panel Report, outside the two SSCTs, Stroud/Stonehouse and Tewkesbury/Ashchurch are pairs of settlements in close proximity to the M5 corridor which play an important role as service centres i.e. smaller towns within the County, such as Stroud and Stonehouse act as local service centres for wide parts of the rural area and provide a range of local employment opportunities. Due to its position in the south west of the County, southern parts of Stroud District are influenced by the West of England housing markets.
- A3.50 The relationship between Stroud and the broader South West region is supported by commuting figures which suggest that there are major net outflows from Stroud District to Bristol and its outlying urban area (and to a lesser extent from Cotswold into Swindon). Journey to work patterns for Stroud show significant out-bound flows to Gloucester (10%) and Bristol/Bath (6%). The number of in-commuters to Stroud District is far less than those out-commuting. Poor rail and bus links means most of the 17,739 out-commuters are making their journey by car.

- A3.51 Even in the case of Stroud District, however, the majority to its commuter out-flows is to other Gloucestershire Districts, mainly Gloucester. Stroud District's largest commuting inflows are from Gloucester (2,994 persons or 30.8% of all in-commuting persons) and South Gloucestershire (1,459 or 15.0% respectively). Similarly, the largest out-commuting from Stroud District is to Gloucester (5,278 persons or 29.3% of all out-commuting persons) and South Gloucestershire (2,800 or 15.6% respectively).
- A3.52 In terms of social composition, there are some slight differences between Stroud District and the remainder of the County. Stroud District contains around the County average for the proportion of older person households within the County at 25.5% compared with the County average of 25.3%. Alternatively, Stroud contains a slightly higher than average proportion of households with dependent children at 29.2% (compared with the County average of 28.2%), and just below the County average for lone parent households at 4.8% (compared with the County average of 5.0%). Stroud District contains around the average proportion of pensioner-only households at 25.5% compared with the County average of 25.3%. However, the District contains only a very small BME population at 1.3% of the total population compared with the County average of 2.3%.
- A3.53 Stroud District also contains around the County average for households containing someone with a limiting long-term illness at 38.3% compared with the County average of 38.4%. Interestingly, Stroud contains the highest proportion at 21.3% of the estimated 22,444 key workers. This probably reflects the town's status as the administrative centre of the District and its strong commuting links other administrative service centres such as Gloucester and Bristol. In contrast to Gloucester, Cotswold and Forest of Dean, there is less difference in Stroud between the incomes of those who live within the area (£23,413 p.a.) and incomes based on those who work within the area (£22,070 p.a.).
- A3.54 Stroud District displays some positive economic and educational attainment indicators. The number of VAT registrations of businesses (i.e. businesses with an annual turnover higher than £60,000) can be broadly indicative of the health of the local economy. In absolute terms, new VAT registrations for the last year data is available (2005) were highest in Stroud District at 400 new VAT registrations. Stroud District also has a good educational record. On average, 64.4% of Stroud District pupils attain five GCSEs at grade A-C, compared with 63.1% within the County. After Cheltenham, the District contains the second largest number of people who derive from the council area and are registered as full-time students with 3,841 students.

- A3.55 There are some slight differences between Stroud District's built form and that of the rest of the County. The level of owner-occupation in Stroud District at 76.2% is higher than the County average of 74.2%. However, the proportion of private rented dwellings within Stroud District is slightly lower than the County average at 6.2% compared with 8.3%, whilst the proportion of social rented properties is slightly higher than the County average at 14.3% compared with 13.8%. Stroud District contains below the County average of properties in Council Tax band A (i.e. the lowest valued properties) at 13.8% compared with 17.2%, whilst the District contains a slightly higher than average proportion of properties in Council Tax bands F-I (i.e. the highest valued properties) at 13.0% compared with 11.4%. With regards overcrowding, Stroud District's performance is among the best in the region at only 3.3% of properties being overcrowded compared with the County average of 4.6%.
- A3.56 In terms of house prices, by the fourth quarter of 2007, Stroud District had higher than average house prices at £252,791 compared with the County average of £239,282 (Land Registry, 2007). This equates to 113.7% of the UK average for the same period of £222,256. Importantly, the proportion of households headed by 25 to 34 year-olds, the key target group of the Government's housing policies, was below average in Stroud at 14.7% compared with the County average of 16.9%. Also, between 1995 and 2005 lower quartile house prices increased most in Stroud (13.6%) where change was at or above the County average (12.8%). By 2005 the average lower quartile price in Stroud District was £135,000 compared with the County average of £134,000.
- A3.57 However, interviews undertaken with estate agents for the purposes of this report suggests that the Stroud housing market was one of contrast as it includes nearby villages which differed in terms of the quality and price of housing available. Terraced housing in Stroud was offered for sale anywhere between £140,000 and £450,000. The latter was unusual because the garden would support a building plot. Nevertheless the house, though well located, was not of architectural interest. Cheaper properties was located in small, less desirable areas but were not thought to be problematic. The range of housing for sale was very diverse in terms of location price and quality. Rents were around £425 pcm for terraced housing.
- A3.58 Over the next 20 years (2006 to 2026), the number of households in Stroud District is expected to increase by 21.3% from 47,000 to 57,000 placing additional pressure on demand for housing. In response, the Examination in Public Panel Report suggests a potential target of 5,600 new dwellings in Stroud District between 2006 and 2026. However, over the next 20 years, there is further potential for an additional 3,500 dwellings in urban extensions and areas of search located within Stroud in order to service the Gloucester housing market.

- A3.59 According to the Panel Report, to the extent that some areas of previously developed land in the Stroud District surrounds may be suitable for development, it is the Panel's view that such development should be primarily for replacement employment purposes, in the interests of maintaining self containment and thus minimising commuting pressures, rather than for housing. In Cirencester, the potential for increased commuting (including to Swindon) from this attractive historic town is similarly a restraining factor.
- A3.60 Finally, in terms of affordable housing, the council has a target of 30% although may be exceeded where there is a higher level of local need or where affordable housing may be more readily provided. In terms of meeting its targets for new dwellings over the next 20 years, an examination of past trends suggests that Stroud is currently below target, but forecast to rise above it. The market and social balance maps presented in Chapter 13 indicate that there is a general shortage of larger market units, as well as a shortage of smaller market units in the east of the District; and a shortage of larger affordable units in the centre of the District and of smaller affordable units to the north and south.

## **Tewkesbury**

- A3.61 Tewkesbury is part of housing sub-market that also includes Cheltenham and Gloucester. This is a historic town and a tourist destination and the local economy appears to be geared towards this role. As noted previously, the Panel Report notes that, outside the two SSCTs, Stroud/Stonehouse and Tewkesbury/Ashchurch are pairs of settlements in close proximity to the M5 corridor which play an important role as service centres i.e. smaller towns within the County, such as Tewkesbury act as local service centres for wide parts of the rural area and provide a range of local employment opportunities. Importantly, Tewkesbury Borough is the location for much of the potential new housing developments over the next 20 years.
- A3.62 Estate agents interviewed for the purposes of this report suggested that there are commuting links between Tewkesbury, Cheltenham, Worcester and Gloucester. This is borne out by 2001 Census data which shows that Tewkesbury's borough's largest commuting inflows are from Cheltenham (5,372 persons or 28.4% of all in-commuting persons) and Gloucester (5,066 or 26.8%). Similarly, the largest out-commuting from Tewkesbury is to Cheltenham (8,678 persons or 22.7% of all out-commuting persons) and Gloucester (5,386 or 14.1%).

- A3.63 In terms of social composition, there are some slight differences between Tewkesbury Borough and the remainder of the County. Tewkesbury Borough contains around the County average for proportion of older person households within the County at 25.6% compared with the County average of 25.3%. Alternatively, the Borough contains a slightly higher than average proportion of households with dependent children at 28.8% (compared with the County average of 28.2%), and just below the County average for lone parent households at 4.7% (compared with the County average of 5.0%). Tewkesbury Borough contains around the average proportion of pensioner-only households at 25.5% compared with the County average of 25.3%. However, the Borough contains only a very small BME population at 1.4% of the total population compared with the County average of 2.3%.
- A3.64 There are some slight differences between Tewkesbury Borough's built form and that of the remainder of the County. The level of owner-occupation in Tewkesbury Borough at 78.5% is the highest in the County (the County average is 74.2%). However, the proportion of private rented dwellings within Tewkesbury Borough is lower than the County average at 5.8% compared with 8.3%. Similarly, the proportion of social rented properties is lower than the County average at 12.1% compared with 13.8%. Tewkesbury Borough contains below the County average of properties in Council Tax band A (i.e. the lowest valued properties) at 16.4% compared with 17.2%, whilst the District contains a slightly higher than average proportion of properties in Council Tax bands F-I (i.e. the highest valued properties) at 13.5% compared with 11.4%. With regards overcrowding, Tewkesbury Borough is below the County average with 3.8% of properties being overcrowded compared to the County average of 4.6%.
- A3.65 In terms of house prices, by the fourth quarter of 2007, Tewkesbury Borough had higher than average house prices at £251,928 compared with the County average of £235,184 (Land Registry, 2007). This equates to 113.4% of the UK average for the same period of £222,256. Importantly, the proportion of households headed by 25 to 34 year-olds, the key target group of the Government's housing policies, was below average in Tewkesbury Borough at 16.1% compared with the County average of 16.9%. Also, between 1995 and 2005 lower quartile house prices increased by 12.4% which is below the County average of (12.8%). By 2005 the average lower quartile price in Tewkesbury Borough was £133,000 compared with the County average of £134,000.
- A3.66 Over the next 20 years (2006 to 2026), the number of households in Tewkesbury Borough is expected to increase by 26.5% from 34,000 to 43,000 placing additional pressure on demand for housing. In response, the Examination in Public Panel Report suggests a potential target of 2,900 new dwellings in Tewkesbury Borough between 2006 and 2026. However, over the next 20 years, there is further potential for an additional 11,700 dwellings in urban extensions and areas of search located within Tewkesbury Borough in order to service the Gloucester and Cheltenham housing markets.

- A3.67 According to the Panel Report, Tewkesbury Council will need to work jointly with Cheltenham Borough on the planning of Cheltenham SSCT development needs, an approach that would embrace the urban extensions, green belt review and the expansion of Bishops Cleeve. Alternatively, it suggests that the Gloucester/Cheltenham SSCT area Councils may find it more expedient to work on a single DPD for the co-ordinated growth of the SSCT area as a whole. As such, Tewkesbury is developing a Joint Core Strategy with Cheltenham and Gloucester and a consultation draft expected in September 2009.
- A3.68 Finally, In terms of affordable housing, the council has a target of 30%. In terms of meeting its targets for new dwellings over the next 20 years, an examination of past trends suggests that Tewkesbury Borough is currently well below its target of 730 new dwellings per annum, but is forecast to rise above it. The market and social balance maps presented in Chapter 14 indicate that there is a general shortage of smaller market units, and a shortage of larger affordable units in the west of the Borough and smaller affordable units in the east of the Borough.



## Appendix 4. Intermediate housing

A4.1 As noted throughout this report, housing affordability issues – a characteristic within the County that is unlikely to change substantially in the near future – suggests a need for both social and intermediate housing. Since April 2006, HomeBuy South West has offered a range of intermediate housing products to eligible households throughout the South West region including:

- *NewBuild HomeBuy*: Open to people who cannot afford to buy a suitable home in any other way. Applicants must usually be in housing need and be unable to afford outright purchase. Successful applicants buy a 25%, 50% or 75% share in their home and pay a small rent on the share that not bought. The monthly cost of buying a 50% share is about two-thirds of what would be paid on a mortgage if the property was bought outright. More shares can be bought until the home is bought outright.
- *First Time Buyers Initiative*: Eligible to Local authority and housing association tenants, households on a local authority housing register, key workers and other first-time buyers given priority by the Regional Housing Board. The scheme offers an equity share of at least 50% of the property, dependent on individual circumstances. Successful applicants are able to purchase a share up to 75%. The unsold equity share is registered as a charge on the property.
- *Ownhome*: Eligibility for Ownhome is targeted at groups such as local residents and key workers. Most applicants are first-time buyers. However, HomeBuy South West can also help a number of people who have previously owned property but are now unable to buy without assistance, for example in the case of a relationship breakdown. Successful applicants choose a suitable property (usually through an estate agent) on the open market. They then receive up to 40% of the value of the property in an equity loan. *Ownhome* is provided by a partnership between *Places for People* (a private property management and development company) and the *Co-Operative Bank*.
- *My Choice HomeBuy*: Eligibility criteria for this scheme are the same as for *Ownhome*. Applicants obtain a mortgage through an independent financial advisor, bank or building society. When the property has been approved an equity loan will be granted between 15% and 50% of the property value, depending on individual circumstances. There is a monthly charge or fee on the loan of 1.50% per annum. The loan is redeemed in full when the property is sold.

- **Resales:** HomeBuy South West offers a share of an existing home being sold by the leaseholder, on a shared ownership lease. Eligible to Local authority and housing association tenants, households on a local authority housing register, key workers and other first-time buyers given priority by the Regional Housing Board. Applicants purchase whatever size share the current leaseholder owns ranging from 25% to 80%.

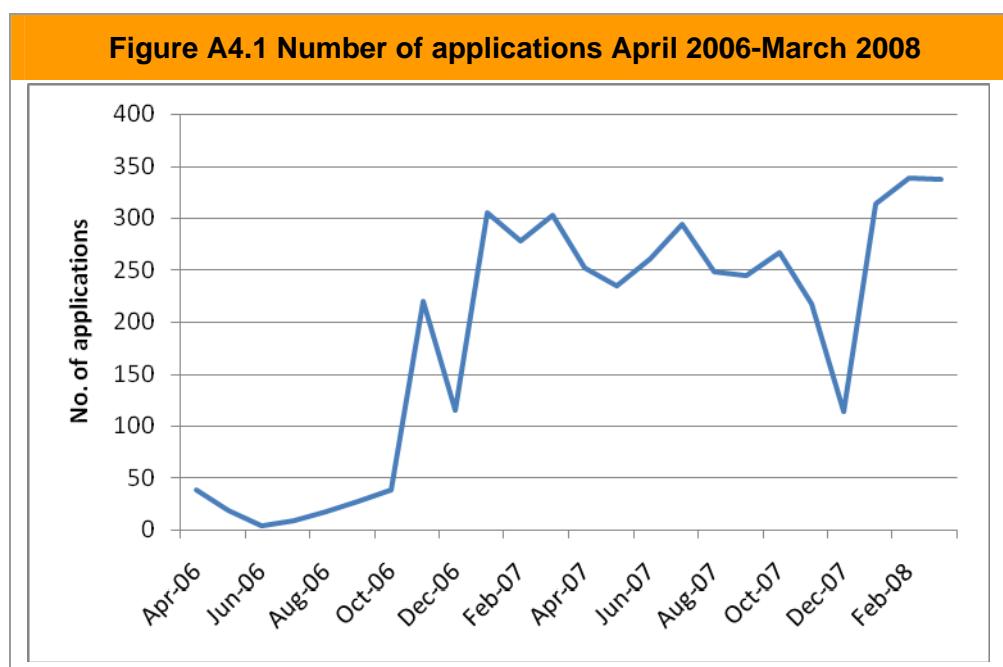
### Applicants

A4.2 Between April 2006 and March 2008 HomeBuy South West received 4,489 applications for its intermediate housing products. The largest numbers of applications were received from councils with the largest populated areas i.e. Gloucester (1,397 applicants or 31.1% of all applicants) and Cheltenham (1,046 applicants or 23.3%).

<b>Table A4.1 HomeBuy applicants April 2006 to March 2008</b>		
	<b>No.</b>	<b>%</b>
Cheltenham	1,046	23.3%
Cotswold	532	11.9%
Forest of Dean	348	7.8%
Gloucester	1,397	31.1%
Stroud	661	14.7%
Tewkesbury	505	11.2%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.3 Between April 2006 and March 2008 HomeBuy South West received 4,489 applications for its intermediate housing products. The largest numbers of applications were received from councils with the largest populated areas i.e. Gloucester (1,397 applicants or 31.1% of all applicants) and Cheltenham (1,046 applicants or 23.3%).



Source: HomeBuy South West 2008

- A4.4 Between April 2006 and March 2008 HomeBuy South West received 4,489 applications for its intermediate housing products. The largest numbers of applications were received from councils with the largest populated areas i.e. Gloucester (1,397 applicants or 31.1% of all applicants) and Cheltenham (1,046 applicants or 23.3%).

**Table A4.2 Current home location of HomeBuy applicants April 2006 to March 2008**

	No.	%
Cheltenham	877	19.5%
Cotswold	206	4.6%
Forest of Dean	258	5.7%
Gloucester	1,207	26.9%
Stroud	680	15.1%
Tewkesbury	394	8.8%
Bath	64	1.4%
Bristol	215	4.8%
Kennet	12	0.3%
Mendip	13	0.3%
North Somerset	35	0.8%
North Wiltshire	45	1.0%
South Gloucestershire	148	3.3%
Swindon	74	1.6%
West Wiltshire	14	0.3%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

<b>Table A4.3 Workplace location of HomeBuy applicants</b>		
	<b>No.</b>	<b>%</b>
Cheltenham	887	19.8%
Cotswold	219	4.9%
Forest of Dean	138	3.1%
Gloucester	1,309	29.2%
Stroud	506	11.3%
Tewkesbury	250	5.6%
Bath	39	0.9%
Bristol	257	5.7%
Kennet	5	0.1%
Mendip	2	0.0%
North Somerset	35	0.8%
North Wiltshire	33	0.7%
South Gloucestershire	154	3.4%
Swindon	102	2.3%
West Wiltshire	21	0.5%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.5 Two-thirds (61.6%) of applications were made by one person and over a third (38.4%) by couples. Only two applications were by made three people jointly. Similarly, applications tend to be made by relatively small households with over half (56.9%) of applications being made by single people. 21.0% of applications were made by households consisting of only two people with the remaining proportion of applications (22.6%) being made being made by households consisting of three or more people.

<b>Table A4.4 Number of applicants per application of HomeBuy applicants</b>		
	<b>No.</b>	<b>%</b>
1	2,765	61.6%
2	1,722	38.4%
3	2	0.0%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

<b>Table A4.5 No. of other household members</b>		
	<b>No.</b>	<b>%</b>
0	2,555	56.9%
1	942	21.0%
2	654	14.6%
3	266	5.9%
4	61	1.4%
5	11	0.2%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.6 The proportion of HomeBuy applicants from BME groups at 10.7% is much higher than the County average of 2.8% (see Table 5.1) suggesting that ethnic minority groups within the County may be more likely to find it difficult to access the housing market and, as such, more likely to apply for intermediate housing products.

<b>Table A4.6 Ethnicity of HomeBuy applicants</b>		
	<b>No.</b>	<b>%</b>
White British	4,010	89.3%
White Irish or white other	192	4.3%
Asian	63	1.4%
Black	86	1.9%
Mixed	53	1.2%
Chinese or other	9	0.2%
Unknown	43	1.0%
Refused to answer	33	0.7%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.7 Around 1-in-20 (5.4%) of all HomeBuy applicants stated that they have a long-term disability. This compares with census figures which suggest that 16.2% of all individuals within the County suffer from a limiting long-term illness. One reason for this difference may be the relatively low average age of HomeBuy applicants at only 33 years with the largest proportion of applicants aged between 25 and 34 years. This factor is not surprising considering that affordability issues are most likely to impact on young people and as such, attract more applications from young people (although it is interesting to note that the oldest applicant was aged 81 years). Slightly more females (54.9%) than males (45.1%) applied for HomeBuy products.

<b>Table A4.7 Long term disability of HomeBuy applicants</b>		
	<b>No.</b>	<b>%</b>
No	4,248	94.6%
Yes	241	5.4%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

<b>Table A4.8 Age of HomeBuy applicants</b>		
	<b>No.</b>	<b>%</b>
19-24 years	761	17.0%
25-34 years	1,978	44.1%
35-44 years	1,035	23.1%
45-54 years	484	10.8%
55-64 years	179	4.0%
65+ years	52	1.2%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

<b>Table A4.9 Gender of applicants</b>		
	<b>No.</b>	<b>%</b>
Female	2,464	54.9%
Male	2,021	45.1%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.8 Over a third (36.6%) of HomeBuy applicants currently reside in the private rented sector whilst nearly a third (32.1%) currently live with family or friends. Over one-in-ten (11.5%) are currently shared owners whilst 8.8% of applicants were previously home owners.

<b>Table A4.10 Household status of applicant</b>		
	<b>No.</b>	<b>%</b>
Council tenant	135	3.0%
Current home owner	518	11.5%
Existing shared owner	114	2.5%
Housing Association tenant	233	5.2%
Living with family/friends	1,443	32.1%
Other	111	2.5%
Private tenant	1,641	36.6%
Renting from employer	53	1.2%
Temporary accommodation	12	0.3%
Tied	10	0.2%
Unknown	219	4.9%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

<b>Table A4.11 Previous home owner</b>		
	<b>No.</b>	<b>%</b>
No	4,094	91.2%
Yes	395	8.8%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.9 Interestingly, whilst some of the HomeBuy products are aimed at key workers only 16.8% of applicants described themselves as such. This is supported by findings which suggest that only 3.6% of applicants were interested in the Keyworker scheme. The largest proportion of applicants were interested in the New Build HomeBuy scheme (25.0%) followed by the Open Market HomeBuy scheme (20.8%), First Time Buyers Initiate (19.0%) and HomeBuy Resale scheme (18.5%).

<b>Table A4.12 Keyworker</b>		
	<b>No.</b>	<b>%</b>
No	3,735	83.2%
Yes	754	16.8%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

<b>Table A4.13 Scheme</b>		
	<b>No.</b>	<b>%</b>
Newbuild HomeBuy	4,193	25.0%
Open Market HomeBuy	3,486	20.8%
Intermediate Rent	1,102	6.6%
First Time Buyers Initiative	3,173	19.0%
Keyworker	601	3.6%
HomeBuy Resale	3,104	18.5%
Social HomeBuy	1,084	6.5%
<b>Total</b>	<b>16,743</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.10 It is interesting to note that the average household income of HomeBuy applicants is slightly below the County average at £23,040 per annum compared with the Gloucestershire average for 2007 of £24,274 p.a. 58.3% of applicants earn at or below £24,999 p.a. suggesting that the average income of £23,040 is skewed by the small proportion of people with relatively high average household incomes. The largest proportion of applicants (21.3%) earn between £15,000 and £19,999 p.a.

<b>Table A4.14 Income</b>		
	<b>No.</b>	<b>%</b>
£0-£4,999	71	1.6%
£5,000-£9,999	182	4.1%
£10,000-14,999	467	10.4%
£15,000-19,999	956	21.3%
£20,000-24,999	938	20.9%
£25,000-29,999	710	15.8%
£30,000-34,999	471	10.5%
£35,000-39,999	296	6.6%
£40,000-44,999	100	2.2%
£45,000-49,999	39	0.9%
£50,000-54,999	18	0.4%
£55,000-59,999	7	0.2%
£60,000+	9	0.2%
Not stated	225	5.0%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.11 Unsurprisingly, HomeBuy applicants have relatively low savings averaging £6,665 per household. However, this figure is skewed upwards by the relatively small proportion of applicants (8.6%) with savings of £20,000 or over. As such, over two-thirds (66.7%) of applicants have savings of £4,999 or less.



<b>Table A4.15 Savings</b>		
	<b>No.</b>	<b>%</b>
£0-£4,999	2,993	66.7%
£5,000-£9,999	743	16.6%
£10,000-14,999	271	6.0%
£15,000-19,999	104	2.3%
£20,000-24,999	86	1.9%
£25,000-29,999	54	1.2%
£30,000-34,999	30	0.7%
£35,000-39,999	51	1.1%
£40,000-44,999	5	0.1%
£45,000-49,999	19	0.4%
£50,000-54,999	36	0.8%
£55,000-59,999	9	0.2%
£60,000+	88	2.0%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.12 Similarly, HomeBuy applicants have relatively little access to equity which averages £8,419 per household. Again, this figure is skewed upwards by the relatively small proportion of applicants (7.0%) with access to equity of £60,000 or over. As such, more than three quarters (85.4) of applicants have access to equity of £4,999 or less.

<b>Table A4.16 Equity</b>		
	<b>No.</b>	<b>%</b>
£0-£4,999	3,835	85.4%
£5,000-£9,999	24	0.5%
£10,000-14,999	46	1.0%
£15,000-19,999	28	0.6%
£20,000-24,999	41	0.9%
£25,000-29,999	38	0.8%
£30,000-34,999	45	1.0%
£35,000-39,999	49	1.1%
£40,000-44,999	3	0.1%
£45,000-49,999	19	0.4%
£50,000-54,999	37	0.8%
£55,000-59,999	10	0.2%
£60,000+	314	7.0%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.13 Most applicant households require smaller properties with over three quarters of applicants (78.1%) stating either no minimum requirement or requiring only one or two bedrooms. Only 21.9% of applicants require three or more bedrooms. These figures are fairly similar to the bedroom requirements of successful applicants discussed below in section 7.43.

<b>Table A4.17 Bedrooms required</b>		
	<b>No.</b>	<b>%</b>
No minimum required	124	2.8%
1 Bedroom	975	21.7%
2 Bedrooms	2,405	53.6%
3 or more Bedrooms	985	21.9%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.14 Finally, 88.9% of HomeBuy applications were approved for further consideration i.e. once a suitable property and/or financial support package have been secured, the applicant can be considered for support using a HomeBuy scheme. It is not clear from the data available as to why 11.1% of HomeBuy applications were rejected.

<b>Table A4.18 Approved</b>		
	<b>No.</b>	<b>%</b>
No	497	11.1%
Yes	3,992	88.9%
<b>Total</b>	<b>4,489</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

### **Successful applications**

A4.15 In total, 476 (10.6%) applications resulted in the purchase or building of a property using support from a HomeBuy scheme. The largest proportion of successful applications were in Gloucester (166 successful applicants or 34.9%) and Cheltenham (99 applicants or 20.8%). This agrees with the finding above which suggests that most HomeBuy applications derive from these two areas where most shared ownership properties are located.

<b>Table A4.19 Location of HomeBuy reservations</b>		
	<b>No.</b>	<b>%</b>
Cheltenham	99	20.8%
Cotswold	28	5.9%
Forest of Dean	22	4.6%
Gloucester	166	34.9%
Stroud	84	17.6%
Tewkesbury	77	16.2%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.16 The most popular HomeBuy schemes used by HomeBuy applicants were New Build HomeBuy (28.3%), Open Market HomeBuy (22.4%) and First Time Buyers Initiative (please note that applicants may have been eligible for support from more than one scheme although they can obtain financial support from one scheme only).

<b>Table A4.20 Scheme</b>		
	<b>No.</b>	<b>%</b>
New Build HomeBuy	437	28.3%
Open Market HomeBuy	345	22.4%
Intermediate Rent	66	4.3%
First Time Buyers Initiative	289	18.7%
Keyworker	75	4.9%
HomeBuy Resale	268	17.4%
Social HomeBuy	63	4.1%
<b>Total</b>	<b>1,543</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.17 Similar to findings above, the majority (55.9%) of all successful applications were made by a single applicant whilst 44.1% were made by joint applicants. This factor partly explains the relatively low levels of household incomes, savings and equity i.e. the majority of applications are based on the financial capacity of a single person.

<b>Table A4.21 Number of applicants per application of successful HomeBuy applicants</b>		
	<b>No.</b>	<b>%</b>
1 person	266	55.9%
2 persons	210	44.1%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.18 Unsurprisingly, most successful applications were for smaller properties with 71.2% of applications for properties with only one or two bedrooms. This reflects both the relatively small average household size of applicant households and the lower equity requirements to purchase or build smaller properties.

<b>Table A4.22 Bedroom numbers of successful applicants</b>		
	<b>No.</b>	<b>%</b>
1 Bedroom	74	15.5%
2 Bedrooms	265	55.7%
3 Bedrooms	132	27.7%
4 Bedrooms	5	1.1%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.19 The largest proportion of successful applicants bought or built semi-detached houses (20.4%) compared with 34.7% of all properties within the County which are semi-detached. Only 1.1% of properties bought or built by successful applicants were detached (compared with 32.2% of properties within the County). However, 34.7% of properties bought or built by successful applicants were terraced compared with 19.4% of properties within the County. Again, this suggests that successful HomeBuy applicants are more likely to purchase or build cheaper, smaller properties.

<b>Table A4.23 Type of property of successful applicants</b>		
	<b>No.</b>	<b>%</b>
Bungalow	4	0.8%
Detached house	5	1.1%
End of terrace house	80	16.8%
Flat above ground floor	61	12.8%
Flat multi storey	14	2.9%
Flat on ground floor	43	9.0%
Maisonette	4	0.8%
Mid terraced house	85	17.9%
Other	75	15.8%
Semi detached house	97	20.4%
Unknown	8	1.7%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.20 The average household income of successful HomeBuy applicants is at £24,529 per annum. This is higher than for all applicants, £23,040 p.a. and slightly higher than the County average for 2007 of £24,274 p.a. However, 53.2% of applicants earn at or below £24,999 p.a. suggesting that the average income of £24,529 is skewed by the small proportion of people with relatively higher than average household incomes. The largest proportion of applicants (21.3%) earn between £15,000 and £19,999 p.a.

<b>Table A4.24 Income of successful applicants</b>		
	<b>No.</b>	<b>%</b>
£0-£4,999	8	1.7%
£5,000-£9,999	20	4.2%
£10,000-14,999	30	6.3%
£15,000-19,999	88	18.5%
£20,000-24,999	107	22.5%
£25,000-29,999	96	20.2%
£30,000-34,999	59	12.4%
£35,000-39,999	34	7.1%
£40,000-44,999	16	3.4%
£45,000-49,999	8	1.7%
£50,000-54,999	2	0.4%
£55,000-59,999	8	1.7%
£60,000+	0	0.0%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.21 Similar to all applicants, successful HomeBuy applicants have relatively low savings averaging £10,196, although this is substantially higher than the average for all applicants (£6,665 p.a.). However, this figure is skewed upwards by the relatively small proportion of applicants (14.3%) with savings of £20,000 or over. As such, over half (51.9%) of applicants have savings of £4,999 or less.

<b>Table A4.25 Savings of successful applicants</b>		
	<b>No.</b>	<b>%</b>
£0-£4,999	247	51.9%
£5,000-£9,999	107	22.5%
£10,000-14,999	41	8.6%
£15,000-19,999	13	2.7%
£20,000-24,999	12	2.5%
£25,000-29,999	7	1.5%
£30,000-34,999	7	1.5%
£35,000-39,999	9	1.9%
£40,000-44,999	5	1.1%
£45,000-49,999	3	0.6%
£50,000-54,999	6	1.3%
£55,000-59,999	1	0.2%
£60,000+	18	3.8%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

A4.22 Finally, the average sale value of properties bought or built by successful HomeBuy applicants was £145,337, although nearly half (46.5%) of all properties were valued at less than £149,999.

<b>Table A4.26 Value of sale</b>		
	<b>No.</b>	<b>%</b>
£0-£74,999	19	4.0%
£75,000-£99,999	8	1.7%
£100,000-£124,999	78	16.4%
£125,000-£149,999	116	24.4%
£150,000-£174,999	165	34.7%
£175,000-£199,999	61	12.8%
£200,000+	29	6.1%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

Source: HomeBuy South West 2008

### Summary

A4.23 It is apparent from the above that intermediate housing, in the form of differing HomeBuy schemes, is playing an increasingly important role within the County with, on average, 260 applications per month since January 2006. The largest proportions of applications derive from the large population centres of Gloucester and Cheltenham. Applicants tend to be relatively young and applicant households small with nearly two-thirds (61.6%) of applications being made by one person whilst the largest proportion of applicants (44.1%) were aged between 24 and 35 years. The low average age of 33 years is perhaps unsurprising given that affordability issues are most likely to impact on young people. Also, BME groups are more likely than average to be HomeBuy applicants, again, reflecting the characteristic that some BME groups may have some difficulty in accessing the owner-occupied sector.

A4.24 Over two thirds (68.7%) are currently living in the private rented sector (36.6%) and nearly a third are currently living with family or friends (32.1%). One reason that most applications derive from these tenures is that they are more likely to perceive their current tenure as temporary i.e. they aspire towards owner-occupation or that they are more likely to meet the basic shared ownership criteria and are, as such, more likely to be advised by the HomeBuy agent to make an application. In contrast, people living in the social rented sector might not have sufficient financial means to enable them to apply for shared ownership housing.

- A4.25 It is perhaps unsurprising that, compared with all County households, applicant households have a slightly lower than average annual income and very limited access to either savings or equity. There is relatively little demand for key worker schemes with the most popular schemes being New Build HomeBuy, Open Market HomeBuy, and the First Time Buyers Initiative. As discussed further in Chapter 10, one reason may be that over half (53.6%) of all key workers in the County are employed in relatively well paid managerial or professional occupations and may not be eligible to apply under the HomeBuy criteria. Also, it is possible that the Key Worker Living scheme criteria i.e. that all shared ownership properties bought under this scheme can only be sold on to key workers, may further discourage applications.
- A4.26 Overall, around 1-in-10 (476) of all HomeBuy applications made between April 2006 and March 2008 were successful. The most popular schemes were: New Build HomeBuy (25.0%); a scheme which enables applicants to buy a share in a newly built (or sometimes refurbished) property; Open Market HomeBuy (20.8%), a scheme which aims to help people to secure 100% funding of the value of their first home; First Time Buyers Initiative (19.0%), a shared equity scheme supported by English Partnerships that aims to help households buy a share in a new home (50% of the funding for this scheme is put aside for key workers); and HomeBuy Resale, a scheme which sells HomeBuy properties which have become available for resale.
- A4.27 All successful applicants derive from smaller households with 55.9% consisting of one person only and 44.1% consisting of two persons, a factor which reflects the relatively young characteristic of applicant households. As such, successful applicants tended to buy smaller properties with 15.5% consisting of one bedroom and 55.7% two bedrooms. However, 27.7% consisted of three bedrooms and a small number (5 or 1.1%) four bedrooms. Successful applicants have a slightly higher than average income at £24,529 compared with the County average of £24,274 p.a. which suggests that financial capacity is an important factor in determining the success of an application. The average price of a property bought using a HomeBuy scheme was £145,337, considerably lower than the average Gloucestershire house price between October and December 2007 of £239,282.
- A4.28 To summarise, it is apparent that HomeBuy products have been consistently popular since the scheme was launched within the County in April 2006. Perhaps unsurprisingly, the demographic profile of successful applicants is that of smaller, younger households with relatively low incomes and limited access to equity. Key workers, at which some HomeBuy products are aimed, make only a small proportion of all successful applicants. This is probably due to their being more likely to be employed in higher paid occupations, and the limitations of some HomeBuy products aimed at key workers. Nonetheless, given the current 'credit crunch' it is likely that HomeBuy products will play an increasingly important role in providing intermediate housing within the County during the next five years or so.





# Glossary

*[This Glossary aims to define terms used in the report. Where there is an existing definition (e.g. in Government Guidance) references is made to it. Otherwise the terms are defined simply in the way used in the report]*

## **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 conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

## **Affordable housing**

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

## **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.

## **Balanced Housing Market model**

A model developed by Fordham Research which examines the supply and demand for different types and sizes of housing across different areas and for specific groups.

## **Bedroom standard**

The bedroom standard is that used by the General Household Survey, and 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 to 20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10 to 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.

## **Demand**

This refers to market demand. In principle anyone who has any financial capacity at all can 'demand' something, in other words want to acquire it and be prepared to pay for it. The question is whether they can pay enough actually to obtain it. Thus many households who are unable fully to afford market housing to buy do aspire to buy it. The word 'demand' is therefore used in two senses in this report:

'demand' when used in the general text refers to the ordinary understand of 'wanting' something that has a market price

'demand' when associated with numbers (as in the Balancing Housing Markets model) refers to expressed demand: the numbers of people who can actually afford the type of housing in question

In relation to (expressed) demand mention should be made of the private rented sector where typically there are not only households who can afford to rent at market prices, but also others who are unable to access affordable housing but who are able to access the private rented sector due to the subsidy of Housing Benefit. Such households do not have a demand in the sense used here, as they can only access the private rented sector with a subsidy.

### **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 sub-areas within the District.

### **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.

### **Headship rates**

Measures the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

## **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).

## **Households living within another household**

Is a household living as part of another household of which they are neither the head or 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. five adults sharing a house like this constitute five one-person households).

## **Housing demand**

The quantity of housing that households are willing and able to buy or rent.

## **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. For the purpose of this study it has been defined as the Local Authorities within the County of Gloucestershire, although sub-markets exist within this boundary.

## **Housing need**

Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

**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 floorspace. This guidance uses the number of bedrooms.

**Housing type**

Refers to the type of dwelling, for example, flat, house, specialist accommodation.

**Income**

Income means gross household income unless otherwise qualified

**Intermediate housing**

PPS3 defines intermediate housing as 'housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'

**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 are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**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.

## **Market housing/low cost market housing**

This is defined by CLG as anything not affordable. In the Housing Gaps Figure: anything above market entry. CLG has not defined 'low cost market' other than that it falls within the market range. Since this is very wide, it is not very helpful. The most useful kind of low cost market would be that which falls into the rent/buy gap on the Housing Gaps Figure. Shared ownership would provide a partial equity solution for those unable to afford second hand entry level purchase, for example.

## **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 local authority Districts. The rate of migration is usually measured as an annual number of households, living in the District at a point in time, who are not resident in that District 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-self-contained 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.

**Occupancy rating**

The 2001 Census occupancy rating provides a measure of under occupancy and over crowding. It relates the actual number of rooms to the number of rooms 'required' by the members of the household (based on a relationship between them and their ages). An occupancy rating of -1 implies that there is one room too few and that there is overcrowding in the household, whilst an occupancy rating of +1 implies that there is one room too many and there is under-occupation in the household.

**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.

**Relets**

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 201) 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 equity schemes**

Provide housing that is available part to buy (usually at market value) and part to rent.

## **SHMA (Strategic Housing Market Assessment)**

SHMA drives 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**

PPS3 defines social rented housing as 'rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime, the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'



**Special needs**

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

**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 specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

**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.

## Definitions

ABI - Annual Business Inquiry

BME - Black and Minority Ethnic

CBL - Choice Based Lettings

CLG – department of Communities and Local Government

CORE - The Continuous Recording System (Housing association and local authority lettings/new tenants)

DETR - Department of the Environment, Transport and the Regions

GIS - Geographical Information Systems

HMO - Households in Multiple Occupation

HSSA - The Housing Strategy Statistical Appendix

IMD - Indices of Multiple Deprivation

LA - Local Authority

LCHO - Low Cost Home Ownership

LDF - Local Development Framework

NeSS - Neighbourhood Statistics Service

NHSCR - National Health Service Central Register

NOMIS - National On-line Manpower Information System

NROSH - National Register of Social Housing

ODPM - Office of the Deputy Prime Minister

ONS - Office for National Statistics

PPS - Planning Policy Statement

RSL - Registered Social Landlord

RSR - Regulatory and Statistical Return (Housing Corporation)

RTB - Right to Buy

SEH - Survey of English Housing

TTWA - Travel to Work Area

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