

Joint Core Strategy

Note for the Inspector

**Subject: JCS Councils
Response to EXAM 78:

SHMA, Further Update,
Affordable Housing
Dated September 2015**

Dated: Monday 28 September 2015



Joint Core Strategy – Gloucester,
Cheltenham and Tewkesbury
SHMA, Further Update, Affordable Housing

September 2015

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Issued 26th September 2015

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1. Introduction

- 1.1 HDH Planning & Development Ltd has produced two reports for the authorities of Gloucestershire as part of the process for these Councils' working together to establish their future housing requirements. The first was a comprehensive Strategic Housing Market Assessment published in draft in 2013, but finalised after extensive public consultation in March 2014. That report set out the socio-economic context, profiled the housing stock and analysed the local housing market before assessing the level of affordable housing need following the model set out in the Strategic Housing Market Assessment Practice Guidance, August 2007 (the then current guidance). This report also presented the Long Term Balancing Housing Markets (LTBHM) model, which profiled in detail the tenure and size of new housing required to most suitably accommodate the future population as identified within the externally set out Objectively Assessed Need (OAN). A second report, published in December 2014, updated the outputs of the LTBHM model in light of new OAN figures for the County which had subsequently been produced.
- 1.2 As part of the ongoing Examination of the Joint Core Strategy (JCS), the Planning Inspector has indicated that there is further evidence that would be beneficial to the information base from which a decision can be derived. This paper supplements the earlier publications by providing this additional detail in direct response to the areas where clarification has been requested, however this report is focused only on the three JCS Councils; Cheltenham, Gloucester and Tewkesbury. The report does not reproduce the background socio-economic and housing stock and other background information. This report provides the following information for the three JCS authorities:
- An updated analysis of the entire housing market within the LTBHM model
 - A calculation of outputs for the affordable housing needs model in accordance with the English Planning Practice Guidance (PPG) approach using secondary data
 - A consideration of the housing requirements of specific groups of the population
 - A conclusion summarising the implications of these results.
- 1.3 Alongside this report, further work is being undertaken by Neil McDonald revisiting the overall Objectively Assessed Need (OAN) estimate across the JCS authorities in light of comments from the Planning inspector and crucially new household projections. Chapter two of this report sets out the LTBHM model outputs which have been recalculated in light of the new OAN figure resulting from Neil McDonald's work and the population and household projections associated with it.
- 1.4 Chapter 3 of this report provides a recalculation of the outputs for the affordable housing needs model in accordance with the Planning Practice Guidance (PPG) approach using secondary data for the three JCS Councils.

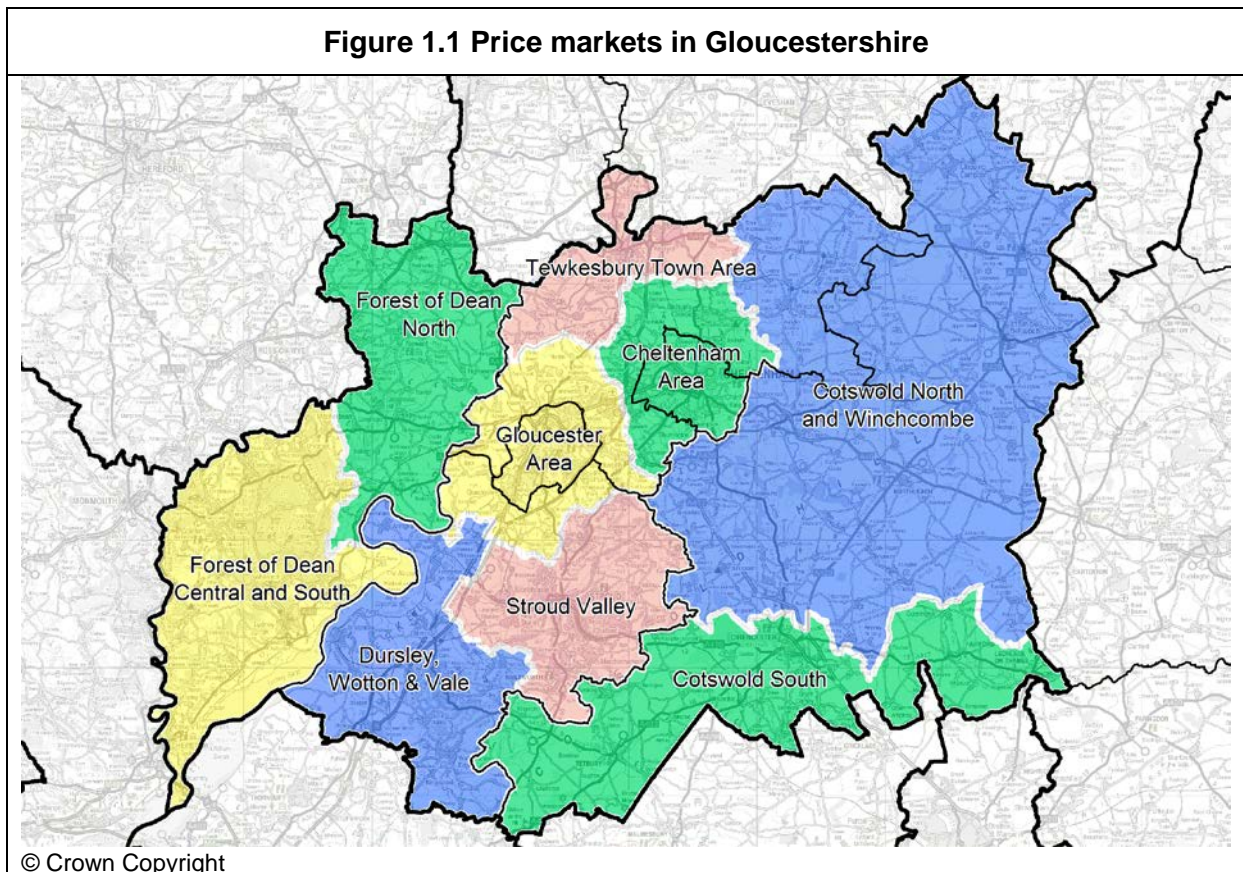
- 1.5 The affordable housing needs model presented in the original SHMA report followed the approach set out in the 2007 SHMA Practice Guidance. Whilst that report was being drafted the PPG was published (March 2014), which included an updated affordable housing needs model. Although the stages involved in the calculation of housing need remain similar, in the new version of the affordable housing needs model some additional detail is suggested and the framing of the model is presented differently. The Inspector has requested that the affordable housing need model be calculated using the approach outlined in the PPG.
- 1.6 The model presented in the previous SHMA used primary data from the household survey dataset as the principal information source. This update is based, almost entirely, on secondary data (the exception being the income profile of households which will be based on the household survey dataset as it is not available in sufficient detail from secondary sources, the data is also used in the Long Term Balancing Housing Markets model) LTBHM), as the PPG suggests this is the preferred approach and it will provide a more independent calculation of affordable housing need than reusing the household survey dataset.
- 1.7 The base date for this report is June 2015 rather than March 2013, which was the base date used for the original SHMA report. June 2015 has been used for the base of this report as secondary data is more readily available for this time (particularly detail on the Housing Register required in the affordable housing need model). This ensures that the results are based on the latest information and the report is contemporary to the current situation in each Authority area¹. To facilitate the use of a June 2015 base date the household survey has been reweighted to reflect the household profile at this time and the financial information of households on the dataset has been adjusted to reflect changes since March 2013. Further detail on the process of updating the household dataset is set out in the methodology paper associated with this report. Finally the price of housing has been reassessed and the new cost of the various tenures is set out in the following section.
- 1.8 This update has been prepared following a ‘round table’ event held on the 28th July 2015. This event was suggested by the Inspector and was attended by developers and their representatives, planning consultants, local authority officers and was independently chaired. The draft report was circulated before the event and the presentation is included in **Appendix 4** of this report. The notes taken are set out in **Appendix 5**.

Updated housing costs

- 1.9 The 2013 SHMA report identified nine price markets (presented in Figure 1.1) within Gloucestershire, of which four covered the JCS Councils; Gloucester Area, Cheltenham Area, Tewkesbury Town Area and Cotswold North & Winchcombe. The cost of housing in these four price areas for the three main tenures has been reassessed via an online search of properties advertised for sale/rent during June 2015.

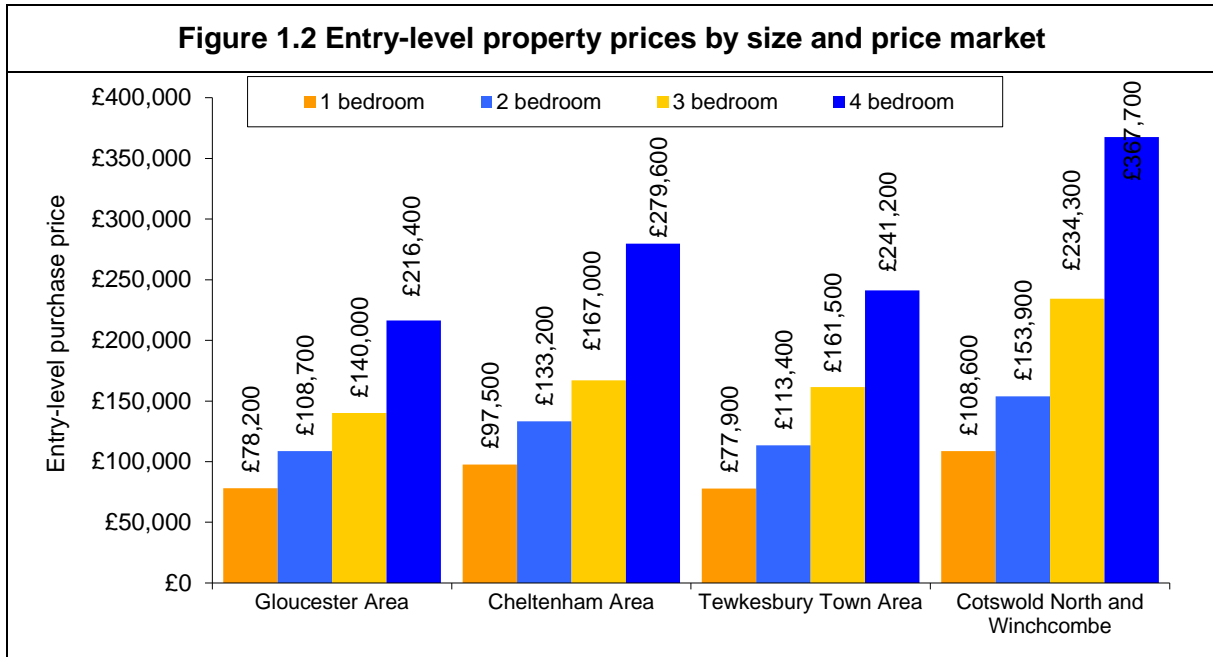
¹ It is important to note that at the time of the update not all data is very recent. Data taken from the Census is from 2011 (and where appropriate indexed). Some data is taken from statutory returns and other published sources. The most recent data source is used in each case.

- 1.10 Entry Level prices are taken to be lower quartile prices. This was discussed at the round table where it was suggested that it may be appropriate to use a lower point on the house distribution (and has been done by some other councils) – clearly 25% of houses are less expensive than the lower quartile. This was investigated after the round table. It was found that whilst there is a difference between the price of lower quartile and lower decile homes this is small, and difficult to be definitive about (particularly in the Private Rented Sector) due to the small sample size. The lower quartile price of housing has been taken as the entry level price. This may overstate the need for affordable housing a little but the evidence is not sufficiently clear to justify a different approach in this situation.



Home ownership

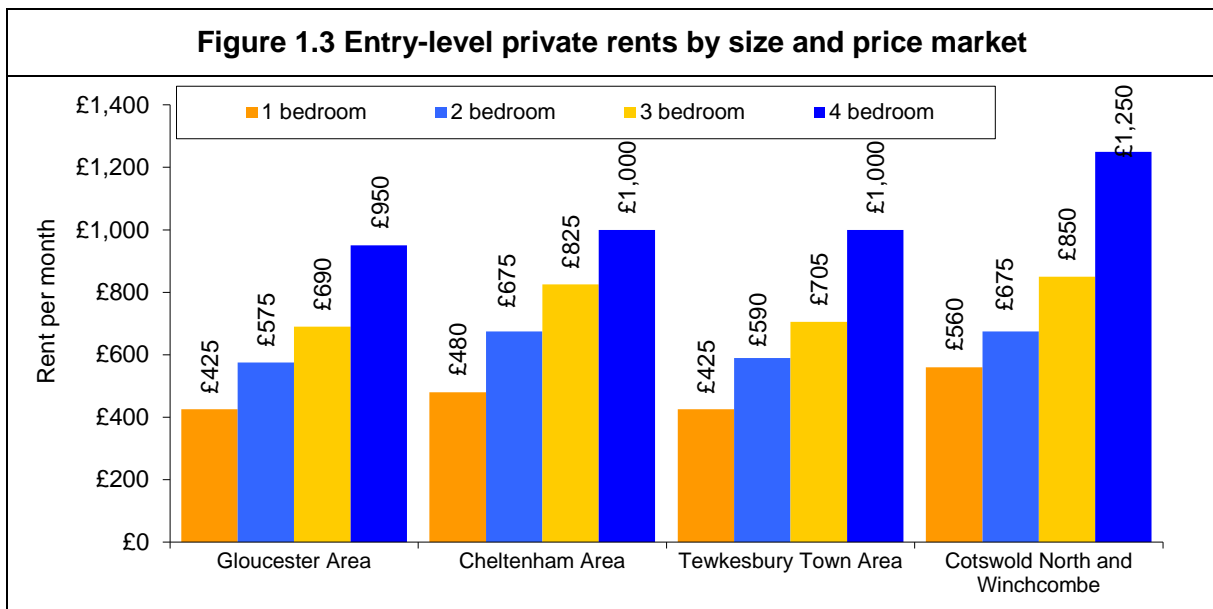
- 1.11 Entry-level prices by number of bedrooms were obtained in each of four price markets covering the JCS Council areas and are presented in Figure 1.2. The figure indicates that entry-level prices in the JCS Council areas range from around £77,900 for a one bedroom home in the Tewkesbury Town Area price market up to £367,700 for a four bedroom property in the Cotswold North & Winchcombe price market. In accordance with the PPG, entry-level prices are based on lower quartile prices (para 025). Further discussion of the use of lower quartile prices as the entry-level is presented in the methodology paper associated with this report.



Source: Online estate agents survey June 2015

Private rent

1.12 The entry-level price for private rented accommodation by property size and rental market is presented in Figure 1.3. The figure indicates that entry-level rents in the JCS Council areas range from £425 per month for a one bedroom home in the Gloucester Area price market up to £1,250 per month for a four bedroom property in the Cotswold North & Winchcombe price market.



Source: Online estate agents survey June 2015

Social rent

- 1.13 The cost of social rented accommodation by dwelling size in each Council area can be obtained from Homes & Communities Agency's Statistical Data Return dataset for the RSL sector and the Council's ELASH return for the Council stock. Table 1.1 sets the cost of social rented dwellings in each JCS Council. As can be seen the costs are significantly below those for private rented housing, particularly for larger houses, indicating a significant gap between the social rented and market sectors.

Table 1.1 Social rented costs (per month)			
<i>Bedrooms</i>	<i>Cheltenham</i>	<i>Gloucester</i>	<i>Tewkesbury</i>
One bedroom	£306	£287	£316
Two bedrooms	£348	£345	£379
Three bedrooms	£390	£391	£426
Four bedrooms	£430	£469	£497

Source: HCA's Statistical Data Return 2014; CBC & GBC ELASH 2014

Affordable Rent

- 1.14 Affordable Rent is a relatively new product that has been introduced to help fill the gaps that exist in the current housing market. It is a social tenure (that is within the definition of affordable housing set out in the NPPF) intended to house households on the Housing Register. It is not an intermediate product, but a new form of affordable housing for rent that will coexist with Social Rent. Affordable Rents can be set at up to 80% of open market rents, implying there is a flexibility as to what they may cost. According to the HCA's Statistical Data Return there are 249 Affordable Rent units across the JCS Council areas in (April 2014). Table 1.2 indicates the Affordable Rent charged on these properties.

Table 1.2 Affordable Rent costs (per month)			
<i>Bedrooms</i>	<i>Cheltenham</i>	<i>Gloucester</i>	<i>Tewkesbury</i>
One bedroom	£426	£338	£381
Two bedrooms	£476	£469	£502
Three bedrooms	£616	£575	£606
Four bedrooms	£875	£578	£676

Source: HCA's Statistical Data Return 2014;

Shared ownership

- 1.15 Table 1.3 presents the estimated costs of shared ownership housing in the JCS Council areas. The prices presented in the Table were obtained from the online estate agent survey. It is important to note that there were few shared ownership properties available in the study area at the time of the estate agent survey, so the value for these properties may be subject to refinement. The monthly costs of purchasing the property with a 50% equity share is presented as this is the most commonly available option. The monthly costs are based on an interest

rate of 5.69% paid on the equity share owned and rent payable at 2.5% on the remaining equity.

Discounted home ownership

- 1.16 Discounted home ownership is based on selling a home for a proportion of the market value with no residual rent to pay. This structure of affordable housing is sometimes referred to as Shared Equity). However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price. In the JCS area the typical proportion of market value sold is 80%. Table 1.3 presents the estimated costs of discounted home ownership in the JCS Council areas. The open market values are the same as for shared ownership. The monthly costs are based on an interest rate of 5.69% paid on the equity share owned. Discounted home ownership with a 75% share is more expensive than Affordable Rent, but is cheaper than shared ownership.

Table 1.3 Estimated cost of intermediate housing				
<i>Bedrooms</i>	Shared ownership		Discounted home ownership	
	Open market value	Monthly cost of discounted shared ownership with a 75% equity share	Open market value	Monthly cost of discounted home ownership with a 80% equity share
One bedroom	£122,500	£418	£122,500	£413
Two bedrooms	£165,000	£563	£165,000	£556
Three bedrooms	£195,000	£665	£195,000	£657
Four bedrooms	£270,000	£921	£270,000	£910

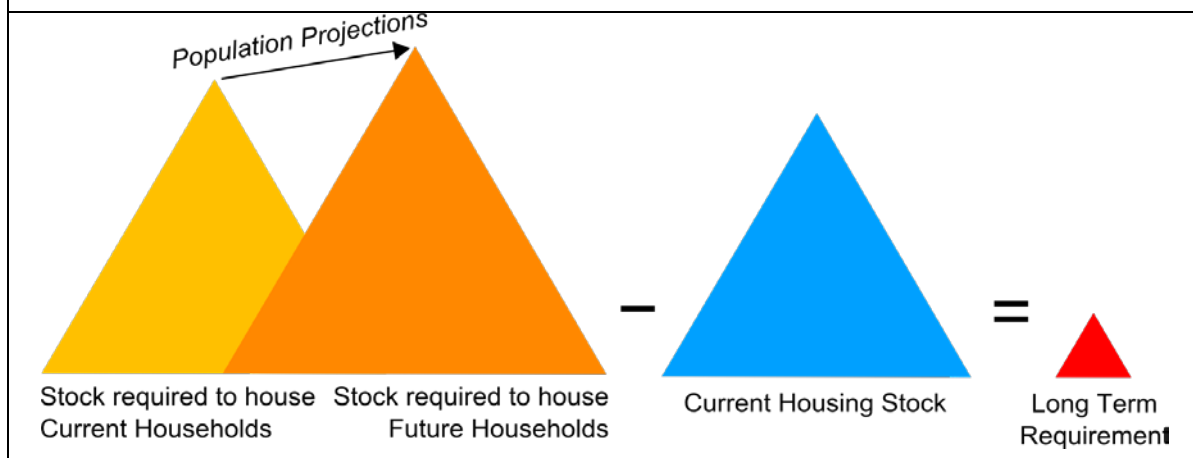
Source: Online estate agents survey June 2015

2. Revised Long-term Balancing Housing Markets model

Introduction

- 2.1 The PPG is clear that *‘once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size.’* This chapter describes a model that identifies the size, tenure and type of new accommodation required to adequately house the future population and ensure that the housing market is balanced over the plan-period (the results are presented through to 2031 to correlate with the Local Plan period). The model uses primary and secondary data alongside the independent work on the Objectively Assessed Need (OAN) in the JCS area.
- 2.2 The Long-term Balancing Housing Markets model is not a household flow model, but an assessment of the accommodation required to house the future household population. Figure 2.1 demonstrates how the model works:
- Firstly a suitable accommodation profile is identified. The model considers current occupation patterns of households and makes adjustments to ensure the occupation patterns moving forward are sustainable for all households, (but in the majority of cases it is presumed that the occupation patterns exhibited today are satisfactory). The adjustments made are not to the particular household now, but so the future household is most efficiently accommodated. Therefore it assumes for example that whilst there are some households now in social rented sector that can afford shared ownership accommodation, equivalent future households would be resident in this tenure.
 - Secondly, the projected change to the population and household composition indicated in the OAN are applied to the updated household survey dataset to provide an estimated household profile for 16 years’ time. The model can then identify the profile of accommodation required to adequately house the profile of future households within the OAN.
 - Lastly, the difference between this and the current stock profile indicates the additional dwellings required.

Figure 2.1 The approach to deriving the outputs form Long-term Balancing Housing Markets model



Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

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

- Data relating to the scale and mix of housing that would exist if an ideal tenure profile was achieved by 2031; and
- The level of change required to achieve this tenure profile, therefore balancing the housing market over a 16 year period from 2015-2031.

Adequacy of the housing stock

2.4 For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated. A household is considered currently adequately housed unless the household has indicated within the updated household survey dataset that they need to move home now because the accommodation is inadequate for the household. This is ascertained from the reason cited for the household moving. Households whose moves are caused by the accommodation size, cost, form and services available within it being currently unsuitable for the resident, are considered to be inadequately housed and to require alternative accommodation. The tenure, type and size of dwelling these households expect to achieve when they move are presumed to represent the nature of the accommodation that they require.

2.5 Further adjustments are also made to remove the long-term any undesirable elements of market imbalance that exist currently:

- Households that are overcrowded are assumed to require a property large enough for overcrowding not to take place.
- Non-pensioner households in the social rented stock in receipt of Housing Benefit that under-occupy their home are assumed to require a dwelling with no spare bedrooms.

- Households resident in the private rented sector without Local Housing Allowance who identified that the cost of their current housing was a severe problem are assigned to a tenure that they can afford when it is presumed the cost of housing can constitute up to 35% of gross income and still be affordable. This affordability test is used as this was established as the most appropriate figure in the previous SHMA².

2.6 Table 2.1 shows the proportion of each household type in the JCS area currently requiring alternative accommodation in order to be adequately housed. The table shows that some 7.6% of households are classified as inadequately housed currently. Lone parent households are least likely to reside in adequate accommodation, whilst couple with no children households are least likely to be inadequately housed.

<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
One person	3,230	48,212	6.7%
Couple with no children	2,210	40,935	5.4%
Couple with child/children	2,533	31,273	8.1%
Lone parent	2,065	13,151	15.7%
Other	862	8,980	9.6%
Total	10,901	142,551	7.6%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

2.7 Several further adjustments are also made to use the affordable stock and any housing subsidy paid most economically:

- Households resident in the private rented sector on Local Housing Allowance (LHA) that can afford market, shared ownership/discounted home ownership or Affordable Rented accommodation are assumed to require this, to ensure that the stock is being most appropriately and efficiently used. The cost of these products is set out in chapter 1.

² The percentage of income spent on housing was discussed and agreed at the round table. This 35% of income affordability test in the rented (private and affordable) sector is used in preference to the affordability test of up to 25% of gross income on housing that was contained in the now cancelled, 2007 Practice Guidance, as this is the most appropriate figure when the affordability of local housing is considered based on practice in the market.

As part of the data gathering process for this update, local letting agents and housing associations were contacted, whilst most agents seek detailed credit reports for potential tenants (from companies such as Experian) as a rule of thumb they would expect the rent to be in the range of 30% to 40% of the household income. This is in line with the general practice of housing associations.

In the case of larger homes higher up the price distribution the proportion is often greater and may be in excess of 40% or 50% - although these are not households in need of affordable housing.

As this study is seeking to make a 'policy off' assessment of the housing market an assumption that reflects the workings of the market should be used. If a higher percentage (ie higher than 35%) of income assumption was used the Objectively Assessed Need for Affordable Housing would be lower.

- Households in social rented accommodation that can afford market, shared ownership/discounted home ownership or Affordable Rented accommodation are assumed to require this to ensure that the stock is being most appropriately and efficiently used.

2.8 Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of suitable accommodation for each household type is applied to the household population in 16 years' time. The model therefore assumes that the pattern of accommodation required by each household type remains constant. It assumes that the LHA supported private rented sector will continue to be available.

Objectively Assessed Need

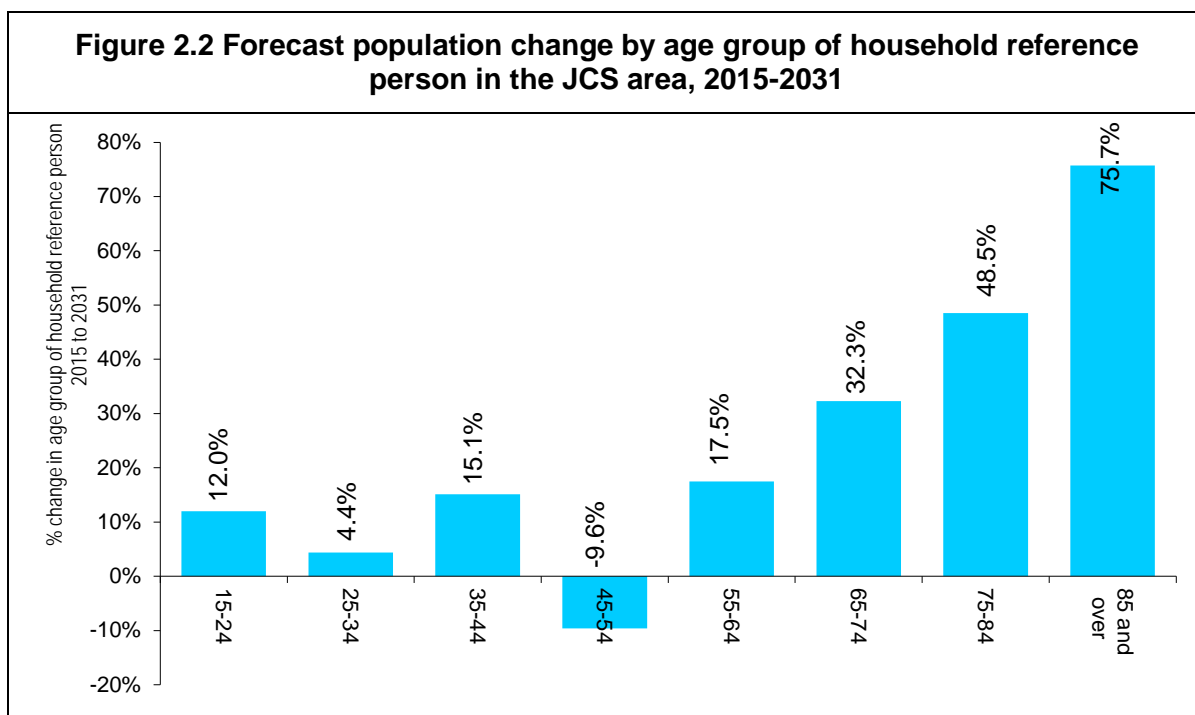
2.9 The Councils of Gloucestershire have commissioned Neil McDonald to assess the scale of the OAN across the County using a single methodology in light of the recently published 2012-based demographic projections. The OAN constitutes the figure that the Councils should seek to plan towards in accordance with the NPPF. It is therefore an important input to the LTBHM model. This work calculated the household population across the JCS Councils would grow by 30,658³ between 2011 and 2031.

2.10 The model will assess the tenure, type and size of housing required to meet the housing requirements of the households that comprise the OAN between 2015 and 2031. The results in Neil McDonald's analysis are based on housing requirements between 2011 and 2031. These totals have therefore been reduced based on the actual net housing delivery achieved between 2011 and 2015 across the JCS Councils (the amount of the OAN already delivered). The remaining OAN through to 2031 in the JCS area is for 25,675 new households.

2.11 Neil McDonald provided detail on the change in the composition of the household population in each JCS Council area derived as part of the OAN calculations. Figure 2.2 shows the projected change for the number of household reference persons within each age cohort between 2015 and 2031⁴. The data indicates that there will be reductions in certain age groups (most notably 45-54 years olds) but the majority of cohorts are predicted to grow, albeit moderately. The exception is the number of older household reference persons, which is projected to grow quite notably; with the number of household reference persons aged 85 or over expected to increase by over 75% by 2031.

³ In this report the OAN for households between 2011 and 2031 is taken from Neil McDonald's work. The total change in households (at 9,448 in Cheltenham, 12,812 in Gloucester and 8,398 in Tewkesbury). These are slightly different to those presented in the OAN Report. The difference is due to the allowance made for empty and second homes.

⁴ The detail of the projected demographic change is slightly different to that used in the LTBHM models in the previous reports (which used changes in the age of the whole population and the household composition), because this is more accurately derived from the latest population and household projections.



Source: Neil McDonald, (September, 2015)

- 2.12 These projections have been applied to the household survey dataset to provide an estimated household profile for 16 years' time. It should be noted that whilst the model focuses on housing the population in 16 years' time, the new accommodation suggested by the model is still useful in the interim, as the changes to the household structure are part of an ongoing trend rather than a variable pattern.

Tenure of housing required

- 2.13 Table 2.2 shows the tenure profile of households resident in the JCS area currently. The table indicates that over 80% of households are resident in market accommodation (without the aid of LHA), 0.8% live in a shared ownership or a discounted home ownership property, 0.2% reside in an Affordable Rented home, 12.8% live in a social rented home and 4.3% live in private rented accommodation with the aid of benefit (LHA).

Table 2.2 Current tenure profile in the JCS area		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	116,685	81.9%
Shared ownership/discounted home ownership	1,182	0.8%
Affordable Rent	249	0.2%
Social rented	18,270	12.8%
Private Rented via LHA	6,165	4.3%
Total	142,551	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

- 2.14 Table 2.3 shows the ideal tenure profile for the JCS area in 16 years' time (if all households are to be adequately housed and the affordable stock is to be used most efficiently). The data shows that in 2031 the housing stock should comprise 80.4% market dwellings, 1.8% shared ownership/discounted home ownership properties, 2.7% Affordable Rented homes and 15% dwellings occupied with the support of benefit.

Table 2.3 Ideal tenure profile in 2031 in the JCS area		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	135,259	80.4%
Shared Ownership/discounted home ownership	3,096	1.8%
Affordable Rent	4,619	2.7%
Benefit supported (both private and social rented)	25,252	15.0%
Total	168,226	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

- 2.15 Table 2.4 shows the tenure profile required by households resident in the JCS area in 16 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 72.3% of new housing should be in the market sector, 7.5% should be shared ownership/discounted home ownership properties and 17.0% Affordable Rent.
- 2.16 It is assumed that the current LHA supported private rented homes and the social rented stock will principally house households unable to afford Affordable Rent, including those requiring benefit. The model indicates that an additional 817 homes will be required for these households. It is suggested that these new dwellings be social rented accommodation (although suitably priced Affordable Rented dwellings would also be suitable). These additional social rented dwellings constitute 3.2% of the total new homes required in the JCS area. The model therefore assumes that the LHA supported private rented sector stays the same size as it is currently and that there is no additional market housing required arising from households that would preferably be housed in the affordable sector.

Table 2.4 Tenure of new accommodation required in the JCS area over the next 16 years				
<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Market	116,685	135,259	18,574	72.3%
Shared ownership/ discounted home ownership	1,182	3,096	1,914	7.5%
Affordable Rent	249	4,619	4,370	17.0%
Social rented	18,270	25,252	817	3.2%
Benefit supported	6,165			
Total	142,551	168,226	25,675	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

- 2.17 The total requirement is for market housing for 18,574 households and affordable housing for 7,101 households (just under 30% of all new housing). The LTBHM model is also able to provide detail on the size of new dwellings required within each of these tenures. This is shown in the section below.

Size of housing required within each tenure

- 2.18 Table 2.5 presents the size of market accommodation required in the JCS area in 16 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 39.0% of new market dwellings should be three bedroom properties, with 30.0% having two bedrooms, 20.8% containing four or more bedrooms and 10.2% having one bedroom.

Table 2.5 Size of new market accommodation required in the JCS area over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	9,645	11,538	1,893	10.2%
Two bedrooms	28,747	34,313	5,566	30.0%
Three bedrooms	49,552	56,804	7,252	39.0%
Four or more bedrooms	28,741	32,604	3,863	20.8%
Total	116,685	135,259	18,574	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

- 2.19 This analysis can be repeated for shared ownership/discounted home ownership housing and is presented in Table 2.6. The data indicates that of the 1,914 shared ownership/discounted home ownership dwellings required within the JCS area, 40.8% should be two bedroom properties with a further 29.9% three bedroom accommodation. Some 17.1% should have one bedroom and 12.1% should have four or more bedrooms.

Table 2.6 Size of new shared ownership/discount home ownership accommodation required in the JCS area over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	75	403	328	17.1%
Two bedrooms	559	1,340	781	40.8%
Three bedrooms	416	989	573	29.9%
Four or more bedrooms	132	364	232	12.1%
Total	1,182	3,096	1,914	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

2.20 Table 2.7 shows the size of accommodation required in the Affordable Rented sector. The table shows that of the 4,371 additional Affordable Rented units required within the JCS area over the next 16 years, the majority should be one, two and three bedroom properties.

Table 2.7 Size of new Affordable Rented homes required in the JCS area over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	31	1,206	1,175	26.9%
Two bedrooms	143	1,800	1,657	37.9%
Three bedrooms	66	1,356	1,290	29.5%
Four or more bedrooms	9	258	249	5.7%
Total	249	4,620	4,371	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

2.21 Table 2.8 presents the size of social rented/LHA supported private rented accommodation required in the JCS area in 16 years' time in comparison to the size profile recorded in the social rented and LHA supported private rented sector currently. The implied additional housing required is also presented. It is assumed that the current LHA supported private rented sector stock will continue to be available to this group of households in the future. It is presumed that all of the additional housing required for the group will be social rented. The model therefore assumes that the LHA supported private rented sector stays the same size as it is now and that there is no additional market housing required arising from households that would preferably be housed in the affordable sector. The table shows that 43.0% of the new social rented housing required should comprise four or more bedrooms, 30.9% should have three bedrooms, 26.1% should have two bedrooms and there would be a small surplus of one bedroom social rented accommodation.

Table 2.8 Size of new social rented accommodation required in the JCS area over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	7,752	7,679	-73	0.0%
Two bedrooms	9,046	9,278	232	26.1%
Three bedrooms	6,811	7,086	275	30.9%
Four or more bedrooms	827	1,210	383	43.0%
Total	24,435	25,252	817	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

2.22 To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate⁵, it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of housing benefit / Universal Benefit. Table 2.9 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table 2.9 Size of new Affordable Rented homes required in the JCS area over the next 16 years – if house all households unable to afford market or shared ownership housing				
<i>Dwelling size</i>	<i>Current size profile (Affordable Rent, social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	7,783	8,885	1,102	21.2%
Two bedrooms	9,189	11,078	1,889	36.4%
Three bedrooms	6,877	8,442	1,565	30.2%
Four or more bedrooms	836	1,468	632	12.2%
Total	24,684	29,872	5,188	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

2.23 It should be noted that if the amount of LHA supported private rented sector homes reduces as a consequence of the reduction of the LHA rates and the accommodation reverts to 'standard' market accommodation, then the reverted dwellings should be deducted from the

⁵ Rents of Affordable Rent Units are not formally capped at the LHA cap, however common practice amongst housing associations is to set rents at no more than the LHA cap.

total market requirement and dwellings of equivalent size be added to the affordable (social rented or Affordable Rented) requirement.

3. Affordable housing need

Introduction

- 3.1 Paragraph 22 (Reference ID: 2a-022-20140306) to Paragraph 29 (Reference ID: 2a-029-20140306) of the *Housing and economic development needs assessments* section of the PPG details how affordable housing need should be calculated. It defines affordable housing need as ‘number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market’.
- 3.2 The PPG goes on to set out the types of households to be considered in housing need:
- *‘homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);*
 - *households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);*
 - *households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
 - *households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;*
 - *households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.’*
- 3.3 This chapter presents the results of the three broad stages of the model used to calculate affordable housing need. Within each of the three stages there are a number of detailed calculations, many of which themselves have a number of components. This chapter presents details of how each of these stages is calculated using locally available data for each JCS Council. An annual estimate of the affordable housing need in each District is calculated and the tenure and size of accommodation most appropriate to meet this need is discussed. Further detail on the data sources and processes used to derive these figures can be found in the methodology paper associated with this report.
- 3.4 The place treatment of the private rented sector (PRS) was discussed at the round table, having been a point of contention at the hearings and a matter of interest to the Inspector. It was universally agreed amongst the developers, agents and other stakeholders that when it comes to the PRS, a household in the PRS and in receipt on LHA is not automatically in need of affordable housing (but may be for other reasons) but PRS units with LHA should not be counted towards supply (in spite of Councils having the ability to house households in need in PRS with LHA).
- 3.5 A more detailed note on the treatment of the PRS is included in **Appendix 6** below.

Stage 1: Current unmet gross need for affordable housing

- 3.6 The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing, and are therefore in current need.
- 3.7 The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in Table 3.1 below, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double-counting between them has been taken into account. Households can be unsuitably housed for more than one reason so it is important that they are only counted once.

Table 3.1 Current households who lack their own housing or live in unsuitable housing in the JCS area			
<i>Element</i>	<i>Source</i>	<i>Number of households</i>	<i>Revised number of households</i>
Homeless households	The Councils' housing registers as of June 2015.	95	95
Households in temporary accommodation	Section E6 of the Council's P1(E) return for 1 st quarter of 2015 showing the number of homeless households accommodated in temporary accommodation by the authority at the end of the quarter.	126	0 ⁶
Overcrowded households	2011 Census modelled to 2015. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms was not included in the 2001 Census) in each authority recorded between the 2001 and 2011 Census. The four year change for recorded from this source was averaged against the latest four year change for each tenure recorded nationally by the English Housing Survey. This average four-year change was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2015.	4,631	4,631
Concealed households*	2011 Census modelled to 2015. This was done by calculating the annual change in the number of concealed households recorded between the 2001 and 2011 Census.	687	288 ⁷
Other groups	The Council's housing register as of June 2015. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above). This amounts to all remaining households in the emergency, gold and silver bands except those in the silver band due to 'to take up work' 'relationship breakdown' and 'to be closer to family or friends' which are not suitable categories within the PPG definition.	472	472
Total		6,011	5,487

*According to the PPG, concealed households include couples, people with young children and single adults over 25 sharing a kitchen, bathroom or WC with another household. Source JCS Councils 2015 Strategic Housing Market Assessment Update Note

⁶ All households in temporary accommodation are also on the Council's Housing Register, although they are not separately distinguished so the total is obtained from the P(1)E form.

⁷ The 2001 Census indicated that 54.1% of concealed households were also overcrowded in Cheltenham, 70.0% in Tewkesbury and 67.0% in Gloucester. In the absence of equivalent data from the 2011 Census it is presumed that these Borough-wide proportions are accurate of the situation currently.

Affordability

- 3.8 Some of the households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector. The ability of these households to afford the cost of entry-level market housing of the appropriate size in the JCS area (set out in Figure 1.2 and Figure 1.3) is therefore tested. The waiting list details the both the household composition and the size of accommodation required by homeless households, households in temporary accommodation, and households unsuitably housed for other reasons. For overcrowded households and concealed households, the household composition recorded in the Census is used to determine the size requirement profile. To test overcrowded households the income distribution for each dwelling size requirement, identified from the updated household survey dataset, is adjusted to reflect that nationally the income of overcrowded households is 98.6% of the figure for all households (according to the English Housing Survey). Similarly for homeless, concealed and ‘other’ unsuitably housed households the income distribution is adjusted to reflect that nationally the income of social rented households is 52.0% of the figure for all households (according to the English Housing Survey).
- 3.9 The households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in the JCS area using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. This affordability test is used in preference to the affordability test of up to 25% of gross income on housing that was contained in then now cancelled, 2007 Practice Guidance, as this was established as the most appropriate figure during the consultation process for the previous SHMA (see footnote 2 in Chapter 2 above). The impact of using other thresholds is however examined at the end of this chapter.
- 3.10 Table 3.2 shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households able to afford the market-entry point. The number of households that are therefore in current need is shown in the final column.

Table 3.2 Affordability of households in unsuitable housing in the JCS area			
<i>Number of bedrooms required</i>	<i>Unsuitable housed households</i>	<i>Percentage unable to afford entry-level market housing</i>	<i>Households in current need</i>
One bedroom	476	50.0%	238
Two bedroom	1,575	33.2%	523
Three bedroom	1,371	35.0%	480
Four or more bedrooms	2,065	46.7%	964
Total	5,487	40.2%	2,205

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

- 3.11 Overall 40.2% (2,205 households) of unsuitably housed households or households lacking their own housing in the JCS area are unable to afford market housing and are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that

would make the property available when they move (this includes occupiers of social rented and intermediate accommodation that are not living with another household currently), and other households. It is estimated that some 553 households in need currently live in affordable housing that would become available for reuse⁸.

Total current need

3.12 Table 3.3 summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 2,205 households in current need in the JCS area.

Table 3.3 Stage 1: Current unmet gross need	
<i>Component</i>	<i>The JCS area</i>
Homeless households and those in temporary accommodation	89
Overcrowded and concealed households	1,859
Other groups	257
Total current housing need (gross)	2,205

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Stage 2: Newly arising affordable housing need

3.13 In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This is split, as per the PPG, into two categories:

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

Need from newly forming households

3.14 As part of his calculations to determine the OAN across the JCS Neil McDonald has calculated the household formation level that will occur over the Local Plan period in each authority. His work indicates that an average of 2,863 new households will form per year in the JCS area over the remaining Local Plan period (2015 to 2031). This represents a household formation rate of 2.0%.

3.15 To assess the ability of these households to afford the cost of entry-level market housing of the appropriate size, it is presumed that these new households will have the same composition as the profile for new households recorded in the English Housing Survey, from which the appropriate size requirement profile can be determined. To test newly forming households' ability to afford market housing, the income distribution for each dwelling size requirement,

⁸ This is based on details of the tenure of households in need, see the Methodology Paper for further details of how this is obtained.

identified using the updated household survey dataset income profile for each authority, is adjusted to reflect that nationally the income of newly forming households is 72.9% of the figure for all households (according to the English Housing Survey).

- 3.16 Table 3.4 shows details of the derivation of newly arising need from newly forming households. The table shows that 34.9% of newly forming households will be unable to afford market housing in the JCS Council areas, which means that there will be an annual affordable housing requirement from 998 newly forming households.

Table 3.4 Newly arising need from new household formation (per annum)	
<i>Component</i>	<i>The JCS area</i>
Number of newly forming households	2,863
Proportion requiring affordable accommodation	34.9%
Number of newly forming households requiring affordable accommodation	998

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Existing households falling into need

- 3.17 The PPG recommends that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the approaches for affordable accommodation made to the Council over the last three years (June 2012 to June 2015) indicates that of the 4,187 approaches in the JCS area, 3,985 were from households in housing need. Annualised this becomes 1,298 households per year in affordable housing need.
- 3.18 This figure will include newly forming households, which have featured in the previous step. The CORE LA Area Lettings Reports⁹ provide an estimate of the proportion of social rented lets each year taken by newly forming households in each authority. It shows that an average of 20.0% of lettings across the JCS area were to newly forming households over the last three years (2010/11 through to 2013/14). It is assumed therefore that 260 (20.0% of 1,298) of the households that approach the Council and are in need are newly forming households. The resultant number of existing households falling into need is 1,038 households per annum¹⁰.

Total newly arising need

- 3.19 Table 3.5 summarises the second stage of the assessment of affordable housing need as set out by PPG. It indicates that 2,036 households will be in newly arising need per annum in the JCS area.

⁹ **CORE (C**ontinuous **R**ecording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

¹⁰ The figure includes 432 households transferring within the affordable sector within the JCS area. Households falling into need resident in affordable accommodation, will release their current home for occupation by a different household in need. They will therefore create no net additional need for an affordable home. It is important to include these households within the needs model to determine the nature of alternative accommodation they require, however the accommodation they supply will also be considered when the supply of homes is assessed.

Table 3.5 Newly arising need (per annum)	
<i>Component</i>	<i>The JCS area</i>
New household formation (gross per year)	2,863
Proportion requiring affordable accommodation	34.9%
Existing households falling into need	1,038
Total newly arising housing need (gross per year)	2,036

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Stage 3: Current affordable housing supply

- 3.20 The PPG indicates that the stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Current occupiers of affordable housing in need

- 3.21 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need (paragraph 3.11), there are 553 households currently in need already living in affordable housing in the JCS area.

Surplus stock

- 3.22 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. Cheltenham records a vacancy rate in the affordable sector of 0.9%, whilst it is 0.5% in Gloucester and 0.7% in Tewkesbury. As the vacancy rate is lower than the 3% benchmark, no vacant affordable dwellings are considered available to be brought back into use to increase the supply of affordable housing.

Committed supply of new affordable units

- 3.23 The PPG indicates that *'the committed supply of new affordable units (social rented and intermediate housing) at the point of the assessment'* be taken accounted within the model. The Councils have indicated as at 1st June 2015 there were 1,761 new affordable homes currently committed.

Planned units to be taken out of management

- 3.24 The PPG states that the *'net number of units to be taken out of management (demolition or replacement schemes that lead to net losses of stock)'* should be quantified. Whilst there are

three sites where the Council is planning to demolish some existing stock, in all instances the replacement stock will provide a greater number of affordable dwellings, so there will not be a net loss of homes.

Total current affordable housing supply

- 3.25 Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in table 3.6. The data shows that there are an estimated 2,314 affordable homes currently available in the JCS area.

Table 3.6 Current affordable housing supply	
<i>Component</i>	<i>The JCS area</i>
Affordable dwellings occupied by households in need	553
Surplus stock	0
Committed supply of affordable housing	1,761
Units to be taken out of management	0
Total affordable housing stock available	2,314

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

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

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

The future supply of social rented housing

- 3.27 This is an estimate of likely future re-lets from the social rented/Affordable Rented stock. The PPG suggests that the estimate should be based on past trend data over the last three years. CORE data provides an indication of the number of lettings in the social rented/Affordable Rented sector and the results for the last three years are presented in table 3.7. The average number of lettings across the social rented/Affordable Rented sector over the three-year period was 1,308 per annum in the JCS Council area¹¹.

¹¹ The figure includes the 432 households transferring within the affordable sector within the JCS area.

Table 3.7 Analysis of past housing supply (social rented sector)			
<i>Year</i>	<i>Cheltenham</i>	<i>Gloucester</i>	<i>Tewkesbury</i>
2011/12	450	599	204
2012/13	421	426	294
2013/14	619	494	416
Average	497	506	305

Source: CORE LA Area Lettings Report 2011/2012, 2012/2013, 2013/2014

Supply of intermediate housing

- 3.28 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in the JCS area). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the social rented sector (7.5% in Cheltenham, 6.7% in Gloucester and 6.8% in Tewkesbury) to the estimated stock for each form of intermediate housing in each authority. This is set out in table 3.8. It is estimated that around 83 units of intermediate housing will become available to meet housing needs from the existing stock each year in the JCS.

Table 3.8 Estimated intermediate supply		
<i>Intermediate tenure</i>	<i>The JCS area</i>	
	<i>Stock</i>	<i>Annual re-lets</i>
Discount home ownership	49	3
Shared ownership	1,141	80
All intermediate lettings	-	83

Source: HCA's Statistical Data Return 2014

Annual future supply of affordable housing

- 3.29 The total future supply of affordable housing is the sum of the social rented supply and the intermediate supply as set out in table 3.9.

Table 3.9 Future supply of all affordable housing (per annum)	
<i>Component</i>	<i>The JCS area</i>
Annual supply of social re-lets	1,308
Annual supply of intermediate housing available for re-let or resale at sub-market levels	83
Annual supply of all affordable housing	1,391

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Estimate of net annual housing need

- 3.30 The PPG states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).
- 3.31 The second step is to convert this total net current need figure into an annual flow. The PPG allows this total net current need can be addressed over any length of time. For the purposes of this study the period of sixteen years will be used to fit in with the remaining time frame of the Local Plan. The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). Table 3.10 sets out this process. It leads to a total need for affordable housing of 638 across the JCS area.

Table 3.10 Results of the affordable housing needs model	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total) (Table 3.3)	2,205
Stage 2: Newly arising affordable housing need (Annual) (Table 3.5)	2,036
Stage 3: Current affordable housing supply (Total) (Table 3.6)	2,314
Stage 4: Future housing supply (Annual) (Table 3.9)	1,391
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	-109
Stage 5.2 Annualise net current need (Stage 5.1/16) (Annual)	-7
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	638
Total gross annual need (Stage 1/16 + Stage 2) (Annual)	2,174
Total gross annual supply (Stage 3/16 + Stage 4) (Annual)	1,536

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note; various secondary sources

Refining the model in a local context

- 3.32 The model contains detail of the type of households in affordable housing need. This includes the number of single person households aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not the Councils' practice to allocate them an affordable property individually. This is discussed further in Appendix 6. This group would be tested for their ability to afford an individual room within shared private rented accommodation, (an entry-level cost of £250 per month in the Gloucester Area, £300 per month in the Cheltenham Area, £270 per month in the Tewkesbury Area and £325 per month in Cotswold North and Winchcombe). These households are therefore not required to share, but are likely to have to in housing markets where affordable housing supply is at a premium.
- 3.33 As the supply of affordable accommodation is limited in the JCS area, any single person households aged 35 in housing need that can afford a room within shared private rented

accommodation is excluded from the revised calculation of the total need for affordable housing. In the JCS area this accounts for 218 households per year. Removing these households adjusts the need for new affordable units to 420 (638-218) per year in the JCS area. The gross need (set out in the second last row of the table above) also reduces to 1,956.

Overall households in affordable housing need by type (gross)

- 3.34 Table 3.11 gives a breakdown of the gross annual households in need (after the refinement of the model), by household type in the JCS area. The table shows that some 3.6% of lone parent households are in housing need compared to 0.9% of single person households. Overall, lone parent households comprise 23.9% of all households in need and single person households a further 22.5% of households in housing need.

Table 3.11 Annual need requirement by household type					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	440	47,772	48,212	0.9%	22.5%
Couple with no children	396	40,539	40,935	1.0%	20.2%
Couple with child/children	389	30,884	31,273	1.2%	19.9%
Lone parent	467	12,684	13,151	3.6%	23.9%
Other	263	8,717	8,980	2.9%	13.4%
Total	1,956	140,595	142,551	1.4%	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Size of accommodation required

- 3.35 Table 3.12 shows the size of accommodation required by households in housing need in the JCS area. The supply distribution for social rented and intermediate homes is derived from the three year average profile recorded by CORE between 2011/12 and 2013/14. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.
- 3.36 The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by three and four bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by three bedroom accommodation. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

Table 3.12 Size of additional units required to meet housing need					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	837	688	149	35.5%	82.2%
Two bedrooms	653	581	72	17.0%	89.0%
Three bedrooms	315	213	102	24.1%	67.7%
Four or more bedrooms	151	53	98	23.4%	35.0%
Total	1,956	1,536	420	100.0%	78.5%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Type of affordable home required

Gross requirement

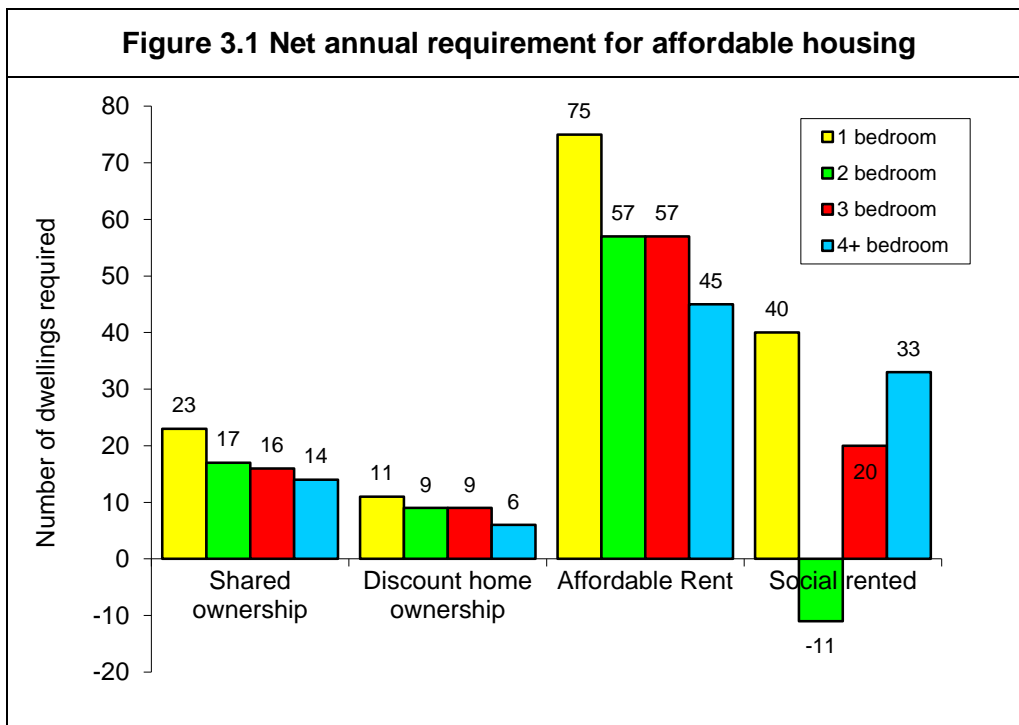
- 3.37 Table 3.13 illustrates how many households in affordable housing need in the JCS area are able to afford the different affordable products. The figures presented are exclusive, so for example the 79 households requiring a three bedroom home that are able to afford Affordable Rent do not include the 40 households able to afford shared ownership accommodation (even though they would also be able to afford Affordable Rent). Households have therefore been assigned the most expensive product they are able to afford. The social rented group also includes those unable to afford any accommodation without benefit-support, as this is the tenure in which these households are most likely to reside.
- 3.38 The table shows that of the 1,956 households in gross need each year in the JCS area, 74.7% can afford social rent or require support. Generally as the size of accommodation required increases, the proportion of households able to afford an intermediate product decreases.

Table 3.13 Size and type of affordable home required by those in need (per annum)						
<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (%)</i>
Shared ownership	30	49	40	22	141	7.2%
Discount home ownership	11	12	10	6	39	2.0%
Affordable rent	91	97	79	48	315	16.1%
Social rent/requires assistance	705	495	185	75	1,461	74.7%
All households	837	653	315	151	1,956	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Net requirement

3.39 Whilst the overall affordability of these products is an important consideration, the supply of these dwellings needs to be considered before the overall housing requirement can be established. Figure 3.1 shows the overall net annual requirement for affordable housing in the JCS area once the likely supply of affordable accommodation has been deducted from the gross need. The figure shows that there is a requirement for a range of different affordable accommodation, with the exception of two bedroom social rented homes, where there is likely to be a surplus. It is therefore suggested that these homes be converted into Affordable Rented accommodation.



Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Sensitivity analysis – affordability threshold

3.40 The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. This was established as the most appropriate figure during the consultation process for the previous SHMA and confirmed through the round table process. The Inspector has asked for the impact of adjusting this affordability threshold to be presented. This is set out in table 3.14, which details the results of the PPG affordable housing need model where the cost of housing could constitute no more than 20%, 30% and 40% of gross household income, rather than 35% used in the standard model.

Table 3.14 Impact of different affordability assumptions on affordable housing requirement in the JCS area			
	<i>Rent payable constitutes no more than:</i>		
	<i>25% of gross household income</i>	<i>30% of gross household income</i>	<i>40% of gross household income</i>
Stage 1: Current gross need	2,850	2,573	1,960
Stage 2: Newly arising need	2,783	2,347	1,904
Stage 3: Current supply	2,750	2,418	2,251
Stage 4: Future supply	1,391	1,391	1,391
Stage 5.1 Net current need	100	155	-291
Stage 5.2 Annual net current need	6	10	-18
Stage 5.3 Total annual need	1,398	966	495
Refinement - under 35 singles able to afford shared market accommodation	200	176	248
Adjusted annual need	1,198	790	247

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

- 3.41 The table indicates that the net requirement would increase from 420 to 790 affordable homes per year in the JCS area if 30% of gross household income could be spent on housing costs. This would increase further to 1,198 affordable homes per year if 25% of income could be spent on housing costs. The requirement would reduce to 247 affordable homes per year if the affordability assumption was changed to 40%.

4. Requirements of specific groups of the population

Introduction

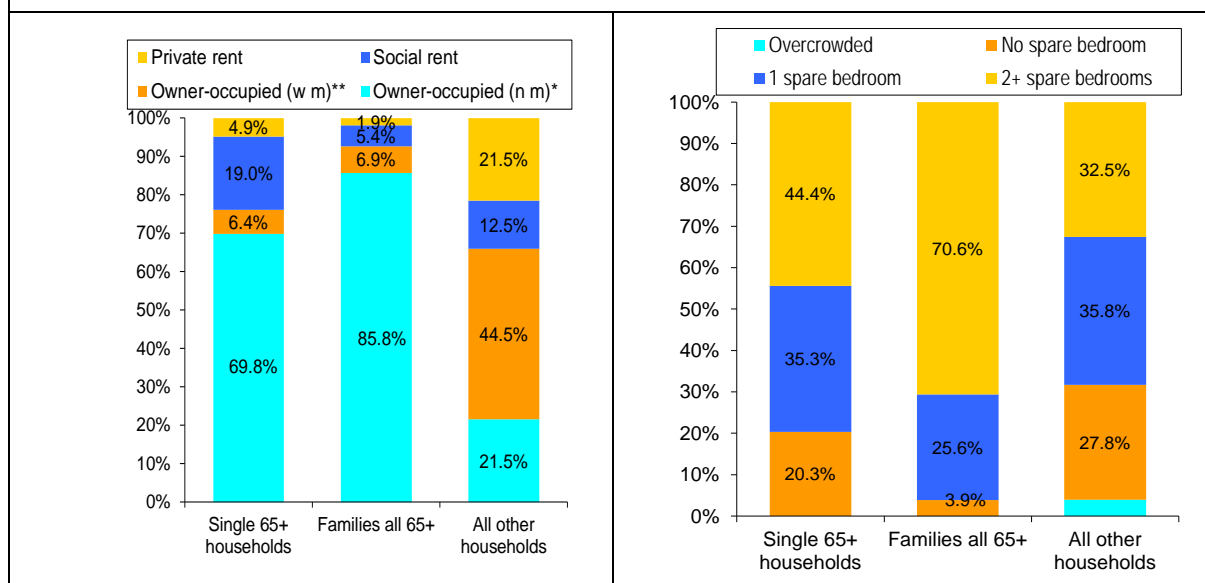
- 4.1 The NPPF indicates that an SHMA should ensure that all subgroups of the population are addressed. Whilst the LTBHM considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. This chapter considers the specific profiles the following groups of the population, which are both suggested in the PPG and have an appreciable impact on the housing market within the JCS area:
- Older persons
 - People with disabilities
 - Family households
 - Students
 - Service families
- 4.2 This chapter will also profile the private rented sector in more detail and comment on the level of demand from people wishing to build their own homes.

Housing Needs of Older People

Current situation

- 4.3 9.4 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. The Census indicates that 21.3% of households in the JCS area were older person only households (households where all members are 65 or over), compared to 24.3% regionally and 20.5% nationally. Within the JCS area, Tewkesbury records the largest proportion of older persons only households (24.9%) and Gloucester the lowest (19.0%). Of these older person only households in the JCS area in 2011, 58.6% contained only one person, a similar distribution to that recorded in the South West (57.0%) and England (60.0%).
- 4.4 Figure 4.1 shows the tenure profile of older person only households in the JCS area in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The results show that whilst single older person households in the JCS area were more likely than average to reside in social rented accommodation, both of the older person groups show a high level of owner-occupation. Older person households were also more likely than average to have multiple spare bedrooms in their home.

Figure 4.1 Profile of accommodation for older person households in the JCS area



Source: 2011 Census *Owner-occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership. Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Future requirement

- 4.5 The objectively assessed need projections indicate that the population aged 65 or over is going to increase dramatically over the plan period from 60,897 in 2015 to 87,745 in 2031, a rise of 44.1%. Within the JCS area, Gloucester is projected to record the biggest growth in its older person population, (49.2%), followed by Tewkesbury 44.2% and Cheltenham (39.1%).
- 4.6 The results of the LTBHM model can be disaggregated into different household groups within the whole population. Table 4.1 shows the ideal accommodation profile for older person households in the JCS area in 2031 arising from that model.

Table 4.1 Type of accommodation required for pensioner households in 2031 (46,729 households)

Dwelling size	Market	Intermediate	Affordable Rent	Benefit supported	Total
One bedroom	10.7%	0.2%	0.9%	12.1%	23.9%
Two bedrooms	29.6%	0.2%	0.7%	7.4%	37.9%
Three bedrooms	29.5%	0.1%	0.0%	0.5%	30.1%
Four or more bedrooms	8.1%	0.0%	0.0%	0.0%	8.1%
Total	77.9%	0.5%	1.6%	20.0%	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Specialist accommodation

- 4.7 Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist



housing options moving forward. It is therefore useful to consider the ability of specialist accommodation to meet the requirements of this group. To do this we use the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network¹² (and recommended by one of the stakeholders through the round table process).

4.8 Table 4.2 shows the current supply of specialist housing for older people. At present it is estimated that there are 3,939 units in the JCS area; this is equivalent to 138 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level. Within the JCS area, the ratio varies only slightly, from, 120 per 1,000 in Tewkesbury to 142 per 1,000 in Cheltenham and 149 per 1,000 in Gloucester. It is also worth noting that some 58.9% of this accommodation is in the affordable sector, despite the propensity of older persons only households to be owner-occupiers.

4.9 Table 4.2 also shows the amount of specialist accommodation that will be required by the population in 2031 if the current rate of occupation is maintained (138 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is slightly lower than the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also to consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth column of the table therefore show the total and net requirement for specialist accommodation if the usage rate increase to 170 per 1,000 people.

Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on current usage ratio of 138 per 1,000 people aged 75+		Future requirement based on increasing usage ratio to 170 per 1,000 people aged 75+	
			Profile 2031	Additional units required	Profile 2031	Additional units required
Sheltered housing	Market	1,497	2,200	703	2,925	1,428
	Affordable	1,980	3,463	1,483	3,807	1,827
Extra care housing	Market	121	185	64	289	168
	Affordable	341	558	217	871	530
Total		3,939	6,406	2,467	7,892	3,953

Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2015

4.10 If it is presumed that occupation patterns remain at current levels then there is a requirement for 2,467 additional specialist units of which 2,186 should be sheltered housing and 281 extra care housing. The requirement for 2,467 additional specialist units for older people represents 9.2% of the total objectively assessed need for the period 2014 to 2031. If it is assumed that

¹² <http://www.housinglin.org.uk/>

occupation rates increase to a rate of 170 per 1,000 people 75 or over then 3,953 additional specialist units are required which constitutes 14.8% of the total Objectively Assessed Need. As varying the occupation rate has such a dramatic effect on the overall requirement, it may be appropriate for the Councils to pursue the lower of these two figures, which is closer to the current expectations of older households and monitor how usage patterns develop over time.

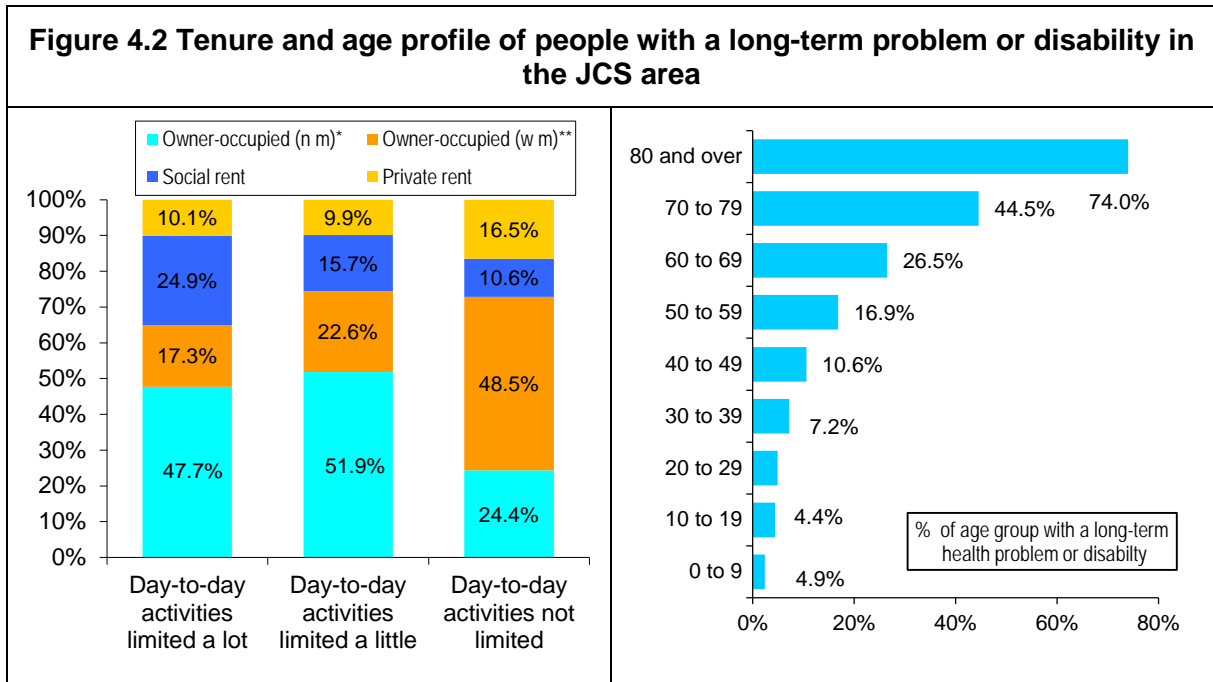
- 4.11 The model identifies that just over two-thirds (68.9%) of this additional specialist accommodation should be affordable with the remainder market housing. However, the Census indicates that over three-quarters of all older person households in the JCS in 2011 were owner-occupiers with no-mortgage and it would be expected that the majority of these households would be able to afford specialist accommodation in the market sector if it was required. In addition the LTBHM model indicates that almost four-fifths of older persons households in 2031 would be most suitably housed in market accommodation.
- 4.12 It is therefore suggested that the market/affordable ratio for total specialist accommodation in 2031 derived from the Strategic Housing for Older People tool (based on the current JCS ratio) be averaged with the overall market/affordable ratio for all housing for older persons in 2031 derived from the LTBHM model. This leads to a recommended split of 41% of new specialist accommodation as affordable and 59% within the market sector. It should be noted that this requirement for 1,011 affordable and 1,456 market specialist units form part of the overall Objectively Assessed Need required over the Local Plan period in the JCS.
- 4.13 As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. According to the Strategic Housing for Older People tool there are around 2,527 spaces in nursing and residential care homes in the JCS area currently. Presuming the current occupation rate by age across the JCS is continued forward, the Strategic Housing for Older People tool indicates there will be a requirement for 4,085 spaces in the JCS area in 2031, suggesting an additional 1,558 spaces will be required over the next 17 years. This additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the Objectively Assessed Need. (On a practical point it would not be appropriate to increase the housing requirement to meet this need (as it is not housing) – although it may be appropriate to plan for the provision of this need separately).

Households with specific needs

Current situation

- 4.14 Some 16.1% of the resident population in the JCS area have a long-term health problem or disability, compared to 18.5% of residents in the South West region and 17.6% of people across England. Within the JCS area, Gloucester records the largest proportion of residents a long-term health problem or disability (16.8%) and Cheltenham the lowest (15.1%). Some 43.8% of all residents with a long-term health problem or disability in the JCS area had a condition that limited day-to-day activities a lot, with 56.2% having a condition that limited activities a little.

4.15 Figure 4.2 below shows the tenure profile of people with a long-term health problem or disability in the JCS area in 2011 compared to the remainder of the population. The figure also sets out the prevalence of a long-term health problem or disability in the different age groups of the population. The results show that whilst people with a long-term health problem or disability are more likely than average to be owner-occupiers with no mortgage, they are also more likely than average to reside in the social rented sector. The analysis also reveals a strong correlation between age and long-term health problem or disability



Source: 2011 Census *Owner-occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership. Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Future requirement

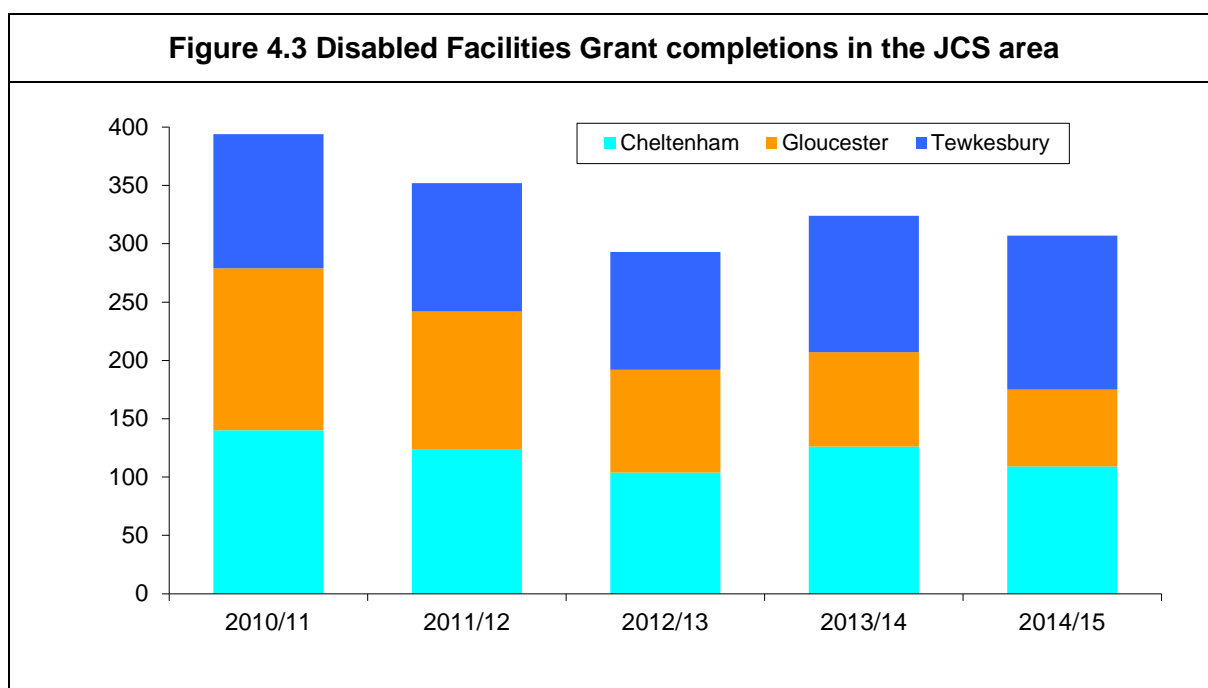
4.16 The household survey dataset, which is used to derive the outputs of the LTBHM model, did not collect information on whether residents had a long-term health problem or disability, but instead collected data on the existence of residents with one of a number of 'support needs'. The support needs included those that were frail elderly, had a medical condition, had a physical disability, had a learning difficulty, had a mental health problem and those that had a severe sensory disability. Although this used a different definition to the Census, it is a useful proxy for those with specific needs. The results of the LTBHM model can be disaggregated to show the specific accommodation requirements of households containing someone with a support need. Table 4.3 shows the ideal accommodation profile for support needs households in the JCS area in 2031 arising from that model.

Dwelling size	Market	Intermediate	Affordable Rent	Benefit supported	Total
One bedroom	7.2%	0.4%	2.2%	18.5%	28.1%
Two bedrooms	17.3%	0.5%	2.1%	9.9%	29.8%
Three bedrooms	24.7%	0.4%	0.9%	4.4%	30.4%
Four or more bedrooms	10.4%	0.1%	0.1%	0.9%	11.5%
Total	59.6%	1.4%	5.3%	33.7%	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Adaptations and support

- 4.17 In addition to specialist accommodation, the Council assists people to remain in their current home by providing support and assistance. Figure 4.3 shows the number of Disabled Facilities Grants that have been completed in the JCS area between 2010/11 and 2014/15. The figure shows that the requirement for these services has remained broadly consistent over this period, although the number of completions in Gloucester has reduced slightly.



Source: JCS Councils, 2015

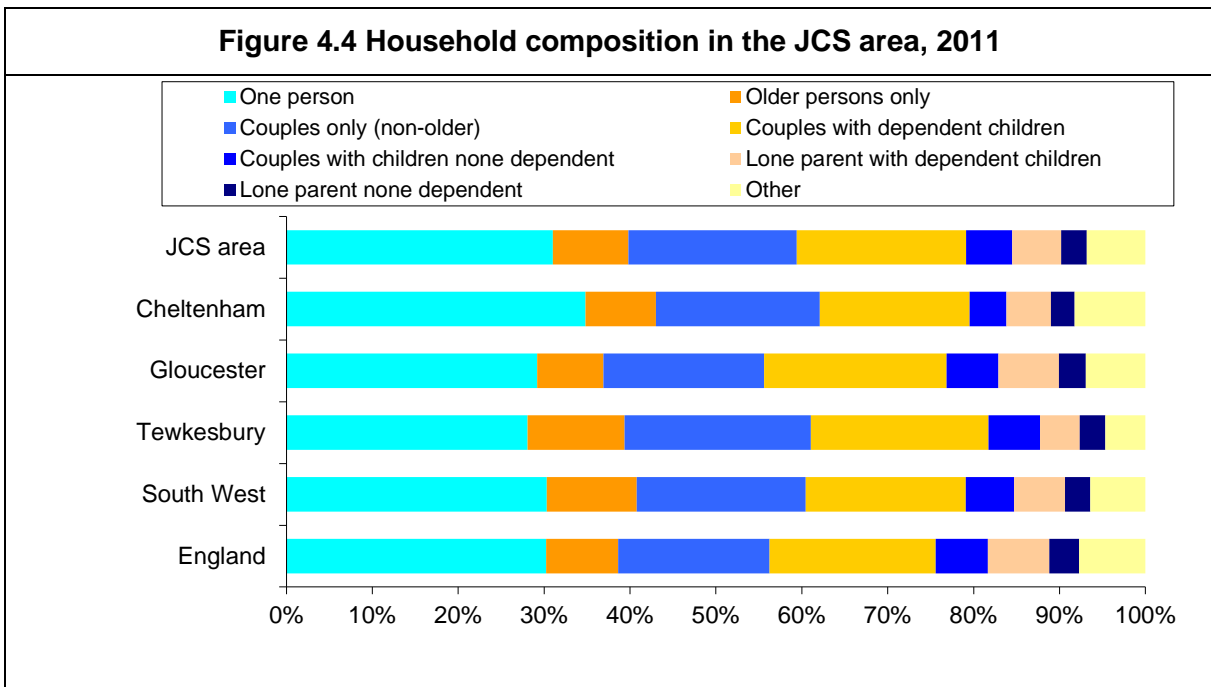
- 4.18 Although data is only available from two of the JCS Councils (Cheltenham and Tewkesbury), it is clear that the Disabled Facilities Grant is most commonly used for a level access shower, followed by a stairlift and then ramped access. These adaptations are an important function of the housing market as they reduce the demand for specialist housing, by allowing residents to remain in their own home for longer.

4.19 In terms of support, Greensquare¹³ has provided tenancy related support since June 2013. The data provided suggest that they help an average of 1,481 people per year across the JCS area. The support includes advice, assistance with claiming benefits, bills, budgeting, and adhering to the terms of their tenancy.

Families with children

Current situation

4.20 Figure 4.4 shows the household composition in the recorded at the time of the Census. This indicated that 33.7% of the household population were families with children, a figure higher than the regional figure (33.1%) but lower than the national average (36.0%). Within the JCS area, Gloucester records the largest proportion of family households (37.4%) and Cheltenham the lowest (29.7%).

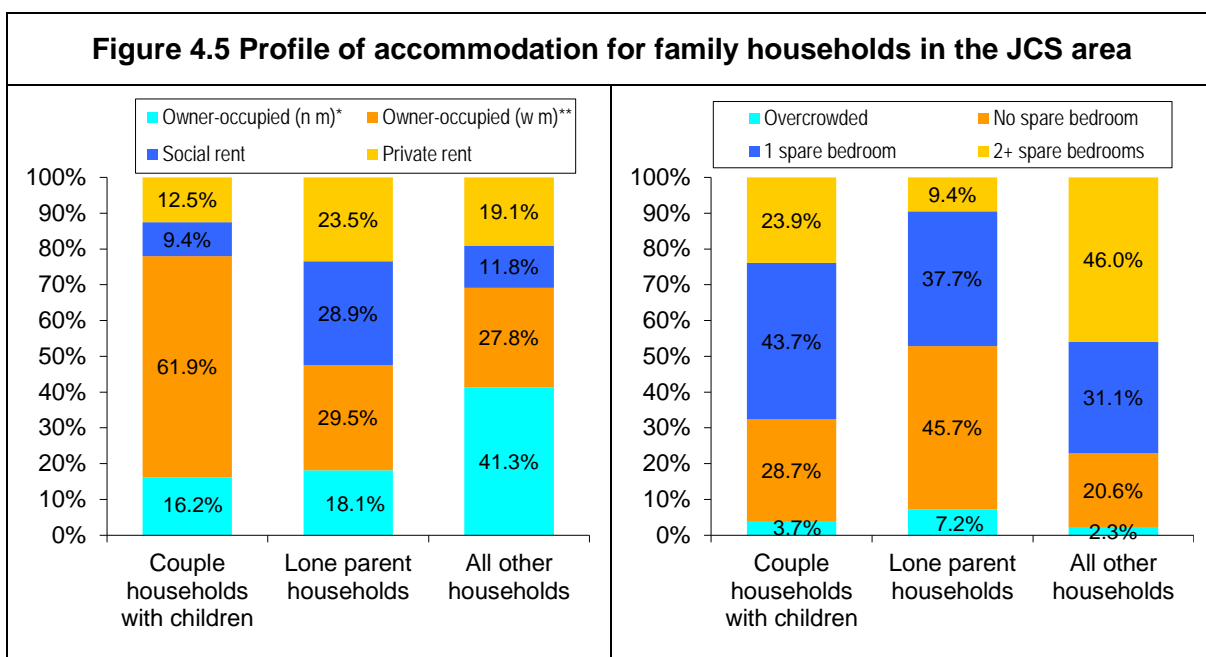


4.21 Figure 4.5 below shows the tenure profile of the two main types of ‘family with children’ households in the JCS area in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The data shows that whilst there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst non-family with children households in the JCS area, the proportion of this group in the social and private rented sector is not dissimilar. Lone parents however are notably more likely than non-family with children households to be in both social rented and

¹³ GreenSquare Group is a provider of housing, regeneration, care and support and commercial services across Wiltshire, Oxfordshire and Gloucestershire



private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied than other households in the JCS area.



*Owner-occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership. Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Future requirement

- 4.22 The objectively assessed need projections indicate that the total population of families with children in the JCS area is going to rise from 44,424 in 2015 to 48,967 by 2031 and the proportion of lone parent families within this group will grow from 29.6% in 2015 to 34.3% in 2031. Table 6.1 shows the ideal accommodation profile for family households in the JCS area in 2031 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation.

Table 4.4 Type of accommodation required for households with dependent children in 2031

Dwelling size	Owner-occupation	Private rented	Affordable	Total
One bedroom	0.0%	0.0%	0.0%	0.0%
Two bedrooms	13.6%	0.9%	3.4%	4.6%
Three bedrooms	31.8%	1.4%	3.1%	7.8%
Four or more bedrooms	26.8%	0.7%	1.5%	4.4%
Total	72.2%	3.0%	8.0%	16.8%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Students

- 4.23 The University of Gloucestershire, which is based in Cheltenham and Gloucester was contacted and asked about the current accommodation provision for its students, what expectations they have for future growth and where this growth will be accommodated.

Current profile

- 4.24 The University of Gloucestershire currently has 7,692 students based in Cheltenham and Gloucester. Some 6,012 are located at one of the three campuses in Cheltenham (the Park Campus, Francis Close Hall and the Pittville site), with 1,680 students based at the Oxstalls campus in Gloucester.
- 4.25 The University's accommodation policy aim is to guarantee a place in a managed hall of residence to:
- all first year undergraduate students (including first year international students);
 - all second and third year undergraduate international students; and
 - all international pathway students (i.e. students entering the UK via a sub-degree programme with a partner provider).
- 4.26 Guaranteed accommodation is currently provided in University owned halls (on its teaching campuses and at the planned Pittville student village) and in halls leased from private landlords. The Pittville student village, a redevelopment of the Pittville campus, is planned to address the current deficit in bedspaces for these students, which amounted to a shortfall of 482 rooms in 2014/15 and a predicted shortfall of 663 rooms in 2015/16.
- 4.27 Second and third year domestic (i.e. non-international students) are not housed in managed accommodation but tend to rent in the private sector in multiple occupancy housing in Cheltenham and Gloucester. Currently the majority (80%) of second and third year students in private rented accommodation live in Cheltenham with 20% in Gloucester. It is important to note that approximately 30% of domestic students live locally and elect to stay at home whilst studying at the University.

Plans for growth

- 4.28 Although the University, like all others, has been affected by sector trends since 2007/08, student numbers have grown by approximately 2.1% each year. The University's strategic plan confirms a commitment to grow further – as demonstrated by student confirmations of attendance showing double digit growth on last year.
- 4.29 The University projects that in the period of the JCS, the University's student numbers based in Cheltenham and Gloucester will increase by 50%; approximately 4,000 additional students over the plan period. The University estimate this would result in a requirement for 1,500 additional bedspaces in managed halls of residence.

- 4.30 It is envisaged that much of this additional growth in managed accommodation would be in Gloucester as there is limited additional capacity within the Cheltenham campuses – the University’s estates strategy identifies that there is the ability to provide around 200 additional student rooms on the Oxstalls campus and further student residences in Gloucester would be served by the planned regeneration of the Quayside and Blackfriars area.
- 4.31 The increased concentration of future managed accommodation in Gloucester is envisaged to have an impact on the location preference for the second and third year students that live in private rented accommodation, with an additional 8% of students’ anticipated to opt for Gloucester rather than Cheltenham.

Implications for the local housing market

- 4.32 Presuming that the expected growth is achieved and the University is able to provide sufficient rooms in managed accommodation to house those groups in its accommodation policy, it means that there will be an additional 2,500 students attending University in Gloucester and Cheltenham without accommodation. If it is presumed that 30% of these students reside at home, then there will be approximately 1,750 additional students looking for accommodation within the private rented sector. Typical occupation levels amongst students in private sector multiple occupancy housing would suggest that this would equate to around 450 new dwellings within the private rented sector, with 360 likely to be required in Cheltenham and 90 required in Gloucester (presuming around 70% of students would then prefer Cheltenham, rather than the 80% that do now).
- 4.33 It is estimated that there are currently 11,232 private rented households in Cheltenham and 9,232 in Gloucester. Whilst a growth of 360 private rented households in Cheltenham appears fairly large, the increase would represent an average annual growth of the private rented sector of just 0.2% over the remaining sixteen years of the plan period (90 new private rented homes would equate to average annual growth of 0.1% in Gloucester). As detailed further below, the average annual increase in the private rented sector between 2001 and 2011 was 7.2% in Cheltenham (9.9% in Gloucester), which suggest that the housing market should be able to absorb the growth required in the private rented sector to house the expanding student population comfortably.
- 4.34 It is therefore recommended that whilst Cheltenham Council should monitor the level of rents charged to determine whether increased demand from students is driving rent levels up quicker than is experienced elsewhere locally, it does not appear necessary to adjust the OAN to account as a consequence of student growth.

Service Families

- 4.35 The main Ministry of Defence (MoD) site in the JCS area is the Imjin Barracks in Innsworth, by the edge of Gloucester, but in the Borough of Tewkesbury. There is also a further base at Ashchurch, also in Tewkesbury. The JCS Council’s main contact at Imjin Barracks provided detail on the current housing situation for the service personnel in the JCS area and the future plans at the sites.

Current profile

- 4.36 There are 1,250 service personnel working at Imjin Barracks, with a further 600 other military personnel, civil servants or contractors working for the MoD at the camp, including 170 military personnel from allied NATO nations.
- 4.37 Of the 1,250 service personnel at Imjin, about 500 are single and live in accommodation on the camp with the remainder married and living off camp, but overwhelmingly in Service housing. It is estimated that there are about 600 families living in MOD Service accommodation; about 350 live in MOD married quarters in Innsworth and Churchdown while the remainder live in MOD rented properties known as Bulk Lease Housing, mainly at Kingsway, near Quedgeley, with smaller estates at Tewkesbury and Gloucester and smaller groupings in the area. There are a small number of family households (around 100), that do live in the general housing market, the majority of which (approximately 60) have bought their own homes in the area although there are some who rent privately (around 40).
- 4.38 There are 90 military personnel based at Ashchurch, of whom about 50 are single and live on the camp. The majority of the reminder live in married quarters adjacent to the camp, although there are a small number who live in the wider housing market.

Housing flows

- 4.39 The average stay, or posting, for Service personnel is three years, though this may vary in individual cases. Therefore about one third of the service personnel change over every year.
- 4.40 The responsibility of the MOD to house ex serving personnel ceases when they leave the military, but all service personnel have access to advice on planning for their accommodation needs after they leave the Services. As the date of their discharge from the Services approaches, all Service personnel who have not already made arrangements for their future accommodation are offered targeted advice on how to find accommodation in the area where they will settle down, which can include referral to housing providers and RSLs as appropriate. Although there is no data on the number of service families who leave the site and move into the local housing market, it is thought to be negligible.

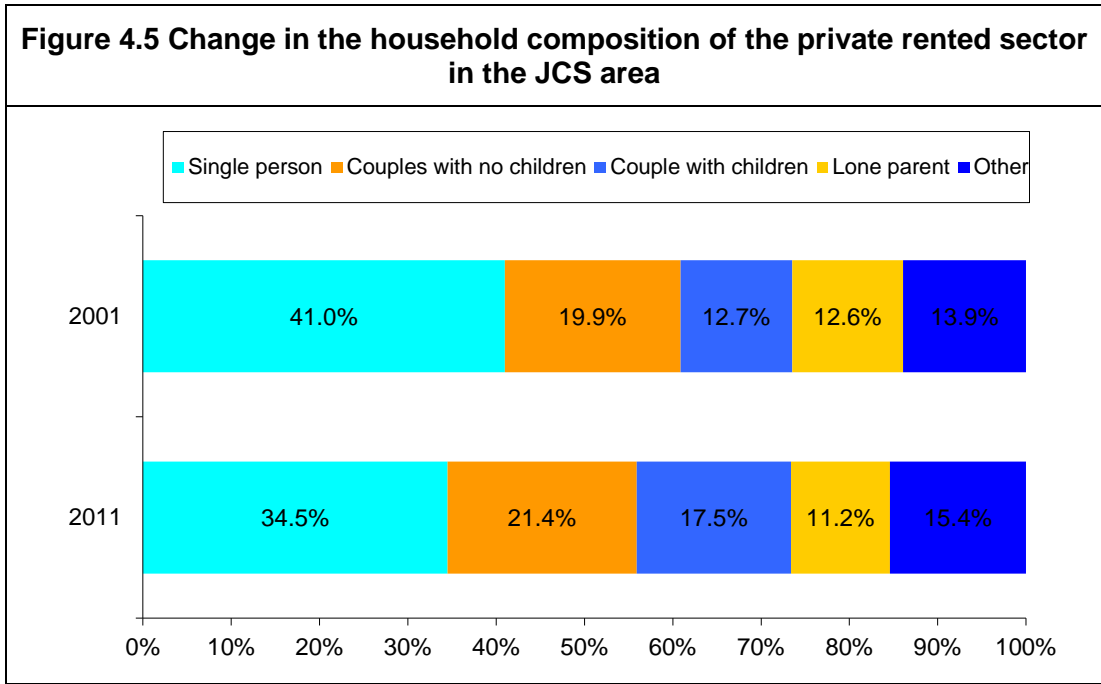
Future plans

- 4.41 There are no plans to increase or decrease the military population, although it is intended to provide married accommodation closer to Imjin Barracks for all those currently occupying Bulk Lease Housing. There is currently no timescale for this happening yet though. The nature of MOD married housing provision is that wherever possible, it is provided on the same estate. Clearly if such a move nearer to Innsworth were to be achieved, a new estate would be required.
- 4.42 It is clear that the barracks has little impact on the wider JCS housing market as the vast majority of service personnel reside in specific Ministry of Defence accommodation. As there are no plans to increase the size of this site it is not necessary to make an adjustment to the proposed housing target to meet the needs of this group.

The private rented sector

Growth

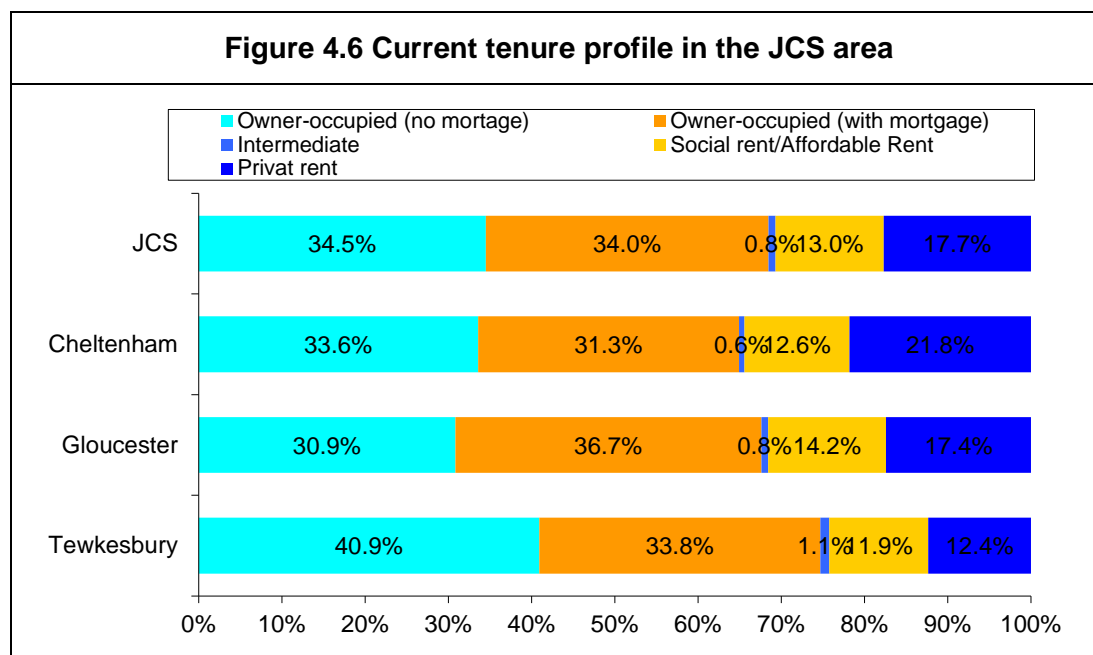
4.43 The private rented sector is becoming increasingly important in the JCS area; the Census indicates that it increased by 82.3% in the JCS area between 2001 and 2011 compared to decrease of 0.6% across all other tenures combined. Within the individual authorities in the JCS area, the private rented sector increased by 99.4% in Gloucester, by 77.8% in Tewkesbury and by 72.1% in Cheltenham. Figure 4.5 compares the household composition of the private rented sector in the JCS area in 2001 to the profile of households resident in this tenure in the JCS area in 2011. The data clearly shows that not only has the private rented sector expanded, but the households in it have diversified.



Current trends

4.44 It is estimated that there are 25,236 private rented households in the JCS currently, with 11,395 in Cheltenham, 9,232 in Gloucester and 4,609 in Tewkesbury. Across the JCS area 17.7% of households reside in private rented accommodation. Figure 4.6 sets out the current tenure profile in the authorities across the JCS. It shows that Cheltenham has the largest proportional private rented sector and Tewksbury the smallest.





Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

4.45 To assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. Table 4.5 shows the change in private rents over the last two years at both the median and lower quartile level. This data is disaggregated by Local Authority and accommodation size. The table shows for example that between 2011/12 and 2013/14 two bedroom lower quartile rents increased by 4.2% in Cheltenham. Overall the data suggests that the private rented sector is fairly stable, with rents changing slightly over the two year period. The data does suggest that four bedroom rents are the most volatile in the market.

Table 4.5 Change in private rents charged in the JCS area between 2011/12 and 2013/14				
Lower quartile prices				
Local Authority	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Cheltenham	4.2%	4.2%	3.3%	-4.3%
Gloucester	0.0%	5.0%	8.3%	-6.5%
Tewkesbury	7.6%	4.6%	6.9%	19.5%
Median prices				
Local Authority	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Cheltenham	0.0%	0.3%	4.8%	8.5%
Gloucester	0.0%	2.4%	6.9%	-5.3%
Tewkesbury	3.3%	0.8%	7.9%	28.5%

Source: Valuation Office Agency, 2015

The benefit-supported private rented sector

- 4.46 It is estimated that nationally around a quarter of private tenants are in receipt of Local Housing Allowance. In the JCS area the figure is 24.4%, although this varies notably between the constituent authorities, from 15.9% in Cheltenham and 20.6% in Tewkesbury to 36.9% in Gloucester.
- 4.47 Table 4.6 compares benefit-support households in the private rented sector in the JCS area with households resident in the tenure in the JCS area without this benefit, using data from the updated household dataset. The Table shows that the benefit-supported sector is much more likely to contain pensioner households and lone parent households than the non-benefit-supported sector. The average age of households in the benefit-supported sector is consequently older at 41.
- 4.48 There is a dramatic difference in the employment profile of these households, with 46.6% of those in the benefit-supported sector containing an employed person in the household, compared to 91.3% of households in the non-benefit-supported sector. This affects the household income recorded, with the median income for households in the benefit-supported private rented sector less than a third of the figure for households in the non-benefit-supported sector.

Table 4.6 Comparison of households within the private rented sector			
	<i>Benefit-supported</i>	<i>Not benefit supported</i>	<i>All private rented households</i>
<i>Household type</i>			
Single pensioners	13.1%	4.0%	6.5%
2 or more pensioners	3.6%	2.0%	2.5%
Single non-pensioners	26.0%	29.4%	28.5%
2 or more adults, no children	11.5%	43.0%	34.4%
Lone parent	29.4%	3.2%	10.3%
2+ adults 1 child	8.2%	8.7%	8.6%
2+ adults 2+ children	8.2%	9.7%	9.2%
Total	100.0%	100.0%	100.0%
<i>Median age of household head</i>			
	41	37	38
<i>Whether employed person in household</i>			
Yes	46.6%	91.3%	79.1%
No	53.4%	9.2%	21.3%
Total	100.0%	100.0%	100.0%
<i>Median household income</i>			
	£9,698	£32,938	£24,878

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

People wishing to build their own homes

- 4.49 It should be noted that the NPPF specifically refers *to people wishing to build their own homes* within the examples cited in paragraph 159. The Councils have collated this information outside this report.

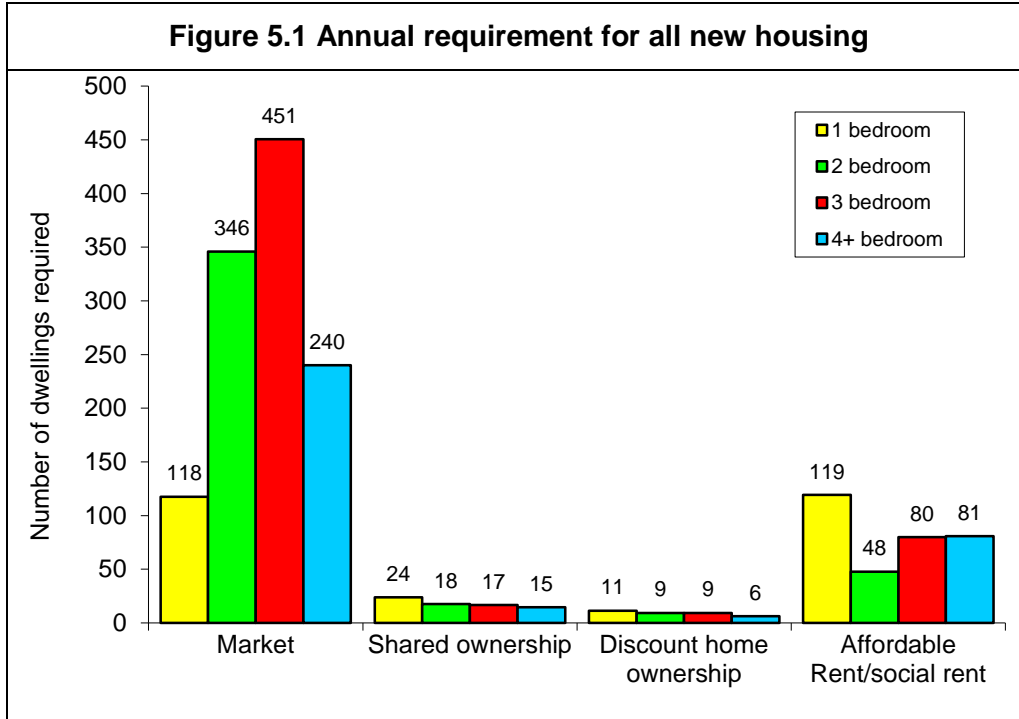
5. Conclusion

- 5.1 On completion of the calculation of the need for affordable housing the PPG says at Reference ID: 2a-029-20140306:

The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.

- 5.2 It is clear that a Planning Authority should consider whether or not the housing target in the Local Plan should be increased to assist with meeting the need for affordable housing.
- 5.3 The total annual affordable housing need in the JCS of 420 (as calculated in chapter 3) represents 27.4% of the annual projected household growth in in the JCS area between 2015 and 2031 (1,533 households per year). This proportion of new housing as affordable appears achievable to deliver in the JCS area. It is clear that the Council can be confident that the affordable housing requirement can be met by the Objectively Assesed Need identified and no adjustment is required to this figure. The figure of 27.4% is very similar to the proportion of new affordable housing required within the LTBHM model, 27.7% providing further evidence that the assumptions reflect the realities of the current housing market locally.
- 5.4 Furthermore the evidence in this report would suggest that the Council should pursue an overall affordable housing target of 25-30% when negotiating section 106 sites with housing developers, although other evidence such as the Councils' viability assessment will also need to be considered and allowance will need to be taken of the fact that some sites may not deliver affordable housing (for example due to policy thresholds).
- 5.5 Chapter 4 considered the impact of subgroups of the population on the housing target. The analysis indicated that no adjustment was required to account for the military personnel at the barracks in the JCS area, whilst the potential growth in the student population within the housing market associated with the expansion of the University of Gloucestershire would be absorbed quite comfortably as the annual scale of growth is likely to be small. In terms of specialist accommodation for older persons, as set out in paragraph 4.12, it is recommended that across the JCS area an additional 91 market and 69 affordable sheltered and extra care housing units be provided each year within the identified Objectively Assessed Need.
- 5.6 To profile the overall dwelling requirements the household totals presented in this report will be converted to dwelling figures by applying the overall JCS-wide vacancy rate of 3.7% that is used in the objectively assessed need calculation. Therefore of the 1,589 dwellings required per year over the plan period, 436 (27.4%) should be affordable, as this is the requirement derived from the affordable housing need model. The residual dwellings within the objectively assessed need estimate are market accommodation.

5.7 The size of housing required within these tenures is presented in Figure 5.1. The affordable sector is informed by the affordable housing needs model. The market profile is informed from the LTBHM model; the overall profile of market housing required is then distributed across the new market housing requirement total.

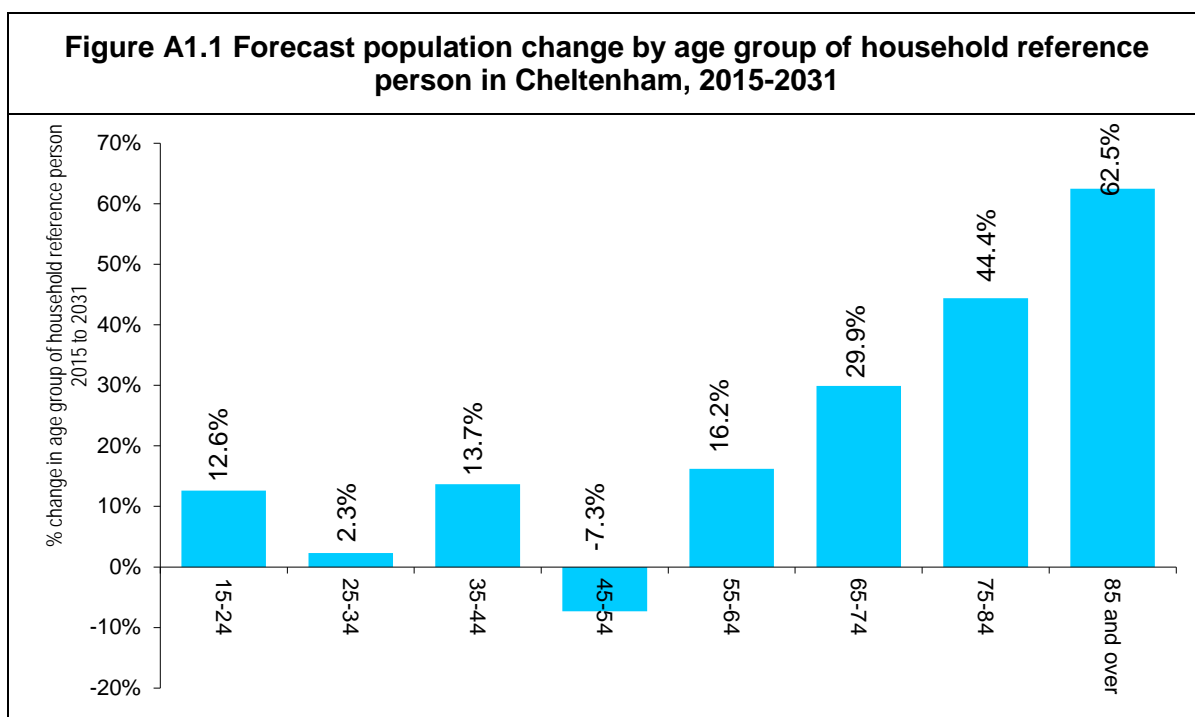


Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

A1. Outputs for Cheltenham

Objectively Assessed Need

The OAN report identified household growth of 9,448 households in Cheltenham between 2011 and 2031¹⁴. This total has been reduced based on the actual net housing delivery achieved between 2011 and 2015 in Cheltenham (the amount of the OAN already delivered). The remaining OAN through to 2031 in Cheltenham is for 8,408 new households. Neil McDonald provided detail on the change in the composition of the household population in Cheltenham derived as part of the OAN calculations. Figure A1.1 shows the projected change for the number of household reference persons within each age cohort between 2015 and 2031.



Source: Neil McDonald, (September, 2015)

Tenure of housing required

Table A1.1 shows the tenure profile of households resident in Cheltenham currently. The table indicates that over 80% of households are resident in market accommodation (without the aid of LHA), 0.6% live in a shared ownership or a discounted home ownership property, 0.2% reside in an Affordable Rented home, 12.4% live in a social rented home and 3.5% live in private rented accommodation with the aid of benefit (LHA).

¹⁴ In this report the OAN for households between 2011 and 2031 is taken from Neil McDonald's work. The total change in households. These are slightly different to those presented in the OAN Report. The difference is due to the allowance made for empty and second homes.

Table A1.1 Current tenure profile in Cheltenham		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	43,480	83.3%
Shared ownership/discounted home ownership	333	0.6%
Affordable Rent	100	0.2%
Social rented	6,486	12.4%
Private Rented via LHA	1,808	3.5%
Total	52,207	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A1.2 shows the ideal tenure profile for Cheltenham in 16 years' time (if all households are to be adequately housed and the affordable stock is to be used most efficiently). The data shows that in 2031 the housing stock should comprise 82.0% market dwellings, 1.6% shared ownership/discounted home ownership properties, 1.9% Affordable Rented homes and 14.5% dwellings occupied with the support of benefit.

Table A1.2 Ideal tenure profile in 2031 in Cheltenham		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	49,710	82.0%
Shared Ownership/discounted home ownership	989	1.6%
Affordable Rent	1,143	1.9%
Benefit supported (both private and social rented)	8,773	14.5%
Total	60,615	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A1.3 shows the tenure profile required by households resident in Cheltenham in 16 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 74.1% of new housing should be in the market sector, 7.8% should be shared ownership/discounted home ownership properties and 12.4% Affordable Rent.

It is assumed that the current LHA supported private rented homes and the social rented stock will principally house households unable to afford Affordable Rent, including those requiring benefit (although it is acknowledged that these households could also be accommodated in Affordable Rented accommodation as long as the rent levels were below the LHA rate). The model indicates that an additional 479 homes will be required for these households. It is suggested that these new dwellings be social rented accommodation (although suitably priced Affordable Rented dwellings would also be suitable). These additional social rented dwellings constitute 5.7% of the total new homes required in Cheltenham. The model therefore assumes that the LHA supported private rented sector stays the same size as it is currently and that

there is no additional market housing required arising from households that would preferably be housed in the affordable sector.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Market	43,480	49,710	6,230	74.1%
Shared ownership/ discounted home ownership	333	989	656	7.8%
Affordable Rent	100	1,143	1,043	12.4%
Social rented	6,486	8,773	479	5.7%
Benefit supported	1,808			
Total	52,207	60,615	8,408	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

The total requirement is for market housing for 6,230 households and affordable housing for 2,178 households. The LTBHM model is also able to provide detail on the size of new dwellings required within each of these tenures. This is shown in the section below.

Size of housing required within each tenure

Table A1.4 presents the size of market accommodation required in Cheltenham in 16 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 38.8% of new market dwellings should be three bedroom properties, with 33.3% having two bedrooms, 20.2% containing four or more bedrooms and 7.8% having one bedroom.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	4,969	5,454	485	7.8%
Two bedrooms	12,104	14,176	2,072	33.3%
Three bedrooms	16,052	18,469	2,417	38.8%
Four or more bedrooms	10,354	11,610	1,256	20.2%
Total	43,480	49,710	6,230	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

This analysis can be repeated for shared ownership/discounted home ownership housing and is presented in Table A1.5. The data indicates that of the 656 shared ownership/discounted home ownership dwellings required within Cheltenham, 37.7% should be two bedroom

properties with a further 24.5% three bedroom accommodation. Some 23.2% should have one bedroom and 14.6% should have four or more bedrooms.

Table A1.5 Size of new shared ownership/discount home ownership accommodation required in Cheltenham over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	22	174	152	23.2%
Two bedrooms	150	397	247	37.7%
Three bedrooms	121	282	161	24.5%
Four or more bedrooms	39	135	96	14.6%
Total	333	989	656	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A1.6 shows the size of accommodation required in the Affordable Rented sector. The table shows that of the 1,043 additional Affordable Rented units required within Cheltenham over the next 16 years, the majority should be one, two and three bedroom properties.

Table A1.6 Size of new Affordable Rented homes required in Cheltenham over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	12	301	289	27.7%
Two bedrooms	61	415	354	33.9%
Three bedrooms	25	332	307	29.4%
Four or more bedrooms	2	95	93	8.9%
Total	100	1,143	1,043	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A1.7 presents the size of social rented/LHA supported private rented accommodation required in Cheltenham in 16 years' time in comparison to the size profile recorded in the social rented and LHA supported private rented sector currently. The implied additional housing required is also presented. It is assumed that the current LHA supported private rented sector stock will continue to be available to this group of households in the future. It is presumed that all of the additional housing required for the group will be social rented. The model therefore assumes that the LHA supported private rented sector stays the same size as it is now and that there is no additional market housing required arising from households that would preferably be housed in the affordable sector. The table shows that 40.5% of the new social rented housing required should comprise four or more bedrooms, 32.8% should have three bedrooms, 18.6% should have two bedrooms and 8.1% should be of one bedroom accommodation.

Table A1.7 Size of new social rented accommodation required in Cheltenham over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	2,833	2,872	39	8.1%
Two bedrooms	2,996	3,085	89	18.6%
Three bedrooms	2,231	2,388	157	32.8%
Four or more bedrooms	233	427	194	40.5%
Total	8,294	8,773	479	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate, it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A1.8 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table A1.8 Size of new Affordable Rented homes required in Cheltenham over the next 16 years – if house all households unable to afford market or shared ownership housing				
<i>Dwelling size</i>	<i>Current size profile (Affordable Rent, social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	2,845	3,173	328	21.6%
Two bedrooms	3,057	3,500	443	29.1%
Three bedrooms	2,256	2,720	464	30.5%
Four or more bedrooms	235	522	287	18.9%
Total	8,394	9,916	1,522	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Estimate of net annual housing need

Table A1.9 sets out the total need for affordable housing of 231 across Cheltenham.

Table A1.9 Results of the affordable housing needs model	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	1,003
Stage 2: Newly arising affordable housing need (Annual)	724
Stage 3: Current affordable housing supply (Total)	537
Stage 4: Future housing supply (Annual)	522
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	466
Stage 5.2 Annualise net current need (Stage 5.1/16) (Annual)	29
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	231
Total gross annual need (Stage 1/16 + Stage 2) (Annual)	786
Total gross annual supply (Stage 3/16 + Stage 4) (Annual)	555

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note; various secondary sources

Refining the model in a local context

The model contains detail of the type of households in affordable housing need. This includes the number of single person households aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not practice to allocate them an affordable property individually, they would be tested for their ability to afford an individual room within shared private rented accommodation, (an entry-level cost of £300 per month in the Cheltenham Area). These households are therefore not required to share, but are likely to have to in housing markets where affordable housing supply is at a premium.

As the supply of affordable accommodation is limited in Cheltenham, any single person households aged 35 in housing need that can afford a room within shared private rented accommodation is excluded from the revised calculation of the total need for affordable housing. In Cheltenham this accounts for 79 households per year. Removing these households adjusts the need for new affordable units to 152 (231-79) per year in Cheltenham. The gross need (set out in the second last row of the table above) also reduces to 707.

Overall households in affordable housing need by type (gross)

Table A1.10 gives a breakdown of the gross annual households in need (after the refinement of the model), by household type in Cheltenham. The table shows that some 3.6% of lone parent households are in housing need compared to 0.8% of single person households. Overall, lone parent households comprise 22.2% of all households in need and single person households a further 22.5% of households in housing need.

Table A1.10 Annual need requirement by household type					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	159	19,090	19,249	0.8%	22.5%
Couple with no children	133	14,360	14,493	0.9%	18.8%
Couple with child/children	150	9,790	9,941	1.5%	21.3%
Lone parent	157	4,152	4,309	3.6%	22.2%
Other	108	4,108	4,215	2.6%	15.2%
Total	707	51,500	52,207	1.4%	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Size of accommodation required

Table A1.11 shows the size of accommodation required by households in housing need in Cheltenham. The supply distribution for social rented and intermediate homes is derived from the three year average profile recorded by CORE between 2011/12 and 2013/14. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

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

Table A1.11 Size of additional units required to meet housing need					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	292	247	45	29.8%	84.5%
Two bedrooms	236	217	19	12.7%	91.8%
Three bedrooms	116	75	41	26.8%	64.9%
Four or more bedrooms	63	16	47	30.7%	25.5%
Total	707	555	152	100.0%	78.5%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Type of affordable home required

Gross requirement

Table A1.12 illustrates how many households in affordable housing need in Cheltenham are able to afford the different affordable products. The figures presented are exclusive, so for example the 30 households requiring a three bedroom home that are able to afford Affordable Rent do not include the 14 households able to afford shared ownership accommodation (even though they would also be able to afford Affordable Rent). Households have therefore been assigned the most expensive product they are able to afford. The social rented group also includes those unable to afford any accommodation without benefit-support, as this is the tenure in which these households are most likely to reside.

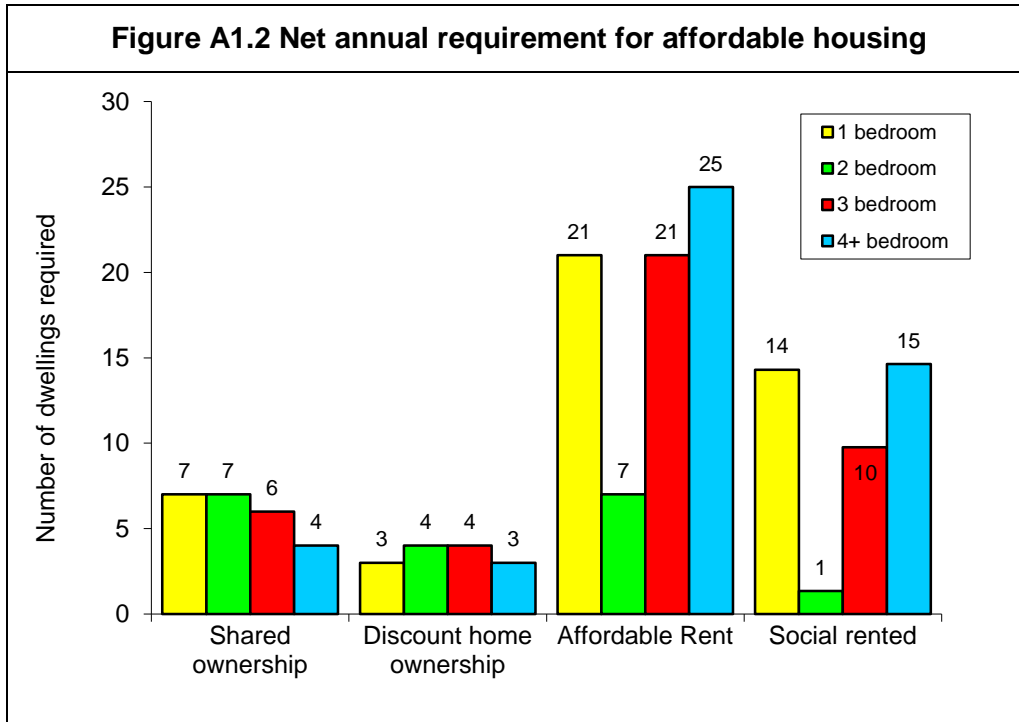
The table shows that of the 707 households in gross need each year in Cheltenham, 75.9% can afford social rent or require support. Generally as the size of accommodation required increases, the proportion of households able to afford an intermediate product decreases.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (percentage)</i>
Shared ownership	11	17	14	8	50	7.1%
Discount home ownership	3	5	4	3	15	2.1%
Affordable rent	26	24	30	25	105	14.9%
Social rent/requires assistance	252	190	68	27	537	75.9%
All households	292	236	116	63	707	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Net requirement

Whilst the overall affordability of these products is an important consideration, the supply of these dwellings needs to be considered before the overall housing requirement can be established. Figure A1.2 shows the overall net annual requirement for affordable housing in Cheltenham once the likely supply of affordable accommodation has been deducted from the gross need. The figure shows that there is a requirement for a range of different affordable accommodation.



Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Sensitivity analysis – affordability threshold

The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. This was established as the most appropriate figure during the consultation process for the previous SHMA. The Inspector has asked for the impact of adjusting this affordability threshold to be presented. This is set out in Table A1.13, which details the results of the PPG affordable housing need model where the cost of housing could constitute no more than 20%, 30% and 40% of gross household income, rather than 35% used in the standard model.

Table A1.13 Impact of different affordability assumptions on affordable housing requirement in Cheltenham			
	<i>Rent payable constitutes no more than:</i>		
	<i>25% of gross household income</i>	<i>30% of gross household income</i>	<i>40% of gross household income</i>
Stage 1: Current gross need	1,244	1,124	913
Stage 2: Newly arising need	991	854	673
Stage 3: Current supply	704	577	509
Stage 4: Future supply	522	522	522
Stage 5.1 Net current need	541	547	404
Stage 5.2 Annual net current need	34	34	25
Stage 5.3 Total annual need	503	366	176
Refinement - under 35 singles able to afford shared market accommodation	73	64	90
Adjusted annual need	431	302	86

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

The table indicates that the net requirement would increase from 152 to 302 affordable homes per year in Cheltenham if 30% of gross household income could be spent on housing costs. This would increase further to 431 affordable homes per year if 25% of income could be spent on housing costs. The requirement would reduce to 86 affordable homes per year if the affordability assumption was changed to 40%.

Specialist accommodation

Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options. It is therefore useful to consider the ability of specialist accommodation to meet the requirements of this group. To do this we use the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network.

Table A1.14 shows the current supply of specialist housing for older people. At present it is estimated that there are 1,498 units in Cheltenham; this is equivalent to 142 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level. Within the JCS area, the ratio varies only slightly, from, 120 per 1,000 in Tewkesbury to 142 per 1,000 in Cheltenham and 149 per 1,000 in Gloucester, the average figure is 138 per 1,000.

Table A1.14 also shows the amount of specialist accommodation that will be required by the population in 2031 if the current JCS-wide rate of occupation is maintained (138 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is slightly lower than

the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also to consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth column of the table therefore show the total and net requirement for specialist accommodation if the usage rate increase to 170 per 1,000 people.

Table A1.14 Specialist accommodation required in Cheltenham over the next 17 years						
Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on current usage ratio of 138 per 1,000 people aged 75+		Future requirement based on increasing usage ratio to 170 per 1,000 people aged 75+	
			Profile 2031	Additional units required	Profile 2031	Additional units required
Sheltered housing	Market	585	874	289	1,039	454
	Affordable	743	1,112	369	1,322	579
Extra care housing	Market	121	185	64	289	168
	Affordable	49	76	27	118	69
Total		1,498	2,247	749	2,768	1,270

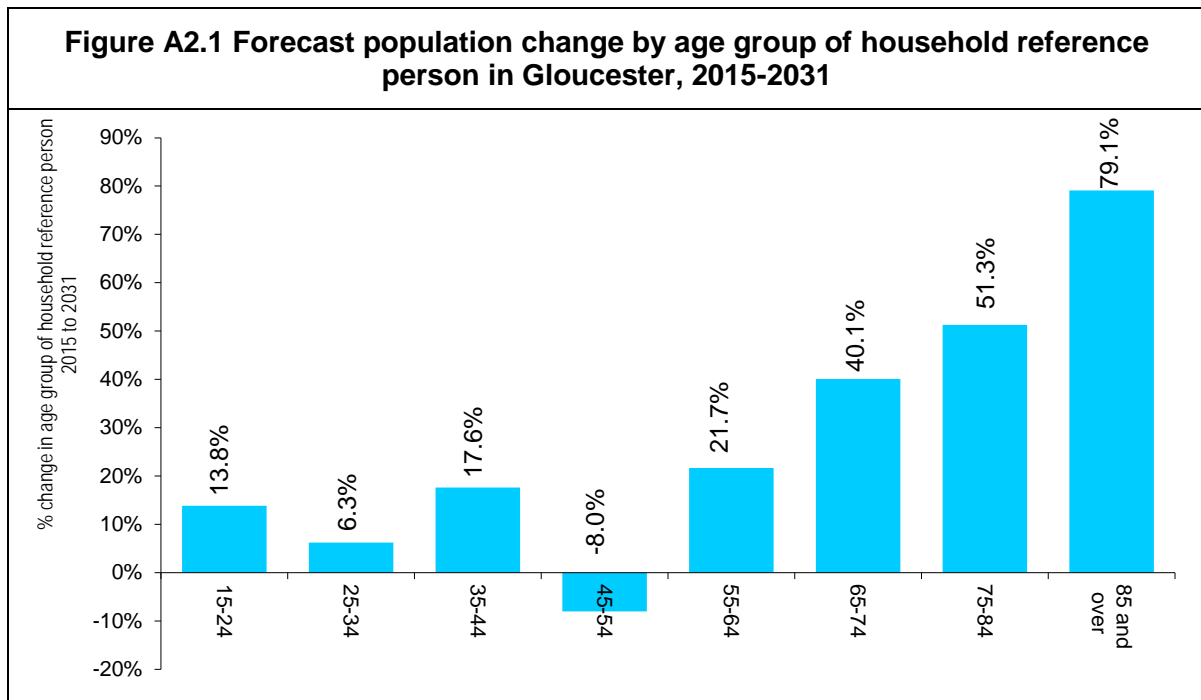
Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2015

If it is presumed that occupation patterns remain at current levels then there is a requirement for 749 additional specialist units of which 658 should be sheltered housing and 91 extra care housing. If it is assumed that occupation rates increase to a rate of 170 per 1,000 people 75 or over then 2,768 additional specialist units are required. As varying the occupation rate has such a dramatic effect on the overall requirement, it may be appropriate for the Council to pursue the lower of these two figures, which is closer to the current expectations of older households and monitor how usage patterns develop over time.

A2. Outputs for Gloucester

Objectively Assessed Need

The OAN report identified household growth of 12,812 households in Gloucester between 2011 and 2031¹⁵. This total has been reduced based on the actual net housing delivery achieved between 2011 and 2015 in Gloucester (the amount of the OAN already delivered). The remaining OAN through to 2031 in Gloucester is for 10,725 new households. Neil McDonald provided detail on the change in the composition of the household population in Gloucester derived as part of the OAN calculations. Figure A2.1 shows the projected change for the number of household reference persons within each age cohort between 2015 and 2031.



Source: Neil McDonald, (September, 2015)

Tenure of housing required

Table A2.1 shows the tenure profile of households resident in Gloucester currently. The table indicates that almost 80% of households are resident in market accommodation (without the aid of LHA), 0.8% live in a shared ownership or a discounted home ownership property, 0.1% reside in an Affordable Rented home, 14.1% live in a social rented home and 6.4% live in private rented accommodation with the aid of benefit (LHA).

¹⁵ In this report the OAN for households between 2011 and 2031 is taken from Neil McDonald's work. The total change in households. These are slightly different to those presented in the OAN Report. The difference is due to the allowance made for empty and second homes.

Table A2.1 Current tenure profile in Gloucester		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	41,670	78.6%
Shared ownership/discounted home ownership	445	0.8%
Affordable Rent	35	0.1%
Social rented	7,469	14.1%
Private Rented via LHA	3,407	6.4%
Total	53,026	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A2.2 shows the ideal tenure profile for Gloucester in 16 years' time (if all households are to be adequately housed and the affordable stock is to be used most efficiently). The data shows that in 2031 the housing stock should comprise 77.0% market dwellings, 1.9% shared ownership/discounted home ownership properties, 3.8% Affordable Rented homes and 17.3% dwellings occupied with the support of benefit.

Table A2.2 Ideal tenure profile in 2031 in Gloucester		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	49,081	77.0%
Shared Ownership/discounted home ownership	1,239	1.9%
Affordable Rent	2,427	3.8%
Benefit supported (both private and social rented)	11,005	17.3%
Total	63,751	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A2.3 shows the tenure profile required by households resident in Gloucester in 16 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 69.1% of new housing should be in the market sector, 7.4% should be shared ownership/discounted home ownership properties and 22.3% Affordable Rent.

It is assumed that the current LHA supported private rented homes and the social rented stock will principally house households unable to afford Affordable Rent, including those requiring benefit (although it is acknowledged that these households could also be accommodated in Affordable Rented accommodation as long as the rent levels were below the LHA rate). The model indicates that an additional 817 homes will be required for these households. It is suggested that these new dwellings be social rented accommodation (although suitably priced Affordable Rented dwellings would also be suitable). These additional social rented dwellings constitute 1.2% of the total new homes required in Gloucester. The model therefore assumes that the LHA supported private rented sector stays the same size as it is currently and that

there is no additional market housing required arising from households that would preferably be housed in the affordable sector.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Market	41,670	49,081	7,411	69.1%
Shared ownership/ discounted home ownership	445	1,239	794	7.4%
Affordable Rent	35	2,427	2,392	22.3%
Social rented	7,469	11,005	129	1.2%
Benefit supported	3,407			
Total	53,026	63,751	10,725	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

The total requirement is for market housing for 7,411 households and affordable housing for 3,314 households. The LTBHM model is also able to provide detail on the size of new dwellings required within each of these tenures. This is shown in the section below.

Size of housing required within each tenure

Table A2.4 presents the size of market accommodation required in Gloucester in 16 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 36.9% of new market dwellings should be three bedroom properties, with 29.2% having two bedrooms, 22.4% containing four or more bedrooms and 11.5% having one bedroom.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	2,947	3,799	852	11.5%
Two bedrooms	10,033	12,200	2,167	29.2%
Three bedrooms	19,491	22,222	2,731	36.9%
Four or more bedrooms	9,199	10,860	1,661	22.4%
Total	41,670	49,081	7,411	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

This analysis can be repeated for shared ownership/discounted home ownership housing and is presented in Table A2.5. The data indicates that of the 794 shared ownership/discounted home ownership dwellings required within Gloucester, 39.0% should be two bedroom

properties with a further 36.0% three bedroom accommodation. Some 14.7% should have one bedroom and 10.2% should have four or more bedrooms.

Table A2.5 Size of new shared ownership/discount home ownership accommodation required in Gloucester over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	32	149	117	14.7%
Two bedrooms	205	515	310	39.0%
Three bedrooms	154	440	286	36.0%
Four or more bedrooms	54	135	81	10.2%
Total	445	1,239	794	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A2.6 shows the size of accommodation required in the Affordable Rented sector. The table shows that of the 2,392 additional Affordable Rented units required within Gloucester over the next 16 years, the majority should be one, two and three bedroom properties.

Table A2.6 Size of new Affordable Rented homes required in Gloucester over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	3	751	748	31.3%
Two bedrooms	18	909	891	37.2%
Three bedrooms	12	638	626	26.2%
Four or more bedrooms	2	129	127	5.3%
Total	35	2,427	2,392	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A2.7 presents the size of social rented/LHA supported private rented accommodation required in Gloucester in 16 years' time in comparison to the size profile recorded in the social rented and LHA supported private rented sector currently. The implied additional housing required is also presented. It is assumed that the current LHA supported private rented sector stock will continue to be available to this group of households in the future. It is presumed that all of the additional housing required for the group will be social rented. The model therefore assumes that the LHA supported private rented sector stays the same size as it is now and that there is no additional market housing required arising from households that would preferably be housed in the affordable sector. The table shows that 67.9% of the new social rented housing required should comprise four or more bedrooms, 32.1% should have three bedrooms there would be a small surplus of one and two bedroom social rented accommodation.

Table A2.7 Size of new social rented accommodation required in Gloucester over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	3,640	3,612	-28	0.0%
Two bedrooms	3,943	3,938	-5	0.0%
Three bedrooms	2,867	2,919	52	32.1%
Four or more bedrooms	426	536	110	67.9%
Total	10,876	11,005	129	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate, it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A2.8 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

Table A2.8 Size of new Affordable Rented homes required in Gloucester over the next 16 years – if house all households unable to afford market or shared ownership housing				
<i>Dwelling size</i>	<i>Current size profile (Affordable Rent, social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	3,643	4,363	720	28.6%
Two bedrooms	3,961	4,847	886	35.1%
Three bedrooms	2,879	3,557	678	26.9%
Four or more bedrooms	428	665	237	9.4%
Total	10,911	13,432	2,521	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Estimate of net annual housing need

Table A2.9 sets out the total need for affordable housing of 282 across Gloucester.

Table A2.9 Results of the affordable housing needs model	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	886
Stage 2: Newly arising affordable housing need (Annual)	802
Stage 3: Current affordable housing supply (Total)	627
Stage 4: Future housing supply (Annual)	536
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	259
Stage 5.2 Annualise net current need (Stage 5.1/16) (Annual)	16
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	282
Total gross annual need (Stage 1/16 + Stage 2) (Annual)	857
Total gross annual supply (Stage 3/16 + Stage 4) (Annual)	576

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note; various secondary sources

Refining the model in a local context

The model contains detail of the type of households in affordable housing need. This includes the number of single person households aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not practice to allocate them an affordable property individually, they would be tested for their ability to afford an individual room within shared private rented accommodation, (an entry-level cost of £250 per month in the Gloucester Area). These households are therefore not required to share, but are likely to have to in housing markets where affordable housing supply is at a premium.

As the supply of affordable accommodation is limited in Gloucester, any single person households aged 35 in housing need that can afford a room within shared private rented accommodation is excluded from the revised calculation of the total need for affordable housing. In Gloucester this accounts for 88 households per year. Removing these households adjusts the need for new affordable units to 194 (282-88) per year in Gloucester. The gross need (set out in the second last row of the table above) also reduces to 769.

Overall households in affordable housing need by type (gross)

Table A2.10 gives a breakdown of the gross annual households in need (after the refinement of the model), by household type in Gloucester. The table shows that some 3.5% of lone parent households are in housing need as are 3.1% of 'other' households compared to 1.1% of all other household groups. Overall, lone parent households comprise 26.2% of all households in need and single person households a further 24.0% of households in housing need.

Table A2.10 Annual need requirement by household type					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	184	17,126	17,311	1.1%	24.0%
Couple with no children	150	13,857	14,007	1.1%	19.5%
Couple with child/children	138	12,634	12,772	1.1%	18.0%
Lone parent	202	5,613	5,815	3.5%	26.2%
Other	95	3,026	3,121	3.1%	12.4%
Total	769	52,257	53,026	1.5%	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Size of accommodation required

Table A2.11 shows the size of accommodation required by households in housing need in Gloucester. The supply distribution for social rented and intermediate homes is derived from the three year average profile recorded by CORE between 2011/12 and 2013/14. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

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

Table A2.11 Size of additional units required to meet housing need					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	335	260	75	38.4%	77.7%
Two bedrooms	242	199	42	21.9%	82.4%
Three bedrooms	132	89	43	22.1%	67.5%
Four or more bedrooms	61	27	34	17.6%	44.3%
Total	770	576	194	100.0%	74.8%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Type of affordable home required

Gross requirement

Table A2.12 illustrates how many households in affordable housing need in Gloucester are able to afford the different affordable products. The figures presented are exclusive, so for example the 27 households requiring a three bedroom home that are able to afford Affordable Rent do not include the 14 households able to afford shared ownership accommodation (even though they would also be able to afford Affordable Rent). Households have therefore been assigned the most expensive product they are able to afford. The social rented group also includes those unable to afford any accommodation without benefit-support, as this is the tenure in which these households are most likely to reside.

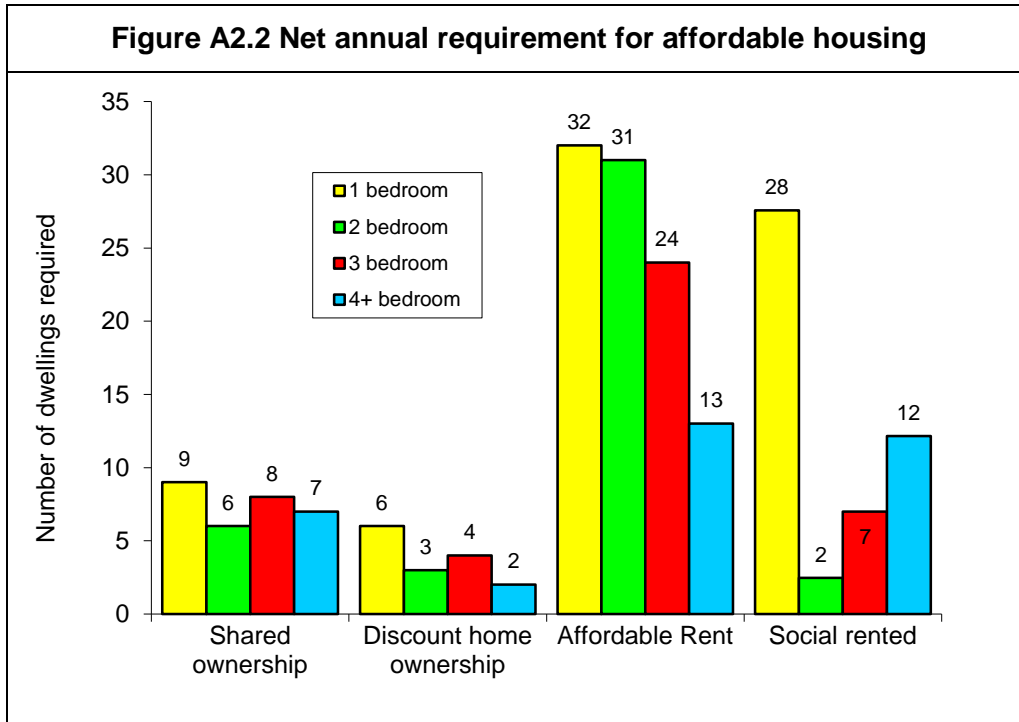
The table shows that of the 770 households in gross need each year in Gloucester, 77.0% can afford social rent or require support. Generally as the size of accommodation required increases, the proportion of households able to afford an intermediate product decreases.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (percentage)</i>
Shared ownership	10	15	14	8	47	6.1%
Discount home ownership	6	4	4	2	16	2.1%
Affordable rent	38	35	27	14	114	14.8%
Social rent/requires assistance	281	188	87	37	593	77.0%
All households	335	242	132	61	770	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Net requirement

Whilst the overall affordability of these products is an important consideration, the supply of these dwellings needs to be considered before the overall housing requirement can be established. Figure A2.2 shows the overall net annual requirement for affordable housing in Gloucester once the likely supply of affordable accommodation has been deducted from the gross need. The figure shows that there is a requirement for a range of different affordable accommodation.



Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Sensitivity analysis – affordability threshold

The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. This was established as the most appropriate figure during the consultation process for the previous SHMA. The Inspector has asked for the impact of adjusting this affordability threshold to be presented. This is set out in Table A2.13, which details the results of the PPG affordable housing need model where the cost of housing could constitute no more than 20%, 30% and 40% of gross household income, rather than 35% used in the standard model.

Table A2.13 Impact of different affordability assumptions on affordable housing requirement in Gloucester			
	<i>Rent payable constitutes no more than:</i>		
	<i>25% of gross household income</i>	<i>30% of gross household income</i>	<i>40% of gross household income</i>
Stage 1: Current gross need	1,205	1,090	745
Stage 2: Newly arising need	1,122	906	746
Stage 3: Current supply	844	674	596
Stage 4: Future supply	536	536	536
Stage 5.1 Net current need	361	416	149
Stage 5.2 Annual net current need	23	26	9
Stage 5.3 Total annual need	609	396	219
Refinement - under 35 singles able to afford shared market accommodation	81	71	100
Adjusted annual need	528	325	119

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

The table indicates that the net requirement would increase from 194 to 325 affordable homes per year in Gloucester if 30% of gross household income could be spent on housing costs. This would increase further to 528 affordable homes per year if 25% of income could be spent on housing costs. The requirement would reduce to 119 affordable homes per year if the affordability assumption was changed to 40%.

Specialist accommodation

Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options. It is therefore useful to consider the ability of specialist accommodation to meet the requirements of this group. To do this we use the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network.

Table A2.14 shows the current supply of specialist housing for older people. At present it is estimated that there are 1,382 units in Gloucester; this is equivalent to 149 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level. Within the JCS area, the ratio varies only slightly, from, 120 per 1,000 in Tewkesbury to 142 per 1,000 in Cheltenham and 149 per 1,000 in Gloucester, the average figure is 138 per 1,000.

Table A2.14 also shows the amount of specialist accommodation that will be required by the population in 2031 if the current JCS-wide rate of occupation is maintained (138 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is slightly lower than

the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also to consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth column of the table therefore show the total and net requirement for specialist accommodation if the usage rate increase to 170 per 1,000 people.

Table A2.14 Specialist accommodation required in Gloucester over the next 17 years						
Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on current usage ratio of 138 per 1,000 people aged 75+		Future requirement based on increasing usage ratio to 170 per 1,000 people aged 75+	
			Profile 2031	Additional units required	Profile 2031	Additional units required
Sheltered housing	Market	437	687	250	996	559
	Affordable	728	1,219	491	1,269	541
Extra care housing	Market	0	0	0	0	0
	Affordable	217	250	33	391	174
Total		1,382	2,155	773	2,656	1,274

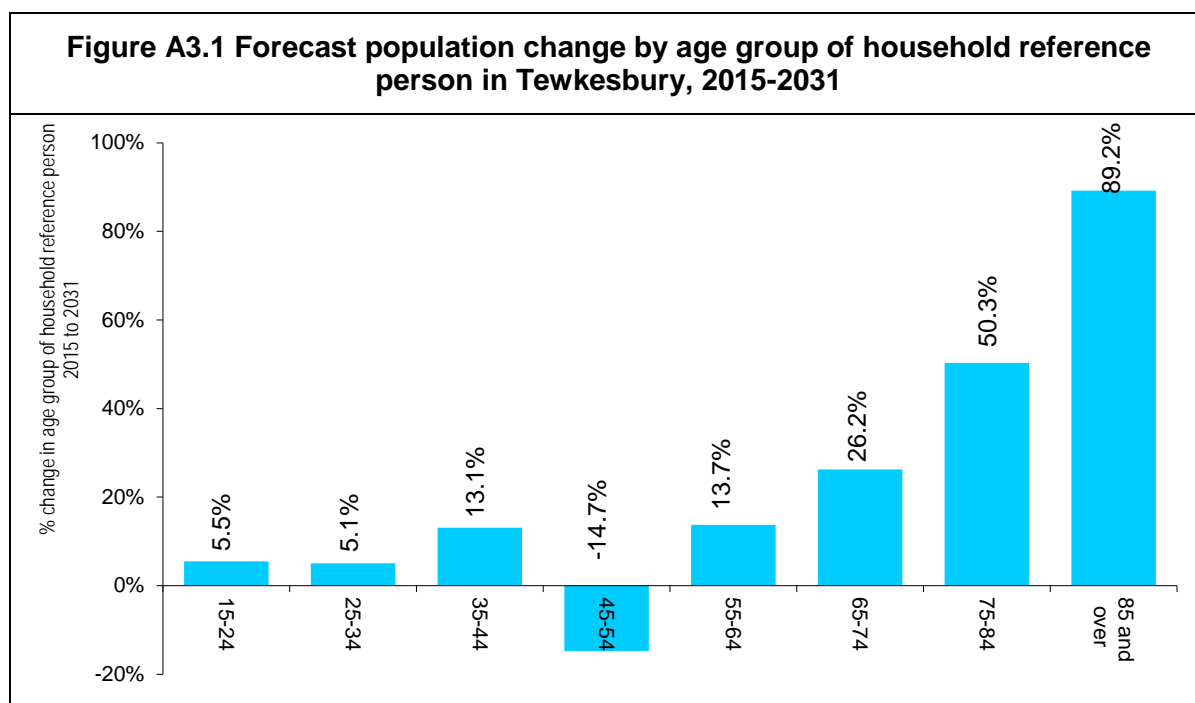
Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2015

If it is presumed that occupation patterns remain at current levels then there is a requirement for 773 additional specialist units of which 741 should be sheltered housing and 33 extra care housing. If it is assumed that occupation rates increase to a rate of 170 per 1,000 people 75 or over then 1,274 additional specialist units are required. As varying the occupation rate has such a dramatic effect on the overall requirement, it may be appropriate for the Council to pursue the lower of these two figures, which is closer to the current expectations of older households and monitor how usage patterns develop over time.

A3. Outputs for Tewkesbury

Objectively Assessed Need

The OAN report identified household growth of 8,398 households in Tewkesbury between 2011 and 2031¹⁶. This total has been reduced based on the actual net housing delivery achieved between 2011 and 2015 in Tewkesbury (the amount of the OAN already delivered). The remaining OAN through to 2031 in Tewkesbury is for 6,542 new households. Neil McDonald provided detail on the change in the composition of the household population in Tewkesbury derived as part of the OAN calculations. Figure A3.1 shows the projected change for the number of household reference persons within each age cohort between 2015 and 2031.



Source: Neil McDonald, (September, 2015)

Tenure of housing required

Table A3.1 shows the tenure profile of households resident in Tewkesbury currently. The table indicates that almost 85% of households are resident in market accommodation (without the aid of LHA), 1.1% live in a shared ownership or a discounted home ownership property, 0.3% reside in an Affordable Rented home, 11.6% live in a social rented home and 2.5% live in private rented accommodation with the aid of benefit (LHA).

¹⁶ In this report the OAN for households between 2011 and 2031 is taken from Neil McDonald's work. The total change in households. These are slightly different to those presented in the OAN Report. The difference is due to the allowance made for empty and second homes.

Table A3.1 Current tenure profile in Tewkesbury		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	31,535	84.5%
Shared ownership/discounted home ownership	404	1.1%
Affordable Rent	114	0.3%
Social rented	4,315	11.6%
Private Rented via LHA	950	2.5%
Total	37,318	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A3.2 shows the ideal tenure profile for Tewkesbury in 16 years' time (if all households are to be adequately housed and the affordable stock is to be used most efficiently). The data shows that in 2031 the housing stock should comprise 83.1% market dwellings, 2.0% shared ownership/discounted home ownership properties, 2.4% Affordable Rented homes and 12.5% dwellings occupied with the support of benefit.

Table A3.2 Ideal tenure profile in 2031 in Tewkesbury		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	36,468	83.1%
Shared Ownership/discounted home ownership	868	2.0%
Affordable Rent	1,050	2.4%
Benefit supported (both private and social rented)	5,474	12.5%
Total	43,860	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A3.3 shows the tenure profile required by households resident in Tewkesbury in 16 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 75.4% of new housing should be in the market sector, 7.1% should be shared ownership/discounted home ownership properties and 14.3% Affordable Rent.

It is assumed that the current LHA supported private rented homes and the social rented stock will principally house households unable to afford Affordable Rent, including those requiring benefit (although it is acknowledged that these households could also be accommodated in Affordable Rented accommodation as long as the rent levels were below the LHA rate). The model indicates that an additional 209 homes will be required for these households. It is suggested that these new dwellings be social rented accommodation (although suitably priced Affordable Rented dwellings would also be suitable). These additional social rented dwellings constitute 3.2% of the total new homes required in Tewkesbury. The model therefore assumes that the LHA supported private rented sector stays the same size as it is currently and that

there is no additional market housing required arising from households that would preferably be housed in the affordable sector.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Market	31,535	36,468	4,933	75.4%
Shared ownership/ discounted home ownership	404	868	464	7.1%
Affordable Rent	114	1,050	936	14.3%
Social rented	4,315	5,474	209	3.2%
Benefit supported	950			
Total	37,318	43,860	6,542	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

The total requirement is for market housing for 4,933 households and affordable housing for 1,609 households. The LTBHM model is also able to provide detail on the size of new dwellings required within each of these tenures. This is shown in the section below.

Size of housing required within each tenure

Table A3.4 presents the size of market accommodation required in Tewkesbury in 16 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 42.7% of new market dwellings should be three bedroom properties, with 26.9% having two bedrooms, 19.2% containing four or more bedrooms and 11.3% having one bedroom.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,728	2,284	556	11.3%
Two bedrooms	6,611	7,938	1,327	26.9%
Three bedrooms	14,009	16,113	2,104	42.7%
Four or more bedrooms	9,187	10,133	946	19.2%
Total	31,535	36,468	4,933	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

This analysis can be repeated for shared ownership/discounted home ownership housing and is presented in Table A3.5. The data indicates that of the 464 shared ownership/discounted home ownership dwellings required within Tewkesbury, 48.3% should be two bedroom

properties with a further 27.2% three bedroom accommodation. Some 12.7% should have one bedroom and 11.9% should have four or more bedrooms.

Table A3.5 Size of new shared ownership/discount home ownership accommodation required in Tewkesbury over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	21	80	59	12.7%
Two bedrooms	204	428	224	48.3%
Three bedrooms	141	267	126	27.2%
Four or more bedrooms	39	94	55	11.9%
Total	404	868	464	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A3.6 shows the size of accommodation required in the Affordable Rented sector. The table shows that of the 936 additional Affordable Rented units required within Tewkesbury over the next 16 years, the majority should be one, two and three bedroom properties.

Table A3.6 Size of new Affordable Rented homes required in Tewkesbury over the next 16 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	16	154	138	14.7%
Two bedrooms	64	476	412	44.0%
Three bedrooms	29	386	357	38.1%
Four or more bedrooms	5	34	29	3.1%
Total	114	1,050	936	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Table A3.7 presents the size of social rented/LHA supported private rented accommodation required in Tewkesbury in 16 years' time in comparison to the size profile recorded in the social rented and LHA supported private rented sector currently. The implied additional housing required is also presented. It is assumed that the current LHA supported private rented sector stock will continue to be available to this group of households in the future. It is presumed that all of the additional housing required for the group will be social rented. The model therefore assumes that the LHA supported private rented sector stays the same size as it is now and that there is no additional market housing required arising from households that would preferably be housed in the affordable sector. The table shows that 50.5% of the new social rented housing required should comprise two bedrooms, 22.5% should have three bedrooms, 27.0% should have four or more bedrooms and there would be a small surplus of one bedroom social rented accommodation.

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2031 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	1,279	1,195	-84	0.0%
Two bedrooms	2,107	2,255	148	50.5%
Three bedrooms	1,713	1,779	66	22.5%
Four or more bedrooms	167	246	79	27.0%
Total	5,265	5,474	209	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

To facilitate a more detailed profile of affordability outside the market sector this model has made a distinction between those able to afford Affordable Rent (whom are presumed to access it) and those unable to (whom are presumed to require other affordable accommodation). However, as the Affordable Rent levels are likely to be below the LHA rate, it is possible that households unable to afford it will be able to reside in Affordable Rented accommodation via the payment of LHA. Table A3.8 therefore shows the size of new Affordable Rented dwellings required if the tenure were to house both those able to afford Affordable Rent and those requiring benefit support to live there.

<i>Dwelling size</i>	<i>Current size profile (Affordable Rent, social rented and LHA private rented)</i>	<i>Size profile 2031 (all households potentially suitable for Affordable Rent)</i>	<i>Change required (new Affordable rented homes)</i>	<i>% of change required</i>
One bedroom	1,295	1,349	54	4.7%
Two bedrooms	2,171	2,731	560	48.9%
Three bedrooms	1,742	2,165	423	36.9%
Four or more bedrooms	172	280	108	9.4%
Total	5,379	6,524	1,145	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Estimate of net annual housing need

Table A3.9 sets out the total need for affordable housing of 126 across Tewkesbury.

Table A3.9 Results of the affordable housing needs model	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	315
Stage 2: Newly arising affordable housing need (Annual)	510
Stage 3: Current affordable housing supply (Total)	1,150
Stage 4: Future housing supply (Annual)	332
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	-835
Stage 5.2 Annualise net current need (Stage 5.1/16) (Annual)	-52
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	126
Total gross annual need (Stage 1/16 + Stage 2) (Annual)	530
Total gross annual supply (Stage 3/16 + Stage 4) (Annual)	404

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note; various secondary sources

Refining the model in a local context

The model contains detail of the type of households in affordable housing need. This includes the number of single person households aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not practice to allocate them an affordable property individually, they would be tested for their ability to afford an individual room within shared private rented accommodation, (an entry-level cost of £250 per month in the Gloucester Area, £300 per month in the Cheltenham Area, £270 per month in the Tewkesbury Area and £325 per month in Cotswold North and Winchcombe). These households are therefore not required to share, but are likely to have to in housing markets where affordable housing supply is at a premium.

As the supply of affordable accommodation is limited in Tewkesbury, any single person households aged 35 in housing need that can afford a room within shared private rented accommodation is excluded from the revised calculation of the total need for affordable housing. In Tewkesbury this accounts for 51 households per year. Removing these households adjusts the need for new affordable units to 75 (126-51) per year in Tewkesbury. The gross need (set out in the second last row of the table above) also reduces to 479.

Overall households in affordable housing need by type (gross)

Table A3.10 gives a breakdown of the gross annual households in need (after the refinement of the model), by household type in Tewkesbury. The table shows that some 3.7% of 'other' households and 3.6% of lone parent households are in housing need compared to 0.8% of all single person households. Overall, lone parent households comprise 22.7% of all households in need and couple with no children households a further 23.6% of households in housing need.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	97	11,556	11,653	0.8%	20.3%
Couple with no children	113	12,322	12,435	0.9%	23.6%
Couple with child/children	100	8,460	8,560	1.2%	20.9%
Lone parent	109	2,919	3,028	3.6%	22.7%
Other	60	1,583	1,643	3.7%	12.5%
Total	479	36,839	37,318	1.3%	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Size of accommodation required

Table A3.11 shows the size of accommodation required by households in housing need in Tewkesbury. The supply distribution for social rented and intermediate homes is derived from the three year average profile recorded by CORE between 2011/12 and 2013/14. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

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

<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	210	181	29	39.3%	86.0%
Two bedrooms	175	165	10	13.3%	94.3%
Three bedrooms	66	48	18	23.8%	73.1%
Four or more bedrooms	28	10	18	23.5%	36.1%
Total	479	404	75	100.0%	84.4%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Type of affordable home required

Gross requirement

Table A3.12 illustrates how many households in affordable housing need in Tewkesbury are able to afford the different affordable products. The figures presented are exclusive, so for example the 22 households requiring a three bedroom home that are able to afford Affordable Rent do not include the 12 households able to afford shared ownership accommodation (even though they would also be able to afford Affordable Rent). Households have therefore been assigned the most expensive product they are able to afford. The social rented group also includes those unable to afford any accommodation without benefit-support, as this is the tenure in which these households are most likely to reside.

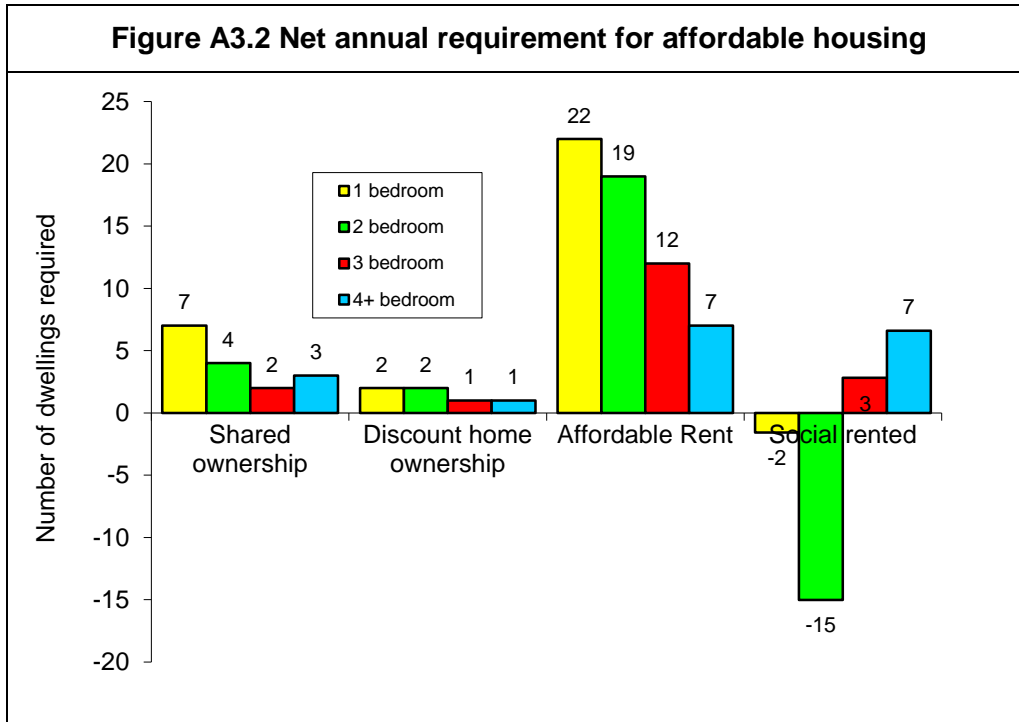
The table shows that of the 479 households in gross need each year in Tewkesbury, 69.1% can afford social rent or require support. Generally as the size of accommodation required increases, the proportion of households able to afford an intermediate product decreases.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (percentage)</i>
Shared ownership	9	17	12	6	44	9.2%
Discount home ownership	2	3	2	1	8	1.7%
Affordable rent	27	38	22	9	96	20.0%
Social rent/requires assistance	172	117	30	12	331	69.1%
All households	210	175	66	28	479	100.0%

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Net requirement

Whilst the overall affordability of these products is an important consideration, the supply of these dwellings needs to be considered before the overall housing requirement can be established. Figure A3.2 shows the overall net annual requirement for affordable housing in Tewkesbury once the likely supply of affordable accommodation has been deducted from the gross need. The figure shows that there is a requirement for a range of different affordable accommodation, with the exception of one and two bedroom social rented homes, where there is likely to be a surplus. It is therefore suggested that these homes be converted into Affordable Rented accommodation.



Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

Sensitivity analysis – affordability threshold

The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. This was established as the most appropriate figure during the consultation process for the previous SHMA. The Inspector has asked for the impact of adjusting this affordability threshold to be presented. This is set out in Table A3.13, which details the results of the PPG affordable housing need model where the cost of housing could constitute no more than 20%, 30% and 40% of gross household income, rather than 35% used in the standard model.

Table A3.13 Impact of different affordability assumptions on affordable housing requirement in Tewkesbury			
	<i>Rent payable constitutes no more than:</i>		
	<i>25% of gross household income</i>	<i>30% of gross household income</i>	<i>40% of gross household income</i>
Stage 1: Current gross need	400	359	302
Stage 2: Newly arising need	669	587	485
Stage 3: Current supply	1,203	1,167	1,146
Stage 4: Future supply	332	332	332
Stage 5.1 Net current need	-802	-807	-843
Stage 5.2 Annual net current need	-50	-50	-53
Stage 5.3 Total annual need	286	204	100
Refinement - under 35 singles able to afford shared market accommodation	47	41	58
Adjusted annual need	239	163	42

Source: JCS Councils 2015 Strategic Housing Market Assessment Update Note

The table indicates that the net requirement would increase from 75 to 163 affordable homes per year in Tewkesbury if 30% of gross household income could be spent on housing costs. This would increase further to 239 affordable homes per year if 25% of income could be spent on housing costs. The requirement would reduce to 42 affordable homes per year if the affordability assumption was changed to 40%.

Specialist accommodation

Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. It is therefore useful to consider the ability of specialist accommodation to meet the requirements of this group. To do this we use the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network.

Table A3.14 shows the current supply of specialist housing for older people. At present it is estimated that there are 1,059 units in Tewkesbury; this is equivalent to 120 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level. Within the JCS area, the ratio varies only slightly, from, 120 per 1,000 in Tewkesbury to 142 per 1,000 in Cheltenham and 149 per 1,000 in Gloucester, the average figure is 138 per 1,000.

Table A3.14 also shows the amount of specialist accommodation that will be required by the population in 2031 if the current JCS-wide rate of occupation is maintained (138 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is slightly lower than

the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also to consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth column of the table therefore show the total and net requirement for specialist accommodation if the usage rate increase to 170 per 1,000 people.

Table A3.14 Specialist accommodation required in Tewkesbury over the next 17 years						
Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on current usage ratio of 138 per 1,000 people aged 75+		Future requirement based on increasing usage ratio to 170 per 1,000 people aged 75+	
			Profile 2031	Additional units required	Profile 2031	Additional units required
Sheltered housing	Market	475	638	163	890	415
	Affordable	509	1,133	624	1,216	707
Extra care housing	Market	0	0	0	0	0
	Affordable	75	232	157	363	288
Total		1,059	2,003	944	2,468	1,409

Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2015

If it is presumed that occupation patterns remain at current levels then there is a requirement for 944 additional specialist units of which 787 should be sheltered housing and 157 extra care housing. If it is assumed that occupation rates increase to a rate of 170 per 1,000 people 75 or over then 1,409 additional specialist units are required. As varying the occupation rate has such a dramatic effect on the overall requirement, it may be appropriate for the Council to pursue the lower of these two figures, which is closer to the current expectations of older households and monitor how usage patterns develop over time.

Appendix 4 – 28th July 2015 Round Table Presentation

The pages in this appendix are not numbered



Strategic Housing Market Assessment

Methodology and base assumptions for 'round table'
28th July 2015



Requirements – NPPF 159

Local planning authorities should ...prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which ...addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and ...



Why and so what?

Paragraph: 029 Reference ID: 2a-029-20140306

... The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.



How should the needs for all types of housing be addressed?

- Affordable housing
 - Calculated using PPG
 - An unconstrained figure
 - Not a component of OAN – entirely independent
 - Three main components
 - Backlog / newly arising / supply
- Market Housing
 - No Guidance in PPG

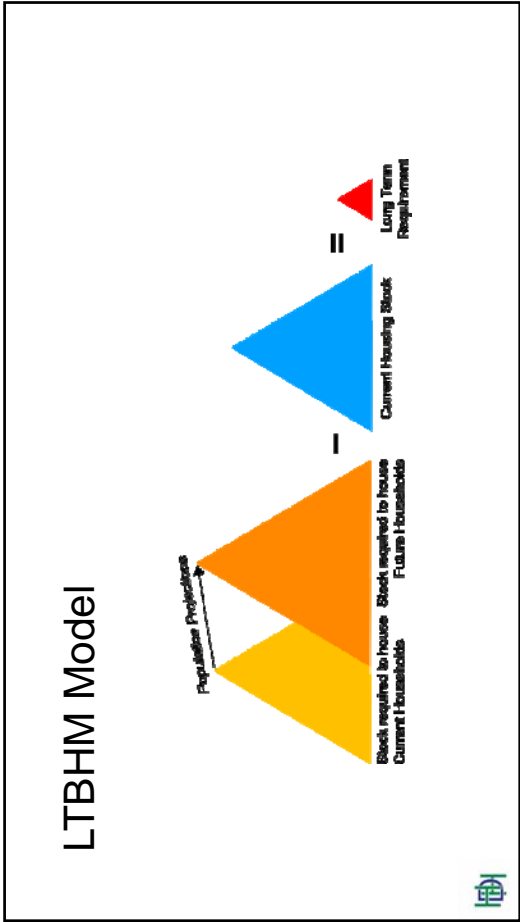
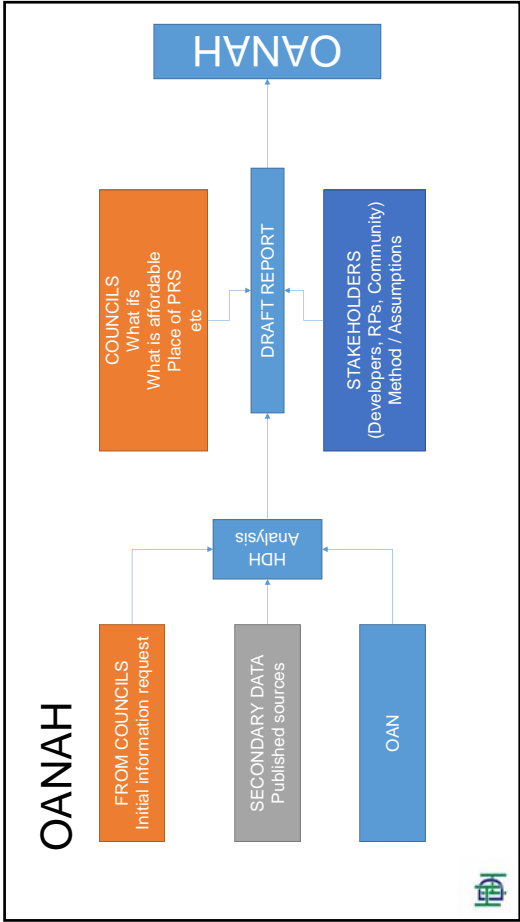
Paragraph: 021 Reference ID: 2a-021-20150326

Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:

- the proportion of the population of different age profile;
- the types of household (eg singles, couples, families by age group, numbers of children and dependents);
- the current housing stock, size of dwellings (eg one, two+ bedrooms);
- the tenure composition of housing.

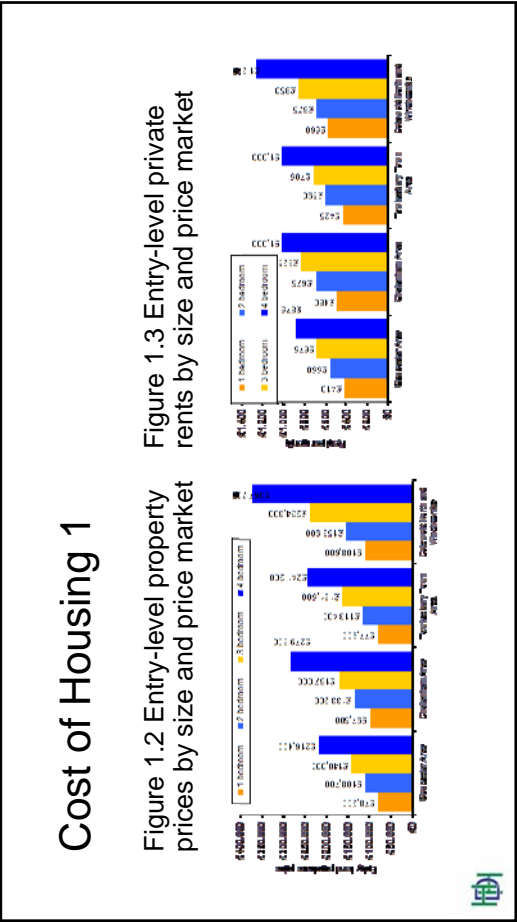
This information should be drawn together to understand and age the current housing stock in the local area and age the mix of housing in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile eg increasing the number of working age people.





OANAH - Key issues.

- Method – as per PPG, little scope for deviation
- Assumptions – as per PPG, little scope for deviation
 - % of income on housing
 - place of the PRS



Cost of Housing 2

Bedrooms	Cheltenham	Gloucester	Tewkesbury
One bedroom	£306	£287	£316
Two bedrooms	£348	£345	£379
Three bedrooms	£390	£391	£426
Four bedrooms	£430	£469	£497

Bedrooms	Cheltenham	Gloucester	Tewkesbury
One bedroom	£426	£338	£381
Two bedrooms	£476	£469	£502
Three bedrooms	£616	£575	£606
Four bedrooms	£875	£578	£676

Source: HCA's Statistical Data Return, 2014; CBC & GBC ELASH 2014

Source: HCA's Statistical Data Return, 2014;



Cost of Housing 3

Bedrooms	Shared ownership		Discounted home ownership	
	Open market value	Monthly cost of shared ownership with a 50% equity share	Open market value	Monthly cost of discounted home ownership with a 70% equity share
One bedroom	£125,000	£427	£125,000	£415
Two bedrooms	£160,000	£546	£160,000	£531
Three bedrooms	£205,000	£700	£205,000	£680
Four bedrooms	£250,000	£853	£250,000	£830

- Shared Ownership
 - 50% Equity
 - Mortgage 5.69%
 - Rent 2.5%
- Discounted home ownership
 - 70% sold
 - Mortgage 5.69%



Income / Savings / Debt / Equity

- Based on income distribution from HNS
- Indexed and reweighted
 - Income ASHE ###%
 - Savings ##
 - Debt ###%
 - Equity HPI ###%



INSERT SLIDE WITH INCOME SAVING DEBT AND EQUITY ASSUMPTIONS



Affordability Test

- 35% of household income
- Lower quartile costs



What types of households are considered in affordable housing need?

Paragraph: 023 Reference ID: 2a-023-20140306 • PRS?

The types of households to be considered in housing need are:

- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.



The PRS and meeting affordable need

Market Housing

- To buy
- To rent
 - Regulated Tenancies
 - Assured
 - Assured Shorthold

Affordable Housing

- Defined in NPPF
 - Social Rent
 - Affordable Rent
 - Intermediate Housing



PRS and affordable sector has changed

- Housing Act 1988
 - New lets without security of tenure in private sector
 - Rents at 'market rent'
- Buy to let
 - Widened landlord base
- 2011
 - New affordable housing lets without security of tenure
 - Affordable rents at 'up to' 80% of market rent



The PRS and meeting affordable need

PRS

- Delivered by
 - Private Sector
 - Housing Associations
 - Councils
 - Limited security of tenure
 - Rents at market rent
 - 29.3% of households receive assistance with rent
- ### Affordable Housing
- Delivered by
 - Regulated Sector
 - Housing Associations
 - Councils
 - Limited security of tenure
 - Rents at up to 80% market rent / social rent
 - 62.7% of households receive assistance with rent



Treatment of the PRS

- The PRS with LHA is not considered a solution for meeting the housing needs of a household in need
- A household in the PRS in receipt of LHA is not in housing need (although they may be for other reasons)



How should the current unmet gross need for affordable housing be calculated?

Paragraph: 024 Reference ID: 2a-024-20140306

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- the number of homeless households;
- the number of those in priority need who are currently housed in temporary accommodation;
- the number of households in over-crowded housing;
- the number of concealed households;
- the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
- the number of households from other tenures in need and those that cannot afford their own homes.

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.



Table 2.1 Current households who lack their own housing or live in unsuitable housing in the JCS Councils area

Element	Source	Number of households	Revised number of households
Homeless households	The Councils' housing registers as of June 2015.	95	95
Households in temporary accommodation	Section E6 of the Councils' P1(E) return for 1 st quarter of 2015 showing the number of homeless households accommodated in temporary accommodation by the authority at the end of the quarter.	126	0
Overcrowded households	2011 Census modelled to 2015. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms was not included in the 2001 Census) in each tenure recorded between the 2001 and 2011 Census. The three year change for each tenure recorded from this source was averaged against the latest three year change for each tenure recorded nationally by the English Housing Survey. This average three-year change was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2015.	4,631	4,631
Concealed households*	2011 Census modelled to 2011. This was done by calculating the annual change in the number of concealed households recorded between the 2001 and 2011 Census.	687	288
Other groups	The Councils' housing register as of March 2015. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above). This amounts to all remaining households in the emergency, gold and silver bands except those in the silver band due to 'take up work' relationship breakdown, and 'to be closer to family or friends' which are not suitable categories within the PPG definition.	472	472
Total		6,011	5,487

* All households in temporary accommodation are also on the Councils' Housing Register, although they are not separately distinguished so the total is obtained from the P1(E) form.
 † The 2001 Census indicated that 54.1% of concealed households were also overcrowded in Cheltenham, 70.0% in Tewkesbury and 67.0% in Gloucester. In the absence of equivalent data from the 2011 Census it is presumed that these Borough-wide proportions are accurate of the situation currently.



How should the current unmet gross need for affordable housing be calculated?

Component	JCS
Homeless households and those in temporary accommodation	89
Overcrowded and concealed households	2,624
Other groups	269
Total current housing need (gross)	2,982

Component	JCS
Number of newly forming households	3,191
Proportion requiring affordable accommodation	54.0%
Number of newly forming households requiring affordable accommodation	1,723

Component	JCS
New household formation (gross per year)	3,191
Proportion requiring affordable accommodation	54.0%
Existing households falling into need	1,038
Total newly arising housing need (gross per year)	2,761



How should the current total affordable housing supply available be calculated?

Paragraph: 026 Reference ID: 2a-026-20140306

There will be a current supply of housing stock that can be used to accommodate households in affordable housing need as well as future supply. To identify the total affordable housing supply requires identifying the current housing stock by:

- identifying the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
- identifying surplus stock (vacant properties);
- identifying the committed supply of new affordable units (social rented and intermediate housing) at the point of the assessment (number and size);
- identifying units to be taken out of management (demolition or replacement schemes that lead to net losses of stock).



How should the current total affordable housing supply available be calculated?

Component	JCS
Affordable dwellings occupied by households in need	746
Surplus stock	0
Committed supply of affordable housing	1,690
Units to be taken out of management	0
Total affordable housing stock available	2,436

Component	JCS
Annual supply of social re-lets available for re-let or resale at sub-market levels	1,676
Annual supply of all affordable housing	83
Annual supply of all affordable housing	1,759



Committed Supply



OANAH = 1,036 per year

Table 2.10 Results of the affordable housing needs model

Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	2,982
Stage 2: Newly arising affordable housing need (Annual)	2,761
Stage 3: Current affordable housing supply (Total)	2,436
Stage 4: Future housing supply (Annual)	1,759
Stage 5.1 Net current need (Stage 1 - Stage 3) (Total)	546
Stage 5.2 Annualise net current need (Stage 5.1/16) (Annual)	34
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 - Stage 4) (Annual)	1,036
Total gross annual need (Stage 1/16 + Stage 2) (Annual)	2,982
Total gross annual supply (Stage 3/16 + Stage 4) (Annual)	2,761



Refinements

- Should the PRS be considered as supply?
- How do we deal with single person households under 35



Moving forward

- Complete the OANAH based on feedback
- Use LTBHM to estimate mix and type of OAN
- Specialist Groups - PPG 22-021-20150326
 - Private Rented Sector
 - (People wishing to build their own homes)
 - Housing for older people
 - Households with specific needs
 - Student Housing
 - (no mention of service families in PPG!?)



Older People



Students - University of Gloucestershire

- Now – 7,692 students (6,012 Cheltenham / 1,680 Gloucester)
- 50% (+/- 3,850) growth planned over plan period (most in Gloucester)
- About 30% of students live 'at home'
- Seeking 1,500 beds in managed halls over JCS period
- Need for accommodation in market for +/- 2,350 students over JCS
- May equate to 600 or so PRS units
- **Further work** – how are students dealt with in population and household projections? Is planned growth faster than historic? If so is further housing needed?



Service Families

- 1,250 Service personnel dependent on Imjin Barracks. (In addition, there are about six hundred personnel, civil servants or contractors working for the MOD, based on the camp.) Of these, about one hundred and seventy are military personnel from allied NATO nations.
- About 500 single personnel living on camp with the remainder being married and living off camp. Most of the families living off camp do so in Service housing.
- About 60% married to 40% single households
- There are no plans to increase or decrease the military population
- Plan to provide married accommodation closer to Imjin Barracks. There is no timescale for this ... it is our intention to do so at the earliest opportunity.



- The responsibility of the MOD to house ex serving personnel ceases when they leave the military
- All service personnel have access to advice on planning for their accommodation needs after they leave the Services.
- As the date of their discharge from the Services approaches, all Service personnel who have not already made arrangements for their future accommodation are offered targeted advice on how to find accommodation in the area where they will settle down.
- Advice includes referral to housing providers and housing associations as appropriate
- Past Trend not anticipated to change.



Appendix 5 - 28th July 2015 Round Table Notes

The following is a summary of the round-table discussion and areas of common/un-common ground to support the further work to be completed.

Attendees:

Name	Representing
Jim Claydon	Independent Chair
Simon Drummond-Hay	SDH Planning
Mark Aldridge	SDH Planning
Guy Wakefield	Hunter Page Planning
Tim Watton	RPS
James Stacey	Tetlow King
Neil Tiley	Pegasus for Robert Hitchins
Sue Green	HBF
Conor Flanagan	Origin 3
Stuart Larkin	Stuart Larkin Associates
Nigel Gilmore	JCS
Jonathan Dibble	JCS
Val Garside	Tewkesbury Borough Council
Helen Chard	Gloucester City Council
Anouska Francis	Tewkesbury Borough Council
Louise Follett	Gloucester City Council
Tracey Crewes	Cheltenham Borough Council
Holly Jones	Tewkesbury Borough Council

The JCS authorities have agreed that a detailed technical appendix will be prepared in support of the SHMA update paper to ensure that all calculations in the paper and sources of data can be reviewed by interested parties.

Assumption	JCS Position	Alternatives Approaches	Common/Un-common Position
1. Cost of entry level housing	Lower quartile.	Decile or lowest 15% prices may be more appropriate in some locations particularly for entry level property purchase. Reduce prices over time in line with budget statement.	Check whether use of the decile or lowest 15% makes a significant impact on the cost of entry level prices. Use the lower quartile figure unless there is strong evidence to the contrary that a lower figure should be used.
2. Cost of social rented and affordable rented housing	Snapshot from HCA Statistical Data Return 2014 and ELASH 2014.	Reduce prices over time in line with budget statement.	Agreed to use the HCA and ELASH snapshot data. Update to 2015 data if available. Make assumptions clear in report.
3. Cost of intermediate housing	Figures based on market research.	Figures should be sensitivity tested. Ensure prices quoted are for new build products rather than resale.	Sensitivity testing of the affordability of intermediate products should be carried out.
4. Mortgage Rate for intermediate housing	Figure of 5.69% used	None discussed	Agreed as a prudent figure.
5. Type of intermediate product	Shared Ownership Discounted Home Ownership	Could include starter homes under this category. Product should reflect JCS policy.	Products used will comply with JCS policy.
6. Income /Savings/Equity	Indexed from the 2009 primary data using the CPI	Use of the English Household Survey data	Agreed to compare the findings of the English Household Survey with the indexed data to ensure they are analogous.
7. Percentage of Household Income	Set at 35% in line with market analysis. Includes benefits.	A range of percentages should be tested.	Agreed that the purpose of the study was to assess the market to inform policy so the assumption should reflect the actual operation of the market. If 35% is the way the market works then it should be used. Agreed to present the impact on the need for affordable housing from percentage of income on housing from 20% to 40% in the final report.

Assumption	JCS Position	Alternatives Approaches	Common/Un-common Position
8. People living in the private rented sector (PRS)	Living in the PRS while being in receipt of housing benefits does not place a household in need. Overcrowding, substandard accommodation, eviction etc. places a household in housing need regardless of whether they live in private rented or social housing.	Sensitivity test of the impact of applying housing need to all tenants in the PRS in receipt of housing benefits.	Agreed that being in PRS and in receipt of LHA was not within definition of need (although they may be in need for other reasons such as overcrowding). Agreed to include sensitivity test for this assumption in the technical appendix to show how many people are in housing need in receipt of housing benefit in the PRS. (SDH to consider recent Eastleigh case).
9. Use of the private rented sector	The private rented sector supported by housing benefits is not considered a solution for meeting the housing needs of a household in need.		Agreed
10. Calculating Gross Need	As set out in the PPG with indexing from 2012 based on census formation rates	Use the household formation rates as calculated by NMSS work.	Agreed to highlight which sources of income are included in the calculations and which age groups the calculation addresses. Agreed to ensure that NMSS formation rates and methodology are included to ensure consistency with the two reports. Para's 2.7, 2.15/2.16 in draft report SDH to clarify.
11. Period over which need should be met	Needs met over the remainder of the plan period (16 years)	Meet needs for affordable housing over 5 years in line with 5 year supply.	Agreed to spread need for affordable housing over the plan period (to 2031) as in other authorities.
12. Committed Supply	Figures taken from LPA monitoring.	Detailed breakdown should be provided.	A summary trajectory of all sites contributing to the affordable housing supply will be prepared as part of the overall trajectory update. This figure will be in line with the committed supply included in the SHMA.
13. Older People/students	Check and explain figures.	Query the change from 2013 based to 2015 based figures. Indexing of census data vs NMSS work.	Ensure alignment with NMSS work for older household formation rates.

Assumption	JCS Position	Alternatives Approaches	Common/Un-common Position
14. Single persons under 35	Element for sharing included however Housing officers (TBC and GCC) highlighted that the figures for under 35s sounded very low and should be checked.	Indexing of census data vs NMSS work.	SDH to check numbers. Ensure alignment with NMSS work for younger household formation rates.
15. Self build	Are they in housing need/affordable supply?	Recognised problem.	Agreed very little (if any) information available. Councils to research and SDH to further review.

Appendix 6 – Treatment of the Private Rented Sector

The issue of the place of the Private Rented Sector (PRS) is often subject to debate and was debated at the SHMA Round Table. Its place in the spectrum on housing products is not clear and is at the root of the issue.

There have been two ‘recent’ and significant changes that have radically changed operation of the PRS and the nature of the housing market. The first was The Housing Act 1988 introduced the Assured Shorthold Tenancy as form of tenancy where the tenant did not have security of tenure¹⁷. Second was the liberalisation of the mortgage lending and the growth of buy-to-let in the last years of the 20th Century and the subsequent influx of smaller landlords into the sector.

Until recently, tenants of affordable housing rented a home and had security of tenure for life (often with rights of succession) and tenants in the PRS did not (as a result of The Housing Act 1988). Affordable Housing was let at a ‘Target Rent’ which was a regulated rent and the PRS was let at market rent. The introduction of Affordable Rent as a new tenure of affordable housing in 2011 changed matters and clouded the waters. Affordable Housing under the Affordable Rent does not provide the tenant with security of tenure (tenancies are typically 5 or 7 years after a 1 year introductory tenancy) and the rent is up to 80% of the market rent¹⁸.

To add a further dimension of complexity, households can now buy an affordable house under a tenure such as shared ownership or shared equity. Finally (originally under the Housing Act 1980), where a tenant is renting an affordable house, the tenant can exercise the ‘right to buy’ and convert that affordable house into a market house¹⁹.

There was a time when affordable housing was only provided by Councils and Housing Associations (RSLs or RPs), market housing for sale was only developed by commercial developers and the PRS was entirely within the private sector with professional landlords. This has also changed. Councils are now developing affordable housing, market housing and housing specifically for the PRS, commercial developers (housebuilders and institutional investors) are developing affordable housing which they hold within their groups and manage and let and are ‘building to rent’ as well as the traditional building for sale and Housing Associations are not only developing affordable housing, but are also developing market housing and housing designed specifically to be let.

The various routes and mechanism for delivery of affordable housing have changed and are not clear cut with one type of entity being the only route. The occupancy of housing has also become clouded with considerable overlap in the tenures provided by different sectors.

¹⁷ The provisions of which were extended by the Housing Act 1996.

¹⁸ For a 2 bed home in Stroud; Market Rents are about £595/month; Affordable Rents are about £328/month; and Social Rents are about £476/month.

¹⁹ Right to Buy gives secure tenants the right to buy, at a large discount, the home they are living in. The Right to Acquire gives assured tenants of housing association homes built with public subsidy after 1997 to buy at a smaller discount.

This background is important as neither the NPPF nor PPG is specific about tenures and their suitability or preference.

The definition of affordable housing in the NPPF does not include the PRS:

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

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

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

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

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

This definition is useful with regard to the development management process – providing a clear definition of what is and what is not affordable housing. When it comes to assessing the need for affordable housing in the plan-making situation it gives rise to some uncertainty.

The key paragraphs NPPF say (selective quotations):

47. To boost significantly the supply of housing, local planning authorities should: use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;...

50. To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should: ... where they have identified that affordable housing is needed, set policies for meeting this need ...

159. Local planning authorities should have a clear understanding of housing needs in their area. ... The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which: ... addresses the need for all types of housing, including affordable housing...

There is no suggestion in the NPPF how the need for affordable housing should be calculated – it simply provides a definition of affordable housing, says the amount needed should be

assessed and then that the Council has a strategy to meet it. The PPG does provide details, saying:

Paragraph: 023 Reference ID: 2a-023-20140306

What types of households are considered in affordable housing need?

The types of households to be considered in housing need are:

- *homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);*
- *households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);*
- *households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- *households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;*
- *households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.*

Paragraph: 024 Reference ID: 2a-024-20140306

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- *the number of homeless households;*
- *the number of those in priority need who are currently housed in temporary accommodation;*
- *the number of households in over-crowded housing;*
- *the number of concealed households;*
- *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Suggested data sources:

Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding. The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey. Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

Paragraph: 025 Reference ID: 2a-025-20140306

How should the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

There is no specific guidance on how to treat the PRS tenants in receipt of Local Housing Allowance – but it is clear and it was agreed at the round table that, under paragraph 23, such a household would not be in need.

It is challenging to marry the definition in the NPPF with what paragraph 23 says. Households in Affordable Rent are unlikely to have security of tenure – yet Affordable Rent is within the definition of affordable housing.

When considered against the words in the brackets of bullet one of 23 a household in the PRS in receipt of LHA or Universal Credit would be able to afford their home and are in the same category as for all practical purposes as those in Affordable Rent accommodation. It would be illogical to count these households as being in need.

In summary, it was agreed, just because a household is in receipt of assistance with their rent does not make them in need of affordable housing by definition (although they may be in need for other reasons such as overcrowding). If a household in housing need was moved onto the PRS and received LHA they would no longer be in housing need under the definition of housing need set out in paragraph 23 of the PPG.

When discharging their duty as a housing authority a Council may house households in need in the PRS and the household would be eligible for Local Housing Allowance. This means that local authorities are (as a matter of fact) using the PRS as affordable housing (i.e. to house households in need) but it is not within the definition affordable housing in the NPPF.

This gives rise to the question as to whether or not the use of the PRS should be counted towards the supply of affordable housing. We do not consider this to be appropriate simply because the PRS in receipt of LHA is not within the definition of affordable housing in the NPPF. This is a slightly uncomfortable position as it does not reflect the actual workings of the market.

In summary when it comes to the PRS, a household in the PRS and in receipt on LHA is not automatically in need of affordable housing (but may be for other reasons) but PRS units with LHA should not be counted towards supply (in spite of Councils having the ability to house households in need in PRS with LHA).

Appendix 6 – Single Person Households under 35

The treatment of single person households under 35 requires special consideration. The purpose of the calculation of the objectively assessed need for affordable housing is in the context of Paragraph 2a-029-20140306 of the Housing and economic development needs assessments section of the PPG which says:

What is the total need for affordable housing?

The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.

The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.

It is a 'policy off' assessment of the need for affordable housing and the outcome is used to inform a consideration by the Council as to whether or not to raise the housing target over and above the OAN to meet the need for affordable housing. In essence at the end of the calculation the Council will ask itself if building more houses will assist it to meet its need for affordable housing.

The model in the PPG contains detail of the type of households in affordable housing need. This includes the number of single person households aged 35 and under.

Single person households under 35 can be in need of affordable housing – that is to say they may not be able to afford a house that meets their reasonable needs in the open market.

However, single person households under 35 will not be entitled to Local Housing Allowance for a self-contained house, only being entitled to a shared accommodation rate²⁰. This restriction does not apply to housing benefit, but we understand, that in the JCS area single persons households on the waiting list are in the lowest priority band (except if they have a particular need for an adapted house or are particularly vulnerable) that they would not be allocated affordable housing.

²⁰ With the shared accommodation rate, the maximum housing benefit an under 35 single person household, can get is the rate for renting a single room in a shared house. This applies to self-contained flats. The shared accommodation rate is set by the council's local rent officers in the social sector, and under local housing allowance (LHA) rules. Use the 'LHA rate finder' to find local rates.

In the analysis these individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property individually, they would be tested for their ability to afford an individual room within shared private rented accommodation, at an entry-level cost. These households are therefore not required to share, but are likely to have to in the JCS area affordable housing supply is restricted.

As the supply of affordable accommodation is limited in the JCS area, any single person households aged 35 in housing need that can afford a room within shared private rented accommodation is excluded from the revised calculation of the total need for affordable housing. In the JCS area this accounts for 218 households per year. Removing these households adjusts the need for new affordable units to 420 (638-218) per year.

HDH Planning and Development Ltd is a specialist planning consultancy providing evidence to support planning authorities, land owners and developers.

The firm is led by Simon Drummond-Hay who is a Chartered Surveyor, Associate of Chartered Institute of Housing and senior development professional with a wide experience of both development and professional practice. The firm is regulated by the RICS.

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- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)

HDH Planning and Development have clients throughout England and Wales.

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