

## Keyworker Study



**June 2005**

# Executive Summary

## Background

The Community Investment Manager of Gloucestershire Housing Association submitted a report to the Affordable Housing Syndicate of Stroud Local Strategic Partnership requesting support for a study to identify the supply and demand for Keyworker housing provision in the Stroud area. The proposal was supported with funding contributions from the Learning & Skills Council and the Cotswold & Vale PCT. Rather than tendering for consultants to undertake a bespoke study, economies of scale were achieved by adding a Keyworker module to the brief for the 2004 Housing Needs Survey (HNS).

## The Brief

Outside Research and ARK Consultancy were asked to analyse the 2004 HNS data to identify the nature of the demand for key worker housing provision in Stroud District, and the delivery mechanisms, locations and land opportunities that would be able to meet that demand.

## Unexpected initial outcomes

Detailed data analysis identified that one-in-seven households contained a Keyworker, but that only 12 (of all Keyworker) households planned to move within 2 years. Weighting such a low number of relevant cases would not produce robust or defensible Keyworker results. The consultants had also intended to use survey data to identify Employers and Keyworker employees, and to invite them with landowners and other stakeholders to focus groups, where tangible Keyworker housing issues could be explored in as much detail as possible.

Some keyworking households (e.g. firefighters) have earnings at a level that arguably allows them to satisfy their housing needs without assistance.

## Interim report

Given the outcome of data analysis, a decision was taken in consultation with the Cabinet Member for Housing to produce an interim report and to identify the actions required to conclude the study.

## Position Statement

**The Keyworker Study found that whilst there were a large number of Keyworker households (1-in-7) in this district, virtually none wanted or planned to move. Additionally, the Study indicated that many Keyworkers actually preferred some distance between home and work. Income levels for a high proportion of Keyworkers are sufficient for them to satisfy their own housing needs without assistance. A Health Service Employee [paypacket] survey completed returned minimal interest of need for affordable Keyworker housing. No specific prioritisation for Keyworkers within affordable housing policy was justified.**



# STROUD DISTRICT COUNCIL KEY WORKERS HOUSING NEEDS 2005

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# 1. APPROACH

## 1.1 Introduction

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- 1.1.1 There is a need to establish the 'true picture' of the supply and demand for key worker housing provision in Stroud. This study examines the characteristics of key worker households, the demand for housing that stems from key worker households, the supply of housing to meet this demand, and the gap between paid wages and the affordability of private sector housing.
  - 1.1.2 The demand for affordable housing from key workers is no different from that of non-key workers who cannot afford. It is the role that key workers play in the community/economy that defines and separates their need. It is because of this 'individuality' within a local community/economy, that the need for a location specific definition of a key worker becomes apparent. Support for a suitable 'localised' definition of key workers will stem from the national definition.
  - 1.1.3 The main data source will be Gloucestershire's 2004 Housing Needs Survey. This contains individual level information. A respondent's occupation in the form of the Standard Occupational Classification 2000 is recorded. This is to be used to pinpoint the housing needs and aspirations of Stroud's key workers. The 2004 data set is up to date and comprehensive, capturing previous, current and potential future housing circumstances. This, alongside other secondary data, will be used to define the demand for housing from the Key worker population.
  - 1.1.4 The incidence of key-workers within a population is determined by economic and labour market operations and therefore must be included and treated as inseparable in any examination. Issues regarding the independence of Stroud as both a stand-alone housing and labour market will need to be addressed. Stroud's local economy set in a regional and national context will support the localised definition of a key worker and the issues surrounding their housing.
  - 1.1.5 ONS's understanding of Travel-to-Work Areas (TTWA) within the sub-region and DTZ Pieda's assessment of the sub-regional housing market<sup>1</sup> will be combined with Outside's own analysis of the districts migration patterns identified by NHS Patient Register data. NOMIS data will also be applied at the district and TTWA level.
  - 1.1.6 This study begins with an examination of the national, regional and local literature on key worker households and Stroud's social, political and economic context. Following the specification of a localised definition of 'key workers' focus will shift to analysis specific to this group using the Housing Needs Survey data. An analysis of household income will also be included at this stage.

## 1.2 Methodology

- 1.2.1 In November 2003, **Outside** was appointed to undertake a Countywide Housing Needs Assessment for the six local authorities of Gloucestershire and the County's Supporting People Team.

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<sup>1</sup> Appleton, Z (2004). *Sub Regional Housing Markets in the South West: Interim Report and Presentation to South West Housing Forum*. DTZ Pieda Consulting.



- 1.2.2 Each authority had undertaken separate Housing Needs Studies during the previous few years. Significant changes in local housing markets alongside the increasing preference for sub-regional assessments meant that a new co-ordinated study was appropriate.
- 1.2.3 The Housing Needs Assessment 2004 used a three-stage methodology to address these aims and objectives. The approach brought together the views of residents, the experience of key stakeholders and information contained in secondary data sources:
- (i) **Residents** - a face-to-face survey of 4,200 resident households to enable analysis both Countywide and for each of the six local authority areas
  - (ii) **Stakeholders** - focus groups, seminars and in-depth interviews to look at housing needs issues both for the County and the local authority areas
  - (iii) **Secondary data and literature search** - review and analysis of key data sources and relevant literature including previous housing needs surveys and relevant sub-regional and regional research
- 1.2.4 This three-point approach means the data can be “triangulated”, which enables the comparative validation of each element.
- 1.2.5 Although different methods were used to research individual elements, this report brings together the findings from each aspect under thematic headings rather than differentiating the findings by methodology.
- 1.2.6 Based upon the requirement that the survey provide detailed analysis at Countywide level and for the six local authority areas, a survey of 4,200 face-to-face interviews with resident households was undertaken.
- 1.2.7 The interview schedule included the following topics:
- housing characteristics - tenure, house type, number of rooms and facilities; property condition and adequacy of current housing; amenities, forms of heating and energy efficiency levels; adaptations
  - household characteristics - income, equity, employment; housing costs; composition by gender, age and ethnicity; car ownership; special needs, key workers
  - respondents’ housing history in terms of tenure, location and reasons for moving
  - characteristics, moving intentions and requirements of existing and new forming households
- 1.2.8 As part of this Key Workers Study the occupations of the Household Reference Person and his/her partner was also captured.
- 1.2.9 To draw a random probability sample across the County two types of sample frame were used:
- (i) In Cheltenham, Cotswold, Forest of Dean, Gloucester and Stroud the Council Tax Registers were used
  - (ii) In Tewkesbury a Postal Address File from the Royal Mail was used
- 1.2.10 The Countywide Housing Needs Assessment was based on a survey of 4,200 face-to-face interviews, 700 from each of the six local authorities. In order to achieve 4,200 successful interviews, 12,600 addresses were selected for interview. In all 6,054 contacts were made to selected households, 69.4% of which resulted in a successful interview.
- 1.2.11 A random sample of 2,100 addresses was drawn for each of the six districts. Each district sample was randomly allocated to three address lists numbered A1 to A700, B1 to B700 and C1 to C700.

A fieldworker called at each A list address first and if after three calls at different times on different days a non-response was recorded at that address then the fieldworker moved onto the B address with the corresponding number.

If after three attempts that address also proved unsuccessful, then the fieldworker called at the C address with the corresponding number.

- 1.2.12 The response rate for each district is shown in Table 1. Across the whole of Gloucestershire 71.2% of A list addresses resulted in successful interviews.

**Table 1 Response distribution**

District	Interviews achieved	Total contacts made	Interviews as % of 'A' contacts	Interviews as % of total contacts
Cheltenham	700	895	76.3	78.2
Cotswold	700	987	70.0	70.9
Forest of Dean	700	1091	66.7	64.2
Gloucester	700	983	71.8	71.2
Stroud	700	980	69.3	71.4
Tewkesbury	700	1118	64.7	62.6
<b>Gloucestershire total</b>	<b>4200</b>	<b>6054</b>	<b>71.2</b>	<b>69.4</b>

- 6 1.2.13 The main reasons for non-response are shown in Table 2. Just over a quarter of all contacts refused to take part in the survey.

**Table 2 Reasons for non-response**

Reason for non-response	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire total
Non-contact after 3 calls	35.1	47.5	44.8	47.2	55.0	80.8	47.9
Refused	43.7	36.8	21.4	23.4	16.0	2.5	26.0
Other	21.0	15.7	33.7	29.4	29.0	16.6	26.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 1.2.14 A sample of interviews undertaken by each member of the fieldwork team was back checked to ensure fieldwork quality.

- 1.2.15 The data from the face-to-face interviews was entered into a statistical analysis package (SPSS) for analysis purposes. The survey responses were grossed up to the total number of households for Gloucestershire, 237,879 households, as indicated in the 2001 Census.<sup>2</sup>

<sup>2</sup> Taken from Table SO51 Tenure and household size by number of rooms. The Gloucestershire County total of households is the sum of the total households for each of the six districts.



In grossing the survey findings, responses were weighted to reflect the household distribution of the six local authorities.

- 1.2.16 All the records in the Housing Needs Assessment have a postcode to enable further small area analysis and the potential to use GIS mapping software.

**Table 3 Weighting and confidence intervals**

District	Housing Needs Assessment (count)	2001 Census Count	2001 Census %	Weighting factor	Confidence interval %
Cheltenham	700	48164	20.2	68.81	+/- 3.03
Cotswold	700	34426	14.5	49.18	+/- 2.66
Forest of Dean	700	32531	13.7	46.47	+/- 2.60
Gloucester	700	45757	19.2	65.37	+/- 2.98
Stroud	700	44609	18.8	63.73	+/- 2.95
Tewkesbury	700	32392	13.6	46.27	+/- 2.59
<b>Gloucestershire</b>	<b>4200</b>	<b>237879</b>	<b>100.0</b>		<b>+/- 1.54</b>

- 1.2.17 The final column in Table 3 shows the confidence interval for each of the six areas at the 95% confidence level. These confidence intervals are more than acceptable for a survey of this kind. The confidence interval for the County as a whole is +/-1.54%. Consequently this means that the survey can be seen to be representative, statistically valid and highly robust at both County and district level.

## 2. NATIONAL, REGIONAL & LOCAL CONTEXT

### 2.1 Funding

- 2.1.1 On the 18 September 2002, the Housing Minister announced the establishment of a Challenge Fund to provide additional housing in London, the South East and Eastern Regions. Up to £200 million was made available for the fund for 2003/04 and bids were immediately invited by the Housing Corporation. This available funding was subsequently increased by £100 million through the Office of the Deputy Prime Minister's 'Sustainable Communities' Plan, launched on the 5<sup>th</sup> of February 2003. The three objectives of the Challenge Fund are set out below:
- (i) to provide additional housing in areas of particularly high demand in London, the South East and Eastern regions with a particular emphasis on providing homes for key public sector workers;
  - (ii) to secure a step change in the construction industry by encouraging the use of Off Site Manufacturing and other modern methods of construction; and
  - (iii) to produce this new housing more quickly and more cost-effectively than the use of traditional methods.
- 2.1.2 The Challenge Fund also aims to test a number of new concepts:
- (i) providing accommodation for key public sector workers using sub-market or intermediate rent models and new build for the 'Homebuy';
  - (ii) using partnering agreements between the Housing Corporation and RSL's; and
  - (iii) piloting a new approach to compliance audit, with RSL's obtaining a certificate of procedural compliance from an independent auditor rather than being subject to the Corporation's own compliance audit programme.
- 2.1.3 Nationally the Corporation's Target for the Challenge Fund is to spend £300 million in 2003/04 to deliver 8,000 homes, (2,600, using more modern means of construction) including over 3,500 primarily for police, teachers and NHS staff. The programme includes 1,500 homes as part of the Housing Corporation/English Partnerships joint initiative.
- 2.1.4 Challenge Fund support is given to Housing Associations usually in the form of shared ownership provision and starter home initiatives (Homebuy). Under this initiative key workers find their own home and get support to pay the full amount. A housing association will then contribute towards the purchase of the scheme in return for a share of the equity. The equity is paid back when the property is sold. The Challenge fund support is dependent on a series of criteria, summarised below:
- (i) Schemes must be new build;
  - (ii) Where planning is not already granted, the RSL must seek to build at higher than normal density;
  - (iii) Schemes must be consistent with the priorities in the Regional Investment Strategy and Regional Housing Statement;
  - (iv) Schemes should be cheaper than normal - both in cost and grant terms
  - (v) For key worker schemes there must be a demonstrable shortage of health service/police/training/teaching staff backed by evidence and support from



employers. Other key workers must also be targeted where evidence can be provided of recruitment and retention difficulties.

- 2.1.5 It is this last criterion that this targeted piece of work is set to examine. In Stroud The Affordable and Decent Housing Syndicate has been working towards assessing the capacity for key worker housing provision. Currently the provision for affordable housing stems from planning gain, potential Large Scale Voluntary Transfer (LSVT) receipt use, empty properties, and access to housing and support services. Although £809,000 has been allocated to provide 24 units for key workers, none of these are in Stroud. The Gloucestershire Housing Partnership and Sovereign Housing Association are providing these dwellings.
- 2.1.6 Following on from the success of the Starter Home Initiative at the national level, April 2004 saw the launch of the Governments *Key Worker - Living* programme<sup>3</sup>. This is designed specifically “to assist access to affordable housing for either rent or purchase by frontline key workers, particularly in the health and education sectors whose services are essential to local communities and who need to live within a reasonable ‘travelling to work’ distance of those communities”. The initiative is to be targeted at those areas where there are clear recruitment and or retention difficulties that are linked to the cost of housing. The South West has been highlighted as a region that contains such areas.
- 2.1.7 This study will work towards assessing the scope for Housing Corporation bids on the basis of providing specific housing for key workers.

## 2.2 Priorities for the South West

- 2.2.1 Currently, housing assistance for key workers within the South West region is available through the key worker Challenge Fund scheme identified by the South West Housing Board. The Regional Housing Board identified an approximate figure of £10million within the Single Housing Investment Pot for the funding of key worker homes for those groups of workers *essential to maintaining local public services and directly employed by a public body*.<sup>4</sup> £10.6 million has been allocated to provide 414 homes including 160 new units and 254 Homebuy units. 72 Intermediate Rent units are also included. 20% of the key workers programme was to be allocated to support market entry housing, particularly as part of any major new development or regeneration scheme. A total of £45.7 million (24%) of allocations are proposed to provide a total of 524 Market Homebuy units and 1,782 new units in response to the increasing demand for this form of tenure in the region.
- 2.2.2 The strategic priorities for the South West were set by the South West Housing Board in ‘Strategic Priorities for the South West’ published by the board in July 2003 and combined the Approved Development Programme (ADP) with the Housing Investment Programme (HIP) resources to form the Single Housing Investment Pot (SHIP). The Housing Corporation’s South West Allocation Statement suggests that more resources were allocated for new provision than would have been available on the basis of the national split of the Approved Development Programme (ADP). All allocations meet the criteria established.
- 2.2.3 Essentially the key priority outlined within the South West’s strategic priorities is to deliver as many new affordable homes as possible<sup>5</sup>.

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<sup>3</sup> Capital Funding Guide – Key Worker Living (KWL 1), November 2004, The Housing Corporation.

<sup>4</sup> Housing Corporation South West Allocation Statement 2004/05 and 2005/06. [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk)

<sup>5</sup> Strategic Housing Priorities in the South West (2003) pg. 9.

The current South West Housing Board allocation for Gloucestershire is approximately 635 homes, with an achieved level of funding of £17.4 million. 95 of these homes are allocated at the district level to Stroud. The breakdown of which is shown in the table below;

**Table 4 Gloucestershire allocations by Local Authority**

Area	Housing units				
	For rent	Shared ownership	Homebuy	Voluntary Purchase Grant	Total
Cheltenham	76	28	14	1	119
Cotswold	18	15	18	-	51
Forest of Dean	37	25	4	-	66
Gloucester	87	71	-	-	158
Stroud	38	48	8	1	95
Tewkesbury	77	57	12	-	146
Gloucestershire	333	244	56	2	635

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- 2.2.4 17 schemes are planned in Stroud over the 2004/05 and 2005/06 period, the majority of which are either mixed funded housing for rent or mixed funded housing for sale, only two schemes are Homebuy, of which only one is specifically outlined for key workers. The main needs group identified are first time buyers with the main regional priority rural housing needs. It is in these areas and for this group that issues of affordability are most acute.
- 2.2.5 Essentially, the Strategic Priorities documentation suggests that the South West suffers the double impact of significantly higher than average house prices and lower than average incomes, with Joseph Rowntree Foundation (JRF) research showing that in May 2003 access to home ownership was more difficult than in all regions excluding London. The JRF research also shows that 15 of the top 40 districts in a league table of 'least affordable' areas in England are in the South West and that earners aged under 40 face particular difficulty.

## 2.3 Population

- 2.3.1 Population in the Gloucestershire sub-region in which Stroud is situated has experienced the fastest growth over the past 20 years, with a growth rate of 12.5% at the regional level compared to just 5% overall nationally. Census data indicates that over the period 1991 to 2001 the population nationally increased by 2.6%, the increase in Gloucestershire was 5.3%, whilst in Stroud this increase was 3.6%. External net migration is the predominant component of population change in Gloucestershire.
- 2.3.2 2001 Census data showing migration balances across the County indicate an expected positive net migration balance in the amount of people moving to Gloucestershire, whilst at the district level the ONS data for Stroud indicates a negative balance. In contrast Stroud district and Gloucestershire County both show positive net migration balances in the number of households moving in.

- 2.3.3 It is possible for there to be a net loss of people and a net growth in households within a district. In Stroud over the period April 2000 to April 2001 there was a net loss of 154 people, but a net increase in households of 79.
- More people migrated out of Stroud in this year than migrated in leaving a negative migration balance. Those that moved into Stroud represented a greater number of households than those that moved out. In-migrants to Stroud moved in smaller household units than did those that moved out. This is important as it is households that purchase houses not people (even though a single person can represent a household).
- A positive net-migration balance for Stroud suggests greater pressures demand within local Stroud housing markets, and at the County level greater all round pressure within Gloucestershire.
- 2.3.4 The number of households is projected to increase from a 1991 figure of 1.9 million to 2.4 million in 2016. 1996 to 2000 estimates of the number of households in the South West based on 1996 mid-year population estimates indicated a rise in households of 4.7% in the South West, compared to 3.9% nationally and 5.0%, 4.9% and 6.1% in the East, South East and London respectively<sup>6</sup>. 2001 and 2002 household estimates show a continuation of this rise, with the South West experiencing an increase of 0.8% (2,098 to 2,115, thousand households). Gloucestershire also experienced a rise of 0.8% with an increase from 239,000 to 241,000 households. London was the only region to experience an increase greater than the South West at 1.26%.
- 2.3.5 In the South West, Gloucestershire and Stroud ONS data supports the contention that demand for housing has increased and can be seen to be increasing, projections to 2021 project the Gloucestershire household number to have increased to 276,000, some 35,000 greater than the most up to date 2002 estimates.
- 2.3.6 Given that most of the increase has been from those aged 45 and over<sup>7</sup>, and that we can expect those movers of middle ages to have a greater capacity to purchase market housing, it can be expected that the ability of key workers and especially young key workers to buy in the market, and that Gloucestershire's retention of this workforce will have diminished.
- 2.3.7 The housing market in the Gloucestershire sub-region is under pressure. The number of households is increasing but the supply of homes is failing to keep pace with this change. The 2004 Housing Needs Assessment indicates for Gloucestershire a net affordable housing shortfall of 7,294 per annum; assuming the indicated planned annual new build supply of 427 affordable units per annum will be achieved. In Stroud the same model identified a net shortfall of 1,568 affordable units assuming a new build supply of 46 units per annum.
- 2.3.8 High costs mean that key workers (whose pay is generally determined nationally) are unable to access the local housing market. Key workers provide a range of services essential to the health and well being of any community. Difficulties in recruiting and / or retaining key workers within Gloucestershire and Stroud a result of high housing costs, will over time erode the sub-region's quality of life and restrict the ability of it to develop economically and create mixed, balanced and sustainable communities.

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<sup>6</sup> [http://www.press.dtlr.gov.uk/pns/DisplayPN.cgi?pn\\_id=2000\\_0752](http://www.press.dtlr.gov.uk/pns/DisplayPN.cgi?pn_id=2000_0752), Source: Household projection and estimation model, 1996-based, DETR

<sup>7</sup> Strategic Housing Priorities in the South West (2003) pg. 4.

## 2.4 Labour market and economy

- 2.4.1 The 2001 Census indicates an economically active population (16 to 64 years old) within Gloucestershire of 284,346 (70.3%), with an inactive population (16 to 64 year olds) of 120,350 (29.7%).<sup>8</sup> This compares to a lower figure of 66.5% across England and Wales.

At a district level the six Gloucestershire Districts show comparable proportions with that at the County level and marginally higher proportions of economically active than represented across England and Wales. 66.2% of Stroud's population aged 16 to 74 is in employment.

- 2.4.2 In terms of the distribution of earnings across England and Wales, the mean figure was £468.10 whilst 10% earned less than £216.50 gross per week and 10% earned greater than £752.40 gross per week.<sup>9</sup>

Mean earnings for employment in Gloucestershire were estimated by the *New Earnings Survey 2002* as £447.50 gross a week, with 10% earning less than £227.80 and 10% earning more than £734.80, thus indicating a lower earnings capacity than that estimated across England and Wales.<sup>10</sup> At a district level *New Earnings Survey 2002* data is only available for the districts of Gloucester, Stroud and the Forest of Dean,<sup>11</sup> which indicates a mean gross weekly earnings figure of £410.80, £446.40 and £391.40 respectively. The mean gross weekly income in Stroud is £21.70 lower than that across England and Wales as a whole.

- 2.4.3 *New Earnings Survey 2002* data for salaries indicates that in 2002 the mean full time income per employee is £19,106. This is up from £16,376 in 1999, a rise of 16.6%. This is a higher percentage rise than that across the Gloucestershire sub-region and across England and Wales, but leaves the mean annual full time salary below the £19,327 in Gloucestershire and £20,326 in England and Wales.

- 2.4.4 Table 5 shows at the district level the proportions of JSA claimants for the period January 1996 to January 2004. Large drops in all districts in the number of JSA claimants are apparent. At the district level the largest decrease in claimants is within Stroud at 63.3%.

- 2.4.5 The economy and labour market at the Gloucestershire County and Stroud district levels are comparable with that at the national level. The main differences lie in the low unemployment levels particular to Stroud and the slightly below national earnings levels. However, when these factors are looked at in conjunction with the sub-regional and Stroud housing market and the way in which house prices have risen substantially over even short periods of time, issues of affordability become apparent.

- 2.4.6 Wilcox (2002) conducted a national affordability study and found that of households in the South West where the household representative is aged between 20 and 39 and where at least one adult member of the household is in employment, that 67.9% of these households could not afford to purchase the 2002 mean house price (for a 4/5 room dwelling) of £124,508, with a mean working household income of £29,626. This mean income and mean house price yields an income to house price ratio of 4.20:1. This compares to an England figure of 3.4:1. London at the highest ratio is at 4.8:1. At the district level Stroud has an income to house price ratio of 4.35:1, with a mean house price of £129,824 and a mean working household income of £29,823. The highest income to house price ratio in

<sup>8</sup> 2001 Census Standard Table S028 *Sex and Age by Economic activity*

<sup>9</sup> *New Earnings Survey 2002*, National Statistics, 17/10/02, p6.

<sup>10</sup> *New Earning Survey 2002*,  
[http://www.statistics.gov.uk/downloads/theme\\_labour/NES2002\\_Analyses\\_By\\_Region/NES2002\\_Analyses\\_by\\_region.pdf](http://www.statistics.gov.uk/downloads/theme_labour/NES2002_Analyses_By_Region/NES2002_Analyses_by_region.pdf)

<sup>11</sup> Results are given for those areas represented by at least 30 persons in the sample and where the standard error of mean gross earnings is 5 per cent or less of the average.



Gloucestershire is in the Cotswolds at 5.25:1. A Gloucestershire mean ratio can be identified as 4.39:1.

- 2.4.7 Wilcox's study although based on 2002 figures shows that there is a considerable affordability issue within Stroud and generally within Gloucestershire and the South West. The study also examines the required income to purchase a lower quartile priced house.

A household income of £32,124 is required to purchase a lower quartile priced property in Stroud of £104,105. Wilcox also examines the proportion of working households that are unable to purchase. In Gloucestershire 70.6% of all households where all adults are in work cannot afford to purchase a lower quartile 4/5 room dwelling. In Stroud this proportion is 69.3%. London with the highest regional proportion of households unable to purchase lies at 76.0%. In Stroud for households where only one member is in work, 83.6% are unable to purchase. At the County level 85.9% of one worker households are unable to purchase.

- 2.4.8 Wilcox's figures are based on 2002 house prices. Large increases in house prices across the South West, Gloucestershire and Stroud housing markets are apparent<sup>12</sup> and have outstripped increases in salaries.

**Table 5 Job Seekers Allowance Claimants**

District	Jan 2004	% of working population	Jan 1996	% of working population	% change 1996-2004
Cheltenham	1,323	1.9	3,588	5.4	-63.1
Cotswold	526	1.1	1,317	2.8	-60.0
Forest of Dean	863	1.8	2,206	4.7	-60.9
Gloucester	1,672	2.2	4,157	6.4	-59.8
Stroud	953	1.5	2,601	4.0	-63.3
Tewkesbury	632	1.4	1,659	3.7	-61.9
<b>Gloucestershire</b>	<b>5,198</b>	<b>1.5</b>	<b>15,528</b>	<b>4.6</b>	<b>-66.5</b>

<sup>12</sup> www.landreg.gov.uk

## 3. KEY WORKERS IN STROUD

### 3.1 Introduction

- 3.1.1 The analysis contained within this section of the report is based upon the Housing Needs Assessment 2004. Where possible, comparisons are made between the County and district levels. The main aim of this section of the report is to describe the characteristics of Stroud's key workers, the households within which they reside and to explore previous, current and aspirational housing circumstances.

### 3.2 Defining key workers nationally

- 3.2.1 Key workers are those who provide essential public services within our communities. Central Government has defined key workers primarily as those working in education and health and other selected public service sectors. The Starter Homes Initiative (SHI) assisted these in a number of areas in the region. The South West Housing Board proposes that the definition of key workers within the region should go beyond that at the national level and include public sector workers with other skills essential to the sustainability of communities.

- 3.2.2 As identified within the introductory section of this report, the definition of a key worker will vary theoretically depending upon the area. The following key worker groups are eligible for assistance under the national programme<sup>13</sup>:

- ✓ NHS Clinical Health Workers (NHS staff including Social Workers)
- ✓ Teachers, including Further Education teachers
- ✓ Police Officers and some civilian staff in participating forces
- ✓ Prison Officers and some Prison Service staff
- ✓ Probation Officers, Senior Probation Officers and Probation Service Officers
- ✓ Local Authority Social Workers
- ✓ Local Authority Occupational Therapists
- ✓ Local Authority Planners (in London Boroughs)
- ✓ Local Speech and Language Therapists
- ✓ Hertfordshire Fire and Rescue Service

- 3.2.3 Assistance through the scheme can only be given to those who could not otherwise buy or are unable/have difficulty renting a home at market rent that is suitable for their households needs and within a reasonable 'travel to work' area of their employment. The definition of a 'travel to work' area will depend on the locality, the type of employment and the transport links. Examination of ONS Travel-to-Work Areas will indicate the housing areas within which key workers are required to locate.

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<sup>13</sup> Capital Funding Guide – Key Worker Living (KWL 1), Annex B, November 2004, The Housing Corporation.

- 3.2.4 The proposed South West Key Worker Challenge Fund (KWCF) for 2004/05 and 2005/06 will use a broader definition of a 'key worker'. It proposes that this should include all "*those groups of workers essential to maintain local public services*". It is proposed that housing associations and local authorities working with local employers should provide evidence to support their bids.
- 3.2.5 Consultation exercises in the forming of the South West KWCF revealed strong support for the fund. A summary of consultation within the Housing Corporation's *Strategic Housing Priorities in the South West* document indicates that many respondents stated that the definition should include all workers providing a public service even where not directly employed by the public sector. Other respondents suggested that the definition be extended to include some private sector workers.
- 3.2.6 If a key worker definition is to include all those groups of workers that are essential to maintain local public services then inherent within it is a degree of subjectivity surrounding what occupations are included as 'essential'. It is not possible therefore, to define a key worker population without examining the economy and labour market within a particular locale.

### 3.3 A local definition

- 3.3.1 Based on the proposed broadening of the definition of what constitutes a key worker voiced within the consultation process for the South West Key Workers Challenge Fund (KWCF), and the important work conducted by Wilcox in 2002 the following definition for Stroud key workers is proposed.
- 3.3.2 The occupations to be included as key workers within a Stroud definition (based on the 2000 Standard Occupational Classification) are:
- ✓ Teaching Professionals
  - ✓ Health Associate professionals including Therapists
  - ✓ Health related personal carers
  - ✓ Police Officers
  - ✓ Fire Officers
  - ✓ Prison Service Officers
  - ✓ Social Welfare Officers including Social Workers and Probation Officers.
  - ✓ Farmers and farm assistants
  - ✓ Postal workers
- 3.3.3 As stated previously the decision concerning the inclusion of any of the occupations under a 'key worker' definition, how 'essential' one occupation is relative to another, is subjective. The analysis that follows will therefore, where possible, be broken down by each particular 'key worker' group. It has been best practice given 'subjectivity' to include more groups to, as suggested in the brief, extend the definition of key workers.
- 3.3.4 As previous work has shown particularly acute affordability issues face first time buyers within Stroud and Gloucestershire and thus in addition to an exclusive 'key worker' analysis an examination of the uptake of owner occupation from renting will be included.

### 3.4 Key worker characteristics

- 3.4.1 13.6% of households represented within the Housing Needs Assessment 2004 that reside in Stroud contain at least one key worker under the definition above.

Grossed to the 2001 Census household number for the district (44,609) this represents 6,504 households. The breakdown across Gloucestershire is shown in Table 6

**Table 6 Key worker households in Gloucestershire**

District	Key worker households	% of total households	Total households
Cheltenham	5,848	12.1	48,164
Cotswold	3,541	10.3	34,426
Forest of Dean	3,067	9.4	32,531
Gloucester	4,183	9.1	45,757
<b>Stroud</b>	<b>6,054</b>	<b>13.6</b>	<b>44,609</b>
Tewkesbury	2,869	8.9	32,392
<b>Gloucestershire</b>	<b>25,562</b>	<b>10.7</b>	<b>237,879</b>

- 3.4.2 Table 7 shows the breakdown of those key worker workers by occupation (under the Stroud definition). It is apparent that approximately 70% of those captured within the Housing Needs Assessment 2004 were either Teachers, health associate professionals such as Nurses and health related care workers. A relatively high proportion of farmers and farm workers were also captured within the Stroud data at 15.1%.

**Table 7 Key worker occupations**

Key worker groups	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Teaching Professionals	40.9	33.3	31.1	18.3	<b>22.6</b>	26.2	29.0
Health Associate Professionals	22.6	21.0	18.9	42.2	<b>25.5</b>	32.3	26.9
Health related personal carers	20.4	21.0	24.3	15.5	<b>21.7</b>	21.6	20.6
Police Officers	0.0	1.2	2.7	11.3	<b>0.9</b>	1.5	2.7
Fire Officers	1.1	1.2	1.3	0.0	<b>0.9</b>	1.5	1.0
Prison Officers	1.1	0.0	0.0	0.0	<b>0.0</b>	3.1	0.6
Social Welfare Officers	9.7	8.7	1.3	9.9	<b>9.4</b>	9.2	8.4
Farmers and Farm Assistants	0.0	11.1	14.9	0.0	<b>15.1</b>	3.1	7.3
Postal Workers	4.3	2.5	5.4	2.8	<b>3.8</b>	1.5	3.5
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 3.4.3 It is apparent that based on the 2004 Housing Needs Assessment data Stroud can be seen to have the highest proportion of key worker households per total household number. The age breakdown of the key workers (either respondent or respondent's spouse) that reside in those classed as containing a key worker household is shown in Table 8.
- 3.4.4 It is apparent that the modal age group for key workers in Stroud is 35 - 44 years. In all districts the age groups 25 - 34 through 44 - 54 contain approximately 80.0% (80.4% at the County Level) of the key workers in each of the districts. Stroud can be seen to have a marginally older age distribution within its key worker respondents.

### 3.5 Household characteristics

- 3.5.1 Table 9 shows the household composition of respondent key workers. Couple households are the most common household type for respondent key workers within Stroud and all other Gloucestershire districts. The modal household composition is couples with at least one dependent child, represented by 50.0% of key worker respondents at the County level. Couples with no children are the second most frequently represented group, although variation between districts is more apparent. This distribution is comparable to the household composition of non-key worker respondents.
- 3.5.2 Single Person households (of which the majority are aged less than 60) represent 10.1% of respondent key workers at the County level. In Tewkesbury this household composition is more substantial at 22.4%.

- 3.5.3 In Stroud 10.3% of key worker respondents live in a couple with non-dependent children. This is perhaps accounted for in the slightly older age distribution apparent within Stroud's respondent key workers.

**Table 8 Age distribution of key workers**

Age	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
16 - 17	0.8	0.9	2.9	1.9	<b>0.7</b>	0.0	<b>1.1</b>
18 - 24	12.4	5.2	6.8	11.3	<b>7.8</b>	6.7	<b>8.8</b>
25 - 34	31.4	25.0	24.3	26.4	<b>20.8</b>	25.8	<b>25.5</b>
35 - 44	28.1	35.3	34.0	36.8	<b>34.4</b>	29.2	<b>33.0</b>
45 - 54	20.7	22.4	25.2	13.2	<b>24.0</b>	29.2	<b>21.9</b>
55 - 64	5.8	10.3	6.8	8.5	<b>10.4</b>	7.9	<b>8.4</b>
65 - 74	0.8	0.9	0.0	1.9	<b>1.9</b>	1.1	<b>1.2</b>
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 9 Household composition of respondent key workers**

Household composition	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Single Person with at least 1 dependent child	8.2	7.8	7.4	10.3	<b>6.2</b>	1.7	<b>7.2</b>
Single parent with non-dependent children	1.4	0.0	0.0	0.0	<b>0.0</b>	1.7	<b>0.5</b>
Single person with other adults	2.7	0.0	0.0	1.5	<b>3.1</b>	1.7	<b>1.8</b>
Single person <60	9.6	10.9	9.2	5.9	<b>8.3</b>	22.4	<b>10.1</b>
Single person >60	4.1	0.0	0.0	1.5	<b>2.1</b>	0.0	<b>1.7</b>
Couple with at least 1 dependent child	45.2	60.9	51.9	55.9	<b>48.5</b>	37.9	<b>50.0</b>
Couple with at least 1 dependent child and other adults	0.0	0.0	5.5	0.0	<b>2.1</b>	1.7	<b>1.3</b>
Couple with non dependent children	4.1	4.7	7.4	0.0	<b>10.3</b>	3.5	<b>5.3</b>
Couple with no children	24.7	14.1	18.5	25.0	<b>19.6</b>	27.6	<b>21.7</b>
Other	0.0	1.6	0.0	0.0	<b>0.0</b>	1.7	<b>0.4</b>
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 3.5.4 When the distribution of household composition for key workers is compared to that for non-key workers it is apparent that the more proportionally of the key worker population is represented by single person's under the age of 60. In Stroud 8.3% of key worker households (510 households) are single person households where the respondent is aged less than 60, whereas only 6.5% of the non-key worker respondents live alone. This is important given that the purchasing/renting capacity of couple's is higher than that of single people, highlighted in the work carried out by Wilcox (2002).
- 3.5.5 Table 10 presents the type of accommodation lived in by households containing at least one key worker. The distribution as expected is comparable to that for households that do not contain a key worker.

**Table 10 Accommodation type**

Accommodation type	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Detached	24.3	32.4	41.8	20.8	36.4	25.6	30.0
Semi detached	33.3	34.3	30.8	38.5	35.0	44.2	35.7
Terrace including end terrace	31.5	28.4	24.2	33.3	19.3	23.2	26.6
Purpose built flat/apartment	10.8	3.0	2.2	6.2	7.1	4.6	6.3
Other	0.0	2.0	1.1	1.0	2.1	2.3	1.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 3.5.6 Table 11 shows the tenure breakdown for key worker households. It is apparent that the modal group for Stroud and all other Gloucestershire districts is the category 'Own with a mortgage or loan'. Across Gloucestershire 47.8% of key worker households are in this tenure. Few households proportionally own their property outright. This is especially true of key workers in Stroud where only 1.5% own outright.
- 3.5.7 When compared to the tenure breakdown of non-key worker households more key worker households can be seen to rent privately and far less proportionally own their property outright. This is shown in Table 12.

**Table 11 Tenure**

Tenure type	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Own outright	13.8	12.4	18.8	14.7	<b>1.5</b>	10.5	10.9
Own with a mortgage or loan	43.1	35.0	51.8	55.8	<b>55.6</b>	38.4	47.8
Pay part rent/part mortgage	0.0	0.0	1.2	0.0	<b>0.0</b>	0.0	0.1
Rent from the council	8.3	5.2	4.7	8.4	<b>11.1</b>	8.1	8.2
Rent from housing associate/Hsg Co-op	0.0	14.4	2.4	3.2	<b>0.7</b>	8.1	3.9
Rent from a private landlord/letting agent	21.1	14.4	11.8	15.8	<b>14.1</b>	17.4	16.1
Rent from an employer of a household member	0.9	2.1	0.0	2.1	<b>0.7</b>	2.3	1.3
Rent from a relative or friend of a household member	0.9	4.1	1.2	0.0	<b>0.0</b>	0.0	0.9
Live there rent free	11.9	10.3	5.9	0.0	<b>8.9</b>	15.1	8.5
Other	0.0	2.1	2.4	0.0	<b>7.4</b>	0.0	2.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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**Table 12 Main key worker and non-key worker tenure differences**

Tenure	Stroud		Gloucestershire	
	Key Workers	Non-key workers	Key Workers	Non-key workers
Own Outright	1.5	10.5	10.9	22.0
Own with a mortgage or loan	55.6	44.4	47.8	35.3
Rent Privately	14.1	12.4	16.1	14.4

### 3.6 Satisfaction

3.6.1 Each respondent was asked whether or not their home is adequate for the needs of their household.

In Stroud comparable levels of satisfaction can be seen with 2.1% of key workers living in inadequate housing for their needs compared to 3.1% of non-key worker households. However, generally across the County a higher level of dissatisfaction is apparent within respondents from households containing a key worker than households that do not, with 4.6% of non-key worker households living in inadequate housing compared to 6.2% of key worker households.

- 3.6.2 The predominant reason for those key worker households that felt that their housing is inadequate was that their home was too small. This was also the main reason for the non-key worker group.

### 3.7 Previous housing circumstances

- 3.7.1 Examining the previous location of key worker respondents with respect to their current location reveals that of those that moved within the last two years the majority of movers from each district moved within the same district. Based on a comparison of previous and current locations the largest district flow is between Cheltenham and Tewkesbury. All districts had net gains from Cheltenham in the past two years. Tewkesbury had the largest net gain from locations outside of Gloucestershire. Of those key worker households captured within the data set that moved into Gloucestershire within the past two years, Stroud received the largest proportion at 31.6%. Generally a high level of within district self-containment can be seen.

- 3.7.2 It would be useful to examine key worker retainment within a district based on actual moves, but given that these households are not captured this can be estimated by looking at household moving intentions in the next section.

- 3.7.3 14.1% (910) of the households in Stroud that contain at least one key worker (6,504) moved to their current home within the past two years. Of these movers 60.0% (546) were not owner-occupiers in their last tenancy, 24.9% (131) of these households moved into owner-occupation on this last move. The same figure at the County Level reveals an owner-occupancy uptake of 30.6%. This can be compared to the uptake of owner occupancy in the non-key worker employed population. At the County level 35.3% of households that moved in the last two years and whose respondent is employed that were not in an owner occupying tenancy, are now in their previous move. In Stroud this same figure is lower at 28.9%. The propensity of a key worker household to take up owner occupancy from a renting tenancy is lower than that of households where the respondent is employed but not a key worker, based on those that moved to their current home in the last two years. Additionally, and for both key worker and those in alternative employment this propensity is lower in Stroud.

- 3.7.4 Of the moving key worker households the modal reason for moving at the County level was that their previous home was too small. This was followed by those moving out of the parental home. In Stroud the reason that was most frequently voiced was tied between the 'previous home being too small' and 'too far a distance away from employment' categories.

### 3.8 Housing costs and incomes

- 3.8.1 This section is vital to any understanding of affordability within the key worker population. Presented are tables showing the housing costs and income for key worker households. Response rates to questions on costs and income are notably lower than that received by other questions. This means that the numbers specific to the various key worker occupations represented under the Stroud definition cannot be presented.

The overall response rate for the household income question from key worker households was 52.0% (providing full income information). In Stroud this rate was higher at 66.3%.

- 3.8.2 Table 13 shows the housing costs of key worker households in Stroud and the other Gloucestershire districts. The modal cost per month for key worker households at the County level is that at the highest level of greater than £501 per month. In Stroud 17.6% of the key worker households captured in the dataset pay more than this amount.

**Table 13 Housing costs**

Housing Costs	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Less than £100 per month	4.2	0.0	0.0	3.9	2.7	0.0	2.3
Between £101 and £150 per month	12.5	0.0	7.9	0.0	2.7	0.0	3.9
Between £151 and £200 per month	10.4	2.2	13.2	1.9	4.1	6.8	5.9
Between £201 and £250 per month	8.3	6.7	26.4	13.5	12.2	6.8	11.8
Between £251 and £300 per month	22.9	11.1	23.7	13.5	14.9	13.6	16.4
Between £301 and £350 per month	10.4	15.5	13.2	13.5	12.2	22.7	13.9
Between £351 and £400 per month	6.2	15.5	5.3	11.5	12.2	18.2	11.4
Between £401 and £450 per month	0.0	8.9	0.0	19.2	10.8	13.6	9.4
Between £451 and £500 per month	4.2	8.9	2.6	11.5	10.8	2.3	7.6
More than £501 per month	20.8	31.1	7.9	11.5	17.6	15.9	17.6
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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- 3.8.3 At the district level greater variation in costs are apparent. For example, 22.9% of key worker households have costs between £251 and £300 per month, whilst in the Forest of Dean 50.1% pay between £201 and £300 per month. The distribution of housing costs in Stroud is more evenly distributed. Whilst 17.6% are situated in the highest category, 14.9% rent in the between £251 and £300 per month category.
- 3.8.4 If the housing costs of renters and those who pay a mortgage are separated as presented in Table 14 it is possible to examine affordability in greater detail. Generally both mortgage and private renting costs are comparable at the top end. In Stroud 21.6 % of private renters pay more than £501 per month, whilst 33.2% of mortgage costs are at this top amount. It is apparent that no key worker households are renting for less than £251 per month in Stroud and £200 per month in Gloucestershire as a whole. Mortgage costs however, are more varied.

- 3.8.5 A contrast is apparent with 53.0% of owner-occupiers paying less than £400 per month in mortgage payments, whilst 66.4% of private renters pay greater than £400 per month. It is apparent that whilst private renting costs can be treated as current, mortgage repayments can be fixed on a purchase made on a property at a time when the property was worth less than its current value.

**Table 14 Mortgage and renting costs**

Housing Costs	Stroud		Gloucestershire	
	Mortgage	Private renting	Mortgage	Private renting
Less than £100 per month	3.9	0.0	2.9	0.0
Between £101 and £150 per month	2.0	0.0	4.2	0.0
Between £151 and £200 per month	2.0	0.0	5.9	0.0
Between £201 and £250 per month	9.8	0.0	11.7	2.7
Between £251 and £300 per month	5.9	16.8	13.7	12.0
Between £301 and £350 per month	13.7	0.0	14.4	5.4
Between £351 and £400 per month	15.7	16.8	11.0	18.6
Between £401 and £450 per month	11.8	33.2	9.4	21.4
Between £451 and £500 per month	13.7	0.0	8.7	5.5
More than £501 per month	21.6	33.2	18.0	34.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 3.8.6 Examination of household incomes will identify the proportion of income spent on housing costs. Table 15 shows the breakdown of household incomes for those households where at least one member is a key worker.

**Table 15 Household income**

Household income	Cheltenham	Cotswold	Forest of Dean	Gloucester	Stroud	Tewkesbury	Gloucestershire
Less than £350 per month	0.0	0.0	0.0	2.6	0.0	0.0	0.5
Between £351 and £550 per month	0.0	2.6	0.0	0.0	0.0	0.0	0.4
Between £551 and £750 per month	0.0	2.6	6.6	5.1	1.6	0.0	2.2
Between £751 and £950 per month	2.0	5.1	0.0	0.0	9.5	7.7	4.5
Between £951 and £1,250 per month	4.0	2.6	0.0	2.6	7.9	30.8	5.7
Between £1,251 and £1,550 per month	8.0	12.8	6.6	7.7	9.5	0.0	8.7
Between £1,551 and £2,050 per month	24.0	17.9	13.4	20.5	25.4	38.5	23.0
Between £2,051 and £2,550 per month	22.0	20.5	26.7	28.2	19.0	7.7	21.7
Between £2,551 and £3,050 per month	8.0	12.8	33.3	20.5	14.3	7.7	14.3
More than £3,051 per month	32.0	23.1	13.4	12.8	12.7	7.7	19.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 3.8.7 It is apparent that incomes are spread between the categories with varying degrees within each district. In Stroud the modal net household income is between £1,251 and £1,550. This is the modal income for Gloucestershire as a whole and also for the district of Tewkesbury. These figures are not as helpful as would be if they were separated for each key worker occupation. This is not possible by district as the numbers in each group would be too small to make any confident interpretation.
- 3.8.8 Table 16 shows the breakdown of net household income by occupation for the Gloucestershire County as a whole. There is substantial variation between the income distributions of each of the key worker occupations. It is important to note that Table 16 represents net household income by respondent's occupation. It is not possible to accurately gauge the earnings of other household members.
- 3.8.9 The modal net household income for respondent's in the teaching profession is between £1,551 and £2,050 per month, with 28.5% of these households receiving this net income. For all other occupations except Police, Fire and Prison Officers this monthly income is the modal amount received. For these groups where poor response rates to the income question have added to already low representation, even at the County level, the incomes are more concentrated. 100.0% of respondent Police Officers reside in a household where the net monthly income is between £2,051 and £3,050, whilst 100.0% of respondent Fire Officers have net household incomes of between £2,551 and £3,050.
- 3.8.10 It is apparent that couple households have a greater capacity to purchase market housing than do single person households. The modal net income for single person key worker

households at the County level is between £1,551 and £2,050, with 29.1% of single key worker households receiving this amount per month. Overall 51.0% of single key worker households receive a net income of between £1,251 and £2,050.

- 3.8.11 36.6% of all single person key worker households captured within the data set are Health Associate Professionals, the majority of which are Nurses. 30.7% are Teachers and 17.2% are Social Welfare Officers. These are the three main represented key worker occupations.

**Table 16 Household income by key worker occupation**

Household income	Teaching Professionals	Health Associate Professionals	Health related personal care	Police Officers	Fire Officers	Prison Officers	Social Welfare Officers	Farmers and Farm Assistants	Postal Workers
Less than £350 per month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.5
Between £351 and £550 per month	0.0	0.0	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Between £551 and £750 per month	0.0	0.0	6.1	0.0	0.0	0.0	4.0	0.0	0.0
Between £751 and £950 per month	2.0	0.0	11.7	0.0	0.0	0.0	4.0	12.9	0.0
Between £951 and £1,250 per month	2.0	6.7	2.2	0.0	0.0	100.0	8.9	0.0	0.0
Between £1,251 and £1,550 per month	6.0	11.1	13.7	0.0	0.0	0.0	14.7	12.9	0.0
Between £1,551 and £2,050 per month	28.5	25.2	23.4	0.0	0.0	0.0	21.4	38.6	33.5
Between £2,051 and £2,550 per month	14.9	28.3	18.6	46.1	0.0	0.0	15.6	25.7	33.0
Between £2,551 and £3,050 per month	23.3	18.2	2.2	53.9	100.0	0.0	10.8	0.0	0.0
More than £3,051 per month	23.3	10.6	19.7	0.0	0.0	0.0	20.8	9.9	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- 3.8.12 The difference between the income distribution within all key worker households and single person key worker households is shown in Table 17. The data shows that single person households receive a lower net household income than all other key worker households. Affordability issues are therefore more acute for this group.

**Table 17 Net household income of single person key worker households**

Household income	All key worker households	Single person key worker households
Less than £350 per month	0.5	7.8
Between £351 and £550 per month	0.4	0.0
Between £551 and £750 per month	1.4	7.7
Between £751 and £950 per month	3.3	11.4
Between £951 and £1,250 per month	4.5	16.5
Between £1,251 and £1,550 per month	9.2	21.9
Between £1,551 and £2,050 per month	24.0	29.1
Between £2,051 and £2,550 per month	22.6	0.0
Between £2,551 and £3,050 per month	14.3	5.5
More than £3,051 per month	19.7	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

- 3.8.13 A question capturing the level of savings/deposit that a household could put down towards purchasing a house was also asked. Again this question received a relatively low response rate. As experienced in other studies asking the same question, the data assumes a dichotomous distribution, with at the County level 35.2% having an available deposit/savings of less than £500 and 32.3% having available more than £8,501. In Stroud a similar picture is apparent with 17.0% having the lowest amount available and 44.7% having the highest amount.
- 3.8.14 For single person key worker households, 75.8% had less than £500 available as a deposit, thus compounding upon a lower household income and highlighting a lower ability to purchase market housing.

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### 3.9 Moving intentions

- 3.9.1 9.6% (2,454) of the 6,504 households captured within the data set that contain at least one key worker intend to move from their current home within the next two years. The breakdown of which by district is shown in Table 18. It is apparent that Stroud contains the second highest proportion of key worker households per district total that intend to move over the next two years (11.6%) following Gloucester at 14.1%.

**Table 18 Key worker households that intend a move within the next two years**

Household income	Number	Proportion of total key worker households
Cheltenham	551	9.4
Cotswolds	196	5.5
Forest of Dean	232	7.6
Gloucester	588	14.1
Stroud	702	11.6
Tewkesbury	185	6.4
<b>Gloucestershire</b>	<b>2,454</b>	<b>9.6</b>

- 3.9.2 At the County level 61.3% of those key worker households that intend moving are doing so because their current home is inadequate for the needs of their household. For Stroud, and based on an aggregated number of movers of 702 households, 50.0% desire a move due to inadequacy.
- 3.9.3 The main reason voiced for feelings of inadequacy was that the current home is too small. This is comparable for all districts, with 42.0% stating this at the County level. 82.5% of movers intended to move within Gloucestershire. No specific location was given for those no intending to move within Gloucestershire.
- 3.9.4 At the County level 4.5% of key worker households wanted to move but felt that they were unable to. The main reason voiced for this was the high cost of a larger home.
- 3.9.5 Of the 2,454 key worker households intending to move within the next two years, 71.9% expected to purchase their next home with a mortgage or loan. Only 2.9% expected their next move to be to a privately rented home, whilst 8.2% expected to rent from the council.
- 3.9.6 14.9% (365) of key worker households that intended moving within the next two years were currently renting their home from a private landlord or letting agent. Of these 365, 70.1% expected to own their next property with a mortgage or loan.
- 3.9.7 The data points to relatively high aspirations, within those key worker households that intend to move, of purchasing a property with a mortgage or loan. The degree to which these aspirations can be realised within the housing market are examined in the next section.

## 4. AFFORDABILITY

### 4.1 Introduction

- 4.1.1 This section will examine housing affordability in Stroud, taking in account incomes required to access housing and the budget shortfalls that key workers may experience when attempting to enter the market.

### 4.2 The housing market

- 4.2.1 Proportionally more households own or are buying their property within Gloucestershire (73.7%) than within England and Wales as a whole (68.3%).
- 4.2.2 According to latest Land Registry data, the mean overall property price in Gloucestershire April to June 2004 was £190,702,<sup>14</sup> up from £171,904 for the same period in 2003. In the period July to September 2004 the overall mean price had risen to £202,523.
- 4.2.3 The mean price recorded across England and Wales for the same period was £187,971 up from £175,401 in April to June 2004 and up from £149,935 in the previous year. This mean price is notably drawn up by significantly higher mean prices in London and the South East. The South West regional mean price for the same period in 2004 was £187,495 and in 2003 £171,904. The mean price in Gloucestershire is therefore comparable with that experienced at the regional level, and slightly higher than that at the national.
- 4.2.4 Mean overall prices within Gloucestershire have risen consistently over the period April-June 2001 to April-June 2004, a percentage rise between the two time points of 52.8%. At a regional level the South West experienced a higher percentage rise over the same period of 60.0%. Table 19 presents the percentage rise in mean house prices 2000 to 2004 within the Gloucestershire County districts by type of housing.

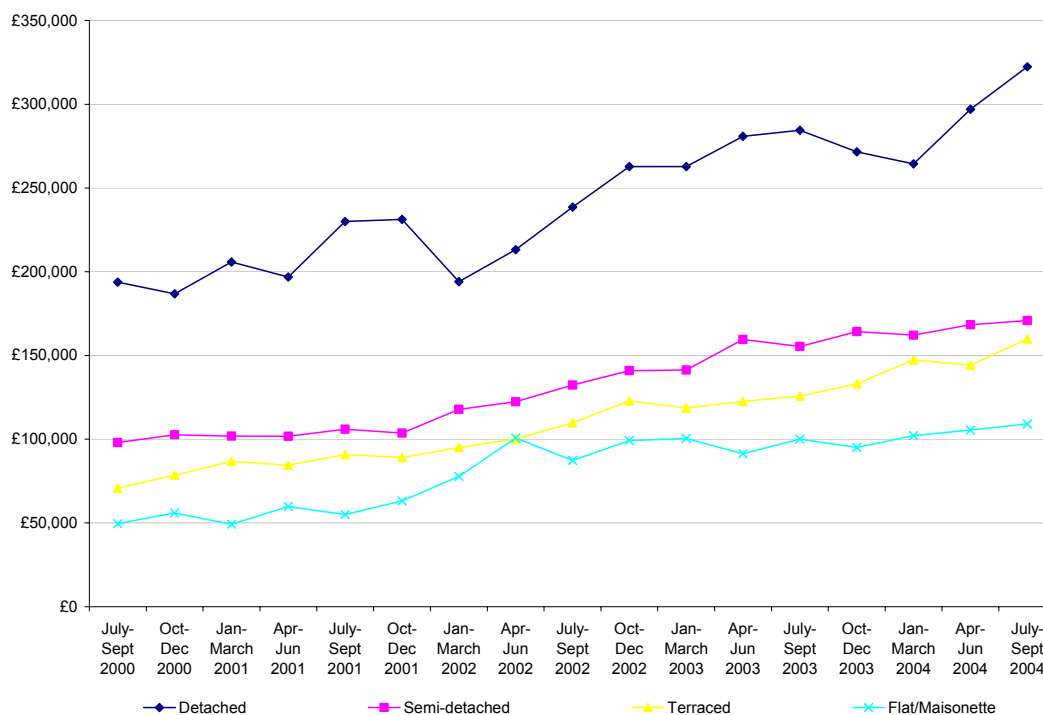
**Table 19 Percentage change in price Jan-March 2000-2004**

District	Detached	Semi-detached	Terraced	Flat/ maisonette	Overall
Cheltenham	48.1	52.4	53.3	25.8	46.1
Cotswold	40.4	64.6	54.9	74.5	52.4
Forest of Dean	65.9	77.7	96.6	146.1	66.9
Gloucester	45.8	59.9	90.0	85.8	57.6
<b>Stroud</b>	<b>49.0</b>	<b>61.3</b>	<b>71.0</b>	<b>78.3</b>	<b>53.2</b>
Tewkesbury	37.9	51.7	70.7	134.7	51.6
<b>Gloucestershire</b>	<b>48.7</b>	<b>59.3</b>	<b>66.1</b>	<b>39.1</b>	<b>52.8</b>

<sup>14</sup> [www.landreg.gov.uk/publications](http://www.landreg.gov.uk/publications)

- 4.2.5 The highest price rises have occurred in the Forest of Dean, where flats/maisonettes rose by 146.1% and terraced homes by 96.6%. The lowest increases have occurred in the Cheltenham, with a 25.8% rise in flats/maisonettes.
- 4.2.6 In Stroud the mean overall house price currently (latest figures from July to September 2004) is £215,401, up from £200,334 in April to June 2004 and up from £187,745 in January to March 2004. Figure 1 shows the trend in house prices by property type in Stroud over the past four years (quarterly).

**Figure 1 House prices Stroud 2000 to 2004**



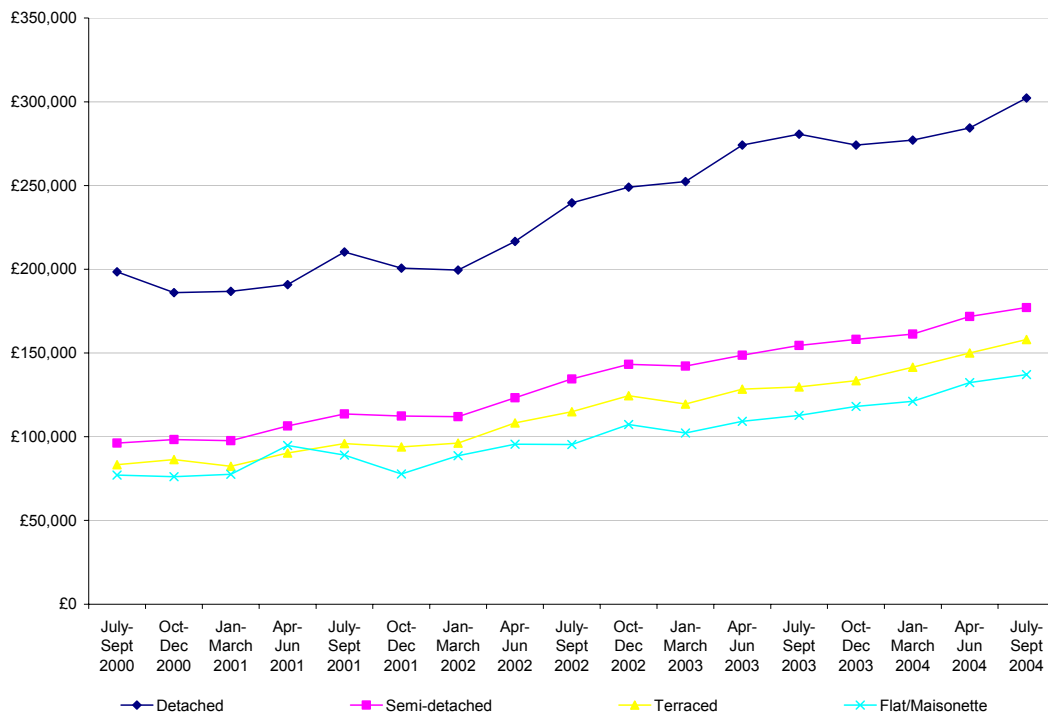
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**Table 20 Changes in mean house prices for Stroud 2003-2004**

Type	Apr-Jun 2003 (£)	Volume of sales	Apr-Jun 2004 (£)	Volume of sales	% change Stroud (Gloucestershire)
Detached	280,882	157	297,051	242	+5.8 (+3.5)
Semi-detached	159,572	152	168,296	232	+5.5 (+14.0)
Terrace	122,554	137	144,083	176	+17.6 (+16.7)
Flat/maisonette	91,288	55	105,451	64	+15.5 (+20.6)
<b>Overall</b>	<b>179,968</b>	<b>501</b>	<b>200,334</b>	<b>714</b>	<b>+11.3 (+10.9)</b>

4.2.7 Table 20 shows the mean house prices and sales over the year April - June 2003 to April - June 2004 for Stroud. It is apparent that price rise have been substantial, with an overall rise over the year of 11.3%.

**Figure 2 House prices Gloucestershire 2000 to 2004**



4.2.8 Table 21 shows the mean house prices and sales within Gloucestershire by type of housing in the year 2003/2004,<sup>15</sup> and how they compare to that across England and Wales.<sup>16</sup>

<sup>15</sup> [www.landreg.gov.uk/propertyprice/interactive](http://www.landreg.gov.uk/propertyprice/interactive)

<sup>16</sup> *Land Registry Residential Property Price Report April-Jun 2004*

**Table 21 Change in mean house prices for Gloucestershire 2003-2004**

Type	Apr-Jun 2003 (£)	Volume of sales	Apr-Jun 2004 (£)	Volume of sales	% change Gloucestershire (England & Wales)
Detached	274,159	825	283,672	966	+3.5 (+11.2)
Semi-detached	148,708	931	169,541	1,079	+14.0 (+17.1)
Terrace	128,477	877	149,916	976	+16.7 (+20.7)
Flat/maisonette	109,267	394	131,772	461	+20.6 (+16.4)
<b>Overall</b>	<b>171,904</b>	<b>3,027</b>	<b>190,702</b>	<b>3,482</b>	<b>+10.9 (+17.0)</b>

4.2.9 It is clear that with the exception of flats/maisonettes, prices in the County have been rising less rapidly than for England & Wales. However, this must be set in the context of average overall prices in the County being 8.7% higher than in England & Wales (average £175,401 April-June 2004).

4.2.10 The housing market in Stroud and Gloucestershire is one exemplifying of high and increasing demand. Over the last four years large proportional and absolute changes in the prices of all property types are evident. The price of detached family homes has increased the most in both Stroud and Gloucestershire as a whole.

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### 4.3 Housing markets and self-containment

4.3.1 A methodology has been developed by ODPM that sets out a means for identifying and defining Housing Market Areas (HMA).<sup>17</sup> The principal methodology is the use of Census migration data to measure stocks and flows.

4.3.2 The HMA boundaries in this analysis form that of existing local authority boundaries. Migration data from the Standard Tables, themed table T34 has been used to quantify stock and flow items used to model the housing system structure.

4.3.3 The exercise utilises a Local Authority District (LAD) structure using data at Ward and above level to gauge 'self-containment' within each LAD. It is assumed here that each LAD represents a potential housing market.

4.3.4 The analysis of housing market areas is imprecise. Strategic advice contained within ODPM literature refines HMA boundaries using a variety of data sources. Local knowledge is stressed as an important source. It is important to note that spatially, housing markets will vary between dwelling types. Also given the nature of spatial data, specified as different area aggregates, analysis lends itself to a series of contexts, in which the LAD structure applied here can be described within a regional or sub-regional context, and so on as the scale of analysis is reduced.

<sup>17</sup> *Housing Market Assessment Manual*, Office of Deputy Prime Minister, DTZ Pieda Consulting, February 2004

Emphasis within ODPM and housing literature is to examine HMAs at a regional level, with the importance of regional housing market and economy stressed as an area of further focus.

- 4.3.5 The technical definition of a housing market area is typically based on patterns of relocation derived from migration data. Essentially HMAs suffer from the use of administrative boundaries as their unit of analysis. The labour market and its locational structure within a particular region is critical in shaping a HMA.
- 4.3.6 Table 22 presents the number of household moves represented as a percentage of total moves originating from within each LAD.

**Table 22 Self-containment**

District or Sub-District	Wholly moving households of district origin to UK destinations	% District 'self-containment'	% Moving households outside district but within England & Wales
23UB Cheltenham	5314	75.5	24.5
23UC Cotswold	3177	63.4	26.6
23UD Forest of Dean	2843	71.4	28.6
23UE Gloucester	5027	75.9	24.1
23UF Stroud	3857	72.0	28.0
23UG Tewkesbury	2795	59.6	40.4
<b>Gloucestershire</b>	<b>5314</b>	<b>70.9</b>	<b>29.1</b>

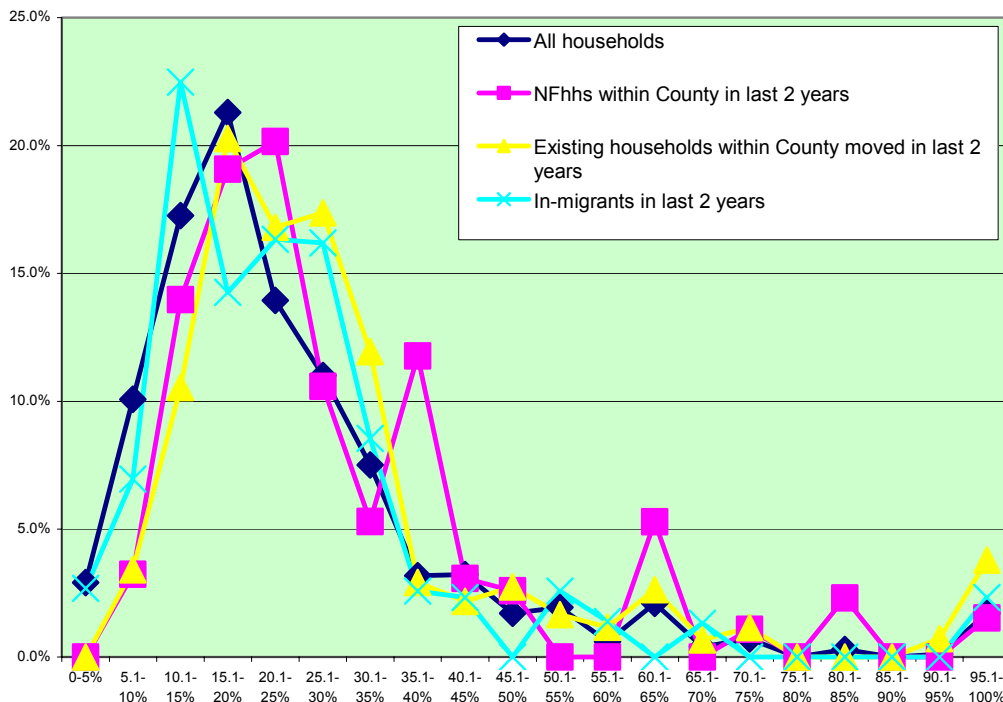
- 4.3.7 It is necessary to decide what level of 'self-containment' makes an area a housing market. For this analysis and in line with ODPM guidelines it is suggested that a 70% threshold would be regarded as a 'true market'. Cheltenham (75.5%), Forest of Dean (71.4%), Gloucester (75.9%) and Stroud (72.0%) breach the 70% self-containment threshold, whereas Cotswold (63.4%) and Tewkesbury (59.6%) do not. In addition, the County can also be seen as a self-contained housing market, which has important implications for its growth within the Region.
- 4.3.8 It is important to remember when interpreting these figures that there is no understanding of the destination beyond either inside or outside of the district for each move. The analysis exclusively looks at 'district self-containment'. Between district data would reveal a greater understanding and would lend itself to examining HMAs at the sub-regional level.
- 4.3.9 The results at this stage depict the lack of complexity and detail contained within the data and contains a series of assumptions. Essentially, the scale at which housing markets have been assessed here is that of the LAD level. Cross-boundary moves are not quantified.
- 4.3.10 There is much debate concerning the best methodology for defining HMAs. Migration data can be argued to reflect constraints rather than choice. Migration data presents actual moves, and says little about the housing search of those who do not move, and essentially the first stage of the majority of those that do.
- 4.3.11 This analysis confirms that which is revealed in the moving intentions of key worker households captured within the Housing Needs Assessment 2004. A high proportion (82.5%) of household intending a move within the next two years expected to move within Gloucestershire.

#### 4.4 Affordability

4.4.1 The calculation of affordability involves a number of key steps. The first is to decide the proportion of income that a household would spend on their housing costs. The norm is to assume 25%, but the evidence in high price housing markets is that households will devote significantly more than this. To develop a robust measure of local affordability it is more appropriate to use data based upon actual local behaviour than a nationally pre-determined threshold.

4.4.2 Figure 3 shows the actual proportions that new forming households over the last two years have devoted to their housing costs. It is clear that a significant proportion spend 30% or more of their net household income on their housing costs and for this reason it is this 30% threshold that has been used to calculate affordability.

**Figure 3 Housing costs as a proportion of income**



4.4.3 Table 23 uses the survey income bands to set out the housing costs and the implied house prices that a household could afford (in this case assuming a 100% mortgage). It is based upon the 30% affordability threshold.

4.4.4 It is clear that a household would need to be earning around £2,500 net per month to afford a home in Stroud (see Table 24) and over £3,000 net per month to afford a home in Cotswold.

4.4.5 In order to assess affordability, the price of an entry-level property is determined based upon the most recent quarter's data from the Land Registry. The calculation is as follows:

$$\frac{(\text{Average terrace price} \times \text{volume of sales}) + (\text{Average flats/price} \times \text{volume of sales})}{(\text{Volume of terrace sales} + \text{Volume of flats sales})}$$

4.4.6 The results for the Stroud, the County and the five other districts are shown in Table 24.

**Table 23 Housing costs for different incomes**

Net monthly income	Range of housing costs	Range of house prices
Less than £350	Less than £105	Less than £18,482
£351-£550	£105 to £165	£18,482 to £29,043
£551-£750	£165 to £225	£29,043 to £39,605
£751-£950	£225 to £285	£39,605 to £50,166
£951-£1,250	£285 to £375	£50,166 to £66,008
£1,251-£1,550	£375 to £465	£66,008 to £81,850
£1,551-£2,050	£465 to £615	£81,850 to £108,253
£2,051-£2,550	£615 to £765	£108,253 to £134,656
£2,551-£3,050	£765 to £915	£134,656 to £161,112
More than £3,051	More than £915	More than £161,112

**Table 24 Entry-level property prices<sup>18</sup>**

District	Terraced		Flat/Maisonette		Average price
	Average price	Sales	Average price	Sales	
Cheltenham	£166,620	207	£137,814	220	£151,779
Cotswold	£181,484	109	£159,245	46	£174,884
Forest of Dean	£107,888	70	£70,055	16	£100,849
Gloucester	£106,940	207	£86,495	80	£101,241
Stroud	£146,749	152	£100,981	54	£134,752
Tewkesbury	£130,556	102	£85,895	33	£119,639
<b>Gloucestershire</b>	<b>£141,185</b>	<b>847</b>	<b>£120,205</b>	<b>449</b>	<b>£133,916</b>

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4.4.7 Table 25 shows how affordability has been calculated for Gloucestershire. This involves the following steps:

- (i) An affordability ratio of 30% is assumed; i.e. that households will allocate no more than 30% of their net household income towards their housing costs
- (ii) The price of an "entry-level" dwelling (based upon Land Registry information, see Table 24) is determined; the result for Stroud is **£134,752**.
- (iii) The monthly housing costs for an entry-level dwelling are calculated. A 95% capital and interest mortgage (Tracker rate of 4.69% for two years) with Intelligent Finance over 25 years would cost £727.26 per month.<sup>19</sup> Added to this is an assumption for life assurance of £16.78 per month.<sup>20</sup>

<sup>18</sup> Land Registry sales Jan-Mar 2004 (as of 05/08/2004) – this period coincides with the time when the survey fieldwork was conducted.

<sup>19</sup> See [http://www.if.com/mortgage/mortgage\\_home.asp](http://www.if.com/mortgage/mortgage_home.asp), 05/07/04

<sup>20</sup> Based upon life assurance of £95,000 for a married couple, non-smokers aged 35-40, Norwich Union

- 4.4.8 The results of these calculations are:
- (i) A total housing cost of £744.04
  - (ii) A required monthly net household income (it is assumed that a household can afford to spend no more than 30% of their net household income on housing costs) of **£2,480.12**.
  - (iii) Savings/equity required of **£6,737.58**.

**Table 25 Affordability calculator**

Affordability ratio	<b>30%</b>
<b>House price</b>	
Average house price*	<b>£134,752</b>
95%	£128,014
5%	£6,737
<b>Mortgage</b>	
Intelligent Finance mortgage repayment calculator	<a href="http://www.if.com/mortgage/mortgage_home.asp">http://www.if.com/mortgage/mortgage_home.asp</a>
Mortgage type	Tracker - capital and interest
APR to 31/7/2006	4.69%
Monthly repayment for 95% over 25 years	<b>£727.26</b>
<b>Life assurance</b>	
Cover	£95,000
Monthly repayment to cover mortgage above	£16.67
<b>TOTAL HOUSING COSTS</b>	<b>£744.04</b>
<b>NET HOUSEHOLD INCOME PER MONTH</b>	<b>£2,480.12</b>
<b>SAVINGS/EQUITY REQUIRED</b>	<b>£6,737.58</b>

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- 4.4.9 If the affordability ratio used within the calculations is pushed up to 50% of net household income then an income of £1488.07 is required. After payment of fuel bills, Council Tax and other general living costs are accounted for this would leave a low amount upon which to live.

#### 4.5 Income of key workers

- 4.5.1 Generally the income of key workers is fixed nationally (not including areas where London weighting is relevant); therefore it is the difference in house prices across the country that most affect the affordability within specific regions.
- 4.5.2 From April 2004 a newly qualified teacher can expect to earn £18,558 per annum. Accounting for Income tax and National Insurance this salary produces a net household income of approximately £1175.34. To enter the housing market at the lower end of the scale (i.e. a flat/maisonette) in Stroud (mean price April - June 2004 £105,451) would require a net household income (based on an affordability ratio of 30%) of £2040.93. A newly qualified teacher earning the starting salary above would require a supplement of approximately an additional £13,667 per annum, to give a required salary of £32,225.20 per annum.

- 4.5.3 Similarly the starting salary for a police officer is £19,803 per annum from September 2004, therefore this would also need to be supplemented by another wage/additional funds to enter the housing market in Stroud.
- 4.5.4 A newly qualified nurse would also experience difficulties in independently entering the housing market in Stroud. Nurses starting salaries are approximately £17,060. This would not allow them to purchase the mean price of a flat/maisonette. A nurse would need to reach grade H to enable this.
- 4.5.5 The above, whilst acknowledging that mean prices are used in the calculations, clearly shows that these specific key workers would experience great difficulty in entering the housing market in Stroud as newly qualified professionals. To reach a salary, which would enable these key workers to purchase a property independently, they would need to move up their pay scale considerably. For example a police officer would need to be in service for a minimum of 10 years. The rise in property prices has risen at a faster rate than the salary increases of key worker wages.
- 4.5.6 An example of this is a newly qualified teachers salary:
- ✓ In April 2003 the salary of a newly qualified teacher was £18,105
  - ✓ In April 2004 this had increased to £18,558
  - ✓ Considering that a newly qualified teacher after one years experience may have moved up the pay scale by one salary point, their wages would be £20,025
  - ✓ Therefore in this particular case, the percentage increase of a newly qualified teachers salary from April 2003 to April 2004 would be 10.6%
  - ✓ The overall mean property price in Stroud increased over the same period by 11.3%. Entry-level properties (terraced and flat/maisonettes) increased over the same period by 16.7%.
  - ✓ As pay increases for a teacher, the price of property also increases in Stroud, therefore these particular key workers could still experience a mortgage shortfall throughout their career if property prices continue to rise at a similar rate in the future.
- 4.5.7 Looking back at the findings from the analysis of key workers incomes (Table 17) within the Housing Needs Assessment 2004 it is clear that 94.5% of single person key worker households would not be able to afford to purchase lower end mean flat/maisonette property (April - June 2004) of £105,451. For all key worker households 43.4% would not be able to purchase a property at this price. To purchase the entry-level property based on the mean overall property price of all types of £134,752 (January to March 2004, the period when the Housing Needs Assessment 2004 data was collected) 5.5% of the single person key worker households could purchase and a diminished 34.0% of all key worker households could also purchase.
- 4.5.8 It is apparent that those who live alone are clearly at a disadvantage in purchasing market housing. Couple households where net household incomes are generally higher will allow the purchase of a lower end mean priced flat/maisonette. The entry level family home set at a higher price is however too expensive for the majority of key worker households (66.0%) based on the income data of key worker households within the 2004 data set.
- 4.5.9 Wilcox (2002) also studied the affordability issues faced by key workers. For Stroud Wilcox found that with a mean lower quartile property (4/5 room dwelling) price of £104,105 a salary of £32,967 would be required, and that 63.3% of key worker occupations included in the study would not be able to purchase (occupations included teachers, Police officers, Social workers, and Nurses). 70.5% of teachers in Stroud would not be able to purchase at this price.



- 4.5.10 It can be concluded that within Stroud and Gloucestershire in general a clear affordability issue exists for newly formed key worker households seeking even the lowest mean priced properties.

## 5. ASSESSMENT BY ARK

### 5.1 Introduction

- 5.1.1 The 2004 HNS research findings allow for detailed analysis of the nature of households containing a key worker, and an estimate to be made of the numbers who have insufficient income to access the market, but because the numbers of households in any one category who are seeking to move actually represent a very small proportion of the total, the data does not:
- allow for an accurate assessment of how many are actually seeking to access the market but unable to do so
  - indicate location and occupation categories of households that contain a keyworker in housing need
  - allow for an acceptable level of Keyworker data confidence to be achieved
- 5.1.2 One in 7 sample households contained a key worker, but only 12 of that number were seeking to move within 2 years and had insufficient income. If those 100 were typical of the district as a whole, that would imply around 750 households seeking to move but unable to do so, which on its own suggest that key worker housing is a significant issue for Stroud District with as many as 375 households each year competing for a negligible level of supply.
- 5.1.3 The problem with trying to draw any conclusions as to the nature of those households is that a number as small as 12 could not possibly allow for any analysis as to occupation, household size, income etc that could be reliably be grossed up to represent the whole 750 or so. This report therefore considers the research findings, identifies the predominant characteristics of key workers in Stroud District as a whole, and then makes a number of assumptions about the cost and nature of the accommodation that will be most appropriate to meet at least a proportion of the needs of this group of households.
- 5.1.4 Any delivery outcomes could only meet a very small proportion of potential need, so the fact that this approach will not provide a guaranteed match with all the households in housing need will not be a problem. Further refinement of the assumptions can be made as and when more detailed information becomes available from households who come forward in response to the promotion of potential schemes for key worker accommodation.



## 5.2 Definition of Key Worker

- 5.2.1 The national list of occupations - as set out in page 13 of Outside Report - has been supplemented to include farm, postal and social welfare workers.
- 5.2.2 Farm worker are a significant group in Stroud, with 15% of those total, or almost 1,000 households, similar to the Forest of Dean and higher than in Cotswold. They are, however, inevitably dispersed throughout the District, and the impossibility of identifying which of them are unable to obtain secure and affordable accommodation, and where that would be needed, it would not be practical to seek to cater specifically for this group through a key worker initiative. There are existing planning policies that make provision for this group - allowing agricultural workers dwellings and exceptions sites in rural areas.

## 5.3 Proportion of Households containing a Key Worker

- 5.3.1 Overall, Stroud has a higher proportion of households containing at least one key worker than any other district in the county - 13.6% compared with 10.7% overall. This is all the more significant when consideration is given to the concentrations of certain categories of key workers some of the other districts:

Cheltenham has a particularly high proportion of key workers who are teaching professionals, and Gloucester has the same for health associate professionals and police officers, which will undoubtedly reflect the concentration of employment bases in those professions.

- 5.3.2 The fact that Stroud has the highest proportion, despite not having such concentrations of employment, means that not only are there more key workers than in other districts, but their employment base will be more dispersed.

## 5.4 Occupation Categories of Key Workers in Stroud

- 5.4.1 Unlike Cheltenham and Gloucester, Stroud has no dominant key worker group: the majority - 70% - are evenly spread between:

- Teaching professionals
- Health associate professionals
- Health related personal carers

A further 9.4% are social welfare officers, and 3.8% are postal workers, both just above the county average, which justifies their inclusion with the occupation categories in the national definition.



## 5.5 Existing Household Circumstance

- 5.5.1 **Age profile:** for households that contain a key worker this is slightly higher than in other districts, but this will not necessarily be reflected in the proportion that are in housing need. (In fact it is more likely to reflect the fact that until quite recently Stroud had significantly lower house prices than some of its neighbours, and will therefore have attracted households on lower incomes who are now benefiting from, rather than being adversely affected by, the rise in house prices.)
- 5.5.2 **Household Composition:** 80% of these households contain 2 adults, and 57% include a dependent child. The report concludes that the proportion with a single adult under 60 is higher than for the working population as a whole, which increases affordability problems. This is further demonstrated by the fact that key worker households are more likely to rent privately than non-key worker households.
- 5.5.3 **Housing Costs:** 66% of key worker households in Stroud who rent privately are paying more than £400 per month, while only 46% of those in owner occupation pay more than £400. 33% of the private renters are paying more than £500 per month. As private renters are 14% of the total - about 850 households - this 33% of 850 represents:  
280 households who are paying a level of rent that could make low cost home ownership an attractive and affordable possibility.

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## 5.6 Access to Owner Occupation by Key Workers

- 5.6.1 The report shows that households containing a key worker:
- i) are more likely to move into Stroud District than into other districts in the county,
  - ii) have a lower propensity to move into owner occupation than households with an employee who is not a key worker, and
  - iii) this propensity is lower in Stroud than in other districts.

This alone provides further justification for Stroud having identified this as a problem that is more acute than for neighbouring authorities:

*Stroud District not only has, and continues to receive, a higher proportion of key workers than any of the other district in the county, but access to owner occupation for key workers is more restricted than in the other districts.*

*The report identifies the average price of a flat or maisonette in Stroud District as just over £100,000, and for terraced properties just under £15,000, with an average "entry level" price of £135,000, which would cost about £750 per month and require a net income of £2,500 per month.*

*Although the report does not identify the income required to access low cost home ownership (or other 'intermediate market' products), this would obviously be significantly lower than the income required for outright purchase at "entry level" prices.*

It would therefore be reasonable to assume that low cost home ownership would certainly be achievable with net monthly income in the range of £2,000 to £2,500, and it might also be achieved in the £1,500 to £2,000 range. For net incomes below £1,500 per month it would be reasonable to assume that social renting is the only affordable option for most households.

## 5.7 Incomes of Households containing a Key Worker

5.7.1 The conclusion that certain categories of key workers do not represent a significant problem of housing need in Stroud District is borne out by the finding that all of those with a police officer were in households with net monthly income between £2,000 and £3,000, while for fire officers this was £2,500 to £3,000.

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5.7.2 The situation is quite different for single households (20% of the total), where 95% had net monthly incomes below £2,000, and 55% below £1,550. 76% had less than £500 savings. This would suggest that:

Single key workers would generally only be able to afford up to £600 per month in rent or mortgage, without spending more than 30% \* of their net income - and about half of them would be unable to afford more than £450, which would almost certainly exclude them from any form of low cost home ownership.

*\* These assumptions reflect the countywide ratio (30%) of household income-to-housing costs. They will be re-worked to reflect Stroud District's ratio of 40%*

*Although the income bands for households with more than one adult are not available, as these represent 80% of the total they will be not dissimilar to the group as a whole: 43% of the households had net monthly incomes of less than £2,000, and a further 23% between £2,000 and £2,500, giving 66% with less than £2,500 per month. The number of couples with less than £1,550 per month would be around 10%, compared with 55% for singles.*

5.7.3 Two thirds of all households with a key worker would be excluded from the market, but while half of the single person households would probably be unable to afford any form of low cost home ownership, it would be likely to be within reach of almost all households with two adults, as long as a significant proportion was available at a cost of no more than £600 per month (30% of £2,000).

## 5.8 Housing Opportunities for Key Workers

- 5.8.1 The supply of all intermediate market products - whether sub-market renting or any form of shared ownership or shared equity housing - is extremely limited. New build represents only a very small proportion of overall supply, as most comes from within the existing stock, and the existing stock of intermediate market products is negligible.
- 5.8.2 Key workers therefore have to compete with others, who are often in more acute housing need, for the inadequate level of supply of new affordable housing, and it seems to be generally recognised that their needs will remain largely unmet unless the overall level of supply can be increased by measures that are directed at, and available to, them exclusively.
- 5.8.3 Housing which has to be acquired at open market value would require a significant amount of subsidy to achieve a cost of around £600 per month, as this represents the cost of a 95% mortgage at 4.7% on a property costing £110,000, whereas open market value might be, for example, 75 sq m. @ £2,000 per sq.m. = £150,000.

In this case the subsidy requirement would be  $£150,000 - £110,000 = £40,000$  and may well not be available. However, a property of 75 sq.m. should not cost more than £1,100 per sq.m. to build (including basic infrastructure, on-costs etc), which is £82,500, so as long as the land cost did not exceed  $£110,000 - £82,500 = £27,500$ , then it could be provided at the required cost of £600 per month without subsidy.

Therefore the affordable value of the land would be £27,500 per plot.

- 5.8.4 For a smaller property - say a flat for a single person at 50 sq.m. with an acceptable cost of £450 per month, the comparable figures would be:

£450 per month will sustain a purchase at £80,000

50 sq.m. @, say, £1,200 = building cost of £60,000

Affordable value of the land is  $£80,000 - £60,000 = £20,000$

Clearly these figures are only very approximate, and would need to be verified and fine tuned for a variety of different scenarios, but they do serve to indicate that a not insignificant land value can be generated while still achieving a level of cost that would be affordable to around 80% of key workers and that would not require any form of subsidy apart from the reduced land cost.

- 5.8.5 The scope for acquiring land at values at around £25,000 per plot will obviously be limited, but there are two very significant areas that will be worth pursuing:
- (i) The recently announced changes to PPG3 allow local authorities to allocate, as well as permit as windfalls, exceptions sites in rural areas that will be available for meeting local needs in perpetuity.
  - (ii) Public sector employers (as almost all the key workers identified will be public sector employees) will own land that might be eligible for either market housing, or for exceptions sites.



- 5.8.6 In the case of the land that is eligible for market housing, there may already be a requirement for a proportion of affordable housing, or the site may be below the threshold for such a requirement. In either case the owner might be persuaded to require the developer to exceed the normal requirement for affordable housing so that the excess amount was committed to key worker housing.

As this would be built on land that is not required to remain affordable in perpetuity, the original landowner would have the prospect of achieving a future gain on all or part of the discounted element, which might be deferred for a substantial period of time - say 25 years, to allow the original purchaser to pay off their mortgage - but which could represent a substantial future windfall. This might be of particular benefit to a pension fund.