

Local Housing Market Assessment



The Vale of Glamorgan



Update Report

Final

November 2010

Fordham
RESEARCH

Chapter Listing

1. Introduction.....	1
2. Methodology	5
3. Socio-economic changes since 2008.....	9
4. The current housing market.....	17
5. Financial information	27
6. Housing need.....	31
7. Improving market balance over the longer term.....	47
8. Impact of changes on policy implications	59
Glossary	63
Appendix A1 Long-term market balance – sub-area results	71
Appendix A2 St Athan housing impact assessment	77

1. Introduction

Summary

- i) This study provides an update of the original LHMA undertaken in the Vale of Glamorgan in 2007 (finalised in 2008). It is required because the economic downturn has had a significant impact on housing and planning objectives and new data on the local household population has become available. The report documents the changes that have been recorded in the County in the last two years as a result of the economic downturn and identifies the appropriate policy response. The results produced are calculated in accordance with the Welsh Assembly Government (WAG) *Local Housing Market Assessment Guide* of March 2006 as well as meeting the requirements of *Technical Advice Note 2 (TAN2) Planning and Affordable Housing* (June 2006).

Purpose

- 1.1 A Local Housing Market Assessment (LHMA) was originally published for the Vale of Glamorgan in September 2008 based on household survey data collected in June and July 2007. This LHMA robustly examined the local housing market in accordance with the Welsh Assembly Government (WAG) publication '*Local Housing Market Assessment Guide*' (March 2006), which was the relevant Guidance that the report adhered to. It included a review of the current local situation, an understanding of housing need in the area and recommendations as to the appropriate policy response in the Vale of Glamorgan.
- 1.2 Although it would typically be argued that an LHMA would have currency of more than three years, the collection of new data from rural households in the County (as part of the Rural Housing Needs Survey) alongside the notable change in market conditions since the publication of the initial report means it is useful to re-assess its findings. This update report therefore seeks to complement the existing study, by reviewing the outputs where more recent data is available.
- 1.3 This update report will assess the local impact and the appropriate policy response within the altered market conditions. This is done by direct examination of the secondary data and through analysis of an updated household survey dataset. The new dataset is created by applying the secondary data changes recorded to the existing primary data for urban households in the County and combining this with the new household surveys conducted with rural households during May and June 2010. This creates an updated household survey for the whole of the Vale of Glamorgan. This report will present the results in accordance with the latest Government guidance.

Government guidance

1.4 It is important to briefly summarise key points from Government guidance which are relevant to this assessment. The documents of particular importance are:

- Welsh Assembly Government (WAG) *Local Housing Market Assessment Guide* (March 2006)
- *Technical Advice Note 2 (TAN2) Planning and Affordable Housing* (June 2006)

1.5 Local Housing Market Assessments were established by Government guidance: Technical Advice Note 2: Planning and Affordable Housing (June 2006), and detailed Practice Guidance (Local Housing Market Assessment Guide) was published in March 2006 by the Welsh Assembly Government.

1.6 The LHMA Guide provides details about the whole process of conducting a Local Housing Market Assessment and, importantly, sets out a comprehensive model for the assessment of affordable housing needs.

1.7 The most important output requirements of TAN2, with regards the LHMA, are stated in paragraph 8.1:

'Local planning authorities should ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period. LHMA's provide the evidence base supporting policies to deliver affordable and market housing through the planning system. For affordable housing, it is important to authorities to have an appreciation of the demand for different dwelling sizes and types of housing (i.e. intermediate and social rented) in relation to supply so that they can negotiate appropriate mixes on new sites.'

Report coverage

1.8 Whilst TAN2 outlines how an LHMA fits into the wider housing policy framework, the LHMA Guide provides an indication as to how an LHMA should be undertaken and what topics should be covered. Not all of the topics required by the LHMA Guide, and presented in the original LMHA report, will be updated within this report. This is because for some no further data has been published since the original publication. This report is therefore limited to:

- Examination of the latest profile of the labour market and the resident population
- Analysis of the changes that have occurred to the local housing market
- Consideration of the current financial capacity of households and their ability to afford market housing
- Production of updated outputs of the housing needs assessment model in accordance with the LHMA Guide approach
- Production of an analysis of the entire housing market within the balancing housing markets model

- Presentation of the policy implications of these findings within the requirements of TAN2

Sub-areas

- 1.9 The report will present key results at a sub-area level. The sub-areas used are the same as in the original LHMA and are presented in Figure 1.1. It should be noted that the sub-area boundaries used for Barry and Penarth do not match the urban area used in the Rural Housing Needs Survey.

Figure 1.1 Sub-areas used in the study



Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

2. Methodology

Summary

- i) The analysis of the local housing market presented in the original report was based on a household survey of 4,409 households in the Vale of Glamorgan. This report is based on a new survey of 4,594 rural households in the Vale of Glamorgan and the information from 2,248 urban households surveyed in 2007, but updated to 2010 by adjusting the financial profile. These two datasets have been amalgamated and this amalgamated dataset has been weighted to provide an accurate profile of all households in the Vale of Glamorgan as of July 2010.

Introduction

- 2.1 In addition to documenting the changes that have been recorded in the Vale of Glamorgan since the original LHMA, a new analysis of the housing market has been facilitated by the creation of an updated household dataset.
- 2.2 A household survey was completed across the Vale of Glamorgan in June and July 2007 using a combination of personal interviews and postal questionnaires. The survey was drawn, at random, from the Council Tax Register covering all areas and tenure groups in the Vale of Glamorgan. A total sample of 4,409 was achieved.
- 2.3 As part of the Rural Affordable Housing Needs Survey produced in conjunction with this report a postal survey was conducted during May and June 2010 with all households in rural communities of the Vale of Glamorgan. This achieved 4,594 responses. In order to analyse the situation across the County in 2010 it is necessary to use the data on the urban households in the Vale of Glamorgan from the 2007 LHMA and update it. In total 2,448 responses were received from urban households in 2007.
- 2.4 The primary data for urban households has been updated by adjusting the financial profile of households to reflect the changes recorded since the original LHMA. The updated dataset for urban households is then merged with the new dataset for rural households and the amalgamated dataset weighted. Weighting the data addresses any sample response bias and takes account of the latest information on the structure of households across the Vale of Glamorgan. This chapter will describe the approach used to create the updated dataset.

Updating the financial profile of urban households

- 2.5 As the original survey data has to be updated from its mid-2007 base, it has been necessary to make an estimate of the likely change in income levels since this time (and indeed changes in savings and equity). The principle of updating the financial profile is not to update the situation of the particular household that responded to the initial questionnaire, but to present an accurate representation for an equivalent household that exists currently. Households' financial information was updated via an indexing approach, as there are time-series secondary data available at a local level that record changes in the relevant variables. A separate method was used for the three variables that were updated – income, savings and equity.
- 2.6 The only up-to-date secondary data on income available at a local level is that presented in the Annual Survey of Hours and Earnings (ASHE), which is the earned income of employed individuals. The change recorded by the ASHE over the last three years (2006 to 2009 is the most recent data available) was applied to the urban households' dataset to generate a profile for July 2010. As ASHE provides values at a range of points on the earnings distribution, it is possible to update income depending on the increase recorded for the particular quartile the original household income of 2007 was in. Since 2007 lower quartile incomes were estimated to have fallen by around 6.8%, median incomes have increased by 2.8% and upper quartile incomes have grown by 8.1%. These increases have been applied to the survey data to bring it up to a July 2010 base.
- 2.7 The Family Spending Survey was used to update household savings. This was done by deriving the change recorded over the last three years (again 2006 to 2009 is the most recent data available). This indicated an increase of 8.5% since 2007. This increase has been applied to the survey data to bring it up to an April 2010 base.
- 2.8 For affordability purposes it is also important to consider changes in household equity. The Land Registry provides the best source of information on the value of property at a local level, with data on the price of all home sales for every quarter of the year. Analysis of Land Registry data suggests that overall, average house prices within the Vale of Glamorgan have increased by 8.3% over the past three years. This is the change recorded between quarter four 2006 and quarter four 2009 (the most recent data available). As the Land Registry collects price information by property type, it is possible to update the value of owner-occupied homes by the change in prices recorded for the appropriate type of dwelling. For example, the Land Registry data indicates that average semi-detached house prices within the Vale of Glamorgan have increased by 8.4%.
- 2.9 These figures have been applied to survey data about property values – this in turn has enabled us to make an estimate of likely equity levels. For example, a household living in a semi-detached house worth £100,000 and with £50,000 of equity (in 2007) would now be assumed to be living in a house worth £108,400 and with £54,200 of equity.

Creating the amalgamated update dataset

- 2.10 The questionnaire used in the 2007 LHMA was very similar to the one used in the 2010 rural household survey so it was relatively straightforward to create a common dataset, using all the information from both surveys. Amalgamating the two created an updated dataset with a sample size of 7,042 cases. This sample size provides sufficient data to allow complete, accurate and detailed analysis of needs and demand across the Vale of Glamorgan.

Weighting the dataset

- 2.11 The original LHMA estimated that there were a total of 51,750 households in the Vale of Glamorgan. The latest Welsh Assembly Government data (2008-based) suggests that the household population in the Vale of Glamorgan at July 2010, the base date of this update report, is 54,050. The dataset has therefore been reweighted to this total.

- 2.12 The data also has to be weighted by a number of variables so that the profile is representative of the characteristics of the household population. The variables used to weight the data are listed below.

- Tenure
- Dwelling type (e.g. detached, terraced houses)
- Car ownership
- Ethnicity of household head
- Household type
- Age of resident population
- Community area
- Council Tax Band
- Ward

- 2.13 Table 2.1 shows an estimate of the current tenure split in the Vale of Glamorgan along with the tenure distribution recorded in the original report. The data shows that 77.5% of households are owner-occupiers with 11.1% in the social rented sector and 11.5% resident in private rented accommodation.

Table 2.1 Number of households in each tenure group 2010 and 2007				
Tenure	2010		2007	
	Total number of households	% of households	Total number of households	% of households
Owner-occupied (no mortgage)	18,091	33.5%	17,029	32.9%
Owner-occupied (with mortgage)	23,807	44.0%	23,815	46.0%
Council	3,870	7.2%	3,873	7.5%
RSL	2,085	3.9%	2,036	3.9%
Private rented	6,196	11.5%	4,996	9.7%
Total	54,050	100.0%	51,750	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

2.14 In comparison with 2007, the proportion of households in the private rented sector has increased from 9.7% to 11.5%. This increase in the private rented sector in the Vale of Glamorgan corresponds to the national trend. The proportion of owner-occupiers with a mortgage has decreased slightly (from 46.0% to 44.0%), while the proportion of households owning their house outright has shown a slight increase. The proportion of social rented households has also shown a slight decrease.

3. Socio-economic changes since 2008

Summary

- i) Various secondary data sources were reviewed as part of the updating process. The latest population estimates suggest that the population of the County in June 2009 was 124,600 and that since 2006 the population has increased by 1.5%. However, the number of households is increasing at a faster rate and as a result the average household size is decreasing.
- ii) Whilst the Vale of Glamorgan continues to have the capacity to undergo continued economic growth, the number of economically active unemployed people amongst residents in the County increased by 97.8% between April 2008 and April 2010. Overall, changes in the level of unemployment have remained in line with changes occurring in Wales as a whole.
- iii) The mean earned income for employees in the Vale of Glamorgan in 2010 is £30,676, higher than Wales as a whole.

Introduction

- 3.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. The most recent data available on these topics at the time of the original LHMA was generally from 2006. This chapter documents the changes that have occurred to the socio-economic profile in the Vale of Glamorgan since. The information presented compares the circumstances in the County to the regional and national situation where possible.

Demography

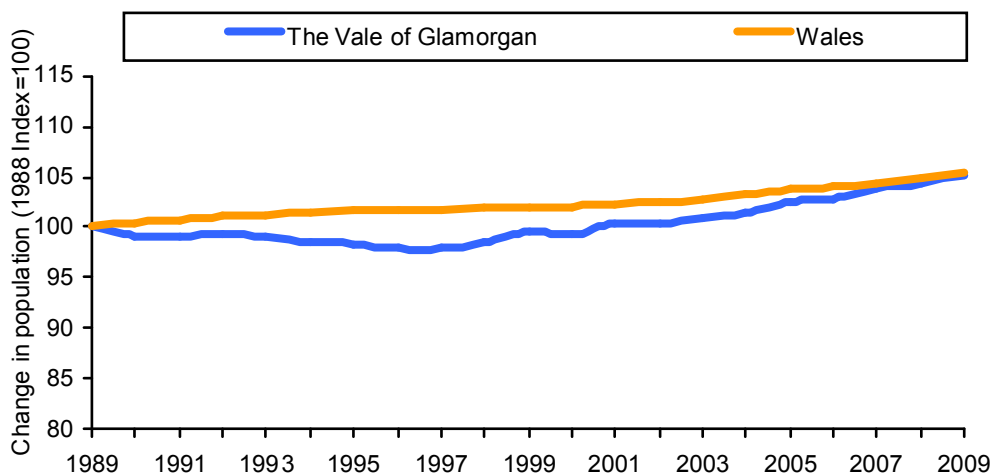
- 3.2 The original LHMA report described the nature of the population in the Vale of Glamorgan using the latest information available at the time, principally the 2006 ONS population estimates and the 2001 Census. A range of data has been published subsequently that informs how the population in the County has changed since 2006.

Population

3.3 The Welsh Assembly Government Statistical Directorate's revised population estimates were published in 2010. These provide an annual estimate of the population in each authority up to 2009.

3.4 Figure 3.1 illustrates the change in population recorded in the Vale of Glamorgan over the last 20 years. It shows that the population of the Vale of Glamorgan decreased until 1997 and has since increased to surpass the figure for 1989 in 2001 and continues to rise. In contrast the population of Wales remained fairly constant until 2005 when it began to increase at a slightly faster rate. The population estimates suggest that the population of the County in 2009 was 124,600 and that since 2000 the population has increased by 4.7%, while in Wales as a whole the population increased by 3.0%.

Figure 3.1 Population change in the Vale of Glamorgan (1989-2009)



Source: Welsh Assembly Government Statistical Directorate mid-year population estimates 1988-2008

3.5 The mid-year estimates also indicate that the Vale of Glamorgan contains a slightly lower proportion of the population that are working age than is found nationally and regionally, 59.4% in the Vale of Glamorgan compared to 60.0% across Wales.

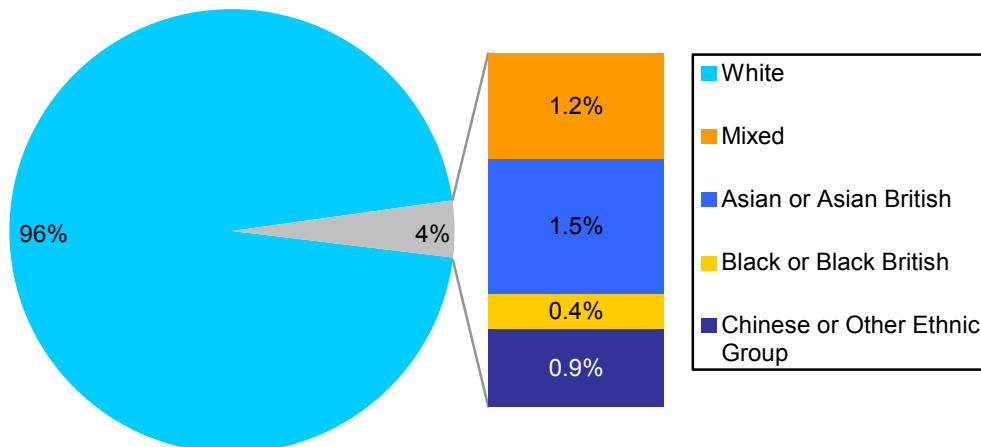
Level of migration

3.6 Associated with the mid-year population figures, the Welsh Assembly Government Statistical Directorate provides estimates of the scale of migration into and out of each authority in Wales. This source indicates that in 2008-2009 migration flows between the Vale of Glamorgan and other places resulted in a small net increase in population. Overall the population in the Vale of Glamorgan increased by approximately 0.2% between 2008 and 2009 as a result of migration flows, compared to an increase of 5.9% in Wales as a whole.

Ethnicity

- 3.7 The Welsh Assembly Government Annual Population Survey in 2008 indicates that the proportion of the people in the Vale of Glamorgan who identified themselves as Welsh was 63.3%, just lower than 64.2% for Wales as a whole.
- 3.8 According to the 2001 Census, the proportion of Black or Minority Ethnic (BME) (non-White) groups in the Vale of Glamorgan is just 2.1%, the same as recorded in Wales overall. The Welsh Assembly Government produced some estimates of the changes in population by ethnicity to 2007, although these are classed as experimental statistics and should be treated with caution. They suggest that the BME population of the Vale of Glamorgan increased to 4.1% of the total population since the Census. This amounts to an increase from 2,576 to 5,100 people (an increase of 98%) in BME groups between 2001 and 2007. This growth has meant the proportion of BME population in the Vale of Glamorgan is now greater than in Wales as a whole (4.1% compared to 2.9%).
- 3.9 Figure 3.2 presents the ethnicity of the population in the County according to the latest (2007) figures. The 'Mixed' and 'Asian or Asian British' ethnic groups represent the largest BME groups in the Vale of Glamorgan (2.7% of total population).

Figure 3.2 Ethnicity of the Vale of Glamorgan population, 2007



Source: Welsh Assembly Government Resident Population Estimates by Ethnic Group, 2007

Number of households

- 3.10 The latest Welsh Assembly Government Statistical Directorate household estimates suggest that the number of resident households in the Vale of Glamorgan is increasing at a faster rate than the population of the County. The data indicates that between 2001 and 2007 the number of people in the Vale of Glamorgan increased by 3.4%, whilst the number of households increased by 7.5%. This implies that the average size of households in the Vale of Glamorgan is declining as is illustrated in Table 3.1.

Table 3.1 Change in average household size, 2001 to 2007

	2001	2004	2007
Population	119,277	121,395	123,361
Households	48,736	50,576	52,386
Average household size	2.45	2.40	2.35

Source: Welsh Assembly Government Statistical Directorate

Economy

3.11 Chapter 3 of the original LHMA report considered the economic context in the Vale of Glamorgan and the influence on the Housing Market Area. It found that households in the Vale of Glamorgan contain higher than the national average levels of qualifications, although the proportion of households without qualifications is still relatively high. The highly qualified characteristic of the workforce is reflected in the high proportion of employees employed in managerial positions in the Vale, although significant proportions are employed in more routine occupations.

Employment in the Vale of Glamorgan

3.12 The latest data available on the economy in the Vale of Glamorgan indicates that it still has the capacity to undergo continued economic growth. NOMIS¹ data on 'job density' (this is a measure of the number of jobs per person of working age) for 2008 shows that there are 0.59 jobs per working age person in the County. This is lower than Wales as a whole (0.75).

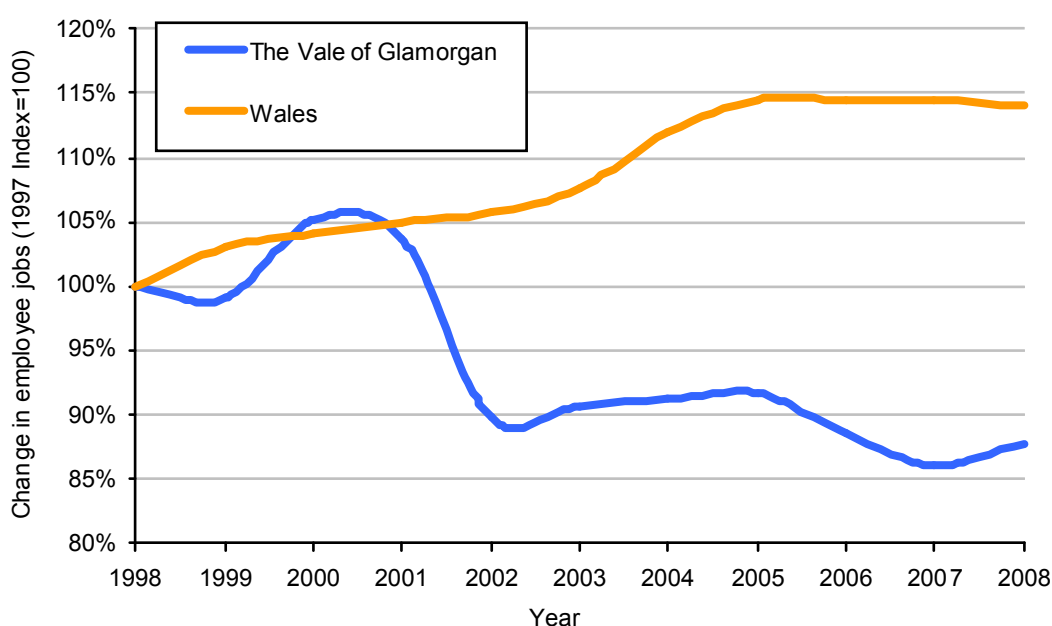
3.13 Data is also available from NOMIS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship.

3.14 NOMIS indicates that the number of VAT registered businesses at the end of 2007 in the County was 3,165; this is an increase of 415 over the ten years since 1997 (15.0%). This proportional increase is higher than that recorded in Wales as a whole (11.3%).

¹ NOMIS is a website provided by the Office of National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk

- 3.15 Measured by the most recent Annual Business Inquiry (ABI) there were 35,800 employee jobs in the Vale of Glamorgan in 2008. Figure 3.3 shows the change in the number of employee jobs recorded in the Vale of Glamorgan over the last ten years in comparison to the national trend. The figures show that employment fell suddenly in the Vale of Glamorgan between 2000 and 2002 (a drop of 14.7%). Further investigation indicates that, whilst the majority of the job losses during this period were in services, proportionally, falls in manufacturing related employee jobs were greater. Since 2002 employment in the Vale of Glamorgan declined at a slightly more stable rate, falling by 2.2% between 2002 and 2008. Employment in Wales rose until 2005 and has since tailed off, increasing by 14% overall between 1998 and 2008.

Figure 3.3 Indexed employment growth in the Vale of Glamorgan (1998-2008)



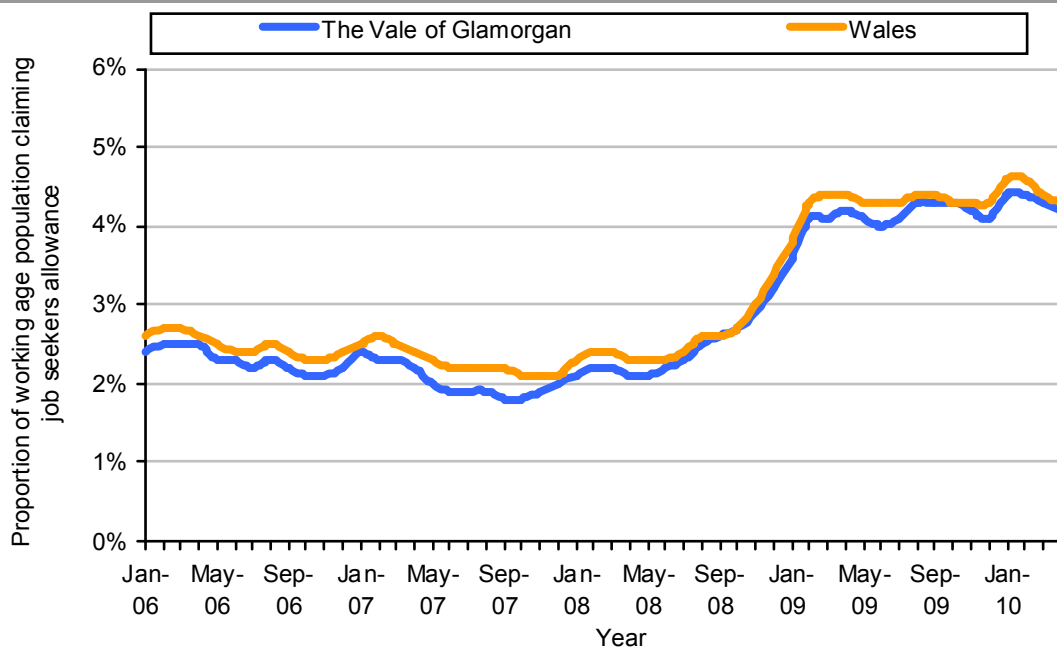
Source: ONS Annual Business Inquiry Employee Analysis

Employment profile of residents in the County

- 3.16 Although the overall economic performance of the Vale of Glamorgan provides important context, an understanding of the affect of the economic downturn on the resident population is more crucial to this study.

3.17 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a very up to date measure of the level of unemployment of residents in an area. Figure 3.4 shows the change in the proportion of the working age population claiming Job Seekers Allowance in the Vale of Glamorgan since January 2006. The figure indicates that overall the Vale of Glamorgan unemployment level has been in line with the level for Wales. However, both Wales as a whole and the Vale of Glamorgan experienced a substantial increase in Job Seekers Allowance claimants in the summer of 2008 due to the economic downturn. Overall the number of people claiming Job Seekers Allowance in the Vale of Glamorgan in April 2010 was 94.8% higher than was recorded in the same month in 2008.

Figure 3.4 Level of unemployment in the Vale of Glamorgan (2006-2010)



Source: ONS Claimant count

3.18 The Annual Population Survey presents a ‘Standard Occupation Classification’ which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As Table 3.2 illustrates some 46.6% of employed residents in the Vale of Glamorgan work in Groups 1 to 3, and this is higher than the equivalent figure for Wales. The Vale of Glamorgan has a smaller proportion of the workforce in the lowest skilled occupations (Groups 8-9) than is found nationally.

3.19 The table also shows that since 2006 there has been a significant decrease in the number of people resident in the Vale of Glamorgan employed within Groups 4 to 5, whilst there has been a substantial increase in the number of residents employed in Groups 8 to 9.

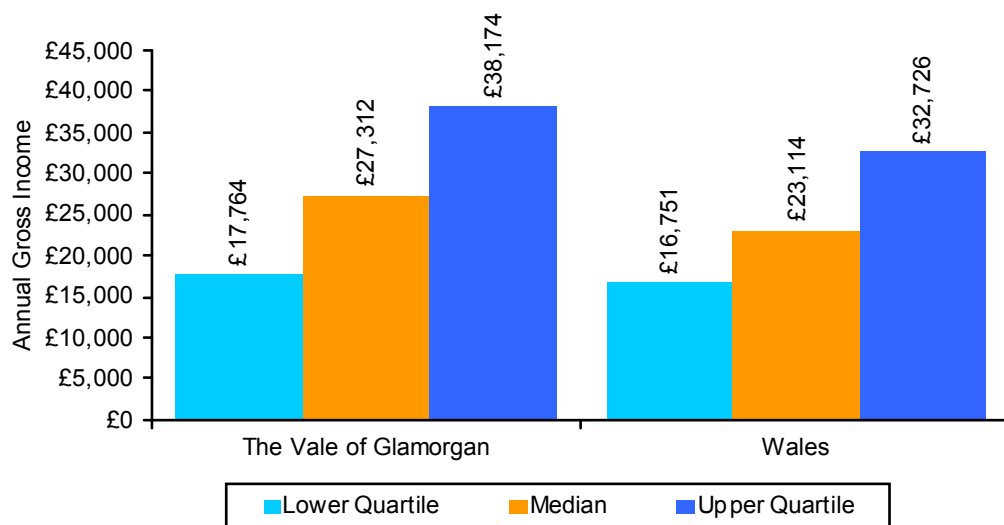
Table 3.2 Occupation structure			
Occupation Groups	The Vale of Glamorgan Oct 08 - Sep 09	Wales Oct 08 - Sep 09	Change in number of people employed in the Vale of Glamorgan since Jul 06 - Jun 07
Group 1-3: Senior, Professional or Technical	46.6%	38.7%	-0.7%
Group 4-5: Administrative, skilled trades	19.5%	23.6%	-16.3%
Group 6-7: Personal service, Customer service and Sales	15.2%	17.3%	1.2%
Group 8-9: Machine operatives, Elementary occupations	18.6%	20.4%	31.7%
Total	100.0%	100.0%	0.5%

Source: ONS Annual Population Survey

Income

- 3.20 Income has a crucial effect on the level of choice a household has when determining their future accommodation. The mean earned income for full-time employees resident in the Vale of Glamorgan in 2009 is £30,676, according to the ONS Annual Survey of Hours and Earnings, higher than Wales as a whole (at £26,837). It is important to note that these figures assess individual incomes rather than household incomes.
- 3.21 As Figure 3.5 shows, at lower quartile, median and upper quartile measurements, annual gross income in the Vale of Glamorgan is higher than the equivalent in Wales as a whole.

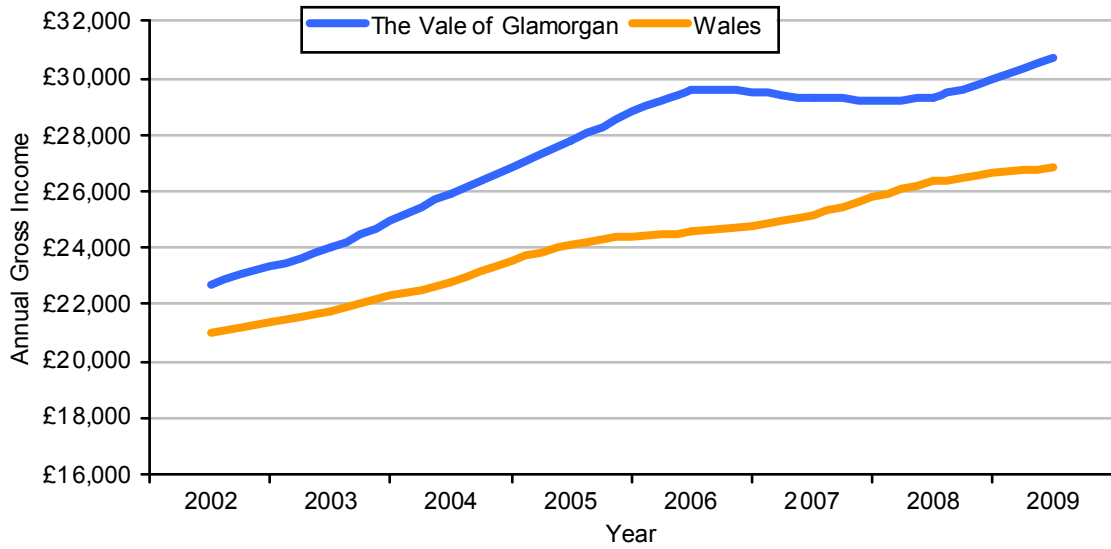
Figure 3.5 Annual gross income of full-time employed residents 2009



Source: ONS Annual Survey of Hours and Earnings (2009)

3.22 Figure 3.6 shows the change in the mean income of full-time employees resident in the Vale of Glamorgan and Wales since 2002. The Vale of Glamorgan has recorded a higher increase since 2002 (at 35.0%) than Wales (27.7%).

Figure 3.6 Change in mean annual income of full-time employed residents 2002-2009



Source: ONS Annual Survey of Hours and Earnings (2010)

4. The current housing market

Summary

- i) According to data from the Land Registry, the mean house price in the Vale of Glamorgan in the last quarter of 2009 was £203,511, higher than the average for Wales. Data shows that whilst prices have recorded a slight increase over the last three years the number of property sales having fallen by a third.
- ii) The cost of housing by size was re-assessed for all tenures in the County. This showed a larger increase for larger owner-occupied properties. The increase in private rents since 2007 showed a large increase in one bedroom properties and a slight decrease for four bedroom properties.
- iii) Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between the entry-level points to each tenure shows that for all sizes of accommodation the income required for entry-level market housing (private rented accommodation) is over 75% higher than that required to rent from the Council or an RSL. This indicates that intermediate housing priced within the social rent/market entry gap could potentially be useful for a number of households in the Vale of Glamorgan.

Introduction

- 4.1 This chapter describes the changes in the housing market that have been recorded across the UK before examining the extent of the downturn in the Vale of Glamorgan and specifically its effects on the housing market within the County. Subsequently it re-assesses the entry-level costs of housing in the Vale of Glamorgan, to document how this has changed since the original LHMA report. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist – this enables the viability of products within these gaps to be assessed.

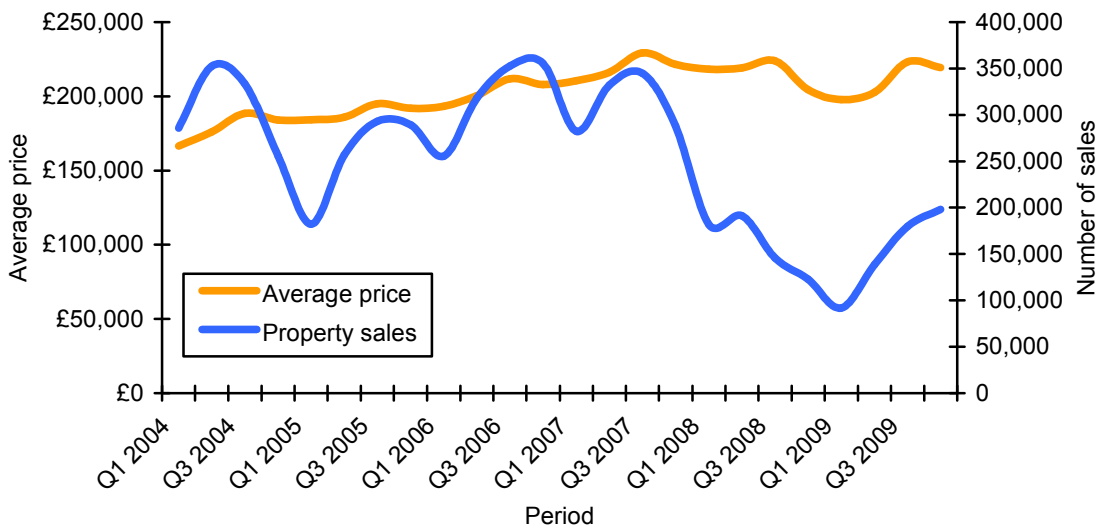
The housing market downturn

- 4.2 Many people had been expecting a crash in house prices for some time, due to the historical trend of this occurring after a period of fast house price growth. The market downturn was principally triggered by the realisation of the scale of the bad debt that banks had. This caused banks to be much more cautious toward lending to one another as there was a greater risk of not being repaid.

4.3 This therefore limited the credit available for those potentially requiring a mortgage. In addition, banks and building societies were more cautious in their lending practices to ensure they did not create any further bad debts for themselves. This meant that the multiples of income that a mortgage was offered on were reduced and a greater proportion of the value of the home was required as a deposit. This initially had the most prohibitive effect on potential first-time buyers, although the reduction in first-time buyers had implications for the overall buoyancy of the market. The absence of new entrants to the market reduced activity further up the housing ladder.

4.4 Figure 4.1 shows the number of sales recorded across England and Wales for each quarter since Quarter 1 of 2004. The figure shows that whilst property sales levels have always been relatively volatile, a marked decrease has been recorded between Quarter 3 of 2007 and Quarter 1 of 2009. The figure also shows the change in average property prices over this period. This shows that there is little relationship between property sales and property prices. Since early 2009 though both property prices and property sales levels have started to increase. Whilst prices now are not too dissimilar to that recorded before the downturn, sales levels are still at a low level comparatively.

Figure 4.1 Average price change and variation in property sales in England & Wales 2004–2010 (all quarters)



Source: Land Registry via CLG

The situation in the Vale of Glamorgan

4.5 The most recent house price data available at the time of the initial LHMA report was from the fourth quarter of 2006. The Land Registry has now published data for the fourth quarter of 2009. It is therefore possible to assess the changes recorded in the Vale of Glamorgan over this period, alongside national equivalents.

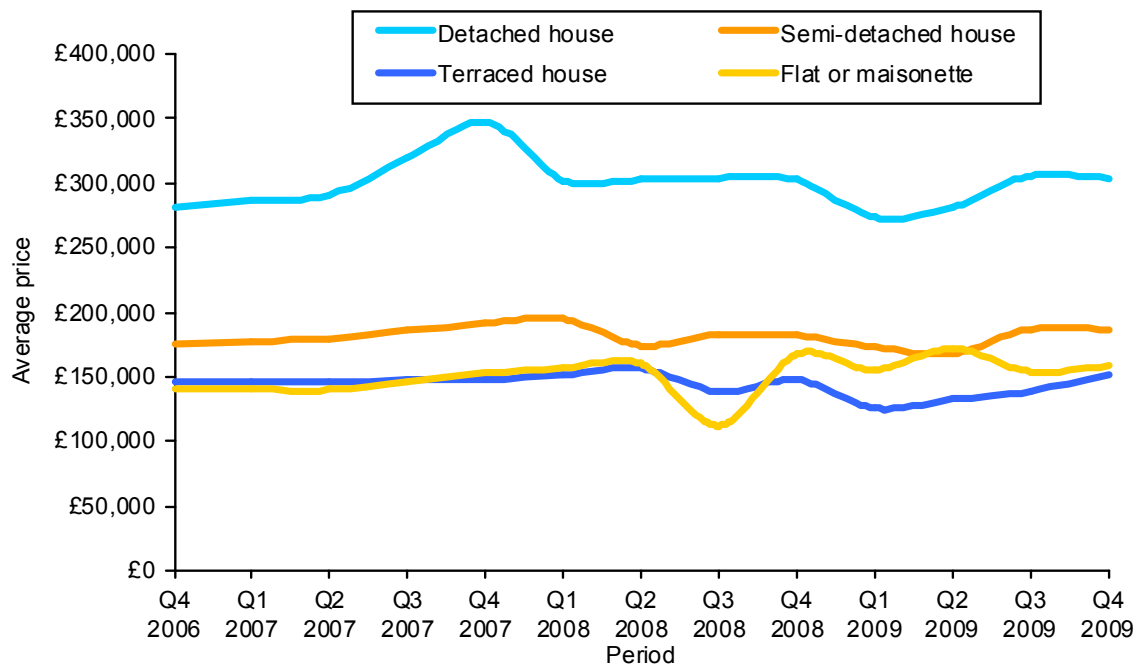
- 4.6 Table 4.1 shows the change in average prices between the final quarter of 2006 and the same period in 2008 and 2009 for Wales and the Vale of Glamorgan. The table shows that between 2006 and 2008 the early impact of the market downturn was not reflected in the Vale of Glamorgan, with house prices increasing by 5.8% between 2006 and 2008, compared to a fall of 0.8% over the same period in Wales. However, whilst house prices in Wales increased during 2009 they have fallen slightly in the Vale of Glamorgan.

Area	Average price Oct - Dec 2006	Average price Oct - Dec 2008	Average price Oct - Dec 2009	Percentage change recorded	
				2006-2008	2006-2009
Wales	£157,570	£151,470	£156,286	-3.9%	-0.8%
The Vale of Glamorgan	£194,256	£205,263	£203,511	5.8%	4.8%

Source: Land Registry via CLG

- 4.7 Figure 4.2 shows price change by property type since Quarter 4 2006. The figure shows that of all dwelling types, detached houses and flat/maisonettes have fluctuated in price the most during this period. Overall flats/maisonettes have recorded the largest price increase between 2006 and 2009, at 12.2% followed by detached houses (8.0%), then semi-detached houses (6.7%) and terraced houses (3.2%).

Figure 4.2 Price change by dwelling type in the Vale of Glamorgan since 2006



Source: Land Registry via CLG

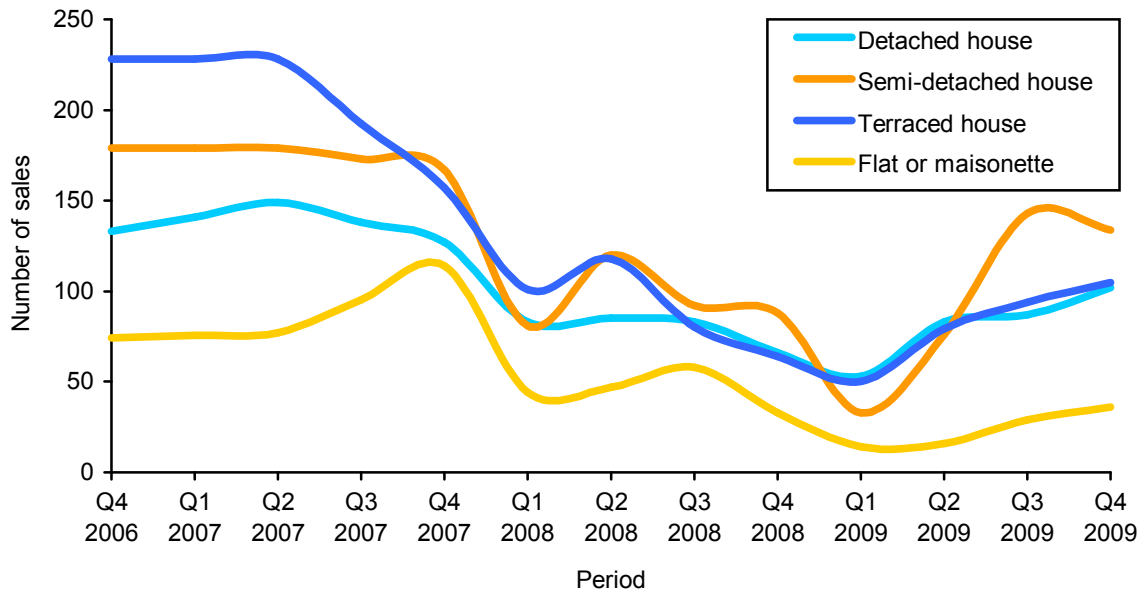
4.8 Table 4.2 shows the change in the number of property sales between the final quarter of 2006 and the same period in 2009. The table indicates that whilst the change in property sales was similar in the Vale of Glamorgan and Wales as a whole, the Vale of Glamorgan recorded a slightly larger overall decrease, at 33.3% compared to 31.9% in Wales.

Area	Number of sales Oct-Dec 2006	Number of sales Oct-Dec 2009	Percentage change
Wales	12,401	8,448	-31.9%
The Vale of Glamorgan	565	377	-33.3%

Source: Land Registry via CLG

4.9 Figure 4.3 shows the change in sales levels over the last three years by property type in the Vale of Glamorgan. The figure shows that for all dwelling types, the number of sales has recorded a steep decline since October 2007, although terraced house sales had already begun to decline by this point. Overall terraced houses have recorded the largest decline in sales between Quarter 4 2006 and 2009 at 54%, closely followed by flats/maisonettes (51.4%). Sales of semi-detached houses and detached houses fell at a much slower rate (25.1% and 23.3% respectively).

Figure 4.3 Property sales by dwelling type in the Vale of Glamorgan since 2006



Source: Land Registry via CLG

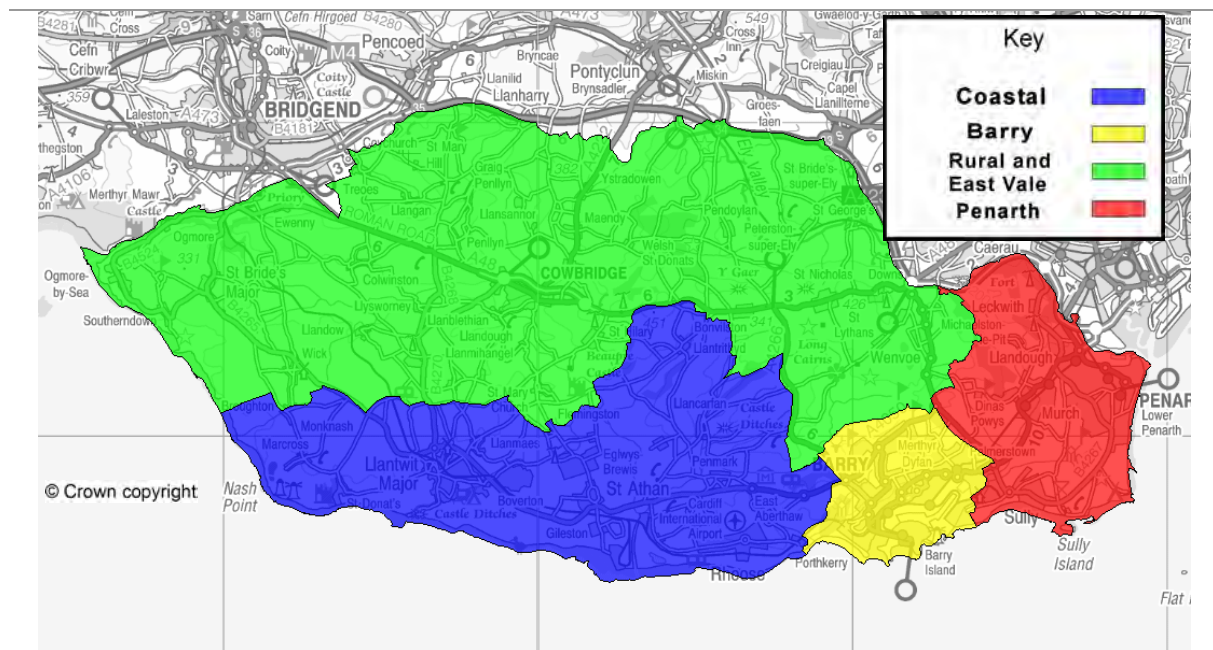
Updated entry-level costs

- 4.10 To fully understand the affordability of housing within an area it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household as determined by the bedroom standard. However, no secondary data contains this information. As part of this study we have therefore undertaken an updated price survey to assess the current cost of housing in the County. This has involved both reviewing the different price markets within the Vale of Glamorgan identified in the original report and establishing the entry-level cost of housing by number of bedrooms in each of these areas.

Sub-markets

- 4.11 The original LHMA report analysed identified four sub-markets within the Vale of Glamorgan, with the sub-areas of Rural and East Vale amalgamated into a single sub-market. An assessment of the current suitability of these sub-markets was undertaken to examine whether these sub-market boundaries still exist. This showed that the pattern of price variation across the Vale of Glamorgan is still broadly the same, therefore four sub-markets are still in operation in the Vale of Glamorgan – the sub-areas of Barry, Coastal and Penarth with the sub-areas of Rural and East Vale together forming the final sub-market.

Figure 4.4 Location of property sub-markets in the Vale of Glamorgan



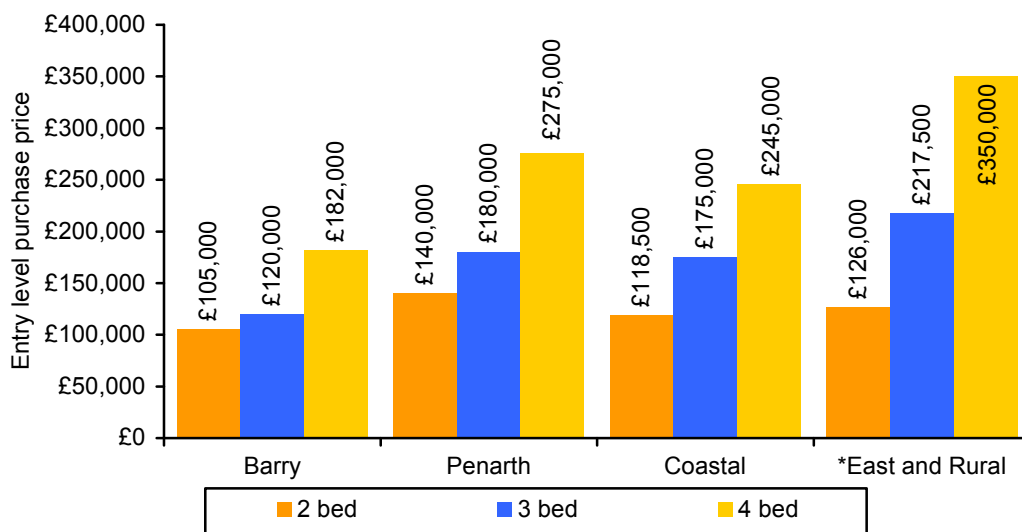
Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Entry-level prices

4.12 Updated entry-level property prices and rental costs by number of bedrooms were obtained in each sub-market via an online search of properties advertised for sale during May 2010. These costs were qualified by brief face-to-face interviews with local estate and letting agents, who were also able to provide guidance as to what proportion of the asking price is achieved at sale (for purchase). In accordance with the Welsh Assembly Government Local Housing Market Assessment Guide (and to replicate the approach used in the original report), entry-level prices are based on lower quartile prices.

4.13 The entry-level prices for owner-occupied property across the sub-markets of the Vale of Glamorgan are presented in Figure 4.5. The figure indicates that entry-level prices in the Vale of Glamorgan range from around £105,000 for a two bedroom home in the Barry sub-market up to £350,000 for a four bedroom property in the East and Rural sub-market. In terms of market availability the analysis showed that three bedroom properties are most commonly available to purchase. One bedroom properties for purchase were found to be in relatively short supply across the Vale of Glamorgan, therefore two bedroom dwellings are considered to be the smallest property found to be widely available.

Figure 4.5 Entry-level property prices by size and market area



* Small sample size for 2 and 3 bed properties in East and Rural

Source: Online estate agents survey 10.05.10

- 4.14 Table 4.3 documents the change recorded in entry-level purchase prices since 2007 for each property size within each sub-market. Overall property prices in the Barry and Coastal sub-markets have recorded the largest rise in values over the last three years, whilst entry-level prices in Penarth have shown the smallest change. The table shows that in three sub-markets entry-level prices for two bedroom homes have decreased and the impact of the market downturn appears to be more determined by number of bedrooms than area.

Table 4.3 Change in entry-level prices in the Vale of Glamorgan 2007 to 2010			
Market Area	2 bedrooms	3 bedrooms	4 bedrooms
Barry	14.1%	4.8%	19.0%
Penarth	-1.1%	1.6%	14.6%
Coastal	-3.9%	14.8%	20.7%
East and Rural	-17.7%	7.9%	17.2%

Source: Online survey of property prices 2007 and 2010

Entry-level rents

- 4.15 The breadth and depth of the rental market in the Vale of Glamorgan was reassessed and although it was found to be a larger sector than three years ago, the variation in rent levels between the areas is quite small. It was therefore judged that there is still only one rental market across the Vale of Glamorgan.
- 4.16 The entry-level price for private rented accommodation is presented in Table 4.4. The table indicates that entry-level rents in the Vale of Glamorgan range from £104 per week for a one bedroom home up to £183 per week for a four bedroom property. In addition, the profile of properties available is somewhat different to that for purchase with a greater proportion of one and two bedroom homes available to rent and notably fewer four bedroom dwellings.
- 4.17 Table 4.4 also shows the change recorded in rents since 2007 for each property size in the Vale of Glamorgan. Rents for two bedroom properties have remained the same and three bedroom rents have increased slightly. However entry-level rent for one bedroom properties has increased by 13.0%, whilst rents for four bedroom properties have decreased. Entry-level rent for two bedroom properties is now closer to one bedroom properties whilst the gap between two bedroom and three bedroom properties had widened.

Table 4.4 Change in entry-level rents in the Vale of Glamorgan 2007 to 2010			
Accommodation size	2007 rent	2010 rent	% change
1 bedroom	£92	£104	13.0%
2 bedrooms	£115	£115	0.0%
3 bedrooms	£140	£144	2.9%
4 bedrooms	£189	£183	-3.2%

Source: Online Survey of rental levels 2007 and 2010

4.18 The cost of social rented accommodation by dwelling size in the Vale of Glamorgan can be obtained from the Council's WHO15 return. Table 4.5 illustrates the rental cost for lettings to new social rented properties in the Vale of Glamorgan in 2008/09 compared with the rates in the 2007 LHMA. By comparing with Table 4.4 above it can be seen that social rents have increased at a faster rate between 2007 and 2009 than private sector rents in the same period. Despite this, costs remain significantly below those for private rented housing indicating a significant potential gap between the social rented and market sectors.

Table 4.5 Social rented cost in the Vale of Glamorgan						
Bedrooms	2009 rent			% change since 2007		
	RSL	LA	Overall	RSL	LA	Overall
1 bed	£57	£60	£59	14.0%	9.1%	7.1%
2 bed	£63	£63	£63	14.5%	10.5%	10.5%
3 bed	£70	£67	£70	16.7%	13.6%	18.2%
4+ bed	£82	£67	£72	12.3%	9.8%	18.3%

Source: Cardiff and the Vale of Glamorgan LHMA 2007 and Welsh Housing Statistics

Analysis of housing market 'gaps'

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

4.20 Table 4.6 illustrates the housing ladder that exists for a three bedroom property in each of the sub-markets in the Vale of Glamorgan. Three bedroom properties were chosen for analysis here as it offers the largest sample size across all sub-markets. The price to purchase a home is converted into a weekly cost to permit comparison with rental costs. This is done by applying the median fixed rate available for mortgages currently to the cost of the home to derive the weekly payment required. The price of intermediate housing is based on the mid-point between the cost of social rented and the cost of entry-level market housing. This is referred to as the 'usefully affordable' point, as it represents a cost at which it is feasible to produce intermediate housing that will be affordable to a reasonable proportion of households unable to access the market, therefore providing a genuine step on the housing ladder. The intermediate housing can be rented or an ownership product as long as the weekly cost to the occupier meets the 'usefully affordable' point. The current HomeBuy units proposed on Barry Waterfront at 70% ownership share are considered affordable as they are available at a weekly cost lower than entry-level private rent² (although they are not as low as the usefully affordable point).

Table 4.6 Weekly costs of three bedroom housing in the Vale of Glamorgan				
Sub-market	Social rent	Intermediate*	Entry-level private rent	Entry-level purchase
Barry	£70	£107	£144	£148
Penarth	£70	£107	£144	£222
Coastal	£70	£107	£144	£216
East and Rural	£70	£107	£144	£269

* Assumed to be priced at usefully affordable point

Source: Online estate and letting agents survey 15.04.10, Welsh Housing Statistics (2008/09)

4.21 Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures – the smaller the gaps the easier it is for a household to ascend the ladder.

² One bedroom unit priced at £90,000 with a weekly cost of £83 for the first five years and £92 thereafter, two bedroom unit priced at £110,000 with a weekly cost of £99 for the first five years and £110 thereafter, three bedroom unit priced at £145,000 with a weekly cost of £126 for first the five years and £141 thereafter, four bedroom unit priced at £170,000 with a weekly cost of £147 for the first five years and £164 thereafter. Costs based on 70% equity share and nothing payable on the remaining value for the first five year with interest of 1.75% payable on the remaining value thereafter.

4.22 Table 4.7 shows the size of the gaps in each of the four sub-market areas in the Vale of Glamorgan. The data is based on the cost of a three bedroom home. The table indicates, for example, that market entry rents in the Vale of Glamorgan are 105.7% larger than the cost of social rented accommodation. This large gap indicates that intermediate housing could potentially be useful for a number of households.

Table 4.7 Scale of key housing market gaps in the County			
Sub-market	Social rent/market entry (private rent)	Rent/buy gap	Social rent/ entry-level purchase
Barry	105.7%	2.9%	111.6%
Penarth	105.7%	54.4%	217.7%
Coastal	105.7%	50.1%	208.8%
East and Rural	105.7%	86.5%	283.8%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

4.23 The gap between private renting and buying is much smaller in comparison to the gap between social and private rent. It varies across the sub-market areas in the Vale of Glamorgan ranging from 2.9% in Barry to 86.5% in East and Rural.

4.24 The housing market gap from the private rented sector to home ownership in East and Rural is particularly high compared to the rest of the Vale of Glamorgan, suggesting that there may be potential demand for discounted market housing in the area if they can be produced at a cost lower than entry-level purchase prices.

5. Financial information

Summary

- i) The updated survey estimates that the mean annual gross household income (including non-housing benefits) in the Vale of Glamorgan is £31,516. This is an increase of 5.3% since the original LHMA report in 2007. Since 2007 the mean savings levels have increased by 5.5% whilst the mean equity amongst owner-occupiers has increased by 3.9%. It is estimated that there are currently 274 owner-occupied households in the Vale of Glamorgan in negative equity.
- ii) Based on the affordability criteria set out in the WAG Guide, some 25.6% of all households in the Vale of Glamorgan are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 23.5% in 2007 from the original report.

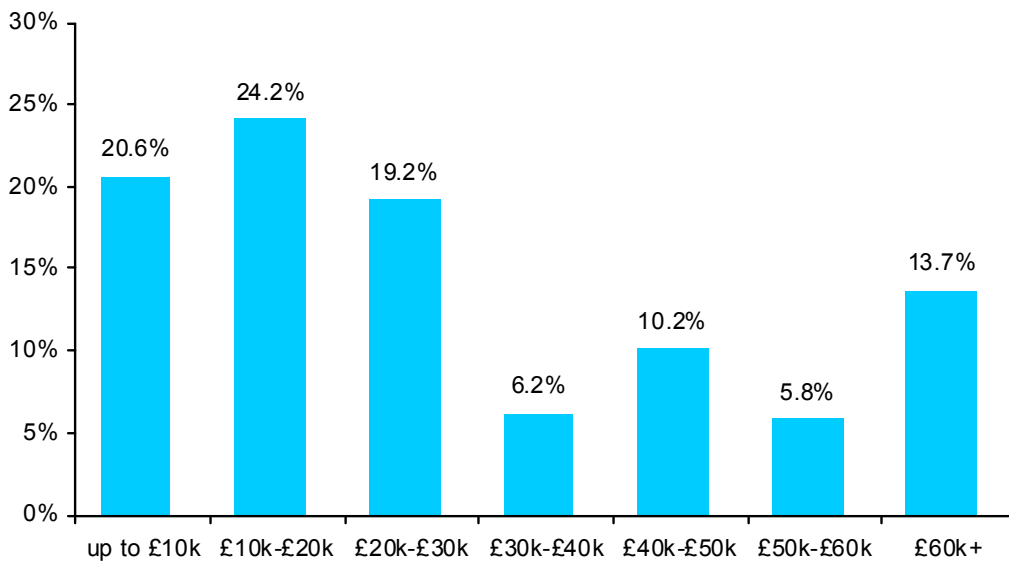
Introduction

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

Household income

- 5.2 The updated dataset estimates that the mean annual gross household income excluding housing benefits in the Vale of Glamorgan is £31,516, which is an increase of 5.3% since the original LHMA report in 2007. The median household income is noticeably lower at £22,858 (an increase of 2.4% since 2007).
- 5.3 Figure 5.1 shows the distribution of income in the County. It is clear that there is a significant range of incomes, with 44.8% of households having an income of less than £20,000, and 13.7% of households having an income in excess of £60,000.

Figure 5.1 Distribution of annual gross household income (excluding housing benefits)

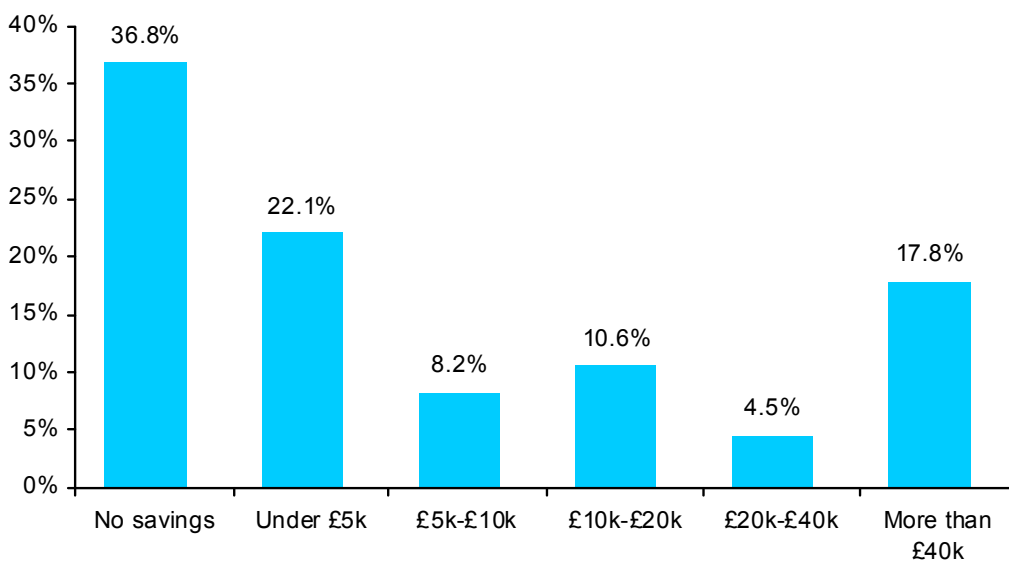


Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Household savings and equity

5.4 The mean level of household savings in the Vale of Glamorgan in 2010 is £30,209, which is an increase of 5.5% from the figure recorded in 2007. The median figure for household savings is currently £2,682 (a decrease of 7.4%). Figure 5.2 shows the distribution of savings in the County. Households with no savings also include those in debt.

Figure 5.2 Distribution of household savings



Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 5.5 The mean amount of equity that all owner-occupiers (both those with and without mortgages) have in their property is estimated to be £180,023 currently. This is an increase of 3.9% since 2007. The median level of equity is £153,534 – lower than the mean.
- 5.6 Overall the updated dataset indicates that there are 274 households in the Vale of Glamorgan in negative equity. This constitutes 0.7% of owner-occupiers in the County.

Financial capacity of the Vale of Glamorgan's households

- 5.7 Financial capacity is the term created to define the capitalised amount of money a household potentially has available to move home. It takes account of all the resources that a household has available and is calculated as: income (x3.5) + savings + equity. The income is multiplied by 3.5 as this is the typical multiplier used to assess a household's ability to purchase a home.
- 5.8 Table 5.1 provides the mean financial capacity figures by tenure. The data shows that owners without a mortgage (often retired) have a greater overall financial capacity than those (typically younger) with a mortgage, but the latter have much higher incomes. Both have a far greater financial capacity than households in the rented sector. It is clear that the financial capacity of social renters will prohibit the majority from being able to consider buying a home. However, it is likely that a number of private renting households will theoretically be able to purchase a property.

Tenure	Mean annual gross household income	Mean savings	Mean equity	Financial capacity
Owner-occupied (no mortgage)	£27,307	£69,873	£252,510	£417,959
Owner-occupied (with mortgage)	£43,087	£13,387	£128,460	£292,652
Council	£9,110	£569	-	£32,453
RSL	£9,757	£798	-	£34,946
Private rented	£20,661	£7,444	-	£79,759

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Other financial information

- 5.9 In addition to the information collected about income, savings and equity the survey form asked households whether they have access to any other financial resources which might be able to be used towards a deposit on a property (and if so – how much). The great majority of households (89.0%) stated that they had no further access to financial resources other than those already analysed.

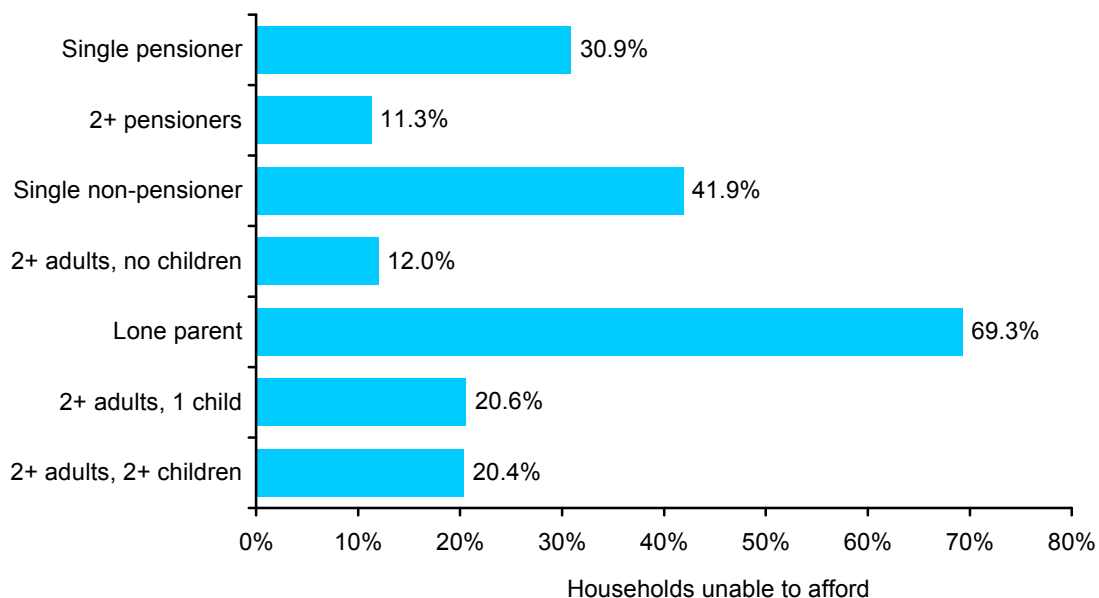
5.10 Despite the majority having no access to financial resources, the minority that do have access to a median level of £21,884 from sources other than savings and equity (e.g. borrowing from relatives), and about 2,455 households have more than £30,000 available. It is therefore possible that such additional funds will be able to help a small number of households to afford suitable market housing without the need for any subsidy.

Theoretical affordability of market housing

5.11 This information on the financial capacity of households alongside data on the cost of entry-level housing in the Vale of Glamorgan can be used to examine the ability of households to afford housing locally, based on the affordability criteria set out in the Welsh Assembly Government Local Housing Market Assessment Guide (and presented in the Glossary).

5.12 Figure 5.3 shows the current affordability of households by household type. This is theoretical affordability of households as the analysis considers all households in the County and does not take into account their intention of moving. The data indicates that 69.3% of lone parent households in the County would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford. Households that contain two or more adults and no children, or two or more pensioners, are most likely to be able to afford market housing in the Vale of Glamorgan.

Figure 5.3 Theoretical affordability of market housing in the Vale of Glamorgan



Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

5.13 Overall, some 25.6% of all households in the Vale of Glamorgan are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 23.5% in 2007 from the original report.

6. Housing need

Summary

- i) A key element of housing need is an assessment of the suitability of a household's current housing. It is estimated that a total of 3,897 households are living in unsuitable housing. This represents 7.2% of all households in the Vale of Glamorgan.
- ii) Following the steps of the needs assessment model specified by the Welsh Assembly Government Local Housing Market Assessment Guide results in a net need estimate of 915 affordable dwellings per year in the Vale of Glamorgan. This represents a notable increase from the equivalent figure of 652 calculated in the 2007 Local Housing Market Assessment. The level of housing need, for 915 affordable dwellings per annum is the crucial output of this report.
- iii) In terms of the type of affordable accommodation required, further analysis suggests that a fifth could be intermediate (if priced at the 'usefully affordable point').

Introduction

- 6.1 Housing need is a term first used in the mid-1990s to help provide a means-tested estimate of the requirement for affordable housing in an area. The annex to TAN2 (June 2006) defines housing need as *'households lacking their own housing or living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some financial assistance.'*
- 6.2 This chapter presents the results of the four stages of the needs assessment table. The four stages identified in the Welsh Assembly Government Local Housing Market Assessment Guide are: current need, available stock to offset need, newly arising need and supply of affordable units. Each will be dealt with individually.
- 6.3 Within each of the four stages there are a number of detailed calculations (22 in total) many of which themselves have a number of components. This chapter presents details of how each of these 22 detailed steps is calculated using locally available data for the Vale of Glamorgan. An annual estimate of housing need is calculated from these 22 steps and the type of accommodation most appropriate to meet this need is discussed.

Stage 1: Current need (gross)

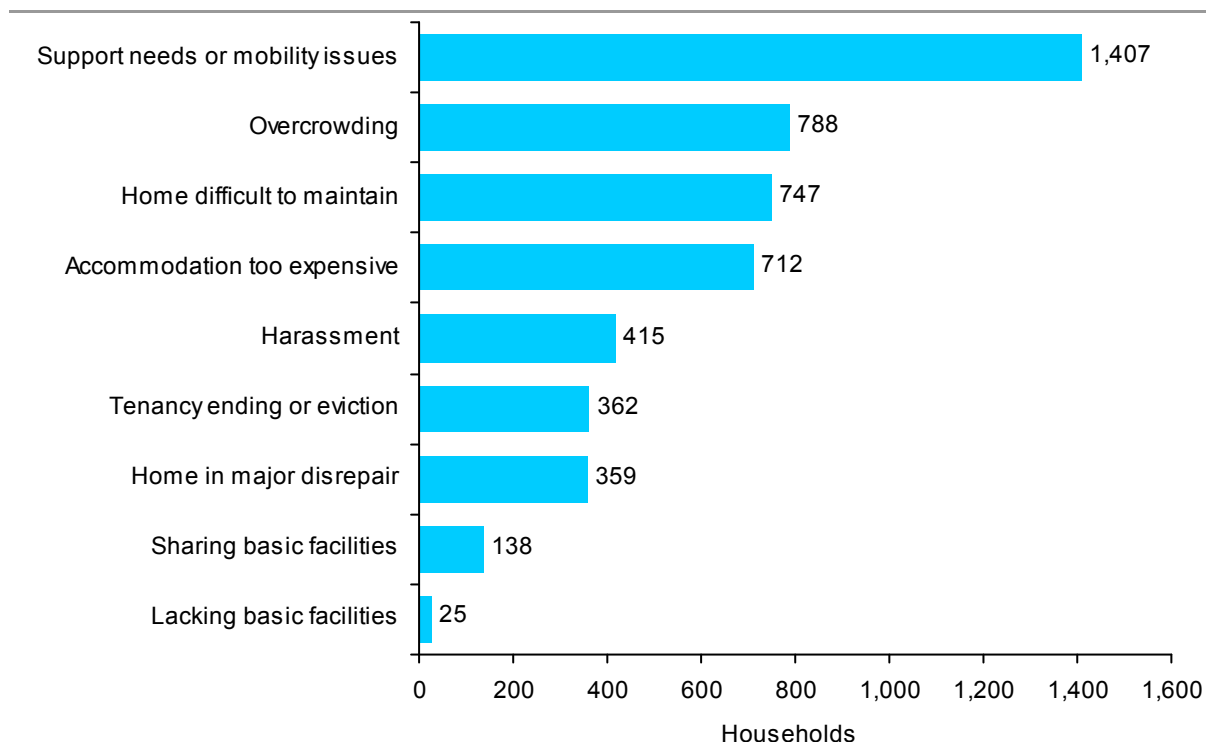
6.4 This includes an assessment of housing suitability and affordability and also considers homeless households before arriving at a total current need estimate (gross).

Unsuitable housing

6.5 A key element of housing need is an assessment of the suitability of a household’s current housing. The Welsh Assembly Government Local Housing Market Assessment Guide sets out a series of nine criteria for unsuitable housing, which have been used in this report. It is estimated that a total of 3,897 households are living in unsuitable housing. This represents 7.2% of all households in the Vale of Glamorgan.

6.6 Figure 6.1 shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main cause of unsuitable housing is the dwelling being unsuitable for the household due to their support needs or mobility issues, followed by overcrowding.

Figure 6.1 Summary of unsuitable housing categories



N.B. Households can have more than one reason for unsuitability, hence figures add up to more than 3,897

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

6.7 Table 6.1 shows unsuitable housing by tenure. The patterns emerging suggest that households living in Council and private rented accommodation are particularly likely to be in unsuitable housing.

Table 6.1 Unsuitable housing and tenure

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of households in county	% of tenure in unsuitable housing	% of all unsuitable housing
Owner-occupied (no mortgage)	943	17,148	18,091	5.2%	24.2%
Owner-occupied (with mortgage)	1,089	22,718	23,807	4.6%	27.9%
Council	601	3,269	3,870	15.5%	15.4%
RSL	184	1,901	2,085	8.8%	4.7%
Private rented	1,080	5,116	6,196	17.4%	27.7%
Total	3,897	50,153	54,050	7.2%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

'In-situ' solutions

- 6.8 The survey has highlighted that 3,897 households are in unsuitable housing. However, it is most probable that some of the unsuitability can be resolved in the households' current accommodation. Households living in housing deemed unsuitable for the following reasons were not considered to have an in-situ solution: end of tenancy, accommodation too expensive, overcrowding, sharing facilities, harassment.
- 6.9 The survey data therefore estimates that of the 3,897 households in unsuitable housing, 2,129 (or 54.6%) do not have an in-situ solution and therefore require a move to alternative accommodation.

Affordability

- 6.10 These 2,129 households in unsuitable housing and requiring a move to alternative accommodation are tested for their ability to afford market housing in the area. Overall 69.3% (1,475 households) are unable to afford market housing. These 1,475 households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation) are considered to be in housing need. This represents 2.7% of all existing households in the Vale of Glamorgan.
- 6.11 Table 6.2 shows the tenure of the 1,475 households currently estimated to be in housing need. The results show that social and private rented tenants are most likely to be in housing need. Of all households in need, 49.5% currently live in private rented accommodation.

Table 6.2 Housing need and tenure

Tenure	Housing need				
	In need	Not in need	Number of h'holds in county	% of tenure in need	% of all housing need
Owner-occupied (no mortgage)	17	18,075	18,091	0.1%	1.1%
Owner-occupied (with mortgage)	235	23,573	23,807	1.0%	15.9%
Council	361	3,509	3,870	9.3%	24.4%
RSL	133	1,952	2,085	6.4%	9.0%
Private rented	730	5,466	6,196	11.8%	49.5%
Total	1,475	52,575	54,050	2.7%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

6.12 For the purposes of the housing needs assessment (specifically Stage 2.1), households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures (those in owner-occupied or private rented accommodation) in need. Some 494 households fall into the former category and 981 into the latter category.

Homeless households

6.13 The housing needs assessment is a ‘snapshot’ survey that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of current need.

6.14 To assess the number of homeless households we have used information contained in the Council’s WHO12 returns – Table 7: ‘Homeless households accommodated by your authority at the end of the Quarter’. This is important given the snapshot nature of the survey. Data compiled from the March 2010 WHO12 form is shown in Table 6.3.

Table 6.3 Homeless households accommodated by authority at the end of the quarter

<i>Category</i>	<i>Number of households</i>
Directly with a private sector landlord	15
Private sector accommodation leased by authority	4
Private sector accommodation leased by RSLs	0
Within Council's own stock	5
RSL stock on assured shorthold tenancies	0
<u>Hostel</u>	<u>19</u>
<u>Women's refuge</u>	<u>2</u>
<u>Bed and breakfast</u>	<u>20</u>
Other	0
Homeless at home	32
Total	97

Source: Welsh Assembly data unit

6.15 Not all of the categories in the above table are added to our assessment of existing households in need. This is because, in theory, they will be part of our household survey sample. For example, households housed in private sector accommodation should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the sample was drawn. After considering the various categories, we have concluded that there are three categories which should be included as part of the homeless element. These have been underlined in the table above. Therefore, of the 97 homeless households in temporary accommodation, 41 will be counted as additional need for the purpose of the housing needs assessment.

Total current need

6.16 Table 6.4 summarises the first stage of the overall assessment of housing need as set out by the Welsh Assembly Government Local Housing Market Assessment Guide. Step 1 is the number of existing households in unsuitable housing without an in-situ solution identified in paragraph 6.9. Step 2 is the number of homeless households requiring affordable accommodation set out in paragraph 6.15. Step 3 is the number of existing households in unsuitable housing without an in-situ solution that can afford market accommodation and is implied in paragraph 6.10 (2,129-1,475). Step 4 is the sum of steps 1 and 2, with step 3 deducted. Step 4 data shows that there are an estimated 1,516 households in need.

Table 6.4 Stage 1: Current housing need (gross)

Step	Paragraph reference	Notes	Output
1. Existing households in need of accommodation	6.9		2,129
2. <i>Plus</i> current non-households in need of affordable housing	6.15		41
3. <i>Minus</i> cases where they can afford to meet their need in the market	6.10		654
4. <i>Equals</i> total current housing need (gross)	6.16	1+2-3	1,516

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Stage 2: Available stock to offset need

6.17 Stage 2 considers the stock available to offset the current need. This includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are then deducted.

Current occupiers of affordable housing in need

6.18 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. The number of affordable dwellings occupied by households in need is established in Stage 1 (paragraph 6.12). The figure to be used in this step is therefore 494.

Surplus stock

6.19 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The Welsh Assembly Government Local Housing Market Assessment Guide suggests that if the vacancy rate in the affordable stock is in excess of 3% then these should be considered as surplus stock which can be included within the supply to offset needs. The most recent data from Data Unit Wales (March 2009) records a vacancy rate in the Council rented sector of 1.1% and a vacancy rate of 1.0% in the RSL stock; therefore no adjustment needs to be made to the figures.

Committed supply of new affordable units

6.20 The Welsh Assembly Government Local Housing Market Assessment Guide recommends that this part of the assessment includes '*new social rented and intermediate housing which are already planned to be built over the time period of the assessment*'. The original LHMA used data on the number of affordable units completed in the year previous to the survey and presumed that this new build rate would continue for the next five years. The latest data available from the Welsh Assembly data unit (September 2009) indicates that no affordable units were completed over the previous year (or the six months prior to that) in the Vale of Glamorgan. This clearly reflects the very limited amount of house building that has occurred since the start of the market downturn.

6.21 Rather than presuming that this trend of no affordable housing completions will continue for the next five years, information from the October 2009 the Vale of Glamorgan Council Affordable Housing Delivery Statement will be used to inform this step of the model. This suggests that the existing planned affordable housing developments will deliver 139 units, therefore a figure of 139 has been used in this step of the model.

Planned units to be taken out of management

6.22 The Welsh Assembly Government Local Housing Market Assessment Guide states that this stage ‘involves estimating the numbers of social rented or intermediate units that will be taken out of management’. The main component of this step will be properties which are expected to be demolished (or replacement schemes that lead to net losses of stock). The Council have indicated that there are 273 affordable units to be demolished across the County (principally because of a large scale planned demolition in Penarth Heights), hence a figure of 273 has been used in this step of the model.

Total available stock to meet current need

6.23 Having been through a number of detailed stages in order to assess the total available stock to offset need in the Vale of Glamorgan we shall now bring together all pieces of data to complete Stage 2 of the needs assessment table set out in the Welsh Assembly Government Local Housing Market Assessment Guide. The data shows that there are an estimated 360 properties available to offset the current need (see step 9).

6.24 The current level of net need is calculated in steps 10-12 of the needs assessment table. Step 10 removes the estimate of available stock to offset need (step 9) from the total number of households in current need (step 4); the net need level is 1,156 dwellings (step 10). However, the Welsh Assembly Government Local Housing Market Assessment Guide recommends that current need is addressed over a five-year period, hence this figure has been divided by five (step 11) to give a figure of 231. This figure of 231 is the number of affordable units required per year to reduce current need.

Table 6.5 Stage 2: Available stock to offset need

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
5. Current occupiers of affordable housing in need	6.18		494
6. <i>Plus</i> surplus stock	6.19		0
7. <i>Plus</i> committed supply of new affordable units	6.21		139
8. <i>Minus</i> planned units to be taken out of management	6.22		273
9. <i>Equals</i> total stock available to meet current need	6.23	5+6+7-8	360
10. <i>Equals</i> total current need (net)	6.24	4-9	1,156
11. <i>Times</i> annual quota for the reduction of current need	6.24		20%
12. <i>Equals</i> annual requirement of units to reduce current need	6.24	10×11	231

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Stage 3: Newly arising need

- 6.25 In addition to the current needs discussed so far in this chapter there will be future (or newly arising) need. This is split into two main categories: newly forming households (× proportion unable to buy or rent in the market) and existing households falling into need.

New household formation

- 6.26 The estimate of the number of newly forming households in need of affordable housing is calculated from the update survey dataset and is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need.
- 6.27 Table 6.6 shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years.

Table 6.6 Derivation of newly arising need from new household formation		
<i>Aspect of calculation</i>	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years	9,314	
Minus households NOT forming in previous move	-7,098	2,216
Total applicable moves	2,216	
Minus households able to afford market housing	-1,228	988
Estimate of newly arising need	988	
Annual estimate of newly arising need	494	

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 6.28 The table above shows that an estimated 2,216 households were newly formed within the County over the past two years (1,108 per annum). The affordability test (see Chapter 4) is then applied to each of the 2,216 households to assess their ability to afford market housing. Each household that is potentially in need is tested for their ability to afford market accommodation of an appropriate size using the information for their particular financial circumstances. The survey estimates that 988 of these households (44.6%) are unable to afford market housing without some form of subsidy in the Vale of Glamorgan. This equates to an annual estimate of newly arising need from newly forming households of 494.

Existing households falling into need

- 6.29 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). This is calculated from the updated survey dataset and is based on assessment of the ability to afford of existing households who have moved home within the last two years. A household will fall into need if it has to move home and is unable to afford to do this within the private sector (examples of such a move would be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim Local Housing Allowance (formerly Housing Benefit) or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).
- 6.30 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of 'transfers' and so the additional needs arising from within the social rented stock will be net zero.
- 6.31 Table 6.7 shows the derivation of existing households falling into need.

Table 6.7 Derivation of newly arising need from existing households		
<i>Aspect of calculation</i>	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years	9,314	
Minus households forming in previous move	-2,216	7,098
Minus households transferring within affordable housing	-248	6,850
Total applicable moves	6,850	
Minus households able to afford market housing	-5,158	1,692
Estimate of newly arising need	1,692	
Annual estimate of newly arising need	846	

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 6.32 The table above shows that a total of 7,098 existing households moved in the last two years. Removing households transferring within affordable housing leaves 6,850 households who are potentially in need. The affordability test is applied to each of these 6,850 households. It is estimated that 1,692 of these households are unable to afford market housing. Annualised this is 846 households per year.

Potential out-migrants unable to afford market housing

6.33 The Welsh Assembly Government Local Housing Market Assessment Guide suggests that households in current need who have not had their needs met through affordable housing and who plan to leave the County within the next year should be removed from this stage of the calculation. This applied to 85 households in the Vale of Glamorgan.

Total newly arising need

6.34 The data from each of the above sources can now be used to complete Stage 3 as is shown in Table 6.8. Of the 1,108 newly forming households per annum, 494 (44.6%) are unable to access market housing. This is added to the annual newly arising need figure for existing households (846). Taking into account out-migrants unable to afford market housing (-85), this results in additional need arising from a total of 1,255 households per annum.

Table 6.8 Stage 3: Gross newly arising need (per annum)			
Step	Paragraph reference	Notes	Output
13. New household formation (gross per year)	6.28		1,108
14. <i>Times</i> proportion of new households unable to buy or rent in the market	6.28		44.6%
15. <i>Plus</i> existing households falling into need and unable to afford market housing	6.32		846
16. <i>Minus</i> potential out-migrants unable to afford market housing	6.33		85
17. <i>Plus</i> in-migrants unable to afford market housing	-	(included in steps 13-15)	-
18. <i>Equals</i> total newly arising housing need (gross per year)	6.34	(13x14)+15-16	1,255

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Stage 4: Supply of affordable units per year

6.35 Calculating the future supply of affordable units requires estimating the annual supply of re-lets from the current social rented and intermediate stock. The following section deals with this in detail.

Net supply of social re-lets

6.36 Step 19 of the model is an estimate of likely future re-lets from the social rented stock (excluding transfers within the social rented sector). The Welsh Assembly Government Local Housing Market Assessment Guide suggests that this should be based on past trend data which can be taken as a prediction for the future. The Welsh Assembly Government Local Housing Market Assessment Guide also suggests the use of a three year average. However, in this instance we have looked at trend data for the past two years only. This is done simply to allow consistency with the newly arising need section (Stage two) where figures were all calculated on an annual basis based on trends over the past two years.

- 6.37 Table 6.9 shows the number of Council and RSL lettings in the Vale of Glamorgan over the last two years. The average number of lettings (excluding transfers but including nominations) across both Council and RSL social rented accommodation over the two-year period was 550 per annum.

Table 6.9 Analysis of past housing supply (social rented sector)			
<i>Source of supply</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>Average</i>
Local Authority			
LA lettings through slum clearance or redevelopment	0	0	0
LA lettings re-housing those on a priority basis	90	113	102
LA lettings to those on the waiting list	152	322	237
LA sub-total (excluding transfers)	242	435	339
RSL			
RSL lettings	317	172	245
<i>Minus RSL transfers</i>	34	33	34
RSL sub-total (excluding transfers)	283	139	211
Social rented total	525	574	550

Source: Welsh Assembly data unit (2006-08)

Supply of intermediate housing

- 6.38 In most local authorities the amount of intermediate housing (mostly shared ownership³) available in the stock is fairly limited (as is the case in the Vale of Glamorgan). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.
- 6.39 Therefore we include an estimate of the number of shared ownership units that become available each year. Based on applying the derived re-let rate for the social rented sector (9.1%) to the estimated intermediate stock in the Vale of Glamorgan according to the Welsh Assembly data unit (234 units). It is estimated that around 21 units of intermediate housing will become available to meet housing needs from the existing stock of such housing.

Annual future supply of affordable housing

- 6.40 This step is the sum of the previous two. The total future supply is estimated to be 571, comprised of 550 units of social re-lets and 21 units of intermediate housing. This is shown in Table 6.10.

³ This is a scheme usually operated by an RSL, where the borrower owns part of a property, and pays a mortgage on this, while the RSL owns the rest of the property, and the borrower pays the rent on this.

Table 6.10 Stage 4: Supply of affordable units (per annum)

Step	Paragraph reference	Notes	Output
19. Annual supply of social re-lets (net)	6.37		550
20. <i>Plus</i> annual supply of intermediate housing available for re-let or resale at sub-market levels	6.39		21
21. <i>Equals</i> annual supply of affordable housing	6.40	19+20	571

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Estimate of net annual housing need

- 6.41 The Welsh Assembly Government Local Housing Market Assessment Guide outlines the 22 steps that must be completed to obtain all of the information required to calculate the annual estimate of housing need. Table 6.11 presents the results for each of the 22 steps outlined by the LHMA Guide.

Table 6.11 Detailed affordable housing requirement Table for the Vale of Glamorgan			
Stage and step in calculation	Paragraph reference	Notes	Output
STAGE 1: CURRENT NEED (Gross)			
1. Existing households in need of accommodation	6.9		2,129
2. <i>Plus</i> current non-households in need of affordable housing	6.15		41
3. <i>Minus</i> cases where they can afford to meet their need in the market	6.10		654
4. <i>Equals</i> total current housing need (gross)	6.16	1+2-3	1,516
STAGE 2: AVAILABLE STOCK TO OFFSET NEED			
5. Current occupiers of affordable housing in need	6.18		494
6. <i>Plus</i> surplus stock	6.19		0
7. <i>Plus</i> committed supply of new affordable units	6.21		139
8. <i>Minus</i> planned units to be taken out of management	6.22		273
9. <i>Equals</i> total stock available to meet current need	6.23	5+6+7-8	360
10. <i>Equals</i> total Current need	6.24	4-9	1,156
11. <i>Times</i> annual quota for the reduction of current need	6.24		20%
12. <i>Equals</i> annual requirement of units to reduce current need	6.24	10×11	231
STAGE 3: NEWLY ARISING NEED			
13. New household formation (gross per year)	6.28		1,108
14. <i>Times</i> proportion of new households unable to buy or rent in the market	6.28		44.6%
15. <i>Plus</i> existing households falling into need and unable to afford market housing	6.32		846
16. <i>Minus</i> potential out-migrants unable to afford market housing	6.33		85
17. <i>Plus</i> in-migrants unable to afford market housing	-	(included in steps 13-15)	-
18. <i>Equals</i> total newly arising housing need (gross per year)	6.34	(13×14)+15-16	1,255
STAGE 4: SUPPLY OF AFFORDABLE UNITS per year			
19. Annual supply of social re-lets (net)	6.37		550
20. <i>Plus</i> annual supply of intermediate housing available for re-let or resale at sub-market levels	6.39		21
21. <i>Equals</i> annual supply of affordable housing	6.40	19+20	571
NET SHORTFALL OF AFFORDABLE UNITS			
22. Overall shortfall (per annum)		12+18-21	915

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research; various secondary sources

6.42 The figure for newly arising need (step 18) is 1,255 and the estimated future supply to meet this need is 571 units per year. In addition the current need assessment suggests a (net) need for 231 units per year (step 12). This therefore leaves an annual requirement of 915 units per year in the Vale of Glamorgan (1,255-571+231=915).

Types of households in need

- 6.43 Table 6.12 gives a breakdown of gross annual households in need, by household type. Overall the gross annual need is calculated by adding the newly arising need of 1,255 (step 18) with the annualised gross current need of 303 (step 4 value of 1,516 divided by 5). The gross annual need for the Vale of Glamorgan is therefore 1,558, which represents 2.9% of households in the County. The table shows that 11.8% of lone parent households are in housing need compared to 0.7% of households with two or more pensioners.

Table 6.12 Annual need requirement by household type					
Household type	Need requirement				
	No. of h'holds in need (gross)	Not in need	Total Number of h'holds	% of h'hold type in need	As a % of those in need
Single pensioners	107	8,716	8,823	1.2%	6.8%
2 or more pensioners	43	6,468	6,511	0.7%	2.8%
Single non-pensioners	344	6,459	6,803	5.1%	22.1%
2 or more adults – no children	244	15,325	15,569	1.6%	15.7%
Lone parent	554	4,137	4,691	11.8%	35.5%
2+ adults 1 child	144	6,060	6,204	2.3%	9.2%
2+ adults 2+ children	123	5,327	5,450	2.3%	7.9%
Total	1,558	52,492	54,050	2.9%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Location of affordable accommodation required

- 6.44 Table 6.13 shows the distribution of housing need in different parts of the County and the location of the likely supply of affordable housing to meet this need to derive a net need in each sub-area. The gross supply is calculated by adding the future supply of 571 (step 21) with the annualised current stock available of 72 (step 9 value of 360 divided by 5). The gross annual supply in the Vale of Glamorgan is therefore 643. The table shows that the largest shortfall of affordable housing is in Barry, followed by Coastal and Penarth.
- 6.45 The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply in a location by the derived need in the location. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need. The shortage relative to supply is greatest in Rural followed by Coastal.

Table 6.13 Geographical distribution of affordable housing requirements

Sub-area	Need requirement				
	Need	Supply	Total	% of net shortfall	Supply as % of need
Barry	1,018	466	552	59.9%	45.8%
Penarth	263	109	153	16.6%	41.6%
Rural	45	10	35	3.8%	22.3%
East Vale	-3	4	-7	0.0%	-
Coastal	236	54	182	19.7%	22.9%
Total	1,558	643	915	100.0%	41.3%

Source: Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010); various secondary sources

Type of affordable accommodation required

- 6.46 The type of affordable products available to meet this housing need can be grouped into two broad categories – social rented housing and intermediate products. Intermediate housing can include any product that fits in with the Technical Advice Note 2 Planning and Affordable Housing definition for intermediate housing and can therefore include shared ownership, shared equity and HomeBuy. Households in need were tested for their ability to afford intermediate housing priced at the ‘usefully affordable’ point. Households were deemed able to afford intermediate housing where the intermediate housing cost was less than a quarter of their gross household income. Any household that is unable to afford intermediate housing is assumed to require social rented accommodation.
- 6.47 Account was also taken of the likely supply of these products and a net requirement for each product type was calculated. This information is presented in Table 6.14. As there is no information on the tenure of the committed supply of new affordable units (step 7) it is presumed that they are all social rented homes. Therefore the only supply of intermediate dwellings is the 21 per year recorded in step 20.

Table 6.14 Social rented and intermediate housing requirements in the Vale of Glamorgan county

	Intermediate	Social rented	Total
Total gross annual need	190	1,368	1,558
Total gross annual supply	21	622	643
Net annual need	169	746	915
% of net shortfall	18.5%	81.5%	100.0%

Source: Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010); various secondary sources

- 6.48 The table shows that some 190 (12.2%) of households in housing need are able to afford intermediate housing in the County. However, the vast majority of affordable supply comes from the social rented sector (96.7%) meaning that it is more likely that a household requiring a social rented property will have their needs met. The table suggests that of the total additional affordable housing to be provided in the Vale of Glamorgan to meet housing need, almost a fifth should be intermediate products. However, this finding is dependent on intermediate products being available at the ‘usefully affordable point’.
- 6.49 It is worth noting that 163 households in gross housing need would be able to afford the HomeBuy units proposed for Barry Waterfront at 70% ownership share described in paragraph 4.20 (based on the cost during the first five years when no interest payment is required on the outstanding equity).

Changes since 2007

- 6.50 The annual requirement of 915 affordable units per year in the Vale of Glamorgan represents an increase from the equivalent figure of 652 calculated in the 2007 Local Housing Market Assessment. This increase is principally because overall affordability levels in the County have worsened slightly, although the supply from the current stock has also reduced.

7. Improving market balance over the longer term

Summary

- i) The WAG demographic projections suggest that there will be a notable aging of the resident population over the next 20 years with a significant increase in the number of people aged 65 or over and the proportion of people aged 85 and over expected to double. In addition there are projected to be large increases in the number of single person and lone parent family households.
- ii) In terms of the accommodation required to work toward market balance over the long term (20 years), our model which is based on secondary data in combination with the household survey data and considers a range of factors including the adequacy of current housing, suggests that:
 - Around 55% of the requirement for new housing is for market accommodation
 - Over 70% of new market housing should have three or four bedrooms
 - The majority of new intermediate housing should have one, two or three bedrooms
 - Around 70% of new social rented accommodation should have one and two bedrooms, and 30% should have three and four bedrooms
- iii) If the cost of home ownership and private rented accommodation were to increase at a greater rate than households' financial profile over the next 20 years, there would be a greater requirement for affordable housing. Assessing the nature of accommodation required to reach market balance within ten years also shows a greater relative requirement for affordable housing.

Introduction

- 7.1 The original LHMA report contained a Balancing Housing Markets (BHM) analysis that identified the amount and type of additional accommodation required across the market to meet future demand over the short term. This update report does not replicate this analysis but instead considers what accommodation is required to work toward market balance as a long term goal.

7.2 This approach is appropriate for two reasons. Firstly, the information on moving intentions in the original household survey dataset for the urban area is now three years old and demand patterns may have changed as a consequence of the market downturn. Secondly, the use of a long-term timescale corresponds better with the time frame used by planners – there is a lag in the planning system, which means that it is not possible to respond immediately to imbalances between the nature of accommodation required and the stock currently available. It is therefore appropriate to consider the intervention required to the housing stock over the long-term to enable future action to be planned effectively.

7.3 Although there is not a housing market model in the LHMA Guide, the revised Planning Policy Wales (PPW) July 2010 has moved the requirements of housing analysis away from only the affordable sector toward a more holistic approach assessing the entire market. Furthermore paragraph 7.1 of TAN2 states:

‘It is vital that local authorities understand their whole housing system so that they can develop sound and robust approaches when preparing development plans and local housing strategies. Local housing market assessments need to cover the whole housing market by considering the requirement for both market and affordable housing.’

7.4 This chapter describes a model that uses secondary data in combination with the household survey dataset to compare the current housing stock against the stock of housing required in the future. The purpose of this model is to identify the new accommodation required to adequately house the future population in the County and ensure that the housing market is balanced.

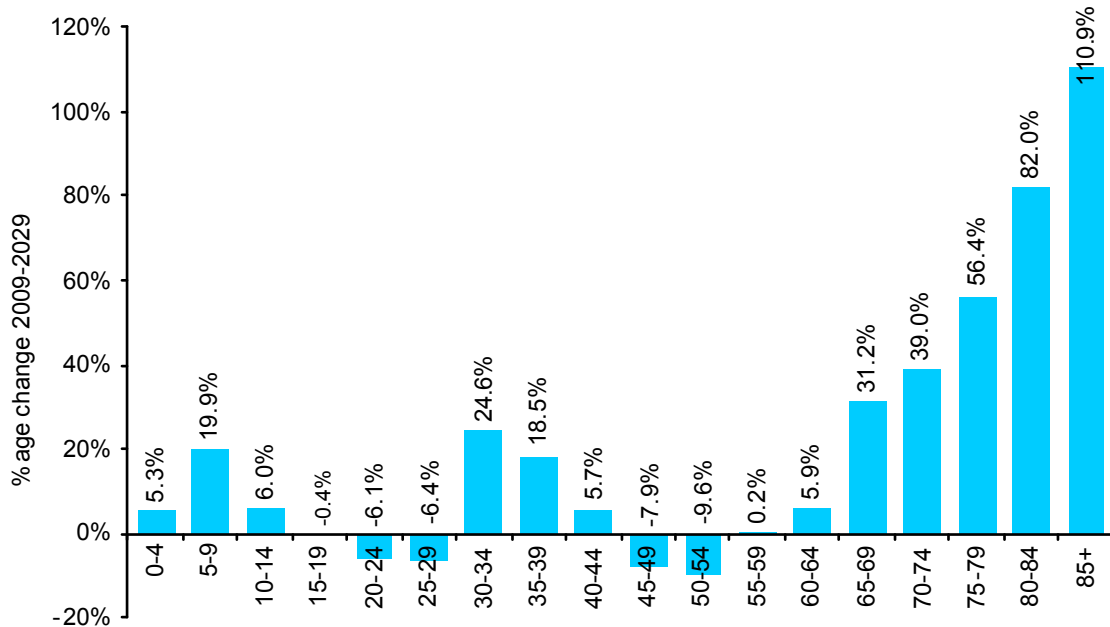
7.5 This chapter initially presents the Welsh Assembly Government’s 2008-based population projections for the Vale of Glamorgan and describes the predicted changes in both the population size and composition. The chapter then introduces a model which identifies the adjustment required to provide a sufficient range of accommodation to adequately house each household type and balance the housing stock, culminating in suggested profiles for new housing in terms of tenure and dwelling size.

Demographic projections

7.6 The most recently published population projections available at a local level are the 2008-based data from the Welsh Assembly Government. These projections indicate that the population within the Vale of Glamorgan is projected to increase by 13.4% between 2010 and 2030 (an increase of 16,841 people).

- 7.7 The projections allow for data to be broken down by five year age cohort. Figure 7.1 shows the projected change within each age cohort between 2010 and 2030. The population projection data indicates that there will be reductions in certain age groups (including the 45-54 age range). This population age group is typically more likely to be economically active and in addition may be the more affluent section of the population.
- 7.8 The data also indicates a significant increase in the number of people aged 65 or over within the Vale of Glamorgan over the 20 year period – with the proportion of people aged 85 and over expected to double.

Figure 7.1 Forecast population change by age group in the Vale of Glamorgan, 2010 – 2030



Source: The Welsh Assembly Government 2008-based population projections

- 7.9 The Welsh Assembly Government household projections suggest that the number of households is set to increase at a faster rate to the population, therefore it is anticipated that the average household size will decrease from 2.33 to 2.15 persons over the next 20 years.

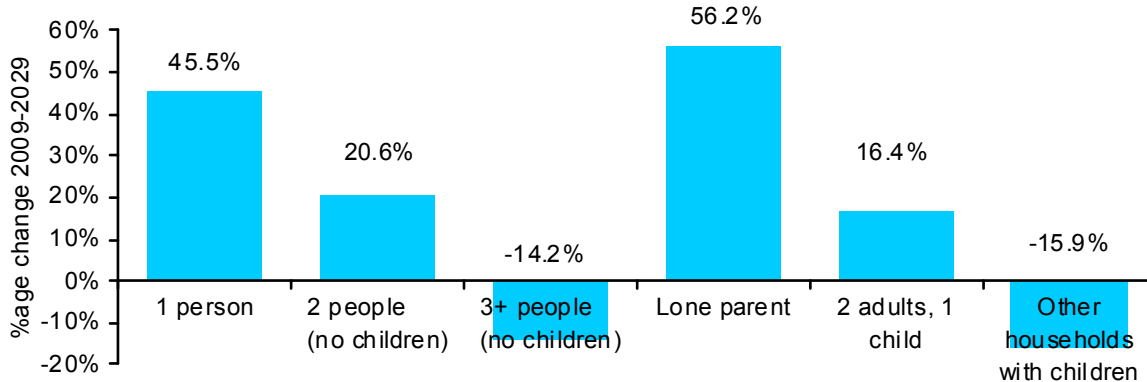
Table 7.1 Change in population, households and household size, 2010 to 2030

	2010	2030	% change
Population	125,809	142,650	+13.4%
Households	54,050	66,360	+22.8%
Average household size	2.33	2.15	

Source: The Welsh Assembly Government 2006-based household and population projections

7.10 The household projections suggest that the structure of households may change over time. Whilst the table above suggests that the overall number of households is expected to increase by 22.8%, Figure 7.2 shows that this increase is not uniform across different household groups. The number of (non-lone parent) households with more than one child is expected to decrease by 15.9%, whilst the number of lone parent households is expected to increase by over half. The number of single person households is also expected to increase by some 45.5%.

Figure 7.2 Summary change in household structure, 2010 – 2030



Source: The Welsh Assembly Government 2006-based household projections

7.11 These population and household projections have been applied to the household survey dataset to provide an estimated household profile for 20 years time. Before the accommodation requirements of the future population are calculated it is important to describe the approach used to create an accommodation profile adequate for each of these household types.

Adequacy of the housing stock

7.12 For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of the Vale of Glamorgan. This is determined through response to the household survey.

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

7.14 Some further adjustments are also made to remove over the long-term any undesirable elements of market imbalance that exist currently:

- Households that are overcrowded are assumed to require a property large enough for overcrowding not to take place
- Households in social rented accommodation that can afford market or intermediate accommodation are assumed to require this to ensure that the stock is being most appropriately and efficiently used
- Households resident in the private rented sector on Housing Benefit⁴ are assumed to move into the form of affordable accommodation that they can afford (intermediate or social rented) as this is the tenure they would be more appropriately housed in. The private rented sector on Housing Benefit is not an adequate long-term equivalent to affordable housing – analysis of survey data shows there is not the same security of tenure or quality of housing within the private rented Housing Benefit stock as within the social rented sector.
- Households resident in the private rented sector without Housing Benefit who identified that the cost of their current housing was a severe problem are assigned to a tenure that they can afford according to the Welsh Assembly Government Local Housing Market Assessment Guide affordability test

7.15 Table 7.2 shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that some 8.5% of households are classified as inadequately housed currently. Lone parents are the household group least likely to reside in adequate accommodation, whilst households containing two or more pensioners are least likely to be inadequately housed.

<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Single pensioners	552	8,823	6.3%
2 or more pensioners	238	6,511	3.6%
Single non-pensioners	583	6,803	8.6%
2 or more adults – no children	823	15,569	5.3%
Lone parent	1,550	4,691	33.1%
2+ adults, 1 child	384	6,204	6.2%
2+ adults, 2+ children	479	5,450	8.8%
Total	4,609	54,050	8.5%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

⁴ Housing Benefit has now become Local Housing Allowance.

Tenure of housing required

- 7.16 Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of suitable accommodation for each household type is applied to the household population in 20 years time. The model therefore assumes that the pattern of accommodation required by each household type remains constant.
- 7.17 Table 7.3 shows the ideal tenure profile in the Vale of Glamorgan in 20 years time (if all households are to be adequately housed). The data shows that in 2030 the housing market should comprise 82.6% of market dwellings, 1.7% intermediate and 15.7% social rented.

Table 7.3 Ideal tenure profile in 2030		
Tenure	Number of households	Percentage of households
Market	54,827	82.6%
Intermediate	1,125	1.7%
Social rented	10,408	15.7%
Total	66,360	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 7.18 Table 7.4 shows the tenure profile required by households resident in the County in 20 years time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 12,310 additional homes are required in the County over the next 20 years. The table also indicates that about 55.8% of new dwellings should be market properties with 8.0% intermediate housing and 36.2% social rented accommodation. This makes intermediate housing 18.1% of the total affordable housing.

Table 7.4 Tenure of new accommodation required in the Vale of Glamorgan over the next 20 years				
Tenure	Current tenure profile	Tenure profile 2030	Change required	% of change required
Market	47,955	54,827	+6,871	55.8%
Intermediate	140	1,125	+986	8.0%
Social rented	5,955	10,408	+4,453	36.2%
Total	54,050	66,360	+12,310	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 7.19 This profile of new accommodation can theoretically be achieved in the County over the next 20 years and it is recommended that this is what the Council should pursue in order to provide a more balanced housing stock. The model is able to also provide detail on the size of new dwellings required within each of these three tenures.

Size of housing required within each tenure

7.20 Table 7.5 presents the size of market accommodation required by households resident in the County in 20 years time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 55.0% of new market dwellings should be three bedroom properties, with 28.6% containing two bedrooms and 16.4% four or more bedrooms. There is no requirement for any further one bedroom market accommodation.

Table 7.5 Size of new market accommodation required in the Vale of Glamorgan over the next 20 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2030</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,787	1,645	-142	0.0%
Two bedrooms	11,191	13,197	+2,006	28.6%
Three bedrooms	21,331	25,185	+3,854	55.0%
Four or more bedrooms	13,646	14,799	+1,153	16.4%
Total	47,955	54,827	+6,871	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

7.21 This analysis can be repeated for intermediate housing and is presented in Table 7.6. The data indicates that of the 986 additional intermediate dwellings required within the County, over half should be three bedroom properties with a quarter one bedroom accommodation and a fifth two bedroom. This analysis of intermediate housing requirements is based on a small sample and should therefore be viewed with caution.

Table 7.6 Size of new intermediate accommodation required in the Vale of Glamorgan over the next 20 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2030</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	14	258	+244	24.7%
Two bedrooms	29	231	+201	20.4%
Three bedrooms	93	597	+504	51.1%
Four or more bedrooms	3	40	+37	3.7%
Total	140	1,125	+986	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

7.22 Table 7.7 shows the equivalent results for the social rented sector. The table shows that of the 4,453 additional social rented units required within the County over the next 20 years, 50.7% should be two bedroom properties, 23.7% three bedroom accommodation, 21.4% one bedroom dwellings and 4.2% properties with four or more bedrooms. The relatively large requirement for one bedroom social rented accommodation reflects the large projected growth in single pensioner households within the tenure. If future occupation patterns require that these households have an additional bedroom for a potential carer then the one bedroom requirement would become a two bedroom requirement.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2030</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,743	2,697	+954	21.4%
Two bedrooms	1,695	3,951	+2,256	50.7%
Three bedrooms	2,386	3,444	+1,057	23.7%
Four or more bedrooms	131	316	+185	4.2%
Total	5,955	10,408	+4,453	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Sub-area results

7.23 To replicate the geographical detail presented in the original LHMA report, this analysis has been disaggregated for the same sub-areas – Barry, Penarth, Rural, East Vale and Coastal. The results for each sub-area are presented in Appendix A1.

Scenario: Potential impact of change in the affordability of market housing

7.24 The model assumes that market prices relative to the financial profile of the household population will be the same in 20 years as they are currently (although an adjustment for current unaffordability has been made when addressing adequacy). It is possible to examine the nature of housing required in the future were relative market prices to change. To test this, it is assumed that in 20 years time entry-level prices and entry-level rents will increase by 20% more than household income and savings. The model can then identify the tenure of accommodation required to adequately house the population in 20 years time under these altered affordability conditions.

7.25 Table 7.8 shows the outputs produced within this scenario. The data indicates that, if prices and rents were to increase by 20% more than household income and savings, then over the next 20 years some 34.8% of new accommodation in the County should be market, 45.6% social rented and 19.6% intermediate. It is clear that assuming that price and rents will increase, results in an increased requirement for affordable housing, particularly intermediate, and a reduced requirement for market housing.

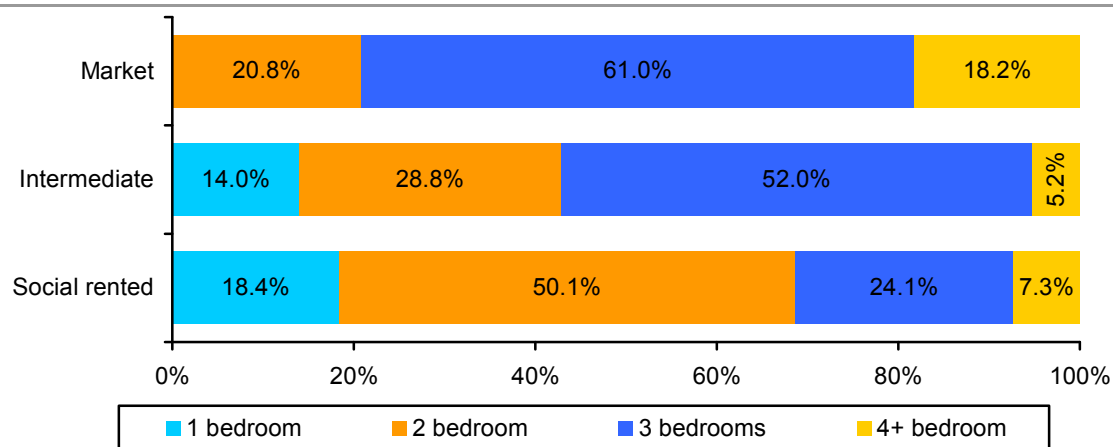
Table 7.8 Tenure of new accommodation required in the Vale of Glamorgan over the next 20 years (based on altered affordability conditions)

Tenure	Current tenure profile	Tenure profile 2030	Change required	% of change required
Market	47,955	52,243	+4,288	34.8%
Intermediate	140	2,550	+2,410	19.6%
Social rented	5,955	11,567	+5,612	45.6%
Total	54,050	66,360	+12,310	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

7.26 The impact on the size of new dwellings required within each tenure is presented in Figure 7.3. The figure shows that within this scenario there is a greater requirement for larger social rented accommodation.

Figure 7.3 Size of accommodation required in required in the Vale of Glamorgan over the next 20 years (based on altered affordability conditions)



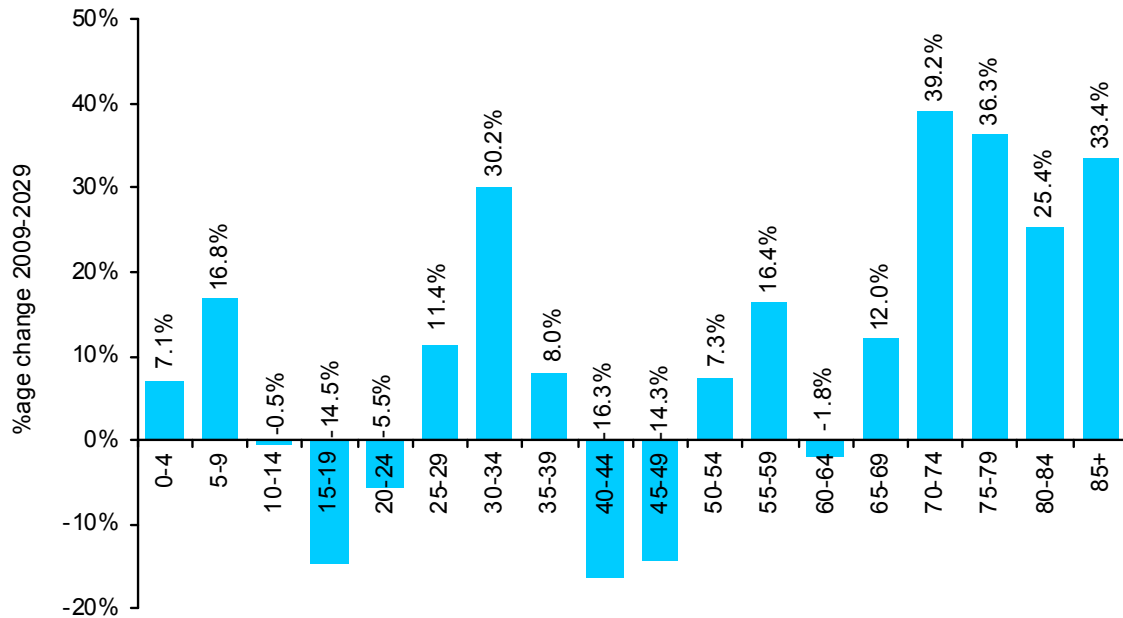
Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Housing required over the next ten years

7.27 The base model presented in this chapter considers the new accommodation required to balance the housing market to the needs of the population in the Vale of Glamorgan in 20 years time, so as to provide the most useful information for long-term planning. However, it is also possible to consider the nature of new accommodation required to balance the market in the Vale of Glamorgan over ten years. This is done by using the same approach as in the base model but by applying the Welsh Assembly Government projected population and household changes between 2010 and 2020 to the dataset to provide an estimated household profile for ten years time.

7.28 Figure 7.4 shows the projected change within each age cohort between 2010 and 2020. The data indicates that whilst there will be notable increase in the number of people aged 65 or over within the next ten years, the increase in this demographic is less pronounced than in the 20 year projection.

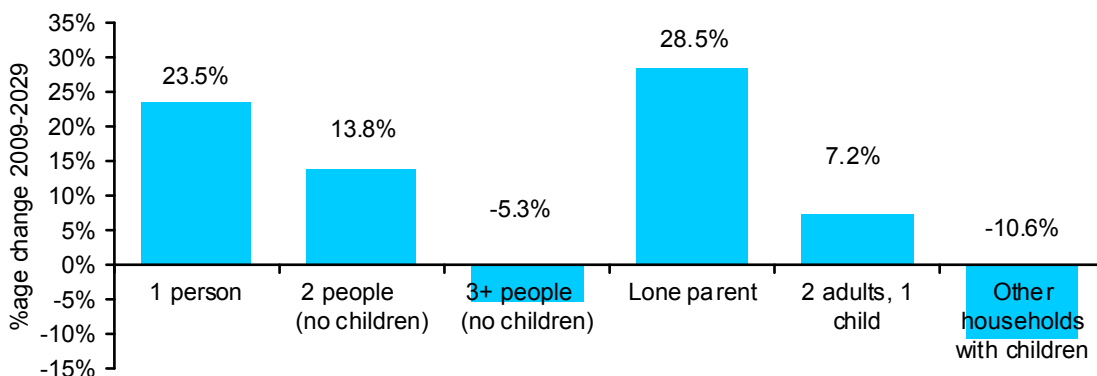
Figure 7.4 Forecast population change by age group in the Vale of Glamorgan, 2010 – 2020



Source: The Welsh Assembly Government 2008-based population projections

7.29 Overall it is projected that the household population in the Vale of Glamorgan in 2020 will be 60,810, an increase of 12.5%. Figure 7.5 shows the projected change between 2010 and 2020 for each household type. The pattern recorded is the same as that for the 20 year projection, shown in Figure 7.2, but less pronounced.

Figure 7.5 Summary change in household structure, 2010 – 2020



Source: The Welsh Assembly Government 2006-based household projections

- 7.30 Table 7.9 shows the tenure profile required by households resident in the County in ten years time (if all households are to be adequately housed) in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 6,760 additional homes are required in the County over the next ten years. The table also indicates that about 40% of new dwellings should be market properties with 13% intermediate housing and 47% social rented accommodation.

Table 7.9 Tenure of new accommodation required in the Vale of Glamorgan over the next 10 years				
Tenure	Current tenure profile	Tenure profile 2020	Change required	% of change required
Market	47,955	50,682	+2,727	40.3%
Intermediate	140	999	+859	12.7%
Social rented	5,955	9,129	+3,174	46.9%
Total	54,050	60,810	+6,760	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 7.31 Table 7.10 presents the size of market accommodation required by households resident in the County in ten years time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that 60.9% of new market dwellings should be three bedroom properties, with 13.2% containing two bedrooms and 26.0% four or more bedrooms. There is no requirement for any further one bedroom market accommodation.

Table 7.10 Size of new market accommodation required in the Vale of Glamorgan over the next 10 years				
Dwelling size	Current size profile	Size profile 2020	Change required	% of change required
One bedroom	1,787	1,454	-333	0.0%
Two bedrooms	11,191	11,594	+403	13.2%
Three bedrooms	21,331	23,193	+1,862	60.9%
Four or more bedrooms	13,646	14,441	+795	26.0%
Total	47,955	50,682	+2,727	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

- 7.32 This analysis can be repeated for intermediate housing and is presented in Table 7.11. The data indicates that of the 859 additional intermediate dwellings required within the County over the next ten years, over half should be three bedroom properties with almost a quarter one bedroom accommodation and almost a fifth two bedroom. This analysis of intermediate housing requirements is based on a small sample and should therefore be viewed with caution.

Table 7.11 Size of new intermediate accommodation required in the Vale of Glamorgan over the next 10 years

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2020</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	14	219	+205	23.9%
Two bedrooms	29	192	+163	18.9%
Three bedrooms	93	552	+459	53.4%
Four or more bedrooms	3	35	+32	3.8%
Total	140	999	+859	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

7.33 Table 7.12 shows the equivalent results for the social rented sector. The table shows that of the 3,174 additional social rented units required within the County over the next ten years, 56.0% should be two bedroom properties, 21.5% three bedroom accommodation, 16.5% one bedroom dwellings and 6.0% properties with four or more bedrooms.

Table 7.12 Size of new social rented accommodation required in the Vale of Glamorgan over the next 10 years

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2020</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,743	2,266	+523	16.5%
Two bedrooms	1,695	3,472	+1,778	56.0%
Three bedrooms	2,386	3,068	+682	21.5%
Four or more bedrooms	131	323	+191	6.0%
Total	5,955	9,129	+3,174	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

8. Impact of changes on policy implications

Introduction

- 8.1 The original report set out a series of suggestions about possible policy responses in light of the findings of the LHMA. In this chapter we briefly review these suggestions and comment on where these might be revised as a result of the updated findings.

Outputs from the LHMA Update

Mix of housing required: Market vs. Affordable

- 8.2 The level of housing need, evidenced by the needs assessment model in Chapter 6, of 915 affordable dwellings per annum is the crucial output of this update report as it represents the affordable housing requirement following the established methodology set out in the Welsh Assembly Government Local Housing Market Assessment Guide. The figure of 915 per annum (to reduce housing need to zero over five years) would in theory support a relatively high affordable housing target, indeed exceeding the total likely rate of newbuild in the area by some margin. This figure is higher than the equivalent figure of 652 recorded in the original report that was used to recommend a target of 45%.
- 8.3 The model presented in Chapter 7, which aims to achieve market balance and ensure adequate housing conditions over a longer time period, suggests that if market balance is to be achieved within a 20 year timescale, some 44% of all new dwellings in the County should be affordable, and the remaining 56% market (Table 7.4).
- 8.4 The requirement for affordable housing generated by the long term market balance model is lower than that produced from the Welsh Guidance model primarily because it moves toward reducing imbalances over a longer period. Both models show the need for significant changes to the overall composition of the housing stock; however the long term market balance model takes a more realistic view of how quickly it is possible to change the total housing stock using the small number of newbuild dwellings built per year.
- 8.5 On balance, given the outputs of both Guidance and the long term market balance model a target of 45% therefore still appears suitable as this reflects the continued high level of housing need evidenced by the Welsh Assembly Government needs assessment model but also the ongoing requirement to address market imbalance.

Mix of housing required: Social rented vs. Intermediate

- 8.6 Within the affordable sector, the analysis in Chapter 6 suggests that around 20% of all affordable housing could be intermediate. The long-term market balance model presented in Chapter 7 (Table 7.4) also indicates that around 20% of affordable housing should be intermediate over the next 20 years.
- 8.7 It is therefore recommended that a fifth of new affordable housing in the County be intermediate. However, this target is dependent on intermediate housing being priced at the usefully affordable point: if this is not possible then social rented housing would need to be provided instead.

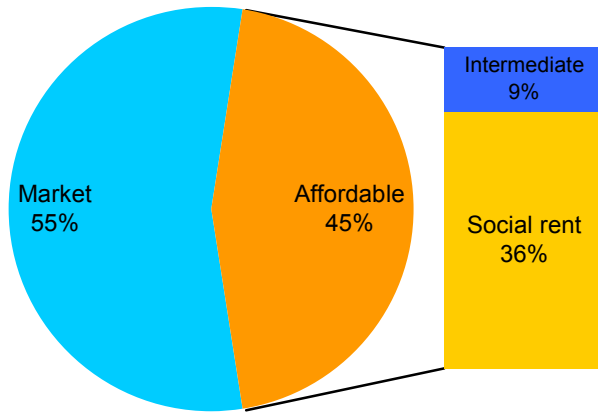
Affordable housing size mix

- 8.8 The long-term market balance model presented in Chapter 7 suggested that a range of sizes of social rented accommodation are required over the next 20 years, particularly two bedroom dwellings (Table 7.7). The model suggested that within the intermediate sector, the main requirement would be for three bedroom dwellings.
- 8.9 Using the long term market balance model to determine the sizes of affordable housing required is logical since the housing built will last for many years, and will have to meet future as well as immediate needs. Considering the evidence presented in Table 7.7, therefore, in the social rented sector the Council may wish to pursue a split of 70% smaller (one and two bedroom) dwellings and 30% larger (three and four bedroom) properties.

The LHMA as an 'evidence base'

- 8.10 These findings form part of the 'evidence base' for policy, but do not form policy in itself. It is a policy issue for the Council to decide what types of affordable housing to build. The Council will want to consider its priorities in the light of the evidence, but not in any way be dictated by it.
- 8.11 It is recommended that the outputs from this report should also be viewed alongside the latest information on the viability of housing development when determining policy. This is particularly important considering the relatively high level of need for affordable housing found in the Vale of Glamorgan by this study, and the difficulties for delivery likely to be generated by the economic downturn.

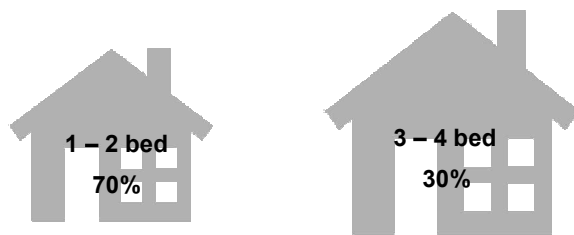
Figure 8.1 Summary of outputs from the LHMA



Mix of housing required

New housing should be 45% affordable and 55% market.

Within the affordable sector, about 80% of the need is for social rented, and the remaining 20% for intermediate housing, if the latter is priced at the usefully affordable point.



Affordable housing size mix

The Council may wish to pursue a split of 70% smaller (1 & 2 bedroom) dwellings and 30% larger (3 & 4 bedroom) properties

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Glossary

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on standard lending multipliers (3.5 times income). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

Affordable housing

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (or income generated from the full sale of a shared ownership property recycled to provide replacement affordable housing).

Annual need

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

Average

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

Bedroom standard

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

Concealed household

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

Current need

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

Disaggregation

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the County.

Financial capacity

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

Forecast

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

Grossing-up

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

Headship rates

Measures the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

Household

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

Household formation

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

Household living within another household

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

Households sharing

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

Housing market area

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

Housing need

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

Housing register

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

Housing size

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

Housing type

Refers to the type of dwelling, for example, flat, house, specialist accommodation.

Income

Income means gross household income unless otherwise qualified

Intermediate housing

TAN2 defines intermediate housing as '*housing at prices and rents above those of social rent but below market prices or rents. This can include equity sharing schemes (for example HomeBuy)*' [but not low cost market housing].

Lending multiplier

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a single-income household and 2.9 times total income for dual-income households.

LHMA (Local Housing Market Assessment)

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

Lower quartile

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

Mean

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

Median

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

Migration

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

Net need

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

Newly arising need

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

Non-self-contained accommodation

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

Overcrowding

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

Primary data

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

Potential households

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

Projection

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

Random sample

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

Re-lets

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

Rounding error

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

Sample survey

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

Sampling frame

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

Secondary data

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

Shared equity schemes

Provide housing that is available part to buy (usually at market value). There is the option for the other part to be rented.

Social rented housing

TAN2 defines social rented housing as housing *'provided by local authorities and registered social landlords where rent levels have regard to the Assembly Government's guideline rents and benchmark rents.'*

Stratified sample

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

Specialised housing

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

Support needs

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

Under-occupation

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

Unsuitably housed households

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

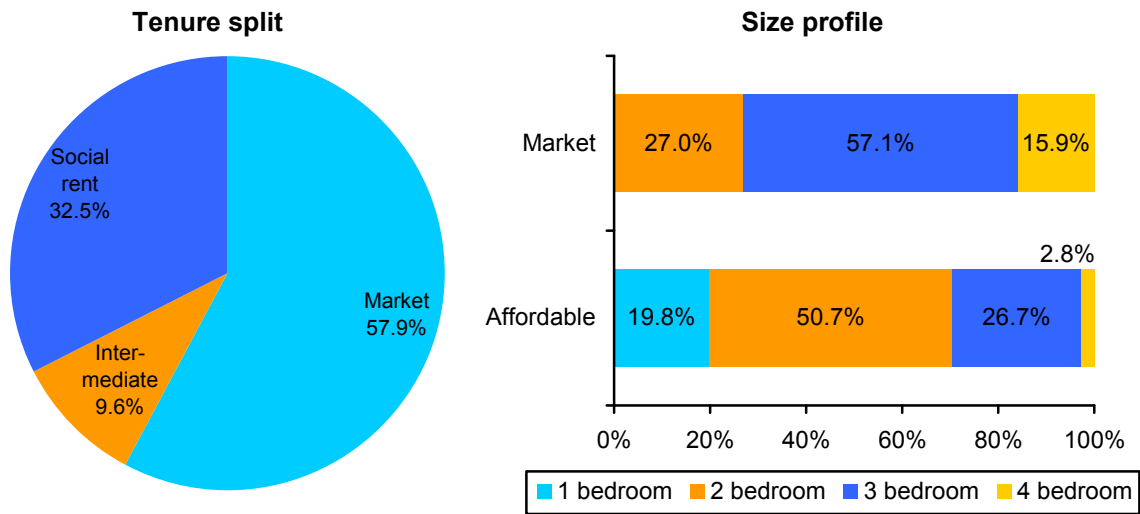
Appendix A1 Long-term market balance – sub-area results

Introduction

- A1.1 This appendix presents the results of the long-term market balance model for the five sub-areas in the Vale of Glamorgan. The figures shown are for the base 20-year model as this is the most useful for long-term planning and produces the most viable results. The sample of intermediate housing is too small to present the size requirements or this tenure separately within each sub-area. These results are combined with equivalent results for the social rented housing to show the size requirements for affordable housing as a whole. These results are presented in Figures A1.1 to A1.5 below.

A1.2 Figure A1.1 shows the results for the Barry sub-area. The results indicate that in the Barry sub-area, some 57.9% of new housing should be market accommodation, with 32.5% social rented and 9.6% intermediate. Within the affordable sector 50.7% of the requirement is for two bedroom homes, 26.7% for three bedroom accommodation, 19.8% for one bedroom dwellings and 2.8% for four bedroom properties. In the market sector the requirement is principally for three bedroom homes along with some two and four bedroom properties. There is no requirement for one bedroom market housing in Barry.

Figure A1.1 Profile of accommodation required in the Barry sub-area

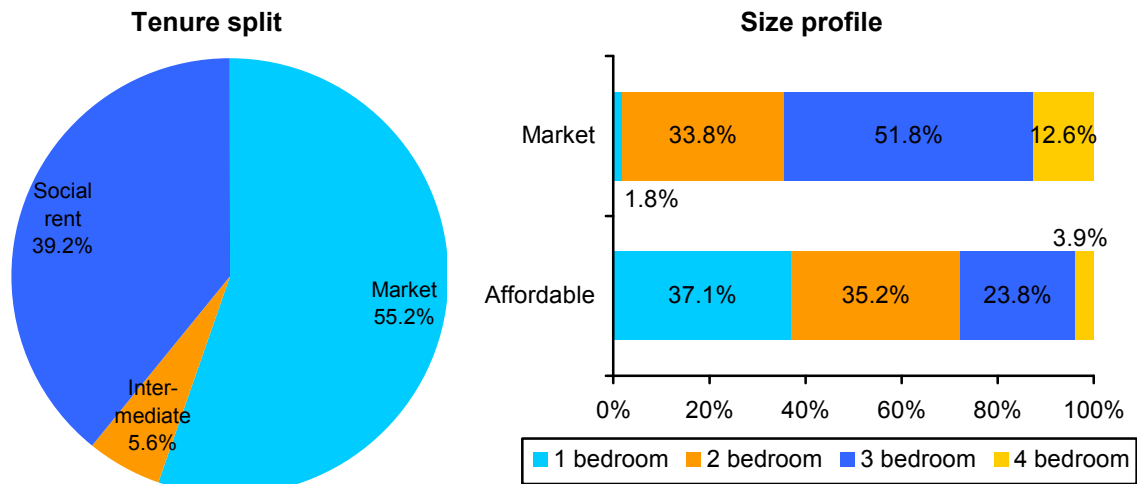


<i>New housing required over 20 years</i>		<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>4 bed</i>	Total
Market	2,271	-244	679	1,437	399	2,271
Intermediate	453	488	1,250	660	69	2,468
Social rent	2,015					
Total	4,738	244	1,930	2,096	468	4,738

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A1.3 Figure A1.2 records the results for the Penarth sub-area. The results indicate that in the Penarth sub-area, 55.2% of new housing should be market accommodation, with 39.2% social rented and 5.6% intermediate. Within the market sector the majority of the requirement is for three and two bedroom homes. In the affordable sector 37.1% of new dwellings should contain one bedroom, 35.2% two bedrooms, 23.8% three bedrooms and 3.9% four bedrooms.

Figure A1.2 Profile of accommodation required in the Penarth sub-area

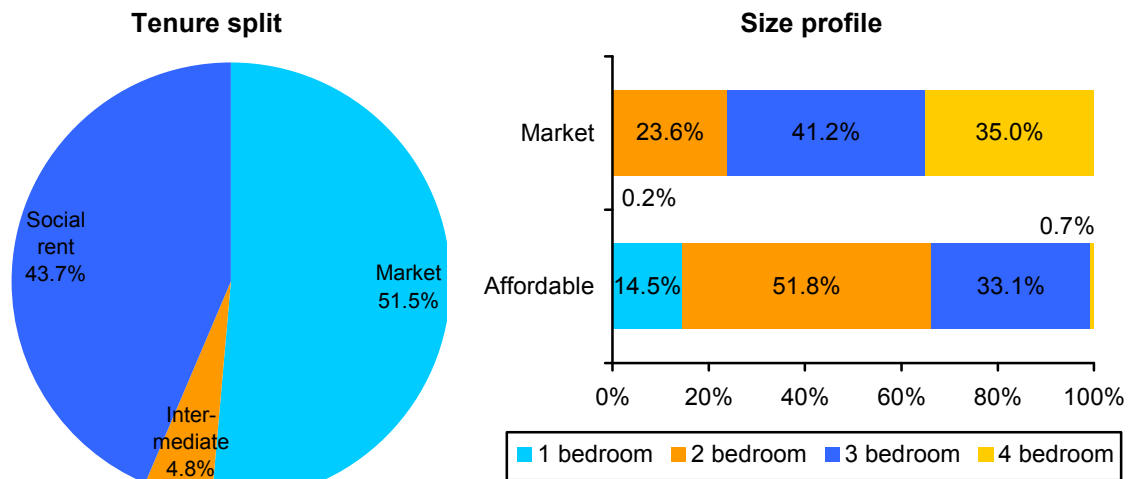


<i>New housing required over 20 years</i>	<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>4 bed</i>	Total	
Market	2,601	47	879	1,346	328	2,601
Intermediate	232	562	533	361	59	1,516
Social rent	1,284					
Total	4,117	609	1,413	1,708	387	4,117

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A1.4 Figure A1.3 displays the results for the Rural sub-area. The results indicate that in the Rural sub-area, 51.5% of new housing should be market, with 43.7% social rented and 4.8% intermediate. Within the market sector over 75% of the requirement is for three and four bedroom homes, with almost a quarter for two bedroom accommodation. In the affordable sector the requirement is principally for two and three bedroom units, with a notable number of one bedroom homes also required.

Figure A1.3 Profile of accommodation required in the Rural sub-area

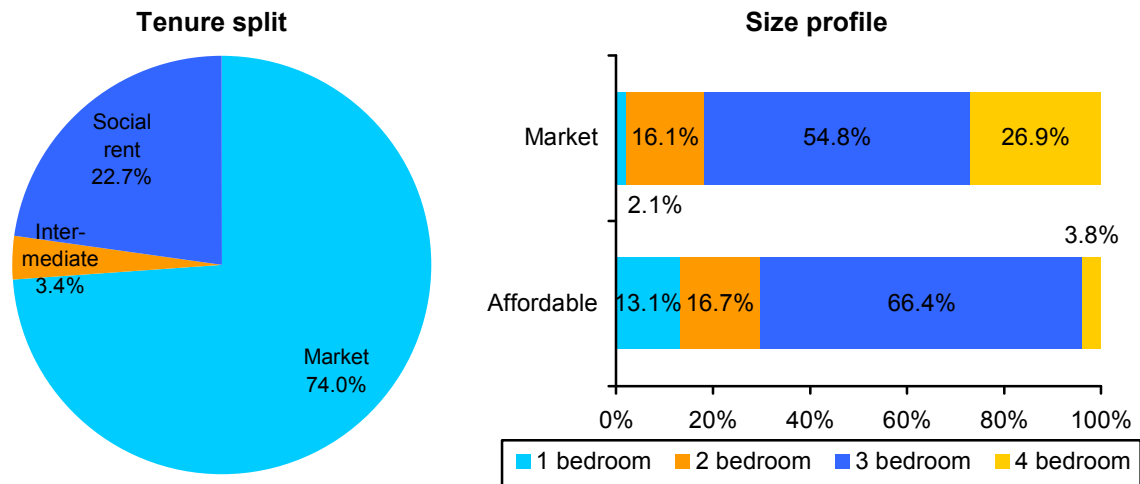


New housing required over 20 years		1 bed	2 bed	3 bed	4 bed	Total
Market	658	2	155	271	230	658
Intermediate	56	73	262	168	3	507
Social rent	451					
Total	1,165	75	418	439	234	1,165

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A1.5 Figure A1.4 presents the results for the East Vale sub-area. The results indicate that in the East Vale sub-area, almost three-quarters of new housing should be market accommodation, with 22.7% social rented and 3.4% intermediate. Within the market sector 54.8% of the requirement is for three bedroom homes, 26.9% for four bedroom accommodation, 16.1% for two bedroom dwellings and 2.1% for one bedroom properties. Almost two-thirds of the requirement in the affordable sector the requirement is for three bedroom units.

Figure A1.4 Profile of accommodation required in the East Vale sub-area

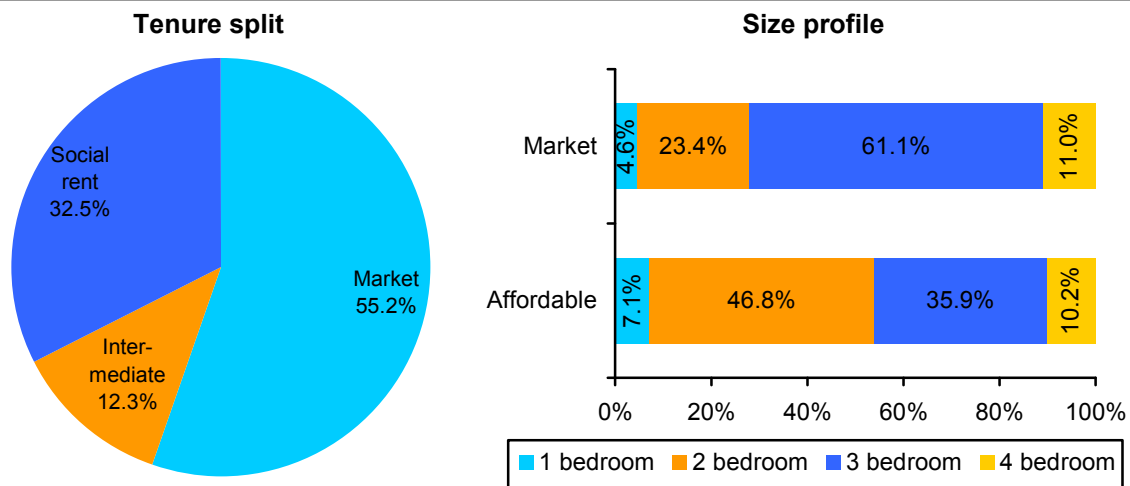


<i>New housing required over 20 years</i>		<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>4 bed</i>	Total
Market	306	7	49	168	82	306
Intermediate	14	14	18	71	4	108
Social rent	94					
Total	413	21	67	239	86	413

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A1.6 Figure A1.5 shows the results for the Coastal sub-area. The results indicate that in the Coastal sub-area, over half of new housing should be market accommodation, with 32.5% social rented and 12.3% intermediate. Within the affordable sector the vast majority of the requirement is for two and three bedroom. In the market sector the requirement is principally for three bedroom homes along with some two bedroom properties with a relatively small number of one and four bedroom units required.

Figure A1.5 Profile of accommodation required in the Coastal sub-area



<i>New housing required over 20 years</i>		<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>4 bed</i>	Total
Market	1,036	47	242	632	114	1,036
Intermediate	231	59	394	301	86	840
Social rent	609					
Total	1,876	106	636	934	200	1,876

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A1.7 It should be noted that the Coastal sub-area contains the majority of the town of St. Athan, which is the proposed location for a large new Ministry of Defence training site. The results presented in Figure A1.5 do not take into account the impact of this proposed new development, however the potential affect on the area is discussed in Appendix A2.

Appendix A2 St Athan housing impact assessment

Introduction

- A2.1 The town of St. Athan is the proposed location for a large new Ministry of Defence training site. It is envisaged that the Defence Technical College and Aerospace Business Park will create over 6,000 jobs and generate around £300 million of Total Gross Value Added to the travel to work economy. This appendix considers the impact of this development on the town of St Athan and the surrounding areas.
- A2.2 Whilst the development of this site will affect on the whole of the Vale of Glamorgan (and much of neighbouring South Wales) the greatest impact will be on the town of St Athan and also the neighbouring areas. It is therefore useful to profile the current situation in St Athan and also the five neighbouring communities of Llanccarfan, Llanfair, Llanmaes, Llantwit Major and Rhoose. This appendix presents this information as a context before discussing the scale of the proposed development and the potential impact on the local housing market.

St Athan and the surrounding area

- A2.3 The Rural Housing Survey undertaken to inform both this report and the associated Rural Housing Needs Survey obtained a lot of data on the town of St Athan and the five neighbouring communities. The nature of these areas in comparison to the Vale of Glamorgan as a whole is considered in this section. Overall the survey suggests that there are 1,494 households resident in St Athan and a further 7,299 households living in the five neighbouring communities. These figures represent 2.8% and 13.5% of the household population in the County respectively.
- A2.4 Table A2.1 shows the household composition in St Athan and the surrounding communities in comparison to the rest of the Vale of Glamorgan. The data indicates that St Athan contains notably fewer pensioner households than average and a greater proportion of households with children, particularly lone parent households. The surrounding communities contain relatively few single non-pensioner households but households with two or more adults and no children are more prevalent than average.

Table A2.1 Household composition in St Athan and surrounding communities			
Household type	St Athan	Surrounding communities	Rest of VoG
Single pensioners	11.8%	15.2%	16.7%
2 or more pensioners	7.2%	14.7%	11.8%
Single non-pensioners	12.5%	9.4%	13.1%
2 or more adults - no children	25.6%	30.4%	28.6%
Lone parent	14.0%	7.5%	8.7%
2+ adults 1 child	16.0%	11.4%	11.3%
2+ adults 2+ children	12.9%	11.3%	9.8%
Total	100.0%	100.0%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.5 Table A2.2 shows the employment status of households in St Athan and the surrounding communities. The data indicates that St Athan contains a relatively few retired households and a larger proportion of employed, unemployed and other households than average. Overall 65.5% of households in St Athan are employed and 6.3% unemployed. The surrounding communities contain more retired households than average.

Table A2.2 Household employment status in St Athan and surrounding communities			
Employment status	St Athan	Surrounding communities	Rest of VoG
Employed*	65.5%	61.8%	60.0%
Retired**	20.3%	32.6%	30.6%
Unemployed***	6.3%	2.9%	4.2%
Other****	7.9%	2.7%	5.1%
Total	100.0%	100.0%	100.0%

*At least one employed person, **No employed people, but at least one retired person, ***No employed or retired people, but at least one unemployed person, ****No employed, retired or unemployed people. An example of this could be a household containing only students, or those with a long-term limiting illness.

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.6 Table A2.3 shows the tenure profile in St Athan and the surrounding communities in comparison to the rest of the Vale of Glamorgan. The table shows that St Athan has a very large private rented sector, a notable social rented sector, and relatively few owner-occupiers with no mortgage. The surrounding communities record a high level of home ownership and a smaller social rented sector than average.

Table A2.3 Tenure in St Athan and surrounding communities

<i>Tenure</i>	<i>St Athan</i>	<i>Surrounding communities</i>	<i>Rest of VoG</i>
Owner-occupied (no mortgage)	23.9%	38.7%	32.9%
Owner-occupied (with mortgage)	41.7%	43.7%	44.2%
Social rented	12.8%	7.4%	11.5%
Private rented	21.6%	10.2%	11.3%
Total	100.0%	100.0%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.7 Table A2.4 presents the accommodation profile in St Athan and the surrounding communities. The table shows that in comparison to the rest of the Vale of Glamorgan both St Athan and the surrounding communities contain few flats. St Athan records a high level of semi-detached and terraced houses, whilst the surrounding communities contain a large proportion of detached houses.

Table A2.4 Type of accommodation in St Athan and surrounding communities

<i>Accommodation type</i>	<i>St Athan</i>	<i>Surrounding communities</i>	<i>Rest of VoG</i>
Detached	24.4%	41.8%	24.4%
Semi-detached	39.1%	31.6%	32.2%
Terraced	32.1%	21.8%	27.0%
Flat or maisonette	4.4%	4.8%	16.4%
Total	100.0%	100.0%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.8 Table A2.5 shows the size of accommodation in St Athan and the surrounding communities in comparison to the rest of the Vale of Glamorgan. The data indicates fewer small properties and fewer large properties than average. Overall some 51.9% of properties in St Athan contain three bedrooms and 20.7% contain four or more bedrooms. The surrounding communities have a larger than average stock profile, with 31.3% of dwellings containing four or more bedrooms.

Table A2.5 Size of accommodation in St Athan and surrounding communities

<i>Accommodation size</i>	<i>St Athan</i>	<i>Surrounding communities</i>	<i>Rest of VoG</i>
One bedroom	2.9%	2.2%	7.4%
Two bedrooms	24.6%	22.2%	24.1%
Three bedrooms	51.9%	44.3%	43.8%
Four bedrooms	17.0%	24.8%	18.8%
Five or more bedrooms	3.7%	6.5%	5.9%
Total	100.0%	100.0%	100.0%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.9 Table A2.6 shows the stock turnover in St Athan and the surrounding communities. The table suggests that turnover is lower than average in both St Athan and the surrounding communities.

Table A2.6 Turnover in St Athan and surrounding communities			
<i>Turnover</i>	<i>St Athan</i>	<i>Surrounding communities</i>	<i>Rest of VoG</i>
Number of households moving in last 2 years	236	874	8,205
Total households	1,494	7,299	45,257
Turnover rate	7.9%	6.0%	9.1%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.10 Table A2.7 profiles the financial situation in the three separate areas. The data indicates that households in St Athan have relatively low levels of income and savings, whilst in the surrounding communities mean income and savings are above average.

Table A2.7 Financial profile of households in St Athan and surrounding communities			
<i>Measure</i>	<i>St Athan</i>	<i>Surrounding communities</i>	<i>Rest of VoG</i>
Mean household income	£27,719	£33,296	£31,354
Mean savings	£8,563	£33,392	£30,410
Mean equity of owner-occupiers	£118,744	£180,131	£184,127

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.11 Table A2.8 shows the level of housing need in St Athan, the surrounding communities and the rest of the Vale of Glamorgan. The table shows that 5.1% of households in St Athan are in gross need, a notably higher level than is found in the surrounding communities or elsewhere in the Vale of Glamorgan. The net need requirement in St Athan is also greater than the average for the County; the town contains 2.8% of all households in the County, but 7.1% of the net need requirement. The net need requirement in the surrounding communities is 13.2% of the County total and the area contains 13.5% of the household population for the Vale of Glamorgan.

Table A2.8 Extent of housing need in St Athan and surrounding communities			
	<i>St Athan</i>	<i>Surrounding communities</i>	<i>Rest of VoG</i>
Gross housing need	76	164	1,318
Proportion of households in gross need	5.1%	2.2%	2.9%
Net housing need	65	121	729
Proportion of net need across the County	7.1%	13.2%	79.7%
Proportion of all households across the County	2.8%	13.5%	83.7%

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

Overview of the development

- A2.12 The construction of the Defence Technical College is set to take place between 2010 and 2014. It is anticipated that this will result in a number of jobs throughout this period, peaking at 2,100 people employed in 2012. Much of this workforce is likely to be people who currently live within South Wales.
- A2.13 The Defence Technical College site when completed will employ 6,541 people. The majority of these will be housed on site, however it is anticipated that 1,580 workers will live off site. The housing requirements of some of these 1,580 workers (and their families) will be met through the construction of 483 new service families accommodation close to the Defence Technical College. These 453 new units will be supplemented by the use of 70 existing Ministry of defence homes, meaning a total of 553 homes will be available as service families accommodation off site
- A2.14 The 6,541 employees include the 2,700 students training at the Defence Technical College and living on the site at any one time. The training will last seven to eight weeks so the turnover of students will be high. Visitors to the facilities constructed as part of the development, including the museum, are likely to result in further people coming to St Athan.
- A2.15 The Aerospace Business Park is projected to employ around 800 people by 2014 rising to around 2,300 by 2028. This will expend the local labour market and put further pressure on the housing market.

Summary of the potential impact of the development

- A2.16 It is assumed that many of the people employed to construct the site will only be required for a relatively short period (less than two years) and as a consequence a large number of those that move into the area during their employment period will require private rented accommodation. St Athan currently has a large private rented sector, therefore it has an existing range of individuals who are experienced landlords and the town should be relatively well-placed to cope with this increased demand. The increased demand however is likely to cause a rise in rental costs, which would increase housing need as more households would be unable to afford the tenure. This could be alleviated by new market housing, with career landlords likely to buy much of it to let out if the demand is well established and the yield return is good. The overall impact of the construction phase will be limited by some of the people employed commuting from their current home elsewhere in the sub-region.

A2.17 In terms of speculating the impact of the proposed development on housing need in more detail, it is possible to model the potential affect. The survey suggests that over the last two years, 136 households have moved into a private rented home in St Athan and a further 350 households have moved to a private rented dwelling in the surrounding communities. An influx of some of the 2,100 people working on the construction of the site to the area, would therefore put pressure on rental levels were they to require private renting accommodation. It is possible to test the impact on housing need locally of this potential increased pressure on the private rented sector, by examining the affect of an increase in entry-level rent prices of 5%, 10% and 20%. This is presented in Table A2.9 below.

A2.18 The table indicates that a 5% increase in private rented levels would not affect housing need in St Athan but would result in one additional household being in need in the surrounding communities each year. A 10% increase in private rents would result in two further households being in need in St Athan and five more households being in need across the surrounding communities each year. Finally a 20% increase in rents would result in housing need rising by four households in St Athan and by 28 households across the surrounding communities each year. Whilst the numbers of additional households falling into need as a consequence of these rental increases may seem quite small, they are not insignificant; a 20% increase in private rents would increase annual net need in St Athan and the surrounding communities by 6.7% and 23.2% respectively.

Table A2.9 Impact on annual housing need levels of an increase in private rental costs				
Change in private rent levels	St Athan		Surrounding communities	
	Gross need	Net need	Gross need	Net need
Current situation	76	65	164	121
5% increase in rental levels	76	65	165	122
10% increase in rental levels	78	67	169	126
20% increase in rental levels	80	69	192	149

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.19 The permanent employees on the site that are not accommodated on site are likely to move to market accommodation in the area, considering the pressure on the affordable housing stock currently limits it's availability. It is assumed that the salaries would be sufficient for these households to look to purchase a home and it would be expected that this demand pressure will increase prices. The impact of an increase in prices on housing need is less significant than a change in the cost of private renting as private renting is generally the cheaper form of market housing and houses those on lower incomes. However if prices were to increase notably landlords may be tempted to sell their properties which could cause the private rented sector to become squeezed.

A2.20 Again it is possible to model the potential impact of the population growth associated with the development. The survey suggests that over the last two years, 37 households have bought a home in St Athan and a further 382 households have purchased a property in the surrounding communities. Over 1,000 new employees could be looking to purchase a new home locally as a consequence of the new development, which would put pressure on property prices. It is possible to test the impact on housing need locally be an increase in entry-level home purchase prices of 5%, 10% and 20%. This is presented in Table A2.10 below.

A2.21 The table indicates that a 5% increase in property prices would result in three additional households falling into need each year in St Athan but further increases in prices would have no additional affect. In the surrounding communities, a 5% increase in prices would result in four additional households falling into need each year, a 10% increase would cause an additional need from eight households each year and a 10% increase would cause ten households to fall into need each year.

<i>Change in prices</i>	<i>St Athan</i>		<i>Surrounding communities</i>	
	<i>Gross need</i>	<i>Net need</i>	<i>Gross need</i>	<i>Net need</i>
Current situation	76	65	164	121
5% increase in prices	79	68	168	125
10% increase in prices	79	68	172	129
20% increase in prices	79	68	174	131

Source: The Vale of Glamorgan Local Housing Market Assessment Update, Fordham Research (2010)

A2.22 Whilst increases in prices can theoretically be reduced by the construction of new market housing this is less easy to achieve as prices vary much more by size and location than they do in the private rented sector. HomeBuy and part-ownership schemes are therefore likely to be increasingly required to meet the demand from local households looking to own their home. In addition households that own their home are generally prepared to travel further to work than those that rent, so it may be expected that the increased demand for home purchase will be spread over a wider geographical area than the increased demand for private rented accommodation.

A2.23 Overall the development should be positive for the local housing market as long as new housing is constructed in the area when the market is under pressure (a rapid increase in prices or rents are recorded). Any new housing development should provide the opportunity for affordable units to be constructed to help meet the significant housing need in the local area. Furthermore the creation of jobs directly from the development as well as indirectly as a consequence of the development will reduce local unemployment, increase household incomes and reduce the level of housing need recorded in St Athan. However, if rents rise dramatically and local households are further reduced from being able to afford market housing then it is likely to result in an increase in housing need.