

Caerphilly County Borough Council



Local Housing Market Assessment

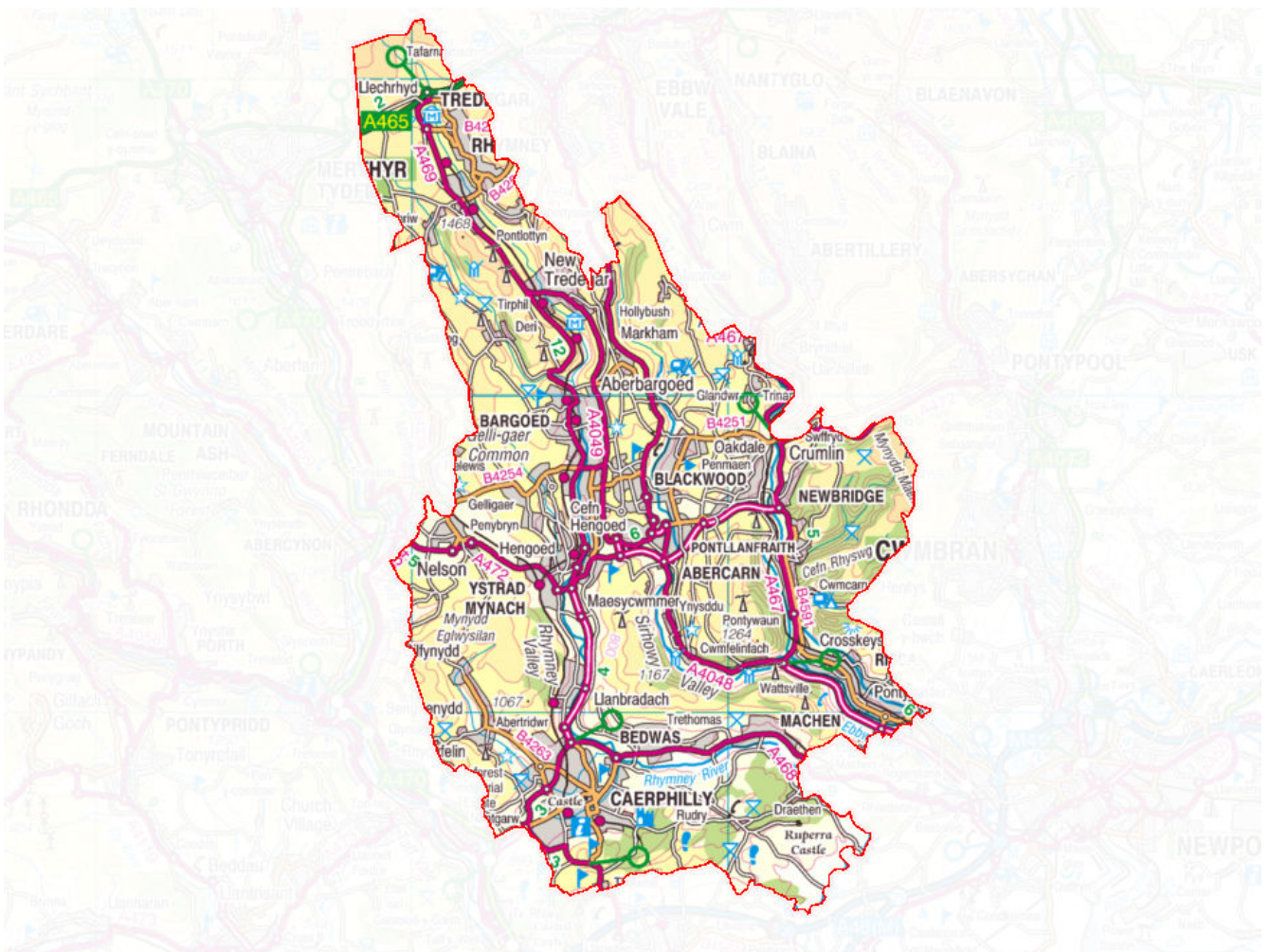


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SECTION A: INTRODUCTION

This section sets out the background and scope of the work.

1. Caerphilly County Borough and the nature of the study

Introduction

1.1 Fordham Research was commissioned in December 2006 to conduct a Local Housing Market Assessment (LHMA) for Caerphilly County Borough Council. The evidence provided is required to inform appropriate policy responses to housing need and demand.

Nature of the work

1.2 Formally put, this is the first Local Housing Market Assessment (LHMA) for Caerphilly County Borough. The term LHMA comes from the Guidance on this topic published by the Welsh Assembly Government in March 2006 (summarised in this report as the WAG Guidance). The Guidance was based on a draft of that which the London Government was developing and which has in England led to the term Strategic Housing Market Assessment (SHMA) to be used (following publication of Planning Policy Statement 3 (PPS3) in November 2006). The two forms of assessment are closely related and so the technical approach adopted here is essentially the same across England and Wales (Scotland does not have formal guidance on this topic as yet).

1.3 The LHMA Guide accepts that studies of this sort must be 'snapshots' of a system that is changing over time (para 1.14) and that its new approach arises from the key features (the following points are paraphrased from para 1.17).

- i) Involvement of stakeholders in developing the assessment (more detail in Chapter 3)
- ii) Recognition of the integrated nature of the local housing market across different tenures
- iii) Recognition that housing market boundaries do not follow administrative ones, implying possibility of working in partnership
- iv) Promotion of a higher standard of quality control by local authorities and their partners (this is a welcome emphasis, in the context of the history of this field, and it is hoped that this report will in its entirety be judged to have met this test)

- v) Promotion of understanding of housing demand and need within the overall housing system (the report analyses both and it is hoped that understanding will be enhanced by what is in effect a new form of integrated analysis across the whole report)

1.4 A more detailed description of the ‘technology’ and terminology used in this report is provided in Appendix A1. In addition to the key features of the LHMA Guide, Fordham Research has developed a methodology for addressing this range of requirements (which is parallel to that of PPS3 in England). That methodology is also summarised in the next chapter.

The Brief

1.5 This LHMA intends to enable a better understanding of the local housing market, the key drivers of local housing demand and supply and the level of housing need within the County Borough. The LHMA forms a key part of a thorough research strategy to provide robust evidence to inform the development of local authority housing and planning policies. The LHMA was carried out in accordance with WAG Guidance.

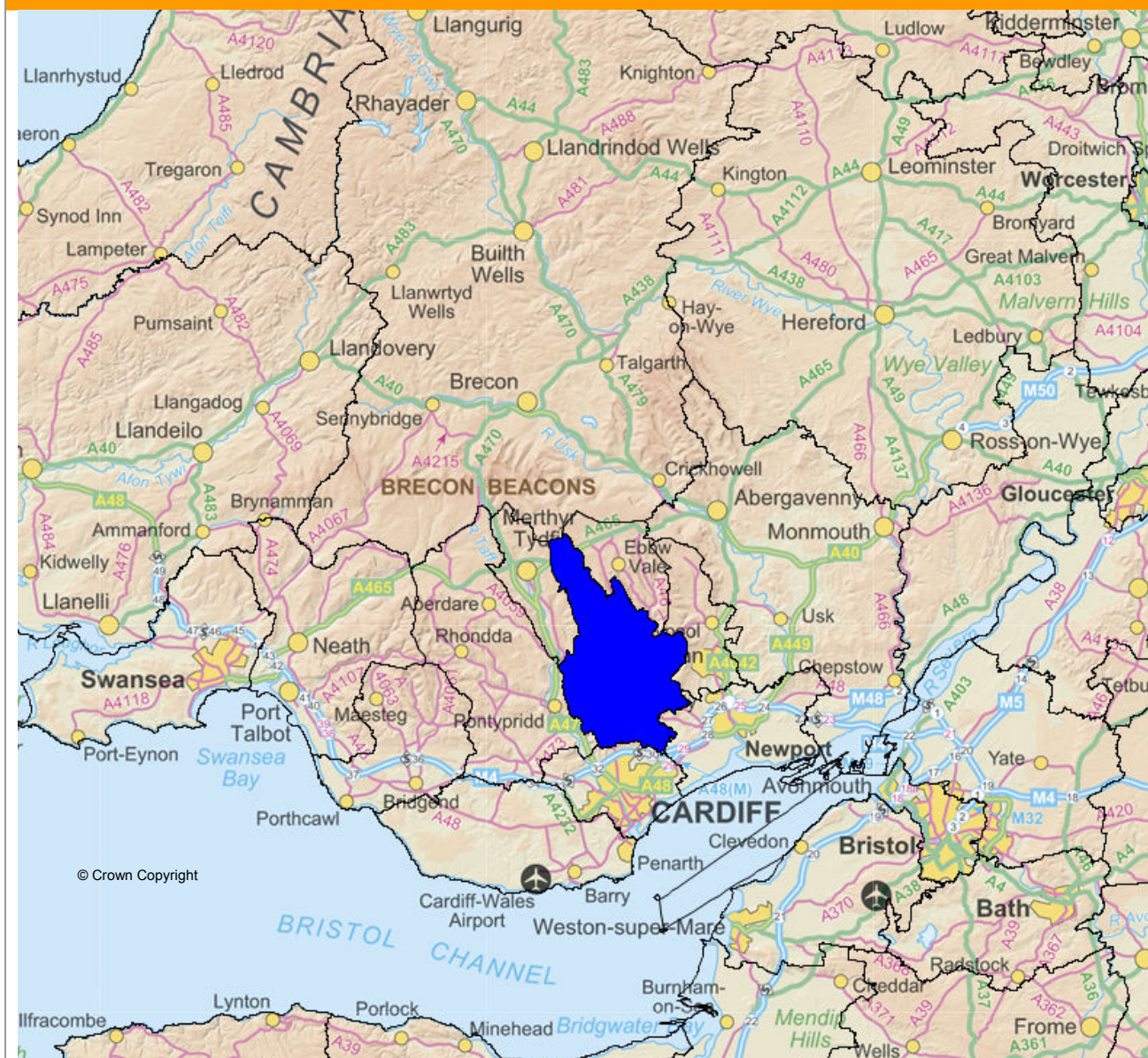
1.6 More specifically the Brief identifies the following topics to be considered as part of this LHMA:

- Overcrowded and under-occupied households
- Households requiring adaptations
- Basic amenities (sharing/lacking)
- Household formation
- Accessibility of key local facilities
- Car ownership
- Gypsies and Travellers

1.7 The LHMA aims to fulfil these requirements, using a range of data sources and presenting the results in a clear and transparent way.

1.8 The following map provides broad context, showing how Caerphilly County Borough is placed within the region:

Map 1.1 Caerphilly County Borough within the region



Source: Caerphilly County Borough LHMA 2007

Report structure

- 1.9 The remainder of this section details the sources of information used to complete this LHMA and describes the methodology employed.
- 1.10 Section B discusses the current housing market. Chapter 3 profiles in detail the housing market in Caerphilly County Borough considering the demographic structure and the economic profile of the area as well as the nature of the housing stock. Chapter 4 presents a summary of the opinions on the area expressed in the stakeholder events and through the community consultation.

- 1.11 Section C provides an understanding of how the housing market works. Chapter 5 describes the geographical variation in the market and identifies different sub-markets within the County Borough. Chapter 6 illustrates the flows of households through and within the market and how these act as a driver of the market. Chapter 7 introduces the concept of financial capacity and analyses how it varies across Caerphilly County Borough. Chapter 8 profiles the role of the different tenures in the housing market.
- 1.12 Section D follows the WAG guides needs assessment model in order to calculate the net annual housing need in the County Borough. Chapter 9 discusses the affordability test used in assessing housing need along with other key concepts used in the model. Chapter 10 presents the results of each step of the model and Chapter 11 concludes the model to provide the overall estimate of housing need and the type of housing required to meet it. Chapter 11 also discusses the policy response to these findings.
- 1.13 Section E examines the future housing market. Chapter 12 presents the results of the Balancing Housing Markets model which identifies the imbalances in the market over the short to medium term.
- 1.14 Section F focuses on the requirements of particular groups of interest. This includes support needs households (Chapter 13), key workers (Chapter 14), older persons (Chapter 15), rural households (Chapter 16), families (Chapter 17), overcrowded households (Chapter 18) and Gypsies and Travellers (Chapter 19).
- 1.15 Finally section G summarises the implications of the report and proposes policy recommendations for the Council.

Summary

- 1.16 This Local Housing Market Assessment follows published WAG Guidance.
- 1.17 The Brief set by Caerphilly County Borough Council was comprehensive and detailed the areas of focus for this Local Housing Market Assessment.

2. Methodology

Introduction

2.1 In accordance with the WAG Guidance this LHMA has used a variety of sources to obtain the depth and breadth of information required. This chapter discusses the range of information sources used. It also provides an explanation of the techniques employed to utilise the primary research.

Data sources

2.2 A range of data sources were consulted during this project to ensure that the most reliable data was used for analysis. In addition to the use of primary data, information was gathered from a range of sources and through discussions with local stakeholders. Below we provide a brief summary of the main sources of information:

2.3 Secondary data – there are a range of data sources already available at the local, regional and national level which provide a good background to the housing market and how it is changing. Data sources considered in analysis include Land Registry data, the 2001 Census and data from Welsh Housing Statistics. Existing literature such as the Council's current UDP were also considered.

2.4 Primary data – in addition to studying secondary data sources it was felt necessary to conduct a local household survey. This survey allowed many of the 'gaps' in secondary data to be overcome. Most notably the survey data was able to find out in some detail households' future demands and aspirations and was able to study this data along with financial data on a household-by-household basis. The survey was conducted using postal surveys and achieved 1,352 responses.

2.5 Estate agent information – a key part of the project was a series of face-to-face interviews with estate/letting agents. The dynamics of the housing market (e.g. what types of households are seeking properties) were discussed and variations across the County Borough ascertained. The interviews were supplemented by an internet and telephone property/rent price search to establish the costs of housing in the local area.

- 2.6 Stakeholder/steering group – throughout the project a number of meetings and events were carried out. These helped to shape the project by providing information on areas of local concern and ensured that we were always aware of any developments. The steering group meetings were largely designed to discuss progress whilst the stakeholder events were used to disseminate information and to encourage feedback. The consultation in general went well and encouraged participation from a wider range of groups than would have been typical in previous housing needs assessments. It is hoped that the level of interaction with stakeholders will have increased the understanding of the results and ultimately improve communication between different parties.
- 2.7 Community consultation – members of the public were invited to attend a workshop to discuss the project. The purpose was to engage with a cross-section of local residents to establish their views on housing circumstances in Caerphilly County Borough and to feedback the findings of this work to check whether it resonates with local experiences.

Primary data collection

- 2.8 A household survey was completed using postal questionnaires. The desired number of responses was identified by the Council and the sampling frame was stratified to ensure that a sufficient response was obtained from each area. Households were selected at random from the council tax register with each household in an area having the same probability of being chosen. In total 1,352 postal questionnaires were completed. The number of responses provides sufficient data to allow complete, accurate and detailed analysis across the County Borough.
- 2.9 Prior to analysis, data must be weighted in order to take account of any measurable bias. The procedure for this is presented in the following section.

Base household figures and weighting procedures

- 2.10 Firstly, the total number of households is estimated; this is necessary in order to gross up the data to represent the entire household population. A number of different sources were consulted, primarily the dwelling stock estimates from Welsh Housing Statistics (2006), the Council Tax Register, the National Assembly for Wales' household estimates and 2001 Census results. Using this information, the base household figure for Caerphilly County Borough was estimated as follows:

Total number of households = 72,800

- 2.11 An important aspect of preparing data for analysis is 'weighting', as social survey responses never exactly match the estimated population totals. As a result it is necessary to 'rebalance' the data to correctly represent the population being analysed.

2.12 Data was weighted to be in line with the estimated number of households in each of various groups:

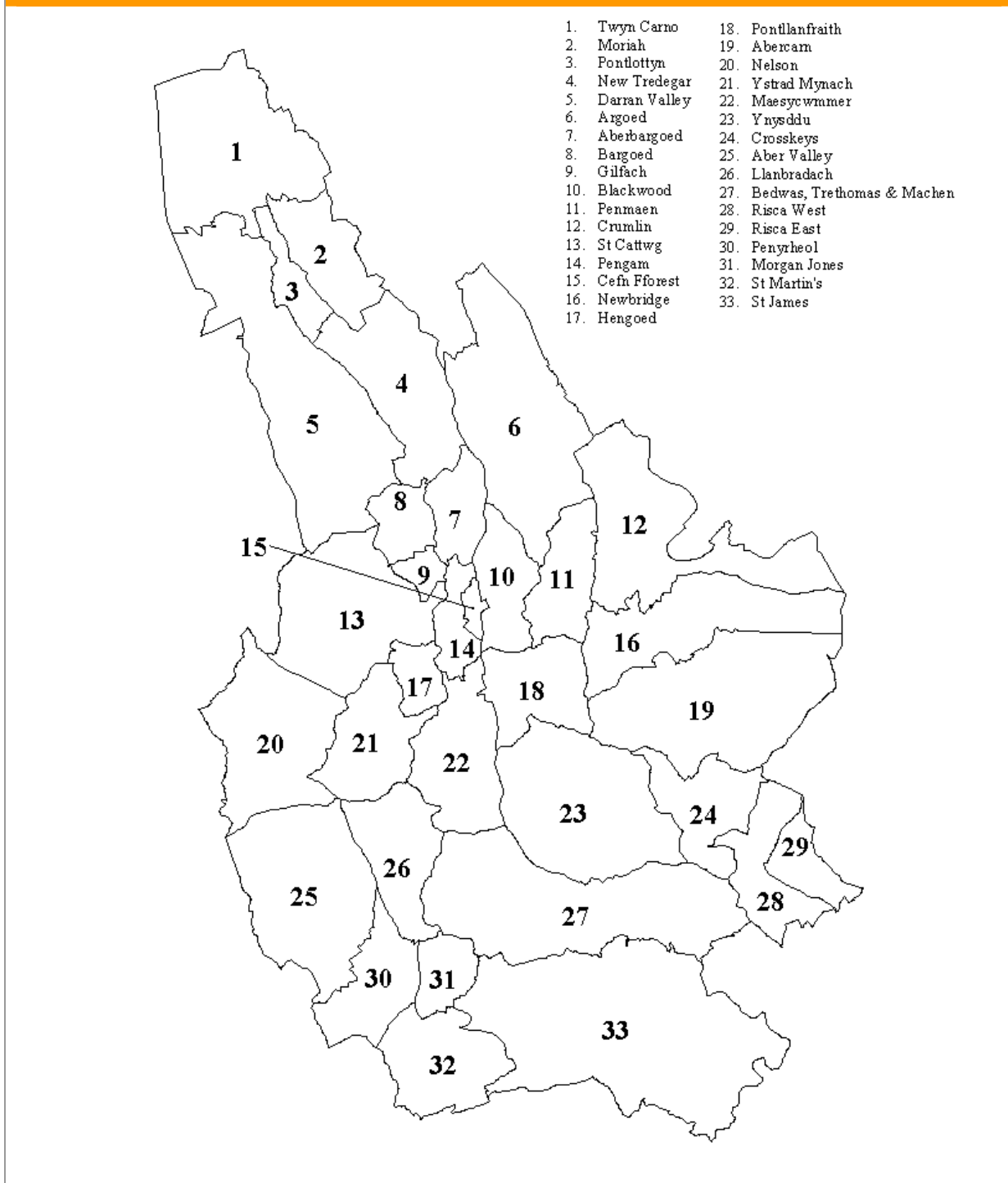
- Thirty-three wards (from Council Tax Register)
- Council tax band (from Council Tax Register)
- Tenure (Welsh Housing Statistics and 2001 Census)
- Number of people in household (2001 Census)
- Household type (2001 Census)
- Accommodation type (2001 Census)
- Car ownership (2001 Census)

2.13 The estimated number of households and number of responses for each of these groups is shown in Appendix A2.

Wards

2.14 The map below indicates the locations of the 33 wards in the County Borough:

Map 2.1 Caerphilly County Borough Wards



Summary

- 2.15 A variety of sources were used to obtain the depth and breadth of information required including secondary data, a survey of local households, interviews with estate and letting agents, stakeholders of the housing market and a broader community consultation

- 2.16 A household survey carried out on a random sample of households in the Caerphilly County Borough Council area produced 1,352 completed postal questionnaires.
- 2.17 The household survey dataset was grossed up to an estimated total of households and weighted according to key characteristics so as to be representative of the County Borough's household population
- 2.18 In total it is estimated that there were 72,800 resident households at the time of the survey

SECTION B: THE CURRENT HOUSING MARKET

This section summarises the existing information available on the Caerphilly County Borough housing markets. It presents the secondary data available on the population and housing stock in the County Borough and considers the views of the market of those working and residing in Caerphilly County Borough.

3. Local Housing Market

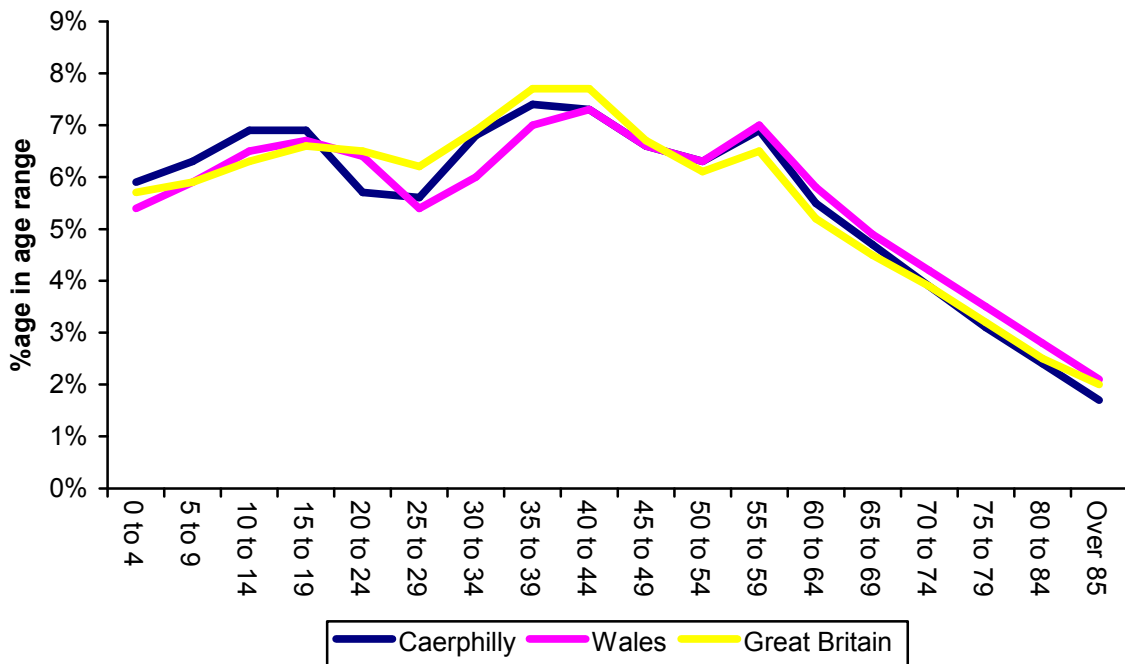
Introduction

- 3.1 This chapter presents a summary of the secondary data available in the nature of the local housing market in Caerphilly County Borough, which provides one of the bases for the primary data analysis. Initially the demographic structure is presented before the chapter examines the economic profile of the area, followed by the housing stock and prices. The information for the County Borough is compared to regional and national averages where possible.

Demographic profile of Caerphilly County Borough

- 3.2 According to the mid-2005 population estimates, there were 170,200 people residing in Caerphilly County Borough, up from 169,519 in 2001, representing an increase of 0.4%. This compares to a population increase in Wales of 1.9% in the same period. According to National Statistics estimates, between 1982 and 2002, Caerphilly County Borough's population fell by 0.6%, while that of Wales as a whole increased by 4.2%.
- 3.3 The figure below shows the age profile of the populations of Caerphilly County Borough, Wales and Great Britain. It shows that Caerphilly County Borough has a younger age distribution than Wales as a whole, except for the 20-24 age range, with a considerably smaller number of elderly people.

Figure 3.1: Population profile of Caerphilly County Borough, compared nationally



Source: National Statistics Mid-Year Population Estimates, 2005

BME population

3.4 According to the 2001 census, just 0.9% of Caerphilly County Borough’s population was non-white, totalling 1,548 people; a further 1.2% classified themselves as white but neither British nor Irish (2,089 people). This ‘White Other’ group will be an aggregation of a variety of groups; it will almost certainly include a significant number of people of either Welsh or other British heritage who did not wish to identify themselves as such in the census. The largest individual groups in the non-white category were Chinese (269 people), Indian (264 people) and Mixed White / Black Caribbean (229 people).

3.5 This compares to a Welsh national average of 2.1% non-white, and a further 1.9% ‘White Other’.

3.6 The only more up to date information for Wales is from the Welsh Labour Force survey in 2005, which was based on a small sample; it estimated that around 1,000 people (less than 1%) of the population of Caerphilly County Borough were non-white. This appears to confirm that there has been no radical change since 2001 in the district, while in Wales as a whole the proportion of non-white population increased to 2.5%.

Health

3.7 Life expectancy in Caerphilly County Borough was slightly below the Welsh average in 2003-05, at 75.2 years for men (76.2 in Wales) and 79.3 years for women (80.6 in Wales).

- 3.8 The proportion of the population on disability-related benefits in Caerphilly County Borough is higher than average, as shown in the table below. Caerphilly County Borough has levels of incapacity benefit and disability living allowance claims more than twice the Great Britain average, and 30-40% higher than the Welsh average.

Table 3.1: Claimants of health-related benefits, August 2006

	%age of population claiming		
	Disability Living Allowance	Incapacity Benefit	Severe Disablement Allowance
Caerphilly County Borough	10.4%	8.8%	0.8%
Wales	7.7%	6.3%	0.6%
Great Britain	4.8%	4.2%	0.5%
%age difference, Caerphilly County Borough to Wales	+34.3%	+39.5%	+25.4%

Source: National Statistics Mid-Year Population Estimates, 2005

Overcrowding

- 3.9 The proportion of overcrowded households (by the census definition of housing requirements) in Caerphilly County Borough was 4.0% in 2001; this compares favourably with the Welsh average of 4.4% and particularly well with the England and Wales average of 7.0%. Up-to-date information from primary data on overcrowding and under-occupation of housing stock will be provided in later chapters of the report.

Economic profile of Caerphilly County Borough

Labour market

- 3.10 Caerphilly County Borough's labour market, as measured in employee jobs, expanded by 7.8% between 2001 and 2005, moving well ahead of the estimated rate of population increase (0.6% during the same period). Total employee jobs in Caerphilly County Borough stood at 48,600 in 2005, according to the ONS Annual Business Inquiry (2005).
- 3.11 The table below compares the proportions of types of employee, by percentage of the individuals in employment living within Caerphilly County Borough, whether full time or part time. The employment categories used are the SOC 2000 'Major Groups', as defined by National Statistics.

3.12 Caerphilly County Borough’s workforce, compared to the Welsh average, has concentrations in ‘Administrative and Secretarial’ (34% above average), and the final two categories, which represent manual occupations (20-30% above average). Professionals and senior managers are relatively poorly represented in the Caerphilly County Borough workforce, at around 20-25%; lower than the Welsh average.

Table 3.2: Employment groups in Caerphilly County Borough (Jul 2005 – Jun 2006)

	Caerphilly County Borough	Wales	Great Britain	% difference, Caerphilly County Borough to Wales
(1) Managers and senior officials	9.6%	12.5%	15.0%	-23.2%
(2) Professional occupations	8.7%	11.3%	12.8%	-23.0%
(3) Associate professional and technical	10.6%	13.4%	14.3%	-20.9%
(4) Administrative and secretarial	16.2%	12.1%	12.3%	+33.9%
(5) Skilled trades occupations	12.0%	12.3%	11.0%	-2.4%
(6) Personal service occupations	7.6%	8.5%	7.9%	-10.6%
(7) Sales and customer service occupations	8.3%	8.3%	7.6%	0.0%
(8) Press plant and machine operatives	11.5%	8.9%	7.4%	+29.2%
(9) Elementary occupations	15.1%	12.4%	11.3%	+21.8%

Source: ONS Annual Population Survey 2006

3.13 The table below shows a breakdown of the types of employment offered in Caerphilly County Borough by sector, as a proportion of the total employee jobs in the area. Clearly Caerphilly County Borough retains some of its focus on manufacturing, despite the general national reduction in importance of this sector over recent decades. Some 26.3% of jobs offered in Caerphilly County Borough are in this sector, 85.2% above the Welsh average.

3.14 The most under-represented sector in comparison to the Welsh average as a whole is tourism, perhaps surprisingly given the presence of a well-known tourist attraction in the Borough (Caerphilly County Borough Castle), although transport and communications also make up a below average proportion of jobs on offer.

Table 3.3: Proportions of employee jobs in employment sectors in Caerphilly County Borough (2005)

	Caerphilly County Borough	Wales	Great Britain	% difference, Caerphilly County Borough to Wales
Manufacturing	26.3%	14.2%	11.1%	85.2%
Construction	4.5%	4.7%	4.6%	-4.3%
Distribution, Hotels and Restaurants	20.7%	23.7%	24.1%	-12.7%
Transport and Communications	3.3%	4.5%	6.0%	-26.7%
Finance, IT and other business activities	11.0%	13.1%	20.7%	-16.0%
Public admin, education and health	27.8%	32.8%	26.9%	-15.2%
Other services	6.1%	5.4%	5.2%	13.0%
Tourism related	5.7%	8.4%	8.1%	-32.1%

Source: ONS Annual Business Inquiry 2005

- 3.15 Average earnings figures are also available from secondary data; the primary survey gathered more information in this area for Caerphilly County Borough that will be broken down later in the report. However, these are the broad averages taken from the Annual Survey of Hours and Earnings (2006), included for the purpose of making regional and national comparisons. As can be seen, Caerphilly County Borough's average is slightly above the average for the whole country; however, this will clearly hide wide variations within the Borough.
- 3.16 Earnings of residents are slightly below those of the workforce. This could either indicate that better paid workers in the local economy tend to commute into the area from outside, or that the area contains significant numbers of lower paid workers commuting into surrounding authorities. Given the area's low prices and proximity to Cardiff, as well as the opinions of stakeholders, the latter seems more likely.

Table 3.4: Earnings: Caerphilly County Borough and surrounding areas, full time employees (2006)

Area	Workforce	Residents
<i>Wales Average</i>	£21,011	£21,289
Caerphilly County Borough	£21,068	£20,851
Blaneau Gwent	£19,883	£18,059
Cardiff	£21,872	£21,884
Merthyr Tydfil	£17,106	£19,191
Monmouthshire	£20,535	£24,566
Newport	£22,279	£21,748
Rhondda, Cynon & Taff	£19,862	£20,512
Torfaen	£22,514	£23,460
Vale of Glamorgan	£22,754	£25,938

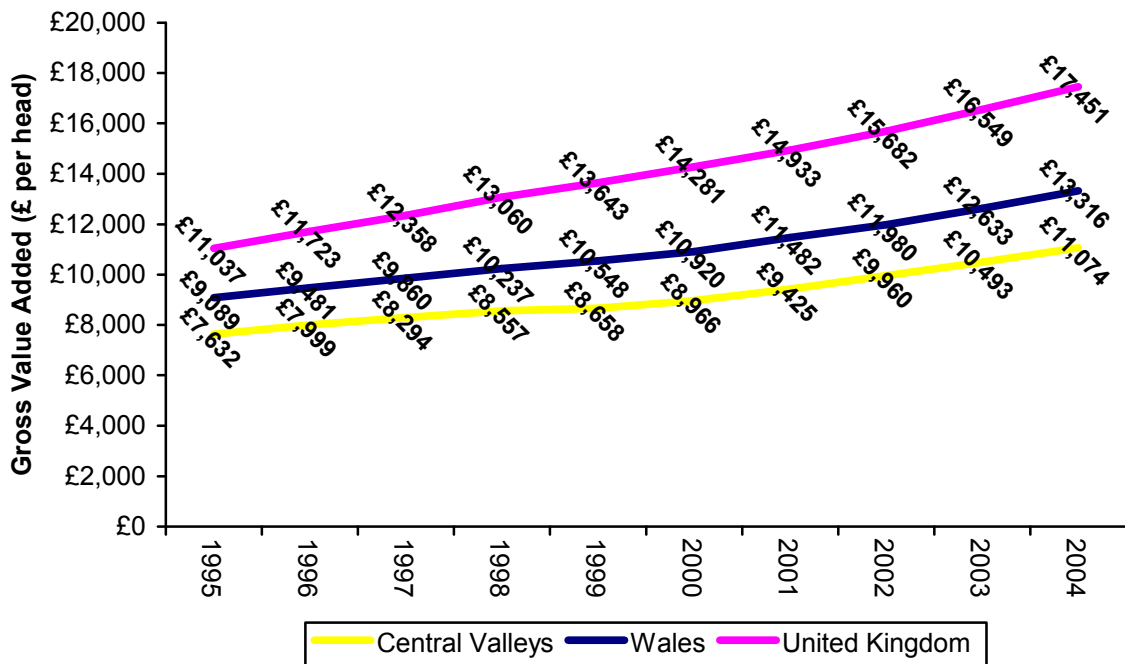
Source: Annual Survey of Hours and Earnings (ASHE) 2006

Economic Prosperity

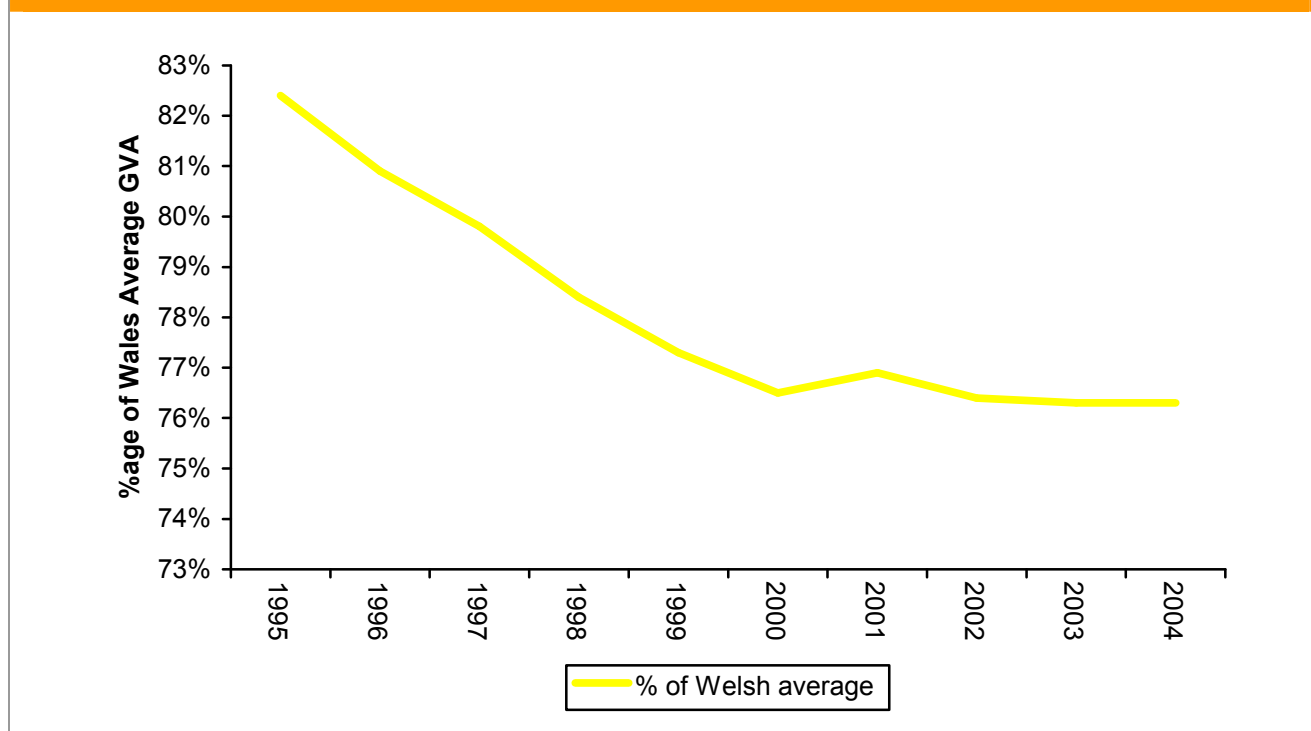
3.17 A good measure of economic prosperity for an area is the average Gross Value Added (GVA) per head, calculated by National Statistics. This data is not available for Caerphilly County Borough alone, but for the Central Valleys NUTS3 region (all valleys boroughs formerly in the Glamorgan region) that includes the County Borough.

3.18 While GVA has been increasing in the Central Valleys, as clearly shown by the first chart, the second chart also shows that it has been declining in recent years in comparison to the Welsh average. This appears to indicate a relative lack of growth in GVA within the Central Valleys area; however some of the change is almost certainly due to increasing commuting. For example, the economic contribution of Cardiff commuters living in the Borough is counted within Cardiff's GVA and therefore increasing commuting reduces apparent GVA.

Figure 3.2: Gross Value Added: Central Valleys compared nationally



Source: National Statistics Regional GVA December 2006

Figure 3.3: Gross Value Added: Central Valleys compared to Wales

Source: National Statistics Regional GVA December 2006

Migrant workers

- 3.19 There is some data available to offer an insight into the trends of migrant workers in Caerphilly County Borough. The National Insurance Recording System records the number of National Insurance number registrations by non-UK nationals in Caerphilly. This does not offer an indication of the current number of migrant workers in the area as it only records new migrant workers registering for a National Insurance number, nor does it paint an accurate picture of the trends of non-UK nationals arriving in the area as it can often take several years for arrivals to register for a National Insurance number.
- 3.20 The figures suggest that during 2005/06, 220 non-UK nationals registered for National Insurance numbers in Caerphilly County Borough. The largest number of non-UK nationals originated from Poland (60), India (20) and the Philippines (20).

Migration patterns

- 3.21 When looking at the relationship between Caerphilly County Borough and neighbouring authorities, it is clear from the table below that the major partners are Cardiff and Newport, as well as Rhondda Cynon Taff and Blaenau Gwent. There are net inflows from these local authority areas, with the exception of Newport where there is a net outflow.

Table 3.5 Migration patterns to/from Caerphilly County Borough (number of persons)			
Local authority	To Caerphilly County Borough	From Caerphilly County Borough	Net
Cardiff	640	468	172
Rhondda Cynon Taff	297	235	62
Newport	209	337	-128
Blaenau Gwent	193	135	58
Merthyr Tydfil	125	142	-17
Torfaen	80	110	-30
The Vale of Glamorgan	71	67	4
Bridgend	45	63	-18
Monmouthshire	45	64	-19
Swansea	38	84	-46
Pembrokeshire	24	56	-32
Carmarthenshire	24	18	6
Neath Port Talbot	21	31	-10
Bristol (City of)	20	51	-31
Powys	20	19	1
South Gloucestershire	18	11	7
TOTAL (all moves)	11,085	10,301	784

Source: 2001 Census

Travel to work areas

3.22 In terms of travel to work areas, the table below shows that the most significant net outflows are to Cardiff, followed by Newport.

Table 3.6 Travel to work patterns to/from Caerphilly County Borough (number of persons)

Local authority	Residence	Workplace	Net
Cardiff	10,308	2,230	-8,078
Newport	7,526	1,621	-5,905
Rhondda Cynon Taff	3,191	2,771	-420
Merthyr Tydfil	1,689	1,277	-412
Torfaen	1,647	892	-755
Blaenau Gwent	1,626	2,057	431
Monmouthshire	745	536	-209
The Vale of Glamorgan	722	415	-307
Bridgend	470	343	-127
Bristol (City of)	219	19	-200
South Gloucestershire	187	24	-163
Swansea	135	121	-14
Neath Port Talbot	100	103	3
Powys	84	118	34
North Somerset	36	19	-17

Source: 2001 Census

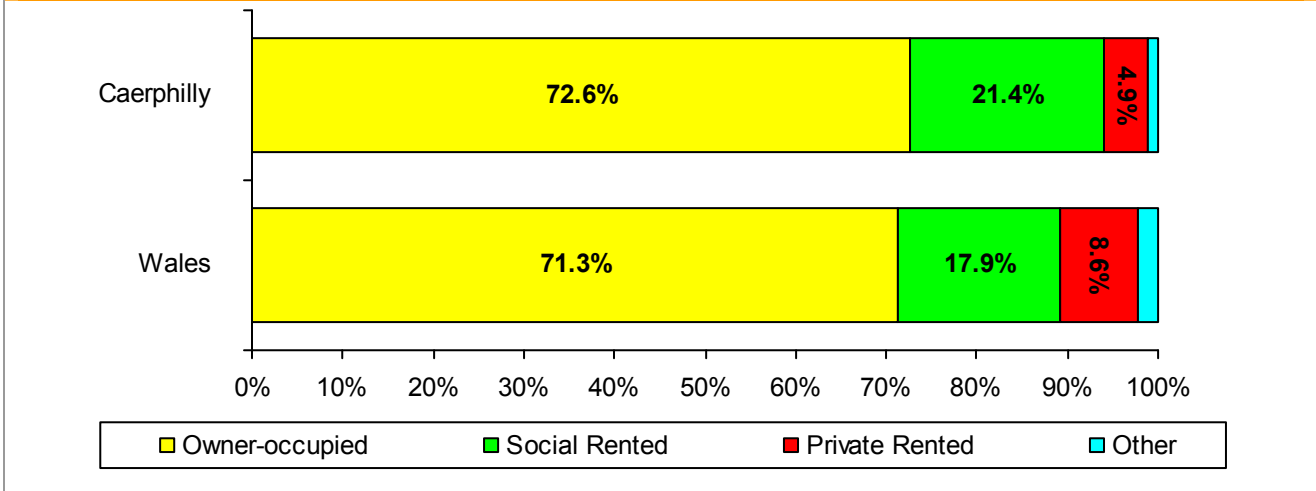
Housing stock

- 3.23 The most recent estimate of household numbers for Caerphilly County Borough is 71,100, from the 2004 household estimates for Wales. Assuming a continuation of the rate of growth in households seen from 2001 to 2004, this would indicate a total of approximately 71,710 households in 2005, 72,325 in 2006, and 72,950 households in 2007. Combined with the mid-year population estimates for 2005, this indicates an average of 2.37 people per household in 2005.
- 3.24 The number of dwellings in Caerphilly County Borough was estimated by the Welsh Assembly Government as 73,501 as of March 2006. Comparing this to the number of households indicates that 98.4% of dwellings in the district contain a household.

Tenure

- 3.25 The chart below shows the tenure of Caerphilly County Borough households, from the 2001 Census. Social rented dwellings are significantly more common in Caerphilly County Borough than in Wales as a whole; however the proportion of owner-occupation is also higher. This is compensated for by a much lower level of private renting, almost half the national average.

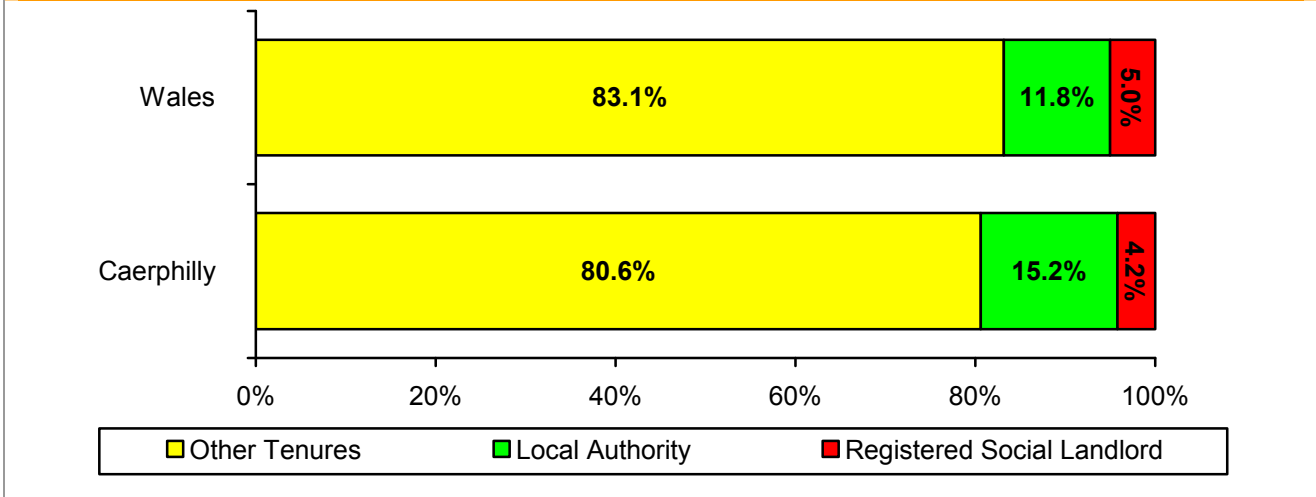
Figure 3.4: Tenure: Caerphilly County Borough compared to Wales, 2001



Source: Census 2001

3.26 Further tenure estimates have been made by the Welsh Assembly Government since 2001; however these do not include private rented housing, the increase in which remains unmeasured on a local level. It indicates that the proportion of social rented housing has declined to 19.4%.

Figure 3.5: Tenure: Caerphilly County Borough compared to Wales, March 2006

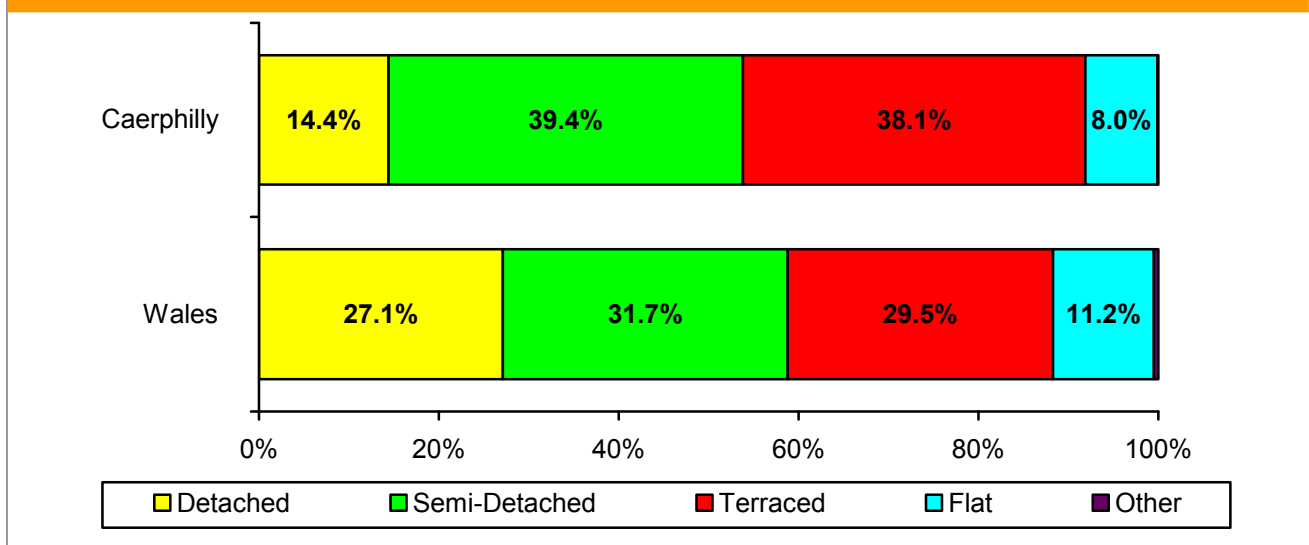


Source: Welsh Assembly Government 2006

Dwelling types

3.27 The chart below shows the type of dwelling for Caerphilly County Borough households, from the 2001 Census. As can be seen, the major difference from the national average (and from the usual pattern for boroughs outside major cities), is the much reduced stock of detached housing. Semi-detached and terraced housing makes up much of the stock, at just under 40% for each grouping. The proportion of flats is a little below average, as might be expected since this tenure is particularly concentrated in large cities.

Figure 3.6: Dwelling Type: Caerphilly County Borough compared to Wales, 2001

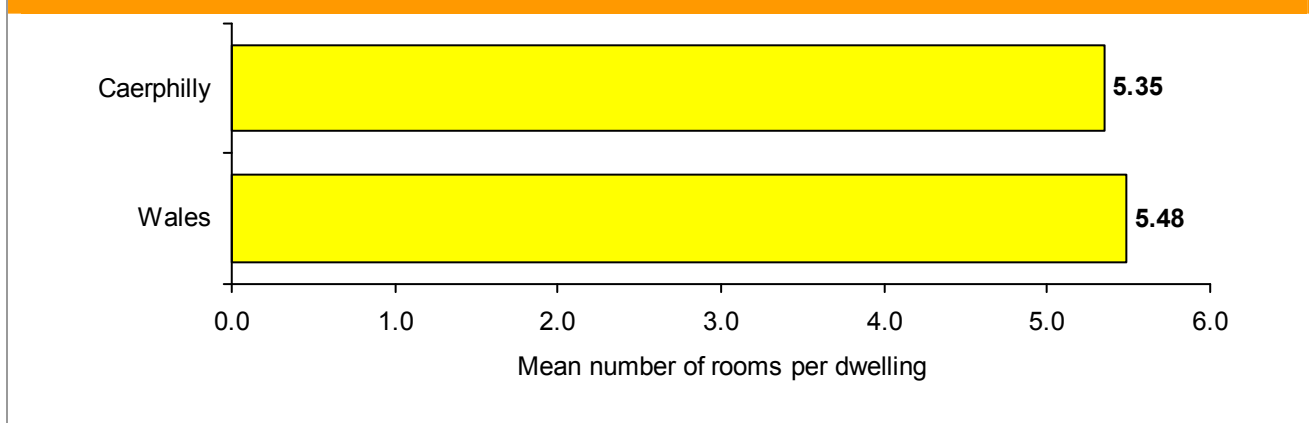


Source: Census 2001

Dwelling sizes

3.28 Dwellings in Caerphilly County Borough tend to be a little smaller than average (by an average of 2.4%); this may be related to the large proportion of terraced housing in the Borough.

Figure 3.7: Dwelling Size: Caerphilly County Borough compared to Wales, 2001

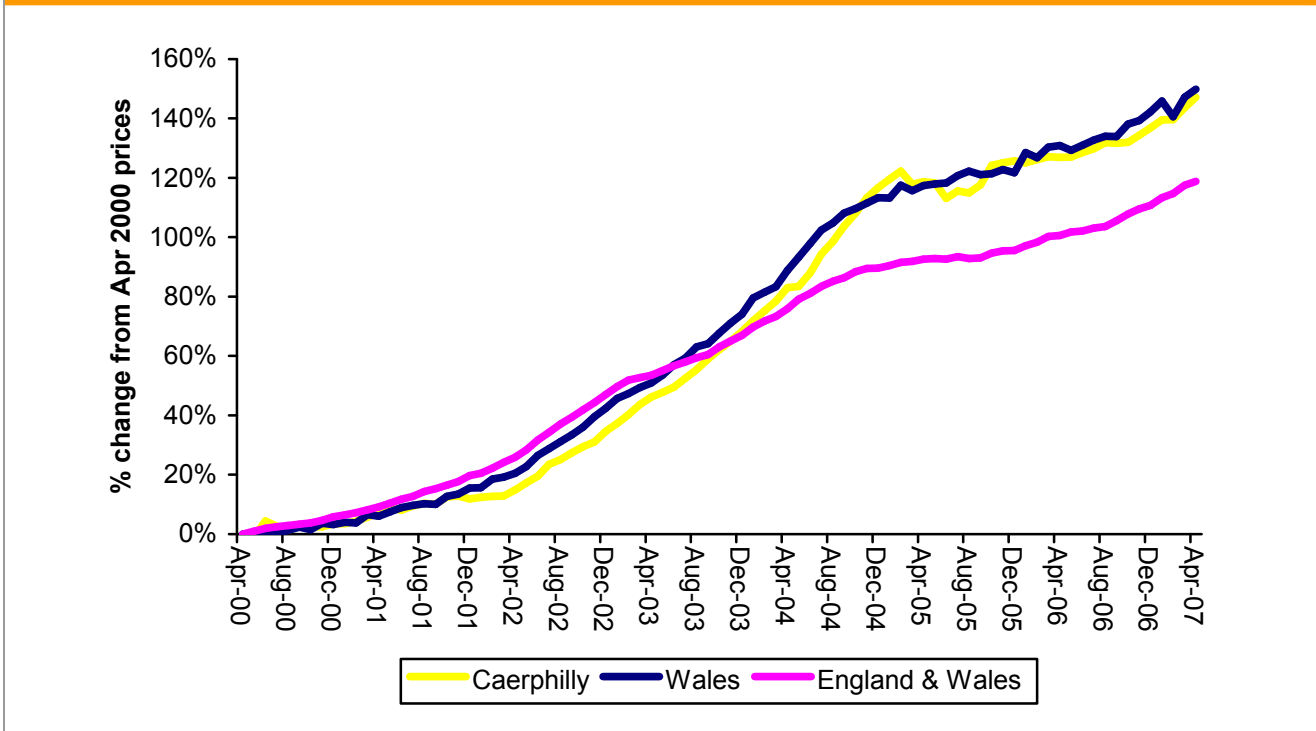


Source: Census 2001

House prices

3.29 The chart below shows the trend in the House Price Index since 2000. This dataset, provided by the Land Registry, is adjusted for seasonality and a variety of other factors, and so does not show short term fluctuations. The rate of increase in prices in Caerphilly County Borough, currently (April 2007) at 147.1% above April 2000 prices, has closely tracked the increase in the rest of Wales. Since mid-2004, the rate of increase in Wales has significantly exceeded that in England & Wales as a whole.

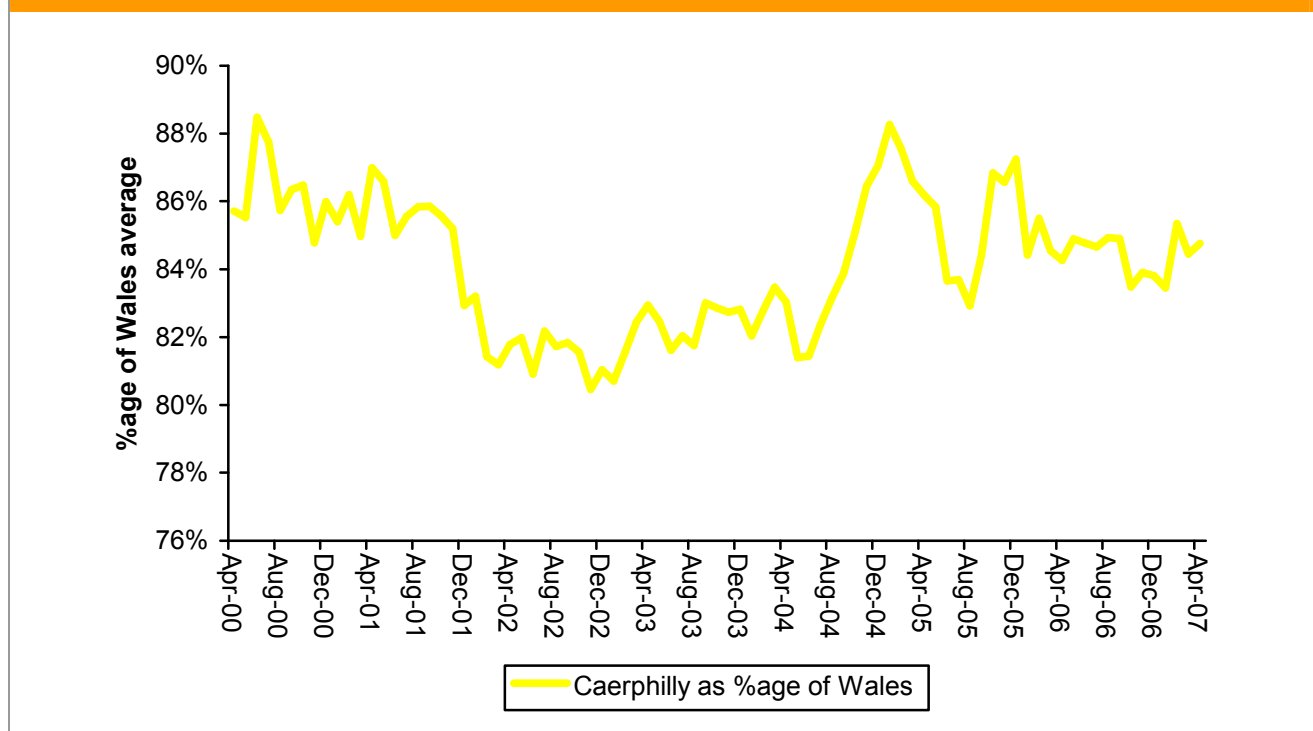
Figure 3.8: Increases in House Price Index: Caerphilly County Borough compared nationally



Source: Land Registry House Price Index 2000 - 2007

3.30 The following chart more directly compares Caerphilly County Borough’s house price index trends with those of Wales. As can be seen, prices in Caerphilly County Borough declined in relation to the Welsh average between 2001 and 2004, but have recovered a little to 85.7% for April 2007.

Figure 3.9: Trends in House Price Index: Caerphilly County Borough compared to the Welsh average

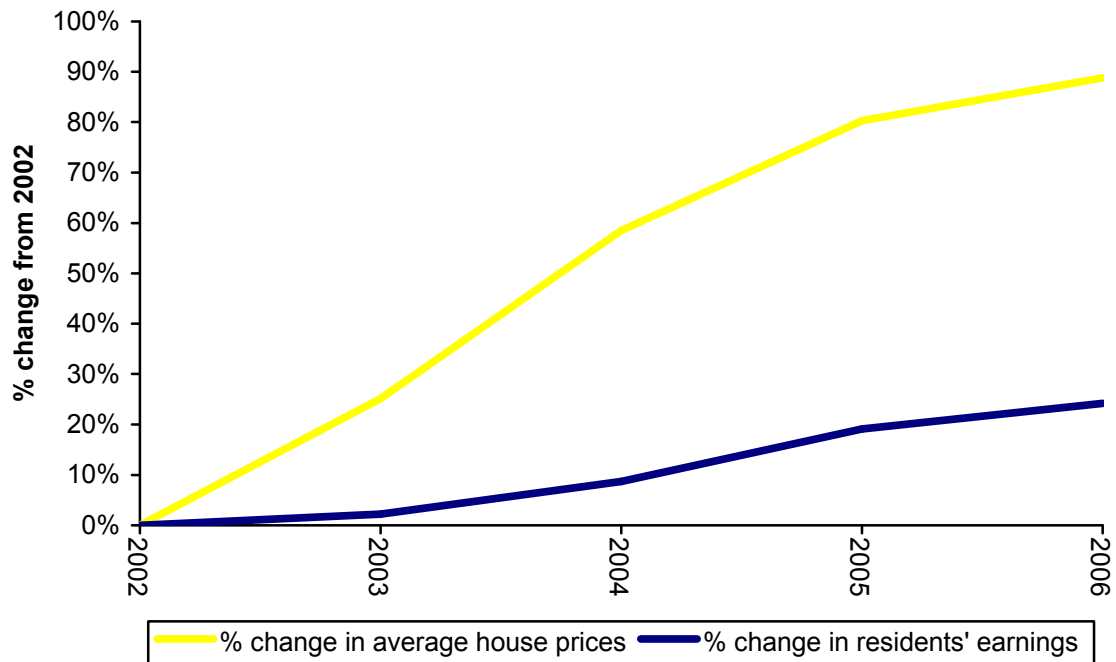


Source: Land Registry House Price Index 2000 – 2007

House price / earnings relationship

- 3.31 It is possible to examine how changes in house prices over time recorded by the Land Registry are linked to factors that might be expected to influence them. The chart below gives an example of how this can be achieved. The chart shows that any relationship between house prices and earnings is partial; house prices have increased far more quickly than earnings. While house prices increased 89% between 2002 and 2006, earnings increased by only 24%.

Figure 3.10: House Price Index : Earnings relationship, 2002-2006



Source: Land Registry House Price Index 2002-2006, Annual Survey of Hours and Earnings 2002-2006

Summary

3.32 The table shown below gives a summary of the key statistics for Caerphilly County Borough gathered within this chapter, and their status above (▲) or below (▼) the Welsh national average, where appropriate.

Table 3.7: Caerphilly County Borough: Secondary Data Summary

<i>Variable</i>	<i>Statistic</i>	<i>Relation to Welsh average*</i>	<i>Source</i>
Basic statistics			
Population	170,200		2005 estimate (National Statistics)
Households	71,100		2004 estimate (Welsh Assembly Government)
Ethnicity	approx 1% non-white	▼	2005 (Welsh Labour Force survey)
Life expectancy	75.2 / 79.3	▼	2003-05 (Welsh Assembly Government)
Housing stock			
Dwelling stock	73,501		March 2006 (Welsh Assembly Government)
% social rented	19.4%	▲	March 2006 (Welsh Assembly Government)
Detached houses	14.4%	▼	Census 2001
Terraced houses	38.1%	▲	Census 2001
Economy and workforce			
Workforce earnings	£21,068	▲	Annual Survey of Hours and Earnings 2006
Residents earnings	£20,851	▼	Annual Survey of Hours and Earnings 2006
Gross Value Added	£11,074 per head	▼	National Statistics 2004 (for Central Valleys)
% jobs in manufacturing	26.3% 2005	▲	ONS Annual Business Inquiry 2005
% professional and managerial workers	28.9% 2006	▼	ONS Annual Population Survey 2006
Current trends			
Population	+0.6% 2001-2005	▼	Census 2001, National Statistics 2005
Employee jobs	+7.8% 2001-2005	▼	ONS Annual Business Inquiry 2001-2005
Earnings of residents	+24% 2002-2006	▼	Annual Survey of Hours and Earnings 2002-2006
House prices	+88% 2002-2006	▼	Land Registry House Price Index 2002-2006

* ▼ Below Welsh Average / ▲ Above Welsh Average

4. The perceptions of stakeholders

Introduction

- 4.1 This chapter will provide a summary of the presented by the various stakeholders consulted throughout the LHMA process. It provides valuable context, describing the character of the housing market and Caerphilly County Borough as a place to live and work.
- 4.2 The following summary is based on information gathering using a number of techniques undertaken at different times in the Local Housing Market Assessment process:
- Face to face meetings with a number of estate agents, letting agents and an employment agency
 - A stakeholder workshop
 - A community workshop
 - Steering group meetings
- 4.3 This presented a wide range of issues and perceptions that are summarised below and are examined further in the report.
- 4.4 We present the information in two ways. Firstly we summarise the issues raised in each of the above events. Secondly we summarise the information obtained across a number of topics.
- 4.5 We also relate findings to the South East Wales Regional Housing Market study.

Caerphilly County Borough in summary

- 4.6 The information gathered for this chapter can be summarised into a succinct statement that is essential context for the local housing market assessment. The following is provided to help readers understand the trajectory of the area that the housing market serves, and provide context for the qualitative assessment of how the current housing stock and market meets current and future need and demand.
- 4.7 The process of rebuilding parts of the local economy and some of the townships is ongoing. Caerphilly County Borough has its own local economy such as tourism, manufacturing and services. Its housing market is diverse and has distinctive sub-areas as noted by the South East Wales Regional study.

- 4.8 Whilst Caerphilly County Borough is undoubtedly part of the Cardiff City region, residents perceive it as a distinct number of towns. Transport, industrial infrastructure, service infrastructure, housing and the environment can be traced back to the pre-eminence of the Coal industry.
- 4.9 The geography is unique and is mostly well served by a developing public transport infrastructure. The valley to the north of the town of Caerphilly provides local employment that is part of the city region economy. The housing market offers a full range of housing but is predominately terraced housing in the north. Housing in the valley is cheaper than parts of Cardiff and has seen significant migration into it.
- 4.10 The study area is poised to expand its economy through improvements to the infrastructure. The Heads of the Valleys and the town of Bargoed have had or are undergoing significant improvements to the road infrastructure to service existing and planned centres for employment. Improvements to the rail link to Cardiff are planned and are eagerly anticipated by residents in the more northern parts of the valley.

Estate agent, letting agent and employment agent interviews

- 4.11 The picture that emerged from this stakeholder group in general terms is that even though housing is relatively cheap, earnings are low giving rise to a buoyant residential letting market. There is still a strong manufacturing base – diversified from the former mining industry. As such there is a strong legacy of terraced housing, low wages low skill as well as environmental impacts. Regeneration is having a major impact in some areas and considerable modernisation of the infrastructure is apparent especially to the North. Road and rail links to Cardiff are good. Many of the settlements are linear given the geography with older terraces lining the streets and more modern housing to the rear and up the hills.
- 4.12 A number of towns were visited in the County Borough, with the following findings:

Caerphilly Town

- 4.13 This town is fairly distinctive and is a tourist destination. It was busy. The high street however was showing some signs of stress with un-let units and low value businesses.
- 4.14 Three agents plus an employment agency were visited. Agents felt that prices would be higher in the town than in the outlying areas. A reasonable supply of three bedroom terraced was available. There was also a good supply of property to rent. There was evidence of new build from £185k and one company was offering 70% shared ownership.
- 4.15 Agents felt that terraced property was out of reach of many potential first time buyers. They agreed that competition with buy-to-let landlords was strong but some were prepared to say that self containment of the housing market was strong and as high as 75%.

- 4.16 Caerphilly town had no designated student accommodation.
- 4.17 The employment agency spoke about 3 major employers that recruited regularly at minimum wage levels which attracted Polish workers. They would travel by car from Cardiff.

Blackwood

- 4.18 This is a very busy service centre. Whilst it was busier and more prosperous than Bargoed there was no rail link. Two agents were visited. Prices were lower than Caerphilly town. There was a good supply of two and three bedroom terraced properties. The only new development was on a small scale infill basis, not a main feature of the agents' window. Further enquiries revealed sizeable recent development by volume builders on the periphery. One agent commented that they were very busy on lettings.

Bargoed

- 4.19 This has a long high street and strong signs of problems at the edges. The town overlooks former mine workings and a major infrastructure project was underway.
- 4.20 The agent explained that regeneration had lifted Blackwood and now Bargoed was receiving more. He felt that property prices were very sensitive to condition and were better than previously, but still lagging behind. He felt that the town's local economy was struggling to sustain itself.

Stakeholder Workshop 1: Developers, RSLs, partner agencies and the voluntary sector

Affordability

- 4.21 Stakeholders agreed that prices are increasing except around Rhymney, but rents are still low. Affordability issues are found around Caerphilly town (CCBC Housing). Many people currently cannot afford private rents and the shortage of social housing is serious. Incapacity benefit claimants have particular affordability problems; there was a need for cheap single person accommodation.
- 4.22 Developers felt that Section 106 requirements were inappropriate; affordable housing should be small, and councils are asked for 'four-bed detached homes' that people could not afford.
- 4.23 There was concern for young single people with support needs being forced out of the market.

Cardiff, commuting and transport

- 4.24 It was felt that the market for new property in the County Borough is being driven by displaced demand for affordable housing from Cardiff, where there's a shortage of larger houses (not the case in the County Borough).
- 4.25 Much of the housing in Blackwood is 'affordable' if you are talking about people working in Cardiff; but housing is tending to sell quickly to young commuters. It's a good place for young people.
- 4.26 The new railway opening (Ebbw Vale to Cardiff) will dramatically increase commuting in the eastern part of County Borough. East-West travel is still difficult, despite the construction of new infrastructure. The new roads have a limited impact in areas with low car ownership. Park and Ride schemes for Cardiff have had an impact on prices in some areas of the Borough.
- 4.27 Stakeholders wondered if the study could inform the following questions:
- Are people moving into the area due to being priced out of Cardiff? (Supporting People)
 - Would people who have moved from Cardiff disappear again if house prices in Cardiff fell? (Supporting People)

The housing stock

- 4.28 Stakeholders believed that there was no housing type choice in Rhymney – either private terraced or social rented flats. New build is providing a good mix of apartments and houses but there is a lack of bungalows and supported housing overall.
- 4.29 Only RSLs are catering to single people, currently the biggest sector of demand. Incapacity benefit claimants use this type of housing. However it was recognised that providing for single people is difficult as there is the possibility of anti-social behaviour. Blocks of flats for this client group are unsustainable. Developers are rarely asked for one bedroom accommodation under section 106.
- 4.30 When looking at people in one bed housing we have to distinguish between transitional use and long term use. What is not acceptable long term may be fine short term.
- 4.31 RSLs have major problems with poor quality ex-coal board property; people prefer the traditional terraces, although there are still disrepair problems here. Levels of owner-occupied (without mortgage) in the north have been increased by people buying their houses with the redundancy money from industries closing. (Developer)

- 4.32 RSLs asked if the study could establish if elderly people are interested in moving into apartments.

Economy

- 4.33 It was felt that facilities and services are needed to attract people back to the north of the County Borough through regeneration initiatives.
- 4.34 Polish workers are frequently bussed to Rhymney from Cardiff to do factory night shifts. There is a growing population of Poles in the Borough.
- 4.35 There is a major skills gap in parts of the valleys; construction industry has great difficulty finding construction workers in the area. This is fuelling Polish immigration (Developer).
- 4.36 It was felt that the local economy was vulnerable to recession. This would increase social housing demand massively and would hit hardest in the south of the Borough, where prices have increased the most.

Land and Policy

- 4.37 Stakeholders asked how the Heads of Valleys Strategy would influence the housing market.
- 4.38 Development potential was considered. Brownfield sites are running out in the south of the Borough; attempting to push development north. Greenfield sites are restricted by the topography.
- 4.39 A concern was expressed that new housing is not being built with sufficient services. The problem is that development in this area tends to be on small sites; developers cannot realistically afford to provide them at that scale.
- 4.40 Flood risk is a major problem in the valley bottoms; new Environment Agency guidelines are causing major planning headaches for the area.

Private rented sector

- 4.41 Stakeholders needed more information to understand how much of the increase in this tenure is driven by a lack of affordable owner-occupier property, or an increased demand for short term accommodation driven by the need for job flexibility.

Questionnaire methodology

- 4.42 Several stakeholders were very concerned that the LHMA should target hard-to-reach groups with support needs, which is only possible via focus groups. No secondary data is available to fill this gap.

Sub-markets and sub-areas

- 4.43 Stakeholders were generally in agreement with the view arrived at by Fordham research that there are three distinct sub-areas. It was noted that this was fewer sub-areas than envisaged by the South East Wales Regional Housing Study.

Stakeholder Workshop 2: Officers and Members

Affordability

- 4.44 Everyone agreed that the issue is not just about price, but about prices compared to incomes, as well as access to funds from parents or family. There's a big gap between local earnings and property prices.
- 4.45 It was felt that people are in a terrible situation – people are creating fake relationships just to move themselves up the council housing register.

BME

- 4.46 It was felt that whilst this is not a big issue in Caerphilly County Borough it still needs to be looked into. There is immigration, though – Polish workers have started to appear in the area. It was believed that foreign speculators buying property at auction is a worrying trend. It was noted that immigration could boom four or five years down the road as a result, when these houses are sold.

Cardiff, commuting and transport

- 4.47 Members believed that many people in the area leave for Cardiff or further afield in their 20s and return to settle down in their 30s.
- 4.48 There was a worry that any new housing built in the Borough will not be meeting local need but going to commuters to Cardiff, Newport and even Bristol. The Welsh Assembly orders Caerphilly County Borough to build more houses to meet 'need', but it was felt that it was actually Cardiff's needs that were being met in the County Borough. It was pointed out that one new estate in Caerphilly town is 60% Cardiff commuters. The 'M4 corridor' seems to be advancing up the valleys.

- 4.49 Many new houses being built are larger townhouses which are not what's needed in Caerphilly County Borough.

Housing stock

- 4.50 Participants believed that there is a lack of property targeted at older people although the Council felt that they were meant to be encouraging older people to stay in their own homes. There are 900 empty properties in the Borough; possibly some houses are kept empty by speculators and possibly some kept by locals actually living abroad.

Economy and services

- 4.51 Some people felt that the attractiveness of the area is limited by poor educational facilities.
- 4.52 Investment in transport has helped but the railway and Park and Ride are already overstretched and the bus is slow and unreliable. The re-opening of the Ebbw Vale line will bring new development but these are all north-south connections – east/west travel by public transport is difficult, despite the fact that commuting goes on in all directions.
- 4.53 People are commuting now, even from the north of the Borough – but many trains terminate at Bargoed – the Rhymney service is still poor (hourly). The small population in the north impedes provision of services – but New Tredegar has very good services now.
- 4.54 Drainage is a problem in some areas, particularly Rhymney.
- 4.55 Caerphilly County Borough needs a good retail centre – it's overshadowed by Cardiff. Retail rates are too high in the town although the council doesn't control this (more an issue for private landlords). Redevelopment is being considered. There are no nice hotels in the County Borough either – they've mostly been converted into high-end commuter housing.

Communities

- 4.56 Communities have declined in strength since the coal-mining days but they're still stronger than elsewhere. There's a big difference between new estates and older areas. The sense of community came from work.
- 4.57 Some consider the valleys as a 'city' these days in some ways – it's dispersed but it has a lot of the same urban problems.
- 4.58 It was felt that there is a benefits culture in some areas in the north.

New development

- 4.59 Big problems in the north – who wants to buy a house in Rhymney?

- 4.60 Supply is not meeting demand for some properties.
- 4.61 Differing views were expressed about the form that regeneration should take. Should we be looking at comprehensive redevelopment of some places or improvement to the existing stock?
- 4.62 CCBC recently sold some land in Blackwood recently to a developer, making the sale conditional on an agreement to build high quality housing; the developers were fairly hostile to the idea, though – even though buyers clearly want high quality housing. These things need to be enforced, not just asked for.

Tenure

- 4.63 We shouldn't be focusing only on owner-occupation for everyone – private renting can be secure and effective if it's done well although there is a working-class tradition of working toward home ownership.
- 4.64 No-one wanted private renting for years, now they do again. It's often single people and lone parents. There's an increased reliance on private renting, due to the lack of social rented housing these days – but it's very expensive for people. Housing Benefit doesn't always match the rent, and it leads people into poverty. The pot for Housing Benefit supplements is very small.
- 4.65 Participants were not opposed to low density executive housing (e.g. Castleview in Caerphilly town) but felt that this sort of housing is only really wanted in the Cardiff periphery. People who are successful in the area need to be able to stay here too. Local success stories should not be driven out.

Study methodology

- 4.66 There was a worry that people with literacy problems will be missed by the questionnaire and therefore ignored – also people sleeping on sofas will be missed. People were sceptical that the outputs of the 2003 HNS were realistic.

Sub-areas

- 4.67 Agreed that North/Middle/South is a good classification

Stakeholder Workshop 3: The local community

- 4.68 This was very well attended. Discussion in small groups was very lively following a keynote presentation.

- 4.69 Overall, people felt that affordability and low wages were the biggest problem. They recognised the role that the private rented sector is playing but had doubts about the quality of housing offered. They felt that there were gaps in local housing especially smaller homes and a lack of choice for older people.
- 4.70 Discussion was centred around the following key questions.

What is it like to live in Caerphilly County Borough?

- 4.71 Most people considered that there were not enough leisure facilities. Some considered that shopping was quite poor. They felt that the central problem was not enough better paid jobs. Some found local youth culture quite threatening. A significant minority said that they would move away if they could.

Is there sufficient housing for first time buyers?

- 4.72 Everyone believed that this was a problem but felt that low wages was the underlying issue. Many cited help from parents or longer term mortgages as ways in which helped local people.

What is the quality of the private rented sector?

- 4.73 Opinions varied greatly here. Many saw the sector as 'greedy', 'profiteering' 'poor quality' Others saw the sector as variable and some say the sector as filling a need, but once people on low wages were renting they would not be able to buy. Some people felt that the quality of the sector was improving as newer property was being bought and let.
- 4.74 Most people felt that the sector was growing rapidly and was meeting a need. There was a sense that this was people moving from the city and commuting back in.

Is there enough affordable or social housing?

- 4.75 Everyone felt strongly that there was an acute shortage of affordable housing across the board. Most people added that a great deal of specialist accommodation is needed for people with disabilities or support needs.
- 4.76 Many people felt that there was a lack of choice for older people.

Other issues

- 4.77 We raised the question of the impact of EU migrant workers in communities. Few people acknowledged their presence and no one identified any difficulties.

4.78 People felt that the range of property types were very narrow and called for more smaller dwellings to be built to suit single people of all ages and abilities.

Summary

4.79 Considering common themes and issues raised above the conclusions are that from a stakeholder and community perspective:

- There are three distinct sub-areas in the study area
- Issues facing communities are poor leisure and a lack of quality retail and the need for further regeneration in the north
- There is a severe shortage of affordable housing especially for people with support needs
- There are strong links to Cardiff from the point of view of migration and travel to work due to higher prices in the city and improving transport links
- There is a strong focus on the lack of smaller homes for small households, the lack of choice for older people and people with support needs
- There are constraints on new development due to availability of suitable sites, the topography and the potential for flooding.

C. THE ACTIVE HOUSING MARKET

This section aims to provide an understanding of how the housing market works. It initially describes the geographical variation in the market and identifies different sub-markets within the County Borough. It goes on to look at the flows of households through and within the market before analysing the role of the different tenures in the housing market.

5. Topography of the market

Introduction

5.1 This chapter provides information on the current housing market in Caerphilly County Borough, including an analysis of how prices vary in different parts of the County Borough. Information was collected from two sources:

- Land Registry
- Survey of local estate and letting agents (including internet searches)

5.2 Before undertaking any analysis of various data available stakeholders were asked about their perceptions of the local housing market (Chapter 4). This allowed us to better understand some of the findings and helped to put the results in context.

5.3 The chapter concludes with an analysis that establishes the entry-level price/rent of housing for a range of dwelling sizes. This price information is crucial to understanding the affordability of the local market to local households.

General price levels

5.4 The table below shows price levels in Caerphilly County Borough, Wales and England and Wales (drawn from Land Registry data for the fourth quarter of 2006). The data shows that price levels in Caerphilly County Borough are about 80% of the average for Wales.

Table 5.1 Land Registry average prices (4 th quarter 2006)			
Area	Average price	As % of England & Wales	As % of Wales
Caerphilly	£129,199	62.2%	82.2%
Wales	£157,010	75.6%	100.0%
England & Wales	£207,573	100.0%	132.2%

Source: Land Registry

Prices by type

5.5 The table below shows average property prices for the County Borough for each dwelling type (from Land Registry data). This data is compared with figures for Wales. The volume of sales by type is also included for both areas.

5.6 The largest volume of sales in the area was for terraced houses (44.7%) with an average price of £98,025. This is proportionally more terraced dwellings than were sold across Wales as whole. A lower proportion of detached dwellings and flats were sold in Caerphilly County Borough when compared to Wales as a whole; flats accounted for only 1.7% of sales in the County Borough.

Table 5.2: Land Registry Average Sale Prices (4th Quarter 2006): Dwelling Types

	Caerphilly County Borough		Wales	
	Average Sale Price	No. of Sales	Average Sale Price	No. of Sales
Detached	£208,321	168 (20.4%)	£233,830	3,960 (27.6%)
Semi-Detached	£124,956	273 (33.2%)	£144,211	4,253 (29.7%)
Terraced	£98,025	368 (44.7%)	£114,095	5,240 (36.5%)
Flat / Maisonette	£81,956	14 (1.7%)	£129,037	890 (6.2%)
All Dwellings	£129,199	823 (100.0%)	£157,010	14,343

Source: Land Registry

Prices in adjoining areas

5.7 As the table below demonstrates, house prices in Caerphilly County Borough fall into the middle of the range when compared to neighbouring authorities. Powys and Cardiff were the only local authorities showing average house prices above the Welsh average.

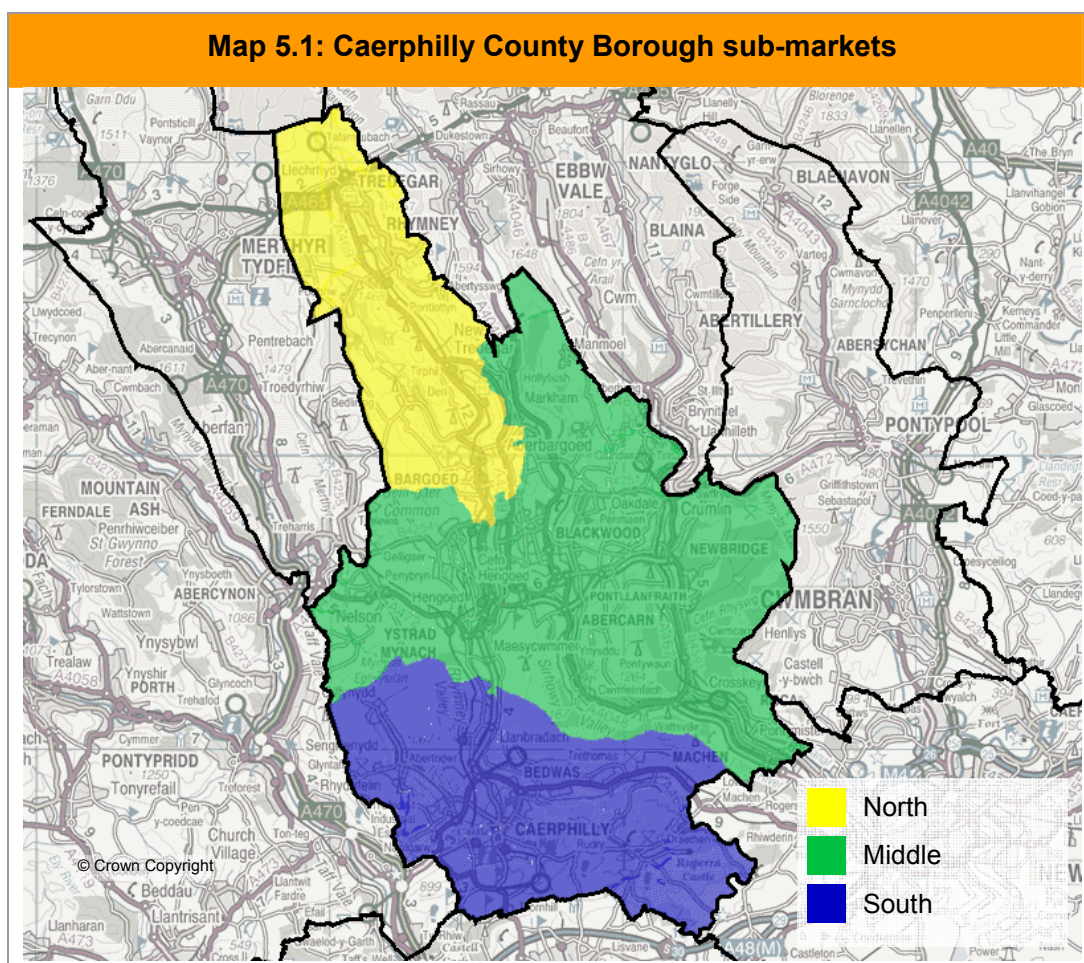
Table 5.3 Price levels in Caerphilly County Borough and adjoining local authorities (4th quarter 2006)

Council area	Average price as a % of Wales
Blaenau Gwent	60.3%
Merthyr Tydfil	63.8%
Rhondda Cynon Taff	71.4%
Caerphilly	82.3%
Torfaen	85.2%
Newport	98.9%
Powys	115.3%
Cardiff	116.0%

Source: Land Registry

Sub-markets within Caerphilly County Borough

- 5.8 A range of data sources were used to obtain detailed information about the local variations in housing markets across Caerphilly County Borough. These included the interviews with estate and letting agents and the views of stakeholders and community members, as described in Chapter 4, and an internet and telephone based survey of estate and letting agents undertaken to ascertain information on house prices.
- 5.9 This analysis of the cost of housing at the local level revealed three sub-markets across the County Borough. The housing market areas used in the South East Wales Regional Housing Market Study (2005) were also taken into account and the sub-markets used for this LHMA are broadly similar. It should be noted that although the South East Wales Regional Housing Market Study identifies five housing markets within the County Borough, this LHMA considers the County Borough in terms of three sub-markets. This is to ensure that each sub-market is large enough to offer a reasonable supply of entry-level priced properties.
- 5.10 The map below illustrates the three sub-markets, which follow postcode sector boundaries within the County Borough.



Source: Caerphilly County Borough LHMA 2007

‘South’ Sub-market

5.11 The Southern sub-market (postcode CF83) contains the County Borough town of Caerphilly as well as the towns of Bedwas and Machen. This sub-market broadly corresponds with the ‘Cardiff (urban)’ housing market area identified in the South East Wales Regional Housing Market Study. It is the most expensive part of the County Borough.

‘Middle’ Sub-market

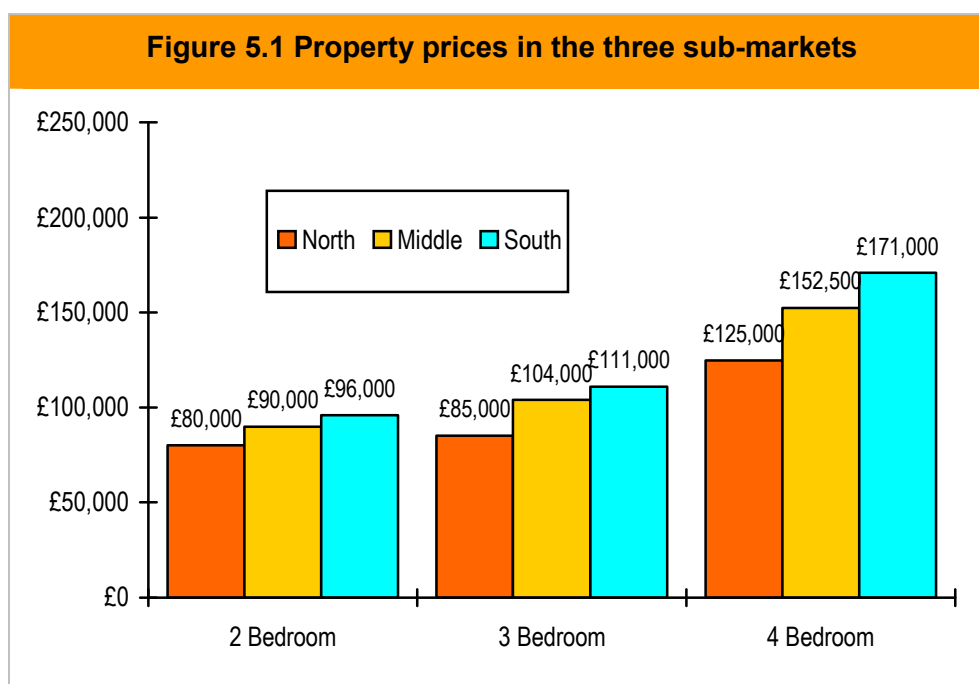
5.12 The Middle sub-market (postcodes CF82, NP11, NP12) covers a relatively large area and includes the towns of Risca, Abercarn, Newbridge, Blackwood, Hengoed and Nelson. This sub-market broadly corresponds with the ‘North of M4 corridor’ housing market area identified in the South East Wales Regional Housing Market Study. Blackwood was found to be amongst the most expensive areas of the sub-market, and the eastern area was in general found to be more expensive than the west. The Middle sub-market is the second most expensive of the County Borough’s three sub-markets.

‘North’ Sub-market

5.13 The Northern sub-market (postcodes CF81, NP22 and NP24) covers the north of the County Borough and includes the towns of Bargoed and Abergoed as well as New Tredegar and Rhymney at the County Borough’s most northern point. This sub-market broadly overlaps with the ‘Mid Valleys’ and ‘Heads of Valleys’ housing market areas identified in the South East Wales Regional Housing Market Study. The Northern sub-market is the least expensive of the County Borough’s three sub-markets.

House prices in the three sub-markets

5.14 The graph below illustrates entry-level purchase prices for each of the three sub-markets. An ‘entry-level’ price refers to the minimum cost of housing in a habitable condition found to be in reasonably good supply within the sub-market. One bedroom properties both to buy and rent were found to be in relatively short supply, therefore for the purposes of this LHMA, two bedroom dwellings are considered to be the smallest property size available in the County Borough.



Source: Survey of Estate and Lettings Agents (2007)

5.15 Entry-level rents were also collected from agents. The table below shows this information for the three sub-markets. Four bedroom properties to rent in the Northern sub-market were found to be in relatively short supply; therefore rental prices for such properties have not been included in the analysis.

Table 5.4 Minimum weekly private rents in the three sub-markets

Property size	South	Middle	North
2 bedrooms	£106	£97	£82
3 bedrooms	£115	£106	£91
4 bedrooms	£150	£122	-

Source: Survey of Estate and Lettings Agents (2007)

Affordable housing

5.16 To complete the housing cost profile in the local market it is necessary to present information on the cost of affordable housing. The cost of social rented properties by dwelling size can be obtained from Welsh Housing Statistics, compiled from the Council's WHO15 return. As can be seen the costs are significantly below those for private rented housing indicating a significant potential gap between the social rented and market sectors.

Table 5.5 The cost of affordable housing in Caerphilly County Borough	
Size requirement	Social rent (£/week)
1 bedroom	£47
2 bedrooms	£52
3 bedrooms	£53
4+ bedrooms	£56

Source: Welsh Housing Statistics

Intermediate housing

- 5.17 The cost of intermediate housing is presented in the table below. This is calculated as that halfway between the cost of social rent and the cost of entry-level market housing. This is termed the ‘usefully affordable point’ and is discussed more fully in Chapter 9.

- 5.18 Following the approach recommended by the Guide it is possible to determine the incomes that households accessing intermediate housing would require and the price it should be available at. The Guide states that the income required is calculated by annualising the weekly cost and multiplying it by 4 (using a quarter of gross income as the indicator for what is affordable). The cost of the property is then derived in the Guide by assuming that the applicable household would be able to acquire a mortgage based upon a 3.5 times multiplier. This information is presented for the three sub-markets in Caerphilly in the tables below:

Table 5.6 Derivation of the price of intermediate housing		
Sub-market and property size	Weekly cost of intermediate housing*	Implied price of intermediate housing
South		
1 bed	-	-
2 bed	£79	£57,512
3 bed	£86	£62,244
4 bed	£105	£76,440
Middle		
1 bed	-	-
2 bed	£75	£54,236
3 bed	£81	£58,968
4 bed	£91	£66,248
North		
1 bed	-	-
2 bed	£67	£48,776
3 bed	£74	£53,508
4 bed	£125	£91,000

*Based on the mid-point of the weekly costs of social rent and entry-level market housing
Sources: Survey of Estate and Lettings Agents (2007) and Welsh Housing Statistics

Low Cost Home Ownership schemes

- 5.19 There were also a number of Low Cost Home Ownership (LCHO) schemes progressing in the County Borough. Typical purchase prices for one, two and three bedroom properties are presented in the table below (four bedroom LCHO properties were found to be relatively rare and have therefore not been included).

Table 5.7 The cost of Low Cost Home Ownership in Caerphilly County Borough		
Size requirement	Price	Weekly cost*
1 bedroom	£65,000	£99
2 bedrooms	£75,000	£114
3 bedrooms	£85,000	£129

Source: United Welsh Housing Association

*Note Outgoings for purchase options assume a variable rate 25 yr repayment mortgage. With interest only payments outgoings would reduce by approx 20% though benefits of ownership would be lost as the property would not be owned outright at the end of the mortgage term.

Summary of housing costs in Caerphilly County Borough

5.20 The following tables summarise the entry level costs for rent and buying in Caerphilly County Borough as obtained by a combination of internet searches and telephone and personal survey of sales and letting agents across the area. The minimum price recorded equates the cheapest cost of housing in good repair of which there is a reasonable supply.

5.21 Weekly costs of owner-occupation are also presented. It can be seen that weekly costs for LCHO generally exceed private rental costs, suggesting such schemes would be unsuitable for households unable to afford market housing (either to buy or rent). However, since LCHO is less expensive than entry-level market housing to purchase, this suggests that such schemes would be more suited to households who can afford entry-level market rents but who are unable to afford entry-level purchase prices.

Table 5.8 Comparative outgoings by tenure			
Sub-market and property size	Social rent* £ weekly	Intermediate £ weekly	Min private rent** £ weekly
South			
1 bed	£47	-	-
2 bed	£52	£79	£106
3 bed	£53	£86	£115
4 bed	£56	£105	£150
Middle			
1 bed	£47	-	-
2 bed	£52	£75	£97
3 bed	£53	£81	£106
4 bed	£56	£91	£122
North			
1 bed	£47	-	-
2 bed	£52	£67	£82
3 bed	£53	£74	£91
4 bed	£56	£125	-

Sources: *Welsh Housing Statistics & **Survey of Estate and Lettings Agents (2007)

Table 5.9 Comparative outgoings by tenure

Sub-market and property size	LCHO: Min price sale*		Market housing: Min price sale**	
	£ weekly*	£price	£ weekly*	£price
South				
1 bed	£99	£65,000	-	-
2 bed	£114	£75,000	£146	£96,000
3 bed	£129	£85,000	£169	£111,000
4 bed	-	-	£260	£171,000
Middle				
1 bed	£99	£65,000	-	-
2 bed	£114	£75,000	£137	£90,000
3 bed	£129	£85,000	£158	£104,000
4 bed	-	-	£232	£152,500
North				
1 bed	£99	£65,000	-	-
2 bed	£114	£75,000	£122	£80,000
3 bed	£129	£85,000	£129	£85,000
4 bed	-	-	£190	£125,000

*Note Outgoings for purchase options assume a variable rate 25 yr repayment mortgage. With interest only payments outgoings would reduce by approx 20% though benefits of ownership would be lost as the property would not be owned outright at the end of the mortgage term.

Sources: *United Welsh Housing Association & ** Survey of Estate and Lettings Agents (2007)

Summary

- 5.22 A range of information sources were used to understand the housing market topography and identify sub-markets in the County Borough.
- 5.23 Information from the Land Registry showed that the average house price in Caerphilly County Borough was £129,199 (4th quarter 2006), 82.3% of the average house price in Wales.
- 5.24 Three housing sub-markets were identified, broadly similar to those identified in the South East Wales Regional Housing Market Study (2005) and have been classified as: South, Middle and North.
- 5.25 The Southern sub-market was identified as the most expensive, whilst the Northern sub-market was found to be the cheapest.
- 5.26 Entry-level costs for owner-occupation and private renting were identified across the County Borough, which are crucial to studying affordability issues.

- 5.27 The chapter also presented the cost of social rented and intermediate housing based on the usefully affordable point.
- 5.28 The cost of Low Cost Home Ownership (LCHO) was also considered, and the potential for such schemes to meet the requirements of those unable to afford to purchase housing on the open market was acknowledged.

6. Annual flows of moves

Introduction

- 6.1 One of the key features of a housing market is the pattern of movement. Fordham Research has developed the concept of the 'annual cycle of moves'. The cycle has three principal components:
- i) Moves within the County Borough
 - ii) Moves out of the County Borough
 - iii) Moves into the County Borough
- 6.2 The purpose of the calculation, which is illustrated below, is to indicate the character of the movements in a housing market. The flows of movers can be distinguished in as much detail as the data and the graphical display will allow.
- 6.3 The main distinctions used here are between:
- Newly forming (or concealed) households (typically young adults) moving into their first independent home
 - Existing households with children
 - Existing households without children
- 6.4 There are further distinctions which can be pursued, but the key aspects of many home moves can be captured by this three-way split. It is important to note that one group is different from the rest:
- Newly forming households revealing themselves by moving out of the area do not free up a residential unit as existing households moving out of the area do. Both emerging households moving within the area, and incoming ones, represent a net demand for a further unit of accommodation
- 6.5 The diagram which follows is based on standardised two year averages from the primary data. This provides a more reliable guide to the current patterns of movement than any specific year would. Data for in-migration is based on past trends¹ whilst information about out-migration is based on households' future expectations². Household dissolution is estimated using national mortality rates.

¹ i.e. an annualised average of moves taking place between 2005-2007

² i.e. an annualised average of predicted moves between 2007-2009

Annual cycle of moves

6.6 The following diagram and table summarises the situation:

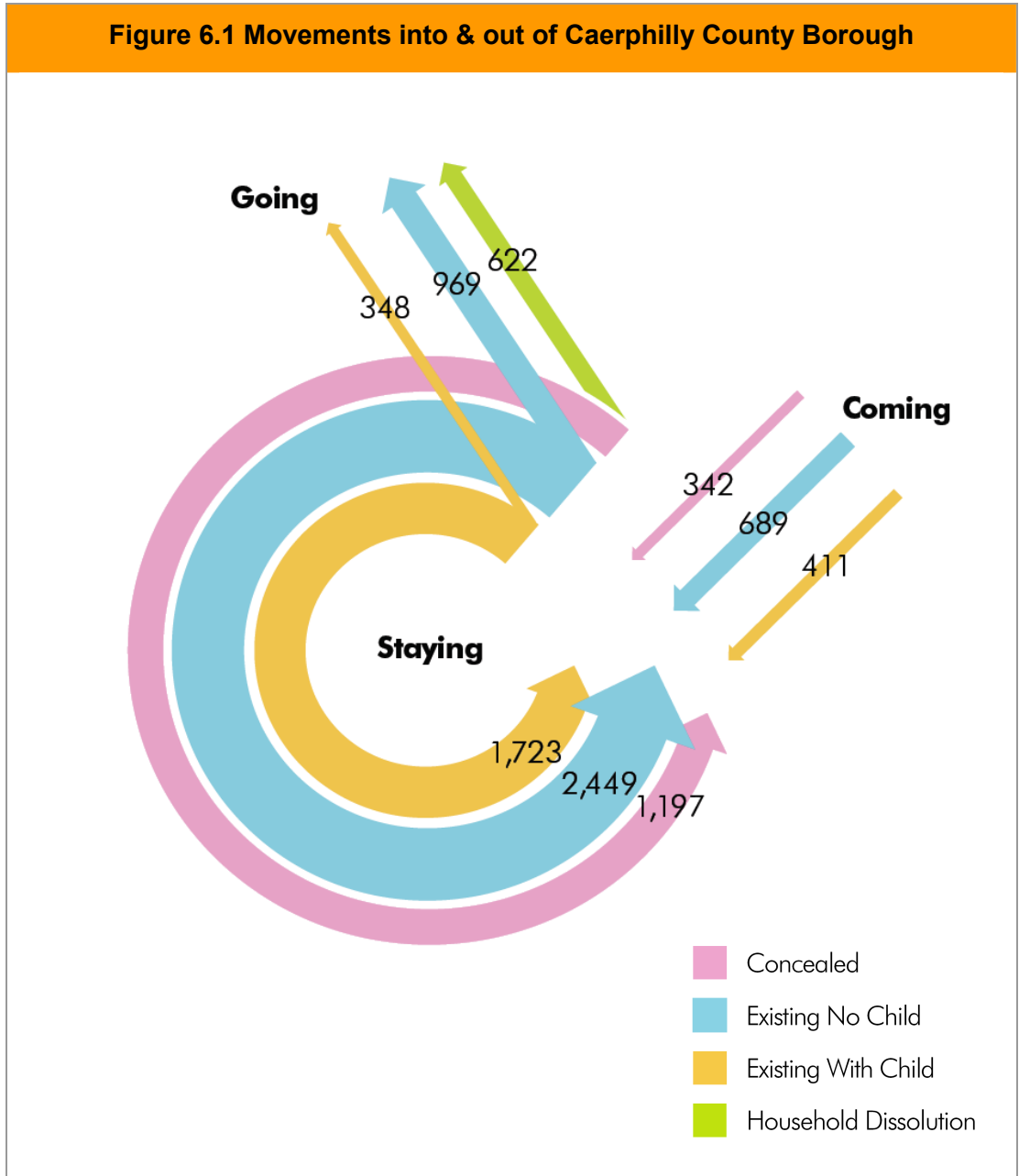


Table 6.1: Movements into & out of Caerphilly County Borough

	Moving within	Moving out	Moving in	Net movement
Existing households no children	2,449	969	689	-279
Existing households with children	1,723	348	411	63
Newly forming households	1,197		342	1,539
Household dissolution	0	622	0	-622
Total	5,369	1,939	1,442	700

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 6.7 There is a net outflow of older households with no children at home, and a smaller net inflow of younger households with children still at home. There is also a net inflow of newly forming households. The result is a net inflow of 126 households as shown below:

$$-279 + 63 + 342 = 126$$

- 6.8 The overall change in household numbers can then be obtained by adding in newly forming households who remain in the Borough, and removing net dissolutions (normally through death).

$$126 + 1,197 - 622 = 701 \text{ households pa}$$

- 6.9 Thus the overall growth of Caerphilly County Borough is expected to be around 700 households per annum.

Summary

- 6.10 The standardised Annual Flows pattern shows a relatively self-contained housing market for Caerphilly County Borough: the inflows and outflows are notably smaller in scale than the internal ones.
- 6.11 There is a net inward flow of households, currently estimated at 126 per annum. When account is taken of the net dissolutions and likely internal growth, the overall net position at present is that around 700 extra households are expected to form within Caerphilly County Borough each year.

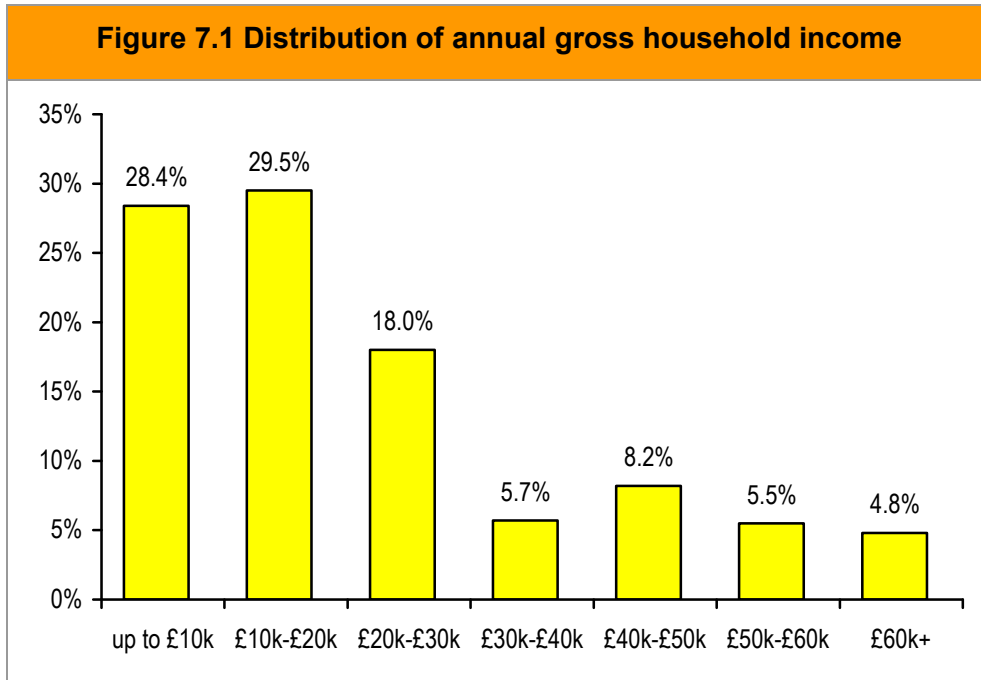
7. Financial capacity

Introduction

- 7.1 Traditionally it has been assumed that (household) incomes could reasonably accurately predict ability to afford house prices. This has gradually ceased to be true. Although a comparison of average incomes to local house prices can provide a general indication as to the affordability of an area in comparison to another one, when constructing a detailed assessment of the ability to afford of the local population it is necessary to obtain information on the complete financial capacity of individual households.
- 7.2 This is because of the evolution of the British housing market over several decades of high and largely rising prices. The two additional factors required to make up 'financial capacity' are:
- Equity: whether earned by the household in question from previous home ownership, or passed on from one generation to the next
 - Savings. this is now an important part of many households' financial capacity. The majority of households have a tangible level of savings with some groups having a substantial level.
- 7.3 The household survey therefore collected data looking at a range of financial information (including incomes, savings and equity). This chapter contains the analysis of the survey results with regard to households' financial situation.
- 7.4 The chapter initially presents the results of the financial data generated by the survey and concludes with the summary financial capacity of various categories of household.

Household income

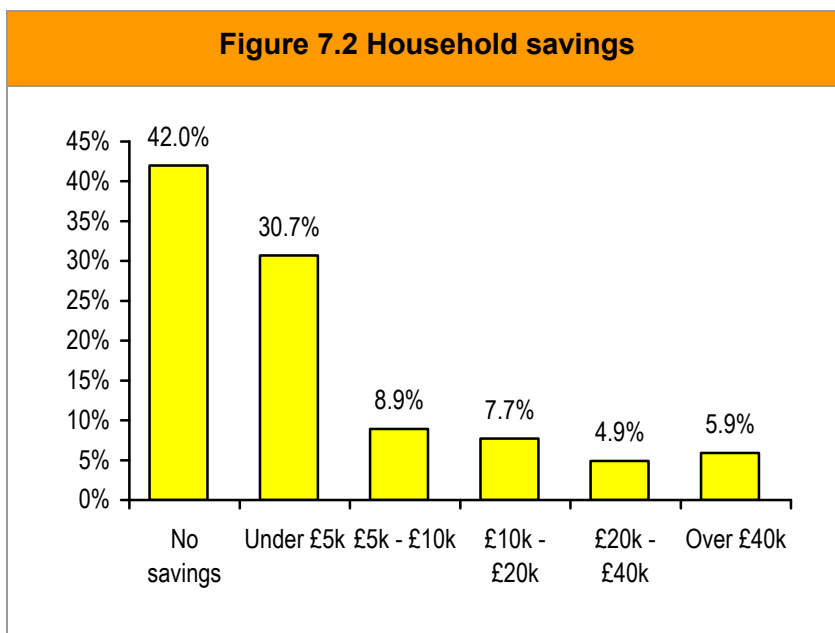
- 7.5 The response to the survey income question was good with 81.8% of respondents answering this question. Survey results for household income in Caerphilly County Borough estimate the average (mean) gross household income level to be £21,895 per annum. The median income is noticeably lower than the mean (at £16,673 per annum). The figure below shows the distribution of income in the County Borough.



Source: Caerphilly County Borough LHMA 2007 - household survey data

Household savings and equity

- 7.6 The response to the survey savings question was also good with 83.1% of respondents answering this question. The average (mean) household has £11,150 in savings (median of £1,068). The figure below shows the distribution of savings in the County Borough.
- 7.7 An estimated 72.7% of households had less than £5,000 in savings whilst 5.9% had savings of over £40,000. Households with no savings also include those in debt.



Source: Caerphilly County Borough LHMA 2007 - household survey data

- 7.8 The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner occupier groups together (with and without mortgages) the average (mean) amount of equity was estimated to be £95,814 (median of £84,036). It is estimated that 1.1% of owner-occupiers (584 households) are in negative equity.

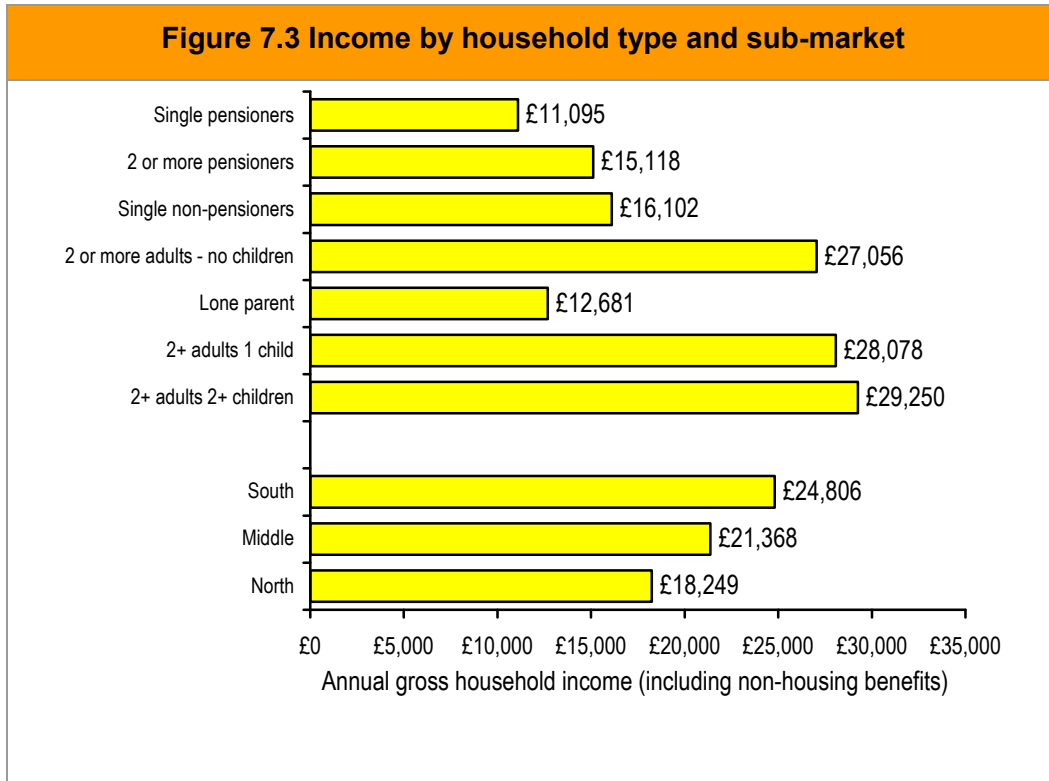
Household characteristics and income

- 7.9 The table below shows average income, savings and equity by tenure. As might be expected, the households with the lowest average incomes (and savings) are those in the social rented sector. Whilst owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage, this group contains many older people who are not working but have redeemed their mortgages. These households therefore have much higher levels of savings and equity.

Table 7.1 Financial information by tenure			
Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£18,831	£24,715	£122,858
Owner-occupied (with mortgage)	£31,410	£6,904	£76,053
Council	£7,651	£710	-
RSL	£8,814	-£73	-
Private rented	£13,603	£3,643	-
AVERAGE	£21,895	£11,150	£95,814

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 7.10 The figure below looks at income levels by household type and by sub-market. Single pensioner households show the lowest average incomes, whilst households with two or more adults and children show the highest average incomes. By sub-market, households living in the Southern sub-market had notably higher average incomes than those living in the Northern sub-market.



Source: Caerphilly County Borough LHMA 2007 - household survey data

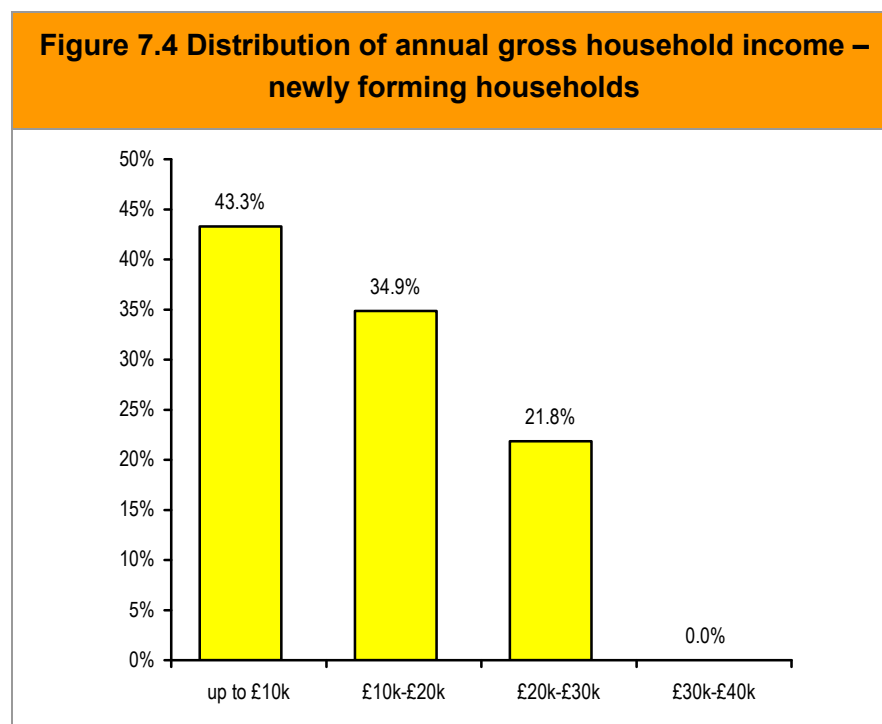
Other financial information

- 7.11 In addition to the information collected about income, savings and equity the survey form asked households whether they had 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 vast majority of households (93.7%) stated that they had no further access to financial resources other than those already analysed.
- 7.12 However, even including those with no further access to funds it is estimated that the average household will have access to around £600 from sources other than savings and equity. 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.

Newly forming households financial situation

- 7.13 The survey found that there are an estimated 4,084 households who need or are likely to form over the next two years. The housing preferences and expectations of these households (in terms of location, tenure and type of dwelling) have also been studied. In addition to the future preferences and expectations of newly forming households, the household survey collected a series of data about these households' financial situation (including income and savings data) which is presented below.

- 7.14 The table below shows estimated income levels for newly forming households. The table shows that income distribution is heavily concentrated in the lower income brackets with 43.3% having an income of below £10,000 and 78.2% an income below £20,000. The average (mean) income of newly forming households is estimated to be £10,938 – significantly below the figure for all households of around £21,895.



Source: Caerphilly County Borough LHMA 2007 - household survey data

- 7.15 In addition, newly forming households were asked about any financial resources which might be available for a deposit/bond when buying or renting a home. Overall, it is estimated that the average newly forming household will have access to an average of £2,793. There is however a considerable difference between different households in terms of likely financial resources available with 62.4% stating that they have no money to use as a deposit/bond and 3.2% having more than £20,000.
- 7.16 Given the level of income and savings shown for newly forming households from the survey data it is clear that many will have difficulty accessing the housing market without some form of subsidy. However, it is widely recognised that this group of households can have rapidly changing financial situations (for example households who have actually formed over the past two years show an average income of £20,597 per annum) and therefore to rely solely on the information provided here may not properly reflect the affordability of this important group.
- 7.17 Therefore the survey form also asked a 'subjective' question about future affordability. In response to this question 63.4% of newly forming households stated that they would not be able to afford market housing without some sort of subsidy (e.g. housing benefit).

Financial capacity of Caerphilly County Borough’s households

- 7.18 The additional financial resources of savings and equity have always existed; however their importance in understanding affordability has not always been documented. Therefore a definition has been created that clarifies the information required:
- 7.19 **Financial capacity** refers to the overall ability of a household to purchase housing (whether for sale or to (part) rent). The term includes income, owned equity and savings.
- 7.20 To measure the combined value of ‘capital’ and ‘income’ it is necessary to put them on the same basis. It is possible to ‘annualise’ a capital sum (as for example valuers do when assessing the capital value of offices that are rented) or ‘capitalise’ the annual sums (as for example mortgage lenders do when applying multiples to income to work out how much a household can afford). Since this discussion looks at housing we adopt the latter approach.

Financial capacity by tenure

- 7.21 The following table shows financial capacity by tenure. The table indicates that owner occupiers without mortgage (typically older households) have by far the highest financial capacity. It is about 15% higher than the financial capacity of the generally younger households who still have mortgages.
- 7.22 The three renting categories clearly have much lower financial capacity, since they have no equity.

Table 7.2: Financial Capacity and tenure

	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Council	RSL	Private rented
Mean income	£18,831	£31,410	£7,651	£8,814	£13,603
Mean savings	£24,715	£6,904	£710	-£73	£3,643
Mean equity	£122,858	£76,053			
Financial capacity	£204,067	£177,186	£23,662	£26,371	£44,451

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 7.23 It is clear even from this summary analysis that those who are renting are very much less able to ascend the housing ladder than those who have already been able to access owner-occupation.

Financial capacity by moving intention

7.24 The following table presents the financial capacity for households in Caerphilly County Borough, by their moving intention.

Table 7.3: Financial Capacity and moving intentions			
	Planning to move within Caerphilly County Borough	Planning to move out of Caerphilly County Borough	Not planning a move
Mean income	£18,403	£25,815	£22,200
Mean savings	£6,233	£15,660	£11,621
Mean equity	£88,387	£82,177	£97,039
Financial capacity	£149,828	£175,281	£175,259

Note: Households' moving intentions within next 2 years.

Source: Caerphilly County Borough LHMA 2007 - household survey data

7.25 The overall ability to buy or rent (which is the financial capacity figure) assumes a modest x3 multiple of income to produce the mortgage amount which is implied. Even if a higher multiple of x3.5 or x4 had been used, it can clearly be seen that the overall financial capacity is about half made up of equity, and given significant savings is made up considerably less than half by household income. This is striking evidence that the old 'price/income' ratio approach to assessing housing markets is now not a sufficient approach.

7.26 Looking at the table it is also clear that:

- i) Movers within the Caerphilly County Borough market have a lower financial capacity than either out-movers or households with no immediate plans to move
- ii) Non-movers have a similar financial capacity to out-movers
- iii) Movers within have the lowest average income and savings of the three groups. Out-movers have the lowest levels of equity, which may suggest that the out-movers are younger households with less ownership history and hence accumulated equity.

Summary

7.27 The collection of financial information is a fundamental part of any LHMA

7.28 Household survey data estimates that mean annual gross household income (including non-housing benefits) in the Caerphilly County Borough is £21,895

- 7.29 The average conceals wide variations among different tenure groups with households in social rented housing showing average incomes significantly below the County Borough average
- 7.30 The average household savings in Caerphilly County Borough is £11,150 and the average equity of owner-occupiers is £95,814
- 7.31 Financial capacity is the term created to define capitalised amount of money a household potentially has available to move home. This is necessary to understand how the market works.

8. Key housing information by tenure

Introduction

- 8.1 This chapter introduces the four main tenure types in Caerphilly County Borough before going on to examine the differences in the types of stock in each. The chapter also profiles variations in the type of households resident in each tenure to provide a greater understanding of the role each plays in the housing market area and how they interact. This chapter exclusively uses information from the dataset as it provides more detail about the nature of households in each tenure.
- 8.2 Initially it is appropriate to establish the size of the four main tenure groups across the housing market area. This is presented in the table below. It shows that almost three-quarters of households in Caerphilly County Borough are owner-occupiers. A further 19.4% reside in social rented accommodation, 5.4% are private rented tenants and 0.5% live in intermediate housing. The results in this table differ from those presented in Chapter 3, because the dataset has been weighted against the most recent tenure profile available. This includes information on the number of Council and RSL households in each Local Authority recorded by Welsh Housing Statistics as well as the tenure distribution recorded across the market housing stock by the Census, but with an adjustment to take into account recent changes.

Table 8.1 Number of households in each tenure group

Tenure	Total number of households	% of households
Owner-occupied	54,384	74.7%
Private rented	3,917	5.4%
Intermediate	371	0.5%
Social rented	14,128	19.4%
TOTAL	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

The four tenures

- 8.3 Each of the four tenures are described below:

The owner-occupied sector

- 8.4 An owner-occupied property is one that is occupied by the household that has purchased the property either outright or with the help of a mortgage. The level of owner-occupation in Caerphilly County Borough, at 74.7%, is higher than that recorded nationally (68.2%). Although changes in house prices have historically been cyclical, with a housing market crash acting as a check to the market when house prices increase too rapidly, house prices have still increased at a much faster rate than inflation over the long-term. Although there have been recent increases in interest rates, the market remains stable.
- 8.5 The idea that owning your home may provide a good investment in addition to accommodation for the household has resulted in owner-occupation increasingly becoming the tenure of choice for households. This pattern alongside a reduction in the availability of social rented accommodation led to more households aspiring to owner-occupation.

The private rented sector

- 8.6 The private rented sector is an important part of the housing spectrum in an area. In British conditions it is not often a long-term choice but is an important transitional tenure. In many cases the private rented sector is a stage in the progress of a household moving into owner-occupation, but can also be a stage in the move of a household into social rented housing. The latter is not such a satisfactory stage, since the shortage of social rented housing may mean that households remain in it for much longer than is desirable.
- 8.7 In more detail, and as a market sector, the private rented sector plays an important role. It meets the needs of:
- Business people who have short term reasons for staying in a place (e.g. for six months or a year, when it would not be worth the time and transactional cost of buying property)
 - Students, again relatively short-term residents, who would generally be expected to have greater mobility within the private rented sector. The effect of this is however extremely limited in Caerphilly County Borough since there are few students residing in the area
 - Those planning entry to the owner-occupied market but who have not had time either to find suitable property or accumulated a sufficient deposit to do so
 - Those who cannot afford to purchase, but who do not want or cannot access the social rented sector
- 8.8 The 2001 Census has revealed a considerable growth in the private rented sector over the past decade or so. This has been particularly driven by ‘buy to let’ mortgages, which allow purchasers a cheaper mortgage on account of the rental stream which will follow purchase.

Affordable intermediate housing

- 8.9 For at least a decade there has been recognition that 'affordable housing' could refer to tenures other than social rented housing. Fordham Research has provided analysis of tenures such as 'low cost market' housing to check which ones were actually cheaper than market housing.
- 8.10 By 2000 the gap between social rent and market entry (whether rented or purchased) was so wide in London that the term 'intermediate' housing was coined in the London Plan to describe a new sector of the housing market. The definition referred to housing that is cheaper than market entry but available to those who can afford more than a social rent.
- 8.11 In 2006 the Welsh Assembly Government defined affordable housing as consisting of two sectors: social rented and intermediate. In 2006 Fordham Research added the refinement of 'usefully affordable housing'. This term refers to the midpoint between social rent and the market. Where an intermediate housing product is produced at a cost below market entry level, whilst it is 'technically affordable', the cost is normally only fractionally below the market and accessible for very few, if any, of those households in housing need who can afford the 'intermediate range'. The mid point in the range ensures that a reasonable proportion of those in housing need can afford the price in question, that is, the level at which it is suggested that Intermediate housing must be provided if it is to be genuinely affordable and a real step in the housing ladder.

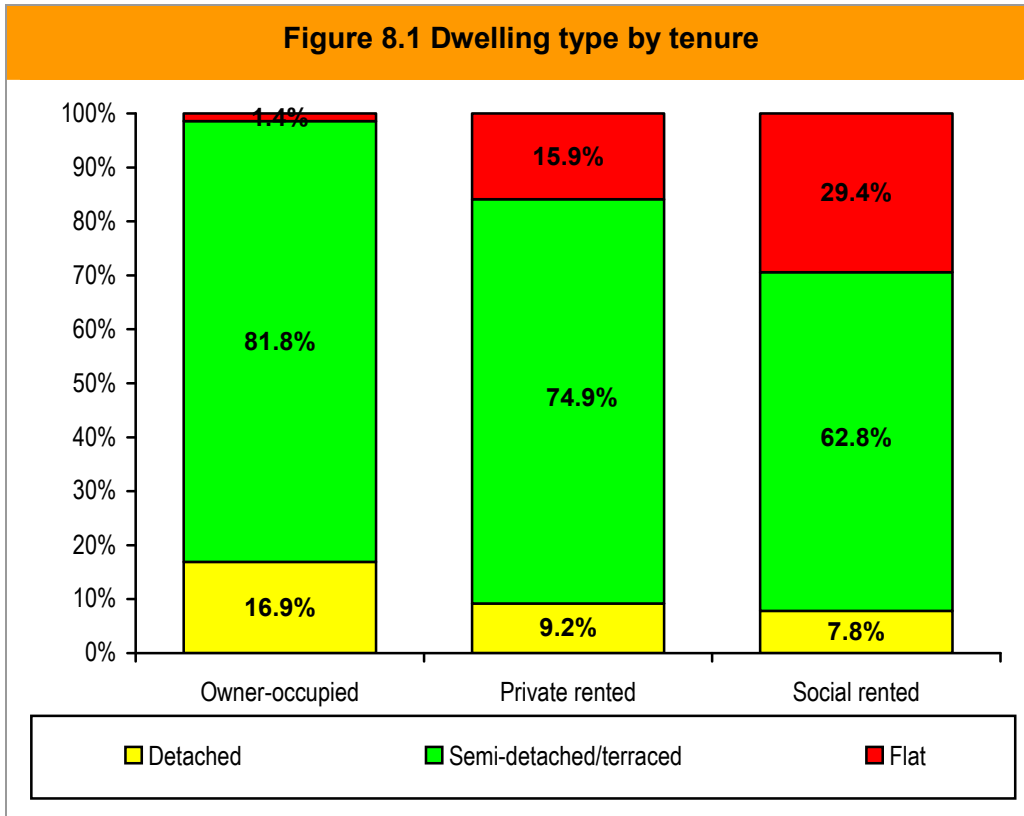
The social rented sector

- 8.12 Social rented is the most highly subsidised and generally cheapest available housing. The large drop in the construction of social rented properties since the mid-70s (around 150,000 social rented units were completed in 1976 in comparison to around 20,000 currently) and the introduction of the right-to-buy has led to a rapid decrease in the availability of social rented stock. This means that demand for this tenure far exceeds supply in most areas of Britain.

Accommodation typology

- 8.13 Information from the survey will be used to inform the discussion of the roles of each tenure for the remainder of the chapter. As the sample of households resident in intermediate housing is insufficient to provide reliable information at the required level of detail, this tenure will be combined with the social rented sector to create a wider affordable housing sector.

8.14 The figure below shows the type of properties in each of the three broad tenures in Caerphilly County Borough. The figure indicates that less than 2% of owner-occupied properties are flats; this dwelling type constitutes almost a sixth of properties in the private rented sector and almost a third of affordable accommodation. Around a sixth of owner-occupied homes are detached houses, higher than the proportion recorded in the other tenures.



Source: Caerphilly County Borough LHMA 2007 - household survey data

8.15 The table below shows the size profile of the housing stock in Caerphilly County Borough. The data suggests that more than 80% of the owner-occupied stock contains three or more bedrooms compared to less than half of the stock in the social rented sector and 60% in the private rented. The private rented sector contains a large proportion of two and three bedroom dwellings, whilst the social rented sector contains the highest proportion of one bedroom homes. The social rented sector contains significantly lower levels of four+ bedroom accommodation.

Table 8.2 Size of dwellings (number of bedrooms) by tenure

Number of bedrooms	Tenure		
	Owner-occupied	Private rented	Social rented
1 bedroom	0.6%	6.6%	18.8%
2 bedrooms	16.5%	33.4%	32.6%
3 bedrooms	69.3%	49.0%	45.0%
4+ bedrooms	13.6%	11.0%	3.6%
TOTAL	100.0%	100.0%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

8.16 The table below uses information on household moves over the last two years to establish an annual turnover rate for each dwelling size in the three tenure groups.

Table 8.3 Turnover of dwellings by size of dwelling and tenure

Number of bedrooms	Tenure		
	Owner-occupied	Private rented	Social rented
1 bedroom	12.2%	21.4%	7.1%
2 bedrooms	7.3%	13.4%	12.6%
3 bedrooms	3.3%	24.6%	8.6%
4+ bedrooms	9.7%	16.7%	0.0%
TOTAL	4.9%	19.8%	9.3%

Source: Caerphilly County Borough LHMA 2007 - household survey data

8.17 The recent mover data points to an overall turnover rate of 4.9% in the owner-occupied sector, 19.8% in the private rented sector and 9.3% in the affordable sector, although this will be a slight underestimation of total turnover for the dwellings concerned (given that there may have been multiple moves in the two-year period). This information suggests that private rented households are about four times more likely to move than owner-occupied residents.

Household composition

8.18 The table below shows the size of households in each of the three broad tenures. The table shows that 41.5% of households in social rented housing contain only one person compared to 30.2% of households in the private rented sector and 22.5% of owner-occupiers. The average household size is highest in the owner-occupied sector and lowest in the social rented sector.

Table 8.4 Size of households in each tenure

Number of persons in household	Tenure		
	Owner-occupied	Private rented	Social rented
One	22.5%	30.2%	41.5%
Two	35.7%	31.6%	27.9%
Three	20.2%	17.0%	11.8%
Four	15.5%	19.4%	9.3%
Five	4.9%	1.7%	6.3%
Six or more	1.2%	0.0%	3.2%
TOTAL	100.0%	100.0%	100.0%
Average household size	2.48	2.31	2.21

Source: Caerphilly County Borough LHMA 2007 - household survey data

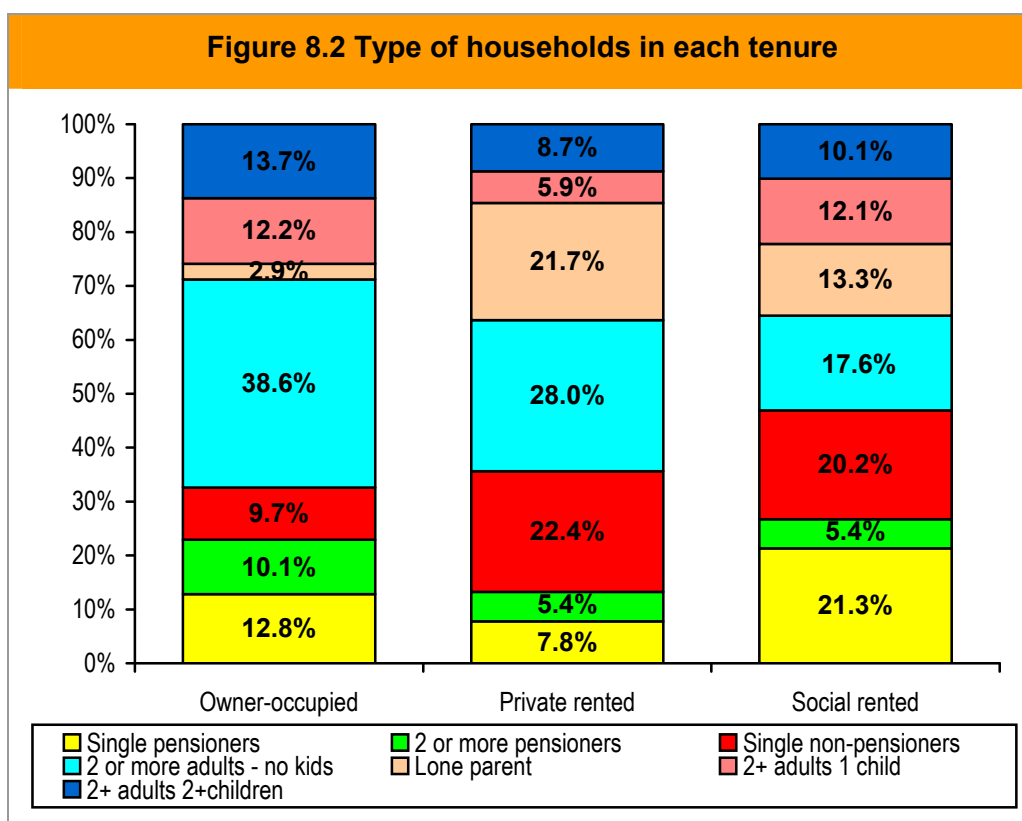
8.19 The table below shows the age of the household heads in each of the three broad tenures. 50% of households in the private rented sector are headed by someone under 40 compared to just 26% of owner-occupiers and 26% of residents of social rented housing. Some 20.5% of owner-occupied households are headed by someone aged 70 or over, compared to 17.5% of social rented households and just 8.4% of households renting privately.

Table 8.5 Age of heads of household in each tenure

Age of household head	Tenure		
	Owner-occupied	Private rented	Social rented
Less than 30	7.9%	27.6%	11.4%
30-39	18.2%	22.6%	15.2%
40-49	18.6%	13.1%	16.1%
50-59	18.8%	16.3%	22.6%
60-69	19.0%	11.9%	14.1%
70-79	12.6%	3.4%	9.6%
80 and over	4.9%	4.9%	11.0%
TOTAL	100.0%	100.0%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

8.20 The figure below shows the type of households resident in each of the three broad tenures in Caerphilly County Borough. The figure indicates that the social rented sector contains the highest proportion of single pensioners and relatively few households with two or more adults and no children. The private rented sector contains the largest proportion of single non-pensioner households and relatively few pensioner households. The owner-occupied sector contains the largest proportion of two or more pensioner households and two or more adults with no children households. This sector also contains relatively few single non-pensioner and lone parent households.



8.21 The table below presents the level of overcrowding and under-occupation in each of the tenures. The table indicates that 45.1% of owner-occupied households under-occupy their dwellings and only 1.1% are overcrowded. The social rented sector displays the highest level of overcrowding, at 5.4% of dwellings and the lowest level of under-occupation, at 16.8%.

Table 8.6 Overcrowded and under-occupying households by tenure

Overcrowded/under-occupied	Tenure		
	Owner-occupied	Private rented	Social rented
Overcrowded	1.1%	2.2%	5.4%
Neither overcrowded nor under-occupied	53.8%	74.3%	77.9%
Under-occupied	45.1%	23.5%	16.8%
TOTAL	100.0%	100.0%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Socio-economic and financial status

8.22 The table below shows the working status of the head of household by tenure. The table indicates that owner-occupied households are most likely to be headed by someone in employment (57.5%). In comparison less than a fifth of the household heads in the private rented sector are employed, and just 9.1% work full time.

- 8.23 The affordable sector records the highest proportion of retired, unemployed and long term sick or disabled household heads (75.3% in total). The private rented sector also contains a notable proportion of household heads that are unemployed, long term sick or disabled. In comparison there are very few households in the owner-occupied sector that are not headed by someone that is either employed or retired.
- 8.24 The table also shows the proportion of households with at least one employed household member in each tenure. The data indicates that nearly all of owner-occupied and around two-thirds of social rented households contain at least one employed person, this compares to just over half of private rented households.

Table 8.7 Economic status of heads of households in each tenure

Employment Status of Head of Household	Tenure		
	Owner-occupied	Private rented	Social rented
Full-time employment	44.5%	24.8%	9.1%
Part-time employment	13.0%	11.4%	12.1%
Retired	31.9%	13.2%	35.6%
Unemployed	3.3%	17.8%	19.3%
Long term sick or disabled	4.1%	12.0%	20.4%
Student 16 or over or trainee	0.5%	4.4%	1.2%
Other	2.6%	16.3%	2.3%
TOTAL	100.0%	100.0%	100.0%
With at least one employed household member	96.1%	53.7%	65.5%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 8.25 A further question asked in the survey was car ownership/availability. Although partly related to the rurality of the household's location, it is a useful variable as it can provide some indication of wealth. The table below shows the number of cars households have available for use by tenure.
- 8.26 Nearly two-thirds of all households in social rented housing have no access to a car or van, this compares with less than a fifth of owner-occupied households. The average household has 1.01 cars; this figure varies from 0.39 in the affordable sector to 1.20 for owner-occupiers.

Table 8.8 Car ownership and tenure

Number of cars/vans available for use	Tenure		
	Owner-occupied	Private rented	Social rented
0	18.3%	47.4%	65.1%
1	49.4%	44.7%	31.3%
2	26.6%	6.1%	2.9%
3+	5.7%	1.8%	0.7%
TOTAL	18.3%	47.4%	65.1%
Average number of cars/vans	1.20	0.62	0.39

Source: Caerphilly County Borough LHMA 2007 - household survey data

8.27 The table below shows average income and savings by tenure. The table indicates that the average income of owner-occupiers is more than three times that of residents of affordable accommodation and nearly twice as high as households renting privately. Average savings levels display an even more polarised trend, with owner-occupiers having on average around 10 times the level of savings as those in housed in affordable accommodation.

Table 8.9 Financial information by tenure

Financial information	Tenure		
	Owner-occupied	Private rented	Social rented
Average annual gross household income	£26,118	£13,603	£8,298
Average savings	£14,273	£3,643	£1,463

Source: Caerphilly County Borough LHMA 2007 - household survey data

Movement between sectors

8.28 Whilst the characteristics of the three tenures are quite different they do not operate in isolation. The table below looks at the previous and current tenure of households that have moved in the last two years to establish the extent of inter-tenure movement. The table shows a relative lack of inter-tenure movement, although a third of privately rented households moved into owner-occupation. Newly forming households were most likely to go into owner-occupation accommodation.

Table 8.12 Previous and current tenure					
Current tenure	Previous tenure				TOTAL
	Owner-occ'd	Private rented	Social rented	Newly forming	
Owner-occupied	3,339	655	59	1,250	5,303
Private rented	239	726	179	405	1,549
Social rented	298	425	1,496	486	2,705
TOTAL	3,876	1,806	1,734	2,141	9,557

Source: Caerphilly County Borough LHMA 2007 - household survey data

Summary

8.29 This chapter has examined the nature of the dwelling stock and resident households in each of the three principle tenures in Caerphilly County Borough. The survey showed:

- i) The owner-occupied sector has the lowest turnover of stock and is characterised by the largest properties. Households in this sector display the most affluent profile with the highest incomes and the highest level of car ownership. This sector has the lowest proportion of single person households suggesting it is hard to access for one person alone.
- ii) The private rented sector records the highest turnover, four times greater than that of the owner-occupied sector. It contains a larger proportion of single non-pensioner households. Levels of employment are lower than in the owner-occupied sector and incomes and savings levels are much lower.
- iii) The social rented sector displays the lowest level of under-occupation. The tenure houses a relatively high proportion of single pensioner households. The financial profile of these households is much worse than households in the other two tenures with average incomes around a third of those in the owner-occupied sector.
- iv) There is relatively little inter-tenure movement by households although there is a notable movement from the private rented sector to owner-occupation.

D. HOUSING NEED

9. Concepts for analysing housing need

Introduction

9.1 This chapter provides definitions for the key concepts used in the housing need assessment model. All of the definitions used are taken from Technical Advice Note 2 (TAN2) and the WAG Guide. It also describes the affordability test used and how it relates to Caerphilly County Borough.

Key terms and definitions

Housing need

9.2 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.'*

9.3 The aim within this section is to exclude from assessment households who would like affordable housing but are not in need but to include those who have a need but have not expressed any expectation of securing such housing (possibly due to knowledge about the likelihood of being able to secure such housing).

Unsuitable housing

9.4 A key element of housing need is an assessment of the suitability of a household's current housing. The WAG Guidance sets out a series of nine criteria for unsuitable housing under four main headings. The main headings are shown below (the number in (brackets) is the number of sub-divisions in each category). In this report we have studied all nine of the categories.

- Homeless households or with insecure tenure (2)
- Mismatch of housing need and dwellings (4)
- Dwelling amenities and condition (2)
- Social needs (1)

Affordable housing

9.5 TAN2 defines affordable housing as:

TAN2	<p><i>'Housing provided to specified eligible households whose needs are not met by the open market. Affordable housing should:</i></p> <ul style="list-style-type: none"><i>- Meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local house prices.</i><i>- Include provision for the home to remain affordable for future eligible households or, if a home ceases to be affordable or staircasing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing'.</i> <p>[Technical Advice Note 2 (page 19)]</p>
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9.6 TAN2 also defines the two types of affordable housing:

TAN2	<p><i>'Social rented housing: provided by local authorities and registered social landlords where rent levels have regard to the Assembly Government's guideline rents and benchmark rents;</i></p> <p>And</p> <p><i>'Intermediate housing: where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes (e.g. HomeBuy). Intermediate housing differs from low cost market housing, which the Assembly Government does not consider to be affordable housing for the purpose of the land use planning system.'</i></p> <p>[Technical Advice Note 2 (page 19)]</p>
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9.7 To understand the level of potential demand for intermediate housing we have studied intermediate housing in terms of the cost of outgoings. For analytical purposes the cost of intermediate housing is set at the midpoint between social rents and market prices/rents (whichever the cheaper). This intermediate level represents a housing cost which might be referred to as 'usefully' affordable (i.e. is sufficiently below market prices for a reasonable proportion of households to be able to afford such housing).

Newly arising need

9.8 Newly arising (or future) need is a measure of the number households who are expected to have an affordable housing need at some point in the future (measured annually). In this assessment we have used survey data about past household moves (along with affordability) to estimate future needs. In line with the Guide we have split future needs into two groups – newly forming households and existing households.

9.9 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the future need to make an assessment of the net future need for affordable housing.

Assessing affordability: market housing

9.10 All households were tested for their ability to afford either a mortgage or private rented housing in the local area. These two measures were then combined to estimate households unable to afford either form of private sector housing. The general methodology and results are presented below.

(i) Mortgage affordability

9.11 The definition of mortgage affordability is shown below:

Mortgage affordability: a household containing one person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement; a household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.

9.12 The mortgage requirement is based on taking the level of savings and any equity away from the estimated property price and then checking the income level of the household in relation to the likely amount of mortgage remaining. Income from housing related benefits is not included in the affordability calculation. A worked example of the mortgage affordability test is shown below:

A household containing a couple with one child would require, at minimum, a two bedroom property. The minimum cost of such a property in the Southern sub-market of Caerphilly County Borough is estimated to be £96,000. If the couple have £10,000 in savings then they would require a gross household income of £29,655 ((£96,000-£10,000) divided by 2.9) if both adults were in employment or £24,571 ((£96,000-£10,000) divided by 3.5) if one person is in employment.

WAG Guide

'A household is considered likely to be able to afford to buy a home that costs 3.5 times the gross household income for a single earner household, or 2.9 times the household income for dual income households.' [Pg 64 March 2006 LHMA Guide]

(ii) Private rental affordability

9.13 The definition of private rental affordability is shown below:

Private rental affordability: a household is unable to afford private rented housing if renting privately would take up more than 25% of its gross household income (excluding housing benefits).

9.14 A worked example of the rental affordability test is shown below:

A household containing a couple with three children will require at minimum a three bedroom property. The minimum weekly rental for this in the Southern sub-market is £115. This means that the household must have a weekly gross income of at least £460 ($£115 \div 0.25$) to be able to afford the property.

(iii) Combined affordability

9.15 It is important to assess the numbers who cannot afford either a private rented housing or a home to buy. This is the measure of combined affordability, which is defined below:

Combined affordability:

A household containing one person in employment is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost of the mortgage requirement. A household containing more than one person in employment is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.

AND

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income.

9.16 The table below shows affordability by tenure (for all households in the County Borough) and illustrates some marked differences. Almost 95% of Council rented households would be unable to afford market housing if they were to move now, compared to only 5.6% of owner-occupied households without a mortgage.

Table 9.1 Affordability and tenure			
Tenure	Unable to afford market housing	Number of households in tenure	% of h'holds unable to afford
Owner-occupied (no mortgage)	1,295	23,118	5.6%
Owner-occupied (with mortgage)	4,489	31,637	14.2%
Council	10,489	11,069	94.8%
RSL	2,738	3,059	89.5%
Private rented	3,206	3,917	81.8%
TOTAL	22,217	72,800	30.5%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Assessing affordability: Low Cost Home Ownership and intermediate housing

9.17 Households were also tested for their ability to afford either 'Low Cost Home Ownership' or intermediate housing in the local area. The general methodology is presented below.

(i) Low cost home ownership affordability

9.18 The definition of low cost home ownership affordability is the same as the definition of mortgage affordability, as shown in (iii) above. A worked example of the low cost home ownership affordability test is shown below:

A household containing a couple with one child would require, at minimum, a two bedroom property. The minimum low cost market housing price of such a property in the Southern sub-market of Caerphilly County Borough is estimated to be £75,000. If the couple have £10,000 in savings then they would require a gross household income of £22,413 ((£75,000-£10,000) divided by 2.9) if both adults were in employment or £18,571 ((£75,000-£10,000) divided by 3.5) if one person is in employment.

9.19 As shown in Chapter 5, the cost of low cost home ownership housing falls somewhere between entry-level private rental costs and entry-level costs of owner-occupation. Although such housing would be unaffordable for households deemed in housing need, it may be more suited to the requirements of households stuck in the 'rent-buy gap', that is, those who can afford to rent but cannot afford to buy their own home.

9.20 The table below shows that there is certainly some scope for such households to purchase low cost market housing. There are currently 1,104 households living in the private or social rented sectors who can afford to rent privately but cannot afford to buy market housing. Just over half of these households (576) would be able to afford to purchase low cost market housing.

Table 9.2 Low cost market housing affordability and tenure

Tenure	Afford to buy market housing	Afford to buy LCM housing	Afford market rent only	Unable to afford market housing	Number of h'holds in tenure
Owner-occupied (no mortgage)	21,823	0	0	1,296	23,119
Owner-occupied (with mortgage)	25,923	842	383	4,489	31,637
Council	0	315	265	10,489	11,069
RSL	44	173	104	2,738	3,059
Private rented	464	88	159	3,206	3,917
TOTAL	48,254	1,418	911	22,218	72,801

Source: Caerphilly County Borough LHMA 2007 - household survey data

(ii) Intermediate affordability

9.21 The definition of intermediate affordability is the same as the definition of private rental affordability, as shown in (ii) above. A worked example of the intermediate affordability test is shown below:

A household containing a couple with three children will require at minimum a three bedroom property. The minimum weekly intermediate cost for this in the Southern sub-market is £86. This means that the household must have a weekly gross income of at least £344 ($£86 \div 0.25$) to be able to afford the property.

9.22 The table below shows that of the 22,218 households unable to afford market housing, 22,214 (10.9%) would be able to afford intermediate housing; the remainder would only be able to afford social rent.

Table 9.3 Intermediate housing affordability and tenure

Tenure	Afford market housing (buy or rent)	Unable to afford market housing		Number of h'holds in tenure
		Afford intermediate housing	Unable to afford intermediate housing	
Owner-occupied (no mortgage)	21,823	127	1,169	23,119
Owner-occupied (with mortgage)	27,148	985	3,504	31,637
Council	580	624	9,865	11,069
RSL	322	0	2,738	3,060
Private rented	711	678	2,528	3,917
TOTAL	50,584	2,414	19,804	72,802

Source: Caerphilly County Borough LHMA 2007 - household survey data

Summary

- 9.23 A key element of this report is an assessment of housing need.
- 9.24 There are a number of definitions which are central to making estimates of need (such as definitions of housing need, affordability and affordable housing).
- 9.25 The definitions used in this report are consistent with guidance given in the WAG Local Housing Market Assessment Guide of March 2006 and TAN2 and the following two chapters look at the analysis of housing need.

10. Extent of housing need

Introduction

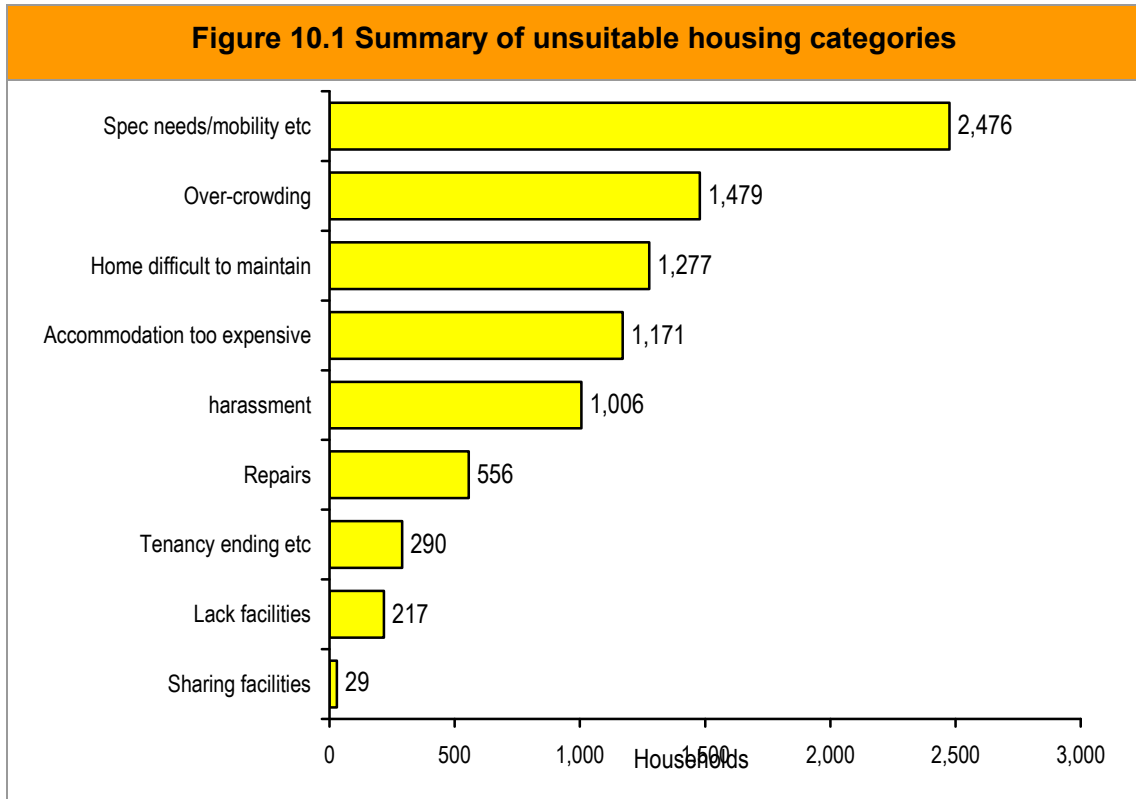
- 10.1 This chapter presents the results of the four stages of the needs assessment table. The four stages identified in the Local Housing Market Assessment Guide are: Current need, available stock to offset need, newly arising need and supply of affordable units and each will be dealt with individually.
- 10.2 Within each of the four broad stages set out in the table above 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 twenty-two detailed steps is calculated using locally available data for Caerphilly County Borough.

STAGE 1: Current need (gross)

- 10.3 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

- 10.4 A key element of housing need is an assessment of the suitability of a household's current housing. The WAG guide sets out a series of nine criteria for unsuitable housing - which has been followed in this report. It is estimated that a total of 6,595 households are living in unsuitable housing. This represents 9.1% of all households in the County Borough.
- 10.5 The figure below shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main reason for unsuitable housing is support needs and/or mobility problems, followed by overcrowding.



Source: Caerphilly County Borough LHMA 2007 - household survey data

10.6 The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in RSL accommodation are particularly likely to be in unsuitable housing. Some 29.2% of households in RSL accommodation are estimated to be living in unsuitable housing. This compares with 6.0% and 5.1% of households in owner-occupied (no mortgage) and owner-occupied (with mortgage) tenures respectively.

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in County Borough	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Owner-occupied (no mortgage)	1,396	21,722	23,118	6.0%	21.2%
Owner-occupied (with mortgage)	1,618	30,019	31,637	5.1%	24.5%
Council	1,981	9,088	11,069	17.9%	30.0%
RSL	893	2,167	3,060	29.2%	13.5%
Private rented	708	3,209	3,917	18.1%	10.7%
TOTAL	6,596	66,205	72,801	9.1%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

'In-situ' solutions

- 10.7 The survey has highlighted that 6,596 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.
- 10.8 The survey data therefore estimates that of the 6,596 households in unsuitable housing, 3,638 (or 55.2%) do not have an in-situ solution and therefore require a move to alternative accommodation.

Affordability

- 10.9 Using the affordability methodology set out in the previous chapter it is estimated that there are 2,703 existing households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation). This represents 3.7% of all existing households in the County Borough.
- 10.10 The table below shows the tenure of the 2,703 households currently estimated to be in housing need. The results show that RSL and private rented tenants are most likely to be in housing need – 17.4% of households in the RSL sector are in housing need as are 16.7% of households in private rented accommodation. Of all households in need, 54.9% currently live in social rented accommodation and 24.2% in private rented housing.

Table 10.2 housing need and tenure

Tenure	Housing need				
	In need	Not in need	Number of h'holds in County Borough	% of total h'holds in need	% of those in need
Owner-occupied (no mortgage)	-	23,118	23,118	0.0%	0.0%
Owner-occupied (with mortgage)	559	31,078	31,637	1.8%	20.7%
Council	960	10,108	11,068	8.7%	35.5%
RSL	531	2,528	3,059	17.4%	19.6%
Private rented	653	3,264	3,917	16.7%	24.2%
TOTAL	2,703	70,096	72,799	3.7%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 10.11 For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need. Some 1,519 households fall into the former category and 1,212 into the latter category.

Homeless households

- 10.12 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 backlog need.
- 10.13 To assess the number of homeless households we have used information contained in the Council’s WHO12 Homeless returns. The main source of information used is 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 December 2006 WHO12 form is shown in the table below.

Table 10.3 Homeless households accommodated by authority at December 2006 (Table 7, WHO12 form)	
Category	Quarter ending 30/12/06
Directly with a private sector landlord	0
Private sector accommodation leased by authority	0
Private sector accommodation leased by RSLs	31
Within Council’s own stock	22
RSL stock on assured shorthold tenancies	0
<u>Hostel</u>	<u>15</u>
<u>Women’s refuge</u>	<u>3</u>
<u>Bed and breakfast</u>	<u>10</u>
Other	0
Homeless at home	12
TOTAL	93

Source: Caerphilly County Borough WHO 12 return

- 10.14 Not all of the categories in the above table are added to our assessment of existing and potential households in need. This is because, in theory, they will be part of our sample for the Local Housing Market Assessment. 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 which should be included as part of the homeless element. These have been underlined in the table above. Therefore, of the 93 homeless households in temporary accommodation, 28 will be counted as homeless for the purpose of the Housing Needs Assessment.

Total current need

10.15 The table below summarises the first stage of the overall assessment of housing need as set out by WAG. The data shows that there are an estimated 2,731 households in need.

Table 10.4 Stage 1: Current housing need (gross)		
Step	Notes	Output
1. Existing households in need of accommodation		3,638
2. Homeless households and those in temporary accommodation		28
3. Minus cases where they can afford to meet their need in the market		935
4. equals Total current housing need (gross)	1+2-3	2,731

STAGE 2: Available stock to offset need

10.16 The next stage, 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 removed from the calculation.

Affordable dwellings occupied by households in need

10.17 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 10.11). The figure to be used in this step is therefore 1,519.

Surplus stock

10.18 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The WAG 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. Caerphilly County Borough records a vacancy rate in the social rented sector of around 1.2%; therefore no adjustment needs to be made to the figures.

Committed supply of new affordable units

10.19 The WAG 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 Council is required to undertake an annual Joint Housing Land Availability Study to ensure that a 5 year supply of land is available for housing. As part of this study information is recorded on the number of affordable units with planning consent. It is identified that as of 1st April 2007, a total of 76 social rented units and 52 intermediate units were committed. Thus a figure of 128 has been used as a guide to new provision over the next five years.

Planned units to be taken out of management

10.20 The WAG 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). At the time of reporting the proposed number of affordable dwellings expected to be ‘taken out of management’ in the future was unknown and hence a figure of zero has been used in this step of the model.

Total available stock to offset need

10.21 Having been through a number of detailed stages in order to assess the total available stock to offset need in Caerphilly County Borough we shall now bring together all pieces of data to complete Stage 2 of the needs assessment table encouraged by the WAG. The data shows that there is an estimated 1,647 properties available to offset the current need (see step 9).

10.22 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 therefore 1,084 dwellings (step 10). However, the WAG Guide recommends that current need is eliminated over a five-year period, hence this figure has been divided by five (step 11) to give an annual requirement of units to reduce current need of 217.

Table 10.5 Stage 2: Available stock to offset need

Step	Notes	Output
5. Current occupiers of affordable housing in need		1,519
6. plus Surplus stock		0
7. plus Committed supply of new affordable units		128
8. minus Units to be taken out of management		0
9. equals Total stock available to meet current need	5+6+7-8	1,647
10. equals Total current unmet housing need	4-9	1,084
11. times annual quota for the reduction of current need		20%
12. equals annual requirement of units to reduce current need	10×11	217

STAGE 3: Newly arising need

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

New household formation

10.24 The estimate of the number of newly forming households in need of affordable housing 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.

10.25 The table below 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 10.6 Derivation of future need from new household formation

Aspect of calculation	Number	Sub-total
Number of households moving in past two years	9,557	
Minus households NOT forming in previous move	-7,416	2,141
Times proportion unable to afford	36.1%	
ESTIMATE OF NEWLY ARISING NEED	772	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	386	

Source: Caerphilly County Borough LHMA 2007 - household survey data

10.26 The table above shows that an estimated 2,141 households are newly formed within the County Borough over the past two years (1,071 per annum).

10.27 The standard affordability test (see chapter 9) is then applied to these households to test their ability to afford market housing. This takes account of the full range of financial information along with property price/rent data and information about household’s size requirements. The survey estimates that 36.1% of newly forming households are unable to afford market housing without some form of subsidy in Caerphilly County Borough. This equates to an annual estimate of future need from newly forming households of 386.

Existing households falling into need

10.28 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the last two years and affordability. 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 will 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 housing benefit or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).

10.29 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.

10.30 The table below shows the derivation of existing households falling into need.

Table 10.7 Derivation of future need from existing households		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	9,557	
Minus households forming in previous move	-2,141	7,416
Minus households transferring within affordable housing	-1,496	5,920
Times proportion unable to afford	27.4%	
ESTIMATE OF NEWLY ARISING NEED	1,621	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	810	

Source: Caerphilly County Borough LHMA 2007 - household survey data

10.31 The table above shows that a total of 5,920 existing households are considered as potentially in need (2,960 per annum). Using the standard affordability test for existing households it is estimated that 27.4% of these households cannot afford market housing. Therefore our estimate of the number of households falling into need excluding transfers is 1,621 households over the two-year period. Annualised this is 810 households per annum.

Potential out-migrants unable to afford market housing

10.32 The WAG guide suggests that households in current need who haven't had their needs met through affordable housing and who plan to leave the County Borough within the next year should be removed from this stage of the calculation. This applied to 29 households in Caerphilly County Borough.

Total newly arising need

10.33 The data from each of the above sources can now be put into the needs assessment table below. It indicates that additional need will arise from a total of 1,168 households per annum.

Table 10.8 Stage 3: Newly arising need (per annum)		
Step	Notes	Output
13. New household formation (gross per year)		1,071
14. Proportion of new households unable to buy or rent in the market		36.1%
15. Existing households falling into need		810
16. Potential out-migrants unable to afford market housing		29
17. In-migrants unable to afford market housing	(included in steps 13-15)	-
18. Total newly arising housing need (gross per year)	(13x14)+15-16	1,168

STAGE 4: Supply of affordable units

10.34 Calculation of the future supply of affordable units consists of the annual supply of social rental and intermediate housing. The following sections deal with these points in detail.

Net supply of social re-lets

- 10.35 Step 19 of the model is an estimate of likely future relets from the social rented stock (excluding transfers within the social rented sector). The Guidance suggest that this should be based on past trend data which can be taken as a prediction for the future. The 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 projected needs section (stage two) where figures were all calculated on an annual basis based on trends over the past two years.
- 10.36 The best source of information on lettings within the Council rented sector is the WHO4. The table below presents the figures for the supply of lettings (re-lets) from Council-owned stock over the past two years. The average number of lettings over the two-year period was 736 per annum.

Table 10.9 Analysis of past housing supply (council rented sector)			
Source of supply	2006	2007	Average
LA lettings: re-housing through slum clearance/redevelopment	1	1	1
LA lettings through re-housing on a priority basis	160	172	166
LA lettings from waiting list (normal allocation)	560	578	569
LA sub-total (excluding transfers)	721	751	736

Source: WHO4

- 10.37 An estimate of lettings to new RSL tenants has been obtained from survey data. This figure has been derived from the number of households moving to RSL accommodation in the last two years (excluding households transferring from the social rented sector). The estimate for two years is 209; therefore our annual estimate will be 104 new lettings to RSL tenants.
- 10.38 Therefore our estimated future supply of lettings from both the Council and RSL will be 840 (736+104).

Future annual supply of intermediate affordable housing

- 10.39 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in Caerphilly County Borough). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.
- 10.40 Therefore we include an estimate of the number of shared ownership units that become available each year. Based on survey data it is estimated that around 29 units of shared ownership housing will become available to meet housing needs from the existing stock of such housing.

Future annual supply of affordable housing units

10.41 This step is the sum of the previous two. The total future supply is estimated to be 869, comprised of 840 units of social re-lets and 29 units of shared ownership. This is shown in the table below.

Table 10.10 Stage 4: Supply of affordable units (per annum)		
Step	Notes	Output
19. Annual supply of social re-lets (net)		840
20. Annual supply of intermediate housing available for re-let or resale at sub-market levels		29
21. Annual supply of affordable housing	20+21	869

Summary

10.42 This chapter presented the results of the four stages of the needs assessment table. In total it is estimated that 2,731 households are currently in housing need. The total stock available to offset this need is 1,647 dwellings, resulting in a (net) need for 1,084 dwellings. Dividing this figure by five reveals an annual requirement of 217 units to address the current need.

10.43 This chapter estimates the number of households in newly arising need, comprised of newly forming and existing households, and the likely future supply of affordable housing from both the social rented and intermediate sectors. The annual estimate for the number of households in newly arising need is 1,168. The annual estimate of future affordable housing supply is 869 units.

11. Affordable housing requirement

Introduction

11.1 The previous chapter presented the calculation of each of the stages of the needs assessment table. This chapter brings together these stages to present an estimated affordable housing requirement. The chapter then goes on to look at the type of affordable housing required and appropriate policy responses to help the acquisition of this housing.

Estimate of net annual housing need

11.2 The table below shows the final figures in housing needs assessment model. This brings together the four stages that were calculated in the preceding chapter.

Table 11.1 Detailed affordable housing requirement table for Caerphilly County Borough

Stage and step in calculation	Notes	Output
STAGE 1: CURRENT NEED (Gross)		
1. Existing households in need of accommodation		3,638
2. Homeless households and those in temporary accommodation		28
3. minus cases where they can afford to meet their need in the market		935
4. equals Total current housing need (gross)	1+2-3	2,731
STAGE 2: AVAILABLE STOCK TO OFFSET NEED		
5. Current occupiers of affordable housing in need		1,519
6. plus Surplus stock		0
7. plus Committed supply of new affordable units		128
8. minus Units to be taken out of management		0
9. equals Total stock available to meet current need	5+6+7-8	1,647
10. equals Total current unmet housing need	4-9	1,084
11. times annual quota for the reduction of current need		20%
12. equals annual requirement of units to reduce current need	10×11	217
STAGE 3: NEWLY ARISING NEED		
13. New household formation (gross per year)		1,071
14. Proportion of new households unable to buy or rent in the market		36.1%
15. Existing households falling into need		810
16. Potential out-migrants unable to afford market housing		29
17. In-migrants unable to afford market housing	(included in steps 13-15)	-
18. Total newly arising housing need (gross per year)	(13×14)+15-16	1,168
STAGE 4: FUTURE SUPPLY OF AFFORDABLE UNITS		
19. Annual supply of social re-lets (net)		840
20. Annual supply of intermediate housing available for re-let or resale at sub-market levels		29
21. Annual supply of affordable housing	20+21	869
NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS		
Overall shortfall or surplus	12+18–21	516

This table combines the 4 stages shown in Chapter 10.

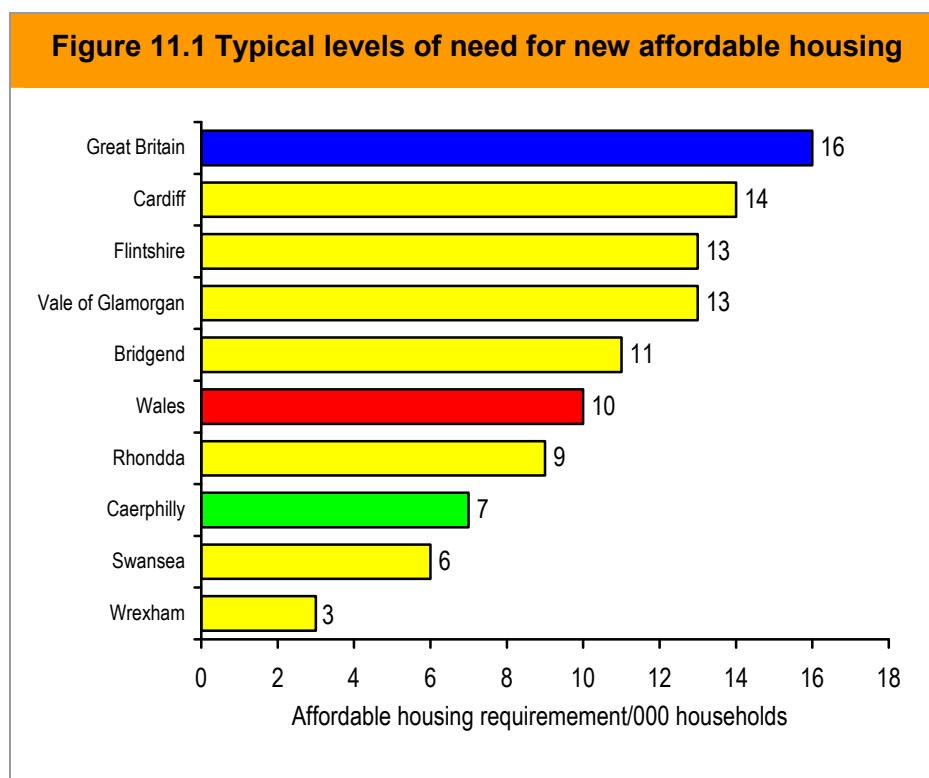
- 11.3 The (net) current need assessment suggests a requirement for 217 units per year. Added to this is the figure for newly arising need (1,168), which gives a total of 1,385. The estimated future supply to meet this need is 869 units per year. This therefore leaves an annual requirement of 516 units per year in Caerphilly County Borough.

Findings in context

11.4 The net shortfall of 516 can be related to the Fordham Research Affordable Housing Index, which is the result of standardising the finding by dividing it by the number of thousands of households:

$$(516/72,800) \times 1,000 = 7$$

11.5 The result for Caerphilly is shown in the table below in the context of other Welsh local authorities for which LHMA's have been completed by Fordham Research, and the average found by Fordham Research for Wales and Great Britain. It should be noted that results for some local authorities, namely Cardiff, the Vale of Glamorgan and Swansea may be subject to change, although the effect of this on index figures should be minimal. The Index figure for Caerphilly is lower than the average for Wales (of 10).



Source: Fordham Research Affordable Housing Index

Locations of affordable housing required

11.6 Overall the survey suggests a shortfall of affordable housing in the County Borough. However, it is also important to look at what type of shortfalls exists within the current stock of affordable housing. This section looks at any mismatches between the need for affordable housing and the supply for different sizes and types of accommodation. This is done through looking at past patterns.

11.7 The table below shows the distribution of housing need in different parts of the Council area. The supply distribution is derived from survey information on those who have recently moved into affordable accommodation.

Table 11.2 Geographical distribution of affordable housing requirements in Caerphilly County Borough					
Sub-markets	Need	Supply	TOTAL	% of net shortfall	Supply as % of need
South	502	84	417	81.0%	16.8%
Middle	1,035	874	161	31.3%	84.4%
North	176	240	-64	-12.4%	136.5%
TOTAL	1,713	1,198	516	100.0%	69.9%

Source: Caerphilly County Borough LHMA 2007 - household survey data

11.8 The table shows that the largest shortfall of affordable housing is in the Southern sub-market, although there is also a shortfall in the Middle sub-market. The Northern sub-market displays a surplus of affordable housing.

Types of households in need

11.9 The below table gives a breakdown of gross households in need by household type. The table shows that around a tenth of lone parent households are in housing need compared to 0.7% of pensioner households.

Household type	Need requirement				
	In need	Not in need	Total Number of h'holds	% of h'hold type in need	As a % of those in need
Single pensioners	67	10,293	10,360	0.6%	3.9%
2 or more pensioners	52	6,451	6,503	0.8%	3.1%
Single non-pensioners	344	8,707	9,050	3.8%	20.1%
2 or more adults - no children	228	24,414	24,642	0.9%	13.3%
Lone parent	420	3,940	4,361	9.6%	24.5%
2+ adults 1 child	176	8,458	8,633	2.0%	10.3%
2+ adults 2+ children	426	8,825	9,250	4.6%	24.8%
Total	1,713	71,087	72,800	2.4%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Status of intermediate housing

- 11.10 We can take the data produced by the model to make an estimate of how much need can theoretically be met through intermediate housing, defined at the 'usefully affordable' level; that is, priced midway between social and entry-level private rental costs. The table below shows an estimate of the numbers able to afford such housing. In all cases figures are based on survey data.
- 11.11 All figures in the table are on an annual basis (i.e. the current need and available stock figures have been divided by five).

Table 11.4 Social rented and intermediate housing requirements in Caerphilly County Borough			
	Social rented	Intermediate housing	Total
Annualised current need	523	23	546
Annualised available stock	319	10	329
Newly arising need	920	247	1167
Future supply	840	29	869
Net shortfall or surplus	284	232	516
% of net shortfall	55.0%	45.0%	100.0%
Gross annual need	1,443	271	1,713
Gross annual supply	1,159	39	1,198
Net annual need	284	232	516

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 11.12 The table shows that of the total gross need for affordable housing (1,713 per annum) only 271 households (15.8%) can afford intermediate housing. The table also shows that the vast majority of affordable supply comes from the social rented sector (96.7% of supply) meaning that it is more likely that a household requiring social rent will have their needs met than one who can afford intermediate housing. This means that the intermediate component of the affordable housing requirement could potentially be very high.

Summary

- 11.13 The Housing Needs Assessment in Caerphilly County Borough followed the Guidance from WAG. Using this model it is estimated that the net annual housing need in Caerphilly County Borough is 516.
- 11.14 As the annual affordable housing requirement exceeds the level of supply of all new housing it is necessary to maximise the supply of affordable housing. Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size.

11.15 There is also potential for intermediate housing to meet a considerable portion of the net requirement for affordable housing if it is priced at the usefully affordable point. If it is not possible to produce intermediate housing priced at the usefully affordable point then that need will have to be met via social rented housing.

SECTION E. FUTURE HOUSING MARKET

12. Balanced Housing Market model outputs

Introduction

12.1 This chapter uses a modelling exercise to identify imbalances that will exist across the housing market in Caerphilly County Borough the short to medium term. It compares the likely future demand of housing against the likely future supply of housing using information derived from the main household survey. This chapter describes the methodology used before presenting the results of the model and discussing the implications.

Purpose of model

12.2 A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. The notion has been brought into prominence by the work of the Audit Commission in assessing councils' performance (Comprehensive Performance Assessment (CPA) of local authorities).

12.3 Ministerial Interim Planning Policy Statement (MIPPS) Jan 2006 has gone further by moving the requirements of housing analysis away from only the affordable sector toward a more holistic approach assessing the entire market. The BHM model provides an important output in enabling the Council to monitor the housing market and understand where they may help rebalance the market.

12.4 This chapter outlines and applies a BHM analysis; data concerning supply and demand within different tenures allows a consideration of the extent to which the local housing market in Caerphilly County Borough is balanced.

12.5 Whilst one of the outputs of the BHM model is an estimate of the shortfall of affordable housing, this should not be taken as an estimate of the absolute need for such housing. This is provided in the previous section, which follows the prescribed Government Guidance on how to calculate such a figure.

12.6 This emphasis on understanding the dynamics of the whole housing market has continued through to the publication of the final WAG Guidance for Local Housing Market Assessments in March 2006.

12.7 No approach is presented in the Local Housing Market Assessments Guide that enables the results required (for the whole housing market) to be produced, but Fordham Research has developed an approach based on an adapted gross flows methodology. This is termed the Balancing Housing Market analysis and presents information on the imbalances between the main housing sectors (owner-occupied, private rented, intermediate and social rented housing) by property type and size.

Methodology

12.8 In essence it balances the likely demand from three sources:

- Newly forming households
- In-migrant households
- Existing households moving within the area

12.9 With the supply from three sources:

- Household dissolution
- Out-migrant households
- Existing households moving within the area

12.10 This leads to an imbalance between the demands of moving households against the supply of dwellings likely to become available. Information on the nature of the dwellings supplied and demanded is collected within the postal survey. The Balancing Housing Market methodology is based principally on households' future intentions, with the exception of in-migrant households which must be based on past trend information. Information is collected from households that need and/or would like to move in the next two years about their expected location, the size and type of home they expect, their expected tenure and the tenure, type and size of their current home. The financial information collected in the survey is used to inform household's affordability assessments.

12.11 The six stages in detail are:

- **Stage 1. Supply from household dissolution:** assessing the size, type and tenure of dwellings likely to become available from household dissolution (using national mortality rates).
- **Stage 2. Supply from out-migrant households:** assessing the size, type and tenure of dwellings existing households that expect to move elsewhere in the HMA are going to make available.
- **Stage 3. Supply from existing households:** assessing the size, type and tenure of existing households that expect to move out of the HMA are going to make available.

- **Stage 4. Demand from in-migrant households:** assessing the size, type and tenure of accommodation secured by households that recently moved into the HMA. Information on the household's current financial capacity is used to assess whether any of these moves would have resulted in a different current tenure where they to have taken place now.
- **Stage 5. Demand from newly forming households:** assessing whether concealed households that expect to move elsewhere in the HMA can afford their expected tenure, type and size of accommodation using the methodology described below.
- **Stage 6. Demand from existing households:** assessing whether existing households that expect to move elsewhere in the HMA can afford their expected tenure, type and size of accommodation using the methodology described below.

Methodology for assessing demand from newly forming and existing households

12.12 The following table outlines the methodology used to initially assess the tenure demand from these households. The first affordability test used is that recommended in the Draft Practice Guidance and described in Chapter 9.

Table 12.1 Information used to determine appropriate tenure household will require			
<i>Tenure expectation</i>	<i>Able to afford market housing?</i>	<i>Able to afford intermediate housing?</i>	<i>Outcome</i>
Owner-occupation	Yes	NA	Owner-occupation
	No	Yes No	Intermediate housing Social rented
Private rent	Yes	NA	Private rented
	No	NA	Social rented
Intermediate housing	Yes	NA	Owner-occupation
	No	Yes No	Intermediate housing Social rented
Social rented	Yes	NA	Private rented
	No	Yes No	Intermediate housing Social rented

12.13 A model based solely on the affordability test recommended by the Guidance would produce results that would imply that major restructuring of the requirement would be necessary. In reality the supply of housing available for households to move into affects their choices and there is substantial evidence that households are currently paying more than a quarter of their income on rent or are able to obtain mortgages at higher income multiples than 2.9/3.5. Therefore the demand from households is re-assessed using the same methodology described in the table above but using a range of different affordability scenarios. Account is also made of how the role of the private rented sector in housing those that would otherwise be in affordable housing (those on housing benefit).

12.14 The production of results based on different scenarios becomes an iterative process which is continued until the average variance of the difference between the proportional distribution of demand and supply is less than 2%. This is chosen because the Council are limited in their ability to modify the market and at 2% the results highlight the imbalances that require the most acute action and identify the balance of new housing the Council should pursue over the next few years.

Results of unconstrained BHM analysis

12.15 The detailed analyses for the six components contributing to the Balancing Housing Markets analysis are presented in Appendix A3. The following table shows the overall results of the annual net imbalance between demand and supply. The results are driven by demand and are not constrained by any target, such as that appearing in the South East Wales Strategic Planning Group’s (SEWSPG) Regional Housing Apportionment.

Table 12.2 Total annual shortfall or surplus for Caerphilly County Borough					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedroom	3 bedroom	4 bedroom	
Owner-occupation	141	320	-352	256	366
Private rented	61	105	-121	-33	12
Intermediate	-0	89	19	69	176
Social rented	51	128	-45	12	147
TOTAL	252	642	-499	304	700

Source: Caerphilly County Borough LHMA 2007 - household survey data

12.16 A number of conclusions can be drawn from this analysis:

- i) Overall just over half of the demand is for owner-occupied accommodation, a quarter for intermediate housing and a fifth for social rented housing.
- ii) The BHM methodology suggests a shortfall of mainly two bedroom properties within the social rented sector, with smaller shortfalls of one and four bedroom properties and a surplus of three bedroom properties. It is acknowledged that the (gross) demand for three bedroom properties in this sector makes up a considerable proportion of the overall demand for social rented accommodation; however the supply from households leaving such properties was also considerable resulting in an overall surplus (see Appendix A3).
- iii) The model indicates that there are shortfalls of mainly two and four bedroom properties within the intermediate sector and a smaller shortfall of three bedroom properties.

- iv) In the owner-occupied sector the main shortage is for two bedroom properties followed by four and one bedroom properties. A surplus of three bedroom accommodation is shown.
- v) The model indicates that there are surpluses of three and four bedroom properties in the private rented sector, and shortages of one and two bedroom properties.

12.17 It is important to note that the two affordable tenure estimates are different to those recorded in the WAG's Affordable Housing Requirement model presented in the previous section. The more robust methodology of the WAG model means that this provides a more accurate estimate of the annual need requirement.

Results of constrained BHM analysis

12.18 The results presented so far in the chapter are a product of an unconstrained BHM model. This means that it assumes all demand will be met regardless of the intended supply of new housing. In reality the amount of new housing to be provided is restricted and it is appropriate to consider the results of the model when it is constrained to the South East Wales Strategic Planning Group's Regional Housing Apportionment target (as of March 2007). To do this the size of the in-migrant population is limited. This ensures that the requirements of the local population are met first since these are the greatest priority for the Council. The results of a BHM constrained to the South East Wales Strategic Planning Group's (SEWSPG) target of 650 are presented in the table below.

Table 12.3 Total annual shortfall or surplus for Caerphilly County Borough					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedroom	3 bedroom	4 bedroom	
Owner-occupation	141	308	-367	246	329
Private rented	60	103	-129	-33	0
Intermediate	-0	89	19	69	176
Social rented	51	128	-46	12	145
TOTAL	251	628	-523	295	650

Source: Caerphilly County Borough LHMA 2007 - household survey data

12.19 As the in-migrant households are generally wealthier, the process of reducing the size of this population reduces the demand for market housing, much more significantly than the demand for affordable accommodation. The constrained model therefore shows a greater requirement for affordable housing.

12.20 The unconstrained BHM model indicates that the market could sustain growth beyond the SEWSPG's target by approximately 50 extra homes. The nature of the additional growth in the unconstrained model (wealthy in-migrant households) means that growth beyond the target would principally be for larger market houses.

Summary

12.21 A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size.

12.22 The unconstrained analysis reveals that overall in the County Borough there is a shortage of around 700 units per annum (which suggests that the market could sustain growth beyond the SEWSPG's target by approximately 50 extra homes). Overall just over half of the demand is for owner-occupied accommodation, a quarter for intermediate housing and a fifth for social rented housing.

12.23 When looking more closely at property sizes it was found that main shortage across all tenures was for two bedroom homes, although there was also a significant requirement for four bedroom dwellings within the owner-occupied sector.

SECTION F: PARTICULAR NEEDS

13. Households with support needs

Introduction

- 13.1 Supporting People is a national policy initiative designed to secure a more co-ordinated approach to the provision of services to certain groups. There are groups that may, because of their condition or vulnerability, have requirements for specialised forms of housing provision, or else require support services in order to continue living an independent life in their existing home. The initiative seeks to co-ordinate the provision of individual services by housing, social services and health providers, and to produce a more unified basis for the allocation of the available funding.
- 13.2 Information collected through the survey enables us to identify the principal client groups who have special requirements of this kind. It is therefore possible to provide some guidance on their needs and requirements.
- 13.3 Some support needs are uncommon, while others are numerous. The accuracy of each figure will of course vary according to the size of the group involved and it should be noted that the range of groups covered by the survey is not fully inclusive. There are, for example, many groups for which it would not be possible to obtain results through the questionnaire type approach (either due to the small numbers of because of the nature of the support need). Examples of groups not specifically covered include drug/alcohol problems and women fleeing domestic violence.
- 13.4 It should also be noted that the finding of a household with a support need does not necessarily mean that the household needs to move to alternative accommodation. In many cases the support need can be catered for within the household's current home whilst for others the issue maybe the need for support rather than any specific type of accommodation. These issues are discussed in the data that follows.

Support needs: data coverage

- 13.5 The survey looked at whether household members fell into one or more of a range of primary client groups. Whilst these represent the larger client groups covered in the Supporting People strategy, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.

13.6 The groups covered were:

- Frail elderly
- A medical condition
- A physical disability
- A learning difficulty
- A mental health problem
- A severe sensory disability
- Other

13.7 It should be noted that the above categories were self-defined by households; definitions therefore may not necessarily correspond to any existing statutory definitions of particular groups.

13.8 Each person with a support need could respond to as many of the above categories as is applicable. This means that we can differentiate between households that have more than one person with a support need and those that have people with multiple support needs.

Support needs groups: overview

13.9 Overall there are an estimated 20,239 households in the Caerphilly County Borough area with one or more members in an identified support needs group. This represents 27.8% of all households, which is higher than the average Fordham Research has found nationally (13-14%). The table below shows the numbers of households with different types of support needs. The numbers of households in each category exceed the total number of support needs households because people can have more than one category of support need.

13.10 Households with a 'medical condition' are the predominant group. There are 12,116 households that have household member with a 'medical condition'. The next largest group is 'physically disabled', with 10,726 households having a member in this category. These two categories represent 59.9% and 53.0% of all support needs households respectively.

Table 13.1 Support needs categories			
Category	Number of households	% of all households	% of support needs households
Frail elderly	3,820	5.2%	18.9%
Medical condition	12,116	16.6%	59.9%
Physical disability	10,726	14.7%	53.0%
Learning difficulty	2,718	3.7%	13.4%
Mental health problem	4,074	5.6%	20.1%
Severe sensory disability	1,758	2.4%	8.7%
Other	1,586	2.2%	7.8%

Source: Caerphilly County Borough LHMA 2007 - household survey data

13.11 In addition to the above information we are able to look at the number of people in each household with a support need and also households containing persons with multiple support needs. The results for these are shown below.

Table 13.2 Number of people with support needs		
	Households	% of households
No people with support needs	52,561	72.2%
One person with support needs	15,591	21.4%
Two persons with support needs	3,999	5.5%
Three or more persons with support needs	649	0.9%
TOTAL	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Table 13.3 Households with support needs		
	Households	% of households
No people with support needs	52,561	72.2%
Single support need only	11,013	15.1%
Multiple support needs	9,226	12.7%
TOTAL	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

13.12 The two tables above show that the majority of support needs households only contain one person with a support need and that over half of households with a support needs member do not have multiple support needs. However, some 4,648 households in the Caerphilly County Borough area are estimated to have two or more people with a support need whilst an estimated 9,226 households contain someone with multiple needs.

Characteristics of support needs households

13.13 The tables below show the characteristics of support needs households in terms of household size, age, tenure and unsuitable housing.

Table 13.4 Size of support needs households

Number of persons in household	Support needs households				
	Support needs	No support needs	Number of h'holds	% of total h'holds with support needs	% of those with a support need
One	6,379	13,031	19,410	32.9%	31.5%
Two	7,660	17,067	24,727	31.0%	37.8%
Three	3,029	10,322	13,351	22.7%	15.0%
Four	1,884	8,651	10,535	17.9%	9.3%
Five	840	2,801	3,641	23.1%	4.2%
Six or more	448	689	1,137	39.4%	2.2%
TOTAL	20,240	52,561	72,801	27.8%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

13.14 The table above shows that households with support need members are likely to be small: comprised of one or two persons. The table below shows that support needs households are also more likely to contain older persons (where older persons are defined as men over 65 and women over 60, as stated in Chapter 15).

Table 13.5 Support needs households with and without older people

Age group	Support needs households				
	Support needs	No support needs	Number of h'holds	% of total h'holds with support needs	% of those with a support need
No older people	10,029	38,749	48,778	20.6%	49.6%
Both older & non older people	3,324	3,835	7,159	46.4%	16.4%
Older people only	6,886	9,977	16,863	40.8%	34.0%
TOTAL	20,239	52,561	72,800	27.8%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

13.15 As the table below shows, support needs households are more likely to be living in social rented housing. Some 48.9% of Council and 37.7% of RSL households contain a support needs member. Additionally, 38.0% of private rented and 34.0% of owner-occupied (no mortgage) households contain a support needs member.

Table 13.6 Support needs households and tenure

Tenure	Support needs households				
	Support needs	No support needs	Number of h'holds	% of total h'holds with support needs	% of those with a support need
Owner-occupied (no mortgage)	7,850	15,268	23,118	34.0%	38.8%
Owner-occupied (with mortgage)	4,309	27,327	31,636	13.6%	21.3%
Council	5,417	5,651	11,068	48.9%	26.8%
RSL	1,153	1,907	3,060	37.7%	5.7%
Private rented	1,510	2,407	3,917	38.5%	7.5%
TOTAL	20,239	52,560	72,799	27.8%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

13.16 The table below indicates that support needs households are more than four times as likely to be living in unsuitable housing as non-support needs households.

Table 13.7 Support needs households and unsuitable housing

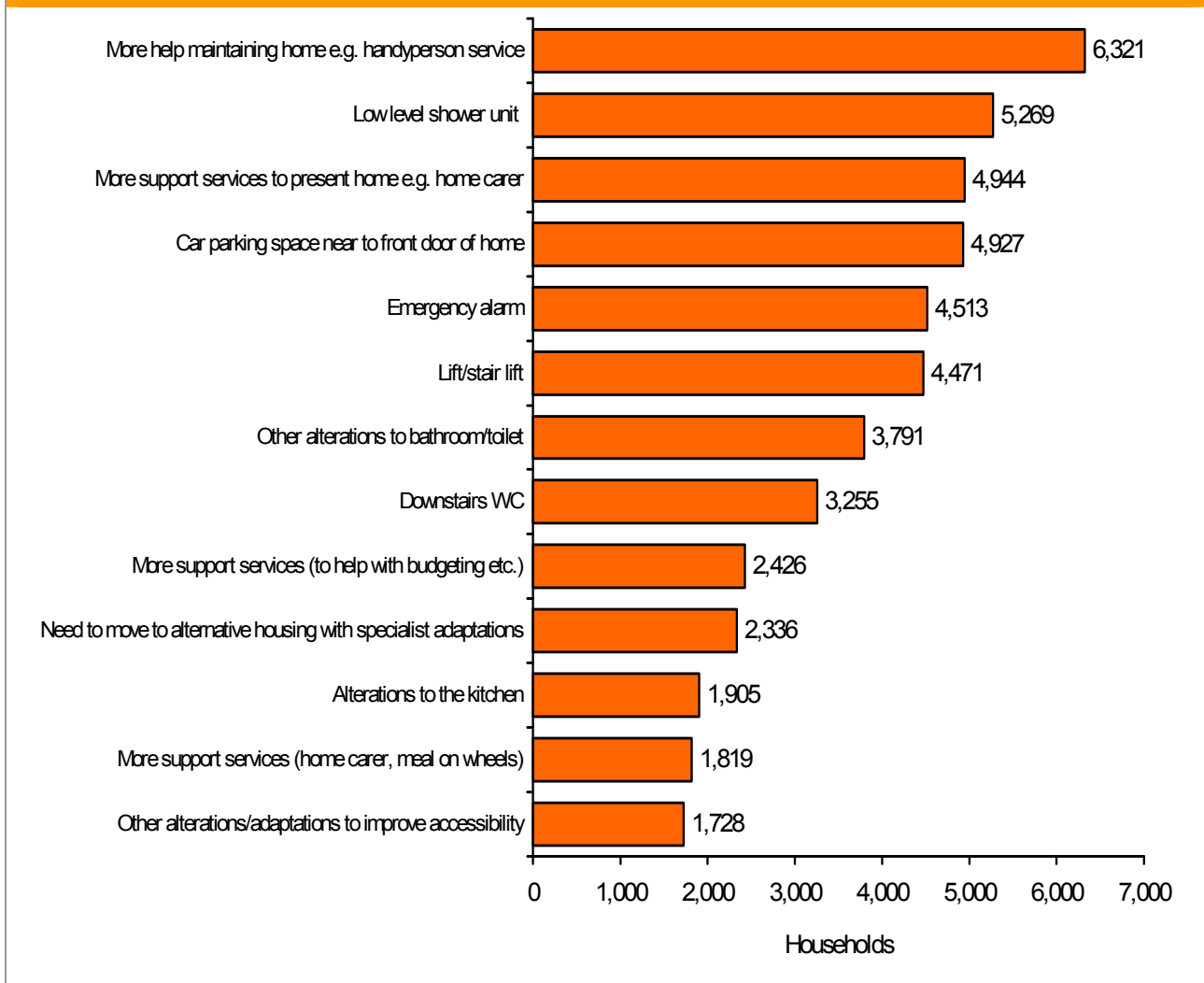
Support needs	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Support needs	4,123	16,116	20,239	20.4%	62.5%
No support needs	2,472	50,089	52,561	4.7%	37.5%
TOTAL	6,595	66,205	72,800	9.1%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Requirements of support needs households

13.17 Those households with a member with support needs were asked to indicate if there was a need for improvements to their current accommodation and/or services. The responses are detailed in the figure below.

Figure 13.1 Support needs households: improvements to accommodation & services



Source: Caerphilly County Borough LHMA 2007 - household survey data

13.18 The results show requirements for a wide range of adaptations and improvements across the support needs households. The most commonly-sought improvements needed were:

- More help maintaining home e.g. handypersons service (6,321 households – 31.2% of all support needs households)
- Low level shower unit (5,269 households – 26.0% of all support needs households)
- More support services to present home (4,944 households – 24.4% of all support needs households)

Analysis of specific groups

13.19 The analysis that follows below concentrates on differences between different groups of households with support needs.

- 13.20 The table below shows some characteristics by support needs groups. The table shows a number of interesting findings. The vast majority (85.3%) of frail elderly households are one or two person households. Households with learning difficulties are more likely to have more residents.
- 13.21 Looking at the age of household members, the frail elderly are most likely to be older person only households. Households with a mental health problem, a learning disability or 'other' support need are most likely to contain no older persons.
- 13.22 By tenure, the results show that all support needs groups are less likely than non-support needs households to live in owner-occupied accommodation (with a mortgage) and all groups are more likely than average to live in social rented housing. Almost half of frail elderly households live in the owner-occupied (no mortgage) sector. Households containing someone with a mental health problem or a learning disability are more likely than average to be living in private rented accommodation.

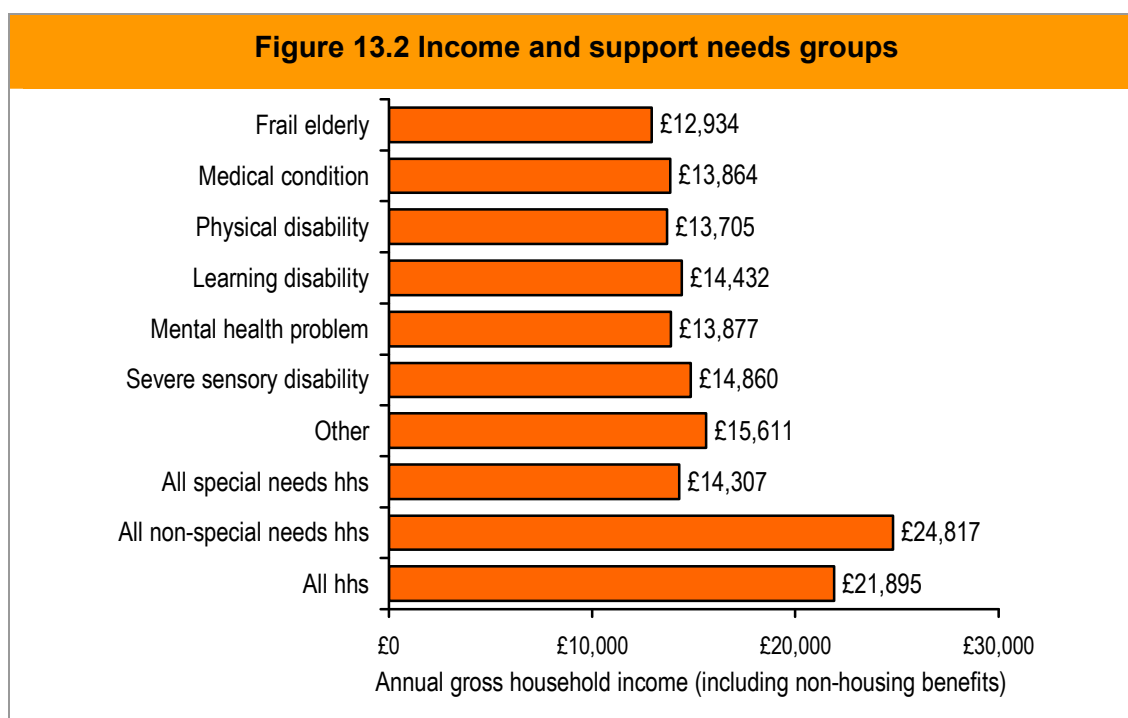
Table 13.8 Characteristics of support needs households by support needs group

	Frail elderly	Medical condition	Physical disability	Learning difficulty	Mental Health problem	Severe sensory disability	Other	All support needs h'holds	All non-support needs h'holds	All h'holds
Household size										
One	57.5%	30.1%	29.8%	13.3%	26.5%	24.5%	28.1%	31.5%	24.8%	26.7%
Two	27.8%	40.8%	41.4%	19.2%	27.1%	41.1%	33.9%	37.8%	32.5%	34.0%
Three	9.0%	15.5%	16.8%	25.4%	25.7%	19.9%	25.2%	15.0%	19.6%	18.3%
Four	4.2%	6.5%	7.5%	22.4%	10.7%	6.1%	7.1%	9.3%	16.5%	14.5%
Five	1.5%	4.0%	1.8%	12.0%	3.4%	3.4%	0.0%	4.2%	5.3%	5.0%
Six or more	0.0%	3.1%	2.8%	7.7%	6.7%	5.0%	5.6%	2.2%	1.3%	1.6%
Age of household members										
No older people	13.3%	48.3%	47.5%	69.3%	70.4%	41.5%	70.6%	49.6%	73.7%	67.0%
Both older & non older people	17.6%	15.2%	19.6%	18.2%	14.0%	21.9%	8.3%	16.4%	7.3%	9.8%
Older people only	69.1%	36.5%	32.8%	12.5%	15.6%	36.6%	21.1%	34.0%	19.0%	23.2%
Tenure										
Owner-occupied (no mortgage)	46.5%	38.9%	43.7%	12.7%	22.9%	30.6%	29.0%	38.8%	29.0%	31.8%
Owner-occupied (with mortgage)	10.9%	19.1%	20.0%	38.5%	24.1%	34.0%	21.1%	21.3%	52.0%	43.5%
Council	27.9%	30.9%	29.5%	29.9%	26.5%	30.4%	25.7%	26.8%	10.8%	15.2%
RSL	9.0%	5.1%	2.8%	2.6%	10.0%	0.0%	11.9%	5.7%	3.6%	4.2%
Private rented	5.7%	6.0%	4.0%	16.3%	16.4%	4.9%	12.3%	7.5%	4.6%	5.4%

Source: Caerphilly County Borough LHMA 2007 - household survey data

* Some respondents may have classified themselves or another member of their household as being frail even if they are not an older person.

13.23 The figure below shows income levels for each category of support needs household. Also shown is the figure for non-support needs households. The average income of all households in the sub-region was estimated at £21,895 per annum (gross income including non-housing benefits). The figure shows that all support needs groups have average income levels noticeably below both the County Borough average and the average for non-support needs households. Support needs households containing a member with an 'other' support need have the highest average incomes of all support needs households at £15,611.



Source: Caerphilly County Borough LHMA 2007 - household survey data

13.24 Finally we can look at levels of unsuitable housing by support needs group. The table below shows the proportion of each group estimated to be living in unsuitable housing. Households containing someone with an 'other' support need are the most likely to be in unsuitable housing (41.0%); this compares to an average for all households of 9.1% and an average of 4.7% for non support needs households.

Table 13.9 Proportion of support needs groups living in unsuitable housing

Support needs group	% of households
Frail elderly	15.8%
Physical disability	21.8%
Learning difficulty	22.7%
Mental health problem	26.3%
Severe sensory disability	23.7%
Medical condition	24.0%
Other	41.0%
All support needs households	20.4%
All non-support needs households	4.7%
All households	9.1%

Source: Caerphilly County Borough LHMA 2007 - household survey data

‘Care and repair’ and Staying Put schemes

13.25 This section studies support needs households who have stated experiencing difficulty in maintaining their home. The results are shown in the table below and are split between owner-occupiers and tenants. The table clearly shows that support needs households are more likely than other households to have problems with maintaining their homes.

13.26 Of all households with a problem or serious problem, a total of 54.1% have support needs. Over 60% of this group are owner-occupiers.

Table 13.10 Support needs households and difficulty maintaining home

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
Support needs – owner-occupied	8,150	67.0%	4,008	33.0%	12,158	100.0%
Support needs – tenants	5,582	69.1%	2,498	30.9%	8,080	100.0%
All support needs households	13,732	67.9%	6,506	32.1%	20,238	100.0%
All households	60,771	83.5%	12,028	16.5%	72,799	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

13.27 The evidence of the tables above is that there is certainly some scope for ‘staying put’ or ‘care and repair’ schemes in the housing market area. A total of 12,028 households state a problem with maintaining their homes – of these 6,506 are support needs households with an estimated 4,008 living in the owner-occupied sector.

Summary

13.28 Information from the survey on support needs groups can be of assistance to authorities when contributing to detailed Supporting People strategies. Some 27.8% of all the County Borough’s households (20,239) contain support needs members. ‘Medical Condition’ is the largest category with support needs. There are 12,116 households containing a person with a ‘medical condition’ and a further 10,726 with household members who are ‘physically disabled’.

13.29 Support needs households in the Caerphilly County Borough area are generally smaller than average for the County Borough and are disproportionately made up of older persons only. Support needs households are more likely than households overall to be in unsuitable housing.

13.30 Support needs households in general stated a requirement for a wide range of adaptations and improvements to the home. More help maintaining the home, low level shower units and more home support services were most commonly required.

13.31 Finally, the survey suggested there was scope for 'Care & Repair' and 'Staying Put' schemes.

14. Key worker households

Introduction

14.1 The term intermediate housing is often used with reference to specific groups of households such as key workers. The survey therefore analysed such households. For the purposes of analysis, key workers were defined as people working in any one of six categories. These were:

- Nurses and other NHS staff
- Teachers
- Police officers
- Prison and probation service staff
- Clinical health workers (social workers etc)
- Fire-fighters

14.2 The nature of this study means that the key workers identified within the survey are those that are resident in the County Borough. The data, therefore, includes key workers resident in the housing market area who work outside its boundaries; and excludes key workers who work in Caerphilly County Borough but live outside. The analysis of key workers concentrates on their current housing situation, future demands for housing and affordability.

Number of key workers

14.3 In total it is estimated that there are 10,085 key workers living in Caerphilly County Borough. The table below shows the categories of key workers within the housing market area. The main categories of key worker are clinical healthcare staff, social workers and teachers.

Table 14.1 Key worker categories		
Category	Number of persons	% of key workers
Nurses and other NHS staff	4,496	44.6%
Teachers	3,512	34.8%
Police officers	409	4.1%
Prison and probation service staff	270	2.7%
Clinical healthcare staff and social workers	1,368	13.6%
Fire-fighters	29	0.3%
TOTAL	10,085	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

14.4 In total it is estimated that 6,289 households are headed by a key worker (head of household taken as survey respondent). These households are subject to further analysis in the sections below.

Housing characteristics of key worker households

14.5 The table below shows various household and housing characteristics of key worker households. The results indicate that the majority of key worker households (92.5%) are currently living in owner-occupied accommodation; higher than the proportion of non-key workers (73.6%), although key workers are significantly more likely to have a mortgage. Key worker households are less likely than non-key worker households to be living in the social rented and private rented sectors.

14.6 In terms of household composition, key worker households are more likely than non-key workers to contain children. As a result, key worker households tend to live in larger dwellings with a higher proportion living in a four or more bedroom property and fewer in one or two bedroom homes. The survey includes some individuals that are over state retirement age but are continuing to work, mainly part-time, which includes a small number of pensioners working in key worker professions.

Table 14.2 Key worker households and housing/household characteristics

Characteristic	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Tenure				
Owner-occupied (no mortgage)	834	13.3%	22,285	33.5%
Owner-occupied (with mortgage)	4,983	79.2%	26,654	40.1%
Council	243	3.9%	10,825	16.3%
RSL	36	0.6%	3,024	4.5%
Private rented	194	3.1%	3,723	5.6%
Household composition				
Single pensioners	121	1.9%	10,239	15.4%
2 or more pensioners	72	1.2%	6,431	9.7%
Single non-pensioners	1,220	19.4%	7,830	11.8%
2 or more adults – no children	2,345	37.3%	22,297	33.5%
Lone parent	200	3.2%	4,160	6.3%
2+ adults 1 child	1,356	21.6%	7,278	10.9%
2+ adults 2+ children	974	15.5%	8,276	12.4%
Size of accommodation				
1 bedroom	78	1.2%	3,249	4.9%
2 bedrooms	870	13.8%	14,118	21.2%
3 bedrooms	4,081	64.9%	42,055	63.2%
4+ bedrooms	1,260	20.0%	7,090	10.7%
TOTAL	6,289	100.0%	66,511	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Previous household moves of key worker households

14.7 The table below indicates when key worker and non-key worker households moved to their current accommodation. The results show some differences between the two groups with key worker households being more likely to have moved to their current home within the past five years. In total, 41.6% of key worker households had moved to their current accommodation within the last five years compared with 29.1% of non-key workers.

Table 14.3 Key worker households and past moves

When moved to present home	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Within the last year	794	12.6%	4,132	6.2%
1 to 2 years ago	494	7.9%	4,136	6.2%
2 to 5 years ago	1,327	21.1%	11,104	16.7%
Over 5 years ago/always lived here	3,673	58.4%	47,139	70.9%
TOTAL	6,289	100.0%	66,511	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

14.8 Previous tenure and location information for households moving in the last two years is presented in the table below. The results show that 23.8% of key worker households moving in the last two years were newly forming households; this is higher than the proportion of non-key worker households (18.7%). Key worker households were more likely to have moved from owner-occupied accommodation than non-key worker households, whilst a significantly greater proportion of non-key worker households had moved from the social rented sector.

14.9 In terms of location, the table indicates that key worker households are more likely to have moved from outside the housing market area, particularly from elsewhere in South Wales.

Table 14.4 Previous tenure and location of households moving in last two years

Characteristic	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Tenure of previous home				
Owner-occupied	635	49.2%	3,242	39.2%
Social rented	51	4.0%	1,683	20.4%
Private rented	296	22.9%	1,798	21.7%
Newly forming household	307	23.8%	1,546	18.7%
Location of previous home				
Within Caerphilly County Borough	806	62.6%	5,866	70.9%
Elsewhere in South Wales	379	29.4%	1,760	21.3%
Elsewhere in the UK	104	8.1%	459	5.6%
Abroad	0	0.0%	182	2.2%
Total	1,289	100.0%	8,268	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Housing aspirations of key worker households

14.10 The survey also collected information on the future aspirations of households seeking to move within the next two years. The table below indicates that of the 6,289 key worker households, just 15.5% need or are likely to move over the next two years. This figure is slightly higher than for non-key worker households (15.1%).

Table 14.5 Key worker households and future moves

When need/likely to move	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Now	230	3.7%	2,457	3.7%
Within a year	268	4.3%	3,725	5.6%
1 to 2 years	470	7.5%	3,828	5.8%
2 to 5 years	910	14.5%	7,205	10.8%
No need/not likely to move	4,411	70.1%	49,296	74.1%
TOTAL	6,289	100.0%	66,511	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

14.11 The housing preferences of key worker households who stated they were likely or would need to move within the next two years (in terms of tenure, location and size) are presented in the table below and are compared with results for all non-key worker households wanting to move within the next two years.

Table 14.6 Housing preferences of households seeking to move in the next two years

Housing preferences	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Tenure				
Buy own home	916	94.7%	4,969	49.6%
Social rented	51	5.3%	4,552	45.5%
Private rented	0	0.0%	309	3.1%
Shared Ownership	0	0.0%	181	1.8%
Location				
Within Caerphilly County Borough	631	65.3%	7,374	73.7%
Elsewhere in South Wales	234	24.2%	1,670	16.7%
Elsewhere in the UK	102	10.5%	486	4.9%
Abroad	0	0.0%	480	4.8%
Stated size preference				
1 bedroom	0	0.0%	42	0.4%
2 bedrooms	48	4.9%	2,371	23.7%
3 bedrooms	453	46.8%	5,473	54.7%
4+ bedrooms	467	48.2%	2,124	21.2%
TOTAL	967	100.0%	10,010	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

14.12 The table indicates that owner-occupation is the preference for 94.7% of key worker households compared to just 49.6% of non-key worker households, this is a significant difference. The comparison is just as stark when we view the proportions of key worker and non-key worker households who prefer to social rent. It is significant to see that key worker households show no demand for private rented or shared ownership accommodation. In terms of location it appears that key workers are more likely than non-key workers to prefer to move outside of Caerphilly County Borough. In terms of stated size preferences, key worker households are less likely to require one and two bedroom properties, with very little preference for these properties and are more likely to want a four or more bedroom home.

Income and affordability of key worker households

14.13 The table below shows a comparison of income and savings levels for key worker and non-key worker households. In considering this, it should be borne in mind that 'key workers' are defined according to the official categories, which are broad and include people on widely different incomes.

14.14 The figure for non-key worker households has been split depending on whether or not the head of household is in employment. Figures shown are for annual gross income (including non-housing benefits). The table suggests that generally key worker households have higher income levels than non-key worker households (those in employment) and a slightly higher level of savings. In comparison with all households, income levels for both key worker and employed non-key worker households are above the housing market area average although savings levels are below. This reflects the fact that the housing market area-wide figures include retired households who have no earned income but relatively high levels of savings.

Table 14.7 Income and savings levels of key worker households

Category	Annual gross household income (including non-housing benefits)	Average household savings
All key worker household	£37,479	£10,356
All non-key worker (in employment)	£29,482	£8,507
All other households (no-one working)	£13,204	£13,390
All households	£21,895	£11,150

Source: Caerphilly County Borough LHMA 2007 - household survey data

14.15 It is possible to consider the ability of key worker households to afford both minimum market prices and intermediate forms of housing and this is presented in the table below for all key worker households and for those key worker households that need/are likely to move in the next two years.

Table 14.8 Key worker households and ability to afford housing

Category	All key worker households		Key workers moving in next two years	
	Number of households	% of households	Number of households	% of households
Social rent only	813	12.9%	18,765	28.2%
Afford intermediate housing	95	1.5%	2,319	3.5%
Afford market housing	5,381	85.6%	45,427	68.3%
Total	6,289	100.0%	66,511	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

14.16 The table indicates that 85.6% of all key worker households are able to afford entry-level prices in the market in the area. It is interesting to note that of the 908 key worker households unable to afford minimum market prices, 89.5% can only afford social rented housing, whilst 10.5% can afford intermediate housing.

Summary

- 14.17 The term intermediate housing is often used with reference to specific groups of households such as key workers. The survey analysed such households using definitions being based on categories of employment and notably including public sector workers.
- 14.18 Analysis of survey data indicates that there are an estimated 10,085 people in key worker occupations and 6,289 households are headed by a key worker. These households are more likely to be owner-occupiers than non-key workers, although more likely to have a mortgage; they are also less likely to live in the social rented sector.
- 14.19 Key worker households are slightly more likely than non-key worker households to move in the next two years, more likely to move outside Caerphilly County Borough, and overall are more likely to require a larger property. Key workers are significantly more likely than the overall population to state a preference to move to owner-occupation.
- 14.20 Although key worker households have higher average income and savings levels than non-key worker households in employment, there remain key worker households within this broad range that are excluded from the housing market. The survey indicates that over a quarter of key worker households that intend to move in the next two years cannot afford entry-level market costs in Caerphilly County Borough.

15. Older person households

Introduction

- 15.1 Data was collected in the survey with regard to the characteristics of households with older persons. This chapter looks at the general characteristics of older person households and details some additional survey findings about such households.
- 15.2 Older people are defined as those over the state pension eligibility age (currently 65 for men, 60 for women). For the purpose of this chapter, households have been divided into three categories:
- Households without older persons
 - Households with both older and non-older persons
 - Households with only older persons

The older person population

- 15.3 16,863 (23.2%) of households in Caerphilly County Borough are older person only households, with a further 7,159 (9.8%) containing both older and non-older people. The table below shows the number and percentage of households in each group.

Table 15.1 Older person households		
Categories	Number of households	% of all households
Households without older persons	48,778	67.0%
Households with both older and non-older persons	7,159	9.8%
Households with older persons only	16,863	23.2%
TOTAL	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 15.4 It is worth noting that the Welsh Assembly Government's Strategy for Older People in Wales covers person aged 50 and above. In Caerphilly County Borough, some 41,644 households (57.2%) were found to contain one or more person aged 50 plus.

Characteristics of older person households

15.5 The number of occupants in older person households is shown in the table below. The data suggests that all households containing older persons only are comprised of one or two persons only. It is shown that 61.4% of all single person households are older person households.

Table 15.2 Size of older person only households

Number of persons in household	Age group		Number of h'holds	% of total h'holds with older persons	% of those with older persons
	Older persons only	Other h'holds			
One	10,360	9,050	19,410	53.4%	61.4%
Two	6,503	18,223	24,726	26.3%	38.6%
Three	-	13,350	13,350	0.0%	0.0%
Four	-	10,535	10,535	0.0%	0.0%
Five	-	3,641	3,641	0.0%	0.0%
Six or more	-	1,137	1,137	0.0%	0.0%
TOTAL	16,863	55,936	72,799	23.2%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

15.6 The table below shows the housing tenures of households with older persons. Just under three quarters of older person only households are owner-occupiers. The overwhelming majority of these do not have a mortgage. This finding suggests that the potential for equity release schemes in Caerphilly County Borough is quite high.

15.7 Another significant finding is the relatively high proportion of social rented accommodation containing older people only. Some 28.9% of Council dwellings contain only older people. This may have implications for future supply of specialised social rented accommodation.

Table 15.3 Older person only households and tenure

Tenure	Age group			% with older persons	% of older person h'holds
	Older persons only	Other h'holds	Total h'holds		
Owner-occupied (no mortgage)	11,560	11,558	23,118	50.0%	68.6%
Owner-occupied (with mortgage)	986	30,651	31,637	3.1%	5.8%
Rent from council	3,197	7,871	11,068	28.9%	19.0%
Rent from RSL	602	2,458	3,060	19.7%	3.6%
Private rented	518	3,399	3,917	13.2%	3.1%
TOTAL	16,863	55,937	72,800	23.2%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

15.8 The table below shows the geographical distribution of older person only households. Crosskeys has the largest proportion of older person households. Maesycwmmmer contains the lowest proportion.

Table 15.4 Older person only households and Ward					
Ward	Age group				
	Older persons only	Other h'holds	Total h'holds	% with older persons	% of older person h'holds
Aberbargoed	396	1,060	1,456	27.2%	2.3%
Abercarn	436	1,647	2,083	20.9%	2.6%
Aber Valley	403	2,315	2,718	14.8%	2.4%
Argoed	325	784	1,109	29.3%	1.9%
Bargoed	547	2,144	2,691	20.3%	3.2%
Bedwas, Trethomas and Machen	587	3,771	4,358	13.5%	3.5%
Blackwood	725	2,714	3,439	21.1%	4.3%
Cefn Fforest	409	1,057	1,466	27.9%	2.4%
Crosskeys	621	901	1,522	40.8%	3.7%
Crumlin	352	2,073	2,425	14.5%	2.1%
Darren Valley	240	802	1,042	23.0%	1.4%
Gilfach	353	571	924	38.2%	2.1%
Hengoed	211	1,808	2,019	10.5%	1.3%
Llanbradach	290	1,607	1,897	15.3%	1.7%
Maesycwmmmer	55	871	926	5.9%	0.3%
Morgan Jones	671	2,192	2,863	23.4%	4.0%
Moriah	489	1,505	1,994	24.5%	2.9%
Nelson	470	1,496	1,966	23.9%	2.8%
Newbridge	884	1,757	2,641	33.5%	5.2%
New Tredegar	775	1,400	2,175	35.6%	4.6%
Pengam	294	1,402	1,696	17.3%	1.7%
Penmaen	393	1,586	1,979	19.9%	2.3%
Penyrheol	644	4,009	4,653	13.8%	3.8%
Pontllanfraith	1,022	2,493	3,515	29.1%	6.1%
Pontlottyn	131	637	768	17.1%	0.8%
Risca East	632	2,034	2,666	23.7%	3.7%
Risca West	793	1,549	2,342	33.9%	4.7%
St. Cattwg	577	2,590	3,167	18.2%	3.4%
St. James	895	1,709	2,604	34.4%	5.3%
St. Martins	915	2,220	3,135	29.2%	5.4%
Twyn Carno	284	793	1,077	26.4%	1.7%
Ynysddu	513	1,069	1,582	32.4%	3.0%
Ystrad Mynach	530	1,371	1,901	27.9%	3.1%
Total	16,862	55,937	72,799	23.2%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

15.9 The table below shows the number of cars owned by older person only households. The table indicates that 40.8% of households without a car are older person only households.

Table 15.5 Older person only households and car ownership					
Number of cars owned	Age group				
	Older persons only	Other h'holds	Total h'holds	% with older persons	% of older person h'holds
None	8,673	12,566	21,239	40.8%	51.4%
One	7,760	25,385	33,145	23.4%	46.0%
Two	429	14,715	15,144	2.8%	2.5%
Three or more	-	3,272	3,272	0.0%	0.0%
TOTAL	16,862	55,938	72,800	23.2%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Dwelling characteristics

15.10 The table below shows the type of accommodation that older person only and non-older person households reside in. The data indicates that older person only households are more likely than non-older person households in the Caerphilly County Borough area to be living in flats and bungalows and are less likely to be living in detached or semi-detached houses.

Table 15.6 Type of accommodation by older person only households		
Dwelling type	% of older person households	% of non-older person households
Detached house	6.4%	12.9%
Detached bungalow	5.3%	2.6%
Semi-detached house	28.7%	40.8%
Semi-detached/terraced bungalow	8.2%	2.7%
Terraced house	37.8%	35.0%
Flat/maisonettes	13.7%	5.9%
TOTAL	100.0%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

15.11 The table below shows that older person only households are more likely than non-older person households in the Caerphilly County Borough area to be living in one and two bedroom properties. However, the results also show that 63.5% of all older person households are in three or four or more bedroom dwellings. Given that previous information has shown that all older person only households are comprised of almost only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older households chose to move into suitable smaller units.

Table 15.7 Size of dwellings (number of bedrooms) for older person only households

Number of bedrooms	% of older person households	% of non-older person households
1 bedroom	9.0%	3.2%
2 bedrooms	27.6%	18.5%
3 bedrooms	59.4%	64.6%
4+ bedrooms	4.1%	13.7%
TOTAL	100.0%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

15.12 This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (three+ bedroom) properties are in the owner-occupied sector there are 920 properties in the social rented sector which may therefore present some opportunity to reduce under-occupation.

Table 15.8 Older person only households size of accommodation and tenure

Tenure	Size of accommodation				TOTAL
	1 bed	2 bed	3 bed	4+ bed	
Owner-occupied (no mortgage)	165	2,616	8,328	452	11,561
Owner-occupied (with mortgage)	-	298	510	178	986
Council	780	1,497	920	-	3,197
RSL	446	156	-	-	602
Private rented	123	80	252	63	518
TOTAL	1,514	4,647	10,010	693	16,864

Source: Caerphilly County Borough LHMA 2007 - household survey data

Older person households and unsuitable housing

15.13 Some 6.3% of all older person only households (1,057 households) in the Caerphilly County Borough area live in unsuitable housing, as defined by the WAG Guidance. This figure is lower than the figure of 9.1% for all households.

Summary

15.14 Some 23.2% of households in the Caerphilly County Borough area contain older persons only, and a further 9.8% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that just under 30% of Council rented accommodation houses older people only.

16. Rural households

Introduction

- 16.1 In order to produce a meaningful database for analysis the County Borough was subdivided. This was done by assigning each household with an urban or rural classification, based on the National Statistics Rural and Urban Classification of Output Areas (July 2004). This classification was the result of joint work between the Countryside Agency, the Department for Environment, the Department for Food and Rural Affairs, the Office of the Deputy Prime Minister, the National Assembly for Wales and the Office for National Statistics.
- 16.2 Households were assigned one of four categories based on their postcode. The postcode is considered to be 'Urban' when the majority of the Output Area live within settlements with a population of 10,000 or more. The remaining three categories comprise the rural area, which is divided into 'Towns and Fringes', 'Villages' and 'Hamlets'; the latter includes isolated dwellings.

General characteristics

- 16.3 The table below indicates the urban and rural classification that each household in Caerphilly County Borough is recorded in. The data shows that over three quarters of households in the housing market area are urban, with just under 25% being rural.

Table 16.1: Population urban/rural (based on 4 categories)		
Classification	Number of households	Percentage of households
Urban	56,522	77.6%
Town and fringe	12,832	17.6%
Village	2,862	3.9%
Hamlet	584	0.8%
Total	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 16.4 The National Statistics Rural and Urban Classification indicates that all classifications listed above other than urban can be considered rural. This chapter will compare the nature of the rural and urban populations.

Household characteristics

- 16.5 The accommodation profile of households is presented in the table below. The table indicates that there is little difference between the two areas, although rural households are slightly less likely than urban households to be living in a detached house.

Table 16.2 Urban/rural households and accommodation type				
Accommodation type	Urban households		Rural households	
	Number of households	% of households	Number of households	% of households
Detached house	8,499	15.0%	2,179	13.4%
Semi-detached/terraced house	43,733	77.4%	12,766	78.4%
Flat/maisonette	4,290	7.6%	1,333	8.2%
TOTAL	56,522	100.0%	16,278	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 16.6 The table below shows the variation in the tenure profile of urban and rural households. Again, the differences are not particularly marked.

Table 16.3 Urban/rural households and tenure				
Tenure	Urban households		Rural households	
	Number of households	% of households	Number of households	% of households
Owner-occupied (no mortgage)	17,898	31.7%	5,221	32.1%
Owner-occupied (with mortgage)	24,607	43.5%	7,030	43.2%
Rent from council	8,763	15.5%	2,305	14.2%
RSL	2,187	3.9%	872	5.4%
Private rented	3,068	5.4%	849	5.2%
TOTAL	56,523	100.0%	16,277	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 16.7 When the focus turns to type of household there is no strong difference between the areas, as the table below shows:

Table 16.4 Urban/rural households and household type

Household type	Urban households		Rural households	
	Number of households	% of households	Number of households	% of households
Single pensioners	8,149	14.4%	2,211	13.6%
2 or more pensioners	5,061	9.0%	1,442	8.9%
Single non-pensioners	6,835	12.1%	2,216	13.6%
2 or more adults - no children	18,895	33.4%	5,748	35.3%
Lone parent	3,671	6.5%	690	4.2%
2+ adults 1 child	6,464	11.4%	2,169	13.3%
2+ adults 2+ children	7,447	13.2%	1,803	11.1%
TOTAL	56,522	100.0%	16,279	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.8 A comparison of household size between the two areas is presented in the table below. The data shows that rural households are more likely to be comprised of one or two persons than urban households.

Table 16.5 Size of urban/rural households

Household size	Urban households		Rural households	
	Number of households	% of households	Number of households	% of households
One person	14,984	26.5%	4,426	27.2%
2 people	18,639	33.0%	6,087	37.4%
3 people	10,656	18.9%	2,695	16.6%
4 people	8,411	14.9%	2,124	13.0%
5 people	3,068	5.4%	573	3.5%
6+ people	765	1.4%	372	2.3%
TOTAL	56,523	100.0%	16,277	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.9 The table below indicates that support needs households are more likely to be residing in the rural part of Caerphilly County Borough rather than in the urban part.

Table 16.6 Urban/rural households and support needs

Support needs	Urban households		Rural households	
	Number of households	% of households	Number of households	% of households
Support needs	15,342	27.1%	4,897	30.1%
Non support needs	41,180	72.9%	11,381	69.9%
TOTAL	56,522	100.0%	16,278	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.10 The table below compares the incomes and savings levels of households in the two areas. The data shows that urban households are more affluent than those in rural areas as they record both a higher average annual household income and higher levels of savings.

Table 16.7 Income and savings levels of urban/rural households		
Categories	Annual gross household income (including non-housing benefits)	Average household savings
Urban	£22,402	£11,232
Rural	£20,135	£10,863

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.11 The table below emphasises the distinction between the types of area. It shows that across the housing market area, 43.5% of urban households have incomes over £20,000, which compares to 37.3% of rural households.

Table 16.8: Household income bands by area classification			
Category	Household income up to £20k	Household income more than £20k	Total
Urban	56.5%	43.5%	100.0%
Rural	62.7%	37.3%	100.0%
Total	57.9%	42.1%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Accessibility

16.12 A further question asked in the Caerphilly County Borough survey was car ownership/availability. Although not directly linked to housing, it influences the ability of households to access necessary services.

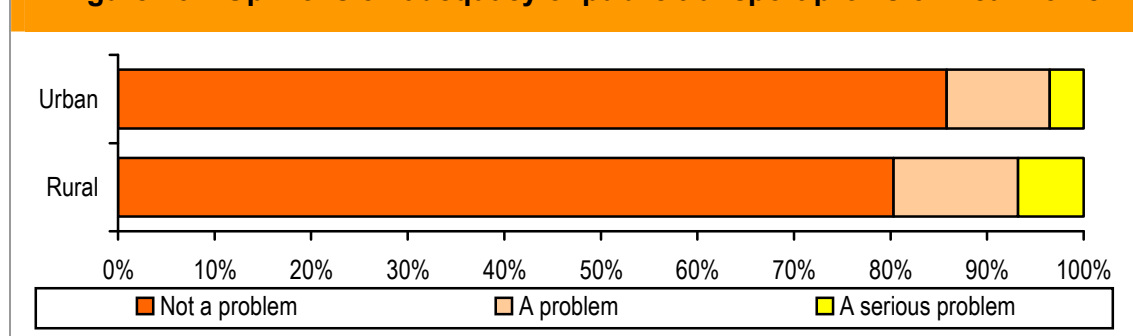
16.13 Just under a third of all households in the rural area have no access to a car or van, this compares with 28.2% of urban households. The average household has 1.01 cars; this figure varies from 1.03 for urban households to 0.92 for rural households.

Table 16.9 Urban/rural households and car ownership

Number of cars/vans available for use	Urban households		Rural households	
	Number of households	% of households	Number of households	% of households
0	15,964	28.2%	5,275	32.4%
1	25,755	45.6%	7,390	45.4%
2	11,951	21.1%	3,193	19.6%
3+	2,853	5.0%	419	2.6%
TOTAL	56,523	100.0%	16,277	100.0%
Average number of cars/vans	1.03		0.92	

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.14 The survey asked households whether public transport provision near their home was adequate for the household's needs. The responses received are presented in Figure 16.1 below. The figure indicates that rural households were more likely to record public transport provision as being inadequate. In both areas however the proportion that indicated that it was a problem was moderately low (19.7% of rural households and 14.2% of urban households).

Figure 16.1 Opinions on adequacy of public transport provision near home

Source: Caerphilly County Borough LHMA 2007 - household survey data

Access to services

16.15 The data collected by the primary survey included a set of questions on travelling to services, and any difficulties found with this.

16.16 The services asked about included:

- Grocery shops, post office, bank/building society, leisure, doctor, hospital and schools/educational facilities.

16.17 In some cases there was little marked difference between the areas, these include:

- Post Office (where 10.8% of all households reported difficulty)

- Doctor (where 16.7% of all households reported difficulty)
- Hospital (where 54.6% of all households reported difficulty)

16.18 In the case of travelling to purchase groceries it is clear that rural dwellers have more difficulty than urban ones. It is also clear that the rural area produces much greater problems for poorer households than richer ones. Clearly less ability to travel (whether or not cars are owned) means that access to towns is more of a problem.

16.19 Poorer urban households, though by no means as disadvantaged as poorer rural ones, also have significant access difficulties compared with richer ones.

Table 16.10: Access Quite/Very Difficult to Grocery Shops			
Category	Household income up to £20k	Household income more than £20k	Total
Urban	15.3%	6.8%	11.6%
Rural	21.7%	10.5%	17.5%
Total	16.8%	7.5%	12.9%

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.20 In the case of banks, a similar pattern is shown, but here the overall figure shows higher levels of difficulty: over 25% of the population find access difficult. In the rural area, almost 40% of residents have difficulty. Once again, poorer dwellers in this area have the most difficulty.

Table 16.11: Access quite/very difficult to bank/building society			
Category	Household income up to £20k	Household income more than £20k	Total
Urban	25.0%	18.4%	22.1%
Rural	43.1%	32.2%	39.0%
Total	29.4%	21.2%	25.9%

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.21 Leisure facilities again show even higher levels of difficulty. Some 53.5% of all rural households' record difficulty in accessing leisure services compared to 27.0% of urban households. In all areas the situation for poorer households is more extreme.

Table 16.12: Access quite/very difficult to leisure facilities

Category	Household income up to £20k	Household income more than £20k	Total
Urban	33.1%	19.0%	27.0%
Rural	62.4%	38.5%	53.5%
Total	40.2%	22.8%	32.9%

Source: Caerphilly County Borough LHMA 2007 - household survey data

16.22 For access to schools/educational or training facilities we find that around a sixth of households find access quite or very difficult. This increases to 24.4% for rural households earning less than £20k, compared with 9.0% of urban households earning more than £20k.

Table 16.13: Access quite/very difficult to schools/educational facilities

Category	Household income up to £20k	Household income more than £20k	Total
Urban	19.8%	9.0%	15.1%
Rural	24.4%	21.0%	23.1%
Total	20.9%	11.4%	16.9%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Summary

16.23 Use of the National Statistics Rural and Urban Classification of Output Areas (July 2004) indicated that 77.6% of households in Caerphilly County Borough live in an urban area, with the remaining 22.4% classified as rural.

16.24 The survey records that rural households are more likely to be smaller (containing one or two persons) than urban households. Income and savings levels are lower for rural households and they are more likely to contain a support needs member. Rural households are also slightly less likely to own a car than urban households; they display problems with accessing services to a greater degree than urban households.

17. Families with children

Introduction

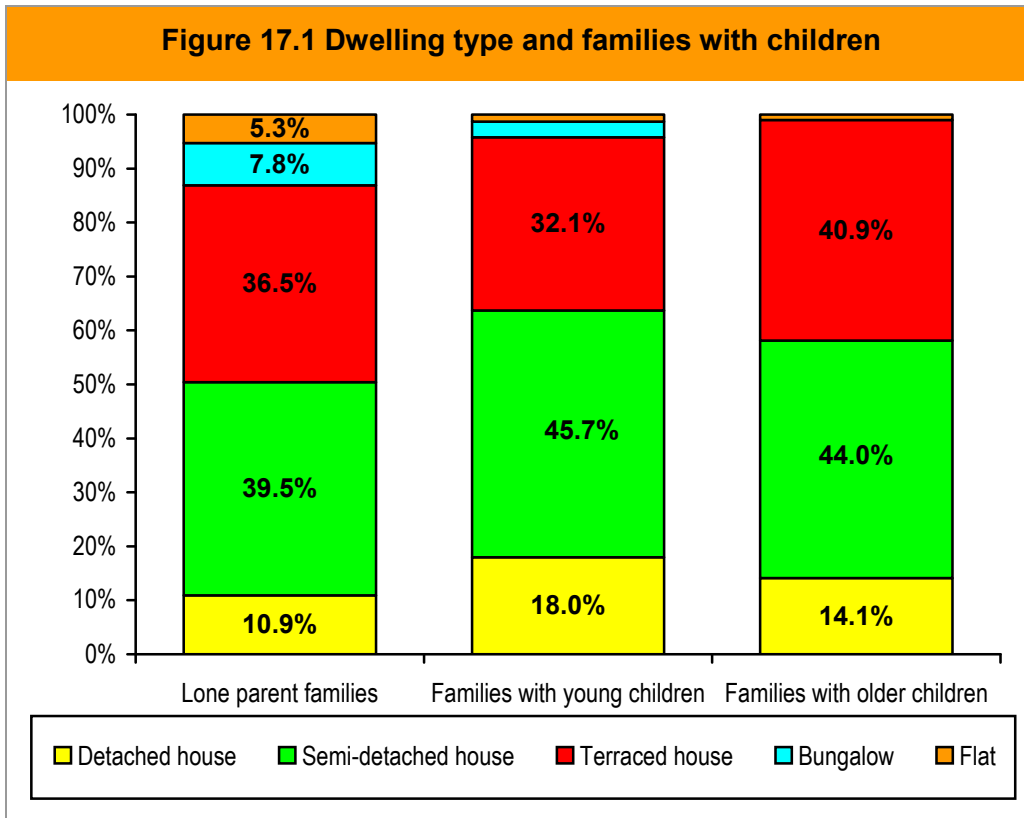
- 17.1 This chapter will profile the current housing situation of families with children in Caerphilly County Borough and then consider the future housing requirements of this group. This will enable the Council to assess whether the type of new accommodation at a particular site is likely to attract families with children and generate the desired mix.
- 17.2 For the purposes of this analysis children are defined as those aged under 16 and the chapter will focus on any household with at least one child in it. To provide more detail on what is a large subsection of the population, three different groups of households with children will be analysed. These are lone parent households, households with young children and households with older children.
- 17.3 Lone parent households are analysed separately as they are a group which have been identified earlier in the report as having an acute situation (including relatively low incomes and a high level of housing need). Households with young children are those where the children's age is under 9 or the average age of the children is under 9. Households with older children are those where the children's age is 9 or over or the average age of the children is 9 or over.
- 17.4 The table below shows the number of each type of household with children. The data indicates that 6.0% of households are lone parent families, 13.7% are families with young children and 10.8% are families with older children.

Table 17.1 Number of families with children		
Households with children	Number of households	Percentage of households
Lone parent families	4,361	6.0%
Families with young children	9,993	13.7%
Families with older children	7,891	10.8%
Other households	50,555	69.4%
Total	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Housing circumstances of families with children

- 17.5 The figure below shows the type of properties in which the three groups of families live. The figure indicates that lone parent families are less likely than other households in the Caerphilly County Borough to live in detached houses and are more likely to live in bungalows and flats.



Source: Caerphilly County Borough LHMA 2007 - household survey data

17.6 The table below shows the size of accommodation in which the three groups of families live. The only family types that we find in one bedroom properties are lone parent families, who are also significantly more likely to be living in two bedroom accommodation.

Table 17.2 Size of dwellings (number of bedrooms) and families with children

Number of bedrooms	Households with children		
	Lone parent families	Families with young children	Families with older children
1 bedroom	5.1%	0.0%	0.0%
2 bedrooms	24.1%	7.5%	12.8%
3 bedrooms	64.6%	68.7%	70.0%
4+ bedrooms	6.2%	23.8%	17.2%
TOTAL	100.0%	100.0%	100.0%
Total count	4,361	9,993	7,891

Source: Caerphilly County Borough LHMA 2007 - household survey data

17.7 The table below presents the level of overcrowding and under-occupation for families. The table shows that there are not significant differences in terms of overcrowding between the three family types, although lone parents are slightly more likely to be overcrowded and less likely to be under occupying.

Table 17.3 Overcrowded and under-occupying families with children

Overcrowded/under-occupied	Households with children		
	Lone parent families	Families with young children	Families with older children
Overcrowded	6.7%	5.7%	4.1%
Neither overcrowded nor under-occupied	85.4%	82.8%	87.7%
Under-occupied	7.8%	11.5%	8.2%
TOTAL	100.0%	100.0%	100.0%
Total count	4,361	9,993	7,891

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 17.8 The table below presents the proportion of families with children living in unsuitable housing. The table indicates that lone parent families are more likely than other family types to be living in unsuitable housing.

Table 17.4 Families with children in unsuitable housing

Unsuitable housing	Households with children		
	Lone parent families	Families with young children	Families with older children
In unsuitable housing	16.2%	13.5%	8.6%
Not in unsuitable housing	83.8%	86.5%	91.4%
TOTAL	100.0%	100.0%	100.0%
Total count	4,361	9,993	7,891

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 17.9 The table below shows the tenure of the three groups of family households. The results suggest that lone parents are more likely to be living in social rented and private rented accommodation. Families with young children are more likely than those with older children to be living in social rented accommodation.

Table 17.5 Tenure of families with children

Tenure	Households with children		
	Lone parent families	Families with young children	Families with older children
Owner-occupied (no mortgage)	0.0%	5.9%	6.3%
Owner-occupied (with mortgage)	39.3%	68.0%	78.7%
Council	25.9%	17.4%	9.9%
RSL	15.3%	5.9%	1.3%
Private rented	19.5%	2.8%	3.8%
TOTAL	100.0%	100.0%	100.0%
Total count	4,361	9,993	7,891

Source: Caerphilly County Borough LHMA 2007 - household survey data

Housing preferences of families with children

17.10 The table below indicates that a larger proportion of lone parent families would like to move within a year. Families with young children are the most likely to have no need or to be unlikely to move.

Table 17.6 Moving intentions of families with children			
When need/likely to move	Households with children		
	Lone parent families	Families with young children	Families with older children
Now	4.4%	5.5%	4.6%
Within a year	15.6%	6.0%	7.3%
1 to 2 years	5.7%	4.4%	6.3%
2 to 5 years	17.9%	10.0%	16.2%
No need/not likely to move	56.4%	74.2%	65.6%
TOTAL	100.0%	100.0%	100.0%
Total count	4,361	9,993	7,891

Source: Caerphilly County Borough LHMA 2007 - household survey data

17.11 The housing preferences of families with children who stated they were likely or would need to move within the next two years (in terms of tenure, location, type and size) are presented in the table below.

Table 17.7 Housing preferences of families with children seeking to move in the next two years

Housing preferences	Households with children		
	Lone parent families	Families with young children	Families with older children
Tenure			
Buy own home	37.6%	48.4%	68.2%
Social rented	62.4%	39.5%	24.5%
Private rented	0.0%	3.3%	7.3%
Shared Ownership	0.0%	8.7%	0.0%
Location			
Within Caerphilly County Borough	88.4%	76.7%	69.6%
Elsewhere in South Wales	11.6%	0.0%	21.0%
Elsewhere in the UK	0.0%	9.4%	3.4%
Abroad	0.0%	13.9%	6.0%
Accommodation type			
Detached house	37.8%	51.8%	51.7%
Semi-detached house	52.3%	34.4%	31.3%
Terraced house	9.9%	0.0%	17.0%
Flat	0%	0%	0%
Bungalow	0.0%	13.8%	0.0%
Stated size preference			
1 bedroom	0.0%	0.0%	0.0%
2 bedrooms	0.0%	0.0%	3.4%
3 bedrooms	87.4%	71.3%	51.7%
4+ bedrooms	12.6%	28.7%	44.9%
TOTAL	100.0%	100.0%	100.0%
Total count	1,121	1,583	1,439

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 17.12 The table indicates that lone parent families are much more likely than two parent families to prefer to move into social rented accommodation, families with young children are the only family type to show any demand for shared ownership accommodation.
- 17.13 In terms of location families with older children are the most likely to prefer to move out of Caerphilly County Borough, with lone parent families being the most likely to prefer to stay in the area.
- 17.14 Families with younger and older children are more likely to prefer to live in detached properties, whereas lone parent families have a higher demand for semi-detached properties. This may be due to the differences in sizes between the family groups.

17.15 In terms of stated size preferences, lone parent households are less likely to require larger four bed properties, families with older children are the most likely to prefer larger properties.

Summary

17.16 There are 22,245 households in Caerphilly County Borough with families, accounting for just over 30% of the total households.

17.17 Lone parent households display characteristics that are quite different from families with two parents; they are more likely to be living in smaller dwellings and are more likely to be living in unsuitable housing. A higher proportion of lone parent families would like to move to a different property now or within a year.

17.18 Families with young children and those with older children display many similar characteristics. They require larger properties and often prefer owner-occupation.

18. Overcrowding and under-occupation

Introduction

18.1 This chapter briefly studies the extent of overcrowding and under-occupation of households living in each individual tenure group. The standards used to check for overcrowding/under-occupation were as follows:



- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be overcrowded.
- **Under-occupation:** households with more than one spare bedroom are deemed to be under-occupied.

Overcrowding and under-occupation

18.2 The table below shows a comparison between the numbers of bedrooms in each home against the number of bedrooms required for all households.

Table 18.1 Overcrowding and under-occupation					
Number of bedrooms required	Number of bedrooms in home				TOTAL
	1	2	3	4+	
1 bedroom	3,011	10,306	22,467	2,334	38,118
2 bedrooms	316	4,068	15,918	2,844	23,146
3 bedrooms	-	527	7,202	2,261	9,990
4+ bedrooms	-	87	549	912	1,548
TOTAL	3,327	14,988	46,136	8,351	72,802

Source: Caerphilly County Borough LHMA 2007 - household survey data

KEY:  Overcrowded households  Under-occupied households

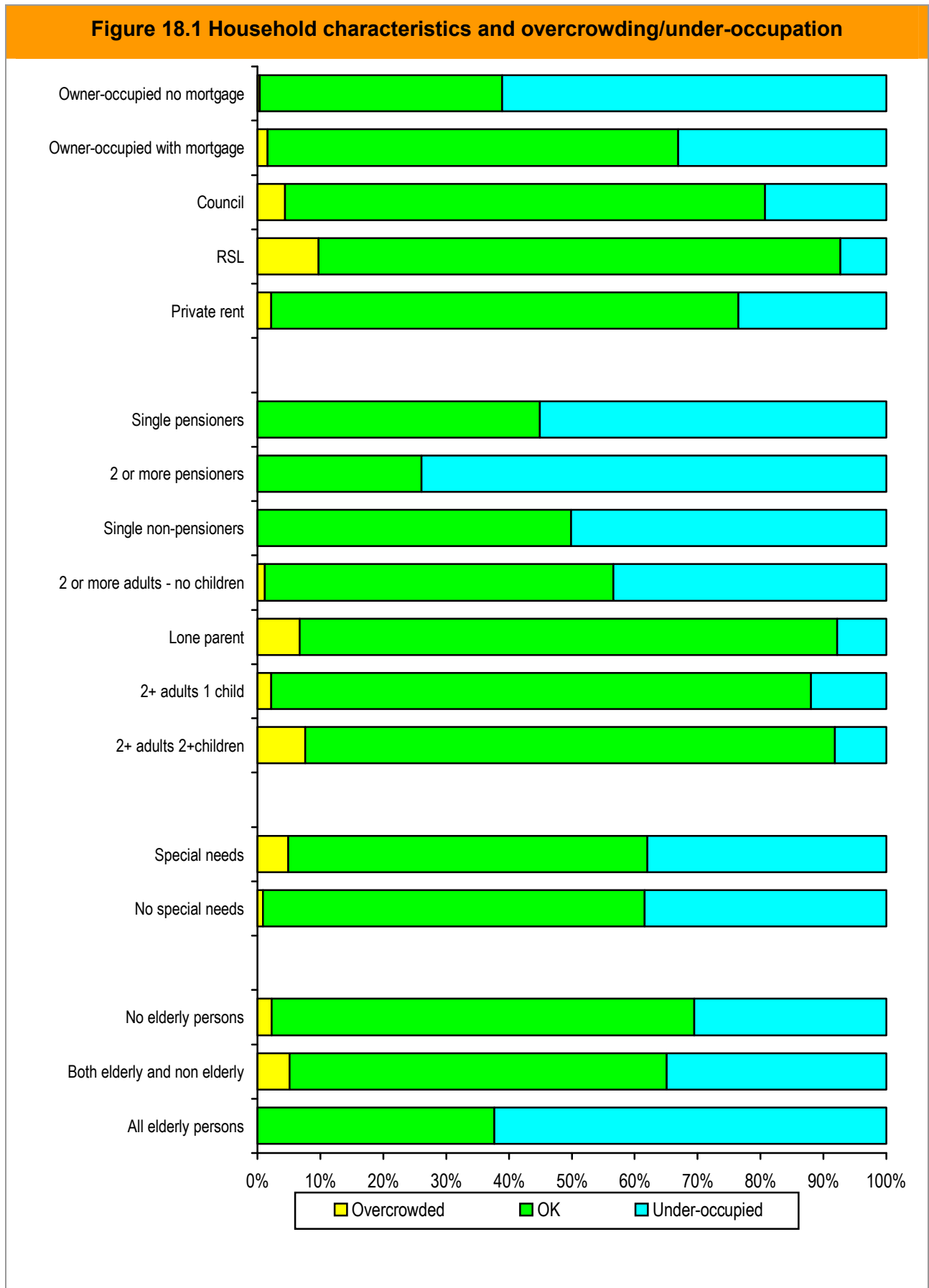
Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a 4 bedroom property.

18.3 The estimated number of overcrowded and under-occupied households is as follows:

- **Overcrowded:** 2.0% of households = 1,479 households
- **Under-occupied:** 38.3% of households = 27,884 households

Household characteristics

- 18.4 The figure below shows levels of overcrowding and under-occupation by various household characteristics. The figure shows some clear differences between different household groups.
- 18.5 In terms of tenure, the figure shows that owner-occupiers are most likely to be under-occupying dwellings and least likely to be overcrowded; this is particularly true for those with no mortgage. RSL properties are most likely to be over-occupied, and least likely to be under occupied.
- 18.6 Household type analysis suggests that households with two or more pensioners are most likely to be under-occupying, with lone parents the least likely to be over-occupying.
- 18.7 The data shows that households with support needs are more likely to be overcrowded.
- 18.8 Households containing elderly persons only are less likely to be overcrowded and more likely to under-occupy than other households.



Source: Caerphilly County Borough LHMA 2007 - household survey data

18.9 In addition to the above figure it is of use to consider the household types and tenure of those households under-occupying. This will give some indication of the scope for measures to reduce under-occupancy (particularly in the social rented sector). The table below shows this analysis.

Table 18.2 Under-occupation by household type and tenure

Household type	Tenure					TOTAL
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Council	RSL	Private rented	
Single pensioner	4,585	280	660	-	183	5,708
2 or more pensioners	4,036	408	229	-	132	4,805
Single non-pensioner	1,121	2,373	732	92	214	4,532
2 or more adults, no children	4,298	5,592	290	132	391	10,703
Lone parent	-	271	69	-	-	340
2+ adults, 1 child	-	880	155	-	-	1,035
2+ adults, 2+ children	80	678	-	-	-	758
TOTAL	14,120	10,482	2,135	224	920	27,881

Source: Caerphilly County Borough LHMA 2007 - household survey data

18.10 The table shows that there are a significant number of pensioner households under-occupying in the owner-occupied (no mortgage) sector. Of all under-occupying households in the social rented sector, 37.7% contained pensioners only and 9.5% contained children.

Income levels

18.11 The figure below shows the income levels of households who are overcrowded or under-occupied. The data shows that under-occupied households have the highest average household income (at £22,802). If these figures are adjusted depending on the number of persons in the households this trend is exacerbated. Overcrowded households have an average income per person of only £2,815; this figure rises to £12,745 for households who are under-occupying.

Table 18.3 Overcrowding/under-occupancy and income

Overcrowded/under-occupied	Average gross annual income	Average number of persons in households	Average income per person
Overcrowded	£12,626	4.5	£2,815
Neither overcrowded nor under-occupied	£21,629	2.8	£7,858
Under-occupied	£22,802	1.8	£12,745
TOTAL	£21,895	2.4	£9,053

Source: Caerphilly County Borough LHMA 2007 - household survey data

Moving intentions of under-occupying households

18.12 Finally this section looks at any moving intentions of overcrowded and under-occupied households. The table below shows the number and proportion of households in each group who need or expect to move home within the next two years.

18.13 The analysis suggests that overcrowded households are most likely to need/expect to move. In total an estimated 42.5% of overcrowded households need or expect to move within the next two years, this compares with only 11.6% of households who currently under-occupy their dwelling. Although age must be considered as a key factor when viewing this relationship.

Table 18.4 Moving intentions of overcrowded and under-occupying households			
Overcrowded/under-occupied	Number need/expect to move	Total h'holds	% needing/expecting to move
Overcrowded	628	1,479	42.5%
Neither overcrowded nor under-occupied	7,110	43,437	16.4%
Under-occupied	3,239	27,883	11.6%
TOTAL	10,977	72,799	15.1%

Source: Caerphilly County Borough LHMA 2007 - household survey data

Summary

18.14 This brief chapter looked at overcrowding and under-occupation. The results suggest that 2.0% of all households are overcrowded and 38.3% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; whilst the RSL sector has the highest level of overcrowding.

18.15 Overcrowded households tend to have low incomes (per person) and are far more likely to state that they need or expect to move than other households.

19. Gypsies and Travellers

Introduction

19.1 This chapter provides a background to the situation regarding the accommodation needs of Gypsies and Travellers in Caerphilly County Borough. This chapter considers the policy issues relating to Gypsies and Travellers and reports on existing information from secondary sources regarding the extent to which Gypsies and Travellers are thought to be present in the County Borough.

Policy background

19.2 There is a serious shortage of sites for Gypsies and Travellers across Wales and this has led to a growing tendency for Gypsies and Travellers to buy land and develop it without planning permission. A study to the Welsh Assembly Government³ suggested that there was a considerable shortage of accommodation for Gypsies and Travellers. It stated that between 2005 and 2010, between 250 and 400 permanent site places would be required across Wales, as would between 100 and 150 additional transit pitches.

19.3 In view of this the Government has introduced a series of reforms, which have important implications for the provision of Gypsy and Traveller sites. The Government's aim is to ensure that members of the Gypsy and Traveller communities should have the same access to decent and appropriate accommodation as every other citizen and that there are sufficient sites available to meet their needs.

19.4 Under new measures introduced in the Housing Act 2004, local authorities are required to include Gypsies and Travellers in their Local Housing Needs Assessment process and to have a strategy in place which sets out how any identified need will be met as part of their wider housing strategies. The recent WAG Draft Circular 2007: Planning for Gypsy and Traveller Caravan Sites requires local authorities to identify appropriate sites in local plans for Gypsy and Traveller accommodation where there is an assessment of unmet need. The LHMA Guidance contains details on how this should be conducted using survey data. It also contains a new definition of Gypsies and Travellers that is based on 'nomadic habit' and includes those who are too ill or old to pursue a nomadic lifestyle. It also places a new emphasis on consulting Gypsies and Travellers, their representative bodies and local support groups in the planning process.

³ *Accommodation Needs of Gypsy-Travellers in Wales*, Pat Niner, Centre for Urban and Regional Studies, University of Birmingham, 2006

19.5 Dealing with unauthorised camping by Gypsies and Travellers is currently high on the policy agenda, fuelled particularly by complaints about the disruption and nuisance caused to the settled community and businesses by troublesome encampments. Noise; aggressive, criminal and anti-social behaviour; rubbish and fly tipping; and damage to the land and buildings are common causes of complaint, although it is possible that many of the complaints stem from the mere presence of caravans on unauthorised encampments regardless of their behaviour. There is a widespread dissatisfaction with the powers available to deal with unauthorised camping, largely because anti-trespass powers allow Gypsies and Travellers to be moved on but offer no long-term solution to the problem.

Gypsies and Travellers in Caerphilly County Borough

19.6 Caerphilly County Borough has, in recent years, reported no Gypsy and Traveller sites or encampments in official counts of caravans in Wales. However, the Welsh Assembly Government LHMA Guidance notes that there may be Gypsies or Travellers in bricks and mortar accommodation in the Borough that will not be included in the caravan count, although the primary survey completed for the LHMA identified only two respondents in this category. The Council report that data recorded by the needs mapping exercise since 2005, as analysed by the Supporting People team, show that none of the 2,727 respondents indicated their ethnicity as Gypsy or Traveller.

19.7 All the authorities neighbouring Caerphilly County Borough except Newport were reported to have sites provided by Local Authorities in the Niner report of 2006, indicating the presence of a Gypsy or Traveller population in these areas.

Table 19.1 Local Authority owned sites in the authorities surrounding Caerphilly County Borough			
Authority	Sites	Total Pitches	Vacant Pitches
Blaneau Gwent	1	24	0
Cardiff	2	77	0
Merthyr Tydfil	1	24	0
Powys	1	11	0
Rhondda Cynon Taff	1	5	1
Torfaen	1	27	0
TOTAL	7	168	1

Source: *Accommodation Needs of Gypsy-Travellers in Wales*, Pat Niner, Centre for Urban and Regional Studies, University of Birmingham, 2006

- 19.8 In the light of this, it is reasonable to assume that there will be at least some transient population moving through the area; in addition the fact that all the documented sites in the surrounding boroughs are full except one suggests that there may be potentially unmet demand for pitches in the wider region. The Niner report suggests that most transit provision should be related to major roads and motorways along the northern and southern coastal corridors and on other major routes across Wales. Since there are no trunk roads or motorways located within the County Borough (with the exception of a short section of the A465), this may suggest that transit sites may be more appropriately provided outside the County Borough.
- 19.9 The Council report that there are three private licensed caravan sites in the County Borough but that none of these are designated for use by Gypsies and Travellers. Caerphilly County Borough Environmental Health reported that there were two unauthorised encampments within the last 12 months. Gwent Police only noted one unauthorised encampment within the last 12 months. Information from the Caerphilly County Borough's Planning department indicates that there has been no enforcement action taken on unauthorised Gypsy and Traveller encampments in the last five years and there have been no planning applications submitted for authorised sites over this time period.
- 19.10 The Niner report noted there are no reliable sources of data on private sites or owner-occupied sites in Wales. However, the report provides information on the number of unauthorised encampments reported by local authorities over a three month reporting period during 2005; there was reported to be one unauthorised encampment in Caerphilly County Borough. The report also suggested that there was a large family-owned site within Caerphilly County Borough, based on information from the Cardiff Gypsy and Traveller Project. However, the report acknowledges that this may be a licensed caravan site and not a Gypsy and Traveller site as such. Indeed officer knowledge within the Council does not support the suggestion that there is a family-owned site in the County Borough.

Summary

- 19.11 New government emphasis on Gypsies and Travellers means that local authorities are required to assess the level of need through primary research. As well as considering the policy issues relating to Gypsies and Travellers, this chapter reported on existing information regarding the extent to which Gypsies and Travellers are thought to be present in the County Borough.
- 19.12 The secondary sources considered included the Caravan Count (which showed a zero return for Caerphilly County Borough), Pat Niner's 2006 report to the Welsh Assembly Government 'Accommodation Needs of Gypsy-Travellers in Wales' and information provided by Caerphilly County Borough Council. It is not possible to provide an estimate of the extent of need in Caerphilly County Borough based on the limited existing information available.

SECTION G: POLICY IMPLICATIONS

This section considers the results of the LHMA so far in relation to the policy context. It is only an initial perspective, since the stakeholder debate will influence the final form of these suggestions.



20. Housing markets and new housing provision

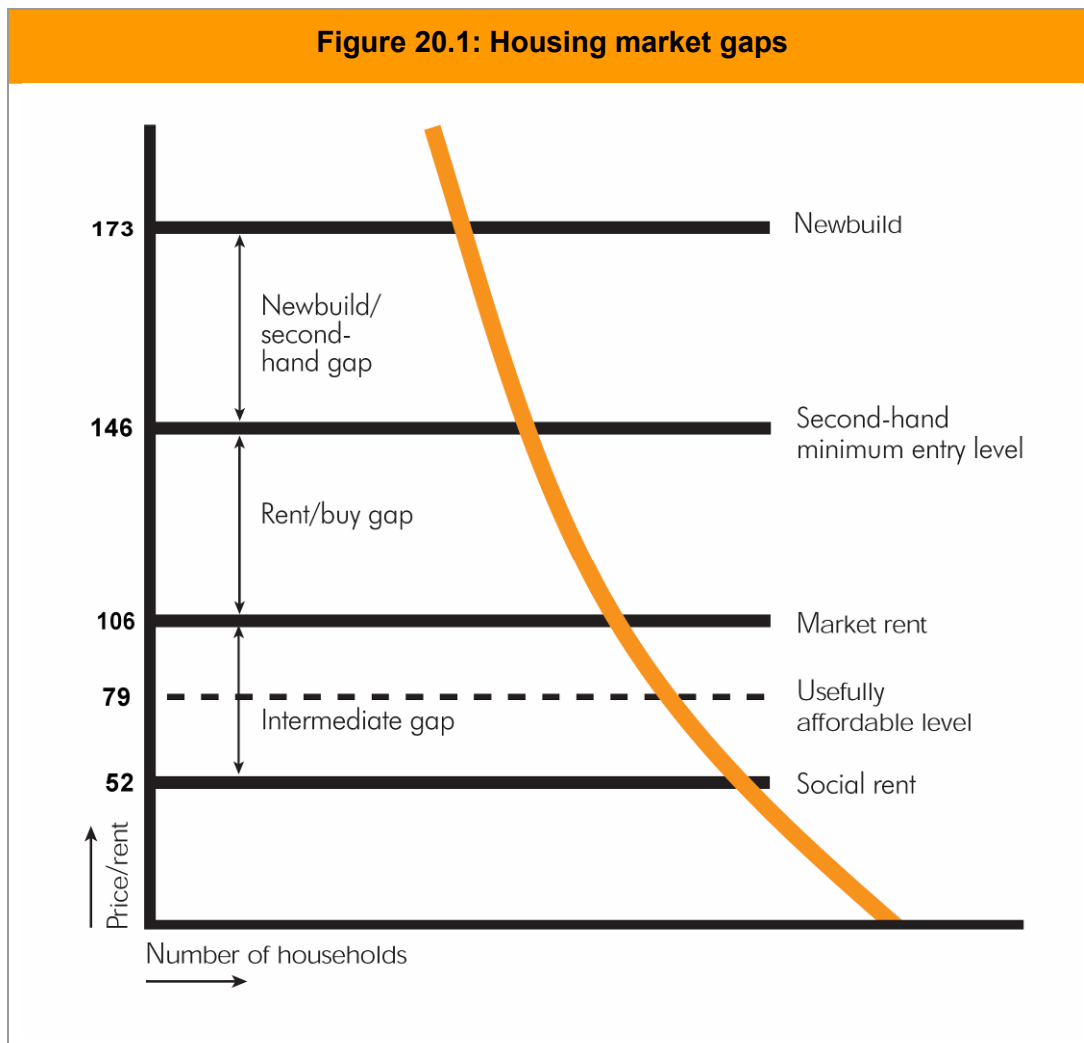
Introduction

20.1 The analysis in previous chapters has set the scene for policy suggestions. Before entering the practicalities of these, it is worth considering the overall scope and nature of the housing market as it is seen by the buyers and renters who face it: that is to say as a range of products at different prices and rents.

Housing market gaps

20.2 The housing market has been analysed in some detail in the report, as well as the capacity of movers and would-be movers to achieve whatever tenure aspirations they realistically could afford. Analysis has also been devoted to what types and tenures of newbuild housing would best balance the market.

20.3 There is, however, a fundamental problem, which is illustrated using Caerphilly County Borough prices and rents in the diagram below:



20.4 As can be seen from this graph, there are major gaps between the different tenures. The figures are shown for the ‘Southern’ sub-market of Caerphilly County Borough, but the other two sub-markets (Middle and North) show a similar pattern at somewhat lower rents/prices.

- i) The Market Entry level (£106 per week), which is private rental rather than purchase, is more than twice the social rent level (£52 per week): leaving a large intermediate housing gap
- ii) The ‘usefully affordable’ intermediate housing point, which is the mid-point between social rent and market entry, is itself quite a lot more than the social rent (152% of it in this case)
- iii) The cost of purchasing minimum priced entry level second hand housing (£146) is almost 140% of entry level private rental cost
- iv) Newbuild is about 120% of market entry to buy

- v) The market entry to buy is nearly 300 % of a social rent

20.5 As can be seen, these differences are very large. It would require a great increase in the financial capacity of the households in question for them to be able to move up one step, let alone three or four (e.g. from social rent to second hand purchase). It is not realistic to expect such leaps in financial capacity to be possible.

Weekly costs of housing

20.6 The graph above uses figures for two bed dwellings to illustrate gaps in the market. The overall access cost of different sizes and tenures of housing is as shown below.

Table 20.1 Comparative outgoings by tenure					
Sub-market and property size	Social rent	Intermediate	Min private rent	Min price sale	Newbuild for sale
	£ weekly	£ weekly	£ weekly	£ weekly*	£weekly
South					
2 bed	£52	£79	£106	£146	£173
3 bed	£53	£86	£115	£169	£204
4 bed	£56	£105	£150	£260	£309
Middle					
2 bed	£52	£75	£97	£137	£164
3 bed	£53	£81	£106	£158	£188
4 bed	£56	£91	£122	£232	£280
North					
2 bed	£52	£67	£82	£122	£149
3 bed	£53	£74	£91	£129	£157
4 bed	£56	£125	-	£190	£226

Source: This table appears as part of Tables 5.7 and 5.8

20.7 As can be seen from the table, the relative gaps are very similar across the sub-markets and dwelling sizes.

Filling the gaps in the market

20.8 There are therefore very substantial gaps in the 'housing ladder'. It does not take long to consider what exists to fill those gaps. The only readily available newbuild housing is at either extreme of the graph, that is to say:

- Social rental

- Newbuild to buy

20.9 There is in Wales the option of HomeBuy, which was invented in Wales and is a great success in other parts of Britain as well.

20.10 In its original form (the term has been used to mean a range of things in England) it consists of an interest free equity loan usually amounting to 30% of the purchase price, but in some circumstances up to 50%. HomeBuy is open also to those qualified for social housing, but who can afford more: in general parlance this is 'Intermediate' housing (priced between social rent and market entry level). HomeBuy buyers can 'staircase' to 100% ownership except where there is a shortage of affordable housing, when there is provision for social landlords to retain power to repurchase on subsequent sale.

20.11 The problem with this tenure as a form of affordable housing in Caerphilly County Borough can be seen from the above graph:

$$£173 \times 0.3 = £52 \text{ per week}$$

20.12 It can be seen from the graph that a discount of £52 would bring the cost of buying down to £121 per week (in approximate terms) which is somewhat below second hand purchase, but well above market entry (to rent). Clearly most of the households in Intermediate housing need will lie some way below the market entry point. Indeed two thirds of households in intermediate housing need typically lie below the Usefully Affordable Intermediate level defined by Fordham Research.

20.13 Thus although HomeBuy is an excellent idea, and helps many people over the point of entry into home ownership (in the County Borough for example, HomeBuy is used fairly successfully and appears to be popular, with the Council reporting that allocations are usually used up within the first two months of the financial year); they will not, in Caerphilly County Borough, be households in housing need (as defined in the LHMA Guide of March 2006 page 183: as households in unsuitable housing who are unlikely to be able to meet their needs in the housing market).

20.14 It should be added that the same conclusion is likely to be true of shared ownership housing, where typically the household buys half and rents half from a social landlord. It is common to find that it costs well above the market entry point, as HomeBuy does in Caerphilly County Borough.

Role of intermediate housing

- 20.15 The Affordable Housing Toolkit of June 2006 (WAG) clearly states that shared equity housing is not supported (para 6.16). As can be seen from the above graph, however, there are questions over the role that HomeBuy can fulfil, valuable as it is, when it comes to affordable housing. Essentially HomeBuy, even if based on minimum entry second hand housing is too expensive to be affordable housing.
- 20.16 Intermediate housing is clearly a big issue for Caerphilly County Borough, given the size of the price gap involved. It is equally clear that HomeBuy cannot fill it. Hence there is a need to consider some form of intermediate housing. Whatever that product may be, it should be around £79 per week for two-bed types in the Southern sub-market of Caerphilly County Borough and equivalent prices for other sub-markets and sizes (suitably indexed over time) so that it is available to a good fraction of those in intermediate housing need.

Other housing market gaps

- 20.17 There is no ordinary form of market housing that fills either of the two other gaps (rent/buy and newbuild/second-hand) though HomeBuy does provide some assistance here. It is not absolutely clear that direct public subsidy on HomeBuy is actually justifiable in Caerphilly County Borough, since the normal route to achieving less expensive housing for sale is to negotiate a discount from the developer, rather than providing public subsidy. This is really a matter for debate. The supply of public funding is relatively limited, and it would seem more defensible to focus it on those in the upper range of housing need, where households cannot in fact access the market at all, rather than on a range where households can afford some form of market housing, even if not their preferred form.

Summary

- 20.18 It can clearly be seen from this brief discussion that the newbuild housing market is a quite limited place: either households can social rent, or buy new. It is a polarised world.
- 20.19 It is unfortunately the case that HomeBuy, the unique Welsh invention, is not actually affordable housing in the Caerphilly County Borough context. It is therefore difficult to see that the public subsidy involved is justifiable. There is a very large intermediate housing gap, and many households in intermediate housing need, but no form of affordable housing is currently available to them, as shared ownership has largely ceased, in preference to HomeBuy. This is clearly a matter for policy attention in Caerphilly County Borough.

21. Policy on newbuild affordable housing

Introduction

- 21.1 Affordable housing policy, based on rigorous housing needs assessment, has been an important part of housing strategy and planning policy ever since 1991. However no Government body has provided any clear mechanism for getting from an assessment of the annual requirement for new affordable housing, and a target (whether urban or rural).
- 21.2 In practice, therefore, the targets are set by custom and practice: what other councils with similar levels of housing need have proposed, and after examination by Planning Inspectors, adopted. That is the best that can be done at present, and is the approach adopted here.
- 21.3 The Affordable Housing Toolkit of June 2006 (WAG) states that councils may set authority wide targets, site targets and thresholds (para 3.15). An authority wide target is the first basis for the suggestion made here. That is because the locations in which housing need arises are not commonly those in which sites for development present themselves: they are driven by entirely different factors. Thus it is important for new sites to meet the authority wide housing need rather than, for example, provide nothing because their immediate sub-area has no housing need.

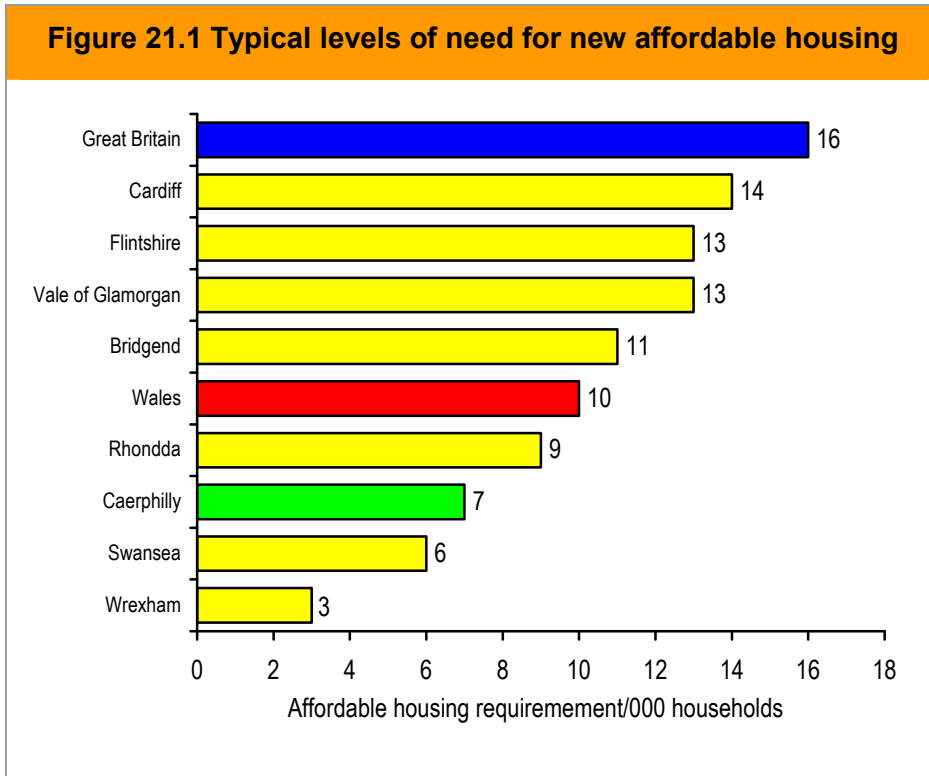
Affordable housing evidence base

- 21.4 For convenience the overall housing need level is reviewed through the Fordham Research Affordable housing Index. The annual need is for 516 new affordable dwellings per annum. As commented at the beginning of this report, the rise of prices has meant that where there may not have been a housing need five or ten years ago in Caerphilly County Borough, there certainly is now. The annual housing need is only slightly lower than the total newbuild allocation.

Findings in context

- 21.5 The net shortfall of affordable housing in Caerphilly County Borough is 516 (Chapter 11). It can be related to the Fordham Research Affordable Housing Index, which is the result of standardising the finding by dividing it by the number of thousands of households:

$$(516/72,800) \times 1,000 = 7$$



Note: This also appears as Figure 11.1

21.6 This Index figure is a bit lower than the average for Wales (of 10), but is still quite substantial in absolute terms.

Sub-market need and affordable target issues

21.7 In terms of sub-markets:

Sub-market	Housing need
South	417
Middle	161
North	-64

Note: Data taken from Table 11.2

Setting targets

21.8 The level of need is low by British standards, but not much lower than the Welsh average. On the basis of the level of need, and its absolute number (516 per annum) it would be expected (in the context of the overall British percentage target regime) that the affordable target should be around 40%, supported by a threshold range of 10-15 dwellings.

- 21.9 Such targets are maxima: no developer would ever go higher. Indeed the Council itself will be involved in a policy debate over the issue, since this report provides suggestions only. In effect the evidence would justify a target up to 40%, and the Council can choose whatever level it sees fit beneath that maximum.
- 21.10 It is encouraged in Guidance to set sub-district targets. Clearly from Table 20.1, the level of need varies sharply between sub-markets. We would therefore recommend that a target of 40% be implemented in the two sub-markets displaying the highest levels of need for affordable housing (South and Middle sub-markets).
- 21.11 Although the Northern sub-market does not display an overall need for affordable housing, this does not mean that there are not pockets of housing need within this sub-market. These pockets of housing need would most easily be identified by the council via the housing register. It may therefore be appropriate for a lower target to be set in the Northern sub-market, although this is a policy decision to be taken by the council.

Types of affordable housing

- 21.12 There is analytical evidence above (the BHM model) concerning the types of affordable housing. Of the 700 new dwellings indicated by the model as the total demand/need, about 54% are market dwellings and 46% affordable. This breakdown would, incidentally, support a 40% target.
- 21.13 Within the 46% of the annual requirement to balance the market some 176 are intermediate: just over half (54%). In round figures, therefore, about half of the affordable housing could be intermediate and half social rented.
- 21.14 The trouble with this, as discussed in the previous chapter, is that no form of newbuild affordable housing exists that is affordable to those in intermediate need. In this report all that can be stated is that in principle, the affordable housing could be divided:
- 54% intermediate
46% social rented
- 21.15 If, as is unfortunately likely to be the case, there is no form of newbuild housing that meets the weekly cost tests set in the tabulation in the previous chapter, then all of the affordable housing should be social rented.

Summary

- 21.16 The level of housing need in Caerphilly County Borough is significant, but not high by Welsh or British standards. It would justify an affordable housing target of 40% (targets of 50% or more can be justified where the housing need is more acute).
- 21.17 Slightly more than half of this need can be met by forms of affordable housing other than social rented, so the target could be split 25% social rented and 15% intermediate. It is stressed that this is simply the evidence base, and that policy consideration will need to be applied to arrive at both the overall target level and the breakdown between intermediate and social rented. It is stressed that intermediate housing must be provided at the indicated weekly costs if it is to be justified as affordable.
- 21.18 It is also worth recalling from Chapter 20 that HomeBuy is not affordable housing in Caerphilly County Borough. Thus it will be necessary to reconsider the question of shared ownership (largely abandoned in Wales) and other variants such as discount market rent, to provide intermediate affordable housing that actually is affordable to those in intermediate housing need.

22. Monitoring and updating

Introduction

22.1 One of the central features of the Guidance is that LHMA's are collaborative and continuing processes, not just production of a report. The March 2006 Guide provides (in Table 7.3) a list of the means by which updating may be done.

Key points for updating

22.2 It has been possible to develop a simpler means of carrying out the key updating process. This is described in the later parts of this chapter. It follows from analysis of housing markets and its key conclusions are:

- i) A decade or so ago, the best means to monitor a housing market was considered to be the price/income ratio. This required a study of changes in local prices and incomes.
- ii) This approach became obsolete by the fact that a majority of households have now been homeowners for some decades now, and owned equity has become a major motor of the housing market. Income alone no longer tells the story.
- iii) The process of rapid house price rise has meant that the housing ladder has become stretched into housing market gaps, as analysed in Figure 19.1 above. The issue that arises then is the ability to afford: affordability is the main worry of the housing market today.
- iv) The solution to that issue, in terms of working out whether a given size or tenure of housing (market or affordable) is actually affordable is simply to compare weekly costs. Fordham Research has developed a system, shown in the last table of this LHMA, which allows weekly costs to be readily compared, whether the dwelling is rented or sold.

22.3 Thus although background information can be updated, the key policy questions both on the market and affordable side can quickly be resolved by simply looking at the weekly costs, for example:

- i) Is the offer of intermediate housing on site X actually intermediate?
- ii) What should low cost market housing be priced at if it is to fill the rent/buy gap?

- iii) What discount should be achieved on newbuild if the resultant housing is to be cheaper than the access level to buy?

Scope of this discussion

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

Guidance context

22.5 The LHMA exists to support a wide policy spectrum: both at the local authority and higher level. In the past these higher level strategies have tended to be almost entirely top down. However the emerging LHMA's have meant that plans are now taking aboard the local housing market results and being amended to respond to them. This process requires an updating procedure to be in place due to the periodic reviews that such policies undergo. At the same time the cycle of revision of such policies provides a key reference point for the updating of key LHMA information.

Updating the primary dataset

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

22.7 At the more formal level, a convincing LHMA requires a combination of secondary (existing) and primary (specifically gather local survey) data. It is not readily possible to update the primary data without specialist analysis. That is because the dataset is very large (requiring an analytical programme called SPSS) and because the process of (re) analysing it involves a complex expertise which is not widely available.

22.8 In practice this is not a serious drawback. Market behaviour and expectations change all the time. Some of this behaviour is simply a response to changing costs of types of housing. That element of market behaviour can be readily updated using the procedure detailed in the table above. That, and a general updating using the secondary sources listed in the tables below, is probably the limit of what can readily be done by stakeholders without specialist support.

22.9 However that is all that is reasonably required for a number of years after the primary data is gathered. Short term market responses will be catered for by the procedures listed in this chapter. Longer term structural changes are likely to require monitoring only at much longer intervals such as five yearly. In that longer perspective, it is not unreasonable to expect to have to do further primary survey. Many of the households in the original survey will have changed by the time of a second one, and only new survey work can find out about them.

Triggers for updating

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

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

Updating weekly costs

22.12 It has been emphasised through this report that the old focus on price/income ratios is not relevant to LHMA work. Financial capacity is the appropriate measure for the ability to afford. However it has been emphasised that the main focus should be upon comparative prices and rents: what are the housing market gaps and how are they changing? That is what governs the issue of how fast people can 'climb the housing ladder'.

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

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

22.14 The short answer is: because it is not relevant. There is no problem with updating incomes (indices exist for doing so) but it will not help with the question of affordability and policy for newbuild housing generally.

22.15 The key point to emphasise is that the issue of affordability is about the different costs to types (and tenures) of housing. Whether a household can afford social rent or outright

purchase is a financial matter, but as emphasised in this report, income is only part of the answer to that question: financial capacity is the key measure.

22.16 But from the point of view of planning and housing policy and practice the key updating issue is the relative costs of types/tenures of housing. The LHMA has indicated the ability to afford housing in general. The policy issues which will arise from day to day are of a different type, for example:

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

22.17 As can be seen, all this important operational policy information can be derived directly from the table: there is no need for any elaborate calculation.

How to calculate the updated prices

22.18 Before putting the purchase and weekly rent costs on a common basis, as discussed in the next subsection, it is necessary to set out some points on the way in which a reasonable set of updated prices can be derived for a given (probably district) area. The following table sets out some guidance.

Table 22.1 Establishing new prices/rents

1. Prices/rents for each size of dwelling may vary substantially across a district (or Housing Market Area if different), often within short distances. It is therefore necessary to be careful in deriving district wide averages.
2. This tabulation sets out the issues to bear in mind when doing so, and should be treated as a general guide only. Each housing market has its individual characteristics which may suggest a somewhat different approach.
3. For social rents, the figures should be easily available within the Council's records. The points below concern the weekly costs of other tenure groups.
4. Using Rightmove, or similar website, enter the names of the main settlements and request one of the key groupings. In each case the data should be by size of dwelling in the four main size bands indicated in the table below.
 - (i) Market rent
 - (ii) Second hand purchase
 - (iii) Newbuild purchase (in this case there may be only a small sample in some cases, and so a degree of judgement will be necessary. For example there may be over-representation of one type/size of dwelling if there are only a few current housing schemes underway). A simple averaging may be misleading, if there are many sites in one part of a district and few or none in others.
5. Look for the 25th percentile in each case: in other words the 25th from the cheapest. Hence if there were 200 properties in a given band, the 50th would be the chosen one.
6. That rent/price is the new figure for the revised table. Where it is a price, rather than a rent, it will need to be turned into a weekly cost using the table below.

Source: Fordham Research 2007

22.19 The next section describes a procedure for putting prices into a weekly cost format to enable comparison with rental information. The comparison could equally well be put into capital (i.e. equivalent to purchase) rather than weekly cost terms, but people are more familiar with weekly budgeting, and so weekly costs seem the more sensible approach.

Putting purchase prices on a weekly cost basis

22.20 The following table explains how to put purchase prices on a weekly basis.

Table 22.2 Turning the purchase price for a house into a weekly cost

1. Procedure

For interest only mortgage (which is preferable because it represents the cheapest method of entering the sector and therefore the entry level)

Cost of home = C

Interest rate = I

Interest to be on mortgage to be paid per year = P

Weekly Interest payment = W

Number used to derive weekly cost of owner-occupation = N

$C \cdot I = P$

$P/52 = W$

$W/C = N$

2. Example of how it works

For example on a £50,000 home with an interest only mortgage rate of 5.99% the yearly payment will be £2,995, which equates to £57.60 per week.

Source: Fordham Research 2007

22.21 Once a full set of revised weekly costs has been obtained, the intermediate section can be calculated as the halfway point between social and market rent levels.

Policy use of the information

22.22 The revised table can be referred to in policy documents as a basic tool for assessing affordability. As emphasised above, it is not necessary to add income or financial capacity information. If the housing is cheaper than a given threshold, then it is affordable to the groups in question (those who can afford intermediate housing, or low cost market housing for example).

22.23 The revised table will, like that in this LHMA, represent a central policy tool both for the local authority to check the affordability of different types of housing (e.g. Intermediate or low cost market) and for private sector bodies to check the affordability of what they are offering. This tabulation should provide a neutral basis for comparison of alternative packages whether of market or affordable housing.

Summary

- 22.24 It is a key feature of the LHMA that it be a continuing process, not a 'one shot' report. Updating and monitoring is therefore a key feature of that process.
- 22.25 Strategies are needed for regular monitoring and updating, and triggers may be added where rapid changes are noted. The procedure outlined here is addressed to the sub-market LHMA, but can be applied widely.
- 22.26 A listing is provided of the main secondary data sources which can be used to update the background information in the LHMA. This is valuable in conjunction with the updating of costs to provide an overall picture.
- 22.27 Updating the primary data is not easily carried out by LHMA Partnerships, as it is a technical exercise. This is not a serious drawback as the structure of a housing market does not usually change fundamentally in less than about five years. As a result, most market responses are due to changes in weekly costs of housing plus any general changes, such as net in or out migration which would be picked up through point 4 of Table 22.1
- 22.28 The key statistic is the weekly cost of different tenures/sizes of dwelling. It is not, as is still sometimes thought, price income ratios (now almost meaningless in housing market practice). It is therefore essential to be able to update the key table of weekly costs in this LHMA. A simple procedure is set out for doing this.
- 22.29 Thus a combination of updating the weekly costs matrix, and testing proposed new housing developments against it, plus background updating using the second and third tables in this section should enable the LHMA process to proceed constructively. The final ingredient is the commitment of the Steering Group. This cannot be made a written requirement, but clearly the will and drive of the Steering Group is in many ways the main route to successful evolution of the LHMA process.

Glossary

[This Glossary aims to define terms used in the report. Where there is an existing definition (e.g. in Government Guidance) references is made to it. Otherwise the terms are defined simply in the way used in the report]

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

Affordable housing

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

Annual need

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

Average

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

Balanced Housing Market model

A model developed by Fordham Research which examines the supply and demand for different types and sizes of housing across different areas and for specific groups.

Bedroom standard

The bedroom standard is that used by the General Household Survey, and is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 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.

Demand

This refers to market demand. In principle anyone who has any financial capacity at all can 'demand' something, in other words want to acquire it and be prepared to pay for it. The question is whether they can pay enough actually to obtain it. Thus many households who are unable fully to afford market housing to buy do aspire to buy it. The word 'demand' is therefore used in two senses in this report:

'demand' when used in the general text refers to the ordinary understand of 'wanting' something that has a market price

'demand' when associated with numbers (as in the Balancing Housing Markets model) refers to expressed demand: the numbers of people who can actually afford the type of housing in question

In relation to (expressed) demand mention should be made of the private rented sector where typically there are not only households who can afford to rent at market prices, but also others who are unable to access affordable housing but who are able to access the private rented sector due to the subsidy of Housing Benefit. Such households do not have a demand in the sense used here, as they can only access the private rented sector with a subsidy.

Disaggregation

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

Entry level market housing.

The survey of prices and rents is focussed on 'entry level' prices/rents. That is to say the price/rent at which there is a reasonable supply of dwellings in reasonable condition. The purpose of this approach is to ensure that when assessments are made of say first time buyers, that the prices are the appropriate ones for the typical members of this group. Thus it would in many areas involve second-hand terraced housing, rather than newbuild, which would be much more expensive. Testing affordability against newbuild would clearly produce an underestimate of those who could afford to buy.

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).

(A) household living within another household

Is a household living as part of another household of which they are neither the head or the partner of the head.

Households sharing

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

Housing demand

The quantity of housing that households are willing and able to buy or rent.

Housing Market Area

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

Housing need

Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Housing Register

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

Housing size

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

Housing type

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

Income

Income means gross household income unless otherwise qualified

Intermediate Housing

TAN2 defines intermediate housing as 'where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes (e.g. HomeBuy). Intermediate housing differs from low cost market housing, which the Assembly Government does not consider to be affordable housing for the purpose of the land use planning system.'

Lending multiplier

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

Lower quartile

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

Market housing/low cost market housing

This is defined by CLG as anything not affordable. In the Housing Gaps Figure: anything above market entry. CLG has not defined 'low cost market' other than that it falls within the market range. Since this is very wide, it is not very helpful. The most useful kind of low cost market would be that which falls into the rent/buy gap on the Housing Gaps Figure. Shared ownership would provide a partial equity solution for those unable to afford second hand entry level purchase, for example.

Mean

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

Median

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

Migration

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

Net need

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

Newly arising need

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

Non-self-contained accommodation

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

Overcrowding

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

Primary data

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

Potential households

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

Projection

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

Random sample

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

Relets

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

Rounding error

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

SHMA (Strategic Housing Market Assessment)

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

Social rented housing

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

Support needs

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

Stratified sample

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

Specialised housing

Refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Supporting People

This term refers to a programme launched in 2003 which aims to provide a better quality of life for vulnerable people by aiding them to live independently and maintain their tenancies/current home life. The programme covers a wide variety of vulnerable people from travellers, to young people at risk, to those with HIV or AIDS. Supporting People provide housing related support in many different forms but include enabling individuals to access their correct benefits entitlement, ensuring they have the correct skills to manage their tenancy and providing advice on property adaptations.

Under-occupation

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

Unsuitably housed households

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

Definitions

ABI - Annual Business Inquiry

BME - Black and Minority Ethnic

CBL - Choice Based Lettings

CORE - The Continuous Recording System (Housing association and local authority lettings/new tenants)

DETR - Department of the Environment, Transport and the Regions

GIS - Geographical Information Systems

HMO - Households in Multiple Occupation

HSSA - The Housing Strategy Statistical Appendix

IMD - Indices of Multiple Deprivation

LA - Local Authority

LCHO - Low Cost Home Ownership

LDF - Local Development Framework

NeSS - Neighbourhood Statistics Service

NHSCR - National Health Service Central Register

NOMIS - National On-line Manpower Information System

NROSH - National Register of Social Housing

ODPM - Office of the Deputy Prime Minister

ONS - Office for National Statistics

PPS - Planning Policy Statement

RSL - Registered Social Landlord

RSR - Regulatory and Statistical Return (Housing Corporation)

RTB - Right to Buy

SEH - Survey of English Housing

TTWA - Travel to Work Area

Appendix A1 Key technology for an LHMA

Introduction

A1.1 Local Housing Market Assessment (LHMA) is a new idea. It has only formally existed since March 2006. There are a number of features required in an effective LHMA, and a number of data requirements. These are summarised in what follows.

Secondary only vs. primary and secondary data based analysis

A1.2 The Housing Needs Survey (HNS) Guidance of 1999 was fairly clear that primary and secondary data was required to permit effective analysis. 'Primary' in this context refers to household data collected specifically for this LHMA, normally by questionnaires administered by post or by personal calls on the households in question. 'Secondary' refers to information that has already been gathered: typically the Census, Land Registry and much information obtained by the Office of National Statistics (ONS).

A1.3 It has sometimes been argued that LHMA could be done with secondary data alone. This is not really the case. The most obvious points are that no secondary sources contain:

- i) Income data (the 2001 Census did not collect this, and there are no really reliable sources of household income available at HMA, district and sub-district level
- ii) In the present stage of evolution of the 'property owning democracy' income is no longer the sole indicator of ability to afford different tenures of housing. Savings and equity are about equally as important. No secondary sources of this information exist. Fordham Research has developed the notion of 'financial capacity' to refer to the total ability to afford types of housing.
- iii) Even if there were both income and financial capacity information of the relevant quality at the relevant geographical levels, competent LHMA analysis would be impossible unless the same (sample) household information also contained the key housing information: housing history, current housing and future housing intentions and aspirations.
- iv) Only by combining all these sources can the flows of households within and between HMAs and between tenures and sub-areas be understood and projected

A1.4 This is why the present LHMA is based on new primary fieldwork as well as all relevant secondary data sources.

A1.5 The whole LHMA field is quite new, and in order to address the issues and produce coherent result, a new set of key concepts has had to be developed. A summary of these concepts is provided below:

Summary of key concepts

A1.6 Many of these concepts were specifically developed by Fordham Research to enable more effective housing market assessment, and are therefore specific to this type of study. Others are derived directly from the Guidance.

A1.7 **LHMA process** refers to an all tenure analysis of a Housing Market Area (HMA), or group of HMAs, involving both detailed statistical analysis and qualitative research, set in a process of discussion and debate with all key stakeholders. The role of the project steering group is more than contact monitoring. The steering groups will be involved in all aspects of the project as it develops. Thus LHMA work is distinct from the ‘one shot’ analytical HNS, in that the results are influenced by the stakeholder debate. The process is intended to be carried forward by the Steering Group once the contract is completed.

A1.8 **Stakeholder discussion.** This involves (whether by single interview, meetings, or focus groups) finding out the views on the housing market of particular groups, such as local authority officers, voluntary groups, estate agents and house builders. These views are gathered initially, to provide a view of how the housing market is seen to operate. As the LHMA evolves, and when draft findings are produced, the most important stakeholder phase begins, as they are then drawn into the process of refining the technical analysis and commenting on or suggesting policy implications of it.

A1.9 **Financial capacity.** This is a term developed by Fordham Research. It includes (household) income, savings and owned equity (typically from the dwelling owned by the household). In LHMA analysis it is essential now to use financial capacity rather than income alone to analyse and predict the changes in the housing market. That is because, as the property owning democracy has had a majority of owner occupiers in it for several generations, it requires analysis of the full range of financial capacity to understand the market. This is important to understanding why the volume and value of housing market transactions continue to grow at a faster rate than incomes.

- A1.10 **Balancing housing market** (BHM) analysis. This is a model developed by Fordham Research to meet the requirements of LHMA analysis. It has been used for some years by the firm, and has evolved considerably in its complexity. It uses information from both primary and secondary sources to establish what levels of new housing are needed to move the housing market nearer to 'balance' (see below). The analysis may be done using statements of 'expectation' or 'aspiration' (i.e. what people expect or would like, in terms of housing). The output is in terms of a set of housing tenures (e.g. owner-occupied with or without mortgage, private rent, and affordable housing in two tenure groups) by size of dwelling required. This provides a key input into the policy process, as it indicates what the market requires/needs. The analysis is used to illustrate the future impact of different rates of growth.
- A1.11 **'Balance'** in the context of housing markets. It may be impossible to achieve an ideal mix of housing tenures dwelling types and sizes to produce a 'balanced community'. That is because we are where we are. In some areas there is almost all detached housing, in others all terraced housing, in some areas almost all owner-occupied and in others almost all social rented. These situations cannot quickly or perhaps ever be changed due to the time lag between what is driving the market and the response of planners and developers. However movement towards balance is possible. The outputs of the BHM model allow LHMA Steering Groups to 'see' what changes might improve the balance of a given housing market. Thus the practical effect of an LHMA is not the achievement of 'balance' but 'change which moves towards a better balance'.
- A1.12 **Annual household flows**. This is a concept developed by Fordham Research. It uses primary data to measure the flows of different tenure groups into and out of a HMA. Their financial capacity and expectations/aspirations can be derived. This provides central information on the way in which the housing market is changing and hence a key input to future housing and planning policy.
- A1.13 **Affordable housing**. This was, historically, limited to **social rented housing**, where the owner of the dwelling (formerly the local authority but now more often a Registered Social Landlord (RSL) such as a housing association) subsidises the rent using public money. As market prices, especially of owner-occupied housing, have risen sharply over the past decade, a wide gap has grown between the social rent level and the market entry level. This was named in the London Plan of 2000 the 'intermediate gap'. Housing which costs between a social rent and market cost is labelled '**intermediate housing**'. The most common form of it is 'shared ownership' where the incoming occupier buys part of the equity and rents the rest. An RSL typically owns the rest of the equity and manages the rental process.

- A1.14 **Market entry level.** The Government definition of affordable housing has for at least the present century been ‘housing that is priced below the general market level to rent or buy’. In the market situation of the past decade private renting is normally much cheaper than buying, so it is the entry level. For the past decade and a half Fordham Research has used the measure of ‘minimum entry level’ for both buying and renting. This involves finding housing that is of reasonable condition and in reasonable supply, but is at the bottom end of the purchase or rental market. It is the effective price that a household just entering the market would have to pay to obtain housing in reasonable condition. The Government definition has been the ‘lower quartile’ price. If the range of house prices in an area is arranged in descending order, the 75% is that price. The (correct) assumption is that one cannot take the lowest price: houses at the bottom of the market may have substantial repair costs associated with them, or may be in very poor locations. However the ‘lower quartile’ is a poor test, and is normally used only because it is the only test which can easily be used with secondary data (Land Registry). That is because the 75% is very conservative. The true entry level will vary from place to place, but is probably in the range 85% to 90% in most places. Hence it is far more effective to use ‘**minimum entry level**’ where data permits. It gives a much truer picture.
- A1.15 **S106.** This term refers to a legal agreement under the Planning Acts under which a private sector body, normally a landowner and/or house builder, undertakes to provide some infrastructure or other facility to the public sector. Affordable housing has become, in the period since 1991, a major S106 element. The numbers of new affordable dwellings now produced through the S106 route now exceeds considerably the number built with direct public grant. In fact the housing built under S106 provisions may itself contain public grant, but the numbers built now considerably exceed the numbers built with their own funding by RSLs.

A1.16 **Usefully affordable' intermediate housing.** The main traditional form of affordable (i.e. non-market) housing supply is social rented and the cost of the 'social rent' is defined by the government in its 'target rent' formula. This figure can be used to analyse how many households can afford more than a social rent in a given HMA. Intermediate housing is that which costs more than a social rent but less than suitable entry level market housing. More difficult is the notion of 'usefully affordable' intermediate housing. The landowners and house builders who typically provide the S106 subsidy that pays for the housing to be of intermediate price have a strong incentive to minimise their subsidy. Hence, and if left to simple negotiation, all intermediate housing will typically be provided at the very top end of the range, at only just below market entry level. Worse, some is actually provided at cost that exceeds entry level market prices either because the entry level is not properly defined locally or because other costs such as service charges are not taken into account. Such housing is little use, as most of those in intermediate housing need will not be able to afford it. Fordham Research has developed the notion that 'usefully affordable' housing of this kind should be at the halfway point between social rent and market entry level. This only helps about a third of those in intermediate need (as the majority will be below the halfway point) but it is much better than nothing. It is hard, if not impossible, in most situations, to expect so large a subsidy that all the intermediate housing need can be met by intermediate housing.

Summary

A1.17 A LHMA is intended to cover all tenures and to be a process involving stakeholders. The approach raises many issues that go beyond the scope of the familiar Housing Needs Survey (HNS) and so a set of definitions is set out to enable the reader more easily to follow the analysis.

Appendix A2 Household survey - supporting information

Non-response and missing data

A2.1 Missing data is a feature of all housing surveys: mainly due to a respondent's refusal to answer a particular question (e.g. income). For all missing data in the survey imputation procedures were applied. In general, throughout the survey the level of missing data was minimal. The main exception to this was in relation to financial information, where there was an appreciable (although typical) level of non-response.

A2.2 Non-response can cause a number of problems:

- The sample size is effectively reduced so that applying the calculated weight will not give estimates for the whole population
- Variables which are derived from the combination of a number of responses each of which may be affected by item non-response (e.g. collecting both respondent and their partners income separately) may exhibit high levels of non-response
- If the amount of non-response substantially varies across sub-groups of the population this may lead to a bias of the results

A2.3 To overcome these problems missing data was 'imputed'. Imputation involves substituting for the missing value, a value given by a suitably defined 'similar' household, where the definition of similar varies depending on the actual item being imputed.

A2.4 The specific method used was to divide the sample into sub-groups based on relevant characteristics and then 'Probability Match' where a value selected from those with a similar predicted value was imputed. The main sub-groups used were tenure, household size and age of respondent.

Weighting data

A2.5 The survey data was weighted to estimated profiles of households based on various secondary sources of information. The tables below show the final estimates of the number of households in each group (for seven different variables) along with the number of actual survey responses. Although in some cases it is clear that the proportion of survey responses is close to the 'expected' situation there are others where it is clear that the weighting of data was necessary to ensure that the results as presented are reflective of the household population of Caerphilly County Borough.

Table A2.1 Accommodation type profile

Accommodation type	Estimated households	% of households	Number of returns	% of returns
Detached house	10,678	14.7%	220	16.3%
Semi-detached/terraced house	56,499	77.6%	1,035	76.6%
Flat	5,623	7.7%	97	7.2%
TOTAL	72,800	100.0%	1,352	100.0%

Table A2.2 Car ownership

Cars owned	Estimated households	% of households	Number of returns	% of returns
None	21,239	29.2%	317	23.4%
One	33,145	45.5%	655	48.4%
Two	15,144	20.8%	323	23.9%
Three or more	3,272	4.5%	57	4.2%
TOTAL	72,800	100.0%	1,352	100.0%

Table A2.3 Household type profile

Household type	Estimated households	% of households	Number of returns	% of returns
Single pensioner	10,360	14.2%	183	13.5%
2 or more pensioners	6,503	8.9%	188	13.9%
Single non-pensioner	9,050	12.4%	198	14.6%
Other households	46,887	64.4%	783	57.9%
TOTAL	72,800	100.0%	1,352	100.0%

Table A2.4 Household size

Number of people in household	Estimated households	% of households	Number of returns	% of returns
One	19,410	26.7%	381	28.2%
Two	24,726	34.0%	543	40.2%
Three	13,350	18.3%	212	15.7%
Four	10,535	14.5%	149	11.0%
Five	3,641	5.0%	55	4.1%
Six or more	1,137	1.6%	12	0.9%
TOTAL	72,800	100.0%	1,352	100.0%

Table A2.5 Council Tax Band

Council Tax Band	Estimated households	% of households	Number of returns	% of returns
A	14,387	19.8%	234	17.3%
B	25,095	34.5%	472	34.9%
C	17,017	23.4%	327	24.2%
D	8,198	11.3%	181	13.4%
E +	8,104	11.1%	138	10.2%
TOTAL	72,800	100.0%	1,352	100.0%

Table A2.6 Tenure

Tenure	Estimated households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	23,118	31.8%	487	36.0%
Owner-occupied (with mortgage)	31,637	43.5%	553	40.9%
Council	11,068	15.2%	194	14.3%
RSL	3,060	4.2%	54	4.0%
Private rented	3,167	4.4%	57	4.2%
Other	750	1.0%	7	0.5%
TOTAL	72,800	100.0%	1,352	100.0%

Table A2.7 Wards

Ward	Estimated households	% of households	Number of returns	% of returns
Aberbargoed	1,456	2.0%	26	1.9%
Abercarn	2,083	2.9%	41	3.0%
Aber Valley	2,717	3.7%	65	4.8%
Argoed	1,109	1.5%	16	1.2%
Bargoed	2,691	3.7%	39	2.9%
Bedwas, Trethomas and Machen	4,358	6.0%	83	6.1%
Blackwood	3,439	4.7%	67	5.0%
Cefn Fforest	1,466	2.0%	28	2.1%
Crosskeys	1,522	2.1%	27	2.0%
Crumlin	2,425	3.3%	35	2.6%
Darren Valley	1,042	1.4%	15	1.1%
Gilfach	925	1.3%	15	1.1%
Hengoed	2,019	2.8%	37	2.7%
Llanbradach	1,898	2.6%	41	3.0%
Maesycwmmmer	926	1.3%	17	1.3%
Morgan Jones	2,863	3.9%	49	3.6%
Moriah	1,994	2.7%	35	2.6%
Nelson	1,967	2.7%	36	2.7%
Newbridge	2,642	3.6%	46	3.4%
New Tredegar	2,175	3.0%	25	1.8%
Pengam	1,696	2.3%	39	2.9%
Penmaen	1,979	2.7%	36	2.7%
Penyrheol	4,652	6.4%	88	6.5%
Pontllanfraith	3,515	4.8%	68	5.0%
Pontlottyn	768	1.1%	13	1.0%
Risca East	2,667	3.7%	54	4.0%
Risca West	2,342	3.2%	47	3.5%
St. Cattwg	3,167	4.4%	57	4.2%
St. James	2,604	3.6%	46	3.4%
St. Martins	3,134	4.3%	70	5.2%
Twyn Carno	1,077	1.5%	16	1.2%
Ynysddu	1,582	2.2%	35	2.6%
Ystrad Mynach	1,901	2.6%	40	3.0%
Total	72,800	100.0%	1,352	100.0%

Appendix A3: The model outputs

A3.1 The following tables show the detailed analysis for the six components contributing to the Balancing Housing Markets analysis.

Demand from newly forming households

A3.2 The first table shows an estimate of the housing requirements of potential households. The table is based on the number of potential households who need or expect to form over the next two years within the County Borough along with estimates about affordability and stated size requirement. Any potential households who would expect to move out of the County Borough are excluded from this analysis. Figures are annualised.

A3.3 The table shows that, as might be expected, the demand from potential households is principally for smaller one and two bedroom dwellings, with 71.3% of households requiring accommodation of this size. The table also shows that 40.0% of potential households are likely to require affordable accommodation, as they are unable to afford their preferred tenure in the market. Some 35.7% of potential households are likely to become owner-occupiers and 24.3% are likely to move into private rented accommodation. The data suggests that potential households moving to owner-occupation are likely to require a larger home than potential housing moving into the private rented sector.

Table A3.1: Demand I: Household formation by tenure and accommodation type/size					
Tenure	Accommodation requirement				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	71	131	226	0	428
Private rented	30	208	53	0	290
Intermediate	0	89	0	0	89
Social rented	73	252	65	0	390
TOTAL	174	679	343	0	1,197

Demand from in-migrant households

A3.4 The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the County Borough over the past two years (in terms of affordability and size/type of accommodation secured). Figures are again annualised.

A3.5 The table indicates that some 67.9% of the demand from in-migrant households is for larger three and four bedroom houses. The table also indicates that nearly three-quarters (73.4%) of in-migrant households are likely to move to an owner-occupied property. In addition 23.5% of in-migrant households require a private rented home. The remaining 3.1% of in-migrant households require affordable accommodation.

Table A3.2: Demand II: Demand from in-migrants by tenure and accommodation type/size					
Tenure	Accommodation requirement				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	17	346	433	262	1,059
Private rented	21	79	220	20	339
Intermediate	0	0	0	0	0
Social rented	0	0	44	0	44
TOTAL	38	425	697	281	1,442

Demand from existing households

A3.6 The table below shows estimated future demand from existing households moving within the County Borough. The figures are based on what tenure and type of accommodation households would expect to move to in the future (next two years) along with considerations of affordability. Figures are again annualised.

A3.7 The table shows that existing households are most likely to require a two or three bedroom house. With regard to the tenure requirement, the data suggests that the private rented sector is not a common tenure of choice for established households already living in the County Borough.

Table A3.3: Demand III: Demand from existing households by tenure and accommodation type/size					
Tenure	Accommodation requirement				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	92	744	1,291	287	2,414
Private rented	69	165	68	0	302
Intermediate	0	0	22	69	91
Social rented	270	469	592	35	1,366
TOTAL	431	1,378	1,972	391	4,172

Total demand

A3.8 The table below is an overall summary of the demand situation and is calculated as the sum of the three previous tables.

Table A3.4: Demand IV: Total demand by tenure and accommodation type/size					
Tenure	Accommodation requirement				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	180	1,221	1,950	549	3,900
Private rented	120	451	341	20	931
Intermediate	0	89	22	69	179
Social rented	343	722	701	35	1,801
TOTAL	644	2,482	3,013	673	6,811

Supply from household dissolution

A3.9 The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year.

A3.10 The data indicates that just 4.5% of dwellings likely to become available in Caerphilly County Borough as a result of household dissolution are within the private rented sector. In comparison, over three fifths of dwellings are within the owner-occupied sector and almost a third will be within the social rented sector. This reflects the accommodation profile of older people in Caerphilly County Borough. The table also indicates that the properties becoming available in the owner-occupied sector are likely to contain two or three bedrooms, whilst the affordable accommodation will predominantly comprise one and two bedrooms.

Table A3.5: Supply I: Supply from household dissolution					
Tenure	Accommodation supplied				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	6	107	268	6	386
Private rented	5	2	21	0	28
Intermediate	0	0	3	0	3
Social rented	62	109	34	0	204
TOTAL	72	218	326	6	622

Supply from out-migrating households

A3.11 The table below shows an estimate of the supply of housing that would be released when households who would expect to move out of the County Borough do so. For example a household out-migrating from a four bedroom owner-occupied house is assumed to free-up a four bedroom owner-occupied house for use by another household. The data is annualised and based on moves over the next two years.

A3.12 The table shows that 76.8% of dwellings that are likely to become available each year as a result of out-migration are owner-occupied properties. Almost 80% of these owner-occupied properties contain three or more bedrooms. This is likely to be older households in which children have moved out that intend to either move to a property in a more spacious environment or downsize. There is relatively little out-migration from households in affordable housing or the private rented sector.

Table A3.6: Supply II: Supply from out-migrant households					
Tenure	Accommodation supplied				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	16	196	637	163	1,012
Private rented	21	85	24	0	130
Intermediate	0	0	0	0	0
Social rented	37	46	92	0	175
TOTAL	74	327	753	163	1,317

Supply from existing households

A3.13 The table below shows estimated future supply from existing households. As with the above data the figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation. Figures are annualised from data for two years.

A3.14 The table below shows that the supply of private rented accommodation from existing households is higher than the demand for this tenure recorded in Table A3.3. This supply is likely to be from households, that were previously potential households and moved into this sector for their first home, that now wish to move to owner-occupation.

Table A3.7: Supply III: Supply from existing households					
Tenure	Accommodation supplied				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	17	598	1,396	125	2,136
Private rented	34	258	417	52	761
Intermediate	0	0	0	0	0
Social rented	194	438	620	22	1,275
TOTAL	245	1,294	2,432	200	4,172

Total supply

A3.15 The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure accommodation type/size.

Table A3.8: Supply IV: Total supply by tenure and accommodation type/size					
Tenure	Accommodation supplied				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	39	901	2,301	293	3,534
Private rented	60	345	462	52	919
Intermediate	0	0	3	0	3
Social rented	293	594	745	22	1,654
TOTAL	392	1,840	3,512	368	6,111

Overall results

A3.16 The table below shows the overall annual shortfall and is calculated by subtracting the total supply from the total demand.

Table A3.9 Total annual shortfall or surplus (unconstrained model)					
Tenure	Accommodation requirement				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Owner-occupation	141	320	-352	256	366
Private rented	61	105	-121	-33	12
Intermediate	-0	89	19	69	176
Social rented	51	128	-45	12	147
TOTAL	252	642	-499	304	700

Appendix A4 Household Survey Questionnaire

