



BRIDGEND COUNTY BOROUGH COUNCIL

2006 HOUSING NEEDS ASSESSMENT UPDATE

Final Report
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Executive Summary

1. Introduction

This report has been produced for Bridgend County Borough Council as an update to the 2002 housing needs survey. The main purpose of the update is to revise estimates of the need for affordable housing as new information has become available. The main changes made are to take account of:

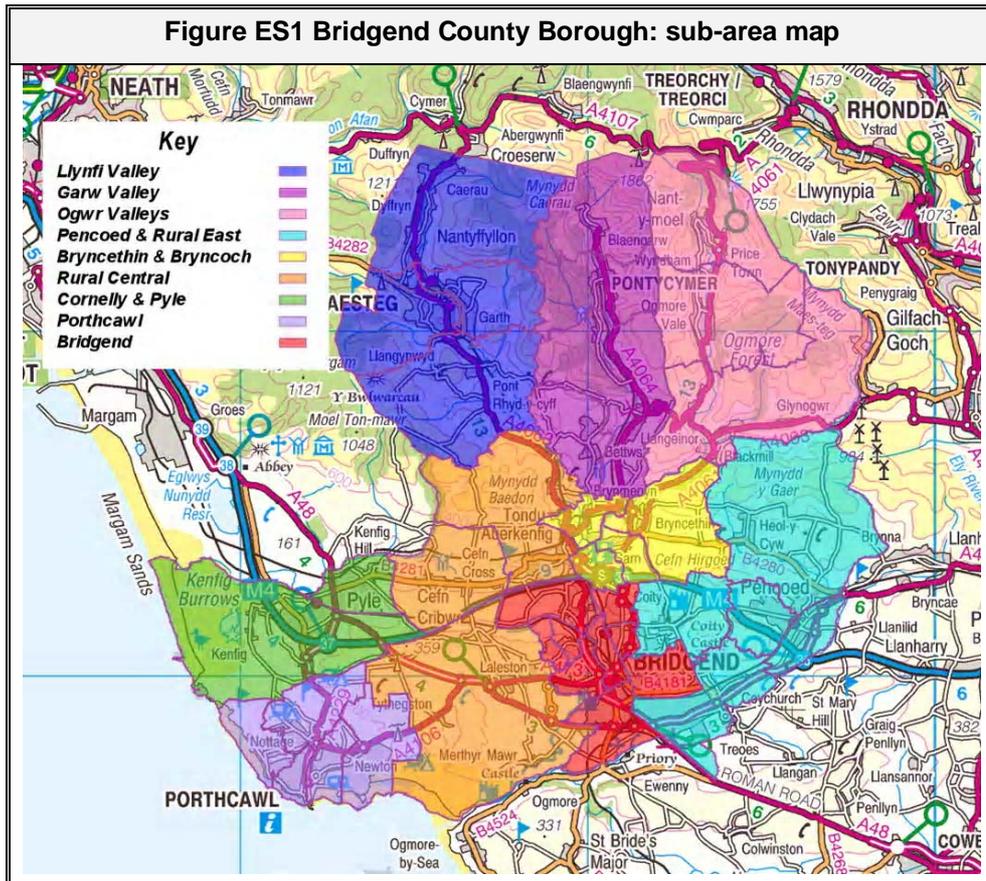
1. Changes in the housing market (i.e. changes in prices/rents)
2. Changes in local incomes
3. Changes in the supply of affordable housing
4. A re-basing of household figures drawing on information from the 2001 Census and data from the Welsh Assembly Government's Welsh Housing Statistics

2. Survey and Initial Data

The 2002 survey achieved 6,225 completed responses from a hybrid approach of personal interviews and postal questionnaires to enable accurate analysis of need across the County Borough.

The survey data was updated to a base date of September 2006 using information from a number of sources such as the Census, Land Registry and Welsh Housing Statistics. As of September 2006 it was estimated that over three quarters (78.9%) of the County Borough's households are owner-occupiers, with 14.4% living in the social rented sector and the remaining 6.8% living in private or other rented accommodation.

The map below shows the 9 sub-areas (comprised of grouped wards) in Bridgend County Borough which were used during the housing needs analysis.



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

3. The Local Housing Market

A study of the local housing market was undertaken to establish minimum (entry level) prices of housing in Bridgend County Borough (both to buy and to rent). Information was collected from two sources to inform this analysis:

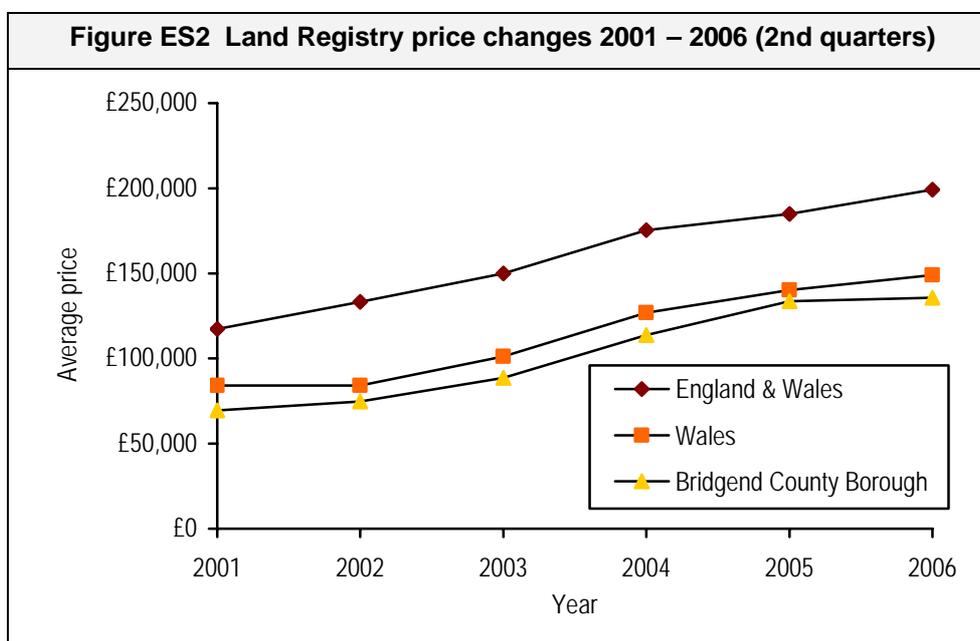
- Land registry
- Survey of local estate and letting agents

The table below shows average house prices in the 2nd quarter of 2006 for each of England & Wales, Wales and Bridgend County Borough. The table shows that average prices in Bridgend County Borough are below both the average for Wales and the average for England and Wales combined.

Area	Average price	As % of E & W
England & Wales	£199,184	100.0%
Wales	£149,063	74.8%
Bridgend County Borough	£135,640	68.1%

Source: HM Land Registry data

Information from Land Registry shows that nationally between the 2nd quarter 2001 and the 2nd quarter 2006 average property prices in England and Wales rose by 69.7%. For Wales the increase was 77.0% whilst for Bridgend County Borough the figure was 95.2%. The figure below illustrates the price changes over this period.



Source: HM Land Registry data

A survey of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the County Borough. The minimum (entry-level) prices identified are the cheapest cost of housing that is regularly available and not needing any major repair.

Overall the survey suggests that entry-level property prices in Bridgend County Borough vary from £62,500 for a one bedroom home to £168,500 for a four bedroom dwelling.

Table ES2 Minimum prices in Bridgend County Borough 2002 and 2006			
Property size	March 2002	September 2006	% change
1 bedroom	£28,500	£62,500	119.3%
2 bedrooms	£43,000	£82,500	91.9%
3 bedrooms	£54,500	£111,000	103.7%
4 bedrooms	£84,500	£168,500	99.4%

Source: Fordham Research - survey of estate agents 2002 and 2006

Minimum monthly rents in the Bridgend County Borough housing market area varied from £380 (one bed) to £600 (four beds).

Table ES3 Minimum monthly rents in Bridgend County Borough 2002 and 2006			
Property size	March 2002	September 2006	% change
1 bedroom	£279	£380	36.2%
2 bedrooms	£333	£400	20.1%
3 bedrooms	£380	£475	25.0%
4 bedrooms	£483	£600	24.2%

Source: Fordham Research - survey of estate agents 2002 and 2006

Comparisons with information collected from estate agents in 2002 suggest that property prices have increased significantly, although the cost of the rental market has not increased to the same extent.

Our analysis of the minimum and average property prices in the County Borough showed that there was a noticeable difference between the Northern and Southern parts of the County Borough, as was found to be the case in the 2002 Housing Needs Study. As the nature of the two sub-market areas is quite different, we do not feel that households could reasonably be expected to move to a different sub-market area to access market housing. It is therefore appropriate to apply different regimes of 'entry-level' market costs in analysing affordability for each of the sub-market areas. These are shown in the table below.

Table ES4 Prices and rents in the two Housing Market Areas		
Property size	Minimum sale	Minimum rent
Northern Housing Market Area		
1 bedroom	£55,000	£350
2 bedrooms	£67,000	£400
3 bedrooms	£85,000	£450
4 bedrooms	£135,000	£550
Southern Housing Market Area		
1 bedroom	£70,000	£400
2 bedrooms	£100,000	£450
3 bedrooms	£125,000	£520
4 bedrooms	£180,000	£690

Source: Fordham Research - survey of estate agents 2006

The table shows that minimum property prices in Northern Housing Market area ranged from £55,000 for a one-bedroom property to £135,000 for a four bedroom property; minimum rents ranged from £350 to £550 per month depending on size.

Minimum property prices in Southern Housing Market area ranged from £70,000 for a one-bedroom property to £180,000 for a four bedroom property; minimum rents ranged from £400 to £690 per month depending on size.

4. Financial Information and Affordability

The survey estimates that average gross household income (including non-housing benefits) for households in the County Borough is £22,318 per annum, up around 10% since 2002. The average conceals wide variations among different tenure groups. This level of increase is a result of general wage inflation but also demographic changes since the time of the last survey (accounted for by the re-weighting of the data).

The information about minimum prices and rents was used along with financial information collected in the survey to make estimates of households' ability to afford market housing (without the need for subsidy).

Combined affordability:

A household containing one adult 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 adult is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement or the earned income of one household member multiplied by 3.5.

AND

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

Affordability testing revealed that nearly a quarter of households in Bridgend County Borough would be unable to afford market housing if they were to move home now. The table below shows that there are large differences between tenures.

Table ES5 Affordability and tenure			
Tenure	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	691	20,637	3.3%
Owner-occupied (with mortgage)	2,904	26,276	11.1%
RSL	7,853	8,588	91.4%
Private rented	3,009	3,999	75.2%
TOTAL	14,457	59,500	24.3%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

5. The Need for Affordable Housing

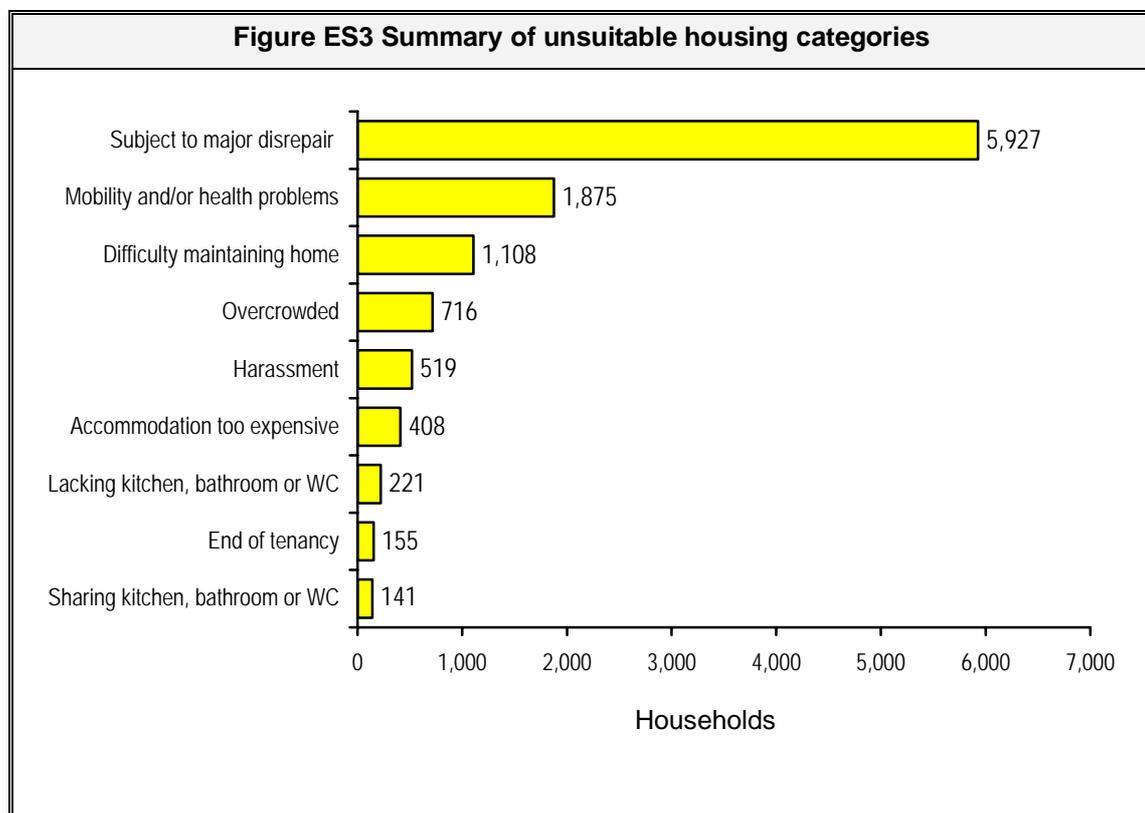
As part of the study, an estimate of the need for affordable housing was made based on the 'Basic Needs Assessment Model' (BNAM). The BNAM is the main method for calculating affordable housing requirements suggested in Government guidance 'Local Housing Needs Assessment: A Guide to Good Practice' (ODPM 2000). The Welsh Assembly Government's equivalent is the (similar) Needs Assessment Table in the 'Local Housing Market Assessment Guide' (March 2006).

The BNAM sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure.

Backlog of Existing Need

This stage comprises households who are in unsuitable housing, who need to move immediately within the County Borough, are unable to afford market housing but do not live in the social rented sector. Households living in temporary accommodation are also included.

For the assessment of unsuitable housing, a range of circumstances were considered including the physical condition of the dwelling as well as the relationship of the household to the dwelling. It is estimated that a total of 8,738 households in Bridgend County Borough are living in unsuitable housing. This represents 14.7% of all households in Bridgend. The main reason for unsuitable housing is *subject to major disrepair*, followed by *mobility and/or health problems*.



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Newly Arising Need

This stage comprises the following components:

- New household formation (x proportion unable to buy or rent in market)
- Ex-institutional population moving into the community
- Existing households falling into need

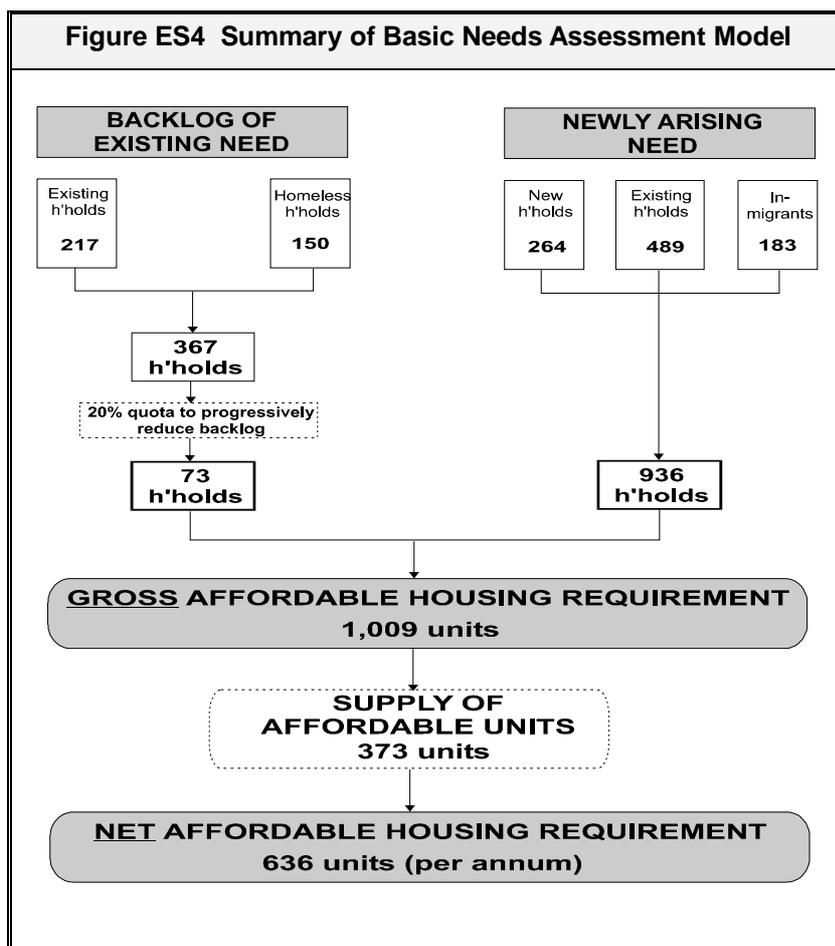
- In-migrant households unable to afford market housing

Supply of affordable units

The main component of this stage is the average supply of lettings to new tenants per annum (based on past trends). The supply estimate is then reduced by the number of lettings made to new dwellings. It is assumed that there could be additional lettings in the vacant stock, whilst units taken out of management and committed units of new affordable supply will lead to a net loss (or gain) of dwellings. Finally, we add 'relets' from shared ownership dwellings to give the total affordable supply figure.

Overall affordable housing requirement

The overall output from these three analytical stages represents the net affordable housing requirement across the Bridgend County Borough, as shown in the table below.



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Overall, using the BNAM it was estimated that there is currently a shortfall of affordable housing in the County Borough of around 636 units per annum. The figure of 636 is an increase from the 2002 survey of 234 per annum.

Size requirement

The table below indicates that there are shortfalls for all sizes of accommodation, the largest shortfall being for one bedroom units. It should be remembered that these figures are based on a strict bedroom standard and take no account of household size preferences.

Table ES6 Basic Needs Assessment Model: Net need for affordable housing by size				
Size required	Need	Supply	Shortfall	Supply as a % of need
1 bedroom	502	99	403	19.7%
2 bedroom	376	177	199	47.0%
3 bedroom	103	86	17	83.0%
4+ bedroom	28	11	17	40.7%
TOTAL	1,009	373	636	37.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Policy Implications

The immediate implications for affordable housing are that any target would be justified on all suitable sites. Given the amount of additional housing required, the current threshold of 15 dwellings/0.5ha certainly seems reasonable. Further analysis suggests that almost 15% of the additional affordable housing requirement could be met by intermediate housing, priced halfway between social rents and minimum market levels.

6. Balancing Housing Markets

In the past Housing Needs Surveys have been concerned largely with the identification of the need for affordable housing within a local authority area. The primary output from a good survey was an estimate of the need for affordable housing. However most recently the Government has been promoting the notion that Local Authorities should have a better understanding of the wider housing market.

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 inherent idea behind the BHM method is that it seeks to meet the requirements of the current population first with the amount of in-migration used to 'balance' figures to the estimated household growth of an area.

In assessing the size requirements for the BHM analysis, information on the stated size requirements of moving households is used rather than the minimum size requirements used in the assessment of housing need. Thus the analysis is essentially identifying a housing demand profile based on preferences rather than minimum requirements. The analysis is therefore a useful adjunct to the housing needs survey results because whereas the housing needs assessment identifies a profile of affordable housing based on minimum requirements, this analysis also takes account of household preferences. In combination the Council has information on both aspects enabling the formulation of policies to give the right balance of priorities to needs and housing aspirations

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. As the BHM is a demand and aspiration driven model (unlike the BNAM, which is mainly based on past trends and based on need as calculated with reference to a strict bedroom standard) there are inevitably some households who have a demand for affordable housing but under the BNAM would not be considered as needing such housing. The BHM is however particularly useful at ascertaining what shortages exist in the private sector and how these interlink with affordable housing demands and can help to guide councils in securing an appropriate mix of market housing on new housing developments.

The table below shows the overall results of the BHM analysis:

Table ES7 Balancing Housing Markets analysis: Size requirement by tenure () indicates surplus*					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	180	291	(175)	116	412
Affordable housing	82	159	99	41	381
Private rented	(33)	(60)	(168)	(34)	(295)
TOTAL	229	390	-244	123	498

**A surplus means that there is likely to be a greater supply of dwellings than there is demand for them
Source: Bridgend County Borough – Housing Needs Assessment 2006 update*

A number of conclusions can be drawn from this analysis:

- (i) In terms of the demand for affordable housing in the County Borough it is clear that this is on-going (this is also demonstrated by the rise in housing need between the 2002 survey and this Update, using the BNAM). The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably two bedroom homes. 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.
- (ii) The information suggests that in the owner-occupied sector, the main shortfall is for two bedroom homes; there is a surplus of three bedroom accommodation. Although Bridgend County Borough has a small private rented sector, the data shows a large surplus of private rented housing for all dwelling sizes. This is largely because many households do not aspire to this tenure. It is important to note however that this sector is likely to be used to make up the shortfall of owner-occupied dwellings so in reality these properties will not be left vacant.

7. Households with Special Needs

Information from the survey on special needs groups can be of assistance to authorities when contributing to the Local Housing Strategy and the Health Social Care & Wellbeing Strategy. Some 15.7% of all the Borough's households (9,322) contain special needs members.

The table below shows the numbers of households with different types of special needs. The numbers of households in each category exceed the total number of special needs households because people can have more than one category of special need. 'Physically disabled' is the largest category with special needs.

Table ES8 Special needs categories			
Category	Number of households	% of all households	% of special needs households
Frail elderly	1,527	2.6%	16.4%
Physical disability	3,327	5.6%	35.7%
Learning disability	936	1.6%	10.0%
Mental health problem	1,347	2.3%	14.5%
Vulnerable young people	103	0.2%	1.1%
Severe Sensory Disability	683	1.1%	7.3%
Other	1,124	1.9%	12.1%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Special needs households in Bridgend County Borough are generally smaller than the average size of households within the Borough and are disproportionately made up of older persons only. Special needs households are more likely than households overall to be in unsuitable housing.

Supplementary research undertaken into special needs households showed that in terms of services needed, the survey showed a demand for *gardening services* (22.1% of special needs households) and *house cleaning services* (16.0%). In terms of services being received, the most common was regular contact with GP (75.8% of special needs households), followed by *collection and delivery of shopping* (27.3%).

It is important to note that the above analysis does not include those with special needs who were homeless at the time of the survey.

8. Black and Minority Ethnic Households

The survey estimated that only 0.9% of households in Bridgend County Borough were headed by a non-White person. The survey suggested that non-White households have a slightly larger average household size than other households, and are less likely to be living in the social rented sector. The survey results also suggest that non-White households are less likely to be made up of single people or pensioners, and are more likely to be living in unsuitable housing. The survey indicated that there were differences in both income and savings levels between the non-White and White households.

9. Gypsies and Travellers

The Housing Act 2004 has placed a duty on local housing authorities to take into account the needs of Gypsies and Travellers, including the need for legal sites to station their caravans, when producing a housing assessment, and to have a strategy in place which sets out how any identified need will be met as part of their wider housing strategies. An analysis of relevant strategies and policies at a local and national level for Gypsies and Travellers was therefore completed as part of this update.

This analysis concluded that there was a lack of reference to Gypsies and Travellers in strategies produced by Bridgend County Borough Council; but that this is reflected in a regional and national context where few strategies focus on Gypsies and Travellers. This is also shaped by the absence of sites in Bridgend County Borough.

10. Conclusions

The housing needs assessment update in Bridgend County Borough provides a detailed analysis of housing requirement issues across the whole housing market in the County Borough. The study began by following the Basic Needs Assessment Model, which estimated a requirement to provide an additional 636 affordable dwellings per annum if all housing needs are to be met over the next five years.

The study continued by looking at requirements in the housing market overall using a 'Balancing Housing Markets' methodology. This again suggested a significant requirement for additional affordable housing to be provided.

Overall, the need for additional affordable housing represents over 100% of the estimated new build in the County Borough of 498 units per year. It would be sensible to suggest that in the light of the affordable housing requirement shown, the Council will therefore need to maximise the availability of affordable housing from all available sources. Although new build is one way (and the realistic way) of increasing the supply of affordable housing it would in theory be possible to meet some of the need through better utilisation of the existing stock.

1. Introduction

1.1 Introduction

During 2002 Fordham Research carried out a Housing Needs Survey for Bridgend County Borough Council – the report was completed in August 2002. The analysis was based on primary research via a hybrid approach of personal interviews and postal questionnaires. The survey was designed to cover all tenure groups and all areas within the County Borough and enabled the assessment of the need for additional affordable housing following the approach set out in ODPM and WAG Guidance. This report has been commissioned to update the results of the 2002 Survey.

1.2 Nature of this report

In making assessments of housing need in compliance with Government Guidance primary research is essential. Principally, this is because information on housing suitability and market affordability (the two elements central to the definition of need) are not available from secondary data sources for the same group of households. It is however costly to undertake primary fieldwork and in consequence Fordham Research have devised a cost-effective update approach that uses the original survey data collected and updates it to take account of changes to key variables affecting the overall assessment.

This report is therefore intended to review the Housing Needs Survey (HNS) and provide an updated and robust estimate of the need for affordable housing in the context of changes that have occurred since the time of the first survey.

The main changes are as follows:

1. Changes in market prices/rents and income levels which have occurred since the original Housing Needs Survey
2. Changes in the supply of affordable housing (relets excluding transfers within the social rented sector)
3. A re-basing of household figures to take full account of information from the 2001 Census and also the latest HSSA data
4. Improvements to the methodology used to assess housing need

1.3 Key points from the housing needs assessment guide

The basis for carrying out housing needs assessment has been standardised by the publication of the Guide (formally: *Local Housing Needs Assessment: A Guide to Good Practice – ODPM Housing*, July 2000); the (then) Welsh Office produced guidance on the assessment of need in its report '*Local Housing Needs Assessment: A Good Practice Guide*' (published in May 1999). There is considerable overlap between the Welsh Office and the ODPM suggested approaches to assessing housing need, although the ODPM Guide was published later and is generally more detailed.

The Welsh Assembly Government published the '*Local Housing Market Assessment Guide*' in March 2006. This most recent guidance does not significantly change the approach to assessing affordable needs. This update report follows the ODPM Guidance but also includes quotes from the Welsh Assembly Government to illustrate how the stages of analysis follow the logic of both official recommendations.

Since both ODPM and WAG guidance provides the test of a good Housing Needs Survey, it is important to summarise its key features. This section is devoted to that purpose.

(i) Introduction

The ODPM Guide, published in July 2000, has gone a long way to filling the gap which has been apparent ever since, in Circular 7/91, the Government told councils they could seek affordable housing provided that there was evidence of housing need (without defining 'need'). There are still a number of detailed difficulties with the advice, but they are minor compared with the gaps that have been filled. The following summary focuses upon the key issues, and in particular those that affect affordable housing.

It should be noted that the ODPM published, in March 2005 and then again in December 2005, a discussion draft of the new Guide. In Wales, the Welsh Assembly published an equivalent draft in July 2005. The questionnaires and report have taken account of some of the main changes proposed in the July guidance and several elements of the methodology, such as the affordability test and unsuitable housing categories, have been adjusted accordingly. These elements remained unchanged when the Welsh Assembly Government's guidance was finalised (March 2006).

All future references in this report to the 'ODPM Guide' refer to the current (2000) ODPM guidance, since the subsequent versions published in March and December 2005 were very much drafts. All future references to the 'WAG Guide' refer to the Welsh Assembly Government's '*Local Housing Market Assessment Guide*' published in March 2006.

(ii) Definition of housing need

The definition of housing need controls which households are defined as being in need, and indirectly affects what constitutes affordable housing. Affordable housing is, in principle, designed to address the identified housing need. Current ODPM and WAG Guidance defines a household in housing need as one which is living in housing that is not suitable for its requirements and who cannot afford to resolve this unsuitability within the private sector housing market.

WAG Guide	<i>'Housing need refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without assistance'. [Paragraph 6.5 (page 61)]</i>
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(iii) Procedure

The Basic Needs Assessment Model, an 18-stage procedure, is set out in the ODPM Guide; the WAG Guide's equivalent is the (similar) Needs Assessment Table. The procedure aims to producing an estimate of the net need for new affordable housing. Thus the ODPM Guide is very much geared to the requirements of planning for clear indications of the affordable housing requirement. The following table reproduces the stages from the key table of the ODPM Guide.

The table includes an element of in-migrant need (Stage 12). Out-migration is accounted for in Stage 2 of the model and also by implication at Stages 8/9. Additionally where a supply of affordable housing arises due to out-migrating households this is included as part of the calculations at Stage 14.

Table 1.1 Basic Needs Assessment Model: (from Table 2.1 of the Guide)
<i>Element and Stage in Calculation</i>
B: BACKLOG OF EXISTING NEED
1. Households living in unsuitable housing 2. <i>minus</i> cases where in-situ solution most appropriate 3. <i>times</i> proportion unable to afford to buy or rent in market 4. <i>plus</i> Backlog (non-households) 5. <i>equals</i> total Backlog need 6. <i>times</i> quota to progressively reduce backlog 7. <i>equals</i> annual need to reduce Backlog
N: NEWLY ARISING NEED
8. New household formation (gross, p.a.) 9. <i>times</i> proportion unable to buy or rent in market 10. <i>plus</i> ex-institutional population moving into community 11. <i>plus</i> existing households falling into need 12. <i>plus</i> in-migrant households unable to afford market housing 13. <i>equals</i> Newly arising need
S: SUPPLY OF AFFORDABLE UNITS
14. Supply of social relets p.a. 15. <i>minus</i> increased vacancies & units taken out of management 16. <i>plus</i> committed units of new affordable supply p.a. 17. <i>equals</i> affordable supply 18. Overall shortfall/surplus

(iv) Conclusions

Both the ODPM and WAG Guides provide coherent definitions of housing need, and a great deal of advice on how to implement it. This report has been prepared in accordance with these guides. Throughout this report key methodological quotes from the guides are highlighted in boxes. This is to help the reader understand and to reinforce the reasoning behind the analysis carried out.

1.4 Methodological changes

In the intervening period since the time of the first survey the analysis following the Basic Needs Assessment model has been subject to detailed scrutiny at numerous inquiries. In response to this process a number of modifications to the assessment have been made to ensure that the overall requirement estimate is a minimum estimate.

The key developments that have occurred in the intervening period is the use of past moves information to assess newly arising need from household formation. It is recognised that this approach is likely to understate the true level of need arising from this element (as those households forming in the past will be biased towards those that are able to afford), however it is now used to ensure the estimate of need is a minimum estimate.

1.5 Balancing Housing Markets analysis

The study also looks at housing requirements using our 'Balancing Housing Markets' methodology (BHM). This is a demand led method which looks at potential housing shortages (and surpluses) across the whole housing market - including affordable housing.

The suggestion of 'Balancing Housing Markets', indeed, appears in the ODPM guidance on Housing Needs Assessment (under the heading of 'Gross Flows').

ODPM Guide	<i>'A further development of the approach (the Basic Needs Assessment Model) together with demographic components is to try to build a model showing the gross annual flows of households between each of the main tenures within the County Borough. Such a model would also show the flows of new and migrant households into the system and of dissolving and out-migrating households out of the system'. [Appendix A7.4 (page 157)]</i>
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Fordham Research has developed an innovative methodology to allow the information gathered in the housing needs survey to be used as part of the diagnostic assessment the Council is required to undertake. A full chapter in the report is devoted to this analysis, which assesses the extent to which housing markets are balanced and suggests the directions the Council might take to approach a more balanced condition. This Balancing Housing Market methodology (an Adapted Gross Flows approach) shows exactly what shortages and surpluses exist and are likely to persist in the medium term according to size of dwelling and tenure as dictated by the aspirations and affordability of would-be movers. Aspirations of households are determined by direct questions in the survey and are different from their assessed needs, as calculated during analysis with reference to the household size and composition.

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. As the BHM is a demand and aspiration driven model (unlike the BNAM, which is mainly based on past trends and based on need as calculated with reference to a strict bedroom standard) there are inevitably some households who have a demand for affordable housing but under the BNAM would not be considered as needing such housing. Additionally as the bulk of the supply in the BHM is based on expected future household moves it is often the case that this model shows a lower supply level than the trend data of the BNAM (typically drawn from HSSA).

It is therefore common to find that the BHM shows a slightly higher estimate of the affordable requirement than the BNAM but this should not be taken as the survey's base estimate of the absolute requirement for affordable housing (which is measured using the ODPM's Basic Needs Assessment Model). The BHM is however particularly useful at ascertaining what shortages exist in the private sector market and can help to guide councils in securing an appropriate mix of market housing on new housing developments.

The inherent idea behind the BHM method is that it seeks to meet the requirements of the current population first with the amount of in-migration used to 'balance' figures to the estimated household growth of an area.

1.6 Summary

Housing Needs Assessments have become, over the past decade, a standard requirement for local authorities across Britain. The publication of Welsh Office Guidance (in May 1999), ODPM Guidance (in July 2000) and more recently the Welsh Assembly Government's Guidance (in March 2006) has now standardised the form of such assessments. They are designed to underpin housing and planning strategies by providing relevant data for them.

In addition to focusing on the need for affordable housing, this study addresses housing requirements across all housing tenures. This is with a view to producing information, which will assist policy making in relation to both housing and planning policy, as well as the Comprehensive Performance Assessment.

Changes since 2002

This report is designed to update the results of the 2002 survey by taking account of changes in household numbers, house prices and incomes. It also uses information now available from the Census together with recent information from Welsh Housing Statistics to adjust for changes in tenure. The stages of the approach remain largely unchanged from the previous survey, although some modifications to methods have been made. The report also includes an updated balancing housing market assessment focussing on imbalances in the wider housing market.

2. Survey Work And Validation

2.1 Introduction

This report is based on updating the data obtained during the original 2002 survey, which was obtained through a hybrid approach of personal interviews and postal questionnaires. The samples for the survey were drawn, at random, from the Council Tax Register covering all areas and tenure groups in the County Borough.

The 2002 survey achieved 6,225 completed responses. This is sufficient to provide reliable estimates of need in accordance with ODPM Guidance.

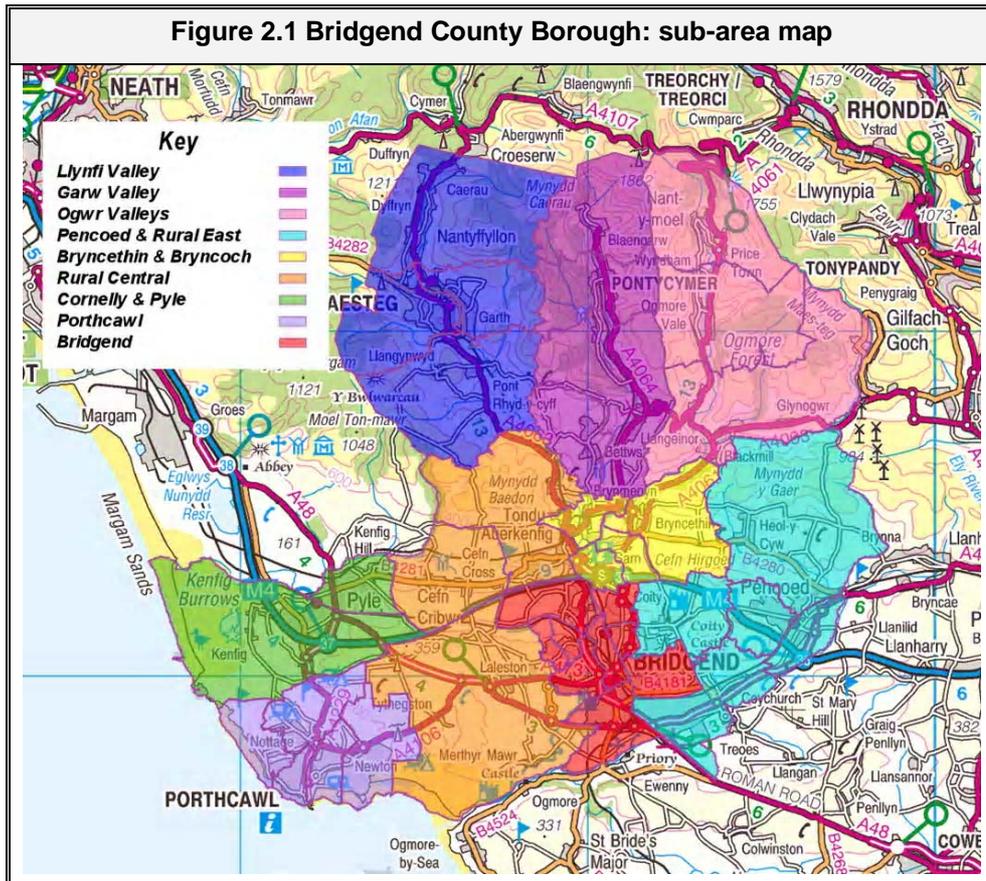
Survey fieldwork was completed early in 2002. For the purpose of this update report the original survey data has been re-weighted for measurable bias taking account of more recently available information sources.

It is important to note that the data in some of the tables in this report may not necessarily add up to the totals presented, or alternatively some of the percentage figures may not sum to 100%. This is due to the rounding of the survey data during the analysis.

2.2 Base household figures

The 2001 Census estimated a total of 53,342 households (as of April 2001). Given that we want to estimate the number of households at a base date of September 2006 (i.e. more than 5 years on) it is necessary to revise this figure to represent a more up to date estimate. We have considered a number of different sources of information including household estimates from Welsh Housing Statistics; as at September 2006 (roughly in line with the date of this report) it is estimated that there are 59,500 households in the County Borough.

The map below illustrates the study area, which has been divided into 9 sub areas for the purposes of this report. The sub areas correspond to groups of wards in the County Borough, which are listed in the table which follows the map.



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table 2.1 Composite wards in each grouped sub area		
Sub-area	Composite wards	
<i>Llynfi Valley</i>	Caerau Llangynwyd	Maesteg East Maesteg West
<i>Garw Valley</i>	Blaengarw Bettws	Llangeinor Pontycymer
<i>Ogwr Valleys</i>	Blackmill Nantymoel	Ogmore Vale
<i>Pencoed & Rural East</i>	Coity Coychurch Lower Felindre	Hendre Penprysg
<i>Bryncethin & Bryncoch</i>	Bryncethin Bryncoch	Sarn Ynysawdre
<i>Rural Central</i>	Aberkenfig Bryntirion/Laleston/Merthyr Mawr	Cefn Cribwr
<i>Cornelly & Pyle</i>	Cornelly	Pyle
<i>Porthcawl</i>	Newton Nottage Porthcawl East Central	Porthcawl West Central Rest Bay
<i>Bridgend</i>	Brackla Cefn Glas Litchard Llangewydd and Brynhyfryd Morfa	Newcastle Oldcastle Pendre Pen-y-fai

Source: Bridgend County Borough Council Housing Needs Survey 2002

2.3 Household profile and weighting procedures

An important aspect of preparing data for analysis is 'weighting' it. This is important because social survey responses never exactly match the estimated population it is set to represent. As a result it is necessary to 'rebalance' the data to correctly represent the population being analysed. This approach is recommended in the Guide.

WAG Guide	<i>'Characteristics of survey respondents can be compared to those of the population as a whole, using factors such as age and tenure. The sample can then be weighted so that the findings relevant to a particular group reflect the proportion of the population they comprise rather than their proportion of survey responses.'</i> [Appendix B, Section 2 (page 113)]
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There are diminishing returns to weighting survey data. Thus weighting by 6 variables is not twice as good as weighting by three: indeed it may add no further accuracy at all provided that the first factors are suitably chosen. This survey was weighted by the following variables:

- Tenure (from 2001 Census and data from Welsh Housing Statistics)
- 39 wards (informed by the Council Tax Register)
- Household size (Census Area Statistics 2001)
- Household type (Table KS20 of 2001 Census)
- Accommodation type (Table KS16 of 2001 Census)
- Car ownership (Table KS17 of 2001 Census)

The data was weighted so as to be in line with the proportions shown in each of these groups. The table below shows an estimate of the current tenure split in Bridgend County Borough.

Table 2.2 Number of households in each tenure group				
Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	20,637	34.7%	2,550	41.0%
Owner-occupied (with mortgage)	26,275	44.2%	2,433	39.1%
RSL	8,588	14.4%	936	15.0%
Private rented	3,250	5.5%	265	4.3%
Other rented ①	750	1.3%	41	0.7%
TOTAL	59,500	100.0%	6,225	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

NOTES ① - Includes 'tied' accommodation and other rented accommodation

The estimated number of households and number of responses for each of the other weighting groups is shown in Appendix A3.

2.4 Summary

This report is based on updating the data obtained during the original housing needs survey carried out in 2002. Some 6,225 completed responses were obtained via a hybrid approach of personal interviews and postal questionnaires. This is a sizeable amount of data and enables reliable analysis of housing need in accordance with ODPM and WAG guidance. The survey data was weighted so as to be representative of all households within Bridgend County Borough. In total it is estimated that there were 59,500 resident households as of the beginning of 2006.

Changes since 2002

At the time of the 2002 survey there were an estimated 56,650 households in the County Borough. As of September 2006 this figure has been revised to an estimate of 59,500. Adjustments have been made to the data to take into account changes in both the number and the make up of households (e.g. tenure changes).

3. Local Housing Market Study

3.1 Introduction

This chapter sets out the results of an analysis of housing market prices and rents in Bridgend County Borough. Information was collected from two sources:

- Land registry
- Survey of local estate and letting agents

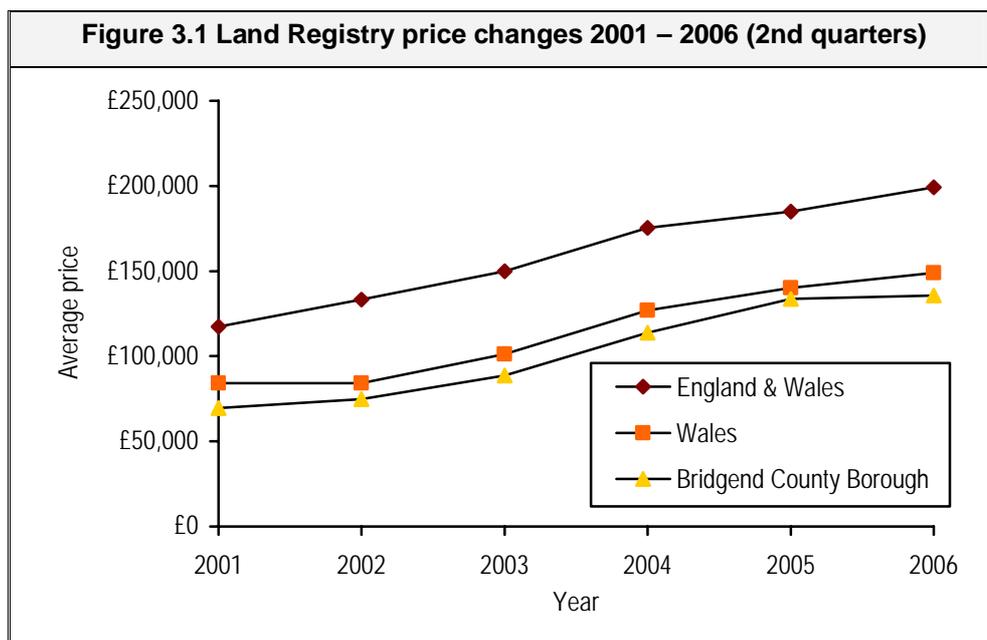
Land registry information provides the context for the property price situation in Bridgend County Borough and then a sequence of analysis based on information collected from estate/letting agents leads to figures that show the minimum price/rent of housing for a range of dwelling sizes.

3.2 National and local picture

The Land Registry compiles information on all residential land transactions. Analysis of this data is made available for recent quarterly periods, for geographical areas including Council areas and more highly disaggregated postcode areas, and by four main dwelling types.

This data is therefore very versatile, and can potentially provide a valuable picture of the housing market, both in comparing Bridgend County Borough with other parts of the country, and in showing what is occurring at a very local level, i.e. within the County Borough.

Information from Land Registry shows that nationally between the 2nd quarter 2001 and the 2nd quarter 2006 average property prices in England and Wales rose by 69.7%. For Wales the increase was 77.0% whilst for Bridgend County Borough the figure was 95.2%.



The table below shows average prices in the 2nd quarter of 2006 for each of England & Wales, Wales and Bridgend County Borough. The table shows that average prices in Bridgend County Borough are below both the average for Wales and the average for England and Wales.

Area	Average price	As % of E & W
England & Wales	£199,184	100.0%
Wales	£149,063	74.8%
Bridgend County Borough	£135,640	68.1%

Source: HM Land Registry data

The table below shows average property prices for Bridgend County Borough for each dwelling type. This data is compared with regional price information. The volume of sales is also included for both areas.

Dwelling type	Bridgend County Borough		Wales	
	Average price	% of sales	Average price	% of sales
Detached	£212,072	23.9%	£221,836	26.1%
Semi-detached	£127,871	37.0%	£138,671	30.7%
Terraced	£96,204	36.1%	£109,538	36.4%
Flat/maisonette	£98,272	3.0%	£128,204	6.7%
All dwellings	£135,640	100.0%	£149,063	100.0%

Source: HM Land Registry data

The largest volume of sales in Bridgend County Borough was for semi-detached and terraced houses. Sales across Wales show a lower proportion of semi-detached and a higher proportion of detached and flats/maisonette property sales.

3.3 Prices in adjoining and nearby areas

The table below illustrates average prices in relation to the national average for all local authorities adjoining Bridgend County Borough. It can be seen that property prices in Bridgend County Borough are on average higher than in Rhondda Cynon Taf and Neath Port Talbot. Property prices in the Vale of Glamorgan are significantly higher than in Bridgend County Borough.

Council area	% of England & Wales
Rhondda Cynon Taf	50.5%
Neath Port Talbot	55.1%
Bridgend County Borough	68.1%
The Vale of Glamorgan	90.0%

Source: HM Land Registry data

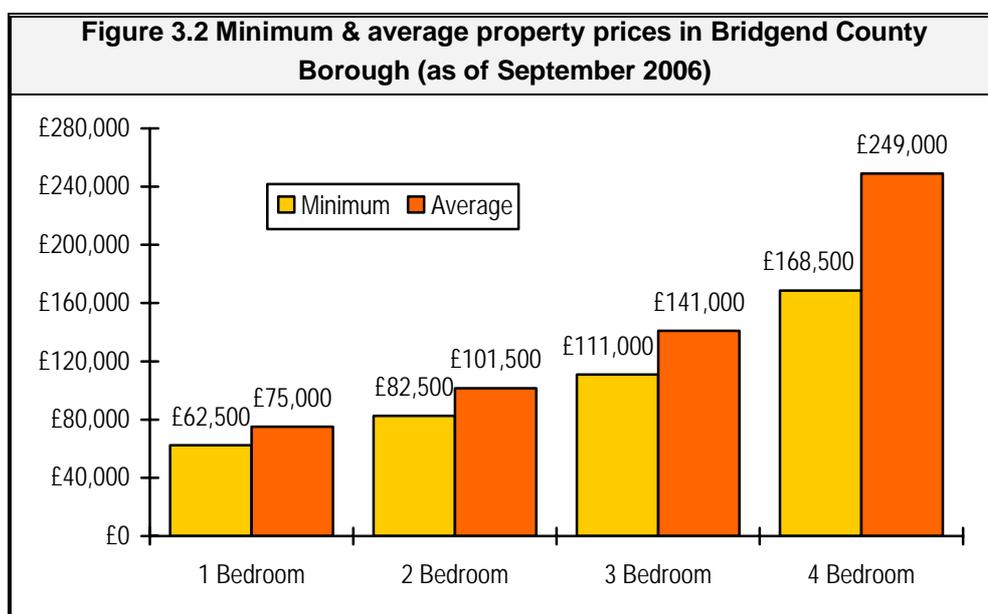
3.4 Estate Agents' information

As part of the update process, information on purchase prices and rentals within Bridgend County Borough were collected from estate and lettings agents. This section presents the results from these interviews. Agents were contacted across the County Borough in order to capture localised variations across the area. Primarily those contacted were located in Bridgend, Porthcawl, Maesteg and Pontycymer.

(i) Purchase prices

During September 2006 a number of estate and letting agencies were contacted in order to obtain detailed information about the local housing market across the Bridgend County Borough area. Agents were contacted across the County Borough to identify any variation in prices, and information was collected for both minimum and average property prices for a range of property sizes. The minimum (entry-level) prices identified are the cheapest cost of housing that is regularly available and not needing any major repair.

The prices from all agents covering the Bridgend County Borough Council area are averaged, both by size and price level (minimum and average). The results, shown in the table below, suggest that the minimum price for a one bedroom property is £62,500 rising to £168,500 for a four bedroom property. Average prices range from £75,000 to £249,000.



Source: Fordham Research -Survey of Estate Agents 2006

(ii) Private rent levels

Average and minimum rents were also collected from agents and the results of this analysis are shown in the table below. Minimum monthly rents in Bridgend County Borough varied from £380 for a one bedroom property to £600 for a four bedroom property.

Table 3.4 Minimum and average private rents in Bridgend County Borough		
Property size	Minimum rent (monthly)	Average rent (monthly)
1 bedroom	£380	£430
2 bedrooms	£400	£470
3 bedrooms	£475	£600
4 bedrooms	£600	£800

Source: Fordham Research - Survey of Estate Agents 2006

3.5 Changes in prices and rent levels since 2002

The table below compares minimum property prices between the last survey (undertaken in March 2002) and the update survey (undertaken in September 2006). The results indicate that minimum prices have increased, overall, by around 100%. Price rises have been seen for all sizes of accommodation.

Table 3.5 Minimum prices in Bridgend County Borough 2002 and 2006			
Property size	March 2002	September 2006	% change
1 bedroom	£28,500	£62,500	119.3%
2 bedrooms	£43,000	£82,500	91.9%
3 bedrooms	£54,500	£111,000	103.7%
4 bedrooms	£84,500	£168,500	99.4%

Source: Fordham Research - Survey of Estate Agents 2002 and 2006

In addition to looking at how property prices have changed it is also worth considering changes in the costs of private rented housing. The results are presented in the table below and show that minimum rents have increased by an average of around 25%. In comparison with house price rises the results suggest that the rental market has not increased to the same extent. This is important for the assessment of affordability because both the purchase and rental sectors of the market are considered when determining whether a household is able to afford access to the market.

Table 3.6 Minimum monthly rents in Bridgend County Borough 2002 and 2006			
Property size	March 2002	September 2006	% change
1 bedroom	£279	£380	36.2%
2 bedrooms	£333	£400	20.1%
3 bedrooms	£380	£475	25.0%
4 bedrooms	£483	£600	24.2%

Source: Fordham Research - Survey of Estate Agents 2002 and 2006

3.6 Appropriate price level for the affordability test

The previous sections showed the results obtained by averaging the figures from estate agents for minimum and average prices in each of the four size categories.

However, in order to decide what price level is the most appropriate to use for assessing whether or not a household is able to access the housing market, it is necessary to consider two aspects:

- The appropriate measure of price (e.g. minimum or average prices/costs)
- How to deal with a situation where significant price variations have been identified within the Council area

The previous sections showed the results obtained from a survey of letting agents for house prices and rental costs in each of the four size categories. However in order to decide what price level is the most appropriate to use for assessing whether or not a household is able to access the housing market it is necessary to consider what is the appropriate measure of price (e.g. minimum or average prices/costs). We will use the minimum (entry-level) prices derived from the estate agents' data as part of the affordability test.

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'When assessing affordability, entry-level house prices are more relevant than the mean or median and it is essential to use these as part of understanding the whole housing market.' [Paragraph 4.22 (page 43)]

Our analysis of the minimum and average property prices in the County Borough showed that there was a noticeable difference between the Northern and Southern parts of the County Borough. The estate agent information indicated that the County Borough contains two distinct sub-markets; this was also found to be the case in the 2002 Housing Needs Study.

As the nature of the two sub-market areas is quite different, we do not feel that households could reasonably be expected to move to a different sub-market area to access market housing. It is therefore appropriate to apply different regimes of 'entry-level' market costs in analysing affordability for each of the sub-market areas. This is the case for both purchase prices and private rent levels.

A household in a given sub-market area will be tested for affordability only with respect to the prices for the appropriate area. The separate sets of prices/rents to be applied in the two areas of the County Borough are presented in the table below. As in the 2002 study, the Northern housing market area refers to the sub-areas (identified in Chapter 2) of Llynfi Valley, Garw Valley and Ogwr Valleys, whilst the remaining 6 sub-areas form the Southern housing market area.

Table 3.7 Prices and rents in the two Housing Market Areas		
Property size	Minimum sale	Minimum rent
Northern Housing Market Area		
1 bedroom	£55,000	£350
2 bedrooms	£67,000	£400
3 bedrooms	£85,000	£450
4 bedrooms	£135,000	£550
Southern Housing Market Area		
1 bedroom	£70,000	£400
2 bedrooms	£100,000	£450
3 bedrooms	£125,000	£520
4 bedrooms	£180,000	£690

Source: Fordham Research - Survey of Estate Agents 2006

The table shows that minimum property prices in Northern Housing Market area ranged from £55,000 for a one-bedroom property to £135,000 for a four bedroom property; minimum rents ranged from £350 to £550 per month depending on size.

Minimum property prices in Southern Housing Market area ranged from £70,000 for a one-bedroom property to £180,000 for a four bedroom property; minimum rents ranged from £400 to £690 per month depending on size.

3.7 Summary

An analysis of the local housing market is a crucial step in any housing study. In this report information was drawn from both the Land Registry and local estate/letting agents to provide the context for local property prices/rents. Some of the main findings of the analysis are:

- Average house prices in Bridgend County Borough rose by 95.2% in the period 2001 to 2006. This is well above the rate of increase observed for Wales and for England and Wales combined.
- The average property price in Bridgend County Borough in the 2nd quarter 2006 was lower than the figure for Wales and England and Wales.
- Information from the Land Registry shows that sales of properties in Bridgend County Borough are predominantly semi-detached and terraced houses, with only 3.0% of sales in the 2nd quarter of 2006 being flats/maisonettes.
- The estate agent survey suggested that minimum prices ranged from £62,500 for a one bedroom property rising to £168,500 for a four bedroom property; minimum rents ranged from £380 to £600 per month depending on size.

- The County Borough is comprised of two housing markets; the southern area of the borough is considered to be more expensive than the northern area. Two distinct price regimes will be applied during the affordability test to reflect this.
- Minimum property prices in Northern Housing Market area ranged from £55,000 for a one-bedroom property to £135,000 for a four bedroom property; minimum rents ranged from £350 to £550 per month depending on size.
- Minimum property prices in Southern Housing Market area ranged from £70,000 for a one-bedroom property to £180,000 for a four bedroom property; minimum rents ranged from £400 to £690 per month depending on size.

Changes since 2002

The data shows that minimum purchase prices have risen overall since the 2002 survey by an average of around 100%. Minimum rents have however increased by a lesser amount (by around 25%) since the last survey. The effect of these increases on the ability of households to afford market housing will also depend upon the financial circumstances of these households, which is considered further in the following chapter.

4. Financial Information and Affordability

4.1 Introduction

The previous chapter studied the local housing market. The results from that chapter are brought together with household financial information to make an assessment of affordability for each individual household. The issue of affordability is crucial in assessing both backlog and newly arising needs in Bridgend County Borough.

Having set out the financial information collected in the survey the section continues by concentrating on the methodology behind the assessment of affordability.

WAG Guide	<i>'An accurate estimate of household income is one of the most important pieces of information to obtain from a local housing survey'. [Appendix B, Section 7 (page 118)]</i>
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To complete an accurate assessment of affordability, the survey collected information regarding household's earned income, benefits, savings and equity levels.

4.2 Updating financial information

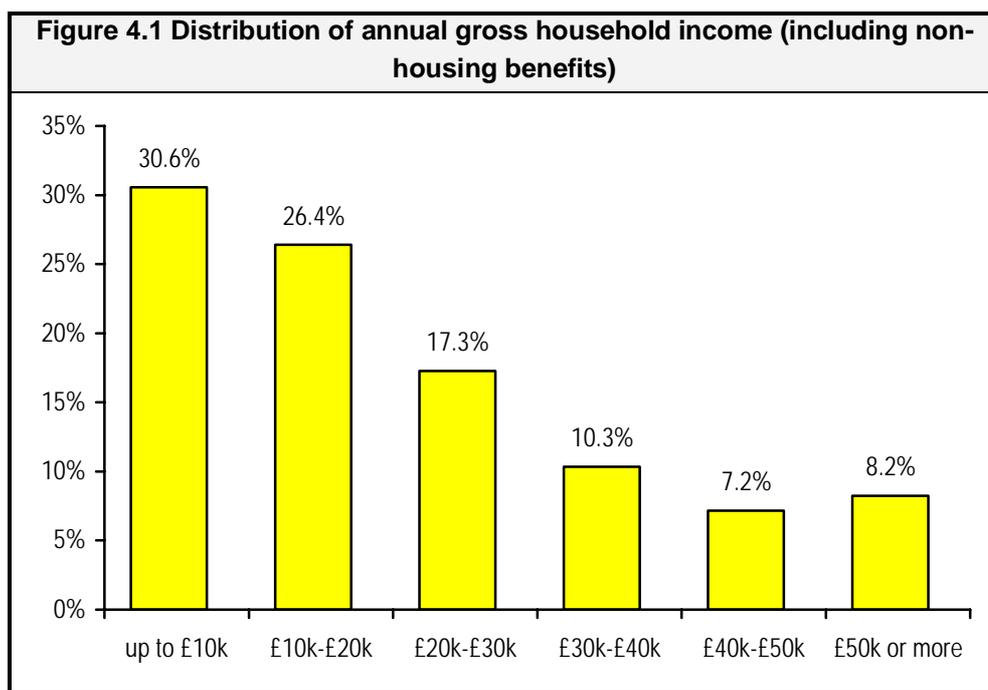
To update financial information, data from the Annual Survey of Hours and Earnings was used which suggests an annual increase in the incomes of Bridgend County Borough residents of 3.3%. Since the previous survey this represents an estimated increase in income levels of around 15.0%. Savings were updated assuming an annual increase of 3.5%, which is the approximated average interest paid on a savings account over the period.

The amount of equity available to households has also been updated to take account of the increases in property prices over the period since the survey was carried out. Analysis of Land Registry data suggests that overall average house prices within Bridgend County Borough have increased by 92.9% since the 4th quarter 2001. As the Land Registry collects price information by property type, it is possible to update the amount of equity owner-occupiers have by the change in prices recorded for the type of dwelling they own. For example the Land Registry data indicates that average detached house prices within Bridgend County Borough have increased by 86.3%, so the owners of detached houses will have their equity increased by this amount.

4.3 Household income, savings and equity

Survey results for average household income for Bridgend County Borough are shown below. Household income is taken to include income of the head of household and their partner (if applicable) but not other members of the household such as a son or daughter. Any income from investments is also taken into account. State benefits information is split between housing related and non-housing related benefits. Generally, housing related benefits are not included within income figures provided although non-housing benefits are included.

Survey results for household income in Bridgend County Borough estimate the average gross income level (crucial for the assessment of affordability) to be £22,318 per annum. The average household income for households living in the Southern HMA is £23,898, compared to £18,392 for households living in the Northern HMA. The median income for the County Borough is noticeably lower than the mean (at £16,575 per annum). The figure below shows the distribution of income in the County Borough.



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Households have an average of £3,074 in savings. Just over half of households had less than £1,000 in savings whilst just below 15% had savings of over £10,000.

The survey also collected information about the amount of equity owner-occupiers have in their property. For both groups together (owners with and without mortgages) the average amount of equity was £117,454.

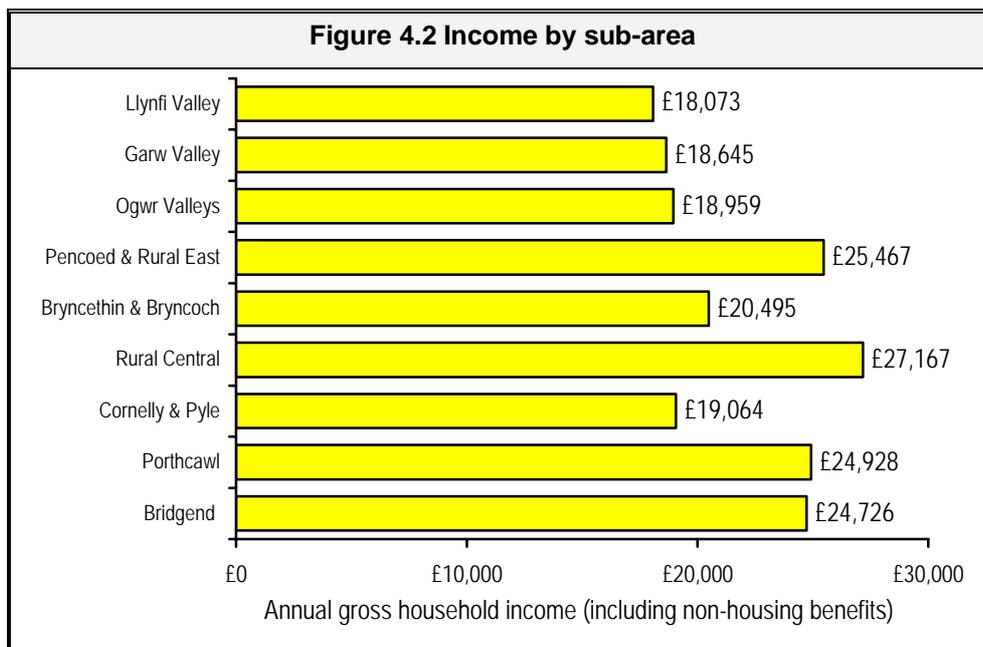
4.4 Household characteristics and income

The table below shows average income, savings and equity by tenure. As might be expected, the households with the lowest average incomes are those in the social rented sector. Owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage, since this group contains many older people who are no longer working but have paid off their mortgage and accrued a large amount of savings. Such households therefore have much higher levels of savings and equity.

Table 4.1 Financial information by tenure			
Tenure	Average annual gross household income (including benefits)	Average savings	Average equity
Owner-occupied (no mortgage)	£17,549	£4,878	£142,235
Owner-occupied (with mortgage)	£31,226	£2,884	£97,992
RSL	£9,473	£598	-
Private rented	£15,979	£340	-
ALL HOUSEHOLDS	£22,318	£3,074	£117,455

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The figure below looks at income levels by sub-area. It is clear that significant differences exist. The highest average income is estimated to be in the Rural Central sub-area at £27,167 per annum, the lowest being in Llynfi Valley at £18,073 per annum.



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

4.5 Assessing affordability – existing households

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

The definition of mortgage affordability is shown below:

Mortgage affordability: A household containing one adult 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 adult is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement or the earned income of one household member multiplied by 3.5.

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 requiring a two bedroom property in the Southern area of Bridgend County Borough would expect to pay an estimated minimum cost of £100,000. If the household has £5,000 in savings then they would require a gross household income of £32,759 ((£100,000-£5,000) divided by 2.9) if two adults were in employment; or £27,143 ((£100,000-£5,000) divided by 3.5) if one person is in employment.

A household requiring a two bedroom property in the Northern area of Bridgend County Borough would expect to pay an estimated minimum cost of £67,000. If the household has £5,000 in savings then they would require a gross household income of £21,379 ((£67,000-£5,000) divided by 2.9) if two adults were in employment; or £17,714 ((£67,000-£5,000) divided by 3.5) if one person is in employment.

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'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.' [Paragraph 6.13 (page 64)]

(ii) Private rental affordability

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).

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

A household requiring a two bedroom property in the Southern area of Bridgend County Borough would expect to pay an estimated minimum monthly rent of £450. This means that the household must have a monthly gross income of at least £1,800 (£450 x 4) to be able to afford the property.

A household requiring a two bedroom property in the Northern area of Bridgend County Borough would expect to pay an estimated minimum monthly rent of £400. This means that the household must have a monthly gross income of at least £1,600 (£400 x 4) to be able to afford the property.

(iii) Combined affordability

It is important to assess the numbers who cannot afford either of the above options. This is the measure of combined affordability, which is defined below:

Combined affordability:

A household containing one adult 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 adult is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement or the earned income of one household member multiplied by 3.5.

AND

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

All subsequent analysis will be based on this combined affordability measure.

It is worth briefly noting the affordability of local households. Each household is individually assessed as to their ability to afford market housing in Bridgend County Borough currently (regardless of whether they intend to move or not). The table below shows affordability by tenure. The table shows that of all households in Bridgend County Borough, 24.3% would be unable to afford market housing if they were to move within the County Borough now. The differences by tenure are however large. Over 90% of social renting tenants are unable to afford along with over 75% of households living in the private rented sector. These figures compare with 11.1% of owner-occupiers (with mortgage) and just 3.3% of owner occupiers without a mortgage.

Table 4.2 Affordability and tenure			
Tenure	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	691	20,637	3.3%
Owner-occupied (with mortgage)	2,904	26,276	11.1%
RSL	7,853	8,588	91.4%
Private rented	3,009	3,999	75.2%
TOTAL	14,457	59,500	24.3%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

4.6 Summary

The collection of financial information is a fundamental part of any Housing Needs Survey. The survey estimates that average gross household income (including non-housing benefits) for households in the County Borough is £22,318 per annum. The average conceals wide variations among different tenure groups.

Having collected detailed information on the local housing market and the financial situation of households it is important to use appropriate affordability measures to assess their ability to afford market priced housing in Bridgend County Borough. A single affordability test is used to assess whether they can afford to either buy or rent a property of a suitable size.

Changes since 2002

The 2002 housing needs survey estimated the average (mean) gross earned household income (excluding all benefits) to be £17,872. The equivalent average (mean) figure for 2006 is estimated to be £19,715, an increase of 10.3%. This level of increase is a result of general wage inflation but also demographic changes since the time of the last survey (accounted for by the re-weighting of the data).

5. Backlog Of Existing Need

5.1 Introduction

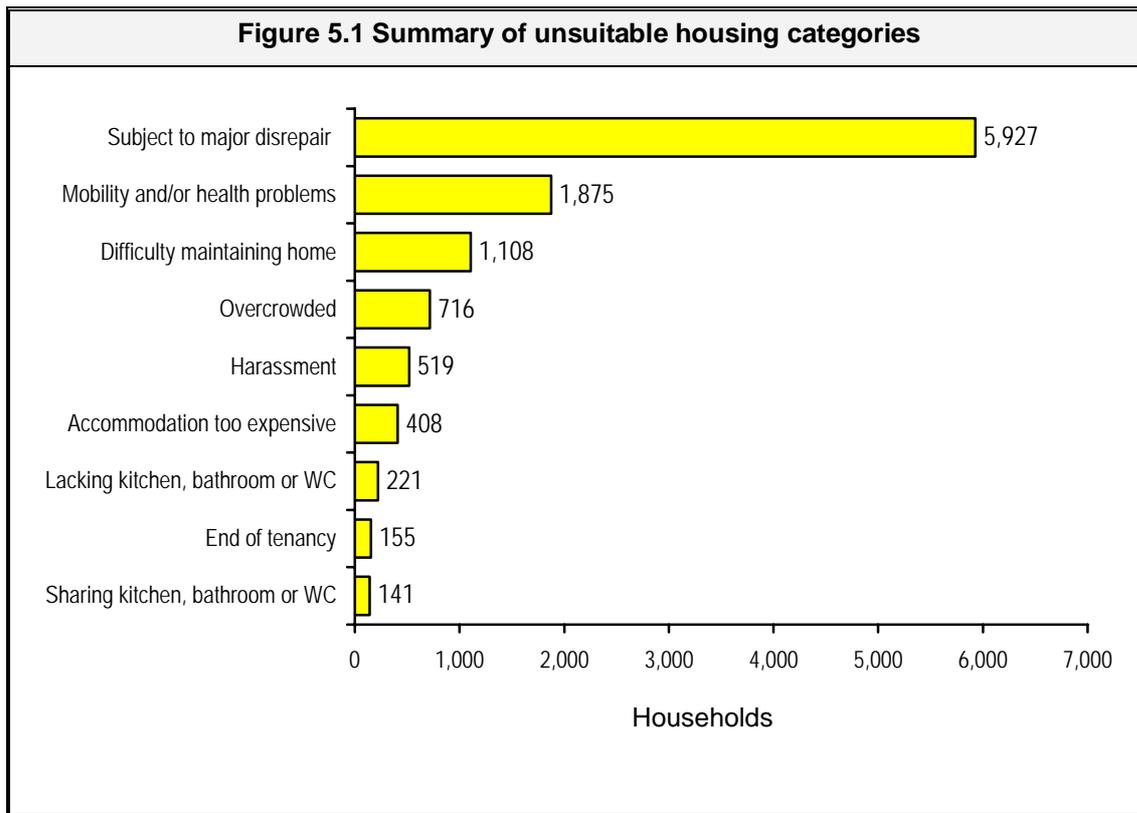
This chapter of the report assesses the first part of the 'Basic Needs Assessment Model' – Backlog of Existing Need, which is very similar to the assessment of Current Need described in the Needs Assessment Table (Table 6.4) in the WAG guidance. This begins with an assessment of housing suitability and affordability and also considers backlog non-households (homeless households) before arriving at a total backlog need estimate.

5.2 Unsuitable housing

This section looks at households whose current accommodation is in some way unsuitable for their requirements. This involves consideration of a range of circumstances making the housing unsuitable for its occupants, whether because of its size, type, design, location, condition, security or cost. It therefore takes account not only of the physical condition of the dwelling but also the relationship of the household to the dwelling. Following ODPM Guidance nine unsuitable housing factors were identified and each household assessed in relation to each of these. A household experiencing any one of these problems is assessed to be living in unsuitable housing.

Based on the survey findings, it is estimated that a total of 8,738 households are living in unsuitable housing currently. This represents 14.7% of all households in Bridgend County Borough.

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 *subject to major disrepair..*



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

5.3 Unsuitable housing and tenure

The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in RSL rented accommodation are far more likely to be in unsuitable housing than other households. Some 38.9% of households in private rented accommodation are in unsuitable housing. This compares with 10.1% of households in owner-occupied accommodation.

Table 5.1 Unsuitable housing and tenure					
Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in County Borough	% of h'holds in unsuitable housing	As a % of all h'holds in unsuitable housing
Owner-occupied (no mortgage)	2,307	18,330	20,637	11.2%	26.4%
Owner-occupied (with mortgage)	2,442	23,833	26,275	9.3%	27.9%
RSL	3,345	5,243	8,588	38.9%	38.3%
Private rented	645	3,355	4,000	16.1%	7.4%
TOTAL	8,739	50,761	59,500	14.7%	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

5.4 Migration and 'in-situ' solutions

The survey has highlighted that 8,738 households are in unsuitable housing. However it is most probable that some of the unsuitability can be resolved in the household's current accommodation and also that some households would prefer to move from the County Borough in order to resolve their housing problems.

The extent to which 'in-situ' solutions might be appropriate are assessed by looking at the moving intentions of the unsuitably housed household. The Housing Needs Survey asked households whether they need or are likely to move to a different home within the next five years. Any household in unsuitable housing who stated that they need/are likely to move now is considered not to have an appropriate 'in-situ' solution. (This differs slightly from the methodology used in 2002 which included households who stated a need to move in the next five years; such households should now be included in the newly arising need section). Any household that replied that it did not need to move now was assumed to have an in-situ solution.

ODPM Guide

'The extent to which in situ solutions could be feasible can be examined by a survey...[using]...a judgement on whether the unsuitably housed main household intends to move. Where this is the case, it may be taken to indicate that an in situ solution is not appropriate'. [Section 4.3 (page 56)]

The survey data estimates that of the 8,738 households in unsuitable housing, 802 (or 9.2%) would need to move now to resolve their housing problems. This means an estimated 7,936 (90.8%) may be best helped with an 'in-situ' solution. Of the 802 households who need/are likely to move now, a further question was asked about where they would be looking to live. Households who would be looking to move from the County Borough are then excluded from further analysis – this applies to 6 households, reducing the total figure to 796 households.

5.5 Affordability

Each of the 796 households that need/are likely to move in the County Borough now is individually assessed as to their ability to afford market housing in Bridgend County Borough (using the affordability methodology set out in Chapter 4). The survey indicates that 701 (88.1%) of these households cannot afford market housing. Therefore it is estimated that there are currently 701 existing households that cannot afford market housing and are living in unsuitable housing (and require a move to different accommodation within the County Borough). This represents around 1.2% of all existing households in Bridgend County Borough. The data also revealed that all of the 484 households (69.0% of those in need) were currently living in RSL accommodation.

5.6 Housing need and the need for affordable housing

There is a further issue relating to existing households in need. For households in social rented accommodation it is likely that a move will release a social rented home for re-letting and therefore there will be no requirement for additional affordable housing to be provided. It has been decided to remove all households in need currently living in social rented accommodation from the estimates of additional requirement. This reduces the backlog figure by 484 households to 217. This follows from advice in the ODPM Guide:

**ODPM
Guide**

'Where existing households are living in unsuitable housing, it is important to try to assess which of these could find solutions in situ or by moving within their current tenure'. [Section 4, Agenda for Action (page 68)]

The WAG Guide goes further than this and adds a stage to the Needs Assessment Table '*minus current occupiers of affordable housing in need*'. It is clear therefore that the removal of the 484 households in social rented accommodation is justified by current and future guidance.

5.7 Households in temporary accommodation (backlog (non-households))

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 households living in temporary accommodation who were in need at the time of the survey and should also be included within any assessment of backlog need. To assess these numbers we have used information contained in the Council's WHO12 Homelessness return.

The main source of information used is Table 7: Homeless households temporarily accommodated by your authority at the end of the quarter. Data compiled from the March 2006 WHO12 form is shown in the table below.

Category	Quarter ending 31/03/06
Private sector stock	0
LA stock	0
RSL stock	0
<u>Hostels</u>	<u>14</u>
<u>Women's refuge</u>	<u>10</u>
<u>Bed and Breakfast</u>	<u>16</u>
Homeless at home	62
Total	102

Source: Table 7, Bridgend County Borough WHO form, March 2006

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 Housing Needs Assessment. For example, households considered to be 'homeless at home' should already be included in our estimate of housing need as a concealed household. After considering the various categories, we have decided there are three which should be included as part of the homeless element. These have been underlined in the table above. Therefore, of the 102 homeless households in temporary accommodation, 40 will be included for the purpose of the backlog need component of the Housing Needs Assessment.

Further information from the Council suggests that there are a number of households not included in the WHO12 form who are temporarily residing in specialist support units in Bridgend County Borough. Support Units from a range of providers exist for people with mental health problems and young people leaving care, for example. The total number of households housed in these units is 110; this will be added to our figure of 40 (above), resulting in a total of 150 households residing in temporary accommodation to be included in the assessment.

The Supporting People funding programme provides housing related support to vulnerable and often homeless persons who are placed in temporary accommodation such as hostels and refuges. Supporting People is a preventative strategy with a strong correlation with homelessness.

5.8 Total backlog need

Having been through a number of detailed stages in order to assess the backlog of need in Bridgend County Borough we shall now bring together all pieces of data to complete the 'B: BACKLOG OF EXISTING NEED' element of the Basic Needs Assessment model encouraged by the ODPM, which is very similar to the assessment of Current Need described in the Needs Assessment Table (Table 6.4) in the WAG guidance.

The table below summarises the first stage of the overall assessment of housing need as set out by the ODPM. The 217 figure at stage 3 is the number of households who are in unsuitable housing, who need to move immediately within the County Borough, are unable to afford market housing but do not live in the social rented sector. It should be stressed that the backlog of existing need does not include those households who intend to move in the near future, rather than immediately. To avoid double counting, these households are included under *newly arising need* (see Chapter 6), and not in the backlog of existing need.

The data shows that overall there is an estimated backlog of 367 households in need (see stage 5). The final stage is to include a quota to progressively reduce this backlog. A reduction in the backlog of need of 20% per year has been assumed in Bridgend County Borough, though obviously the Council may choose to initially prioritise groups such as households in temporary accommodation when addressing the backlog need. The table therefore shows that the annual need to reduce backlog is 73 dwellings per annum.

Table 5.3 Basic Needs Assessment Model – Stages 1 to 7		
<i>B: BACKLOG OF EXISTING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>County Borough-wide</i>
1. Backlog need existing households	Number of households currently living in unsuitable housing	8,738
2. <i>minus</i> cases where in-situ solution most appropriate	In-situ (or outside the County Borough) solution most appropriate for 7,942 households	Leaves 796
3. <i>times</i> proportion unable to afford to buy or rent in market	88.1% = 701– also remove 484 social renting tenants	217
4. <i>plus</i> Backlog (non-households)	Households in temporary accommodation = 150	367
5. <i>equals</i> total Backlog need		367
6. <i>times</i> quota to progressively reduce backlog	Suggest 20% as in ODPM report	20%
7. <i>equals</i> annual need to reduce Backlog		73

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

5.9 Summary

This chapter reported on the components contributing to the backlog need element of the needs assessment model. In total it is estimated that 217 existing households are in housing need. The second element of backlog need considered the needs arising from households in temporary accommodation. This element made for 150 additional households in need.

Bringing together all the factors of the backlog of housing need (as defined by the ODPM and followed by Fordham Research) it is estimated that there is an overall backlog of need of 367 affordable homes. Annualised, assuming a 20% reduction per year suggests an annual need of 73 dwellings to reduce the backlog need in Bridgend County Borough.

Changes since 2002

Comparing the estimate of backlog need with the 2002 survey suggests that there has been a decrease from 146 dwellings per annum to 73 per annum. This decrease reflects the methodological changes in the assessment of in-situ need (based on those stating a need to move now rather than within the next five years as was used in the 2002 survey); and the fact that potential households are no longer included in the backlog component of housing need, as in the 2002 survey.

6. Newly Arising Need

6.1 Introduction

In addition to the backlog of existing needs discussed so far in this report there will be newly arising need. This is split, as per ODPM guidance into four categories. These are as follows:

1. New household formation (× proportion unable to buy or rent in market)
2. Ex-institutional population moving into the community
3. Existing households falling into need
4. In-migrant households unable to afford market housing

The guidance also suggests that each of these should be calculated on an annual basis. The following sections deal with each of these points in detail. It should be noted that the WAG guidance adopts a similar approach to newly arising need in the Needs Assessment Table (Table 6.4).

6.2 New household formation

The 2002 Survey based this element of the assessment on potential households stating a need to move within the next five years. It is however also possible to assess this element of the survey on the basis of households that have formed over the past three years. Such an approach is preferred as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need and is also consistent with comments in ODPM and WAG Guidance:

WAG Guide	<i>'This should be based upon past trends rather than on making assumptions about the intentions of households likely to form in the future. This is because future behaviour is uncertain whereas past behaviour is known. The use of past trends involves basing the profile of newly forming households on the characteristics of identified newly forming households in the recent past.'</i> [Paragraph 6.88 (page 81)]
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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 three years (from within the County Borough). The data excludes households moving to owner-occupation because these households at the time of the move (which is when we are interested in) could afford market housing. Households in tied accommodation have also been excluded. An affordability test is then applied to the remaining households.

Table 6.1 Derivation of newly arising need from new household formation		
Aspect of calculation	Number	Sub-total
Number of households moving in past three years		12,621
Minus moves from outside County Borough	-3,151	9,470
Minus households NOT forming in previous move	-7,249	2,221
Minus households moving to owner-occupation	-1,295	926
Minus households moving to tied accommodation	-34	892
TOTAL APPLICABLE MOVES		892
TOTAL APPLICABLE MOVES (per annum)		297
Times proportion unable to afford		88.8%
ANNUAL ESTIMATE OF NEWLY ARISING NEED		264

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table above shows that an estimated 892 households are newly formed within the County Borough over the past three years (297 per annum). Of these it is estimated that 264 (per annum) are unable to afford market housing without some form of subsidy (as with the main analysis of existing households in need the affordability test is based on the size requirements and financial situation of those households having made a ‘potentially in need’ move over the past two years). The annual estimate of the number of newly forming households falling into need is therefore 264 per annum.

6.3 Ex-institutional population moving into the community

This is quite a difficult group to analyse. The ODPM guidance suggests information from Community Care Plans could be used for this element of newly arising need. However, in the analysis that follows these households will be included as either newly forming households (based on past moves of existing households within the County Borough) existing households falling into need (based on past moves of existing households within the County Borough) or in-migrant households in need (past moves from outside the County Borough), all of which can include households moving from institutional forms of accommodation. Therefore to avoid any possible double-counting, it has been decided in the case of Bridgend County Borough to give this element of newly arising need a value of zero.

6.4 Existing households falling into need

This is an estimate of the number of existing households currently living in Bridgend County Borough who will fall into housing need over the next three years (and then annualised). The basic information for this is households who have moved home within the County Borough in the last three years and these households’ ability to afford suitable housing. 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 relationship breakdown and an increase in the size of the resident family). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim housing benefit or spend more of their income on housing than is considered affordable (or indeed a combination of both).

**WAG
Guide**

'An estimate of the number of existing households who fall into need each year can be made by looking at the number who fell into need in the previous year.'
[Paragraph 6.95 (page 82)]

Households previously living with parents, relatives or friends are excluded as these have already been taken into account in the 'new household formation' already studied. 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. The data again excludes households moving to owner-occupation because these households at the time of the move (which is when we are interested in) could afford market housing whilst households moving to tied accommodation are also excluded.

Table 6.2 Derivation of newly arising need from households currently living in the County Borough		
Aspect of calculation	Number	Sub-total
Number of households moving in past three years		12,621
Minus moves from outside County Borough	-3,151	9,470
Minus households forming in previous move	-2,222	7,248
Minus households transferring within affordable housing	-1,125	6,123
Minus households moving to owner-occupation	-4,356	1,767
Minus households moving to tied accommodation	-18	1,749
TOTAL APPLICABLE MOVES		1,749
TOTAL APPLICABLE MOVES (per annum)		583
Times proportion unable to afford		83.9%
ANNUAL ESTIMATE OF NEWLY ARISING NEED		489

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table above shows that a total of 583 household moves are considered as potentially in need (per annum). Using the standard affordability test for existing households it is estimated that 83.9% of these households cannot afford market housing. Therefore our estimate of the number of households falling into need within the County Borough is 489 households (583×0.839) per annum.

6.5 In-migrant households unable to afford market housing

This is the final element of newly arising need. Households falling into need in this group are households currently living outside Bridgend County Borough who are expected to move into the County Borough but cannot afford suitable private sector housing. The basic information for this is similar to the above section except that it deals with households who are expected to move home to the County Borough in the next three years (based on past move information) and these households' affordability.

This data does not exclude transfers as none of these households could have transferred within Bridgend County Borough's stock at the time of the move. Household formation is not an issue as none of these households could be double-counted because they do not currently live within the County Borough. Households moving to owner-occupation are again excluded from analysis.

WAG Guide	<i>'The recommended way of estimating in-migration using local housing survey data is to assume that future in-migrants will be similar in number (and share similar characteristics) to previous in-migrants.'</i> [Paragraph 6.99 (page 83)]
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The table below shows the derivation of the in-migrant element of newly arising need.

Table 6.3 Derivation of newly arising need from households currently living outside the County Borough		
Aspect of calculation	Number	Sub-total
Number of households moving in past three years		12,621
Minus moves from within County Borough	-9,490	3,151
Minus households moving to owner-occupation	2,254	897
Minus households moving to tied accommodation	101	796
TOTAL APPLICABLE MOVES		796
TOTAL APPLICABLE MOVES (per annum)		265
Times proportion unable to afford		69.1%
ANNUAL ESTIMATE OF NEWLY ARISING NEED		183

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

In total the table above shows that 265 'potentially in need' moves took place per annum in the past three years from outside the County Borough. The survey data also shows us that 69.1% of these households cannot afford market housing (as with the main analysis of existing households in need, the affordability test is based on the size requirements and financial situation of those households having made a 'potentially in need' move over the past three years). Therefore our estimate of the number of households falling into need from outside the County Borough is 183 households (265×0.691) per annum.

6.6 Summary

The data from each of the above sources can now be put into the Basic Needs Assessment Model as is shown in the table below. It indicates that additional need will arise from a total of 936 households per annum.

Table 6.4 Basic Needs Assessment Model – Stages 8 to 13		
<i>N: NEWLY ARISING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>County Borough-wide</i>
8. New household formation (gross, p.a.)		297
9. Times proportion unable to buy or rent in market	88.8% cannot afford market housing	Leave 264
10. plus ex-institutional population moving into community		0
11. plus existing households falling into need		489
12. plus in-migrant households unable to afford market housing		183
13. equals Newly arising need	9+10+11+12	936

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Changes since 2002

Both the 2002 HNS and this update cover three main areas when looking at newly arising needs (newly forming households, existing households falling into need and in-migrant households). In 2002 it was estimated that newly arising need came to 687 households per annum. In this update a figure of 936 households per annum is estimated. This increase can principally be attributed to the increase in house prices since 2002, resulting in fewer households' being able to afford suitable housing.

7. Supply Of Affordable Housing

7.1 Introduction

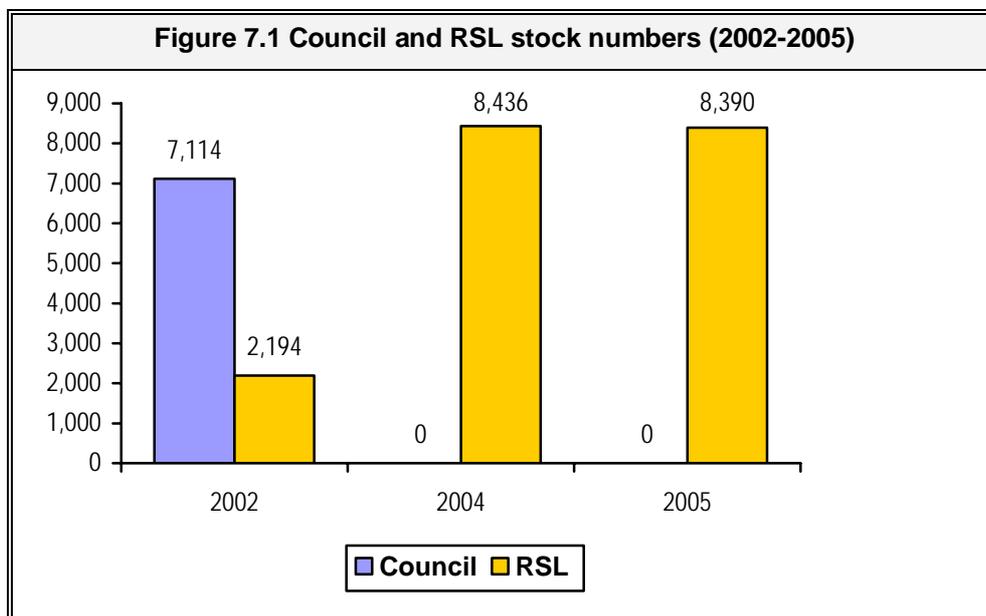
This chapter looks at current supply of affordable housing in the County Borough. We shall begin by highlighting the general patterns of supply in the social rented stock over the past three years before making a judgement about which supply figures should feature as part of the needs assessment model.

**WAG
Guide**

'This [net supply of social re-lets] can be calculated on the basis of past trends. Generally, the average number of re-lets over the last three years should be taken as the predicted annual level.' [Paragraph 6.105 (page 84)]

7.2 The Social Rented stock

We have studied information from the Welsh Housing Statistics for three years (2002, 2004 and 2005; 2003 figures have not been made available). The figure below shows the changing levels of stock for both the Council and RSLs within the County Borough.



Source: Welsh Housing Statistics

The County Borough's Council stock was transferred to the RSL 'Valleys to Coast' in September 2003, which explains why there is no Council stock shown for 2004 and 2005 on the above chart. Overall, the social rented stock has decreased by 912 dwellings since 2002, which equates to 304 dwellings per annum. The chart shows that the decrease was less marked between 2004 and 2005.

7.3 The supply of affordable housing

(i) RSL stock

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 three years (excluding households transferring within the social rented sector). The estimate for three years is 1,333, therefore our annual estimate will be 444 new lettings to RSL tenants.

When the data was originally collected, some of the social rented stock was Council-owned; it is presumed that households residing in this accommodation are now RSL tenants. There will not have been any lettings to new council tenants over the last 3 years due to the stock transfer in 2003.

7.4 New dwellings

From the estimated supply of affordable housing we also need to deduct lettings made to new dwellings. As one of the main purposes of the survey is to estimate any surplus or shortfall of affordable housing, it is important to avoid double-counting by not including likely future supply through additions to the stock from RSLs (although these new properties will themselves in time produce some relets). This is also a view taken in ODPM guidance; the relevant stage in the WAG Guidance's Needs Assessment Table being the removal of 'committed supply of new affordable units'.

ODPM Guide	<i>'...it may be more helpful to combine committed and shortfall figures [shortfall including committed new provision] to obtain an overall affordable need estimate, which can then be related to overall planned housing requirements and provision'.</i> [Section 2.4 (page 26)]
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Table 7.1 Analysis of past provision of new affordable housing – Average for three years				
	2002/03	2003/04	2004/05	Average
New affordable housing				
Additional RSL dwellings	112	34	59	68

Source: Welsh Housing Statistics

The table above summarises information from Welsh Housing Statistics. The data indicates that there has been an annual average of 68 new affordable housing completions between 2002-03 and 2004-05. These are taken away from our estimate of lettings to provide a relet figure of 376 dwellings per annum (444-68). The figure of 376 represents a turnover of around 4.5% (based on the number of relets and the estimated number of social rented dwellings (i.e. 376/8,390).

7.5 Shared ownership supply

In most local authorities the amount of shared ownership available in the stock is fairly limited (as is the case in Bridgend 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.

Some 299 households examined in the survey were found to be living in shared ownership accommodation. Similarly, the 2001 census suggests that there are 183 shared ownership households in the County Borough. The average of these two figures is 241. For the purposes of this analysis it is assumed that the turnover of shared ownership accommodation is roughly the same as found in the social rented sector. This is estimated at 4.5%. Hence we estimate that each year an average of 11 units of shared ownership tenure will become available to meet housing needs ($4.5\% \times 241$). Therefore, the estimate of supply becomes 387 per annum (376+11).

7.6 Vacant dwellings

Welsh Housing Statistics do not provide data on the total number of vacant RSL dwellings per local authority. However, from the Registered Social Landlord: Stock Estimates March 2005, it is clear that the Valleys to Coast RSL provides the majority of Bridgend County Borough's RSL stock (over 70%). The Performance Indicators for Registered Social Landlords in Wales 1 April 2004 to 31 March 2005 states that this RSL has an average vacancy level of 5.3%. We therefore estimate that the total number of vacant RSL properties in Bridgend County Borough is 445 ($8,390 \times 5.3\%$). This is considered to be a high frictional vacancy rate. However, this is due to the Improvement Programme which is currently being undertaken by the Valleys to Coast RSL, therefore there is little scope for bringing vacant properties back into use.

7.7 Changes in the supply of affordable housing

This covers stages 15 and 16 of the 'Basic Needs Assessment Model'. Stage 15 is 'minus increased vacancies & units taken out of management'; Stage 16 is 'plus committed units of new affordable supply'.

In the case of Stage 15, it would not be sensible to remove from the supply equation the number of properties taken out of management. It is much more sensible to estimate the likely reduction in relets as a result of such losses.

In the case of Stage 16 it seems more logical to exclude committed units as the purpose of the analysis is to show a surplus or shortfall of affordable housing. Including committed units might in some cases show a surplus of affordable housing where in fact the new housing is required to prevent a shortfall. However, we must remember that new affordable housing will in time produce additional relets (in the same way as relet opportunities are lost when dwellings are 'taken out of management').

Data from the Welsh Housing Statistics suggests that from 2002 to 2005 there was a net loss of 912 dwellings in the social rented stock (304 per annum). Given an average turnover of around 4.5%, this would equate to a loss of around 14 letting opportunities per annum. Hence, on the basis of this information it is estimated that average future supply of affordable housing will be 428 units per annum (442-14).

7.8 Summary

The table below details the stages in arriving at an estimate of the 428 relets from the current stock of affordable housing per annum. Previous move information from the survey indicates an average supply of lettings to new tenants of 444 per year. Taking account of lettings made to new dwellings, obtained from Welsh Housing Statistics, the supply estimate is reduced by 68 units per annum. It is assumed that there could be 55 additional lettings in the vacant stock, whilst units taken out of management and committed units of new affordable supply will lead to a net loss of 14 dwellings per annum. Finally, we have included 11 'relets' from shared ownership dwellings, which increases supply to a total of 428. The second table shows how this fits into the Basic Needs Assessment model.

Table 7.2 Estimated future supply of affordable housing (per annum)	
Element of supply	Number of units
Average lettings per annum (excluding transfers)	444
Lettings in new housing	-68
'Relets' of shared ownership	+11
Additional lettings in vacant stock	+0
Letting opportunities lost through units taken out of management (Stage 15)	-14
Letting opportunities gained through additional stock (Stage 16)	-14
Estimated supply of affordable housing (per annum)	373

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table 7.3 Basic Needs Assessment Model – Stages 14 to 17		
<i>S: SUPPLY OF AFFORDABLE UNITS</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
14. Supply of social relets p.a.	Excludes transfers within social rented stock and includes 'relets' of shared ownership	387
15. <i>minus</i> increased vacancies & units taken out of management	Letting opportunities lost	-14
16. <i>plus</i> committed units of new affordable supply p.a.	Letting opportunities gained	
17. <i>equals</i> affordable supply	14-15+16	373

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Changes since 2002

Comparing the supply data in this chapter with similar information from the 2002 survey suggests that over time there has been a decline in the availability of affordable housing for re-letting. The overall supply of affordable units was estimated to be around 599 per year in 2002 (this figure excluded shared ownership), compared to 373 dwellings per annum in this study.

8. Basic Needs Assessment Model

8.1 Introduction

The table on the following page shows the final figures in the '*Basic Needs Assessment Model*'. This brings together the three key elements that have been calculated in the preceding chapters, namely; the Backlog of Existing Need, Newly Arising Need and the Supply of Affordable Units. The overall output from these three analytical stages represent the estimated net affordable housing requirement across the Bridgend County Borough.

8.2 Total housing need

The backlog of existing need suggests a requirement for 73 units per year and the newly arising need a requirement for 936 units per annum. These two figures together total 1,009 units per annum. The total estimated supply to meet this need is 373 units per year. This therefore leaves a shortfall of 636 units per year if the Council were able to meet all of the current and projected need over the next five years. The figure of 636 represents 1.1% of the total number of households in the County Borough (59,500).

Table 8.1 Basic Needs Assessment Model		
<i>B: BACKLOG OF EXISTING NEED</i>		
<i>Element</i>	<i>Notes</i>	
1. Backlog need existing households	Number of households currently living in unsuitable housing	8,738
2. <i>minus</i> cases where in-situ solution most appropriate	In-situ (or outside the County Borough) solution most appropriate for 7,942 households	Leaves 796
3. <i>times</i> proportion unable to afford to buy or rent in market	88.1% = 701– also remove 484 social renting tenants	217
4. <i>plus</i> Backlog (non-households)	Households in temporary accommodation = 150	367
5. <i>equals</i> total Backlog need		367
6. <i>times</i> quota to progressively reduce backlog	Suggest 20% as in ODPM report	20%
7. <i>equals</i> annual need to reduce Backlog		73
<i>N: NEWLY ARISING NEED</i>		
8. New household formation (gross, p.a.)		297
9. <i>Times</i> proportion unable to buy or rent in market	88.8% cannot afford market housing	Leave 264
10. <i>plus</i> ex-institutional population moving into community		0
11. <i>plus</i> existing households falling into need		489
12. <i>plus</i> in-migrant households unable to afford market housing		183
13. <i>equals</i> Newly arising need	9+10+11+12	936
<i>S: SUPPLY OF AFFORDABLE UNITS</i>		
14. Supply of social relets p.a.	Excludes transfers within social rented stock and includes 'relets' of shared ownership	387
15. <i>minus</i> increased vacancies & units taken out of management	Letting opportunities lost	-14
16. <i>plus</i> committed units of new affordable supply p.a.	Letting opportunities gained	
17. <i>equals</i> affordable supply	14-15+16	373
18. Overall shortfall/surplus	73+936-373 (per annum)	636

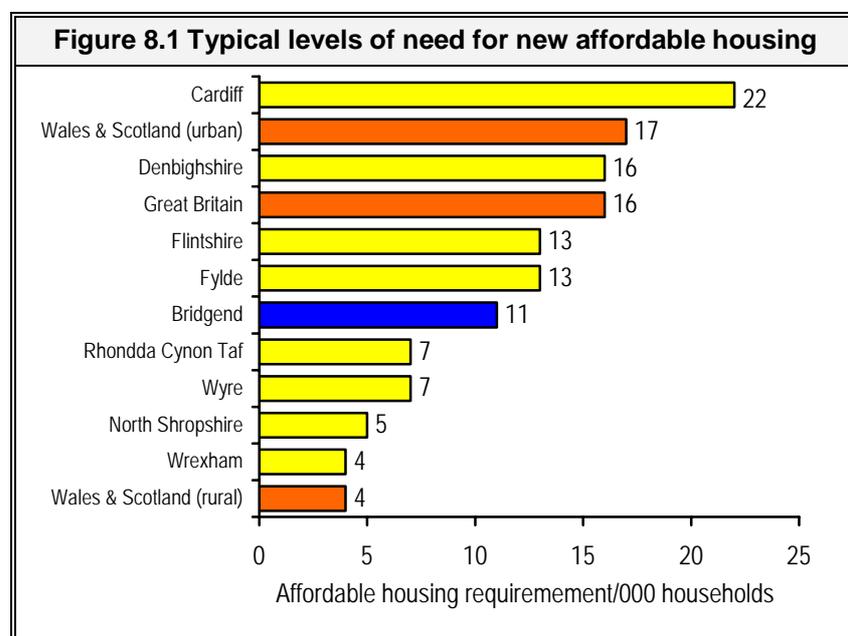
Source: Bridgend County Borough – Housing Needs Assessment 2006 update

8.3 The Bridgend County Borough situation in context

As Fordham Research has carried out about a hundred Local Authority-wide housing needs assessments since the ODPM Guide was published in 2000, it is possible to provide reasonable indicative levels for the typical levels of affordable housing or shortage found across Britain.

In order to 'standardise' the levels of need/shortage for local authorities of widely varying scale, the shortfall/surplus of affordable housing has been divided by the numbers of thousands of households in Bridgend County Borough.

The value for Bridgend County Borough is 11 per 1,000 (calculated as $(636/59,500) \times 1,000$). As can be seen, this figure is below the average for Great Britain (16).



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

8.4 Size requirement and sub-areas

Overall the survey suggests a significant shortage of affordable housing in Bridgend County Borough. However, it is also important to look at what type of shortfalls exists within the current stock of affordable housing. This is recognised in the WAG guidance.

WAG Guide	<i>'As part of using the local housing survey and secondary data to assess housing need, partnerships will need to consider the extent to which the outputs from this analysis should be disaggregated by property size and sub-area.'</i> [Paragraph 6.110 (page 85)]
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Hence this section looks at any mismatches between the need for affordable housing and the supply for different sizes of accommodation and across the different sub areas in the County Borough.

(i) Sub-area analysis

Having estimated the net need for affordable housing in the County Borough, it is useful to consider the location of this annual requirement. The location of households in need is balanced against the location of dwellings secured by those who have recently moved into affordable accommodation. The table below presents this analysis. The table shows the need, supply and overall requirement for affordable housing.

The table indicates that each sub-area has a shortage of affordable housing. The overall shortfall is greatest in the areas of Bridgend and Llynfi Valley; the need relative to supply is most significant in Porthcawl, where supply is estimated to meet under a fifth of the need for affordable housing.

Table 8.2 Net need for affordable housing by sub-area				
() indicates a surplus				
Sub-area	Need	Supply	Shortfall	Supply as a % of need
Llynfi Valley	141	33	108	23.4%
Garw Valley	82	33	49	40.2%
Ogwr Valleys	80	20	60	25.0%
Pencoed & Rural East	76	24	52	31.6%
Bryncethin & Bryncoch	95	47	48	49.5%
Rural Central	22	12	10	54.5%
Cornelly & Pyle	117	61	56	52.1%
Porthcawl	118	23	95	19.5%
Bridgend	278	120	157	43.2%
Total	1,009	373	636	37.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

(ii) Size requirement

Using a similar analysis it is possible to investigate the size of properties required. The number of bedrooms required by households in need is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation. The number of bedrooms required is based on the number of people in a household, taking account of co-habiting couples and children who could reasonably share (please see “bedroom standard” in the glossary).

This analysis is shown in the table below which indicates that there are shortfalls for all sizes of accommodation, the largest shortfall being for one bedroom units. It should be remembered that these figures are based on a strict bedroom standard and take no account of household size preferences.

Table 8.3 Net need for affordable housing by size () indicates a surplus				
Size required	Need	Supply	Shortfall	Supply as a % of need
1 bedroom	502	99	403	19.7%
2 bedroom	376	177	199	47.0%
3 bedroom	103	86	17	83.0%
4+ bedroom	28	11	17	40.7%
TOTAL	1,009	373	636	37.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

8.5 Implications for affordable housing policy

Appendix A1 details the key features of current Affordable Housing policy; the most recent documents being *TAN 2: Planning and Affordable Housing* (June 2006) and *Ministerial Interim Planning Policy Statement (MIPPS) 01/2006: Housing*. The main implications are the choice of an appropriate percentage target, the site size threshold at which the eventual affordable housing policy will apply and the types of affordable housing best suited to meeting the need. Each is discussed below.

(i) Percentage target

The Guide to Housing Needs Assessments has its own proposals on how targets should be calculated (contained within Table 8.1 of the Guide). It is therefore worth pursuing the suggested ODPM method to show the expected result. The table below shows an estimate of the likely suggested percentage target from following the ODPM method.

Table 8.4 Calculation of affordable housing target: following ODPM methodology	
Element	Dwellings (per annum)
Affordable housing requirement	636
Minus affordable supply from non S106 sites (assumed)	-0
EQUALS	636
Projected building rate (estimated)*	498
Minus sites below threshold (assumed)	-0
Minus affordable supply from non S106 sites (assumed)	-0
EQUALS	498
Therefore Target is	636/498
EQUALS	128%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

* projected build rate is based on figures in the Bridgend County Borough UDP, adopted 2005

Given the results of this table it is clear that at the general level, any target would be justified. Custom and practice is in fact the only guide to choosing a target, assuming that there is a substantial housing need. Clearly that is the case in Bridgend County Borough. A typical target in areas where the need is close to or in excess of likely newbuild is around 40% and we suggest that such a figure would be perfectly justifiable in the case of Bridgend County Borough. Such targets have been used by a number of local planning authorities. MIPPS 01/2006 suggests that LPAs may identify sites for up to 100% affordable housing, though recognises that such sites are likely to be small in number.

We would advise the use of a Bridgend County Borough-wide percentage target. This is the most easily understood form of target. It applies to allocated and windfall sites where viability permits. It is almost impossible to justify any variation of targets, since the Council's housing needs problem is one for the Local Planning Authority and the Local Housing Authority as a whole. The question of how and where to meet the housing needs problem is a strategic one for the Council. On the evidence, a 40% target can be justified, although the Council is free to take a view on the particular level it wishes to set.

(ii) Threshold site size

Both TAN 2 (June 2006) and MIPPS 01/2006 state that LPAs should include in their development plan either site thresholds or a combination of thresholds and site specific targets, though there is no specific guidance about suitable site threshold levels. In England, advice contained in Circular 6/98 and PPG3 (2000) provides a threshold standard of 25 dwellings/ha. It also recognises that, in special circumstances, lower thresholds of 15 dwellings/0.5 ha may be proposed on allocated and windfall sites. The Bridgend County Borough UDP adopted in 2005 specifies a threshold of 15 dwellings/0.5ha, which can certainly be justified given the level of housing need in the County Borough.

8.6 Intermediate housing

Having considered the level of housing need in Bridgend County Borough it is interesting to study what types of affordable housing might be most appropriate to meet this need. TAN2 separates affordable housing into two main categories (social rented housing and intermediate housing) and notes that '*affordable housing will be provided on the application site so that it contributes to the development of socially mixed communities*' (paragraph 5.4). Intermediate housing can be defined as housing (irrespective of tenure) priced between social rents and the market. Existing intermediate housing options suggest that this form of accommodation is usually only marginally cheaper than market housing.

For the purpose of this report therefore, intermediate housing is defined as that costing halfway between the cost of social rents and the cost of market housing. The figures are presented in terms of outgoings (i.e. how much the housing will cost (per week) to the occupant). When considering the affordability of intermediate housing on any site the Council should have regard to any service charges likely to be charged and include these in the overall outgoings as appropriate. As Bridgend County Borough is comprised of two housing market areas, it is appropriate to look at the potential for intermediate housing in each of these separately.

(i) Northern HMA

The table below shows our estimates of the minimum cost of market housing in the northern HMA, and new social rent levels (estimated from Welsh Housing Statistics). The estimated cost of intermediate housing is also presented. It should be noted that these costs could be for intermediate housing for rent or to buy, as long as the weekly costs are priced at the levels shown in the below table. The outgoings for private rented housing have been used for the minimum price of market housing for all sizes as these are cheaper than those for owner-occupation (in terms of outgoings).

Table 8.5 Basic information required for assessment of types of affordable housing required in Bridgend County Borough (Northern HMA)			
Size requirement	Social rent (£/week)*	Intermediate housing (£/week)	Minimum priced market rent (£/week)**
1 bedroom	£45	£63	£81
2 bedrooms	£48	£70	£92
3 bedrooms	£52	£78	£104
4+ bedrooms	£65	£96	£127

*Source: CORE data

**Source: Fordham Research - survey of estate agents 2006

It can be seen from the table above that for all dwelling sizes, the cost of social rented housing is below that of market housing. Therefore it is clear that intermediate housing will be able to meet some housing need. By contrast, low cost market housing (available at a 15% discount on average newbuild prices) would not be able to meet any of the affordable need, since the cost of (all sizes of) such housing is greater than the minimum cost of market housing.

The table below shows the estimated breakdown of additional affordable housing requirements by size and type of housing per annum. The figures are for gross need.

Table 8.6 Amount of annual requirement for each type of affordable housing (all tenures) in the Northern HMA			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	12	130	142
2 bedrooms	5	96	101
3 bedrooms	18	25	43
4+ bedrooms	0	16	16
TOTAL	35	267	302

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table shows that in total 11.5% of the gross requirement could be intermediate housing in the northern HMA, the remainder should be social rented housing. However, from these figures it is important to deduct the supply of affordable housing. As with the previous analysis this has been split by social rented and intermediate housing.

Table 8.7 Annual supply for each type of affordable housing in the Northern HMA			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	1	20	21
2 bedrooms	2	42	44
3 bedrooms	1	16	17
4+ bedrooms	0	3	3
TOTAL	4	81	85

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The following table therefore estimates the net requirements for each type of affordable housing by size. Overall, the table shows that 14.3% of the net requirement in the northern HMA is for intermediate housing.

Table 8.8 Net annual need for affordable housing for each type of affordable housing in the Northern HMA			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	11	110	121
2 bedrooms	3	54	57
3 bedrooms	17	9	26
4+ bedrooms	0	13	13
TOTAL	31	186	217

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

(ii) Southern HMA

The table below shows our estimates of the minimum cost of market housing in the southern HMA, and new social rent levels (estimated from Welsh Housing Statistics). The estimated cost of intermediate housing is also presented. It should be noted that these costs could be for intermediate housing for rent or to buy, as long as the weekly costs are priced at the levels shown in the below table. The outgoings for private rented housing have been used for the minimum price of market housing for all sizes as these are cheaper than those for owner-occupation (in terms of outgoings).

Table 8.9 Basic information required for assessment of types of affordable housing required in Bridgend County Borough (Southern HMA)			
Size requirement	Social rent (£/week)*	Intermediate housing (£/week)	Minimum priced market rent (£/week)**
1 bedroom	£45	£69	£92
2 bedrooms	£48	£76	£104
3 bedrooms	£52	£86	£120
4+ bedrooms	£65	£112	£159

*Source: CORE data

**Source: Fordham Research - survey of estate agents 2006

It can be seen from the table above that for all dwelling sizes, the cost of social rented housing is below that of market housing. Therefore it is clear that intermediate housing will be able to meet some housing need. Again, low cost market housing (available at a 15% discount on average newbuild prices) would not be able to meet any of the affordable need, since the cost of (all sizes of) such housing is greater than the minimum cost of market housing.

The table below shows the estimated breakdown of additional affordable housing requirements by size and type of housing per annum. The figures are for gross need.

Table 8.10 Amount of annual requirement for each type of affordable housing (all tenures) in the Southern HMA			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	17	343	360
2 bedrooms	39	235	274
3 bedrooms	7	53	60
4+ bedrooms	4	8	12
TOTAL	67	639	706

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table shows that in total 9.5% of the gross requirement could be intermediate housing in the southern HMA, the remainder should be social rented housing. However, from these figures it is important to deduct the supply of affordable housing. As with the previous analysis this has been split by social rented and intermediate housing.

Table 8.11 Annual supply for each type of affordable housing in the Southern HMA			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	2	76	78
2 bedrooms	4	129	133
3 bedrooms	2	67	69
4+ bedrooms	0	8	8
TOTAL	8	280	288

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The following table therefore estimates the net requirements for each type of affordable housing by size. Overall, the table shows that 14.1% of the net requirement in the southern HMA is for intermediate housing.

Table 8.12 Net annual need for affordable housing for each type of affordable housing in the Southern HMA			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	14	268	282
2 bedrooms	35	106	141
3 bedrooms	6	(15)	(9)
4+ bedrooms	4	0	4
TOTAL	59	359	418

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

(iii) Bridgend County Borough total

The following table estimates the overall net requirement for each type of affordable housing by size for the entire County Borough. Overall, the table shows that 14.3% of the net requirement across Bridgend County Borough is for intermediate housing.

Table 8.13 Net annual need for affordable housing for each type of affordable housing: Bridgend County Borough total			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	25	378	403
2 bedrooms	39	160	199
3 bedrooms	23	(6)	17
4+ bedrooms	4	13	17
TOTAL	91	545	636

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

8.7 Implications of the findings

When figures from various parts of the Basic Needs Assessment model are put together it is clear that there is a significant need for affordable housing in Bridgend County Borough. The level of need (at 636 per annum) is particularly stark given likely rates of newbuild in the County Borough in the future and it is clear that not all housing needs will be met.

It is therefore most probable that a number of potential households will not form or will out-migrate to form. Additionally, it is likely that the private rented sector will be used to temporarily house households in need to make up for the shortfall of affordable housing. Residents unable to access affordable accommodation are likely to reside in this sector through housing benefit, although this is not a sustainable long-term solution to households' housing problems. This is also the view taken by ODPM.

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Guide**

'...the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long term accommodation of a reasonable standard.' [Section 7.3 (page 96)]

The figure of need (at 636 per annum) does not mean that this is the number of homes that need to be built. It is the number of affordable homes that need to be provided. Although new build is one way (and the realistic way) of increasing the supply of affordable housing it would in theory be possible to meet some of the need through better utilisation of the existing stock (e.g. empty homes).

8.8 Summary

The Housing Needs Survey update in Bridgend County Borough followed guidance from The ODPM in *'Local Housing Needs Assessment: A Guide to Good Practice'* and from the Welsh Assembly Government's *'Local Housing Market Assessment Guide'*. This involved estimates of the 'Backlog of existing need', 'Newly arising need' and future supply to estimate the current surplus or shortfall of affordable housing in Bridgend County Borough. Using this model it is estimated that for the next five years there will be a shortage of 636 affordable housing units per annum in the County Borough.

The immediate implications for affordable housing are that any target would be justified on all suitable sites. Given the amount of additional housing required, the current threshold of 15 dwellings/0.5ha can certainly seem reasonable. Almost a sixth of the additional affordable housing requirement could be met by intermediate housing, priced halfway between social rents and minimum market levels.

Changes since 2002

This review of the housing needs situation suggests that around 636 additional affordable units would be required per year if all affordable needs are to be met. This compares with an estimate from the 2002 survey of 234 per annum. This increase can principally be attributed to households' increasing inability to afford suitable housing. As the annual affordable housing requirement still exceeds the level of supply of all new housing it is necessary to maximise the supply of affordable housing.

9. Balancing Housing Markets

9.1 Introduction

The requirement for local authorities to have a greater understanding of the operation of their housing market has come to prominence recently with the Audit Commission's Comprehensive Performance Assessment. A key element of this assessment is to establish how well Bridgend County Borough Council understands its housing market and to take measures to help balance the markets.

This has been followed by publication of the Housing Market Assessment Manual (2004) by ODPM which sets out an emerging framework to better understand the supply-demand dynamics of the housing market. It places a strong emphasis on a multi-disciplinary approach involving the integration of organisations and local authorities to provide analysis and intelligence on the various aspects that impact on the operation of the housing market. In addition to the existing dwelling and household characteristics of the housing market this includes for example the consideration of broader demographic, macro-economic, employment and labour market influences on the housing market.

At the core of the suggested framework is an understanding of the dynamics between demand and supply. As the Manual suggests:

'A key consideration in analysing the housing market at sub-regional and local level is to identify the extent to which there are imbalances in the demand for and supply of housing. The balance between dwelling stock and number of households seeking that housing is – in broad terms – what defines the existence of low or high demand' (Page 63).

It is this element of the framework that analysis of data collected from the housing needs survey is of particular relevance. No specific guidance is presented in the Housing Market Assessment Manual as to how to undertake this, 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 and affordable housing) by property size.

9.2 Balancing Housing Market analysis

In the past Housing Needs Surveys have been concerned largely with the identification of the need for affordable housing within a local authority area. The primary output from a good survey was an estimate of the need for affordable housing. However most recently the Government has been promoting the notion that Local Authorities should have a better understanding of the wider housing market. This is evidenced by the prominence given to the local housing market by the Audit Commission in its assessment of a council's performance (Comprehensive Performance Assessment), and most recently by the publication of the Housing Market Assessment Manual by ODPM in 2004.

The Audit Commission specification for assessing the balancing of housing markets (Audit Commission March 2003) sets out three broad questions for the assessment:

- i) How well does the Local Authority understand its housing market and from its understanding has the council developed the right proposals to help balance the housing market?
- ii) What are the Local Authority's actions and what outcomes has it achieved in helping to balance housing markets?
- iii) How well does the Local Authority monitor its progress and impact in helping to balance housing markets and how effectively does this feed into future strategy and plans?

This section outlines and applies a BHM analysis (summarised in the next sub section), which can assist the Local Authority in fulfilling the above objectives. Data concerning supply and demand within different tenures allows a consideration of the extent to which the local housing market in Bridgend County Borough is balanced.

9.3 Procedure in outline

In contrast to the assessment of housing need following the Basic Needs Assessment Model (as set out in ODPM Guidance), the approach to the BHM analysis is based on the moving intentions and aspirations of households stating a need to move within the next five years. This information is broken down both by property size and tenure and seeks to identify the type and size of property demanded by moving households.

In assessing the size requirements for the BHM analysis, information on the stated size requirements of moving households is used rather than the minimum size requirements used in the assessment of housing need. Thus the analysis is essentially identifying a housing demand profile based on preferences rather than minimum requirements. The analysis is therefore a useful adjunct to the housing needs survey results because whereas the housing needs assessment identifies a profile of affordable housing based on minimum requirements, this analysis also takes account of household preferences. In combination the Council has information on both aspects enabling the formulation of policies to give the right balance of priorities to needs and housing aspirations.

An overview of the steps involved in undertaking the BHM analysis is presented below. As a first step it is worth noting that the analysis is constrained to the likely level of newbuild to be undertaken in Bridgend County Borough over the next few years. The analysis is therefore seeking to provide an indication of the size and types of properties that should be built each year to bring the housing market into closer balance. The steps involved are listed below:

- i) Total allocation of new dwellings to the Bridgend County Borough
- ii) Numbers of households wishing/planning to move (both existing and newly forming)
- iii) Distinguish those who can afford their proposed moves from those who cannot
- iv) Those who cannot afford their moves are allocated to affordable housing (in principle) as they cannot afford to rent or buy at market prices
- v) The total of market and non-market moves is assessed in relation to the net extra number of dwellings required
- vi) This is assessed against the allowed total of new dwellings for the County Borough. Where the net demand is greater than the total, this is noted, by tenure group
- vii) Where the total net demand is less than the allowed total newbuild, then the difference is assumed to be net in-migration, often of market purchasers.
- viii) All figures are calculated on an annual basis from figures over a five year period.

9.4 Why gross flows cannot predict tenure

The general aim of the approach is to build a picture of how households move within and between different tenures and also how new households join the system and others leave (e.g. new household formation or dissolution through death). By including demographic estimates it is expected that such a model could help to estimate the tenures and sizes of dwellings required/demanded in the future.

The ODPM guidance does however note that *'It has so far been more difficult to apply this approach at the local level than at the national and regional level'*. The Guide says:

ODPM Guide	<i>'The gross flows approach may be thought of as a matrix of housing 'origins and destinations'. The value of this approach is that it makes the connections between what is happening in the private sector and the social sector explicit. It keeps track of households, who can't just disappear without trace, and draws particular attention to the roles of migration and private renting. It's greatest value is likely to be in drawing attention to tenure imbalances, and especially in highlighting the role of the private rented sector.'</i> [Appendix A7.4 (page 157)]
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It would appear from this that the authors of the Guide envisaged the gross flows approach as a means of projecting future tenure. However, given that market dynamics and socio-economic factors are always changing, past patterns are actually fairly limited as a predictor. Past (or even projected future) changes in the proportions of dwelling types and tenure groups are not indicative of what should happen in order to best meet housing requirements in the future. In the jargon, such data has no 'normative' value: it contains no element of judgement. This was noted by Fordham Research as long ago as 1993:

'future variation in proportions of owner-occupiers, private renters etc should be considered as variables on which policy is to operate in seeking to meet housing need. In this sense it is not appropriate to use them as fixed variables' (Wycombe HNS, Fordham Research 1993)

Examples of why unadjusted gross flows are not a satisfactory predictor are easy to cite:

- i) If in a local authority area over a period of time (say a year) nothing but four bedroom owner-occupied dwellings are built then the gross flows methodology would show that nothing but four bedroom owner-occupied homes are required in the future (even if there is a significant need for additional affordable housing).

- ii) On the other hand another local authority may have needed (and been able) to build a significant number of additional affordable units, the gross flows approach would indicate that the LA still required large numbers of affordable housing units (which might not be the case).

9.5 Adapted Gross Flows (AGF)

The Fordham Research approach, therefore, adapts the notion of balance inherent in Gross Flows per annum to take account of future housing aspirations and affordability as well as past trends. This revised approach has the advantage of not simply mirroring the past and also helps to avoid any 'unbalancing' actions which may have been at work. At the most general level:

- Demands minus the supply should give a net change (increase usually) in number of dwellings/households

For the purpose of this test we have set the overall net increase in dwellings to 498 per annum. This is based on the annual build rate required in Bridgend County Borough between 1996 and 2016 according to the Bridgend County Borough UDP, adopted in 2005.

9.6 Summary of data

Full details of the analysis are presented in Appendix A4. The analysis can however be summarised as follows, prior to inputting into the final table:

Net increase in dwellings – 498 per annum

Demand

New households forming within the County Borough – 869

In-migration – 806

Households moving within the County Borough – 1,886

Total demand = 3,561

Supply

Household dissolution (through death) - 515

Out-migrant - 662

Households moving within the County Borough - 1,886

Total supply = 3,063

The results of the calculations detailed in Appendix A4 are shown in the following table:

Table 9.1 Total shortfall or (surplus*)					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	180	291	(175)	116	412
Affordable housing	82	159	99	41	381
Private rented	(33)	(60)	(168)	(34)	(295)
TOTAL	229	390	-244	123	498

*A surplus means that there is likely to be a greater supply of dwellings than there is demand for them

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

A number of conclusions can be drawn from this analysis:

- (i) In terms of the demand for affordable housing in the County Borough it is clear that this is on-going. The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably two bedroom homes. 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.
- (ii) The information suggests that in the owner-occupied sector, the main shortfall is for two bedroom homes; there is a surplus of three bedroom accommodation. Although Bridgend County Borough has a small private rented sector, the data shows a large surplus of private rented housing for all dwelling sizes. This is largely because many households do not aspire to this tenure. It is important to note, however this sector is likely to be used to make up the shortfall of owner-occupied dwellings so in reality these properties will not be left vacant.

9.7 Implications of analysis

Analysis using the ODPM 'Basic Needs Assessment Model' found that there is a shortage of affordable housing in Bridgend County Borough. The BHM assessment, which constrains growth according to planned development and then balances demand across all tenures, also produces this conclusion.

The Guide Model and the BHM analysis both find that an affordable housing target is justified in Bridgend County Borough. The more robust methodology of the Guide Model means that this provides a more accurate estimate of the total shortfall.

The finding of a surplus of private rented accommodation does not mean that these properties will become (or remain) vacant. It is most probable that these properties will be used to house households requiring affordable housing that are unable to access affordable housing due to the lack of availability. This may also be true to some degree for households requiring owner-occupied accommodation.

9.8 Summary

In addition to looking at the needs of households by closely following the ODPM's 'Basic Needs Assessment Model' the survey used a 'demand' based methodology to estimate the future demand for housing across all tenures.

The 'demand' based methodology suggested that there is a requirement for additional affordable housing in the County Borough and also for owner-occupied sector properties, with the exception of three bedroom dwellings.

10. Households with special needs

10.1 Introduction

There are groups that may, because of their condition or vulnerability, have requirements for specialised forms of housing provision, or else require specialised services in order to continue living an independent life in their existing home.

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.

Some special needs are very uncommon, while others are very numerous. The accuracy of each figure will of course vary according to the size of the group involved.

10.2 Data coverage

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, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.

The groups covered are:

- Frail elderly
- Persons with a physical disability
- A learning disability
- A mental health problem
- Vulnerable young people and children leaving care
- Those with a severe sensory disability
- Others

Each person with a special 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 special need and those that have people with multiple special needs.

It is important to note that the above analysis does not include those with special needs who were homeless at the time of the survey.

10.3 Special needs groups: overview

Overall there are an estimated 9,322 households in Bridgend County Borough with one or more members in an identified special needs group. This represents 15.7% of all households, which is slightly higher than the average Fordham Research has found nationally (13-14%). The table below shows the numbers of households with different types of special needs. The numbers of households in each category exceed the total number of special needs households because people can have more than one category of special need.

'Physically disabled' is the predominant group. There are 3,327 households with a *physically disabled* household member. The next largest group is '*frail elderly*', with 1,527 households having a member in this category. These two categories represent 35.7% and 16.4% of all special needs households respectively.

Category	Number of households	% of all households	% of special needs households
Frail elderly	1,527	2.6%	16.4%
Physical disability	3,327	5.6%	35.7%
Learning disability	936	1.6%	10.0%
Mental health problem	1,347	2.3%	14.5%
Vulnerable young people	103	0.2%	1.1%
Severe Sensory Disability	683	1.1%	7.3%
Other	1,124	1.9%	12.1%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

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

	Households	% of households
No people with special needs	53,004	89.1%
One person with special needs	5,681	9.5%
Two persons with special needs	782	1.3%
Three or more persons with special needs	34	0.1%
TOTAL	59,500	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table 10.3 Households with special needs		
	Households	% of households
No people with special needs	50,178	84.3%
Single special need only	4,843	8.1%
Multiple special needs	4,479	7.5%
TOTAL	59,500	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The two tables above show that the majority of special needs households only contain one person with a special need and that the majority of households with a special needs member do not have multiple special needs. However, some 816 households in Bridgend County Borough are estimated to have two or more people with a special need whilst an estimated 4,479 households contain someone with multiple needs.

10.4 Characteristics of special needs households

The tables below show the characteristics of special needs households in terms of household size, age, tenure, sub-area and unsuitable housing.

Table 10.4 Size of special needs households						
Number of persons in household	Special needs households					
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need	
One	3,052	13,235	16,287	18.7%	32.7%	
Two	3,422	17,430	20,852	16.4%	36.7%	
Three	1,676	8,920	10,596	15.8%	18.0%	
Four	767	7,452	8,219	9.3%	8.2%	
Five	279	2,495	2,774	10.1%	3.0%	
Six or more	126	645	771	16.3%	1.4%	
TOTAL	9,322	50,177	59,499	15.7%	100.0%	

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table above shows that households with special needs members are likely to be small, comprised of one or two persons. Special needs households are also more likely to contain older persons.

Table 10.5 Special needs households with and without older people					
Age group	Special needs households			% of total h'holds with special needs	% of those with a special need
	Special needs	No special needs	Number of h'holds		
No older people	4,285	35,037	39,322	10.9%	46.0%
Both older & non older people	1,657	4,154	5,811	28.5%	17.8%
Older people only	3,380	10,988	14,368	23.5%	36.3%
TOTAL	9,322	50,179	59,501	15.7%	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

As the table below shows, special needs households are more likely to be living in social rented housing. Some 28.3% of RSL households contain a member with special needs, compared to 9.6% of owner-occupiers (with mortgage). Over 40% of all special needs households however are owner-occupiers without a mortgage.

Table 10.6 Special needs households and tenure					
Tenure	Special needs households			% of total h'holds with special needs	% of those with a special need
	Special needs	No special needs	Number of h'holds		
Owner-occupied (no mortgage)	3,980	16,657	20,637	19.3%	42.7%
Owner-occupied (with mortgage)	2,510	23,766	26,276	9.6%	26.9%
RSL	2,429	6,159	8,588	28.3%	26.1%
Private rented	403	3,597	4,000	10.1%	4.3%
TOTAL	9,322	50,179	59,501	15.7%	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table below shows the geographical distribution of special needs households. The data shows that households in Cornelly and Pyle are most likely to have a special need (about a fifth), whilst the lowest levels are shown in Bridgend County Borough.

Table 10.7 Special needs households and sub-area					
Sub-area	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
Llynfi Valley	1,462	8,181	9,643	15.2%	15.7%
Garw Valley	660	2,968	3,628	18.2%	7.1%
Ogwr Valleys	644	3,164	3,808	16.9%	6.9%
Pencoed & Rural East	754	4,365	5,119	14.7%	8.1%
Bryncethin & Bryncoch	657	3,208	3,865	17.0%	7.0%
Rural Central	526	3,104	3,630	14.5%	5.6%
Cornelly & Pyle	1,164	4,663	5,827	20.0%	12.5%
Porthcawl	1,256	6,544	7,800	16.1%	13.5%
Bridgend	2,200	13,981	16,181	13.6%	23.6%
TOTAL	9,323	50,178	59,501	15.7%	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table below indicates that special needs households are nearly three times as likely to be living in unsuitable housing as non-special needs households. Some 29.5% of all special needs households are living in unsuitable housing, which compares with 14.7% of all households and 11.9% of all non-special needs households.

Table 10.8 Special needs households and unsuitable housing					
Special 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
Special needs	2,746	6,576	9,322	29.5%	31.4%
No special needs	5,992	44,186	50,178	11.9%	68.6%
TOTAL	8,738	50,762	59,500	14.7%	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

10.5 Care & repair and staying put schemes

This section studies special 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 special needs households are more likely than other households in the County Borough to have problems with maintaining their homes.

Of all households with a problem or serious problem, a total of 33.6% have special needs. Nearly 70% of these are owner-occupiers.

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
Special needs – owner-occupied	5,177	79.8%	1,314	20.2%	6,491	100.0%
Special needs – tenants	2,217	78.3%	616	21.7%	2,833	100.0%
All special needs households	7,394	79.3%	1,930	20.7%	9,324	100.0%
All households	53,761	90.4%	5,739	9.6%	59,500	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The evidence of the tables above is that there is certainly some scope for ‘staying put’ or ‘care and repair’ schemes in the County Borough. A total of 5,739 households state a problem with maintaining their homes – of these 1,930 are special needs households with an estimated 1,314 living in the owner-occupied sector.

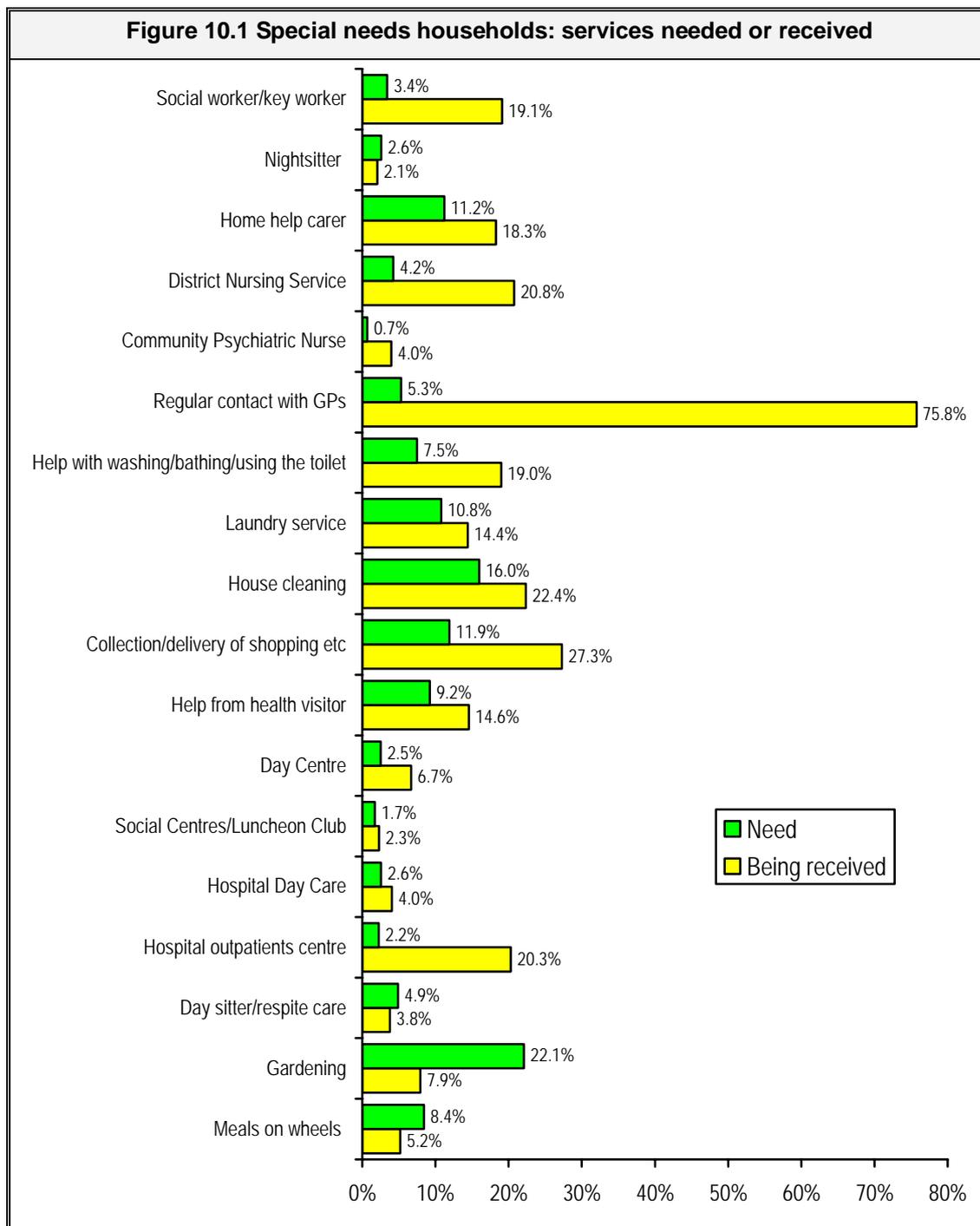
10.6 Special needs households and the basic needs assessment model

In addition to the above it is possible to study how special needs households fit into the Basic Needs Assessment Model. It is estimated that the gross requirement for affordable housing from special needs households is 177, which is 17.6% of the gross need requirement for all households (1,009). Since special needs households account for 15.7% of households in Bridgend, this suggests that special need households are proportionally more likely to require affordable housing. The survey however did not identify the specific types of accommodation that special needs households may need.

10.7 Requirements of special needs households

This final section considers services needed and received by special needs households. These results are taken from the supplementary special needs survey, which was administered to households containing one or more people with special needs within the personal interview element of the main survey. In total there were 276 responses to the supplementary special needs survey, which is equivalent to an estimated 2,850 people with special needs with the County Borough.

In terms of services needed, the survey showed a demand for *gardening services* (22.1% of special needs households) and *house cleaning services* (16.0%). In terms of services being received, by far the most common was regular contact with GP (75.8% of special needs households), followed by *collection and delivery of shopping* (27.3%).



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

10.8 Summary

Information from the survey on special needs groups can be of assistance to the Authority when contributing to the Local Housing Strategy and the Health Social Care & Wellbeing Strategy. Some 15.7% of Bridgend County Borough’s households (9,322) contain special needs members. ‘Physically disabled’ is the largest category with special needs.

Special needs households in Bridgend County Borough are generally smaller than the average size of households within the Borough and are disproportionately made up of older persons only. Special needs households are more likely than households overall to be in unsuitable housing.

The supplementary research into special needs households showed that in terms of services needed, the survey showed a demand for *gardening services* (22.1% of special needs households) and *house cleaning services* (16.0%). In terms of services being received, the most common was regular contact with GP (75.8% of special needs households), followed by *collection and delivery of shopping* (27.3%).

11. Black and Minority Ethnic households

11.1 Introduction

Information was gathered in the housing needs survey to find out the ethnic origin of the head of household (and partner if applicable) for each sample household in the survey. The categories used on the survey forms were consistent with those used in the 2001 Census.

It should be noted that estimates in this chapter should be treated with extreme caution as the non-White group results are based on very small sample sizes. Only 0.9% of respondents were from a non-White household. This proportion roughly corresponds with findings from the 2001 Census, where 1.4% of the Bridgend County Borough population belonged to an ethnic group other than white. For the analysis in this chapter, the ethnic group of the survey respondent is taken to represent the head of household. The survey estimated that 623 households (0.9%) were headed by a non-White person.

A Black and Minority Ethnic (BME) Housing Strategy and Review was published in April 2004 by Bridgend County Borough Council and associated partners. The main objective was *'to ensure that corporate policies and processes demonstrate a commitment to race equality and that housing services provided by the Council and Partners are accessible and offer choice to people from black and minority ethnic communities'*. A review of the housing circumstances of BME communities in the County Borough and how the current housing service is meeting the needs of BME communities was undertaken in order to develop the strategy. Where relevant, the findings from this review have been contrasted with findings from the housing needs survey.

11.2 Household size

The number of persons in each household in the County Borough disaggregated by ethnic origin is shown in the table below. It can be observed that non-White households have a slightly higher average household size than White households. This finding was also reflected in the BME Housing Strategy and Review.

Table 11.1 Household size and ethnicity			
Number of persons in household	Ethnic group		
	White	non-White	TOTAL
One	16,210	77	16,287
Two	20,677	176	20,853
Three	10,439	157	10,596
Four	8,109	110	8,219
Five	2,671	102	2,773
Six or more	771	-	771
TOTAL	58,877	622	59,499
Average household size	2.37	2.98	2.38

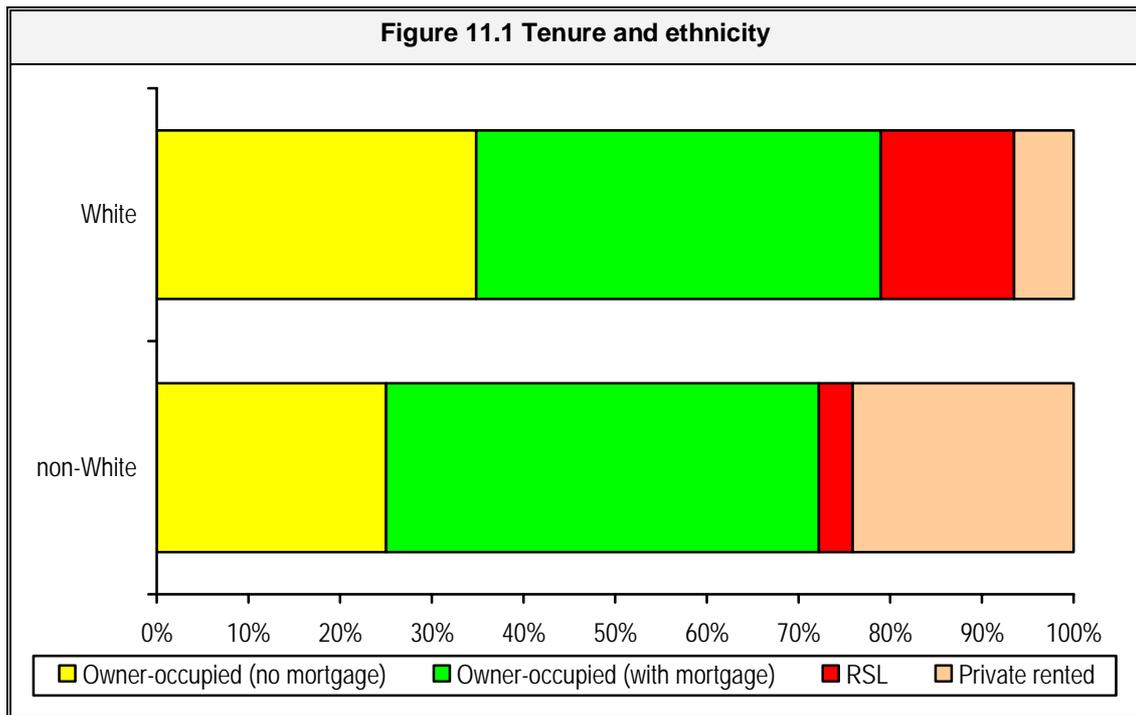
Source: Bridgend County Borough – Housing Needs Assessment 2006 update

11.3 Tenure

The table and figure below shows ethnic group and tenure. The data shows that non-White households, like White households, are most likely to be living in owner-occupied housing (around 72%). Most of the remaining non-White households live in the private rented sector; the survey results imply that there are few non-White households living in social rented housing. However, it is important to view these results with caution due to the very small sample size of non- White households.

Table 11.2 Tenure and ethnicity			
Tenure	Ethnic group		
	White	non-White	TOTAL
Owner-occupied (no mortgage)	20,481	156	20,637
Owner-occupied (with mortgage)	25,982	294	26,276
RSL	8,565	23	8,588
Private rented	3,849	150	3,999
TOTAL	58,877	623	59,500

Source: Bridgend County Borough – Housing Needs Assessment 2006 update



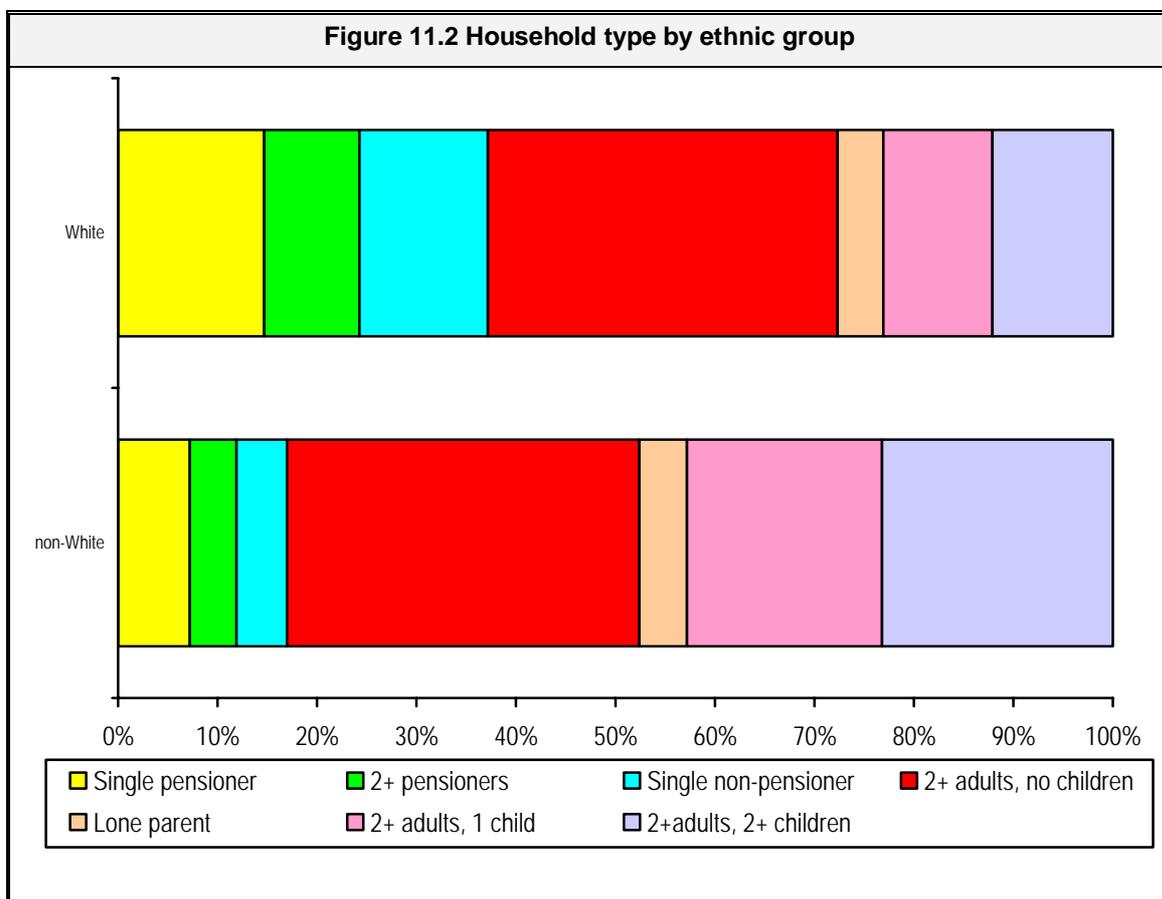
The BME Housing Strategy and Review also found that a small number of BME households were living in the social rented sector. Consultation with BME groups and individuals revealed that they were generally satisfied with the service they received from their landlords. The review of services provided by the local RSL partners established that service users from a BME background were little known. Some of the RSLs had appointed an Equalities Champion to help promote race equality in their organisations.

11.4 Household type and special needs

The table below shows ethnic group and household type. The results clearly show that non-White households are most likely to consist of two adults with children (over 40%). There are estimated to be proportionally fewer non-White than White single person or pensioner households. Again, it is important to be clear that these results may not show the complete picture, due to the very small sample size.

Table 11.3 Household type and ethnicity			
Household type	Ethnic group		TOTAL
	White	non-White	
Single pensioner	8,638	45	8,683
2 or more pensioners	5,656	29	5,685
Single non-pensioner	7,572	32	7,604
2 or more adults, no children	20,708	220	20,928
Lone parent	2,691	30	2,721
2 or more adults, 1 child	6,505	122	6,627
2 or more adults, 2+ children	7,107	144	7,251
TOTAL	58,877	622	59,499

Source: Bridgend County Borough – Housing Needs Assessment 2006 update



Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The table below shows ethnic group by special needs. The table suggests that non-White households are about less likely to contain someone with special needs as White households.

Ethnic group	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
White	9,254	49,623	58,877	15.7%	99.3%
non-White	67	555	622	10.8%	0.7%
TOTAL	9,321	50,178	59,499	15.7%	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

11.5 Income levels

The table below shows income levels for the two groups. The average income of all households in the County Borough was estimated at £22,318 per year (gross income including non-housing benefits). The table suggests that White households have a lower average income but a higher level of savings than non-White households. As suggested in Chapter 4, it's likely that these results may have been skewed by a small number of high earning households. These results should be viewed with caution due to the very small sample size of non White households.

Ethnic group	Annual gross household income (including non-housing benefits)	Average household savings
White	£22,212	£3,080
non-White	£32,343	£2,529
All households	£22,318	£3,074

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

11.6 Unsuitable housing

Finally we can look at levels of unsuitable housing by ethnic group. The table below shows the proportion of each group estimated to be living in unsuitable housing. It is estimated that 18.7% of non-White households live in unsuitable housing, compared to 14.7% of all households. Again, it is important to be clear that these results may not show the complete picture, due to the very small sample size.

Table 11.6 Proportion of BME groups living in unsuitable housing	
Ethnic group	% of households
White	14.6%
non-White	18.1%
All households	14.7%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

The BME Housing Strategy and Review found that a substantial proportion of BME households were overcrowded when compared with all households; this can be seen to correspond to some extent with the above results regarding unsuitable housing, with overcrowding being one of the criteria for unsuitability.

11.7 Summary

The survey revealed that only 0.9% of Bridgend County Borough households were non-White. This proportion roughly corresponds with results from the 2001 Census, where 1.4% of the Bridgend County Borough population were found to belong to an ethnic group other than white. The fact that non-White households were found to be larger on average may account for the slight difference between these figures. This chapter has attempted to undertake analysis of the two groups (White and non-White). When considering the results for non-White households, it is essential to bear in mind that they are unlikely to give a complete picture.

The survey suggested that non-White households have a slightly larger average household size than other households, and are less likely to be living in the social rented sector. The survey results also suggest that non-White households are less likely to be made up of single people or pensioners, and are more likely to be living in unsuitable housing. The survey indicated that there were differences in both income and savings levels between the non-White and White households.

12. Gypsies and Travellers

12.1 Introduction

This chapter analyses relevant strategies and policies at a local and national level for Gypsies and Travellers. It has not been possible to complete an analysis of primary data on gypsies and travellers in Bridgend County Borough since this information was not collected as part of the 2002 Housing Needs Survey, therefore a review of secondary sources has been undertaken as an alternative.

The chapter starts by outlining the current accommodation situation in Wales and recent legislative changes to meeting their needs. It then traces the development of legislation pertaining to Gypsies and Travellers, including housing and planning guidance, race relations and human rights. Finally this chapter assesses Bridgend County Borough Council's strategies towards Gypsies and Travellers.

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 Government by Pat Niner¹ 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, as would between 100 and 150 additional transit pitches.

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.

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 new Planning Circular 01/2006 requires local authorities in England to identify appropriate sites in local plans for Gypsy and Traveller accommodation.

¹ P Niner, *Accommodation Needs of Gypsy-Travellers in Wales*, Centre for Urban and Regional Studies, second draft 2005.

However, it is important to have a historical perspective since local authority Gypsy and Traveller sites are the product of past and not current legislation and funding regimes. The relevant policy context for Gypsy and Traveller accommodation includes legislation and guidance specific to site provision and management, unauthorised camping, land use planning, human rights and equal opportunities, social exclusion and housing. This chapter presents a summary of some of the main issues.

12.2 Legislative background

The starting point in modern legislation related to accommodation provision was not actually specific to Gypsies and Travellers. The Caravan Sites and Control of Development Act 1960 aimed to regularise static residential caravan sites within the land use planning system and to raise standards for caravan dwellers. The 1960 Act required that land used as a caravan site has both planning permission for that use and a caravan site licence with conditions determining basic standards of amenity, spacing and safety. The effect of these controls, although not specifically directed against them, was that in large numbers of cases Gypsies and Travellers were unable to find legitimate authorised pitches for themselves because local authorities were under no duty to provide sites.

Part II of the Caravan Sites Act 1968, which came into force in April 1970, imposed a duty on County Councils and London Boroughs to provide adequate accommodation for Gypsies residing in or resorting to their area. Councils were to designate what sites were to be provided and to acquire the necessary land. However they were only required to provide for fifteen caravans to fulfil their duty. No time limit was set to fulfil the duty and initially no specific financial assistance was given. The government could, at any time, give directions to a local authority requiring it to provide additional sites for a specified number of caravans, but this was rarely used.

The policy of designation also brought enhanced powers to tackle unauthorised camping by making it a criminal offence to park a caravan with the purpose of residing in it other than on an authorised site. While it seems to have been intended as an incentive to site provision, just 38% of English local authorities achieved designation while legislation was in place. For many its effectiveness was limited both by the nature of the legislation and a failure to implement it. Furthermore designation was heavily criticised as creating 'no-go' areas for Gypsies and Travellers and for criminalising a minority group since the enhanced trespass powers applied only to them.

Under the Criminal Justice and Public Order Act 1994, local authorities, as landowners, were given civil powers to recover land from trespassers, including unauthorised campers. The 1994 Act gave local authorities in England and Wales powers to make directions to leave the land being used by itinerant groups and it is an offence to fail to comply with such a direction. The 1994 Act also gave the police powers to direct trespassers to leave the land. Civil rights workers and Gypsy and Traveller bodies have argued that these powers were draconian and effectively criminalised unauthorised camping with disproportionate effect for a particular minority group. These implications were seen as particularly serious given the shortage of authorised sites.

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 unauthorised campers regardless of their behaviour. There is a widespread dissatisfaction with the powers available to deal with unauthorised camping, largely because anti-trespass powers allow campers to be moved on but offer no solution to the problem.

12.3 Housing and planning legislation and guidance

The Government is committed to ensuring 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. As discussed, new legislation has been introduced to deliver adequate sites for Gypsies and Travellers.

This includes the Housing Act 2004, which requires that local housing authorities produce a housing assessment they will have to take into account the needs of Gypsies and Travellers. This includes the need for authorised sites to station their caravans, 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 local housing assessment process will be the key source of information enabling local authorities to assess the level of provision that is required, particularly when preparing their local documents.

Local authorities will also need to have regard to their statutory duties, including those in respect of homelessness under Part VI of the Housing Act 1996 and to their obligations under the Race Relations (Amendment) Act 2000.

All Gypsy and Traveller sites, including those provided by local authorities, must have planning permission. However, gaining planning permission has been identified as one of the major obstacles to further site provision. Gypsies and Travellers seeking to provide sites for themselves frequently fall foul of the planning system when they buy land and occupy it without permission and are faced with an enforcement action.

Department of the Environment Circular 1/94, 'Gypsies and Planning', set out the current planning policy for Gypsy site provision. It was intended to reflect the Government's shift in policy towards self-provision by Gypsies and other Travellers, ensuring that 'the planning system recognises the need for accommodation consistent with gypsies' nomadic lifestyle' (DoE, 1994).

Welsh Office Circular 2/94 drew attention to local planning authorities' continuing requirement to indicate in development plans the regard that they have had to meeting accommodation need among Gypsies and Travellers. It noted that unitary development plans should, wherever possible, identify locations suitable for Gypsy and Traveller sites and, where this is not possible, should set out clear, realistic criteria for suitable locations. It also encouraged local authorities to consult Gypsy and Traveller communities and assist them in making planning applications. These requirements are reiterated in Planning Policy for Wales from Welsh Assembly Government (March 2002).

Despite this guidance, Gypsies and Travellers continued to have great difficulty in gaining planning permission for sites and the necessary increase in provision has not occurred. In view of this, the new Circular 01/2006 'Planning for Gypsy and Traveller Caravan Sites' strengthens the requirement that local authorities in England identify and make provision for appropriate sites in their local plans. As yet there is no equivalent legislation for Welsh local authorities.

The Circular 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.

Consultation is also stressed in ODPM draft practice guidance on Gypsy and Traveller accommodation assessments, published February 2006. It recommends that steering groups should be formed and that questionnaires should be drawn up with input from Gypsies and Travellers. It also suggests that the use of Gypsies and Travellers themselves can be helpful in obtaining access to the community.

The Gypsy and Traveller accommodation assessment (GTAA) is integral to the planning process. It will assess need and identify pitch requirements for each local authority area. The information will feed into the overall regional assessment of need. In England, this is the Regional Spatial Strategy. In Wales it will be in future reviews of the Wales Spatial Plan. The regional strategy can modify the pitch requirements of the GTAA to ensure that a strategic view of Gypsy and Traveller needs across the whole region are considered.

The GTAA also informs the preparation of Local Development Plans (LDPs) in Wales. The LDPs identify the specific location for the additional provision, matching the pitch requirements specified in the regional strategy. These policies should be reviewed regularly to ensure they meet the needs of Gypsies and Travellers and to avoid any potential for disagreements with the settled population that might otherwise arise because of inappropriate location, in land-use planning terms, or inadequate explanation of proposed development.

One issue which the new Circular intends to overcome is the restrictions placed on Gypsy and Traveller site provision by the Green Belt. It specifies that the Green Belt boundary can be altered in exceptional circumstances for housing (including Gypsy and Traveller sites) where local authorities have a high proportion of Green Belt.

With such policies in place in LDPs there will be more certainty for all concerned when planning applications are determined by local planning authorities or appeals are considered by the Secretary of State. Better understanding of needs should ensure that provision meets the requirements of the Gypsy and Traveller community and that it is fully used. In turn it is intended that this will help to avoid future unauthorised camping and development.

12.4 Human Rights and equal opportunities

In addition to housing specific legislation and guidance there is a range of other policy strands which are particularly relevant to Gypsy and Traveller accommodation matters, because they place duties on local authorities to recognise and meet the needs of minority and disadvantaged groups. It is important to note therefore that the Race Relations Act 1976 identifies Gypsies and Travellers as having a shared culture, language and beliefs and recognises them as an ethnic group.

The Human Rights Act 1998 incorporates into UK law the European Convention on Human Rights (ECHR) and public authorities – including local authorities – must act in a way that is compatible with this. In particular local planning authorities should consider the consequences of refusing or granting planning permission, or taking enforcement action, on the rights of the individuals concerned, and whether it is necessary and proportionate in the circumstances.

Linked to this the Race Relations Act 1976 (RRA 1976) prohibits racial discrimination by planning authorities in carrying out their planning functions. In addition, the majority of public authorities, including local authorities, have a general duty under the Race Relations (Amendment) Act 2000 to actively seek to eliminate unlawful discrimination and to promote equality of opportunity and good relations in all they do.

Homelessness legislation also takes into account the needs of Gypsies and Travellers. Part VI of the Housing Act 1996 provides that a person is homeless if he has accommodation but cannot secure entry to it, or it consists of a movable structure and there is no place where he is entitled or permitted both to place and to reside in it. Simply on this definition, it would be possible to regard all unauthorised campers without a legal base as homeless. If a duty to secure accommodation arises the housing authority are not required to make equivalent accommodation available, but should consider whether such options are reasonably available, particularly where this would provide the most suitable solution to the applicant's accommodation needs.

12.5 Bridgend County Borough Council's strategies and policies

Bridgend County Borough is not an area where many Gypsies and Travellers have resided in or resorted to in recent years. The July 2006 Gypsy and Traveller Caravan Count (Wales) recorded that there were no caravans in Bridgend County Borough. Indeed, the Council have reported that there have been no gypsies or travellers in Bridgend over the past 2 years. Their small population is reflected in the few references made to their needs in the Council's strategies and policies.

Bridgend County Borough's Unitary Development Plan was adopted in May 2005. Bridgend County Borough currently has no local authority sites, and policy H8 provides criteria-based policy which will be used for gypsy site proposals. The UDP does not identify any land for Gypsies and Travellers to buy. The Local Housing Strategy 2004 does not include Gypsies and Travellers in its' chapter on meeting the needs of specific groups.

The 2003 Homelessness Strategy which is incorporated within the Local Housing Strategy does not acknowledge the presence of Gypsies and Travellers in the area and makes no policies or action points referring to them.

All social landlords in Wales are required by the Welsh Assembly Government to produce a Black, Minority Ethnic Housing Strategy. The Black, Minority Ethnic Report commissioned by Bridgend County Borough Council does not make reference to Gypsies. Although Travellers are contained in the definition of ethnic groups used by the strategy, no further reference is made to them.

The current national housing strategy Better Homes for People in Wales (July 2001) makes no mention of Gypsies and Travellers. This also applies to the Welsh Assembly Government's National Homelessness Strategy (March 2003).

Niner (2005) contains a review of Welsh councils' housing and homelessness policies with regards to Gypsies and Travellers. A third of authorities do not refer to Gypsies or Travellers, and a third have no specific policies or action points. Bridgend County Borough is contained in this third.

However, Bridgend County Borough Council established a Gypsy and Traveller Policy Group in 2005 in order to ensure the inclusion of Gypsy and Traveller issues in the Corporate Race Equality Scheme and to develop a Strategy for Gypsy and Travellers. The Strategy will be published as a key priority in the revised Local Housing Strategy 2007.

12.6 Summary

The policy context for Gypsy site provision includes legislation and guidance that is specific to site provision, unauthorised camping, land use planning, human rights and housing. The effectiveness of this however has been limited both by the nature of the legislation and a general failure to implement it. As a result local authorities have also failed to deliver adequate sites for Gypsies and Travellers.

In view of this the Housing Act 2004 has placed a duty on local housing authorities to take into account the needs of Gypsies and Travellers, including the need for legal sites to station their caravans, when producing a housing assessment, 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 lack of reference to Gypsies and Travellers in strategies produced by Bridgend County Borough Council to date is reflected in a regional and national context where few strategies focus on Gypsies and Travellers. It is also shaped by the absence of sites in Bridgend County Borough. However, the establishment of the Gypsy and Traveller Policy Group within Bridgend County Borough Council should go some way towards addressing the absence of policies regarding gypsies and travellers.

GLOSSARY

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers. 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

Housing of an adequate standard which is cheaper than that which is generally available in the local housing market. In theory this can comprise a combination of subsidised rented housing, subsidised low-cost home ownership (LCHO) including shared ownership.

Annual need

The combination of new needs arising per year plus an allowance to deal progressively with part of the backlog of need.

Average

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

Backlog of need

Those actual and potential 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.

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, boxrooms and bedrooms which are identified as such by respondents even though they may not be in use as such.

Disaggregation

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

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.

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).

Housing need

Households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance.

Housing Register

A database of all individuals or households who have applied to a LA 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 special needs or requiring access because of special circumstances, including homelessness.

Housing Strategy Statistical Appendix

Local Authorities are required to complete this summary of housing data in the Council area to support their housing strategy document.

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 three times a first income and one times a second income.

Migration

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

Net annual need

The difference between annual need and the expected annual 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).

Overcrowding

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

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.

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.

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.

Social rented housing

Housing of an adequate standard which is provided to rent at below market cost for households in need by Local Authorities or Registered Social Landlords (RSLs).

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.

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.

Appendix A1 Affordable Housing Policy

A1.1 Introduction

This Appendix summarises the Welsh Guidance on addressing affordable housing.

A1.2 Welsh Guidance on affordable housing

The following account is based on the various documents related to affordable housing in Wales:

- (i) *Local Housing Needs Assessment: A Good Practice Guide* (Welsh Office 1999) [hereafter referred to as the Welsh Guide]
- (ii) *Planning Policy Wales* (March 2002) [hereafter referred to as PPW]
- (iii) *Planning Guidance (Wales) Technical Advice Note (Wales) 2: Affordable Housing* (November 1996) [hereafter referred to as TAN2 1996]

These documents combine to provide the framework within which councils can devise affordable housing policies. Such policies have to have regard to the character and level of housing need, which is of course the primary focus of this report. This account summarises the advice.

(a) Evidence of housing need

The advice stresses that there must be sound evidence of housing need:

‘.....Where local planning authorities have demonstrated the need for affordable housing by undertaking a recent local housing needs assessment survey as recommended in the Assembly Government’s guidance or by the use of other reliable and robust data sources, such as the housing registers of local authorities and registered social landlords, they should include policies for affordable housing in their UDP for the areas where need has been identified.....’ (para 9.2.15 PPW)

'.....Assessments need to be rigorous and realistic so that they can withstand detailed scrutiny, and should be kept up-to-date during the plan period. Assumptions and definitions used should be clear. Double counting of those in need should be avoided. Account must be taken of all types of affordable housing already available. Assessments should be based on factors such as local market house prices and rents, local incomes, the supply and suitability of existing local affordable housing, the size and type of local households, and the types of housing best suited to meeting local needs.....' (para 7 of TAN2 1996)

This makes it clear that affordable housing can only be sought if there is a rigorous and up to date survey, based on a coherent definition of housing need.

(b) Assessing Housing Needs

The Welsh Office Guidance (1999) on Housing Needs Assessments outlines a number of practical tools and methodologies that can be adopted to assess housing needs. This Guidance is supplemented by the ODPM Guidance (2000). One such tool both Guides refer to is a Housing Needs Survey. The following summarises the key issues for these, and in particular those that affect affordable housing.

(i) Definition of housing need

The definition of housing need controls which households are defined as being in need, and indirectly affects what constitutes affordable housing. Affordable housing is, in principle, designed to address the identified housing need. The Welsh Guide, like the English one, defines housing need as a two staged test:

'.....The term need describes the circumstances where a household is living in housing which falls below the minimum standards or fails to meet their essential needs in other ways and does not have sufficient income to rent or buy even the cheapest housing at prices prevailing in the housing market.....'

(ii) Procedure

The main output of a Housing Needs Survey is an estimate of the net need for new affordable housing. Whilst the Welsh Office guidance discusses the principles behind such a procedure, the ODPM guidance adopts an 18 stage procedure that has formed the basis of the methodology for this Housing Needs Survey.

(c) Status of affordable housing

The main guidance begins with a key statement on the role of affordable housing:

‘.....A community’s need for affordable housing is a material planning consideration which may properly be taken into account in formulating UDP policies. It is also an essential element in contributing to community regeneration and strengthening social inclusion. It may desirable in planning terms that new housing development in both rural and urban areas should incorporate a reasonable mix and balance of house types and size to cater for a range of housing needs.....’ (para 9.2.14 of PPW)

This basic statement allows councils to seek affordable housing from housebuilders. No thresholds are given (as they are in England) so that targets can in principle be set for any allocation. Regard must be had for the other policies of the development plan, and for the use of brownfield sites, and sustainability issues such as parking.

‘.....Targets for specific sites may be set if based on evidence of need and site suitability, but a uniform quota should not be imposed on development regardless of market or site conditions.....’ (para 9.2.15 of PPW)

It should be noted that this part of the advice does not prevent uniform targets, but merely uniform targets that pay no regard to market or site conditions. This is an important distinction, since at the level of plan making the full details of market and site conditions at some future time (when the site comes forward for planning permission) may not merely be unknown but also unknowable, since some sites will be upwards of a decade away from development.

The relationship between what is sought and affordable housing is then addressed:

‘.....Policies should also state what the authority would regard as affordable housing and what arrangements it would expect to secure such housing remains reserved for those who need it.....’ (para 9.2.15 PPW)

Thus the advice leaves it to councils to state what they regard as affordable housing. However the Welsh Guide advises that a clear distinction should be made between market and non-market sorts of affordable housing. An even earlier view is encompassed in the 1996 TAN2:

‘.....This [The definition of affordable housing] should include both low cost market and subsidised housing, as both will have a role to play in providing for local needs. Definitions should be framed to endure for the life of the plan, for instance, through reference to the level for local incomes and their relationship to house prices or rents, rather than to a particular price or rent.....’
and

‘.....indicate how many affordable homes are required in the plan area, set indicative targets for specific suitable sites (expressed either as numbers of homes or a percentage of the homes on the site), and indicated in policies the intention seek to negotiate with developers for the inclusion of an element of affordable housing on such sites.....’
(both extracts from para 8 of TAN2 1996)

TAN2 proceeds with the point:

‘.....If there is not longer a need for affordable housing in a particular area, the basis for the policy will disappear and the local planning authority will need to reflect this in their development plan.....’ (para 9 of TAN2 1996)

A1.3 Key policy issues

(a) Definition of affordable housing

A conclusive definition of affordable housing is problematic as local housing market conditions vary across the Country. The following table of relative costs (based on about 50 of our District wide needs surveys) illustrates this.

Table A1.1 Relative housing costs	
New build market priced housing	145
Low-cost market housing	130
Average second-hand market housing	120
Entry-level (second-hand) market housing	100
Homebuy	70
Social rented housing	60

Source: Fordham Research

The datum for this example is ‘entry-level market housing’ since this is the threshold access point to the market. If the cost of that form of housing is taken as 100, then new build prices, for example, are typically 45% higher.

These findings show that low-cost market housing belongs in a completely different category from any non-market priced form of housing. There will be many households which can afford to access the market via second-hand housing but who cannot afford the 'affordable' low-cost market type.

(b) How targets relate to need

The guidance provides no indication of how any target is to be related to any identified level of need and there are only tentative suggestions in the Housing Needs Guide. This means that targets have not been closely geared to amortising need within the Plan period or indeed at all.

Without a systematic way of relating targets to need custom and practice remain the chief guide. *Fordham Research* has monitored this process and our findings show that ten years ago affordable housing targets were typically around 10% whereas currently it is 40% plus.

(c) What level of subsidy is involved

There is no indication of what subsidy is involved in the provision of affordable housing by a landowner/developer.

Housebuilders and landowners have accepted in practice that a land subsidy is involved and it is quite normal for them to offer sites at around 50% of market land price. In contrast, experience is that, in order to achieve affordable rents, a land price of zero true land price is commonly required. 'True land price' refers to the price net of planning gain. The RSL that takes on the affordable housing obligation pays its share of the relevant servicing cost of the land but cannot normally afford to pay anything over and above that (which would be a true land price) without prejudicing the rent levels.

The true test of the level of subsidy required would be the achievement of affordable rent levels within the government subsidy for building affordable housing (the ACG). However custom and practice have meant that a land subsidy is normally the touchstone. Where land values are low, a land subsidy may not be enough to achieve an affordable rent. This issue thus requires to be considered separately for each case.

A1.4 Recent Government advice

More recent government advice includes:

- (i) *Ministerial Interim Planning Policy Statement 01/2006: Housing* (Welsh Assembly Government 2006) [hereafter referred to as MIPPS 01/2006]: this supersedes Chapter 9 of *Planning Policy Wales* (2002)
- (ii) *Planning Policy Wales Technical Advice Note 2: Planning and Affordable Housing* (June 2006) [hereafter referred to as TAN2 2006]
- (iii) *Local Housing Market Assessment Guide* (Welsh Assembly Government, March 2006) [hereafter referred to as the WAG Guide]

Key points from these documents are as follows:

- (i) MIPPS 01/2006 stresses that affordable housing is a material planning consideration which must be taken into account in the formulation of development plan policies, the need for which should be derived from LHMA's (Local Housing Market Assessments):

'Local Housing Market Assessments provide the evidence base supporting policies to deliver affordable housing through the land use planning system' (para 9.2.14 MIPPS 01/2006)

- (ii) Where a need for affordable housing has been demonstrated, policies for affordable housing should be included in the LA's Development Plans. MIPPS 01/2006 encourages the inclusion of either site thresholds or a combination of thresholds and site-specific targets in Development Plans:

'Development plans must include an authority-wide target for affordable housing (expressed as numbers of homes) based on the Local Housing Market Assessment and identify the expected contributions that the policy approaches identified in the development plan (for example, site thresholds, site specific targets, and rural exception sites) will make to meeting this target.

The target should take account of the anticipated levels of finance available for affordable housing, including public subsidy, and the level of developer contribution that can be realistically sought.'

- (iii) TAN2 2006 refines the definition of affordable housing as:

'Housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.'

(para 5.1 of TAN2 2006)

TAN2 2006 also states that affordable housing should include social rented housing and intermediate housing.

- (iv) TAN2 2006 emphasises the importance of collaborative working, with local planning authorities, housing authorities, RSLs and private developers working together to create a policy framework for the provision of affordable housing.
- (v) The WAG Guide has been referenced throughout the report along with the equivalent (English) ODPM Guidance of 2000. The WAG Guide asserts that in order to deliver the Assembly Government policy objectives set out in PPW (2002) and MIPPS 01/2006, it is essential that local authorities understand their whole housing market and can develop sound and robust approaches to preparing Development Plans and local housing strategies. The key objective of the Guide is:

'to provide clear advice for practitioners on assessing the number of households requiring additional housing (including affordable housing) in their areas'

(para 1.13 of the WAG Guide 2006)

The guide integrates the former approach to assessing housing need into an understanding of how the wider housing market operates. It should be noted that this particular report follows the approach of a Housing Needs Assessment rather than a wider Housing Market Assessment.

A1.5 Summary

Government advice does not establish a clear means of achieving affordable housing that meets defined housing needs. It is thus for each authority, in formulating its policy stances and conducting site-by-site negotiations, to adopt defined positions supported by a robust information base. The latter is provided by the main housing need survey.

Appendix A2 Further Property Price Information

A2.1 Introduction

This Chapter provides further detail in support of the housing market analysis set out in Chapter 3. It contains information on prices obtained from the analysis of Land Registry property price data, and explains the methodology and approach used in our survey of local estate agents.

The estate agent survey is a key step in assessing minimum and average property prices in Bridgend County Borough but only provides limited information concerning price difference within the County Borough, and doesn't shed light on the prices relative to other Local Authorities in the region.

It is possible to look at the wider context of prices in the surrounding areas using information available from the Land Registry. This data is valuable in giving further background to the local housing market, although it does not displace the need for the estate agent information.

A2.2 The need for primary data

There are four main reasons why Land Registry data cannot be used to calculate prices for use in the affordability model. These are:

- i) The information can only usefully give a guide to average prices. For a Housing Needs Survey we take the view that it is necessary to estimate the minimum price for which dwellings in satisfactory condition are available.
- ii) No information is available about the condition of the dwellings whose price is being obtained. Clearly a property which needs major repairs is unlikely to be suitable for a first-time buyer with a limited budget, even if the initial price is relatively low.
- iii) A more serious limitation of this source is that records are kept by property type (i.e. detached, semi-detached, terraced, flat/maisonette) and not in terms of the numbers of bedrooms. This information is, in our view, essential to provide an accurate assessment of need.

- iv) The Land Registry data cannot produce information about rental levels, which again ought really to be considered in carrying out a satisfactory analysis of affordability. There may be a small, but significant, number of households who cannot afford to buy market housing but who could afford suitable private rented housing. The affordability of such households cannot be adequately considered using only sale price information.

Despite these drawbacks the information available is certainly of interest to give some feel to the local context of property prices, and more specifically to provide comparison between prices in different areas.

A2.3 Estate agents survey: Methodology

The methodology employed to find purchase and rental prices takes the following steps:

- i) We establish the names and telephone numbers of local estate agents. This includes well-known national estate agents as well as those operating specifically in the local area (allowing for good comparative measures of smaller and larger agencies). The estate agents selected are intended to be those dealing primarily with housing at the lower end of the market (e.g. not specialist agencies dealing with up-market properties)
- ii) These are then contacted by telephone and asked to give a brief overview of the housing market in the County Borough - including highlighting areas of more and less expensive housing
- iii) The questioning takes a very simple form (this tends to improve efficiency without jeopardising results - people often lose interest when asked a series of detailed questions and quality of response is diminished). All agents are asked 'in their opinion'

'What is the minimum and average price for a one bedroom dwelling in good condition (i.e. not needing any major repair) and with a reasonable supply (not one off properties occasionally coming onto the market)?'

- iv) This process is repeated for 2, 3 & 4 bedroom dwellings
- v) The same questions are then asked about private rented accommodation
- vi) Once several estate and letting agencies have been contacted, the results are tabulated and averages calculated to give an accurate estimation of minimum and average purchase and rental prices in the County Borough. Any outlying values are removed from calculations.

- vii) The estimated purchase and rental prices are then inserted into the analysis to estimate the numbers able to afford a dwelling depending on the minimum number of bedrooms that the household requires.

A2.4 Land Registry data

The Land Registry compiles information on all residential land transactions. Analysis of this data is made available for recent quarterly periods, for geographical areas including Council areas, and more highly disaggregated data postcode areas, and by four main dwelling types.

This data is thus very versatile, and can potentially provide a valuable picture of housing market behaviour in quite specific detail. However, an eye needs to be kept on the size of sample when using disaggregated data for smaller areas and/or periods.

We used the data to provide several useful views of the housing market in and around the Bridgend County Borough. These are considered below.

A2.5 Comparing prices in adjoining authorities

The Land Registry data can be used to show how prices in Bridgend County Borough compared to those in adjoining Local Authorities. The table below shows average sale prices for these Local Authorities (from the most recent quarter available from the Land Registry).

Table A2.1 Average property prices by Local Authority (2nd quarter 2006)				
(number of sales in brackets)				
Property type	Bridgend County Borough	Neath Port Talbot	Rhondda Cynon Taf	The Vale of Glamorgan
Detached	£212,072 158	£181,240 109	£189,921 111	£268,398 165
Semi-detached	£127,871 245	£106,882 215	£112,350 180	£170,944 199
Terraced	£96,204 239	£81,982 248	£78,192 534	£143,267 211
Flat/ maisonette	£98,272 20	£98,152 21	£86,831 8	£118,101 89
Overall average	£135,640 662	£109,827 593	£100,544 833	£179,282 664

Source: HM Land Registry

The table indicates there is some variation within the area. Overall average prices vary between £199,544 in Rhondda Cynon Taf to £179,282 in the Vale of Glamorgan. Bridgend County Borough has the second highest average price in the area at £135,640.

It should be noted that these figures are in no way standardised to reflect the different mix of properties.

A2.6 Price trends in Bridgend County Borough

We will now examine in more detail information from the Land Registry for Bridgend County Borough. The table below shows data for sales over the last five years. The data for each case is the 2nd quarter of the year.

Table A2.2 Average property prices in Bridgend County Borough – 2001 to 2006 (2nd quarters)						
(Number of sales in brackets)						
Property type	2001	2002	2003	2004	2005	2006
Detached	£102,752 268	£114,540 246	£140,756 257	£179,320 220	£214,465 142	£212,072 158
Semi-detached	£61,699 316	£70,149 293	£75,401 331	£106,465 339	£117,856 223	£127,871 245
Terraced	£44,202 234	£46,930 283	£58,472 292	£74,652 280	£92,446 169	£96,204 239
Flat/maisonette	£43,057 20	£47,636 22	£81,195 23	£65,851 21	£76,235 17	£98,272 20
OVERALL	£69,497 838	£74,715 844	£88,674 903	£113,752 860	£133,675 551	£135,640 662

Source: HM Land Registry

Over the five year period average prices have risen by £66,143 or 95.2%. The number of sales has also varied over the period from a low of 551 in 2005 to a high of 903 in 2003.

A2.7 Differences within Bridgend County Borough

(i) General methodology

The general methodology is quite straightforward. We have drawn up a list of the main postcode sectors within the County Borough, and mapped where these postcodes are. The table below gives a brief description of which postcodes apply to which areas of Bridgend County Borough.

It should be noted that the local authority boundaries are not always coterminous with postcodes. Therefore some properties in a postcode may be outside the area; in addition it is possible that some parts of the County Borough are in a postcode zone that is predominantly located outside the Local Authority area, and are therefore excluded from analysis.

This means that the data by sub-area is only a guide to actual variations within the County Borough.

Area description	Postcode(s)
Bridgend	CF31 1, CF31 2, CF31 3, CF31 4, CF31 5
Porthcawl	CF36 3, CF36 5
North Cornelly	CF33 1, CF33 6
Maesteg	CF34 0, CF34 9
Aberkenfig & Ogmore Vale	CF32 0, CF32 7, CF32 8, CF32 9
Pencoed	CF39 8, CF35 5, CF35 6

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

In the table below, average property prices are shown for each type of property for each sub-area. It is necessary to bear in mind that the number of sales in some cells of the table are quite small and the average price shown may be less reliable as a consequence.

Property type	Bridgend	Porthcawl	North Connelly	Maesteg	Aberkenfig and Ogmer Vale	Pencoed
Detached	£206,133 74	£274,935 24	£198,461 13	£172,181 11	£215,908 22	£187,236 13
Semi-detached	£133,211 98	£184,873 24	£110,010 29	£88,867 20	£118,008 48	£139,918 21
Terraced	£110,779 59	£151,375 10	£111,185 21	£79,432 61	£82,230 73	£126,493 8
Flat/maisonette	£94,650 3	£0 4	0 0	£65,166 3	0 0	0 0
OVERALL	£150,121 234	£211,598 62	£128,653 63	£91,707 95	£114,805 143	£152,006 42

Source: HM Land Registry

The table demonstrates the considerable variation in prices between different parts of the County Borough. The Land Registry data suggests that prices are highest in the south of the County Borough, particularly in Porthcawl. The lowest prices are found in the Maesteg area. This is consistent with primary data obtained from local agents presented in Chapter 3 of the report.

A2.8 Summary

An additional analysis of Land Registry data was carried out to help put property price information obtained from estate agents into local context. The Land Registry data suggests that overall average prices in Bridgend County Borough are lower than the Wales average and national averages, and that overall prices within Bridgend County Borough have risen by around 95.2% in the last five years. More localised data suggests that lower prices are to be found in the north of the County Borough, and the highest prices in the south- a finding consistent with that of the market survey.

Appendix A3 Supporting Information

A3.1 Non-response and missing data

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.

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

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.

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, location, household size and age of respondent.

A3.2 Weighting data

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 five different variables) along with the number of actual survey responses (data for tenure can be found in Chapter 2). 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 Bridgend County Borough.

Table A3.1 Ward profile

Ward	Estimated hhs	% of hhs	Number of returns	% of returns
Aberkenfig	893	1.5%	147	2.4%
Bettws	1,009	1.7%	120	1.9%
Blackmill	1,130	1.9%	138	2.2%
Blaengarw	774	1.3%	137	2.2%
Brackla	4,221	7.1%	130	2.1%
Bryncethin	595	1.0%	137	2.2%
Bryncoch	773	1.3%	151	2.4%
Bryntirion Laleston & Merthyr Mawr	2,082	3.5%	167	2.7%
Caerau	3,451	5.8%	158	2.5%
Cefn Cribwr	654	1.1%	165	2.7%
Cefn Glas	952	1.6%	168	2.7%
Coity	535	0.9%	158	2.5%
Cornelly	2,616	4.4%	177	2.8%
Coychurch Lower	536	0.9%	155	2.5%
Felindre	1,190	2.0%	182	2.9%
Hendre	1,548	2.6%	176	2.8%
Litchard	894	1.5%	212	3.4%
Llangewydd & Brynhyfryd	1,071	1.8%	138	2.2%
Llangeinor	595	1.0%	132	2.1%
Llangynwyd	1,131	1.9%	133	2.1%
Maesteg East	2,382	4.0%	159	2.6%
Maesteg West	2,679	4.5%	167	2.7%
Morfa	2,317	3.9%	164	2.6%
Nant-y-Moel	1,310	2.2%	138	2.2%
Newcastle	2,380	4.0%	151	2.4%
Newton	1,728	2.9%	185	3.0%
Nottage	1,549	2.6%	179	2.9%
Ogmore Vale	1,368	2.3%	155	2.5%
OldCastle	2,502	4.2%	171	2.7%
Pendre	952	1.6%	181	2.9%
Penprysg	1,309	2.2%	163	2.6%
Pen-y-Fai	893	1.5%	171	2.7%
Pontycymer	1,250	2.1%	145	2.3%
Porthcawl East Central	1,725	2.9%	163	2.6%
Porthcawl West Central	1,785	3.0%	157	2.5%
Pyle	3,211	5.4%	163	2.6%
Rest Bay	1,013	1.7%	193	3.1%
Sarn	1,130	1.9%	170	2.7%
Ynysawdre	1,367	2.3%	169	2.7%
TOTAL	59,500	100.0%	6225	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A3.2 Household size profile				
Household size	Estimated hhs	% of hhs	Number of returns	% of returns
One	16,287	27.4%	1468	23.6%
Two	20,853	35.0%	2590	41.6%
Three	10,597	17.8%	994	16.0%
Four	8,219	13.8%	871	14.0%
Five	2,774	4.7%	230	3.7%
Six or more	771	1.3%	72	1.2%
TOTAL	59,500	100.0%	6225	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A3.3 Household type profile				
Household type	Estimated hhs	% of hhs	Number of returns	% of returns
Single pensioners	8,683	14.6%	898	14.4%
Two or more pensioners	5,685	9.6%	940	15.1%
Single non-pensioners	7,604	12.8%	570	9.2%
Other households	37,528	63.1%	3817	61.3%
TOTAL	59,500	100.0%	6225	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A3.4 Accommodation type profile				
Accommodation type	Estimated hhs	% of hhs	Number of returns	% of returns
Flat	5,873	9.9%	535	8.6%
Terraced	16,977	28.5%	1534	24.6%
Semi detached	23,733	39.9%	2267	36.4%
Detached	12,917	21.7%	1889	30.3%
TOTAL	59,500	100.0%	6225	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A3.5 Car ownership				
Number of cars/vans	Estimated hhs	% of hhs	Number of returns	% of returns
None	15,215	25.6%	1343	21.6%
One	27,878	46.9%	3170	50.9%
Two	13,537	22.8%	1450	23.3%
Three or more	2,870	4.8%	262	4.2%
TOTAL	59,500	100.0%	6225	100.0%

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Appendix A4 Balancing Housing Market Analysis

A4.1 Introduction

The following tables show the detailed analysis for the six components contributing to the Balancing Housing Markets Analysis presented earlier in this report.

A4.2 Analysis of Bridgend County Borough data

Table A4.1 Demand I: Household formation by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	145	314	151	0	610
Affordable housing	103	110	24	0	237
Private rented	5	11	6	0	22
TOTAL	253	435	181	0	869

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.2 Demand II: Demand from in-migrants by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	18	113	322	162	615
Affordable housing	24	47	49	14	134
Private rented	5	23	19	10	57
TOTAL	47	183	390	186	806

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.3 Demand III: Demand from existing households by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	48	305	559	325	1,237
Affordable housing	63	259	207	51	580
Private rented	13	30	17	9	69
TOTAL	124	594	783	385	1,886

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.4 Demand IV: Total demand by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	211	732	1,031	487	2,461
Affordable housing	190	415	280	66	951
Private rented	23	65	42	19	149
TOTAL	424	1,212	1353	572	3,561

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.5 Supply I: Supply from household dissolution					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	9	116	208	24	357
Affordable housing	46	55	21	1	123
Private rented	11	8	13	3	35
TOTAL	66	179	242	28	515

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.6 Supply II: Supply from out-migrant households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	2	83	280	109	474
Affordable housing	16	40	35	3	94
Private rented	11	27	46	10	94
TOTAL	29	150	361	122	662

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.7 Supply III: Supply from existing households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	19	242	720	237	1,218
Affordable housing	46	162	124	21	353
Private rented	34	90	151	40	315
TOTAL	99	494	995	298	1,886

Source: Bridgend County Borough – Housing Needs Assessment 2006 update

Table A4.8 Supply IV: Total supply					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	31	441	1,207	371	2,050
Affordable housing	107	257	181	25	570
Private rented	56	125	210	52	443
TOTAL	194	823	1,598	448	3,063

Source: Bridgend County Borough – Housing Needs Assessment 2006 update