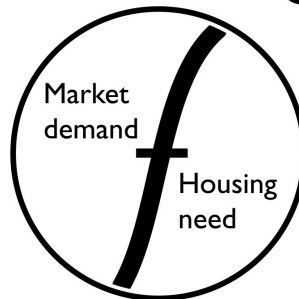




RHONDDA CYNON TAF

Housing



Study

2006 HOUSING NEEDS ASSESSMENT

SEPTEMBER 2006



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SUMMARY

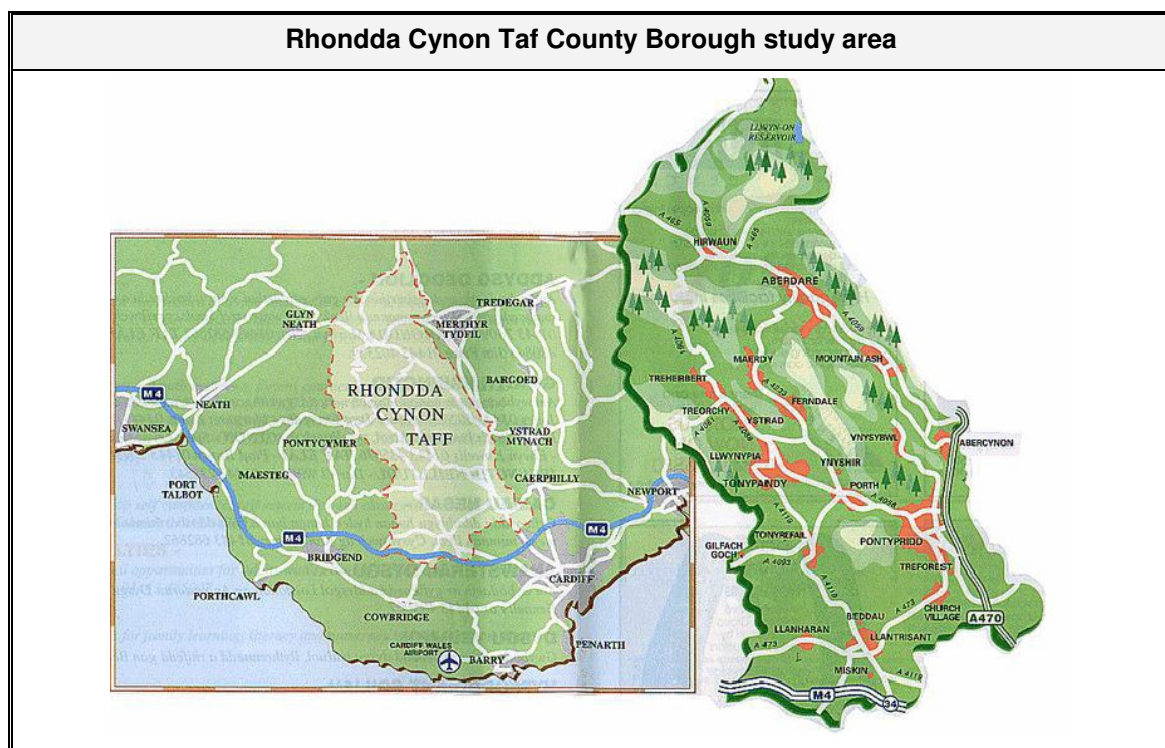
1. Fordham Research were commissioned by Rhondda Cynon Taf County Borough Council to undertake a housing needs assessment studying housing requirements across all tenures, areas and client groups in the local community
2. The study drew on a range of information sources to feed into the assessment. These included a household survey of 5,441 households, interviews with estate and letting agents and analysis of secondary data sources such as Census, Welsh Housing Statistics and the Land Registry
3. Drawing on ODPM's Basic Needs Assessment model and WAG's Needs Assessment table it is estimated that over the next five years there is need to provide an additional 870 units of affordable housing per annum if all needs are to be met
4. This result was confirmed by a Balancing Housing Markets assessment which looked at future demands and affordability across all tenure groups. This assessment also indicated a need for additional one, two and four bedroom owner-occupied dwellings
5. A significant proportion of households in the County Borough were found to contain someone with a support need (30%), significantly higher than the typical range found in such studies (13%-15%). Households with support needs indicated a requirement for a wide range of aids and adaptations
6. Given the findings of the assessment and the large affordable housing need we recommend that an overall affordable housing target should be set at 40% of the total of all suitable sites to be negotiated
7. In terms of the types of affordable housing to be provided, the analysis suggests that around a third could be 'intermediate' (i.e. priced halfway between current entry-level market prices and social rent levels) with the remainder being social rented accommodation
8. Overall there is a clear need for additional housing in both the affordable and market sectors in the County Borough and policies should reflect the types and sizes of accommodation required to ensure that local needs can be best met in the future

EXECUTIVE SUMMARY

Context of the Study

Fordham Research were commissioned to carry out a Housing Needs Assessment for Rhondda Cynon Taf County Borough Council. The study was designed to assess the future requirements for both affordable and market housing. To do this the study drew on a number of sources of information. These included:

- A postal survey or personal interview with a total of 5,441 local households
- Interviews with local estate and letting agents
- Review of secondary data (including Land Registry, Census and the Welsh Assembly Government's Welsh Housing Statistics)



Survey and initial data

The primary data was collected using a hybrid approach, utilising a combination of postal questionnaires and personal interviews. In total 5,441 households took part in the survey. The questionnaire covered a wide range of issues including questions about:

- Current housing circumstances
- Past moves
- Future housing intentions
- The requirements of newly forming households
- Income levels

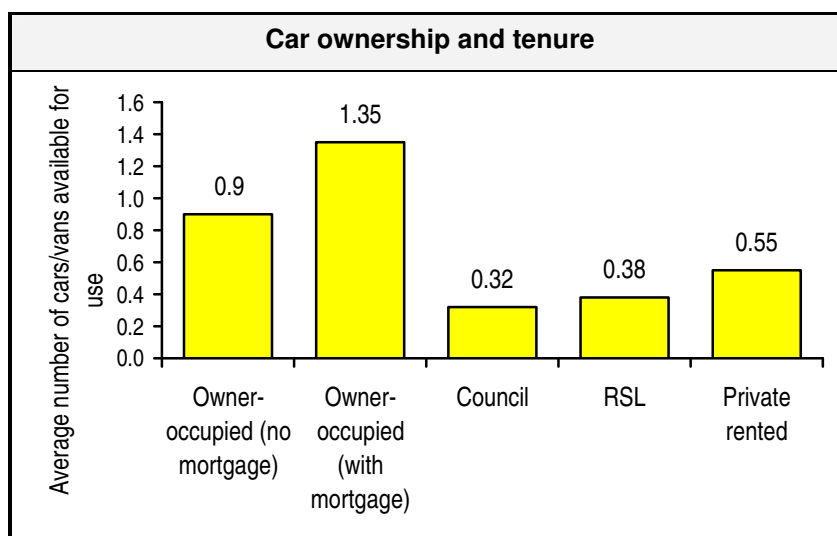
Information from the questionnaire survey was used throughout the report (along with secondary information) to make estimates about the future housing requirements in the County Borough.

Overall the survey estimated that around 78% of households are currently owner-occupiers with 15% living in the social rented sector.

Number of households in each tenure group		
Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	35,674	37.4%
Owner-occupied (with mortgage)	37,502	39.3%
Council	9,774	10.2%
RSL	4,255	4.5%
Private rented	8,195	8.6%
TOTAL	95,400	100.0%

The survey reported on a number of general characteristics of households in Rhondda Cynon Taf. The study estimated that over half of households lived in terraced houses/bungalows and that around a quarter of all households were solely comprised of pensioners.

The study also looked at car ownership (which is often used as an indication of wealth). The figure below shows car ownership in the County Borough by tenure. It is clear that there are large differences between the different tenure groups with owner-occupiers (with a mortgage) having a significantly greater level of car ownership than households in the social rented sector.



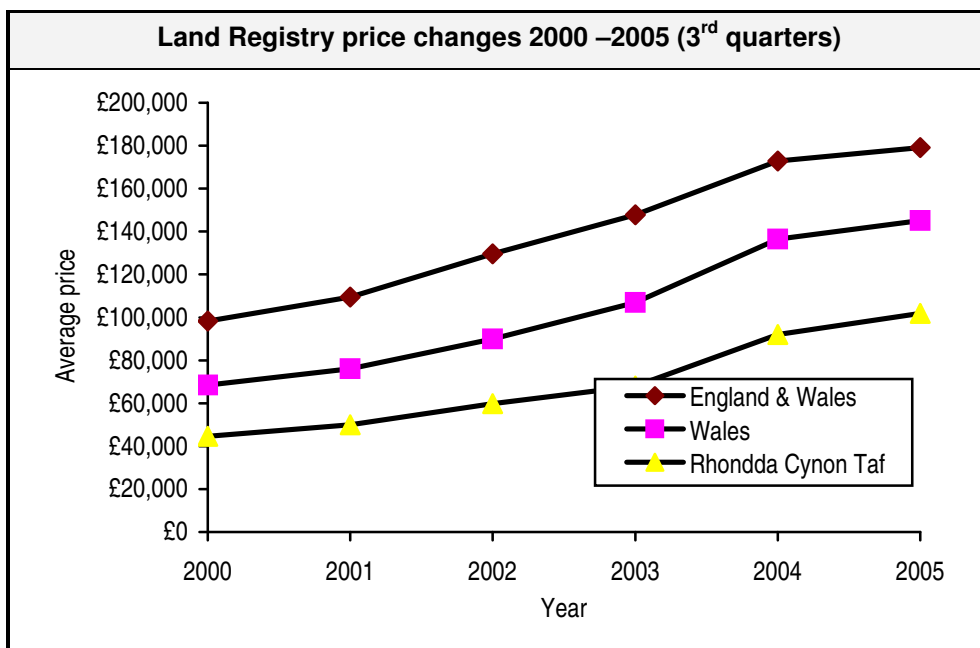
The study also looked at travel to work patterns. It is estimated that over a quarter of heads of household work in the Rhondda Cynon Taf area; with over three quarters of employed household heads travelling to work by car. The average journey time to work was found to be 27 minutes.

The study also looked at past trends in household movement and future expectations. The broad findings were:

- An estimated 18.2% of households have lived in their current home for less than two years; most of these moves were made by existing households.
- In terms of future household moves, the survey estimates that 10,993 existing and 4,346 potential households need or expect to move within the next two years. In both cases a higher proportion would like to move to owner-occupation than expect to do so.

Finally the survey indicated differences in housing costs between different tenures with the highest costs in the owner occupied (with mortgage) sector and the lowest in the Council rented sector. Differences were more marked when housing benefit was removed.

One of the main sources of secondary information was the Land Registry. This data source suggested that property prices in the County Borough are around half the average for England and Wales and also lower than the Wales average. However, price rises in Rhondda Cynon Taf have been above national equivalents over the past five years. Between the 3rd Quarter of 2000 and the 3rd quarter of 2005, average property prices in England and Wales rose by 82.3%. For Wales the increase was 112.0% whilst for Rhondda Cynon Taf the figure was 128.3%.

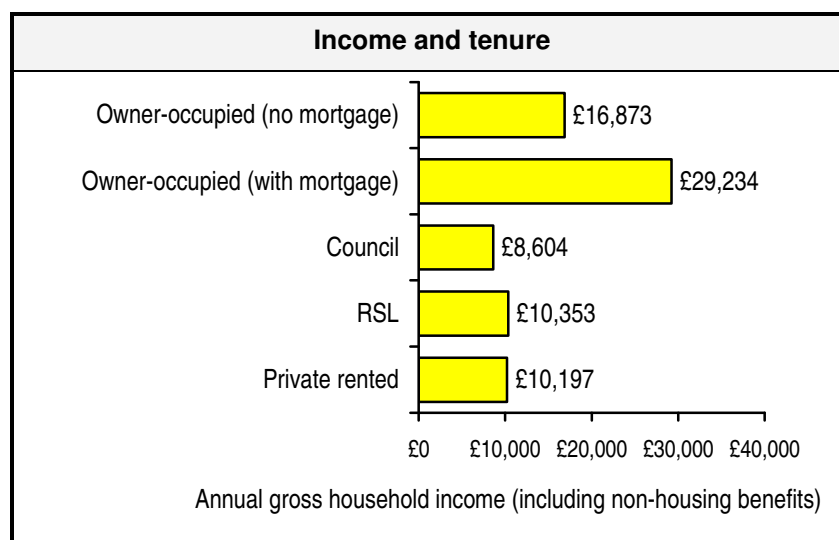


A survey of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the County Borough. Our analysis of the minimum and average property prices in the County Borough showed that there was a noticeable difference between the Northern and Southern parts of the County and a further difference within the North of the County Borough between the East and the West. The estate agent information indicated that the County Borough contains three distinct sub-markets, which largely correspond with the boundaries of the individual Boroughs of Rhondda, Cynon and Taf. It is therefore appropriate to apply different regimes of ‘entry-level’ market costs when analysing affordability for each of the three sub-market areas.

Prices and rents in the three sub-markets					
Property size	Property price			Monthly cost	
	Minimum sale	Average sale	New build sale	Minimum rent	Average rent
Rhondda					
2 bedrooms	£44,000	£57,000	£79,500	£265	£295
3 bedrooms	£59,000	£75,000	£103,000	£275	£325
4 bedrooms	£76,000	£82,500	£139,500	-	-
Cynon					
2 bedrooms	£51,000	£70,500	£88,000	£310	£350
3 bedrooms	£65,500	£82,000	£115,000	£325	£365
4 bedrooms	£94,500	£111,500	£152,500	£415	£505
Taf					
2 bedrooms	£65,000	£86,000	£107,500	£410	£475
3 bedrooms	£74,500	£99,000	£138,000	£465	£530
4 bedrooms	£113,000	£132,000	£192,000	£690	£1,000

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).

The survey estimated average gross annual household income (including non-housing benefits) to be £20,021. There were, however, wide variations by tenure; with households living in the rented sector having particularly low income levels.

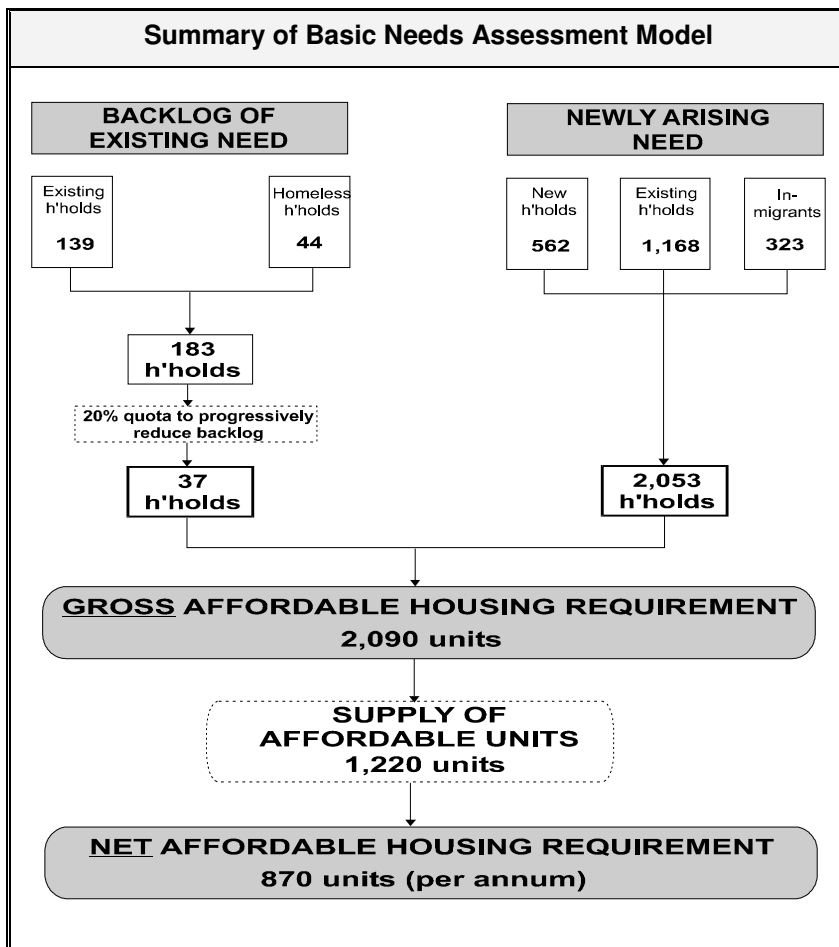


The Guide model

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).

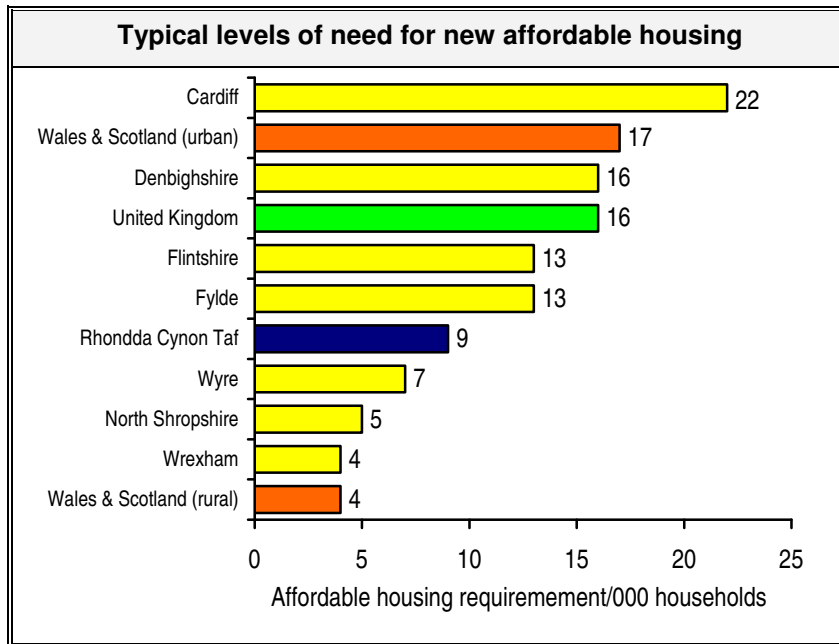
The BNAM sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure. The stages are:

- Backlog of existing need
- Newly arising need
- Supply of affordable units
- Overall affordable housing requirement



Overall, using the BNAM it was estimated that there is currently a shortfall of affordable housing in the County Borough of around 870 units per annum. The main shortage is for one and two bedroom homes, however, the shortage relative to supply is highest in the four bedroom category. There is a requirement for additional affordable housing in all three of the individual Borough’s with Taf and Rhondda showing a markedly higher shortfall than Cynon.

Putting the results in context suggests that the affordable housing requirement in Rhondda Cynon Taf is lower than the average found in other Fordham Research assessments nationally. The figure below shows the affordable housing requirement standardised as an annual rate per thousand households.



The analysis suggests that that any target could theoretically be justified; however in areas with high levels of need a target around 40% is typical. The lower government guidance threshold of 15 dwellings/0.5 ha could be seriously considered

Further analysis suggests that around a third of this need could theoretically be met by ‘intermediate’ housing, available at outgoings between social rents and the minimum cost of (second hand) market housing.

Broader Housing Market & Future Changes

In addition to concentrating on the need for affordable housing in isolation the study looked at housing requirements in the private sector market. The analysis began by looking at the differences between three broad housing sectors (owner-occupation, private rented and social rented). The survey data revealed large differences between the three main tenure groups in terms of stock profile (size of accommodation), turnover and receipt of housing benefit (or income support towards mortgage interest payments in the case of owner-occupiers).

Profile and turnover of stock and housing benefit claims by tenure			
Tenure	% of properties with less than three bedrooms	Annual turnover of stock (% of households)	% claiming housing benefit (income support for owners)
Owner-occupied	19.8%	3.8%	2.5%
Private rented	39.6%	20.2%	69.2%
Social rented	55.7%	9.9%	77.0%
ALL HOUSEHOLDS	26.8%	6.1%	19.2%

Having studied the need for affordable housing using the Basic Needs Assessment Model, the study moved on to look at housing requirements across all tenures. 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 number of additional dwellings to be provided in the area. The table below shows the overall results of the BHM analysis.

Total shortfall or (surplus)					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	88	287	(163)	0	212
Affordable housing	28	330	221	73	653
Private rented	106	201	(108)	(73)	125
TOTAL	223	818	(51)	0	990

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 shortfall of all sizes of affordable housing.
- ii) The data also show a shortage of smaller (one and two bedroom) private sector housing (both owner-occupied and private rented) and surpluses of larger accommodation. This finding fits in well with survey data which shows that the private sector in Rhondda Cynon Taf is dominated by larger (particularly three bedroom) dwellings.

Both the BHM and BNAM analyses suggest that there will be a shortage of affordable housing in the future.

The Needs of Particular groups

The study moved on from a consideration of future needs for additional housing to look at the needs of particular groups. The survey concentrated on the characteristics and requirements of households with support needs, older person households, BME households and overcrowded/under-occupied households.

Households with support needs

Information from the survey on support needs groups can be of assistance to authorities drawing up their detailed Supporting People Strategies. Some 29.9% of all the County Borough's households (28,562) contain support needs members. 'Physically disabled' is the largest category with support needs.

Support needs categories			
Category	Number of households	% of all households	% of support needs households
Frail elderly	6,496	6.8%	22.7%
Physical disability	19,114	20.0%	66.9%
Learning disability	2,298	2.4%	8.0%
Mental health problem	4,719	4.9%	16.5%
Severe sensory disability	3,565	3.7%	12.5%
Other	3,912	4.1%	13.7%

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

Support needs households in general stated a requirement for a wide range of adaptations and improvements to the home. The most commonly-sought improvements needed were:

- Shower unit (8,007 households – 28.0% of all support needs households)
- Car parking (6,749 households – 23.6% of all support needs households)
- Extra handrails (6,725 households – 23.5% of all support needs households)

The survey also suggested considerable scope for 'care & repair' and 'staying put' schemes.

Older person households

Older persons are defined as those of a pensionable age i.e. men aged 65 or older and women aged 60 or over. Some 24.7% of households in Rhondda Cynon Taf contain older persons only, and a further 8.9% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that a high proportion of social rented accommodation house older people only (27.7%).

BME households

The survey estimates that over 99% of households in the County Borough are headed by a White person. In total only 0.7% of households are headed by someone who describes themselves as non-white. Due to the small sample size of each of the BME groups, households have been split into 3 main groups: all BME households; White British/Irish and other White households.

The survey showed that BME households have a larger average household size than other households. Additionally, results show that BME households are less likely to be owner-occupiers and more likely to be living in private and social rented accommodation. Finally, the survey results suggest that White households are particularly likely to be made up of older people and that these households are generally more likely to contain someone with a special need.

Overcrowding and under-occupation

The report briefly examined the incidence of overcrowding and under-occupation. The results suggest that 2.1% of all households are overcrowded and 38.6% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; whilst the private rented sector has the highest level of overcrowding.

Overcrowding and under-occupation					
Number of bedrooms required	Number of bedrooms in home				TOTAL
	1	2	3	4+	
1 bedroom	5,242	14,290	27,876	4,021	51,429
2 bedrooms	96	5,295	18,057	4,422	27,870
3 bedrooms	0	636	10,160	3,435	14,231
4+ bedrooms	0	0	1,009	861	1,870
TOTAL	5,338	20,221	57,102	12,739	95,400

KEY: Overcrowded households Under-occupied households

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

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

Conclusions

The housing needs assessment in Rhondda Cynon Taf provides a detailed analysis of housing requirement issues across the whole of the County Borough. The study began by following the Basic Needs Assessment Model (and drawing on WAG guidance), which estimated a requirement to provide an additional 870 affordable dwellings per annum if all housing needs are to be met (for the next five years).

The study continued by looking at requirements in the whole housing market using a ‘Balancing Housing Markets’ methodology. This again suggested a significant requirement for additional affordable housing to be provided along with a requirement for one and two bedroom units in the owner-occupied sector.

In the light of the affordable housing requirement shown, it would be sensible to suggest that the Council will need to maximise the availability of affordable housing from all possible sources (including newbuild, acquisitions, conversions etc). Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in the assessment.

SECTION A: CONTEXT OF THE STUDY

This report is the result of a Housing Needs Assessment undertaken by Fordham Research on behalf of Rhondda Cynon Taf County Borough. It provides an overview of the housing situation in Rhondda Cynon Taf, calculating an estimate of affordable housing requirements and also looking at housing demand across all tenures and property sizes.

Data collection and analysis for the assessment has been implemented in line with ODPM guidance, which was published in 2000 in an attempt to standardise Housing Needs Assessments. The report also draws on the Welsh Assembly Government's 'Local Housing Market Assessment Guide' published in March 2006. Housing Needs Assessments are a key piece of research for Local Authorities, informing the development of Affordable Housing Policies.

The report is divided into five sections. The first sets the scene in Rhondda Cynon Taf, pinpointing key issues within the County Borough's housing sector, which are then addressed within the following chapters. The second section provides a summary of data collection techniques and outlines the range of information collection, explaining its importance for assessing housing need.

The third section works through the three stages of the model, as outlined by ODPM and WAG guidance, in order to assess whether there is a shortfall or surplus of affordable housing in Rhondda Cynon Taf. The fourth section considers the degree to which the housing market in Rhondda Cynon Taf is in balance and the fifth considers the housing requirements of specific groups.



1. Introduction

1.1 Introduction

This report contains a comprehensive assessment of housing need across all tenures in the Rhondda Cynon Taf County Borough Council area. The main aims and objectives were set out in the Council's brief for the project. These are summarised as:

- Supporting strategic planning in Rhondda Cynon Taf, including the preparation of the Local Housing Strategy and Action Plan and associated sub-strategies
- Providing robust information to support the implementation of affordable housing and planning policies and guidance.

Results have been presented for each of the individual Boroughs within the County Borough, to ensure the effective targeting of programmes, services and resources.

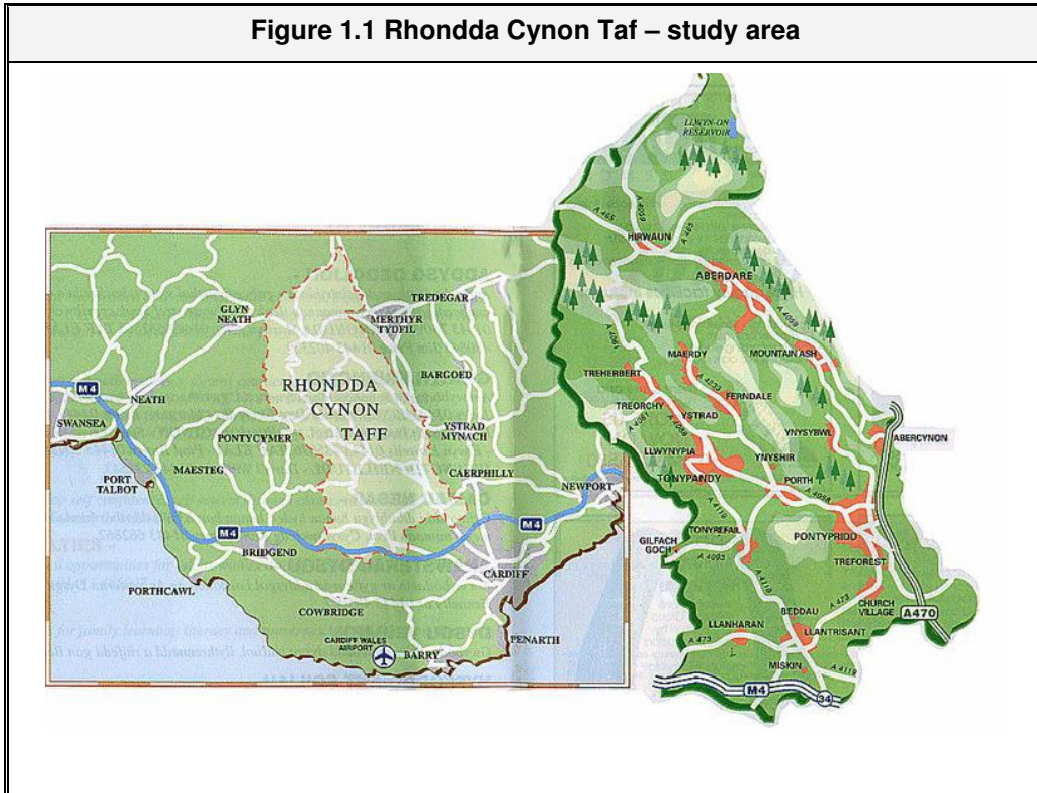
1.2 Rhondda Cynon Taf

The County Borough of Rhondda Cynon Taf borders Merthyr Tydfil and Caerphilly to the East, Cardiff and the Vale of Glamorgan to the South, Bridgend and Neath Port Talbot to the West and Powys to the North. The northern aspect of Rhondda Cynon Taf stretches to the Brecon Beacons National Park, whilst the South extends to Cardiff. The County Borough's main towns include Aberdare, Mountain Ash and Pontypridd. The County Borough has around 232,000 residents forming 94,500 households according to the 2001 Census and covers an area of around 424 square kilometres.

The environment is characterised by extensive heath land and forest on the upper plateau in the North and rolling farmland and woods in the South. By contrast the population is concentrated in the narrow steep-sided valleys, which cut through the coalfield plateau and characterised by ribbon development along the main arterial routes, which flow predominantly in a North – South direction

The area is undergoing a major and rapid structural change from the heavy industrialised economy of the past, to a more diverse one, based on smaller scale modern manufacturing and service industries. The closure of many of the area's coal mines during the 1980's had a significant effect on the local economy.

A development and regeneration programme is in progress, since Rhondda Cynon Taf suffers from high levels of economic and social deprivation. The upper valleys are the most deprived, whilst the more affluent areas are generally found in the South of the County Borough.



2. Housing Needs Assessment - background

2.1 Introduction

The assessment closely follows guidance set out by the Office of the Deputy Prime Minister in '*Local Housing Needs Assessment: A Guide to Good Practice*' (July 2000). It should be noted that throughout this report reference is made to the ODPM Guidance, although at the time of publication the Department was titled DETR. The main aspect of the ODPM guide is its Basic Needs Assessment Model (BNAM) which is discussed further in this chapter.

In March 2005 the ODPM produced a 'discussion draft' of a revision to the above guidance. A subsequent 'discussion draft' has been published by the ODPM in December 2005 which largely reaffirms the slight modifications made in the March 2005 version. In Wales, an equivalent draft document '*Local Housing Market Assessment Guide*' was published by the Welsh Assembly Government in July 2005, the final version of which was published in March 2006. These guides do not significantly change the approach to assessing affordable needs but do provide some additional clarity and prescription on certain issues (such as affordability measures). We have drawn on information from these guides as appropriate.

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. This requirement has been brought into focus as part of the Audit Commission's Comprehensive Performance Assessment (CPA). The CPA includes the requirement for local authorities to consider 'balancing housing markets'.

In carrying out this assessment using both the BNAM and the BHM we are able to cast some considerable light on the housing situation in Rhondda Cynon Taf. The two methods are quite complementary. The BNAM looks predominantly at trend data whilst the BHM studies households' future aspirations, expectations and affordability.

The two methods taken together provide detail on certain crucial matters, such as the types of affordable housing which can meet housing need and suggested affordable housing policy responses (such as target and threshold levels).

2.2 Key points from the housing needs assessment guides

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. The publication of this guidance took place after this assessment had been completed in the main; consequently this 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 2.1 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.

2.3 Key points from Balancing Housing Markets

As part of the Balancing the Housing Market component of the Comprehensive Performance Assessment conducted by the Audit Commission, each Council must assess the extent to which it understands its entire housing market, the extent to which it is taking appropriate actions to balance the housing market, and to demonstrate that it is adequately monitoring progress in achieving a balanced housing market.

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

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'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)]

Fordham Research has developed an innovative methodology to allow the information gathered in the housing needs assessment 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 in relation to 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.

2.4 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 focussing 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.

SECTION B: SURVEY AND INITIAL DATA

This section starts by giving a brief description of data collection and then moves on to outline the affordability assessments used in estimating the affordable housing requirement. The two crucial types of information required for these assessments are current market housing 'entry-level' prices and households' financial situation.

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.



3. Data collection

3.1 Introduction

The primary data was collected using a hybrid approach, utilising a combination of postal questionnaires and personal interviews. The survey covered all areas and tenures in the County Borough. In total 4,435 postal questionnaires were returned and 1,006 personal interviews were completed, yielding a total of 5,441 responses. The number of responses provides sufficient data to allow complete, accurate and detailed analysis of needs across the County Borough and geographical breakdowns for the three individual Boroughs.

Prior to analysis, data must be weighted in order to take account of any measurable bias. The procedure for this is presented in the following sections.

3.2 Base household figures and weighting procedures

Firstly, the total number of households is estimated. This is necessary in order to gross up the data to represent the entire household population. A number of different sources were consulted, primarily the National Assembly for Wales' Welsh Housing Statistics, the Council Tax Register and 2001 Census results. Using this information, the base household figure for Rhondda Cynon Taf was estimated as follows:

Total number of households = 94,500

3.3 Base figures

The table below shows an estimate of the current tenure split in Rhondda Cynon Taf along with the sample achieved in each group. The data shows that around 77% of households were owner occupiers with 15% in the social rented sector and around 9% in the private rented sector. The private rented sector includes those living in accommodation tied to their job and those living in accommodation owned by relatives or friends.

Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	35,674	37.4%	2,152	39.6%
Owner-occupied (with mortgage)	37,502	39.3%	2,118	38.9%
Council	9,774	10.2%	565	10.4%
RSL	4,255	4.5%	234	4.3%
Private rented	8,195	8.6%	372	6.8%
TOTAL	95,400	100.0%	5,441	100.0%

Survey data was weighted to match the suggested tenure profile shown above. An important aspect of preparing data for analysis is ‘weighting’ it. As can be seen from the table above, social survey responses never exactly match the estimated population totals. As a result it is necessary to ‘rebalance’ the data to correctly represent the population being analysed.

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

- Fifty Wards (from Council Tax Register)
- Number of people in household (2001 Census)
- Household type (2001 Census)
- Accommodation type (2001 Census)
- Car ownership (2001 Census)
- Council Tax Band (from Council Tax Register)

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

3.4 Sub-areas

Sampling for the survey was such that results are statistically significant for each of the three individual Boroughs in the County Borough. The map below shows location of the three different Boroughs.

4. Current Housing in Rhondda Cynon Taf

4.1 Introduction

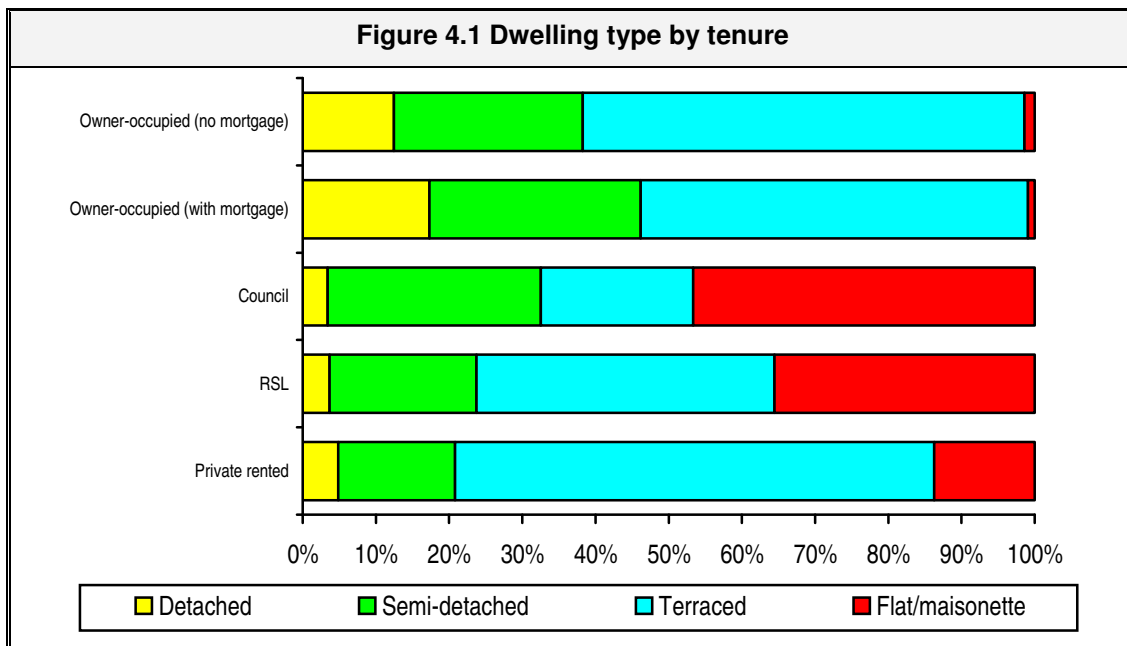
This chapter sets out some of the main findings from the survey of local households. Throughout the analysis tabulations are made along with tenure (shown in the previous chapter).

4.2 Type of housing

The table below shows current accommodation types in the County Borough. The table shows that the majority of households live in houses or bungalows. The main house type in the County Borough is terraced, which housed just over half of households in the County Borough. Only 6.4% of households lived in a leasehold property.

Table 4.1 Dwelling type		
Dwelling type	Number of households	% of households
Detached house/bungalow	11,746	12.3%
Semi-detached house/bungalow	25,037	26.2%
Terraced house/bungalow	50,502	52.9%
Purpose-built flat/maisonette	7,258	7.6%
Converted flat/maisonette	482	0.5%
Flat with non-residential	298	0.3%
Mobile Home	78	0.1%
TOTAL	95,400	100.0%

By tenure a clear trend emerges with households living in owner occupation particularly likely to live in detached houses/bungalows. There are relatively few detached houses/bungalows outside of the owner-occupied tenure group. The social and private rented sectors have a higher proportion of flats/maisonettes. For the purposes of analysis the three flat categories have been merged into one whilst mobile homes are included within the detached category.

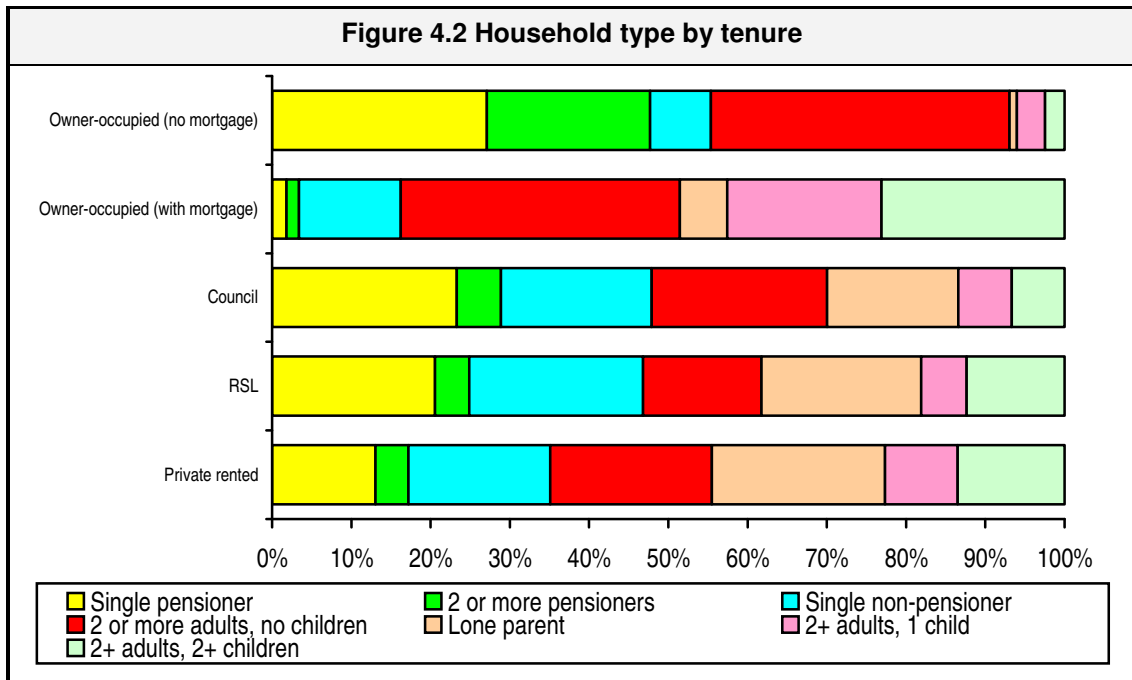


4.3 Household type

The table below shows the household type breakdown in the County Borough. The survey estimates that around a quarter of households are pensioner only and that around a third of households contain children. The most common household type is two or more adults with no children. Around 7% of households are lone parent households.

Household type	Number of households	% of households
Single pensioner	14,575	15.3%
2 or more pensioners	9,005	9.4%
Single non-pensioner	11,815	12.4%
2 or more adults, no children	31,114	32.6%
Lone parent	6,848	7.2%
2+ adults, 1 child	10,227	10.7%
2+ adults, 2+ children	11,817	12.4%
TOTAL	95,400	100.0%

The figure below shows household type by tenure. As with dwelling type there are clear differences between the tenure groups. The owner-occupied (no mortgage) sector contains a large proportion of pensioner households and households with no children, whilst lone parent households appear to be concentrated in the social and private rented sectors.



4.4 Car ownership

A further question asked in the Rhondda Cynon Taf survey was car ownership/availability. Although not directly linked to housing, this is a useful variable as it can provide some indication of wealth. The table below shows the number of cars households have available for use by tenure.

Nearly three-quarters of households in Council rented sector and nearly two-thirds of those in the RSL sector have no access to a car or van, this compares with just over a tenth of owner-occupied (with mortgage) households. The average household has 0.96 cars, this figure varies from 0.32 in the Council rented sector to 1.35 for owner-occupiers with a mortgage.

Tenure	Number of cars/vans available for use				Average number of cars/vans
	0	1	2	3+	
Owner-occupied (no mortgage)	32.1%	49.4%	15.1%	3.4%	0.90
Owner-occupied (with mortgage)	11.7%	49.1%	32.2%	7.0%	1.35
Council	72.0%	24.6%	2.9%	0.5%	0.32
RSL	64.7%	32.5%	2.8%	0.0%	0.38
Private rented	53.8%	38.1%	6.9%	1.2%	0.55
Total	31.5%	45.0%	19.3%	4.2%	0.96

4.5 Commuting patterns

The survey questionnaire also looked at commuting patterns and the place of work. The table below shows the place of work of the head of household, and shows that over a quarter work within the Rhondda Cynon Taf area. Beyond the County Borough, the Cardiff/Newport area was the most common place of work.

Place of work	Number of households	% of households
Work mainly from home	1,647	1.7%
In the Taf area	9,063	9.5%
In the Rhondda area	9,704	10.2%
In the Cynon area	6,796	7.1%
In the Cardiff/Newport area	10,898	11.4%
In the Bridgend/Swansea/West Wales area	2,286	2.4%
Elsewhere in South Wales	2,294	2.4%
Elsewhere in Wales	230	0.2%
Elsewhere in the UK	866	0.9%
Abroad	60	0.1%
Not in employment	51,556	54.0%
Total	95,400	100.0%

The table below shows the mode of transport used by employed household heads to travel to work (those that work from home are excluded). The data indicates that over three quarters travel to work by car. The average journey time of all methods of travel is 27 minutes, but those travelling by train have a journey time of nearly twice the average.

Method of travel	Number of households	% of households	Average journey time
On foot	4,857	11.5%	12
Bicycle	248	0.6%	20
Car/Van	33,321	79.0%	28
Motor Cycle	362	0.9%	38
Bus	1,835	4.3%	34
Overground train	1,369	3.2%	52
Other	205	0.5%	27
Total	42,197	100.0%	27

4.6 Past moves

An important part of the survey analysis concerns past household moves. This is for both existing and newly forming households and are important in terms of estimates of projected future needs (which are largely based on past trend information).

The table below sets out the number and proportion of households who have moved home within the past two years. The data suggests that 18.2% of households in Rhondda Cynon Taf have moved home in the last two years. Most of these moves were made by existing households, as illustrated in the table below. Only 3.8% of households moving in the last two years were the first occupant of their current property.

Table 4.6 Past moves in Rhondda Cynon Taf		
Type of moving household	Number of households	% of households
Newly forming households	3,171	3.3%
Existing households	8,530	8.9%
Non-movers	83,699	87.8%
TOTAL	95,400	100.0%

This data can further be looked at in terms of trends in migration. The table below shows the locations of previous homes for both the newly forming and existing households. The table shows that nearly three-quarters of households moved from inside the County Borough. There is little difference in terms of the location of previous homes between existing and newly forming households.

Table 4.7 Location of previous home			
Location of previous home	Newly forming households	Existing household	TOTAL
In the Taf area	16.7%	23.5%	21.7%
In the Rhondda area	34.1%	33.3%	33.5%
In the Cynon area	22.1%	17.8%	19.0%
In the Cardiff/Newport area	13.3%	11.8%	12.2%
In the Bridgend/Swansea/West Wales area	5.2%	3.1%	3.6%
Elsewhere in South Wales	4.2%	2.3%	2.9%
Elsewhere in Wales	0.4%	0.3%	0.3%
Elsewhere in the UK	3.3%	7.2%	6.1%
Abroad	0.7%	0.6%	0.6%
TOTAL	100.0%	100.0%	100.0%

It is also of interest to look at households past and current tenure. The table below shows this information. The table shows a relative lack of inter-tenure movement. The data suggests that nearly half of newly forming households moved to owner-occupation with around 20% moving to the social rented sector and the remaining 30% moving to the private rented sector.

Table 4.8 Previous and current tenure					
Tenure	Previous tenure				TOTAL
	Owner-occ'd	Social rented	Private rented	Newly forming	
Owner-occupied (no mortgage)	803	87	85	50	1,025
Owner-occupied (with mortgage)	1,837	241	1,071	1,438	4,587
Council	180	854	439	525	1,998
RSL	86	331	207	155	779
Private rented	508	351	1,452	1,003	3,314
TOTAL	3,414	1,864	3,254	3,171	11,703

Finally, we look at the reasons for households having moved home. The table below shows the reasons for households moving. The totals come to more than the total number of households moving home as each household was able to answer as many reasons as they felt were applicable. The main reason for households moving was an ‘other’ reason (a reason specific to the respondent) followed by ‘to move to a better environment’.

Reason for moving	Number of households	% of households
To move to a better environment	2,219	19.0%
Previous home was too small	2,074	17.7%
To move to live with partner	1,703	14.6%
Unable to afford to purchase in another area	1,307	11.2%
To live independently	1,299	11.1%
Previous home was unsuitable for a family	1,110	9.5%
Relationship breakdown	1,080	9.2%
End of tenancy agreement	975	8.3%
To move to cheaper accommodation	860	7.4%
Victim of harassment	736	6.3%
To live closer to employment or other facilities	720	6.2%
Previous home was in poor condition	702	6.0%
Access problems (e.g. steps, stairs)	699	6.0%
Previous home was too big	488	4.2%
Relatives/friends unable/unwilling to accommodate	425	3.6%
To receive care or support	385	3.3%
Previous home was difficult to maintain	301	2.6%
Previous home lacked adequate facilities	258	2.2%
Evicted/repossessed	181	1.6%
To give care or support	179	1.5%
Other	2,452	21.0%

4.7 Future moves – existing households

In addition to looking at past moves, the survey questionnaire collected information about households future needs, expectations and aspirations. This information is particularly important in the ‘Balancing Housing Markets’ exercise carried out later in this report.

The table below shows estimates of the number and proportion of households who need or expect to move home over the next two years by tenure. The data shows that 11.5% of households state a need or likelihood of moving home over the next two years. Households living in the private rented sector are particularly likely to be future movers.

Table 4.10 Households who need or are likely to move in next two years by tenure			
Tenure	Number who need/likely to move	Total number of households	% need/likely to move
Owner-occupied (no mortgage)	1,807	35,674	5.1%
Owner-occupied (with mortgage)	4,129	37,503	11.0%
Council	1,781	9,773	18.2%
RSL	710	4,254	16.7%
Private rented	2,566	8,195	31.3%
TOTAL	10,993	95,400	11.5%

Again we can look at the reasons for households moving. This is shown in the table below. Accommodation size is the main reason for households needing or expecting to move in the future. In total nearly a third of households state ‘home too small’ as a reason for needing/being likely to move.

Table 4.11 Reasons for needing/being likely to move home		
Reason for moving	Number of households	% of households
Current home is too small	3,302	30.0%
To live in a better environment	3,017	27.4%
Access problems (e.g. steps, stairs)	1,261	11.5%
To live closer to employment or other essential facilities	1,238	11.3%
Current home is in poor condition	1,131	10.3%
Current home is too big	1,051	9.6%
Current home is unsuitable for a family	1,015	9.2%
Current home is difficult to maintain	956	8.7%
To move to cheaper accommodation	823	7.5%
To receive care or support	591	5.4%
To give care or support	562	5.1%
Victim of harassment	530	4.8%
End of tenancy agreement	526	4.8%
Current home lacks adequate facilities	523	4.8%
To move to live with partner	485	4.4%
To live independently	283	2.6%
Threat of eviction/re-possession	268	2.4%
Relationship breakdown	202	1.8%
Relatives/friends unable/unwilling to accommodate	163	1.5%
Other	2,408	21.9%

The survey moved on to look at where households would both like and expect to move to. The results of this analysis are shown in the table below. The table suggests that a very similar number of households would expect to remain living in the Rhondda Cynon Taf County Borough as would like to, 73.4% compared to 72.2% respectively.

Location of next home	Like	Expect
In the Taf area	26.2%	24.6%
In the Rhondda area	25.3%	27.7%
In the Cynon area	20.7%	21.1%
In the Cardiff/Newport area	6.6%	6.1%
In the Bridgend/Swansea/West Wales area	4.3%	3.5%
Elsewhere in South Wales	5.1%	6.7%
Elsewhere in Wales	2.3%	1.9%
Elsewhere in the UK	6.6%	5.8%
Abroad	3.0%	2.6%
TOTAL	100.0%	100.0%

Households were similarly asked about what tenure they would both like and expect to move to, with the results shown below. The results suggest that nearly three-fifths of all households would like to move to owner-occupation; however, only just over half say they would expect to move to this type of accommodation. More households say they would expect to rent than would like to.

Tenure	Like	Expect
Buy own home	59.2%	50.2%
Rent from Council	27.9%	24.6%
Rent from RSL	5.7%	9.7%
Private rented	3.8%	11.6%
Rent from relative/friend	0.0%	0.6%
Tied	0.3%	0.7%
Shared ownership	0.7%	0.7%
House/flat share	0.1%	0.4%
Other	2.2%	1.6%
TOTAL	100.0%	100.0%

The table below shows a cross-tabulation between current tenure and future tenure preference. The table shows that generally households would like to remain in the same tenure as they currently live in. The exception to this is the private rented sector. The majority of households in this sector want to move either to owner-occupation or the social rented sector. It should be noted that for analytical purposes figures for tied accommodation and house/flat share are included in private rented whilst those for shared ownership are within owner-occupation.

Tenure	Tenure preference			TOTAL
	Owner-occupied	Social rented	Private rented	
Owner-occupied (no mortgage)	1,330	336	141	1,807
Owner-occupied (with mortgage)	3,760	298	71	4,129
Council	216	1,489	76	1,781
RSL	205	506	-	711
Private rented	1,076	1,065	425	2,566
TOTAL	6,587	3,694	713	10,994

Households were also asked about whether they would need to move into Sheltered or Supported housing; only 3.6% and 2.1% of households needing to move in the next two years would need to move these accommodation types respectively, though 12.6% stated that they would need to move to a bungalow.

Additionally, households were asked whether their household was listed on the Council's Common Housing Register or a Housing Association Waiting List; 20.5% of households that need or expect to move home over the next two years were found to be on such a list.

4.8 Future moves – potential households

A similar analysis can be carried out for newly forming (potential) households. The survey estimates that there are 4,346 households who need or are likely to form in the County Borough over the next two years. The table below suggests that potential households are slightly less likely to want to remain in the area than existing households; in total around 62% of potential households would like to remain in the area. Again, the proportion of households expecting to remain in the area is very similar to the proportion that would like to.

Location of next home	Like	Expect
In the Taf area	27.7%	24.8%
In the Rhondda area	18.7%	23.1%
In the Cynon area	16.1%	14.7%
In the Cardiff/Newport area	12.2%	8.2%
In the Bridgend/Swansea/West Wales area	4.1%	4.6%
Elsewhere in South Wales	2.9%	6.3%
Elsewhere in Wales	1.6%	1.9%
Elsewhere in the UK	15.4%	15.9%
Abroad	1.4%	0.4%
TOTAL	100.0%	100.0%

In terms of tenure preferences and expectations, the table below shows some interesting results. In total an estimated 68.1% of potential households would like to move to owner-occupied accommodation, however, less than two fifths expect to secure such accommodation. More potential households would expect to live in social rented housing than would like to; 18.7% compared to 11.5% respectively. Only 10.1% potential households wish to move to private rented accommodation but over a quarter expect to do so. The gap between like and expect is widened if we also include the ‘house/flat share’ category (which is almost certain to be private rented).

Tenure	Like	Expect
Buy own home	68.1%	38.2%
Rent from Council	10.1%	13.9%
Rent from RSL	1.4%	4.8%
Private rented	10.1%	22.1%
Rent from relative/friend	0.0%	1.4%
Tied	0.3%	0.0%
Shared ownership	1.6%	4.0%
House/flat share	4.9%	9.9%
Other	3.4%	5.6%
TOTAL	100.0%	100.0%

4.9 Housing costs

The survey asked a series of questions about how much households currently pay for their housing. The table below shows estimates of the amount of rent/mortgage paid by households by tenure.

The table shows that households buying with a mortgage have the highest housing costs. The average owner occupier (with mortgage) pays £354 per month, this compares with £204 for households renting from the Council. The figures for the private rented sector include households with no housing costs (e.g. many of those in tied accommodation).

Table 4.17 Housing costs by tenure					
Monthly housing cost	Owner-occupied (with mortgage)	Council	RSL	Private rented	TOTAL
None	0.0%	0.0%	0.0%	4.4%	0.6%
Under £130	9.0%	12.9%	7.0%	7.5%	9.3%
£130-£255	27.6%	72.2%	60.5%	29.2%	37.5%
£256-£385	27.3%	10.9%	26.7%	43.3%	26.8%
£386-£515	18.5%	2.5%	2.0%	9.4%	13.4%
£516-£645	8.7%	0.3%	0.7%	1.9%	5.8%
£646-£775	4.5%	0.9%	2.0%	1.1%	3.3%
£776-£905	2.6%	0.0%	1.1%	1.1%	1.9%
£906-£1,035	0.7%	0.0%	0.0%	0.4%	0.5%
£1,036-£1,165	0.4%	0.2%	0.0%	1.4%	0.5%
£1,166 or more	0.6%	0.0%	0.0%	0.6%	0.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Average cost	£353.97	£204.17	£243.19	£295.67	£313.56

It is also possible to estimate the average amount paid by households after any deductions for housing benefit (or income support payments towards mortgage interest payments). This shows an even clearer trend. The table below shows the proportion of households claiming housing benefit (income support) and the average housing cost paid after benefits are taken into account.

Table 4.18 Housing costs after reduction due to housing benefit (income support)		
Tenure	% claiming housing benefit (income support)	Net housing cost (£ per month)
Owner-occupied (with mortgage)	4.9%	£347.88
Council	74.7%	£90.92
RSL	82.2%	£90.70
Private rented	69.2%	£147.92
TOTAL	30.6%	£260.07

4.10 Summary

The household survey collected a significant amount of data about households' current circumstances. Some of the main findings were:

- The majority of households live in houses or bungalows. The main house type is terraced, which houses just over half of households in the County Borough. Households living in owner occupation are particularly likely to live in detached houses/bungalows.
- Around a quarter of all households are 'pensioner-only' and around a third contain children. Lone parent households were found to be concentrated in both the social and private rented sectors.
- Car ownership data suggests that there is an average of 0.96 cars per household in the County Borough. There are however large differences by tenure with owner-occupiers (with mortgage) having an average of 1.35 cars per household. Nearly three-quarters of households in Council rented sector and nearly two-thirds of those in the RSL sector have no access to a car or van.
- Over a quarter of heads of household work in the Rhondda Cynon Taf area; with over three quarters of employed household heads travelling to work by car. The average journey time to work was found to be 27 minutes.
- An estimated 18.2% of households have lived in their current home for less than two years; most of these moves were made by existing households.
- In terms of future household moves, the survey estimates that 10,993 existing and 4,346 potential households need or expect to move within the next two years. In both cases a higher proportion would like to move to owner-occupation than expect to do so.
- Finally the survey indicated differences in housing costs between different tenures with the highest costs in the owner occupied (with mortgage) sector and the lowest in the social rented sector. Differences were more marked when housing benefit was removed.

5. The local housing market

5.1 Introduction

This chapter sets out the results of an analysis of housing market prices and rents in Rhondda Cynon Taf. Information was collected from two sources:

- Land Registry
- Survey of local estate and letting agents

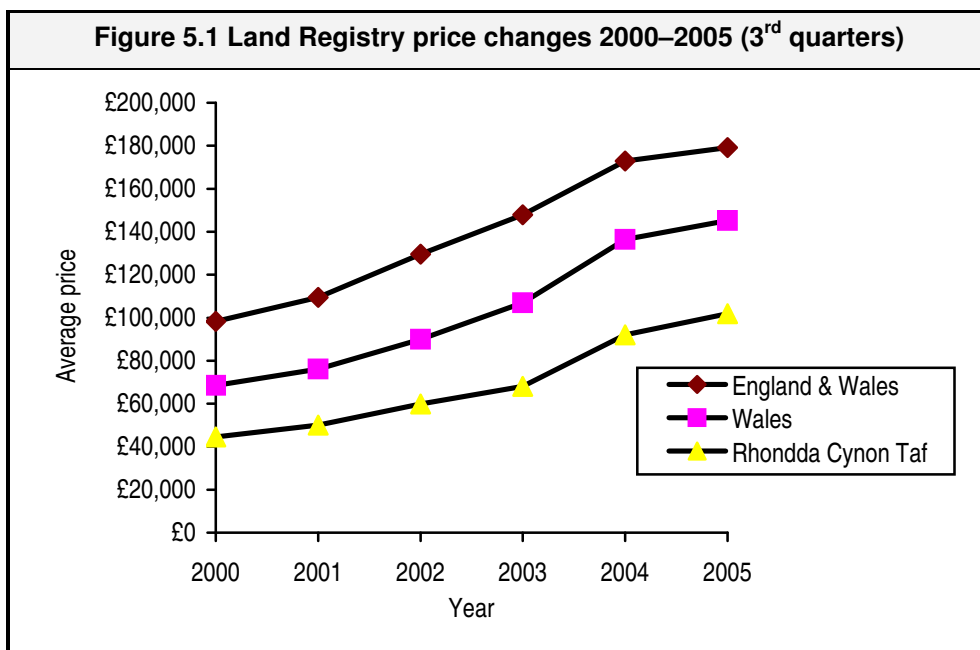
Land registry information provides the context for the property price situation in Rhondda Cynon Taf and then a sequence of analysis based on information collected from estate/letting agents leads to figures that show the minimum price/rent of housing for a range of dwelling sizes.

5.2 National, regional and local picture

Information from the Land Registry shows that between the 3rd Quarter of 2000 and the 3rd quarter of 2005 average property prices in England and Wales rose by 82.3%. For Wales the increase was 112.0% whilst for Rhondda Cynon Taf County Borough the figure was 128.3%.

The table below shows average prices in the 3rd quarter of 2005 for each of England and Wales, Wales and Rhondda Cynon Taf County Borough. The table shows that average prices in Rhondda Cynon Taf are around half the average for England and Wales and also lower than the Wales average.

Area	Average price	As % of E & W
England & Wales	£179,181	100.0%
Wales	£145,187	81.0%
Rhondda Cynon Taf	£101,820	56.8%



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

Dwelling type	Rhondda Cynon Taf		Wales	
	Average price	% of sales	Average price	% of sales
Detached	£190,279	15.9%	£216,557	26.3%
Semi-detached	£111,319	22.0%	£133,753	27.9%
Terraced	£75,828	61.3%	£106,565	37.9%
Flat/maisonette	£75,025	0.8%	£132,846	7.8%
All dwellings	£101,820	100.0%	£145,187	100.0%

The largest volume of sales in the County Borough was for terraced houses (61.3%) with an average price of £75,828. The three house types together accounted for 99.2% of all sales. Sales nationally show a higher proportion of detached and semi-detached houses as well as flats/maisonettes.

5.3 Prices in adjoining areas

As the table below demonstrates, the majority of local authorities around Rhondda Cynon Taf have prices well below the average for England and Wales. When compared with neighbouring Local Authority areas Rhondda Cynon Taf shows an average price at the lower end of the scale. Prices in Rhondda Cynon Taf are higher than in Merthyr Tydfil but lower than all other areas. The Vale of Glamorgan, Cardiff and Powys stand out as having much higher prices than other areas in the region.

Table 5.3 Price levels in Rhondda Cynon Taf and adjoining areas (3rd quarter 2005)	
Council area	% of England & Wales
Rhondda Cynon Taf	56.8%
Merthyr Tydfil	50.9%
Caerphilly	62.7%
Cardiff	93.6%
Vale of Glamorgan	96.2%
Bridgend	76.6%
Neath Port Talbot	59.3%
Powys	91.9%

5.4 Estate Agents' information

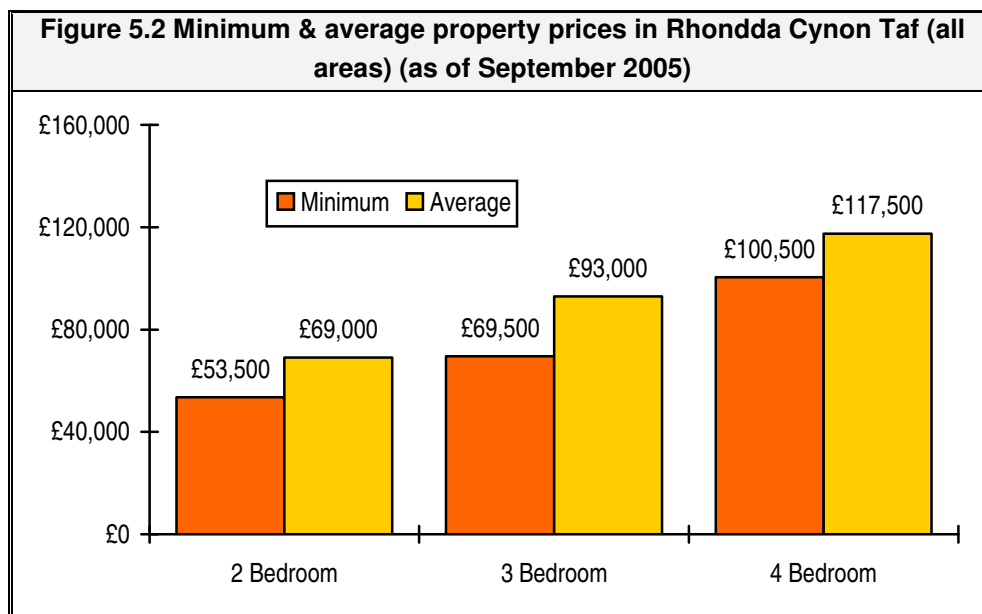
(i) Purchase prices

During December 2005 and January 2006 a total of 10 estate and letting agencies were contacted in order to obtain detailed information about the local housing market across the Rhondda Cynon Taf area. Agents were contacted across the County Borough in order to capture localised variations. Several of the agents were located in Pontypridd but at least one agent was contacted in each large settlement in the valleys.

Average and minimum property prices were collected for a range of property sizes and tenures. Comments were also collected from the agents to describe the main features of the current market in Rhondda Cynon Taf, a summary of which are presented below.

Agents tended to describe property sales levels in the County Borough as steady, but reported that prices are rising slowly. It was felt that there was a shortage of one and four bedroom properties on the market, principally because there were few properties of this size in the local stock. A clear geographical distinction was apparent during the estate agent interviews, with property prices in Pontypridd and the South being more expensive than the Northern area of the County Borough. There was also a notable difference between the East and West of the County Borough, with the homes in the east being more expensive.

If we take averages of the prices identified by individual agents for each dwelling size and price level, the property price results are as presented in the figure below. The figure shows that estimated entry-level prices ranged from £53,500 for a two bedroom property up to £100,500 for four bedrooms. Average prices were generally around 25-30% higher than the minimums. The estate agents indicated that the stock of one bedroom homes was too small for properties of this size to become available regularly.



Source: Survey of Estate and Lettings Agents (2006)

(ii) Private rent levels

Average and minimum rents were also collected from agents and the results of this analysis are shown in table 5.4. It is important to note that according to all of the interviewed agents rental prices are very much fixed by housing benefit levels, as around 90% of those living in private rented accommodation also receive housing benefit. Therefore, there is relatively little difference between the minimum and average levels and a fairly small variation by property size. Minimum monthly rents varied from £320 (one bed) to £500 (four beds) with average rents only around 10-25% more expensive than this.

Table 5.4 Minimum and average private rents in Rhondda Cynon Taf		
Property size	Minimum rent (monthly)	Average rent (monthly)
2 bedrooms	£320	£360
3 bedrooms	£360	£420
4 bedrooms	£500	£650

Source: Survey of Estate and Lettings Agents (2006)

(iii) New build prices

New build property prices were obtained for the larger sized properties from two estate agents. The estate agents commented that there are very few new build developments in the area, and so getting a new build property on their books was very rare. As the new build data was insufficient to provide completely robust results, new build prices have been approximated using the available data and drawing on experience from elsewhere.

The survey was unable to obtain any information on 2 bedroom new build properties, as they simply are not being built in the area, so this price have been estimated using the ratios recorded for the average priced properties. As can be seen from table 5.5, average new build prices are notably higher than the County Borough's average second-hand property prices.

Table 5.5 Average new build prices in Rhondda Cynon Taf	
Property size	Average price
2 bedrooms	£92,500
3 bedrooms	£118,500
4 bedrooms	£163,500

Source: Survey of estate and lettings agents (2006)

5.5 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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Guide**

'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 and a further difference within the North of the County Borough between the East and the West. The estate agent information indicated that the County Borough contains three distinct sub-markets, which largely correspond with the boundaries of the individual Boroughs of Rhondda, Cynon and Taf.

As the nature of the three 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 three 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 three separate sets of prices/rents to be applied in the three parts of the County Borough are presented in the table below.

Table 5.6 Prices and rents in the three sub-markets					
Property size	Property price			Monthly cost	
	Minimum sale	Average sale	New build sale	Minimum rent	Average rent
<i>Rhondda</i>					
2 bedrooms	£44,000	£57,000	£79,500	£265	£295
3 bedrooms	£59,000	£75,000	£103,000	£275	£325
4 bedrooms	£76,000	£82,500	£139,500	-	-
<i>Cynon</i>					
2 bedrooms	£51,000	£70,500	£88,000	£310	£350
3 bedrooms	£65,500	£82,000	£115,000	£325	£365
4 bedrooms	£94,500	£111,500	£152,500	£415	£505
<i>Taf</i>					
2 bedrooms	£65,000	£86,000	£107,500	£410	£475
3 bedrooms	£74,500	£99,000	£138,000	£465	£530
4 bedrooms	£113,000	£132,000	£192,000	£690	£1,000

Source: Survey of Estate and Letting agents (2005)

Again, due to insufficient new build data for each area, figures have been approximated using the available data and drawing on experience from elsewhere. The results appear to indicate that whilst there are local variations, Taf is the most expensive sub-market, followed by Cynon with Rhondda being the cheapest. The distinction between the sub-market areas is more pronounced for owner-occupation the differences than for rental costs.

5.6 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 were:

- Prices in Rhondda Cynon Taf rose by 128.3% in the period 2000 to 2005. This is above the rate of increase observed nationally
- The average property price in Rhondda Cynon Taf in the 3rd quarter 2005 was 56.8% of the average for England & Wales
- Sales of properties in Rhondda Cynon Taf are predominantly houses with only 0.8% of sales in the 3rd quarter of 2005 being flats/maisonettes
- The estate agent survey suggested that on average minimum prices in the District range from £53,500 to £100,500 depending on the size of properties
- Minimum rents ranged from £320 to £500 per month depending on property size
- The County Borough contains three distinct housing markets which largely correspond with the boundaries of the individual Boroughs of Rhondda, Cynon and Taf. Taf is the most expensive sub-market with Rhondda the cheapest. The three sub-market areas have distinct price regimes that will be used in the affordability analysis.

6. Financial information and affordability

6.1 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 the Council area.

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

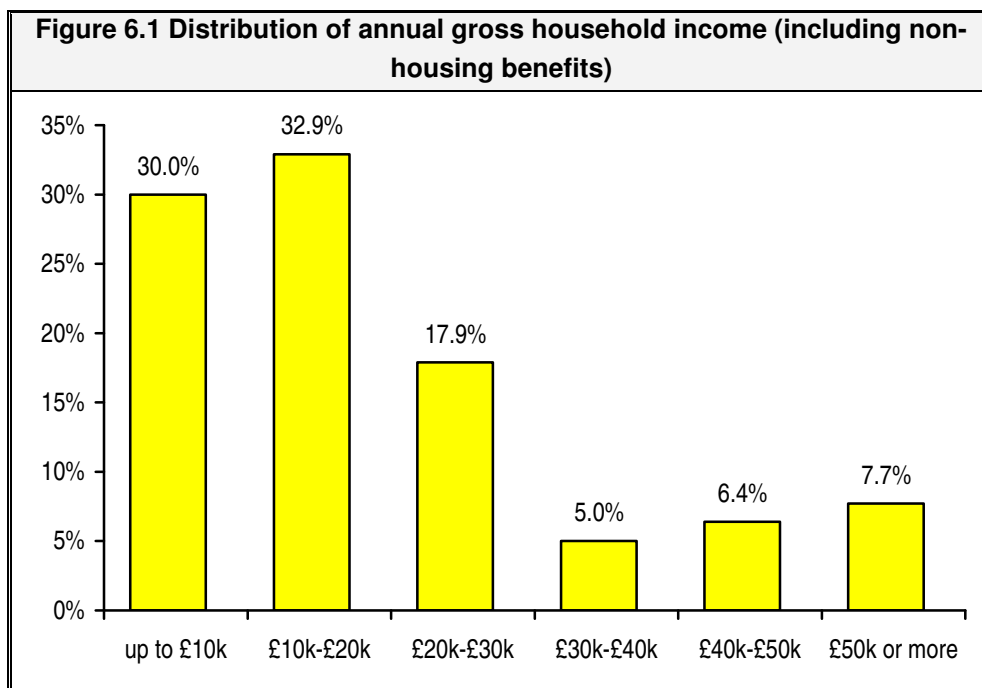
WAG Guide

<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 gross earned income (including benefits), savings and equity levels.

6.2 Household income

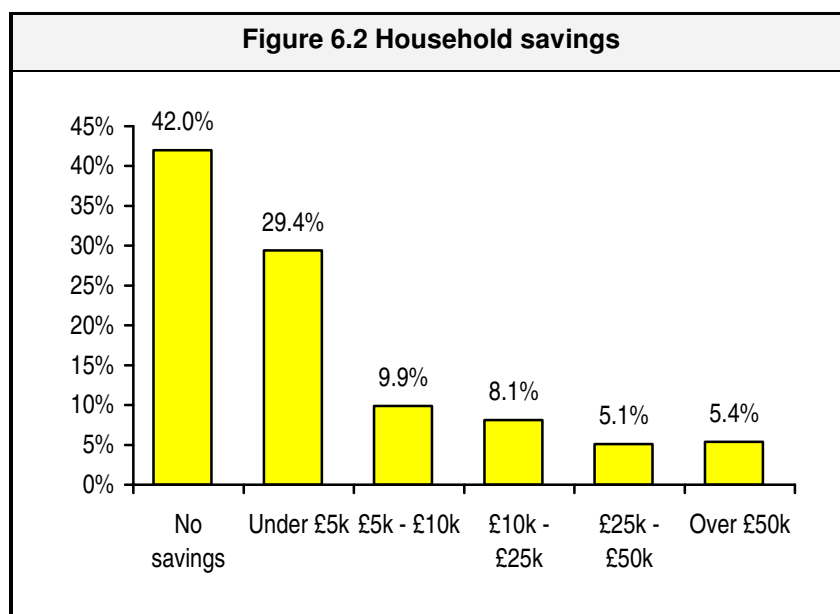
The response to the survey income question was good with 83.8% of respondents answering this question. Survey results for household income in Rhondda Cynon Taf estimate the average gross income level (crucial for the assessment of affordability) to be £20,021 per annum. The median income is noticeably lower than the mean (at £14,456 per annum). The figure below shows the distribution of income in the County Borough.



6.3 Household Savings and Equity

The response to the survey savings question was also good with 80.1% of respondents answering this question. The average household has £10,853 in savings (median of £1,996). The figure below shows the distribution of savings in the County Borough.

An estimated 71.4% of households had less than £5,000 in savings whilst 10.5% had savings of over £25,000. Households with no savings also include those in debt.



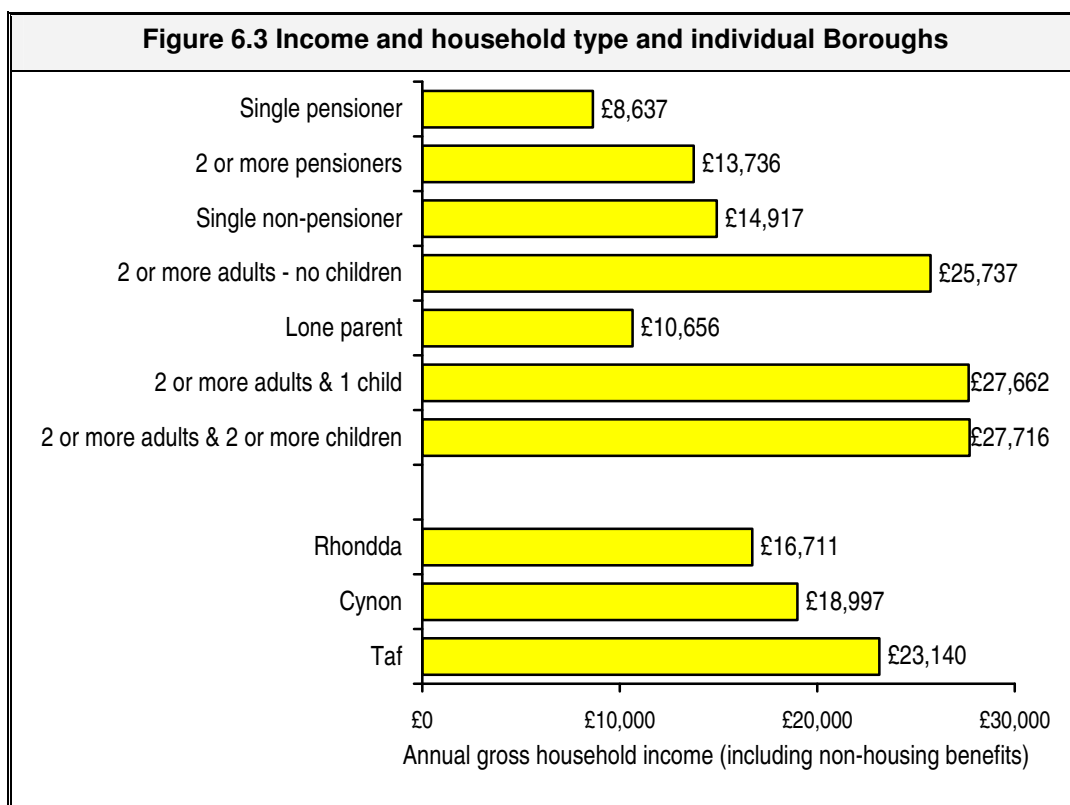
The survey also collected information about the amount of equity owner-occupiers have in their property. For both groups together (owners with and without mortgages) the average amount of equity was estimated to be £77,859 (median of £65,081).

6.4 Household characteristics and income

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

Table 6.1 Financial information by tenure			
Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£16,873	£20,584	£90,461
Owner-occupied (with mortgage)	£29,234	£6,640	£65,871
Council	£8,604	£891	-
RSL	£10,353	£348	-
Private rented	£10,197	£5,107	-
AVERAGE	£20,021	£10,853	£77,859

The figure below looks at income levels by household type and individual Borough. Single pensioner and lone parent households show average incomes considerably below the County Borough average. All non-pensioner household groups with two or more adults show average incomes above the County Borough average. By Borough it is clear that significant differences exist. The highest average incomes are found in Taf and the lowest in Rhondda.



6.5 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.

As discussed in Chapter 5, there are considered to be three distinct housing sub-markets within the County Borough; Rhondda, Cynon and Taf. The methodology below uses example prices, but the affordability calculations for households based in each individual Borough take into account which housing sub-market the household is situated in.

(i) Mortgage affordability

The definition of mortgage affordability is shown below:

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

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

A household containing a couple with one child would require, at minimum, a two bedroom property. The minimum cost of such a property in Rhondda is estimated to be £44,000. If the couple have £20,000 in savings then they would require a gross household income of £8,276 ((£44,000-£20,000) divided by 2.9) if both adults were in employment or £6,857 ((£44,000-£20,000) divided by 3.5) if one person is in employment.

**WAG
Guide**

'A household is considered likely to be able to afford to buy a home that costs 3.5 times the gross household income for a single earner household, or 2.9 times the household income for dual income households.' [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 containing a couple with no children will require at minimum a one bedroom property. The minimum weekly rental for this in Taf is £95. This means that the household must have a weekly gross income of at least £380 (£95 ÷ 0.25) 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 person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement. A household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.

AND

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

It is worth briefly noting the affordability of local households. The table below shows affordability by tenure. The table shows that of all households in the County Borough, 25.9% are unable to afford market housing (if they were to move home now). The differences by tenure are substantial. In total almost 90% of social and over four fifths of private tenants are unable to afford. These figures compare with 7.7% of all owner-occupiers.

Table 6.2 Affordability and tenure			
Tenure	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	2,345	35,674	6.6%
Owner-occupied (with mortgage)	3,314	37,502	8.8%
Council	8,778	9,773	89.8%
RSL	3,687	4,255	86.7%
Private rented	6,590	8,195	80.4%
TOTAL	24,714	95,400	25.9%

6.6 Assessing affordability – potential households

The Housing Needs Assessment ascertained whether or not potential households (namely persons who currently live as part of another household) would be able to access the private sector housing market by asking the following question to the survey respondent:

‘In your opinion, will they be able to afford suitable private sector housing in the Rhondda Cynon Taf County Borough (this can either be rented (excluding the use of housing benefit) or bought?’

This would appear to be broadly in line with ODPM guidance which says:

**ODPM
Guide**

'It is difficult to estimate the incomes of future newly forming households. Unless potential household members are interviewed specifically, it is not practical to collect complete income data relating to this group through a housing needs survey. Even where the fieldwork includes concealed household interviews, there are doubts as to the value and reliability of any income data which might be collected.' [Section 4.4 (page 62)]

'One way around this problem is to substitute a subjective judgement about future housing prospects in place of a formal affordability test.' [Section 4.4 (page 60)]

It should be noted that this approach is used when assessing the ability of potential households to afford market housing in the balancing housing markets assessment in Chapter 12. Future estimates of the needs from household formation are based on past trend information – an approach in line with the ODPM and the WAG guide:

6.7 Summary

The collection of financial information is a fundamental part of any assessment of housing need. The survey estimates that mean annual gross household income (including non-housing benefits) in Rhondda Cynon Taf is £20,021. The average conceals wide variations among different tenure groups with households in social and private rented housing showing average incomes significantly below the County Borough average.

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 Rhondda Cynon Taf. A combined affordability test is used to assess whether they can afford to either buy or rent a property of a suitable size.

SECTION C: THE GUIDE MODEL

This section sets out calculation of the three key elements of the model outlined in Table 2.1 of the ODPM Guide to Housing Needs Assessment and described in detail in Chapter Four of the Guide; this is similar to the Needs Assessment model outlined in Table 6.4, described in Chapter Six of the WAG Guide. The aim is to assess the level of housing need through estimating the net shortfall/surplus of affordable housing. The first step measures backlog of existing need, the second newly arising need and the third looks at current supply of affordable housing. The section finishes with a brief discussion of the implications for affordable housing policy and about the types of housing that might meet the affordable need.

The WAG Guide definition of housing need is given below.

**WAG
Guide**

'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)]



7. Backlog of existing need

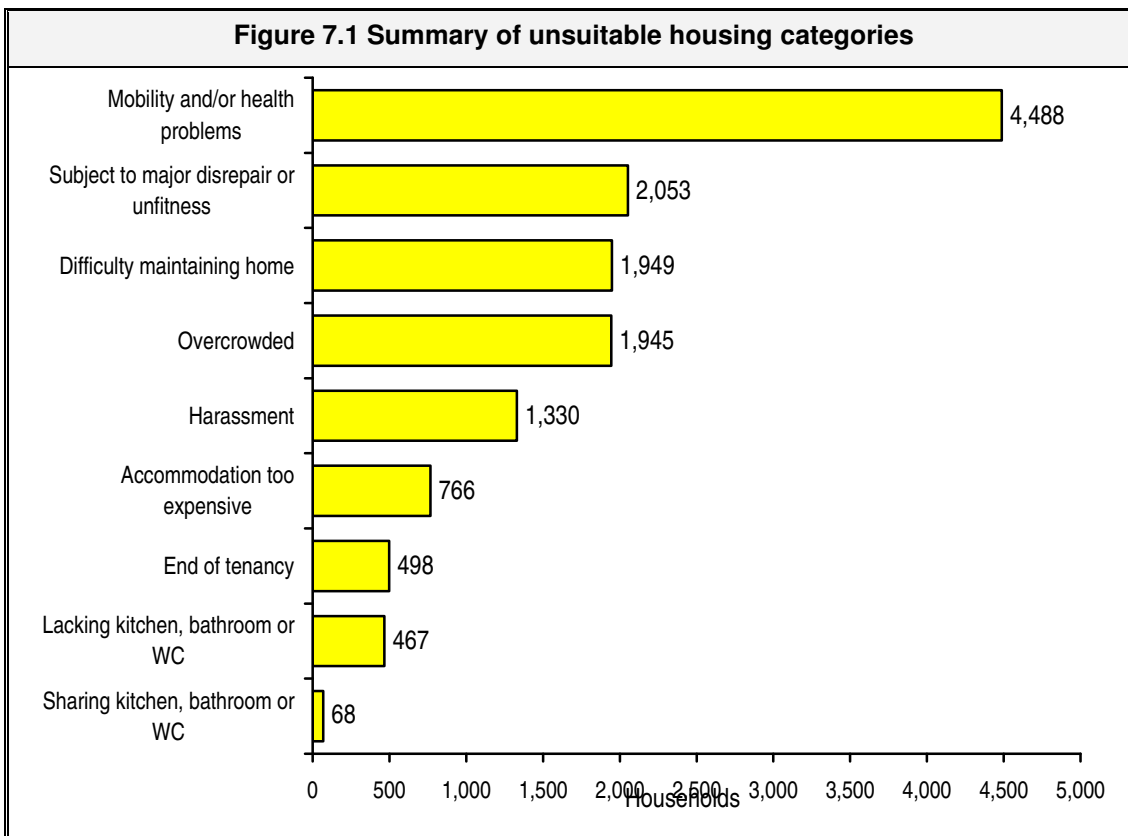
7.1 Introduction

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.

7.2 Unsuitable housing

This section looks at households whose current accommodation is in some way unsuitable for their requirements. It is estimated that a total of 10,172 households are living in unsuitable housing. This represents 10.7% of all households in the 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 mobility and/or health problems, followed by housing subject to major disrepair.

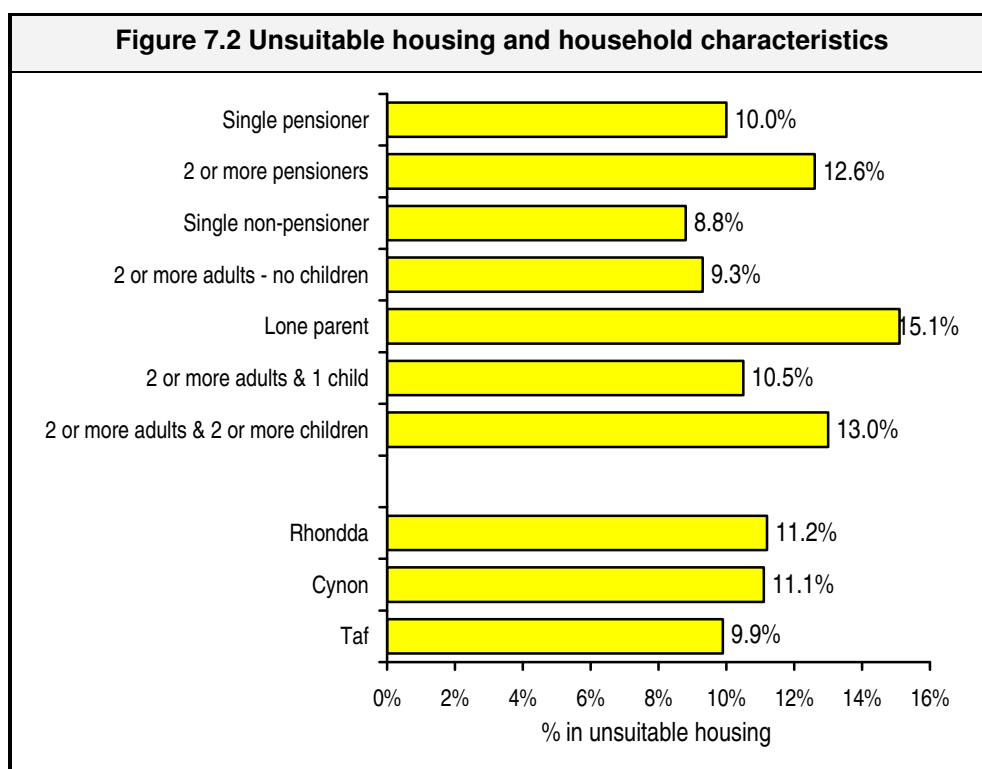


The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in rented accommodation are more likely to be in unsuitable housing than owner-occupiers. Some 19.8% of Council tenants and 17.7% of private tenants are estimated to be living in unsuitable housing. This compares with 10.0% and 7.7% of households in owner-occupied (no mortgage) and owner-occupied (with mortgage) tenures respectively.

Table 7.1 Unsuitable housing and tenure

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in County Borough	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Owner-occupied (no mortgage)	3,574	32,100	35,674	10.0%	35.1%
Owner-occupied (with mortgage)	2,879	34,623	37,502	7.7%	28.3%
Council	1,936	7,838	9,774	19.8%	19.0%
RSL	330	3,924	4,254	7.8%	3.2%
Private rented	1,453	6,742	8,195	17.7%	14.3%
TOTAL	10,172	85,227	95,400	10.7%	100.0%

The figure below shows the proportion of households living in unsuitable housing by household type and individual Borough. The data shows that lone parent households are particularly likely to be in unsuitable housing. Single non-pensioner households showed the lowest levels of unsuitable housing. By individual Borough there are also some slight differences. Taf displays the lowest level of unsuitable housing at 9.9% whilst Rhondda and Cynon display higher levels of unsuitable housing at 11.2% and 11.1% respectively.



In addition to the above analysis it is possible to compare survey figures with the Housing Register. Survey responses indicated that there were 4,490 existing households on the Housing Register at the time of the survey (there will be additional potential households and those living outside the District). Of these it was estimated that 27.5% (1,233 households) were in unsuitable housing. This compares with 9.8% of those who were not registered. The data did however suggest that 87.8% of those in unsuitable housing were not registered.

These results suggest that whilst those registered are more likely to have housing problems than other households there are a significant number of household who are registered but not (under the definitions used here) in unsuitable housing and also a significant number in unsuitable housing who are not registered. This highlights the difficulties in using Housing Registers as an indicator of overall needs.

7.3 Migration and ‘in-situ’ solutions

The survey has highlighted that 10,172 households are in unsuitable housing. However, both ODPM and WAG guidance recognise that some housing need can be addressed through in-situ solutions. For example, it is possible that some of the unsuitability can be resolved in the households’ 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 is assessed in the Housing Needs Assessment by asking respondents whether they thought they needed to move now. Any household that replied that it did need to move now was assumed not to have an in situ solution.

ODPM Guide	<i>‘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)]</i>
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The survey data estimates that of the 10,172 households in unsuitable housing 865 (or 8.5%) would need to move now to resolve their housing problems. Of the 865 households who need to move now, those that stated that they would be likely to move out of the County Borough were excluded from further analysis. These amounted to 80, leaving a total of 785 who need to move within the County Borough.

7.4 Affordability

Using the affordability methodology set out in Chapter Six it is estimated that there are 600 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 0.6% of all existing households in the County Borough. The results reveal that 76.5% of households living in unsuitable housing (and needing to move now within the County Borough) cannot afford market housing (600/785).

The table below focuses on characteristics of the 600 households currently estimated to be in housing need. The results show that Council tenants are most likely to be in housing need – 3.9% of households in the Council rented sector are in housing need. Of all households in need, 63.2% currently live in Council rented accommodation.

Table 7.2 Housing need and tenure					
Tenure	Housing need				
	In need	Not in need	Number of h'holds in County Borough	% of total h'holds in need	% of those in need
Owner-occupied (no mortgage)	0	35,674	35,674	0.0%	0.0%
Owner-occupied (with mortgage)	40	37,462	37,502	0.1%	6.7%
Council	379	9,395	9,774	3.9%	63.2%
RSL	82	4,173	4,255	1.9%	13.7%
Private rented	99	8,096	8,195	1.2%	16.5%
TOTAL	600	94,800	95,400	0.6%	100.0%

7.5 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 461 households to 139. 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 461 households in social rented accommodation is justified by current and future guidance.

7.6 Homeless households (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 homeless households 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 September 2005 WHO12 form is shown in the table below.

Table 7.3 Homeless households accommodated by authority at September 2005 (Table 7, WHO12 form)	
Category	Quarter ending 30/09/05
LA stock	65
RSL stock	0
<u>Hostels</u>	<u>14</u>
<u>Women's refuge</u>	<u>8</u>
<u>Bed and Breakfast</u>	<u>22</u>
TOTAL	109

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 housed in RSL accommodation should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the sample was drawn. After considering the various categories, we have 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 109 homeless households in temporary accommodation, 44 will be counted as homeless for the purpose of the Housing Needs Assessment.

7.7 Total backlog need

Having been through a number of detailed stages in order to assess the backlog of need in Rhondda Cynon Taf 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 data shows that there is an estimated backlog of 183 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 Rhondda Cynon Taf. The table therefore shows that the annual need to reduce backlog is 37 dwellings per annum.

WAG Guide	<p><i>‘The quota is recommended to be based upon meeting need over a period of five years, or the relevant local development plan time period, whichever is longer...’</i></p> <p><i>‘A five- year period can be used, with 20% of the current need being addressed each year. However, this is a judgement which partnerships can make at the beginning of, or during, the assessment process... It is not generally recommended to use a period of less than five years in which to meet all current need.’ [Paragraphs 6.85 & 6.86 (page 80)]</i></p>
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Table 7.4 Basic Needs Assessment Model – Stages 1 to 7		
<i>B: BACKLOG OF EXISTING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
1. Backlog need existing households	Number of households currently living in unsuitable housing	10,172
2. <i>minus</i> cases where in-situ solution most appropriate	In situ (or outside the County Borough) solution most appropriate for 9,387 households	Leaves 785
3. <i>times</i> proportion unable to afford to buy or rent in market	76.5% = 600 – also remove 461 social renting tenants	139
4. <i>plus</i> Backlog (non-households)	Homeless = 44	44
5. <i>equals</i> total Backlog need		183
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		37

NB Elimination of the backlog over a five-year period is recommended in the Guide. However, the Council can make a policy decision to do so over a longer period.

7.8 Summary

This chapter reported on the components contributing to the backlog need element of the needs assessment model. In total it is estimated that 600 existing households are in housing need. When looking further forward to the additional affordable housing requirements of these households we remove households currently living in social rented housing to produce a final figure of 139.

The final element of backlog need considered the needs arising from homeless households. This element made for 44 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 183 affordable homes. Annualised, assuming a 20% reduction per year suggests an annual need of 37 dwellings to reduce the backlog need in Rhondda Cynon Taf.

8. Newly arising need

8.1 Introduction

In addition to the Backlog of existing needs discussed so far in this report there will be newly arising need. Newly arising need is split, as per ODPM guidance, into three main categories (there is a fourth 'ex-institutional' population – results for this group have been include in the figures for new household formation). These are as follows:

1. New households formation (× proportion unable to buy or rent in market)
2. Existing households falling into need
3. 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).

8.2 New household formation

The estimate of the number of newly forming households in need of affordable housing is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need. This method is also consistent with comments in ODPM and WAG Guidance:

**WAG
Guide**

'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.' [Paragraph 6.88 (page 81)]

The table below shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years (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 8.1 Derivation of newly arising need from new household formation		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	11,701	
Minus moves from outside County Borough	-3,017	8,684
Minus households NOT forming in previous move	-6,374	2,310
Minus households moving to owner-occupation	-910	1,400
Minus households moving to tied accommodation	-15	1,385
TOTAL APPLICABLE MOVES	1,385	
Times proportion unable to afford	81.1%	
ESTIMATE OF NEWLY ARISING NEED	1,124	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	562	

The table above shows that an estimated 2,310 households are newly formed within the County Borough over the past two years (1,155 per annum). Of these it is estimated that 562 (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 562 per annum.

8.3 Existing households falling into need

This is an estimate of the number of existing households currently living in Rhondda Cynon Taf who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the County Borough in the last two years and affordability. A household will fall into need if it has to move home and is unable to afford to do this within the private sector (examples of such a move will be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim housing benefit or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).

WAG Guide	<i>‘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.’</i> [Paragraph 6.95 (page 82)]
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Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of ‘transfers’ and so the additional needs arising from within the social rented stock will be net zero. 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 8.2 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 two years	11,701	
Minus moves from outside County Borough	-3,017	8,684
Minus households forming in previous move	-2,310	6,374
Minus households transferring within affordable housing	-1,119	5,255
Minus households moving to owner-occupation	-2,672	2,583
Minus households moving to tied accommodation	-27	2,556
TOTAL APPLICABLE MOVES		2,556
Times proportion unable to afford	91.4%	
TOTAL IN NEED (2 years)		2,335
ANNUAL ESTIMATE OF NEWLY ARISING NEED		1,168

The table above shows that a total of 2,556 household moves are considered as potentially in need. Using the standard affordability test for existing households it is estimated that 91.4% 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 two years). Therefore our estimate of the number of households falling into need within the County Borough excluding transfers is 2,335 households (2,556 × 0.914) over the two-year period. Annualised this is 1,168 households per annum.

8.4 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 Rhondda Cynon Taf 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 two 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 affordable housing stock in the County Borough 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. Household moving to owner-occupation and tied accommodation are again excluded from the analysis.

WAG Guide

'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.' [Paragraph 6.99 (page 83)]

The table below shows the derivation of the in-migrant element of newly arising need.

Table 8.3 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 two years	11,701	
Minus moves from within County Borough	-8,684	3,017
Minus households moving to owner-occupation	-2,029	988
Minus households moving to tied accommodation	-14	974
TOTAL APPLICABLE MOVES		974
Times proportion unable to afford		66.3%
TOTAL IN NEED (2 years)		646
ANNUAL ESTIMATE OF NEWLY ARISING NEED		323

In total the table above shows that 974 'potentially in need' moves took place in the past two years from outside the County Borough. The survey data also shows us that 66.3% 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 two years). Therefore our estimate of the number of households falling into need from outside the County Borough is 646 households (974×0.663) over the two-year period. Annualised this is 323 households per annum.

8.5 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 2,053 households per annum.

Table 8.4 Basic Needs Assessment Model – Stages 8 to 13		
<i>N: NEWLY ARISING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
8. New household formation (gross, p.a.)		693
9. <i>Times</i> proportion unable to buy or rent in market	81.1% cannot afford market housing	Leaves 562
10. <i>plus</i> ex-institutional population moving into community	Included in 8/9 above	-
11. <i>plus</i> existing households falling into need		1,168
12. <i>plus</i> in-migrant households unable to afford market housing		323
13. <i>equals</i> Newly arising need	9+10+11+12	2,053

9. Supply of affordable housing

9.1 Introduction

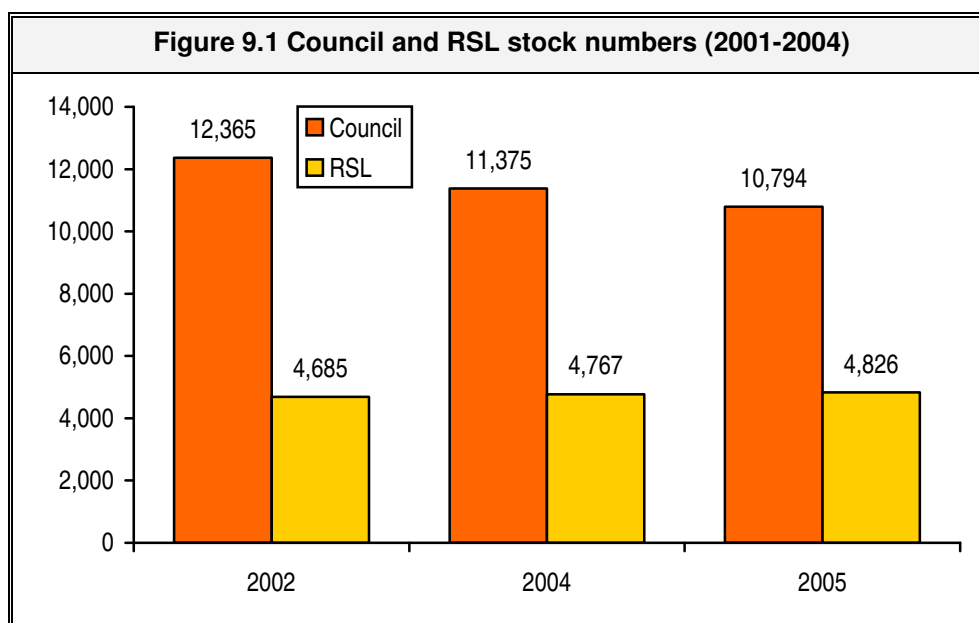
This chapter looks at current supply of affordable housing from both the Council and RSLs in the County. We shall begin by highlighting the general patterns of supply in the social rented stock over the past three years before making a judgement about which supply figures should feature as part of the 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)]

9.2 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 figure above shows that the Council stock has shrunk since 2002, by 1,571 dwellings. This is likely to be mainly due to right-to-buy sales. The RSL stock shows an increase over the same period (of 141 dwellings). Overall, there has been a net loss of 1,430 properties from Rhondda Cynon Taf's social housing stock (477 per annum).

9.3 The supply of affordable housing

The table below shows an estimate of the supply of lettings from Council-owned stock over the past three years. National Assembly for Wales Housing Statistics WHO4 2003 – 2005 data was used. The data below shows that the number of lettings has been decreasing over time. In 2003 there were an estimated 1,131 lettings to new Council tenants, by 2005 this had fallen 941. The average number of lettings to new Council tenants over the three-year period was estimated to be 1,036 per annum.

Table 9.1 Analysis of past housing supply (council rented sector)				
Source of supply	2003	2004	2005	Average
Local Authority				
LA lettings: re-housing through slum clearance/redevelopment	0	0	0	0
LA lettings through re-housing on a priority basis	103	112	137	117
LA lettings from waiting list (normal allocation)	1,148	925	804	959
LA sub-total (excluding transfers)	1,131	1,037	941	1,036

Source: Welsh Housing Statistics

An estimate of lettings to new RSL tenants has been obtained from survey data. This figure has been derived from the number of households moving to RSL accommodation in the last two years (excluding households transferring from the social rented sector). The estimate for two years is 448, therefore our annual estimate will be 224 new lettings to RSL tenants.

Therefore our estimated future supply of lettings from both the Council and RSL will be 1,260 (1,036+224).

9.4 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'. [Section 2.4 (page 26)]</i>
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Table 9.3 Analysis of past provision of new affordable housing – Average for three years				
New affordable housing	2002	2003	2004	Average
Additional LA dwellings	0	0	0	0
Additional RSL dwellings	86	34	33	51

Source: Welsh Housing Statistics

The table above summarises information from Welsh Housing Statistics. The data indicates that there has been an annual average of 51 new affordable housing completions between 2002 and 2004 (the latest data available). This is taken away from our estimate of lettings to provide a relet figure of 1,209 dwellings per annum (1,260-51). The figure of 1,209 represents a turnover of around 7.7% (based on the number of relets and the estimated number of social rented dwellings (i.e. 1,209/15,620)).

9.5 Shared ownership supply

In most local authorities the amount of shared ownership available in the stock is fairly limited. However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing. In many parts of the country, shared ownership housing is as expensive as the cheapest housing available on the open market. Hence in this sense it cannot be deemed as affordable housing. Unfortunately we do not have any information about the exact affordability of the current stock of shared ownership housing in the County Borough and hence for the purposes of analysis we have assumed that such housing (second-hand) will be available at prices below those for entry-level market housing.

Some 296 households examined in the survey were found to be living in shared ownership accommodation. Similarly, the 2001 census suggests that there are 295 shared ownership households in the County Borough. 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 7.7%. Hence we estimate that each year an average of 23 units of shared ownership tenure will become available to meet housing needs ($7.7\% \times 295$). Therefore, the estimate of supply becomes 1,232 per annum (1,209+23).

9.6 Vacant dwellings

As of April 2005, there were 402 vacant dwellings in the Council stock (source: Welsh Housing Statistics), representing around 3.7% of all Council stock in Rhondda Cynon Taf. Neither the WHO4 nor the Welsh Housing Statistics provide data on the total number of vacant RSL dwellings. However, from the Registered Social Landlord: Stock Estimates March 2005, it is clear that the Rhondda, Cynon Taf and Newydd Housing Associations together provide the majority of Rhondda Cynon Taf's RSL stock (over 70%). The Performance Indicators for Registered Social Landlords in Wales 1 April 2004 to 31 March 2005 states that all of these three RSLs have an average vacancy level of 0.7% across Wales. From this, we can assume that the average vacancy level for all of the social rented stock in Rhondda Cynon Taf is around 2.8%. This is considered to be a high frictional vacancy rate and therefore the survey should give some consideration to bringing empty homes back into use.

ODPM Guide

'The change in vacancies is a key factor in the net stock approach. The general principle is that there should be a target vacancy rate to allow normal movement in the housing stock. Typical recommended allowances would be 4 per cent for the private sector with 2 per cent being more appropriate for the social sector'. [Section 2.5 (page 28)]

A vacancy rate of 2.0% of the social rented stock in Rhondda Cynon Taf would be around 312 dwellings (124 less dwellings than the current number of vacants). Assuming that all of this pool of vacants could be brought back into use over a five year period, this would make for an additional 25 units per year to contribute to the supply of affordable housing. WAG guidance supports this in its recognition that an excess of vacant properties should be counted as surplus stock.

Taking account of the pool of vacant properties identified within the County Borough means that the estimated supply of affordable housing in Rhondda Cynon Taf is, therefore, 1,257 units per year (1,232 +25).

9.7 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 between 2002 and 2005 there has been a net loss of 1,430 properties from the Rhondda Cynon Taf’s social housing stock (477 per annum). Given an average turnover of around 7.7% this would equate to a loss of around 37 letting opportunities per annum. Hence, on the basis of this information it is estimated that average future supply of affordable housing will be 1,220 units per annum (1,257-37).

9.8 Summary

The table below details the stages in arriving at an estimate of the 1,220 relets from the current stock of affordable housing per annum. Analysis of Welsh Housing Statistics data and previous move information from the survey indicates an average supply of lettings to new tenants of 1,260 per year. Taking account of lettings made to new dwellings the supply estimate is reduced by 51 units per annum. It is assumed that there could be 25 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 37 dwellings per annum. Finally, we have included 23 ‘relets’ from shared ownership dwellings, which increases supply to a total of 1,220. The second table shows how this fits into the Basic Needs Assessment model.

Table 9.4 Estimated future supply of affordable housing (per annum)	
Element of supply	Number of units
Average lettings per annum (excluding transfers)	1,260
Lettings in new housing	-51
‘Relets’ of shared ownership	+23
Additional lettings in vacant stock	+25
Letting opportunities lost through units taken out of management (Stage 15)	-37
Letting opportunities gained through additional stock (Stage 16)	-37
Estimated supply of affordable housing (per annum)	1,220

Source: Rhondda Cynon Taf County Borough Council Housing Needs Survey 2005

Table 9.5 Basic Needs Assessment Model – Stages 14 to 17		
S: SUPPLY OF AFFORDABLE UNITS		
<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	1,257
15. <i>minus</i> increased vacancies & units taken out of management	Letting opportunities lost	-37
16. <i>plus</i> committed units of new affordable supply p.a.	Letting opportunities gained	
17. <i>equals</i> affordable supply	14-15+16	1,220

Source: Rhondda Cynon Taf County Borough Council Housing Needs Survey 2005

10. Basic needs assessment model

10.1 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 represents the estimated net affordable housing requirement across the County Borough.

10.2 Total housing need

The backlog of existing need suggests a requirement for 37 units per year and the newly arising need a requirement for 2,053 units per annum. The apparently large difference between backlog and new need is misleading: the model in the Guidance puts a large fraction of the need (households not in need now, but predicted to fall into need over the period, into 'newly arising'. They could equally be classified as backlog, as they are often in quite fragile circumstances such as short term private tenancies.

These two figures together total 2,090 units per annum. The total estimated supply to meet this need is 1,220 units per year. This therefore leaves a shortfall of 870 units per year.

Table 10.1 Basic Needs Assessment Model		
<i>B: BACKLOG OF EXISTING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
1. Backlog need existing households	Number of households currently living in unsuitable housing	10,172
2. <i>minus</i> cases where in-situ solution most appropriate	In situ (or outside the County Borough) solution most appropriate for 9,387 households	Leaves 785
3. <i>times</i> proportion unable to afford to buy or rent in market	76.5% = 600 – also remove 461 social renting tenants	139
4. <i>plus</i> Backlog (non-households)	Homeless = 44	44
5. <i>equals</i> total Backlog need		183
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		37
<i>N: NEWLY ARISING NEED</i>		
8. New household formation (gross, p.a.)		693
9. <i>times</i> proportion unable to buy or rent in market	81.1% cannot afford market housing	Leaves 562
10. <i>plus</i> ex-institutional population moving into community	Included in 8/9 above	-
11. <i>plus</i> existing households falling into need		1,168
12. <i>plus</i> in-migrant households unable to afford market housing		323
13. <i>equals</i> Newly arising need	9+10+11+12	2,053
<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	1,257
15. <i>minus</i> increased vacancies & units taken out of management	Letting opportunities lost	-37
16. <i>plus</i> committed units of new affordable supply p.a.	Letting opportunities gained	
17. <i>equals</i> affordable supply	14-15+16	1,220
18. Overall shortfall/surplus	37+2,053-1,220 (per annum)	870

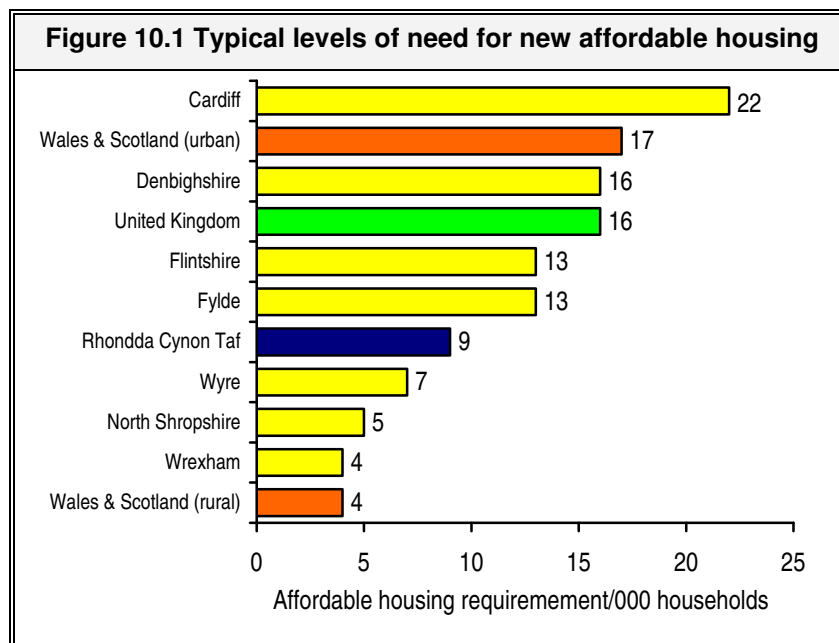
NB Elimination of the backlog over a five-year period is recommended in the Guide. However, the Council can make a policy decision to do so over a longer period.

10.3 The Rhondda Cynon Taf 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 the Council area.

The value for Rhondda Cynon Taf is 9 per 1,000 (calculated as $(870/95,400) \times 1,000$). As can be seen, this figure is below the national average (16).



10.4 Size requirements and sub-areas

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

WAG Guide

'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.' [Paragraph 6.110 (page 85)]

Hence this section looks at any mismatches between the need for affordable housing and the supply for different sizes of accommodation and across the three different Boroughs.

(i) Size requirement

Having estimated the net need for affordable housing in the County Borough, it is useful to make suggestions about required property sizes. This is done through looking at past patterns. 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.

This is shown in the table below and as can be seen, there are shortages of all sizes of accommodation except three bedroom properties. The main shortage is for one and two bedroom homes, however, the shortage relative to supply is highest in the four bedroom category where it is estimated that none of the need can be met. It should be noted that the results below are based on a strict bedroom standard (shown in the Glossary). The breakdown of property sizes for the supply is found by considering the number of bedrooms in homes occupied by households having moved to affordable housing in the past two years, who did not transfer from another affordable home in the County Borough. The proportions are then applied pro-rata to match the total supply figure.

Table 10.2 Net need for affordable housing by size () indicates a surplus				
Size required	Need	Supply	TOTAL	Supply as % of need
1 bedroom	875	390	485	44.6%
2 bedroom	743	465	277	62.6%
3 bedroom	296	364	(69)	123.2%
4+ bedroom	177	0	177	0.0%
TOTAL	2,090	1,220	870	58.4%

(ii) Borough-wide analysis

The table below provides the same style of analysis as above (by Borough). The table again shows the need, supply and overall requirement for affordable housing. The table indicates that each Borough has an overall shortage of affordable housing. The shortfall figure is highest in Taf, followed by Rhondda with Cynon displaying a shortfall notably below that in the other two Boroughs. The shortage relative to supply is greatest in Rhondda, where it is estimated that only 45.3% of the total need can be met. As above, the geographical location of the supply is found by considering the location of recently secured affordable housing and pro-rating the breakdown to the total supply of 1,220 per annum.

Table 10.3 Net need for affordable housing by sub-area () indicates a surplus				
Borough	Need	Supply	TOTAL	Supply as % of need
Rhondda	600	272	328	45.3%
Cynon	645	457	188	70.8%
Taf	845	491	354	58.1%
Total	2,090	1,220	870	58.4%

As the table indicates there is an overall shortage of affordable housing in each Borough, it is possible to consider the size requirement in each of the three Boroughs.

(iii) Size requirement in the three Boroughs

The table below shows the property sizes required in Rhondda. The number of bedrooms required by households in need located in this area is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation in this area. The table shows the need, supply and overall requirement for affordable housing.

The table indicates that there are shortages of one, two and four bedroom accommodation and a surplus of three bedroom homes. The main shortage is for one and two bedroom properties.

Table 10.4 Net annual need for affordable housing by size in Rhondda () indicates a surplus			
Size required	Need	Supply	TOTAL
1 bedroom	211	64	147
2 bedroom	246	94	152
3 bedroom	75	114	(39)
4+ bedroom	68	0	68
TOTAL	600	272	328

The table below shows the property sizes required in Cynon. The number of bedrooms required by households in need located in this area is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation in this market area. The table shows the need, supply and overall requirement for affordable housing.

The table indicates that there are shortages of one and two bedroom accommodation and a surplus of three bedroom homes. The main shortage is for one bedroom properties.

Table 10.5 Net annual need for affordable housing by size in Cynon () indicates a surplus			
Size required	Need	Supply	TOTAL
1 bedroom	336	132	204
2 bedroom	228	206	21
3 bedroom	82	119	(37)
4+ bedroom	0	0	0
TOTAL	645	457	188

Finally, the table below shows the property sizes required in Taf. The number of bedrooms required by households in need located in this area is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation in this market area. The table shows the need, supply and overall requirement for affordable housing.

The table indicates that there are shortages of all sizes of accommodation with the shortage of one, two and four bedroom homes more acute than the shortage of three bedroom properties.

Table 10.6 Net annual need for affordable housing by size in Taf () indicates a surplus			
Size required	Need	Supply	TOTAL
1 bedroom	329	194	134
2 bedroom	269	165	104
3 bedroom	139	132	7
4+ bedroom	109	0	109
TOTAL	845	491	354

10.5 Intermediate housing

Having considered the level of housing need in the County Borough it is interesting to study what types of affordable housing might be most appropriate to meet this need. In principle there are two broad categories of housing which can be considered (intermediate housing and social rented). 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 each of the Borough's is an individual sub-market, it is appropriate to look at the potential for intermediate housing in each Borough separately.

(i) Rhondda

The table below shows our estimates of the minimum cost of market housing in Rhondda, and new social rent levels (estimated from Welsh Housing Statistics). The estimated cost of intermediate housing is also presented. The outgoings for private rented housing have been used for the minimum price of market housing for all sizes except one bedroom homes as these are cheaper than those for owner-occupation (in terms of outgoings).

Table 10.7 Basic information required for assessment of types of affordable housing required in Rhondda			
Size requirement	Social rent (£/week)	Intermediate housing (£/week)	Minimum priced market rent (£/week)
1 bedroom	£41	£46	£50
2 bedrooms	£44	£47	£50
3 bedrooms	£48	£56	£63
4+ bedrooms	£54	£65	£75

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.

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 10.8 Amount of annual requirement for each type of affordable housing (all tenures) in Rhondda			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	19	191	210
2 bedrooms	44	202	246
3 bedrooms	0	75	75
4+ bedrooms	0	68	68
TOTAL	64	536	600

The table shows that in total only 10.7% of the gross requirement in Rhondda could be intermediate housing, 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. The estimate of the supply from intermediate housing is obtained by considering the location and size (in terms of number of bedrooms) of homes occupied by households having moved to shared ownership accommodation in Rhondda in the past two years, who did not transfer within the affordable housing sector. The proportions are then applied pro-rata to match the annual supply figure for shared ownership accommodation of 23 across the County Borough identified in the previous chapter.

Table 10.9 Annual supply for each type of affordable housing in Rhondda			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	0	64	64
2 bedrooms	0	94	94
3 bedrooms	7	107	114
4+ bedrooms	0	0	0
TOTAL	7	265	272

The following table therefore estimates the net requirements for each type of affordable housing by size. Overall, the table shows that 17.4% of the net requirement in Rhondda is for intermediate housing.

Table 10.10 Net annual need for affordable housing for each type of affordable housing in Rhondda			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	19	127	146
2 bedrooms	44	108	152
3 bedrooms	(7)	(32)	(39)
4+ bedrooms	0	68	68
TOTAL	57	271	328

(ii) Cynon

The below table shows our estimates of the minimum cost of market housing in Cynon, and new social rent levels (estimated from Welsh Housing Statistics). The estimated cost of intermediate housing is also presented. The outgoings for owner-occupation have been used for all sizes for the minimum price of market housing as these are cheaper than those for private rented housing (in terms of outgoings).

Table 10.11 Basic information required for assessment of types of affordable housing required in Cynon			
Size requirement	Social rent (£/week)	Intermediate housing (£/week)	Minimum priced market rent (£/week)
1 bedroom	£41	£50	£58
2 bedrooms	£44	£51	£58
3 bedrooms	£48	£61	£74
4+ bedrooms	£54	£81	£107

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 10.12 Amount of annual requirement for each type of affordable housing (all tenures) in Cynon			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	28	308	336
2 bedrooms	12	216	228
3 bedrooms	17	64	81
4+ bedrooms	0	0	0
TOTAL	57	588	645

The table shows that in total 8.8% of the gross requirement in Cynon could be intermediate housing, 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. The estimate of the supply from intermediate housing is obtained by considering the location and size (in terms of number of bedrooms) of homes occupied by households having moved to shared ownership accommodation in Cynon in the past two years, who did not transfer within the affordable housing sector. The proportions are then applied pro-rata to match the annual supply figure for shared ownership accommodation of 23 across the County Borough identified in the previous chapter.

Table 10.13 Annual supply for each type of affordable housing in Cynon			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	0	132	132
2 bedrooms	0	206	206
3 bedrooms	11	108	119
4+ bedrooms	0	0	0
TOTAL	11	446	457

The following table therefore estimates the net requirements for each type of affordable housing by size. Overall, the table shows that just under a quarter (24.5%) of the net requirement in Cynon is for intermediate housing.

Table 10.14 Net annual need for affordable housing for each type of affordable housing in Cynon			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	28	176	204
2 bedrooms	12	10	22
3 bedrooms	6	(44)	(38)
4+ bedrooms	0	0	0
TOTAL	46	142	188

(iii) Taf

The below table shows our estimates of the minimum cost of market housing in Taf, and new social rent levels (estimated from Welsh Housing Statistics). The estimated cost of intermediate housing is also presented. The outgoings for owner-occupation have been used for all sizes for the minimum price of market housing as these are cheaper than those for private rented housing (in terms of outgoings).

Size requirement	Social rent (£/week)	Intermediate housing (£/week)	Minimum priced market rent (£/week)
1 bedroom	£41	£58	£74
2 bedrooms	£44	£59	£74
3 bedrooms	£48	£66	£84
4+ bedrooms	£54	£91	£128

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.

Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	86	243	329
2 bedrooms	74	196	269
3 bedrooms	27	112	139
4+ bedrooms	0	109	109
TOTAL	187	658	845

The table shows that in total 29.0% of the gross requirement in Taf could be intermediate housing, 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. The estimate of the supply from intermediate housing is obtained by considering the location and size (in terms of number of bedrooms) of homes occupied by households having moved to shared ownership accommodation in Taf in the past two years, who did not transfer within the affordable housing sector. The proportions are then applied pro-rata to match the annual supply figure for shared ownership accommodation of 23 across the County Borough identified in the previous chapter.

Table 10.17 Annual supply for each type of affordable housing in Taf			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	0	194	194
2 bedrooms	0	165	165
3 bedrooms	5	127	132
4+ bedrooms	0	0	0
TOTAL	5	486	491

The following table therefore estimates the net requirements for each type of affordable housing by size. Overall, the table shows that over half (51.4 %) of the net requirement in Taf is for intermediate housing.

Table 10.18 Net annual need for affordable housing for each type of affordable housing in Taf			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	86	48	134
2 bedrooms	74	31	104
3 bedrooms	22	(15)	7
4+ bedrooms	0	109	109
TOTAL	182	172	354

(iv) 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 almost a third (32.8%) of the net requirement across the Rhondda Cynon Taf is for intermediate housing and that County Borough-wide there is a requirement for one, two and three bedroom intermediate housing.

Table 10.19 Net annual need for affordable housing for each type of affordable housing: All Boroughs			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	134	352	486
2 bedrooms	130	148	278
3 bedrooms	21	(91)	(70)
4+ bedrooms	0	176	176
TOTAL	285	585	870

10.6 Meeting the housing need

Data from the housing needs assessment suggests that to meet all affordable housing needs a total of 870 additional units would need to be provided per annum for the next five years. In the light of a projected newbuild rate (of all tenures) of only 990 units (Rhondda Cynon Taf Local Development Plan: Spatial Strategy and Preferred Option) it is clear that nearly 90% of new housing would need to be affordable if all needs were to be met.

The finding of a need for 870 units may seem surprising in the light of previous housing needs assessment estimates of an overall surplus in the County Borough. For example the assessment of needs carried out in 2003 suggested a surplus of around 400 units across the County Borough. However, since that time there have been a number of changes which have significantly affected the affordability and affordable housing situation in the area. Some of the main ones are:

- The supply of affordable housing has dropped dramatically from around 1,800 units per annum (estimated in 2003) to around 1,200 in this assessment
- Average property prices have risen substantially (128% since 2000 and around 60% since 2003). This will have changed the proportion of households able to access the housing market noticeably over the period

Hence on the basis of this information it is of no surprise that this assessment suggests a substantial need for affordable housing. This significant change in the requirement for affordable housing means that documents such as the Local Housing Strategy can be considered as out of data (the Local Housing Strategy having previously noted the overall surplus of affordable accommodation). We would therefore recommend that the relevant part of this document be rewritten.

The question that arises from the analysis is *'how does the Council meet the affordable housing need?'*

The first thing to emphasize is that the figure of 870 represents the scale of the problem and not the scale of any possible solution. It is not uncommon to find a situation where the affordable housing requirement is in excess of the projected build rate (or a significant fraction of the build rate) and hence it is clear that it will not be possible to meet all affordable needs. In such a situation it is common to find that the private rented sector is used (or continues to be used) to make up for the shortage of affordable housing. This appears likely to be the case in Rhondda Cynon Taf where a large proportion of private tenants are in receipt of housing benefit.

Although this assessment does not consider in any detail the possible solutions to the housing need problem it would be sensible to suggest that in the light of the large requirement shown, the Council will need to maximise the availability of affordable housing from all available sources (including newbuild, acquisitions, conversions, bringing empty home back into use and using Council owned land). However, in financial terms it should be noted that Social Housing Grant currently provides funding sufficient to supply around 35 units of affordable housing per annum and so it is unlikely that any of these sources will be able to provide significant amounts of additional housing.

The most likely source of additional affordable housing is through the planning system. The Welsh Assembly Government's Technical Advice Note 2 (TAN2) 'Planning and Affordable Housing' notes that '*land use planning is one of the mechanisms that can be used to provide affordable housing*' and that local planning authorities are required to '*include an affordable housing target... which is based on the housing need identified*'. The next section of this report therefore discusses the use of the planning system to help secure a contribution of affordable housing towards meeting the affordable needs identified in this report.

10.7 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 Basic Needs Assessment Model suggests that there is an annual need to provide 870 additional units of affordable accommodation per annum if all needs are to be met. Against this background, the Rhondda Cynon Taf Local Development Plan (Spatial Strategy and Preferred Option) sets out a future newbuild figure (for all tenures) of around 990 dwellings per annum.

Given the above figures it is clear that at the general level, any target up to 88% could be justified (i.e. 870/990= 88%). 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 Rhondda Cynon Taf. 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 Rhondda Cynon Taf. 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 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.

Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size. Therefore, the lower government guidance thresholds would certainly be reasonable. Given the large need for affordable housing, a lower site threshold should be seriously considered.

(iii) Intermediate housing

The final issue with regard to affordable housing is about the types of affordable housing which should be provided. *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). This chapter has already established the required split between social rented and intermediate housing – overall it is suggested that around a third of the net affordable requirement is for intermediate housing although this varies by location from around 50% in Taf to 20% in Rhondda.

We suggest that in seeking an affordable housing contribution the broad split between the two types of housing should be taken into account for each area. In meeting targets for affordable housing, intermediate housing has the advantage of typically being less costly for a developer to provide and hence sites on which the Council would look for a proportion of intermediate housing are likely to be more viable than if the requirement were solely for social rented housing.

10.8 Summary

The Housing Needs Assessment in Rhondda Cynon Taf 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 or current need, newly arising need and future supply to estimate the current surplus or shortfall of affordable housing in Rhondda Cynon Taf. Using this model it is estimated that for the next five years there will be a shortage of 870 affordable housing units per annum in the County Borough.

The figure of 870 represents the scale of the affordable housing problem in Rhondda Cynon Taf and not the scale of the solution. It is clear that at least in the short term this scale of affordable need is unlikely to be met and therefore the Council should consider a range of options to increase the supply of affordable housing. One of the main mechanisms for increasing supply will be through the planning system.

On the basis of the information available we suggest that a 40% target of affordable housing would be justified on all suitable sites with affordable housing made up of a combination of intermediate and social rented housing. Achieving a significant proportion of new dwellings as affordable housing will help to make a contribution to meeting the needs of households in the area although attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in this assessment.

SECTION D: BROADER HOUSING MARKET & FUTURE CHANGES

The previous section focused exclusively on *housing need* and the requirement for affordable housing. However, in order to fully develop informed housing policies, Local Authorities are also interested in *housing demand* across all tenures. This section thus considers the broader housing market in Rhondda Cynon Taf. First household characteristics are examined across all tenures; following on from that we consider the question of how far the housing market is 'balanced'.

The WAG Guide definition of housing demand is given below.

**WAG
Guide**

'Housing demand is the quantity and type/quality of housing which households wish to buy or rent and are able to afford. It therefore takes account of both preferences and ability to pay. [Appendix G (page 183)]



11. Market housing

11.1 Introduction

Emphasis on analysis of the whole market as part of an HNS has been a theme of Government policy at least since the publication of TAN2 (1996). MIPPS 01/2006 has subsequently provided further information.

MIPPS 01/2006, Paragraph 9.1.4

'Local authorities must understand their whole housing system so that they can develop evidence based market and affordable housing policies in their local housing strategies and development plans. They should ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period.'

This chapter considers some general issues surrounding supply and household characteristics within private sector tenures in Rhondda Cynon Taf.

11.2 Owner-occupied sector

It is useful for the Council to have information concerning supply and turnover of market housing in order to inform planning control. In particular, councils will want to ensure that new developments meet demand with regard to dwelling size and type.

Data suggests that 76.7% of households in the County Borough are owner-occupiers and that just over half of these have a mortgage. As was shown in Chapter 6, households in owner-occupied accommodation without a mortgage have lower average incomes than those with a mortgage, although it should be remembered that the former group contains many older people who are likely to be retired.

The table below shows the size profile of the owner-occupied stock in Rhondda Cynon Taf. The data suggests that the majority of households have three or more bedrooms. Only 0.9% of owner occupied households live in one bedroom accommodation.

Table 11.1 Size of dwellings (number of bedrooms) in the owner-occupied stock		
Number of bedrooms	Households	% of households
1 bedroom	659	0.9%
2 bedrooms	13,842	18.9%
3 bedrooms	46,929	64.1%
4+ bedrooms	11,747	16.1%
TOTAL	73,177	100.0%

The table below builds on this by looking at the turnover of owner-occupied stock within each size category over the last two years.

Table 11.2 Turnover of dwellings in the owner-occupied stock by size of dwelling (number of bedrooms)			
Number of bedrooms	Number moving in past two years	Number of households	Estimated annual turnover rate
1 bedroom	101	659	7.6%
2 bedrooms	1,414	13,842	5.1%
3 bedrooms	3,403	46,929	3.6%
4+ bedrooms	693	11,747	2.9%
TOTAL	5,610	73,177	3.8%

The recent mover data points to an overall turnover rate of 3.8%, although this will be a slight underestimation of total turnover for the dwellings concerned (given that there may have been multiple moves in the two-year period). Turnover of one and two bedroom dwellings is greater than for the larger property size categories.

Finally, we can consider households claiming financial assistance with their housing costs (for mortgage interest payments). The data suggests that around 4.9% of households with a mortgage receive income support towards their mortgage payments (1,835 households). This figure represents 2.5% of all owners.

11.3 The private rented sector

The private rented sector is an important part of the housing spectrum in an area. In British conditions it is not often a long-term choice but is an important transitional tenure. In many cases the private rented sector is a stage in the progress of a household moving into owner-occupation, but can also be a stage in the move of a household into social rented housing. The latter is not such a satisfactory stage, since the shortage of social rented housing may mean that households remain in it for much longer than is desirable which can create a disincentive for landlords to improve the property and result in these households living in housing that is not of high quality.

In more detail, and as a market sector, the private rented sector plays an important role. It meets the needs of:

- i) Business people who have short term reasons for staying in a place (e.g. for six months or a year, when it would not be worth the time and transactional cost of buying property)
- ii) Those planning entry to the owner occupied market but who have not had time either to find suitable property or accumulated a sufficient deposit to do so

At a different level, and due to the great expansion of Housing Benefit (HB) payments after the end of Council house-building programmes in the late 1980's, there have arisen in many parts of Britain a class of 'benefit landlords' who provide usually rather poor quality housing but in units which are available at below the ceiling set for HB. There is therefore a separate source of private tenants:

- iii) The needs of those who cannot obtain suitable affordable housing, and cannot afford market prices to rent or buy. With the aid of HB they may obtain short term housing in the private rented sector.

It is possible to find many parts of the country where the advertisements of flats to let are accompanied by stern warnings: 'No DSS' which means 'no tenants on HB'. As a result, and where the HB driven demand is large enough, a market response has arisen. As the Guide implies, though, the quality of what is offered is unlikely to provide adequate long-term housing.

**ODPM
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 2001 Census has revealed a considerable growth in the private rented sector over the past decade or so. This has been particularly driven by 'buy to let' mortgages, which allow purchasers a cheaper mortgage on account of the rental stream which will follow purchase.

Data suggests that Rhondda Cynon Taf has a slightly smaller than average private rented sector (8.6% of households compared with around 10% nationally). The two tables below show the size of dwellings in the private rented sector and the relative turnover of stock. It is clear that the number of one and two bedroom properties is proportionately much larger in the private rented sector – 39.6% of all private rented stock is one or two bedroom, which compares with only 19.8% of the owner-occupied stock.

Overall, the data shows that turnover of stock is much higher in the private rented sector, which would be expected given the transitory nature of the tenure. The estimated annual turnover rate in the private rented sector is 20.2% compared to 3.8% in the owner-occupied sector.

Table 11.3 Size of dwellings (number of bedrooms) in the private rented stock		
Number of bedrooms	Households	% of households
1 bedroom	797	9.7%
2 bedrooms	2,447	29.9%
3 bedrooms	4,173	50.9%
4+ bedrooms	778	9.5%
TOTAL	8,195	100.0%

Table 11.4 Turnover of dwellings in the private rented stock by size of dwelling (number of bedrooms)			
Number of bedrooms	Number moving in past two years	Number of households	Estimated annual turnover rate
1 bedroom	325	797	20.4%
2 bedrooms	1,004	2,447	20.5%
3 bedrooms	1,513	4,173	18.1%
4+ bedrooms	470	778	30.2%
TOTAL	3,313	8,195	20.2%

Additionally, survey data suggests that 69.2% of households (5,672 households) in the private rented sector are in receipt of housing benefit, this compares with 2.5% of all owners.

11.4 The social rented sector

It is of interest to briefly provide the same information as above for the social rented sector. The tables below show stock profile and turnover rates for all social rented housing in the County Borough. The data shows that the social rented sector has relatively few four or more bedroom properties whilst 55.7% are one or two bedroom.

The turnover rate in the social rented stock is around 9.9% per annum, with the highest turnover for smaller properties.

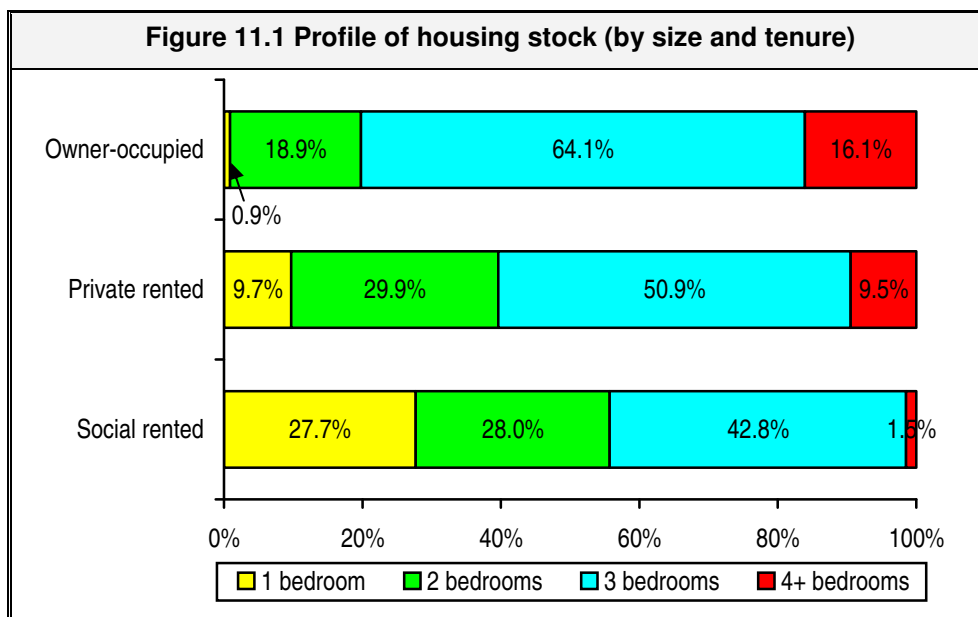
Table 11.5 Size of dwellings (number of bedrooms) in the social rented stock		
Number of bedrooms	Households	% of households
1 bedroom	3,882	27.7%
2 bedrooms	3,932	28.0%
3 bedrooms	5,999	42.8%
4+ bedrooms	215	1.5%
TOTAL	14,028	100.0%

Table 11.6 Turnover of dwellings in the social rented stock by size of dwelling (number of bedrooms)			
Number of bedrooms	Number moving in past two years	Number of households	Estimated annual turnover rate
1 bedroom	889	3,882	11.4%
2 bedrooms	1,060	3,932	13.5%
3 bedrooms	830	5,999	6.9%
4+ bedrooms	0	215	0.0%
TOTAL	2,778	14,028	9.9%

Survey data also suggests that 77.0% of households in the social rented sector are in receipt of housing benefit.

11.5 Data comparisons

For ease of comparison it is useful to bring together the information from the above analysis. The figure below compares the profile of stock (by size) in each of the three main sectors. The figure makes it clear that there are large differences between the stock profiles in the different sectors. The social rented sector is biased towards smaller properties whilst the opposite is true in the owner-occupied sector. The private rented sector displays a profile in between these two tenures.



The table below summarises the position with regard to turnover of stock and the proportion of households claiming housing benefit (income support) towards housing costs. The table again clearly demonstrates the differences between the different tenures. The turnover of private rented stock is around five times that in the owner-occupied sector whilst households in the social and private rented sectors are significantly more likely to claim assistance with their housing costs than owners.

Table 11.7 Turnover of stock and housing benefit claims by tenure

Tenure	Annual turnover of stock (% of households)	% claiming housing benefit (income support for owners)
Owner-occupied	3.8%	2.5%
Private rented	20.2%	69.2%
Social rented	9.9%	77.0%
TOTAL	6.1%	19.2%

11.6 Summary

Emphasis on examination of the whole market as part of developing local Housing Strategies has been a theme of Government policy since the publication of TAN2 (1996). Policy directives now suggest that the planning and housing departments should work together to understand local housing requirements across all tenures and size requirements.

Analysis of survey data suggests that the owner-occupied sector accounts for around 76.7% of the total housing stock and is dominated by three bedroom properties. Private rented properties make up 8.6% and are characterised by a larger proportion of one and two bedroom dwellings, though three-fifths of properties have three or more bedrooms. The estimated annual turnover rate in the owner-occupied sector is around 3.8% which compares to 20.2% in the private rented sector.

12. Balancing housing markets

12.1 Introduction

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

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 Council 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 Council's actions and what outcomes has it achieved in helping to balance housing markets?
- iii) How well does the Council monitor its progress and impact in helping to balance housing markets and how effectively does this feed into future strategy and plans?

This chapter outlines and applies a BHM analysis, which can assist the Council 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 Rhondda Cynon Taf is balanced.

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 expectation driven model (the BNAM being mainly based on past trends) there are inevitably some households who have a demand for private sector housing but under the BNAM would be considered as requiring affordable housing (and vice versa). 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 different 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.

Unlike the specific model followed in Section C, however there is only very general guidance provided for a BHM analysis. The next subsection summarises our approach.

12.2 Procedure in outline

In overview, a BHM analysis assesses the aspirations of would-be movers in relation to total dwellings, broken down by property size and tenure. Growth is constrained by the projected dwelling increase figures from the Rhondda Cynon Taf Local Development Plan (Spatial Strategy and Preferred Options).

The steps involved are listed below:

- i) Total allocation of new dwellings to County Borough
- ii) Numbers of households wishing/planning to move (both existing and newly forming)
- iii) Assess households tenure and accommodation size expectations
- iv) The total of market and non-market moves is assessed in relation to the net extra number of dwellings required
- v) 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
- vi) All figures are calculated on an annual basis from figures over a two year period

12.3 Why gross flows cannot predict tenure

The ODPM Guide suggests a Gross Flow approach, which bases forecasts on past patterns, in order to carry out a BHM. 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 Housing Needs Survey, 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 Local Authority still required large numbers of affordable housing units (which might not be the case).

12.4 Adapted Gross Flows (AGF)

The *Fordham* approach, therefore, adapts the notion of balance inherent in Gross Flows 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 990. This has been estimated from the Rhondda Cynon Taf Local Development Plan: Spatial Strategy and Preferred Option.

Full details of the analysis are presented in Appendix A4. Set out below is a summary of the results.

12.5 Summary of data

The results of the analysis can be summarised as follows, prior to inputting into the final table:

Growth – 990 per annum

Demand

New households forming within the County Borough – 1,360

In-migration – 2,004

Households moving within the County Borough – 4,036

Total demand = 7,400

Supply

Household dissolution (through death) – 913

Out-migrant – 1,461

Households moving within the County Borough – 4,036

Total supply = 6,410

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

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	88	287	(163)	0	212
Affordable housing	28	330	221	73	653
Private rented	106	201	(108)	(73)	125
TOTAL	223	818	(51)	0	990

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 shortfall of all sizes of affordable housing.
- ii) The data also show a shortage of smaller (one and two bedroom) private sector housing (both owner-occupied and private rented) and surpluses of larger accommodation. This finding fits in well with survey data which shows that the private sector in Rhondda Cynon Taf is dominated by larger (particularly three bedroom) dwellings.

12.6 Implications of analysis

Analysis using the ODPM 'Basic Needs Assessment model' found that there is a shortage of affordable housing in Rhondda Cynon Taf. 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 Rhondda Cynon Taf. The more robust methodology of the Guide Model means that this provides a more accurate estimate of the total shortfall.

In the private sector the data suggests a shortage of smaller (one and two bedroom) homes. This finding is against the background of a private sector which is dominated by larger house. It is therefore suggested that new private sector building should focus on the provision of smaller units (possibly flats).

12.7 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.

Like the Housing Needs Assessment, the 'demand' based methodology suggested that there is a requirement for additional affordable housing in the County Borough and also for one and two bedroom properties in the owner-occupied and private rented sectors.

SECTION E: THE NEEDS OF PARTICULAR GROUPS

This section addresses particular client groups that may have very specific housing requirements. Although such groups do not necessarily represent households in need as defined by ODPM and WAG Guidance, it is important for the Council to have detailed information on them in order to inform specific policies and service provision.

For example, the a frail elderly person may not be in housing need in the sense of not being able to afford market housing, but many of them are liable to require extra care in the future, whether directly, or via aids and adaptations in the home.

This section covers the following groups:

- Households with support needs
- Older person households
- BME households

The section finishes with a short chapter looking at the incidence of overcrowding and under-occupation amongst different groups of households in the County Borough.



13. Households with support needs

13.1 Introduction

Supporting People is a national policy initiative designed to secure a more co-ordinated approach to the provision of services to certain groups. There are groups that may, because of their condition or vulnerability, have requirements for specialised forms of housing provision, or else require support services in order to continue living an independent life in their existing home. The initiative seeks to co-ordinate the provision of individual services by housing, social services and health providers, and to produce a more unified basis for the allocation of the available funding.

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. The results will assist the Council to contribute towards ongoing work to develop and refine the Supporting People Operational Plan.

Some support 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.

13.2 Supporting People: data coverage

Supporting People Strategies are being developed to cover every Council area in Wales, and parallel processes are under way in England and Scotland. The survey looked at whether household members fell into one or more of a range of primary client groups. Whilst these represent the larger client groups covered in Supporting People Strategy, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.

The groups covered were:

- Frail elderly
- Persons with a physical disability
- A learning disability
- A mental health problem
- Those with a severe sensory disability
- Others

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

13.3 Supporting people groups: overview

Overall there are an estimated 28,562 households in Rhondda Cynon Taf with one or more members in an identified support needs group. This represents 29.9% of all households, which is above the average Fordham Research have found nationally (13-15%). The table below shows the numbers of households with different types of support needs. The numbers of households in each category exceed the total number of support needs households because people can have more than one category of support need.

'*Physically disabled*' is the predominant group. There are 19,114 households with a *physically disabled* household member. The next largest group is '*frail elderly*', with 6,496 households having a member in this category. These two categories represent 66.9% and 22.7% of all support needs households respectively.

Category	Number of households	% of all households	% of support needs households
Frail elderly	6,496	6.8%	22.7%
Physical disability	19,114	20.0%	66.9%
Learning disability	2,298	2.4%	8.0%
Mental health problem	4,719	4.9%	16.5%
Severe sensory disability	3,565	3.7%	12.5%
Other	3,912	4.1%	13.7%

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

	Households	% of households
No people with support needs	66,838	70.1%
One person with support needs	22,445	23.5%
Two persons with support needs	5,716	6.0%
Three or more persons with support needs	401	0.4%
TOTAL	95,400	100.0%

	Households	% of households
No people with support needs	66,838	70.1%
Single support need only	20,977	22.0%
Multiple support needs	7,585	8.0%
TOTAL	95,400	100.0%

The two tables above show that the majority of support needs households (78.6%) only contain one person with a support need and that the majority of households with a support needs member do not have multiple support needs (73.4%). However, some 6,117 households in Rhondda Cynon Taf are estimated to have two or more people with a support need whilst an estimated 7,585 households contain someone with multiple needs.

13.4 Characteristics of support needs households

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

Number of persons in household	Support needs households				
	Support needs	No support needs	Number of h'holds	% of total h'holds with support needs	% of those with a support need
One	9,645	16,745	26,390	36.5%	33.8%
Two	11,304	20,329	31,633	35.7%	39.6%
Three	4,050	12,982	17,032	23.8%	14.2%
Four	2,223	11,866	14,089	15.8%	7.8%
Five	853	3,856	4,709	18.1%	3.0%
Six or more	488	1,059	1,547	31.5%	1.7%
TOTAL	28,563	66,837	95,400	29.9%	100.0%

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

Table 13.5 Support needs households with and without older people					
Age group	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
No older people	12,050	51,307	63,357	19.0%	42.2%
Both older & non older people	4,390	4,073	8,463	51.9%	15.4%
Older people only	12,122	11,457	23,579	51.4%	42.4%
TOTAL	28,562	66,837	95,399	29.9%	100.0%

As the table below shows, support needs households are also more likely to be living in social rented housing. Some 44.8% of social housing tenants contain a member with support needs, compared to 15.8% of owner-occupiers (with mortgage).

Table 13.6 Support needs households and tenure					
Tenure	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
Owner-occupied (no mortgage)	14,304	21,370	35,674	40.1%	50.1%
Owner-occupied (with mortgage)	5,933	31,570	37,503	15.8%	20.8%
Social rented	6,289	7,740	14,029	44.8%	22.0%
Private rented	2,036	6,159	8,195	24.8%	7.1%
TOTAL	28,562	66,839	95,401	29.9%	100.0%

The table below shows the geographical distribution of support needs households. The data shows that households in Rhondda are most likely to contain a member with a support need whilst households in Taf are the least likely.

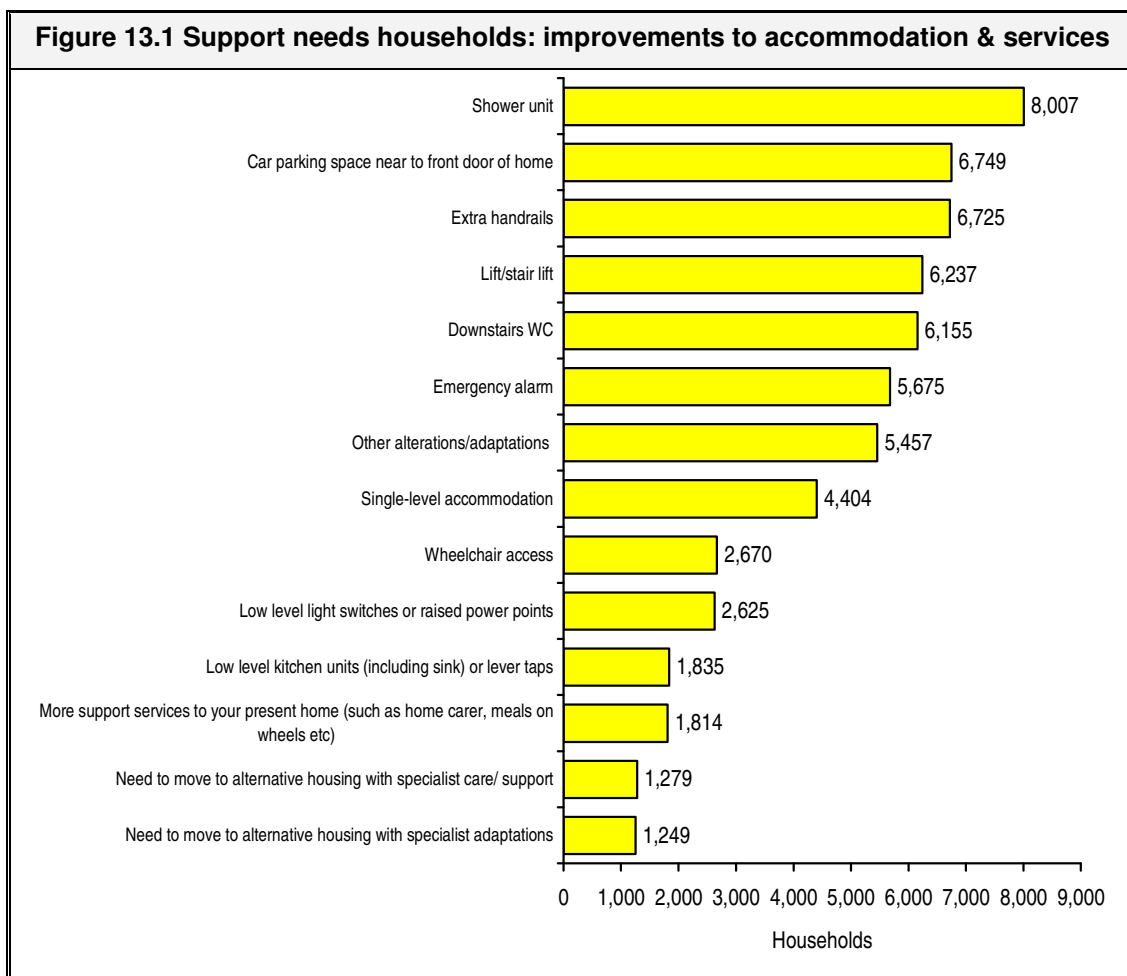
Table 13.7 Support needs households and individual Borough					
Individual Borough	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
Rhondda	10,457	19,896	30,353	34.5%	36.6%
Cynon	7,365	17,366	24,731	29.8%	25.8%
Taf	10,740	29,576	40,316	26.6%	37.6%
Total	28,562	66,838	95,400	29.9%	100.0%

The table below indicates that support needs households are around three times as likely to be living in unsuitable housing as non-support needs households. Some 20.0% of all support needs households are living in unsuitable housing, which compares with 10.7% of all households and 6.7% of all non-support needs households.

Table 13.8 Support needs households and unsuitable housing					
Support needs	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Support needs	5,707	22,856	28,563	20.0%	56.1%
No support needs	4,465	62,372	66,837	6.7%	43.9%
TOTAL	10,172	85,228	95,400	10.7%	100.0%

13.5 Requirements of support needs households

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



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

- Shower unit (8,007 households – 28.0% of all support needs households)
- Car parking (6,749 households – 23.6% of all support needs households)
- Extra handrails (6,725 households – 23.5% of all support needs households)

13.6 Analysis of specific groups

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

The table below shows some characteristics by support needs group. The table shows a number of interesting findings. The data shows that 56.9% of frail elderly households are also single person households. On the other hand over 40% of households containing someone with a learning disability contain four or more people. Relatively few of the learning disability households contain older persons; this is also true of households containing someone with a mental health problem.

By tenure the results show that over two thirds of frail elderly households are owner-occupiers without a mortgage, that almost a third of households containing someone with a mental health problem reside in the social rented sector and that learning disability households are the support needs group most likely to live in the private rented sector.

By individual Borough, the data shows that households containing a frail elderly person are more likely than average to live in Rhondda. Households containing someone with a learning disability are more likely to live in Taf, whilst households containing someone with a mental health problem are more likely to live in Cynon.

Table 13.9 Characteristics of support needs households by support needs group										
	Frail elderly*	Physical disability	Learning disability	Health problem	Mental disability	Severe sensory disability	Other	All support needs hhs	All non-support needs hhs	All hhs
Household size										
One	56.9%	30.5%	11.3%	25.4%	35.0%	31.8%	33.8%	25.1%	27.7%	
Two	28.7%	45.7%	21.6%	33.8%	48.8%	38.4%	39.6%	30.4%	33.2%	
Three	9.7%	13.6%	23.8%	19.5%	9.2%	14.2%	14.2%	19.4%	17.9%	
Four	1.8%	6.3%	24.4%	13.5%	4.8%	10.7%	7.8%	17.8%	14.8%	
Five	1.2%	2.2%	12.4%	4.7%	0.4%	2.2%	3.0%	5.8%	4.9%	
Six or more	1.7%	1.6%	6.5%	3.2%	1.7%	2.8%	1.7%	1.6%	1.6%	
Age of household members										
No older people	0.9%	39.4%	84.7%	68.9%	23.8%	52.7%	42.2%	76.8%	66.4%	
Both older & non older people	20.0%	17.0%	10.4%	12.7%	17.9%	12.3%	15.4%	6.1%	8.9%	
Older people only	79.1%	43.6%	4.9%	18.4%	58.2%	35.0%	42.4%	17.1%	24.7%	
Tenure										
Owner-occupied (no mortgage)	68.7%	52.6%	23.9%	28.7%	57.5%	49.2%	50.1%	32.0%	37.4%	
Owner-occupied (with mortgage)	6.8%	20.1%	40.7%	29.6%	14.2%	21.0%	20.8%	47.2%	39.3%	
Social rented	18.2%	20.0%	22.3%	32.3%	20.9%	24.3%	22.0%	11.6%	14.7%	
Private rented	6.3%	7.2%	13.1%	9.5%	7.4%	5.5%	7.1%	9.2%	8.6%	
Individual Borough										
Rhondda	41.6%	35.8%	28.7%	35.4%	38.3%	34.1%	36.6%	29.8%	31.8%	
Cynon	22.0%	26.1%	22.8%	30.1%	25.8%	26.0%	25.8%	26.0%	25.9%	
Taf	36.3%	38.1%	48.6%	34.5%	35.9%	39.9%	37.6%	44.3%	42.3%	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

* On occasions respondents view themselves or other household members as being frail elderly even if they are not classified as being an older person

13.7 Care & repair and staying put schemes

This analysis studies support needs households who have stated experiencing difficulty in maintaining their home. The results are shown in the table below and are split between owner-occupiers and tenants. The table clearly shows that support needs households are more likely than other households in the County Borough to have problems with maintaining their homes. Of all households with a problem or serious problem a total of 50.7% have support needs and nearly 80% of these are owner-occupiers.

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
	Support needs – owner-occupied	14,391	71.1%	5,846	28.9%	20,237
Support needs – tenants	6,718	80.7%	1,608	19.3%	8,326	100.0%
All support needs households	21,110	73.9%	7,452	26.1%	28,562	100.0%
All households	80,710	84.6%	14,690	15.4%	95,400	100.0%

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 14,690 households state a problem with maintaining their homes – of these 7,452 are support needs households with an estimated 5,846 living in the owner-occupied sector.

13.8 Support needs households and the basic needs assessment model

In addition to the above it is possible to study how support needs households fit into the Basic Needs Assessment model. The table below gives an estimate of how much of the housing need will be from support needs households and also an estimate of the likely supply to these households. The table shows there is an estimated net need for 79 dwellings per annum for support needs households.

Household group	Need	Supply	TOTAL
Support needs households	553	474	79
Non-support needs households	1,537	746	791
TOTAL	2,090	1,220	870

13.9 Summary

Information from the survey on support needs groups can be of assistance to authorities when contributing to detailed Supporting People Strategies. Some 29.9% of all the County Borough’s households (28,562) contain support needs members. ‘Physically disabled’ is the largest category with support needs. There are 19,114 households containing a ‘physically disabled’ person and a further 6,496 with household members who are ‘frail elderly’.

Support needs households in Rhondda Cynon Taf are generally smaller than average and are disproportionately made up of older persons only. Support needs households are more likely than households overall to be in unsuitable housing. Support needs households in general stated a requirement for a wide range of adaptations and improvements to the home. A shower unit and car parking space in front of the house are the most commonly required. Finally, the survey suggested considerable scope for 'care & repair' and 'staying put' schemes.

14. Older person households

14.1 Introduction

Data was collected in the survey with regard to the characteristics of households with older persons. This chapter looks at the general characteristics of older person households and details some additional survey findings about such households.

Older people are defined as those over the state pension eligibility age (currently 65 for men, 60 for women). For the purpose of this chapter, households have been divided into three categories:

- Households without older persons
- Households with both older and non-older persons
- Households with only older persons

14.2 The older person population

Around a quarter of all households in Rhondda Cynon Taf contain only older people (24.7%) and a further 8.9% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Categories	Number of households	% of all households
Households without older persons	63,357	66.4%
Households with both older and non-older persons	8,463	8.9%
Households with older persons only	23,579	24.7%
Total	95,400	100.0%

14.3 Characteristics of older person households

The number of occupants in older person households is shown in the table below. The data suggests that almost all households containing older persons only are comprised of one or two persons only – there are only 78 older person households containing three or more people. Over half of all single person households are older person households.

Number of persons in household	Age group				
	Older persons only	Other h'holds	Number of h'holds	% of total h'holds with older persons	% of those with older persons
One	14,575	11,815	26,390	55.2%	61.8%
Two	8,926	22,706	31,633	28.2%	37.9%
Three	78	16,954	17,032	0.5%	0.3%
Four	0	14,089	14,089	0.0%	0.0%
Five	0	4,709	4,709	0.0%	0.0%
Six or more	0	1,547	1,547	0.0%	0.0%
Total	23,579	71,821	95,400	24.7%	100.0%

The table below shows the housing tenures of households with older persons. In total 77.6% of older person only households are owner-occupiers. The overwhelming majority of these do not have a mortgage. This finding suggests that the potential for equity release schemes in Rhondda Cynon Taf is quite high.

Another significant finding is the relatively high proportion of social rented accommodation containing older people only (27.7%). This may have implications for the future supply of specialised social rented accommodation.

Tenure	Age group				
	Older persons only	Other house-holds	Total hhs	% with older persons	% of older person hhs
Owner-occupied (no mortgage)	17,020	18,654	35,674	47.7%	72.2%
Owner-occupied (with mortgage)	1,270	36,233	37,503	3.4%	5.4%
Social rented	3,881	10,149	14,030	27.7%	16.5%
Private rented	1,410	1,587	8,195	17.2%	6.0%
Total	23,581	66,623	95,402	24.7%	100.0%

The table below shows the geographical distribution of older person only households. Rhondda has the highest proportion of pensioner only households (29.6%), whilst Taf has the lowest proportion (22.1%).

Individual Borough	Age group				
	Older persons only	Other households	Total hhs	% with older persons	% of older person hhs
Rhondda	8,999	21,354	30,353	29.6%	38.2%
Cynon	5,663	19,067	24,730	22.9%	24.0%
Taf	8,918	31,399	40,317	22.1%	37.8%
Total	23,580	71,820	95,400	24.7%	100.0%

14.4 Dwelling characteristics

The table below shows the type of accommodation that older person only households reside in. The data indicates that older person only households are more likely than non-older person households in Rhondda Cynon Taf to be living in purpose built flats and are less likely to be living in detached houses.

Accommodation type	% of older person households	% of non-older person households
Detached house/bungalow	8.5%	13.6%
Semi-detached house/bungalow	25.6%	26.5%
Terraced house/bungalow	52.9%	53.0%
Purpose-built flat/maisonette	12.1%	6.1%
Converted flat/maisonette	0.8%	0.8%
Mobile Home	0.2%	0.1%
TOTAL	100.0%	100.0%

The table below shows that older person only households are much more likely than non-older person households in Rhondda Cynon Taf to be living in one and two bedroom properties. However, the results also show that just over 60% of all older person households are in three or four bedroom dwellings. Given that previous information has shown that almost all older person only households are comprised of only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older person households chose to move into suitable smaller units.

Table 14.6 Size of dwellings (number of bedrooms) for older person only households		
Number of bedrooms	% of older person households	% of non-older person households
1 bedroom	11.8%	3.6%
2 bedrooms	27.3%	19.2%
3 bedrooms	54.3%	61.7%
4+ bedrooms	6.6%	15.6%
TOTAL	100.0%	100.0%

This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (3+ bedroom) properties are in the owner-occupied sector there are also 940 in the social rented sector and this may present some opportunity to reduce under-occupation.

Table 14.7 Older person only households size of accommodation and tenure					
Tenure	Size of accommodation				TOTAL
	1 bed	2 bed	3 bed	4+ bed	
Owner-occupied (no mortgage)	383	4,728	10,521	1,388	17,020
Owner-occupied (with mortgage)	82	340	743	104	1,269
Social rented	2,057	884	940	0	3,881
Private rented	259	481	605	65	1,410
TOTAL	2,781	6,433	12,809	1,557	23,580

14.5 Older person households and the basic needs assessment model

Some 11.1% of all older person only households (2,595 households) in Rhondda Cynon Taf live in unsuitable housing, as defined by the HNS. This figure is a little higher than the figure of 10.7% for all households in the County Borough.

In addition we can look at older persons needs using the basic needs assessment model. Following this method suggests that there is an annual need to provide accommodation for 146 older person households, further data suggests a supply to such households in the region of 162 units per annum. Therefore the BNAM suggests that there is a net supply of 16 dwellings per annum from older person only households.

These findings do not necessarily mean there is reason for complacency with regard to the future housing needs of older persons. As the population ages, demand for adaptations and other forms of support, including sheltered housing, will most likely increase and will need to be considered by the Council.

14.6 Summary

Some 24.7% of households in Rhondda Cynon Taf contain older persons only, and a further 8.9% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that a high proportion of social rented accommodation houses older people only (27.7%).

Older person households do not contribute to the overall need for additional affordable housing, but may well have a significant impact on the future of Council housing and the future need for sheltered housing and adaptations.

15. Black and minority ethnic households

15.1 Introduction

Information was gathered in the survey to find out the ethnic origin of the head of household (and partner if applicable) for each household sampled in the survey. The categories used on the survey forms were consistent with those used in the 2001 Census. The categories used have been amalgamated together to group the results into three principle classifications.

The table below shows estimates of the number of households in each of the three ethnic groups and the number of survey responses. For the analysis in this chapter, the ethnic group of the survey respondent is taken to represent the head of household.

The table below shows that overall the profile of survey respondents matched that present in the household population. The survey estimates that over 99% of households in the County Borough are headed by a White person. In total only 0.7% of households are headed by someone who describes themselves as non-white.

Ethnic group	Total number of households	% of households	Number of returns	% of returns
White British/Irish	94,086	98.6%	5,367	98.6%
White Other	685	0.7%	39	0.7%
BME	630	0.7%	35	0.6%
Total	95,400	100.0%	5,441	100.0%

Due to the small sample size of each of the BME groups it is not appropriate to present details of individual groups. The chapter will therefore compare the situation of all BME households against that of White British/Irish and other White households. It is important to note that even using the amalgamated classifications, the sample size for the White Other and BME groups remain small so the results produced within this chapter should be treated with caution.

15.2 Household size

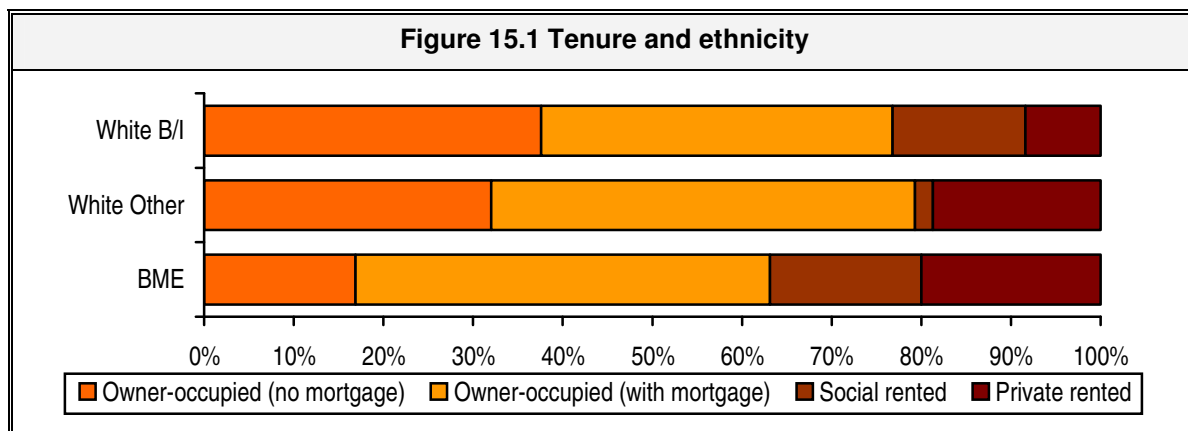
The number of persons in each household disaggregated by ethnic origin is shown in the table below. It can be observed that BME households have a larger average household size than White households but also have a larger average home (in terms of number of bedrooms). This means that the average number of persons per bedroom is similar in BME households as White households.

Table 15.2 Household size and ethnicity				
Number of persons in household	Ethnic group			
	White B/I	White Other	BME	Total
One	26,113	168	109	26,390
Two	31,341	178	114	31,633
Three	16,661	184	187	17,032
Four	13,862	74	153	14,089
Five	4,645	22	42	4,709
Six or more	1,464	58	25	1,547
TOTAL	94,086	684	630	95,400
Average household size	2.41	2.68	2.97	2.42
Average number of bedrooms	2.83	2.90	3.06	2.83
Persons per bedroom	0.85	0.92	0.97	0.86

15.3 Tenure

The table and figure below show ethnic group and tenure. The data shows that BME households are more likely than White households to be living in private and social rented housing, whilst White Other households are most likely to be owner-occupiers.

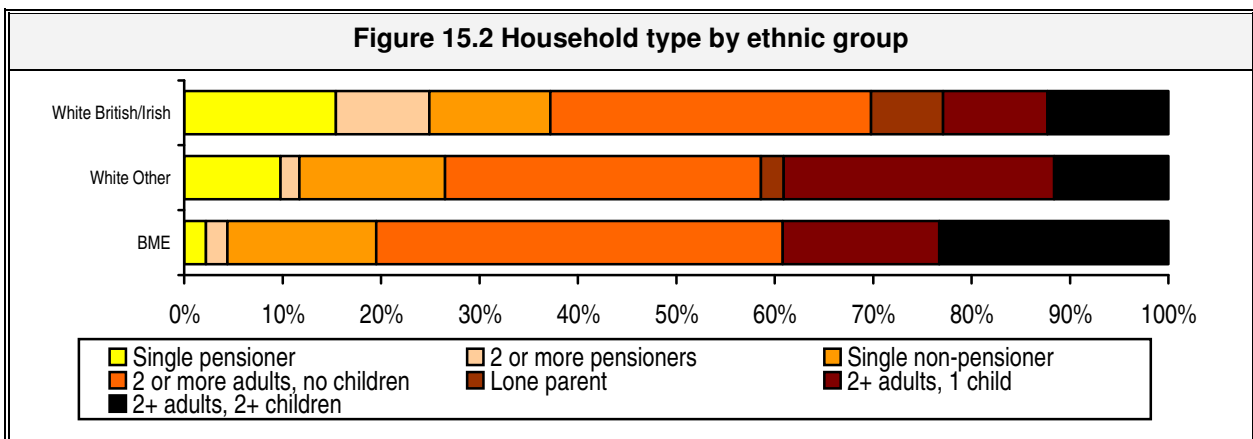
Table 15.3 Tenure and ethnicity				
Tenure	Ethnic group			
	White B/I	White Other	BME	Total
Owner-occupied (no mortgage)	35,349	219	106	35,674
Owner-occupied (with mortgage)	36,888	323	291	37,502
Social rented	13,908	14	106	14,028
Private rented	7,940	128	126	8,194
TOTAL	94,085	684	629	95,398



15.4 Household type and support needs

The table and figure below show ethnic group and household type. The results clearly show that BME households are less likely to contain pensioners but are more likely to consist of non-pensioner adults without children.

Table 15.4 Household type and ethnicity				
Household type	Ethnic group			
	White B/I	White Other	BME	TOTAL
Single pensioner	14,494	67	14	14,575
2 or more pensioners	8,977	13	14	9,004
Single non-pensioner	11,619	101	95	11,815
2 or more adults, no children	30,635	219	260	31,114
Lone parent	6,832	16	0	6,848
2+ adults, 1 child	9,939	188	100	10,227
2+ adults, 2+ children	11,590	79	147	11,816
TOTAL	94,086	683	630	95,399



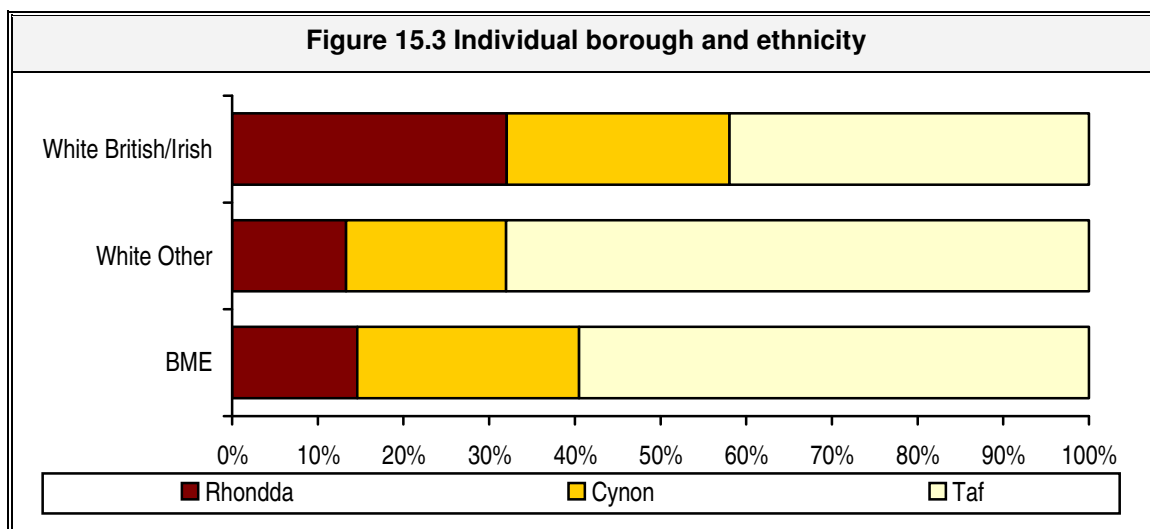
The table below shows ethnic group by support needs. The results show that the vast majority (99.7%) of support needs households are White.

Table 15.5 Support needs households and ethnic group					
Ethnic group	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
White B/I	28,289	65,796	94,085	30.1%	99.0%
White Other	189	496	685	27.6%	0.7%
BME	84	546	630	13.3%	0.3%
Total	28,562	66,838	95,400	29.9%	100.0%

15.5 Geographical location

The table and figure below show the geographical distribution of households by ethnicity. It is clear from the data that BME and White Other households are heavily concentrated in Taf.

Table 15.6 Ethnic group and individual Borough				
Sub area	Ethnic group			
	White B/I	White Other	BME	TOTAL
Rhondda	30,170	91	92	30,353
Cynon	24,440	128	163	24,731
Taf	39,476	466	375	40,317
TOTAL	94,086	685	630	95,400



15.6 Income levels

The table below shows income and savings levels for each ethnic category. The table indicates that BME households have a higher average household income than White households and higher savings levels.

Ethnic group	Annual gross household income (including non-housing benefits)	Average household savings
White B/I	£19,987	£10,825
White Other	£19,738	£6,734
BME	£25,373	£19,524
All households	£20,021	£10,853

15.7 Unsuitable housing

Finally we can look at levels of unsuitable housing by ethnic group. This is presented in the table below. The table indicates that BME households are less likely to be in unsuitable housing than White households. Overall 99.8% of households in unsuitable housing are White.

Ethnic group	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds	% of total h'holds in unsuitable housing	% of those with in unsuitable housing
White B/I	10,052	84,034	94,086	10.7%	98.8%
White Other	98	587	685	14.3%	1.0%
BME	22	608	630	3.5%	0.2%
Total	10,172	85,229	95,401	10.7%	100.0%

15.8 Summary

The survey revealed that 98.6% of households in Rhondda Cynon Taf were White British/Irish, 0.7% White Other with the remaining 0.7% being BME households. The survey showed that BME households have a larger average household size than other households. Additionally, results show that BME households are less likely to be owner-occupiers and more likely to be living in private and social rented accommodation.

Finally, the survey results suggest that White households are particularly likely to be made up of older people and that these households are generally more likely to contain someone with a special need. The results produced within this chapter should be treated with caution as the analysis is based on a small sample of BME and White Other households.

16. Overcrowding and under-occupation

16.1 Introduction

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

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

16.2 Overcrowding and under-occupation

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

Number of bedrooms required	Number of bedrooms in home				TOTAL
	1	2	3	4+	
1 bedroom	5,242	14,290	27,876	4,021	51,429
2 bedrooms	96	5,295	18,057	4,422	27,870
3 bedrooms	0	636	10,160	3,435	14,231
4+ bedrooms	0	0	1,009	861	1,870
TOTAL	5,338	20,221	57,102	12,739	95,400

KEY: Overcrowded households Under-occupied households

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

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

- **Overcrowded:** 2.1% of households = 2,025 households
- **Under-occupied:** 38.6% of households = 36,852 households

16.3 Household characteristics

The figure below shows levels of overcrowding and under-occupation by various household characteristics. The figure shows some clear differences between different household groups.

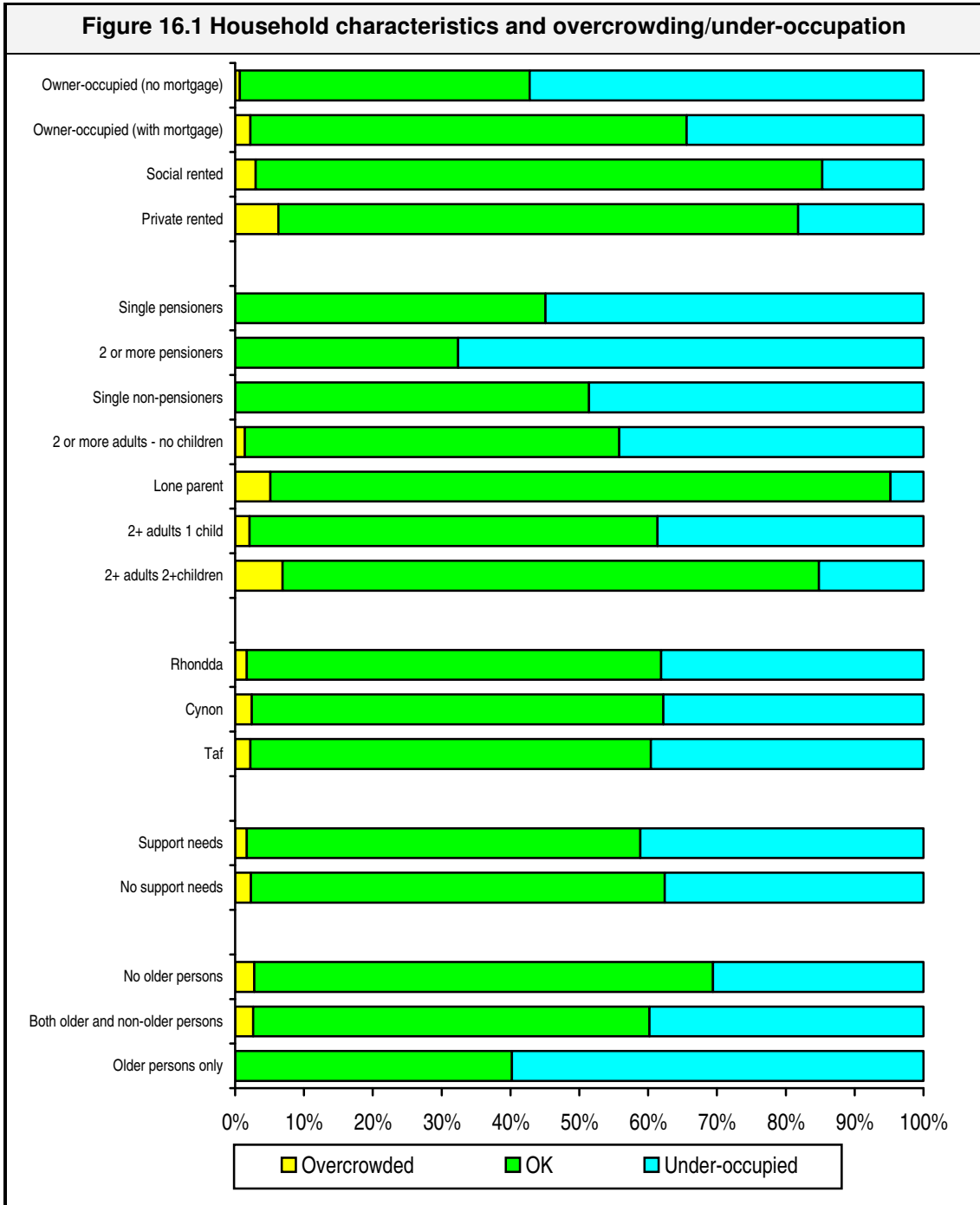
In terms of tenure, the figure shows that owner-occupiers are most likely to be under-occupying dwellings and less likely to be overcrowded; this is particularly true for those with no mortgage. Social renting households are least likely to be under-occupied; though the level of overcrowding is marginal at 3.0%. The highest rate of overcrowding is found in the private rented sector, at 6.3%.

Household type analysis suggests that households containing children are virtually the only overcrowded households. Households with two adults and at least two children display the highest level of overcrowding at 6.9% followed by lone parent households at 5.1%. Lone parent households are also the least likely to under-occupy, whilst households containing two or more pensioners are most likely to be under-occupying.

By individual Borough, Rhondda had the lowest level of overcrowded dwellings (1.7%) whilst Cynon recorded the highest (2.4%). Taf had the highest proportion of under-occupied dwellings (60.2%).

The data also shows that support needs households are less likely to be overcrowded and more likely to under-occupy.

The age distribution confirms the household type analysis above (i.e. low overcrowding and high under-occupancy amongst pensioner households); though interestingly the data shows that overcrowding levels for households containing both older and non older persons and non older persons only are very similar.



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

Household type	Tenure				TOTAL
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	
Single pensioner	6,451	402	630	522	8,005
2 or more pensioners	5,269	417	258	147	6,091
Single non-pensioner	2,054	2,806	499	380	5,739
2 or more adults, no children	6,409	6,318	626	398	13,751
Lone parent	21	287	18	0	326
2+ adults, 1 child	111	1,025	0	0	1,136
2+ adults, 2+ children	86	1,647	24	44	1,801
TOTAL	20,401	12,902	2,055	1,491	36,849

The table shows that there are a significant number of pensioner households under-occupying in the owner-occupied (no mortgage) sector, where as just below a half of under occupied private rented sector stock was occupied by adults with no children. Of all under-occupying households in the social rented sector, around a half contained only one person and only 42 contained children.

16.4 Income levels

The figure below shows the income levels of households who are overcrowded or under-occupied. The data shows that under-occupied households have the highest average household income (at £402 per week) and overcrowded households the lowest (at £319 per week). If these figures are adjusted depending on the number of persons in the households this trend is exacerbated. Overcrowded households have an average income per person of only £63 per week; this figure rises to £221 for households who are under-occupying.

Overcrowded/under-occupied	Average gross weekly income	Average number of persons in households	Average income per person
Overcrowded	£319	5.1	£63
Neither overcrowded nor under-occupied	£376	2.7	£139
Under-occupied	£402	1.8	£221
TOTAL	£385	2.4	£159

16.5 Moving intentions of under/over-occupying households

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

The analysis suggests that overcrowded households are most likely to need/expect to move. In total an estimated 29.0% of overcrowded households need or expect to move within the next two years, this compares with only 8.4% of households who currently under-occupy their dwelling.

Table 16.4 Moving intentions of overcrowded and under-occupying households			
Overcrowded/under-occupied	Number need/expect to move	Total h'holds	% needing/ expecting to move
Overcrowded	588	2,025	29.0%
Neither overcrowded nor under-occupied	7,293	56,523	12.9%
Under-occupied	3,113	36,852	8.4%
TOTAL	10,994	95,400	11.5%

16.6 Summary

This brief chapter looked at overcrowding and under-occupation. The results suggest that 2.1% of all households are overcrowded and 38.6% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; whilst the private rented sector has the highest level of overcrowding.

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

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 to rent privately. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

Affordable housing

Housing of an adequate standard which is cheaper than the equivalent cost of entry level market housing available in the local housing market. In theory this can comprise a combination of subsidised rented housing and 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

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.

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 market area

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

Housing need

The situation in which households lack their own housing or are living in housing which is inadequate or unsuitable and 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 support needs or requiring access because of special circumstances, including homelessness.

Migration

The movement of people between geographical areas, primarily defined in this context as local authority 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 be 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 5. 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 Rhondda Cynon Taf 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.

We can look at the wider context of prices in the surrounding areas, and also the differences between areas within Rhondda Cynon Taf, 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 Reasons for housing market study

The level of market prices and rents is a key factor in this study for two main reasons:

- (i) Market prices and rents indicate the cost of market housing in Rhondda Cynon Taf. A major reason for government interest in prices is to address the needs of households that cannot afford this cost. Hence the existence of social rented housing and low-cost home ownership options, which represent partial ownership. Thus it is important to establish the entry levels to both home ownership and private renting.
- (ii) The price/rent information indicates the contours of the housing market in Rhondda Cynon Taf. This is important for the Council when considering not only the level of subsidy required to produce new social rented and other non-market priced housing, but also the degree to which it should attempt to manage the new-build market in accordance with government guidance.

This chapter is devoted to identifying the first of the above elements: the cost of housing.

A2.3 Background to housing market analysis

As a preliminary to the present phase of the work it is desirable to draw attention to some key features of housing markets:

- (i) **Housing markets are quite complex.** Housing markets can be defined, at the larger scale, by such features as journey to work areas. In the case of free-standing market towns these may appear as fairly neat circular areas. In most of Britain, however, the high density of population means that housing market areas overlap.

In the extreme case of London, its market area extends for some purposes as far away as York, Milton Keynes, Bristol and the South Coast. At the same time there are well defined market areas within London (east v west; north v south of the river).

- (ii) **Property prices vary within market areas.** Depending on the attractiveness of the area, property prices may vary considerably within a few miles or even, in large cities, within a few hundred yards. This is due to the history of the area and the nature of the housing stock. These variations are important from the point of view of housing cost analysis, which underpins the study of subsidised forms of housing. It is important to know what the entry level costs of housing are. These can only be established by close study of detailed local price variations.
- (iii) **New build is only a small fraction of the market.** In almost all parts of Britain, new build is a small fraction of the total housing market. The majority of all sales and lettings are second-hand. The important point to note in this is that second-hand housing is normally much cheaper than new build. Only at the luxury end of the market is this not true. Thus entry level housing will normally be second-hand.

Although Government guidance refers to some forms of new build as ‘affordable’ very little new build is anything like as affordable as existing second-hand housing.

These features of the housing market are worth bearing in mind when considering the detailed evidence produced in the following subsections of this chapter.

A2.4 Government guidance on the study of housing markets

The Guide makes several references to market studies:

ODPM Guide	<p><i>'Income to price ratios should be mapped to show the relative affordability of different locations in the local housing market. Land Registry house prices cannot be disaggregated by size, and are, therefore, only a broad indicator of affordability. More sophisticated approaches to affordability can be developed using primary data e.g. collecting house price information from local estate agents by size and type of dwelling. This could be done as part of the emailed check list to participating agents as already suggested...'</i> [Section 4.39 (page 48)]</p> <p><i>'Entry-level house prices should be identified by regular surveys of local estate agents...'</i> [Section 4.22 (page 43)]</p>
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These extracts say, in summary:

- (i) Housing market information is essential to the assessment of affordability.
- (ii) There are various secondary and primary sources for such information.
- (iii) There are some advantages to the primary data route: obtaining information directly from estate agents, since that reflects the true entry cost of housing.

The best route to meeting these requirements is a combination of secondary data (the Land Registry, which covers all transactions) and estate agents survey.

In keeping with comments above, we concentrate upon price variations rather than the study of the whole market. This is because in terms of affordability of local housing, the important factor is its price, not its location relative to wider housing markets.

A2.5 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) 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.

A2.6 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.

A2.7 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 Rhondda Cynon Taf. These are considered below.

A2.8 Comparing prices in neighbouring areas

The Land Registry data can be used to show how prices in Rhondda Cynon Taf compared to those in nearby and adjoining local authority areas. The table below shows average sale prices for the Local Authorities adjoining Rhondda Cynon Taf (from the most recent quarter available from the Land Registry).

Table A2.1 Average property prices by Local Authority (3rd quarter 2005)									
(number of sales in brackets)									
Property type	Rhondda Cynon Taf	Merthyr Tydfil	Caerphilly	Cardiff	Vale of Glamorgan	Bridgend	Neath Port Talbot	Powys	Eng & Wales
Detached	£190,279 (162)	£154,527 (35)	£183,255 (112)	£276,471 (179)	£261,095 (142)	£207,813 (106)	£181,699 (102)	£220,839 (198)	£303,167 (5,508)
Semi-detached	£111,399 (225)	£93,792 (39)	£109,855 (177)	£172,018 (371)	£163,207 (163)	£121,014 (194)	£103,197 (180)	£135,524 (113)	£172,793 (7,422)
Terraced	£75,828 (626)	£72,007 (121)	£86,429 (274)	£152,232 (613)	£130,045 (210)	£95,323 (155)	£78,156 (241)	£112,810 (125)	£141,826 (8,674)
Flat/maisonette	£75,025 (8)	£0 (0)	£76,336 (11)	£139,672 (408)	£139,136 (66)	£196,818 (37)	£63,605 (9)	£95,186 (19)	£138,977 (4,545)
Overall average	£101,820 (1,021)	£91,175 (195)	£112,352 (574)	£167,798 (1,571)	£172,411 (581)	£137,322 (492)	£106,235 (532)	£164,726 (455)	£179,181 (26,148)

Source: Land Registry (2005)

The overall average price figures for each County Borough (e.g. Rhondda Cynon Taf at £101,820) show that in most County Boroughs property prices are notably cheaper than the England and Wales average of £179,181. There is a degree of variation amongst the prices in the area. Merthyr Tydfil has the lowest (£91,175) and Vale of Glamorgan has the highest (£172,411) average price.

A2.9 Historical results for Rhondda Cynon Taf

We will now examine in more detail information from the Land Registry for Rhondda Cynon Taf. The table below shows data for sales over the last five years. The data for each case is the 3rd quarter of the year.

Table A2.2 Average property prices in Rhondda Cynon Taf – 2000 to 2005 (3rd quarters)						
(Number of sales in brackets)						
Property type	2000	2001	2002	2003	2004	2005
Detached	£92,044 (164)	£101,832 (214)	£119,685 (285)	£142,316 (238)	£172,242 (297)	£190,279 (162)
Semi-detached	£48,327 (213)	£53,698 (279)	£58,950 (345)	£74,076 (319)	£99,736 (266)	£111,399 (225)
Terraced	£29,681 (568)	£33,101 (704)	£38,458 (775)	£47,058 (918)	£63,032 (889)	£75,828 (626)
Flat/maisonette	£32,405 (9)	£32,709 (11)	£39,618 (11)	£47,889 (19)	£89,646 (25)	£75,025 (8)
OVERALL	£44,590 (954)	£50,030 (1,208)	£59,808 (1,416)	£68,012 (1,494)	£92,053 (1,477)	£101,820 (1,021)

Source: Land Registry (2005)

The overall average sale price was roughly £9,800 higher in the 3rd quarter of 2005 than the 3rd quarter of 2004. Over the five year period prices have risen by an average of £57,000. The number of sales has fallen this year, with 1,021 sales in the 3rd quarter of 2005 compared to 1,477 during the 3rd quarter of 2004.

A2.10 Differences within Rhondda Cynon Taf

(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 Rhondda Cynon Taf.

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 Rhondda Cynon Taf.

Table A2.3 Approximate sub-areas and postcodes	
Area description	Postcode(s)
North	CF42 6, CF42 5, CF43 4, CF44 6, CF44 8, CF44 0, CF44 7
South	CF40 1, CF40 2, CF41 7, CF39 9, CF39 0, CF43 3, CF37 3, CF45 3, CF45 4
Pontypridd/LLantrisant	CF39 8, CF72 9, CF72 8, CF38 2, CF38 1, CF37 5, CF37 1, CF37 4, CF37 2

The table above shows 24 different postcode sectors in three different sub-areas. This gives us the opportunity to compare prices across the Rhondda Cynon Taf area.

(ii) Results by sub-area

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. Where the cells have no values, this is due to no properties of this type selling in the time-period, and therefore no average price can be ascertained.

Table A2.4 Average property prices by sub-area (3rd quarter 2005)			
(Number of sales in brackets)			
Property type	North	South	Pontypridd/Llantrisant
Detached	£177,989 (10)	£131,737 (4)	£181,932 (110)
Semi-detached	£104,992 (33)	£91,525 (37)	£102,951 (122)
Terraced	£69,569 (151)	£63,981 (236)	£53,791 (194)
Flat/maisonette	0 (0)	0 (0)	0 (0)
Average	£81,183 (194)	£68,638 (277)	£100,957 (426)

Source: Land Registry (2005)

The table demonstrates that highest property prices are to be found in Pontypridd and Llantrisant, the overall average being around £32,000 more than the price of the South area average. In all areas terraced properties had the largest proportion of sales, with the South area having the greatest amount. In Rhondda Cynon Taf as a whole no flats or maisonettes were sold in the time period. This price distribution is consistent with primary data obtained from local agents presented in Chapter 5 of the report.

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. The main exception to this was in relation to financial information, where there was an appreciable (although typical) level of non-response.

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, ward, 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 7 different variables) along with the number of actual survey responses. Although in some cases it is clear that the proportion of survey responses is close to the ‘expected’ situation there are others where it is clear that the weighting of data was necessary to ensure that the results as presented are reflective of the household population of Rhondda Cynon Taf.

Table A3.1 Tenure profile				
Tenure	Estimated households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	35,674	37.4%	2,152	39.6%
Owner-occupied (with mortgage)	37,502	39.3%	2,118	38.9%
Council	9,774	10.2%	565	10.4%
RSL	4,255	4.5%	234	4.3%
Private rented	8,195	8.6%	372	6.8%
Total	95,400	100.0%	5,441	100.0%

Table A3.2 Accommodation type profile				
Accommodation type	Estimated households	% of households	Number of returns	% of returns
Detached house/bungalow	11,746	12.3%	844	15.5%
Semi-detached house/bungalow	25,037	26.2%	1,548	28.5%
Terraced house/bungalow	50,502	52.9%	2,656	48.8%
Purpose-built flat/maisonette	7,258	7.6%	351	6.5%
Converted flat/maisonette	482	0.5%	23	0.4%
Flat with non-residential	298	0.3%	14	0.3%
Mobile Home	78	0.1%	5	0.1%
TOTAL	95,400	100.0%	5,441	100.0%

Table A3.3 Car ownership				
Cars owned	Estimated households	% of households	Number of returns	% of returns
None	30,041	31.5%	1,386	25.5%
One	42,950	45.0%	2,484	45.7%
Two	18,428	19.3%	1,273	23.4%
Three or more	3,980	4.2%	298	5.5%
TOTAL	95,400	100.0%	5,441	100.0%

Table A3.4 Ward profile				
Ward	Estimated households	% of households	Number of returns	% of returns
Hirwaun	1,679	1.8%	105	1.9%
Pen-Y-Waun	1,212	1.3%	67	1.2%
Rhigos	632	0.7%	93	1.7%
Aberaman North	2,300	2.4%	129	2.4%
Aberaman South	2,036	2.1%	120	2.2%
Aberdare East	2,952	3.1%	121	2.2%
Aberdare West (Llwydcoed)	3,802	4.0%	130	2.4%
Cwmbach	1,752	1.8%	120	2.2%
Abercynon	2,646	2.8%	118	2.2%
Mountain Ash (East)	1,203	1.3%	87	1.6%
Mountain Ash (West)	2,010	2.1%	96	1.8%
Penrhiwceiber	2,507	2.6%	113	2.1%
Cilfynydd	1,244	1.3%	104	1.9%
Glyncoch	1,168	1.2%	66	1.2%
Graig	1,013	1.1%	84	1.5%
Pontypridd Town	1,226	1.3%	99	1.8%
Rhondda	2,027	2.1%	101	1.9%
Trallwng	1,419	1.5%	90	1.7%
Ynysybwll	1,922	2.0%	126	2.3%
Cymmer	2,289	2.4%	101	1.9%
Porth	2,496	2.6%	122	2.2%
Ynysgir	1,508	1.6%	102	1.9%
Ferndale	1,777	1.9%	97	1.8%
Maerdy	1,451	1.5%	79	1.5%
Tylorstown	2,224	2.3%	112	2.1%
Pentre	2,338	2.5%	122	2.2%
Treherbert	2,647	2.8%	113	2.1%
Treorchy	3,293	3.5%	139	2.6%
Clydach Vale	1,237	1.3%	74	1.4%
Llwyn-Y-Pia	1,098	1.2%	85	1.6%
Pen-Y-Graig	2,392	2.5%	89	1.6%
Tonypanydy	1,463	1.5%	72	1.3%
Trealaw	1,704	1.8%	82	1.5%
Ystrad	2,436	2.6%	133	2.4%
Gilfach Goch	1,335	1.4%	73	1.3%
Tonyrefail East	2,305	2.4%	120	2.2%
Tonyrefail West	2,027	2.1%	118	2.2%
Llantrisant Town	1,568	1.6%	123	2.3%
Llanharan/Brynna	2,580	2.7%	146	2.7%
Llanharry	1,041	1.1%	100	1.8%
Pontyclun	2,969	3.1%	181	3.3%
Talbot Green	1,085	1.1%	114	2.1%
Beddau/Tynant	2,952	3.1%	170	3.1%
Church Village	1,972	2.1%	143	2.6%
Llantwit Fardre	2,095	2.2%	141	2.6%
Ton-Teg	1,573	1.6%	128	2.4%
Hawthorn	1,507	1.6%	91	1.7%
Rhydyfelin	1,891	2.0%	98	1.8%
Taffs Well	1,452	1.5%	112	2.1%
Treforest	1,948	2.0%	92	1.7%
TOTAL	95,400	100.0%	5,441	100.0%

Table A3.5 Household type profile				
Household type	Estimated households	% of households	Number of returns	% of returns
Single pensioner	14,575	15.3%	854	15.7%
2 or more pensioners	9,005	9.4%	635	11.7%
Single non-pensioner	11,815	12.4%	733	13.5%
2 or more adults, no children	31,114	32.6%	1,873	34.4%
Lone parent	6,848	7.2%	307	5.6%
2+ adults, 1 child	10,227	10.7%	523	9.6%
2+ adults, 2+ children	11,817	12.4%	516	9.5%
TOTAL	95,400	100.0%	5,441	100.0%

Table A3.6 Household size				
Number of people in household	Estimated households	% of households	Number of returns	% of returns
One	26,390	27.7%	1,587	29.2%
Two	31,633	33.2%	2,034	37.4%
Three	17,032	17.9%	906	16.7%
Four	14,089	14.8%	690	12.7%
Five	4,709	4.9%	173	3.2%
Six or more	1,547	1.6%	51	0.9%
TOTAL	95,400	100.0%	5,441	100.0%

Table A3.7 Council tax band				
Council Tax Band	Estimated households	% of households	Number of returns	% of returns
A	43,606	45.7%	2,299	42.3%
B	23,917	25.1%	1,333	24.5%
C	11,762	12.3%	695	12.8%
D	7,492	7.9%	488	9.0%
E	5,801	6.1%	413	7.6%
F, G, H	2,822	3.0%	213	3.9%
TOTAL	95,400	100.0%	5,441	100.0%

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 Market Analysis presented in Chapter 12 of this report.

A4.2 Analysis of Rhondda Cynon Taf data

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

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	63	267	235	22	587
Affordable housing	111	240	53	0	403
Private rented	131	182	53	3	369
TOTAL	305	689	341	25	1,360

The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the County Borough over the past two years (in terms of size/tenure of accommodation secured). The data is constrained so as to provide the 'balance' in the model (i.e. to keep the estimated household growth to 990 dwellings/households per annum). Figures are again annualised.

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	20	404	778	145	1,347
Affordable housing	24	58	44	0	126
Private rented	59	201	219	52	531
TOTAL	103	663	1,041	197	2,004

The table below shows estimated future demand from existing households. The figures are based on what tenure and size of accommodation households would expect to move to in the future (next two years). Figures are again annualised.

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	43	394	1,042	387	1,866
Affordable housing	281	593	627	85	1,587
Private rented	79	198	278	28	583
TOTAL	403	1,186	1,947	500	4,036

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

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	126	1,065	2,055	554	3,800
Affordable housing	416	891	724	85	2,117
Private rented	268	582	550	83	1,483
TOTAL	810	2,537	3,330	723	7,400

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

Table A4.5 Supply I: Supply from household dissolution					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	19	191	374	36	620
Affordable housing	138	37	43	1	218
Private rented	12	27	26	10	75
TOTAL	169	255	442	46	913

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

Table A4.6 Supply II: Supply from out-migrant households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	11	152	692	199	1,054
Affordable housing	40	53	107	0	200
Private rented	32	66	49	60	207
TOTAL	84	271	848	259	1,461

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

Table A4.7 Supply III: Supply from existing households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	7	435	1,152	320	1,914
Affordable housing	210	472	353	12	1,046
Private rented	118	287	584	87	1,076
TOTAL	335	1,193	2,090	418	4,036

The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure and size group.

Table A4.8 Supply IV: Total supply					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	37	778	2,218	555	3,588
Affordable housing	388	561	503	12	1,464
Private rented	163	380	659	156	1,358
TOTAL	588	1,719	3,380	723	6,410

Appendix A5 Survey questionnaire

