

The Vale of Glamorgan Council

Cabinet Meeting: 30th April 2018

Report of the Cabinet Member for Housing and Building Services

Local Housing Market Assessment 2017

Purpose of the Report

1. To consider the 2017 Local Housing Market Assessment.

Recommendations

1. That subject to consideration by the Homes and Safe Communities Scrutiny Committee the Local Housing Market Assessment 2017 attached at [Appendix A](#) to this report is accepted and the policy implications for the Vale of Glamorgan be noted.
2. That the Local Housing Market Assessment 2017 be referred to the Homes and Safe Communities Scrutiny Committee, for consideration.

Reasons for the Recommendations

1. To ensure the Council is able to meet the demand for affordable housing units required in the Vale of Glamorgan.
2. To enable this Committee to consider implication of the assessment.

Background

2. Local authorities have an important strategic housing role and statutory responsibilities in relation to the functioning of the housing market. Relevant to the adoption of the Local Housing Market Assessment (LHMA); Section 8 of the Housing Act 1985 requires local authorities to consider the housing conditions and needs in their local area; this includes a duty for local authorities to conduct a periodic review of the housing market. This review provides the Council with a comprehensive understanding of the local housing market and a robust evidence base for effective strategic housing and planning services.
3. In addition to the above piece of legislation, Planning Policy Wales, which sets out the land use planning policies of the Welsh Government, emphasises that local authorities should 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.

4. Planning Policy Wales is supplemented by a series of Technical Advice Notes; Technical Advice Note (TAN) 2 provides guidance on the role of the planning system in delivering affordable housing. TAN 2 requires all Welsh local authorities to undertake a LHMA. This builds upon the requirement for local authorities to review and understand their housing market, by taking a holistic view of the housing market across all tenures.
5. Whilst Section 8 of the Housing Act 1985 requires local authorities to consider housing needs and to review the housing market 'periodically', in 2013 the Welsh Government utilised section 87 of the Local Government Act 2003 to set a requirement for LHMA to be updated biannually.

Relevant Issues and Options

6. The previous LHMA for the Vale of Glamorgan was undertaken in 2015 and completed in-house following the methodology published by the Welsh Government in November 2014. It provided a review of the housing market in the Vale of Glamorgan, considering all geographical areas, at ward level or by major settlement. This was achieved by providing an overview of the housing market, socio-economic, demographic and population statistics. This analysis provided a review of the housing market of the Vale of Glamorgan as a whole, across all tenures; home ownership, private renting and affordable housing. The assessment was conducted between September 2014 and January 2015; therefore the data and statistics used were those available or collected during this period of time and adopted by Cabinet on 16th November 2015 (Cabinet Minute C2980).
7. The results of the LHMA 2015 showed net need for 559 affordable housing units per year comprises 331 units of social rented accommodation and 228 units of intermediate housing (114 for low cost home ownership purchase and 114 for intermediate rent).
8. The LHMA 2017 is the first biannual review of this document, following the same methodology in compliance of Welsh Government requirements under Section 8 of the Housing Act 1985 and again was completed in-house. Due to the length of the document, a copy of report has been placed in both the Cabinet Room and the Members Room. A further copy is available in the Democratic Services office should Members wish to inspect the document
9. In addition to a review of the local housing market, a fundamental aspect of any LHMA is a calculation of the net need for 'affordable housing'. Estimates of shortfalls or surpluses of affordable housing, in different areas and of different sizes, are crucial inputs into the local housing and planning frameworks.
10. For the purposes of the LHMA affordable housing is defined as: 'housing provided to those whose needs are not met by the market', this includes social rented housing and intermediate housing products.
11. Historically, only households in need of social rented accommodation have been considered to be in housing need. However the economic climate, increasing housing costs, household incomes and the financial difficulties faced by households being able to afford their housing and living costs, have led to new groups of households being squeezed out of the home ownership and private rented sectors. As such, alternative forms of affordable housing are needed, these types of

accommodation are broadly categorised as 'intermediate housing' products and can include properties available for intermediate rent and low cost home ownership. Intermediate housing products are therefore included in the assessment of housing need and the net need for affordable housing.

12. In common with the 2015 assessment, the LHMA 2017 again considers housing data and calculates the level of housing need across 12 housing market areas in the Vale of Glamorgan; outside of Barry and Penarth and Llandough these areas are coterminous with the ward boundaries.
13. Table 1 below shows the 12 housing market areas:

Table 1

1 Barry	5 Llantwit Major	9 St. Athan
2 Cowbridge	6 Penarth and Llandough	10 St. Bride's Major
3 Dinas Powys	7 Peterston-Super-Ely	11 Sully
4 Llandow/Ewenny	8 Rhoose	12 Wenvoe

14. The quantitative assessment of housing need, as set out by the Welsh Government's step-by-step guide, estimates the need for affordable housing over the next five years. The assessment of housing takes account of three stages:

(X) Newly Arising Housing Need (newly arising need for social rented housing, newly arising need for intermediate housing products and existing households falling into need for social housing)

(Y) Backlog of Housing Need (backlog of need for social rented housing and the backlog of need for intermediate housing products)

(Z) Supply of Affordable Housing (re-lets / re-sales of existing affordable housing and new build supply). Table 2 below shows the figures used in the three stages:

Table 2 shows the annual affordable housing need identified in the 2017 LHMA for the next five years, 2017 to 2022.

Table 2

	Social Housing	Intermediate Housing	
		LCHO	Intermediate Rented
(X) Newly Arising Housing Need	253	42	47
(Y) Backlog of Housing Need	829	64	50
(Z) Supply of Affordable Housing	603	157	0
Annual Net Need for Affordable Housing (X + Y - Z)	479*	46	

* Adjusted to account for the turnover of existing social housing, as per the calculation detailed in the Welsh Government guidance.

It should also be noted that out of the projected annual supply of 603 social rented units above in Table 2. 416 units are derived from the turnover in existing social housing stock and not new housing development.

15. The calculation for the LHMA 2017 shows an annual net requirement of 525 affordable units in the Vale of Glamorgan during the next five year period 2017 - 2022 (2,625 over the full period). However, this figure has been reduced by an annual projected over supply of 51 low cost home ownership units, which are unaffordable to those households in need of social rented and intermediate rented units. The true annual need is therefore 576 affordable housing units needed (made up of 479 social rented and 97 intermediate rented units) over the five year period.

This is an increase of 148 social rented units per year from the 2015 LHMA (from 331 to 479) and a decrease of 114 units of low cost home ownership units (from 114 to nil) as well as a decrease of 17 intermediate rented homes (from 114 to 97). These changes are due to a number of factors, including an increase in the Homes4U waiting from 2,237 to 3,882, an increase in the backlog of affordable housing needed from 459 in 2015 to 943 in 2017 and a projected decrease in the number of social rented properties available for re-let based on the lower turnover in the last two year period. Some of these changes have in part however also been counteracted by a reduction in the household projections published by Welsh Government for the Vale of Glamorgan since the 2015 LHMA was conducted.

Social Rented Accommodation

16. The net need for social rented accommodation is broken down within the report to detail the need for general needs properties, adapted/accessible properties and older person's accommodation. As well as by property size and area.
17. The need for social rented accommodation is greatest for general needs properties. There is an overall shortfall of 476 units per year. The need is highest in the Barry and Penarth and Llandough housing market areas. In terms of the properties needed, the most significant demand is for smaller one and two bedroom homes.
18. The net need for adapted and accessible accommodation is an oversupply of 24 units per annum. This includes the need for level access properties with minor adaptations and those with acute needs which are most likely to require a purpose built adapted property. This is due to a number of factors, the application of the turnover rate of existing adapted housing available as part of the calculation and the information not being available for the number of people in the newly arising housing need or those falling into housing need who require an adapted home. This is a limitation of the calculation which is discussed further in the assessment of housing need.
19. Overall across the Vale of Glamorgan there is a need for an additional 32 units of older person's social rented accommodation, which shows a change from 2015 where there was an oversupply. The number is however still low and is in part due to the areas where the current accommodation is located and the high turnover. However, the need for specialist tailored older person accommodation in specific areas remains high and will continue to increase in line with the increase in the older persons' population projections in the Vale of Glamorgan. .

Intermediate Housing

20. The net need for intermediate housing is 46 units per year in the Vale of Glamorgan, of which there is a projected annual surplus of 51 for Low Cost Home Ownership (LCHO) and a need for 97 intermediate rented homes. This reflects the trend of applicants only applying for low cost home ownership unit once a development commences and the growing difficulties of affordability, in the current economic climate.

21. LCHO provided by Registered Social Landlords in the Vale of Glamorgan has to date been provided on a 70:30 equity share basis (whereby the property is purchased for 70% of the market value). Due to the high property prices in the Vale of Glamorgan it is suggested that consideration be given to offering LCHO on a 60:40 equity share basis in some areas.
22. The demand for intermediate rented accommodation is highest in the Barry and Penarth and Llandough housing market areas.
23. Implementation of an intermediate rent model in the Vale of Glamorgan may be hindered by the gap between Local Housing Allowance and private rent levels in many areas. Consideration will need to be given to how a model of intermediate rent could be developed in the Vale of Glamorgan to meet the identified need.
24. The net need for affordable housing provided in the LHMA 2017 is calculated in accordance with the Welsh Government LHMA Guidance 2006 as well as meeting the requirements of Technical Advice Note 2 (TAN2) Planning and Affordable Housing (June 2006).
25. The Welsh Government earlier LHMA guidance (2006) states that in addition to providing an annual net need figure for affordable housing, it is also important to use the data to:
 - Highlight where the data points to a large future shortfall or surplus of a particular dwelling size or tenure.
 - Illustrate particular locational requirements.
 - Identify future areas of concern where intervention may be advisable.
26. This is important to note in terms of the LHMA 2017, as whilst it is necessary to provide a net affordable housing figure across all property types, affordable tenures and areas, the figure calculated for the Vale of Glamorgan is misleading as it distorts differences in sub market areas, tenures and property types required.
27. One of the reasons that the net housing need figure is misleading is due to the way in which the requirement for social housing is calculated. Existing social housing stock which is considered to be 'surplus' or where there is a higher turnover rate (the frequency with which a property becomes available for re-let) is essentially deducted from the social housing required. However this does not take into account that the properties which are available do not 'match' those which are required.
28. Across the range of property sizes there are also surpluses of larger properties, for example three bedroom general needs properties, which again are essentially deducted from the need for smaller properties. These larger properties however cannot in the short term be used to meet the need for smaller properties. Although it is acknowledged that in the long term this information could be used by social landlords to consider the reconfiguration of their housing stock.
29. The issue is further compounded by differences between need and demand in different housing market areas and between types of property; for example the areas with surpluses of larger properties mask the need for smaller social housing units and the need for general needs accommodation compared to sheltered accommodation.
30. Consequently, the headline net social housing need of 479 units per year is an under estimation of the number of social rented properties actually needed in the county.
31. The Welsh Government LHMA Guide (2014) highlights that the development of a LHMA is often described as “more of an art than a science” and therefore the

'headline' net housing need figure calculated by this approach should not be used as a definitive measure of need or as a target figure. Rather it should be used as an indication of the scale of the affordable housing problem and a benchmark to which the Council will work towards as far as practically deliverable through a range of various methods. These methods include (but are not limited to) Social Housing Grant, Housing Finance Grant, the Smaller Properties Programme, private finance secured by Housing Associations, Section 106 contributions (on-site provision and/or commuted sums) and other external funding.

Resource Implications (Financial and Employment)

32. Existing staff are in place in the Housing and Planning Departments of the Council to undertake a review, if required of the Supplementary Planning Guidance (SPG) for affordable housing, to undertake negotiations on Section 106 planning obligation agreements with private developers and to submit bids for Social Housing Grant, Affordable Housing Grant and Housing Finance Grant to the Welsh Government to finance additional affordable housing.

Sustainability and Climate Change Implications

33. The updated LHMA 2017 informs the need for affordable housing and contributes to meeting that demand through the development of the right types of housing. This helps to develop sustainable and balanced communities in the Vale of Glamorgan.

Legal Implications (to Include Human Rights Implications)

34. The Council has a statutory duty to understand the local housing market; Section 8 of the Housing Act 1985 requires local authorities to consider housing conditions and needs in their local area and conduct a periodic review of the housing market.
35. Adoption of the LHMA 2017 will contribute to the Local Authority meeting this statutory duty.

Crime and Disorder Implications

36. Promoting an adequate supply of housing in the Vale of Glamorgan will contribute to a reduction of homelessness, greater community cohesion and safer communities.

Equal Opportunities Implications (to include Welsh Language issues)

37. The updated LHMA 2017 is supportive of the Council's Equal Opportunities ethos as it identifies the supply of housing required to meet the needs of the people throughout the County, including the sizes and types of affordable housing needed.
38. The adoption of the LHMA 2017 will contribute to promoting equality of access to housing.
39. An outcome of the LHMA 2017 is the identified need for affordable housing, this includes the requirement for adapted and purpose built housing. These properties are needed to meet the specific requirements of individuals with a physical disability or medical need, as well as older people.

Corporate/Service Objectives

40. This report is consistent with the Corporate Plan 2016 - 20.
Well-being Outcome 1: An inclusive and safe Vale.

Objective 2: Providing decent homes and safe communities:

Provide appropriate accommodation and support services for particularly vulnerable groups.

Increase the number of sustainable, affordable homes.

The development of an updated LHMA 2017 is also a key objective of Aim 1 of the Vale of Glamorgan Council Local Housing Strategy 2015-2010: to provide more homes and more choice; ensuring that all residents had access to suitable and affordable accommodation. Cabinet agreed the adoption of the Local Housing Strategy 2015-2020 on 26th January 2015 (Cabinet Minute C2621).

Policy Framework and Budget

41. This report is a matter for Executive decision by Cabinet.

Consultation (including Ward Member Consultation)

42. There has been no direct individual ward member consultation in respect of this report as it is an issue that affects all areas of the Vale of Glamorgan.

Relevant Scrutiny Committee

43. Homes and Safe Communities.

Background Papers

Appendix A - Local Housing Market Assessment 2017

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