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# **Ceredigion Housing Needs Study 2004**

**Report of Findings**  
for  
Ceredigion County Council



**Opinion Research Services**  
Spin-out Company of the University of Wales Swansea

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# Contents

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<b>1</b>	<b>Overview of the Study.....</b>	<b>4</b>
	Introduction .....	5
	Study Methodology .....	9
<b>2</b>	<b>Introducing the Key Concepts.....</b>	<b>21</b>
	Housing Requirements .....	22
	Housing Suitability .....	23
	Affordability .....	28
<b>3</b>	<b>The Basic Needs Assessment Model.....</b>	<b>38</b>
	Introduction .....	39
	Backlog of Existing Need .....	41
	Newly Arising Need.....	51
	Supply of Affordable Housing.....	58
	Summary of Analysis.....	61
<b>4</b>	<b>Modelling the Housing Market .....</b>	<b>63</b>
	Methodology: ORS Housing Market Model .....	64
	Housing Requirements: Demand and Need.....	69
	Housing Supply .....	77
	Net Housing Shortfall .....	80
	Summary of Analysis.....	92
<b>5</b>	<b>Housing and Planning Implications .....</b>	<b>93</b>
	Housing and Planning Policy .....	94
	Housing Need.....	96
	<b>Appendices .....</b>	<b>99</b>
	Impact of Economic Developments .....	100
	Student Impact on Housing Stock .....	101
	Bibliography and References.....	104
	Glossary of Terms.....	105



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# Chapter 1

## **Overview of the Study**

---

1A	Introduction .....	5
1B	Study Methodology .....	9

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### **Ceredigion Housing Market in Context**

Ceredigion County covers an area of 179,427 hectares in the west of Wales (National Statistics 2003). The County is adjacent to Powys on the east, and to the south Carmarthenshire and Pembrokeshire, while the west coast borders the Irish Sea.

The County's population is increasing. In 1991 the population was 62,698 while in 2001 this figure had increased by 19.5% to 74,941 (National Statistics 2003). The County population has increased far greater than the Wales average (2.4%) over the same intercensal period (National Statistics 2003). This increase could in part be explained by the number of students who reside during term time within the county. They were not included in the 1991 data but were in the 2001 figures.

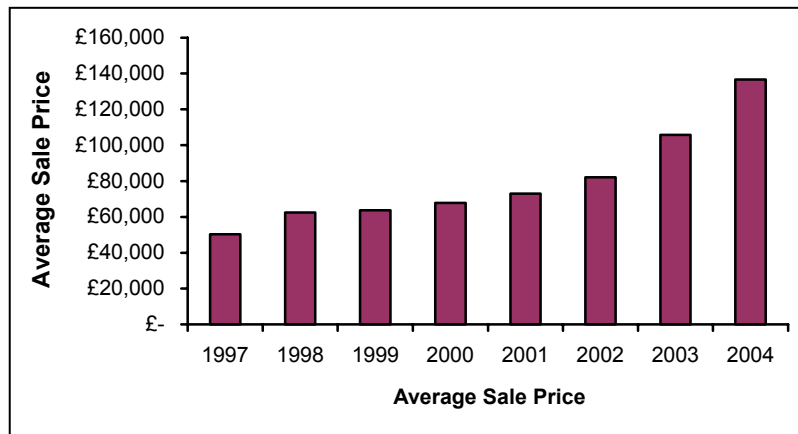
The County has a slightly older age profile than the population of Wales. The average age in 2001 was 40.5 years in Ceredigion compared to 39.5 in the whole of Wales. Only 19.3% of people in Ceredigion County were aged 17 years or below, compared to 22.8% in Wales as a whole. Similarly 25-59 years olds were less populous in Ceredigion County with 40.0% in Ceredigion and 46% in the whole of Wales. However, there was a high proportion of 18-24 years olds, with 13.5% of the population in Ceredigion in this age group and only 8.3% in Wales (National Statistics 2003).

Over two-fifths (44.1%) of the County population could speak, read and write Welsh in 2001 compared to only 16.3% in Wales as a whole (National Statistics 2003).

In 2001 the population resided in 30,972 households (National Statistics 2003) and a high proportion of these owned their home, while the County had a lower proportion of Council rented housing compared to Wales as a whole. Almost seven-in-ten (70.0%) households were owner occupiers, while 13.5% were private tenants, 2.8% rented from an RSL (National Statistics 2003), and 9.2% rented from the County Council. This tenure profile was notably different to that of Wales where 71.3% of households owned their home, a higher proportion (4.2%) rented from an RSL (almost twice as many as Ceredigion), a lower proportion (7.4%) rented from a private landlord, and a higher percentage rented their home from the local Council (13.7%).

House prices in Ceredigion have recently increased rapidly in-line with the rest of Wales and are quite high. Figure 1A.1 shows that house prices have risen considerably in just the last 7 years and in the first quarter of 2004 the average sale price of a property was £136,687 (HM Land Registry 2004).





**Figure 1A.1: Property Sale Prices 1997-2004 (First Quarter)**  
**Source: HM Land Registry (2004)**

The average weekly gross pay for the County in 2003 was £275.91, which was considerably lower than the corresponding figure for Wales (£346.12) and lower still than Great Britain as a whole (£394.75) (ONS 2003). While earnings are comparatively low, the escalating house prices mean that housing affordability is a problem, especially for low income workers, who do not have sufficient financial means to access the local housing market.

Planning for housing is an extremely important issue in the County with regard to the need for housing that is affordable. Furthermore, Ceredigion is experiencing continued economic development which is impacting upon the County's housing requirements. In this context it is vital to have an accurate picture of the County's housing requirements to inform the Council's strategic planning policies.

### **Policy Context**

In the last few years there has been a growing interest in local authority-wide assessments of housing requirements (and in particular housing need), involving both housing and planning departments of local councils, as well as, on occasion, other departments (such as social services, economic development, etc.) and various partner organisations including Registered Social Landlords (RSLs)<sup>9</sup>. Legislatively, local authorities (LAs) have had a longstanding duty to assess the housing needs within their area, as currently set out under the Housing Act, 1996. There was a duty on every local authority to consider housing conditions and the needs of the area in terms of further housing set out as long ago as the Housing Act, 1936.

The objective of providing a decent home for all, irrespective of ability to pay, has long been a central tenet of housing policy in the UK, no matter which political party has been in power. However, over the last twenty years or more the public resources available for investment in housing have declined considerably and greater emphasis has been placed on ensuring the most effective targeting of available resources. Local authorities are anxious to make as powerful a case as is possible for the allocation of resources, for investment in the repair and improvement of the private housing stock and to secure the allocation of social housing grants to support the work of housing associations (RSLs).

Alongside the importance of local housing assessments in housing policy terms has been the recognition of the potential for the land use planning system to help secure a proportion of "affordable" social housing within



<sup>9</sup> Registered Social Landlords (RSLs) include housing associations, local housing companies or co-operatives, and charitable trusts.

private housing development, provided that the case is supported by sound evidence of local housing needs. *Technical Advice Note (2) Planning and Affordability in Wales* (1997b) enables local authorities to negotiate with developers for the provision of a proportion of social housing on sites for private housing, where there is evidence of need. The Development Plan needs to make reference to housing need to enable the local authority to negotiate mixed tenure development.

At the same time, projections of a significant growth in the number of households requiring homes of their own in the future is a further spur to linking the results from local housing needs surveys to Census and household projections to provide realistic and robust estimates of future housing requirements at a local level which, taking account of migration and projected household formation as well as likely affordability, might feed in to strategic planning debates at the regional and sub regional levels. The ORS model, using survey data (including information on financial resources) linked to secondary data (on population and household projections, as well as house prices and private sector rent levels), enables the assessment of future housing needs and demands over different time periods, using variable sets of assumptions.

### **The Fundamental Questions**

Local housing assessments must involve consideration of housing need, although the term is often ill-defined. Everyone has a housing requirement, but many people can satisfy their own requirements in the private housing market since they are able to afford to purchase a home of their own (usually with a loan or mortgage) or to pay a market rent. However, a proportion of households may be unable to attain housing of at least a minimum standard (defined in terms of size, type, condition and location) without some form of assistance, either through the provision of a home in the social rented sector, affordable housing for purchase or through subsidised access to the private sector (i.e. through housing benefit or by the provision of low cost home ownership opportunities).

Assessments of housing needs may take account of households without their own separate accommodation (e.g. those living with others, as well as the homeless), those who are badly housed (e.g. they may live in a dwelling which is unfit or in serious disrepair or which is overcrowded), and those where the accommodation in which people live is satisfactory, but where the household has a need to move elsewhere (e.g. for employment reasons or to give or receive support). Of course, not all of these categories of housing need will require a change of address; some needs can be met in situ, for example by improvement or adaptation of the existing housing. However in many cases the addressing of need will require the re-housing of individuals and households.

Underpinning these different aspects of housing need is the concept of "affordability" – what can existing and new households afford to pay for their housing, and is this sufficient to meet their needs?

Our study, therefore, seeks to address a number of key issues that underlie these aspects of housing need. These include:

- Current and future assessments of housing needs and demand, broken down by tenure, price and size (in terms of the number of bedrooms). These have been disaggregated for existing households needing to move within Ceredigion, in-migrant and out-migrant households, newly forming households, and households likely to suffer complete dissolution.



- The affordability of different tenure options for new and existing households, analysing the relationship between housing costs in the private sector and available financial resources. As we have already indicated the issue of affordability is critical to the development of local planning policies.
- Issues around the condition of the existing housing stock (although it should be noted that this is based upon occupiers' perceptions and is not by any means a comprehensive picture of current housing conditions).
- The housing and support needs of different sectors of the population, which has implications not only for housing and planning policies but also for wider health and social care planning.
- Estimates of housing shortfalls to meet current and future housing requirements and the extent to which the existing housing stock will accommodate the shortfall. The housing shortfalls are broken down by household size and tenure.

In addition, we have sought to consider the housing requirements of the area in the wider local context, through an examination of existing background information and recent and current policies.

### **Data Analysis and Modelling**

The survey data was processed using SPSS software. Then the survey findings were computed with other data (such as Land Registry information about property sales, WHO4 and WHO12 returns), using the Basic Needs Assessment Model and the ORS Housing Market Model to calculate levels of demand and need.

By interpreting the data through the ORS housing market model, which analyses the whole housing market to compare the match or mismatch between households' needs and housing availability, the study pays particular attention to those who cannot fulfil their housing needs through the normal operation of the housing market, because they currently lack, or are likely to lack, the financial capacity.

### **Overview of the Report**

The report of the study is contained within five main sections. The first chapter provides an introduction to the value of thorough housing needs studies and also provides a detailed explanation of the survey methodology including the sampling and fieldwork employed.

Chapter 2 then introduces the concepts critical to the analysis of local housing need and demand.

Chapter 3 details the analysis of housing need in Ceredigion using the framework of the DETR proposed Basic Needs Assessment Model.

Chapter 4 develops the analysis to encompass housing requirements across all tenures, through the use of the ORS Housing Market Model.

Chapter 5 concludes this volume by providing a thorough interpretation of the modelling outputs and survey findings in the context of local and national planning issues.





**The Commission**

Ceredigion County Council commissioned Opinion Research Services to undertake a comprehensive assessment of housing requirements, which in total would cover the whole County. The commissioning body was aware of the complexity of housing needs assessments and wished to ensure that reliable data was obtained and analysed in accordance with Welsh Office Guidance (1999) on good practice in undertaking housing needs assessments, and then interpreted further through the use of the ORS housing market model.

The Welsh Office Guidance provides a useful context for the understanding of housing needs, but it does not include a framework for analysing housing needs. More recently the School of Planning and Housing, Edinburgh College of Art/Heriot-Watt University has proposed the *Basic Needs Assessment Model*, which is outlined in the recent good practice guidance published by the DETR (2000). Since this Basic Needs Assessment Model is accepted as good practice for local authorities (in England and Wales), we have used and developed it for the Ceredigion study to estimate the shortfall/surplus of affordable housing. However, we do not feel that it is appropriate to simply analyse housing requirements in terms of just affordable housing because considering housing needs and affordable housing in isolation introduces certain artificial constraints. Therefore, the ORS housing market model has then been used to consider the overall housing shortfall/surplus in the context of the whole housing market to provide a comprehensive picture of housing needs in Ceredigion.

**The Housing Market Model in Summary**

The ORS housing market model interprets the market dynamically in terms of the interchange between households and vacancies – as in a musical chairs scenario. In terms of the 'demand' for housing, the model takes into account both established and hidden household requirements.

The model operates subjectively – according to self-assessed requirements (for example, preferred number of bedrooms) – and also objectively, where subjective preferences are constrained to a lesser or greater extent by objectively assessed affordability, bedroom requirements and appropriate tenure in terms of strict needs (using for example, the set bedroom standard – discussed in detail in Section 2B).

Social sector needs are interpreted within the context of the whole housing market to take account of the interaction of effective and ineffective demand. In terms of supply, the model takes account not only of current but also of potential vacancies that will be created as established households move. It also takes account of the differential impact of varying death rates across the household population, as well as the transactional vacancy rate.

The model treats the housing market like musical chairs in analysing dynamically the creation and take-up of vacancies. Above all, it recognises that it is only because some households wish to and do move that others can find suitable vacancies.



## **Survey Methodology**

The need for reliable data about household composition, affordability and other characteristics, such as special needs, tenure and bedroom requirements meant that a household survey based upon detailed personal interviews in people's homes was the most appropriate method for the study. The Ceredigion housing needs study involved a large-scale face-to-face interview survey of a random and representative sample of 1,501 households.

We believe that face-to-face interviews are, overall, the most effective method for gathering accurate and detailed data to inform housing needs assessments. There are a number of reasons for this:

- High quality and very detailed/complex information can be gathered using personal interviews. This is vital for gathering important financial information on income, savings, debts, house values and equity etc. When self-completion surveys are used the questions need to be simple, easy to understand and concise and we have found that this methodology typically provides insufficient data on vital affordability issues.
- Experienced interviewers can make sure that respondents understand the questions and that considered responses are provided without influencing the answers. On self completion surveys there is no control on who answers the questionnaire (the 16-year-old child or the head of household?).
- By using a random interview sample representative results can be achieved with a high response rate. Postal surveys are by definition self-selecting and therefore the results of a postal survey cannot be certified as having a determinate error margin at a given level of confidence, for such specifications apply only to random samples. Furthermore, while weighting is possible, we do not feel that self-completion surveys are sufficiently representative of the population and often under-represent socially excluded and minority communities.

## **National Assembly for Wales Guidance**

Before the establishment of the National Assembly, the Welsh Office published helpful guidance for Welsh local authorities commissioning housing needs studies. The guidance document, "Local Housing Needs Assessment: A Good Practice Guide", has since been adopted by the National Assembly for Wales and provides the framework under which this project has been undertaken.

The Welsh Office was far-sighted in publishing a detailed guidance document even before the former DETR did so. Our survey and analysis has carefully followed the principles and recommendations of the guidance, while also taking full account of the later DETR and DTLR guidance (see below).

The sections of the Welsh guidance that have been particularly valuable are those dealing with survey questionnaire design, sampling, classification of unsuitable housing, and ability to pay. For our study in Ceredigion, we have followed the general principles embodied in the Welsh Office guidance and also drawn extensively upon the detailed recommendations contained in the good practice guidance published in England.



## **DETR and DTLR Guidance**

Since the publication of the Welsh guidance, both the DETR and DTLR have published detailed specifications for housing needs assessments in England, "Local Housing Needs Assessment: A Guide to Good Practice" (DETR, in July 2000) and "Delivering Affordable Housing Through Planning Policy" (DTLR 2002). Whilst having no constitutional 'jurisdiction' in Wales, both these documents provide authoritative and informative frameworks for modelling housing needs analysis. Because it is undesirable that the Welsh and English perspectives should be dissociated, and because the documents provide valuable insights, we have drawn upon them extensively in our analysis.

Whilst the DETR's original guidance contained a large amount of information, some of the key requirements were perhaps obscured by the document's detail. To reinforce these issues, the DTLR has summarised the critical requirements of the earlier guidance within its more recent publication, "Delivering Affordable Housing Through Planning Policy" (DTLR 2002, p.28).

This latest document identifies nine key factors that are required of local needs assessments – and once again, whilst the DTLR's publication has no jurisdiction in Wales, in the interests of good practice the Ceredigion study satisfies all of these recommendations.

## **THE INTERVIEW SURVEY**

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### **Sample Design and Selection**

In designing the sample frame for the Ceredigion study, a number of sampling scenarios were considered. Whilst the primary focus of the fieldwork was to obtain statistically robust information for the entire population, the Council were particularly interested in improving the information available about the private rented sector.

It was therefore agreed that the most appropriate method would be to undertake a stratified random sample of the household population, with additional interviews being completed in the output areas with the highest concentrations of private rented stock.

It was also agreed that exclusively student households would be excluded from the sample and subsequent analysis. The needs of term time students living in exclusively student households will therefore have to be considered as additional to our analysis. Appendix 2 provides a summary of the impact of students on Ceredigion's housing requirements based on an analysis of secondary data.

### **Questionnaire Design**

In partnership with the Council, a detailed questionnaire was designed to gather the required information – including comprehensive information about individual household members both past and present. The main sections of the questionnaire were:

- Future home – likelihood of moving, area and accommodation wanted, and affordability
- Current home – accommodation, tenure and satisfaction
- Previous home – area, type, tenure and reasons for moving
- Household formation – reasons and costs of setting up a home for a new household

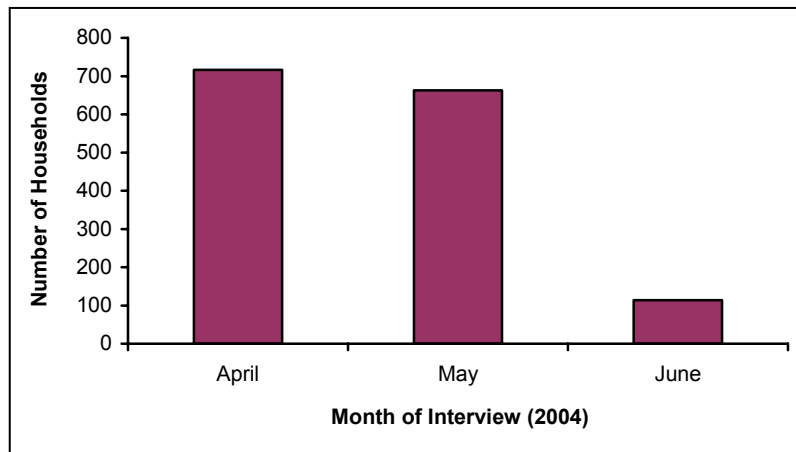


- Household profile
- Changes in the household – at the time the household moved to the current home, since living at the current address and future expectations
- Special needs within households
- Age, ethnic origin and employment details
- Financial issues – income, savings, debts and source of income
- Housing costs – current circumstances and experiences of financial difficulties

### Fieldwork Procedures

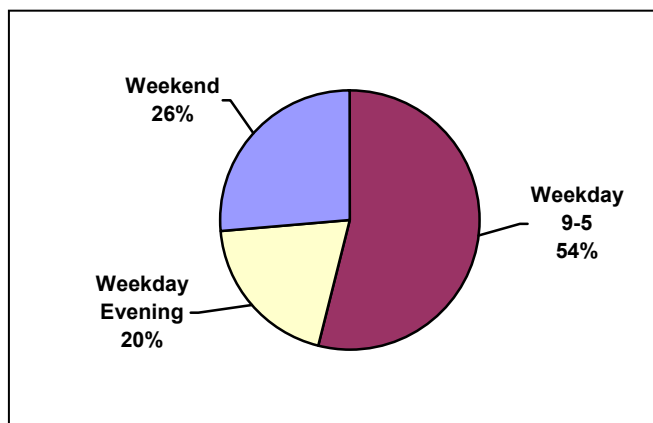
Only experienced fieldwork staff that had previously worked on housing needs studies with ORS undertook the interviews, and their work was carefully monitored on a day-by-day basis.

Only householders or their partners were accepted as respondents, and they were interviewed in depth about their current and potential housing needs, with interviews that lasted an average of 21 minutes. In order to achieve 1,501 random interviews, a total of 2,307 households were approached between April and June 2004.



**Figure 1B.1: Number of Achieved Interviews by Month of Interview**

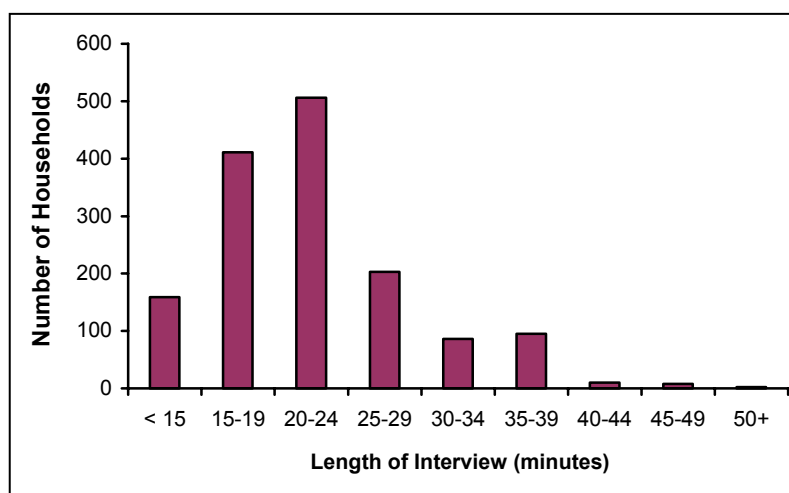
Primary target addresses (those selected in the initial target sample) were visited on at least three occasions, at different times, and on different days before being replaced by reserve sample target addresses.



**Figure 1B.2: Number of Achieved Interviews by Time in Week of Interview**



Over half of the interviews (54%) were achieved during normal working hours, with interviews lasting on average 21 minutes. Over half (54%) of all interviews were achieved on the first call at the property, 25% on the second, 10% on the third, and the remaining 10% on the fourth call or later.



**Figure 1B.3: Number of Achieved Interviews by Length of Interview**

### Response Rates and Non-Response

Of the 2,307 addresses called on, 1,501 yielded successful interviews – though 8 interviews were later discounted as the households were exclusively students. The outcomes of remaining calls were as follows:

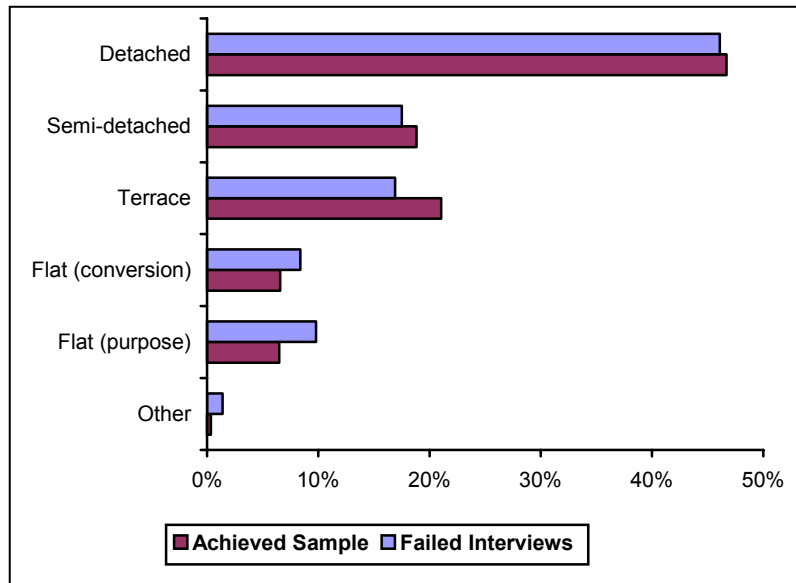
Reason for Failure to Interview	% of Failed Interviews
Refused	26.4%
Not contactable after 3 calls	28.7%
Empty property	18.4%
Too sick or disabled	2.6%
Student households	14.9%
Otherwise non-households	9.1%

**Figure 1B.4: Summary of Failed Interviews**

Of the 814 addresses where interviews were not achieved, 345 were either student households or no household was resident at the address. The number of qualifying households approached was therefore 1,962 and the 1,493 achieved interviews (after the 8 student households had been removed) represent an achieved response rate of 76%. The Welsh Office Guidance identifies a target loss of between a quarter and a third of households approached (1999, p51-52) – and a loss of only 24% for the Ceredigion study exceeds this standard. This is an exceptionally good result, which can be attributed to both the persistence of the interviewers coupled with the commitment of the local population.

In terms of sample bias due to non-response, interviewers assessed the likely characteristics of the properties where interviews were not achieved, and these have been analysed and compared with those from the achieved sample (figure 1B.5).





**Figure 1B.5: Sample Bias Due to Non-Response by Property Characteristics**

Where interviews were not achieved, the sample did not vary significantly from the properties of those households who were successfully interviewed. Results from the achieved sample should vary by an error of no more than  $\pm 2.5\%$  points, and the error for the failed interview sample must be within  $\pm 3.5\%$  points at the 95% level of confidence. In comparing the two samples, variations of up to 4.3% points would be within the sampling error range, and the largest observed difference was only 4.2% points.

### Statistical Confidence

A simple random sample should be representative of its population to within specified statistical limits – and therefore should not require any adjustment or weighting.

As previously noted, the fieldwork undertaken achieved 1,493 personal interviews with households randomly selected throughout the county. The analysis for such a sample should represent the entire population to within  $\pm 2.5\%$  points at the 95% level confidence – that is, if all Ceredigion households were interviewed then 19 times out of 20 the results would not differ by more than 2.5% points from the results for the sample.

The error margins and levels of confidence are linked. Whilst we can be 95% confident that the overall sample is accurate to within  $\pm 2.5\%$  points, we are confident that 4 times out of 5 the results will actually be within  $\pm 1.7\%$  points. The required accuracy and resulting errors are noted in figure 1B.6.

Confidence Level	Error Margin
80% (4 times out of 5)	$\pm 1.7\%$ points
90% (9 times out of 10)	$\pm 2.1\%$ points
95% (19 times out of 20)	$\pm 2.5\%$ points
98% (49 times out of 50)	$\pm 3.0\%$ points
99% (99 times out of 100)	$\pm 3.3\%$ points
99.9% (999 times out of 1,000)	$\pm 4.3\%$ points

**Figure 1B.6: Error Margin by Confidence Level**



Most social research projects adopt a confidence level of 95% when reporting their findings, and this level is also accepted for housing needs assessments within the DETR and Welsh Office guidance.

Another factor that influences the error margin is the split in opinion. If the result for a specific question is significantly biased to one response (e.g. if 95% of the sample stated option A whilst only 5% stated option B) the results will be subject to a smaller error than if there was less consensus (i.e. where both option A and option B are represented more equally). Whilst the achieved sample is always accurate to within  $\pm 2.5\%$  points (based on the worse case scenario of a 50:50 split in opinion), the error margin reduces to  $\pm 1.5\%$  points when at least 90% of respondents opt for the same option. The impact of changes in the opinion split are illustrated below in figure 1B.7.

Opinion Split	Error Margin @ 95% confidence
50 : 50	$\pm 2.5\%$ points
25 : 75	$\pm 2.2\%$ points
10 : 90	$\pm 1.5\%$ points
5 : 95	$\pm 1.1\%$ points
1 : 99	$\pm 0.5\%$ points

**Figure 1B.7: Error Margin by Opinion Split**

The advantages of this become apparent when considering issues relating to housing need. Because the majority of households are unlikely to be in housing need, the indicators used will often have a non-equal opinion split which in turn will reduce the margin of error.

### **Validating the Sample**

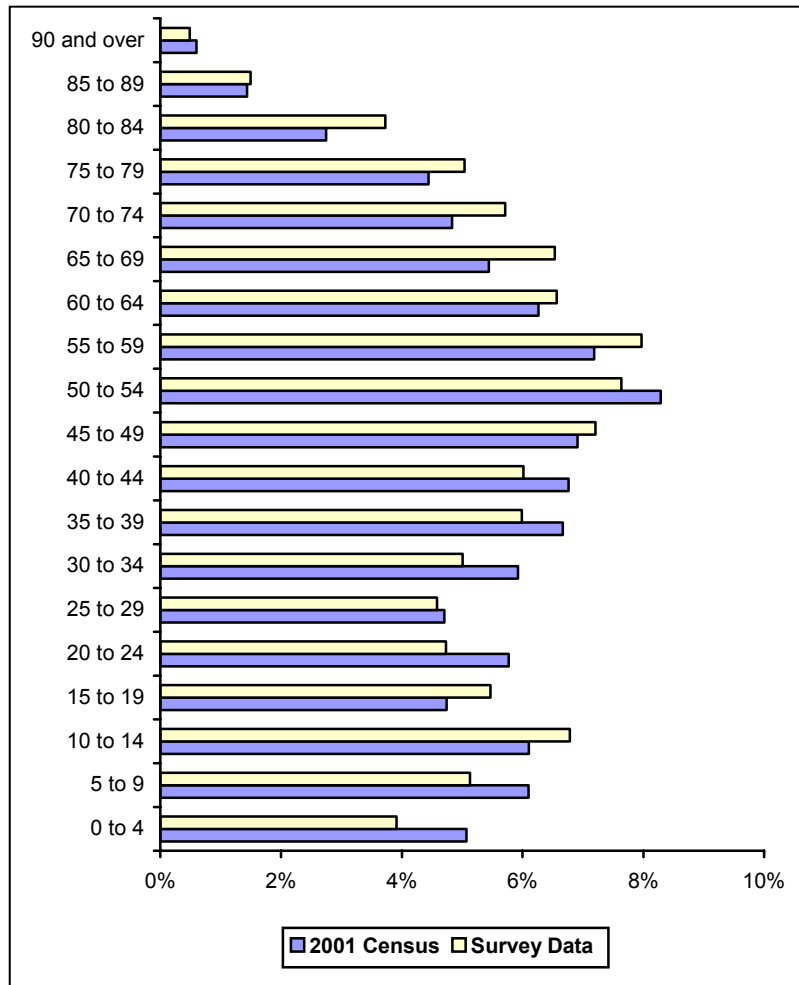
The confidence limits described above consider only the probability of errors arising in the figures from chance, and do not take account of other potentially more systematic errors arising from faulty sampling or poor interview controls.

Whilst we are confident that the sampling methods employed were robust and that the sample was not subject to significant bias in non-response, we can confirm this by comparing the survey results to other sources of information. It is important to bear in mind that in comparing the survey data in this way, the other data sources cited will also be subject to a degree of inaccuracy.

As illustrated below, whilst the survey data generally reflected the age profile of the Ceredigion population, those aged 55 and over were over-represented in the sample. Such an over-representation is not uncommon in social research, but it is necessary to weight the data to compensate for this.

The data was weighted to take account of the fact that the sample was stratified by area, and was then weighted by age and tenure to correct for non-response.





**Figure 1B.8: Age of all Household Members compared with 2001 Census**

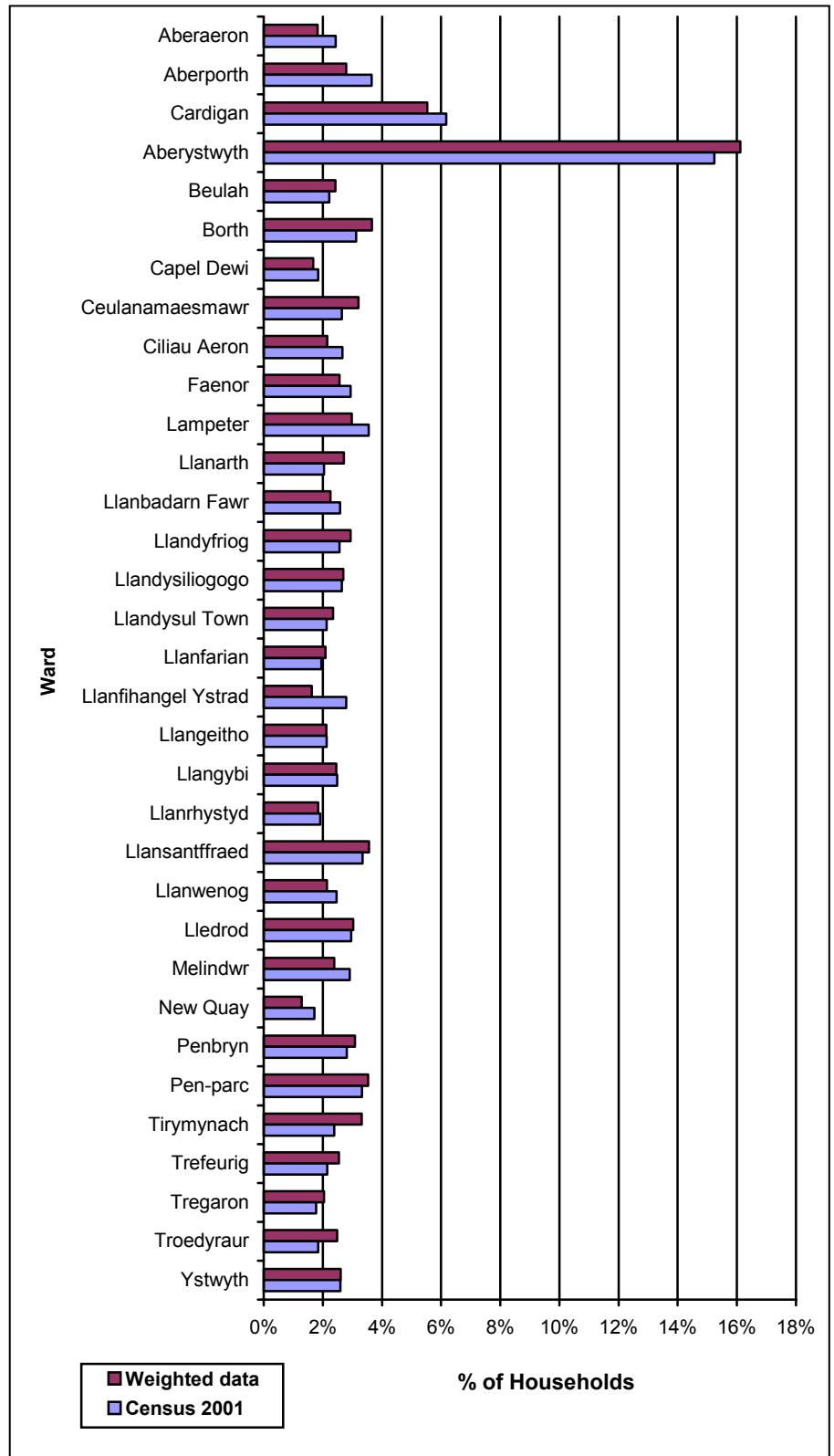
It should be noted that students and those in institutional accommodation have been removed from this Census data to enable comparisons to be made.

Weighing data is a process which ensures that the results from the sample will be representative of the whole population. By moderating the weight given to responses from groups that are over-represented within the sample and boosting the weight given to any under-represented groups, we can be sure that the adjusted outputs reflect the views and characteristics of the population as a whole.



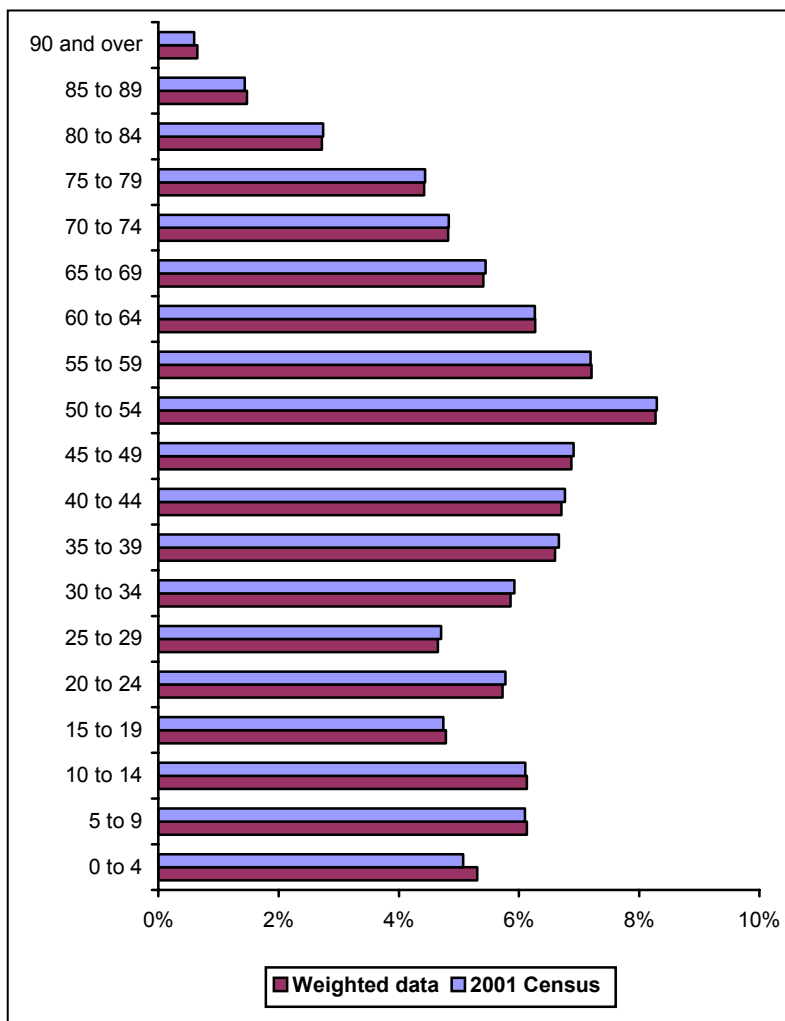


After weighting the data, the achieved sample was then compared with the entire population.



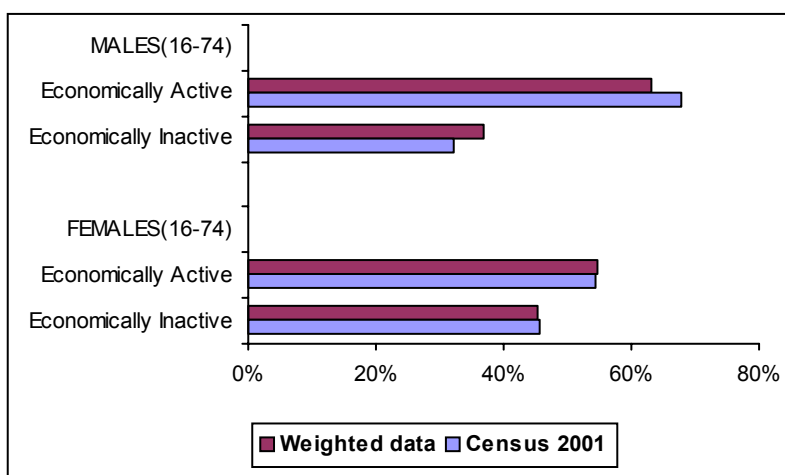
**Figure 1B.9: Location of the Home of all Households by Ward Compared to Data from the 2001 Census**





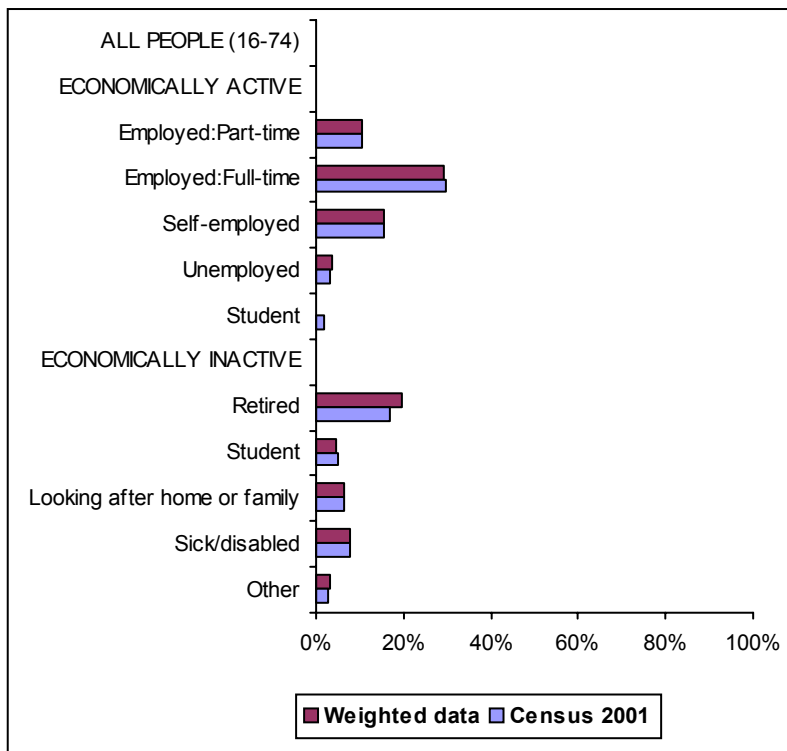
**Figure 1B.10: Age of all Household Members Compared to Data from the 2001 Census**

Compared to the Census data the age of household members surveyed once weighted falls within the anticipated error margins, though in terms of economic activity, the survey data shows a slightly lower proportion of males as economically active than at the time of the 2001 census.



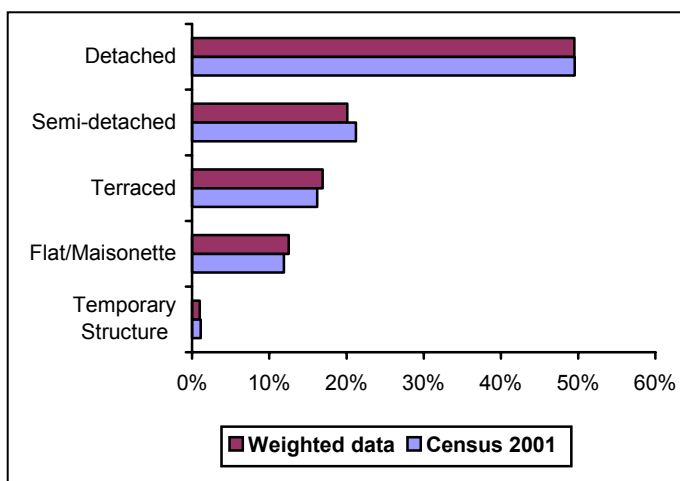
**Figure 1B.11: Economic Activity of Household Members Compared to Data from the 2001 Census**





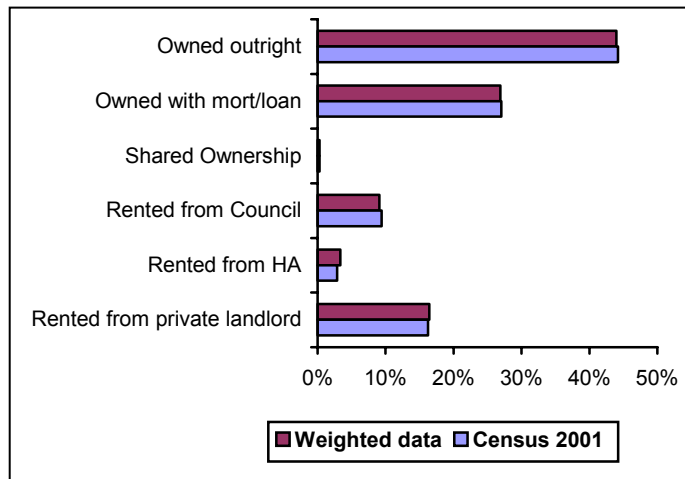
**Figure 1B.12: Economic Situation of Household Members Compared to Data from the 2001 Census**

Finally, comparing the achieved sample for the study against Census 2001 suggests we are within the error margins for both property type and tenure.



**Figure 1B.13: Property Type Compared to Data from the 2001 Census**





**Figure 1B.14: Ownership of Stock compared with Census 2001**

**Summary**

In conclusion, the errors observed are generally within the prescribed confidence limits of the sample, or can be explained by changes in the population of the area since the publication of the comparative data source. The achieved sample is representative of the county as a whole and it is both reliable and suitable for analysing local housing requirements.



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## Chapter 2

# Introducing the Key Concepts

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2A	Housing Requirements .....	22
2B	Suitability of Housing.....	23
2C	Affordability.....	28

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### Introduction

The Ceredigion study has been undertaken at a time when the ORS approach to housing needs surveys has been developed to better meet the changing housing agenda. Following in the wake of a study in Reading, this survey incorporates new and innovative developments that enable better cross-boundary working and sub-regional strategies.

Traditionally, most housing needs surveys have concentrated exclusively on estimating the number of additional homes required within the social sector – the amount of “housing need”, but the assessment of need is only one of many important issues. Addressing housing need in isolation inevitably limits the value of such studies.

The ORS approach to housing assessments has always employed a whole-market approach through the use of the Housing Market Model, and the Ceredigion study explicitly considers “housing need” and “housing demand” as subsets of “housing requirements”. Such similar terms have often been used interchangeably, but it is important to understand their individual meanings.

### Key Definitions

*Housing demand* is the quantity of housing of the type and quality that households both want and can afford to buy or rent in the open market without subsidy. In other words, housing demand takes account of both preference and the ability to pay.

*Housing need* is the quantity of housing of the type and quality necessary to house those households currently lacking their own housing, or living in housing which is unsuitable or inadequate, and who cannot afford to buy or rent suitable housing in the open market. In other words, housing need takes account of those without adequate housing who are unable to resolve their situation without assistance.

*Housing requirement* encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay. In other words, it is the amount of housing necessary to accommodate the population at appropriate minimum standards.



**Housing Need**

Housing need is defined by the DETR as referring to:

*[H]ouseholds lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance (p116, DETR 2000).*

The DETR Basic Needs Assessment Model outlines two types of housing need – backlog of existing need and newly arising need. Backlog of need is defined as being:

*[T]hose actual and potential households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others (p116, DETR 2000).*

Newly arising need refers to:

*[N]ew 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 as to place them in a situation of need (p116, DETR 2000).*

It is apparent from these definitions that in order to assess both current and newly arising housing need, it is essential to identify the reasons for housing being either inadequate or unsuitable. The following section discusses unsuitable accommodation in the context of the Ceredigion study.

**UNSUITABLE ACCOMMODATION**

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**Defining 'Unsuitable'**

The DETR guidance presents a classification of unsuitable housing based on an approach adapted from Parker and Stirling (1995): *Seen to be Fair: a guide to allocations* (Table 4.2, DETR 2000). The same approach has been used as the basis for assessing households that live in unsuitable housing for the Ceredigion study.

Households are described as living in unsuitable accommodation if they fall into one or more of the following four main categories:

- A Tenure insecurity or affordability problems
- B Mismatch of household and dwelling
- C Condition of dwelling or amenity problems
- D Social requirements



A number of factors need to be considered within each of these categories, and any one of them could cause households' housing to be considered unsuitable. Therefore, in-line with the DETR guidance, we have not sought to constrain respondents' subjective views:

*In using survey data to identify 'unsuitably housed' households, the simplest approach is to rely solely on the subjective response... (p55, DETR 2000).*

However, the guidance does suggest that:

*[A]n apparently more sophisticated method is to 'score' aspects of unsuitability (p56, DETR 2000).*

Although local authorities use points systems to score overall needs, our analysis does not use artificial calculations to score the relative unsuitability of housing. After all, to say that some homes are more unsuitable than others, does not mean that the households in the latter are not in need.

### Factors of Unsuitability

Whilst the assessment of housing suitability has to be based on responses to questions within the survey, many indicators can be assessed relatively objectively. Rather than relying on households identifying themselves with one or more problems selected from a "shopping list" of possibilities, unsuitability assessments have been based upon answers provided throughout the interviews.

Objective assessments must be based upon factual information, whereas subjective measures would rely solely on household perceptions. In assessing households' lack of facilities, for example, respondents are asked whether they have an inside WC or not as an objective assessment based on a factual yes/no response. Where there is no alternative to using a subjective indicator, interviewers do not prompt with suggestions, but rely upon respondents identifying any problems themselves.

As noted above, unsuitability problems have been classified into four groups, as follows:

#### **Group A: Tenure insecurity or affordability problems**

Factors	Identified by Survey Response
1. Tenancy under notice, real threat of notice or lease coming to an end	Household wanting, having or needing to move because of: <ul style="list-style-type: none"> <li>- End of tenancy</li> <li>- Eviction</li> <li>- Repossession</li> <li>- Otherwise being forced to move</li> </ul> or Landlord or mortgagor taking action to repossess the property or evict them because of arrears
2. Accommodation too expensive	Household currently in rent or mortgage arrears <b>and</b> currently finding housing costs extremely difficult to manage

**Figure 2B.1: Factors of Housing Unsuitability: Group A**





### **Group B: Mismatch of household and dwellings**

<b>Factors</b>	<b>Identified by Survey Response</b>
1. Overcrowding	Size and composition of household used to assess number of bedrooms required compared with Number of bedrooms available based on household estimate of an estate agent assessment
2. Households having to share a kitchen, bathroom, washbasin or WC with another household	Household with children/pensioners living in multiple occupancy dwelling <b>and</b> sharing at least one basic facility
3. Households in high-rise flats	Household with children living in a flat above the 4 <sup>th</sup> floor
4. Home too difficult to maintain	Someone has long term illness and difficulty maintaining garden or Someone has long term illness and has problems decorating or maintaining home
5. Households containing person(s) with problems getting about the home	Someone has long term illness and problems with general mobility in the home, climbing stairs in/to the home or access to toilet facilities. or Someone has long term illness and problems with bathing or showering or preparing food because of unsuitable layout of them
6. Households with support needs	Need a carer to stay permanently or overnight and don't have space for them or Need to move to supported housing, residential home, nursing home or hospital or Household wanting, having or needing to move: - To receive care from a friend or relative

**Figure 2B.2: Factors of Housing Unsuitability: Group B**

The measure of overcrowding and under-occupancy is calculated objectively. The number of bedrooms required by a household is assessed through analysing the household profile against an agreed "bedroom standard". This requirement is then set against the number of bedrooms available in the home.

The bedroom standard used for the Ceredigion study is similar to the Council's allocation system. It provides one bedroom for each of the following groups or individuals:

- Each adult couple;
- Each remaining adult (aged 18 or over);
- Each pair of children of the same gender;
- Each pair of children aged 10 or under;
- Each remaining child that has not been paired.



Where possible, the size of the property is assessed according to the way an estate agent would describe it. This approach provides the most accurate assessment of the property size – as it avoids respondents excluding “bedrooms” that are currently used as studies, playrooms, etc. Also, and conversely, using the estate agent assessment avoids respondents including “living-rooms” that are currently being used as bedrooms due to current over-crowding problems. Where respondents are unable to provide an estate agent assessment, the size of property refers to the number of rooms currently being used as bedrooms in the home.

The number of bedrooms required is then set against the number of bedrooms in the current home, to determine the level of overcrowding or under-occupation.

**Group C: Condition of Dwelling or Amenity Problems**

Factors	Identified by Survey Response
1. Lack of basic amenities	<p><b>Household having no bathroom or shower-room</b> or Household having no washbasin with running hot water or Household having no inside WC or Household having no kitchen</p>
2. Lack of heating	<p><b>Household having no heating in the home</b> or <b>Household relying exclusively on portable fires or heaters</b></p>
3. Major disrepair or unfitness	<p>Household experiencing <u>serious</u> problems (as opposed to only experiencing problems) with:</p> <ul style="list-style-type: none"> <li>- Interior or exterior structural repairs</li> <li>- Roof repairs</li> <li>- Rising damp</li> </ul> <p>or</p> <p>Household experiencing <u>serious</u> problems with two or more of the following:</p> <ul style="list-style-type: none"> <li>- Damp penetration or condensation</li> <li>- Window repairs</li> <li>- Electrical or wiring repairs</li> <li>- Gas supply or appliances</li> <li>- Heating or plumbing</li> <li>- Drainage problems</li> <li>- Repairs to gutters or down pipes</li> </ul>

**Figure 2B.3: Factors of Housing Unsuitability: Group C**



### **Group D: Social Requirements**

<b>Factors</b>	<b>Identified by Survey Response</b>
1. Harassment from neighbours	Household wanting, having or needing to move because of: <ul style="list-style-type: none"><li>- Racial or other harassment problems</li></ul>
2. Relationship breakdown	Household wanting, having or needing to move because of: <ul style="list-style-type: none"><li>- Separation from partner</li></ul>
3. Family unable to live together because of lack of accommodation	Household wanting, having or needing to move: <ul style="list-style-type: none"><li>- To join other household members</li></ul>
4. Need to give support	Household wanting, having or needing to move: <ul style="list-style-type: none"><li>- To give care to a friend or relative</li></ul>
5. Need to live closer to essential facilities	Household wanting, having or needing to move to live closer to: <ul style="list-style-type: none"><li>- Hospital/Doctor</li></ul>

**Figure 2B.4: Factors of Housing Unsuitability: Group D**

Households are classified as being unsuitably housed if one or more of the above factors are found to apply. The households so identified are considered to be living in unsuitable housing regardless of the number of problems that are identified – which avoids potential double counting.

### **Resolving Housing Unsuitability**

Not all housing unsuitability problems require the households involved to move from their current home. In-situ solutions may be more appropriate to resolve some of the problems identified.

For example, overcrowding could be resolved by one or more member(s) of the household leaving to live elsewhere, or an alternative solution could be to extend the existing property. Similarly, homeowners or landlords may undertake repairs to resolve problems with the condition of the property. In these cases (and many others) the problems identified can be resolved without the need for relocation to alternative accommodation.

Where a move is required to resolve a housing problem, all those households moving within the social rented sector will provide a vacancy when they move to another home. Whilst the characteristics of this new vacancy will differ from those of the property that they move into, resolving their problem within the existing stock does not add to the overall requirements of the sector. Therefore, in estimating net need, such moves should be discounted from the total.

Finally, some households will need to move to homes outside the county (for example, those moving for care or support), and others will choose to move further afield for other reasons. Where unsuitably housed households are likely to willingly leave Ceredigion, their needs should not be counted within the estimate of net need. Nevertheless, in discounting the needs of likely out-migrants, any needs of in-migrants to the county will add to the total requirement.



### Defining Affordability

It is important to differentiate between *affordability* and *affordable housing*. Whereas *affordable housing* is used in connection with certain below-market-price properties that are available either for sale or rent to select categories of people, *affordability* determines whether people have the ability (financial resources) to satisfy their housing requirements by buying or renting on the open market without subsidy.

*Affordability* is a complex issue and can be assessed in a number of different ways, but each one depends on common factors that are crucial to the analysis. The *affordability* of any particular household will depend on the relationship between:

- The amount that the household is able to afford, and
- The cost of appropriate local housing.

There are a number of different methods for calculating these two critical figures, and the following sections discuss how they have been derived for the Ceredigion study.

### Cost of Housing

The cost of housing is complicated as it varies depending on the type of housing required – for the size of housing (in terms of the number of bedrooms required by a household) can have a significant impact on the cost of properties. Paragraph 6.41 of the Welsh Office guidance identifies the need to:

*Collect indicative prices for properties for each of the 1, 2, 3 and 4 or more bedroom categories for each sub-area of the survey. The prices should reflect properties readily available at the lower end of the market (e.g. reflecting location, age, condition and amenities available) but excluding exceptionally cheap properties (e.g. those in poor repair or in need of major improvement). The criterion should be that the property can be moved into and lived in comfortably without the need for extra capital expenditure*

(Welsh Office, p53, 1999).

Information about local house prices is available from a number of different sources. In terms of owner occupied stock, information on purchase prices can be obtained from:

- Survey information from owner-occupiers about the value of their current home;
- Land registry information about property sales;
- Properties currently being advertised by local estate agents.

Each source has its advantages and disadvantages. Survey data provides very detailed information about the characteristics of different properties, but relies on households' subjective assessments of the value of their homes. Whilst Land Registry data is factual in terms of both the number of sales and achieved prices, the information has two key weaknesses – the data provided is disaggregated by postcode sector (and therefore sometimes overlaps local authority boundaries); and, more importantly, no information is available about the size of properties sold. Finally, properties advertised by local estate agents will only represent a selection of all homes available, and the asking price listed will often be higher than the sale price.



Similarly, there are a number of sources of information about local rents in the private sector:

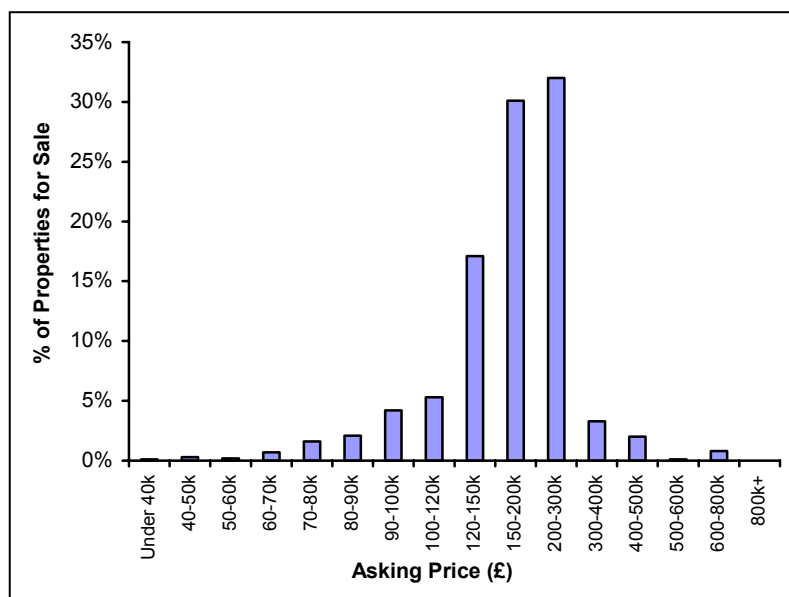
- Survey information from private renters about their current weekly rent (before any Housing Benefit contributions are deducted);
- Properties currently being advertised by local letting agents.

Once again, each of the sources has advantages and disadvantages.

### Assessing Local House Prices

To determine current house prices in Ceredigion, data from a number of the sources identified above were compared and cross-referenced, and access-thresholds were identified by appropriately integrating the relevant information.

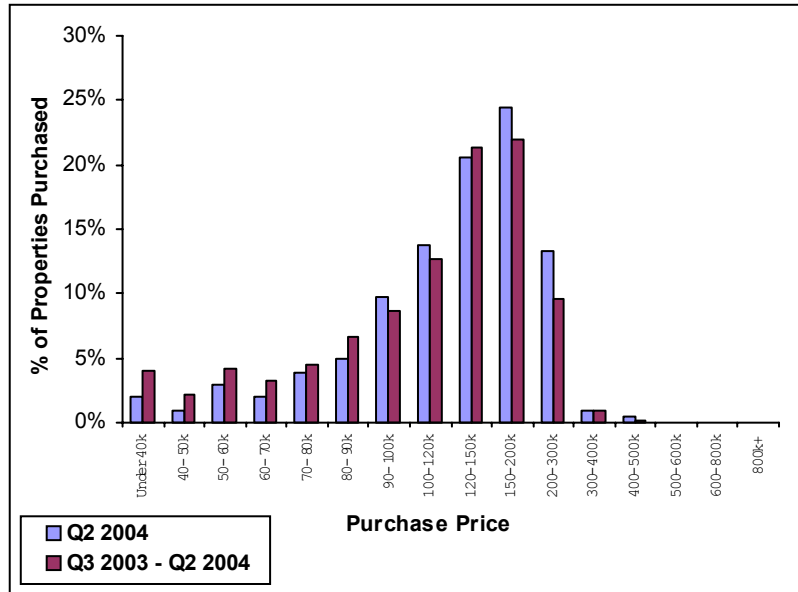
In addition to the data gathered in the household survey and from the Land Registry, a survey of local estate agent advertisements was gathered from 14 estate agents offering housing for sale in Ceredigion, and the type of dwelling, number of bedrooms and asking price were recorded for a total of 952 properties during the period 2<sup>nd</sup> February 2004 to 10<sup>th</sup> May 2004. The asking price of these properties can be broken down as follows (see figure 2C.1).



**Figure 2C.1: Asking Price of Properties Advertised by Local Estate Agents.**

The information gathered in the survey of estate agents can be directly compared against the equivalent sales information from the Land Registry for the April-June 2004 quarter, and the period from July 2003-June 2004.





**Figure 2C.2: Purchase Price of Properties from Land Registry Data**

As anticipated, the information gathered in the survey of estate agents is skewed towards more expensive properties. This is due to the proportion of advertised detached properties being larger than the proportion actually sold, as illustrated in figure 2C.3.



**Figure 2C.3: Type of Properties Advertised and Properties Purchased**

On the basis of this apparent skew within the estate agent data, it would seem appropriate to use the information obtained from the Land Registry to access house price thresholds. Unfortunately, this information is only available by property type and not property size – which is the basis for the housing needs assessment. Nevertheless, by analysing the household survey data, we are able to consider the likely size of each type of property (figures 2C.4 and 2C.5).



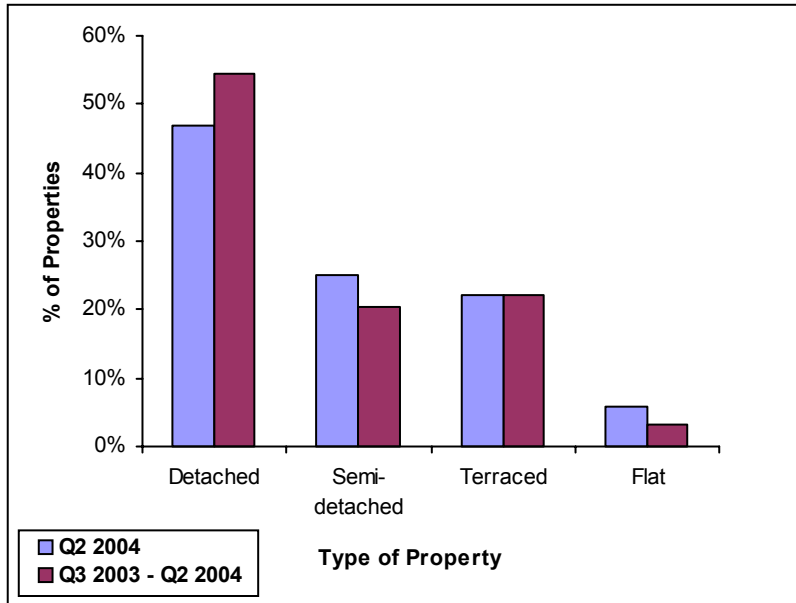


Figure 2C.4: Type of Properties Purchased

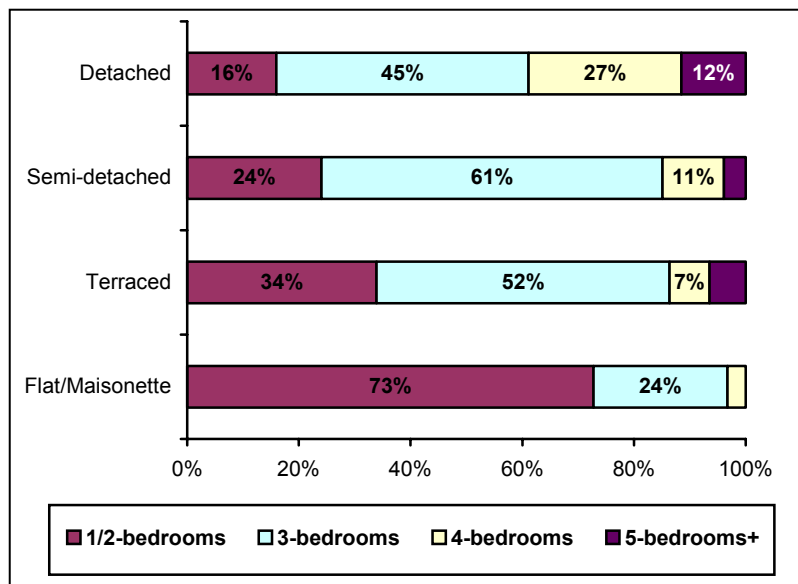
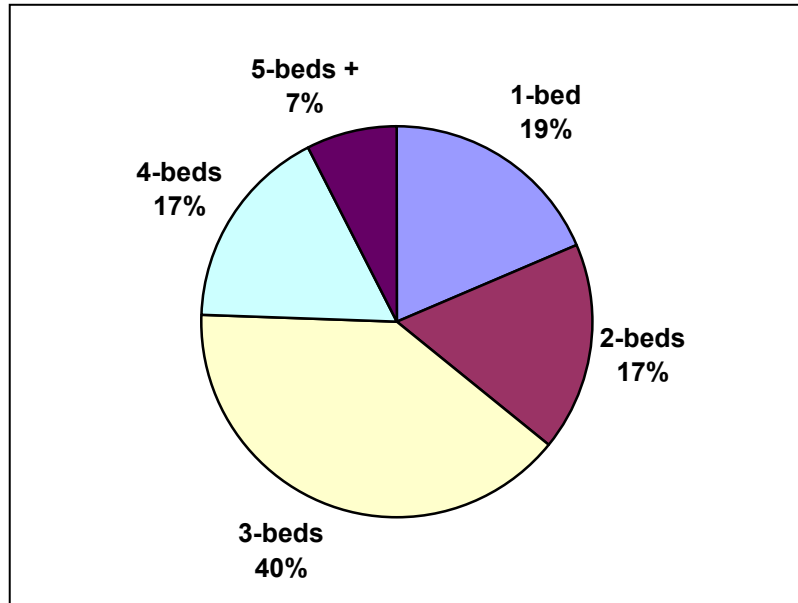


Figure 2C.5: Proportion of Properties of each Size by Property Type

Using the proportions identified above as statistical weights applied to each property type, we are able to re-analyse the information (from the Land Registry) to profile purchase prices in terms of property size (number of bedrooms). It should be noted that the Land Registry information only includes properties exchanging ownership, and insofar as we are interested in properties available for sale, the factual Land Registry data should be considered as the most reliable source.





**Figure 2C.6: Number of Bedrooms in Properties in Ceredigion**

The aim of the analysis of house prices is to assess the amount required by households to access properties of different sizes in Ceredigion. Therefore, rather than considering the average price of dwellings, we need to determine a price for a reasonable access threshold. The absolute threshold would be the minimum property price for each sized home, but very few properties are likely to become available at this extreme – so merely being able to afford the minimum price would not guarantee households appropriate homes. Furthermore, the very cheapest properties are likely to be in need of considerable repair (and investment) – therefore the cheapest 5% in each property type are discounted from the analysis. We then consider the price-break of the lowest quartile for the remaining properties – as households able to pay this amount should be able to afford at least a quarter of the appropriately sized properties sold.

Size of Property	Land Registry Data	
	Average Price	Lowest Quartile Price
One/Two bedroom	£99,647	£71,514
Three bedrooms	£128,543	£96,141
Four bedrooms	£180,000	£138,400
Five or more bedrooms	£205,624	£159,616

**Figure 2C.7: Property Price by Size of Property**

The access-threshold-prices for owner occupation can, therefore, be summarised as follows:

Type of Property	Access Threshold
One/Two bedroom	£71,514
Three bedrooms	£96,141
Four bedrooms	£138,400
Five or more bedrooms	£159,616

**Figure 2C.8: Access Thresholds for Owner Occupation**





## Assessing Local Rents

Information about the private rented sector is far more sparse, with no official source (such as the Land Registry) available, despite the high proportion of rented accommodation in the County.

We collated some rent information advertised by local letting agents and also examined the responses of private renting households included in the household survey. However, both data sources had small sample sizes, especially when broken down by bedroom size. Furthermore, the household survey revealed some households paying very low 'peppercorn' rents, possibly because they rent their home from family members or friends at a below market rate.

We did not feel that it was appropriate to base the analysis totally on the household survey figures because of these issues, but the letting agent data did not provide sufficiently robust information either. For instance it contained several out-lying values which did not appear to be typical rents for the County. Therefore, rather than using quartile figures we took informed decisions on what would be reasonable monthly rent thresholds for the different property sizes by looking at both sets of data.

Type of Property	Access Threshold
One bedroom	£285
Two bedrooms	£330
Three bedrooms	£385
Four or more bedrooms	£450

**Figure 2C.9: Access Thresholds for Renting**

## Assessing Household Affordability for Owner-Occupation

In assessing household affordability for owner-occupation, the ORS Housing Market Model has drawn upon the principles of "Calculation 2" presented within the Welsh Office Guidance. Nevertheless, whilst the financial information is considered in terms of lending multipliers, household affordability is also assessed in terms of mortgage repayments to enable comparison between both analysis methods.

The Welsh Office guidance notes that household mortgages need not be based exclusively on their earned income, as:

*The method depends upon an assumption about the proportion of total household income which it is considered reasonable to pay out on a mortgage – a local measure of affordability – whilst also having regard to the household's residual income.*

*(Welsh Office, p.28, 1999)*

Of course, our analysis recognises this and calculates households' affordability based upon a comprehensive assessment of their resources. In order to estimate their affordability for house purchase, the analysis takes into account households':

- Savings
- Debts
- Equity (positive or negative) from current home (for current owners)
- Amount that can be borrowed



Obviously, affordability is: savings minus debts plus/minus positive/negative equity plus the amount borrowable.

Since the publication of the Welsh Office guidance in 1999, the increased availability of 100% mortgages has meant that households may no longer require a 5% deposit to be able to purchase a property.

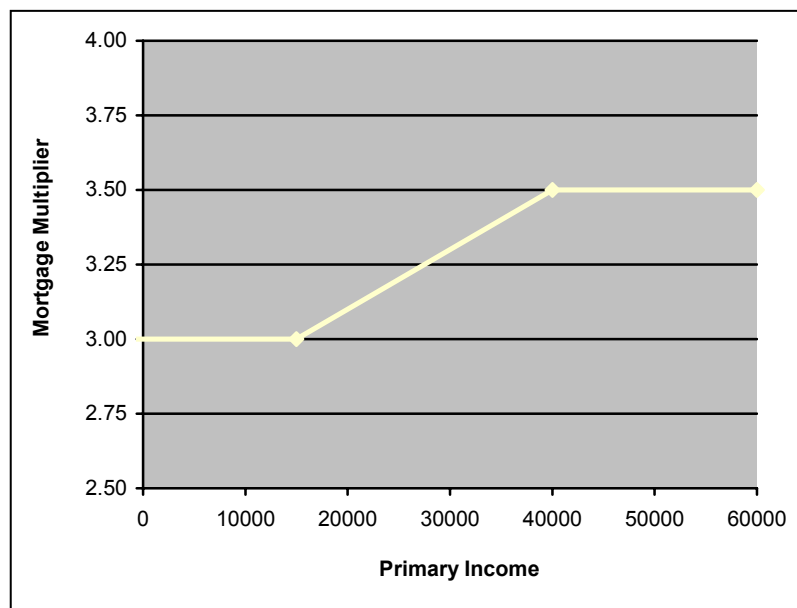
Of course, our analysis recognises that households might not need savings and positive equity if the amount they can borrow is sufficient. After all, as the more recent DETR guidance says,

*Under current conditions, 100% mortgages are commonly available, and it may no longer be appropriate to apply separate affordability 'hurdles' based on savings and deposit requirements (p57, DETR 2000).*

The amount that is borrowable has to be calculated – and the standard method is based on *income multipliers* – so, for example, three times the primary income plus any partner's income (both pre-tax) is held to yield the amount borrowable.

In line with lending practice, the appropriate multiplier is influenced by both the actual income level of the borrower and the amount of deposit that they have available. Where borrowers are expecting to borrow more than 90% of the property's value, lenders will be more cautious about the size of the loan, and therefore we have assumed a relatively conservative multiplier of three times the primary income plus any partner's income for all households. Nevertheless, where a deposit of at least 10% is available, it is assumed that households on higher incomes may be able to borrow more than three times the primary income.

The analysis employed bases the affordability of households on variable multipliers. Primary incomes of £15,000 or less are always subject to a three times multiplier, but for incomes above this level, the multiplier will increase up to a maximum multiplier of 3.5x, which then remains constant for all incomes above £40,000. The multiplier for any secondary income from a partner remained constant at 1.0x. This is illustrated in figure 2C.10.



**Figure 2C.10: Variable mortgage multipliers**

As a final adjustment, all households are expected to repay their loan in full by the time they reach 65 – therefore anyone aged over 40 at the time of the study would have their mortgage capacity adjusted appropriately.



## Assessing Household Affordability for Weekly Rents

Assessing affordability for rents is based upon a comparison of the amount available for housing costs against the minimum rent for the property size required. In this context, the amount available for housing costs is calculated based upon *affordability ratios* – where households (depending upon their type) are assumed to be able to pay various percentages of their total pre-tax income towards their housing costs. For single people or couples without children, the study has assumed 25% of gross income to be available for housing costs – though this assumption has been tested – and for larger households, the proportion is also adjusted through using equivalence values proposed in the McClements equivalence scale:

Such an approach is fully compatible with “Calculation 1” on page 63 of the Welsh Office guidance – but rather than assuming that all households could afford to spend the same proportion of income on their housing costs, the equivalised income takes account of this payment in the context of other likely costs on the basis of the makeup of each household.

Type of Household Member	Equivalence Value
2 <sup>nd</sup> adult member (excluding head of household's partner)	0.46
3 <sup>rd</sup> adult member	0.42
4 <sup>th</sup> and subsequent adult member(s)	0.36
Child aged 16-18	0.36
Child aged 13-15	0.27
Child aged 11-12	0.25
Child aged 8-10	0.23
Child aged 5-7	0.21
Child aged 2-4	0.18
Child aged under 2	0.09

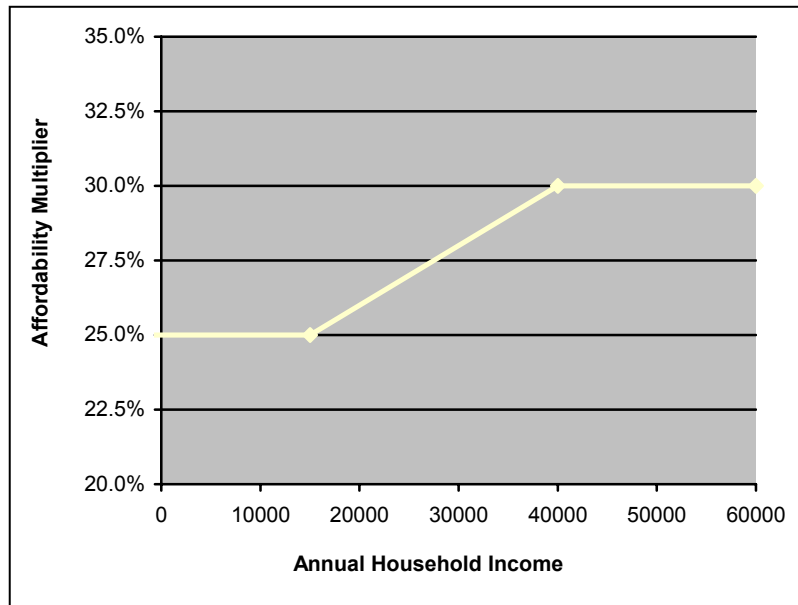
**Figure 2C.11: Household Member Equivalence Values**

For example, an adult couple with two children aged 5 and 8 would have an equivalence value of 1.44 (1.0 for the household unit plus 0.23 for the 8-year old and 0.21 for the 5-year old). Therefore, the household is assumed to be able to afford 17.4% of its gross income – based upon 25% (the affordability ration) divided by 1.44 (to yield 17.4%). On the other hand, a single parent family with one child aged 12 would have an equivalence value of 1.25 (1.0 for the household unit + 0.25 for the child) – so it is assumed to be able to afford 20% of gross income. Finally, an adult couple with one elderly relative living with them would have an equivalence value of 1.42 (1.0 for the household unit + 0.42 for the third adult member) so it is assumed to be able to afford 17.6% of its income.

As with mortgage lending, we have also assumed a variable multiplier (which is then subject to equivalisation) from 25% up to 30% of gross income. All households with incomes of less than £15,000 each year are never assumed to spend any more than 25% of their gross income, though households earning more than this amount are tested on a range of proportions as illustrated below.

Where households have gross incomes of £40,000 or more, the maximum affordability multiplier of 30% is adopted, with the multiplier for households earning between £15,000-40,000 increasing proportionately.





**Figure 2C.12: Sensitivity testing affordability multipliers**

For example, an adult couple with a household income of £25,000 will have their affordability tested based on 27% of their income (an annual rent of £6,750). If the couple had two children aged 5 and 8, these multipliers would be adjusted with an equivalence value of 1.44 as discussed above. The actual multiplier used would therefore be 18.8% - thus the housing costs are influenced by both income and household structure.

### **Assessing Household Affordability for Shared Ownership**

Where there is both a purchase and a rental element to the housing option, the household will be required to satisfy the owner occupation test for the equity to be purchased (excluding any rent payable on the retained equity from the primary income) in addition to satisfying the rental test on the basis of total housing costs (on the basis of a 25-year repayment mortgage at an interest rate of 5% and annual rent at a rate of 2.5% of the retained equity).

### **Summary**

The *affordability* of any particular household will depend on the relationship between the amount they can afford, and the cost of appropriate local housing.

*Owner Occupation:* we have analysed local house prices to assess the amount required by households to access properties of different sizes. From an analysis of the household survey and secondary data we have determined the price-break of the lowest quartile for different sized properties and used this as the access threshold (see figure 2C.8).

In line with lending practice, the appropriate mortgage multiplier is influenced by both the actual income level of the borrower and the amount of deposit that they have available.

*Private renting:* rather than using quartile figures we took informed decisions on what would be reasonable monthly rent thresholds for the different property sizes by looking at the household survey data and information from local letting agents (see figure 2C.9).



The amount available for housing costs was calculated based upon *affordability ratios* – where households (depending upon their type) were assumed to be able to pay various percentages of their total pre-tax income towards their housing costs. As with mortgage lending, we have also assumed a variable multiplier depending upon the household's income.



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## Chapter 3

# The Basic Needs Assessment Model

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3A	Introduction .....	39
3B	Backlog of Existing Need.....	41
3C	Newly Arising Need.....	51
3D	Supply of Affordable Housing .....	58
3E	Summary of Analysis .....	61

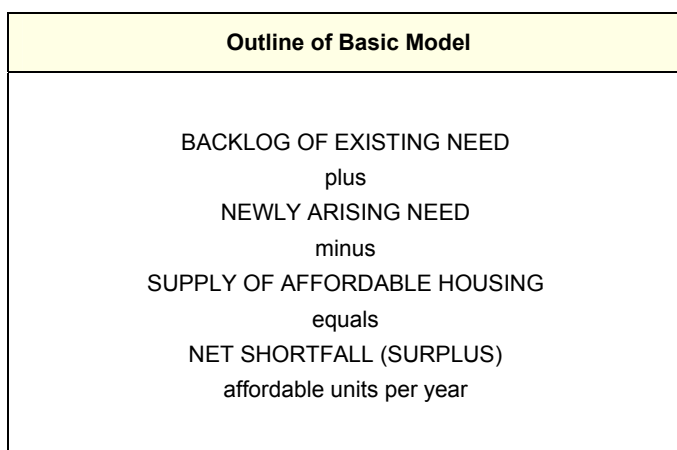
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### The Basic Needs Assessment Model

The Basic Needs Assessment Model is a framework proposed by the School of Planning and Housing, Edinburgh College of Art/Heriot-Watt University which was outlined by the DETR (2000) in their housing needs guidance document. It is a model for assessing the absolute level of need for affordable housing in terms of net shortfalls or surpluses of units each year.

The main stages of the model outlined below show simply that need is to be balanced against supply to provide the net shortfall (or surplus) of affordable housing units. The major division within the model concerns two distinct types of need – the backlog of existing need and newly arising need.



**Figure 3A.1: Outline of the Basic Needs Assessment Model (p22, DETR 2000)**

### Components of the Model

The backlog of existing need includes households that are currently classified as living in unsuitable accommodation, who cannot resolve their problems in-situ, and cannot afford to solve their problems by buying or renting in the market. The term "backlog need" is defined as being:

*The number of household occupying unsuitable accommodation at a point in time. (p55, DETR 2000)*

Newly arising need includes the formation of new households that are currently "concealed" within existing households and also in-migrant households that are unable to afford market housing. The DETR guidance defines new need, or newly arising need, as referring to:

*All circumstances where households 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 put them in a situation of need. (p116, DETR 2000)*



The supply of affordable housing refers to the number of affordable housing vacancies likely to become available over a period of time, in addition to any new provision currently being provided.

Affordable housing is defined as being:

*"...property at the cheaper end of the private market as well as in the social sector – in other words it is used to describe housing that people can 'afford' whether subsidised or not..."*

(p11, Welsh Office 1999)

The following sections consider each of these elements of the Basic Needs Assessment Model in turn, considering housing need in the context of housing suitability and affordability (as discussed in Chapter 2).





## Backlog of Existing Need

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### Introduction

Within the DETR model, the backlog need incorporates two main groups:

- Established households currently in housing need;
- Households currently lacking their own home.

Effectively, the backlog includes all households that would be considered as currently in housing need.

To identify all existing need as a “backlog” is perhaps a little misleading, for the term implies an accumulation or build-up, not just a current situation. In certain areas, households currently in housing need may have been waiting for adequate housing for some time, and in such cases the term backlog may be appropriate. Nevertheless, there will always be households whose circumstances change, causing them to be (at least temporarily) in housing need. At what stage these households should be considered a backlog is subject to some debate; but it is unlikely that all households currently in need should be considered as part of any backlog.

Despite these considerations, for consistency the Ceredigion study has also adopted the term “backlog need” to refer to households currently in housing need.

### Assessing the Backlog Need

To assess the backlog need, the Basic Needs model employs a seven-stage analysis.

The first three stages consider the needs of existing households, initially assessing the total number of households living in unsuitable housing, before allowing for (and discounting) any need:

*[W]hich can be best met through moves within the existing housing stock or 'in-situ' solutions (p21, DETR 2000).*

Those households likely to willingly move out of the county are also discounted, to avoid any double-counting when considering cross-boundary or sub-regional requirements (for Ceredigion’s out-migrants will be another authority’s in-migrants). The third stage assesses the affordability of those households needing to move from unsuitable housing, to determine whether they are likely to require subsidy.

The fourth stage of the model adds in those households currently without their own home, namely homeless households living in temporary accommodation.

The remaining stages of the model summarise the overall backlog requirement. They determine the amount of backlog need that will need to be satisfied annually to eliminate all current housing need over the determined period.

The seven stages of the model are summarised in figure 3B.1.



Stage	Factor	Definition
1.	Backlog need existing households	Households currently occupying unsuitable accommodation due to any of the following: - Tenure insecurity or affordability problems - Mismatch of household and dwelling - Condition of dwelling or amenity problems - Social requirements
2.	<i>minus</i> Cases where in-situ solution most appropriate	In-Situ solutions include: Carrying out repairs Cases where household does not want to move Overcrowding resolved by person leaving
	<i>minus</i> Moves within the existing housing stock	Current social sector tenants transferring to another home to satisfy their needs
	<i>minus</i> Out-migrants	Households leaving the authority area for care, employment etc.
3.	<i>times</i> Proportion unable to afford to rent or buy in market	Based on: Household income and other financial resources Compared with: Lowest quartile housing price
4.	<i>plus</i> Backlog of non-households	Homeless households currently living in temporary accommodation
5.	<i>equals</i> Total Backlog Need	$(1 - 2) \times 3 + 4$
6.	<i>times</i> Quota to progressively reduce backlog	Policy judgement (standard assumption 20%)
7.	<i>equals</i> Annual need to reduce backlog	$5 \times 6$

**Figure 3B.1: Basic Needs Assessment Model: Stages of Calculating Backlog of Existing Need**

### **STAGE 1 OF BASIC NEEDS MODEL** **Households Living in Unsuitable Housing**

Housing unsuitability was considered in detail in section 2B. Households were identified as potentially living in unsuitable housing for various reasons, each one falling into one of four main categories:

- A Tenure insecurity or affordability problems
- B Mismatch of household and dwelling
- C Condition of dwelling or amenity problems
- D Social requirements



Of all households currently living in Ceredigion, the following proportions were found to be living in unsuitable housing following analysis of the survey data (see figure 3B.2). These proportions have then been applied to the total household population in the County to calculate the number of households living in unsuitable housing.

Factors		% of Households	Equivalent Number of Households
<b>A</b>	<b>Tenure insecurity or affordability problems</b>	<b>1.0%</b>	<b>310</b>
A1	Tenancy under notice, real threat of notice or lease coming to an end	1.0%	310
A2	Accommodation too expensive	-	-
<b>B</b>	<b>Mismatch of household and dwellings</b>	<b>11.9%</b>	<b>3,774</b>
B1	Overcrowding	2.8%	901
B2	Households having to share a kitchen, bathroom, washbasin or WC with another household	0.2%	75
B3	Households in high-rise flats	-	-
B4	Home too difficult to maintain	6.8%	2,163
B5	Households containing person(s) with problems getting about the home	7.5%	2,379
B6	Households with support needs	0.7%	211
<b>C</b>	<b>Condition of Dwelling or Amenity Problems</b>	<b>8.1%</b>	<b>2,566</b>
C1	Lack of basic amenities	0.2%	77
C2	Lack of heating	3.8%	1,203
C3	Major disrepair or unfitness	4.5%	1,418
<b>D</b>	<b>Social Requirements</b>	<b>0.3%</b>	<b>100</b>
D1	Harassment from neighbours	0.2%	61
D2	Relationship breakdown	0.1%	27
D3	Family unable to live together because of lack of accommodation	-	-
D4	Need to give support	-	-
D5	Need to live closer to essential facilities	*% *	13
<b>All Households Currently Living in Unsuitable Housing</b>		<b>19.6%</b>	<b>6,228</b>

**Figure 3B.2: Households Living in Unsuitable Housing**

\* \*% represents a percentage that is less than 0.5%.



Of all households interviewed in the personal interview survey, 19.6% were identified as suffering from one or more of the above problems – equivalent to 6,228 households across Ceredigion.

The above figures are all subject to some degree of error, but we can be 95% confident that the total number of households is accurate to within  $\pm 2.0\%$  points. Taking account of this confidence limit, the proportion of households currently living in unsuitable housing on the identified criteria is in the range 17.6% to 21.7% of all households – that is, between 5,589 and 6,867 of Ceredigion's households.

It should be noted that these are the households currently living in unsuitable housing and are not the number of additional homes required to meet the housing need. We have not yet taken into account of how these needs can be met by the existing housing stock, whether some of these households may leave the County, and the affordability of these households. The effects of these important factors are considered below.

## **STAGE 2**

### **Allowing for 'In-situ' Solutions, Meeting Need within the Existing Stock, and Out-migrant Households**

Some of the households living in unsuitable housing are able to resolve their housing problem(s) at their current address (in-situ) by having adaptations or special equipment installed for example. However, without objective information from a stock condition survey, it is difficult to measure the proportion of households that could do so. Instead, we are able to infer whether an in-situ solution is possible from households' aspirations to move home. This approach is advocated by the DETR:

*[B]ase 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. (p 56, DETR 2000)*

It is assumed that if a household does not want to move, then there must be an in-situ solution that is appropriate. As we have not constrained the assumptions regarding the suitability of their home, or assessed the degree of unsuitability in any way, it is not surprising that some households do not wish to move. In many cases, households would not themselves consider their home to be generally unsuitable, despite the problems they may have identified.

It is also assumed that where overcrowding is the only current problem, and where some household member(s) are likely to leave the household to live elsewhere in the near future, then these households will also find an in-situ solution.

Of the 6,228 households deemed to be living in unsuitable accommodation, 1,288 have household members leaving that would resolve their problems and another 3,660 households do not want, need or expect to move. Without double counting, an in-situ solution is, therefore, deemed suitable for 4,948 of the households currently living in unsuitable housing, and so this figure is discounted when calculating the net need.

248 of the households who want to move are currently tenants of CCC or one of the RSLs who manage stock in the county. Whilst these households currently live in housing that has been identified as unsuitable in one way or another (and no in-situ solution has been assumed), their needs could be satisfied through a transfer within the social rented sector. In calculating the net need estimate, moves within the existing stock are also discounted – for each property that is needed is offset by another property being vacated.

Some of the households living in unsuitable accommodation and wanting to move home will leave the county for care, employment or other reasons. Of the households who want to move from unsuitable housing, 213 households



are likely to move from Ceredigion. These households are also discounted from the net total, as their needs will not affect housing requirements within the county.

Finally, 105 of the remainder expect to live with family or friends or move into institutional accommodation and are also discounted from the net total.

In summary, after discounting all of the above, 2.3% of households remain, equivalent to a total of 714 households across Ceredigion.

Once again we can consider the impact of statistical error. At a 95% level of confidence, the proportion of remaining backlog households is within the range 1.5% to 3.0% (2.3% ± 0.8% points) – that is, between 475 and 952 households.

Factor	Number of Households
Number of established households who are unsuitably housed	6,228
<i>Minus</i>	
Problems that can be resolved in-situ <i>e.g. household member leaving overcrowded home</i>	1,288
<i>Minus</i>	
Households that do not want to move <u>and</u> do not expect to move <u>and</u> do not need to move	3,660
<i>Equals</i>	
Number of established households who need to move from an unsuitable home	1,280
<i>Minus</i>	
Moves within the existing housing stock (transfers)	248
<i>Minus</i>	
Out-migrants	213
<i>Minus</i>	
Households who will move to join another established household	105
<i>Equals</i>	
<b>Established Households Needing to Move to Another Home From an Unsuitable Dwelling (Excluding Transfers and Out-migrants)</b>	<b>714</b>

**Figure 3B.3 Established Households Needing to Move to Another Home from an Unsuitable Dwelling, Considering Out-migration and Transfers.**

The affordability of these 714 established households is considered below.

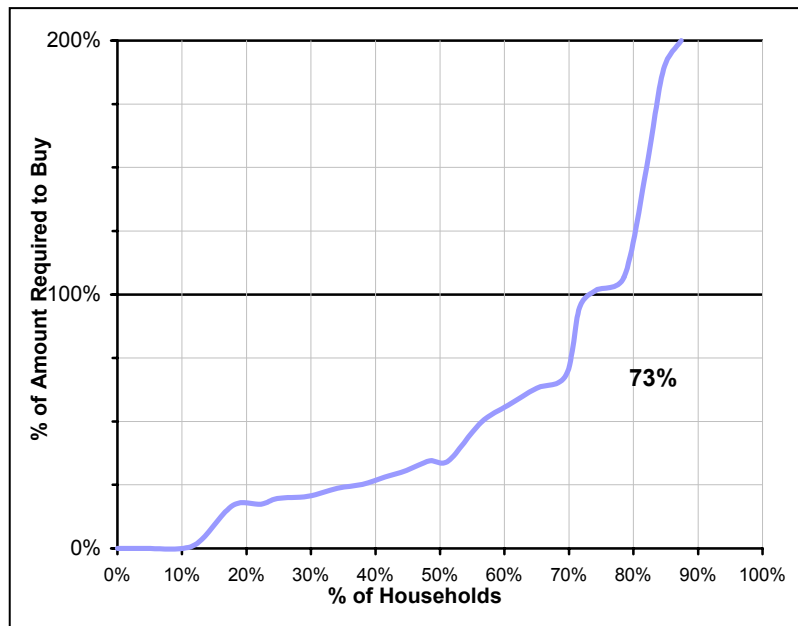
### **STAGE 3 OF BASIC NEEDS MODEL Households' Ability to Buy or Rent without subsidy**

As discussed in section 2C, by comparing household resources with the minimum threshold-price for appropriately sized property, we can assess whether or not households can afford to buy or rent without subsidy.

Figure 3B.4 shows the relative affordability of the 714 established households, in terms of their capacity to buy a home of the required size. The blue trace demonstrates their capacity based on mortgage lending multipliers (where the household is able to borrow 3x the main earned income, and 1x any second earned income increasing up to 3.5x the main earned income, and 1x any second earned income). Additional resources



such as equity and savings are also considered and set against any debts or negative equity.

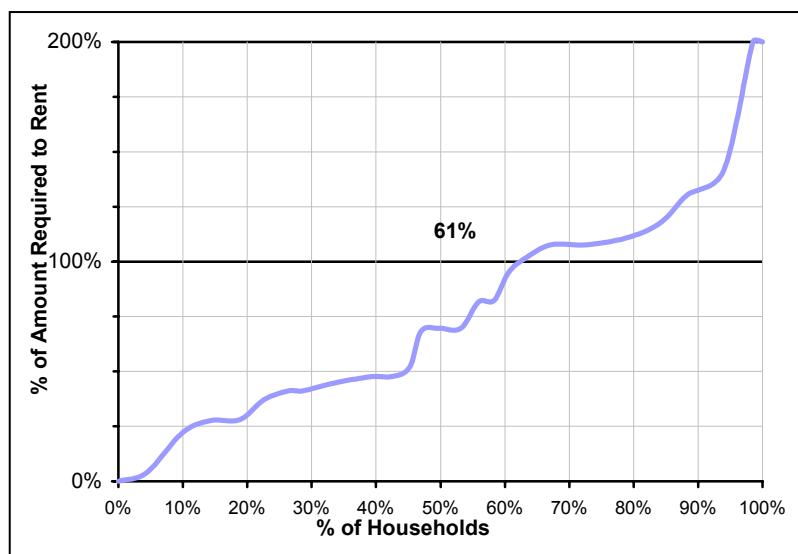


**Figure 3B.4: Proportion of Households Unable to Buy Without Subsidy**

This calculation method indicates that 73% of the 714 households cannot afford to buy a suitably sized home in the market.

A similar analysis is undertaken for market rents. Once again, the minimum amount for the appropriately sized dwelling is compared with the household resources. In calculating rent affordability, no adjustments are made for savings or equity, and the amount deemed to be affordable is based upon 25% of households' equivalised income increasing up to 30% of households' equivalised income.

Figure 3B.5 indicates that on the basis of the rent level, 61% of households could not afford appropriate housing for rent without subsidy.



**Figure 3B.5: Proportion of Households Unable to Rent Without Subsidy**

Of all established households that need to move from an unsuitable dwelling (excluding out-migrants, transfers and households that will go to live with another established household), 27.4% can afford to buy suitably sized



homes without subsidy. A further 21.6% can not afford to own but can afford when rents are used as the threshold.

Regardless of the rent-access-threshold, at least 49.0% (27.4% + 21.6%) are able to afford to buy or rent in the market without subsidy. When this percentage is discounted from the 714 households mentioned above, it can be seen that there are 364 households remaining who are unable to afford to rent or buy a home in the market.

## **STAGE 4 OF BASIC NEEDS MODEL**

### **Backlog of Non-households**

Households currently lacking their own housing (and unlikely to meet their needs in the market without assistance) are also considered to be in housing need. Such households may currently be "living with" another household (family or friends) or may currently be homeless – not only those living rough, but also those currently housed by the Council in temporary homes.

### **Non-households Currently "Living with" Others**

All households currently "living with" another household are currently considered to be "concealed households", regardless of whether or not they are seeking to move from their current home. The DETR describe concealed households as being:

*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. (p 117, DETR 2000)*

On this basis, multi-adult households, multi-generation households and households with adult children still at home all contain one or more concealed households. Many such households are obviously not lacking their own housing, nor are they inadequately housed, and we must therefore consider a subset of this group, namely "potential households":

*Potential households are concealed households where the people concerned would prefer 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. (p 117, DETR 2000)*

As potential households leave their hosts, they are considered to be "newly forming households" – that is, those who have recently moved to their current home after previously "living with" another household. The needs of newly forming households are considered in the second stage of the Basic Needs Assessment Model as part of the Newly Arising Need, and therefore we must be careful not to double-count the needs of this group.

To avoid any double count, we should discount at least some need arising from either potential households or newly forming households. Any information gathered about potential households is liable to error (other than statistical error) for a number of reasons. Many such households are in their late teens or early twenties, and their personal and economic circumstances are liable rapidly to change. For example:

- Young people starting out on the employment ladder will often earn less than more mature employees, and their salaries are also more volatile as they progress or move between jobs. This makes it very difficult to estimate what they could afford even in the short-term;
- Individuals looking for a home of their own may meet a partner and, within a short period, change the type of housing they are seeking – not only because they may need more room, but also because of the amount they are able to afford with two incomes instead of one;



- Similarly, individuals may decide to club together as a group collectively to rent a home, thus changing the type and price of property that is sought.

Because of these and other possible issues in assessing the needs of potential households we discount much of their need from the backlog (in favour of the need identified from newly forming households in the Newly Arising Need). Nevertheless, we cannot discount all potential households, for newly forming households by definition have successfully left their host households – therefore those potential households who are unable to realise their need have still to be considered.

In the household survey, respondents were asked whether or not anyone was likely permanently to leave the household over the next two years – thereby identifying concealed households likely to become potential households over the period. For those potential households identified, the host household was asked about how long they had been seeking their own home:

Length of Time	% of Potential Households
Not yet looking	44.6%
Less than 6 months	24.8%
6 months but less than 12 months	13.8%
12 months but less than 2 years	5.9%
2 years but less than 3 years	9.9%
3 years but less than 5 years	-
5 years or longer	1.0%

**Figure 3B.6: Length of Time Looking for Housing**

Few potential households have been seeking housing for an extended period of time – in fact, only 10.9% have been looking for an independent home for more than two years. However, those households that have been looking for more than two years should not be considered within the need generated by newly forming households (and, therefore, need to be considered within the backlog).

In total, 121 potential households remain as part of the backlog need. Whilst by definition, none of these households have an appropriate in-situ solution, none expect to leave Ceredigion to resolve their housing problems, the total backlog need from potential households is therefore 121 households.

### **Non-households currently Homeless**

The local authority has a duty to assist those households accepted as homeless and in priority need to find housing. At any point in time, a number of households will be living in temporary accommodation whilst they await a more permanent solution within the social housing stock. Temporary accommodation for homeless households varies in type – and includes rooms in bed & breakfast; places in refuges or voluntary sector hostels; and properties that a local housing association lease from the private sector, and some of their own stock reserved as short-term housing for homeless households.

The number of homeless households living in the various types of temporary housing available over the period March 2002 to March 2004 is noted in figure 3B.7. Each year provides a snapshot – so the figures are not added together, but the average is calculated.





Property Type	31 March 2002	31 March 2003	31 March 2004	Average 2002-04
Ceredigion CC stock	} 6	} 24	1	} 17
Stock leased from the private sector			15	
Women's refuges			5	
Bed & Breakfast	34	35	43	37
<b>TOTAL</b>	<b>40</b>	<b>59</b>	<b>64</b>	<b>54</b>

**Figure 3B.7: Homeless Households Living in Temporary Accommodation**

All homeless households living in temporary accommodation will need permanent housing, and must be assumed to require subsidy due to affordability difficulties. Nevertheless, a number of households in priority housing need are currently accommodated in property owned by one of the local RSLs. Therefore, whilst households living in such properties will not remain indefinitely, resolving their needs will involve transfers within the existing stock. In considering the net need of this group, such transfers should be discounted from the backlog.

Having considered the appropriate adjustments, homeless households currently in temporary accommodation constitute a requirement of 37 households as part of the backlog need.

### Summary of Non-household Need

Having considered the need from potential households (121) and homeless households living in temporary accommodation (37), the additional need from 158 households, is carried forward to the fifth stage of the model.

### STAGES 5 - 7 OF THE BASIC NEEDS MODEL Annual Need to Reduce Backlog

The remaining stages of the model reconcile the previous calculations and derive an annual target for eliminating the backlog need – based on policy decisions about the appropriate number of years in which to do so. We have assumed that the backlog will be met over a five year period – hence the 20% quota to progressively reduce the backlog. This is the period of time typically used when making policy judgements to reduce backlog and is supported by the DETR guidance (2000).

If the backlog need is met completely over the five year period then, in theory, the backlog will be cleared and only newly arising need will occur. However, this would be a purely hypothetical situation because it is unlikely that all backlog need will ever be removed and some residual backlog is always likely to exist – it is up to the Council to decide what a tolerable level of backlog need should be.



## Summarising the Backlog Need

Stage	Factor	% of Households	Equivalent Number of Households
1.	Backlog need existing households	19.6%	6,228
2.	<i>minus</i> Cases where in-situ solution most appropriate	15.6%	4,948
	<i>minus</i> Moves within the existing housing stock	0.8%	248
	<i>minus</i> Out-migrants	0.7%	213
	<i>minus</i> Going to live with	0.3%	105
3.	<i>Times</i> Proportion unable to afford to rent or buy in market		714 x 51.0% = 364
4.	<i>plus</i> Backlog of non-households		158
5.	<i>equals</i> Total Backlog Need		522
6.	<i>times</i> Quota to progressively reduce backlog		20%
7.	<i>equals</i> Annual need to reduce backlog		104

**Figure 3B.8: Summary of Stages 1-7 of the Basic Needs model: Backlog of Existing Need**

## Summary

The Basic Needs Assessment Model has shown that 104 affordable homes are required each year over a five year period to reduce the backlog of need. There will also be newly arising need each year and this is considered in the next section.



### Introduction

Two key groups generate newly arising need within the DETR model:

- Established households whose circumstances change causing them to be in need;
- New households who are likely to require some form of assistance to gain suitable housing – including in-migrant households and newly forming households previously “living with” or leaving institutional accommodation.

The newly arising need is therefore those households who are not currently in housing need but who will be “in need” over a period of time. Whereas the Backlog Need could be considered a stock or snapshot of current need, the Newly Arising Need could be considered to be a flow, as it will generate additional need over time.

### Assessing the Newly Arising Need

In assessing the amount of newly arising need, the Basic Needs model uses a six-stage analysis.

The first five stages (stages 8 to 12 of the overall model) identify the likely new requirements from the different household groups, which are then aggregated in the final stage (stage 13). The calculation of newly arising need is summarised below:

Stage	Factor	Definition
8.	New household formation (gross)	Recently formed households over a given period of time
9.	<i>times</i> Proportion unable to buy or rent in market	Proportion of recently formed households who are living in CCC or RSL stock, living in the PRS with HB support or who moved into housing that was otherwise not suitable for their needs
10.	<i>plus</i> Ex-institutional population moving into community	Annual homelessness acceptances where reason for homelessness is “Leaving institution or care”
11.	<i>plus</i> Existing households falling into priority need	Households falling into housing need as a result of their home becoming unsuitable due to change in household circumstances or change in housing being occupied
12.	<i>plus</i> In-migrant households unable to afford market housing	Number of recent in-migrant households who are living in CCC or RSL stock, living in the PRS with HB support or who moved into housing that was otherwise not suitable for their needs
13.	<i>equals</i> Newly arising need	$(8 \times 9) + 10 + 11 + 12$

**Figure 3C.1: Basic Needs Assessment Model: Stages of Calculating Newly Arising Need**



The rate of new household formation and the rate of household in-migration are both based upon recent trends derived from the survey data. Trend data is the only reliable way of analysing in-migration by households and this method is put forward by the DETR guidance (2000).

Basing new household formation figures on the future expectations and, to an extent, aspirations of individual household members or their host, is liable to error (other than statistical error) for a number of reasons:

- The host household that was interviewed may have been able to identify that such potential households may want or even need to live independently, but it is unlikely that they will be able to accurately assess whether or not they would be able to make such a move.
- Many of the individuals that may want or need independent accommodation will be in their late teens or early twenties, and their personal and economic circumstances are liable to change rapidly.

Because of the problems associated with assessing the needs of potential households, information from recently formed households may be used as a proxy for new household formation and this method is supported as a reliable approach by the DETR guidance (2000).

Information gathered from households who have moved over the last two years has been analysed to profile their characteristics. It is assumed that those households who are likely to move to Ceredigion in the near future will be similar in profile to those that moved to the county recently. In the same way, it is assumed that those households who were previously living with family or friends, and are now living in independent homes, will have similar characteristics to those households who are likely to form in the future.

Of all the households currently living in Ceredigion, 18.2% had lived at their current address for two years or less, equivalent to 5,766 households across the county. In analysing the previous circumstances of these households, we are able to identify both newly formed households and recent in-migrant households.

Previous Housing Circumstances	% of Households that Moved	Equivalent Number of Households
Owned outright	23.0%	1,326
Owned with loan or mortgage	19.5%	1,124
Shared ownership	0.9%	54
Rented from the Council	0.8%	46
Rented from an RSL	4.6%	266
Rented from a private landlord	34.3%	1,980
Lived in tied accommodation or otherwise rented from employer	1.0%	56
Lived with family or friends	12.8%	735
Rented a room in lodgings	2.7%	157
Homeless	0.4%	22

**Figure 3C.2: Previous Housing Circumstances of households that moved in the last 2 years**

Figure 3C.2 identifies that 12.8% of households were previously living with friends or family, a further 2.7% were renting a room in lodgings, and 0.4% were homeless. In moving to their own independent home, all of these households were newly forming – in total accounting for 15.8% of all households that moved in the last 2 years, equivalent to 914 households across the county.



Location of Previous Home	% of Households that Moved	Equivalent Number of Households
Same town/village/locality	35.2%	2,030
Elsewhere in Ceredigion	24.1%	1,391
Elsewhere in Wales	16.4%	944
Elsewhere in the UK	20.9%	1,204
Abroad	3.4%	197

**Figure 3C.3: Previous Housing Circumstances of Households That Moved in the Last 2 Years**

Figure 3C.3 identifies 40.7% of the households that moved in the last two years as previously living outside the county – equivalent to 2,345 in-migrant households over the period.

Age of in migrants to Ceredigion	% of Respondents
Age 20-24	6.8%
Age 25-29	12.9%
Age 30-34	8.7%
Age 35-39	17.8%
Age 40-44	7.8%
Age 45-49	6.3%
Age 50-54	15.4%
Age 55-59	9.8%
Age 60-64	3.8%
Age 65-69	4.3%
Age 70-74	0.9%
Age 75-79	2.7%
Age 80-84	1.9%
Age 85-89	0.8%

**Figure 3C.4: Age profile of households that moved into Ceredigion in the last 2 years**

Those in-migrants to Ceredigion in the last 2 years were predominantly adult couples (56%) a proportion of which had dependent child(ren) (17.8%). A further sixth of the in-migrants were single adults. One-tenth of the respondents were a group of adults.

Obviously, some newly formed households previously may also have been living outside the county – and therefore would also be considered in-migrant households. In total, 246 of the 914 newly formed households (26.9%) were also in-migrant as illustrated below.

Type of Household	Moved within Ceredigion	In-migrant to Ceredigion	All Households
Newly formed household	668	246	914
Previously established household	2,753	2,099	4,852
All Households	3,421	2,345	5,766

**Figure 3C.5: Previous Housing Circumstances of households that moved in the last 2 years**



## STAGES 8-9 OF BASIC NEEDS MODEL

### New Household Formation

To avoid double counting newly formed in-migrant households, their requirements are excluded from the assessment for newly forming households – their needs being addressed when considering in-migrants in stage 12 of the model. Similarly, to avoid double counting the needs of newly formed households moving out of institutions, their requirements are also excluded from the assessment for newly forming households – their needs being addressed when considering the ex-institutional population in stage 10 of the model.

In total, 11.6% of households that moved in the last two years were forming a new household and moving from a host household in the county – equivalent to 668 households in total. To assess the annual number of new household formations for stage 8 of the Basic Needs model, this two-year figure is halved to 334 households.

Figure 3C.6 provides information about the current housing circumstances of these households.

Current Housing Circumstances	% of Households that Moved	Equivalent Number of Households
Owner occupation	24.7%	165
Rent from the Council	1.9%	13
Rent from an RSL	19.6%	131
Rent from a private landlord without housing benefit support	35.0%	234
Rent from a private landlord with housing benefit support	18.9%	126

**Figure 3C.6: Current Housing Circumstances of households that formed in the last 2 years (excluding in-migrants and ex-institutional population)**

Stage 9 of the Basic Needs model determines the proportion of newly forming households who will need subsidy to access housing. We assume that those recently formed households who now rent from the Council or another social landlord (or own part equity in a shared ownership property with an RSL) were all assessed to be in housing need and required assistance to access housing. Similarly, those households renting privately and in receipt of housing benefit will have been assessed as needing financial support. Together, these households constitute 40.3% of all newly formed households.

Whilst the remaining households all successfully accessed the private sector, 31.7% of these households stated that their housing costs were either putting a strain on their budget or were extremely difficult to manage, and therefore could also be considered as needing subsidy to access housing – bringing the total proportion of newly forming households unable to buy or rent in the housing market to 59.2%.

## STAGE 10 OF BASIC NEEDS MODEL

### Ex-institutional Population

The data from the survey identified no households that had left institutional accommodation in the county in the last 2 years.



## STAGE 11 OF BASIC NEEDS MODEL

### Existing Households Falling into Priority Need

The proportion of existing households that fall into priority need also constitutes only a small proportion of the overall newly arising need. Households generally fall into priority need when the needs of the household change such that their existing home becomes no longer suitable or alternatively that the condition of their current home deteriorates to an extent that the household cannot afford its repair. Some households will also fall into priority need through moving home – however this is generally unlikely as demonstrated in figure 3C.7.

Moving from....	Falling Into Priority Need?
Suitable home to suitable home	No
Unsuitable home to unsuitable home	No
Unsuitable home to suitable home	No
Suitable home to unsuitable home	Yes

**Figure 3C.7: Existing Households Falling Into Priority Need By Moving Home**

Obviously, households moving from one suitable home to another will not create need, and households moving from one unsuitable home to another will not create *newly arising* need – for their needs have already been counted. Households moving from unsuitable to suitable homes are actually resolving their needs, and the only type of move that could cause *newly arising* need is when households move from suitable housing to unsuitable housing. As would be expected, this type of move is very rare and therefore does not contribute greatly to any newly arising need.

As already noted, more likely causes of *newly arising need* are changes in household. Households may change their composition as a result of the birth of children, or through relatives or friends moving in. Additionally, as children of different sexes age, they may require separate bedrooms. The health or mobility of household members may also deteriorate which in turn could lead to the household needing to move for care or support or into ground floor accommodation. Similarly, household members may leave, and the accommodation may become too large and unmanageable for the remaining members. Any of these reasons could cause the accommodation to become inappropriate or unaffordable, and result in the household falling into priority need.

By analysing the survey data to examine recent trends amongst respondents, it is possible to calculate an annual proportion of households who may typically fall into priority need.

Using survey data we would estimate that 1,357 households fall into need each year – but many of these will not constitute a *newly arising need*. In fact, after discounting in-situ solutions (either through extending properties or household members leaving), social sector transfers and out-migrant households this number reduces to only 29 each year. Of these remaining none can afford therefore all 29 households are counted as newly arising need. See figure 3C.8.



Factor	Number of Households
Number of established households whose home became unsuitable over the last year	1,357
<i>Minus</i>	
Problems that can be resolved in-situ <i>e.g. repairs or improvements to the current home</i>	367
<i>Minus</i>	
Households that do not want to move <u>and</u> do not expect to move <u>and</u> do not need to move	741
<i>Equals</i>	
Number of established households who need to move from homes that have become unsuitable each year	250
<i>Minus</i>	
Moves within the existing housing stock (transfers)	35
<i>Minus</i>	
Out-migrants	46
<i>Minus</i>	
Households who will move to join another established household	49
<i>Minus</i>	
Those already counted as newly forming or an in-migrant household	91
<i>Equals</i>	
Number of households who need to move from private sector homes that have become unsuitable each year	29
<i>Times</i>	
Proportion unable to afford to rent or buy in market	100%
<i>Equals</i>	
Existing households falling into priority need	29

**Figure 3C.8: Existing Households Falling Into Priority Need Each Year**

### **STAGE 12 OF BASIC NEEDS MODEL In-Migrant Households**

In total, 40.7% of households that moved in the last two years moved to Ceredigion from outside the county – equivalent to 2,345 households in total. To assess the annual number of in-migrant households, this two-year figure is halved to 1,173 households.

Figure 3C.9 provides information about the current housing circumstances of these households. In comparison with newly forming households, in-migrants were less likely to rent from the Council or from RSL's. This is due to the fact that in-migrant households were more likely to be able to afford to buy or rent in the housing market than newly forming households.





Current Housing Circumstances	% of Households that Moved	Equivalent Number of Households
Owner occupation	66.4%	1,557
Rent from the Council	2.3%	53
Rent from an RSL	1.3%	30
Rent from a private landlord without housing benefit support	24.1%	565
Rent from a private landlord with housing benefit support	4.5%	106
Rent from employer	1.4%	33

**Figure 3C.9: Current Housing Circumstances of all households that moved to Ceredigion in the last 2 years**

Using the trend-based data for in-migrant households, those currently renting from social landlords (including those in shared ownership) or otherwise in receipt of housing benefit total 8.1% of all in-migrant households, equivalent to 95 households each year.

### STAGE 13 Annual Newly Arising Need

The final stage in assessing the newly arising need within the model summarises the total need from all of the categories identified.

### Summarising the Newly Arising Need

Stage	Factor	Number of Households
8.	New household formation (gross)	334 x 59.2% = 198
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 priority need	29
12.	<i>plus</i> In-migrant households unable to afford market housing	1,173 x 8.1% = 95
13.	<i>equals</i> Newly arising need	322

**Figure 3C.10: Summary of Stages 8-13 of the Basic Needs model: Backlog of Existing Need**

### Summary

The Basic Needs Assessment Model has shown an annual newly arising need from 322 households each year. However, some of this need will be accommodated in existing dwellings as they become available and affordable housing supply is considered in the next section.



## Supply of Affordable Housing

### Introduction

The major supply source of lettings to households in need comes from relets of social rented housing, and this turnover is a key component considered within the Basic Needs Assessment Model. While other factors, such as existing new build commitments and current demolition programmes, can also be considered potential supply, such factors are only likely to impact the short-term future and are not, therefore, considered in the context of long-term supply.

The modelling does not take account of future new housing supply. This is so that the Council can see the nature of the housing shortfall/surplus as it stands without new provision. It is then possible for the Council to see what housing is required to meet the identified shortfall.

### Assessing the Supply of Affordable Housing

In assessing the supply of affordable housing, the Basic Needs Model uses a four-stage analysis.

The first stage (stage 14 of the overall model) identifies the number of tenancy terminations in the social rented sector – that is, properties that could be available for new tenants. The next stage discounts properties that will not become available because they are likely to be taken out of social landlord management. The third stage considers any committed additional supply; and the final stage totals the likely net supply.

The supply of affordable housing calculation is summarised below in figure 3D.1:

Stage	Factor	Definition
14.	Supply of social relets	Number of gross relets (terminations) in the social sector
15.	<i>Minus</i> Increased vacancies & units taken out of management	Number of units sold through LCHO schemes Change in number of social sector vacancies Planned social sector demolition programme
16.	<i>Plus</i> Committed units of new affordable supply	Number of committed new dwellings or conversions in the social sector
17.	<i>Equals</i> Affordable supply	14 - 15 + 16

**Figure 3D.1: Basic Needs Assessment Model: Stages of Calculating Supply of Affordable Housing**

### STAGE 14 OF BASIC NEEDS MODEL Supply of Social Relets

The number of gross relets in the social rented sector is considered on the basis of tenancy terminations in both Council and RSL stock. Housing need generated from within the social sector (through transfers) will constitute a



net nil requirement (for in taking a dwelling, each household will also release a dwelling) therefore we discount from the supply any relets following mutual exchanges or transfers with the same landlord, and also transfers between different landlords in the social sector within Ceredigion.

Figure 3D.2 illustrates the likely tenancy terminations within the social sector identified by the survey.

Properties Vacated by Households Moving	Number of Households
Established Households Moving	90
<i>Less</i>	
Transfers within the Stock	90
<i>Plus</i>	
Out-migrant Households	72
<i>Plus</i>	
Vacancies following Household Dissolution	80
<i>Equals</i>	
Total Tenancy Terminations	152

**Figure 3D.2: Existing Tenancy Terminations**

The likely number of tenancy terminations – and therefore the properties potentially available for relet each year – can be calculated as being 152. This estimate is carried forward to Stage 15 of the Basic Needs Model.

### **STAGES 15-16 OF BASIC NEEDS MODEL Units Taken Out of Management & Committed Units of New Affordable Supply**

As noted in the introduction, any losses from stock and committed units of new supply will impact on provision only in the immediate future. Insofar as we are quantifying the total additional provision required, it is not proposed to include any losses or new supply at this stage.

### **STAGE 17 Summarising the Supply of Affordable Housing**

Stage	Factor	Equivalent Number of Households
14.	Supply of social relets	152
	<i>Minus</i>	
15.	Increased vacancies & units taken out of management	-
	<i>Plus</i>	
16.	Committed units of new affordable supply	-
	<i>Equals</i>	
17.	Affordable supply	152

**Figure 3D.3: Summary of Stages 14-17 of the Basic Needs Model: Supply of Affordable Housing**



## **Summary**

The Basic Needs Assessment Model has shown an annual supply of 152 affordable homes which will go some way towards meeting the backlog need and newly arising need. Need and supply are brought together in the next section to derive the annual affordable housing shortfall.



## Summary of Analysis

Having considered the key stages of the Basic Needs Assessment Model, we can summarise the total need for affordable homes and the likely supply of properties. Figure 3E.1 summarises the total need for affordable homes in terms of "Backlog Need" and "Newly Arising Need".

Stage		Need For Affordable Housing	Number of Households
BACKLOG NEED	1.	Backlog need existing households	6,228
	2.	<i>Minus</i> Cases where in-situ solution most appropriate	4,948
		<i>Minus</i> Moves within the existing housing stock	248
		<i>Minus</i> Out-migrants	213
		<i>Minus</i> Going to live with	105
	3.	<i>Times</i> Proportion unable to afford to rent or buy in market	714 x 51.0% = 364
	4.	<i>Plus</i> Backlog of non-households	158
	5.	<i>Equals</i> <b>Total Backlog Need</b> (1 - 2) x 3 + 4	522
	6.	<i>Times</i> Quota to progressively reduce backlog	20%
	7.	<i>Equals</i> <b>Annual need to reduce backlog</b> 5 x 6	104
NEWLY ARISING NEED	8.	New household formation (gross)	334 x 59.2% = 198
	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 priority need	29
	12.	<i>plus</i> In-migrant households unable to afford market housing	1,173 x 8.1% = 95
	13.	<i>equals</i> <b>Newly Arising Need</b> (8 x 9) + 10 + 11 + 12	322
<b>Total Need For Affordable Housing Per Year</b>			<b>426</b>

Figure 3E.1: Total Need for Affordable Housing



On the basis of the Basic Needs Assessment Model, the likely supply of housing is detailed below in Figure 3E.2.

Stage	Supply Of Affordable Housing	Number of Households
14.	Supply of social relets	152
15.	<i>Minus</i> Increased vacancies & units taken out of management	-
16.	<i>Plus</i> Committed units of new affordable supply	-
17.	<i>Equals</i> <b>Total Affordable Supply</b> 14 - 15 + 16	152

**Figure 3E.2: Total Supply of Affordable Housing**

While the supply will satisfy a proportion of the overall need, the model shows that there is a shortfall of 274 affordable homes per year, as noted in figure 3E.3.

Summary of Basic Model	Number of Households
BACKLOG OF EXISTING NEED Annual need to reduce backlog	104
<i>plus</i> NEWLY ARISING NEED	322
<i>minus</i> SUPPLY OF AFFORDABLE HOUSING	152
<i>equals</i> <b>NET SHORTFALL (SURPLUS)</b> affordable units per year	<b>274</b>

**Figure 3E.3: Net Shortfall of Affordable Housing**

Considering housing needs and affordable housing in isolation obviously introduces certain artificial constraints. Some of the 274 households identified within the overall shortfall may receive subsidy to enable them to live within the private sector – in particular, in the private rented sector through receipt of Housing Benefit support. Whilst housing benefit actually underwrites certain sectors of the private market, the Basic Needs Assessment Model takes no consideration of its role in effectively providing subsidised housing. The Basic Needs Assessment Model only considers the supply of affordable housing and does not cover subsidised accommodation.

The next chapter introduces the ORS Housing Market Model and considers its application in the context of all Housing Requirements (both Housing Need and Housing Demand) across the entire Ceredigion housing market.

### Summary

The Basic Needs Assessment Model has shown that there is an annual shortfall of 274 affordable homes when the annual supply of affordable homes is compared to need (to reduce backlog and newly arising). However, considering housing needs and affordable housing in isolation obviously introduces certain artificial constraints and it is important to consider need in the context of the overall housing market. This is done by the ORS housing market model in the next Chapter.



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# Chapter 4

## Modelling the Housing Market

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4A	Methodology: ORS Housing Market Model .....	64
4B	Housing Requirements: Demand and Need .....	69
4C	Housing Supply.....	77
4D	Net Housing Shortfall.....	80
4E	Summary of Analysis .....	92

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## Methodology: ORS Housing Market Model

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### History and Development

ORS' housing needs research began in 1994, when the company was commissioned to survey and assess housing needs in Cardiff. Since then the model has progressed very considerably with assistance from our clients and the Housing Department of the City and County of Cardiff; Tai Cymru/Housing for Wales; the Housing Corporation; the Scottish Office; Scottish Homes; the Commission for New Towns; and English Partnerships.

The model is a research tool and subject to continuing development. Earlier versions of the model operated on the basis of alternative standard sets of 'objective' or 'subjective' assumptions about households' affordability, bedroom requirements and appropriate tenure, but such a dichotomous approach has now been superseded because this approach involved the generation of two sets of figures which then required an appropriate middle-ground to be decided upon. Similarly, for Ceredigion and future clients, the model is predominantly trend - rather than aspiration-based – particularly with respect to the treatment of migration and hidden/emerging households. Trend based data is more reliable since it shows what has actually happened, the figures are 'market-tested', and trend information is put forward by the DETR guidance (2000).

Finally, the model is far more than a database or spreadsheet, for it not only records but computes vast amounts of survey and other data to analyse the whole housing market's current and projected housing requirements. It has been programmed as a user-friendly software tool in Windows and is a sophisticated tool for sensitivity-testing wide-ranging variable assumptions about the housing market.

### Key Questions for Housing Needs Assessments

For any housing needs assessment, the key or core issues are:

- How many additional units are required? (Total 'requirement' – which equals 'demand' plus 'need')
- How many additional units should be subsidised, social sector homes (Total 'need')?
- What other types of affordable housing should be provided?
- For what type of open-market housing is there demand?
- How will 'demand' and 'need' change over time?

The ORS housing market model answers these questions by analysing the whole housing market. Instead of focusing only or primarily upon poorer households and social sector need, it interprets the interaction of supply and demand across the whole housing market.

### Dynamic Analysis of Demand, Needs and Supply Flows

In order to provide an overall analysis, the ORS model treats the housing market dynamically – by likening the interchange between households and vacancies to 'musical chairs.' As some households move, or suffer dissolution due to death, other households take up the released vacancies. The extent to which the market clears depends upon the match or mismatch between





the households seeking housing, on the one hand, and the available stock, on the other.

On the requirements ('demand' and 'need') side, the model takes account of established, hidden, homeless and in-migrant households, and also the 'effectiveness' of their demand. On the supply side, it takes account of current and potential vacancies created by established households moving, household dissolutions through death, and new provision. The musical chairs analogy brings out the dynamic relation between supply and demand – for most households find suitable vacancies only because others move or suffer dissolution.

Whether households want or need to move, and what housing is appropriate for them, depends upon their characteristics, requirements and current accommodation. The model considers households' tendency to move or seek independent housing, and also their needs, expectations and priorities for housing of given tenure, type, cost and size. The analysis makes households' choices central to its analysis – while recognising the financial and other constraints facing them.

Effective demand is driven primarily by choice (as it is widely understood). Nonetheless, even well-off households can find accommodation only if suitable vacancies arise. Choices of housing of particular tenure, type, cost and size must operate not only within the context of affordability but also within the available housing stock. Obviously, households in need and with affordability difficulties are doubly constrained – for not only are they unable to choose their housing but they also face even more limited availability.

Both demand and needs are profiled on the basis of important assumptions that are independently variable for each category.

### **Variable Demand and Needs Profiling Assumptions**

Any modelling must use important assumptions about how and on what basis households might or might not be able to fulfil their expectations and aspirations in the open market. The relevant assumptions are outlined briefly below in order to demonstrate the extent to which the model is flexible and suitable for sensitivity testing. The main areas of assumptions are as follows.

#### **Number of Bedrooms**

The modelling can determine the number of bedrooms appropriate for households on the basis of their:

- Desired number
- Minimum acceptable number
- Required number, based upon a set (but variable) bedroom standard.

#### **Appropriate Tenure**

Similarly, the modelling can assess households' appropriate tenure on the basis of their:

- Expectations of what they are likely to achieve;
- Trends in what has been achieved previously by such households; and
- Affordability *within the social sector*.

The household expectations in question can be either constrained or unconstrained on the basis of their actual affordability and the local housing market costs and access-thresholds. Hence, the model can moderate or



correct unrealistic aspirations/expectations based upon actual housing costs and affordability levels.

The trend profile is, of course, constrained by market realities since it embodies what has been possible previously.

General affordability is used to determine demand, but affordability *within the social sector* determines whether mixed tenure or social renting options are appropriate for the households in question.

### **Objective Affordability**

As detailed in section 2C, affordability may be assessed objectively, in terms of what households could rent or buy in the private sector. The model takes into account savings and debts, equity (positive or negative), and the ability to access mortgages and/or loans.

Households' abilities to access mortgages and loans have already been discussed, and are based upon either lending multipliers or the proportion of income available for housing costs, or both of these measures.

Similarly, rental affordability may also be assessed objectively, in terms of what households could rent in the private sector. In assessing affordability, the model takes into account the proportion of gross or net income that is held to be available for housing costs.

Obviously, the lending multipliers, or proportions of income allowable for housing, and whether gross or net incomes are used are all variable within the modelling. The extent to which the household composition and size should affect the proportion of income held to be available for housing costs can be determined – on the basis of McClement's *equivalence scale*.

Finally, the assumed term and interest rates of the mortgages are variable in the light of prevailing circumstances.

### **Self-assessed Affordability**

Households' affordability can also be determined on a self-assessed basis, in terms of:

- What payments they believe they could afford, and
- How much they want to pay

It is arguable that self-assessed affordability is the only assessment that takes into account all of a household's relevant circumstances. Where objective affordability assesses the typical or maximum amount households' can afford, based on income and household structure, self-assessed affordability will be based on the householders' perception of his/her specific circumstances and is likely to take into account factors that cannot be assessed within the survey. Households may be unable, or not want to commit large proportions of their income towards a mortgage or towards rent, because of other commitments or priorities.

It is also possible for self-assessed affordability to yield figures that are unrealistic. In some cases, households may expect to be able to obtain properties of certain sizes, for amounts that are below typical market prices. The market model therefore uses information on self-assessed affordability, complemented with objective affordability and information about properties available within the local housing market to take account of households' preferences and their actual ability to afford properties of certain price and type.



## **Applying Variable Profiling Assumptions in Ceredigion**

### **Assessing Housing Needs**

In the Ceredigion study, the model determines the housing appropriate for households in need on the basis of the following criteria:

- Household structure – to determine size of property and affordability multipliers
- Objective affordability to determine social sector needs and the potential for mixed tenure options

### **Assessing Housing Demand**

Households wanting to move and with sufficient resources broadly to meet their requirement in the open market constitute demand within the market. In the Ceredigion study, the model determines the level of housing demand on the basis of the following criteria:

- Self-assessed affordability; and
- Preferred number of bedrooms.

These two features are closely related in assessing demand levels accurately, as the following analysis shows.

Self-assessed affordability is used to measure demand at different price levels providing the self-assessed level does not exceed the amount objectively assessed as affordable for the household. In other words, the self-assessed affordability must not exceed the objective level; and if it does so, then the objective level is used to determine affordability instead.

Households are allocated the property they want (in terms of number of bedrooms) within the constraints of what they can afford. Where they want more than they can afford, their aspirations are constrained and they are allocated a smaller home in that tenure as long as they can afford a home that is large enough (in terms of bedrooms) to accommodate their household under the objective bedroom standard. If this is not possible then the household is excluded from the calculation of effective demand for that tenure.

For such households another solution may be appropriate. For example, households might be unable to afford a dwelling size via owner-occupation but do so by private renting. If such a solution is not possible within the limits of the household income and available properties, then it is assumed that the household in question will not move – that is, will not form part of the effective demand. However, this will not exclude the possibility that such households will be part of the needs assessment, if their current accommodation is assessed as unsuitable for their requirements.

### **Variable Household Population Assumptions**

Just as important demand, needs and supply profiling assumptions must be variable if the model is to be an effective tool for housing and planning professionals, so the population projections should also be variable, overall and in their components. Therefore, the Ceredigion model has the capacity to operate on the basis of the following variable features:

- Outward household and individual migration rates – and hence the proportion of established households that will move within or away from the area
- Inward household migration rates
- Household formation rates



- Household dissolution rates (by assuming variable death rates)
- Transactional vacancy rates
- Long-term vacancy rates.

In the following analysis for Ceredigion, the above variable rates are based upon trends and other data drawn from the household survey. Trend data is the only reliable way of analysing new household formations and in-migration by households, and is the method put forward by the DETR guidance (2000).

## **Modelling the Housing Market**

### **Allocative Procedure**

Using the relevant assumptions, the model compares the demand/needs and supply profiles in order to compute the match or mismatch between the households seeking housing and the likely available dwellings. The analysis uses a 'matching' or 'allocative' procedure to assess the extent to which actual and potentially available dwellings are suitable for the households seeking housing.

There is no single right answer, of course, to the question of how well the available stock matches households' requirements, and so the model's capacity to sensitivity test varying assumptions, and to constrain households' expectations against objective criteria are important.

### **Elements of Demand, Needs and Supply**

By using appropriate assumptions and estimating the market's potential to clear, the model derives the net stock shortfalls or excesses, broken down by tenure, size and price. It assesses net housing requirements by comparing the elements of demand, needs and supply in terms of their interaction over short and longer time periods.

The elements of demand and need are as follows:

- Established households moving home
- In-migrant households to the area
- Hidden households emerging into the market
- Additional homeless households.

The supply of housing is generated by:

- Established households wanting or having to move home
- Out-migration from the area
- Household dissolution through deaths
- Reductions in the transactional and long-term vacancy rates.

The following sections of this chapter consider the ORS Housing Market Model analysis of the components of demand, need and supply in assessing Ceredigion's housing market.



## Housing Requirements: Demand and Need

As discussed in Chapter 2, housing requirements comprises both housing need and housing demand – the former addressing the needs of households without adequate housing who are unable to resolve their situation without assistance, and the latter addressing the preferences of those households who have the ability to pay.

Chapter 3 of the report assessed the overall level of housing need using the Basic Needs Model framework proposed by the School of Planning and Housing, Edinburgh College of Art/Heriot-Watt University. This section considers the overall housing requirements for Ceredigion through the use of the ORS Housing Market Model, and considers both demand and need for housing in the county.

### ESTABLISHED HOUSEHOLDS

In total, 15.4% of all households would like to move (including those who consider they need to move), equivalent to 4,867 households in total. Slightly fewer (11.6%) households actually expect to move within the next 2 years, equivalent to 3,675 households. Figure 4B.1 provides a matrix of aspirations and expectations of moving home in the next two years.

Household Mobility Aspiration & Expectation	Likely to move in 2 years	Not likely to move in 2 years	All Households
Would like to move	3,360	1,507	4,867
Would not like to move	315	26,518	26,833
All Households	3,675	28,025	31,700

**Figure 4B.1: Number of Households Wanting/Likely to Move**

The total number of households is derived from the National Statistics, Statistics Bulletin, Mid Year Household Estimates for Wales 2000. The estimate has been projected forward on the basis of past trends and adjusted to take account of student households.

In the following analysis, all households who expect to move, or want to move are considered – equating to a total of 5,182 households.

Of these households - 21.6% (1,118 households) expect to leave Ceredigion (see figure 4B.2).

Household Mobility Aspiration & Expectation	Households Destination
Within Ceredigion	4,064
Away from Ceredigion	1,118
All Households	5,182

**Figure 4B.2: Number of Households who expect to leave Ceredigion**



These 1,118 households are removed from the remaining housing requirement calculations, as they do not constitute a demand on Ceredigion's housing.

Of the remaining 4,064, 130 households are either going to live with family or friends or rent a room in lodgings. These households are also removed and the following analysis is therefore based on 3,935 households that possibly have a requirement for housing in Ceredigion.

In analysing the overall housing requirement, both households that would like to move and those who felt it likely they would move over the next two years were considered. Figure 4B.3 indicates those households that *need* to move from their current home based on its suitability for their need (as described in Section 2B).

Household Mobility Aspiration & Expectation	Need to move	Do not need to move	All Households
Would like to move and Likely to move in 2 years	552	1,876	2,428
Would not like to move and Likely to move in 2 years	0	116	116
Would like to move and Not likely to move in 2 years	409	981	1,390
All Households	962	2973	3,935

**Figure 4B.3: Number of Households that Need to Move**

In total, 24.4% (962) of these households actually need to move due to unsuitability problems with their current home. It is not surprising that over two-fifths (43%) of those households needing to move (409 out of 962) indicated that they would like to move but did not consider it likely that they would do so in the next two years. Of those 409, 34.1% would not do so due to the local house price's being too expensive, and 29.8% felt that they would not be able to move because it was difficult to obtain council/HA tenancies. Around 10% would not move because they can't find the deposit needed, because can't sell their home or because they don't think they would get housed on a council waiting/transfer list. It is also interesting to note that 14.2% of these households (58 out of 409) already live in social sector housing, many waiting to transfer to a more suitable property.

Some households are likely to move even though they do not actually wish or need to move home. The main reasons for these households moving are shown below (it should be noted that this is based on a small number of cases from the survey):

- To improve job prospects
- Want a garden/larger garden
- End of tenancy
- To live near family
- Current home is too small
- To get married/live with partner
- To take up a new job.



Of all households possibly moving, 3,232 (82.1%) currently live in the private housing sector – either owning their own home or renting from a private landlord. The remaining 703 households live in some form of affordable housing, mainly properties rented from CC or one of the local RSLs.

Household Mobility Aspiration & Expectation	Households Wanting or Likely to move in 2 Years
Private Sector	3,232
Social Sector	703
All Households	3,935

**Figure 4B.4: Current Housing for Households Wanting/Likely/Needing to Move**

### Established Households Currently Living in the Private Sector

Figure 4B.5 considers those households currently living in private housing that want or are likely to move in the next two years. The table shows whether these households can afford to buy or rent a new home without subsidy and whether they actually *need* to move to another home.

Household Mobility Aspiration & Expectation	Households Living in Private Sector Housing that Want to Move or are Likely to Move within 2 years				All Households
	Can afford to buy/rent without subsidy		Cannot afford to buy/rent without subsidy		
	Need to Move	No Need to Move	Need to Move	No Need to Move	
Would like to move <b>and</b> Likely to move in 2 years	162	1155	201	498	2,016
Would not like to move <b>and</b> Likely to move in 2 years	-	97	-	19	116
Would like to move <b>and</b> Not likely to move in 2 years	188	611	163	138	1,100
All Households	350	1,863	364	655	3,232

**Figure 4B.5: Number of Households living in Private Sector Housing Wanting/Likely/Needing to Move**

When considering the DETR model “Backlog Need” in section 3B, it was noted that 714 households are currently living in unsuitable private sector housing and need to move to resolve their housing problems. 51.0% of these households cannot afford to buy or rent privately – equivalent to 364 households across Ceredigion. These households (highlighted in blue in figure 4B.5) have already been identified as being in Housing Need, and together with the need identified from 158 households currently homeless or otherwise yet to form, accounted for the 522 households identified as the “Backlog Need”. To address these needs, the DETR model assumed a 20% multiplier to clear the backlog over a five-year period, and (as noted in our earlier analysis) it was assumed that 104 units per year would be required.



In terms of housing demand, 1,414 households (highlighted in green in figure 4B.5) are likely to move over the next two years and can afford to buy or rent privately without subsidy. It is reasonable to halve this requirement to convert to an annual demand – a total of 707 units per year. Figure 4B.6 notes the likely new tenure of these households.

Tenure Expectation	Annual Demand
Owned outright	258
Owned with mortgage or loan	303
Rented from CCC	4
Rented from RSL	40
Rented privately	102
All Households	707

**Figure 4B.6: Housing Demand Tenure Expectations for Households Living in the Private Sector**

Whilst 44 households indicate that they expect to rent from the Council or from one of the RSL's, they have passed the affordability test and are therefore deemed to not require subsidised housing – but it is assumed that they will rent their next home.

Of the remaining households, a further 517 (highlighted in purple) expect to move within the next two years – but, on an objective basis, they currently lack sufficient resources to do so. Unlike the 364 (blue) households in housing need, these households currently live in suitable housing (that is, they do not *need* to move) and therefore they are currently neither considered a need nor an effective demand on the housing market. Nevertheless, as noted when considering “Newly Arising Need”, it is assumed that 29 established households currently living in the private sector will fall into priority need each year.

Finally, whilst the 937 households highlighted in red may like to move, none expect to do so over the next two years (though 636 of them consider a move likely sometime in the next five years). Once again, they are neither considered a need nor an effective demand on the housing market.

### **Established Households Currently Living in the Social Sector**

Figure 4B.7 considers households currently living in social sector housing that want or are likely to move in the next two years. The table shows whether these households can afford to buy or rent a new home without subsidy and whether they actually ‘need’ to move home.





Household Mobility Aspiration & Expectation	Households Living in Social Sector Housing that Want to Move or are Likely to Move within 2 years				All Households
	Can afford to buy/rent without subsidy		Cannot afford to buy/rent without subsidy		
	Need to Move	No Need to Move	Need to Move	No Need to Move	
Would like to move and Likely to move in 2 years	-	26	190	197	413
Would not like to move and Likely to move in 2 years	-	-	-	-	-
Would like to move and Not likely to move in 2 years	-	53	58	179	290
All Households	-	79	248	376	703

**Figure 4B.7: Number of Households living in Social Sector Housing Wanting/Likely/Needing to Move**

In addition to the 364 households living in private sector accommodation and the 158 “non-households” currently in housing need, a further 248 households living in social sector housing (highlighted in blue in figure 4B.7) are also in housing need. These households were excluded from the DETR model – for in moving to satisfy their own needs, they would also be releasing a social sector home, thereby creating a net nil requirement. Nevertheless, they must be included in profiling the overall housing market – for the type of dwellings they need obviously differs from those dwellings they currently occupy. As with the “Backlog Need” in the private sector, we have assumed a five-year period for the need to clear – which implies that 50 transfers are required each year to clear this need within the social sector.

Some households in the social sector will constitute housing demand as they move into the private sector. In total, 26 households (highlighted in green in figure 4B.7) consider it likely that they will move in the 2 years and have sufficient resources to buy or rent privately without subsidy. Once again, this demand can be annualised to 13 units per year and we can consider the likely tenure of these households.

Tenure Expectation	Annual Demand
Rented from CCC	7
Rented from RSL	6
All Households	13

**Figure 4B.8: Housing Demand Tenure Expectations for Households Living in the Social Sector**

Whilst 13 households are deemed able to afford to buy or rent privately, they expect their next home to be rented from the Council or from one of the RSL’s. Insofar as these households already occupy a dwelling rented from the Council or an RSL, it is unlikely that they would choose to move into the private rented sector. If alternative Social Sector accommodation did not become available, they would probably remain in their current home, therefore rather than assuming that these households will move into the private sector and provide additional social sector vacancies (which are unlikely to be realised in practice), their demand is not considered effective (and is therefore discounted from the total demand identified) and any



needs are added to the social sector transfer requirements. This increases the total number of necessary transfers to 274 and the annual need to 55 transfers each year.

As with the private sector, a number of other households in the social sector who would like to move will be considered neither a need nor an effective demand on the housing market. 197 households (highlighted in purple) expect to move but currently lack sufficient resources to do so on an objective basis, and a further 232 households (highlighted in red) would like to move, none expect to do so over the next 2 years (and none of them consider a move likely sometime in the next 5 years). Of these households, we estimate 35 will fall into need each year due to changing circumstances and will therefore require a transfer within the stock.

### Summary of Established Households' Housing Requirements

Through considering the effective demand for housing from established households alongside the needs of established households currently in unsuitable accommodation who are unable to afford appropriate housing and the needs of those households likely to fall into priority need each year, there is an annual requirement of 899 units. Nevertheless, in vacating their current home, these established households will also provide an equivalent supply of housing.

Source of Requirement	Established Households' Annual Housing Requirement		
	Private Sector	Social Sector	Total
Annual requirement to reduce backlog need (assuming 20% multiplier)	73	55	128
Newly arising need	29	35	64
Annual Housing Need	102	90	192
Annual Housing Demand	707	-	707
Established Households' Housing Requirement	809	90	899

**Figure 4B.9: Annual Housing Requirement: Need and Demand from Established Households Moving**

### NEW HOUSEHOLDS

The housing requirements of new households include both housing demands and housing needs of all households not currently living in their own independent home within Ceredigion. Such households include newly forming households (i.e. individuals previously living with another household within the county), in-migrant households previously living outside the county, homeless households currently in temporary accommodation and individuals previously in institutional accommodation.

#### Newly Forming Households

Newly forming households have previously been considered in section 3C as a component of Newly Arising Need within the Basic Needs Assessment Model. Survey data indicated that 668 households had newly formed within the last 2 years, equating to a rate of 334 households per year. On the basis of these identified trends, we assume that likely future household formations will continue at a comparable rate.

Of those households that formed within the last 2 years, 59.2% required assistance with their housing costs and were therefore deemed to be in



housing need (as discussed in 3C). The remainder (40.8%) were able to afford to buy or rent without subsidy and their requirements should therefore be considered as an effective housing demand.

In summary, we would therefore project annual housing requirements from newly forming households to constitute a demand of 136 units on the housing market in addition to a need for 198 units.

### **In-migrant Households**

The definition and characteristics of in-migrant households were also introduced in section 3C, and information on such households is also derived through considering trend-based survey data. Over the last 2 years, 2,345 households have moved to the county from elsewhere – suggesting an inward migration rate of 1,173 households each year. Of these households, the majority constituted an effective housing demand insofar as they were both able to access housing in the private sector and able to afford the associated costs. Only 8.1% were unable to buy or rent in the housing market without subsidy and were therefore deemed to be in housing need.

In terms of annual requirement, 1,078 in-migrant households per year are able to rent or buy without subsidy and therefore should be considered within the housing demand. In addition, a further 95 in-migrant households per year require assistance with their housing costs, and are considered within the housing need analysis.

### **Other New Households**

The need aspect of each of these two sources of requirement was considered as “Newly Arising Need” within the context of the Basic Needs Assessment Model. No households were identified that would need assistance to form as they left institutional accommodation.

In terms of “Backlog Need”, 158 “non-households” were identified (including homeless households currently living in temporary accommodation and potential households unable to form independently). Through applying a quota of 20% to progressively reduce this backlog over a period of five years, these households constitute an additional annual need of 32 units.

### **Summary of New Households’ Housing Requirements**

The requirements of new households can therefore be summarised as follows:

Source of Requirement	New Households’ Annual Housing Requirement		
	Housing Need	Housing Demand	Total
New household formation (gross)	198	136	334
Ex-institutional population moving into community	-	-	-
In-migrant households	95	1,078	1,173
Annual requirement to reduce backlog need from “non-households” (assuming 20% multiplier)	32	-	32
<b>New Households’ Housing Requirement</b>	<b>325</b>	<b>1,214</b>	<b>1,539</b>

**Figure 4B.10: Annual Housing Requirement: Need and Demand from New Households**



## OVERALL HOUSING REQUIREMENTS

In summary, figure 4B.11 gives the overall annual demand, need and housing requirement generated by both new and established households.

Source of Requirement	Annual Housing Requirement		
	Housing Need	Housing Demand	Total
Established households living in the: Private sector	102	707	809
Established households living in the: Social sector	90	-	90
New households	325	1,214	1,539
Total Requirement	517	1,921	2,438

**Figure 4B.11: Annual Housing Requirement: Need and Demand from All Households**

A total of 2,438 households are identified as likely to require housing within Ceredigion over the next year, of which 517 households require subsidy to access the local housing market. Much of the overall requirement will be satisfied through vacancies arising within the existing housing stock, and the likelihood of such provision is considered in section 4C.

### Summary

There is an annual housing requirement from 2,438 households. 517 of this is made up of households in need and 1,921 is households with housing demand. However, some of this annual requirement will be accommodated in existing housing as units are vacated. Housing supply is considered in the next section.



Housing supply will obviously become available as new properties are developed and introduced into the housing stock, however such supply is often relatively marginal in comparison with housing becoming available as previous occupants vacate existing properties. As previously discussed, the supply of housing is generated by:

- Established households moving home
- Out-migration from the area
- Household dissolution through deaths

The Housing Market Model considers such potential vacancies in the context of housing demand to provide an overall analysis of any shortfalls (or surpluses) that may require the provision of new housing.

### Established Households Vacating Properties

Potential vacancies are realised when established households who wish to move within Ceredigion (for whatever reason) do so. In moving they create as many vacancies as they take up. At least in some cases, the released vacancies will be accessible to less well-off households. In housing needs studies it is important to profile the group(s) who cannot access the private sector vacancies, and also to profile any 'spare' stock that cannot be taken up.

The survey data giving the profile of potential vacancies over the next two years by the tenure, rent or purchase price and size of dwellings is used to derive an average annual profile of vacancies that is then used in the modelling

Figure 4C.1 details the annual supply of properties from established households vacating their current homes. Whilst these houses are not suitable for the current households that occupy them, they may be suitable for others, and therefore become part of the supply.

Current Tenure	Established Households Moving		
	Housing Need	Housing Demand	Total
Owner Occupied	23	504	527
Rented from CCC	40	-	40
Rented from RSL	50	-	50
Rented privately with HB	35	72	107
Rented privately without HB	44	132	176
Rented from employer	-	-	-
Annual total	193	707	900

**Figure 4C.1: Supply From Established Households Vacating Properties by Need & Demand**



## Out migrants

The model also takes into account likely vacancies arising from households moving out of Ceredigion in the next two years. Importantly, out-migrant households will release properties but do not require housing within the county: they are a source of net supply of housing.

On the basis of the survey data, the numbers of and profile of those expecting to be out-migrants over the next two years are used to derive an average annual picture that is used in the modelling. The likely tenure, rent or purchase price, and number of bedrooms of the vacancies to be released are based on the current homes of the likely out-migrant households (from their responses in the survey).

Figure 4C.2 shows that 642 properties will become part of the supply annually due to households leaving the county.

Current Tenure	All Households
Owner Occupied	321
Rented from CCC	43
Rented from RSL	29
Rented privately with HB	40
Rented privately without HB	185
Rented from employer	24
Annual total	642

**Figure 4C.2: Supply From Out-migrant Household Vacating Properties**

It is interesting to note that 15% of those in the survey who felt they were likely to leave the County in the next two years stated that they would want to stay in Ceredigion if they could find a suitable home at an affordable price.

## Household dissolution following death

A further factor taken into account in the modelling is the effect of household dissolution caused by death on the supply of vacant dwellings. For all households, depending upon their household profiles (age and gender), the probability of one or more members dying is calculated; and the probability of such deaths causing the dissolution of the affected households is also calculated.

The housing market model takes into account the differential impact of varying death rates on the generation of vacancies in the housing stock, broken down by tenure, price and size, and based upon the probability of total household dissolution. The tenure, rent or purchase price, and size of the potential vacancies are based on the current homes of the households concerned. In general, deaths and consequent household dissolution can cause a considerable number of vacancies per annum. Figure 4C.3 details the annual number of properties provided to the supply chain as a result of complete household dissolution.



Current Tenure	All Households
Owner Occupied	227
Rented from CCC	61
Rented from RSL	19
Rented privately with HB	16
Rented privately without HB	71
Rented from employer	-
Annual total	394

**Figure 4C.3: Supply From Household Dissolution Following Death**

The supply of housing through existing households vacating properties, outward-migrants, and household dissolution is summarised in figure 4C.4.

Current Tenure	Established Households Moving	Out-migrant Households Moving	Household Dissolution	Annual Total
Owner Occupied	527	321	227	1,075
Rented from CCC	40	43	61	144
Rented from RSL	50	29	19	98
Rented privately with HB	107	40	16	163
Rented privately without HB	176	185	71	432
Rented from employer	-	24	-	24
Annual total	900	642	394	1,936

**Figure 4C.4: Components of Supply, by Tenure**

## Summary

There is an annual supply resulting from 1,936 households vacating their home. Most of this results from established households moving within the County (900), but a significant number will be households leaving the County (642). 394 households are likely to dissolve due to death. The supply will go some way to meeting the County's housing requirement.



### **Net Housing Shortfall: A Function of Shortfalls *and* Surpluses**

Typically, due to the pattern of needs and aspirations in communities, the net housing shortfall (normally but not necessarily a figure showing an overall shortfall of homes) is a product of component shortfalls *and* surpluses within the housing market. That is, while there may be a net shortfall of housing overall, there are usually constituent surpluses as well as shortfalls, whether in component sub-areas or for one or other of the tenures or house size groups.

The net housing shortfall (or surplus) considers housing requirement (housing demand and housing need) in the context of housing supply. In comparing the profiles of requirement and supply, the model seeks to make best use of the available housing stock by distinguishing between what might be called *gross housing shortfall* and *net housing shortfall*.

The point of the distinction is that the gross sum of people's aspirations might well imply a high level of new housing provision in one particular tenure even while leaving vacant adequate housing in other tenures. For example, the gross demand for owner-occupation (from people currently in other tenures) could be taken to imply that many more such homes should be provided even if such provision would mean that all the otherwise adequate private rented housing would be deserted in the shift across tenures. Instead, though, of just quantifying gross demand by tenure, an adequate estimate of housing requirements must compute the *net housing shortfall* on the assumption that the best possible use should be made of the existing satisfactory housing stock. There are at least three main reasons for taking this approach:

- Any scenario that supposes a total transfer of households from satisfactory housing in one tenure to another tenure is unlikely to be realised in practice since it would require such a very sharp increase in new housing provision. Hence, an estimate of housing shortfall based upon this assumption would be unrealistic in the extreme.
- The wholesale transfer of households across tenures would not make the best use of the currently available satisfactory housing stock (on the assumption that such homes might remain vacant).
- Even if the transfer-by-tenure scenario were to be achieved, it would be only fleeting – since the empty homes would hardly remain vacant for long. While there might be a short-term reduction in house prices, the overall effect would be an increase in housing demand – most probably through increased in-migration from (surrounding) counties with higher prices, fewer homes on the market and indigenous pressure on resources.

Therefore, the ORS housing market model emphasises not gross housing shortfall, but net housing shortfall, based upon the best possible utilisation of the housing stock. That is, it computes the overall net requirement for new housing on the assumption that adequate housing within the stock will continue to be beneficially occupied. In particular, rather than assume that the production of a surplus of private rented accommodation is a possible or





desirable scenario, the model assumes that such homes will continue to be used (and, in many cases, subsidised through housing benefits).

### The Matching Approach

The model is allocative in using a 'matching' procedure to assess the extent to which actual and potentially available dwellings in the housing stock are suitable for the requirements of households seeking or needing housing. By estimating the market's potential to clear, the model derives the net stock shortfalls or excesses, broken down by tenure, size and price. The model notionally assigns – or matches – available housing to households.

There is no single right answer to the question of how well the available stock matches households' requirements, and so the model can be used to test assumptions and to constrain households' subjective preferences or expectations against more stringent objective criteria.

The ORS Housing Market Model considers the gross annual flows of households between each of the main tenures within the County. Such an approach is considered by the DETR to be a development of the Basic Needs Assessment Model:

*The value of this approach is that it makes the connections between what is happening in the private sector and the social sector explicit. It keeps track of households, who can't just disappear without trace, and draws particular attention to the roles of migration and private renting (p31, DETR 2000).*

Through considering the housing market as a matrix of housing 'origins and destinations', the model matches housing requirements and potential supply as illustrated in figure 4D.1 below:

Source of Requirement/Supply		Established Households Moving to:			Out-migrant Households Moving	Household Dissolution	Total Housing Supply
		Owner Occupied	Rented without Subsidy	Subsidised Housing			
Established Households Moving From:	Owner Occupied	497	7	23	321	227	1,075
	Rented from CCC	-	-	40	43	61	144
	Rented from RSL	-	-	50	29	19	98
	Rented privately with HB	-	72	35	40	16	163
	Rented privately without HB	64	68	44	185	71	432
	Rented from employer	-	-	-	24	-	24
New Households:	New household formation (gross)	64	72	198			
	Ex-institutional population moving into community	-	-	-			
	In-migrant households	778	299	95			
	Annual requirement to reduce backlog need from "non-households" (assuming 20% multiplier)	-	-	32			
<b>Total Housing Requirement</b>		<b>1,403</b>	<b>518</b>	<b>517</b>			

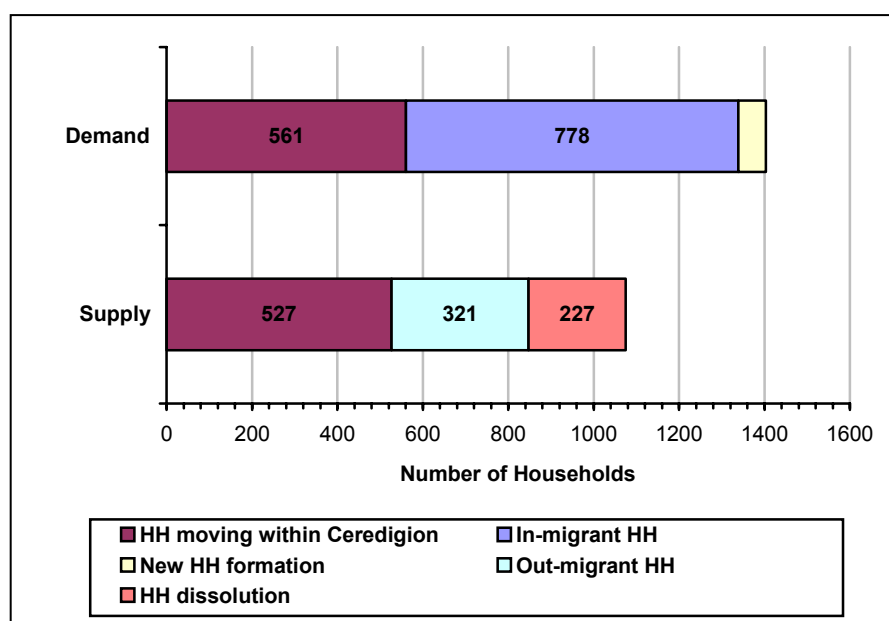
**Figure 4D.1: Supply From Established Households Vacating Properties by Need & Demand**



### Net Housing Shortfall: Owner Occupation

The Housing Market Model has assessed an overall effective demand for 1,403 owner occupied dwellings each year. Figure 4D.2 illustrates that 40% of this demand is from established households currently living in Ceredigion (497 who already own a property in the County and 64 who rent without the assistance of housing benefit). The remaining demand is generated primarily by households moving into the county from elsewhere (778 each year) with some demand apparent from newly forming households (64).

The identified demand is offset by an anticipated supply of housing becoming available as households vacate existing properties. This supply equates to 1,075 units over the year, generated mainly by existing owner-occupiers moving within the County (527), others moving to new homes outside Ceredigion (321) and the 227 units identified as likely to become vacant following the complete dissolution of the existing household.



**Figure 4D.2: Owner Occupation Housing Demand and Supply by Source**

The anticipated demand from 1,403 households offset against the likely supply of 1,075 dwellings results in an annual shortfall of 328 owner occupied units. Through the Housing Market Model, we are able to consider this net shortfall in terms of size and price of dwellings required.

Size of Property	Housing Demand	Housing Supply	Net Shortfall (Surplus)
One bedroom	52	23	29
Two bedrooms	289	253	36
Three bedrooms	597	541	56
Four bedrooms	351	170	181
Five or more bedrooms	115	87	28
All property sizes	1,403	1,075	328

**Figure 4D.3: Owner Occupation Demand and Supply by Property Size**

Whilst it is important to consider households aspirations, it is also important to consider the provision of new housing in the context of what households would accept. In considering effective demand, all of the established



households seeking owner occupied housing in the area have been objectively assessed as being able to afford local housing – and the following table summarises the number of bedrooms that they would like in their new home and the minimum number of bedrooms that they would accept.

Size of Property	Demand from Established Households Moving	
	Number of Bedrooms Sought	Minimum Number of Bedrooms Acceptable
One bedroom	0	10
Two bedrooms	55	94
Three bedrooms	256	245
Four bedrooms	193	174
Five or more bedrooms	57	37
All property sizes	561	561

**Figure 4D.4: Size of Owner Occupied Properties Sought by and Acceptable to Established Household**

Whilst a considerable number of established households would like a property with four or more bedrooms (250 out of 561 households), fewer than two-in-five would insist on a property of this size.

Figure 4D.5 considers the net shortfall adjusted to account for differences between the number of bedrooms sought and what would be acceptable as a minimum to these established households. We have looked at the difference between the minimum number of bedrooms acceptable and the number of bedrooms sought by established households (from figure 4D.4), and this difference has been added onto the total demand from figure 4D.3. This is then compared to supply to calculate the shortfall/surplus in figure 4D.5.

Size of Property	Net Shortfall (Surplus)	% of Net Shortfall	% of Gross Shortfall
One bedroom	39	12%	12%
Two bedrooms	75	23%	23%
Three bedrooms	45	14%	14%
Four bedrooms	162	49%	49%
Five or more bedrooms	8	2%	2%
All property sizes	328	100%	100%

**Figure 4D.5: Net Shortfall (Surplus) of Owner-Occupied Property**

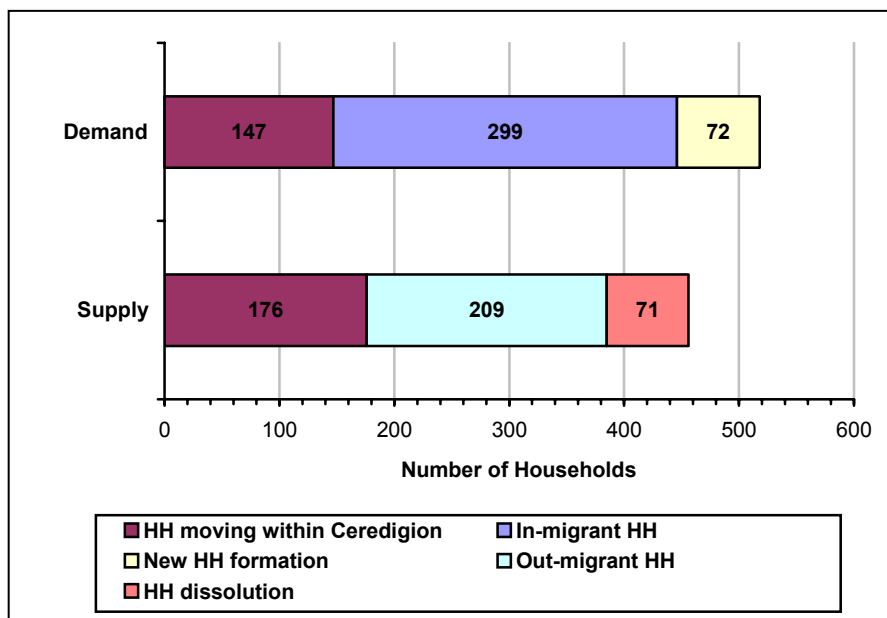
Considering the distribution of the shortfall, the Model suggests considerable requirements for additional two- and especially four-bedroom homes.

### **Net Housing Shortfall: Rented Housing Without Subsidy**

An overall effective annual demand for 518 rented units was identified (i.e. without the need for subsidy). Figure 4D.6 illustrates that the majority of this demand (57.7%) is from households moving to Ceredigion from elsewhere (299 each year). There is evidence of some demand from established households moving within Ceredigion mainly from other private rented property (147) and further demand is generated by newly forming households (72).



Once again, the identified demand is offset by an anticipated supply of housing becoming available as households vacate existing properties. This supply equates to 456 units over the year, generated mainly by existing tenants moving within the county (176) and out-migrant households (209). There is some supply generated following the complete dissolution of some existing households (71). Whilst households who were dependent on benefits vacate some further properties in the private rented sector, it is assumed that the type of housing is likely to continue satisfying the needs of those renting with subsidy and therefore this supply is not considered within this category.



**Figure 4D.6: Rented Housing Demand and Supply by Source**

The demand from 518 households offset against 456 dwellings being vacated results in an annual shortfall of 62 rented units without subsidy. Through the Housing Market Model, we are able to consider this net shortfall in terms of size of dwellings.

Size of Property	Housing Demand	Housing Supply	Net Shortfall (Surplus)
One bedroom	164	182	(18)
Two bedrooms	188	157	31
Three bedrooms	156	79	77
Four bedrooms	10	26	(16)
Five or more bedrooms	-	12	(12)
All property sizes	518	456	62

**Figure 4D.7: Rented Housing Demand and Supply by Property Size**

The net shortfall comprises both surpluses and shortfalls. There is an apparent surplus of 18 one-bedroom, 16 four-bedroom and a further 12 five+-bedroom properties offset by a shortfall of 31 two-bed and 77 three-bed dwellings.



Size of Property	Net Shortfall (Surplus)	% of Net Surplus	% of Gross Surplus
One bedroom	(18)	(29%)	-
Two bedrooms	31	50%	29%
Three bedrooms	77	124%	71%
Four bedrooms	(16)	(26%)	-
Five or more bedrooms	(12)	(19%)	-
All property sizes	62	100%	100%

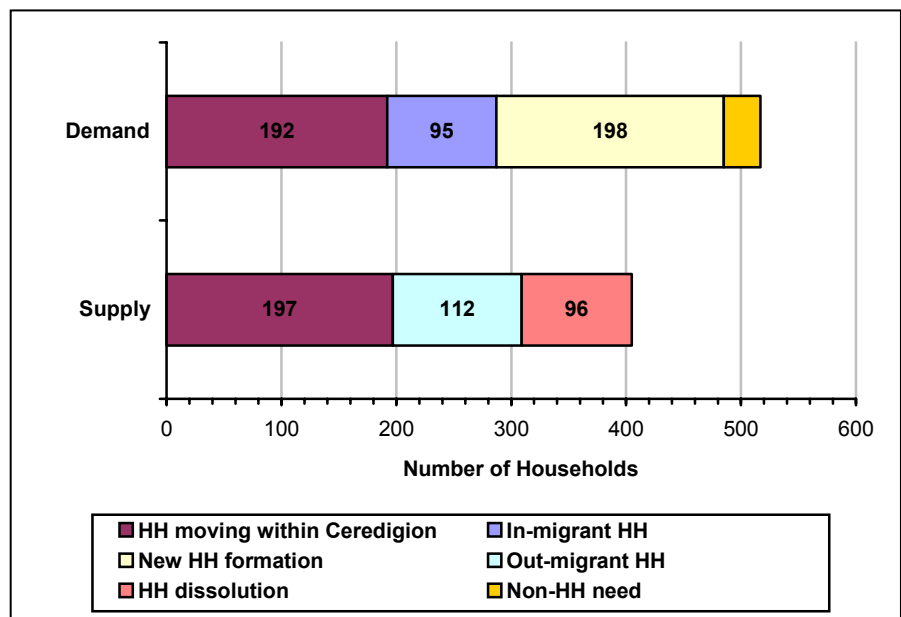
**Figure 4D.8: Net Shortfall (Surplus) of Rented Property**

Whilst there is an apparent shortfall in three-bed properties to let, in practice some of these households may actually rent a four-bedroom home (if they can afford to do so) where there is currently enough supply. Furthermore, the balance between owner occupation and the private rented sector is controlled to a great extent by individual private landlords, and if they experience lower demand for one-, four- and five+-bed homes, such properties may appear back on the owner-occupied market.

### Net Housing Shortfall: Subsidised Housing

The Housing Market Model identified an overall annual need for 517 subsidised units. Figure 4D.9 illustrates that 81.6% of this demand is from local households, 192 of which are previously established, 32 being non-households (either homeless or previously living in institutional housing) and a further 198 being other newly forming households. There is also need identified from in-migrant households, who are obtaining subsidy mainly through the provision of housing benefit.

The identified demand is offset by an anticipated supply of housing becoming available as households vacate existing properties. This supply equates to 405 units over the year, generated by existing households moving within the county (197), out-migration (112) and household dissolution due to death (96).



**Figure 4D.9: Subsidised Housing Demand and Supply by Source**



The needs of 517 households offset against 405 subsidised homes being vacated results in an annual shortfall of 112 subsidised units. Once again, we can consider this net shortfall in terms of size of dwellings required.

Size of Property	Housing Need	Housing Supply	Net Shortfall (Surplus)
One bedroom	197	100	97
Two bedrooms	215	151	64
Three bedrooms	92	145	(53)
Four bedrooms	0	10	(10)
Five or more bedrooms	13	-	13
All property sizes	517	405	112

**Figure 4D.10: Subsidised Housing Need and Supply by Property Size**

The net shortfall of subsidised housing comprises both surpluses and shortfalls.

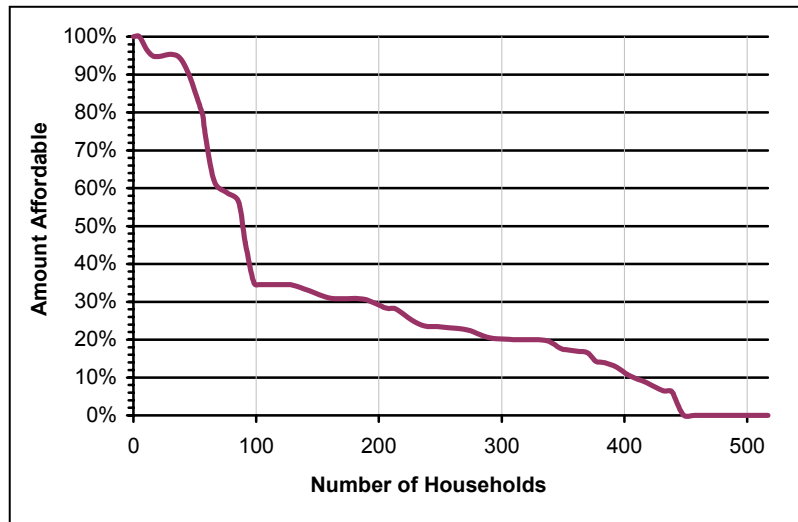
Size of Property	Net Shortfall (Surplus)	% of Net Shortfall	% of Gross Shortfall
One bedroom	97	87%	55%
Two bedrooms	64	57%	37%
Three bedrooms	(53)	(47%)	-
Four bedrooms	(10)	(9%)	-
Five or more bedrooms	13	12%	7%
All property sizes	112	100%	100%

**Figure 4D.11: Net Shortfall (Surplus) of Subsidised Property**

Considering the distribution of the shortfall, the model suggests a considerable requirement for additional one-bedroom homes (55% of the shortfall) with requirements for two- (37%) and five+-bed properties (7%).

In terms of affordability, by comparing households' needs against their affordability, we can assess requirements for alternative forms of subsidised housing. Figure 4D.12 illustrates the proportion of the required minimum amount that households are able to afford without subsidy.





**Figure 4D.12: Affordability of Households Needing Subsidy**

It is apparent that a number of households in need of affordable housing are likely to be able to contribute towards their housing costs. In fact, 78 of the 517 households in need are able to contribute at least 50% of the minimum amount required to purchase housing of an appropriate size, with 8 of such households able to afford the minimum threshold.

Nevertheless, the second hand market considerably influences the access thresholds derived. It is unlikely that new housing would be available at these prices, but it is not necessarily appropriate to consider new properties currently on the market – for many such developments will often be on small sites and will normally include properties of a relatively high specification. Obviously, these factors will influence the asking price for such dwellings, and it is therefore not appropriate to use such prices as likely thresholds for new housing provided as “low cost market housing” (i.e. at the cheaper end of the market but without subsidy).

The cost of providing new housing is usually based upon the area of the new dwelling. Whilst the size of new dwellings will vary, the cost per square foot (or square metre) will normally remain constant. However, when we consider the existing housing market, the properties with most demand (or the properties with least supply) will tend to be relatively more expensive.

This is illustrated in figure 4D.13, where it is apparent that the access thresholds for properties in Ceredigion are higher for four- and five+- bed homes than for one/two- and three-bed properties.

Size of Property	Access Threshold	Cost per sq ft
One/Two bedroom	£71,514	c.£107
Three bedrooms	£96,141	c.£109
Four bedrooms	£138,400	c.£116
Five or more bedrooms	£159,616	c.£116

**Figure 4D.13: Owner Occupation Access Thresholds: Estimated cost per square foot**

Larger properties (i.e. those with four or more bedrooms) also appear more expensive per square foot.

The cost of providing new dwellings varies across the country, not least due to relative land values. If we were to assume that basic specification new dwellings could be provided for a price in the region of £130 per square

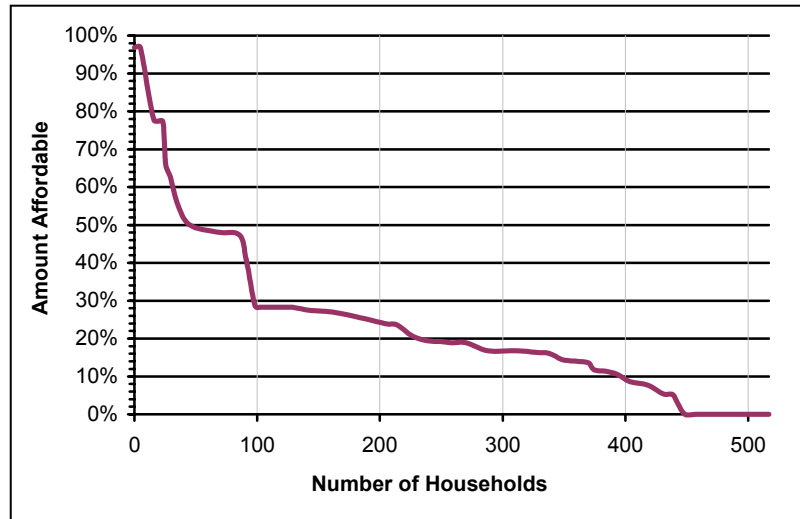


foot, the cost of a one/two-bed home would be about £85-89K, £112-117K for a 3-bed unit, £152-158 for a 4-bed property and £175-182 for a 5+-bed home. Whilst these prices may be lower than new properties currently available on the market, they are also considerably more expensive than the access thresholds for properties more generally that were identified on the basis of Land Registry data in section 2C (see figure 4D.14).

Size of Property	Access Threshold	Basic Specification New Build	% Difference
One/Two bedroom	£71,514	£85-89K	+ 22%
Three bedrooms	£96,141	£112-117K	+ 19%
Four bedrooms	£138,400	£152-158K	+ 12%
Five or more bedrooms	£159,616	£175-182K	+ 12%

**Figure 4D.14: Owner Occupation Access Thresholds: Overall and New-build**

As many mixed-tenure housing solutions rely on newly developed homes, we must re-assess household affordability in the context of these higher thresholds.



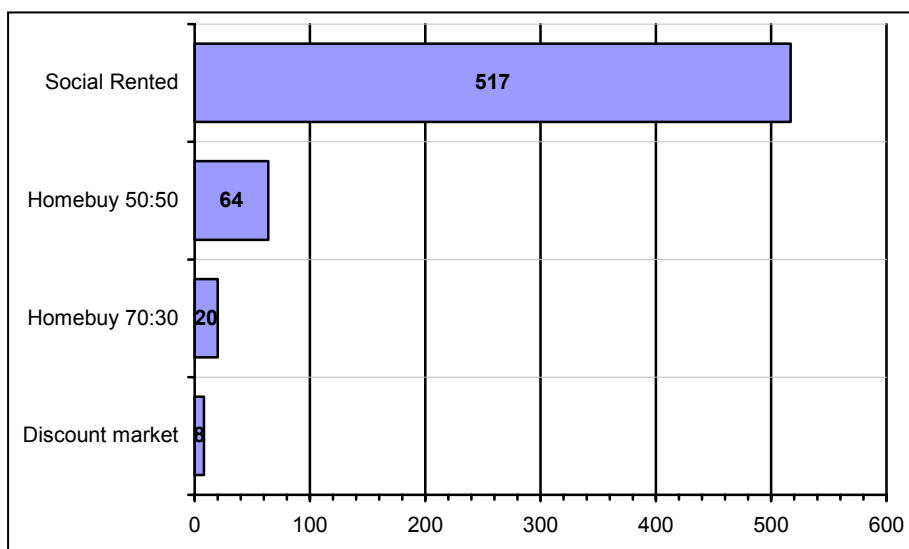
**Figure 4D.15: Affordability of Households Needing Subsidy**

On the basis of the revised access prices, 8 households are able to afford discount market housing with 10% subsidy and 12 able to afford with subsidy of between 20% and 30%. Many of these households were identified as being "in need" on the basis of past trends (including those that had successfully secured a shared ownership home) and therefore would not necessarily have been excluded on the basis of the affordability test previously employed for established households.

Figure 4D.16 below, illustrates the number of households able to afford each of the available options as those unable to afford are progressively discounted.







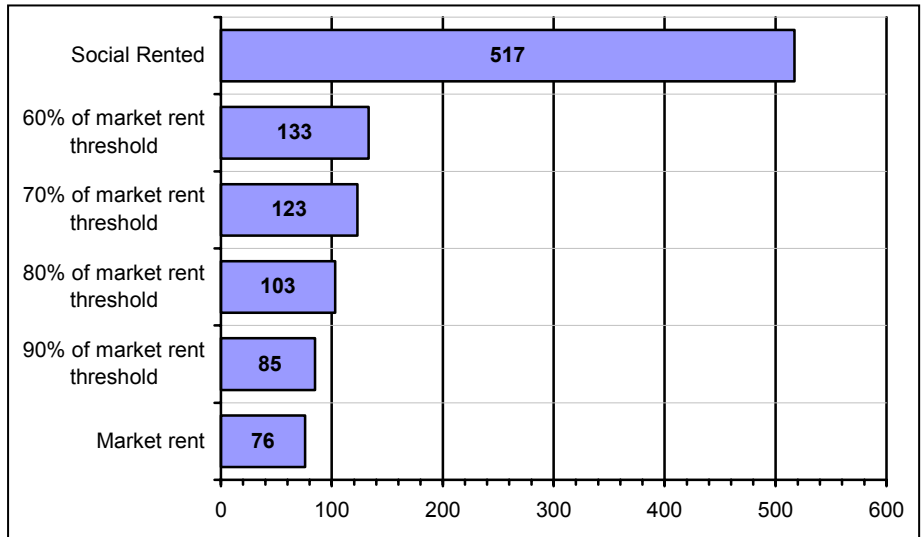
**Figure 4D.16: Households Able to Afford Alternative Types of Housing: Home Ownership/Mixed Tenure Options**

In addition to owner-occupation options, some households in need may be able to afford alternative rented solutions. When we consider the 517 households in need of housing in terms of the amount of rent each could afford, 76 could afford the minimum rent threshold for an appropriately sized property. Once again, whilst established households within the “backlog” would have been discounted, other assessments placing households in need would not necessarily exclude those households able to afford marginally more than the objective threshold.

The housing need of some of these households could be satisfied through the provision of private rented accommodation (without necessarily the need for public subsidy) – though the rents charged would need to be comparable with existing rents at the lower end of the market. Nevertheless, it is these households who are most likely to be able to afford discount market housing, and insofar as many of them aspire to home-ownership this is likely to be their preferred housing solution.

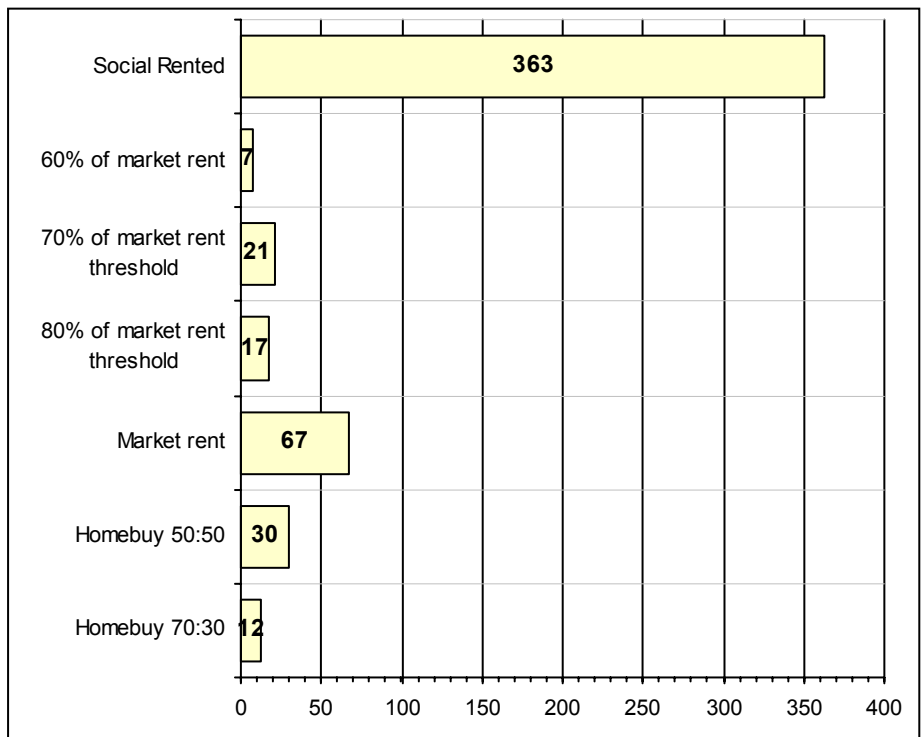
When we consider the potential for sub-market rents (i.e. properties offered at rents below market prices, normally provided by an RSL or another affordable housing provider on a non-profit basis), 9 households could afford at least 90% (but less than 100%) of the full lowest quartile market rent and a further 17 households could afford 80% (but less than 90%) of this threshold.





**Figure 4D.17: Households Able to Afford Alternative Types of Housing: Private Rent/Sub-market Rent Options**

As previously noted, a number of households could afford either a private rent or sub-market rent solution. Of the 517 households in need, 131 indicated that owner occupation was their tenure of choice – though not all are able to afford this housing option. If we consider household preferences for home-ownership against renting their home, we are able to appropriately allocate each of the 517 households in need of affordable housing.



**Figure 4D.18: Affordable Housing Allocation by Housing Type**

Whilst figure 4D.18 illustrates the most appropriate tenure for the 517 households, there is obviously a degree of judgement required in terms of provision. Such decisions would depend on available funding options and individual household choices.



Figure 4D.19 identifies the potential supply of affordable housing (including relets within the social sector, sales of shared ownership properties and properties vacated in the private rented sector suitable for Housing Benefit support) arising as households vacate properties.

Type of Housing	Annual Supply
Rent from CCC	144
Rent from RSL	98
Rented privately and suitable for HB support	163
<b>Total supply</b>	<b>405</b>

**Figure 4D.19: Supply of Affordable Housing**

In allocating the supply, appropriate assumptions are taken to ensure best use of the stock. The overall net shortfall considering all sources of need, demand and supply can be allocated as follows:

Type of Affordable Housing	Net Shortfall (Surplus)	Proportion of Shortfall
Owned		
- Homebuy 70:30	12	11%
- Homebuy 50:50	30	27%
Rented		
- Sub-market rent provided with up to 30% subsidy	17	15%
- Social rent	53	47%
<b>All affordable housing</b>	<b>112</b>	<b>100.0%</b>

**Figure 4D.20: Net Shortfall of Affordable Housing by Housing Type**

Whilst 363 of the 517 households in need (70%) require social rented housing, this is also the main form of housing available within existing stock (all of the 405 identified supply being rented units). Having considered the affordability of households needing subsidised housing, it would seem apparent that whilst there remains need for additional social rented housing, there continues to be considerable scope for alternative affordable housing including Homebuy and sub-market rent schemes. Of course, if other types of affordable housing (such as Shared Ownership or Discount Market Housing) could be provided at comparable costs, such solutions may be equally suitable for households in the county.

## Summary

The ORS housing market model has shown the respective shortfalls and surpluses of different dwelling sizes by tenure. This is summarised in the following Section.



## Summary of Analysis

Having considered the overall requirements for housing in the context of likely supply, we have identified a total net shortfall of 502 dwellings each year. As noted in figure 4E.1, private sector housing constitutes 77% of the shortfall with social housing accounting for the 22% balance. Just over one-tenth (11%) of the net shortfall is social rented housing, and just over another tenth (11%) is for alternative forms of subsidised housing.

Type of Housing	Net Shortfall	% of Shortfall
<b>Private Sector Housing</b>		
Owner occupation	328	65%
Renting without subsidy	62	12%
<b>Subsidised Housing</b>		
Discount Market Housing/ Homebuy	42	8%
Sub-market rent	17	3%
Social Rented	53	11%
All Housing	502	100%

**Figure 4E.1: Net Shortfall (Surplus) of Housing**

In terms of property size, there is an apparent requirement for all but the largest sized homes in the private sector with the majority being three- or four-bedroom properties. In the subsidised housing sector, the requirement is predominantly for additional one- and two- bedroom property.

Size of Property	Private Sector Housing	Subsidised Housing
One-bedroom	21	97
Two-bedrooms	106	64
Three-bedrooms	122	(53)
Four-bedrooms	146	(10)
Five or more-bedrooms	(4)	13
All Housing	390	112

**Figure 4E.2: Net Shortfall by Size of Property**

### Summary

There is a shortfall of all dwelling sizes in the private sector except for five or more bedrooms. However, for subsidised housing the shortfalls are mainly for smaller units, with surpluses of three- and four- bedroom homes.



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## Chapter 5

# Housing and Planning Implications

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5A	Housing and Planning Policy.....	94
5B	Housing Need .....	96

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### A National Perspective

The land use planning system is intended to provide an adequate and continuous supply of land that is available and suitable for housing development. The current position in Wales in relation to land supply for housing, and the provision of new housing development, is as set out in "Planning Policy Wales" (WAG, 2002a). This requires local planning authorities in Wales, in making provision for additional new housing, to take account of:

- future household projections;
- local assessment of housing requirements (demand as well as need for additional affordable or subsidised housing);
- the capacity of localities to support additional housing; and
- an Authority's Local Housing Strategy.

In particular, Planning Policy Wales reinforces the importance of Joint Housing Land Availability Studies, originally set out in Technical Advice Note (Wales) 1, published in 1997. This seeks to ensure there is sufficient land available (or becoming available) to provide a five-year supply of sites for new housing development. The responsibility for the preparation and annual updating of these studies rests with the Welsh Development Agency (WDA).

In producing their Unitary Development Plans (UDPs), Welsh local planning authorities are encouraged to develop housing policies which balance social, economic and environmental needs. Specifically, they must take account of:

- latest household projections;
- the capacity of an area to accommodate more housing;
- the needs of the local and national economy;
- social considerations (including unmet needs);
- environmental implications;
- the capacity of the existing or planned infrastructure; and
- local housing needs assessments.

As already noted, local planning authorities are required to ensure that sufficient land is genuinely available (or will become available) to provide a five year supply of land for housing within the terms of the UDP. At the same time, local authorities are urged to address the scope for rehabilitation, conversion, clearance and redevelopment when considering suitable sites for housing development; and in identifying sites for housing, should begin by identifying opportunities for the re-use of previously developed land and buildings within urban areas, then urban extensions and then new development around settlements with good public transport links. The presumption is for redevelopment of previously used land or buildings ahead of greenfield development, except where such sites would not meet the criteria of providing good quality, accessible housing in communities which would be considered sustainable.

Local authorities in Wales are encouraged to use the UDP system not only to co-ordinate new housing development, but also to ensure, through effective corporate working, that strategies for future housing development take full consideration of the local housing strategies. There is evidence in at least



some parts of Wales that greater emphasis has been placed on developing more corporate and systematic local housing strategies, involving not only the relevant local authority departments but also representatives of the private and voluntary sectors as well as the wider community.

Planning Policy Wales also recognises that a community's need for affordable housing is a material planning consideration and should be taken into account in development plan policies. This is supported at present through Technical Advice Note (Wales) 2. In 1999 the Welsh Office Published its Guidance on undertaking local housing needs assessments (Welsh Office, 1999), which has stimulated the production of local assessments, such as the study completed here in Ceredigion.

The Welsh Assembly Government has recently published an advice note to local authorities, "Local Housing Market Analysis" (WAG, 2002b), which offers a new framework for authorities to assess housing needs and demand. This advocates a holistic approach to the local housing system, incorporating demands as well as needs, looking at supply and demand across tenures, by house type and by sub-areas, and incorporating external drivers of local housing market change. This guidance builds upon the earlier 1999 Welsh Office report on local housing needs assessments and supplements the June 2002 main guidance on "Preparing Local Housing Strategies" (WAG, 2002c), which Welsh local authorities are expected to implement by 2004.

Whilst accepting that "affordable housing" targets may be set for specific sites, Guidance suggests a uniform requirement should not be imposed, but that provision should be negotiated between the authority and developers to ensure appropriate provision of long term affordable housing. In rural areas, special arrangements may be made for the release of rural exemptions sites for the provision of affordable housing.

At a national level it is also worth highlighting a number of other recent developments. The Planning Green Paper, "Planning: Delivering for Wales" (WAG, 2002d), published in February this year, proposes further changes to the land use planning system. We understand the intention is to base national land use planning policy in Wales on existing policy guidance (WAG, 2002a), the Wales Spatial Plan, and a single tier of local development plans, to emerge from the existing UDP system. However, there are no plans, as in England, to introduce a formal regional tier of planning in Wales between the unitary authorities and the Assembly. It is anticipated that strategic co-ordination will be provided through informal regional arrangements.

We have already noted the new emerging framework for Local Housing Strategies, and the need to integrate these locally with land use planning policies. It will also be important that both are integrated with the emerging Community Strategies as well as with strategies and policies for areas under "Communities First".



**Evidence of Housing Need:  
The Basic Needs Assessment Model**

We have outlined in section 3 of the report the backlog of existing housing need in Ceredigion, using The Basic Needs Assessment Model. The personal interview survey indicated that of the order of 6,228 households in Ceredigion were, at the time of study, living in some form of unsuitable housing. However, in many cases households do not wish to move or can resolve their own housing needs in situ, for example by having adaptations done to their property. In other cases households who do wish to move may be seeking a move within the existing social housing sector, thus freeing up a vacancy to be utilised by another household. In other instances households living in unsuitable housing are likely to leave Ceredigion. This suggests a backlog of about 714 households in housing need.

Using evidence of rents and house prices in the Ceredigion area we have calculated that just under half (49%) of established households who make up the estimated net backlog of housing requirements are able to afford to either purchase or rent property in the Ceredigion area without recourse to subsidy. Thus just over half of households in the backlog are judged to be in need of subsidised housing. Allowing for a backlog of need from those currently homeless and in temporary accommodation, and taking the mid point of the estimated backlog, then we have estimated a total backlog need equivalent to 522 households. Assuming that it is the intention of the Authority and its partners to clear this backlog progressively over say the next 5 years, then our research suggests an annual need of approximately 104 non-market dwellings.

However, a second element of housing need also has to be considered; that which is newly arising, either because of existing established households falling into housing need, or through newly forming households who will require some form of assistance to access suitable housing. The model has estimated an annual newly arising need from almost 198 newly forming households within Ceredigion who are unlikely to be able to afford market costs of either home purchase or rental. In addition, and based on recent trends, there is an estimated 95 in-migrant households who are likely to be unable to afford market housing. There are also likely to be of the order of just over 29 existing households in Ceredigion who, whilst not currently in need, may fall into this category in any one year, as a result of changes in either their housing circumstances or the make-up of their household.

Taken together, the estimated backlog of unmet housing need and the annualised newly arising housing need, suggest an overall requirement for something of the order of 426 units of affordable housing to meet need on an annual basis. We have estimated that the supply of affordable relets in the social rented sector in Ceredigion is likely to be of the order of 152 dwellings; under half of the estimated requirement, leaving a shortfall of approximately 274 affordable homes (see figure 3E.3).

Using the DETR model we have identified a very significant need for additional affordable housing. However, this raises a number of issues. Firstly, what is it appropriate to regard as affordable housing within the context of Ceredigion? Whilst this may include additional social rented housing, provision (through housing associations) and possibly some forms of traditional low cost home ownership (e.g. Homebuy), it might also include housing for outright sale at discounted market values.





Secondly, in looking at the supply of affordable housing through the Basic Needs Assessment Model, no account is taken of the role of the private rented sector in contributing to the availability of affordable accommodation, particularly where rents are supported by housing benefit. It is likely that some of the 274 households in need of affordable housing will have their needs met in the private rented sector, supported by Housing Benefit. The ORS Housing Market Model takes a more holistic view than the Basic Needs Assessment Model by considering the housing market as a whole. In the case of housing need, the ORS Model considers the role of subsidised housing (i.e. the role of housing benefit) in contrast to the Basic Needs Assessment Model, which does not. The outputs from the ORS Housing Market Model are considered below in the context of overall housing requirements.

## **Overall Housing Requirements: The ORS Housing Market Model**

### *Overall Housing Shortfall*

As we outlined in Chapter Two, overall housing requirements comprise both housing need and housing demand. In Chapter 4B we calculated an overall total housing requirement for Ceredigion on an annual basis from approximately 2,438 households, of which almost 40% occurs as a result of established households moving, almost half as a result of households moving in to the Ceredigion area from outside, and around 15% from newly forming households. The remainder is accounted for by the needs of those living in institutional accommodation or established households who are expected to fall into priority housing need. Using the ORS Model, on an annual basis we have calculated that just over 21% of this housing requirement represents a need for some form of subsidised housing provision.

However, this overall housing requirement from 2,438 households a year is, in part, off-set by supply, as existing households locate properties, as households leave the County, and as a result of household dissolution.

The Ceredigion Housing Needs Study has shown that, in the short-term, there is a shortfall of around 502 dwellings to meet both a backlog and newly arising needs and demands (see figure 4E.1).

### *The Need for Additional Subsidised Housing*

The ORS Housing Market Model has estimated an overall short-term annual shortfall of around 502 dwellings within the County, after taking account of the different components of the supply of vacancies in the existing Ceredigion housing stock as a result of household mobility, migration and dissolution. However, as we have shown in Section 4C there are differential shortfalls in the private and social housing sectors. Even allowing for an anticipated continuing supply of affordable privately rented housing underpinned by housing benefit, we have calculated that 22% of the annual shortfall represents a need for a range of additional subsidised housing. Half of this (11%) being for traditional social rented housing, 8% for households able to afford discount market housing or a purchase through the Homebuy scheme, and a further 3% for those able to afford sub-market rents with a subsidy of 30% or less.

## **Summary of Main Findings**

The study has shown there is an overall shortfall in housing across the County of around 502 dwellings a year. A significant constituent of the housing requirement is net in-migration, with nearly half of the annual requirement for housing coming from households moving into Ceredigion from outside the County.



In the private sector the study has shown a small shortfall of rented accommodation with a significant shortfall of owner occupied dwellings. In the private rented sector the shortfalls are mainly for two-and three-bedroom homes, while for owner occupied housing the shortfalls are predominantly for four- bedrooms, although shortfalls exist for all property sizes.

Housing at a price people can normally afford is a national problem but is particularly relevant in Ceredigion due to low average earnings and relatively high house prices. Consequently, over a fifth of the annual housing shortfall identified by the ORS Model is for some form of subsidised accommodation, with half of this being for additional social rented homes. Provision of social rented housing will be limited by the availability of capital funds through social housing grants and the County already has a far lower than average proportion of social sector housing compared to the national average.

It is important to note that the annual shortfall of subsidised housing identified by the ORS Model differs from the affordable housing shortfall identified by the Basic Needs Assessment Model. This is because the ORS Model takes a more holistic view than the Basic Needs Assessment Model by considering the housing market as a whole. In the case of housing need, the ORS Model considers the role of subsidised housing supply (i.e. the role of housing benefit) in contrast to the Basic Needs Assessment Model, which does not.

We have also identified through the ORS Model that intermediate tenures, such as sub-market rent and discount market housing or Homebuy, can play a role in the Ceredigion housing market. The Council may wish to ensure that new housing provision includes a mix of housing types and tenures to meet the needs of the community, and contribute to the supply of subsidised housing.



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# Appendices

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- 1 Impact of Economic Developments..... 100
  - 2 Student Impact on Housing Stock..... 101
  - 3 Bibliography and References ..... 104
  - 4 Glossary of Key Terms..... 105
- 



## Impact of Economic Developments

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Over recent years, Ceredigion has experienced a range of economic development initiatives, and more schemes are proposed for the future. Each development site has a different role within the community, and each will have an individual impact on the community and its housing needs.

### *Capel Bangor Business Park*

Capel Bangor is a business park near Aberystwyth providing over 800 jobs. The application was submitted in 2003 to the County Council by the WDA.

Research indicated a need for more land near Aberystwyth for new and expanding businesses over the next 10 years. The site was chosen after 3 years research by the WDA into the potential environmental impact

- The site covers a 35 acres area
- It is included in the unitary development plan.
- The site would be modern and sustainable, including improved vehicular access, whilst maintaining existing hedge rows and woodland

### *Horeb Food Centre*

The Food Centre Wales was set up in 1996 and has been expanding ever since. The main function of the centre is to play a role in technical support to the Welsh food industry, by providing advice and consultancy facilities to new businesses as well as existing food manufacturers.

The services provided include: Product development, Product assessment, Factory design and equipment sourcing, Process development and manufacturing, Quality management systems and auditing, Training courses, Conference facilities.

### *Parc Aberporth*

Parc Aberporth is located near Aberporth, and is a strategic development site for the WDA.

The first phase of development includes 1,000sq ft of technology business units, 1,000 sq ft of research and development facility and 1,000 sq ft of light industry units.

This enterprise aims to draw people into the area though advertising the local landscape and the modern facilities available and incentives such as:

- The availability of objective one funding
- Training recourse from ELWa
- Generous and flexible leasing terms
- Strong linkages with the University of Wales

### *Other Possible Sites*

Other possible initiatives include:

- Site infrastructure/business units at Capel Bangor, application for project by WDA (2003).
- Business units, Llandysul enterprise park, WDA application for funding (2003).

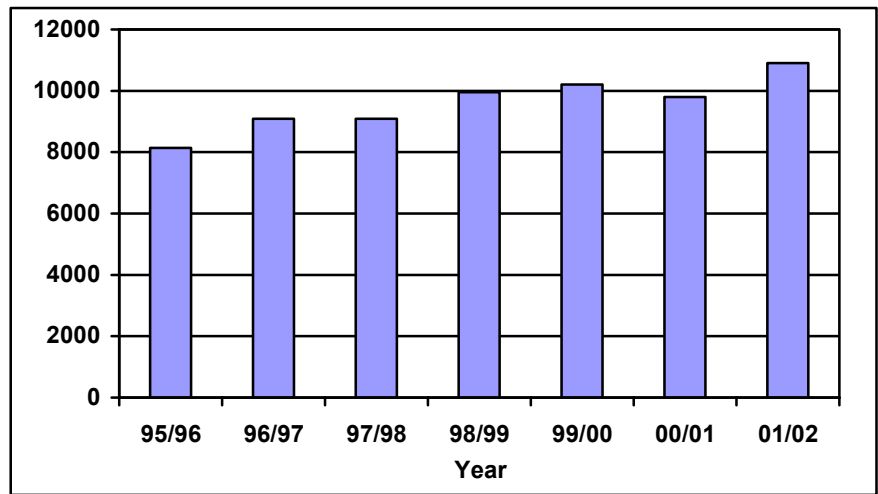


## Student Impact on Housing Stock

The household survey and hence the housing market modelling, outlined earlier in this document, did not include student households, but as students make up an important element of the County population it is appropriate to consider their impact on the housing requirements figures. We have undertaken some supplementary analysis using secondary data and this is outlined below.

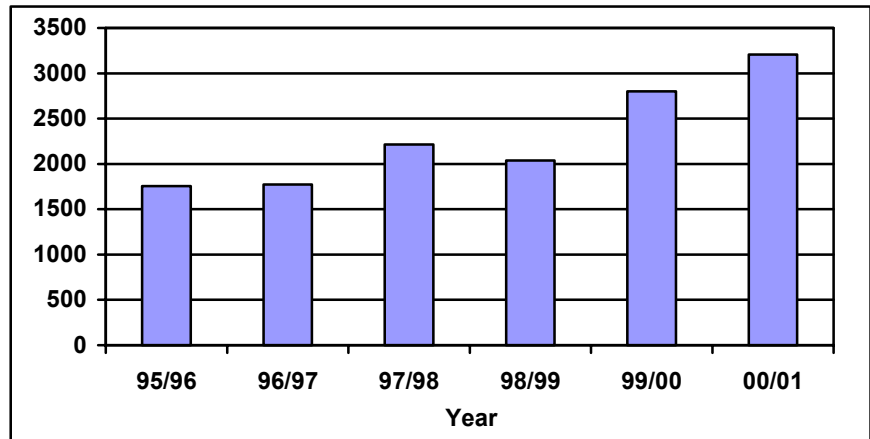
The student market is concentrated in Aberystwyth and Lampeter. Information from Ceredigion County Council suggests that there are 60 all student private households in Lampeter. Nevertheless, the sector is much larger in Aberystwyth, with Higher Education students making up around 20 to 25% of the private household population. There are around 450 all student households (7% of all households), and as many as 950 households have a student as the household representative person (HRP) - 17% of the total).

If the number of students per year remains constant the housing needs will not be affected. However, if the number of students increases (as is suggested in the following figures) this may increase pressure on the housing stock. Nevertheless, if student numbers were to decline, there could be a surplus of housing stock which would help relieve the identified housing requirements.



**Figure 1: Number of students enrolled at University of Wales Aberystwyth (part-time and full-time)**  
Source: Higher Education, Further Education and Training Statistics in Wales 2000/2001 and 2001/2002





**Figure 2: Number of students enrolled at University of Wales Lampeter (part-time and full-time)**

Source: Higher Education, Further Education and Training Statistics in Wales 2000/2001 and 2001/2002

In Ceredigion Higher education full-time students living away from parents in 2001 (2001 Census) numbered around 6,800 of which some 2,850 were in halls. This means around 3,950 are housed in the private household population i.e. around 5.5% of Ceredigion total.

Only 510 households (2% of Ceredigion total) were All Student households, but some 1,200 (5% of households with HRP aged 16 to 74) had a full-time student as HRP. These numbers would appear to confirm that student households are not an entirely separate sector and there is interplay between general household population and students mainly in the private rented sector – since all-student households comprise only about half the households headed by a student. These mixed households would include families and couples with only one student as well as mixed non-family households of students and other non-students.

The student sector demand predominantly affects the private rented sector. 90% of student HRPs households were in private rented accommodation with most of the others in owner occupancy. In Aberystwyth, households headed by a student are equal to around 45% of the private rented sector. Supply, however, is met by the general dwelling stock including single dwellings of all sizes as well as HMOs and bedsit accommodation. Buy to Let etc schemes have formalised a particular demand pressure with parents purchasing property for student children to provide both accommodation and income and possibly maintaining the property for some time after their children have left Higher Education. These pressures have intensified in recent years and are one of the factors behind the growth in Aberystwyth area property prices with a consequent wider effect on the north of the county.

Full-time student numbers at University of Wales, Lampeter have tended to fall and there has been a reduced demand for private property by students, although the more mature student population coming to UWL may require more provision of private housing than in previous decades.

At University of Wales, Aberystwyth full-time student numbers have continued to grow. In 2000/01 (Census year) UWA had 6,425 full-time U/G and P/G students and this rose to around 7,000 in 2003/04. Although numbers may rise and fall year-on-year with current planning objectives, it is thought that University of Wales, Aberystwyth numbers will rise by an average of 100 to 150 p.a. for the medium term with perhaps some 500 to 750 extra students by 2008/09.



Although the privately developed Alexandra Hall will provide an additional 200 dedicated student places from 2004/05 onwards it is not envisaged that UWA will be providing a substantial amount of new university accommodation. At a rough estimate, therefore upwards of 150 to 200 dwellings will be needed in Aberystwyth town area from 2003/04 to 2008/09 to accommodate growth at UWA in addition to the housing requirements identified in earlier sections of this study.



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### Key Terms and Definitions

**Affordable housing:** is housing of an adequate standard which is cheaper than the housing generally available in the local housing market. This can comprise a combination of subsidised rented housing, subsidised low cost home ownership (LCHO) including shared ownership, and in some market situations cheap housing for sale. Local planning policies can provide for the provision of appropriate quantities of affordable housing in this sense.

**Bedroom standard:** objective measure of occupation density. A standard number of bedrooms was allocated to each household depending upon the household composition.

**Debts:** exclude any mortgage/house loan, but include debts on credit cards, hire purchase etc.

**Hidden households:** include anyone who lives as part of a household who are likely to leave to establish independent accommodation during the next two years.

**Household income:** includes all salaries, benefits and pensions – before deductions such as tax and National Insurance.

**Household:** One person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping – that is, they normally share at least one meal per day and the housekeeping costs. Any students or schoolchildren that normally live there should be included as part of the household, even if they are currently away at school, college or university.

**Housing demand:** is the quantity of housing, of the type and quality, that households both want and can afford to buy or rent in the open market without subsidy. In other words, housing demand takes account of both preference and the ability to pay.

**Housing need:** is the quantity of housing, of the type and quality, necessary to house those households currently lacking their own housing, or living in housing which is unsuitable or inadequate, and who cannot afford to buy or rent suitable housing in the open market. In other words, housing need takes account of those without adequate housing who are unable to resolve their situation without assistance.

**Housing requirements:** encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay. In other words, it is the amount of housing necessary to accommodate the population at appropriate minimum standards.

**Low cost home ownership or shared ownership:** is designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

**Savings:** exclude the value of the home if owned by the household.

**Social housing:** is housing of an adequate standard which is provided to rent (or on a shared ownership basis) at below market cost for households in need by Local Authorities or Registered Social Landlords (RSLs) operating on a basis of accepted and regulated standards of good practice in relation to physical conditions, management, allocation, equal opportunities, and accountability to tenants and other stakeholders.



**Special needs:** people currently living as part of the household who suffer from any long-term illness, health problem, mental health problem or disability, including problems associated with old age, which limit their daily activities or affect their housing requirements.

**Transactional vacancies:** it is necessary for a proportion of the housing stock to be empty at any point in time to enable people to move within the housing market. Transactional vacancies also include properties that are empty while undergoing repairs and improvement, but are brought back into use quickly and without intervention.

### **Acronyms and Initials**

DETR	Department of the Environment, Transport and the Regions
DTLR	Department for Transport, Local Government and the Regions
ORS	Opinion Research Services

