



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

22nd MARCH 2018

LOCAL HOUSING MARKET ASSESSMENT 2017/18 – 2022/23

REPORT OF THE DIRECTOR, REGENERATION & PLANNING IN DISCUSSIONS WITH THE RELEVANT PORTFOLIO HOLDER COUNCILLOR ROBERT BEVAN

Author: Adam Provoost, Housing Strategy Officer

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to seek approval to utilise the Local Housing Market Assessment (2017/18-2022/23) as part of the evidence base for the Corporate Plan, Local Development Plan and Housing Delivery Plan. This document updates the findings of the last Local Housing Market Assessment conducted in 2014/15. It has been produced in accordance with Welsh Government Guidance and satisfies the Council's statutory obligations to regularly publish a refreshed Assessment.

2. RECOMMENDATIONS

It is recommended that the Cabinet:

- 2.1 Approve the Local Housing Market Assessment (2017/18-2022/23) as a key source of evidence to support the delivery of housing policies in the Corporate Plan, Local Development Plan and Housing Delivery Plan.
- 2.2 Approve the Local Housing Market Assessment (2017/18-2022/23) as a tool to negotiate affordable housing provision on planning applications and to identify how housing need translates into different sizes and types of affordable housing (e.g. social rent and low cost home ownership).
- 2.3 Approve the Local Housing Market Assessment (2017/18-2022/23) for use to inform funding bids (including Social Housing Grant) and to influence residential development in the County Borough.

3 REASONS FOR RECOMMENDATIONS

- 3.1 All local authorities have a requirement to consider the housing accommodation needs of their localities under Section 8 of the Housing Act 1985. This requirement is vital for Councils to have a comprehensive understanding of the intricacies of their local housing market(s) and to provide a robust evidence base for effective strategic housing and planning services.
- 3.2 The former Minister for Housing and Regeneration wrote to all Welsh Local Authorities in May 2013 to reaffirm that LHMA's should be considered a priority as part of a strong local strategic housing function. The Minister also set a specific requirement for LHMA's to be updated biennially utilising Section 87 of the Local Government Act 2003.
- 3.3 Rhondda Cynon Taf County Borough Council has already been working on this basis, with internally produced LHMA's having been published since 2010. This latest Assessment builds upon the extensive in-house experience and market analysis already conducted to provide a robust evidence base to inform delivery of key housing related policies and investment opportunities.

4. BACKGROUND

- 4.1 The 2017/18-2022/23 Local Housing Market Assessment has utilised the Welsh Government methodology to assess the housing market within Rhondda Cynon Taf. A range of socio-economic, demographic and property market data were used to inform the Assessment in order to provide a detailed insight into the mechanics of the local residential markets.
- 4.2 Overall, the Assessment revealed stark differences in housing market buoyancy across the County Borough; with demand in Taf being relatively higher than across the rest of the locality. However, house price to income ratios are far greater across Taf, rendering affordability more of a significant issue in many parts of this vicinity. Elsewhere, the strength of existing local connections were plainly evident; generating housing market 'hotspots' in parts of the Rhondda and Cynon Valleys.
- 4.3 Household sizes were also found to be increasingly smaller across all markets and tenures, which is a reflection of societal changes in household formation. This presents an affordability issue for a notable proportion of the local population given the dominance of larger terraced properties across much of the dwelling stock. This phenomenon combined with a contrast between needs and aspirations has resulted in longstanding low demand for larger properties in certain areas. Indeed, empty properties are a significant local issue and there were nearly 3,000 private sector homes vacant for six months or more

across the County Borough in April 2016. This issue is habitually most acute within several parts of the Rhondda, although empty properties are present in nearly all markets, which represents not only a problem but a resource to help increase housing supply alongside new build.

- 4.4 Whilst assessing the local housing market as a whole, this study also specifically calculated the deficit of affordable housing within the County Borough. Overall, there is a need for 737.51 affordable housing units per annum, comprising 270.04 low cost home ownership units and 467.47 social rented units. It is important to emphasise that this headline need should not be considered an annual delivery target or even the solution to the affordability issues within the County Borough. It instead indicates the level of housing need within RCT, which the Council will seek to address through a range of market interventions as far as practically possible. The housing need identified within the Assessment is best viewed at local sub market level to ensure the needs for different types of housing in different markets are fully understood.

5. EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 An equality and diversity screening exercise has been carried out and a full assessment is not required at this time. This position will be re-evaluated on an ongoing basis as related actions are delivered.

6. CONSULTATION

- 6.1 The Assessment has been produced in accordance with Welsh Government Guidance, which has already been subject to consultation. The local process was however conducted in collaboration with the six main local Housing Associations, through primary research with estate/letting agents and also specific client groups (for example a series of Focus Groups with residents aged 50+).

7. FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications for approving the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The Assessment has been produced in accordance with the Welsh Government 'Local Housing Market Assessment Guide 2006' and Supplementary Guidance 'Getting Started with your Local Housing Market Assessment 2014'. Publication will fulfil the Local Authority's requirements to assess housing need under Section 8 of the Housing

Act 1985 and also the Ministerial requirement for LHMA's to be updated biennially under Section 87 of the Local Government Act 2003.

9. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.

- 9.1 The findings of this Assessment can be used to support delivery of all three Corporate Plan Priorities; Economy, People and Place. Investment in housing provides an ongoing stimulus to the local economy, by supporting the construction industry and local supply chains. New housing development often provides apprenticeships and employment opportunities for the local area, whilst improving outcomes for local residents. Indeed, new provision helps support a huge range of households in society that may not otherwise be able to meet their needs in the market, thereby promoting independence and positive lives for all.
- 9.2 Schemes delivered by housing associations are constructed to Development Quality Requirements, which result in quality homes designed to meet the needs of residents both now and in the future (based on the Lifetime Homes principles). In addition, units secured through the planning system are clustered throughout private housing schemes, to help create integrated, sustainable neighbourhoods. Use of evidence documented within the Assessment will therefore specifically enable delivery of the Corporate Plan aim, "Residents will see a responsible approach to regeneration, with new homes being built and job opportunities created".
- 9.3 These proposals are also consistent with several Well-being Goals under the Wellbeing of Future Generations (Wales) Act 2015, namely to foster a prosperous Wales, a healthier Wales and a Wales of cohesive communities.

10 CONCLUSION

- 10.1 This report has enabled the Council to better understand the numerous local housing markets in Rhondda Cynon Taf, building on past assessments. The findings will help ensure that the information underpinning the Corporate Plan, Local Development Plan and Housing Delivery Plan continues to be robust, comprehensive and up to date. The report also sets out the nature and level of housing need in the locality in order to plan for effective housing services and deliver the right mix of housing to help develop sustainable communities.

Other Information:-

Relevant Scrutiny Committee - Health & Well-being Scrutiny Committee

Contact Officer - Adam Provoost, Housing Strategy Officer

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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DISCUSSIONS WITH THE RELEVANT PORTFOLIO HOLDER
COUNCILLOR ROBERT BEVAN**

Item: **LOCAL HOUSING MARKET ASSESSMENT 2017/18 – 2022/23**

Background Papers

None.

Officer to contact: Adam Provoost, Housing Strategy Officer



RHONDDA CYNON TAF

**Local Housing Market Assessment
2017/18 – 2022/23
Summary Document**



Local Housing Market Assessment Summary

1.1 Purpose of Document

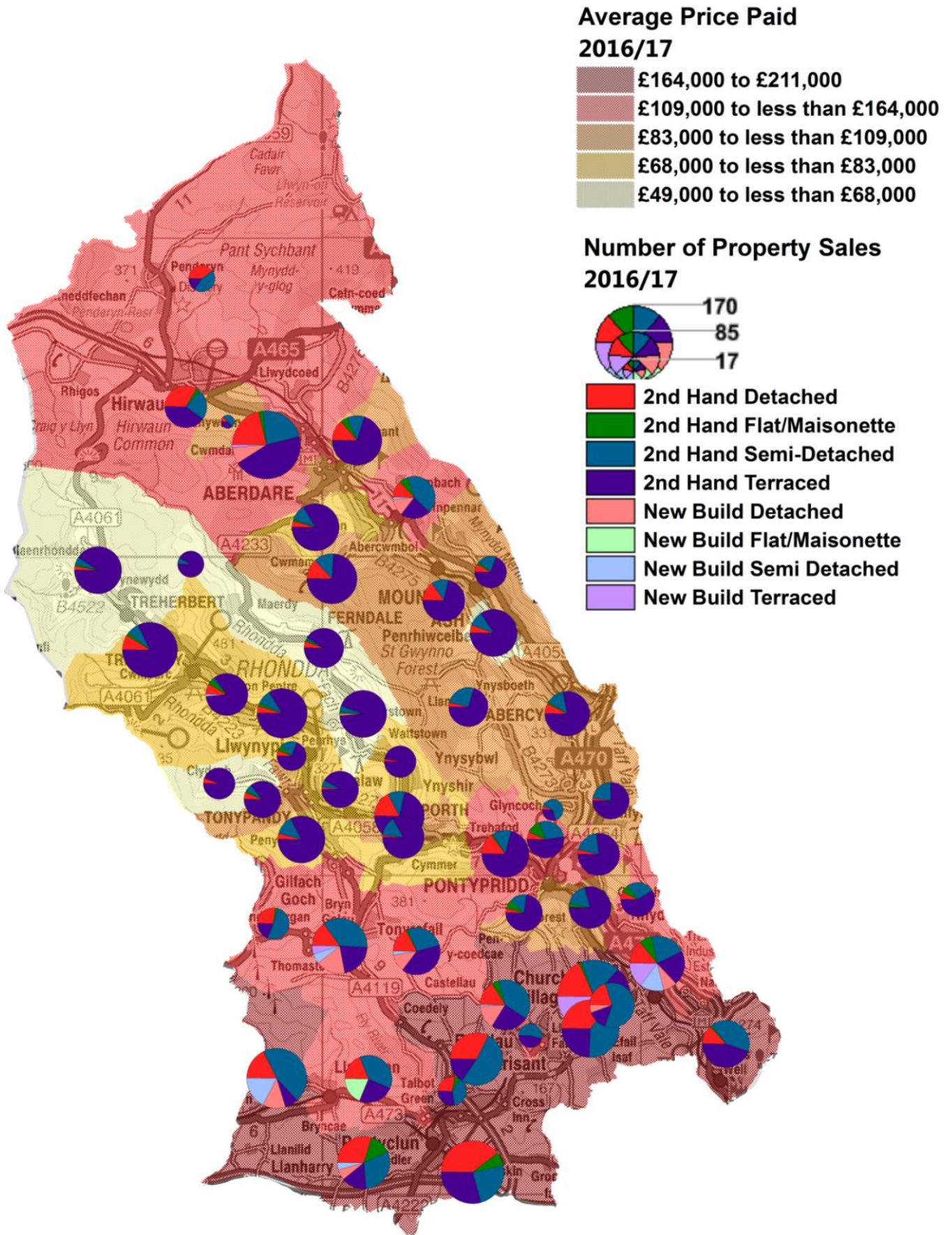
This document provides a summarised overview of the current Local Housing Market Assessment (LHMA) for ease of reference. The LHMA utilised the Welsh Government methodology to assess the housing market within Rhondda Cynon Taf from 2017/18 – 2022/23. A range of socio-economic, demographic and property data were used to inform the Assessment in order to provide detailed insights into the mechanics of the local residential property markets. A series of focus group sessions were also held with older residents to bolster the qualitative evidence in relation to this client group's specific housing needs.

1.2 Home Ownership Market

Overall, the LHMA revealed stark differences in housing market buoyancy across the County Borough; with demand in Taf being relatively higher than across the remainder of the locality. Throughout 2016/17, the average price paid for residential properties in RCT was £114,000; ranging from £50,000 in Tylorstown to £210,000 in Pontyclun. These clear borough wide differentials are displayed in Figure 1, with average prices paid for properties in Rhondda and Cynon typically achieving 60% and 40% of those in Taf, respectively.

Interestingly, whilst average prices paid in Rhondda and Cynon have not yet reached the 2007/08 peak hitherto, Taf prices once again peaked in 2014/15 and have now surpassed 2007/08 values. The 2016/17 average for Taf as a whole (£154,000) is, in fact, the highest ever recorded. There are nonetheless several 'hot spots' in both the Rhondda Valley (such as Porth and Treorchy) and the Cynon Valley (such as Aberdare and Cwmbach), where properties fetch slightly higher prices than in the surrounding areas. However, Taf prices are rapidly ascending, fuelled significantly by the Help to Buy Wales Scheme, which has led to many first time buyers purchasing larger property types right up to their margins of affordability. New build properties usually attract a premium and this has been around 30% for a typical semi-detached house in RCT over the last eight years. This new build uplift has remained proportionately constant despite the ascension in house prices.

Figure 1 Average Ward Level Price Paid for Properties by Property Type



Based on Price Paid Data produced by HM Land Registry © Crown copyright 2017.
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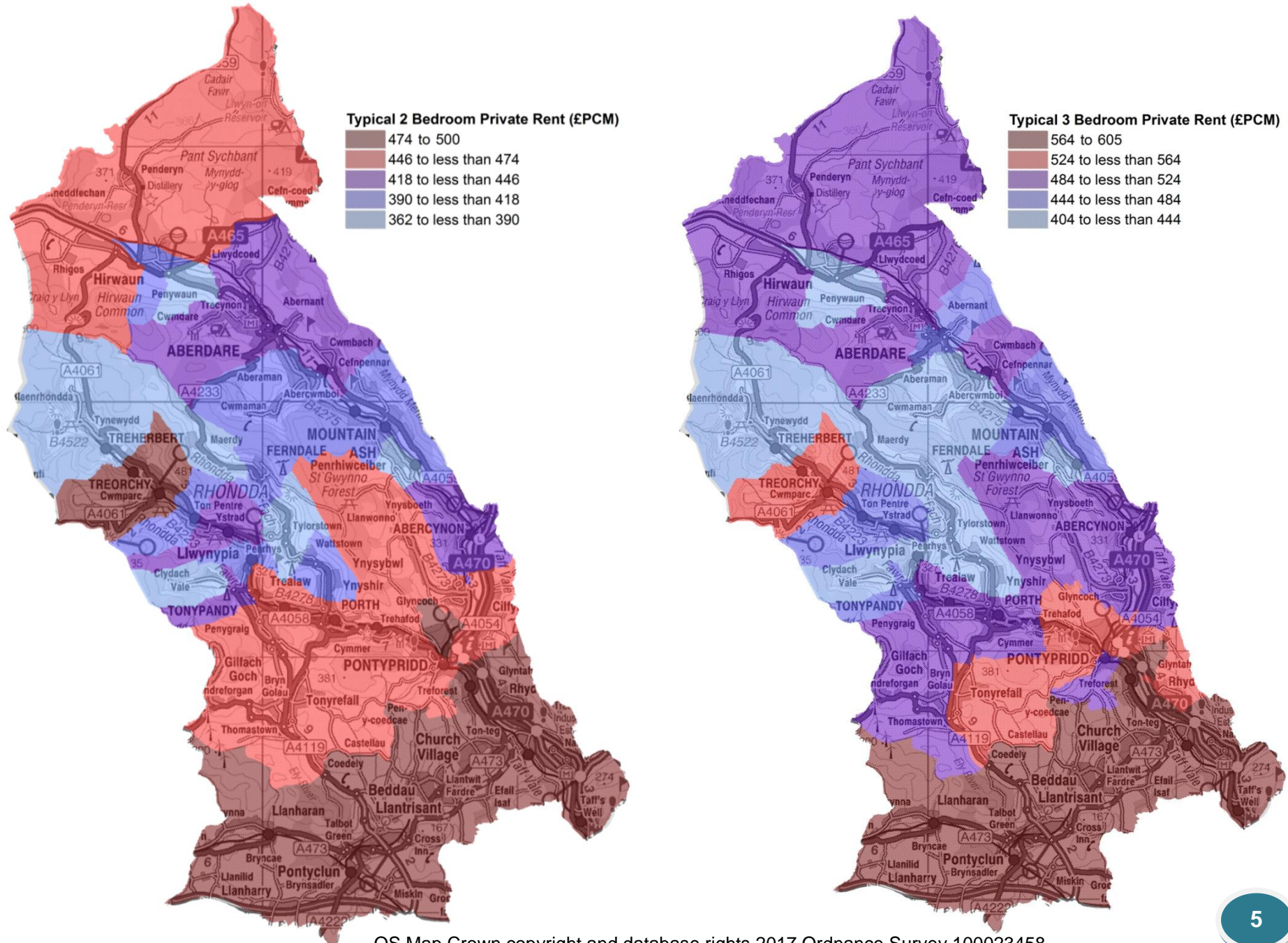
A related issue is the variance in household income across RCT and the affordability of housing in different areas. According to the Office for National Statistics, typical gross annual household income in RCT is £30,160, varying from £47,320 in Llantwit Fardre to £23,920 in Treherbert. There are undoubtedly spatial linkages between higher income levels and higher house prices, with a distinct cluster of higher household incomes found in the south of Taf. However, house price to income ratios are also far greater across Taf, rendering affordability more of a significant issue in many parts of this vicinity. Elsewhere, the strength of existing local connections are plainly evident; generating strong localised housing markets in parts of the Rhondda and Cynon Valleys. Indeed, housing markets are far more intricate in the Valleys and householder perceptions of market boundaries can be particularly small.

Home ownership proportions recorded by the 2011 Census were highest in South East Taf; with nearly 90% of households owning their own home in Tonteg and Llantwit Fardre. This is not surprising given income levels in this vicinity, but also due to the 'commuter belt effect'. Conversely, areas such as Rhydyfelin and Penywaun together with Treforest had the lowest proportions of home ownership in 2011. The former two areas have the highest proportions of social housing in the locality and the latter area is dominated by private rental properties to principally cater for the student market. However, the student market in Treforest is declining, which presents opportunities for diversification.

1.3 Private Rented Sector

Correspondingly, the number of households renting in the private sector doubled from 2001 to 2011, meaning 15% of households resided within the sector in 2011. The majority of this growth occurred in the south of County Borough, with localities such as Talbot Green and Church Village witnessing nearly 300% growth since 2001. However, the historically large private rental markets in the centre of the Rhondda and Cynon Valleys still accommodate the greatest number of households renting privately overall. Fundamentally, the local private rental market is dominated by three bedroom houses in almost every area and there is a distinct lack of smaller properties.

Figure 2 Typical 2 and 3 Bedroom Private Rents, 2017

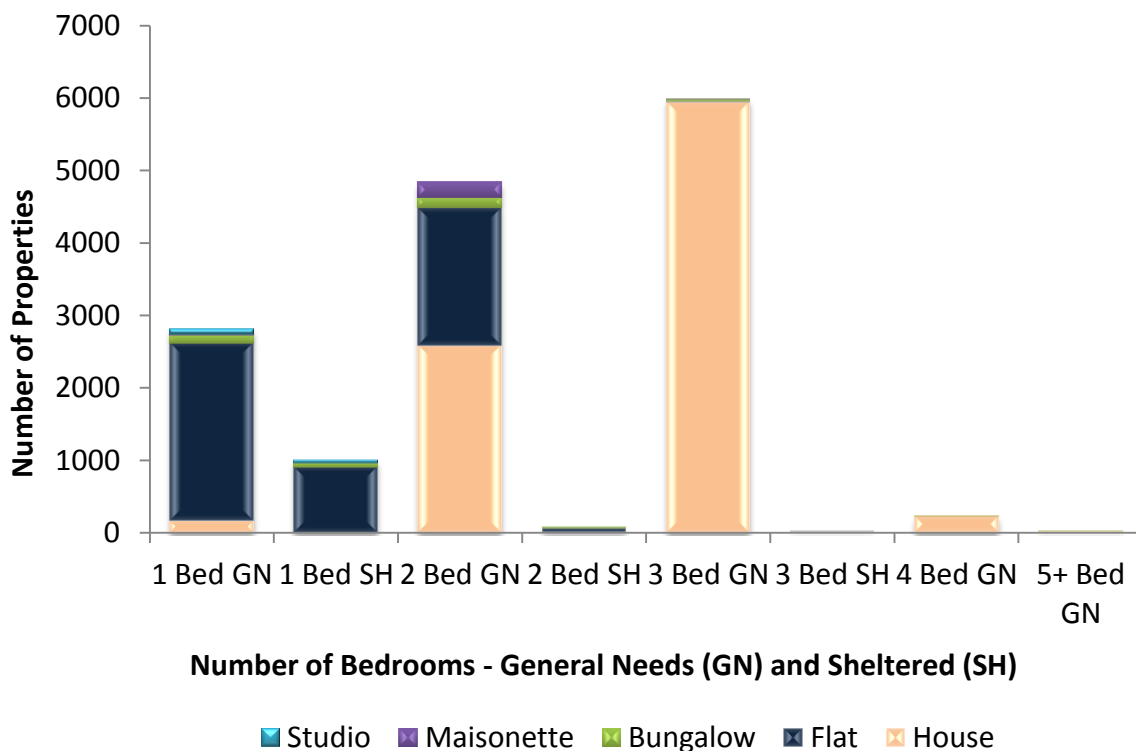


As Figure 2 reveals, two bedroom properties in Rhondda and Cynon attract a private rent of £360-390 pcm, compared to £400-£440 for three bedroom properties. There is undoubtedly a premium in Taf (£500pcm for two bedroom properties and £600pcm for three bedroom properties), and this sector of the rental market is growing exponentially at present. The loosely defined Broad Rental Market Areas (BRMAs) used to calculate Local Housing Allowance (LHA) fail to take these housing market differentials into account by arbitrarily grouping Rhondda with Taf and Merthyr with Cynon. The resultant LHA rates are therefore far below typical market rents in Taf by up to £200 per month for certain property types. This renders working in partnership with private landlords very challenging.

1.4 Social Rented Sector

Unlike the private rented sector, the social rented sector hasn't changed considerably in net size over the last decade. There are nearly 15,000 social rented homes within the locality; just over a thousand of these properties being sheltered accommodation units (Figure 3).

Figure 3 Social Rented Stock in Rhondda Cynon Taf



Source: RSL Stock Lists

As in the private rented sector, there are more three bedroom houses than any other unit, accounting for 40% of the stock, although stock levels are certainly not uniform across the locality. Areas such as Rhydyfelin (7%) and Aberdare West/Llwydcoed (7%) have a high proportion of stock, whereas other areas such as Rhigos (0.20%), Llantwit Fardre (0.23%) and Pontypridd Town (0.28%) have very minor levels of existing social rented provision. There are also lower proportions of smaller one bedroom units for social rent across RCT generally speaking.

These phenomena are noteworthy due to the mismatch between social housing supply and geo-demographic housing needs. Ultimately, there is a prevalence of smaller households seeking accommodation in areas where properties are in scarce supply and/or turnover less frequently. This creates social housing pressures across much of Taf and certain 'hotspots' within the Valleys such as Porth, Treorchy and Aberdare. This latter trend does create very intricate housing markets in the social rented sector. For example, a comparison between each household's correspondence address and first choice area on the Common Housing Register revealed that the modal relocation distance varies significantly by Borough. In Taf, the distance is widest at 0.83 miles, shrinking to 0.32 miles in Cynon and to less than a fifth of a mile in the Rhondda Valleys. Accommodation is both scarcer and in higher demand in Taf, accompanied by wider interconnected housing markets along the A470 and M4 corridor. However, the perceived housing markets in the Valleys are often so miniscule that they consist of certain streets or even parts of streets in some instances. This is a particularly unique characteristic of the locality, reflecting how far different households rely on local family support networks and also longstanding territorial mindsets. Accommodation is also in greater supply meaning households can exercise a greater degree of choice over the properties they are able to access.

1.5 Demographic Trends

Over the last two Census periods, there was a 5.4% increase in households residing within RCT; with total household numbers increasing from 94,546 in 2001 to 99,663 in 2011. However this growth occurred disproportionately by tenure and area. The documented growth in households renting privately is one major cause, and there has also been a significant amount of household growth in the owner occupied

sector in Taf. This is an interesting trend as past surveys habitually found most households wished to remain in their current area, although net household growth has been very much supply led.

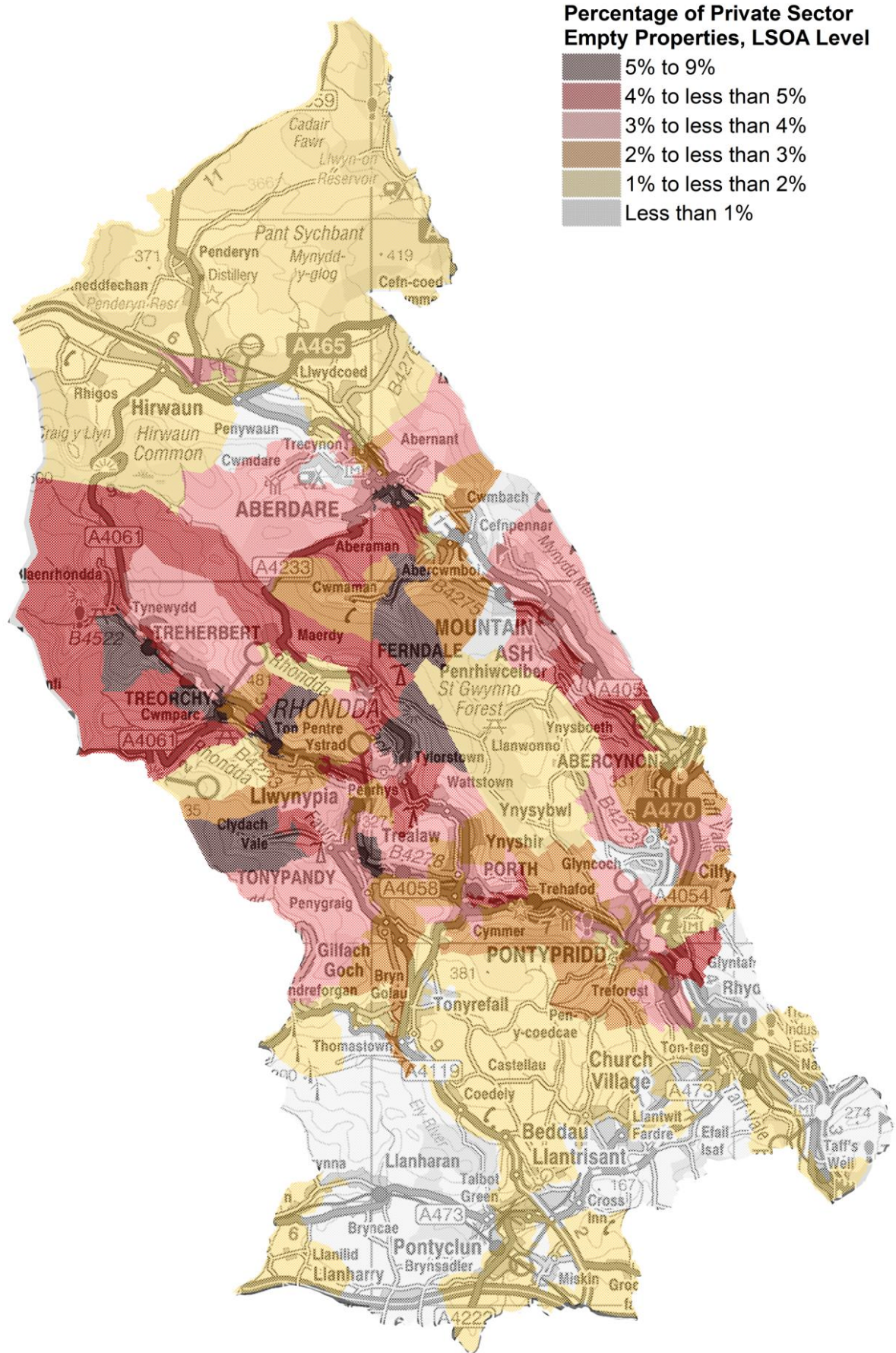
In order to predict future household formation rates, the LHMA analysed different household projection variants provided by Welsh Government. The 'higher' 2014 based variant was utilised to factor in an element of economic aspiration over and above recent build rates. This variant projects that 3,216 households will form in RCT from 2017 to 2022. Most of the growth over this time is expected to come from additional single person households, two person households without children and lone parent households with 1 child. Conversely, larger households are set to remain stable or decline over the next five years. These projections are primarily set to be driven by the 30-34 age group, which is to be expected with young adults remaining at home with their parents for longer, delays in forming relationships, longer spells in education, welfare reforms and greater lone parenthood rates.

These trends, coupled with smaller household sizes across all housing markets are noteworthy, as there is often a significant contrast between what such households need (i.e. smaller 1 bedroom units) and aspire to (i.e. larger under occupied houses). However, the extent of terraced housing (over 50% of the total dwelling stock) in RCT does undoubtedly limit choice for households in many localised markets, and affordability considerations increasingly signify need for smaller units to address the stock imbalance.

1.6 Empty Properties

Indeed, empty properties are a significant local issue and there were nearly 3,000 private sector homes vacant for six months or more across the County Borough in April 2016. Figure 4 depicts the percentage of all dwellings that were long term empty homes on 1st April 2016 by Lower Super Output Area.

Figure 4 Percentage of Private Sector Empty Homes by LSOA, 2016



Data Source: Council Records.

OS Map Crown copyright and database rights 2017 Ordnance Survey 100023458

Figure 4 provides a useful representative comparison of private sector empty homes between areas, which is not otherwise enabled by looking at the quantity of properties alone. This issue is most acute within several parts of the Rhondda, and qualitative research has revealed this is often because properties were originally bought as an investment, are being renovated or are due to be sold or rented. However, there are issues with empty properties in nearly all markets. Hence, whilst proportions are generally lower across Taf, such properties tend to be empty for reasons other than low demand (i.e. inheritance, sentimentality and probate cases), thus rendering it more difficult to bring them back into to beneficial use.

Empty properties can attract crime, vandalism and anti-social behavior, thereby contributing to a sense of deprivation in communities. Bringing empty properties back into beneficial residential use can not only combat these issues but also encourage other investment and ultimately help to meet housing need by increasing latent supply alongside new build. The Council is working pro-actively to bring empty properties back into beneficial use to help boost local housing markets, bolster housing options and stimulate community regeneration. A range of schemes are available locally, including:

- The Empty Property Grant for potential residents to carry out essential repairs to help render an empty property suitable for long term habitation
- The Interest Free Loan Scheme to assist landlords and investors to renovate properties for sale or rent
- The Homestep Plus Scheme for first time buyers to purchase a previously empty property on a shared equity basis

The Council remains committed to encouraging the re-use of private sector empty properties and it is important to emphasise that provision of new build housing is not the only means of increasing housing supply.

1.7 Headline Housing Need

Whilst assessing the housing market as a whole, the LHMA identified a shortfall of 737.51 affordable units per annum from 2017/18 to 2021/22 based on the existing backlog of need, projected newly arising need and supply due to come forward over the next five years. This housing need shortfall comprises 467.47 social rented units

and 270.04 intermediate units (primarily in the form of Low Cost Home Ownership - LCHO). It is important to emphasise that the headline housing need figure should not be considered an annual delivery target or even the solution to the affordability issues within the County Borough. It instead indicates the scale of housing market failure within RCT, which the Council will seek to address through a range of market interventions as far as practically possible.

Moreover, this headline housing need figure also distorts differences in the numerous housing market areas across RCT. There is undoubtedly a mismatch between the locations and types of many existing social rented units and the geographically laden housing needs of local households requiring assistance. Equally, the need for intermediate housing is far more significant in the south of RCT, which is unsurprising given the larger house price to income ratios previously outlined. Hence, more consideration should be given to the specific need identified by property type, property size and tenure across each Housing Market Area (HMA) to enable effective strategic planning. This is displayed in Table 2 and Figure 5 overleaf.

The HMAs have been defined geographically based on longstanding local knowledge and research into the natural, functional areas where people currently live and would be willing to move home. They are essentially based on clusters of wards in recognition of the fact that housing markets are not constrained by administrative boundaries. A number of key factors have been taken into account when defining these areas, including the broad price of housing (to consider 'transferability' within the market) and major transport links by road or rail (to take account of commuting patterns). As previously shown, primary preferences of certain client groups may well centre on a smaller geographical radius. However, planning for additional affordable housing provision needs to be conducted at a scale suitable to consider the costs and benefits of increasing supply (i.e. land availability, viability, dwelling vacancy rates and potential impact on housing need deficits).

Table 2: Net Annual Need for Affordable Housing by Type and Sub Housing Market Area, 2017/18 – 2022/23

Housing Market Area	General Needs Social Rent						Accessible Social Rent					Sheltered Social Rent		Intermediate	Total
	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	6 Bed	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Bed	2 Bed		
1. Upper Cynon Valley	17.8	N/A	N/A	N/A	0.20	N/A	N/A	N/A	0.20	N/A	N/A	N/A	N/A	7.21	25.41
2. Greater Aberdare	55.86	N/A	1.17	1.63	0.40	N/A	0.60	0.40	0.40	N/A	N/A	N/A	N/A	34.39	94.85
3. Lower Cynon Valley	11.00	N/A	N/A	0.20	0.20	N/A	0.40	0.40	0.20	N/A	N/A	N/A	N/A	4.28	16.67
4. Greater Pontypridd	78.42	13.43	3.35	0.83	0.80	N/A	N/A	1.00	N/A	N/A	N/A	N/A	N/A	17.89	115.72
5. Lower Rhondda Fach	16.83	N/A	N/A	0.80	0.20	N/A	0.60	1.00	N/A	N/A	N/A	N/A	N/A	4.93	24.35
6. Upper Rhondda Fach	18.41	0.01	1.25	0.14	N/A	N/A	0.60	0.20	N/A	N/A	N/A	N/A	N/A	2.30	22.92
7. Upper Rhondda Fawr	16.01	2.02	N/A	N/A	0.40	N/A	0.20	0.40	N/A	0.20	N/A	N/A	N/A	4.27	23.50
8. Lower Rhondda Fawr	38.15	1.43	0.49	0.75	0.40	0.20	0.60	N/A	0.40	N/A	0.20	N/A	N/A	13.76	56.37
9. Tonyrefail and Gilfach Goch	34.13	N/A	N/A	0.09	N/A	N/A	N/A	N/A	N/A	0.20	N/A	N/A	N/A	31.99	66.42
10. South West Taf	61.35	11.57	N/A	0.42	0.60	N/A	1.20	0.60	0.60	N/A	N/A	N/A	N/A	71.40	147.74
11. Central Taf	34.06	3.11	2.91	0.39	0.40	0.20	0.80	0.40	0.20	N/A	N/A	N/A	N/A	52.39	94.86
12. East of Pontypridd	14.05	0.14	N/A	0.30	N/A	N/A	0.60	N/A	0.20	N/A	N/A	N/A	N/A	20.04	35.33
13. Taffs Well	4.86	2.37	0.64	0.11	N/A	N/A	0.20	N/A	N/A	N/A	N/A	N/A	N/A	5.21	13.38
Total	400.9	34.08	9.81	5.66	3.60	0.40	5.80	4.40	2.20	0.40	0.20	0.00	0.00	270.04	737.51

N/A signifies the Assessment has not identified need for additional units of this type over the LHMA period

1. Upper Cynon Valley: Hirwaun, Penywaun & Rhigos

2. Greater Aberdare: Aberaman, Aberdare & Cwmbach

3. Lower Cynon Valley: Abercynon, Mountain Ash & Penrhiwceiber

4. Greater Pontypridd: Cilfynydd, Glyncoch, Graig, Pontypridd Town, Rhondda, Trallwn & Ynysybwl

5. Lower Rhondda Fach: Cymmer, Porth & Ynyshir

6. Upper Rhondda Fach: Ferndale, Maerdy & Tylorstown

7. Upper Rhondda Fawr: Pentre, Treherbert & Treorchy

8. Lower Rhondda Fawr: Clydach Vale, Llwynypia, Penygraig, Tonypany, Trealaw & Ystrad

9. Tonyrefail & Gilfach Goch

10. South West Taf: Brynna, Llanharan, Llanharry, Pontyclun & Talbot Green

11. Central Taf: Beddau, Church Village, Llantrisant, Llantwit Fardre, Tonteg & Tynant

12. East of Pontypridd: Hawthorn, Rhydyfelin & Treforest

13. Taffs Well

1.7.1 Social Rented Housing Need

Social rented need is greatest in South West Taf, Central Taf and Greater Pontypridd; particularly for smaller units. Conversely, much of the Rhondda and parts of the Cynon Valley have far lower levels of need for additional social rented provision given the well documented mismatch between supply and demand. Nonetheless, there are still pockets of housing need for smaller units in these areas, which reflects the dominance of three bedroom terrace properties and the minority of options for smaller households. The one bedroom need has therefore not been created by the removal of the Spare Room Subsidy and there has actually been a growing need for smaller properties over the last decade, reflecting societal trends.

It is thus paramount that smaller units are prioritised for delivery in an affordable housing context. In some areas, there is little social rented need other than one bedroom properties, and thus, smaller scale developments, or clusters of smaller units amongst larger market housing may be required. Whilst it would not be advisable to commence a large scale development programme of small units, it is imperative that schemes are weighted appropriately as part of a range of different unit mixes on sites. This will allow for sustainable tenant progression and help foster mixed, integrated communities. Conversion of existing larger properties or empty buildings can equally contribute to this housing need.

1.7.2 Intermediate Housing Need

Given the aforementioned analysis of rents in RCT, there is currently no gap to introduce an intermediate rental product in the locality. Therefore, the predominant intermediate need is for LCHO provision, for which the LHMA identified a need for 270 units per annum; the highest ever identified. This reflects the growing difficulties that first time buyers face in accessing mortgages on the open market, with wage inflation failing to keep pace with rising house prices. As one would perhaps expect, the highest need for LCHO products is in South West Taf and Central Taf, where house price to income ratios are that much higher, meaning a larger proportion of newly forming households are priced out of the mortgage market. However, there is also significant scope for this tenure in Greater Aberdare and Tonyrefail / Gilfach Goch, where discounted market prices would still have a large impact on affordability.

Housing need statistics, market trends, household formation rates and recent LCHO sales all signify that a mix of 2 and 3 bedroom houses is optimal to balance LCHO provision and ensure sustainable accommodation is provided for first time buyers. Eligibility is integrally dependent on affordability, and, as the LHMA has shown, LCHO products need to be secured at 60-70% of market value to ensure the product remains usefully affordable for the client group. Lower equity percentages (from 60%) are necessary across much of South West Taf, Central Taf and Taffs Well; where house price to income ratios are higher and first time buyers struggle the most to access home ownership. It is also primarily for this reason that apartments are not suitable for LCHO in this area as the monthly service charge can have a large impact on affordability.

1.7.3 Accessible Accommodation for Social Rent

The need for accessible accommodation was assessed slightly different to general needs social rented accommodation. Applicants waiting for accessible accommodation were separated into two categories; those requiring minor retrofit adaptations (included in the general needs calculations) and those with acute need requiring a purpose built accessible property. Therefore, whilst the net annual need for accessible accommodation (13 units) appears small, the needs of such households are so acute that they will not be met by the existing housing stock turning over. Equally, there is a scarcity of suitable accommodation in the private sector, especially considering some of the households are larger families. The high priority nature of this specific element of housing need can thus not be emphasised enough. Whilst no significant clusters of housing need for accessible accommodation were identified in any particular part of the County Borough, there is a need for some form of adapted accommodation in all HMAs.

1.7.3 Older Persons' Accommodation

Furthermore, there is an ageing population in RCT and more than one in five people are projected to be 65 plus by 2022. Until recently, there were few housing options locally for this age group apart from sheltered accommodation, which has habitually been a stigmatised tenure. Whilst there is no identified need to construct additional sheltered complexes, the qualitative research has demonstrated that there is a clear purpose for this product in the local housing market and many of the negative

perceptions of sheltered accommodation stem from ill-founded rumour, fear and worry. Many tenants actually felt more empowered and less vulnerable since they moved out of their own homes and into sheltered accommodation, which is a key finding of this research.

RSLs have carried out extensive work rebranding and refurbishing existing sheltered schemes, which has had a positive impact and started to reverse some of these negative perceptions. Two Trivallis schemes have also recently been redeveloped in Beddau and Rhydyfelin; incorporating a mixture of one and two bedroom apartments with kitchens, living space, walk-in showers, balconies and roof top gardens. The Rhydyfelin scheme also houses a new library as well as a multi-use commercial space. These changes have helped re-stimulate demand, again signifying that the solution lies in upgrading existing sheltered schemes rather than providing additional supply.

Options for older people further been bolstered through the provision of Hafod Care's 40 unit extra care scheme in Talbot Green, which promotes independent living with care and support services that can increase or decrease as the individual's needs change. It is suitable for single people or couples, where one or both have need of more supportive accommodation. Further diversification of this housing sector to include additional extra care facilities and moderately priced later living schemes would also help to enhance choice for older people; alongside existing sheltered housing provision.

1.8 Purpose of Assessment and Key Policy Considerations

The LHMA assessed the various components of the housing market in RCT across each varied locality. This was achieved by analysing socio-economic and demographic statistics relating to the housing market, carrying out qualitative research and conducting a quantitative assessment of housing need. The LHMA replaces the last internally produced assessment (2014/15) in forming part of the evidence base for the Corporate Plan, Housing Delivery Plan and Local Development Plan. Operationally, it provides a tool to negotiate affordable housing provision on planning applications, allocate Social Housing Grant and inform strategic housing priorities at the local level.

1.8.1 Low Cost Home Ownership Product

The local LCHO scheme branded as 'Homestep' has been operating in RCT since 2007 and has helped nearly two hundred first time buyers access home ownership. The scheme has primarily offered properties for sale at 70% of the open market value, although recently, newer schemes have had to be offered at lower equity percentages in higher priced areas to render the product affordable for the client group. Indeed, the LHMA conducted a refreshed analysis of local incomes and house prices (with a new build uplift) to ascertain affordability levels in different parts of the locality, concluding that a 70% equity mortgage is still unaffordable across much of Taf. In fact, a large proportion of households would need a 60% of market value LCHO product to access home ownership. It is thus recommended that, depending on sale price, any LCHO products secured in South Taf be made available from 60% of market value to ensure the product remains affordable for the client group.

1.8.2 Need for Smaller Affordable Housing Units

Much of the need for affordable housing consists of smaller one and two bedroom units for social rent across many parts of RCT. There can sometimes be a misconception that this need has merely been created by the removal of the Spare Room Subsidy and that delivery of such units is a short term, reactive response to this policy change. However, in reality, this need reflects societal trends in household composition and the high prevalence of single person households, single parent households and households comprising of couples with no children. Indeed, there

has been a growing need for smaller properties over the last decade in RCT, which has simply been masked through under-occupation in the recent past.

It is therefore paramount that smaller units are prioritised for delivery in an affordable housing context. In some areas, there is little social rented need other than one bedroom properties, and thus, smaller scale developments, or clusters of smaller units amongst larger market housing may be required. Discussions with housing managers have revealed that one bedroom walk up flats are wholly preferably to blocks with communal spaces to minimise management issues, avoid expensive service charges and maximise tenant sustainability. Provision of these units should therefore be prioritised. Conversely, two bedroom flats should be avoided where possible as they are largely unsuitable to meet the needs of couples with children. Single people and couples without children are essentially unable to under-occupy such properties without covering the previous Spare Room Subsidy, thereby presenting affordability challenges for benefit dependent households. Two bedroom houses are far more suitable for this purpose and sustainable in the long term.

1.8.3 Older Persons' Accommodation

Building new sheltered schemes is not justifiable at present, although the qualitative research has demonstrated that there is undoubtedly a clear purpose for this product in the local housing market despite local stigma. Priority should thus be given to rebranding and/or upgrading existing schemes to further build on existing work already carried out. This includes various improvement works (updating bathrooms, fitting new kitchens and upgrading heating etc), redevelopment and diversification (converting schemes into community hubs, accommodating households with support needs and such like). It has also proved effective to hold well publicised open days to dispel myths and concerns; especially by utilising testimonies from existing residents to change perceptions in lower demand areas. It is recommended that this best practice is continued to further help reverse the stigmatisation of this tenure.

Moreover, until recently, sheltered accommodation has been the only tailored option available to older persons within RCT and there is still need to diversify the options for this growing client group across the County Borough. Diversifying this sector of the local market to include alternatives such as additional extra care facilities and

moderately priced later living schemes may help to enhance choice for older people. Indeed, the qualitative research found there a gap in the market for the latter.

1.8.4 Private Rented Sector

With limited capital investment and the effects of welfare reform, it will prove highly difficult to meet housing need solely through new social rented provision in the short to medium term. The private rented sector could help address this shortfall, although at present, it is dominated by three bedroom houses in almost every market area. This renders the sector largely unsuitable to house the many smaller benefit dependent households in housing need.

One priority is therefore to promote the lack of smaller units across many market areas to local landlords and encourage them to invest in one and two bedroom units. Treforest in particular has a high proportion of 4-5 bedroom properties licensed as Houses in Multiple Occupation due to the historically strong student market. However, with reported diminishing demand for student accommodation, there is a need to re-balance the local tenure and diversify the product on offer. The Council has already developed a number of initiatives to help work more closely with local landlords; such as re-establishing the landlord forum, providing a landlord liaison service, improving online presence, enhancing tenant referral processes and introducing a voluntary property accreditation scheme.

However, this recommendation will always be hampered by the current LHA policy and the artificially low rate caused by the illogical grouping of Rhondda and Taf within a single BRMA. A further priority must therefore be to monitor the status of the BRMA and process for calculating LHA; ensuring that local representations are made when possible.

1.8.5 Diversify New House Building

Over the past several years, construction of larger, more expensive house types have become increasingly commonplace locally, fuelled primarily by the Help to Buy Wales Scheme. Whilst the scheme has undoubtedly helped a significant proportion of households meet their preferences, statistics show that many have borrowed close to their margins of affordability to secure a 75% mortgage. This may be feasible in the short term, yet could have implications after year five when the

additional interest repayments commence and household circumstances may change.

One further recommendation is thus for house builders to pursue a more balanced mix of units on new build sites, to include smaller, more affordable market properties. Indeed, this recommendation applies equally in the context of older people. Qualitative research with households aged 50+ revealed a desire for house builders to incorporate a greater range of property types in their schemes; to include bungalows, flats and houses. The sheer lack of housing options in the locality was deemed a particular flaw of the local housing market at present, and whilst provision of affordable housing does help to address this imbalance in one respect, there is also a need for more housing options in the new build sector. Such solutions are not only limited to traditional methods of construction and can be delivered through more innovative approaches, often at a faster rate with lower environmental impacts.



RHONDDA CYNON TAF

Local Housing Market Assessment 2017/18 – 2022/23



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Executive Summary

This Local Housing Market Assessment has utilised the Welsh Government methodology to assess the housing market within Rhondda Cynon Taf from 2017/18-2022/23, thus fulfilling the Council's statutory duties in this respect. A range of socio-economic, demographic and property market data were used to inform the Assessment in order to provide a detailed insight into the mechanics of the local residential markets. A series of focus group sessions were also held with older residents to bolster the qualitative evidence in relation to this client group's specific housing needs.

Overall, this Assessment revealed stark differences in housing market buoyancy across the County Borough; with demand in Taf being relatively higher than across the rest of the locality. However, house price to income ratios are far greater across Taf, rendering affordability more of a significant issue in many parts of this vicinity. Elsewhere, the strength of existing local connections are also plainly evident; generating housing market 'hotspots' in parts of the Rhondda and Cynon Valleys. Indeed, housing markets are far more intricate in the Valleys and householder perceptions of market area boundaries can be particularly small.

Household sizes were also found to be increasingly smaller across all markets and tenures, which is a reflection of societal changes in household formation. This presents an affordability issue for a notable proportion of society given the dominance of larger terraced properties across much of the dwelling stock. This phenomenon combined with a contrast between needs and aspirations has resulted in longstanding low demand for larger properties in certain areas. Indeed, empty properties are a significant local issue and there were nearly 3,000 private sector homes vacant for six months or more across the County Borough in April 2016. This issue is habitually most acute within several parts of the Rhondda, although empty properties are present in nearly all markets, which represents not only a problem but a resource to help increase housing supply alongside new build.

Whilst assessing the local housing market as a whole, this study also specifically estimated the deficit of affordable housing within the County Borough. Overall, there is a need for 737.51 affordable housing units per annum, comprising 270.04 intermediate units and 467.47 social rented units. It is important to emphasise that

this headline need should not be considered an annual delivery target or even the solution to the affordability issues within the County Borough. It instead indicates the scale of housing market failure within RCT, which the Council will seek to address through a range of market interventions as far as practically possible. Additionally, the housing need identified within this Assessment is best viewed at local sub market level to ensure the needs for different types of housing in different markets are fully understood.

1.0 Introduction

1.1 National Policy Background

All local authorities have a requirement to consider the housing accommodation needs of their localities under Section 8 of the Housing Act 1985. This is vital for Councils to have a comprehensive understanding of the intricacies of their local housing market(s) and to provide a robust evidence base for effective strategic housing and planning services. Indeed, Planning Policy Wales emphasises that local authorities must,

understand their whole housing system so that they can develop evidence-based market and affordable housing policies in their local housing strategies and development plans. They should ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period (WG, 2016, para 9.1.4).

To deliver these objectives, Welsh Local Authorities must formulate Local Housing Market Assessments (LHMAs), which build upon the requirement to review housing needs through a more holistic review of the whole housing market. In this manner, these studies “establish the nature and level of housing requirements” in the locality’s housing market(s) and provide a robust “joint evidence base for local housing strategies and development plans” (WAG, 2006a, para. 7.2).

This policy position has been both upheld and strengthened by several Welsh Ministers in recent times. For one, the former Minister for Housing and Regeneration wrote to all Welsh Local Authorities in May 2013 to reaffirm that LHMAs should be considered a priority as part of a strong local strategic housing function. This was accompanied with a specific requirement for LHMAs to be updated biennially utilising Section 87 of the Local Government Act 2003.

Furthermore, in December 2015, the former Minister for Communities and Tackling Poverty established an Expert Group on Housing an Ageing Population in Wales. The related report (WG, 2017a) which emphasised the importance that housing

plays throughout all life stages, and, logically, for any assessment of housing need to not only consider ‘numbers’ but the housing options available to people as they age.

Rhondda Cynon Taf County Borough Council has already been working on this basis, with internally produced LHMA's having been regularly published and updated since 2010. This latest Assessment builds upon the extensive in-house experience and market analysis already conducted to provide a robust evidence base that fulfils the Council's statutory duties in this respect.

1.2 Local Policy Background

The Council's Corporate Plan was published in 2016 with a vision “for a County Borough that has high aspirations, is confident and promotes opportunity for all” (RCTCBC, 2016). The plan focuses on three priorities; Economy, People and Place, which all support the seven Wellbeing Goals of the Wellbeing of Future Generations (Wales) Act 2015.

Housing cuts across all three of these strategic priorities as it not only fulfils a basic need for shelter, but good quality homes contribute significantly to improving health, wellbeing, educational attainment and the economy. The Council's Housing Delivery Plan ‘Building on Firm Foundations’ contributes significantly to the aims of the Corporate Plan, through four clear objectives:

1. To enable a functional housing market
2. To improve housing conditions in communities which promotes safety and health and well-being
3. To enable access to suitable, affordable housing
4. People in financial need receive the right advice and support

Regular production of a robust LHMA can be viewed as the principal linchpin upon which the delivery of these four objectives rests. As the Housing Delivery Plan states,

Enabling a functional and balanced local housing market is fundamental to fostering social inclusion, health and well being and ensuring robust and

prosperous communities within Rhondda Cynon Taf. Delivery of affordable housing can also have the added gain of regenerating communities by bringing empty properties back into use (RCTCBC, 2013a, p.7).

The LHMA also forms part of the evidence base for the Local Development Plan, which was adopted in March 2011 and covers the period up to 2021. This document sets out the local strategy and level of growth that will need to be supported by the provision of new or upgraded infrastructure. The LDP identifies and seeks to manage the challenges arising from a County Borough that falls into two distinct parts. The Northern Strategy Area (NSA) comprises the central and northern valleys which has suffered from deprivation, depopulation and low levels of house building, all linked to a decline of traditional industries. By contrast, the Southern Strategy Area (SSA), which covers roughly the southern third of the County Borough, has experienced growth pressures due to its accessibility and proximity to the M4 corridor together with the major south-east Wales urban centres. The LDP provides the basis for determining planning applications and sets the framework for the delivery of affordable housing through the planning system in the County Borough. Additional affordable housing will be secured over the next 5 years through Policy CS5 and the application of percentage targets and thresholds (Policies NSA 11 and SSA 12) to residential sites. The LHMA is the principal tool used to inform these policies, together with any regional policy developments in the near future.

1.3 Overview of Assessment and Methodology

This LHMA assesses the various components of the housing market in Rhondda Cynon Taf (RCT) across each varied locality. It firstly provides an overview of socio-economic and demographic statistics relating to the housing market, details relevant qualitative research and outlines the quantitative assessment of housing need.

As depicted in Figure 1, the housing market encompasses a range of tenures from home ownership (i.e. for households able to fulfil their own needs in the market by purchasing a property) to social rented accommodation (i.e. targeted at households unable to meet their needs in all other depicted markets). However, households will not necessarily follow each rung of the ladder in turn and will move up or down the ladder unsystematically as their housing needs dictate.

Figure 1 The Housing Market Affordability Ladder



A) Home Ownership

(private properties purchased via mortgage or capital)

B) Low Cost Home Ownership

(i.e. 60-70% shared equity mortgages for first time buyers)

C) Private Rent

(properties for private rent on the open market)

D) Intermediate Rent

(properties for rent by housing associations at below market levels)

E) Social Rent

(properties for rent at benchmark levels by housing associations)

Historically, it was only the latter category (E) of households that were considered to be in housing need. However, financial difficulties in the current economic climate have also led to a new group of households (i.e. categories B and D) being squeezed out of home ownership and the private rented sector respectively; thereby being left in need of an alternative form of affordable housing. This is broadly categorised as intermediate housing, but includes both Low Cost Home Ownership (LCHO) and properties for intermediate rent.

For the purposes of this LHMA, housing is deemed to be affordable “where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers”. This includes social rented and intermediate housing, but differs to market housing, which is classed as, “private housing for sale or rent where the price is set in the open market and their occupation is not subject to control by the local planning authority” (WAG, 2006a, paras. 5.1-5.3). Hence, when assessing the local housing market as a whole, this LHMA also specifically estimates the need for affordable housing over the next five years. This process can be explained by using an updated version of the bath analogy originally conceptualised by Bramley *et al.* (1998, p.34) as illustrated in Figure 2 overleaf.

Figure 2 Assessing the Need for Affordable Housing (the Bath Analogy; $X+Y - Z$)



Essentially, newly arising need comes through the taps (for social rent) and the mixer head (for intermediate products), the backlog is the level of water in the bath and the supply of affordable housing is the plughole. However, “levels of unmet need are unlikely to be reduced to zero given that people’s housing circumstances change, and there will always be households falling in and out of housing need” (WAG, 2006b, p. 70). This LHMA therefore takes a snapshot of housing need in 2017 and outlines the extent to which this quota can be met over the next five years.

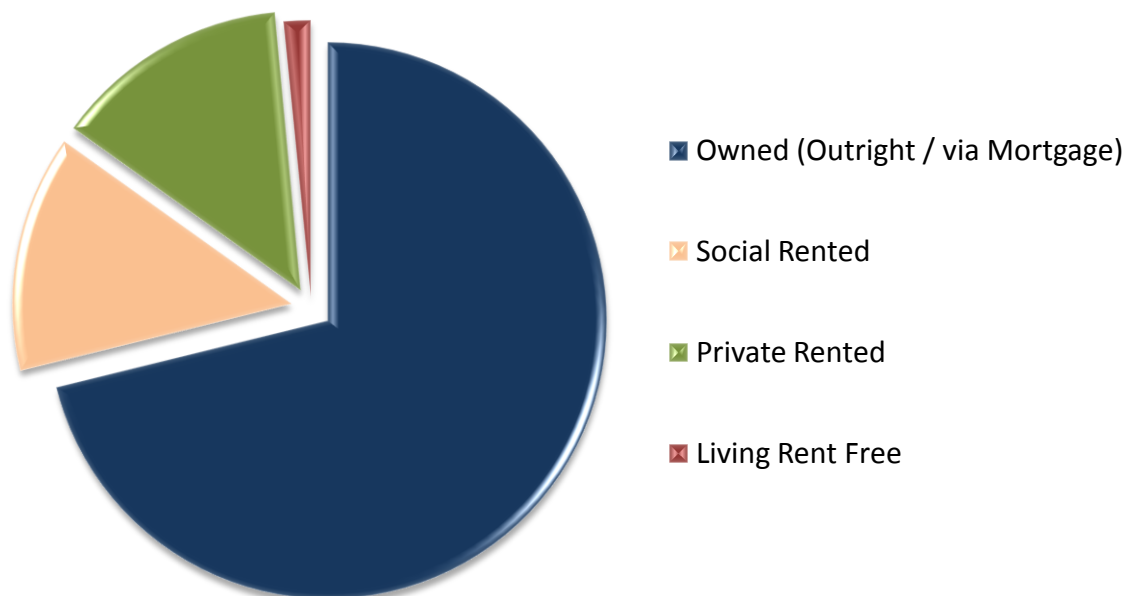
This LHMA replaces the last Assessment (2014/15) in forming part of the evidence base for the Corporate Plan, Housing Delivery Plan and Local Development Plan. Operationally, it provides a tool to justify affordable housing provision on planning applications, allocate Social Housing Grant and inform strategic housing priorities at the local level.

2.0 Housing Market Analysis by Tenure

RCT covers an area of the South Wales Valleys stretching from the Brecon Beacons in the north, to the outskirts of Cardiff in the south. It comprises a mixture of urban, semi-suburban and rural communities, situated in mountains and lowland farmland. The County Borough covers an area of 424 square kilometres with a population of 237,411 people or 102,540 households (WG Mid Year Estimates, 2015). To illustrate the nature of the local housing market, this section outlines a range of information on market values, transactions and dwelling stock for different tenures.

At the time of the 2011 Census, owner occupation (either outright or with a mortgage) was the main tenure locally; accounting for 71% of all households in the County Borough and this hasn't changed significantly since 2001. However, the number of households renting privately has doubled over this period, with growth throughout the County Borough. The size of the private rented sector is therefore now comparable to the social rented sector in both absolute and relative terms. This can be visualised in Figure 3 below.

Figure 3 Households by Tenure in RCT



Data Source: 2011 Census

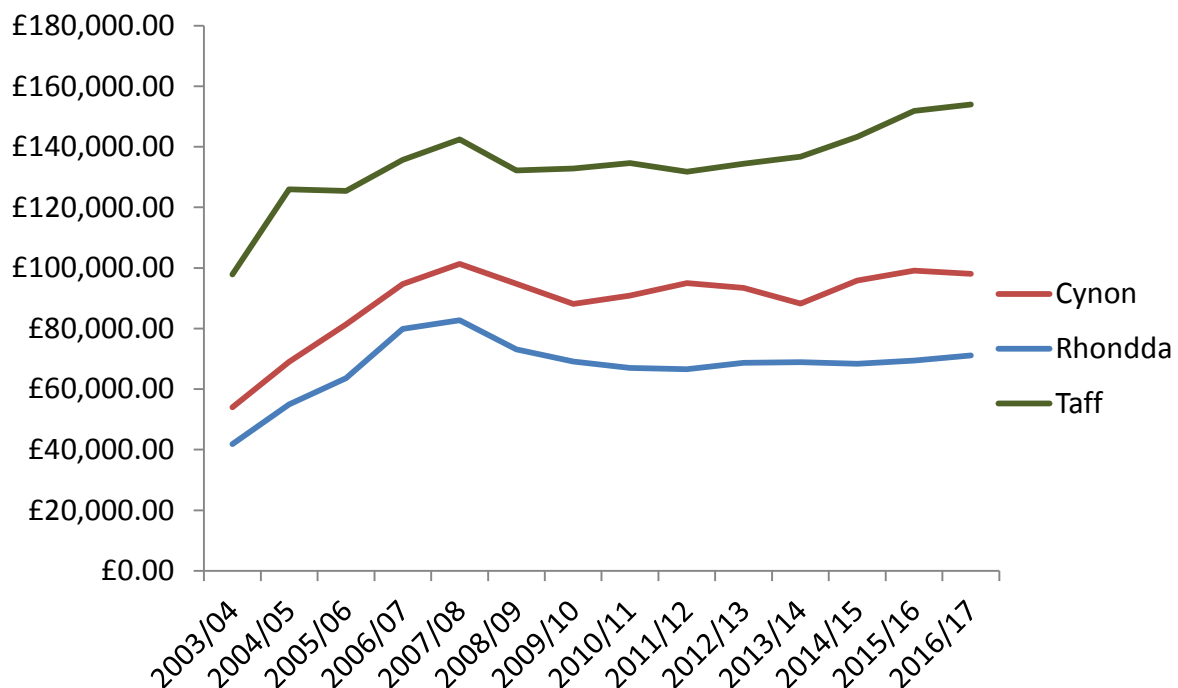
A number of market forces are contributing to this phenomenon. At one end of the market, many first time buyers are priced out of home ownership, unable to obtain a mortgage and are increasingly moving into the private rented sector with little hope of saving a deposit. At the other end, pressures on the existing social housing stock

remain high and many households in non-priority need are unable to access social rented accommodation, especially in higher demand areas. This section will assess these inter-related trends in more detail.

2.1 Owner-Occupier Market Sector

The Land Registry has been recording price paid information for residential properties on the register since 1st April 2000 and this has been freely available to the public since March 2012. There are many benefits to using this data to help understand the home ownership market. Principally, it represents the physical number of sales and the actual prices paid for all properties by age (new build or second hand) and type (detached, semi-detached, terraced, flat or maisonette). This address level data has been grouped by geographical wards and boroughs to provide an extremely robust overview of housing sales since 2003/04. This information is also not skewed by valuations, which tend to be around 10-15% higher than prices paid for properties.

Figure 4 Average Price Paid for Properties by Borough, 2003/04-2016/17



Based on Price Paid Data produced by HM Land Registry © Crown copyright 2017

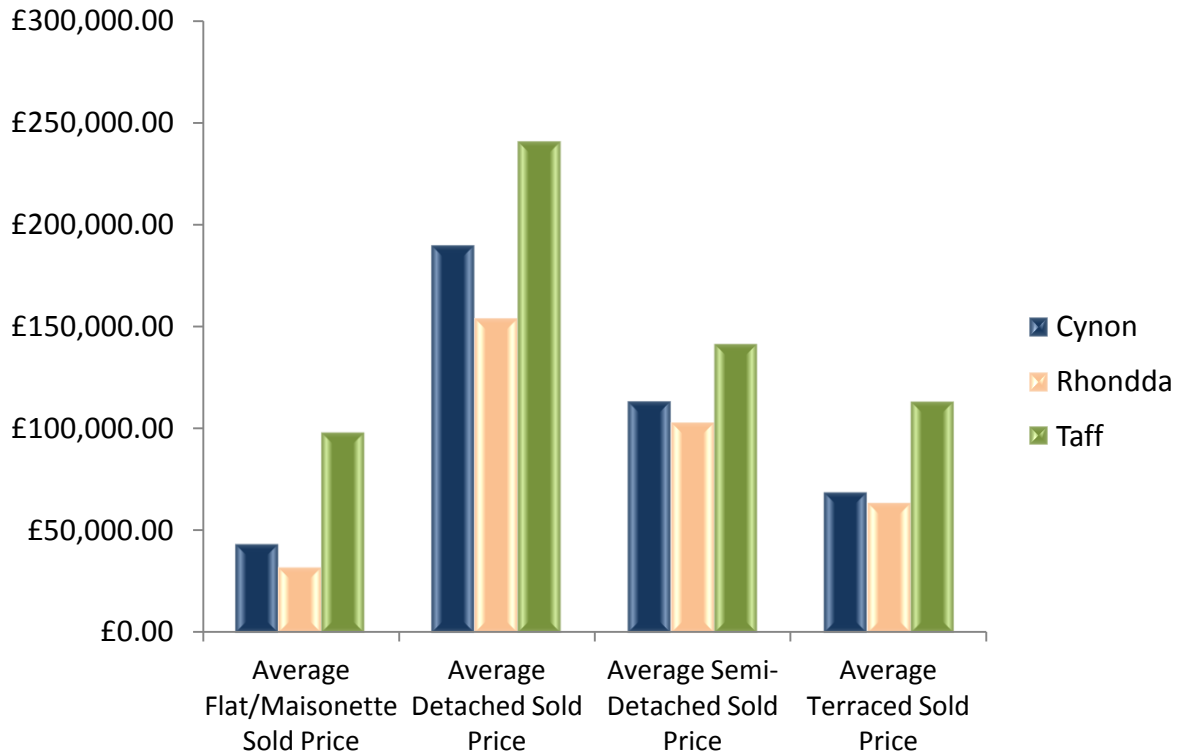
Figure 4 provides a headline overview of the average house prices across Rhondda, Cynon and Taf. Properties in the Rhondda do tend to attract a slightly lower price than properties in Cynon, but evidently this has fluctuated over the last decade and the two areas are relatively similar in terms of prices paid for properties. Comparatively, the average price paid for housing in Taf has typically been 40-50% higher than in Rhondda and 30-40% higher than in Cynon over the period displayed. This is unsurprising as Taf obviously benefits from closer proximity to Cardiff, better transport links and offers lower density properties, which are scarce in the other two boroughs.

All three of these areas witnessed a dramatic boom in property prices from 2003/04 to 2007/08; with average prices in Rhondda and Cynon more than doubling and average prices in Taf increasing by two thirds. This ascent however peaked in 2007 and then began to fall in all three boroughs from 2008/09. This decline nevertheless fluctuated and began to stabilise in successive years; never once falling to anywhere near the same level as recorded in 2003/04. Whilst average prices paid for properties in Rhondda and Cynon have not since reached 2007/08 levels, Taf prices once again peaked in 2014/15 and have now surpassed 2007/08 values. Indeed, the 2016/17 average price paid for properties in Taf (£154,000) is the highest ever recorded in the vicinity.

Figure 5 further elaborates on these trends by displaying the average prices paid for different property types by borough during 2016/17. There is a clear uplift in price between property types; semi-detached properties typically sell for 30% more than terraced properties and detached properties typically sell for 40% more than semi-detached properties. The differences in prices paid for flats/maisonettes and terraced properties are less notable, although sales of flats and maisonettes make up an extremely small part of the active housing market (accounting for around 2% of sales each year over the last decade).

The previous borough wide differentials between Rhondda, Cynon and Taf also translate into sale prices for each property type. However, the largest difference is undoubtedly in the terraced property category, where properties in Taf achieve nearly double the price of properties in Rhondda or Cynon. This highlights how far less affordable entry level properties are in this part of the County Borough.

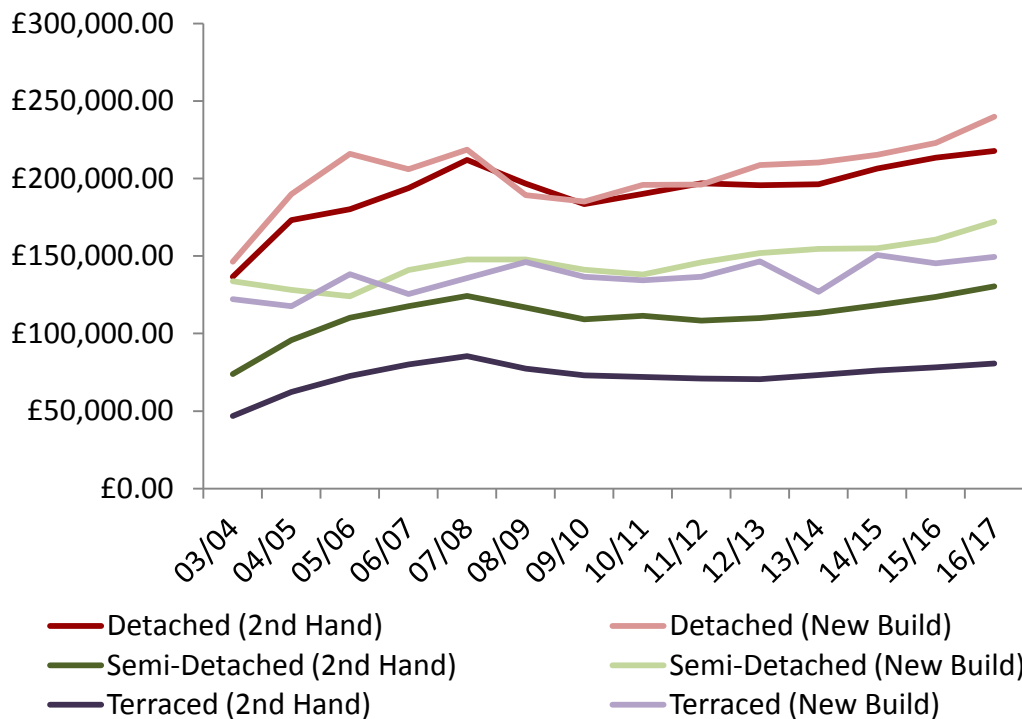
Figure 5 Average Price Paid for Property Types by Borough, 2016/17



Based on Price Paid Data produced by HM Land Registry © Crown copyright 2017

To illustrate the premium that new build properties attract, Figure 6 separates average prices paid over the last decade by age (new build or second hand) and property type. Flats and maisonettes have not been included in this graph as the numbers of related transactions are too small to provide robust averages.

Figure 6 Sales by Property Type and Age in Rhondda Cynon Taf, 03/04-16/17



Based on Price Paid Data produced by HM Land Registry © Crown copyright 2017

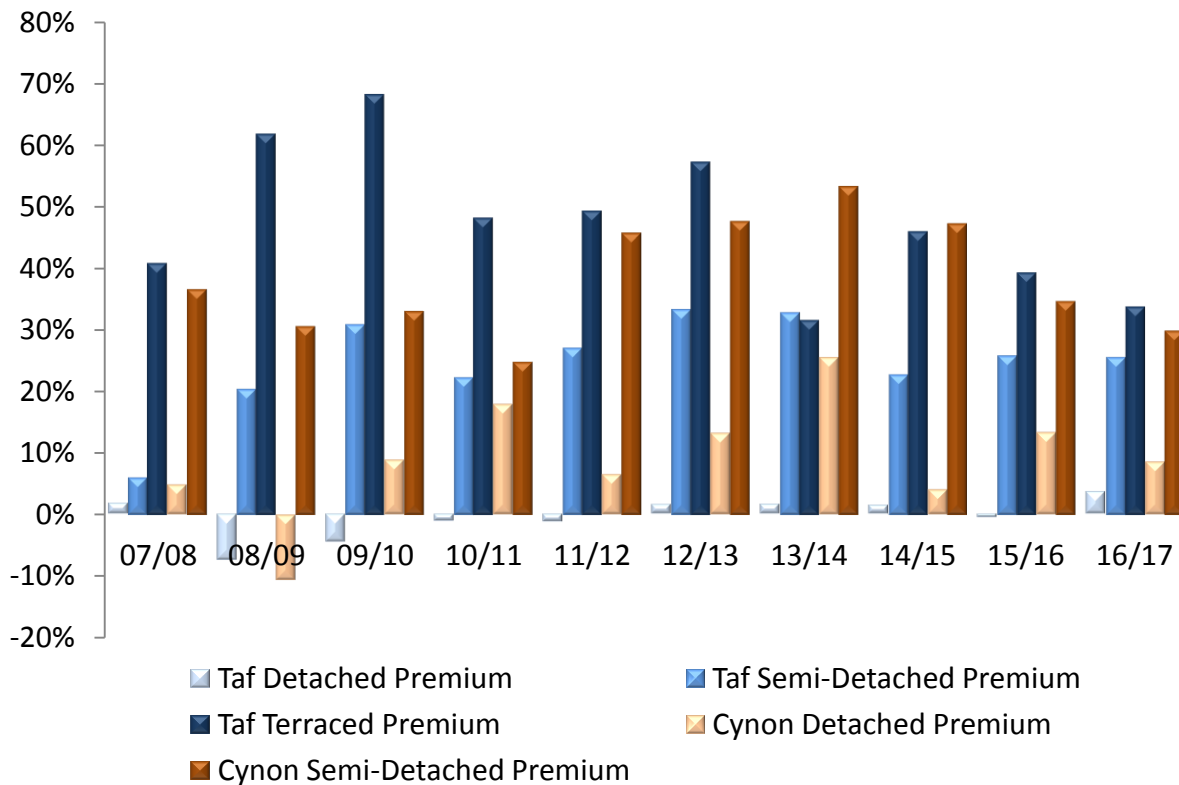
Whilst typical fluctuations in prices have followed the broader housing market, the premium for new build properties has remained relatively constant. There are nonetheless three distinct trends across the different property types displayed in Figure 6, reflecting the nature of the housing market in RCT. Firstly, the premium for semi-detached properties has been around 30% over the last eight years. In recent monetary terms, a purchaser would have to pay £42,000 more for a new build semi-detached house than an older semi-detached property in 2016/17. This is to be expected as there is always a premium to pay for living somewhere that no other household has, new fixtures and fittings, lower maintenance for the foreseeable future and off street parking (which may not always be available with older properties).

However, this trend is not quite as notable when analysing the other property types displayed in Figure 6. For example, and secondly, the uplift in the average price paid for new build detached properties hasn't been as pronounced since 2005/06 and it was almost negligible until very recently. This suggests that second hand properties are holding their value at the top end of the market compared to new build properties, which is perhaps not that surprising given that the former are likely to have a larger footprint. As Figure 7 also shows, there are even some examples of average detached property sale prices exceeding new build average prices in Taf and Cynon from 2008/09 to 2011/12. More recently, new build detached properties did attract a 10% premium over older detached properties in 2016/17, although this does buck the longer term trend and it will be interesting to see if this continues.

At the other end of the scale, and thirdly, the premium for new build terraced properties has been anywhere between 80-100% since 2008/09. This is a tremendous uplift if considered at face value. However, caution has to be exercised when interpreting this statistic as the overall average price paid for terraced properties is so heavily skewed by low value house sales within the Rhondda and Cynon Valleys. This is an inevitable consequence of the diverse housing market in RCT, yet is obviously an unfair comparison as most of the new build properties have been built and sold within the Taf area. Therefore, an analysis of prices in Taf alone shows that the premium has been 30-40% for terraced properties over the last four years, which is more akin to the premium one would expect. Indeed, Figure 7 illustrates this phenomenon in more detail by displaying the uplift by different

property types and Boroughs, although the Rhondda has been excluded from this Figure due to a particularly small number of new build sales.

Figure 7 New Build Premium in Taf and Cynon, 2007/08 to 2016/17



Based on Price Paid Data produced by HM Land Registry © Crown copyright 2017

Another related consideration is how the number and type of house sales affect the average prices paid for properties. Figures 8 and 9 overleaf provide context in this respect by outlining the actual number of sales of different property types over the last thirteen years. The sheer volume of terraced property sales in 2003/04 is perhaps most striking; 46% of these were in the Rhondda, 24% were in Cynon and 30% were in Taf. This is a clear reflection of householder confidence in the market at the time and the accessibility of home ownership for entry level properties. One cannot however ignore the dramatic descent in sales at the time the market crashed and the extent to which this affected the terraced property market.

Figure 8 Average House Prices and Number of Sales, Rhondda Cynon Taf

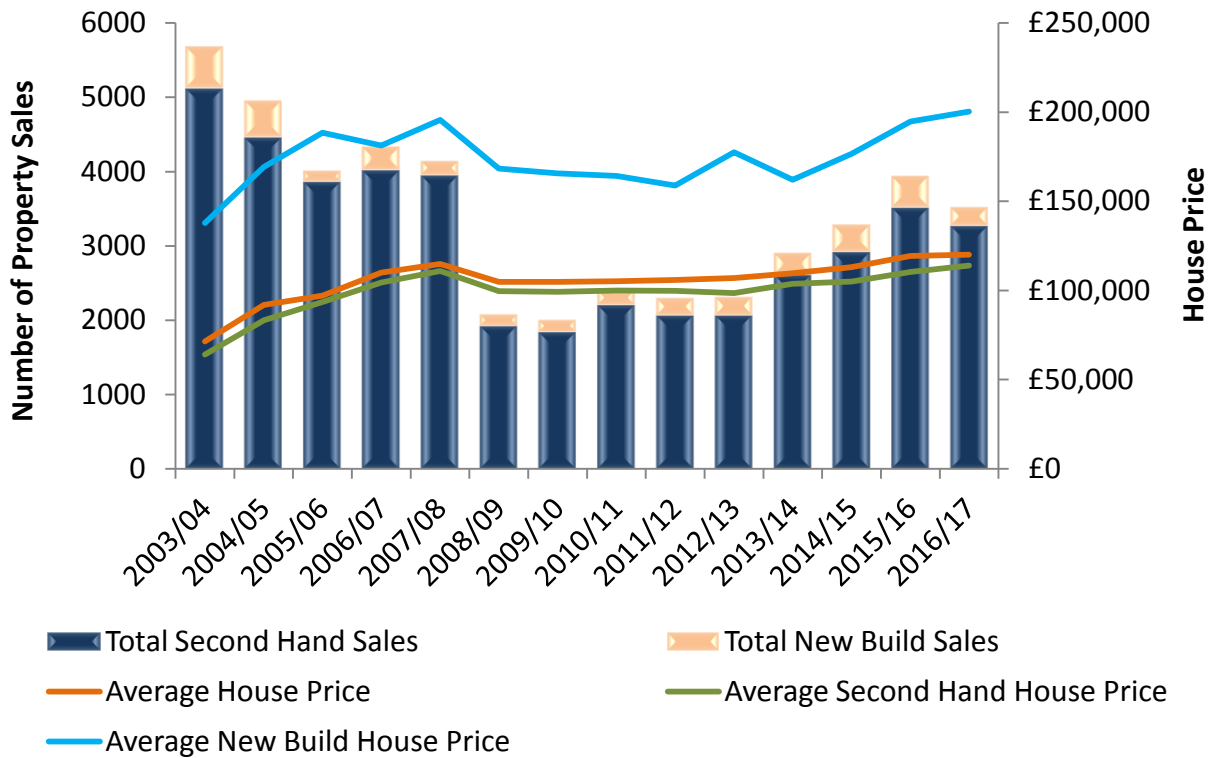
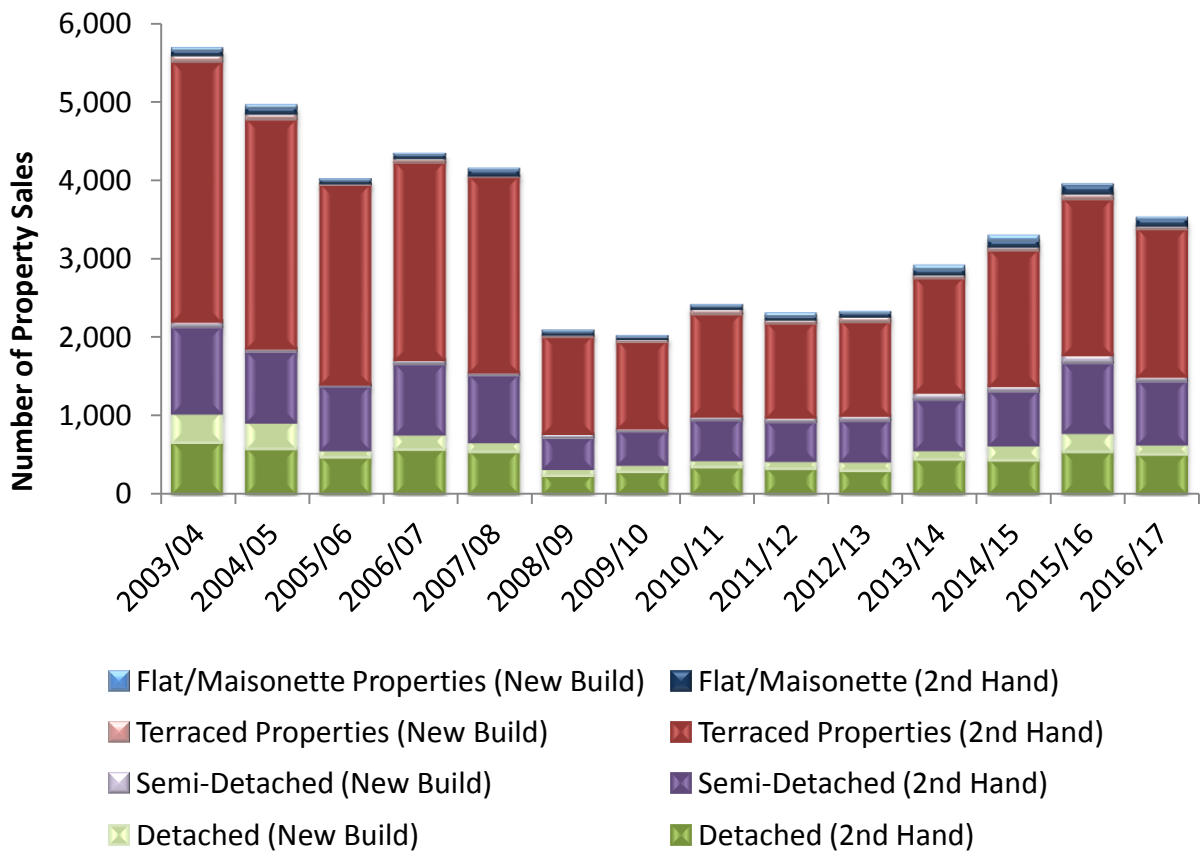


Figure 9 Average House Prices and Number of Sales, Rhondda Cynon Taf



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Figures 8 and 9 also demonstrate how small a proportion of total sales have been new build properties over this period. Interestingly, sales were highest in 2003/04 and 2004/05 (500+ units per annum or 10% of all sales), yet this fell significantly to below 200 units per annum from 2005/06 to 2010/11 (fluctuating between 4% - 8% of all sales). It is only in more recent years (2011/12 onwards) that new build sales have again been accountable for over 10% of all sales in RCT, albeit with approximately 1,700 fewer house sales overall.

The vast majority of new build sales have occurred in Taf, although sales across different property types are varied. In the early to mid 2000s, two thirds of all new build property sales were detached, which would have undoubtedly been driven by market preferences at the time. Indeed, the 2012 Local Housing Survey revealed that households primarily chose to move house for a better quality, larger and more spacious home (8-11% per category), with off street parking (6%). Mortgage companies were also prepared to lend larger income multipliers, which meant the propensity for households to meet aspirations increased. However, this trend began to change when the market crashed, with lenders implementing stricter criteria and house builders switching to smaller house types. It is therefore no coincidence that new build house sales more than halved and terraced properties accounted for a larger share (20-30%) of new build sales from 2009/10 to 2012/13. This trend has been slowly reversing hereafter, reflecting gradual economic recovery, and, perhaps most significantly, the introduction of Help to Buy Wales in January 2014.

Summary: Help To Buy Wales

Help to Buy Wales allows eligible purchasers to buy new-build homes with assistance from Welsh Government. The purchaser must have a 5% deposit and Welsh Government provides a shared equity loan of up to 20%, chargeable at a nominal £1 per month for the first five years. The purchaser then needs to obtain a conventional mortgage for the remaining 75% providing the property is not worth more than £300,000. After five years, the purchaser is required to pay interest at 1.75% of the market value of the shared equity loan at the time they purchased the property. This will rise each year after that by the increase (if any) in the Retail Price Index (RPI) plus 1%. The loan itself is also repayable after 25 years or on the sale of the property if earlier, or in certain other circumstances.

2.1.1 Help to Buy Wales

When Help to Buy Wales was first introduced, house builders operating in the area reported that three main changes had started to take place; an increase in sales *per se*, a reduction in part-exchange transactions, and, perhaps most fundamentally, a resurgence in construction of larger, more expensive house types. All three of these changes have indeed become increasingly apparent since the advent of the scheme, and the latter is particularly noteworthy as illustrated in Figure 10. In total, there have been 399 Help to Buy Wales property purchases in RCT from Quarter 4 2013/14 to Quarter 1 2017/18. 54% of these purchases have been three bedroom properties and 32% have been four bedroom properties, which is slightly above the proportionate national average. Conversely, only 11% of sales through the scheme have been two bedroom homes, which reaffirms the trends indicated by Land Registry data over the past several years. As aforementioned, house builders have responded to the policy by building larger house types, although it is also important to consider how far this phenomenon is catering for and/or fuelling demand.

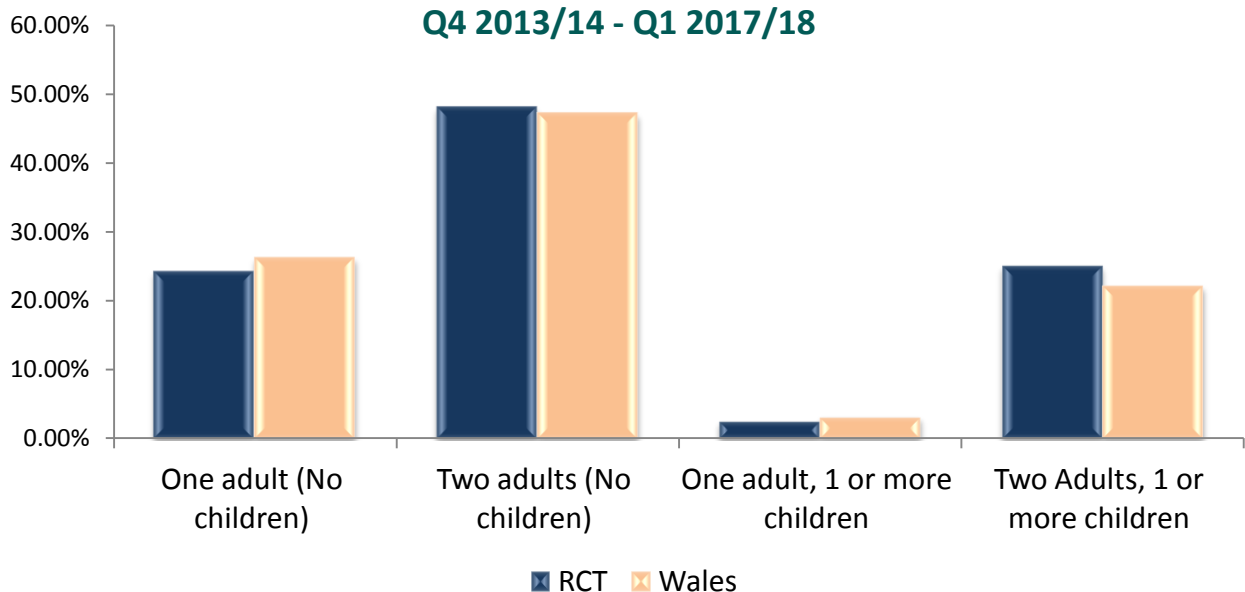
**Figure 10 % Help to Buy Wales Purchases by Bedrooms
Q4 2013/14 - Q1 2017/18**



Source: Derived from Welsh Government via Stats Wales, 2017

Further Welsh Government data provides additional context in this respect. Firstly, Figure 11 reveals the main compositions of households purchasing through the scheme over the same period in relative terms. Despite the evident propensity to purchase larger house types, household sizes have nonetheless been ‘smaller’ in line with broader societal trends. 24% of all purchasers have been single adults and 48% have been couples with no children, which almost perfectly correlates with the national average. This effectively means a large proportion of households purchasing through Help to Buy Wales are under occupying properties, signifying how far consumer preferences exceed housing need considerations. This draws parallels with informal feedback from private developers operating within RCT. Sales staff from different companies have noted a growing preference for larger house types amongst their clientele, a demand that has seemingly been fuelled by Help to Buy Wales. There are undoubtedly a number of valid reasons behind these preferences including the desire for more space, larger gardens and additional off street parking (including garages). Many households also reportedly prefer to purchase a home they can grow into, considering possible additions to the family in the short to medium term. Whilst financial conditions rendered it more difficult to upsize in the years during and post the recession, the introduction of Help to Buy Wales has made it far more possible for households to cater for such aspirations.

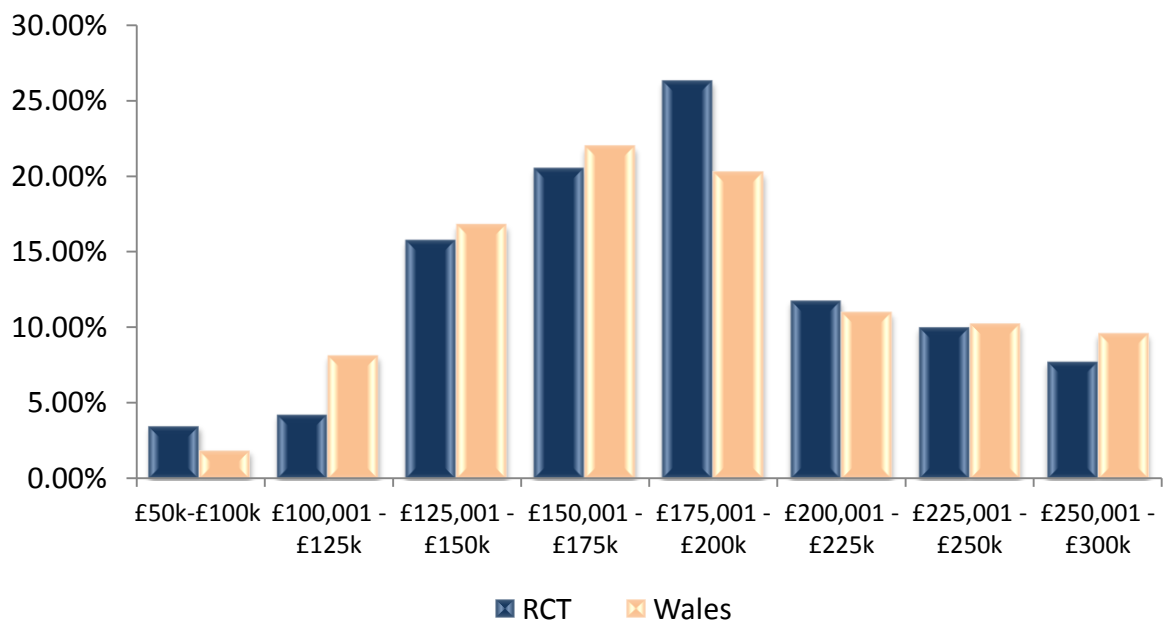
**Figure 11 % Help to Buy Wales Purchases by Household Composition
Q4 2013/14 - Q1 2017/18**



Source: Derived from Welsh Government via Stats Wales, 2017

An analysis of affordability is nonetheless fundamental to gauge the potential impact of this change in the housing market. Figure 12 below shows the proportionate span of sales by price category since Help to Buy Wales was introduced. Evidently, there has been a smaller percentage of sales within some of the lower price categories in RCT (i.e. 4% of sales were £100,000 to £125,000) compared to Wales overall (8%, respectively). Logically, therefore, there has been a greater cluster of sales within some of the higher priced categories compared to the national average, with over a quarter of all sales in RCT being £175,001 to £200,000. Land Registry data substantiates this fact, as the median price for all local new build properties in 2016/17 was £197,000. In comparison, the median price paid for second hand properties in Taf (where the majority of new build sites have been in recent years) was £133,000 in 2016/17, which represents a tremendous uplift effectively caused by Help to Buy Wales.

**Figure 12 % Help to Buy Wales Purchases by Sale Price Category
Q4 2013/14 - Q1 2017/18**

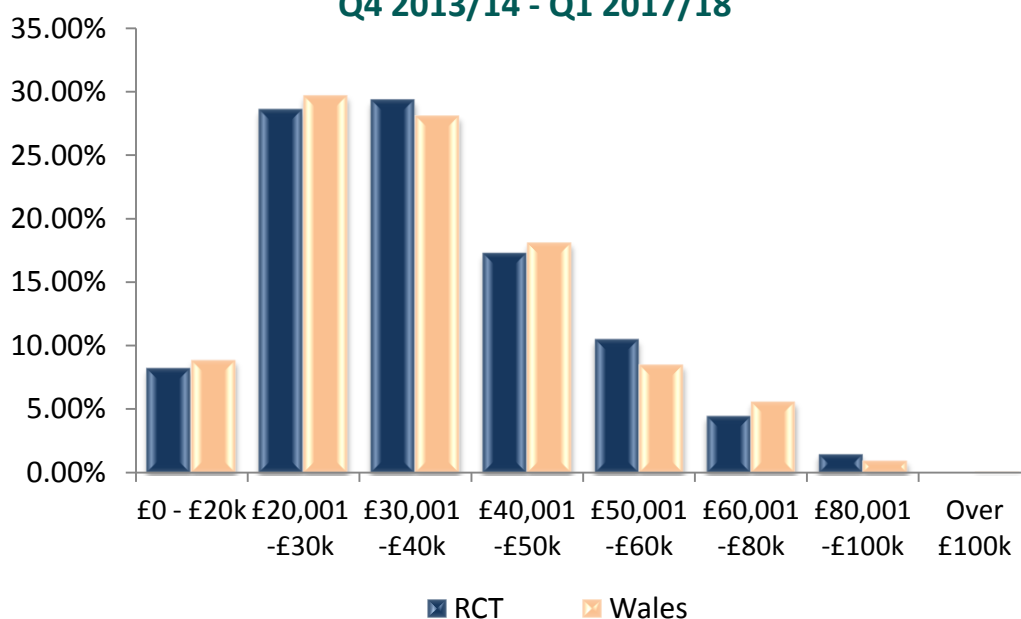


Source: Derived from Welsh Government via Stats Wales, 2017

ONS small area income estimates for 2014 suggest that typical gross household incomes across Taf are between £31,000 to £41,000. This is very much reinforced by the data displayed in Figure 13, which documents the household income amongst Help to Buy Wales purchasers. The two main household income categories are £20,001 - £30,000 (29%) and £30,001 - £40,000 (29%). Whilst individual mortgage

income multiplier data isn't available, and there will undoubtedly be exceptions at either end of the scale, the general trend indicates that households are typically borrowing around 4 times their salary to secure a Help to Buy mortgage (assuming a mid-point household income of £35,000 and 75% price of £138,750). This does seem to indicate that the **average** household has borrowed close to their margins of affordability to secure a 75% mortgage. This may be feasible in the short term, yet could have implications after year five when the additional interest repayments commence and household circumstances may change.

Figure 13 % Help to Buy Wales Purchases by Household Income
Q4 2013/14 - Q1 2017/18



Source: Derived from Welsh Government via Stats Wales, 2017

To consider this notion in further detail, Figures 14 and 15 illustrate the average price paid and total sale numbers for properties bought through Help to Buy Wales by first time buyers and existing homeowners, respectively. Interestingly, the proportion of first time buyers purchasing through the scheme has remained relatively constant over the past three financial years (just over 70%), which is akin to the national average. However, the average price first time buyers have been paying for properties locally has increased from £157,000 in 2014/15 (£12,000 lower than the national average) to £187,000 in 2016/17 (£10,000 higher than the national average). In all likelihood, a significant proportion of these households have lower than average household income and are thus having to borrow to their maximum capacity to afford a 75% mortgage through the scheme. Whilst the scheme is

therefore undoubtedly increasing supply and assisting private developers with sales, there may be some longer term affordability issues that will need to be monitored.

Figure 14 Completed First Time Buyer Purchases through Help to Buy Wales

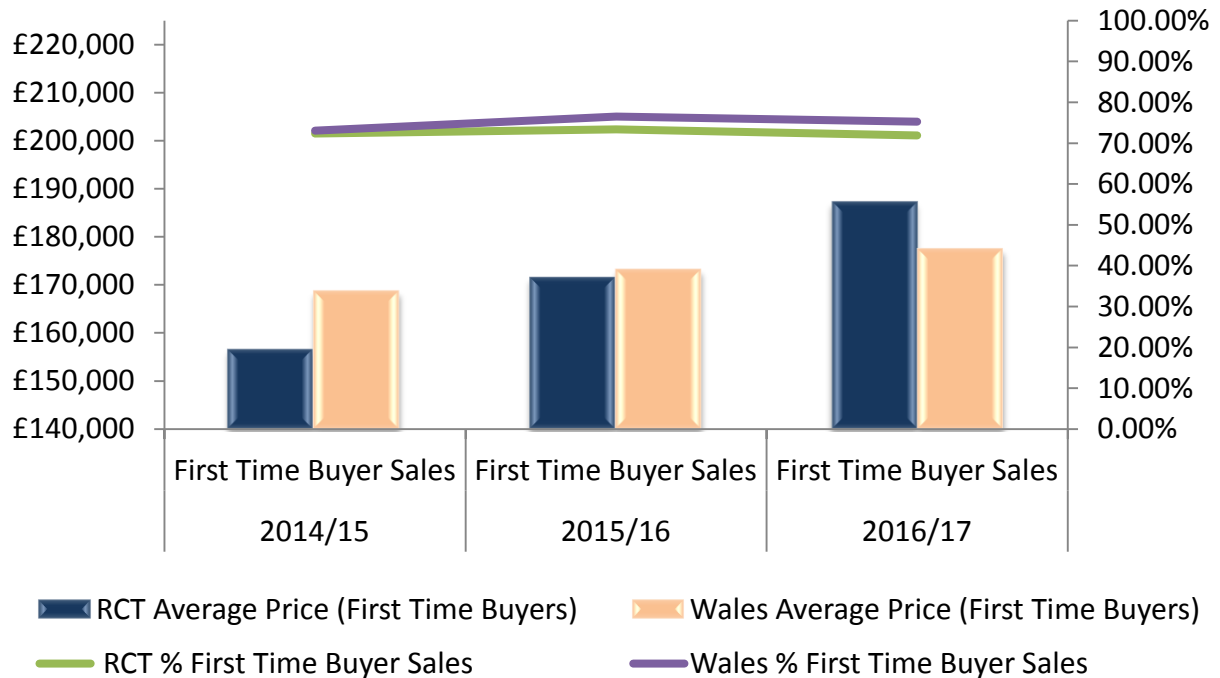
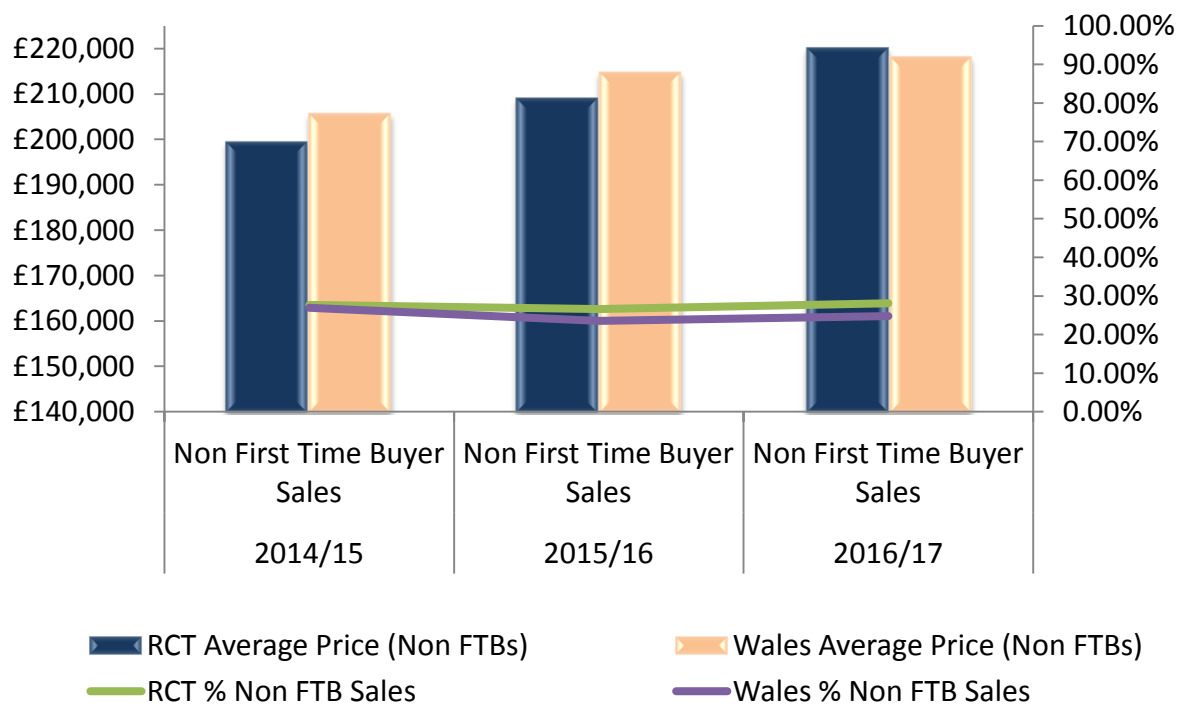


Figure 15 Completed Non First Time Buyer Purchases through Help to Buy Wales



Source: Derived from Welsh Government via Stats Wales, 2017

On the other hand, just under 30% of all purchases have been from existing households (both locally and nationally), which shows that the policy is also helping more established households to access new build housing and (in all likelihood) upsize. One could theorise that this is to cater for growing household numbers and / or aspirations. There has been a similar ascent in prices paid for properties amongst this client group; with sales initially achieving an average of £200,000 in 2014/15, rising to £220,000 in 2016/17.

2.1.2 Ward Level Property Sale Trends

Hitherto, this analysis has focussed on Local Authority and Borough level trends, although RCT has many diverse housing markets with small geographical intricacies. To provide a localised indication of sales, Figures 16 and 17 display ward level trends for 2016/17; the former outlines the average price paid for properties in each ward (indicated by different shadings of red) and the latter adds the number of property sales in each ward (indicated by the graduated pie charts). The map shows a very clear market disparity, with the largest cluster of high house prices being found in the far south of the County Borough. The highest prices are located in areas bordering Cardiff and the Vale of Glamorgan, peaking at £210,000 in Pontyclun. Average house prices decrease further north; with the Rhondda and Cynon Valleys attracting lower prices. The average price paid for properties in 2016/17 was lowest in Tylorstown, at £50,000, which exemplifies the diverse nature of RCT.

There are nevertheless some exceptions. Areas such as Porth, Tonypany and Treorchy are 'hotspots' within the Rhondda Valleys, with property sales achieving around £90,000. There are further examples in the Cynon Valley, with areas such as Cwmbach, Aberdare West/Llwydcoed and Rhigos (traditionally more distinguished rural communities) typically attracting prices of up to £130,000, which even exceed sales achieved in certain parts of Taf.

Property type is also a key determinant of price as shown specifically in Figure 17. It is no coincidence that the higher priced areas have a greater proportion of detached and semi-detached property sales, whereas the Rhondda and Cynon Valleys are dominated by the terraced housing market. This has been further compounded recently with the increased construction of larger new build units.

Figure 16 Average Ward Level Prices Paid for Properties

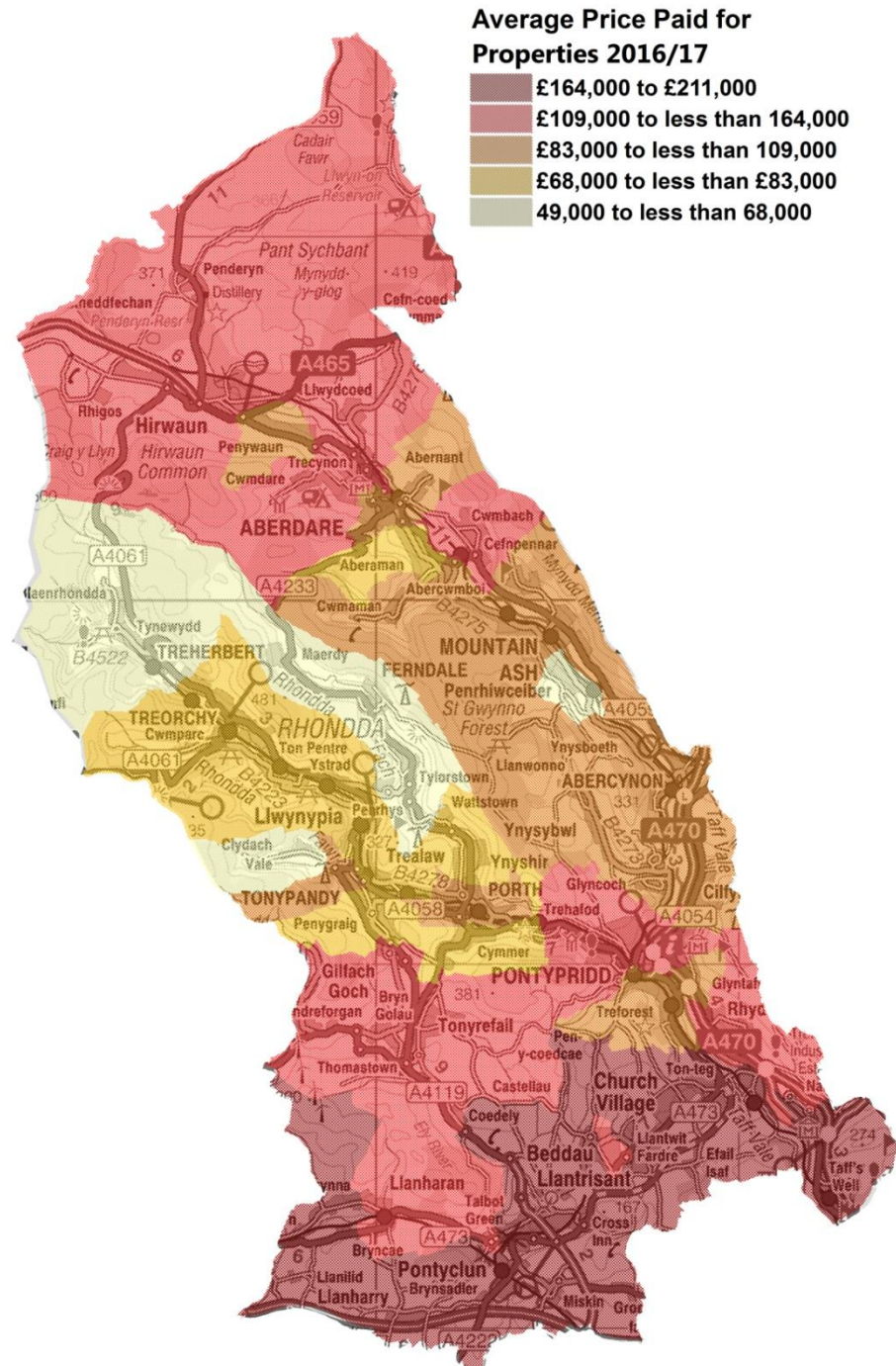
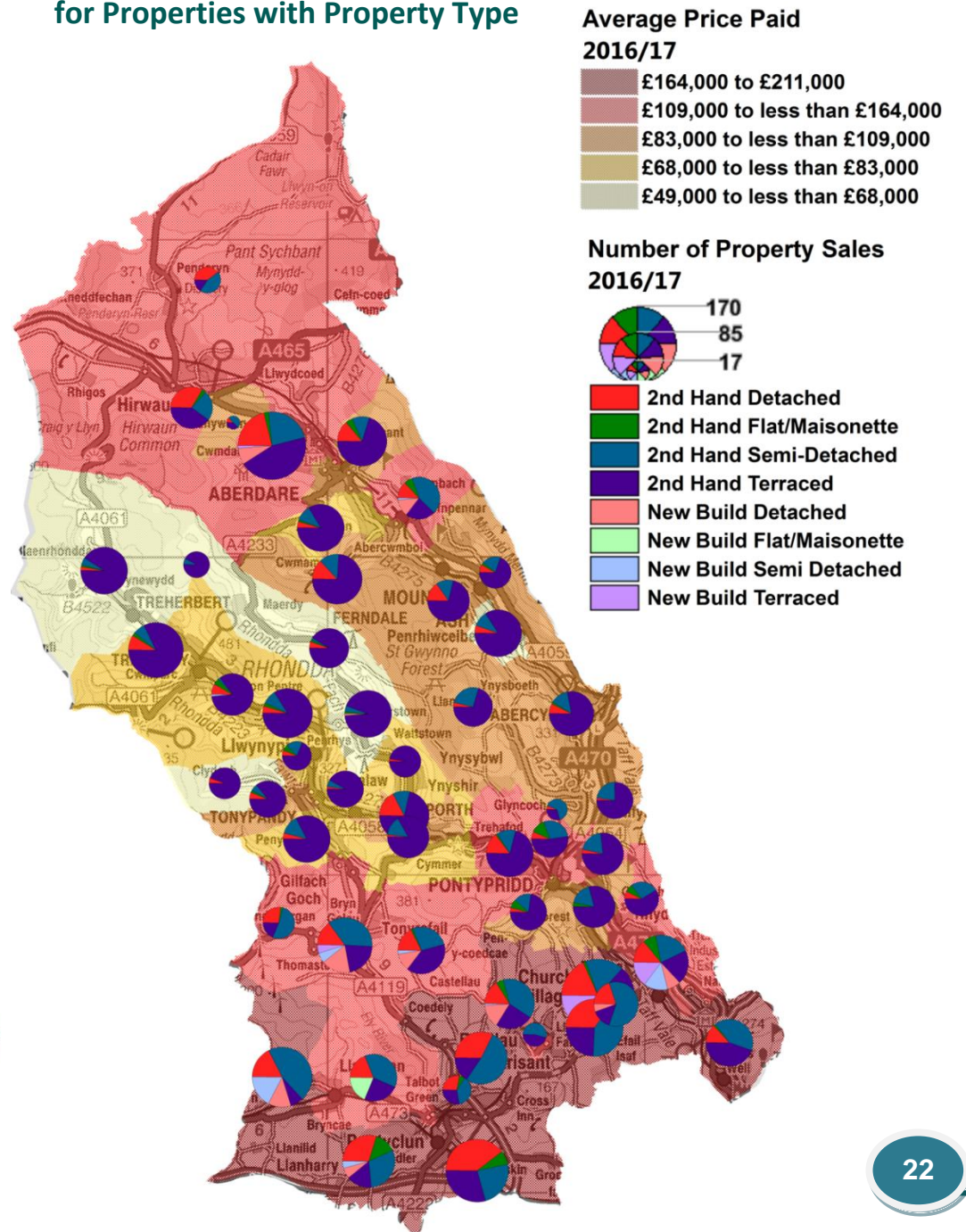


Figure 17 Average Ward Level Prices Paid for Properties with Property Type



These trends in property sales correlate strongly with the types of properties households resided within at the time of 2011 Census. This is illustrated by Figures 18 and 19 overleaf. The darkest shades of blue represent the highest percentages of home owners in the respective wards and the pie charts show both the proportionate number of bedrooms (Figure 18) and property types (Figure 19). Over 70% of households owned their own home (either in full or via a mortgage) on average in wards across RCT. Home ownership proportions were however highest in the south east; with nearly 90% of households owning their own home in areas such as Tonteg and Llantwit Fardre. This is unsurprising given income levels in this vicinity along with the commuter belt effect as will be discussed more in Chapters 3 and 7, respectively. Put succinctly, this housing market overlaps with Cardiff and attracts home buyers to move northwards due to relatively lower property prices, lower densities and good transport links to Cardiff City Centre. The scope for the commuter belt to move further northwards has been and is currently constrained by transport links and infrastructure. However, regional development could make a positive impact on the housing market in this respect.

Conversely, areas such as Rhydyfelin and Penywaun together with Treforest had the lowest percentages of home ownership in 2011. The former two areas have the highest proportions of social housing in the locality (49% and 43%, respectively) and the latter area is dominated by private rental properties (46%), which is due to the historically strong student market. Nonetheless, private landlords are increasingly reporting diminished demand for student accommodation in Treforest given the enlarged Cardiff-Centric campus of the University of South Wales and increased propensity for students to reside closer to Cardiff City Centre.

Figures 18 and 19 also provide an indication of how home ownership varies locally. Most of the Rhondda and Cynon Valleys are dominated by three bedroom terraced properties, which correlates with the type of sales in these vicinities. On the other hand, there is a far greater diversity of property types in Taf, although three and four bedroom detached and semi-detached properties are the most common as already illustrated by Land Registry data.

Figure 18 % Home Owners per Ward by Number of Bedrooms

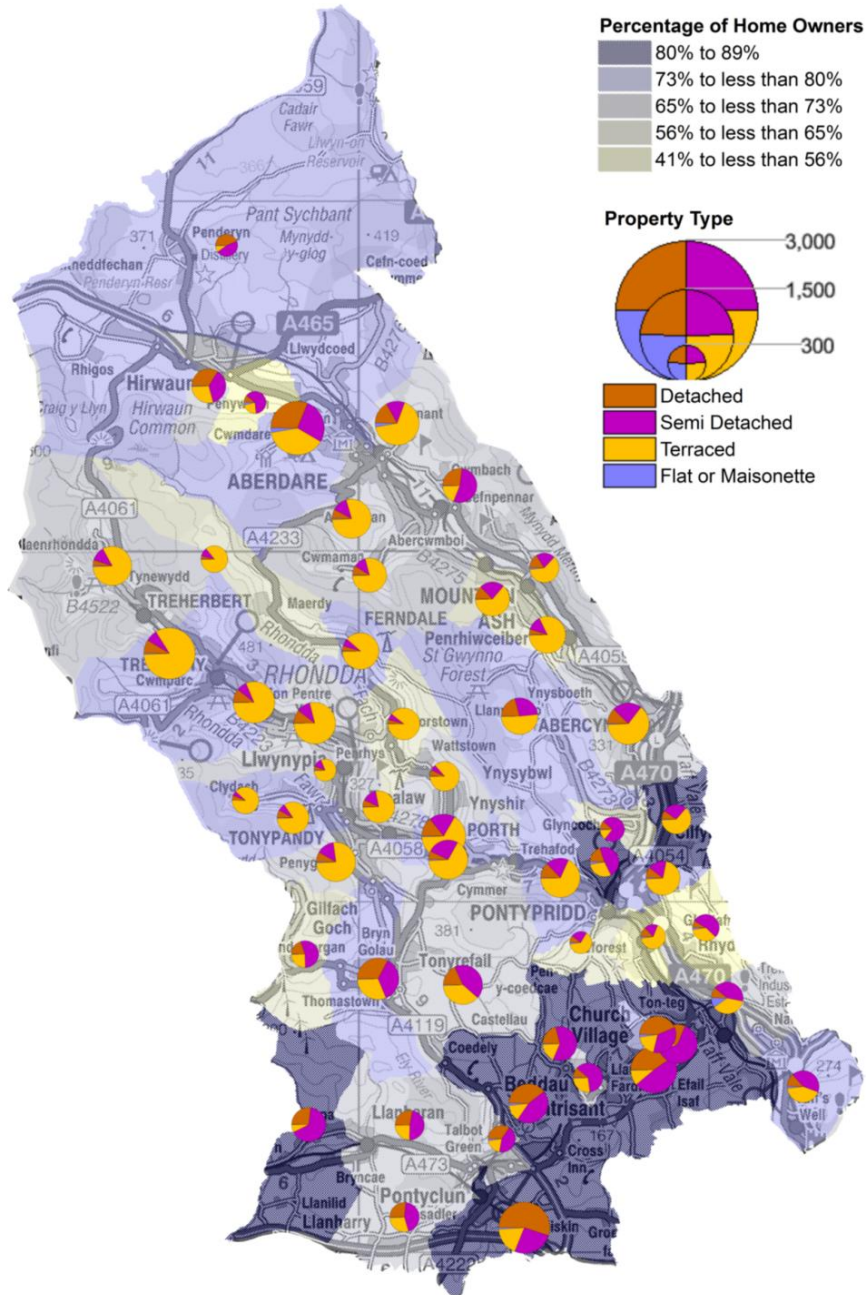
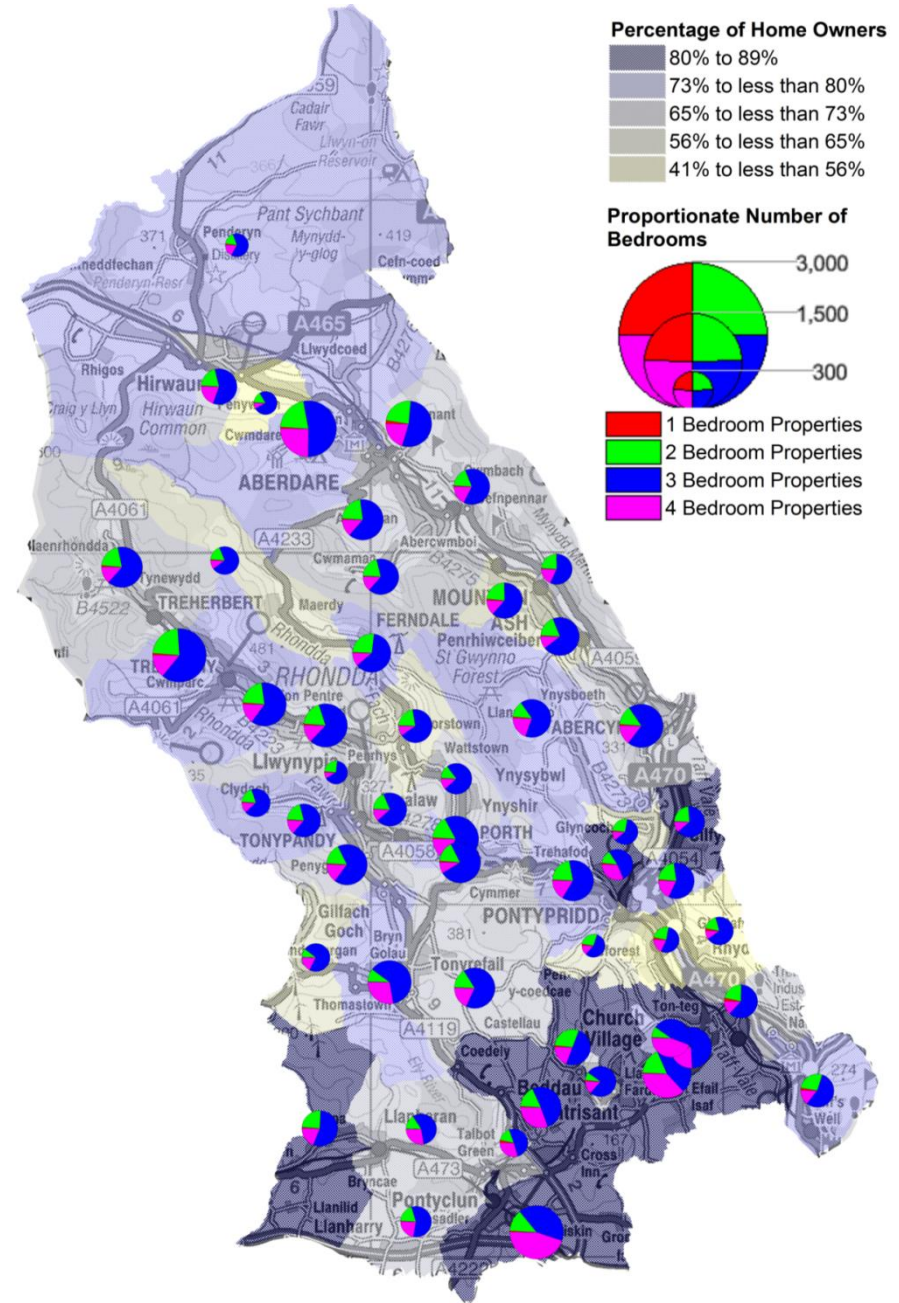


Figure 19 % Home Owners per Ward by Property Type

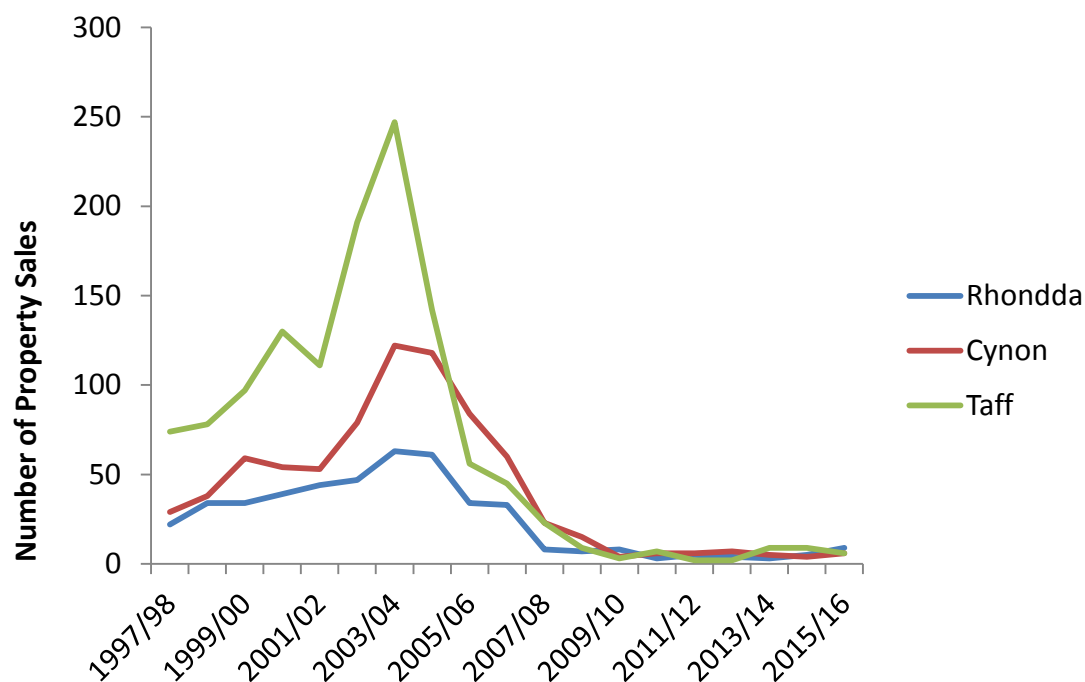


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2.1.3 Right to Buy / Right to Acquire Sales

A further consideration is the quantity and type of ex Council and housing association stock that has been disposed of through Right to Buy and Right to Acquire, respectively. Figure 20 provides an overview of local trends in this respect; dating back over the past twenty years. Sales peaked in 2002/03, with over 400 sales in that financial year alone. Nearly 60% of these sales occurred in Taf, 28% in Cynon and only 15% in Rhondda. Interestingly, this trend is at odds with more generic property sales in the County Borough at the time as there were a disproportionate number of property sales in the Rhondda Valley in the early 2000s. This phenomenon is clearly not overly attributable to tenants exercising their Right to Buy, which is perhaps an indication of the typical household income amongst social tenants in the Rhondda Valley as will be discussed further in Chapter 3.

Figure 20 Right to Buy and Right to Acquire Sales, RCT, 1997/8-2015/16



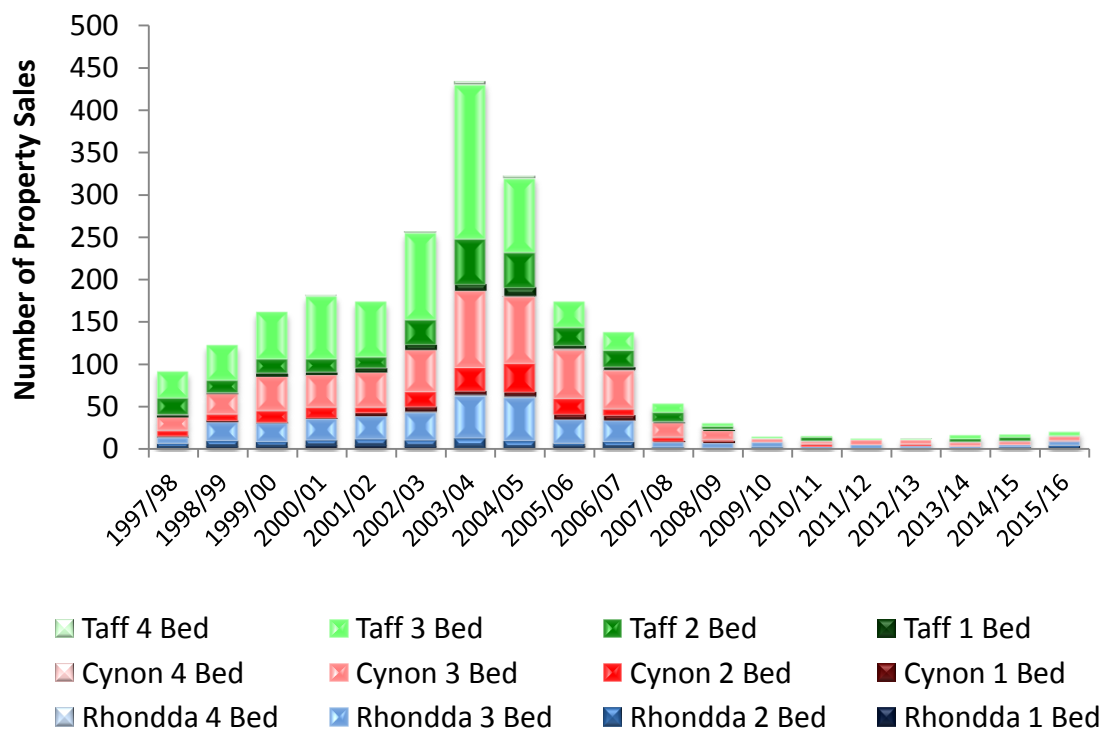
Source: Council and Housing Association Right to Buy / Right to Acquire data

Moreover, Right to Buy sales fell significantly at the peak of the economic climate, which coincided with stock transfer taking place in December 2007. Since this time, the number of households exercising their Right to Acquire has been very low across all local housing associations. However, whilst still low in relative terms, there were over twenty sales in 2015/16 for the first time since 2008/09. This is conceivably a

reaction to the forthcoming abolishment of Right to Buy, the Preserved Right to Buy and the Right to Acquire in Wales.

Figure 21 provides further insight into Right to Buy and Acquire by disaggregating the sales by borough and property size. As one would expect, the vast bulk of the sales are three bed houses, which correlates strongly with principal property type across the social housing stock. It should however be emphasised that relatively few one bedroom properties have been sold through this mechanism over the past twenty years (5% of all sales). Therefore, the current excessive shortfall of smaller units in the social rented sector has not been ‘created’ by this policy.

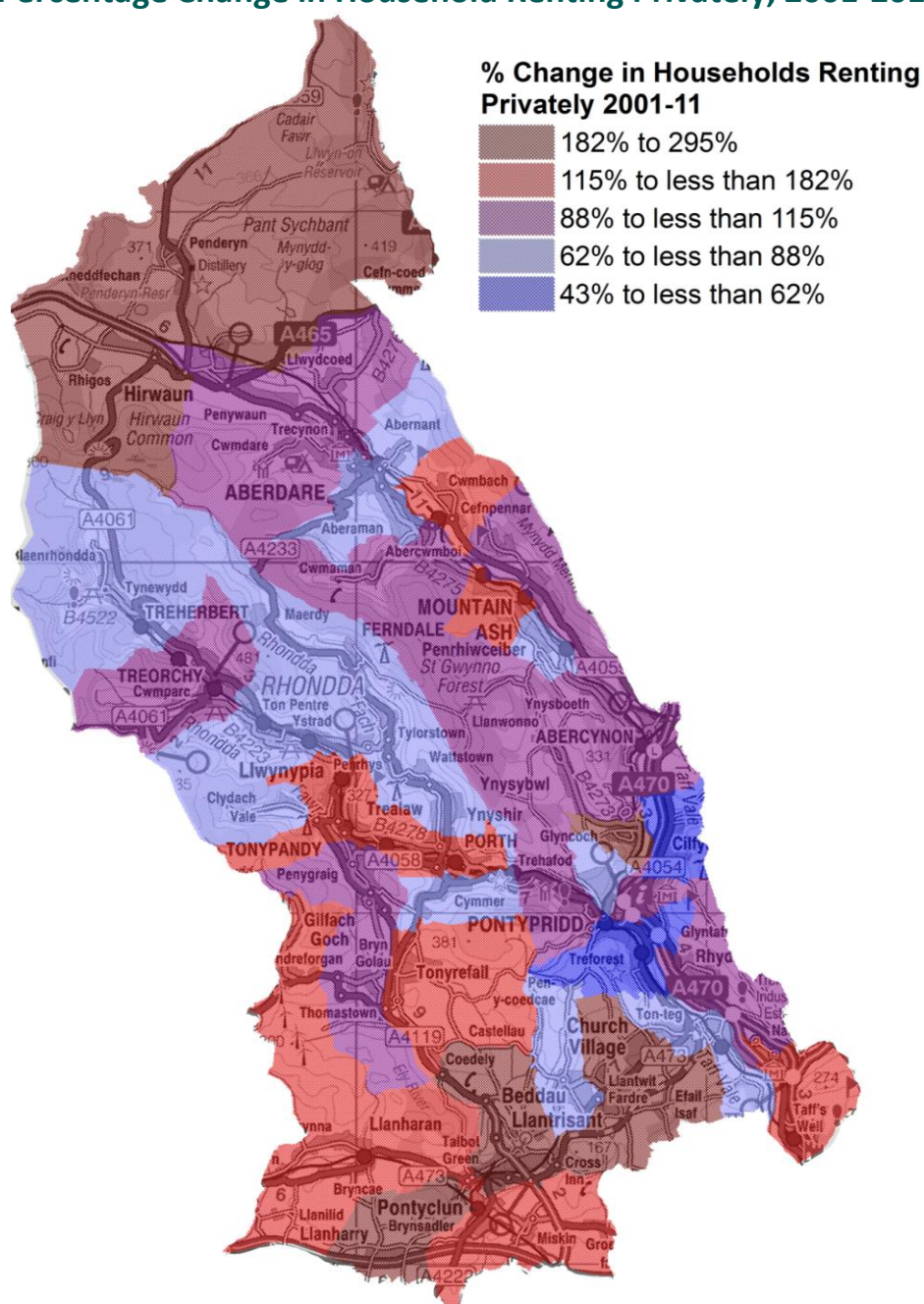
Figure 21 Right to Buy and Right to Acquire Sales, RCT, 1997/8 - 2015/16



2.2 Private Rented Market Sector

The number of households renting privately doubled in RCT from 2001 to 2011, and over 15,000 households resided within the sector according to the 2011 Census. This equated to 15% of the whole housing market at the time, rendering the sector comparable in size to the social rented sector. The majority of this growth occurred on the southern edges of the County Borough that border Cardiff, where housing demand is highest. Localities such as Talbot Green and Church Village have witnessed nearly 300% growth in this sector since 2001 as shown in Figure 22.

Figure 22 Percentage Change in Household Renting Privately, 2001-2011 Census



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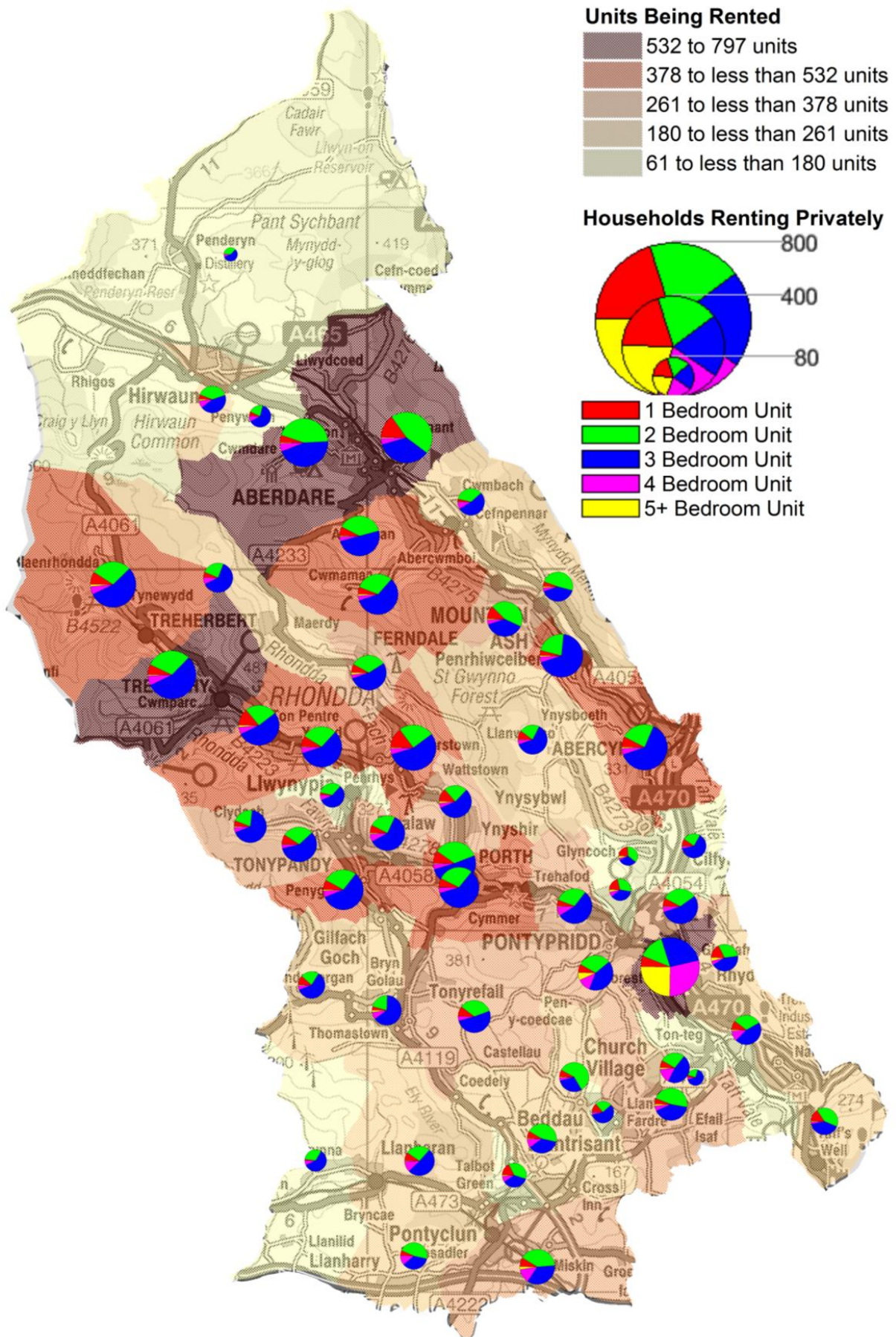
More recent dwelling stock estimates from Welsh Government (2015/16) suggest that there now over 16,000 private rented sector properties in the County Borough, and, in all likelihood, this additional growth has primarily occurred in the same areas identified by Figure 22. Indeed, with continually ascending property values, persistently large mortgage deposit requirements, limited supplies of affordable housing and the impacts of welfare reform, a growing proportion of households are likely to be renting in the local private sector for the foreseeable future. It is thus important to understand the nature of this growing housing market.

Figure 23 overleaf provides a detailed indication of the type of properties occupied in the local private rented sector by bedroom size at the time of the 2011 Census. There are however two caveats in this respect given that this is entirely based on household Census returns. Firstly, this data does not take any unoccupied properties into account that had been previously used for private rent. Even so, there is no guarantee that such units would be returned to occupation in the private rented sector in any case. Secondly, these properties would obviously not all be available at any one time, yet this data set does help to exemplify the type of properties that were occupied by households in the private rented sector in 2011.

Broadly speaking, the local private rental market was dominated by three bedroom houses in almost every market area in 2011 and there were relatively few one bedroom properties. Treforest was perhaps the most notable exception, with a high proportion of 4-5 bedroom properties due to the historically strong student market. Indeed, it is no coincidence that 93% of the 640 currently licensed Houses in Multiple Occupation are in Treforest. Despite this trend, and as aforementioned, local feedback from landlords suggests that there is less of a guaranteed student market in Treforest than there once was. This has already started to have implications for landlords operating in the area, as students can now be more selective over properties available, and, consequently, landlords need to be more competitive with both the rents they charge and the product that they offer.

The Council has recently introduced a voluntary Property Accreditation Scheme within Treforest, which is free of charge to landlords and lettings agents. It aims to improve the quality, amenity and management of the private rented stock within Treforest by awarding a certificate of accreditation (ranging from 2-5 stars) to each

Figure 23 Households Renting Privately by Property Type, 2011 Census



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property. This scheme benefits landlords as it provides public recognition (in the window of the respective property and via advertisements and on the Council's website) of the quality of their property and management service. This in turn can help attract tenants in a highly competitive rental market.

Nonetheless, there are also other opportunities for landlords to re-utilise houses in multiple occupation more generically for use as family housing and/or to cater for single people in housing need. There is not a widespread culture of house sharing in RCT outside of this student market, yet welfare reforms may necessitate a change in this respect and Treforest does have some capacity.

Figure 23 shows the other largest rental markets are in the centre of the Rhondda and Cynon Valleys; pivoting around Treorchy and Aberdare, respectively. Notwithstanding the growth areas already discussed, high proportions of households have historically rented privately the Valleys areas and significant overlaps can be found between the local clientele in the private and social sectors. This is unsurprising given the lower household incomes already illustrated, although there is an oversupply of the tenure in certain communities, exacerbated by low demand and depopulation. Conversely, Rhigos, Tonteg and Glyncoch have the fewest private rented properties in the County Borough. Home ownership proportions are particularly high in the former two areas and the latter area primarily comprises of owner occupiers and social tenants.

2.2.1 Private Sector Rents

In addition to understanding the nature of properties occupied by households in the private rented sector, it is also important to understand how private rents vary across different areas. Existing data is however limited in this respect.

For one, Welsh Government Rent Officers collect evidence of rents paid in the private rented sector based on information voluntarily provided by individual private landlords and letting agents. This represents a sample of the market (just under 13% of private rented properties in RCT compared to 2011 Census data), including both new lettings and continuing lettings, with and without rental increases. The sample size is however limited, unevenly distributed and only enables broad averages to be generated across RCT as shown in Table 1.

Table 1: 2016 Calendar Monthly Private Sector Rents in Rhondda Cynon Taf

Property Type	Units Within Sample	Average Rent	Rent at Median	Rent at Lower Quartile	Rent at Upper Quartile
Room in shared house	178	£203.33	£208.00	£187.50	£216.67
1 Bed Unit	94	£329.74	£325.00	£281.67	£375.00
2 Bed Unit	663	£405.56	£400.00	£350.00	£450.00
3 Bed Unit	870	£446.97	£425.00	£375.00	£500.00
4 Bed Unit	95	£638.62	£650.00	£512.50	£750.00

Source: Welsh Government Stats Wales 1st January – 31st December 2016

Clearly, the bulk of the sample is based on 2 bedroom properties (with rents ranging from £350-£450 pcm) and 3 bedroom properties (with rents ranging from £375-£500 pcm). Sample sizes for one bedroom and four bedroom properties are small in comparison, which is unsurprising given the nature of the private rented sector dwelling stock as previously outlined. Interestingly, the shared room rate sample appears somewhat larger, although this is heavily skewed by one market area (Treforest) as there simply isn't a culture of house share in other parts of the County Borough.

Moreover, generic averages for the whole County Borough are not particularly useful in capturing the diversity of the numerous housing markets throughout RCT. Indeed, as with house prices, private market rents also vary significantly and it is wholly inaccurate to group different Boroughs together given the diversity of local rents and distinctiveness of local housing markets. Unfortunately, smaller geographical information has not been made available by Rent Officers Wales, and sample sizes are not large enough to generate robust smaller scale averages in any case.

Therefore, a telephone survey was conducted with 11 estate and lettings agents across RCT from February to March 2017. Each respondent was asked to share the highest and lowest rents typically achieved for different property types across their areas of operation. This exercise produced ward level estimates of private rents per

calendar month based on experienced local knowledge; focussing primarily on 2 and 3 bedroom properties given the nature of the local dwelling stock.

The results of this exercise are displayed geographically in Figures 24 and 25. Predictably, there are three very distinct 'bands' of rental prices across RCT. The highest rental prices are typically found in Taf (around £500 pcm for a 2 bedroom property and £600 pcm for a 3 bedroom property) given the proximity to Cardiff and the M4 corridor. Successively, the bottom of the Valleys represents the 'mid' market (with pcm rents around £450-£480 for a 2 bedroom property and £520-£560 for a 3 bedroom property). The lowest rents are then typically found in the Valleys (£360-£390 pcm for a 2 bedroom property and £400-£440 for a 3 bedroom property). There are nonetheless some notable exceptions, with properties in Treorchy attracting values closer to those in Taf, and Aberdare/Rhigos also representing 'hot spots' in the Cynon Valley. Evidently, the differences in private rental market prices follow a near identical pattern to prices paid for properties in the owner occupied market.

However, the important point to note is that the upper quartile rents (£450 pcm for a 2 bed and £500 pcm for a 3 bed) collected by the Rent Officer in RCT appear to be £50-£100 lower than the **typical** rents achieved throughout Taf itself; notwithstanding some of the more affluent parts of the Valleys. This issue has significant implications for the Council in terms of working with private landlords to find accommodation for households in housing need.

Figure 24 Typical 2 Bedroom Private Rents Per Calendar Month. 2017

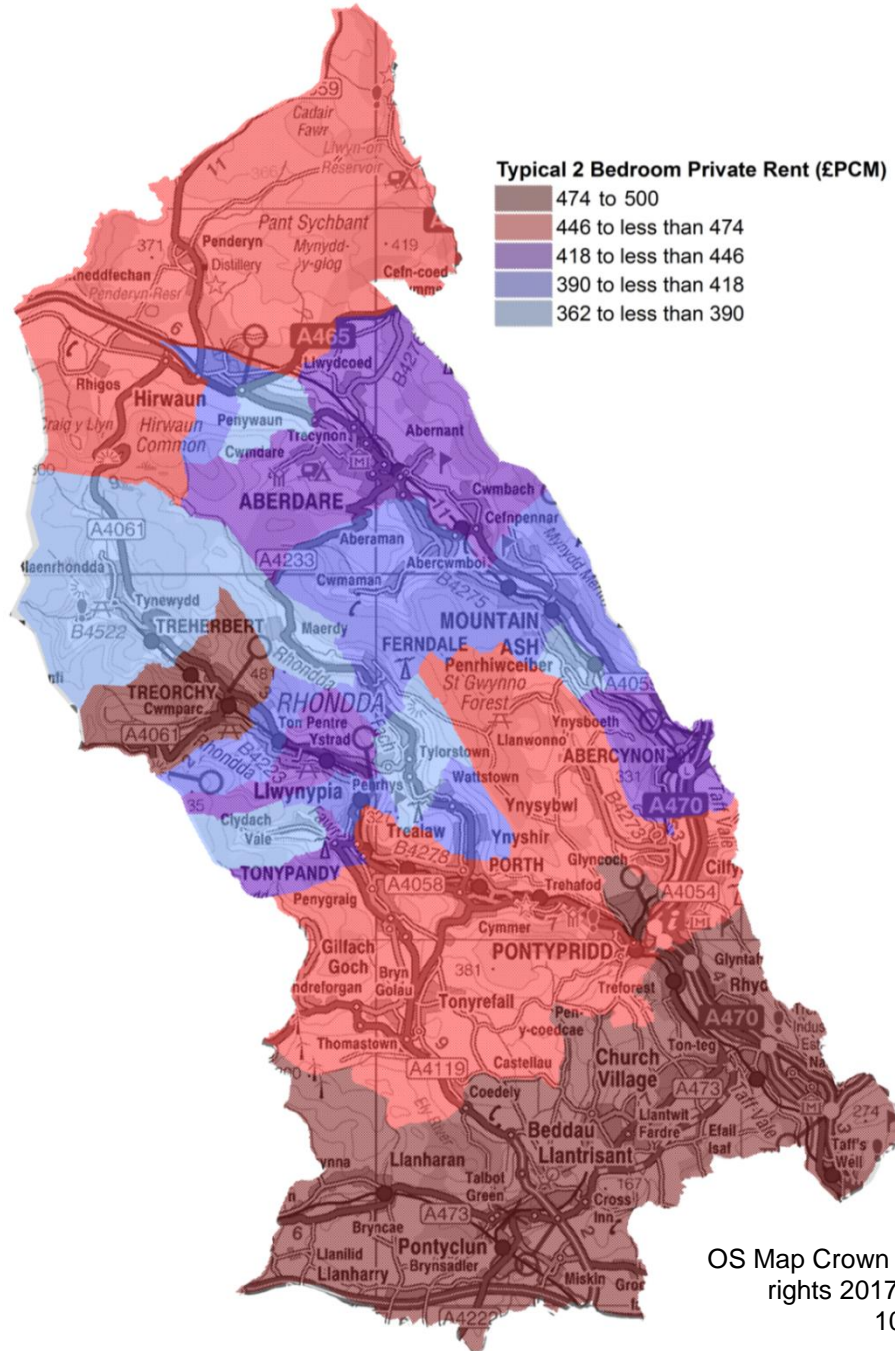
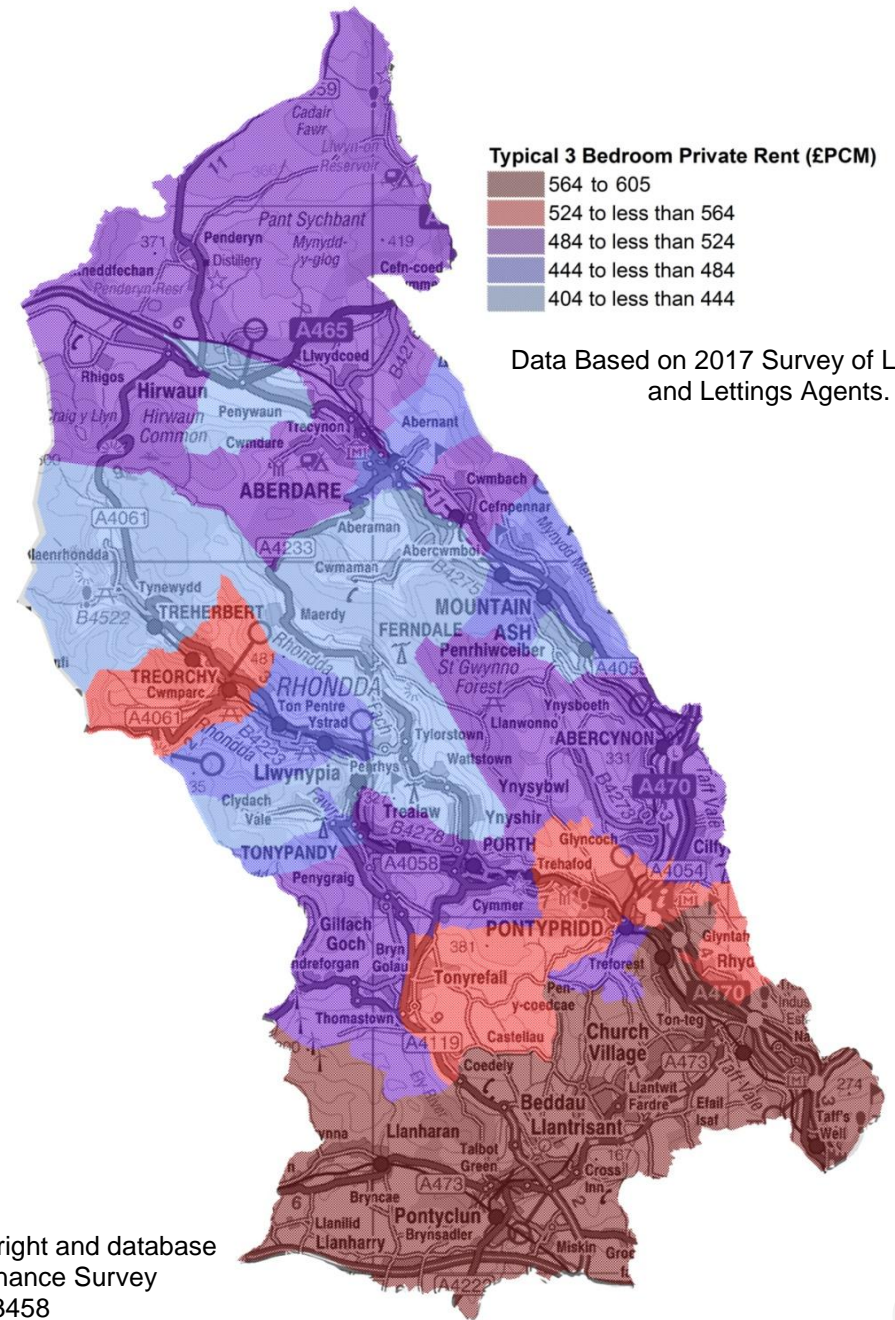


Figure 25 Typical 3 Bedroom Private Rents Per Calendar Month. 2017



Data Based on 2017 Survey of Local Estate and Lettings Agents.

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2.2.2 Private Sector Rents

With increasing pressure on social housing stock and further expected growth in the private rented sector, there is an increasing need to help match households in receipt of Housing Benefit to private rented sector properties. Nonetheless, this phenomenon is entirely dependent on two separately calculated yet integrally related factors; Broad Rental Market Areas (BRMAs) and Local Housing Allowance (LHA) rates.

A BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. When determining each BRMA, the Rent Officer takes account of the distance of travel, by public and private transport, to and from these facilities and services. The Rent Officer is satisfied that the two groupings of Merthyr Tydfil and Cynon along with Rhondda and Taf meet this definition. The LHA rate is then set per each BRMA based on 30th percentile rents reported to the Rent Officer and is intended to allow people claiming benefits to afford private sector accommodation within that respective BRMA. There are however three caveats in this respect. Firstly, the Rent Officer only requires 15% of confirmed data from the rental market providing this perceptibly reflects the market as a whole. Secondly, LHA rates have been frozen since 2014 and therefore the data used to inform the rate is out of date. Thirdly, no regard is made of rents whatsoever during the assessment of the BRMA, which means two completely separate rental markets (Rhondda and Taf) have arbitrarily been grouped together. This fundamental flaw in the process becomes apparent when analysing LHA compared to market rents in different areas. Table 2 outlines the current LHA Rates for 'Merthyr Cynon' and 'Taff Rhondda'. For purposes of comparison, the Cardiff Rates have also been included as Taf rents are actually equidistant between Rhondda and Cardiff rents.

Table 2: April 2017 Local Housing Allowance Rates PCM

Number of Bedrooms	Category	Merthyr Cynon	Taff Rhondda	Cardiff
Shared Room Rate	A	£208.00	£208.00	£241.71
1 Bedroom	B	£293.63	£292.50	£448.76
2 Bedrooms	C	£349.05	£373.97	£549.99
3 Bedrooms	D	£380.25	£397.84	£650.00
4 Bedrooms	E	£496.95	£548.51	£824.98

Source: Housing Benefit

Comparatively, the local survey revealed that lower quartile rents in Taf are actually between £450-470 for a 2 bedroom property and £520-540 for a 3 bedroom property, which substantially exceed the LHA Rate for 'Taff Rhondda' noted above. This demonstrates how unjustifiable it is to group this area within the same BRMA as Rhondda as the 30th percentile rent will always be more reflective of Rhondda properties than those for rent in Taf. This issue hinders the local rental market in several ways.

For instance, one means of helping to meet housing need in Taf is by utilising a social lettings agency to secure private rented sector properties to house those on the Common Housing Register (CHR). A local agency has been in operation for several years now, yet it has encountered great difficulties securing properties across Taf; where LHA is set so far below the very lowest market rents. Any social lettings agency relies heavily on partnership working with private sector landlords, yet there is simply no financial incentive for those landlords to invest in properties that are in short supply or to accept tenant nominations based on LHA levels. With respective higher mortgage repayments, many Taf based private landlords are simply unable to afford to accept such a low rent. The issue is not geographically micro in nature with 'winners and losers', rather a macro issue affecting the whole of

Taf. As a result, any attempt to help meet housing need through the private rented sector in the highest demand part of the locality will be hampered long as the 'Taff Rhondda' BRMA remains unchanged.

This issue translates into the private rented sector more broadly, as benefit dependent households can also only access properties in the light blue shaded areas on Figures 24 and 25 (i.e. the least expensive parts of the Valleys). The policy therefore ultimately expects households with connections to Taf to re-locate to the Rhondda, which belies reasonable preference. This would not be such an issue if the 'Taff Rhondda' BRMA was more accurately defined. Other combinations such as 'Taff Bridgend' or 'Taff North Cardiff' would arguably be more justifiable and better reflect functional housing markets.

Furthermore, the decision to set the one bedroom LHA rate at £292.50 per calendar month in Taf Rhondda hinders the Council's ability to lease single person accommodation in the South of the Borough and also impacts upon existing tenants who will have a rent shortfall. This is critical considering the need for one bedroom accommodation has been increasing significantly for the last decade, irrespective of Welfare Reform. By means of comparison, the Cardiff LHA one bedroom rate is £448.76 and Taf rents are, in fact, equidistant between Rhondda rents and Cardiff rents. A similar issue is apparent in relation to shared room rate in that there is not an established culture of house share outside of the Treforest student market and the LHA rate renders introduction of new products unviable. This issue will be discussed more in Chapter 4 although these examples illustrate how grouping two completely distinct housing market areas together in this manner has such a profound impact on the local housing market.

2.3 Social Rented Market Sector

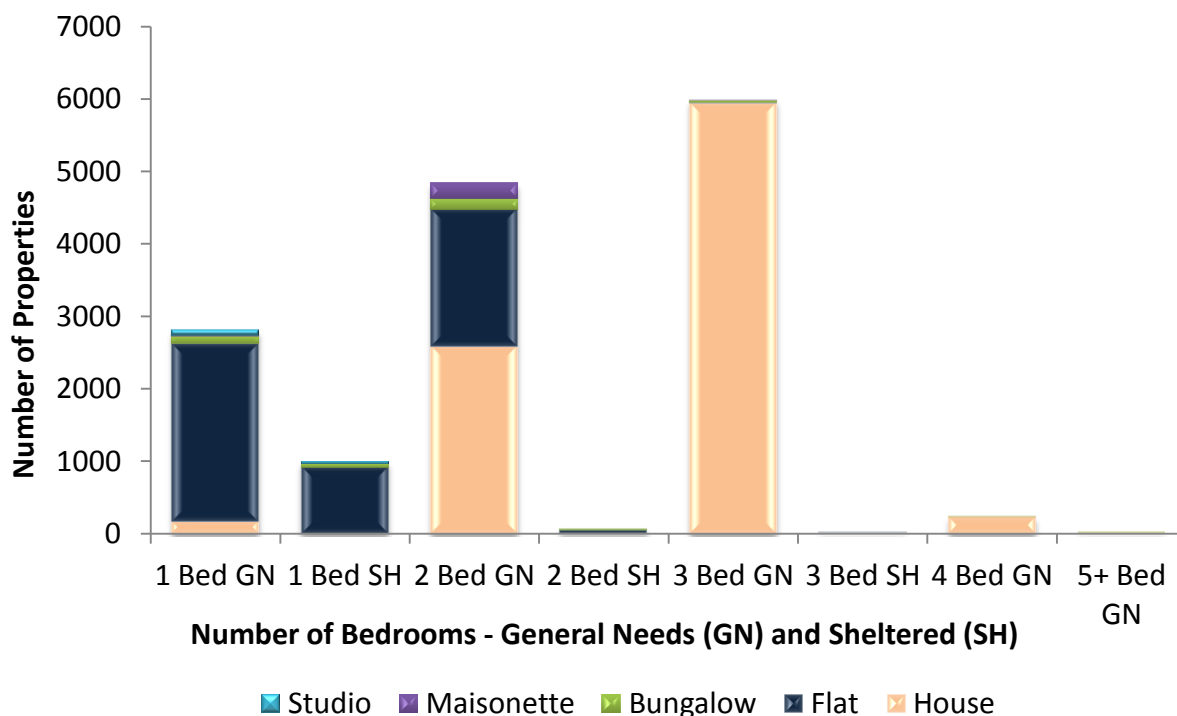
According to the Census, there was less of a considerable change in the social rented sector between 2001 and 2011 in terms of overall size and stock composition. Both Census counts recorded just under 14,000 households residing within this tenure in 2001 and 2011, accounting for 15% and 14% of all households in RCT, respectively. Census data on households is not however definitive in this respect as it does not take voids into account and also relies heavily on households completing the form accurately. For instance, 6,836 households stated that they were residing in Council housing within RCT in 2011 despite stock transfer taking place in 2007. Hence, more recent stock data provided by the six CHR partners reveals that there are actually 14,968 social rented homes within RCT as of 2017, which equates to 14% of all dwellings in the locality when compared to 2015/16 dwelling stock estimates. This is still a relatively static figure in both absolute and relative terms, which is to be expected despite additional supply given ongoing strategic voids, demolitions, sales and unit reconfiguration.

Figure 26 overleaf shows the breakdown of social rented stock by number of bedrooms and property type. Overall, it is clear that there are more three bedroom houses than any other unit; accounting for 40% of the stock. This is strongly akin to the overall composition of the housing market and unsurprising given the dominance of three bedroom terraces across the County Borough. For purposes of comparison, the 2011 Census indicated that three bedroom properties account for 56% of **all** homes within RCT.

Two bedroom properties are also fairly common with the social rented stock, accounting for 33% of all units. These are mostly split between houses (2,588 units) and flats (1,869 units), with a smaller number of maisonettes and bungalows.

One bedroom properties have always accounted for a smaller proportion of the social rented stock; currently around 19% of all properties excluding the sheltered units. Nevertheless, this represents a 2% increase since 2013 due to strategic intervention by the Local Authority in an effort to increase supply of smaller units. The vast majority of these 2,654 units are one bedroom flats, together with a few hundred studio flats, bungalows and houses.

Figure 26 Social Rented Stock in RCT by Bedrooms and Property Type



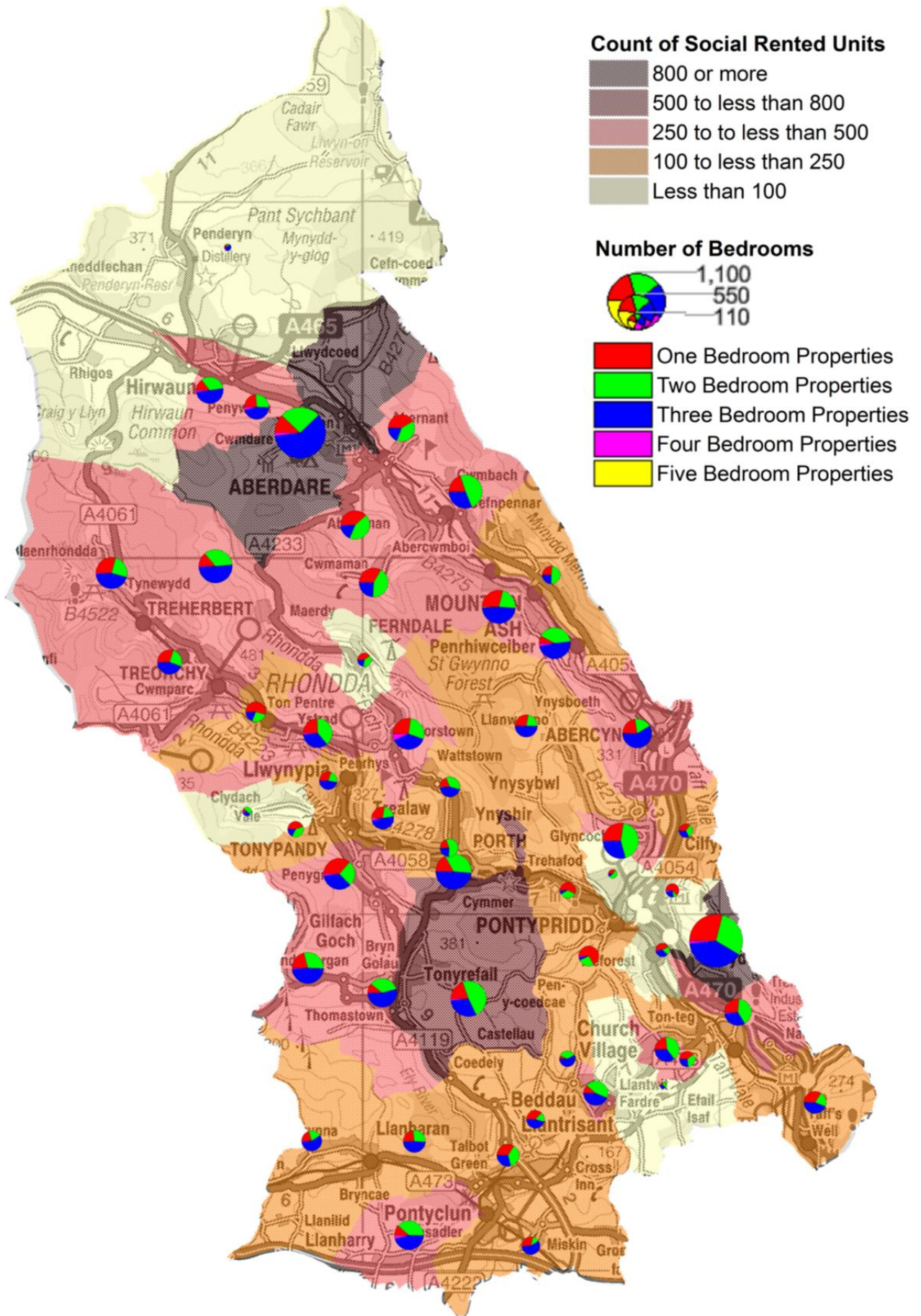
Source: RSL Stock Lists

Finally, there is a dearth of larger properties. Four bedroom houses are relatively scarce, equating to only 2% of the stock, and minimal number of larger properties are present in certain areas, although they rarely turn over.

To consider these trends in more localised detail, Figure 27 overleaf depicts the social housing stock at ward level. The differing shades of colour indicate how the total levels of stock vary across the County Borough and the individual pie charts provide a more detailed breakdown by number of bedrooms.

On average, each ward contains 73 one bedroom units, 94 two bedroom units, 115 three bedroom units and 6 four bedroom units. There are however huge differences and a clearly unbalanced provision of stock across different parts of the County Borough. Areas such as Rhydyfelin (7%), Aberdare West/Llwydcoed (7%) and Tonyrefail East (4%) have a high proportion of stock, whereas other areas such as Rhigos (0.20%), Llantwit Fardre (0.23%) and Pontypridd Town (0.28%) have very minor levels of existing social rented provision. Analysing the individual stock composition (depicted by the pie charts) reveals further differences. Whilst most areas have a high proportion of three bedroom homes (i.e. blue sectors), Greater Pontypridd has a higher proportion of smaller one and two bedroom units; albeit in minor quantities.

Figure 27 Ward Level Social Rented Stock, 2017



2.3.1 Social Rents

The Government had intended to introduce LHA caps in the social rented sector to bring Housing Benefit levels for social housing tenants in line with their counterparts in the private rented sector. These plans were abolished in October 2017, which is critical given that social rents actually exceed LHA in many parts of the County Borough. It is still nonetheless important to understand this disparity in order to better comprehend housing market dynamics. Hence, Table 3 reveals the variance between social rents and LHA before service charges are taken into account.

Table 3: Comparison between Weekly Social Rents and LHA (2017)

Rent Comparison	1 Bed	2 Bed	3 Bed	4 Bed	1 Bed Sheltered	2 Bed Sheltered
More than £20 below LHA	0.07%	0.02%	0.00%	71.37%	0.00%	0.00%
More than £10 to £20 below LHA	0.00%	1.50%	0.47%	25.64%	0.00%	4.92%
More than £5 to £10 below LHA	0.04%	3.58%	2.94%	0.43%	0.10%	27.87%
More than £1 to £5 below LHA	0.39%	24.15%	9.15%	0.85%	2.50%	3.28%
Within £1 above or below LHA	1.23%	8.53%	54.81%	0.00%	6.79%	8.20%
More than £1 to £5 above LHA	36.19%	49.22%	31.38%	0.00%	10.69%	6.56%
More than £5 to £10 above LHA	12.57%	10.98%	1.01%	0.00%	9.49%	1.64%
More than £10 to £20 above LHA	44.33%	1.81%	0.19%	1.28%	17.28%	18.03%
More than £20 above LHA	5.19%	0.21%	0.05%	0.43%	53.15%	29.51%

Source: Adapted from RSL Stock Information

Evidently, social rents exceed LHA by £10-£20 per week in 44% of all one bedroom social rented properties, which is a direct consequence of both the small sample size used to arrive at this LHA rate and the 30th percentile methodology. This issue is

less noteworthy for two bedroom properties, although rents for half of the two bedroom stock exceed LHA by more than £1 to £5 per week, which is still significant per calendar month. Conversely, social rents for three bedroom units mirror the LHA cap most closely, which should be the case given that the three bedroom LHA sample is much larger and more representative of the predominant property type in the sector. Finally, the social rent for 4 bedroom properties is mostly below LHA, which reflects the fact that the Rent Officers' sample of 4 bedroom properties in the private sector is not comparable to those in the social sector.

Figures 28-31 add further context to Table 3 by displaying ward level rental differences across the four property sizes (the circumference of each pie chart represents the quantity of stock within each bedroom category). Clearly, the County Borough wide trends described above are not uniform across RCT. One bedroom units are categorically most affected and many of the darkest red sectors (representing rents exceeding LHA by over £20) are attributable to sheltered units. However, large proportions of general needs 1 bedroom units in Aberdare and Pontypridd exceed LHA by £10 or more and the same disparity is prevalent across the 2 bedroom units in Aberdare and surrounding. Furthermore, a significant proportion of three bedroom rents are priced up to £5 above LHA across the Cynon Valley, which is largely at odds with Rhondda and Taf.

Despite the Government's recent decision to abolish introduction of LHA caps in the social rented sector, this analysis further helps to highlight just how low the LHA rate is in both 'Merthyr Cynon' and 'Taff Rhondda' BRMAs. Tenants can move almost interchangeably between social and private rented sectors in several of the lower demand parts of the Valleys, although the disparity between the two sectors is becoming increasingly perceptible across much of Taf.

Figure 28 Weekly 1 Bedroom Social Rent Compared to LHA

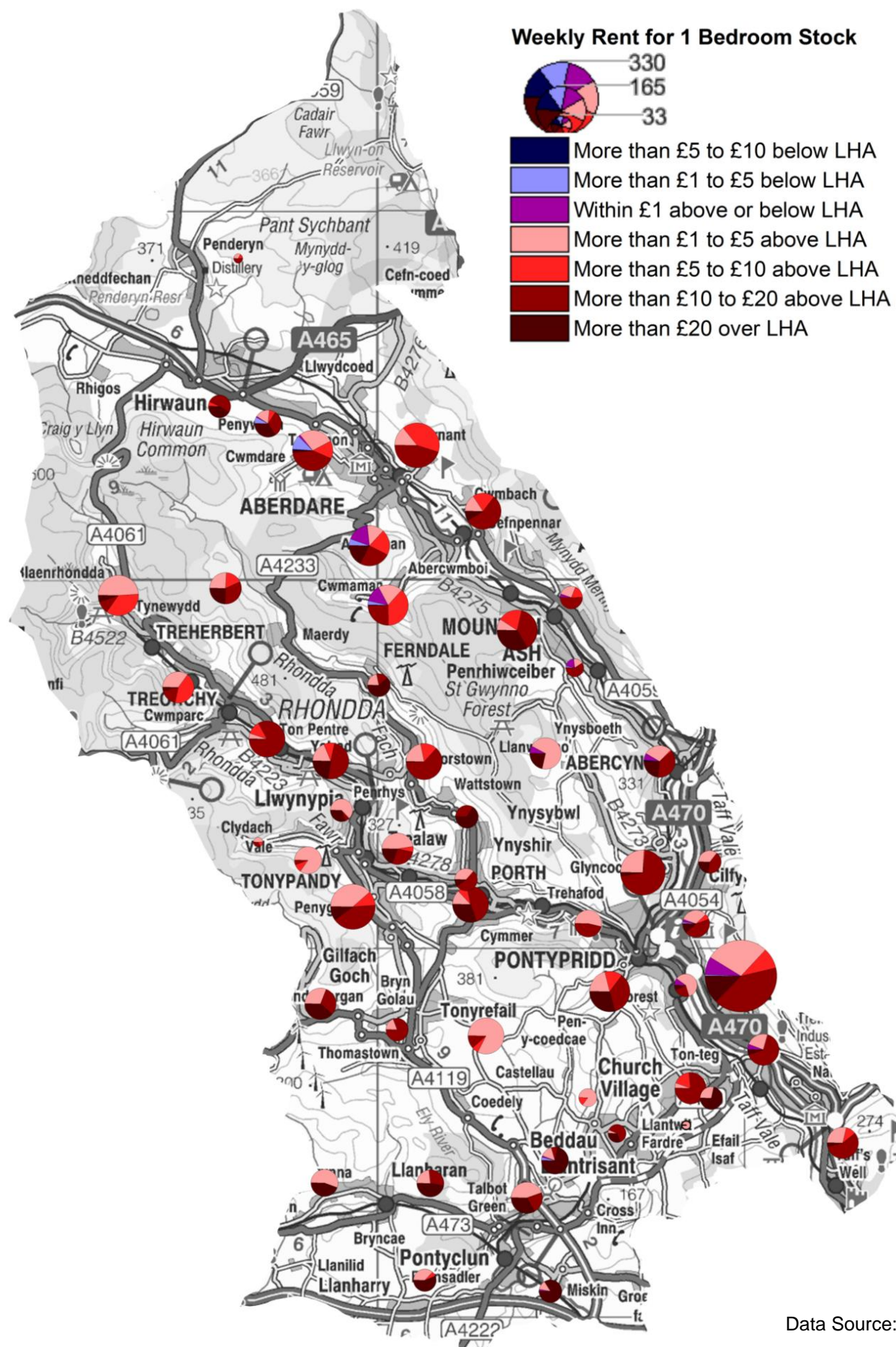
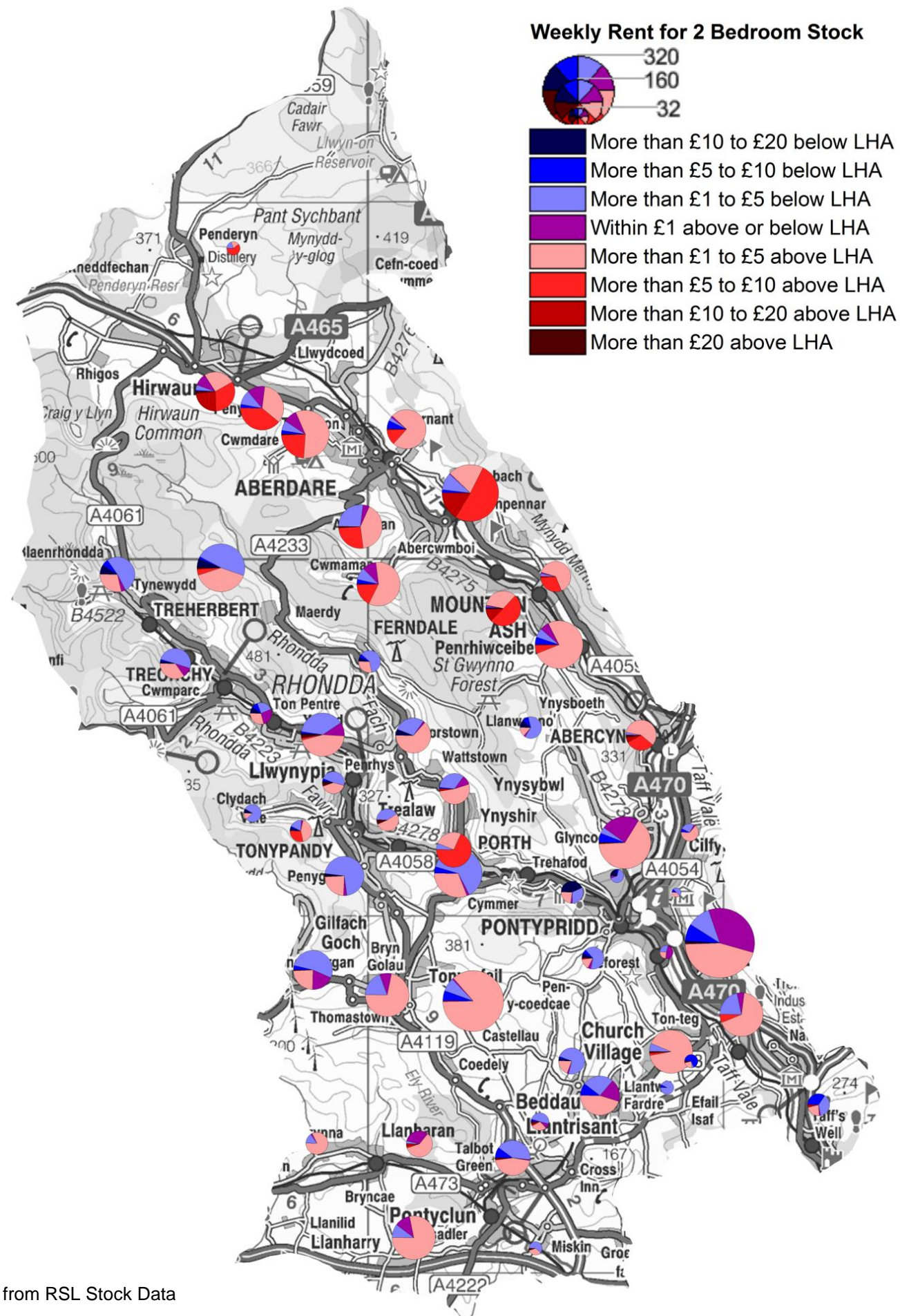


Figure 29 Weekly 2 Bedroom Social Rent Compared to LHA



Data Source: Adapted from RSL Stock Data

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Figure 30 Weekly 3 Bedroom Social Rent Compared to LHA

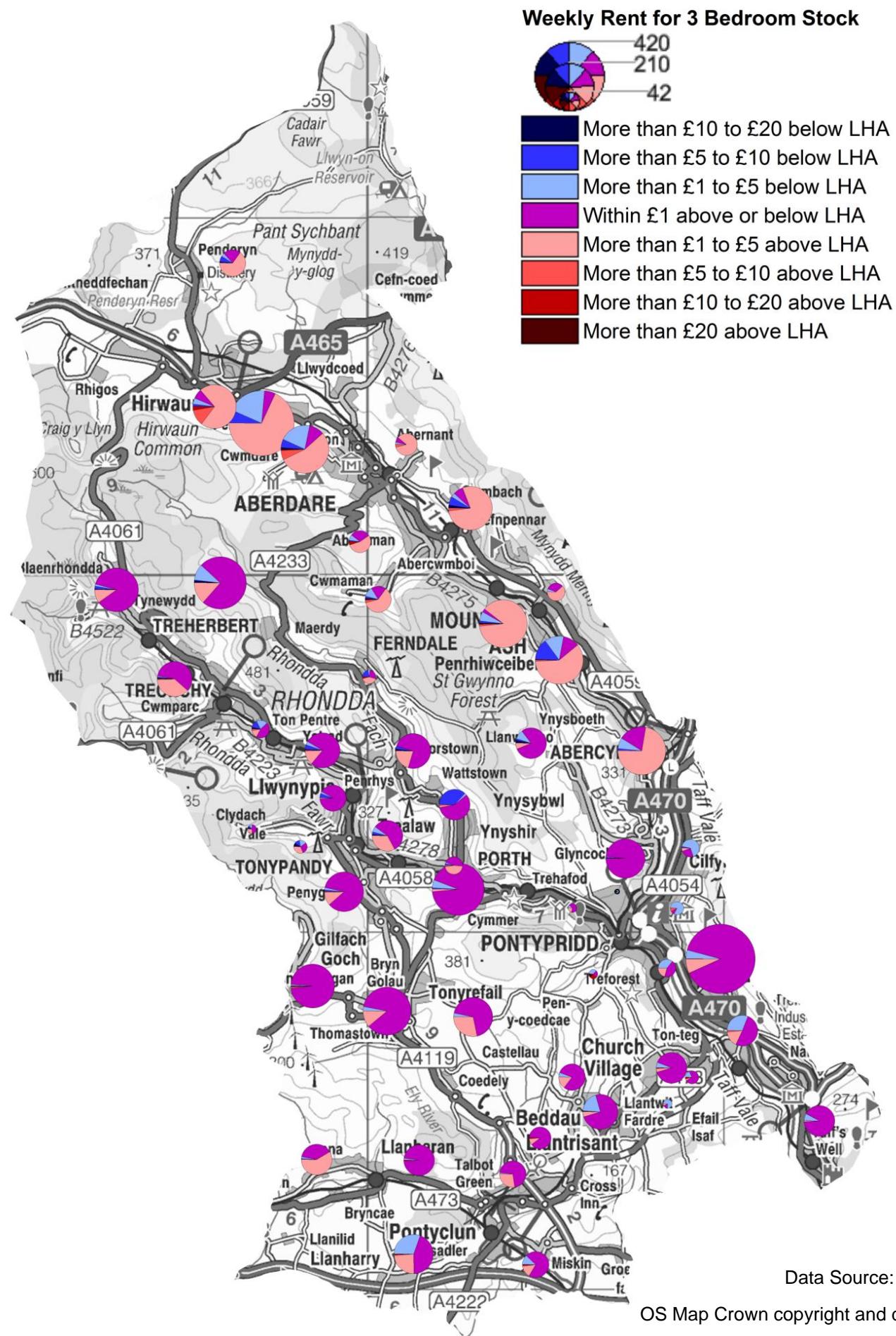
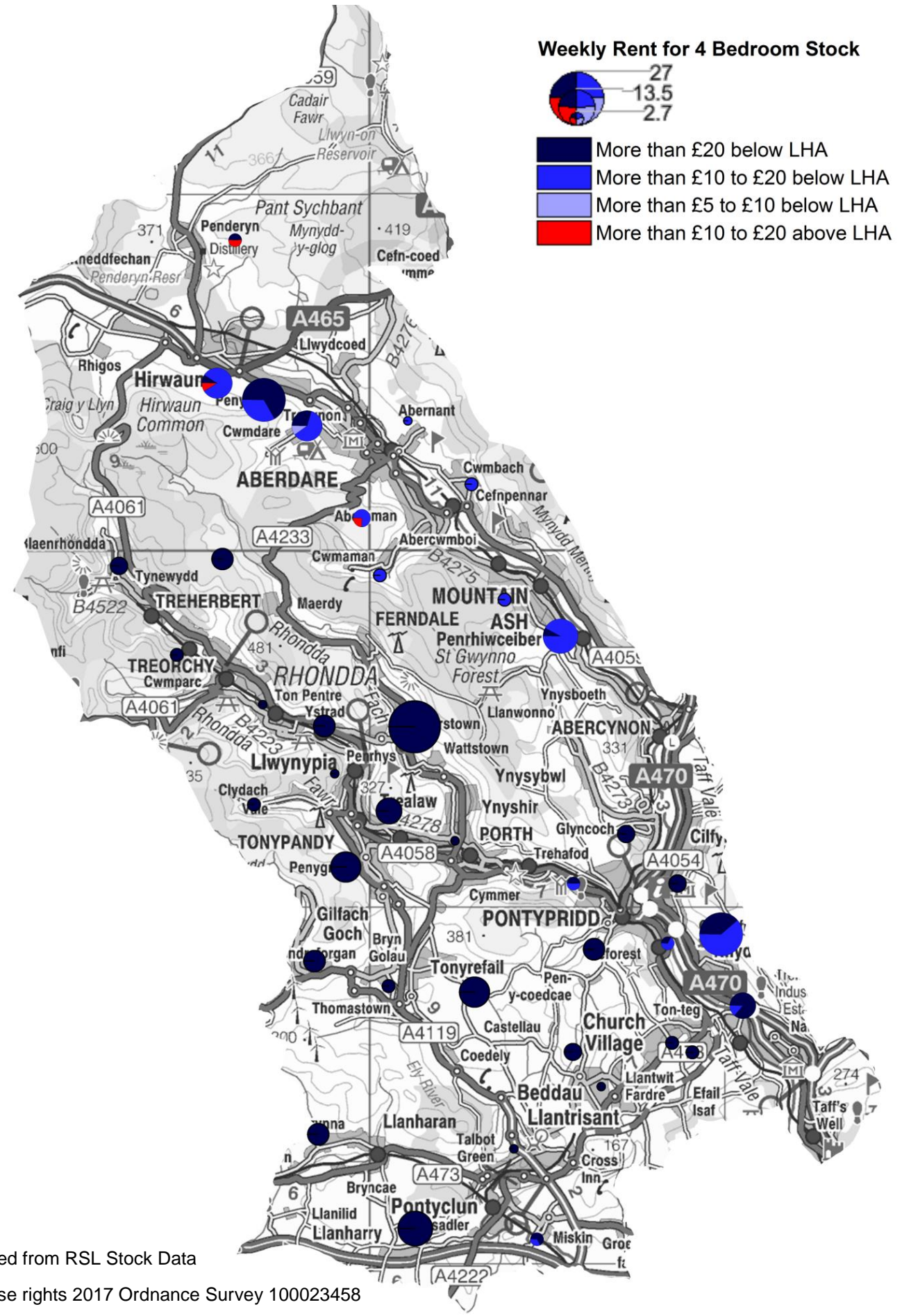


Figure 31 Weekly 4 Bedroom Social Rent Compared to LHA



Data Source: Adapted from RSL Stock Data

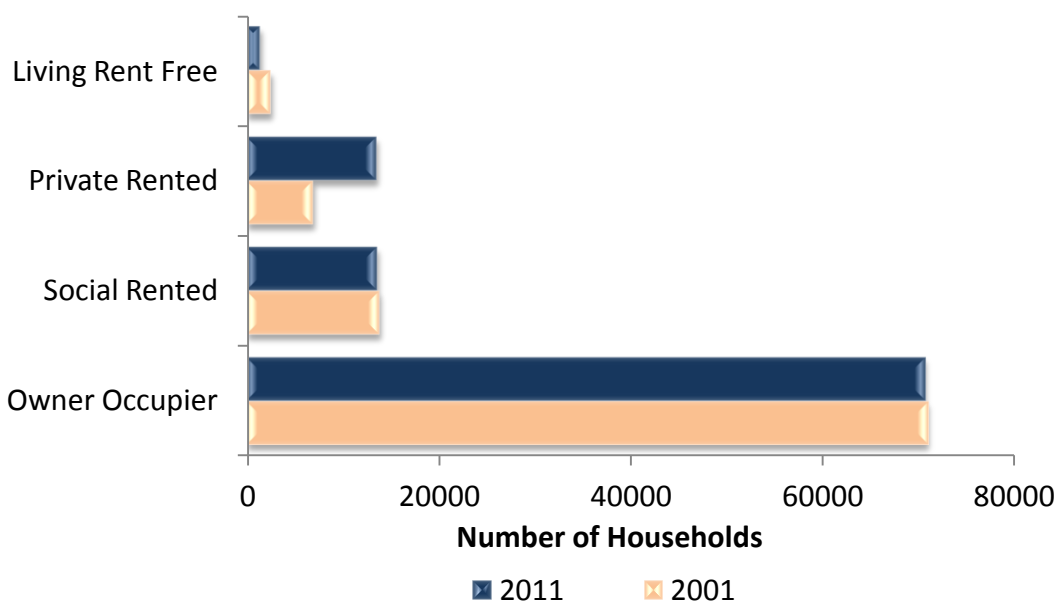
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3.0 Socio-Economic & Demographic Trends

3.1 Growth and Decline in the Market

The Census recorded a 5.4% increase in households residing within RCT; with total numbers rising from 94,546 in 2001 to 99,663 in 2011. However this growth occurred disproportionately across different tenures and areas. The headline tenure change displayed in Figure 32 appears to show that this growth is predominantly attributable to the private rented sector and there has been a slight decline in all other sectors of the housing market. However, this is not strictly reflective of the changes over this time period.

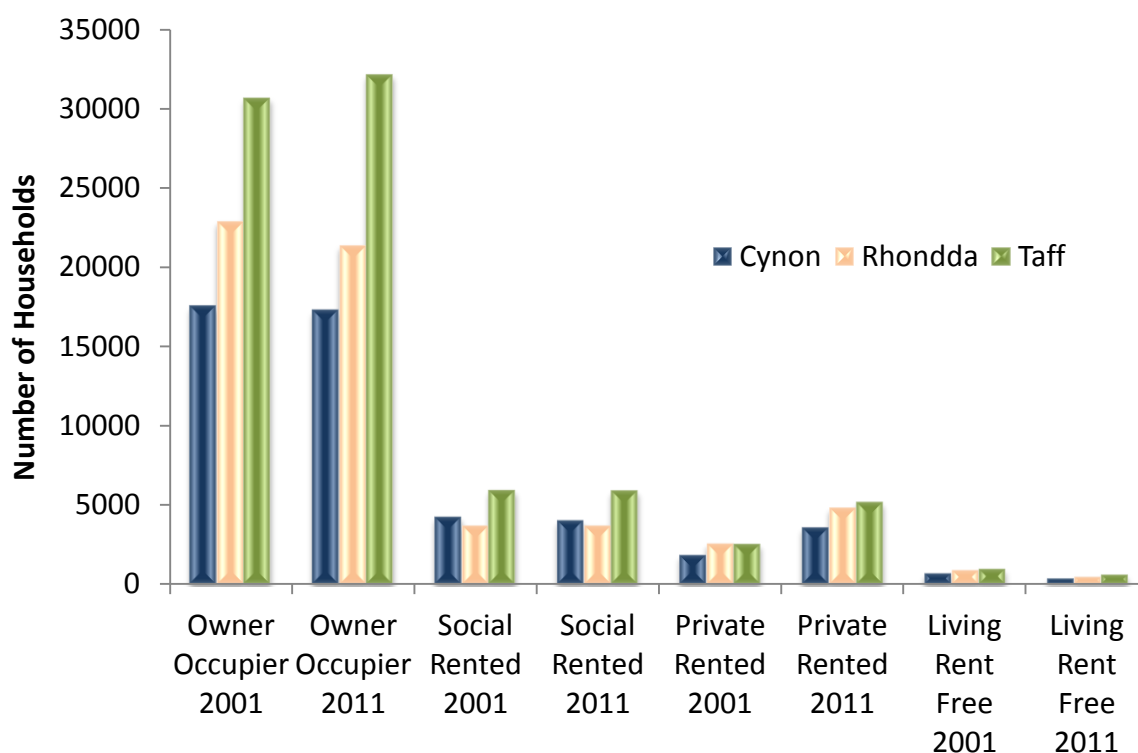
Figure 32 Change in Households by Tenure, 2001 – 2011



Source: 2001 and 2011 Census

Indeed, Figure 33 displays this data at borough level to add further context. There has undoubtedly been substantial growth in households renting privately in Rhondda, Cynon and Taf; most notably in the latter, which witnessed over 100% growth in this period. However, this has also been significant growth in the owner occupied sector in Taf (4.8%), just not enough to offset the decline in the Rhondda (-6.6%) or Cynon (-1.5%). The social rented sector hasn't changed as significantly over this period, although Cynon has witnessed a 5.4% decline in households renting from a social landlord from 2001-2011.

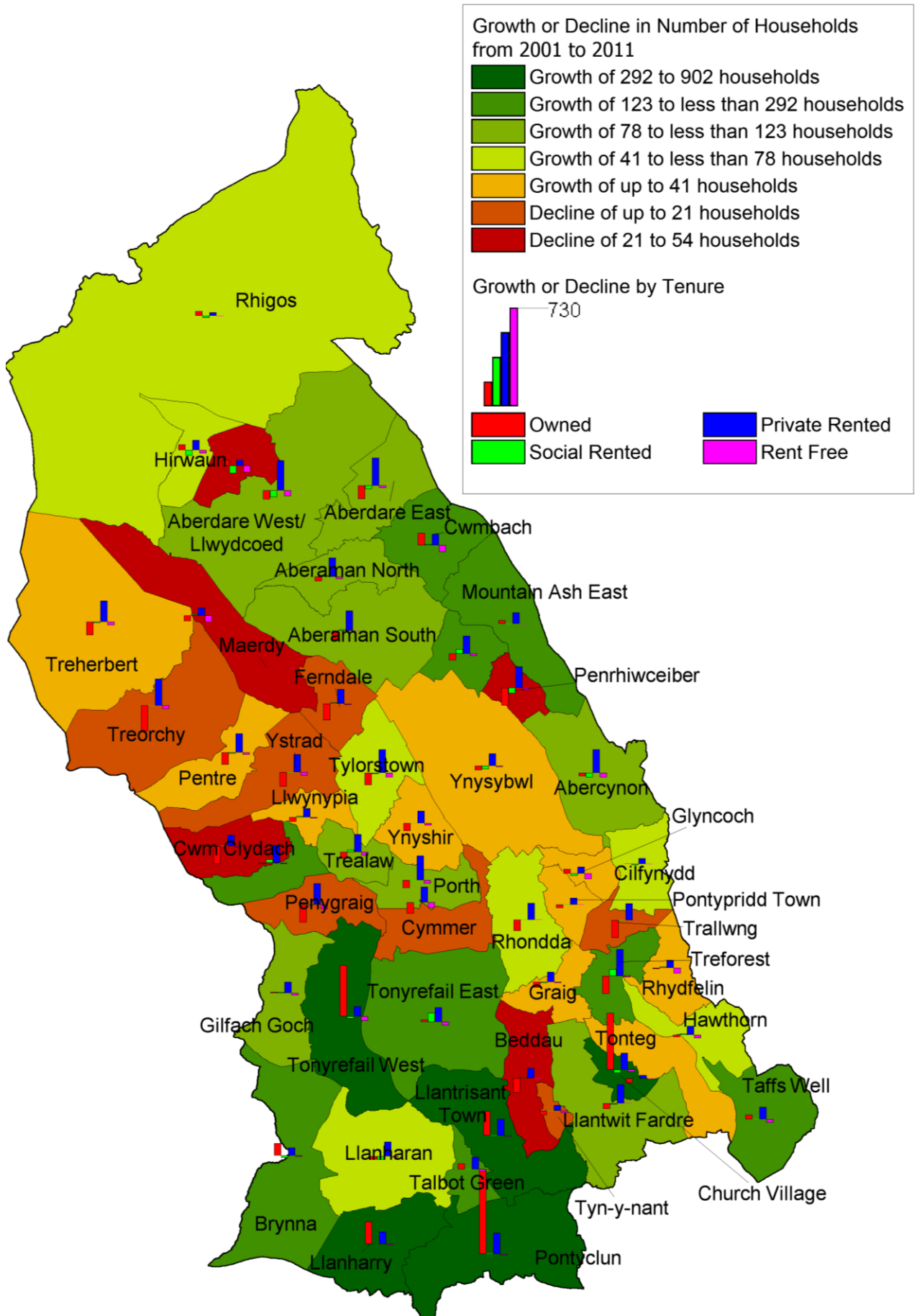
Figure 33 Change in Households by Borough and Tenure, 2001-2011



Source: 2001 and 2011 Census

To consider these trends geographically, Figure 34 depicts the change in number of households per ward by tenure. Whilst there has been an overall decline in household numbers across many parts of the Rhondda Valleys, this is mostly attributable to the owner occupied sector and there has, nevertheless, still been a growth in the private rented sector in each respective ward. One could speculate that this is due to a number of households on the margins of affordability falling behind with their mortgages during the recession and moving into the private rented sector. Conversely, the highest growth has clearly been in the south west of the County Borough and the high red bars in many of the ward level histograms show that this is primarily through growth in the owner-occupier market. It is perhaps no coincidence that much of the new build housing constructed during this period was indeed around Llanharry, Brynna and Tonyrefail. It is interesting to note that Beddau and Tynant both witnessed a small decline in households from 2001-2011, especially in the owner occupied market. This does buck the general trend within this vicinity and could well be attributable to a proportion of households moving from existing homes into new build properties in surrounding areas. These household growth and decline patterns indicate just how supply led the housing markets are in RCT. This is an important consideration when estimating where the projected growth in households is likely to be accommodated over the next five years.

Figure 34 Growth or Decline in Households by Tenure, 2001-2011



3.2 Household Projections

Estimating the growth in household numbers within RCT over the next five years requires various assumptions to be made about how existing household compositions and characteristics will influence household formation. One means of estimation is to utilise a household survey, although as national guidance states,

survey data is considered less robust than secondary data for this particular purpose because survey data generally relies on asking households about their intentions in the next few years (usually three) which can be highly unreliable (WAG, 2006b, para. 5.2).

Instead, it is deemed more robust to utilise trend based household projections, which estimate the number and size of households that will form based on assumed births, deaths and migration levels (i.e. people moving in and out of an area). However, even this latter approach isn't an exact science, as, to reapply Bramley *et al.*'s (1998) model, it assumes the water flowing from the taps will continue to run at the same rate as in the past, which may not necessarily be the case.

With these considerations in mind, Welsh Government periodically publishes Local Authority household projections, which provide trend based "estimates of the future numbers of households and are based on population projections and a range of assumptions about household composition and characteristics" (WG, 2017b, p.3). There is nonetheless acknowledgement the projections become less certain the further they are carried forward and that they do not make allowances for the effects of governmental policies or socio-economic factors on household formation rates. Caution must therefore be exercised depending on the set of projections used to ensure that there is a sufficient supply of residential properties to meet forthcoming housing need.

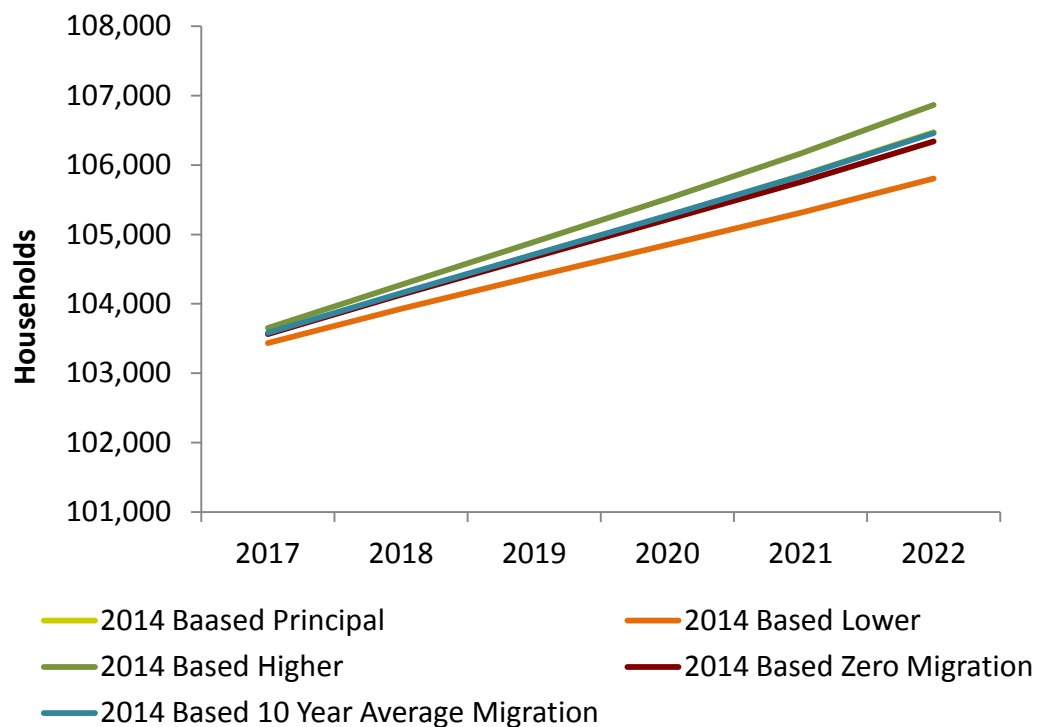
The most recent household projections were released in 2017 and cover the 25-year period from 2014 to 2039. In addition to the principal household projection, several alternative variants have also been provided by Welsh Government based on different underlying fertility, mortality and migration assumptions. Put succinctly, these include:

- A higher population variant which is based on assumptions of higher fertility rates and lower mortality rates
- A lower population variant which is based on assumptions of lower fertility rates and higher mortality rates
- A variant in which the migration assumption is based on average migration over a longer, ten-year period (the migration assumption for the principal projections is based on average migration over a period of 5 years)
- A zero migration (or 'natural change only') variant to illustrate the projected population of each local authority if there were no future inward or outward migration (WG, 2017b)

With the exception of the 10 year average migration variant, each projection is based on trends from the preceding 5 years, which will have been influenced somewhat by the economic downturn. Relying on the principal projection alone could therefore fail to capture the true extent of household growth over the next five years as future household formation rates may be higher than in the recent past. This could be for a number of reasons including increased residential development, the Help to Buy Wales Scheme, improved mortgage availability, more stable employment prospects and an increased propensity to move out of the parental home. However, the same converse logic applies to relying on previous projections that were based on periods of unprecedented economic growth. It is therefore important to balance these considerations when attempting to project the number of newly forming households over the next five years.

A visual illustration of the differences between each variant over the period of this LHMA (2017-2022) is provided in Figure 35. Projected household growth varies from 2,368 households (lower variant) to 3,216 households (higher variant) from 2017 to 2022. Interestingly, the principal variant (yellow) is occluded by the longer term ten year migration variant (blue) in Figure 35 as both projections are very similar.

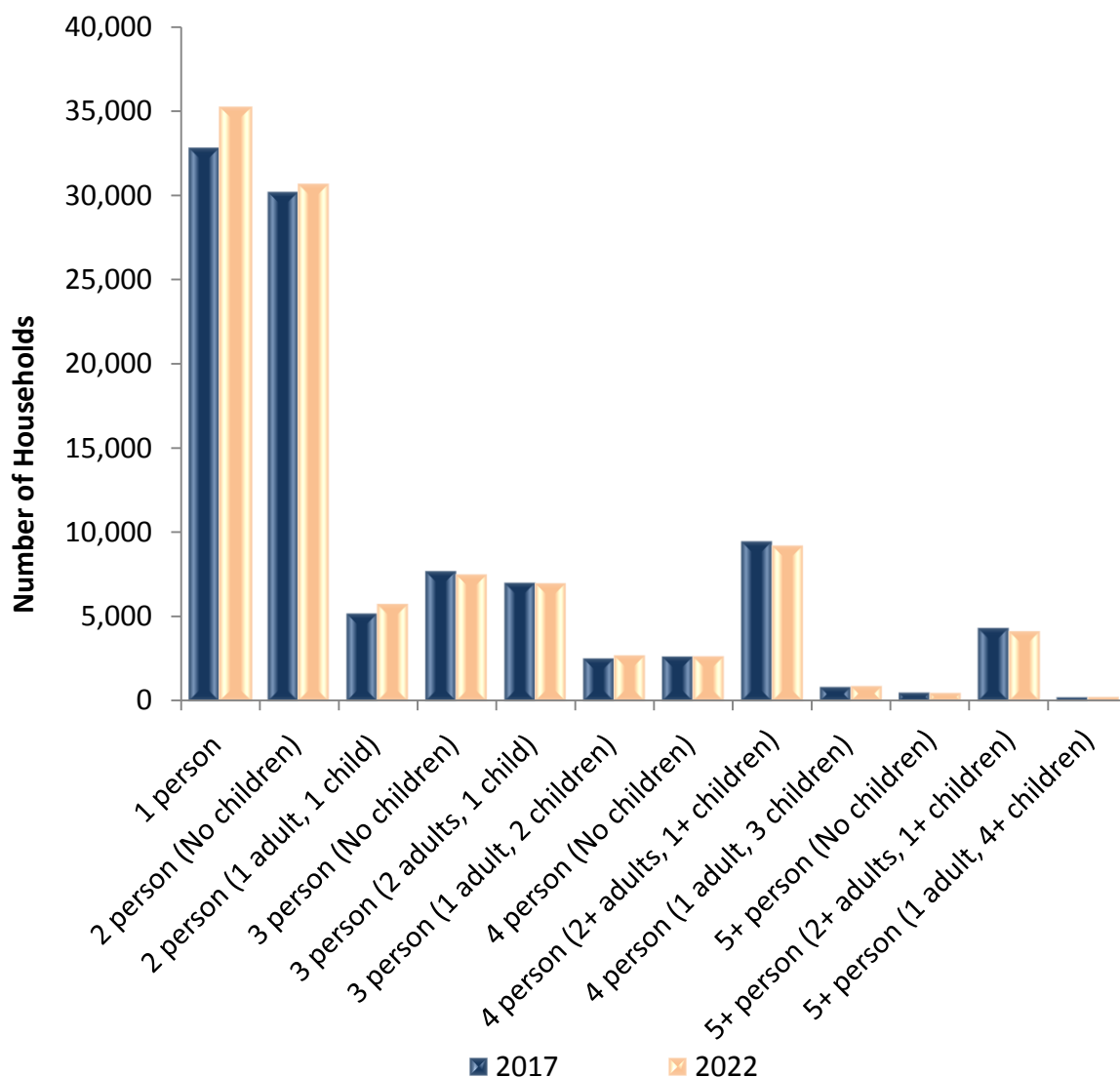
Figure 35 Variant Household Projections, RCT, 2017-2022



Source: Adapted from Welsh Government Household Projections

Moreover, household projections do not translate directly into dwelling requirements for planning purposes. A dwelling is the space in which households can live (i.e. a house flat or maisonette), whether or not the space is currently occupied. However, it is important to take into account vacant dwellings, dwellings not used as a main residence, and a household sharing factor when arriving at a dwelling requirement. The 2011 Census showed a 5% difference between households and dwellings in RCT, which can be used as a benchmark for this purpose. This effectively produces a potential dwelling requirement of between 497 to 675 units per annum over the next five years in order to accommodate newly forming households. For context, there has been an average of 593 residential dwelling completions per annum in RCT since 2013/14, which suggests that the higher variant would factor in an element of economic aspiration over and above recent build rates to help to stimulate the economy. Hence, the higher variant will form the basis for this LHMA. Figure 36 adds additional detail in this respect by outlining the change in household types over the next five years based on the higher projected variant.

Figure 36 Higher Variant Household Projection, RCT, 2017-2022



Source: Adapted from Welsh Government Household Projections

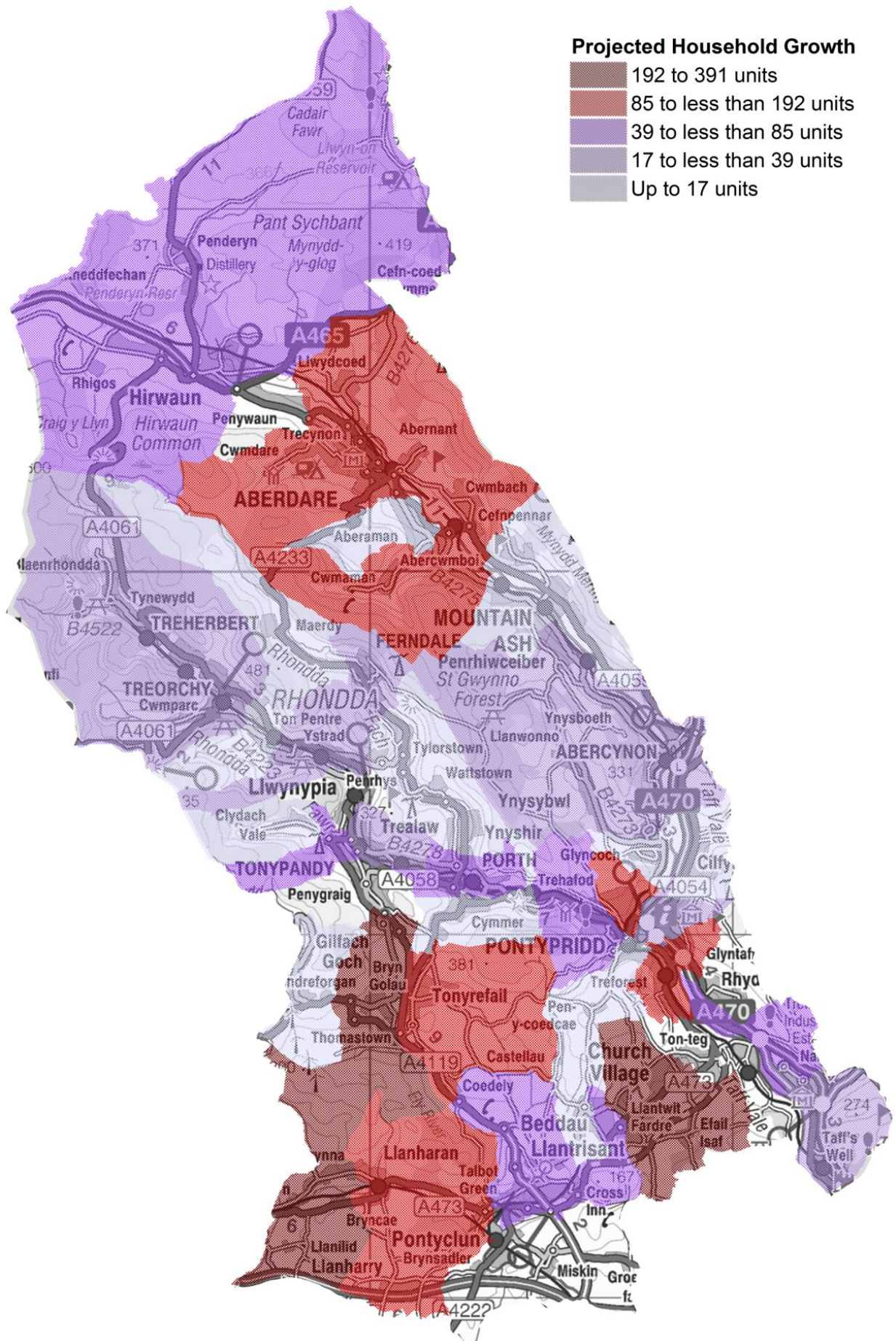
Evidently, most of the growth over this time is expected to come from (nearly 2,500) additional single person households and this household type is set to remain by far the most common within the locality. Much of the remaining growth is projected to stem from 2 persons without children (522 households), lone parent households with 1 child (580 households) and lone parent households with 2 children (190 households). Conversely, larger households are set to remain stable or decline over the next five years. From a housing need perspective, this still strongly justifies the need for smaller unit types.

One limitation with the WG household projections is that they are only available at local authority level. It is therefore necessary to estimate how this growth will be accommodated across RCT. Previous primary research has habitually shown that new households wish to remain in their existing communities, although, as Figure 34 has shown, growth in household numbers has been far more supply led in recent times. Whilst this doesn't mean every newly forming household will move into new build accommodation, net household growth will undoubtedly be influenced by the supply of new build properties in certain areas. A supply side forecast has therefore been used to disaggregate the household projections across RCT as shown in Figure 37 overleaf. This is based on likely residential completions over the next five years stemming from allocated sites, sites with planning permission and windfall sites.

There are likely to be three main clusters of household growth over the next five years; the south west of Taf, central Cynon (pivoting around Aberdare) and, to a lesser extent, the south east of Taf. It is perhaps no coincidence that residential sites in these areas are expected to come forward in the near future. Sites in Taf attract the highest house prices in the locality, are well serviced and benefit from good transport links to Cardiff and surrounding. The viable residential land supply is also relatively strong in this part of the borough. In addition, Aberdare has habitually been the highest demand part of Cynon Valley, is also served by good transport links across South Wales and has benefitted from improvements to the Merthyr Tydfil road network and Cyfarthfa Retail Park.

Clearly, market forces alone are unlikely to facilitate significant residential development in the Rhondda Valleys over the next five years and a range of interventions would be required to stimulate development in this area. The Council is nonetheless working to pro-actively encourage developers in this respect and also providing numerous incentives to bring empty properties back into beneficial use to increase housing supply through other means.

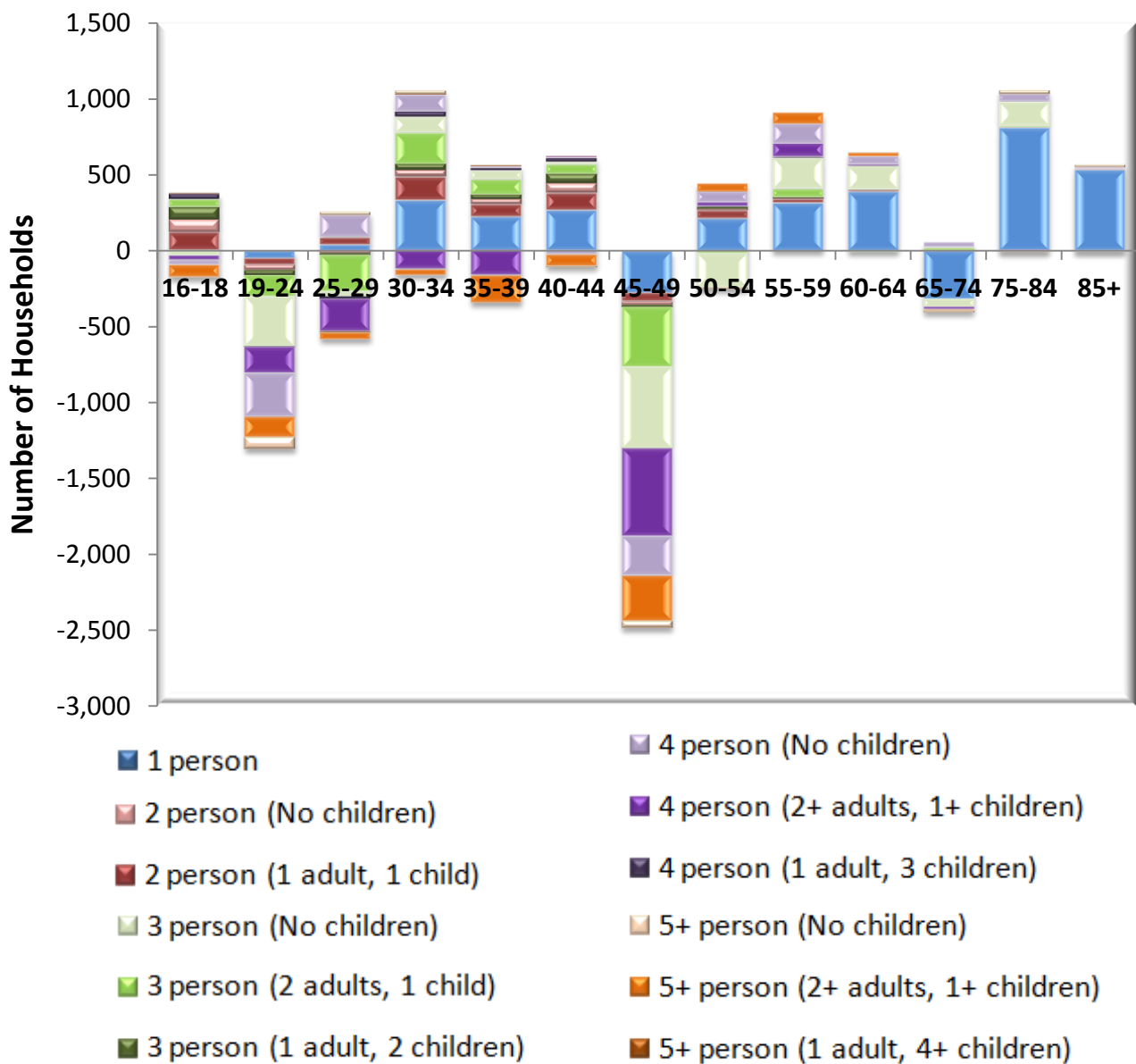
Figure 37 Higher Variant Household Projections, RCT, 2017-2022



Source: Forecasted from 2014 Based Welsh Government Household Projections
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One could assume that the vast majority of these newly forming households will be younger persons leaving home to set up an independent household for the first time. However, this isn't strictly the case and there are in fact a complex series of growth patterns within different age categories. Figure 38 helps to highlight these patterns by revealing household change over the next five years across different age bands and household types. For ease of illustration, this is based on the assumption that each household contains persons of only one age group, although household membership is obviously not as uniform in reality.

Figure 38 Change in Households by Age Band and Household Type, 2017-2022



Source: Adapted from Welsh Government G 2014 Based Household Projections (Higher Variant)

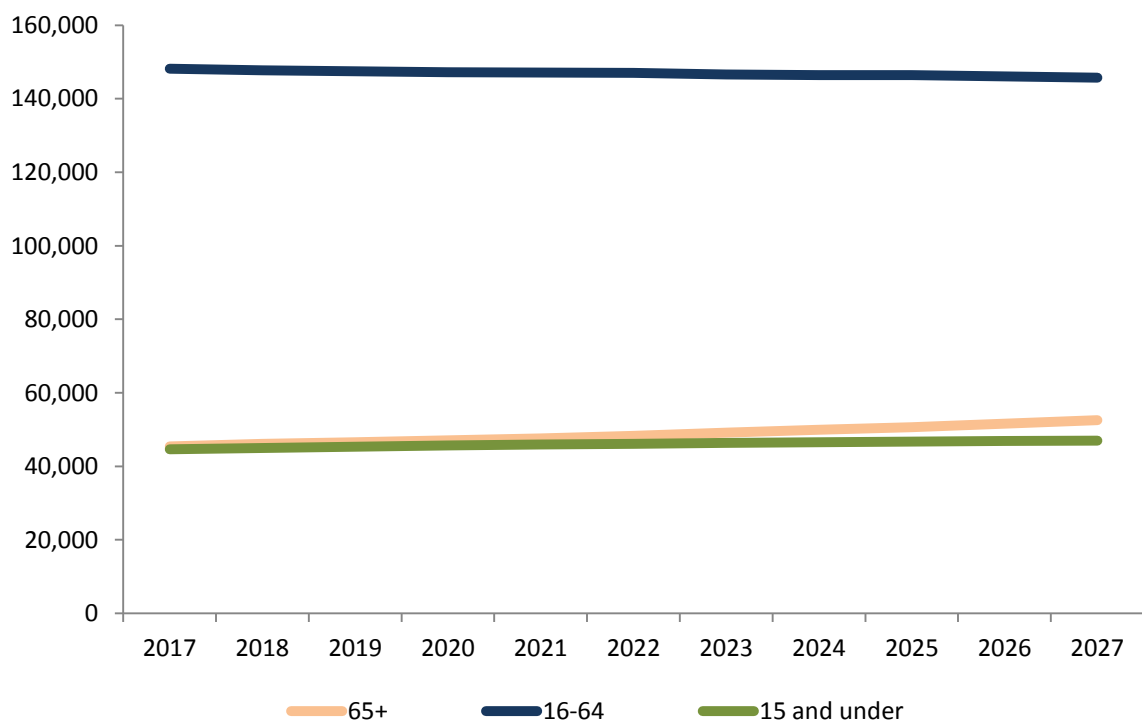
Clearly, there are not many 'younger' households (i.e. aged 16-29) driving this projected growth. In fact, new household formation is most significant within the 30-34 age group (primarily through single persons households, although two adults with one child and single adults with one child are also notable). Similar trends are evident in the 35-39 and 40-44 age categories. This phenomenon is unsurprising and in line with national trends. The Office for National Statistics recently found that "young adults (aged 20 to 34) in the UK are more likely to be sharing a home with their parents than any time since 1996" (ONS, 2016a, p.1). This statistic only uses 1996 as a reference point as the Labour Force Survey household dataset was unavailable prior to this date. A range of factors are deemed contributory to this societal change, including higher house price to income ratios than in the past, delays in forming relationships, greater lone parenthood rates, housing benefit changes to welfare, longer spells in education and higher deposit requirements. Indeed, data from Legal and General found that "the bank of mum and dad" helped finance 25% of all UK mortgages in 2016, with typical 'gifts' of £17,500 being made towards deposits. However, this form of 'finance' is said to become increasingly strained as house prices continue to grow out of sync with wages (BBC, 2016, p.1). It is therefore important to consider the level of intervention required to enable first time buyers to access the property market through provision of additional affordable housing, as will be discussed further in Chapter 4.

Returning to Figure 38, household numbers are also projected to decrease for some older age groups (especially 45-49, as more established, larger households look to move out of the County Borough), yet increase in later years, especially in the form of single person households. At this age, individuals are more likely to have experienced divorce, separation or widowhood so the probability that they will be living alone increases. Much of the remaining change in household numbers occur at 75 years and older, although this is not so much attributable to newly forming households, rather population change. Essentially, the large numbers of people born after the war will move into that age group over the next several years and they are far more likely to live in smaller (predominantly single person households) for the same reasons.

This change in population can be further visualised in Figure 38A below, using the same 'higher' projected variant as used throughout this section. People aged 65 and

over are projected to increase from 19% of the population in 2017 to 21.5% in 2027. Whilst the topography of RCT doesn't present plentiful opportunities for developments on flat ground, it is important to ensure that a relevant proportion of new build accommodation is suitable for older individuals in terms of accessibility and independent living. The type of accommodation that older people need and desire has been identified through qualitative research as will be discussed more in Chapter 5.

Figure 38A Projected Population Change by Age Category



Source: Welsh Government 2014 Based Population Projections (Higher Variant)

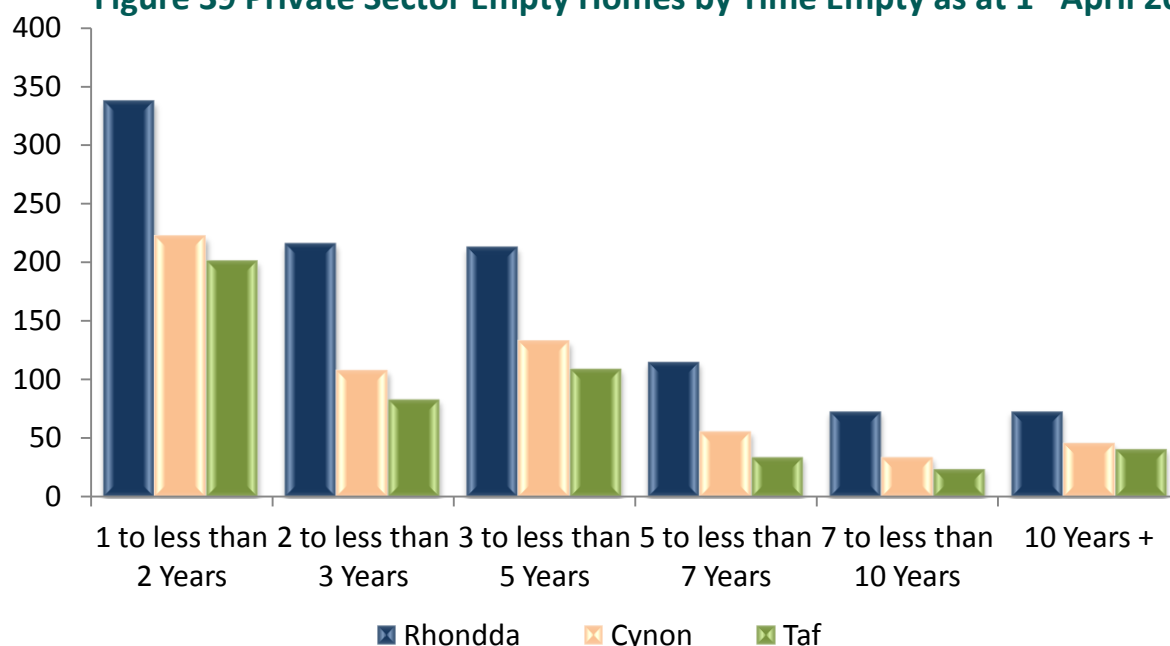
3.3 Empty Properties

3.3.1 Private Sector Empty Properties

Whilst constructing new build properties is one obvious means of accommodating growth, another means is through re-utilising existing vacant properties. Indeed, empty properties can attract crime, vandalism and anti-social behavior, thereby contributing to a sense of deprivation in communities. Bringing empty properties back into beneficial residential use can not only combat these issues but also encourage other investment and ultimately help to meet housing need by increasing latent supply.

Data provided by Public Health and Protection revealed that there were nearly 3,000 private sector homes that were vacant for six months or more as at 1st April 2016. As shown in Figure 39, a quarter of these properties were vacant for less than a year, which is to be expected to allow for 'churn' in the housing market. A further quarter of these properties were vacant for 1 year to less than 2 years, which would still predominantly be transactional empty properties. However, a smaller proportion of properties were vacant for longer periods. This was most evident in the Rhondda Valleys and over half of the homes vacant for 5 years or more could be found within this vicinity. This illustrates the extent of low demand and the mismatch between supply and householder aspirations as comparable data sources have already shown.

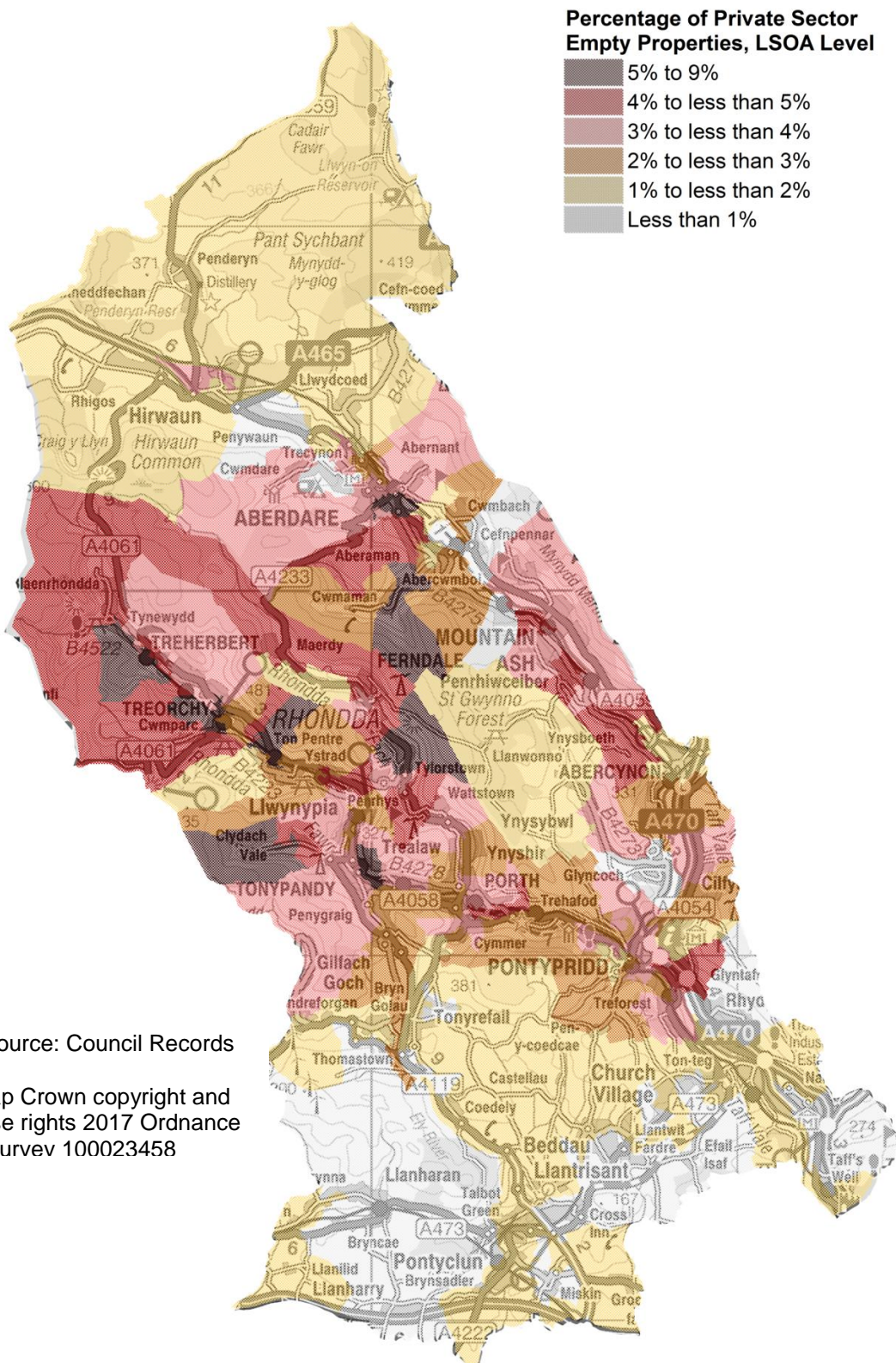
Figure 39 Private Sector Empty Homes by Time Empty as at 1st April 2016



Source: Council Records

To better pinpoint local trends, Figure 40 depicts the percentage of all dwellings that were long term empty homes on 1st April 2016 by Lower Super Output Area. This analysis was enabled by comparing the Public Health and Protection list to the number of properties on the Local Land and Property Gazetteer. This provides a useful representative comparison of private sector empty homes between areas, which is not otherwise enabled by looking at the quantity of properties alone.

Figure 40 Percentage of Private Sector Empty Homes by LSOA



Data Source: Council Records

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Whilst there are empty properties throughout the whole of RCT, this proportionate analysis shows the issue is most acute within several parts of the Rhondda (notably 9% in Tylorstown, 8.5% in Pentre and 6.4% in Treherbert). The percentages are generally not so high in Cynon and only one area (Cwmaman 5.3%) displayed comparable levels to the aforementioned parts of the Rhondda Valleys. Conversely, most of Taf has a particularly low proportion of long term empty properties, with LSOAs typically containing less than 2% on average. This is perhaps unsurprising with demand for properties being significantly higher in Taf, although, equally, empty properties within this area tend to be empty for reasons other than low demand. Such reasons can include inheritance, sentimentality and probate cases, thus rendering it more difficult to bring these properties back into to beneficial use. The only area that particularly bucks the trend is Treforest (4%), which is predictable given the lower demand for student accommodation in the private rented sector as previously mentioned.

To add further context to this issue, and to better understand the various reasons why properties are left empty, a postal survey was carried out in 2013. A total of 1,893 surveys were distributed and 585 were returned. When owners were asked how they came to own the property, most stated that they had purchased it to live in (32%), that they had inherited the property (27%) or that they had purchased the property to rent out (24%). The former category included “both those that had moved out of the property and those who had only recently purchased the property and had not yet moved in” (RCTCBC. 2013, p.16). Furthermore, the owners were specifically asked why their property was currently empty. The most frequently cited reason was, “I am currently trying to sell” (28.9%), which does correlate with that fact that numerous local empty properties are in fact transactional.

There were nevertheless a multitude of other reasons cited as to why private sector homes were vacant, such as, “it is being renovated” (22%) and, “I can’t afford to renovate it” (17%). The other responses to this question were diverse, although included the impacts of the recession, the costs of renovation, crime, previous bad experiences with tenants, ill health or the desire to ‘save’ the property for use by family members in the future (RCTCBC, 2013b, pp.20-23).

Evidently, properties become and remain empty for a range of reasons, yet they can ultimately be viewed as a resource in need of intervention to actively contribute to housing supply once again. Indeed, the Council is working pro-actively to bring empty properties back into beneficial use to help boost local housing markets, bolster housing options and stimulate community regeneration. A range of schemes are available locally, including:

- The Empty Property Grant for potential residents to carry out essential repairs to help render an empty property suitable for long term habitation
- The Interest Free Loan Scheme to assist landlords and investors to renovate properties for sale or rent
- The Homestep Plus Scheme for first time buyers to purchase a previously empty property on a shared equity basis

The Council remains committed to encouraging the re-use of private sector empty properties and it is important to emphasise that provision of new build housing is not the only means of increasing housing supply.

3.3.2 Housing Association Empty Properties

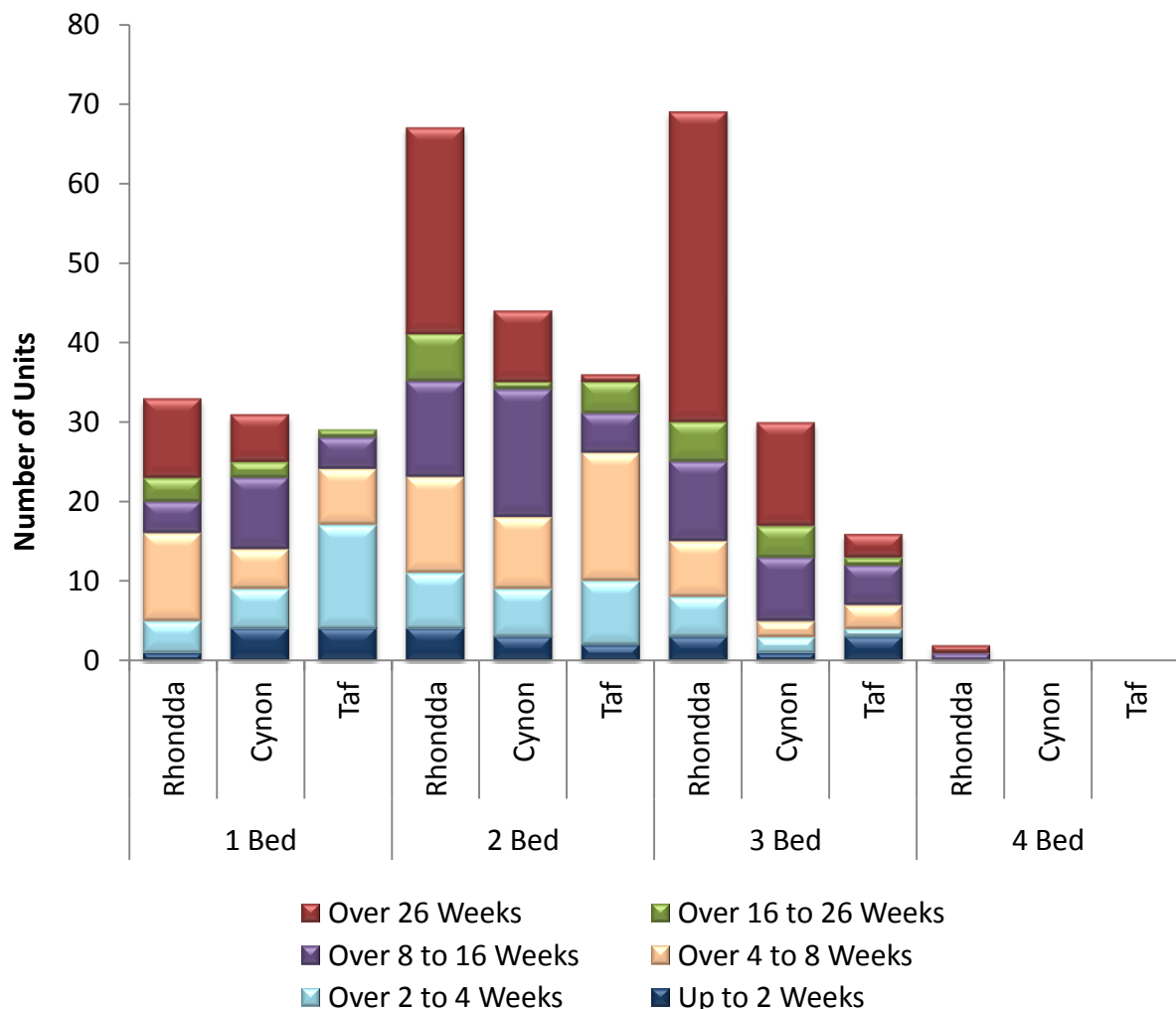
In addition to considering the level of empty properties in the private sector, it is also important to understand the nature and type of empty properties across the social rented stock.

Data from housing association partners revealed that there were over 300 voids at the time of writing, equivalent to just over 2% of the total social housing stock. Figure 41 expands on this data to show the number of voids across the stock, by property type and the length of time vacant. A certain level of voids is normal to allow for transfers and works on properties, although properties that have been vacant for significant periods are no longer actively contributing to housing supply.

There are several notable trends displayed within Figure 41. The first is comparable with the private sector data in that social rented sector empty homes are most prevalent within the Rhondda Valleys. Not only were half of all the empty properties in the social rented sector found within this vicinity but there was also a much higher preponderance of longer term empty properties in the Rhondda Valleys as well.

Moreover, the number of properties vacant across different time periods varied significantly according to property type. There were hardly any four bedroom homes empty at the time of writing, which is unsurprising as they are far more scarce across the social housing stock, do not turn over as often as other property types and there is always a small yet persistent number of households waiting for them. Furthermore, a relatively even quantity of one bedroom properties had been vacant in each of the three boroughs, yet most of these were only short term voids turning over in small numbers. Indeed, one would expect one bedroom units to remain in relatively high demand across the County Borough due to the removal of the Spare Room Subsidy.

Figure 41 Housing Association Empty Homes by Type



Conversely, the most common vacant property types were two bedroom (65% of which being flats) and three bedroom units (primarily terraced houses). Both trends are as expected as many households simply cannot afford an additional bedroom or

bedrooms since the removal of the Spare Room Subsidy. As the household projections showed, household sizes are becoming increasingly smaller, yet the social rented dwelling stock is dominated by three bedroom terraces. Superficially, one might not expect such a significant impact on two bedroom properties. However, voids within the two bedroom flatted stock have also been well documented by local housing managers mainly due to their unsuitability for families with children and restrictions on under-letting.

3.4 Occupancy Ratings

When considering household growth and existing vacant properties, it is also important to consider occupation levels across the local housing stock. The 2011 Census data includes a measure of occupancy based on the number of bedrooms in a household's accommodation compared to the ages of the household members and their relationships to each other. As the dataset definition explains;

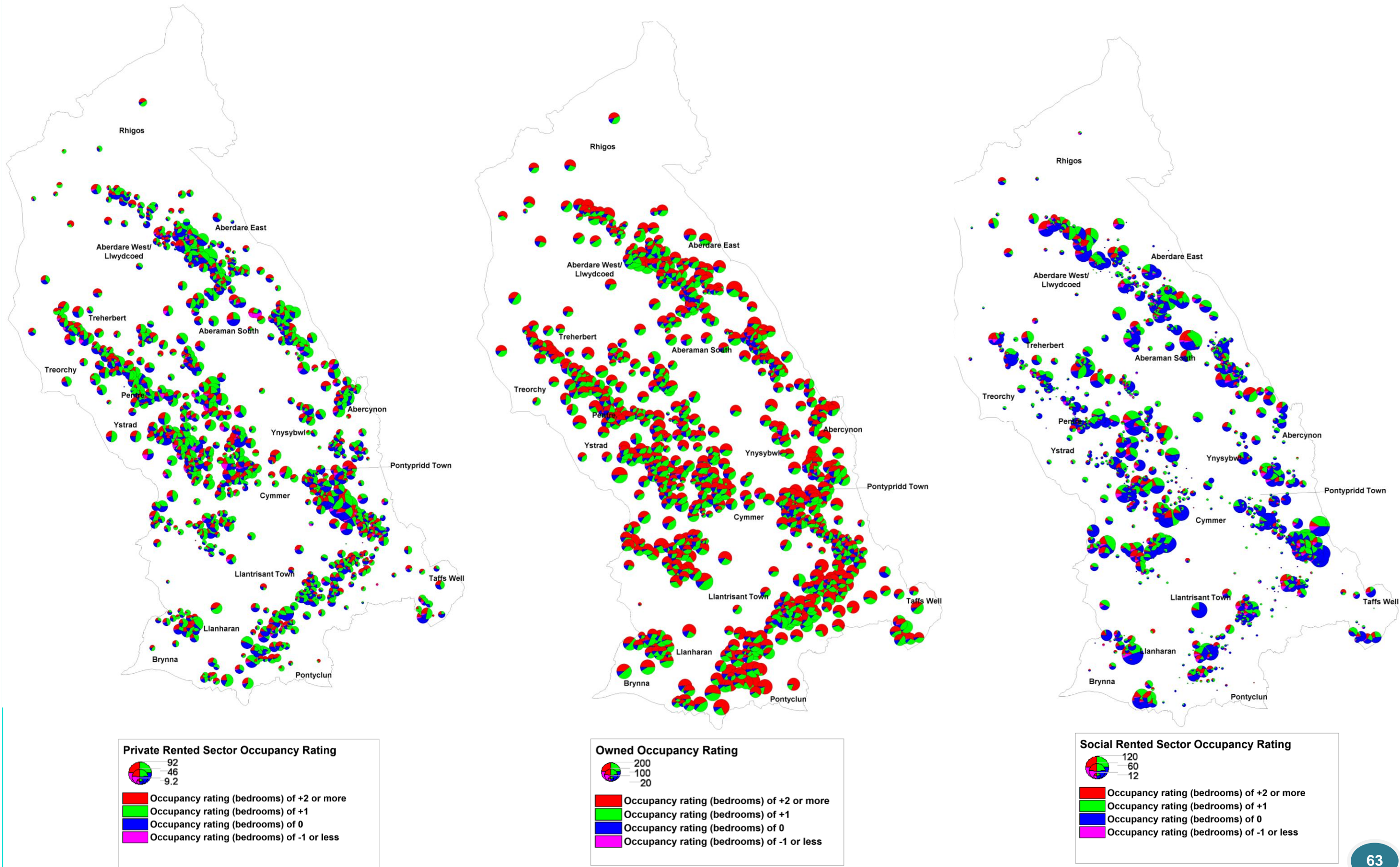
the number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement. '1 bedroom' includes households who indicated '0 bedrooms' and '1 bedroom'. This is because all households where someone usually lives must have at least one room used as a bedroom (Nomis, 2014a, pp. 1-2).

This data has been disaggregated by tenure and mapped within Figure 42 via pie charts that represent the occupancy rating. The pie charts are also graduated to show the size of each particular housing sector at output area level. There are three particularly noteworthy trends shown by Figure 42. Firstly, under-occupation was prevalent in the owner-occupation sector in 2011, with an even proportion of households under-occupying their properties by either one bedroom or 2 or more bedrooms in most areas. There was conversely hardly any over-occupation in this sector. This trend correlates strongly with the findings of the 2011 Newly Built Homes Survey, as a large proportion of home owners did particularly value having a larger and more spacious home with extra bedrooms than they necessarily need (RCTCBC, 2011c).

Secondly, the most common occupancy rating in the social rented sector was '0' i.e. households had been allocated a property suited to their housing needs. Under-occupancy was however far less common in Taf than in Rhondda or Cynon in 2011. Pressure on social rented accommodation is highest in the former; and the smaller graduated pie charts in the south east especially show how few social rented properties there are in this area in relative terms. Higher instances of under occupation in the Valleys is unsurprising given the dominance of three bedroom terraces, few other options to house smaller households and the fact that this data collection preceded the removal of the Spare Room Subsidy.

Thirdly, under-occupation was also common within the private rented sector in 2011, although the map clearly shows this was mostly attributable to households under-occupying their properties by one bedroom as opposed to two or more bedrooms as in the owner-occupied sector. As shown in Chapter 2, private rents throughout parts of the Rhondda and Cynon Valleys are comparable or even below social rents in some instances. Households therefore often move between the two tenures and can secure larger properties than they necessarily 'need' at little extra cost in the private rented sector. There is also a local perception that the private rented sector is easier to access and allows households to exhibit more choice in the market in terms of property type and location. The switch to choice based lettings for social housing is however starting to dispel some of these perceptions.

Figure 42 Occupancy Rating by Tenure, 2011 Census



3.5 Household Income and Social Grade

A related issue is the variance in household income levels across RCT and the affordability of housing in different areas. There are relatively few sources of data available on household income, although in December 2016, the ONS released 2014 based small area income estimates at Middle Super Output Area (MSOA) level. The estimates were produced using a combination of survey data from the Family Resources Survey, the 2011 Census and a range of administrative data sources (ONS, 2016b). Whilst the estimates are 2014 based, subsequent wage inflation hasn't since been significant in Wales and no other household income data sources are currently available in the public domain.

The ONS data shows that typical gross annual household income in RCT is £30,160, ranging from a higher confidence limit of £34,320 to a lower confidence limit of £26,520 (based on the median MSOA value). This value nonetheless varies considerably and the highest average household income is found in Llantwit Fardre (£47,320 per annum), whereas the lowest is found in Treherbert (£23,920). Figure 43 overleaf displays this dataset geographically across RCT and there are undoubtedly spatial linkages between higher income levels and higher house prices, with a distinct cluster of higher household incomes found in the south of Taf.

It is nonetheless important to consider how affordable entry level properties are across the County Borough. Figure 44 therefore reveals the ratio between average household incomes from the ONS dataset and the average prices paid for terraced properties based on 2016/17 Land Registry Data. Interestingly, properties are much more affordable in relative terms in areas where household incomes are typically at the lower end of the scale. Entry level (terraced) properties are predominantly less than two times a household's gross annual income in localities such as Tylorstown, Clydach Vale and Penrhiwceiber. Indeed, the ratio doesn't tend to exceed 3 times salary across the Valleys, and, notwithstanding certain 'hot spots', home ownership is relatively affordable for the average household. Conversely, whilst household incomes are higher in Taf, entry level house prices considerably outstrip typical gross incomings. Terraced house prices are four to five times higher than annual incomes in areas such as Pontyclun, Church Village, Taffs Well and Llantrisant. The key point to note is that Figure 44 is based on average incomes, so the affordability

gap would be even higher for first time buyers (assuming they would be closer to the start of their career paths), rendering home ownership inaccessible for this client group across much of Taf.

Figure 43 Average Household Income by MSOA

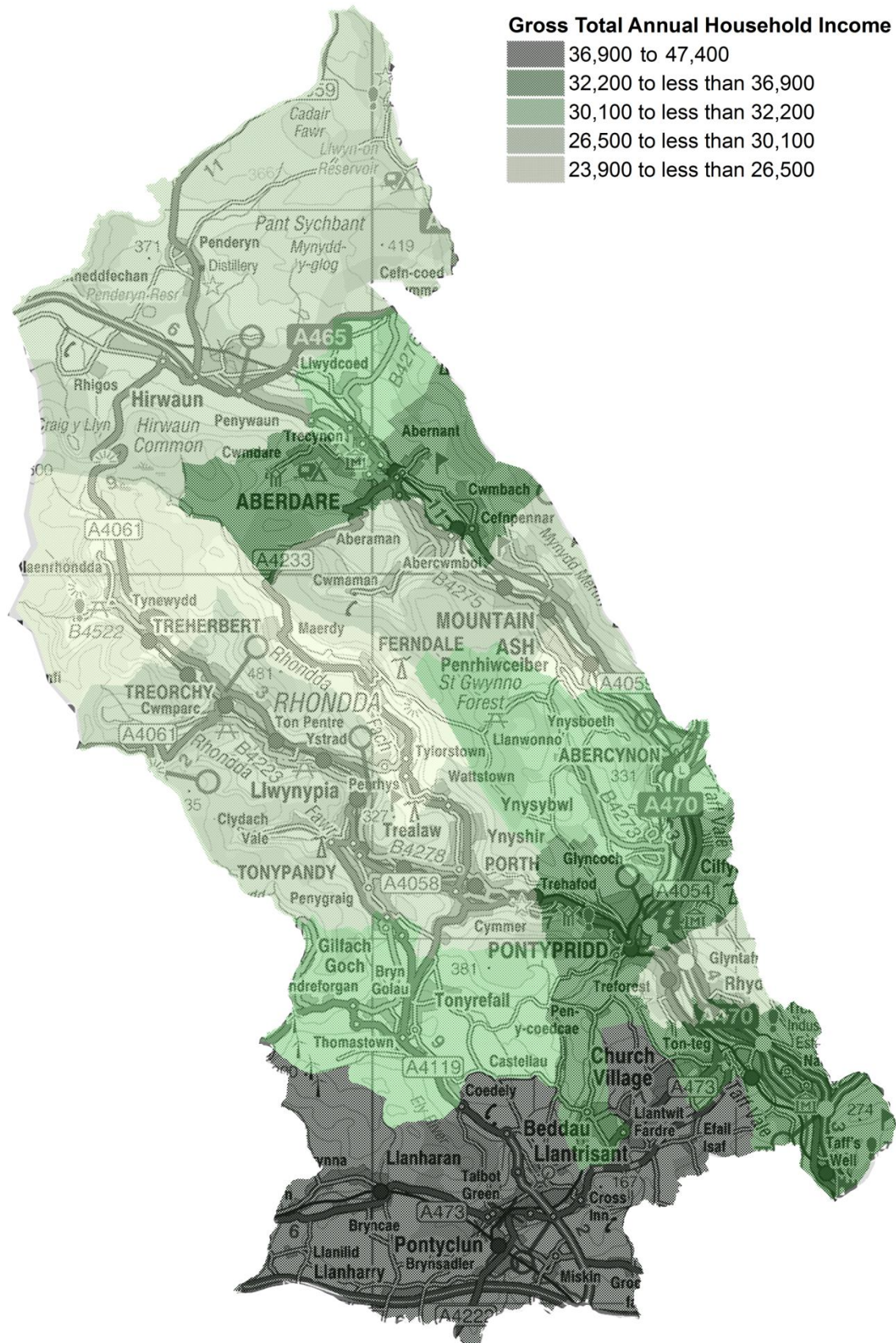
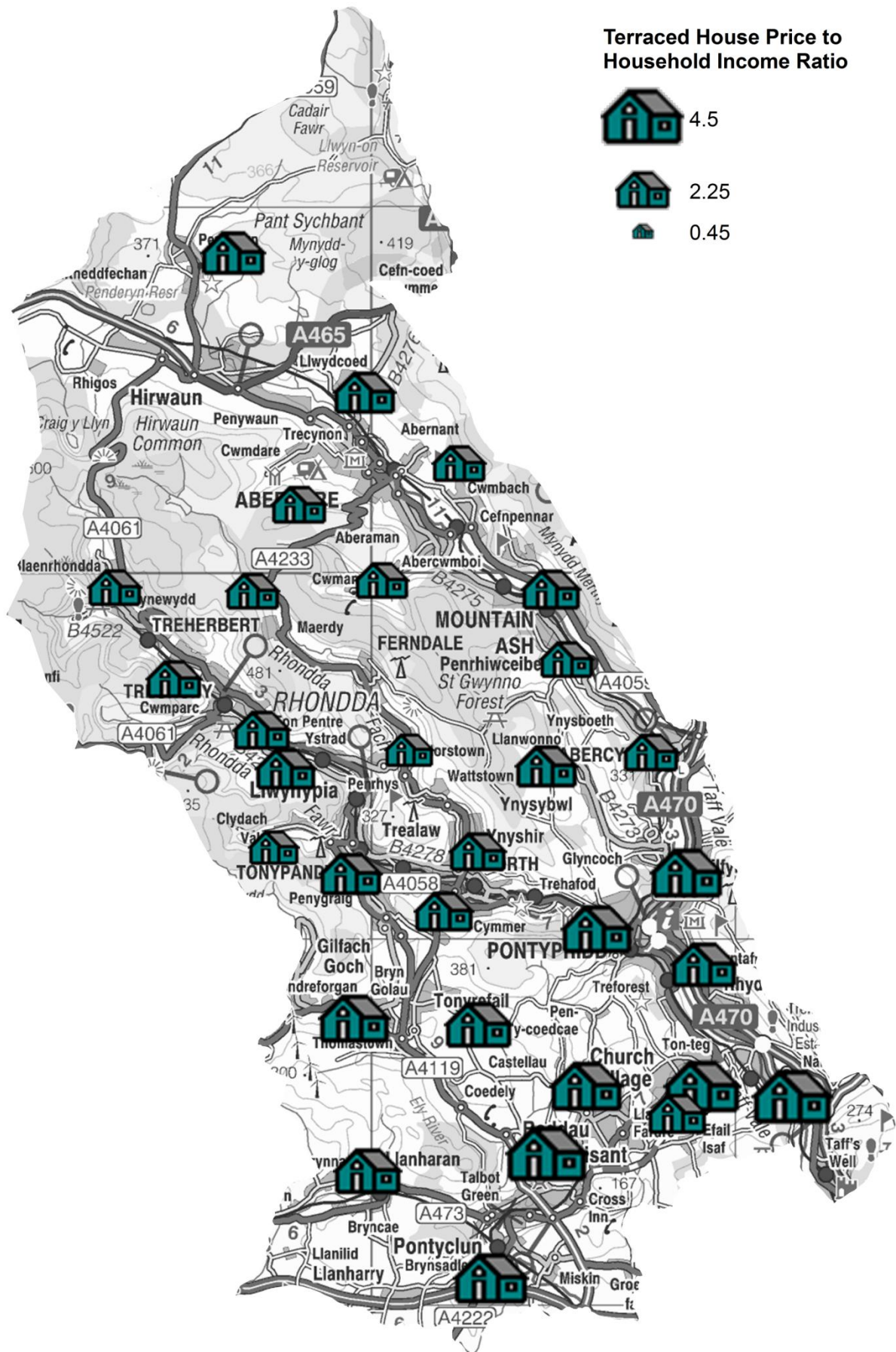


Figure 44 Terraced House Price (2016/17) Compared to 2014 Based Average Household Income by MSOA



Data Source: ONS 2014 Based Small Area Income Estimates compared to Price Paid Data produced by HM Land Registry © Crown copyright 2017 OS Map Crown copyright and database rights 2017 Ordnance Survey 100023458

3.5.1 Social Grades, Household Composition and Ethnicity

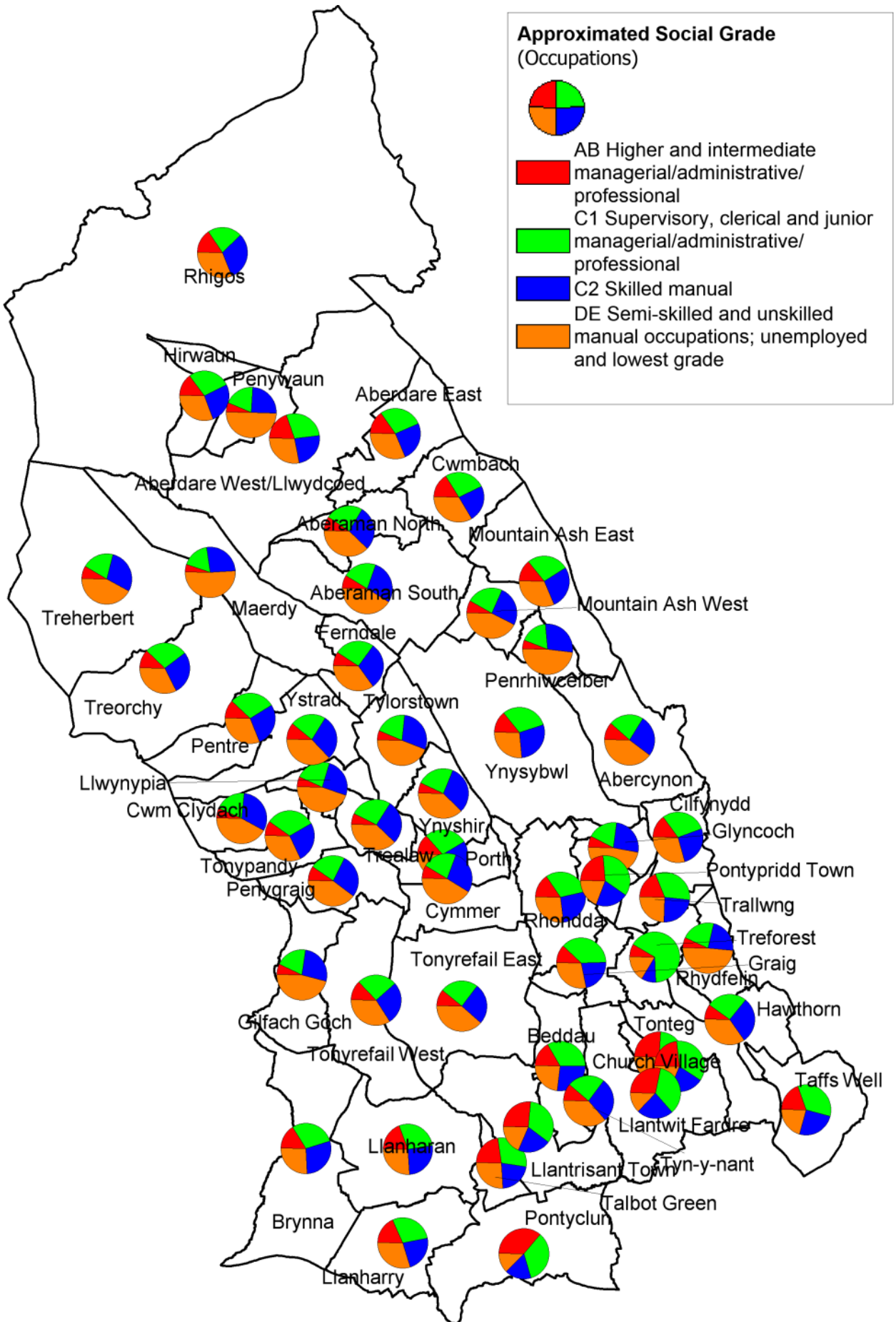
A strongly related issue is the span of occupational based social grades across local residents, approximations for which were provided by utilising 2011 Census data. Put succinctly,

Social Grade is the socio-economic classification used by the Market Research and Marketing Industries, most often in the analysis of spending habits and consumer attitudes. Although it is not possible to allocate Social Grade precisely from information collected by the 2011 Census, the Market Research Society has developed a method for using Census information to provide a good approximation of Social Grade. Each individual aged 16 or over is assigned the approximated social grade of their Household Reference Person, according to standard market research practice (Nomis, 2014b, p.2).

Naturally, this data set is restricted to focus on the working age population and also because the information collected by the 2011 Census “produces less accurate results for those outside of this age range” (*ibid.*). Figure 45 overleaf displays a ward level breakdown of the four social grade categories; ranging from ‘AB higher managerial/administrative/professional’ occupations to ‘DE semi-skilled, unskilled, unemployed and lowest grade’ occupations. Perhaps the most palpable trend is the swathes of orange pie sectors across much of the Rhondda and Cynon Valleys (typically accounting for a third to a half of individuals in most wards), which represent the lowest social grade category. It therefore follows that household income is lower in these areas, a lower proportion of the population own their home and there are historically high levels of private rented and social rented accommodation within these vicinities. Notable exceptions to this general trend include Treorchy and Aberdare.

Conversely, much of Taf exhibits the opposite trend, with ‘C1 supervisory, clerical and junior managerial/ administrative/ professional’ being the most common social grade recorded. However, the south east had a significant cluster of high social grades, which again tallies with the highest income areas and the highest proportion of owner-occupiers. To exemplify the extremities in RCT, 36% of the population are classified as AB in Pontyclun and 13% are DE, whereas only 5% of the population are classified as AB in Maerdy and the majority (51%) are DE.

Figure 45 Approximate Social Grade, 2011 Census



To add further context, the Census also provides information on household composition by classifying households according to the relationships between household members. Essentially,

households consisting of one family and no other usual residents are classified according to the type of family (married, same-sex civil partnership or cohabiting couple family, or lone parent family) and the number of dependent children. Other households are classified by the number of people, the number of dependent children, or whether the household consists only of students or only of people aged 65 and over (Nomis, 2014c, p.2).

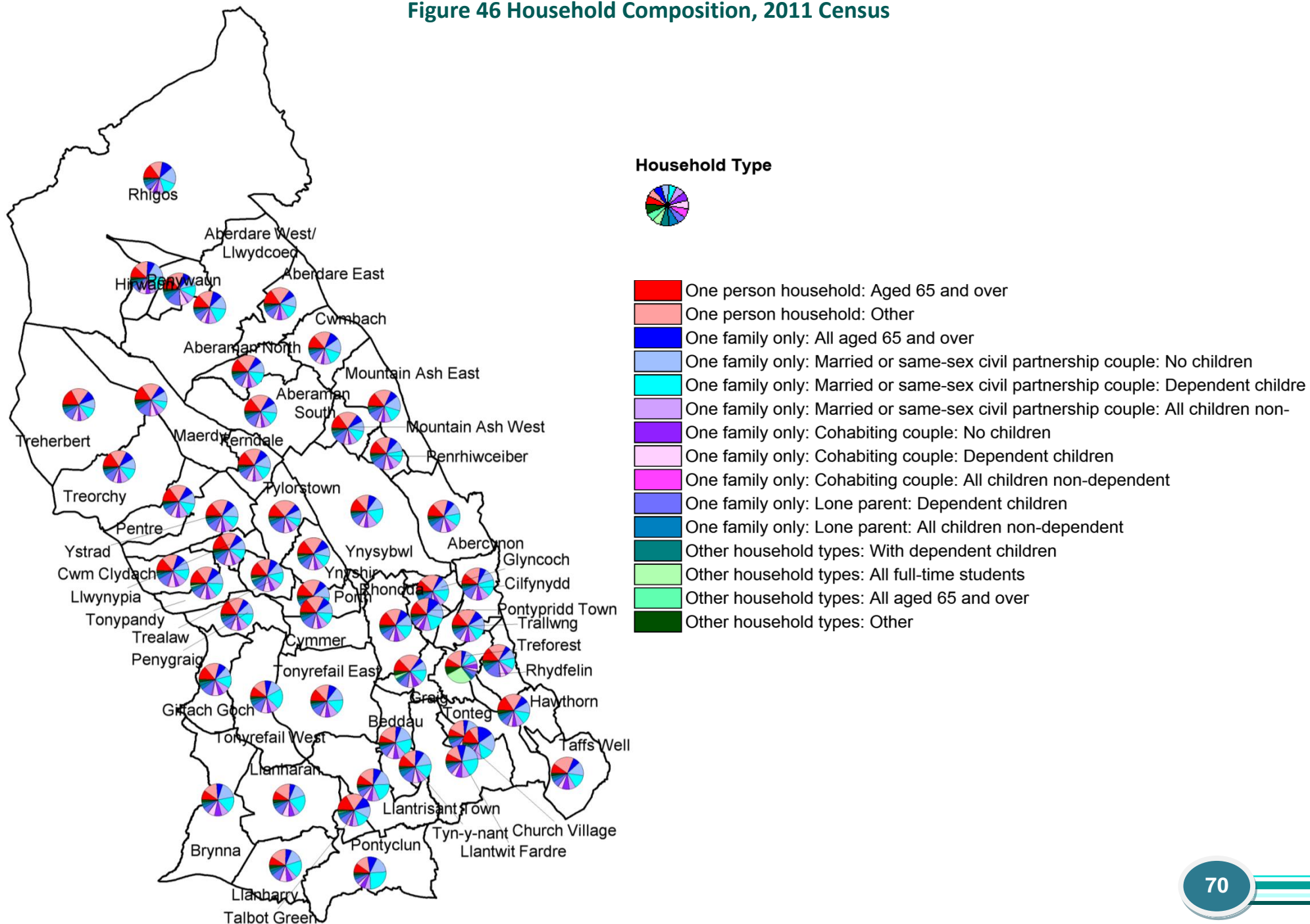
This information has been displayed visually in Figure 46. On average, single people aged under 65 formed the most common household type in 2011 (typically accounting for 17% of households), followed by married couples with children (14%), single people aged 65 or over (13%) and married couples without children (12%). Whilst the proportions of household compositions naturally vary on a ward by ward basis, there were several interesting observations in 2011.

For one, the percentage of married couples with children was highest in Church Village and Pontyclun (both 25%), yet lowest in Treforest (7%), Maerdy (8%) and Tylorstown (8%). The lack of married couples with dependent children in Treforest was almost certainly attributable to the proportion of full time students living in this area (27%), whereas lone parenthood was more common in Tylorstown (14%) and Maerdy (13%).

With the exception of Treforest (4%) and Graig (5%), the proportion of either married or cohabiting couples with non dependent children was relatively uniform across the County Borough; ranging from 6% in Llanharry to 10% in Ynysybwl. Whilst property prices are clearly higher in Taf, it would appear that older children are remaining in the family home across the County Borough and this could be directly attributable to the economic climate and mortgage markets *per se*.

Furthermore, single people aged 65 plus ranged from 7% in Beddau to 17% in Treherbert, and couples aged over 65 ranged from 5% in Treforest to 16% in Tonteg. However, there was not a clear borough-wide differential in this respect and all parts of Rhondda, Cynon and Taf has a varied proportion of over 65s.

Figure 46 Household Composition, 2011 Census

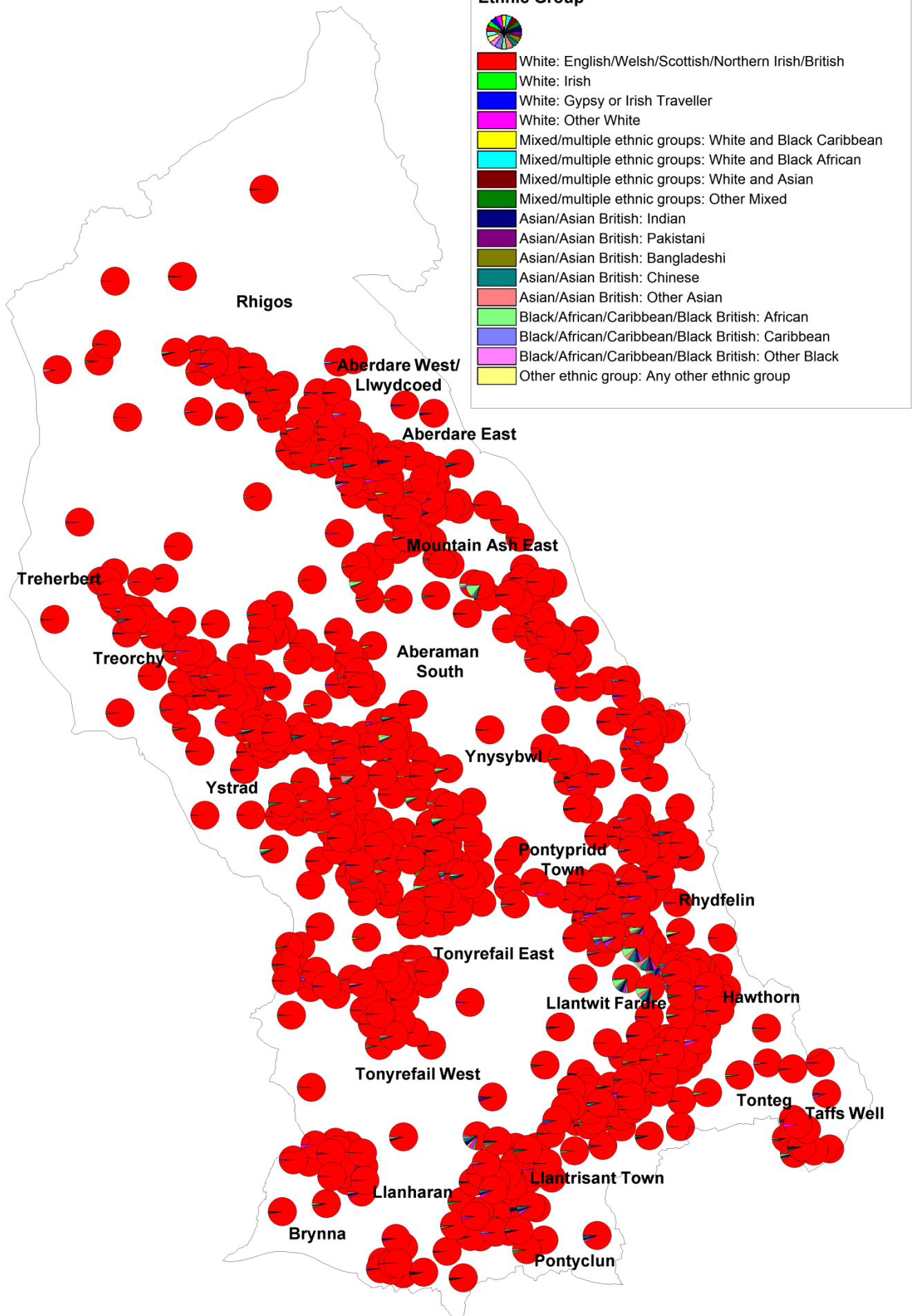


Any clusters of ethnic minority households can present a further influence on the housing market as the housing preferences and decisions of different ethnic groups can lead to particular housing patterns. The most comprehensive and detailed baseline source of data on ethnic communities is the Census, which reveals the locations of different ethnic populations as shown at output area level in Figure 47. The principal benefit of this data source is that it classifies people according to their personally perceived ethnic group and cultural background.

Broadly speaking, White British (including Welsh, Scottish, Northern Irish and English) was by far the most common ethnicity recorded by the 2011 Census across RCT. In fact, 99% or more of the population stated that they were White British in over a quarter of all output areas across the locality. This was most notable in the Rhondda Valleys. Figure 47 does however appear to show several clusters of particular ethnic groups. For instance, there were two significant clusters of Black African households recorded in a part of Mountain Ash West (13%) and Penywaun (11%). However, discussions with front line housing officers and some local residents indicate that this is inaccurate and there are no such ethnic clusters present within these vicinities. This data can therefore almost certainly be disregarded.

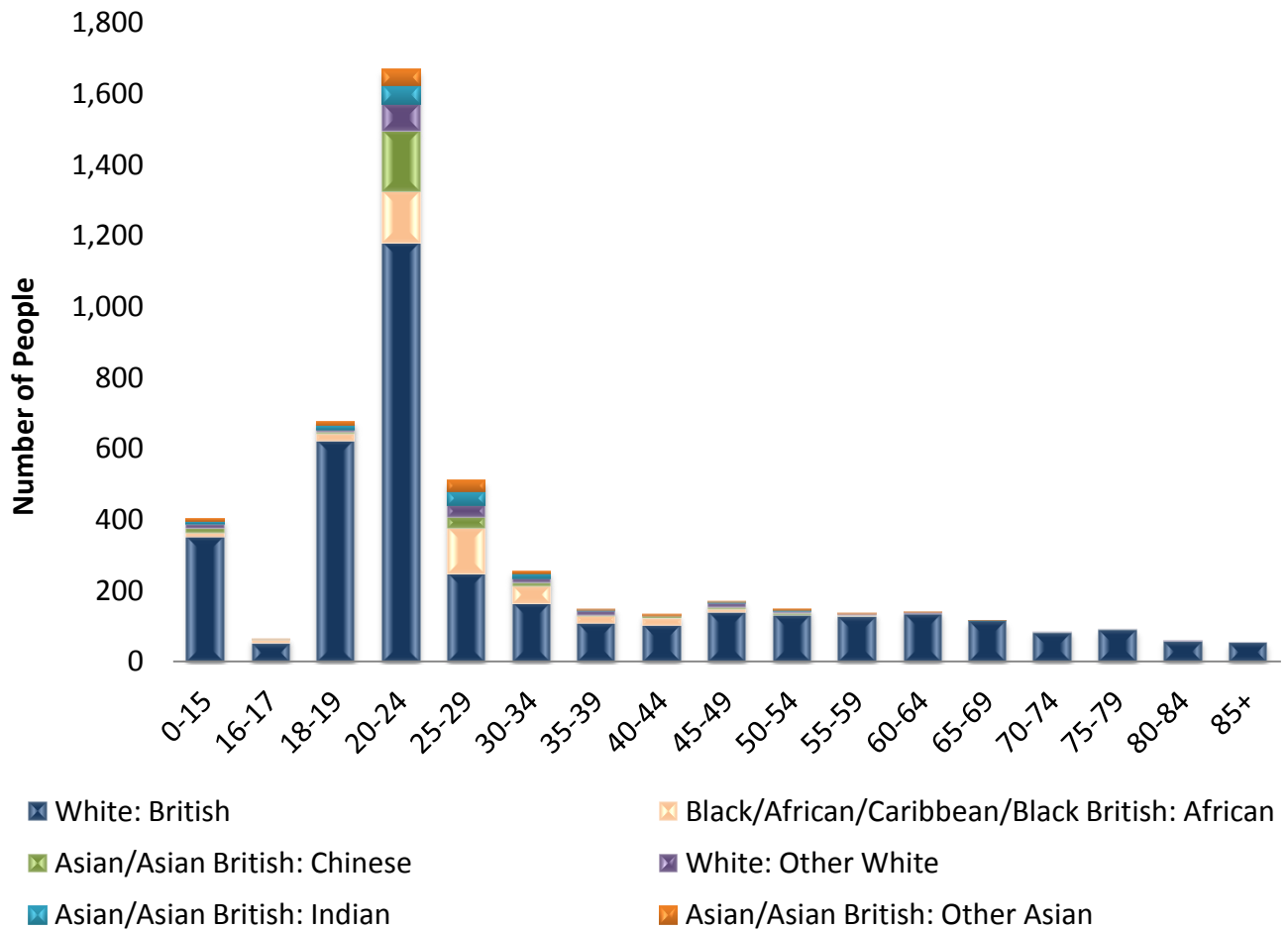
On the other hand, Treforest and surrounding is a relatively diverse area and White British households accounted for as little as 61% of the population in certain output areas within Treforest (which is, relatively speaking, extremely low compared to the rest of RCT). There were large proportions of Black African (up to 12%), Chinese (up to 9%), Indian (up to 5%) and Other White ethnic groups (up to 8%) recorded within output areas in this vicinity (the latter of which is not precisely defined due to an open ended question but is likely to include Polish and Greek ethnicities). This is predominantly due to the University of South Wales attracting a wide range of students to the local area and Figure 48 provides a breakdown of age groups to help further illustrate this phenomenon.

Figure 47 Perceived Ethnic Group



Data Source: 2011 Census

Figure 48 Six Most Common Ethnic Groups, Treforest Ward



Data Source: 2011 Census

Given the predominant student population within Treforest, it is perhaps no surprise that the most common age group in 2011 was 20-24. The majority of these respondents identified their ethnicity as White British, although there was also a diverse mix of other ethnicities, with 10% identifying themselves as Chinese, 9% as Black African and 5% as Other White (i.e. Polish or Greek). There were far less people in the 25-29 bracket *per se*, although proportionately, there was an equal split between White British people and other ethnicities (half of which were accounted for by Black African individuals). The number of people aged between 30-34 was again far less in Treforest and some ethnic groups (such as Chinese) were notably absent from this age group upwards. However, the proportion of Black African people aged 30-34 remained significant. This trend could be attributable to some students remaining within the area post study; although discussions with front line officers have revealed that this is most likely to be due to a disproportionate amount of mature students with this ethnic background temporarily residing within Treforest.

4.0 Housing Need Calculation

Hitherto, this Assessment has analysed the housing market of RCT as a whole. However, a fundamental aspect of any LHMA is to calculate the net housing need across the administrative area. Estimates of shortfalls or surpluses of affordable housing in different areas are crucial inputs into the local housing and planning framework. As the Welsh Government Guidance explains,

housing need generally refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the local housing market without assistance. Households in housing need are the part of the population not included in market demand because they have insufficient income to satisfy their needs by accessing suitable market housing. Households in housing need are included in this part of the assessment, whether or not they want affordable housing. People who would like affordable housing, but are not in need, are excluded (WAG, 2006b, para. 6.5).

Local authorities have a statutory obligation to “secure accommodation for eligible, unintentionally homeless households in priority need”, although non-priority households who are homeless or reside in unsuitable housing are also entitled to apply for affordable housing in the locality (*ibid.* para. 6.6). As explained at the start of this Assessment, this does not only include households in need of social housing, but also the growing number ‘squeezed’ between the social rented sector and the private rented / home ownership sector that are in need of intermediate housing. Ultimately, “there is a net shortage of affordable housing [across much of Wales], and decisions about how much more to build [and/or acquire] should be based on levels of housing need” (*ibid.* para. 6.2).

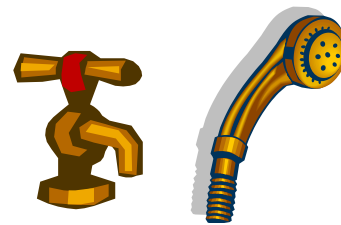
In order to estimate levels of housing need, various elements and components relating to household circumstances, market conditions and housing supply need to be built up and analysed systematically. This range of data helps to provide valuable insights into the operation of the local housing market, based on the current state of

knowledge and understanding. Nonetheless, it is important to emphasise that even the most robust data cannot provide the ‘answer’ alone and that it must be subject to necessary interpretation and comprehension. Indeed, it is fundamental to consider all the evidence, make clear any assumptions where applicable, and allow for alternate scenarios. The resultant process helps to provide valuable insights into the extent to which the housing market is failing to meet the needs of a certain proportion of local households and thus the scale of intervention required (i.e. the type and size of affordable housing needed in different areas). Further clarity of the methodology is provided at each stage of the housing need calculation for transparency, although as previously mentioned, the process can be explained by utilising an updated version of the Bramley *et al.* (1998,) bath analogy, which is reiterated in Figure 49 for ease of reference. Newly arising come through the taps (for social housing) and mixer head (for intermediate housing), the backlog (waiting list) is the level of water in the bath and the supply of affordable housing is the plughole.

**Figure 49 Assessing the Need for Affordable Housing
(Bath Analogy; $X + Y - Z$)**



4.1 Newly Arising Need from New Households



As explained in Section 3.2, the higher variant 2014 based household projection estimates that 3,216 additional households will form in RCT over the next five years i.e. 643 per annum. A forecasting exercise has also been conducted to spatially gauge the net effect on household growth based on housing sites due to come forward over the next five years. As previously shown in Figure 37, the main growth areas are likely to be southern Taf along with Aberdare and surrounding areas.

However, given the overview of house prices, rental values and income levels, not all newly forming households will be able to access market housing products in the near future, even with Help to Buy Wales still operating. This LHMA has therefore also calculated the scale of intervention required to address this market failure by estimating the number of newly forming households in need of different types of affordable housing. There were several considerations in this respect, which will be outlined in turn.

4.1.1 Newly Forming Households in Need of Intermediate Housing

The first consideration was the amount that first time buyers would need to borrow to purchase a home on the open market. Original guidance suggests that a household is likely to be able to afford to purchase a home costing 3.5 times its gross income (WAG, 2006b, para. 6.13). Indeed, this ratio has been considered a good benchmark in the recent past, although admittedly, it is a simplification of the sophisticated assessments which lenders conduct on potential borrowers in the current market. It is now far more common for lenders to assess a wide range of factors such as income expenditure, family makeup, lifestyle and job security when assessing a borrower's likelihood of being able to meet mortgage repayments. However, these complex assessments cannot be replicated in a study of this type. Therefore, despite its limitations, the 3.5 times multiplier remains a pragmatic means of estimating market affordability and has been maintained in this Assessment.

This was coupled with a secondary assumption that each newly forming household would have a sufficient mortgage deposit. Again, this is a simplification of reality, as zero deposit mortgages are uncommon and most providers are currently requiring a 5% deposit depending on the mortgage product. However, as this aspect of the

assessment is concerned with households that have not yet formed, it is difficult to robustly predict the level of deposits or types of mortgages that may or may not be available. Societal trends have nonetheless shown that newly forming households are most common at 30-44, are likely to have remained in the parental home for longer to save a deposit and also ‘the bank of mum and dad’ helped finance 25% of all UK mortgages in 2016” (BBC, 2016). It is thus felt that this is a fair assumption for a study of this nature.

Sequentially, a combination of ONS household income data plus socio-economic datasets from the Census was used to estimate the potential income differentials amongst newly arising households across RCT. The 3.5 times multiplier was then applied to calculate the proportion able to afford a mortgage for an entry level (terraced) property within each market area, with a new build uplift of 30% applied. There were two principal reasons for applying a new build uplift at this stage; firstly because the majority of units secured for LCHO are new build properties, and, secondly, to facilitate a conservative assessment of mortgage availability.

This exercise revealed that a third of the projected households due to form over the next five years are likely to be able to meet their needs in the private housing market without any assistance. However, the remainder are unlikely to be able to meet their needs in the market and have thus been deemed in need of some form of affordable housing; split relatively evenly between intermediate housing and social housing.

Intermediate housing includes both sub market rental products and LCHO. The National intermediate rental scheme is known as Rent First, which is tied to LHA (WAG, 2011). As previously outlined, LHA rates are either below or interchangeable with social rents for most property types in RCT and also bear no resemblance to market rents in Taf due to the illogical grouping with the Rhondda. These factors mean there is no scope to deliver an intermediate rental product in RCT based on this model. It is nonetheless acknowledged that new products are currently being explored by Welsh Government that will feature a transition from market rent to home ownership. Such products may successfully address a gap in the market in some higher priced areas and this will be duly monitored. There may also be scope to introduce alternative nil grant intermediate rental products based on a reduced market rent. However, currently, there is no gap to introduce an intermediate rental

product based on the current guidance and the majority of the intermediate housing need identified in this LHMA is for LCHO.

In order to gauge the impact of introducing an LCHO product, a range of scenarios were tested using a 30%-40% discounted entry level house price (terraced with new build uplift) in each area. This was compared to the spectrum of borrowing potential (i.e. 3.5 times gross household income) to estimate the level of intervention required for newly forming households to access home ownership. Whilst a 30% discount rendered home ownership affordable in the Valleys and lower priced parts of Taf, a 35-40% discount was required in the south east of and parts of south west Taf. Therefore, depending on sale price, any LCHO products secured in higher priced parts of Taf may need to be made available at 60% of market value to ensure the product remains affordable for the client group.

Property types for intermediate housing are not governed by size criteria allocations and are instead based on affordability. Therefore a combination of two and three bed properties are deemed suitable to meet housing need where appropriate in this category as they typically represent entry level properties in RCT.

4.1.2 Newly Forming Households in Need of Social Housing

The remaining third of newly forming households were assessed as being in need of social housing as they unlikely to be able to afford to meet their needs in the market or through intermediate housing products. However, social rented accommodation is subject to different allocation criteria than intermediate housing. Therefore, although the Welsh Government output already provides projected household compositions, a more thorough assessment was required to convert these household types into property types. The existing CHR Allocation Policy was utilised to determine the number of bedrooms suitable for each household category, as shown in Table 4. The only limitation concerns the scope for children to share a bedroom (which is prescribed by the policy depending on age and gender) and therefore experienced judgements had to be made in terms of the likely property size needed. Given the societal trends for smaller households already outlined, it is no surprise that the majority of this newly arising need is for one bedroom social rented provision, with a smaller proportion of two bedroom provision.

Table 4: Housing Register Allocation Policy Applied to Household Projections

Accommodation Size	Applicants Considered	Household Projections Applied
One Bedroom Property	<ul style="list-style-type: none"> - Couple - Single person 	<ul style="list-style-type: none"> - 1 person - 2 person (no children)
Two Bedroom Property	<ul style="list-style-type: none"> - Co-tenant - Single parent or couple with 1 child - Single parent or couple with 2 children of the same sex both aged under 16 - Single parent or couple with 2 children of the opposite sex both aged under 10 	<ul style="list-style-type: none"> - 2 person (1 adult, 1 child) - 3 person (no children) - 3 person (2 adults 1 child) - 3 person (1 adult, 2 children)
Three Bedroom Property	<ul style="list-style-type: none"> - Single parent or couple with 2 children of the same sex where one is or both are aged 16 or over - Single parent or couple with two children of the opposite sex - Single parent or couple with 2 children where one is or both are aged 10 or over - Single parent or couple with three children (if two are able to share a room being under 16 and the same sex or under 10 and the opposite sex) - Single parent or couple with four children (if all children are able to share rooms) 	<ul style="list-style-type: none"> - 4 persons (no children) - 4 person (2+ adults, 1+ children) - 4 person (1 adult, 3 children)
Four Bedroom Property	<ul style="list-style-type: none"> - Single parent or couple with three children (if none are able to share a room) - Single parent or couple with four children (all other) 	<ul style="list-style-type: none"> - 5 + person (no children) - 5+ person (2+ adults, 1 + children) - 5+ person (1 adult, 4+ children)

4.2 Newly Arising Need from Existing Households



Another element of newly arising need stems from existing households ‘falling’ into need each year. This encompasses those households that were previously housed satisfactorily yet encountered some form of difficulty or hardship (financial or personal) leading to them requiring assistance with their housing situation. The Guidance suggests that recent trends are most useful to estimate the number of affected households that will come forward each year of the LHMA period (WAG, 2006b, para. 6.49).

To help understand the extent to which households have fallen behind on their mortgages or rent in RCT, the Ministry of Justice provide data on county court mortgage and landlord possession actions. This process can be summarised as follows;

A mortgage or landlord possession action starts when a mortgage lender or landlord completes and submits a claim to the courts to repossess a property. The most common reason for repossession is arrears of mortgage or rent. The court process of possessing a property broadly follows four stages:

1. A claim for a mortgage or landlord possession being issued by a mortgage lender or a landlord;
2. An order being made by the County Court. This can either be an outright order that the property is to be recovered by a specific date, or a suspended order that is suspended as long as the defendant complies with conditions specified in the order;
3. If the defendant fails to leave the property by the date given in the order or does not meet the terms of a suspended order, the order may be enforced by a warrant of possession. This authorises the county court bailiff to evict the defendant from the property. The bailiff then arranges a date to execute the eviction; and,
4. Repossession by a County Court bailiff. Repossessions may occur without county court bailiffs, through less formal procedures, so the actual number

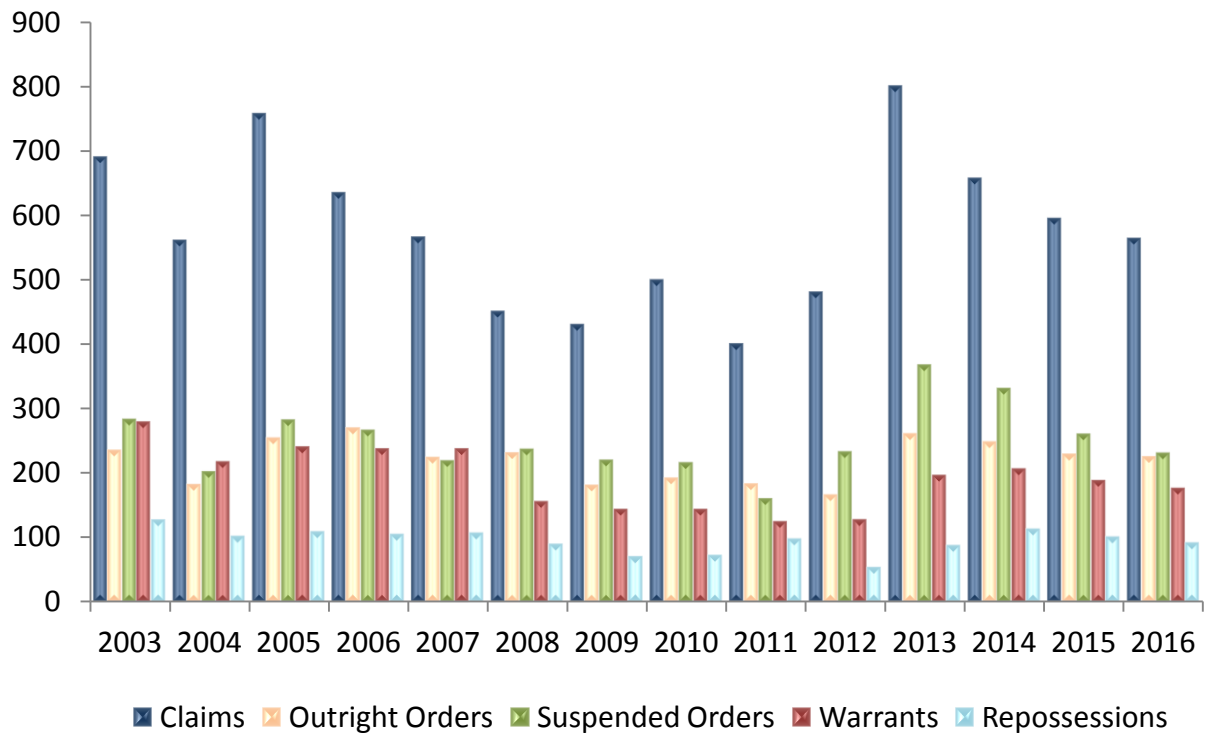
of repossessions is usually greater than the number carried out by county court bailiffs. (MoJ, 2017, p.5).

Figures 49 and 50 display the headline statistics for RCT for landlord repossessions and mortgage repossessions, respectively. It is important to emphasise that these are court caseload figures for each year irrespective of when the original claim was issued. Hence, the different bars do not represent in-year case progression.

Interestingly, the two datasets reveal very different trends since 2003. For one, landlord repossession statistics have been far more consistent than mortgage repossession statistics over the time period displayed. Generally speaking, there have typically been around 600 claims and 100 repossessions per annum. However, landlord repossessions were at their lowest from 2009-2012 (an average of 70 per year) despite the conditions of the economic climate at that time. This could be due to a number of inter-related factors; such as high availability of low cost private rented accommodation at a point when interest rates were high along with swift tenure accessibility. There has, nonetheless, been an increase in claims and orders in more recent years, which is perhaps mostly attributable to a greater proportion of households renting from landlords *per se*.

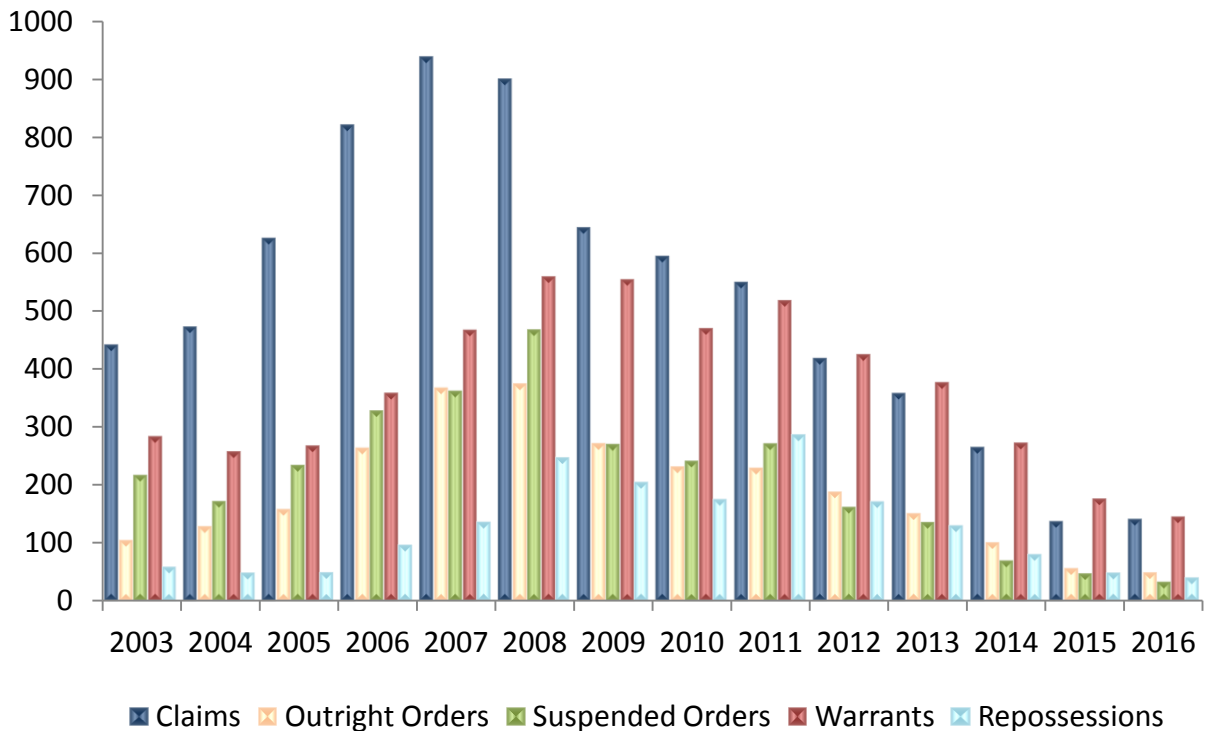
Conversely, mortgage statistics specifically peaked around the time of the recession; with claims reaching 900 plus per annum in 2007 and 2008, and repossessions exceeding 200 in 2008 and 2009. Such mortgage related repossession actions have progressively declined since this time, and, in 2016, the number of claims (142) was similar in scale to the number of warrants (146), albeit not necessarily related within the same year. This is, in fact, lower than the number recorded in the early 2000s. The fall in mortgage possession actions since the recession coincides with lower interest rates and a proactive approach from lenders to help manage consumers in financial difficulties. Indeed, the Mortgage Pre-Action Protocol has been introduced, which essentially encourages more pre action contact between lender and borrower regarding mortgage arrears to enable efficient use of the court's time and resources (MoJ, 2017). These statistics are thus undoubtedly a reflection of this new approach.

Figure 49 Landlord Repossession Statistics, Rhondda Cynon Taf



Data Source: Ministry of Justice

Figure 50 Mortgage Repossession Statistics, Rhondda Cynon Taf



Data Source: Ministry of Justice

Whilst Ministry of Justice data helps to provide an invaluable overview of the number of households affected by mortgage and landlord repossessions, it has two principal limitations. Firstly, it does not provide data beyond court level to help identify exactly where households have been affected most. Secondly, all of the households subject to repossession or enforcement of a warrant through other means will not necessarily translate directly into homelessness presentations to the Local Authority. In terms of estimating need, therefore, it is much more accurate to analyse the type of recent homelessness presentations to the Local Authority and then project this forward over the LHMA period.

Hitherto, the total number of homelessness presentations would have been scrutinised, although the Housing (Wales) Act 2014 marked a fundamental reform to homelessness legislation, with a far greater emphasis on homelessness prevention. Data is now available at a range of different stages throughout the process, namely:

- Households found to be threatened with homelessness during the year (Section 66)
- Households found to be eligible, homeless subject to duty to help to secure during the year (Section 73)
- Households found to be eligible, unintentionally homeless and in priority need during the year (Section 75)

For forecasting purposes, the focus was on Section 73 cases i.e. eligible homeless households subject to duty. This was to balance the extremities between all households threatened with homelessness and specifically those in the highest priority need. Annual trends indicate there have been 438 Section 73 cases per annum under these new duties. Nearly half of these cases have stemmed from single people aged under 35, 34% were in need of a 1 bedroom property, 17% were in need of a 2 bedroom property and the small remainder were in a need of a 3 bedroom property. These trends have been carried forward each year of the LHMA period to forecast the number of households who are likely to 'fall' into housing need in the future, using housing register trends to estimate geographical distribution.

On the whole, there have been typically 3 times more households found to be eligible and subject to duty by the Local Authority in comparison to the number of mortgage and landlord repossessions through the courts. This is unsurprising for the

reasons previously explained and suitable housing options will need to be explored accordingly.



4.3 Backlog of Need for Affordable Housing

The backlog of need for affordable housing can be generically defined as, “the current number of households who are in housing need and unable to meet their needs in the market” (WAG, 2006b, para. 6.40). Traditionally, this only included households waiting for social rented accommodation; captured by analysing households on the CHR. Whilst this source is still useful, it is no longer the only data source that forms the backlog of housing need. As previously explained, an increasing proportion of households are ‘squeezed’ out of the current housing market and are left in need of an alternative form of affordable accommodation known as intermediate housing. Hence, the Council operates a Homestep Register for those first time buyers in a financially stable position, yet still unable to purchase a home outright without assistance. This source of data has thus been utilised in conjunction with the CHR to assess the total backlog of housing need in RCT.

4.3.1 Backlog of Need for Social Housing

A CHR for all local Housing Association Partners was developed in RCT in 2012, which offers service users a single pathway to apply for social housing within RCT. The CHR also provides a principal source of data to measure the backlog of housing need by capturing information on household characteristics, household sizes, property types needed and first choice areas. Whilst applicants are still able to choose all areas they would consider residing within, they are also asked to select their first choice area purely for statistical purposes. This selection is not related to the housing application in any other way and therefore ensures that it is not fettered by availability of accommodation.

Before proceeding with the analysis, it is imperative to outline three caveats that are integral to understanding the social housing backlog. Firstly, In order to enable an analysis of the CHR, a snapshot of households waiting on the Register was taken at the end of 2016; disaggregated by the first choice area, property size (number of

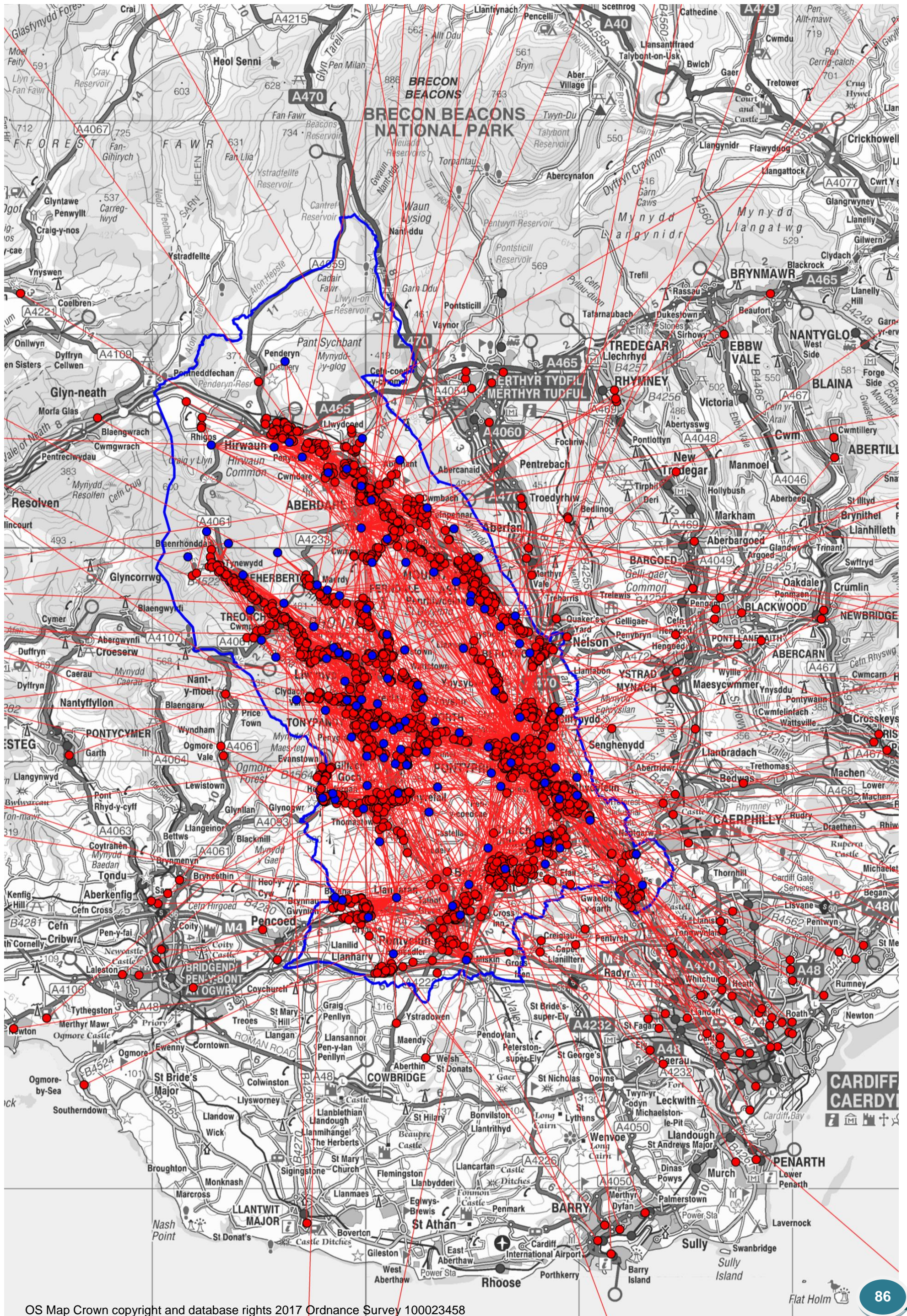
bedrooms) and property type (general needs, adapted or sheltered housing) selected by each applicant. This backlog was then divided by five to be addressed each year of the LHMA period.

Secondly, although housing registers do provide a good estimation of existing households in need, they can also include a proportion of households who are not in need. Applications are vetted prior to being accepted onto the register based on household affordability to mitigate this, although the data was further scrutinised by analysing household income compared to house prices and market rents.

Thirdly, applicants waiting for accessible accommodation were separated into two categories in accordance with national guidance (WG, 2012, para. 18); those requiring minor retrofit adaptations (Category 1) and those with acute need requiring a purpose built accessible property (Category 2). Category 1 applicants were incorporated into the general needs waiting list for two reasons. Firstly, the CHR policy enables all existing properties to be offered to accessible housing applicants if such properties are able to meet the applicant's identified need via minor retrofit adaptations. Secondly, the policy also prioritises accessible housing applicants for ground floor properties and bungalows subject to the same criteria. However, Category 2 applicants were kept distinct as such applicants' needs are so acute that they are highly unlikely to be met by the existing social housing stock turning over.

To illustrate the backlog geographically, Figure 51 displays each household's correspondence address connected to their respective first choice area. There are a minority of households outside of the County Borough; primarily in neighbouring local authority areas. However, the vast majority already reside within RCT and the connecting lines reveal just how intricate and localised the housing markets are. The mean distance between correspondence address and first choice area is 3.95 miles, although this is obviously skewed by households outside of the County Borough. The median distance is far lower at 0.96 miles and the most common modal distance is 0.83 miles. However, this modal distance varies significantly by Borough. In Taf, the distance is widest at 0.83 miles, shrinking to 0.32 miles in Cynon and to less than a fifth of a mile in the Rhondda Valleys. These trends are perhaps unsurprising. Accommodation is both scarcer and in higher demand in Taf, accompanied by wider

Figure 51 Correspondence Postcode to First Choice Area, RCT Common Housing Register



interconnected housing markets along the A470 and M4 corridor. However, the perceived housing markets in the Valleys are so miniscule that they consist of certain streets or even parts of streets in some instances. This is a particularly unique characteristic of the locality, reflecting how far different households rely on local family support networks and also longstanding territorial mindsets. Accommodation is also in greater supply meaning households can exercise a greater degree of choice over the properties they are able to access.

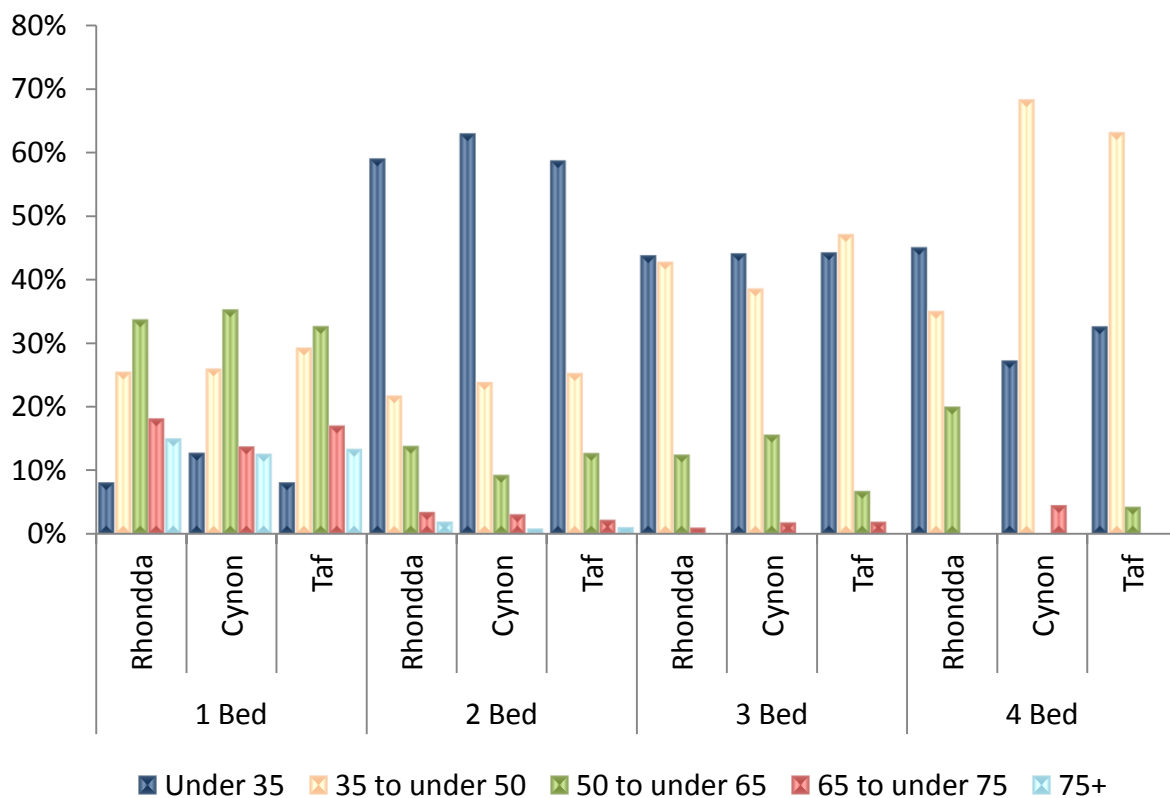
This latter observation however varies by property type. For one bedroom properties, over half of the applicants on average have no preference in terms of property type and much of the remainder have selected flats in most areas. Discussions with housing managers have revealed that one bedroom walk up flats are wholly preferably to blocks with communal spaces to minimise management issues whilst maximising tenant sustainability. For two bedroom properties, there is a much more diverse set of preferences. Houses are by far the most popular selection across much of Rhondda and Cynon; accounting for around three quarters of all applicants' selections. However, in Taf, where housing pressures are highest, applicants are far more open to a wide range of property types and will typically choose all options.

Nevertheless, two bedroom flats are proving less popular and front line housing managers have explained that this is a direct product of the removal of the Spare Room Subsidy. Essentially, couples are no longer able to under-occupy two bedroom flats unless they can afford to pay for the extra room, and, therefore, households with children are the predominant client group able to afford such units. This is clearly an unpopular option for families with children and many two bedroom flats have thus become difficult to let. On this basis, new build two bedroom flats for social rent should generally be avoided, particularly in blocks with communal spaces.

Finally, houses are by far the most popular selection for applicants in need of three and four bedroom properties, as one would perhaps expect given the nature of the dwelling stock. It should however be noted that there is again a greater tendency for households to select all options in the highest demand parts of Taf for similar reasons aforementioned.

A further consideration is the age composition of households on the CHR, particularly in relation to smaller general needs units. Essentially, households at different life stages will require different types of flatted accommodation depending on their level of mobility. Figure 52 provides a useful overview of eldest CHR applicants by different age bands and boroughs. The largest group of households in need of one bedroom properties are aged 50 to under 65 and this is common to all three boroughs. More broadly, over half of all applicants in need of one bedroom units are aged over 50 and much of the remainder are aged 35 to under 50. Only a small proportion of applicants (8-13%) in need of a one bedroom unit are aged under 35.

Figure 52 Age of Eldest Applicants on Common Housing Register by Property Type



The demographic alters for larger property sizes, with under 35s accounting for approximately 60% of all applicants in need of 2 bedroom properties. This is to be expected with young parents requiring an additional bedroom for a child or children. This trend develops for larger property sizes, with older age categories becoming more dominant for three and four bedroom property applications, reflecting more established households.

The CHR also adds context to this data by recording socio-economic factors relating to applicants. Approximately 14% of the registered households are homeless (priority homeless or otherwise), and many others rely entirely on some form of benefit to financially support the household. However, 34% are working households on low incomes, with occupations such as cleaners, nurses, shop assistants, administration assistants, factory workers, carers, waiters/waitresses and bar staff. This section of households on the register have a median income of £11,000, which is nearly a third of the median for RCT as a whole and highlights how far they are unable to meet their housing needs in the market. Interestingly, the mean income for this group of households is also £11,000, which shows how little variance there is in this respect (notwithstanding the fact that some that receive additional benefits such as Working Tax Credits).

4.3.2 Backlog of Need for Intermediate Housing

The Homestep Register was established in 2006 to allow first time buyers to access home ownership where they would otherwise be unable to do so. The scheme operates in a different manner to the CHR; as registered households are invited to express an interest in purchasing properties when they become available. Households are also not subject to the same allocation criteria for different property sizes and the main consideration is their affordability based on current financial circumstances. Various details are held on each applicant including area preferences, income and current living arrangements, which can be used to scrutinise this element of housing need.

A snapshot of the Homestep Register was subsequently taken to enable an analysis of householder preferences and affordability at that point in time. This snapshot included nearly 400 households, although the register is very supply led and most households only tend to register with a specific property or development in mind. Hence, the backlog is conservative and much of the need for intermediate housing stems from newly forming households priced out of the market.

Whilst all of these applicants were already assessed as being in need of intermediate housing, one fundamental consideration was each registered household's affordability. The 3.5 times income multiplier (notwithstanding the aforementioned limitations) was therefore again used to assess each household's

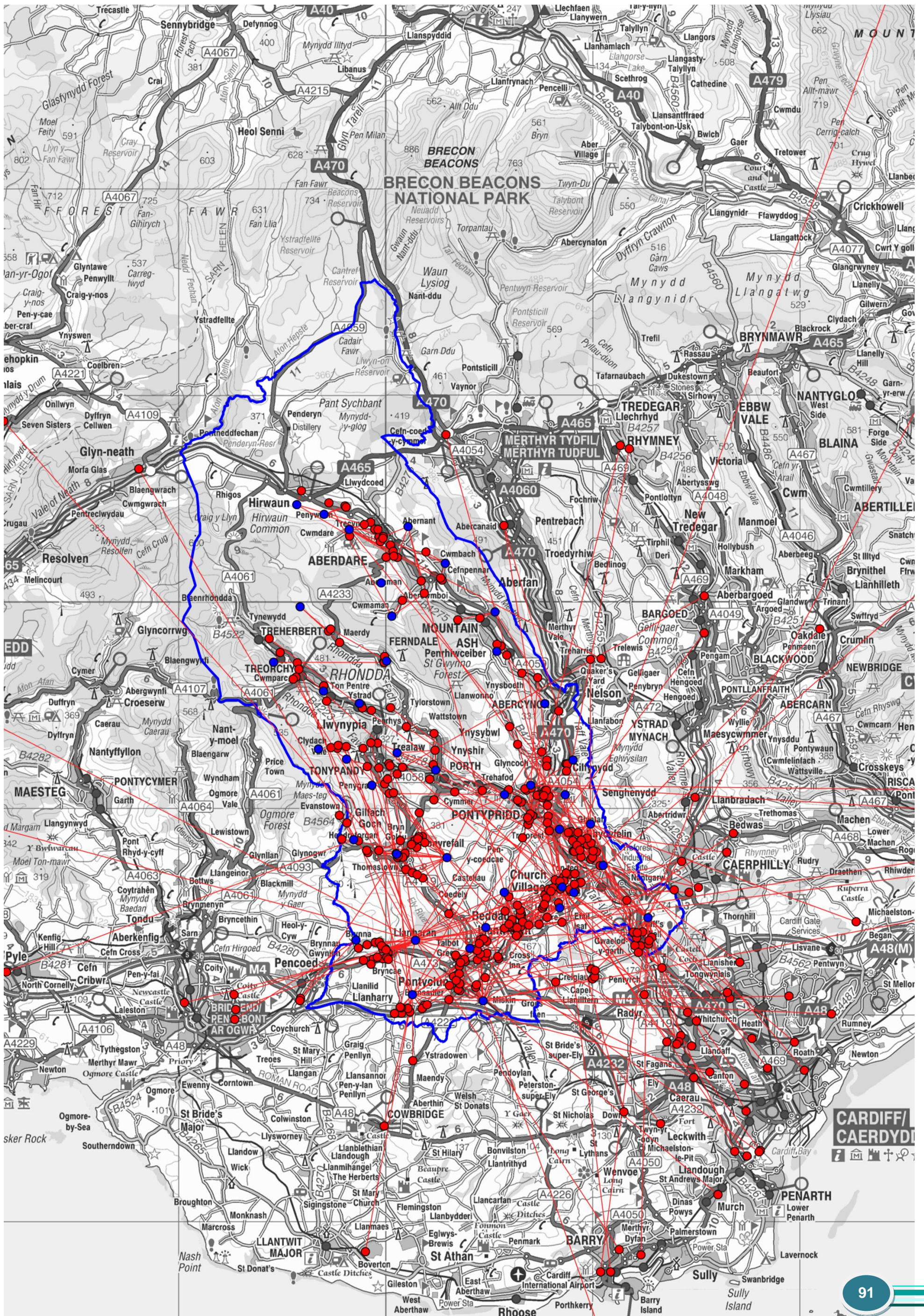
capacity to borrow and scope to save for a deposit over the LHMA period. This was compared to the income needed to afford a 30%-40% discounted entry level property (terraced with 30% new build uplift) in each household's first choice area. As previously explained, any LCHO products secured in southern Taf may need to be made available at 60% of market value to ensure the product remains affordable to the client group. The predominant preference was for a house rather than an apartment and houses are undoubtedly a more sustainable form of provision to meet this specific element of housing need. Moreover, additional service charges for apartments could detrimentally affect a household's affordability in this respect.

A further consideration is property size. Policies such as Help to Buy Wales have had a huge impact on the mindsets of newly forming households (with many now viewing a 3 bedroom house as a starter home). As the previous analysis of Help to Buy Wales has shown, this has also led to larger house types being constructed and purchased in the market. Whilst any LCHO properties secured should ultimately be suitable for first time buyers, trends have shown that a balance of 2 bedroom and 3 bedroom properties on sites are optimal to provide several options for different types of households and cater for the widest possible spectrum of newly arising need.

However, the fundamental consideration always has to be affordability. All households registered for Homestep are either in full time or part time employment and typically earn moderate incomes that are insufficient to purchase properties on the open market without assistance (the median gross household income of those registered is £23,000). This naturally varies and typical occupations include service related professions, health / education practitioners and skilled manual workers.

Figure 53 also provides an insight into moving patterns; displaying the existing address of each household (or separate individuals due to form a household) connected to their respective first choice area. Local connections for LCHO are not as extremely localised as for social housing, with the mean distance being 5 miles and the most common modal distance being just under a mile. This is perhaps due to the fact that there is no stigmatisation with established streets, and, as most properties are new build, preferences are much more influenced by supply rather than historical markets.

Figure 53 Correspondence Postcode to First Choice Area, RCT Homestep Register



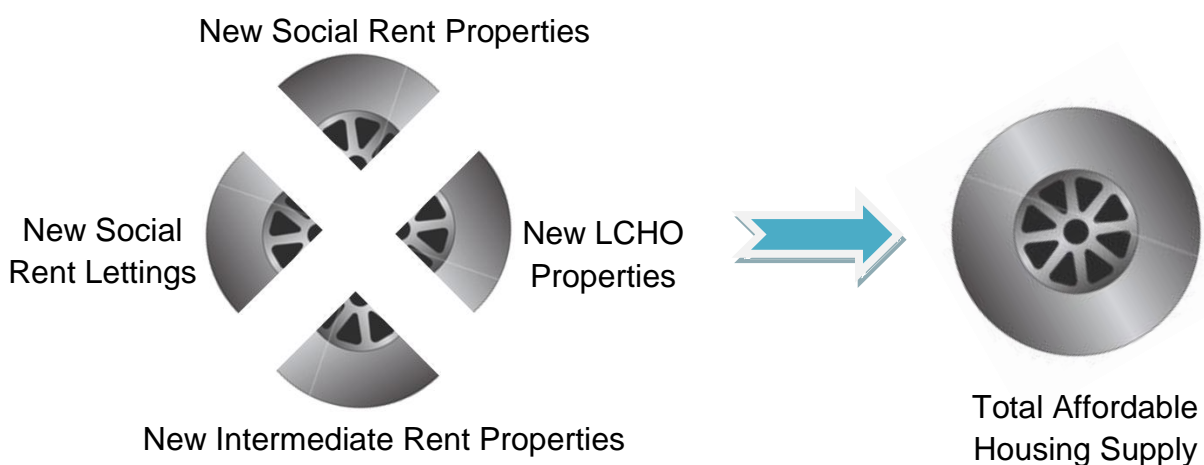
There are nonetheless some key trends displayed in Figure 53. For one, there are clusters of households residing in the catchment areas of new build estates in Taf (either those that have recently been or are due to be built), which shows the latent demand for new properties in these areas. In addition, the patterns reveal clear cross boundary overlaps in housing markets; notably between Taffs Well and North Cardiff, Central Cardiff and Church Village / Pontyclun, plus Bridgend and Llanharan. Ultimately, administrative boundaries are clearly blurred along the M4 corridor, and this is likely to become increasingly apparent with further transport and infrastructure developments across the Cardiff Capital City Region.

4.4 Supply of Affordable Housing



To counterbalance the gross housing need already outlined, the supply of affordable units expected to come forward over the next five years also has to be considered. This is possible by conducting a trend based analysis of annual lettings within the existing social housing stock and forecasting the quantity of new affordable housing planned to be built and/or acquired over the LHMA period (including LCHO and intermediate rental properties as well as social rented units). This combined supply of affordable housing units from the three tenures effectively forms the plughole from the bath analogy as shown in Figure 54.

Figure 54: Affordable Housing Supply Illustration



4.4.1 Projected Social Housing Lets

The first consideration is the anticipated number of social lets from existing properties that will come forward each year of the LHMA period. The WG guidance states that “this can be calculated on the basis of past trends” and “generally the average number of re-lets over the last three years should be taken as the predicted annual level” (WAG, 2006b, para 6.53). This is undoubtedly important to ensure the projected lets are not skewed by a significant new development or unusual trends in the housing market.

This three year principle has therefore been followed to produce an anticipated annual average number of social lettings across all six housing associations. However, these forthcoming supply estimates excluded two critical elements of data. Firstly, purpose built adapted accommodation lets were discounted as such units do not turn over as frequently as general needs units and it would be inaccurate to assume they may become available again within a five year period. Secondly, and in order to factor in surpluses throughout the existing housing stock, long term voids across each housing association’s portfolio were not included within the projected social lets (WAG, 2006b, para. 6.35). These units are effectively not turning over and were thus considered redundant in helping to alleviate the gross social housing need identified in this Assessment. With these considerations in mind, there are just over 1,500 lets expected per annum; comprising both general needs and sheltered units.

4.4.2 Committed Supply of Affordable Housing

Furthermore, the anticipated quantity of affordable housing “already planned to be built [and/or acquired] over the time period of the assessment” is an important consideration to offset gross housing need (WAG, 2006b, para. 6.81). A variety of potential sources were therefore analysed to identify the existing committed supply of affordable housing. These included:

- Sites granted planning permission subject to s106 for affordable housing that had already started on site and/or were due to be completed over the LHMA period
- Housing Association sites scheduled for completion in the next five years; as identified in the Programme Delivery Plan

- Sites being developed by Housing Associations and funded via private finance or commuted sums
- Existing vacant private market units due to be acquired through the Homestep Plus Scheme and sold on as LCHO to first time buyers

There are nearly 600 affordable housing units due for delivery over the LHMA period through a combination of these sources. This total represents the best possible estimate as at the time this Assessment was carried out and actual delivered figures may be subject to change, as with other estimates and assumptions made throughout this housing need calculation. In addition, this does not necessarily mean that the units forecasted will be delivered uniformly during each of the next five years.



4.5 Net Need for Affordable Housing Per Annum

To calculate the net need for affordable housing per annum, the total backlog (water within the bath) was added to the annual newly arising need (coming through the mixer head for intermediate products and taps for social rented products). The anticipated annual supply (pouring through the plughole) was then subtracted from this figure to estimate the annual shortfall of affordable housing.

However, turnover also needed to be taken into account for social rented units as it would be inaccurate to assume that such units will only be occupied once over the LHMA period. The rate at which social rented properties re-emerge as re-lets was therefore considered and applied to the final calculation by comparing stock numbers to average lets per annum.

With all of these considerations and assumptions in mind, the final housing need calculation is displayed in Table 5 and illustrated geographically in Figure 54. As National Guidance emphasises, it is important to illustrate particular geographical requirements by dwelling sizes and tenures, thereby “identifying future areas of concern where intervention may be advisable” (WAG, 2006b, p.7.32).

Table 5: Net Annual Need for Affordable Housing by Type and Sub Housing Market Area, 2017/18 – 2022/23

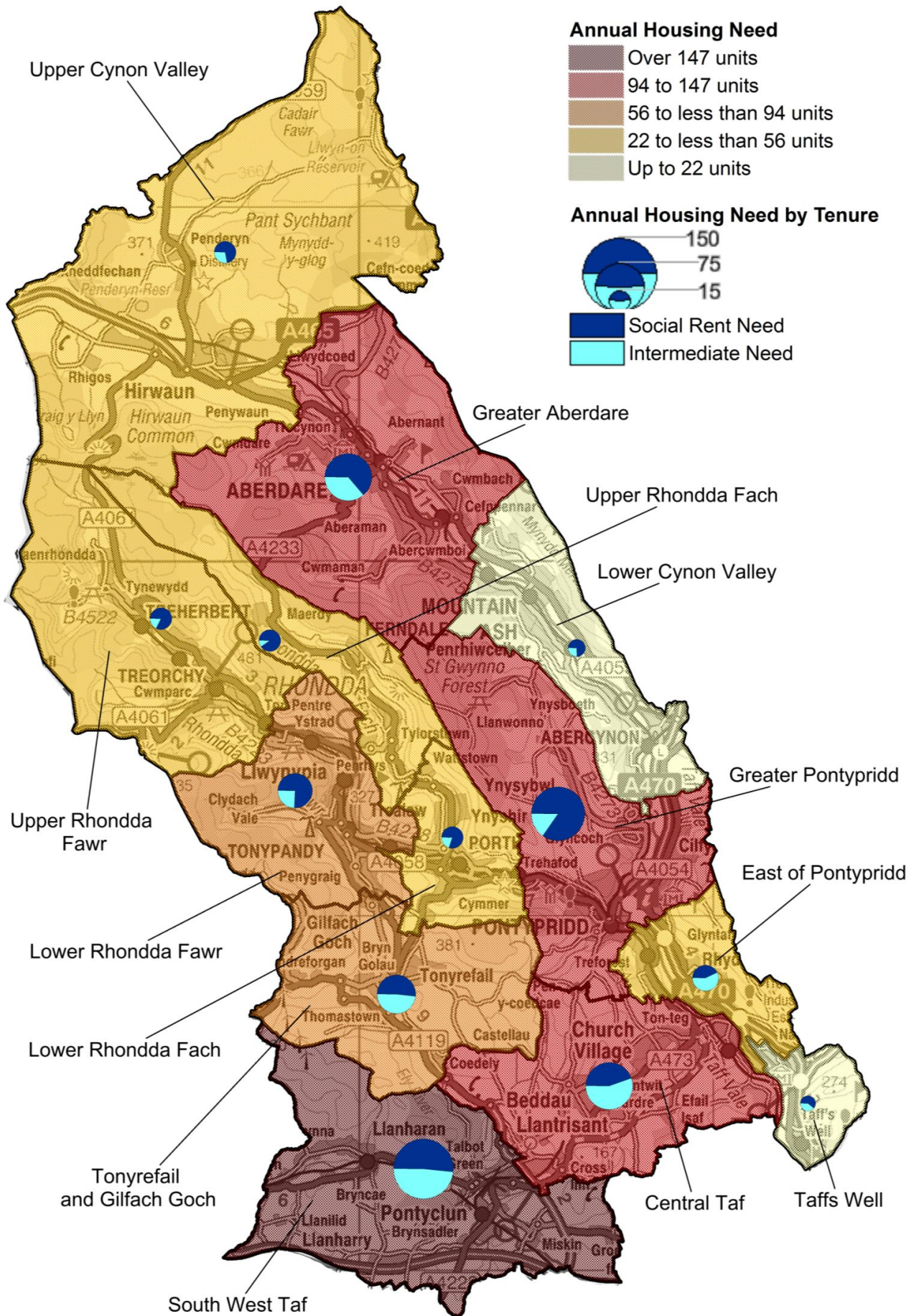
Housing Market Area	General Needs Social Rent						Accessible Social Rent					Sheltered Social Rent		Intermediate	Total
	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	6 Bed	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Bed	2 Bed		
1. Upper Cynon Valley	17.8	N/A	N/A	N/A	0.20	N/A	N/A	N/A	0.20	N/A	N/A	N/A	N/A	7.21	25.41
2. Greater Aberdare	55.86	N/A	1.17	1.63	0.40	N/A	0.60	0.40	0.40	N/A	N/A	N/A	N/A	34.39	94.85
3. Lower Cynon Valley	11.00	N/A	N/A	0.20	0.20	N/A	0.40	0.40	0.20	N/A	N/A	N/A	N/A	4.28	16.67
4. Greater Pontypridd	78.42	13.43	3.35	0.83	0.80	N/A	N/A	1.00	N/A	N/A	N/A	N/A	N/A	17.89	115.72
5. Lower Rhondda Fach	16.83	N/A	N/A	0.80	0.20	N/A	0.60	1.00	N/A	N/A	N/A	N/A	N/A	4.93	24.35
6. Upper Rhondda Fach	18.41	0.01	1.25	0.14	N/A	N/A	0.60	0.20	N/A	N/A	N/A	N/A	N/A	2.30	22.92
7. Upper Rhondda Fawr	16.01	2.02	N/A	N/A	0.40	N/A	0.20	0.40	N/A	0.20	N/A	N/A	N/A	4.27	23.50
8. Lower Rhondda Fawr	38.15	1.43	0.49	0.75	0.40	0.20	0.60	N/A	0.40	N/A	0.20	N/A	N/A	13.76	56.37
9. Tonyrefail and Gilfach Goch	34.13	N/A	N/A	0.09	N/A	N/A	N/A	N/A	N/A	0.20	N/A	N/A	N/A	31.99	66.42
10. South West Taf	61.35	11.57	N/A	0.42	0.60	N/A	1.20	0.60	0.60	N/A	N/A	N/A	N/A	71.40	147.74
11. Central Taf	34.06	3.11	2.91	0.39	0.40	0.20	0.80	0.40	0.20	N/A	N/A	N/A	N/A	52.39	94.86
12. East of Pontypridd	14.05	0.14	N/A	0.30	N/A	N/A	0.60	N/A	0.20	N/A	N/A	N/A	N/A	20.04	35.33
13. Taffs Well	4.86	2.37	0.64	0.11	N/A	N/A	0.20	N/A	N/A	N/A	N/A	N/A	N/A	5.21	13.38
Total	400.9	34.08	9.81	5.66	3.60	0.40	5.80	4.40	2.20	0.40	0.20	0.00	0.00	270.04	737.51

N/A signifies the Assessment has not identified need for additional units of this type over the LHMA period

1. **Upper Cynon Valley:** Hirwaun, Penywaun & Rhigos
2. **Greater Aberdare:** Aberaman, Aberdare & Cwmbach
3. **Lower Cynon Valley:** Abercynon, Mountain Ash & Penrhiwceiber
4. **Greater Pontypridd:** Cilfynydd, Glyncoch, Graig, Pontypridd Town, Rhondda, Trallwn & Ynysybwl
5. **Lower Rhondda Fach:** Cymmer, Porth & Ynyshir
6. **Upper Rhondda Fach:** Ferndale, Maerdy & Tylorstown
7. **Upper Rhondda Fawr:** Pentre, Treherbert & Treorchy

8. **Lower Rhondda Fawr:** Clydach Vale, Llwynypia, Penygraig, Tonypandy, Trealaw & Ystrad
9. **Tonyrefail & Gilfach Goch**
10. **South West Taf:** Brynna, Llanharan, Llanharry, Pontyclun & Talbot Green
11. **Central Taf:** Beddau, Church Village, Llantrisant, Llantwit Fardre, Tonteg & Tynant
12. **East of Pontypridd:** Hawthorn, Rhydyfelin & Treforest
13. **Taffs Well**

Figure 54 Net Annual Affordable Housing Need by Tenure 2017/18-2022/23



This Assessment has identified a shortfall of 737.51 affordable units per annum from 2017/18 to 2021/22 based on the existing backlog of need, projected newly arising need and supply due to come forward over the next five years. It is important to emphasise that this figure should not be considered an annual delivery target or even the solution to the affordability issues within the County Borough. It instead indicates the scale of housing market failure within RCT, which the Council will seek to address through a range of market interventions as far as practically possible.

Moreover, this headline housing need figure also distorts differences in the numerous housing market areas across RCT. There is undoubtedly a mismatch between the locations and types of many existing social rented units and the geographically laden housing needs of local households requiring assistance. Equally, the need for intermediate housing is far more significant in the south of RCT, which is unsurprising given the larger house price to income ratios previously outlined. Hence, more consideration should be given to the specific need identified by property type, property size and tenure across each Housing Market Area (HMA) as summarised in Table 5 and Figure 54.

These HMAs have been defined geographically based on longstanding local knowledge and research into the natural, functional areas where people currently live and would be willing to move home. They are essentially based on clusters of wards in recognition of the fact that housing markets are not constrained by administrative boundaries. A number of key factors have been taken into account when defining these areas, including the broad price of housing (to consider 'transferability' within the market) and major transport links by road or rail (to take account of commuting patterns). As previously shown, primary preferences of certain client groups may well centre on a smaller geographical radius. However, planning for additional affordable housing provision needs to be conducted at a scale suitable to consider the costs and benefits of increasing supply (i.e. land availability, viability, dwelling vacancy rates and potential impact on housing need deficits).

4.5.1 General Needs Social Rented Accommodation

Table 5 shows that there is an overall shortfall of 454.5 general needs social rented units per annum over the LHMA period. Housing need is greatest in South West Taf, Central Taf and Greater Pontypridd; particularly for smaller units. There are also high

pockets of need in the north; especially in Greater Aberdare. Overall housing need appears small in Taffs Well compared to the other HMAs, but this is purely because the Taffs Well HMA is a smaller geography given that it is more closely aligned with the Tongwynlais and Radyr housing markets than it is with other parts of RCT. Housing need is still in fact relatively high in Taffs Well on a comparative geographical basis.

Conversely, many parts of the Rhondda and Cynon Valleys have far lower levels of need for additional social rented provision given the well documented mismatch between supply and demand. Nonetheless, there are still pockets of housing need for smaller units in these areas, which reflects the dominance of three bedroom terraced properties and the minority of options available for smaller households.

The significant trend for smaller units reflects societal trends in household composition and the increased prevalence for single person households, single parent households and couples with no children. The one bedroom need has therefore not been created by the removal of the Spare Room Subsidy and there has actually been a growing need for smaller properties over the last decade. Instead, the removal of the Spare Room Subsidy has exposed the use of under-occupation as a management tool due to there being very few housing options apart from three bedroom terraces across much of the social housing stock. Discussions with housing managers have revealed that one bedroom walk up flats are wholly preferably to blocks with communal spaces to minimise management issues whilst maximising tenant sustainability. In addition, the facades of such units are more akin to houses than flats, thus assisting with integration on private sites. One bedroom provision should therefore take the form of walk up flats in the first instance unless exceptional circumstances dictate otherwise.

The need for larger units is generally less significant, although it is certainly not advisable to construct large clusters of smaller units in isolation. It is important for any new scheme to contain a balance of tenures and unit sizes to allow for sustainable tenant progression and help foster mixed, integrated communities. Hence, whilst new schemes should undoubtedly be weighted towards 1 bedroom units, it is still important to integrate a sustainable mix of 2, 3 and 4 bedroom properties for these purposes.

4.5.2 Intermediate Accommodation

Given the aforementioned analysis of rents in RCT, there is currently no gap to introduce an intermediate rental product in the locality. Therefore, the predominant need in this category is for LCHO provision. Indeed, LCHO has proved an increasingly popular tenure in the local area and this Assessment has identified a need for 270 LCHO units per annum, which is the highest ever identified. This reflects the growing difficulties that first time buyers face in accessing a mortgage on the open market; with wage inflation failing to keep pace with rising house prices. As one would perhaps expect, the highest need for LCHO products is in South West Taf and Central Taf, where house price to income ratios are that much higher, meaning a larger proportion of newly forming households are priced out of the mortgage market. However, there is also significant scope for this tenure in Greater Aberdare and Tonyrefail and Gilfach Goch, where discounted market prices would still have a large impact on affordability.

Trends in the housing market (largely shaped by policies such as Help to Buy Wales) are certainly having an impact on both the supply and demand for properties. A significant proportion of first time buyers now 'expect' a three bedroom house as a starter home and those able to do so will often try to buy the largest home they can afford. This is not only the case on new build sites, but also within existing communities where larger three bedroom terraced houses are very much commonplace and often the only option. Whilst LCHO provision isn't designed to merely cater for market preferences, those struggling to purchase on the open market often prefer to purchase a home that they can perhaps grow into; especially if they already have a child or have plans to start a family. This can also prove a more financially sustainable option by minimising the need to move home in the short term and therefore avoid paying additional fees for solicitors, surveyors and stamp duty.

Equally, local house builders have reported that the 3 bedroom semi-detached market is currently one of the strongest in the new build sector and has been for several years. However, this does mean first time buyers often have few suitable, affordable options on new build sites as there are often only a minority of two bedroom homes constructed for sale on the open market. It would therefore not be

prudent to forgo smaller LCHO units altogether as affordability also needs to be taken into account.

In summary, housing need statistics, market trends, household formation rates and recent LCHO sales all signify that a mix of 2 and 3 bedroom houses is optimal to balance LCHO provision and ensure sustainable accommodation is provided for first time buyers. Eligibility is integrally dependent on affordability, and, as this Assessment has shown, LCHO products need to be secured at 60-70% of market value to ensure the product remains usefully affordable for the client group. Lower equity percentages (from 60%) are necessary across much of South West Taf, Central Taf and Taffs Well; where house price to income ratios are higher and first time buyers struggle the most to access home ownership. It is also primarily for this reason that apartments are not suitable for LCHO in this area as the monthly service charge can have a large impact on affordability. Furthermore, there is not an established culture of apartment living in RCT and many households chose to reside in this area as houses are more affordable than in nearby Cardiff or the Vale of Glamorgan.

4.5.3 Social Rented Accessible Accommodation

As aforementioned, applicants waiting for accessible accommodation were separated into two categories; those requiring minor retrofit adaptations (included in the general needs calculations) and those with acute need requiring a purpose built accessible property. Table 5 outlines the latter category. Therefore, whilst the net annual need for adapted accommodation appears small, the needs of such households are so acute that they will not be met by the existing housing stock turning over. The high priority nature of this specific element of housing need can thus not be emphasised enough.

Furthermore, whilst no particular clusters of housing need for accessible accommodation were identified in any particular part of the County Borough, there is a need for some form of adapted accommodation in all HMAs. There are two important considerations in this respect. Firstly, any purpose built units will need to be constructed on flat and accessible ground to maximise property accessibility. Secondly, where applicants have been assessed as requiring a one bedroom

adapted property, an additional bedroom will sometimes be required for a carer to stay overnight depending on the nature of the disability.

4.5.4 Social Rented Sheltered Accommodation

Table 5 does not show any need for new sheltered units across the County Borough, which has been the case for the past decade. This essentially means there are sufficient sheltered lets being made per annum to house those households in need of the tenure. Existing sheltered housing was the only tailored option available to older persons within RCT for many years, representing a distinct lack of housing options for older persons. In addition, past surveys identified a stigma associated with this tenure and the next chapter outlines more qualitative research in this respect.

Nonetheless, RSLs have carried out extensive work rebranding and refurbishing existing schemes, which has had a positive impact and started to reverse some of these negative perceptions. Two Trivallis schemes have also recently been redeveloped in Beddau and Rhydyfelin; incorporating a mixture of one and two bedroom apartments with kitchens, living space, walk-in showers, balconies and roof top gardens. The Rhydyfelin scheme also houses a new library as well as a multi-use commercial space. These changes have helped re-stimulate demand, again signifying that the solution lies in upgrading existing sheltered schemes rather than providing additional supply.

Options for older people further been bolstered through the provision of Hafod's 40 unit extra care scheme in Talbot Green, which promotes independent living with care and support services that can increase or decrease as the individual's needs change. It is suitable for single people or couples, where one or both have need of more supportive accommodation. Further diversification of the housing sector to include additional extra care facilities and moderately priced later living schemes would also help to enhance choice for older people; alongside existing sheltered housing provision.

5.0 Older Persons' Accommodation

As shown in the household projection analysis, people aged 65 and over are set to increase from 19% of the population in 2017 to 21.5% in 2027; primarily as the large numbers of people born after the last war move into that age group. RCT's topography doesn't present abundant opportunities for developments on flat ground. However, it is important to ensure that a relevant proportion of new build accommodation is suitable for older individuals (in terms of accessibility and independent living) and also that existing accommodation is fit for purpose.

To add a further qualitative dimension to this Assessment, a series of focus groups were conducted with over 50s across Rhondda, Cynon and Taf. The first set were targeted at households living within their own home, renting from a private landlord or renting from a social landlord (general needs properties). The second set of focus groups were targeted at households living within sheltered accommodation and were similarly arranged to take into account geographical variances, along with views of tenants renting from different social landlords to help counterbalance any specific scheme related issues.

Whilst all focus groups were designed to encourage informal conversation, a series of guiding questions were used to steer the discussions. Participants were asked to identify accommodation preferences, future intentions, views of sheltered accommodation and issues with remaining in one's own home in later life. The results of this research significantly supplemented previous survey work and the key emulating themes will now be summarised in turn.

5.1 Future Intentions and Issues with Current Homes

Residents living with their own homes and/or renting properties were firstly asked to consider their intentions for the future and how far their current property is suited to their needs. The general consensus was that most people would like to remain in their existing home for the rest of their lives and that the decision to move isn't an easy one. Some respondents had specifically emphasised that a lot of love and hard work had gone into their existing homes over a number of years and that they now deserve time to enjoy them in the latter part of their lives. There was also a strong sense of pride associated with remaining independent post retirement and the feeling that residents would only move if it was absolutely necessary. As one

respondent from Cynon quite frankly exclaimed, “I hope God gives me the strength to stay in my home until I’m in a box”.

However, these residents were asked to consider how far their current property is suited to their needs and if it is realistic for them to remain in situ in the forthcoming years. There were three main common issues raised in this respect, shared by residents living in all areas.

The first issue concerned fuel poverty and the difficulties that residents encountered heating their homes. The focus group participants were widely concerned about this issue, not only in relation to their own situations, but also in broader society. There was much discussion about rising fuel bills and the sheer quantity of people unable to stay warm in the winter. Nonetheless, residents were still keen to try and overcome this issue by any means if it meant they could stay in their current homes. As one resident in Taf stated, “We only have the heating on for an hour. We use blankets in the evening as we can’t afford to heat our home”. The desire to remain independent thus clearly outweighed such constraints for many of the participants.

Secondly, numerous discussions centred on difficulties with gradients and walking uphill; both within local streets and on front drives and gardens. Most participants felt that they could just about manage to walk safely into their and around the locality at the moment, but this could soon become an issue.

The third commonly cited concern related to steps and accessibility into and around properties. With many properties being on a slope, accessibility into front and back doors was often via a series of steps and this was deemed to be increasingly hazardous as one gets older. A resident from Rhondda explained, “I live on a gradient and have steps back and front. I can just about manage it now but will need hand rails in the future”. The same applied to steps within the home itself, especially for rooms on different levels. One Taf resident emphasised that, “I have steps into my shower; two years ago it didn’t matter but now it does”.

In all focus groups, these discussions led naturally onto the topic of repairs, maintenance and adaptations to properties that would be necessary to enable householders to remain in their homes in later life. Again, the themes emerging from these discussions were largely similar for residents in all parts of RCT. Interestingly,

some households had been quite proactive in this respect and had either already converted parts of their house or thought about how they could use their property differently in the future. For example, a number of households had progressively adapted their properties over the years to ensure they would remain fit for purpose. Some innovative solutions were cited, such as reconfiguring the ground floor, reutilising stair lifts or extending kitchens to create large open plan spaces. One resident in the Rhondda stated, “I have knocked through my lounge to make one big room but can petition the downstairs and have a bedroom one side and make use of the bathroom on the other”. Other households had purposely bought their property with future suitability in mind (such as a bungalow or a property with a downstairs bathroom that would lend itself to single storey living). The common goal was to ensure that, at some point, the household could live entirely on one floor with everything on the same level; even if it meant that some parts of the property would no longer be used.

Obviously not all households had carried out such works to their homes and there was a general discussion about the type of works that would be needed to facilitate independent living. These ranged from large reconfiguration projects to minor works, such as;

- Electric sockets higher up and not so low to the skirting board
- A walk in shower instead of a bath
- Creation of a downstairs wet room
- Flat access to the property with no steps to the front door
- Toilet up and downstairs (to enable people to live entirely on one floor if necessary)
- Entry phones with a push button
- Wider doors that could be used by someone in a wheelchair
- A lock safe or Lifeline
- Hand rails on steep drives / gardens
- Redesigned low-maintenance garden
- Storage and charging point for an electronic mobility scooter

Notwithstanding these desired adaptations, the inevitable issue of cost and affordability was discussed at length in all focus groups. This was quite a significant issue for almost all participants and there was a general sense of anxiety regarding the lack of readily available support. Indeed, residents felt distressed that many public sector grants and services were means tested and that this hindered their ability to live independently. As one resident summarised, “They say if you have money you can’t access any grants, but we can’t just spend all our savings and be left with nothing”. Consequently, many residents felt ‘forced’ into using private handy persons on occasion, albeit with a strong sense of distrust. These feelings emulated from having to let unverified strangers into one’s home, previous bad experiences with unforeseen charges for ‘extra works’ and also lack of continuity between those providing estimates and those carrying out the work. As one resident stated, “You can’t trust builders, once you’ve been ripped off once the trust is gone”.

Some residents did nevertheless state that they pay £10-£15 an hour for a handyperson to do their gardening or odd jobs around the home and that these type of arrangements tended to stem from recommendations in the community. As one resident said, “One man painted someone’s fence and the next thing he painted the whole street as we all knew we could trust him”. However, on the whole, there was a feeling of extreme caution in this respect and the overwhelming sense that honest, affordable and reliable trades people are hard to find. One suggestion was for a Council run ‘handyman’ scheme to help overcome these issues and this was very much welcomed by the Cynon group, even if it was chargeable at the point of use. However, cost was still identified as a barrier for a number of other households, and, as one resident from the Rhondda stated, “£15 for a handyman is expensive. A lot of elderly people will do without the service rather than pay”.

This was a very common perception in other groups too and the term ‘vulnerable’ was used on more than one occasion. Even though nearly all residents expressed a strong desire to remain in their own home, the line between independence and vulnerability appeared to blur in this context. Many situations were described whereby people would resist heating their property and/or pay handy people due to expense, distrust and the desire to maintain savings for emergencies. As one

participant summarised, “You’re not aware yourself of the situation you’re in, you just go into a shell”.

5.2 Desire to Move and Alternative Housing Options

Each group were therefore asked about the alternatives; such as whether they would consider downsizing, moving in with family or friends or to sheltered accommodation. Whilst, hitherto, comments were generally comparable irrespective of area, this particular topic stimulated a far greater range of responses.

The first matter discussed was in relation to house sharing and whether this could help overcome some of the feelings of vulnerability and financial insecurity previously cited. The Rhondda focus group were very much opposed to this notion from the outset and shared grave concerns about the potential issues this could cause. The main issues mentioned were fear of the unknown, safety concerns and invasion of personal space. As one resident in the Rhondda explained, “You just get used to having your own space; even if you get married it’s difficult to acclimatise, let alone inviting some stranger in”.

However, residents in Taf held a somewhat different view. Whilst there was not significant appetite for sharing a house with other people aged over 60, there was a very favourable view of sharing with younger people who could provide natural support and security. For example, one person had rented out spare rooms to “great and well behaved” international students. Another knew an elderly man who rented a room to a young woman at a discount on the basis that she would care for him in-between working. These types of arrangements did indeed seem popular with the Taf group as a happy medium between staying in one’s own home whilst combating isolation and vulnerability. As one single lady quite candidly stated, “In my dreams, I’ve thought of a companion who could live upstairs, someone who likes gardening, a young healthy male”. These geographical differences in opinion were notable and are perhaps due to a greater proportion of younger households (especially students) residing in Taf.

The second topic concerned downsizing and/or switching tenure. Again, there were significant variances in opinion in this respect. In Taf, most participants were

perfectly happy to move and many were actively considering downsizing already. This was to help overcome the issues with maintaining a large property now that children have moved out and/or a partner had passed away. There was a split opinion between downsizing to a ground floor flat or a small bungalow and a general scorn for the lack of availability of both unit types in the market. One resident argued, “There should be bungalows included in these plans for new developments”, and another emphasised, “There are a lack of private flats you can own yourself”. This certainly echoes the aforementioned stock overview in this Assessment, and residents felt that house builders should pursue a greater mix of property types in their schemes; to include bungalows, flats and houses. The sheer lack of housing options in the locality was deemed a particular flaw of the local housing market at present.

Participants from Rhondda and Cynon were however far less open to moving in the first instance and generally viewed this option as a last resort. There was also a mix of views regarding moving into flats. Some very much praised the ‘walk up’ flat design, and appreciated the self contained entrance and single level ground floor. Indeed, the Rhondda participants deemed this far more preferable to living in a block, with one resident stating, “It’s lovely to have your own front door” and another exclaiming, “It isn’t a home if you have to come out onto a corridor”. The Cynon participants were however more concerned with this arrangement if a noisy resident lived upstairs. Soundproofing was considered to be ‘essential’ if older people are to downsize into a ground floor flat.

These discussions also progressed to the differences between owning your own home and renting from a landlord. The latter options were deemed to be almost ‘unfairly’ preferable as tenants do not have to worry about routine maintenance, adaptations or having significant savings in the bank. One social tenant taking part in the Taf focus group did indeed state, “A big help living with [a housing association] is that they will adapt your property if you need it”. However, the same person did emphasise that she was still responsible for elements such as the garden, which doesn’t overcome some of the aforementioned difficulties.

Finally, the Taf group also identified a particular gap in the market for a private later living product. It was felt that some form of exclusive complex available at a reduced price would be very welcomed; whether that was made available at below market rent or available to purchase at below market values. The only issue cited with a rental model was the need for ground rent and service charges. This product is notably absent from RCT, yet there is undoubtedly scope for its introduction locally to enhance housing options for older people.

5.3 Perceptions of Sheltered Accommodation (non-existing tenants)

Having discussed a range of other options, households living within their own homes were also asked to share their views of sheltered accommodation. This topic by far induced the most extreme array of views amongst the participants, which were very much influenced by the locality.

In both Rhondda and Cynon, the overbearing view was that sheltered housing was the tenure of last resort and something that should only be considered if absolutely necessary. There was a very strong feeling that people should only ponder leaving their own home if something happens to them and they no longer feel psychologically or physically safe living alone. Sheltered accommodation was identified as a means of support in such instances, although not one that should be utilised in the first instance. For this reason, the participants from Rhondda and Cynon generally viewed sheltered accommodation as a product for other people in a more acute situation than themselves. As one Rhondda resident said, “I think sheltered is great for **certain people**” (original spoken emphasis). The other common perception was that sheltered housing is akin to a care home or a nursing home. In fact, these three terms were referred to almost interchangeably, with little perceived demarcation between the different products. As a resident from Cynon stated, “The last step is a nursing home or sheltered”. Another in the Rhondda explicated, “My mother has her own house and is 80. She will not go into a care home”. This signifies just how far certain residents view this product as an institutional silo, with very little emphasis on independent living.

The groups in Rhondda and Cynon were then asked to elaborate on the reasons why they held these perceptions and a very diverse range of reasons were given.

The first set of reasons stemmed from rumour and speculation. Residents referred to specific complexes that 'didn't have a very good name', sharing stories regarding anti-social behaviour, children playing in the corridors and dead bodies being left in rooms for weeks. As a Cynon resident stated, "With sheltered, you don't hear about a lot of good things happening, you hear a lot of bad things". This long-standing stigma is seemingly a self-perpetuating phenomenon that acts as a mental barrier to relocation. Another resident in Cynon stated, "Sometimes people live in their own home and they are afraid to move into sheltered due to its' bad name even if their home isn't fit and in disrepair". This is a particularly concerning comment given that sheltered housing is intended to address some of the issues with vulnerability and isolation. It thus became clear that some residents felt 'trapped' in their homes, almost as if there was no other realistic housing option available to meet their housing needs.

A further set of comments stemmed from personal perceptions of sheltered housing schemes. Some residents were concerned about how well they are maintained and the cleaning standards, with one person exclaiming, "They've got a smell about them". There were also numerous other concerns cited, such as inconsistent standards between different schemes, the fact that complexes no longer have live in wardens and the lack of social activities provided. One resident stated, "There's no stimulation in these care homes [*sic*], they're in their rooms and that's it. My friend's only got a chair and the television". These negative mental images were very much shared by the residents from Rhondda and Cynon and sheltered accommodation was not seen as a desirable form of accommodation.

The final set of comments concerned eligibility and there was much confusion over the 'type' of residents that are entitled to live in the schemes. Some residents were of the opinion that eligibility was restricted to over 65s and that the waiting list was too long for the better schemes. There were also grave concerns that if people do move into sheltered housing, and are on the margins of being able to live independently, this would be more closely monitored and acted upon. As one resident from the Rhondda said, "If you do become less able it won't be long until they move you into a care home". However, most schemes are targeted at over 55s and a home visit is normally arranged for each applicant in the first instance to determine whether their

needs can be met in a sheltered scheme. Home care packages can then be put in place for people with higher level needs to ensure their needs can be met in situ. It is interesting that some residents in their own home viewed such support as negative rather than a positive means of assisting them to meet their housing needs. As one housing officer stated, “We do try and get a balanced community within each scheme – so we have a mix of people with high, medium and low care/support needs when we come to the actual allocation of a property. This is to ensure that schemes remain vibrant communities”.

Moreover, these negative perceptions of sheltered accommodation were not shared by participants of the Taf focus group. On the contrary, this product was viewed as a key strand to the local housing market and one which serves a very valuable purpose. As one resident put succinctly, “I think sheltered is wonderful. I would consider moving into it”. The Taf residents also held a much clearer distinction between sheltered schemes, care homes and nursing homes and appreciated that they were all targeted at different client groups.

The main perceived benefit of sheltered accommodation was the communal living and social aspect. Residents made it clear that living alone can be very lonely and render someone helpless if any accidents were to happen. Sheltered accommodation was seen as a much more secure environment. As one Taf resident explained, “I’d rather live in a communal area where you can call on someone if something happens”. The benefits of the social activities were also highly appealing, often stemming from personal experience. For instance, one resident currently living in her own home went along to a social evening in a sheltered complex and found it an enjoyable experience plus a means to meet new people. The prospect of developing such relationships in the future was deemed ‘appealing’. Another resident also shared a friend’s experience; “I know someone who moved in sheltered and she always says ‘it’s the best thing I ever did’. She’s got much more of a social life now. They went out the theatre, go to the hairdressers. It’s great”.

The Taf focus group did cite some specific issues with certain complexes, such the lack of wardens and the hospital like corridors, which hamper mobility. For example, one resident stated, “There are too many corridors to get to the communal room”.

However, these negative views were almost deemed a small drawback to living in what was otherwise a very good product. This intriguing difference of opinion between Rhondda / Cynon and Taf residents could be perhaps to do with impressions of certain complexes and the fact that properties in Taf are in higher demand *per se*. However, to achieve a more comprehensive overview, it was vital to triangulate this research by speaking to tenants already living in sheltered complexes in Rhondda, Cynon and Taf.

5.4 Perceptions of Sheltered Accommodation (existing tenants)

The participants of the sheltered housing focus groups were firstly asked to explain where they moved from and their main reasons for moving. The main bulk of respondents fell within two broad categories. The first included households no longer able to manage their property either because lived on a gradient, had health problems or felt vulnerable on their own. Generally speaking, most of these households had moved to complexes near their previous home, although some had moved further afield to be closer to family. Ultimately, sheltered accommodation was considered to be a more realistic option to combat many of the previously discussed issues that older residents face. As one tenant in a Taf scheme stated, “I lived on top of a hill in a three bed Council house. Things were getting more difficult accessing the property, paying people to cut grass and do the decorating”.

There were also a fair proportion of residents who had literally moved ‘for a change’. In fact, at each sheltered focus group, there was at least one individual who had moved from outside of the County Borough to relocate to RCT. Some had moved from other sheltered schemes, some from temporary housing and some from their own homes. As one resident originally from the Midlands explained, “I was offered a place here, came here to view it, and thought it was really nice. The plugs are higher on the walls, little things like that. The air quality is good, there’s plenty of greenery and the people are really friendly”. This was somewhat of a curious trend; particularly for those now living in complexes in either Rhondda or Cynon, which are perceived so negatively by many local owner-occupiers.

The existing tenants were then asked to recall their perceptions of sheltered accommodation before they moved into their respective schemes. The most common term used was ‘an old fogeys’ home’ and many current residents originally

had reservations about living amongst a large proportion of older people; almost feeling like they were about to relinquish their independence. As one tenant in Taf stated, “When we moved in here, people thought we were locked in at 9 o’clock and not allowed out”. Surprisingly, whilst some tenants had relatives in schemes and thus knew what to expect, quite a few tenants had no idea what sheltered housing was actually like before they moved in. Most of the negative perceptions stemmed from this latter group of tenants as they had simply not visited any sheltered schemes previously or had not considered this tenure as an option in the past. This mindset was summarised perfectly by a tenant in a Taf scheme; “I thought it was an old people’s home until I went in to have a look”. This would seem to reinforce the fact that rumour, speculation and apprehension all play a role in the stigma attached to this form of accommodation.

Ironically, many existing tenants felt that people unduly delay moving into sheltered accommodation and that this significantly hinders their ability to adapt to a different way of living. Examples were given whereby more frail and elderly tenants had moved in to certain schemes and didn’t integrate very well with the other tenants. As a resident in the Rhondda stated, “When you’re older you don’t want to leave your house but people leave it too late [to move into sheltered accommodation]”. For this same reason, another tenant in Taf felt that such people “find it harder to settle”.

However, all participants in all focus groups stressed they hadn’t lost their independence by living in sheltered accommodation. Conversely, there was a strong sense of empowerment fostered through a different form of independent living. As a tenant from Cynon stated, “A lot of people think this is like an old fogeys’ home but they don’t realise you have your own independent flat...you have your own space”. Moreover, all tenants consulted felt extremely offended at the prospect of ‘outsiders’ perceiving their complex as some form of care home and some felt that the sheltered housing label didn’t help in this respect. A tenant in Cynon suggested, “I think there should be some reference to living independently”, and another exclaimed, “As long as they don’t say it’s a home I don’t mind”. There is thus a clear mismatch between the views that many community residents hold of sheltered accommodation and the views of tenants living in the schemes.

The focus groups were then asked to identify the benefits and drawbacks of living within sheltered accommodation. Perhaps the most significant cited benefit (irrespective of the complex) was the ease of maintenance. All participants explained that it was a lot less effort to clean one's individual flat than a whole house and that this had such a positive impact on their lives. One of the Rhondda respondents specifically stated, "These flats are a lot easier to keep clean and they've all been modernised". Similarly, all complexes had routine cleaners and/or maintenance staff who took care of the communal areas and/or garden, which was included in the ground rent. However, the tenants commended the fact that they are still able to be involved with the garden if they so wish. As a Cynon participant explained, "One gentleman has his own little patch in the garden. You don't have to do it but it's there if you want to". This was generally viewed as a happy medium between the stress of maintaining a whole garden in one's own house, yet still being able to exert a level of responsibility if desired.

The related financial benefits of living in sheltered accommodation were also exemplified. As previously discussed, many households still living in their own homes limited their use of heating in the winter and could be deemed to be in fuel poverty. However, the sheltered housing tenants were delighted at the difference in expenditure on energy and found it much more affordable. As a tenant in a Rhondda scheme stated, "I use the communal washing facilities; they are excellent and reduce my bill. My gas and electric is only £38 a month".

These benefits were accompanied with significant peace of mind that remedial jobs would be carried out as a matter of course. Interestingly, this was identified as a significant worry for many residents who partook in the other set of focus groups. As a sheltered tenant in Cynon shared, "When you live in your own home, although you've paid for your house, you've got to keep saving to pay for things. You don't have that problem here". Some tenants also felt relieved that they no longer had to trust strangers to carry out building work or home adaptations. There was a sense that the staff or contractors employed by the respective housing association were properly vetted and could be trusted to carry out a satisfactory job. A tenant from Rhondda stated, "When I need little jobs done, they're done so quickly here and neatly". Furthermore, a tenant residing in Taf explained, "If something goes wrong with the roof here you don't have to worry". Whilst certain tenants did share some

negative stories of poor workmanship or inadequate cleaning post works, they had raised these with their housing manager and felt empowered to take action. This was a notable difference compared to those households who felt vulnerable inviting strangers into their own home.

Overall, although a more manageable property was seen as the principal benefit of sheltered accommodation, the difficulties with downsizing were ironically seen as the principal drawback. Again this mindset was shared by tenants of all complexes consulted. A very high proportion of participants found it initially difficult to adjust from living in a predominantly large three bedroom house to a small one bedroom flat. There is inevitably less storage space and room for consumer durables, so many items had to be sold or disposed of prior to relocating. As a current tenant in Taf explained, “It took some adjustments, but my bedroom suits me fine. I had to throw a lot of stuff away before I lived here. I left it out on the street for people to take”.

Ongoing issues with space were also a bugbear for some, as certain tenants would have preferred slightly larger rooms, had difficulty moving around in the kitchen or desired a mobile charging point for a scooter. There was also a general feeling that many one bedroom sheltered flats are a particular ‘squeeze’ for married couples, although there was an acknowledgement that compromises do need to be made. These types of discussions were extensive in the focus groups, although opinions often varied depending on how long a tenant had been living in a scheme. For instance, a resident in Rhondda who had recently moved to a scheme found it, “Too claustrophobic and small”, although a more longstanding tenant in Cynon said, “Space is the biggest adjustment, but you get used to it; there’s not so much to clean”. Indeed, this mindset applied to other aspects of homes that people had grown accustomed to such as baths and shower enclosures. Whilst some tenants of sheltered schemes stated they missed such facilities, they similarly acknowledged that wet rooms would probably become necessary in the longer term anyway.

Given these views around space, it is perhaps unsurprising that many sheltered tenants felt a suitable guest room was fundamental for friends and family to stay. This was actually cited as one of the principal benefits of still living in one’s own home and the tenants felt that this ‘right’ should certainly be extended to sheltered

accommodation. Nevertheless, there were a diverse range of perceptions around the extent to which each complex was fit for purpose in this respect. Some complexes didn't have a guest room at all and others held perceptions that the guest room wasn't particularly appealing. As a Cynon tenant stated, "There is a guest room; they charge £10 a night but there's no bathroom in there. No one wants to have to walk across the corridor to use a public toilet". On the other hand, certain complexes were judged to have a 'nice' guest room, although as one tenant explained, "There's only one guest room and you need to book it in plenty of time".

The remainder of the advantages and disadvantages cited were less definitive and varied from scheme to scheme. One major discussion topic was the extent of social activities. This is perhaps unsurprising given that this was a major attraction for many of the tenants in the first instance. Some of the schemes had very active social calendars, which fostered strong relationships between tenants. Some of the most active complexes held weekly bingo events, day trips, concerts, armchair aerobics, fish and chip afternoons and cooking classes. The extent to which a scheme had an active social calendar didn't seem to be area related, rather due to the makeup of the tenant body. In most cases, it was often the product of an active tenant or group of tenants who volunteered to manage activities. As a tenant in a Taf scheme stated, "Everyone pays a pound a week here whether they join in the activities or not. We get outsiders in here to functions as well". This latter point was particularly noteworthy, as many of the tenants stated that they already knew people who lived in the complex prior to moving in, which helped them feel like they were already part of the community. One of the Cynon tenants also emphasised that a person's age didn't affect participation in the social activities, by stating, "We have people here aged 55-90 odd and they all integrate". Indeed, many of the tenants held such activities in very high regard and stressed that this was the primary reason why they enjoyed living in sheltered accommodation. This led to one tenant in Rhondda concluding, "There's nothing bad about living here, it's perfect" and a tenant in Taf summarising, "The group of us here have formed like a mini family".

However, this was certainly not the case for all of the participating tenants. Many expressed strong feelings of despair at the sheer lack of social activities at the complex. There was almost a sense of failure amongst those tenants who had tried yet failed to arrange events in the past. One resident claimed, "You can suggest as

much as you like, but people won't do anything" and another made it clear, "You can't make people come out of their flats". There were a range of reasons given for this lack of interaction, some which were at complete odds with the other focus groups. For example, one group of tenants felt that the diverse range of ages from 60-90 did adversely affect the scope for everyone to socialise. Another felt that the bond fostered amongst an initial group of tenants had since been eroded with the introduction of new tenants; to the point that half of the complex no longer wanted to socialise with each other. These feelings were summarised by one tenant, who stated, "It's a waste of time coming down as no one wants to be bothered". In a certain complex, the lack of activities led to a communal room being completely neglected and under-utilised, which then became a barrier to socialising in itself. This is undoubtedly disappointing. However, it is important to emphasise that the tenants taking part in the focus groups were mostly more 'active' tenants in the first instance, and would thus be more likely to have a stronger desire to socialise. One of the benefits of sheltered accommodation is that tenants can get involved in activities if they so wish or 'keep to themselves' if they would prefer. This is comparable to many other communities outside of a sheltered housing context, although a more formal 'social organiser' would be welcomed by most of the participants.

A further and highly extensive discussion concerned wardens and pull cords. The views in this respect varied depending on whether the scheme had a full time warden or not, and also if there had been a recent change in provision. For example, one scheme in Cynon still had a 9-5 warden and the tenants very much valued the service. It was almost as if the warden was integral to the successful running of the scheme and generated strong feelings of psychological benefit. As one tenant stated, "The warden is always there if you want her. If there's an emergency she's just a call away". Indeed, the direct access to the warden via phone, in person or via pull cord was very much praised.

At the opposite end of the scale, a complex in the Rhondda once had a caretaker (who played an informal monitoring role) but never had a dedicated warden. The tenants had been and were clearly managing without a warden, although one reported that there were defunct pull cords in the rooms that never actually rang anywhere. There was thus scorn for the fact that tenants needed to sign up for Lifeline separately pay a fee; in many ways defeating the object of living in a

communal complex for older persons. Instead, the preference was undoubtedly for a warden to be present on-site. As one tenant stated, “You need a warden here sometimes. You should have someone to keep an eye on people...they can see if people are getting more frail or ill”. Ironically, this view is at odds with some residents still living in their own homes. As previously discussed, some felt almost ‘scared’ that a warden would ‘police’ their frailty with a view to moving a tenant into a care home as soon as possible. However, this view is clearly not shared by existing tenants.

The final collection of views stemmed from tenants who previously had a 9-5 warden at their complex, yet now had to manage with floating support. Naturally, this change in policy was not met with much enthusiasm as the tenants had already grown accustomed to more extensive support provision. This exasperation was summarised by one resident rather concisely; “Until last year this place was smashing, but now...phew”. There was a sense that the tenants had previously built up a strong relationship with their warden and once felt secure and content simply knowing that they were present. As one resident stated, “You may not see them, but you just know that they’re there”. However, these feelings had now been replaced by anxiety and resistance to change. The tenants stated that they didn’t like ‘three or four’ officers coming and going throughout the week as they were unable to develop the same extent of relationship as before. There were also concerns that people in the community have begun to alter their perceptions of the scheme as a result of these changes and that this would stigmatise the complex. One resident stated, “Our complex is now a block of flats. You could be anywhere now. When you speak to people outside now they know there is no care or attention here anymore”. However, these changes will naturally need time to settle.

The final main discussion point related to the local community, and, as one would expect, this prompted a variety of views based on geographical context. Some complexes were served extremely well by public transport (trains and busses) and one in particular was right in the middle of a bustling retail centre, which was of huge benefit to the tenants. As one tenant stated, “Everything is on your doorstep. The shops are right there, so is the library, this location is perfect”. Alas, the same wasn’t the case for all of the complexes consulted for this research. Some were conversely quite isolated, and, as many tenants didn’t drive, they found it a challenge to shop and access different services. One resident in Cynon explained that, “The bus

service isn't very good in this area and I've been late for my doctor's appointment". Another tenant in the Rhondda felt disappointed that previous facilities had now closed, stating, "It's a shame that the library and bank have gone now". The diversity of views in this respect is obviously integrally related to the location of each complex and the surrounding services and facilities. However, any future scheme should be well positioned to exploit public transport links, local shops and services. This was deemed fundamental by all consulted for this research.

5.5 Summary of Findings

Whilst building new sheltered schemes is not justifiable at present, the qualitative research has demonstrated that, despite local stigma, there is undoubtedly a clear purpose for this product in the local housing market. Priority should thus perhaps be given to rebranding and/or upgrading existing schemes. Indeed, a wide array of work has been and is being carried out by a number of housing associations. This ranges from improvement works (updating bathrooms, fitting new kitchens and upgrading heating etc) to diversification (converting schemes into community hubs, accommodating households with support needs and such like). However, as shown, many of the negative perceptions of sheltered accommodation are psychological and stem from rumour, fear and worry. It has thus also proved effective to hold well publicised open days to dispel myths or concerns; especially where testimonies from existing residents have been shared to alter perceptions in lower demand areas.

The key theme from this research was 'independent living' and this was by far the most important sentiment shared by all consultees. Many residents clearly value remaining within their own homes above all else, although a number also felt vulnerable with this arrangement in later life. This latter concern was especially evident when discussing home maintenance, fuel poverty and employing trades people. Indeed, public sector grants and services are often means tested. However, a publically verified handyperson service that was chargeable at the point of use was strongly recommended to help address some of these trust issues. In addition, sheltered tenants felt that they still retained a significant degree of independence and emphasised that this should be promoted. Many stressed that they felt more empowered and less vulnerable since they moved out of their own homes, which is a principal finding of this research.

6.0 Gypsies and Travellers

Part 3 of the Housing (Wales) Act 2014 requires Welsh Local Authorities to undertake Gypsy and Traveller Accommodation Assessments (GTAAAs) and to make provision for sites where the assessments identify an unmet need for mobile home pitches. Gypsies and Travellers are defined within section 108 of the Housing (Wales) Act 2014 as,

- a) persons of a nomadic habit of life, whatever their race or origin, including -
 - (i) persons who, on grounds only of their own or their family's or dependant's educational or health needs or old age, have ceased to travel temporarily or permanently, and
 - (ii) members of an organised group of travelling show people or circus people (whether or not travelling together as such), and
- (b) all other persons with a cultural tradition of nomadism or of living in a mobile home;

A GTAA was duly completed in RCT in 2015 and the related Guidance (WG, 2015) requires the needs identified through this process to also be included in the LHMA. This Chapter therefore briefly summarises the current accommodation needs of Gypsies and Travellers within RCT, although the full GTAA should be referred to for more in-depth analysis (RCTCBC, 2015).

6.1 Gypsy and Traveller Demographics

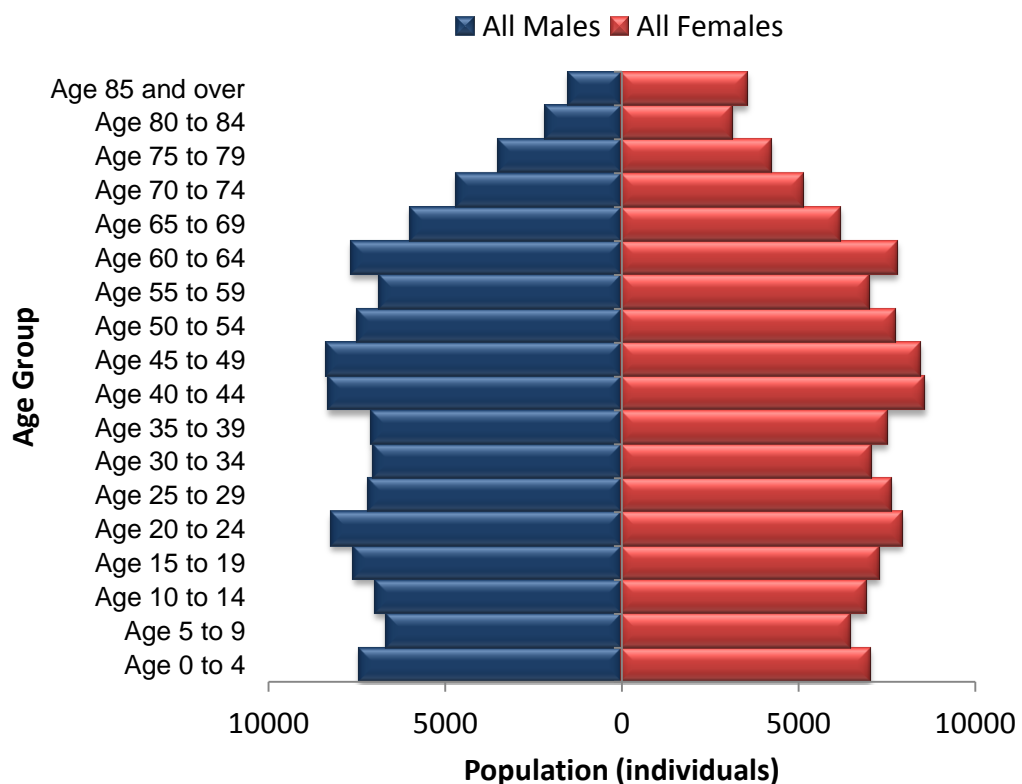
For the first time, the 2011 Census included a dedicated 'tick box' for the ethnic group 'Gypsy or Irish Traveller'. The collated results also included anyone who wrote Gypsy or Traveller in the 'any other White background' question, yet excluded those who had written 'Roma' as they were considered "a distinct group with different needs to Gypsy or Irish Travellers" (ONS, 2014, p.2). ONS also ensured that they maintained a full address list of Gypsy or Traveller sites (whether official or unofficial) to distribute the questionnaire. Across the whole of Wales, 2,731 people chose to identify themselves as Gypsy or Irish Traveller, which equates to 0.09% of the identified Welsh population. In RCT alone, there were 53 individuals who had selected Gypsy or Irish Traveller on their Census return; equivalent to 0.02% of the local population, and nearly five times less than the Welsh average in relative terms.

The Census did not however provide a sub local authority breakdown given the small numbers of responses.

The most common age band for those selecting Gypsy or Irish Traveller was 25-29, which was far lower than the average for RCT as a whole (40-44) at the time. This can be visualised by the population pyramids (Figures 55 and 56) below. These Figures also help to visualise how small a proportion of the local population selected Gypsy or Irish Traveller in the Census. It is however important to emphasise that,

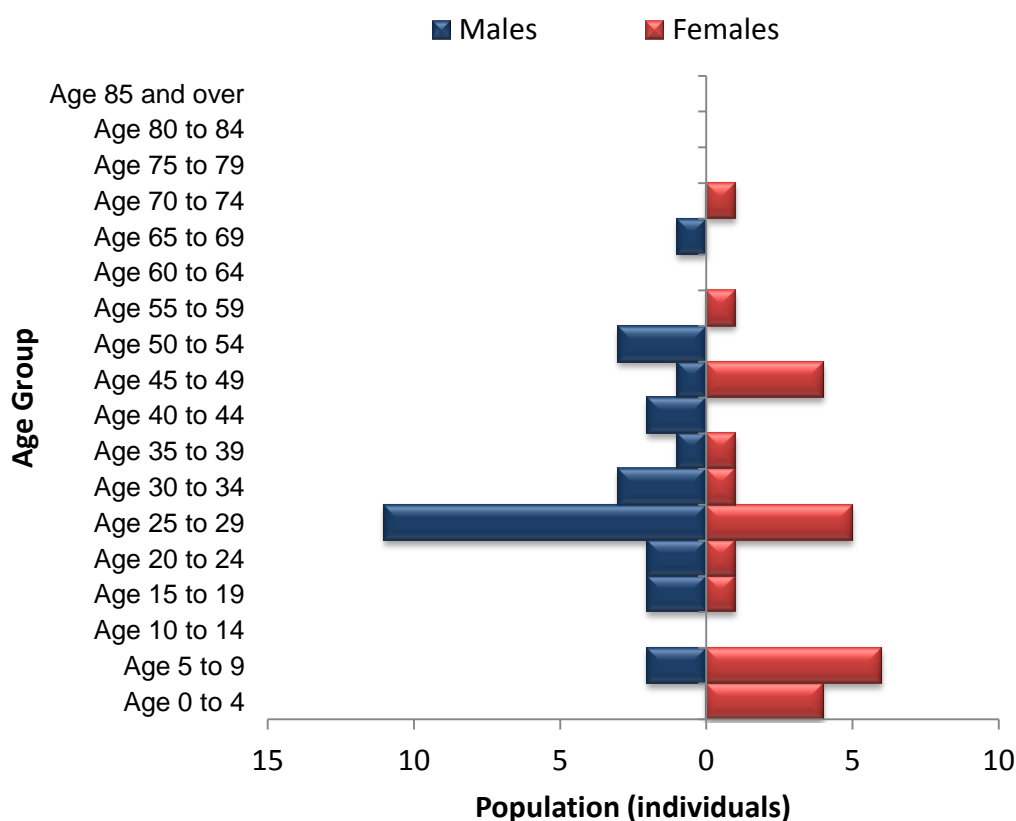
this total may exclude other members of these communities who declined to self-ascribe their ethnicity for fear of discrimination, stronger affiliation with other ethnicity categories (e.g. White Irish) or for other reasons though attempts were made by the Office for National Statistics to address these issues (WG, 2015a, para. 16).

Figure 55 RCT Population Pyramid (All Ethnicities)



Data Source: 2011 Census

Figure 55 RCT Population Pyramid (Gypsy or Irish Traveller)



Data Source: 2011 Census

With this limitation in mind, the 2011 Census identified whole house or bungalow as the most common type of accommodation for respondents who identified as Gypsy or Irish Traveller, at 71%, which is far lower than for all usual residents in RCT (95%). Flat, maisonette, apartment, or mobile/temporary accommodation accounted for 29% of Gypsy or Irish Travellers accommodation, well above that for RCT as a whole (5%). Given that the numbers of the former are so small, it is not possible to provide a separate breakdown by caravan or other mobile or temporary structure. However, these trends do seem to reflect other research, which “estimated that between half to three quarters of Gypsy or Irish Travellers live in bricks and mortar housing” (ONS, 2014, p.16).

The 2011 Census also indicated that there were 22 **households** that had selected Gypsy or Irish Traveller on their return, which means that the average household size is 2.4 persons. In terms of tenure, the level of home ownership was lower for this ethnic group (55%) compared to all households in RCT (71%) and the remainder

were split between social rented accommodation (27%) and private rented accommodation (18%). The proportion residing in social housing is around 14% higher than on average, although the proportion in private rented accommodation is broadly comparable to the general population, albeit 3% higher.

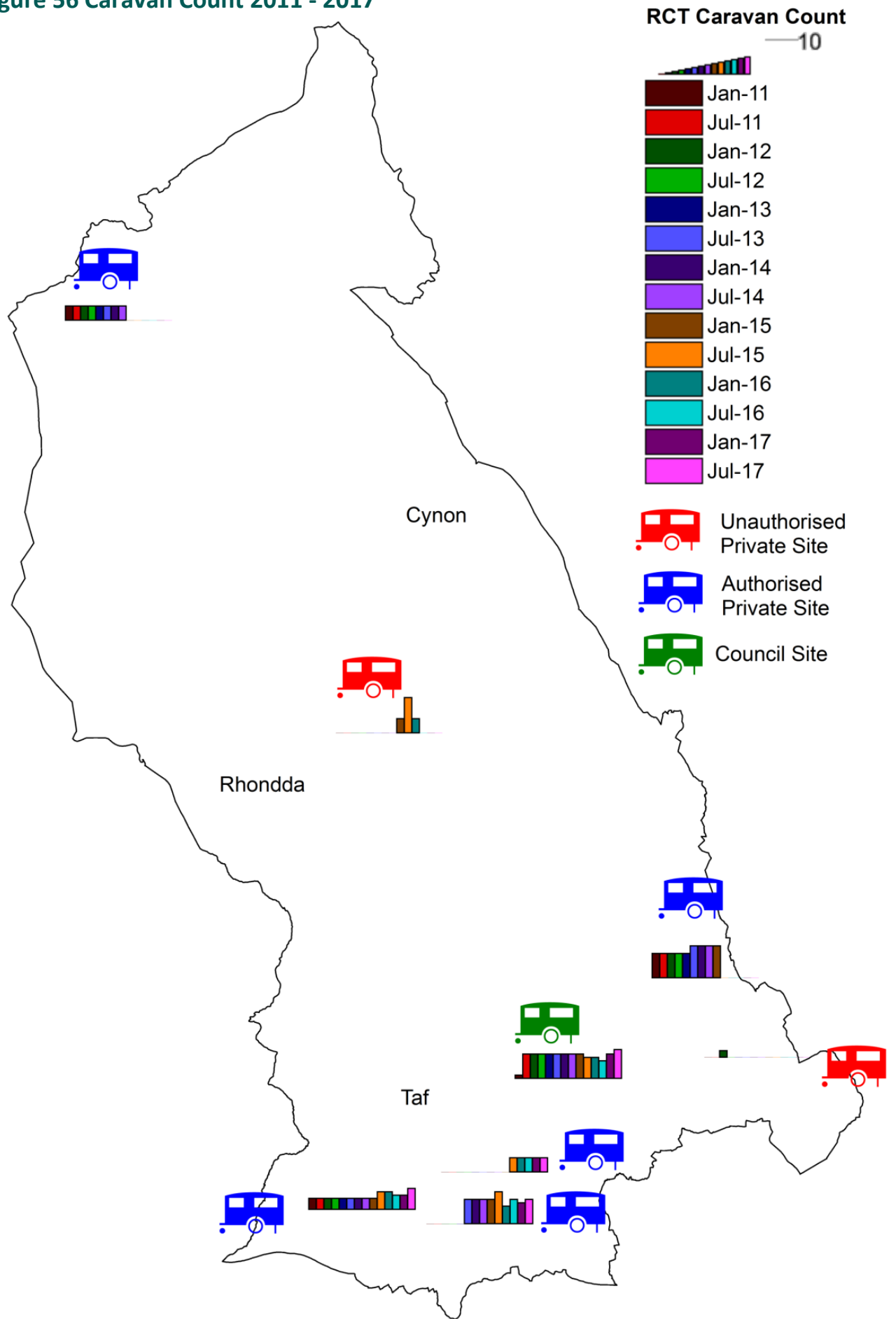
6.2 Caravan Count

The Council monitors the number of Gypsy and Traveller sites within RCT (public and private) through the biannual caravan count. This was reintroduced in Wales in 2006 and is conducted in January and July on sites that are both authorised and unauthorised. Counting in this manner helps to ensure that any transient caravans are not double counted across Wales, although it does fail to record the affects of seasonal fluctuations. Furthermore, this method counts caravans (not families) and also fails to include Gypsies and Travellers living in bricks and mortar housing.

With these considerations in mind, Figure 56 overleaf illustrates the locations of caravans counted across RCT from January 2011 to July 2017. As evident from Figure 56, the caravan counts have been relatively static over this period. The site furthest north is no longer a Gypsy or Traveller Site and there are no longstanding unauthorised encampments across RCT. Currently, there is one Local Authority site, comprising six residential pitches, and the remaining residential supply stems from 4 authorised private sites, with 15 pitches between them. The fluctuations in caravan numbers documented by Figure 56 are primarily attributable to touring caravans temporarily residing on the respective sites.

To bolster this secondary data, a variety of engagement activities were undertaken during the course of the GTAA. Council Officers attempted to engage with 30 households and 13 interviews were completed. The GTAA identified need for up to four additional pitches by 2021. However, two households originally expressed a desire to purchase and develop their own private site and have not chosen to progress matters hitherto. In addition, the remaining need was based on an estimated growth rate of 3%; the higher parameter suggested (WG, 2015), yet these new households have not actually formed within the existing community. The GTAA itself emphasised that this was only a projection, which may not become a reality and this has proven to be the case thus far.

Figure 56 Caravan Count 2011 - 2017



7.0 Car Ownership and Commuting Patterns

A further issue relates to car ownership/availability and commuting patterns. Car ownership is linked to housing need and demand, can provide an indication of affluence and also has large implications for new residential developments of different tenures. The adopted 'Access, Circulation and Parking Requirements' Supplementary Planning Guidance note follows guidance from TAN 18 to introduce **maximum** parking standards based on a series of zones. This ranges from a maximum requirement of 1 space per unit for general purpose accommodation in town centres to between 2 and 3 spaces in the rest of RCT (there is a maximum requirement of 2 spaces for 1-2 bed houses/apartments and a maximum requirement of 3 spaces for 3+ bed houses/apartments). Nonetheless, there is still an aim "to ensure that development is accompanied by sufficient parking space for private cars and service vehicles to avoid the need for vehicles to park on street and thereby cause congestion, danger and visual intrusion" (RCTCBC, 2011b, para. 3.4.5). An overview of car ownership, availability and commuting patterns is thus an important aspect of this Assessment.

7.1 Car Availability

One principal consideration is the availability of car by tenure, which is illustrated by Figure 57 overleaf. At the time of the 2011 Census, car ownership was by far highest in the owner occupied sector; 44% of households had one car or van and 39% had two or more. The proportion of households owning two or more cars or vans was far lower in both the private rented sector (12%) and social rented sector (6%). The latter of which was also particularly notable for a lack of cars or vans, as two thirds of households had none whatsoever.

Figure 57 Car or Van Availability by Tenure, Rhondda Cynon Taf

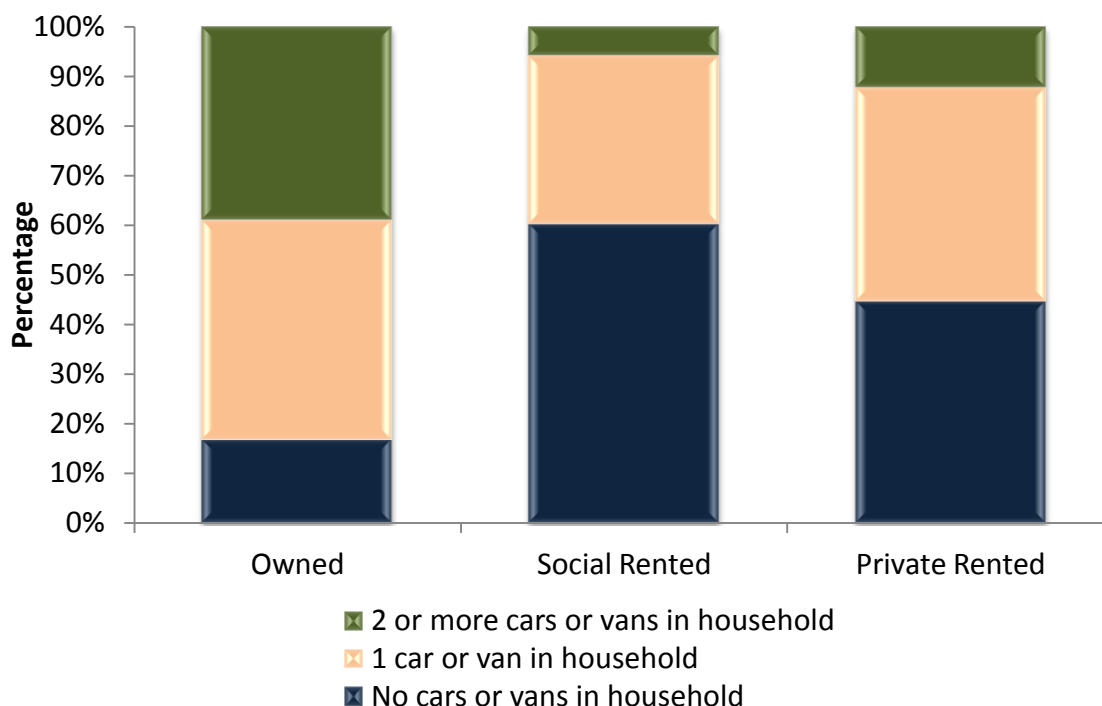
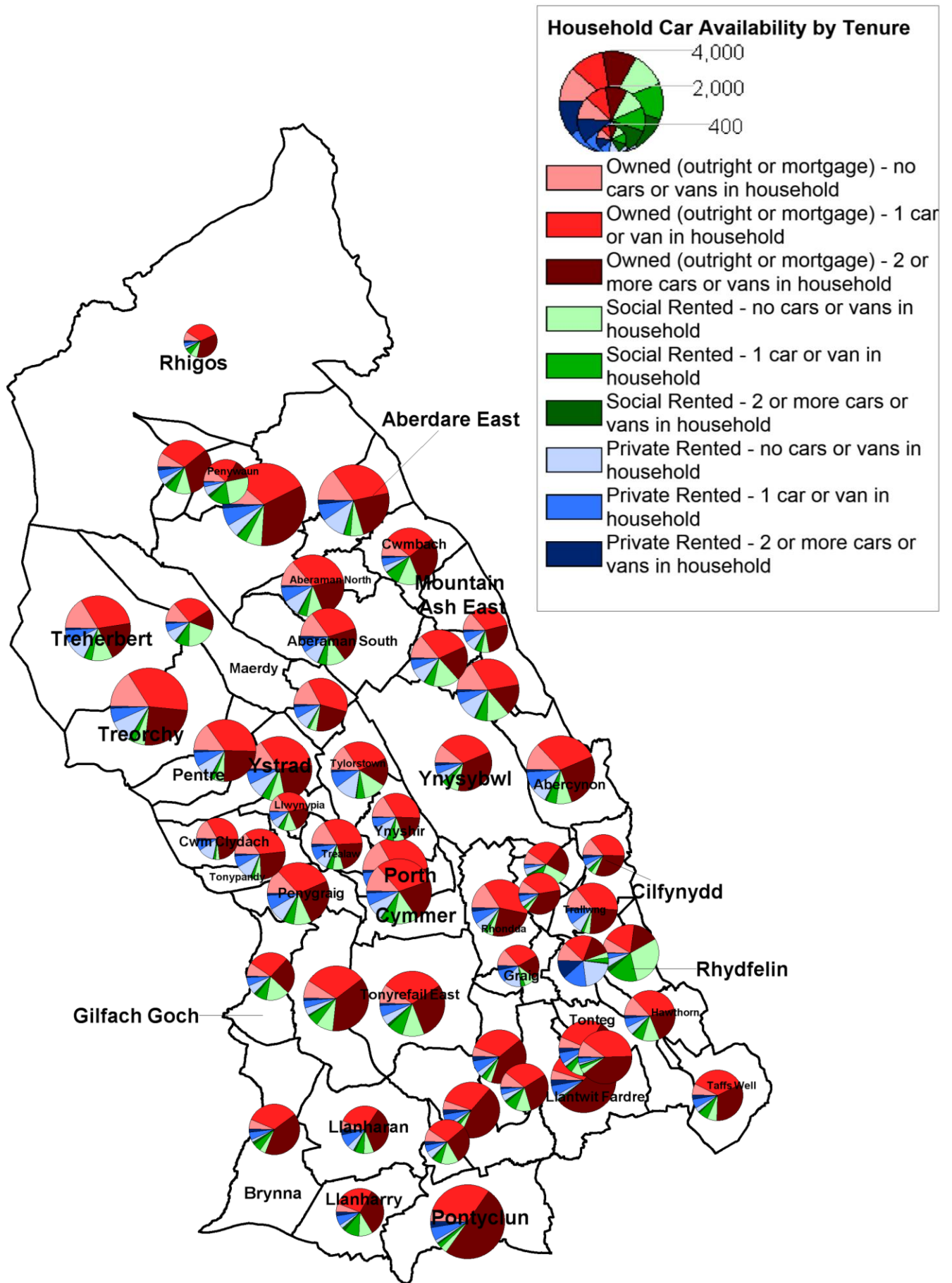


Figure 58 provides a further geographic analysis of the trends recorded by the 2011 Census. Clearly, the percentage of owner occupiers with 2 or more cars or vans was highest in the southern parts of Taf. Areas such as Pontyclun (59%), Llantwit Fardre (58%) and Church Village (57%) had the highest instances of vehicle ownership; close to double the average for the owner/occupied sector in RCT. One could theorise that this was due to the large concentration of high income households coupled with the notable absence of rail links in parts of Taf. Conversely, parts of the Rhondda and Cynon Valleys had the lowest instances of 2 or more vehicles per household in this sector, especially Maerdy (25%), Penrhiwceiber (26%) and Tylorstown (26%). These latter areas also had the highest proportions of households with no cars (approximately a quarter of owner/occupier households), only surpassed by Treforest (27%), which was undoubtedly due to the high concentration of students plus the excellent rail links around Pontypridd Town.

The rental sectors exhibited different trends. For example, the highest proportions of social rented households without a car or van were found in Graig (73%), Ferndale (71%) and Treherbert (71%) i.e. areas close to Pontypridd and parts of the Valleys. Similar proportions could also be found in the private rented sector in Glyncoch (62%), Penywaun (61%) and Treherbert (58%), which are comparable market areas.

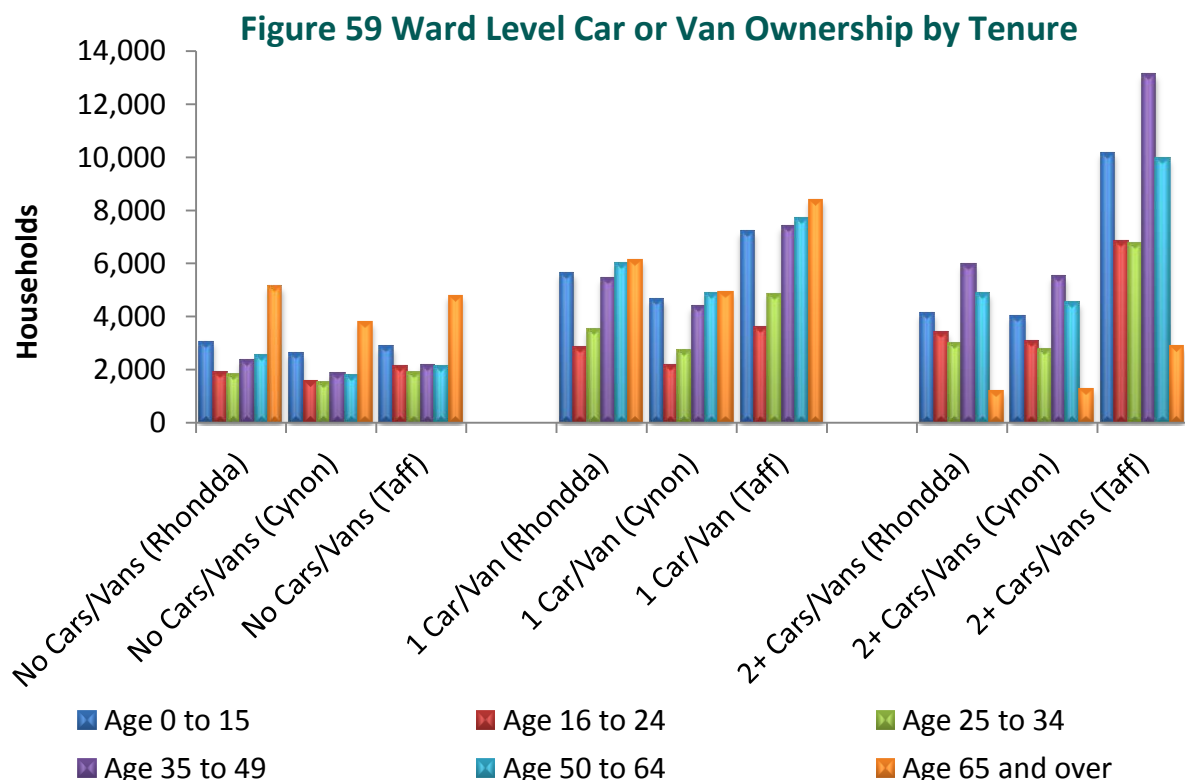
Figure 58 Ward Level Car or Van Ownership by Tenure



Data Source: 2011 Census

On the other hand, Pontyclun (28% of private rent households and 13% of social rent households) exhibited the highest prevalence of households with two or more vehicles. This is perhaps unsurprising in the private rented sector due to high rents and a disproportionate concentration of households with higher socio-economic status. The trends for the social rented sector are perhaps somewhat more surprising, although there is a small quantity of stock in this area and the small numbers of households with 2 or more vehicles undoubtedly skew the average.

A further consideration is how far vehicle ownership varies by different age groups. Figure 59 below illustrates this by borough at the time of the 2011 Census, although this data source only relates to vehicles that were owned or available for use by different age groups in a household (hence the inclusion of children). Clearly, the highest instances of no vehicle ownership were present in the 'age 65 and over' category and this was common to all three boroughs. Furthermore, Figure 59 reveals that more households aged 35-49 in Taf had access to 2 or more vehicles than in Rhondda and Cynon combined. This is unsurprising given commuting patterns that will shortly be discussed. However, given that household projections are primarily being driven by this age group, this justifies including more than one parking space on new build first time buyer properties; especially in Taf.



Data Source: 2011 Census

7.2 Travel to Work Patterns

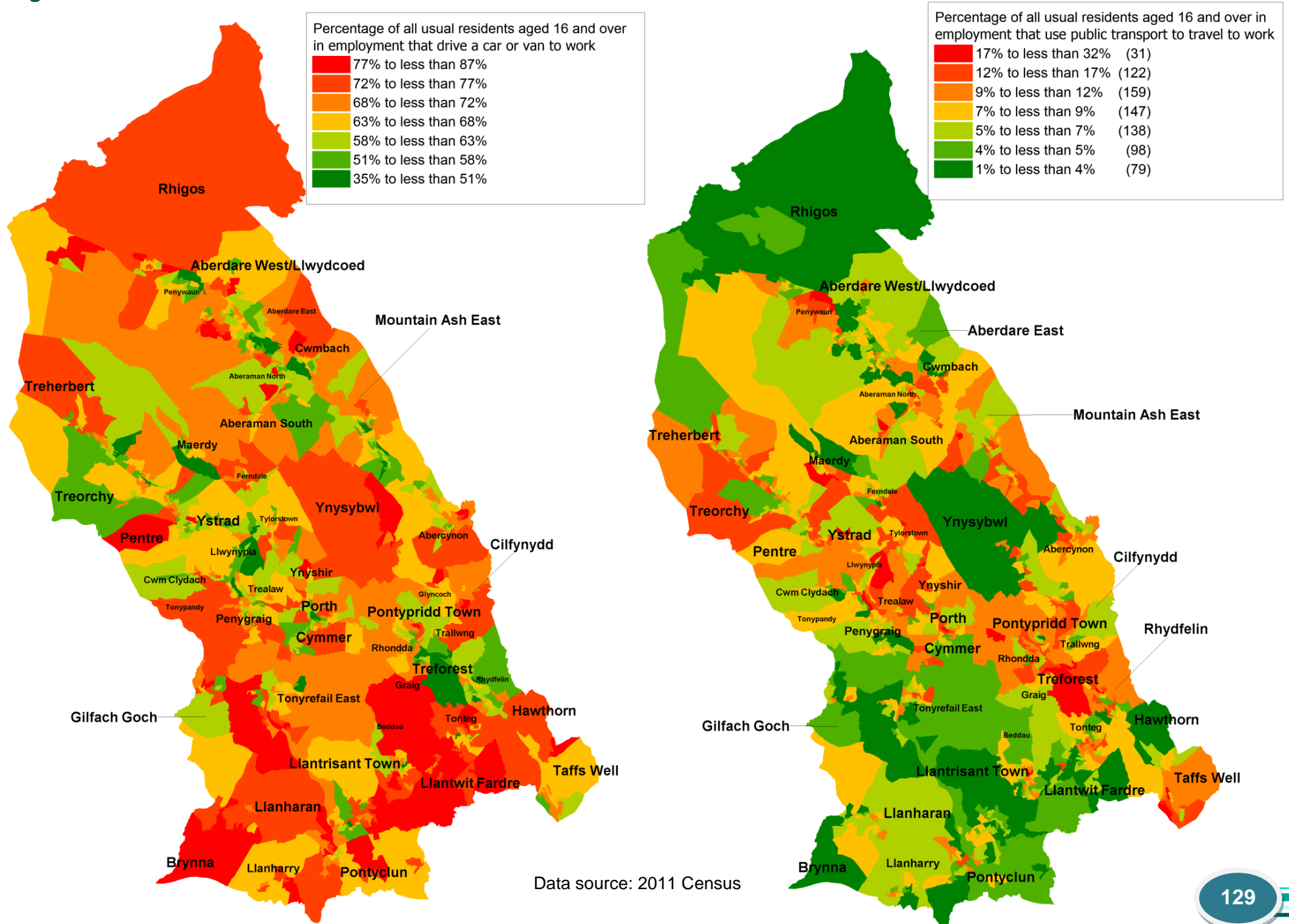
Correspondingly, Figure 60 overleaf depicts the two main modes of transport used to travel to work at output area level; the percentage of those using a car or van and the percentage using public transport. This data set only is based on the number of people in employment in the week before the 2011 Census.

Perhaps the most striking trend is the near perfect inverse relationship between all usual residents aged 16 plus that used public transport to travel to work and those that drove a vehicle to work. For example, over 85% of working people in parts of Llantrisant, Tonyrefail and Pontyclun drove to work and less than 2% utilised public transport. Whilst there are no rail links in Llantrisant or Tonyrefail, these areas are served by excellent connectivity to the M4 and surrounding. This trend is therefore perhaps no surprise. Pontyclun is however served by a train station, and nearly 13% of residents residing within surrounding areas utilised public transport.

Indeed, the proximity to a train station has a massive bearing on public transport use. The highest percentages of working people who used public transport were found in parts of Treforest (typically 23-29%), Porth (up to 22%) and Mountain Ash (up to 22%), where train stations are present. This is also highly apparent in Figure 60 with the large swathes of red around key train station locations. However, the single biggest instance of public transport was found in an output area in Penywaun, where 32% of households utilise public transport to commute to work. There is no train station in this area, rather a distinct lack of recorded car ownership *per se* (52% of households had no cars or vans whatsoever).

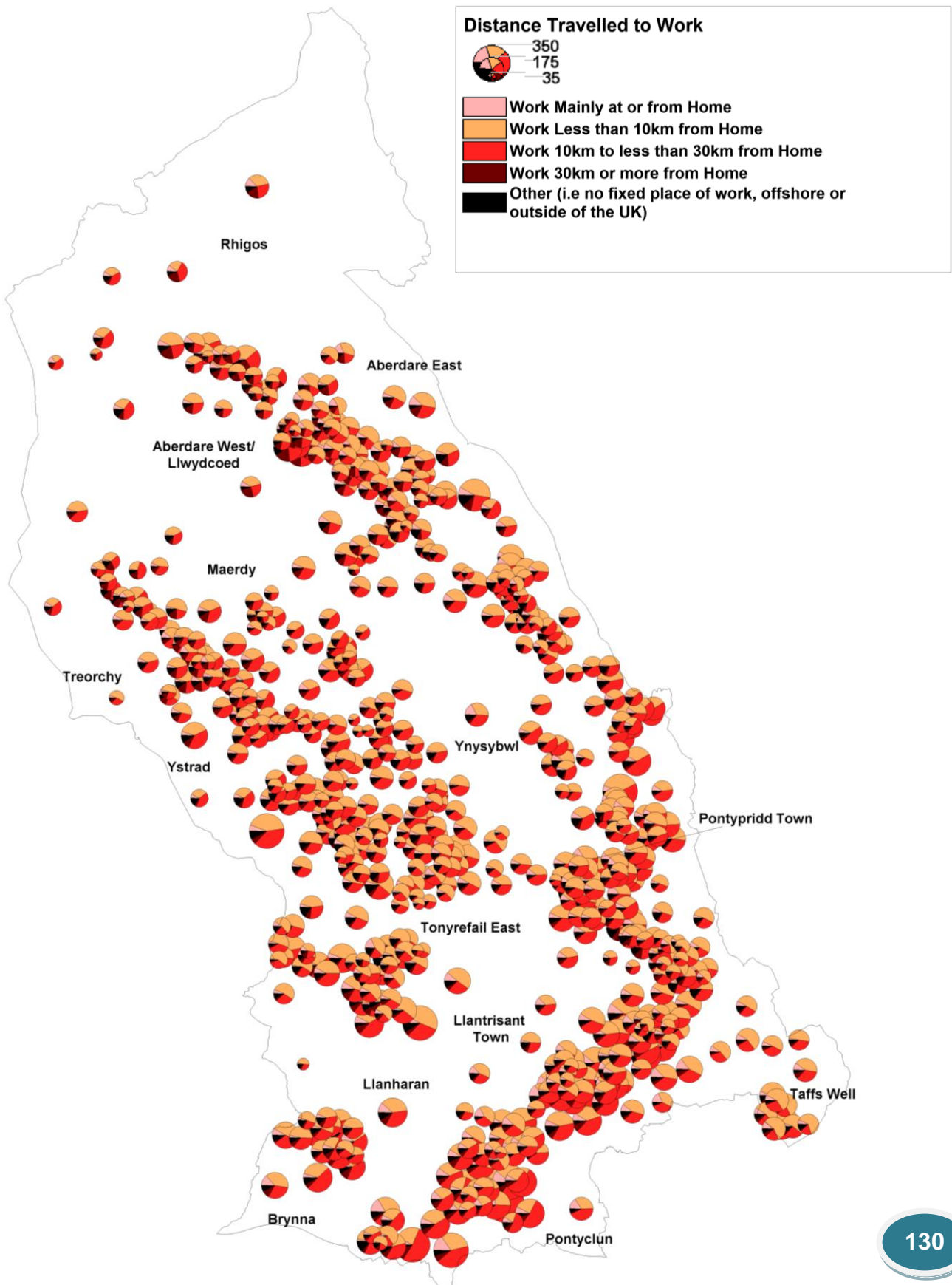
Overall, car ownership is not only most prevalent in Taf, but there is also greater reliance on one's own vehicle for work purposes, especially in South West Taf where most new build housing is taking place. This phenomenon has large parking implications for new build developments, although hopefully such areas will benefit from improved connectivity via the metro proposals as part of the Cardiff Capital City Deal.

Figure 60 Travel to Work Patterns



The actual distance travelled to work is another inter-related consideration. Figure 61 below displays the distance between a person's residential postcode and their workplace postcode at output area level at the time of the 2011 Census.

Figure 61 Distance Travelled to Work

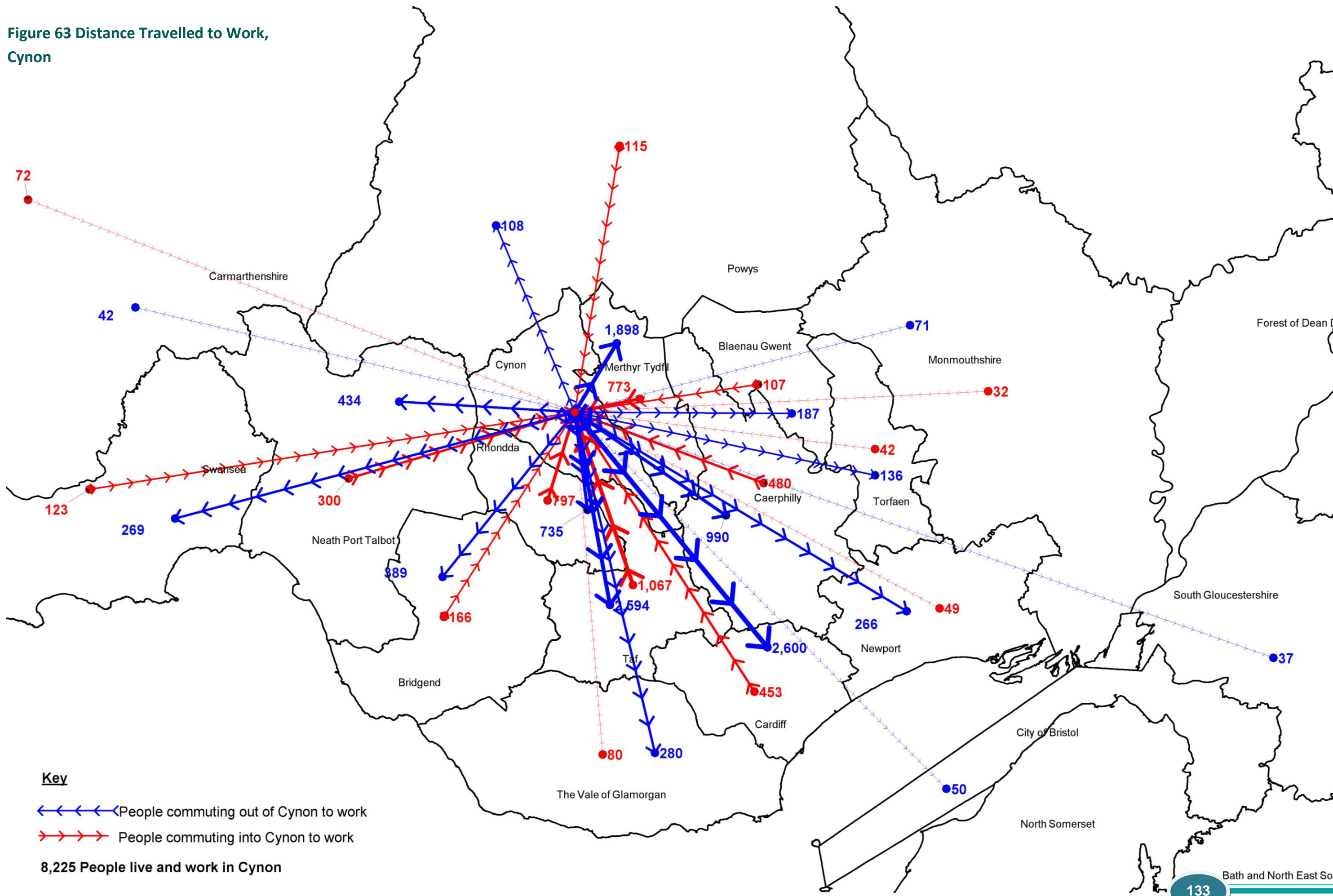


The one concession with Figure 61 is that the distance is measured in a straight line (as the crow flies) rather than the actual distance travelled. Nonetheless, it does provide a useful illustration. The darkest red shades represent those who travelled the furthest to work (i.e. 30km or more) in 2011. This distance was most prevalent in strong northern housing market areas such as Aberdare and Treorchy (accounting for around a quarter of the working population in these vicinities). This suggests that the propensity to reside in higher demand parts of the Valleys outweighs the proximity to work for a significant proportion of individuals. On the other hand, the red pie chart sectors are far more common in Taf; representing a commuting distance of 10km to less than 30km, which is precisely the range to the centre of Cardiff. Well over 50% of the working age population in parts of Pontyclun, Llanharry, Beddau and Llantrisant commuted this distance in 2011, which is perhaps unsurprising. Conversely, the percentage of population travelling less than 10km to work was not as borough dependent and most common in parts of Cymmer (70%), Church Village (67%), Aberaman North (64%) and Hawthorn (63%). The factor common to all is the proximity to a source of employment such as a retail centre, supermarket and/or school. It is thus clear that high proportions of these residents lived and worked in the same vicinity; represented by the light red sectors.

The percentage of people working at or mainly from home was fairly low on average; at 7%. However, there was a high proportion of people working from home clustered in parts of Pontyclun (23%) and Aberdare West (19%). This does loosely indicate a correlation between house prices, household income and the proportion of households working from home, whereas parts of areas such as Penywaun exhibited no home working whatsoever.

To put these trends into context, Figures 62, 63 and 64 show the most common travel to work patterns for people commuting into, within and out of Rhondda, Cynon and Taf, respectively. This has been enabled by geocoding and spider graphing the 2011 Census data set 'location of usual residence and place of work by method of travel to work'. On each figure, the red lines represent people travelling into yet living outside each borough and the blue lines represent the opposite. For clarity, the numbers of households both living and working within the same borough are detailed at the bottom of each figure and the number of people commuting to and from different areas is specified at the end of each line.

Figure 63 Distance Travelled to Work, Cynon



Overall, Figures 62-64 reveal that a significant number of people both lived and worked within the same borough in 2011 (60% of people in Rhondda and Cynon and 40% of people within Taf). These maps also illustrate quite striking geographical trends. For instance, there was very little commuting into the Rhondda Valley from people living outside of the area, apart from Taf (17%) and Cynon (6%). One could assume that this is due to limited employment opportunities in this vicinity. The Cynon employment market drew from a slightly more substantial catchment area, not only from Taf (8%) and Rhondda (6%), but also from Merthyr Tydfil (6%), Caerphilly (4%) and Cardiff (4%). Finally, Taf's employment market attracted workers from a wider array of locations; including commuters from Rhondda (16%), Cardiff (10%), Caerphilly (7%), Cynon (6%) and Bridgend (6%). There were even a small number of people who commuted into Taf to work from the South West of England; 38 from South Gloucestershire and 34 from Bristol. This cross-boundary employment market is perhaps due to the numerous town centres, retail hubs and industrial estates spread throughout Taf, along with the well connected local road network.

Conversely, it is also important to understand how far local residents commuted into other parts of South Wales and beyond (i.e. the blue lines on Figures 62-4). Notwithstanding cross-borough commuting, the trend most common to all three boroughs was the extensive commuting into Cardiff. This was the workplace destination for over a fifth of Rhondda and Cynon based commuters and nearly half of all Taf commuters in 2011. This reaffirms the longstanding notion that households are happy to either move to or remain in RCT to exploit lower house prices and commute into Cardiff for employment purposes. However, this is not the only trend identified as shown by the thick blue lines emulating elsewhere. Put succinctly;

- A significant proportion of Rhondda residents commuted outside of Rhondda to work in Bridgend (7%), Caerphilly (5%) and Merthyr Tydfil (4%)
- A significant proportion of Cynon residents commuted outside of Cynon work in Merthyr Tydfil (7%), Caerphilly (9%) and Neath Port Talbot (4%)
- A significant proportion of Taf residents commuted outside of Taf to work in Bridgend (12%), Caerphilly (7%), the Vale of Glamorgan (7%) and Newport (4%)

There are clearly strong links to the east, west and south of RCT where both housing and employment markets overlap considerably.

8.0 Conclusion

This LHMA has utilised the Welsh Government's methodology to assess the housing market within RCT from 2017/18-2022/23. It replaces the 2014/15 Assessment with a refreshed analysis of numerous data sources. The key findings of this Assessment are summarised below.

8.1 Housing Market Trends

Throughout 2016/17, the average price paid for residential properties in RCT was £114,000; ranging from £50,000 in Tylorstown to £210,000 in Pontyclun. There are clear borough wide differentials, with average prices paid for properties in Rhondda and Cynon typically achieving 60% and 40% of those in Taf, respectively. Interestingly, whilst prices paid in Rhondda and Cynon have not yet reached the 2007/08 peak hitherto, Taf prices once again peaked in 2014/15 and have now surpassed 2007/08 values. Indeed, the 2016/17 average price paid for properties in Taf as a whole (£154,000) is the highest ever recorded. There are nonetheless several 'hot spots' in both the Rhondda Valley (such as Porth and Treorchy) and the Cynon Valley (such as Aberdare and Cwmbach), where properties fetch slightly higher prices than in the surrounding areas. However, Taf prices are rapidly ascending, fuelled significantly by the Help to Buy Wales Scheme, which has led to many first time buyers purchasing larger property types right up to their margins of affordability.

Home ownership proportions recorded by the 2011 Census were highest in South East Taf; with nearly 90% of households owning their own home in Tonteg and Llantwit Fardre. This is not surprising given income levels in this vicinity, but also due to the 'commuter belt effect'. Conversely, areas such as Rhydyfelin and Penywaun together with Treforest had the lowest proportions of home ownership in 2011. The former two areas have the highest proportions of social housing in the locality and the latter area is dominated by private rental properties to principally cater for the student market. However, the student market in Treforest is declining, which presents opportunities for diversification.

On another note, the number of households renting in the private sector doubled from 2001 to 2011, meaning 15% of households resided within the sector in 2011. The majority of this growth occurred in the south of County Borough, with localities

such as Talbot Green and Church Village witnessing nearly 300% growth since 2001. However, the historically large private rental markets in the centre of the Rhondda and Cynon Valleys still accommodated the greatest number of households renting privately overall.

Broadly speaking, the local private rental market is dominated by three bedroom houses in almost every area and there is a distinct lack of one bedroom properties. Two bedroom properties in Rhondda and Cynon attract a private rent of £360-390 pcm, compared to £400-£440 for three bedroom properties. There is undoubtedly a premium in Taf (£500pcm for two bedroom properties and £600pcm for three bedroom properties), and this sector of the rental market is growing exponentially at present. The loosely defined BRMAs used to calculate LHA fail to take these housing market differentials into account and resultant LHA rates are therefore far below typical market rents in Taf by up to £200 per month for certain property types. This renders working in partnership with private landlords very challenging and also has huge implications for local RSLs (with the imposition of LHA caps on the social rented sector) given that social rents for 1 and 2 bedroom properties are often above LHA.

Unlike the private rented sector, the social rented sector hasn't changed considerably in net size or nature over the last decade. There are nearly 15,000 social rented homes within the locality; just over a thousand of these properties being sheltered accommodation units. As in the private rented sector, there are more three bedroom houses than any other unit, accounting for 40% of the stock, although stock levels are certainly not uniform across the locality. Areas such as Rhydyfelin (7%) and Aberdare West/Llwydcoed (7%) have a high proportion of stock, whereas other areas such as Rhigos (0.20%), Llantwit Fardre (0.23%) and Pontypridd Town (0.28%) have very minor levels of existing social rented provision. There is also a dearth of smaller one bedroom units for social rent in RCT generally speaking.

8.2 Demographic and Housing Supply Trends

Over the last two Census periods, there was a 5.4% increase in households residing within RCT; with total household numbers increasing from 94,546 in 2001 to 99,663 in 2011. However this growth occurred disproportionately by tenure and area. The documented growth in households renting privately is one major cause, and there

has also been a significant amount of household growth in the owner occupied sector in Taf (4.8%), just not enough to offset the decline in the Rhondda (-6.6%) or Cynon (-1.5%). This is an interesting trend as past surveys identified most households wished to remain in their current area. In reality, net household growth has been much more supply led, particularly in South West Taf, where the majority of new house building has occurred.

In order to predict future household formation rates, this LHMA has analysed different household projection variants. The 'higher' 2014 based variant has been utilised to factor in an element of economic aspiration over and above recent build rates. This projects that 3,216 households will form in RCT from 2017 to 2022

Most of the growth over this time is expected to come from additional single person households and this household type is set to remain by far the most common within the locality. The remaining growth is mostly projected to stem from 2 persons without children and lone parent households with 1 child. Conversely, larger households are set to remain stable or decline over the next five years. These projections are primarily set to be driven by the 30-34 age group, which is to be expected with young adults remaining at home with their parents for longer, delays in forming relationships, longer spells in education, welfare reforms and greater lone parenthood rates. The other significant trend noted by the household projection was the change in population. People aged 65 and over are projected to increase from 19% of the population in 2017 to 21.5% in 2027.

These trends, coupled with smaller household sizes across all housing markets are noteworthy, as there is often a significant contrast between what such households need (i.e. smaller 1 bedroom units) and aspire to (i.e. larger under occupied houses). However, the extent of terraced housing (over 50% of the total dwelling stock) in RCT does undoubtedly limit choice for households in many localised markets, and affordability considerations increasingly signify need for smaller units to address the stock imbalance.

8.3 Headline Housing Need

Whilst assessing the housing market as a whole, this LHMA identified a shortfall of 737.51 affordable units per annum from 2017/18 to 2021/22 based on the existing backlog of need, projected newly arising need and supply due to come forward over the next five years. It is important to emphasise that this figure should not be considered an annual delivery target or even the solution to the affordability issues within the County Borough. It instead indicates the scale of housing market failure within RCT, which the Council will seek to address through a range of market interventions as far as practically possible.

Moreover, this headline housing need figure also distorts differences in the numerous housing market areas across RCT. There is undoubtedly a mismatch between the locations and types of many existing social rented units and the geographically laden housing needs of local households requiring assistance. Equally, the need for intermediate housing is far more significant in the south of RCT, which is unsurprising given the larger house price to income ratios previously outlined. Hence, more consideration should be given to the specific need identified by property type, property size and tenure across each Housing Market Area to enable effective strategic planning.

8.3.1 General Needs Social Rent

There is an overall shortfall of 454.5 general needs social rented units per annum over the LHMA period. Housing need is greatest in South West Taf, Central Taf and Greater Pontypridd; particularly for smaller units. Conversely, much of the Rhondda and parts of the Cynon Valley have far lower levels of need for additional social rented provision given the well documented mismatch between supply and demand. Nonetheless, there are still pockets of housing need for smaller units in these areas, which reflects the dominance of three bedroom terraced properties and the minority of options for smaller households.

The significant need for smaller units reflects societal trends in household composition and the increased prevalence of single person households, single parent households and couples with no children. The one bedroom need has therefore not been created by the removal of the Spare Room Subsidy and there has actually been a growing need for smaller properties over the last decade.

8.3.2 Intermediate Accommodation

Given the aforementioned analysis of rents in RCT, there is currently no gap to introduce an intermediate rental product in the locality. Therefore, the predominant need in this category is for LCHO provision, which has proved an increasingly popular tenure in the local area. This Assessment has identified a need for 270 LCHO units per annum, which is very much the highest ever identified. This reflects the growing difficulties that first time buyers face in accessing a mortgage on the open market; with wage inflation failing to keep pace with rising house prices. As one would perhaps expect, the highest need for LCHO products is in South West Taf and Central Taf, where house price to income ratios are that much higher, meaning a larger proportion of newly forming households are priced out of the mortgage market. However, there is also significant scope for this tenure in Greater Aberdare and Tonyrefail and Gilfach Goch, where discounted market prices would still have a large impact on affordability.

Housing need statistics, market trends, household formation rates and recent LCHO sales all signify that a mix of 2 and 3 bedroom houses is optimal to balance LCHO provision and ensure sustainable accommodation is provided for first time buyers. Eligibility is integrally dependent on affordability, and, as this Assessment has shown, LCHO products need to be secured at 60-70% of market value to ensure the product remains usefully affordable for the client group. Lower equity percentages (from 60%) are necessary across much of South West Taf, Central Taf and Taffs Well; where house price to income ratios are higher and first time buyers struggle the most to access home ownership. It is also primarily for this reason that apartments are not suitable for LCHO in this area as the monthly service charge can have a large impact on affordability.

8.3.3 Accessible and Older Persons' Accommodation for Social Rent

The need for accessible accommodation was assessed slightly differently to general needs social rented accommodation. Applicants waiting for accessible accommodation were separated into two categories; those requiring minor retrofit adaptations (included in the general needs calculations) and those with acute need requiring a purpose built accessible property. Therefore, whilst the net annual need for accessible accommodation (13 units) appears small, the needs of such

households are so acute that they will not be met by the existing housing stock turning over. The high priority nature of this specific element of housing need can thus not be emphasised enough. Equally, there is a scarcity of suitable accommodation in the private sector, especially considering some of the households are larger families. Whilst no clusters of housing need for accessible accommodation were identified in any particular part of the County Borough, there is a need for some form of adapted accommodation in all HMAs.

Furthermore, there is an ageing population in RCT and more than one in five people are projected to be 65 plus by 2022. Until recently, there were few housing options locally for this age group apart from sheltered accommodation, which has habitually been a stigmatised tenure. Whilst there is no identified need to construct additional sheltered complexes, the qualitative research has demonstrated that there is a clear purpose for this product in the local housing market and many of the negative perceptions of sheltered accommodation stem from rumour, fear and worry. Many tenants actually felt more empowered and less vulnerable since they moved out of their own homes and into sheltered accommodation, which is a key finding of this research.

RSLs have carried out extensive work rebranding and refurbishing existing sheltered schemes, which has had a positive impact and started to reverse some of these negative perceptions. Two Trivallis schemes have also recently been redeveloped in Beddau and Rhydyfelin; incorporating a mixture of one and two bedroom apartments with kitchens, living space, walk-in showers, balconies and roof top gardens. The Rhydyfelin scheme also houses a new library as well as a multi-use commercial space. These changes have helped re-stimulate demand, again signifying that the solution lies in upgrading existing sheltered schemes rather than providing additional supply.

Options for older people further been bolstered through the provision of Hafod Care's 40 unit extra care scheme in Talbot Green, which promotes independent living with care and support services that can increase or decrease as the individual's needs change. It is suitable for single people or couples, where one or both have need of more supportive accommodation. Further diversification of the housing sector to include additional extra care facilities and moderately priced later living schemes

would also help to enhance choice for older people; alongside existing sheltered housing provision.

8.4 Purpose of Assessment and Key Policy Considerations

This LHMA has assessed the various components of the housing market in RCT across each varied locality. This was achieved by analysing socio-economic and demographic statistics relating to the housing market, carrying out qualitative research and conducting a quantitative assessment of housing need. This LHMA replaces the last internally produced assessment (2014/15) in forming part of the evidence base for the Corporate Plan, Housing Delivery Plan and Local Development Plan. Operationally, it provides a tool to negotiate affordable housing provision on planning applications, allocate Social Housing Grant and inform strategic housing priorities at the local level.

8.4.1 Low Cost Home Ownership Product

The local LCHO scheme branded as 'Homestep' has been operating in RCT since 2007 and has helped nearly two hundred first time buyers access home ownership. The scheme has primarily offered properties for sale at 70% of the open market value, although recently, newer schemes have had to be offered at lower equity percentages in higher priced areas to render the product affordable for the client group. Indeed, this LHMA has conducted a refreshed analysis of local incomes and house prices (with a new build uplift) to ascertain affordability levels in different parts of the locality, concluding that a 70% equity mortgage is still unaffordable across much of Taf. In fact, a large proportion of households would need a 60% of market value LCHO product to access home ownership. It is thus recommended that, depending on sale price, any LCHO products secured in South Taf be made available from 60% of market value to ensure the product remains affordable for the client group.

8.4.2 Need for Smaller Affordable Housing Units

Much of the need for affordable housing consists of smaller one and two bedroom units for social rent across many parts of RCT. There can sometimes be a misconception that this need has merely been created by the removal of the Spare Room Subsidy and that delivery of such units is a short term, reactive response to

this policy change. However, in reality, this need reflects societal trends in household composition and the high prevalence of single person households, single parent households and households comprising of couples with no children. Indeed, there has been a growing need for smaller properties over the last decade in RCT, which has simply been masked through under-occupation in the recent past.

It is therefore paramount that smaller units are prioritised for delivery in an affordable housing context. In some areas, there is little social rented need other than one bedroom properties, and thus, smaller scale developments, or clusters of smaller units amongst larger market housing may be required. Discussions with housing managers have revealed that one bedroom walk up flats are wholly preferably to blocks with communal spaces to minimise management issues, avoid expensive service charges and maximise tenant sustainability. Provision of these units should therefore be prioritised. Conversely, two bedroom flats should be avoided where possible as they are largely unsuitable to meet the needs of couples with children. Single people and couples without children are essentially unable to under-occupy such properties without covering the previous Spare Room Subsidy, thereby presenting affordability challenges for benefit dependent households. Two bedroom houses are far more suitable for this purpose and sustainable in the long term.

8.4.3 Older Persons' Accommodation

Building new sheltered schemes is not justifiable at present, although the qualitative research has demonstrated that there is undoubtedly a clear purpose for this product in the local housing market despite local stigma. Priority should thus be given to rebranding and/or upgrading existing schemes to further build on existing work already carried out. This includes various improvement works (updating bathrooms, fitting new kitchens and upgrading heating etc), redevelopment and diversification (converting schemes into community hubs, accommodating households with support needs and such like). It has also proved effective to hold well publicised open days to dispel myths and concerns; especially by utilising testimonies from existing residents to change perceptions in lower demand areas. It is recommended that this best practice is continued to further help reverse the stigmatisation of this tenure.

Moreover, until recently, sheltered accommodation has been the only tailored option available to older persons within RCT and there is still need to diversify the options

for this growing client group across the County Borough. Diversifying this sector of the local market to include alternatives such as additional extra care facilities and moderately priced later living schemes may help to enhance choice for older people. Indeed, the qualitative research found there a gap in the market for the latter.

8.4.4 Private Rented Sector

With limited capital investment and the effects of welfare reform, it will prove highly difficult to meet housing need solely through new social rented provision in the short to medium term. The private rented sector could help address this shortfall, although at present, it is dominated by three bedroom houses in almost every market area. This renders the sector largely unsuitable to house the many smaller benefit dependent households in housing need.

One priority is therefore to promote the lack of smaller units across many market areas to local landlords and encourage them to invest in one and two bedroom units. Treforest in particular has a high proportion of 4-5 bedroom properties licensed as Houses in Multiple Occupation due to the historically strong student market. However, with reported diminishing demand for student accommodation, there is a need to re-balance the local tenure and diversify the product on offer. The Council has already developed a number of initiatives to help work more closely with local landlords; such as re-establishing the landlord forum, providing a landlord liaison service, improving online presence, enhancing tenant referral processes and introducing a voluntary property accreditation scheme.

However, this recommendation will always be hampered by the current LHA policy and the artificially low rate caused by the illogical grouping of Rhondda and Taf within a single BRMA. A further priority must therefore be to monitor the status of the BRMA and process for calculating LHA; ensuring that local representations are made when possible.

1.8.5 Diversify New House Building

Over the past several years, construction of larger, more expensive house types have become increasingly commonplace locally, fuelled primarily by the Help to Buy Wales Scheme. Whilst the scheme has undoubtedly helped a significant proportion of households meet their preferences, statistics show that many have borrowed

close to their margins of affordability to secure a 75% mortgage. This may be feasible in the short term, yet could have implications after year five when the additional interest repayments commence and household circumstances may change.

One further recommendation is thus for house builders to pursue a more balanced mix of units on new build sites, to include smaller, more affordable market properties. Indeed, this recommendation applies equally in the context of older people. Qualitative research with households aged 50+ revealed a desire for house builders to incorporate a greater range of property types in their schemes; to include bungalows, flats and houses. The sheer lack of housing options in the locality was deemed a particular flaw of the local housing market at present, and whilst provision of affordable housing does help to address this imbalance in one respect, there is also a need for more housing options in the new build sector. Such solutions are not only limited to traditional methods of construction and can be delivered through more innovative approaches, often at a faster rate with lower environmental impacts.

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