

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO DEVELOPMENT CONTROL COMMITTEE

BY

GROUP MANAGER PLANNING & DEVELOPMENT SERVICES

12 SEPTEMBER 2019

LOCAL HOUSING MARKET ASSESSMENT 2019/2020

1. Purpose of the Report

- 1.1 The purpose of this report is to inform the Development Control Committee of the purpose, status and findings of the Local Housing Market Assessment (LHMA), which updates the last LHMA conducted in 2012 (attached as Appendix 1).

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The future Replacement LDP will be required to express in land-use terms the wellbeing objectives and priorities of the Bridgend Public Services Board's Well-being Plan and the updated LHMA will form a significant element of the Replacement LDP's evidence base in this respect. Residential site allocations will be informed by the need identified in the LHMA to ensure a valuable contribution can be made to addressing housing need geographically. Detailed policies for affordable housing will also be developed based on the housing need identified in the LHMA (along with viability assessments) to determine the appropriate level of supply that can be secured through the planning system, via thresholds and proportions.
- 2.2 The findings of this Assessment can therefore also be used to support delivery of all three Corporate Plan Priorities - supporting a successful economy, helping people to become more self-reliant and the smarter use of resources. The evidence contained within the LHMA will play an important role in securing developer contributions to provide integrated affordable housing within new developments to foster sustainable, mixed tenure communities. It can also help influence the appropriate mix of units on new residential schemes to ensure a range of house sizes, types and tenures are provided to meet the needs of existing residents and future generations.

3. Introduction and Background

- 3.1 Local Authorities have a requirement to consider the housing accommodation needs of their localities under Section 8 of the Housing Act 1985. In order to fulfil this requirement, Welsh Local Authorities must formulate LHMA's, which review housing needs through a holistic review of the whole housing market. The former Minister for Housing and Regeneration wrote to all Welsh Local Authorities in 2013 to reaffirm that LHMA's should be considered a priority, setting a requirement for LHMA's to be updated biennially under Section 87 of the Local Government Act 2003.
- 3.2 The importance of LHMA's was again emphasised in the 2019 Independent Review of Affordable Housing Supply which stated that "the basis of good housing policy and

decisions regarding affordable housing supply stems from the best possible data on housing need and demand”. Planning Policy Wales (Edition 10, 2018) also clarifies that LHMA’s are to “form a fundamental part of the evidence base for development plans” which should be considered holistically with a range of other evidence “in order to identify an appropriate strategy for the delivery of housing in the plan area”.

- 3.3 A refreshed LHMA for Bridgend County Borough was completed in 2019 in accordance with Welsh Government Guidance (2006 and 2014 publications) thereby satisfying the Council’s statutory obligations in this respect. The 2019/20 Assessment replaces the previous (2012) LHMA, providing an overview of key tenure related statistics, detailing socio-economic and demographic trends and then assessing the quantitative level of housing need across each Housing Market Area by tenure, size and type of accommodation.
- 3.4 Practically, the LHMA can help inform allocation of capital housing grants including Social Housing Grant, provide robust evidence to inform key housing related policies within the Replacement LDP and present a firm rationale to secure planning obligations for affordable housing.

4. Summary of Findings

- 4.1 The LHMA identifies eight broad Housing Market Areas across the County Borough. These areas are based on functional geographies, considering the potential sphere of relocation, the cost of housing (to gauge ‘transferability’ within the market) and the influence of major transport links (to take account of commuting patterns). For ease of reference, the eight Housing Market Areas are:

- Bridgend and Surrounding
- Garw Valley
- Llynfi Valley
- Ogmore Valley
- Pencoed and Heol y Cyw
- Porthcawl
- Pyle, Kenfig and Cornelly
- Valleys Gateway

- 4.2 A range of demographic, socio-economic and property intelligence data was used to provide detailed insights into the mechanics of each residential market. Broadly speaking, household sizes were found to be increasingly smaller across all areas and tenures which is a dual reflection of societal changes in household formation and an ageing local population. This represents a clear mismatch between demographics and dwelling stock given the dominance of larger properties in many housing markets and the tendency for new build developments to increasingly be weighted towards larger open market property types. Whilst this does enable household upscaling for those that can afford larger properties, it equally presents limited choice and an affordability problem for households on the margins.
- 4.3 This phenomenon, combined with a contrast between needs and aspirations, has resulted in low demand for properties in certain areas. Indeed, empty properties are a significant local issue and there were 1,225 private sector homes vacant for six months or more across the County Borough as of June 2018, 42% of which had been empty for two years or more. The highest relative clusters were found in the Ogmore Valley (4.46% of private

sector properties were empty), the Llynfi Valley (3.45% were empty) and the Garw Valley (3.16% were empty) however, there are issues with empty properties in nearly all markets which represents not only a problem but a potential resource to help increase housing supply by bringing empty homes back into use through a range of locally tailored approaches.

- 4.4 The Assessment also revealed notable differences in housing market characteristics across the County Borough with demand, property prices and rents being highest in southern Housing Market Areas, most notably 'Bridgend and Surrounding', 'Porthcawl' and 'Pencoed and Heol y Cyw'. Even though household incomes were identified as being somewhat higher in these vicinities, average house price to income ratios were wider (as much as 7 to 8 times) respectively. Affordability is therefore a significant issue in many of the County Borough's southern housing markets and it is perhaps unsurprising that the proportion of households renting privately in these areas grew in both absolute and relative terms from 2001 to 2011. This trend is likely to exacerbate if wage inflation fails to keep pace with escalating property prices and sufficient affordable housing is not provided.
- 4.5 Affordability was identified as a less significant problem in the Valleys housing markets although properties did command a slight premium in the Llynfi Valley. Notably, private rents and social rents were found to be broadly comparable in these areas, owing to the relative high, historic proportions of private rented accommodation, combined with the aforementioned stock mismatch, lower property demand and somewhat higher instances of empty homes. Tenants can therefore move almost interchangeably between these tenures in some parts of the Valleys.
- 4.6 Rent analysis also highlighted the difference between Local Housing Allowance and private rents across the County Borough. As Local Housing Allowance is set based on the lowest third of the market, it falls considerably short of typical private rents in many areas. Geographically this may mean that households entirely dependent on benefits to cover their housing costs may only be able to afford to rent privately in the north of the County Borough without additional income.
- 4.7 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 411 affordable housing units per annum comprising 280 social rented units and 131 intermediate units. Put succinctly:
- The identified social rented need was by far the highest in Bridgend (107 units per annum), although notable in all settlements. The overall need is weighted significantly towards smaller property types most notably one bedroom units which can be delivered most sustainably through walk up flats with no communal spaces, however, this should be viewed in the context of creating balanced communities and providing some larger social rented unit types within clusters to facilitate tenant progression. Moreover, whilst only a small proportion of this identified need is for bespoke, accessible accommodation (i.e. 4 units per annum), this should not be misinterpreted, as the needs of such households are so acute that they will not be met by the existing housing stock turning over.

- The intermediate housing need identified includes both Low Cost Home Ownership (LCHO) and intermediate rental tenures. The former tenure comprises discounted mortgages for first time buyers (i.e. 70% mortgages) and the latter comprises discounted market rent (i.e. 80% of market rent) for households unable to obtain a mortgage. The LHMA revealed there is likely to be significant cross over between households that are in need of and could potentially access these two tenures, based on an analysis of incomes, house prices and rents, however, in both cases, the need can be met through provision of 'entry level' 2 and 3 bedroom properties. The LHMA showed the greatest need for intermediate products in areas where house price to income ratios are high (i.e. 'Bridgend and Surrounding', 'Pencoed and Heol y Cyw' and 'Pyle, Kenfig and Cornelly'). There was less need identified for these tenures in the Valleys housing markets because there is not a significant enough gap between social rents, private rents and potential mortgage repayments to introduce an intermediate product. Conversely, Porthcawl rents and prices were found to be so high that even an 80% of market rent property or a 70% of market value property price would not be considered affordable. For this reason, no intermediate housing need is identified in Porthcawl, although alternative models (i.e. 60% LCHO or perhaps shared ownership) could be explored on a site by site basis to determine whether a usefully affordable intermediate product can be introduced.

- 4.8 With a preponderance of larger property types within the existing residential markets and on new build sites, the LHMA stressed the importance of maintaining choice in the housing market. This was deemed achievable by seeking to ensure smaller, affordable properties are available for new households to move into. Otherwise, households may stretch themselves to the margins of affordability or be priced out of their areas of preference and have to relocate elsewhere.
- 4.9 The LHMA also discussed the ageing population across the County Borough - over 30% of the local population is projected to be aged 60+ by 2033. Nevertheless, the LHMA provided insufficient evidence to increase the supply of sheltered accommodation at present with more lets being made than people waiting for housing in existing schemes. Rebranding and refurbishing complexes (where appropriate) was deemed to be one means of helping to improve the attractiveness of such facilities. It was also considered important to continue to diversify the housing market, not only through Extra Care provision, but also through provision of bungalows, level access flats and moderately priced later living schemes to enhance choice for older people however, this does have to be viewed in the context of scheme viability and deliverability.
- 4.10 Levels of unmet housing 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. The LHMA has therefore taken a snapshot of housing need in 2019/20 and outlines the extent to which this shortfall can be met through a range of interventions in the housing market. It is acknowledged that these estimates of need will vary considerably depending on a huge variety of inter-related factors including market values, incomes, housing supply, interest rates and the broader economy however, this Assessment is based on the most recent data available and looks forward to the following five years on a snapshot basis.
- 4.11 Hence, it would inaccurate to state that the level of housing need has 'decreased' since the last LHMA was published (the 2012 Assessment identified a much higher need of 1,762

affordable units per annum). The 2012 LHMA was conducted at a very different point in time, meaning the snapshot was based on a variety of significantly different market conditions, data sources and trend-based assumptions. Therefore, the two housing need figures cannot be compared alongside each other for numerous reasons which include:

- A much higher household projection in the previous Assessment. The 2012 LHMA assumed that 1,517 new households would form per annum which is three times the number of newly forming households that are now projected to form each year of the Replacement LDP period. The level of growth that underpins the Preferred Strategy is justified in the Strategic Growth Options Background Paper.
- A greater level of affordable housing supply than anticipated by the 2012 LHMA. The previous assessment only assumed 148 new affordable units would come forward over the assessment period whereas over 600 affordable units were actually delivered from 2012/13 to 2017/18. The 2019/20 LHMA also forecasts that an additional 350 units will be delivered over the forthcoming assessment period, taking account of committed units already expected to come forward through Capital Grant Funding and S106 contributions.
- Introduction of the Housing (Wales) Act 2014 which marked a fundamental reform to homelessness legislation. This placed far greater emphasis on homelessness prevention and enabled the Local Authority to discharge homelessness duties through the private rented sector. The 2012 LHMA therefore assumed the private rented sector would play a more minor role in meeting housing need.
- The use of more up to date Common Housing Register data in the 2019/20 LHMA. The Common Housing Register was subject to a re-registration exercise prior to compilation of the LHMA, where applicants were asked to confirm whether they wished to remain on the housing waiting list. As such, the data is a conservative yet more accurate reflection of the backlog of housing need in the County Borough, having been cleansed to ensure only households deemed to be in need of affordable housing are included.

Therefore, whilst the level of housing need would appear to have dramatically 'decreased' between LHMA's, this is actually a reflection of a huge variety of inter-related factors rather than a more simplistic sliding scale of housing need.

5. Implications for the Replacement LDP

- 5.1 Planning Policy Wales is clear that 'development plans must include an authority-wide target for affordable housing (expressed as numbers of homes)' which should be based on the LHMA and take account of both deliverability and viability. These latter points are pertinent as the level of affordable housing contributions that can be secured through the planning system is integrally dependent on the levels of finance available for affordable housing, balanced against other planning contributions sought by the Council in the context of site viability. As such, there needs to be a clear recognition that the Replacement LDP will not be the only source of affordable housing supply and it would be a gross oversimplification to set a target that directly mirrors the annual 411 units of affordable housing identified by the LHMA. The LHMA itself clarifies that this headline need should not be considered an annual delivery target or even the solution to the affordability issues within the County Borough. Instead it indicates the level of housing need within the County Borough which the Council will seek to address through a range of market interventions as far as practically possible.

- 5.2 The Replacement LDP will therefore identify a range of policy approaches to increase affordable housing supply (including site thresholds for affordable housing provision, area based affordable housing percentages, site specific requirements, commuted sums and affordable housing exception sites). Residential site allocation will be informed by the need identified in the LHMA to ensure a valuable contribution can be made to addressing housing need geographically however, when setting affordable housing thresholds and percentage requirements, the resultant impact on site viability must be duly considered to ensure residential sites remain deliverable. These policies will therefore be informed by both the housing need identified in the LHMA and the forthcoming Viability Study which will assess the level of affordable housing provision that can be supported by sites in different parts of the County Borough. This combined evidence base will help determine the affordable housing target for the Replacement LDP after other sources of supply have been taken into account. These other sources include, but are not limited to, Social Housing Grant schemes, other capital grant funded developments, private sector leasing schemes, re-utilisation of empty homes, re-configuration of existing stock and self-funded Registered Social Landlord investment.
- 5.3 Moreover, the housing need identified within the LHMA is best considered at Housing Market Area level to ensure the needs for different types of housing in different markets are fully understood. Where the Replacement LDP requires an element of affordable housing, this will be informed by the appropriate mix of dwellings (by size, type and tenure) needed in the area as identified in the LHMA however, in order to facilitate creation of mixed communities, appropriate sustainable clusters of affordable units should be incorporated within broader housing sites, having due consideration for sustainable household progression where appropriate. In accordance with Technical Advice Note 2, affordable housing will be ring fenced to households whose housing needs are not met by the open market and “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”. There is also recognition that some schemes will facilitate staircasing to full ownership on the proviso that capital receipts are recycled to provide replacement affordable housing.
- 5.4 Overall, the updated LHMA now provides a refreshed and robust rationale to inform the Replacement LDP and its inter-related policies along with decisions on planning applications.

6. Effect upon Policy Framework and Procedure Rules

- 6.1 Section 61 of the 2004 Procedure Rules Act requires Local Planning Authorities to keep all matters under review which are expected to have an effect on development in their area.
- 6.2 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’. Completion of the Assessment has fulfilled the Local Authority’s requirements to assess housing need under Section 8 of the 1985 Housing Act and also the Ministerial requirement for LHMA’s to be updated biennially under Section 87 of the 2003 Local Government Act.

7. Equality Impact Assessment

7.1 The derived policies contained within the Replacement LDP will be subject to an equalities impact assessment.

8. Financial Implications

8.1 There are no financial implications for approving the report. The costs of producing the report have already been met through the Housing budget.

9. Wellbeing of Future Generations (Wales) Act 2015

9.1 The findings of this Assessment can be used to support delivery of all the goals and objectives of the Well-being of Future Generations (Wales) Act 2015 and Bridgend Local Well-being Plan. The findings of this Assessment can be used to support delivery of all of the Well-being Goals, most notably to foster a prosperous Wales, a healthier Wales, a more equal Wales and a Wales of cohesive communities.

10. Recommendation

10.1 That Development Control Committee note the contents of the Local Housing Market Assessment.

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Background documents: N/A

Local Housing Market Assessment 2019/20



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1. Introduction

1.1 National Policy Background

- 1.1.1 Section 8 of the Housing Act 1985 places a statutory duty on local authorities to assess the level of housing need in their area. This is vital for authorities 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. Production of a Local Housing Market Assessment (LHMA) fulfils this duty, building upon the requirement to review housing needs through a more holistic review of the whole housing market.
- 1.1.2 The importance of LHMA's was underlined in the 2019 Independent Review of Affordable Housing Supply which stated that "the basis of good housing policy and decisions regarding affordable housing supply stems from the best possible data on housing need and demand". The Review placed significant emphasis on understanding exactly how many homes are needed, in which geographical areas and in what tenures. A robust LHMA is the key means of identifying this evidence at the local level.
- 1.1.3 Planning Policy Wales (Edition 10, 2019) also stresses that LHMA's are to "form a fundamental part of the evidence base for development plans", that should be considered holistically with a range of other evidence "in order to identify an appropriate strategy for the delivery of housing in the plan area".

1.2 Local Policy Background

- 1.2.1 The corporate plan for the Bridgend local authority area was produced in 2018 and reviewed in 2019. It contains the vision of, "One council working together to improve lives". This Vision is to be delivered through the following key principles:
 - To support communities and people to create their own solutions and reduce dependency on the Council;
 - To focus diminishing resources on communities and individuals with the greatest need;
 - To use good information from service users and communities to inform its decisions;
 - To encourage and develop capacity amongst the third sector to identify and respond to local needs;
 - To not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public bodies;

- To work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches; and
- To transform the organisation and many of its services to deliver financial budget reductions as well as improvements.

A well evidenced and up to date LHMA is key achieving of many of these principles, through providing a better understanding of the components of the housing market and pinpointing key gaps where intervention may be required.

1.2.2 The Replacement Local Development Plan (LDP) is currently being prepared, timetabled for adoption in 2021. The draft Vision of the Replacement LDP's Preferred Strategy seeks to continue to transform the County Borough, resulting in the development of a safe, healthy and inclusive network of communities that connect more widely with the region to catalyse sustainable economic growth. The Replacement LDP policies will be cross-cutting in their nature and cross-reference the goals and objectives of the Well-being of Future Generations (Wales) Act 2015 and Bridgend Local Well-being Plan. The LDP Vision shall be delivered through four Strategic Objectives which seek to reflect updated national policy and legislation and address the issues facing the County Borough:

- To Create High Quality Sustainable Places (Placemaking)
- To Create Active, Healthy, Cohesive and Social Communities
- To Create Productive and Enterprising Places
- To Protect and Enhance Distinctive and Natural Places

1.2.3 The findings of this LHMA will form a key part of the evidence base for the Replacement LDP to deliver against these objectives. The LHMA will facilitate a detailed understanding of the nature and level of need for market and affordable housing in the County Borough, which can be used to inform the authority-wide target for affordable housing in the LDP, recognising that the Plan will not be the only source of affordable housing delivery. The locally specific evidence outlined in this LHMA will also prove fundamental in identifying how planning contributions will help meet this target alongside other sources of affordable housing delivery. The data will inform the appropriate mix of dwellings for new developments, particularly the types of affordable housing (i.e. intermediate and social rented) in short supply.

1.3 Overview of Assessment and Methodology

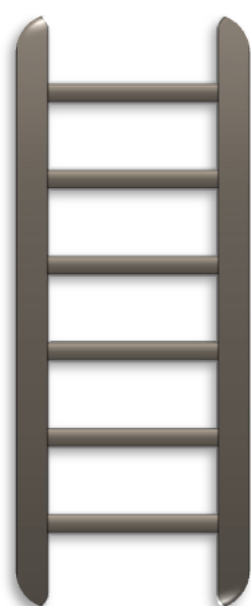
1.3.1 This assessment was produced following the methodology set out by the Welsh Government in “Getting Started with your Local Housing Market Assessment – A Step by Step Guide” (2014) and the “Local Housing Market Assessment Guide” (2006). For the purposes of this assessment, the County Borough has been divided into eight housing market areas, which are summarised in Table 1 below for reference.

Table 1: Housing Market Areas

Area	Wards Included
Bridgend and Surrounding	Brackla Bryntirion, Laleston and Merthyr Mawr Cefn Glas Coychurch Lower Hendre Litchard Llangweydd and Brynhyfryd Morfa Newcastle Oldcastle Pendre Pen-Y-Fai
Garw Valley	Bettws Blaengarw Llangeinor Pontycymmer
Llynfi Valley	Caerau Llangynwyd Maesteg East Maesteg West
Ogmore Valley	Blackmill Nant-Y-Moel Ogmore Vale
Pencoed and Heol Y Cyw	Felindre Hendre Penprysg
Porthcawl	Newton Nottage Porthcawl East Central Porthcawl West Central
Pyle, Kenfig and Cornelly	Cefn Cribwr Cornelly Pyle
Valleys Gateway	Aberkenfig Bryncethin Bryncoch Sarn Ynysawdre

- 1.3.2 These areas have been defined geographically based on the functional areas where people currently live and may be willing to move home; recognising 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). Individual preferences of households may well centre on smaller geographical radii. However, planning for additional 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).
- 1.3.3 This LHMA assesses the various components of the housing market across each of these varied Areas. It firstly provides an overview of key tenure related statistics, then details socio-economic and demographic trends before assessing the quantitative level of housing need across each Housing Market Area.
- 1.3.4 The collective housing market encompasses a range of tenures as depicted in Figure 1 below; conventionally ranging from home ownership to private rented accommodation to social rented accommodation. Historically, it was only this latter category of households that were considered to be in housing need. However, escalating property prices, low wage inflation, higher deposits, and tighter lending criteria have collectively given rise to a sector of households that are not technically in need of social rented accommodation, yet are 'squeezed out' of home ownership and the private rented sector.

Figure 1: Housing Market Ladder



- A) Home Ownership**
(private properties purchased via mortgage or capital by households able to meet their needs in the housing market)
- B) Low Cost Home Ownership**
(first time buyer properties available to purchase through shared equity mortgages)
- C) Private Rent**
(properties for rent by private landlords at open market levels)
- D) Intermediate Rent**
(properties for rent by housing associations at below market levels)
- E) Social Rent**
(properties for rent at social levels by housing associations)

- 1.3.5 Such households are often in need of an alternative form of affordable housing; broadly categorised as intermediate housing, yet encompassing both Low Cost Home Ownership (LCHO) and properties for intermediate rent. These tenures include properties to purchase or rent where prices or rents are above social levels, yet below market levels, respectively. This LHMA has duly considered the gap for such products alongside market housing and social housing, acknowledging that households will move up or down the housing ladder unsystematically as their housing needs dictate.
- 1.3.7 For the purposes of this assessment, Affordable Housing is defined as housing “where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers”. This includes social rented and intermediate housing but excludes private housing as the price and occupancy of the latter tenure is broadly set by the market and is not subject to Local Authority control.
- 1.3.8 The quantitative assessment of housing need detailed further in this LHMA utilises Welsh Government Guidance to arrive at a net level by Housing Market Area. This calculation is enabled by considering the level of newly arising need balanced against the extant backlog of need and the forthcoming supply, adjusted to take account of turnover in the social rented sector. However, as Welsh Government Guidance (2006) quite rightly states, “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”. This LHMA therefore takes a snapshot of housing need in 2019/20 and outlines the extent to which this quota can be met over the next five years.
- 1.3.9 This LHMA replaces the last Assessment (2012) in forming part of the evidence base for the Corporate Plan, Local Wellbeing Plan and Replacement LDP. Operationally, it provides a tool to inform the Replacement LDP’s affordable housing requirement, justify affordable housing provision on planning applications, allocate Social Housing Grant and inform strategic housing priorities at the local level.

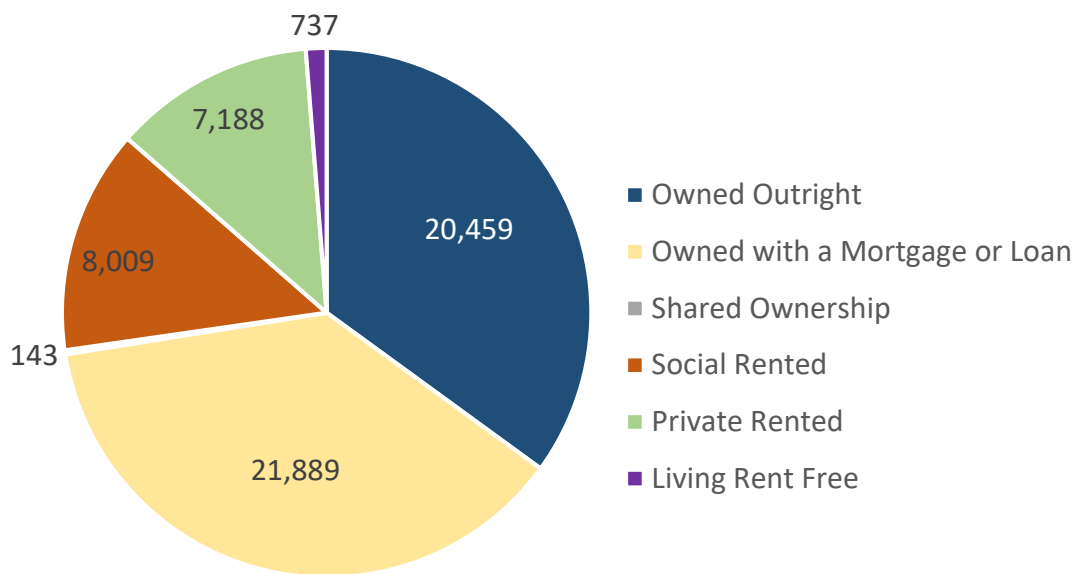
2. Housing Market Analysis by Tenure

2.1 Overview

2.1.1 Bridgend County Borough covers an area of 98.5 square miles with an estimated population of 144,288 comprising 61,484 households (WG mid-year estimates 2017). This section discusses the housing market in Bridgend covering the full plethora of tenures.

2.1.2 Owner occupation is the predominant tenure in the local authority area. At the time of the 2011 Census, 72% of households reported that they owned their home either outright or with a mortgage or loan. This is a slight decrease from the 2001 Census, yet the biggest change was in the proportion of households reportedly living in the private rented sector, which increased from 6% in 2001 to 11% in 2011. The potential reasons for this significant change are discussed in more detail below.

Figure 2: Tenure Indicated by Households, Bridgend County Borough



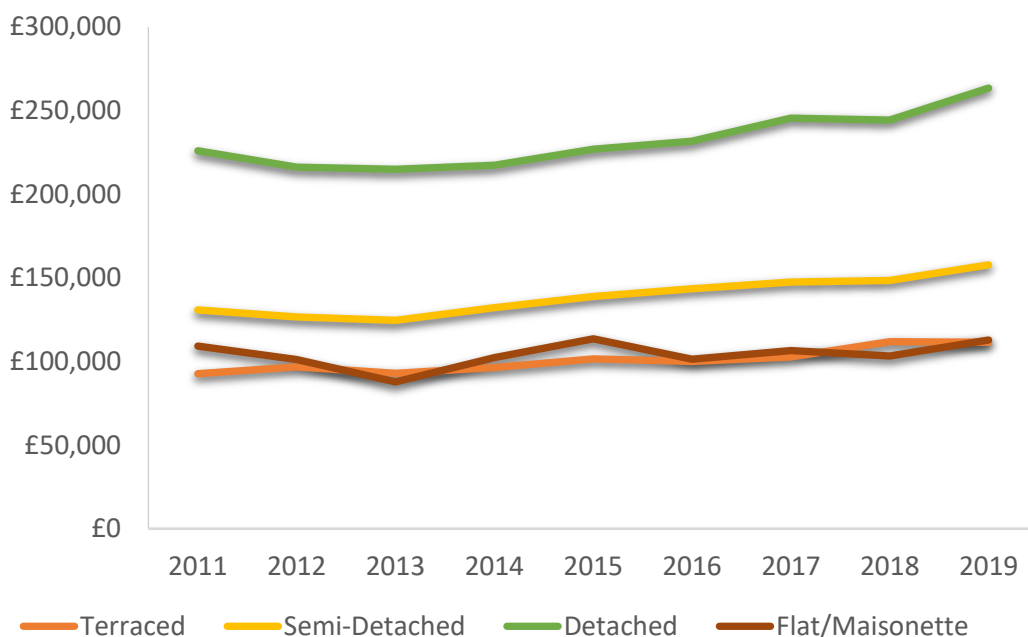
Data Source: 2011 Census

2.2 Owner Occupied Market Sector

2.2.1 Hometrack combines data on property sales with data from mortgage valuations to give a comprehensive overview of housing market activity. The benefit of this approach is that data is even available for areas where there may have been relatively few property sales.

2.2.2 As shown in Figure 3, the average price of all property types has increased over the last 8 years. The lowest increase has been within the flat and maisonette market, which has only witnessed a 3% increase in average prices between 2011 and 2019. This compares to a 20% increase for terraced houses and a 21% increase for semi-detached properties over the same period. This is in part due to the relatively low number of flats that come onto the market – in February 2019, Hometrack showed data for 66 flats compared to 470 terraced properties. New build flats also usually attract a significantly higher price than converted flats.

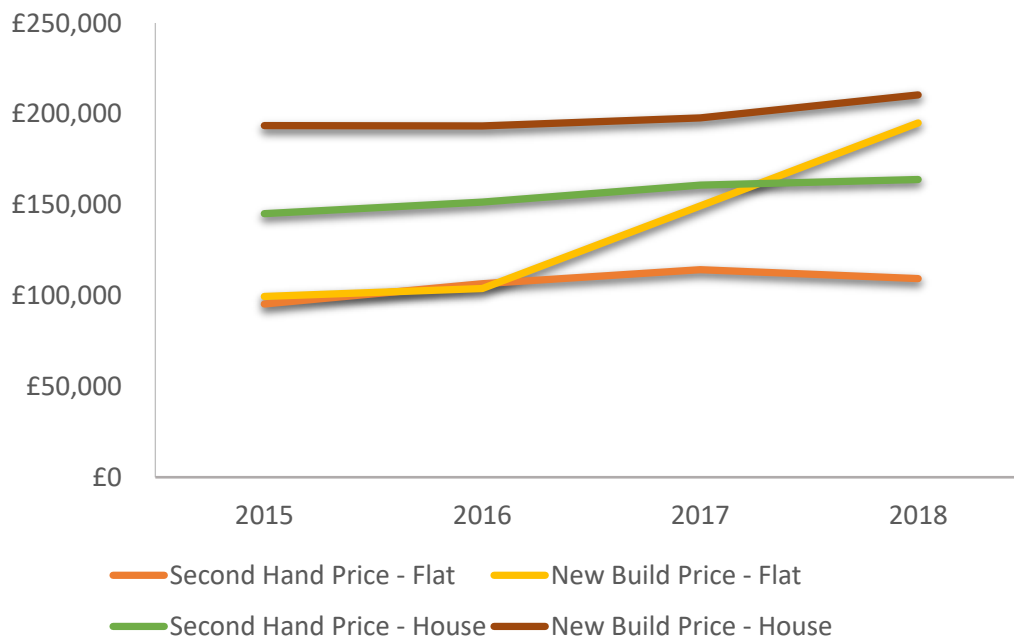
Figure 3: Average Property Prices 2011-19, Bridgend County Borough



Data Source: Hometrack

2.2.3 New build properties in general tend to attract a premium. This is to be expected as there is always a premium to pay for living somewhere that no other household has, with new fixtures and fittings, lower maintenance for the foreseeable future and usually off street parking (which may not always be available with older properties). Large new build developments can cause the average price property price in an area to appear to rise, which is particularly the case in areas where property prices are low. The new premium for flats and houses across the County Borough is displayed in Figure 4 overleaf.

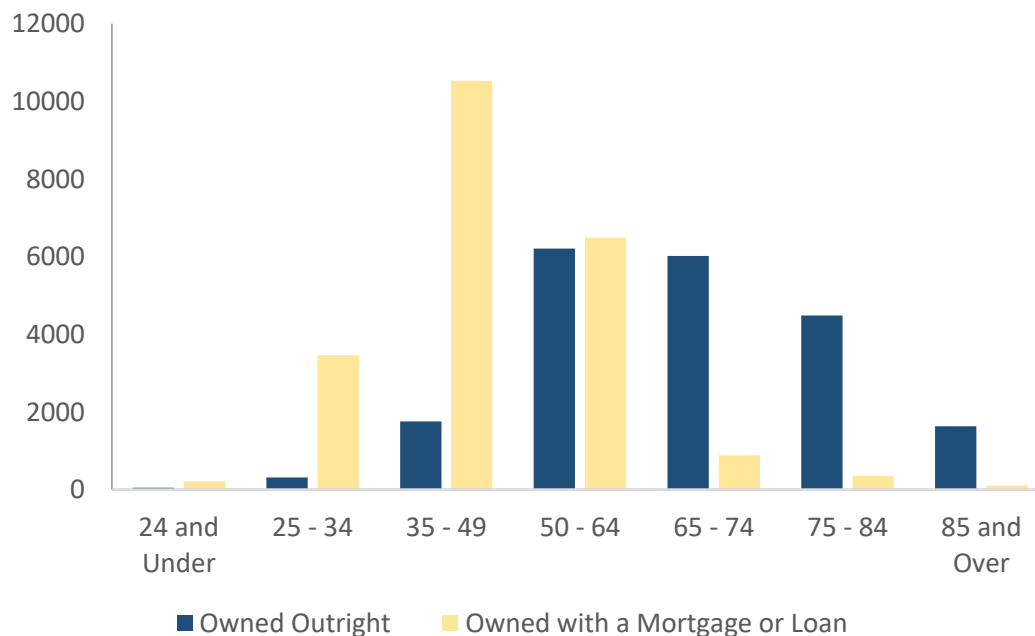
Figure 4: New Build Premium 2015-19, Bridgend County Borough



Data Source: Hometrack

- 2.2.4 The data on flat sales should be treated with caution as it's based on a small sample size, although there has been a consistent 30% new build premium for houses in recent years. This is an important consideration in terms of affordability for new build properties compared to existing properties.
- 2.2.5 Levels of home ownership remained fairly stable between the 2 Censuses; 77% of households reportedly owned their own home at the point of the 2001 Census compared to 72% in 2011, yet the make-up of owner occupiers changed. The number of households who stated they owned their home with a mortgage or loan dropped from 22,911 to 21,889 from 2001 to 2011. Over the same time period, the number of reported households who owned their home outright increased from 18,038 to 20,459.
- 2.2.6 This phenomenon is indicative of the continuing difficulties younger households face in accessing home ownership. It also raises potential considerations about the support older owner occupiers may need. The 2011 Census reported 6,115 households headed by someone aged 75 or over in the County Borough that live in accommodation that they own outright (refer to Figure 5). It may be that many of these households are asset rich, yet cash poor and could struggle to maintain and or heat their homes to an appropriate standard.

Figure 5: Age of Owner Occupiers, 2011, Bridgend County Borough



Data Source: 2011 Census

2.3 Help to Buy Wales

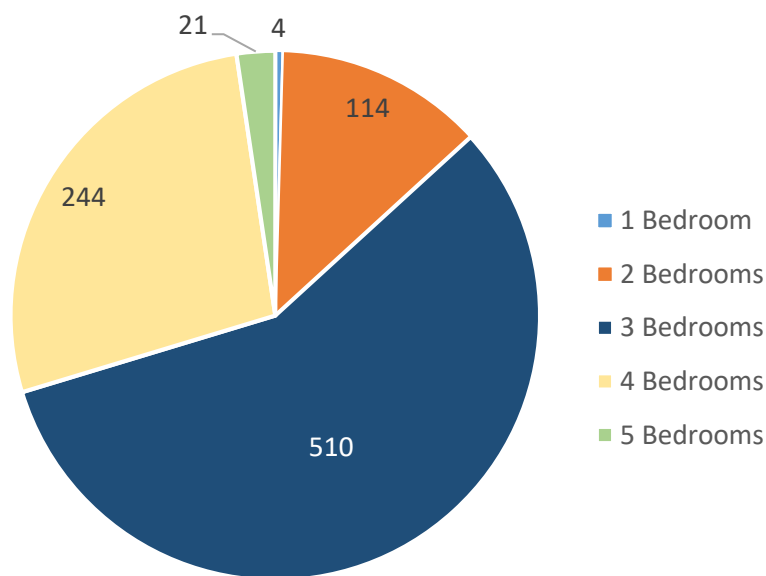
2.3.1 Help to Buy Wales is a Welsh Government funded scheme that assists households to purchase a new build property. Providing such households are able to raise a 5% deposit, the Welsh Government will provide a shared equity loan of 20% with the purchaser obtaining a mortgage for the remaining 75% of the purchase price. After 5 years the purchaser begins paying interest on the shared equity loan. The loan is repayable on the sale of the property or after 25 years.

2.3.2 Since its introduction in 2014, there have been 893 purchases made using Help to Buy Wales in Bridgend County Borough (up to and including the 2018/19 financial year), of which 668 were first time buyer sales. In order to provide context, there were 8,731 sales using Help to Buy Wales across the whole country over the same time period. 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.

2.3.3 As shown in Figure 6, most households using Help to Buy in Bridgend County Borough purchased a property with at least 3 bedrooms. More households also

purchased a property with five bedrooms than with 1 bedroom. Clearly, house builders have responded to the policy by building larger house types, although it is questionable as to how far this phenomenon is catering for and/or fuelling demand. On the one hand, smaller properties (notably 2 bedroom houses) are now becoming increasingly uncommon on new build sites meaning choice at this end of the new build market is more limited than it once was. However, on the other, 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. Nevertheless, choice in the housing market fundamental consideration as is longer term affordability.

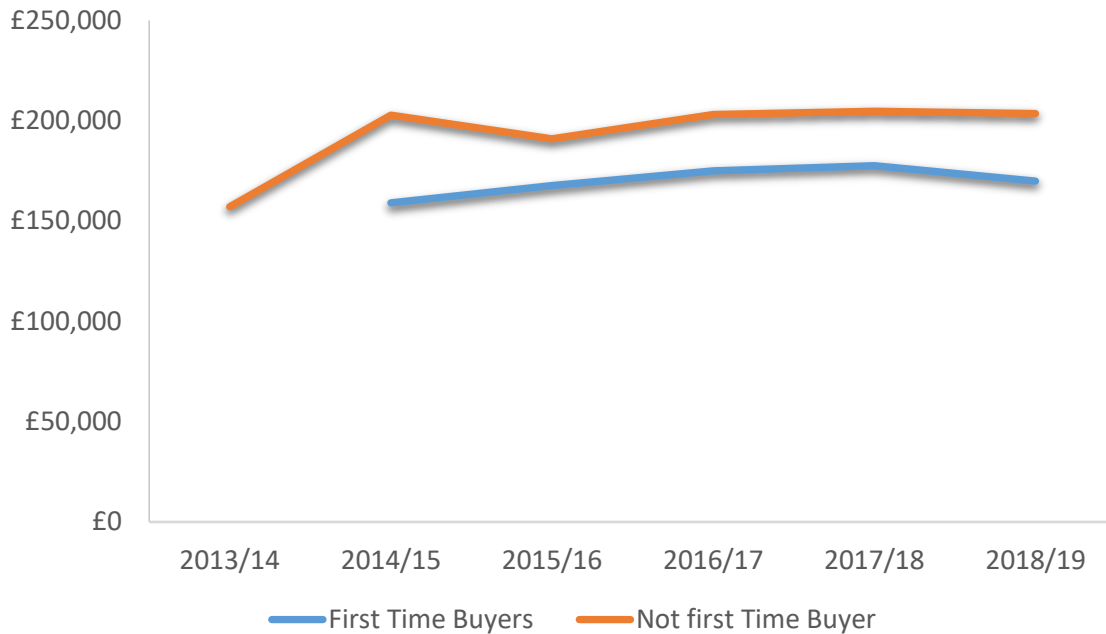
Figure 6: Number of Bedrooms in Properties Purchased through Using Help to Buy Wales in Bridgend (up to and including 2018/19)



Data Source: Stats Wales

2.3.4 Under Help to Buy Wales purchasers are able to provide more than a 5% deposit if they are willing and able to. The majority of households using Help to Buy Wales in Bridgend (642) only raised a 5% deposit. The average price paid for a property purchased using Help to Buy Wales in Bridgend County Borough has gradually risen from £157,098 in March 2014 to £184,198 in March 2019, although there are differences in the average price paid by first time buyers and non-first time buyers as shown in Figure 7.

Figure 7: Average Price Paid for Properties through Help to Buy Wales, Bridgend County Borough



Data Source: Stats Wales

2.3.5 Overall, 58% of households purchasing a property using Help to Buy Wales in the County Borough had an annual income of between £20,000 and £40,000; a very small number (6 households) had an annual income of over £80,000. Whilst individual mortgage income multiplier data isn't available, and there will undoubtedly be exceptions at either end of the scale, this data 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.

2.3.6 Moreover, datasets on the number of purchasers who have paid off their equity loan are not available at the local level, yet the national total is only 854 households, which suggest the County Borough total will be similarly low. During the lifetime of this LHMA, the first households to use Help to Buy Wales will begin repaying their equity loan. It can be inferred, from the data above, that most households will have had the maximum allowable mortgage under the scheme and the additional interest charges may present affordability issues for many of these households. This will need to be duly monitored as part of subsequent LHMA updates to determine the impact on future housing need.

2.4 Property Sale Trends

2.4.1 The average property price for Bridgend County Borough was £169,269 as of May 2019, although this masks significant variations across the sub local authority Housing Market Areas as shown in Table 2.

Table 2: Average House Prices in Housing Market Areas based on Sales and Valuations, 2019

Housing Market Area	Average Property Price
Bridgend and Surrounding	£184,024
Garw Valley	£104,145
Llynfi Valley	£113,220
Ogmore Valley	£97,929
Pencoed and Heol-Y-Cyw	£185,213
Porthcawl	£236,647
Pyle, Kenfig and Cornelly	£144,248
Valleys Gateway	£158,009

Data Source: Hometrack

2.4.2 The lowest average property prices were in the Nantyllyon and Caerau areas of the Llynfi Valley at £84,315 and the highest were in the Nottage area of Porthcawl at £259,821. The figures above are based on sales and valuations. However, isolation of the sales data (i.e. the price households actually pay for the property) reveals key differences. Table 3 shows that asking prices are much more aspirational in the south of the County Borough. Most notably, properties sold for an average of 9% less than the price they were valued at in Porthcawl. Conversely, properties achieved more than their asking price in the Ogmore Valley on average. This may be indicative of potential home owners being increasingly willing to purchase properties in the north of the local authority where properties are more affordable, or indeed, the strength of local housing markets to households familiar with the area(s).

Table 3: Difference Between Sales and Valuation Data

Housing Market Area	Average Property Price – Sales and Valuations	Average Property Price – Sales Only	Difference (Number)	Difference (%)
Bridgend and Surrounding	£184,024	£174,380	-£9,644	-5%
Garw Valley	£104,145	£102,353	-£1,792	-2%
Llynfi Valley	£113,220	£104,092	-£9,128	-8%
Ogmore Valley	£97,929	£102,801	£4,872	+5%
Pencoed and Heol-Y-Cyw	£185,213	£174,150	-£11,063	-6%
Porthcawl	£236,647	£214,365	-£22,282	-9%
Pyle, Kenfig and Cornelly	£144,248	£138,607	-£5,641	-4%
Valleys Gateway	£158,009	£145,023	-£12,986	-8%

Data Source: Hometrack

2.4.3 However, average property prices alone do not indicate the numbers of properties available to buy. In the five years between 2013 and 2017, all Housing Market Areas witnessed an increase in the number of properties that sold, yet there were still significant differences across each vicinity. Areas with a relatively low turnover of stock for sale tended to be those areas where owner occupation was reportedly lower than average, and, the proportion of households in rented tenures (social or private) was relatively high.

Figure 8: Percentage of Total Number of Property Sales per Annum

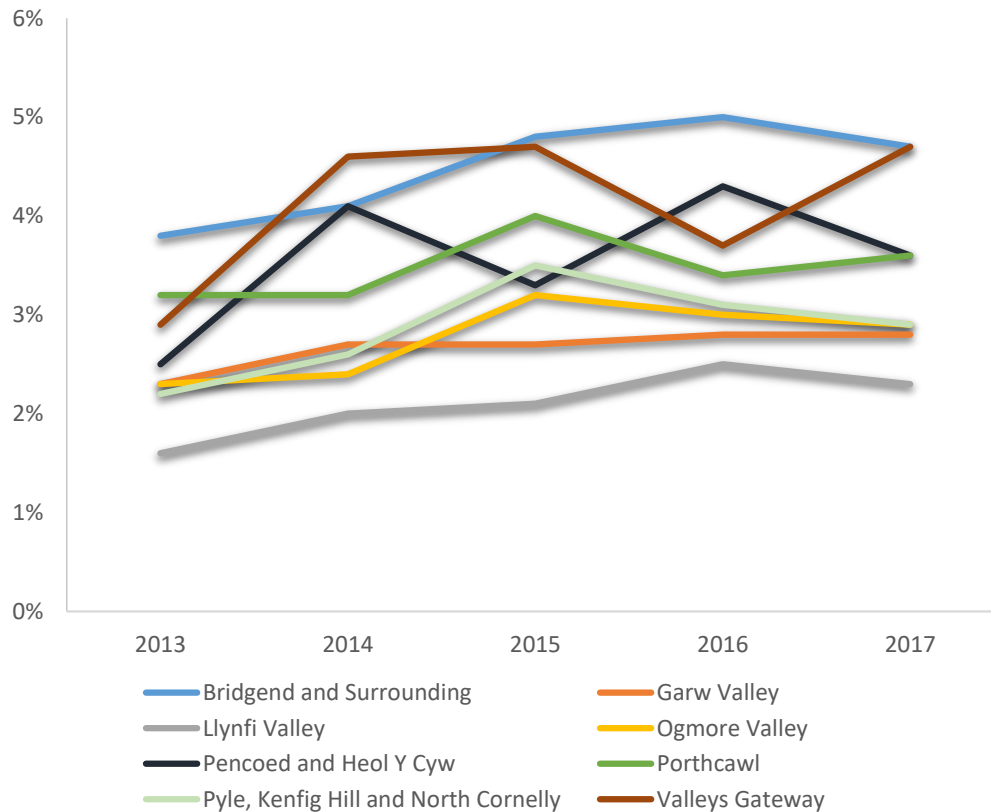
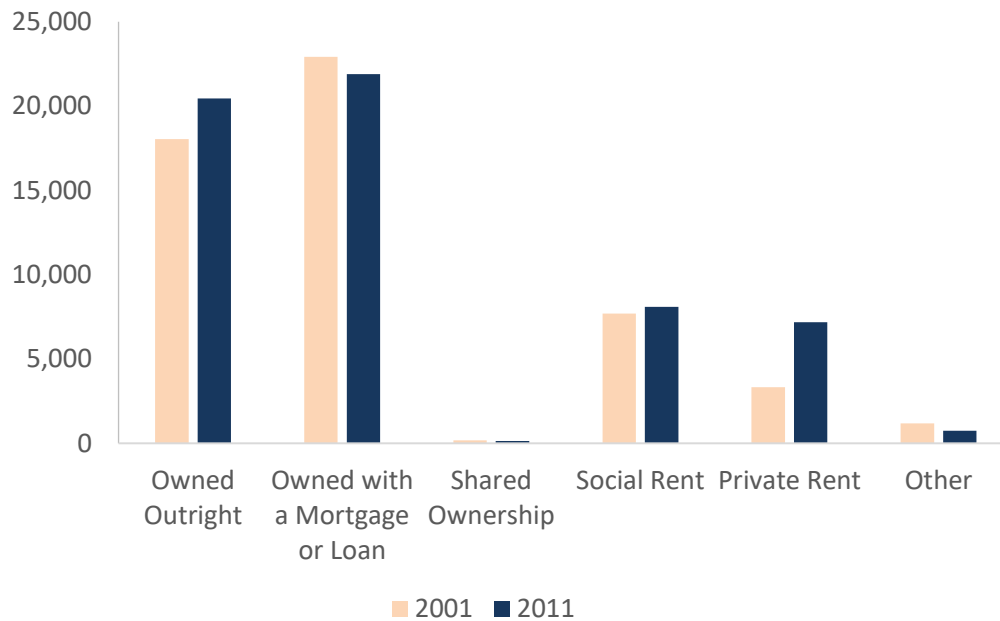


Figure 1 Data Source: Hometrack

2.5 Private Rented Sector

2.5.1 Between the 2001 and 2011 Censuses, the number of reported households living in the overall rented sector more than doubled across the County Borough. Over the same time period, the number of households that owned their home decreased, but by a smaller margin than the increase in households reported to reside within the private rented sector. As the numbers of households living in social housing has remained fairly stable over this period, it can be assumed that newly forming households are increasingly meeting their needs in the private rented sector.

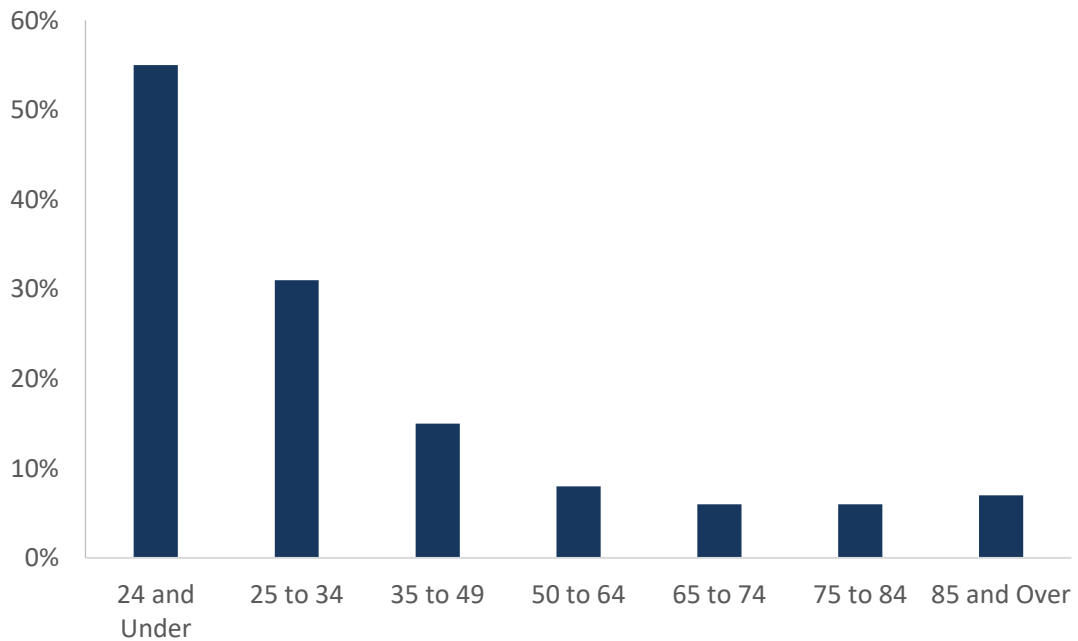
Figure 9: Households by Tenure, Bridgend County Borough



Data Source: 2001 and 2011 Census

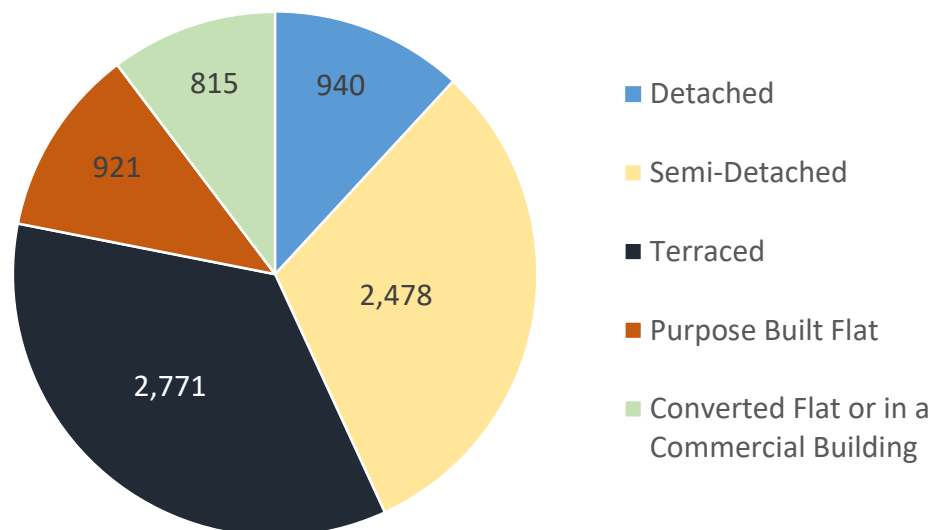
2.5.2 As shown in Figure 10 overleaf, the number of households living in the private rented sector tends to decrease with age. Private renting is the most common tenure in the County Borough for households headed by someone aged 24 or under. After the financial crisis, regulators imposed much stricter affordability requirements on mortgage lenders. In practice this means that first time buyers are finding it harder to access mortgages and are having to save for much larger deposits. The minimum deposit a mortgage lenders generally require is 5%, with deposits of 20% being common amongst first time buyers. This would mean someone seeking to buy an average priced property in the Bridgend local authority area would need a deposit of between £8,449 and £33,794.

Figure 10: Households Living in the Private Rented Sector (%)



2.5.3 Based on Census data reported by households, 10% of the privately rented stock in Bridgend is made up of houses that have been converted into flats or form part of commercial premises compared to 2% of social rented properties and 1% of owner occupied properties. Despite this, terraced houses are by far the most common property type in the private rented sector in the County Borough as depicted in Figure 11.

Figure 11: Property Types Reported by Private Rented Sector Households



Data Source: 2011 Census

2.5.4 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 small sample of the market, including both new lettings and continuing lettings, with and without rental increases. The sample size is naturally limited, unevenly distributed and only enables broad averages to be generated. Indeed, this data is used to set the broad Local Housing Allowance Rate for the County Borough, based on the lowest third of rents collected. However, this dataset is too general to capture the intricacies of the specific Housing Market Areas for this LHMA.

2.5.5 In order to overcome this issue, Hometrack Market Analysis has been utilised to generate weekly rents at sub local authority level. This data does include advertised rents within the sample. Whilst advertised rents are not necessarily the same as achieved rents, this exercise does provide a more in-depth overview of the costs of accessing the private rented sector in different areas.

2.5.6 As shown in Table 4, average private rents in Bridgend range from £105 a week for a 1 bedroom property to £196 a week for a 4 bedroom property. Generally speaking, the lowest rents are found in the north of the County Borough and the highest rents are in the south. Notwithstanding the aforementioned differences between Hometrack data and Rent Officers data, the Local Housing Allowance Rate has also been included in Table 4 for purposes of comparison.

Table 4: Weekly Private Rents, Bridgend County Borough, 2019

Number of Bedrooms	Lowest Average Rent	Highest Average Rent	Local Housing Allowance Rate
1 Bedroom	£75 Nantyyffyllon and Caerau	£141 Coity	£80.55
2 Bedroom	£91 Blaengarw	£161 Nottage	£103.56
3 Bedroom	£109 Caerau and Pontycymmer	£189 Rest Bay	£113.92
4 Bedroom	£75 Maesteg East	£401 Coychurch Lower	£149.59

Data Source: Hometrack

2.5.5 Table 5 overleaf analyses this issue further by comparing average weekly rents at ward level (sourced from Hometrack) to the Local Housing Allowance level. Cells highlighted in green indicate that the rent is at or below Local Housing Allowance rates. Whilst an allowance would need to be made for the (expected small) difference between advertised and achieved rents, there are quite a significant number of areas that appear unaffordable to households in receipt of housing related benefits that only cover the Local Housing Allowance.

Table 5: Comparison Between Average Weekly Rents (Hometrack) and Local Housing Allowance

Ward	1 Bed	2 Bed	3 Bed	4 Bed
Aberkenfig	£103	£120	£137	
Bettws	£135		£121	
Blackmill	£114	£114	£114	
Blaengarw		£91	£112	
Brackla	£109	£122	£150	£183
Bryncethin	£114	£130	£144	£167
Bryncoch	£109	£126	£141	£183
Bryntirion, Laleston and Merthyr Mawr	£87	£132	£160	£204
Caerau	£75	£103	£109	
Cefn Cribwr		£109	£156	
Cefn Glas	£132	£138	£144	£174
Coity	£141	£144	£166	£192
Cornelly	£109	£126	£150	£164
Coychurch Lower		£150	£159	£401
Felindre	£89	£121	£147	£170
Hendre		£132	£150	
Litchard		£132	£159	£167
Llangeinor		£103	£144	
Llangewydd and Brynhyfryd		£124	£144	
Llangynwyd		£114	£126	
Maesteg East	£90	£100	£120	£75
Maesteg West	£92	£109	£126	
Morfa	£109	£121	£144	
Nant-y-Moel		£99	£114	£103
Newcastle		£155	£150	£183
Newton	£132	£144	£170	£213
Nottage	£135	£161	£181	£201
Ogmore Vale	£80	£103	£115	£160
Oldcastle	£99	£122	£160	£183
Pen-y-Fai		£160	£155	£183

Pendre	£96	£137	£150	£166
Penprysg	£106	£136	£149	£195
Pontycymmer	£83	£103	£109	
Porthcawl East Central	£131	£126	£155	£207
Porthcawl West Central	£124	£132	£170	£276
Pyle	£91	£132	£144	£276
Rest Bay		£150	£189	£265
Sarn	£114	£120	£138	
Ynysawdre		£126	£138	£230

Data Source: Hometrack. NB A blank cell indicates that no data was available
(i.e. lack of sufficient private rented sector properties stock to generate an average weekly rent)

- 2.5.6 As of May 2018, there were 10,713 people in the Bridgend local authority area in receipt of Local Housing Allowance, of which, 4,239 were living in the private rented sector. The analysis above shows the potential impact of calculating Local Housing Allowance based on the lowest third of market rents. Even if a small element was subtracted to account for the difference between advertised and achieved rents, Local Housing Allowance falls considerably short of average rents in many areas. Geographically, this may mean that households entirely dependent on benefits to cover their housing costs may only be afford to rent privately in the north of the County Borough.
- 2.5.7 A factor having a significant impact on the supply of private rented accommodation in some areas has been the rise of short term private lets, most commonly through websites such as Airbnb. As of June 2019, there were over 150 self-contained properties in Bridgend available to let through Airbnb. Whilst short-term holiday lets have always been common in some areas of the County Borough, and do play an important role in the local economy, they are increasingly appearing outside of these traditional areas and at much higher rents than they would achieve as a long term let.

2.6 Social Rented Sector

- 2.6.1 Between the 2001 and 2011 Census, the number of households reporting that they lived in social housing remained fairly static, falling slightly from 14% in 2001 to 13% of all households in 2011. Despite stock transfer taking place in 2003 at the time of the 2011 Census 2,332 households stated that they rented their home from the local authority. Hence, it is more accurate to use up to date stock data from the Registered Social Landlords (RSLs) operating in the County Borough to analyse the local social housing stock profile.
- 2.6.2 Viewing the stock profile in isolation does not identify the availability of or demand for different property types in different areas, yet it is a fundamental starting point in understanding the local social rented sector. As shown in Table 6, the highest level of social rented accommodation is found within Bridgend and the surrounding areas, which is unsurprising given that this is the most densely populated part of the County Borough. Conversely, the lowest absolute stock totals are found in Pencoed, Porthcawl and the Ogmore Valley.
- 2.6.3 Around a fifth of the total social rented stock comprises one bedroom properties, which are mostly flats. There are very few larger properties, with just 2% having four bedrooms or more. These properties become available for re-letting very infrequently. Two and Three bedroom homes are the most common social rented property type in the County Borough, yet this represents a mismatch with societal trends for smaller household sizes as will be discussed further in the following chapter.

Table 6: RSL Stock Overview, 2019, Bridgend County Borough

Housing Market Area	Total Social Rented Units	1 Bed	2 Beds	3 Beds	4 + Beds
Bridgend and Surrounding	3,018	771	1,145	1,050	52
Garw Valley	625	114	232	248	31
Llynfi Valley	1,217	276	275	654	12
Ogmore Valley	437	106	182	136	13
Pencoed and Heol-Y-Cyw	439	54	203	179	3
Porthcawl	400	222	111	67	0
Pyle, Kenfig and Cornelly	1,632	221	701	694	16
Valleys Gateway	927	135	524	262	6
Total	8,695	1899	3,373	3,290	133

Data Source: RSL Stock Data

2.6.4 This may go some way to explaining why households in social housing were more likely to be overcrowded than in any other tenure as recorded by the 2011 Census (5% of households living in social housing were overcrowded compared to 1% of owner occupiers).

Table 7: Number of Households with 'Extra' Bedrooms

	2 Extra Bedrooms		1 Extra Bedroom	
	No.	%	No.	%
Owner Occupied	21,778	51%	14,809	35%
Social Rented	1,013	13%	2,904	36%
Private Rented	1,639	21%	3,348	42%

Data Source: 2011 Census

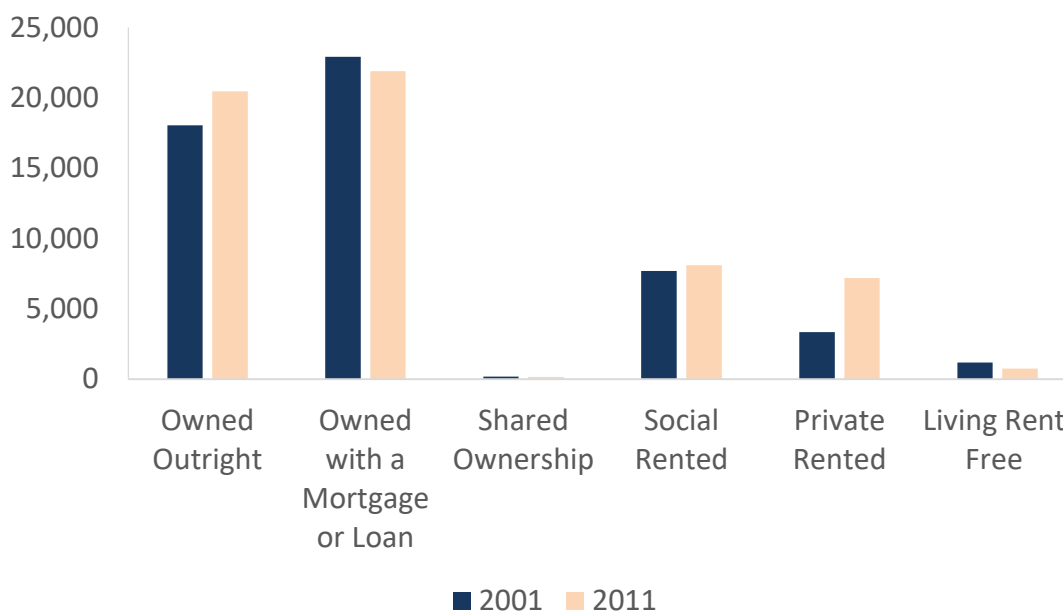
2.6.5 The Census was carried out prior to the Welfare Reform Act 2012, which removed the spare room subsidy in the social rented sector. This now means social housing tenants no longer receive additional housing benefit if they are deemed to have spare rooms. At the time of the 2011 Census, tenants in social housing were the least likely group to have a spare room (Table 7 refers). This phenomenon will have increased even further post implementation of the Welfare Reform Act 2012, which caused many households with spare rooms to seek to downsize. This does present a key issue in terms of housing need given that one bedroom properties are not particularly prevalent across the social housing stock and societal trends reveal a high prevalence of single person households, single parent households and households comprising of couples with no children.

3. Socio-Economic and Demographic Trends

3.1 Growth and Decline in the Market

3.1.1 Between the 2001 and 2011 Censuses, the number of households reportedly living in the Bridgend local authority area increased by 5,173 however the distribution of these households was not spread equally across the different tenure types. As shown in Figure 12, the largest change was in the proportion of households reportedly living in the private rented sector, which increased from 6% in 2001 to 11% in 2011. In addition, outright home ownership increased, whereas home ownership (with a mortgage or loan) decreased slightly.

Figure 12: Households by Tenure



Data Source: 2001 and 2011 Census

3.1.2 The change in tenure types is also not split equally across the various Housing Market Areas as shown in Table 8. Nearly all areas have seen a decline in the number of households that own their home with a mortgage or a loan. The exceptions are in the Ogmore and Garw Valley areas, where home ownership has remained relatively more stable. This is likely to be for two main reasons; ageing households finishing mortgage repayments and lower property prices rendering home ownership more affordable in these areas. However, given the length of time that has passed since the last Census, it is now important to consider more recent data including Mid-Year Household estimates and future household projections that will be used to inform the Replacement LDP.

Table 8: Household Reported Tenure Change 2001-2011

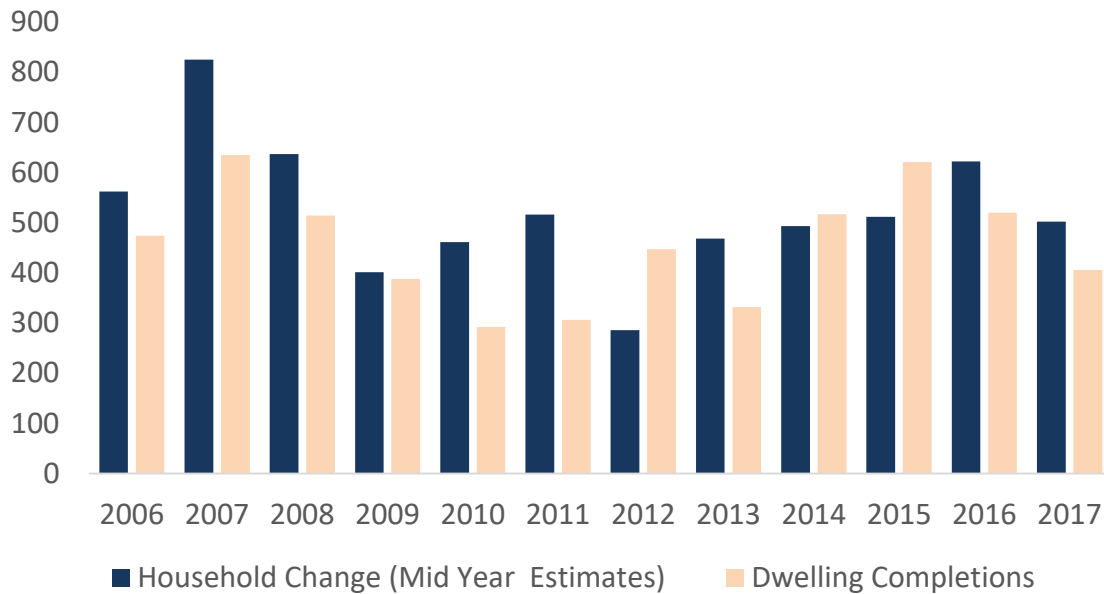
Housing Market Area	Owned Outright	Owned with Mortgage or Loan	Social Rented	Private Rented
Bridgend and Surrounding	1,305	-310	325	1,664
Garw Valley	18	28	-22	190
Llynfi Valley	113	-341	-61	628
Ogmore Valley	12	26	15	258
Pencoed and Heol-Y-Cyw	324	-132	-18	269
Porthcawl	193	-287	-36	407
Pyle, Kenfig Hill and North Cornelly	253	-1	152	505
Valleys Gateway	203	-5	52	353
Total	2,421	-1,022	407	4,274

Data Source: 2001 and 2011 Census

3.2 Mid-Year Household Estimates and Projected Formation Rates

3.2.1 The existing LDP (2006 – 2021) has been broadly successful, especially in bringing forward a number of residential and mixed-use allocated sites (primarily on brownfield land) within the County Borough. In order to provide context, it is helpful to compare the number of dwellings delivered over the course of the existing Plan with the annual household change identified in the latest set of Welsh Government Mid-Year Household Estimates. Household Estimates are similar to projections, although they are based on past population estimates as opposed to future population projections. Figure 13 provides a visual comparative overview for reference and illustrates that build rates have been broadly in line with the estimated annual household increase, notwithstanding fluctuations across both datasets since 2006.

Figure 13: Comparison between Completions and Mid-Year Estimates



Source: Joint Housing Land Availability Study 2019 and Stats Wales

- 3.2.2 The data identified in the Mid-Year Household Estimates has been incorporated into the justified household projection used to underpin the Preferred Strategy of the Replacement LDP (the POPGROUP Short Term Scenario). This Projection is based on internal migration rates plus international migration flow assumptions over a six-year historical period (2011/12–2016/17), also including the latest three years of population statistics to derive assumptions. Further information on this projection (and justification for its use to underpin the Replacement LDP’s Preferred Strategy) is available in the Strategic Growth Options Background Paper.
- 3.2.3 This demographic scenario projects growth of 7,219 households over the Replacement LDP period (2018 to 2033), producing a dwelling requirement of 7,575 dwellings, incorporating a 4.8 % household to dwelling conversion rate to allow for transactional empty properties and ‘churn’ in the market. The household growth estimated under this projection is primarily attributable to single person and two person households, with a notable increase in working age households, particularly around the 35-44 age group.
- 3.2.4 Most of the population growth is expected to be within the established settlements of Bridgend, Porthcawl, Pencoed and Pyle/Kenfig Hill/North Cornelly; where growth can be accommodated in a sustainable manner to support and help progress the vitality of existing major settlements (refer to the 2019 Settlement Assessment). There are also regeneration aspirations for the Valleys Settlements, which exhibit a number of brownfield development opportunities that are capable of accommodating significant growth and would also benefit from that growth as a means of boosting the local economies.

3.2.5 Crucially, this household projection (in terms of both scale and geographic distribution) helps indicate the number of households expected to form over the life of this LHMA and pinpoints where this growth is likely to occur. It is anticipated that 2,720 new households will form over the assessment period within the aforementioned growth areas and a key aspect of this LHMA is to therefore calculate how many of these newly forming households are likely to be in need of affordable housing. The housing need calculation in Chapter 4 will provide a tenure based analysis in this respect utilising a broad range of socio-economic data to estimate how many households are likely to be unable to meet their housing needs in the market.

3.3 Empty Homes

3.3.1 For the purposes of this LHMA, an empty home is a residential property which has been unoccupied for 6 months or more. An empty property can be brought back into use by renting, selling, or auctioning it, or by the owners themselves moving in. Empty properties can attract crime, vandalism and anti-social behaviour, 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.

Private Sector Empty Homes

3.3.2 As of June 2018, there were 1,225 private sector residential properties empty for six months or more across Bridgend County Borough, which equated to 2% of all residential properties in the area. This headline number has remained relatively consistent over the past several years, although masks both re-occupation of existing empty homes and additional homes becoming empty. For example, 32% have been empty for six to twelve months and these can largely be considered transactional; whilst also acknowledging that early intervention can help prevent them from becoming longer term empty homes. However, 42% of private residential sector properties have been empty for two or more years and these properties are more likely to have negative social, environmental and economic consequences and therefore need a particular focus.

3.3.3 There are issues with empty properties in nearly all markets, although nearly half are located in and around Maesteg, Porthcawl and Bridgend's Town Centres alone; attributable to the fact that these are the most populous towns in the County Borough. This suggests that in order to foster vibrant and viable town centres and support a successful economy, it would be beneficial to focus interventions on these areas. Living in close proximity to town centre amenities could also help make a property more desirable to sell or to rent and the property is therefore more likely to be brought back into use.

3.3.4 Whilst it is important to focus on areas that have the greatest number of empty properties *per se*, and which also have a greater potential of being brought back into use because of their location, it is arguably more important to focus on the

relative proportion of empty homes in each Housing Market Area. Understanding the relative level of density of empty homes enables a clearer understanding of the impact on local communities. The highest relative clusters of empty homes were found in the Ogmores Valley (where 4.46% of private sector properties were empty), the Llynfi Valley (where 3.45% were empty) and the Garw Valley (where 3.16% were empty). Given the relatively lower property prices in these vicinities, it is likely that such properties are empty for low demand reasons. In comparison, 1.7% of private sector properties are empty in Bridgend Town and 2.38% are empty in Porthcawl. Whilst proportions are generally lower in these areas, 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. In either case, empty properties are present in nearly all markets, which represents not only a problem but a resource to help increase housing supply and regenerate communities.

Housing Association Empty Homes

- 3.3.5 During the 2017/18 financial year, there were 103 empty social rented properties across the County Borough. The majority had been empty for less than six months and were available for letting. 37 had been empty for more than six months, with only 6 available for letting. 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. These latter 37 properties would fall into this category, although admittedly, this is only a minor proportion of the total stock, and it is clear that housing association voids are not a major contributor to the number of empty homes across the overall housing market.

3.4 Occupancy Ratings

- 3.4.1 The 2011 Census calculated occupancy ratings by subtracting the number of bedrooms a household requires from the number in their current accommodation. A minus figure indicated that they had too few bedrooms and a positive figure too many. It has already been demonstrated that social housing tenants were the least likely to be under occupying their property and that the majority of home owners had more bedrooms than they needed.
- 3.4.2 However, there were also some differences in occupation in the various Housing Market Areas. Households in the Garw Valley were most likely to be overcrowded as shown in Table 9.

Table 9: Occupancy Ratings

	Occupancy Rating of +2 or more	Occupancy Rating of +1	Occupancy Rating of 0	Occupancy Rating of -1 or less
Bridgend and Surrounding	43	35	19	2
Garw Valley	34	40	23	3
Llynfi Valley	41	37	19	2
Ogmore Valley	39	38	20	2
Pencoed and Heol Y Cyw	46	37	16	2
Porthcawl	48	32	18	2
Pyle, Kenfig and North Cornelly	38	36	23	2
Valleys Gateway	37	38	22	2

Source: Census 2011

3.4.3 Considering household composition further, lone parents with dependent children were twice as likely to be overcrowded as couples with children. Overall, 6% of lone parent households were overcrowded compared to 3% of couples with children. The household type most likely to be overcrowded was other households with dependent children with 24% being recorded as lacking at least one bedroom.

3.5 Household Income, Social Grade and Commuting Patterns

3.5.1 The Office for National Statistics (ONS) produces household income estimates at Middle Super Output Area (MSOA). These include statistics published in 2018 showing the average net household's income after housing costs for the 2015/16 financial year. As shown in Table 10, areas with the lowest incomes tend to have the highest percentage spends on housing costs. The very low spends on housing costs in Porthcawl can likely be accounted for by the number of people in this area that own their home outright.

Table 10: Average Income Estimates by Housing Market Area

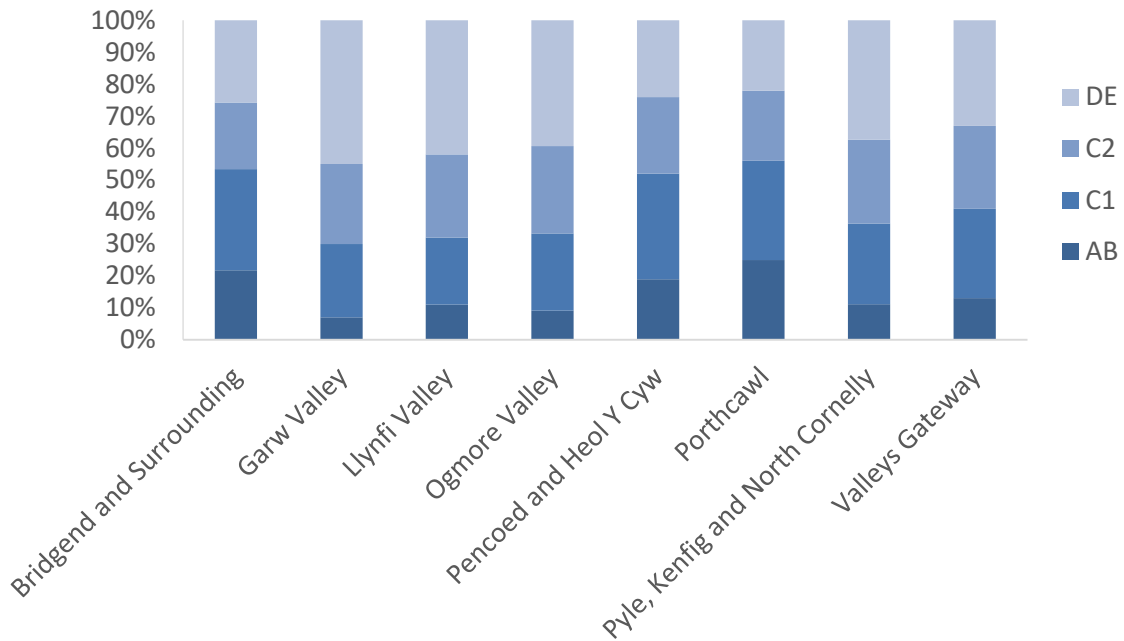
	Net Annual Income Before Housing Costs	Net Annual Income After Housing Costs	% Of Income Spent on Housing Costs
Bridgend and Surrounding	£23,700 - £28,800	£21,200 - £23,900	5% - 11%
Garw Valley	£23,800	£19,900	16%
Llynfi Valley	£24,100 - £25,300	£18,700 - £22,600	11% - 22%
Ogmore Valley	£23,700	£19,200	19%
Pencoed and Heol Y Cyw	£25,900	£24,200	7%
Porthcawl	£25,100 - £27,000	£24,300 - £26,800	1% - 3%
Pyle, Kenfig and North Cornelly	£23,600 - £24,000	£20,300 - £21,200	12% - 14%
Valleys Gateway	£25,000 - £25,500	£22,400 - £22,500	10% - 12%

Data Source: ONS, 2015/16 data

3.6 Social Grades, Household Composition and Ethnicity

- 3.6.1 In order to add further context, the Market Research and Marketing Industries use data from the Census to assign each household a social grade based on their household reference person. The grades range from AB – higher managerial, administrative, professional occupations to DE – semi skilled, unskilled and lowest grade occupations.
- 3.6.2 People in social grades AB make up the greatest proportion of the population in Bridgend and Surrounding and Porthcawl. The Garw Valley and the Llynfi Valley have the highest proportions of people in social grade DE (Figure 14). This correlates with the more up to date data on household incomes.

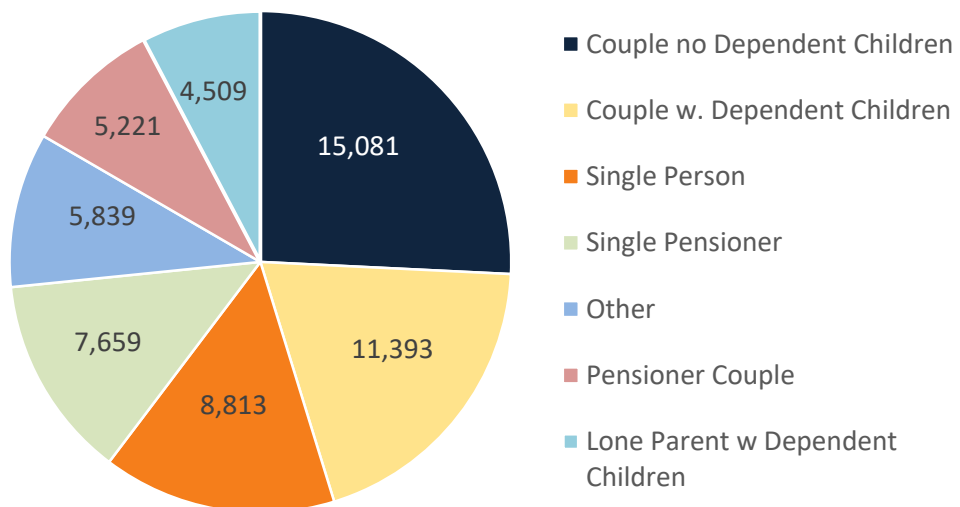
Figure 14: Social Grade of Household Reference Person



Data Source: Census 2011

3.6.3 At the time of the Census, the most common household type in the Bridgend County Borough was single family households with no dependent children followed by single family households with dependent children and then single people below the age of 65 (Figure 15 relates). This trend is projected to become increasingly apparent with both an ageing local population plus newly forming households increasingly comprising of single people, couples without children and lone parents with one child.

Figure 15: Household Types, Bridgend County Borough



Data Source: Census 2011

- 3.6.4 Porthcawl had the highest proportion of pensioner households in 2011, with single pensioners comprising 19% of the population in this area and pensioner couples accounting for a further 13%. Pyle, Kenfig Hill and Cornelly has the greatest proportion of single parent households with 10% of the households in this area being recorded as lone parents with dependent children.
- 3.6.5 At the time of the 2011 Census, 96% of people in Bridgend described themselves as White British (which includes Welsh, Scottish, Northern Irish and English). The next most common ethnic group was people identifying as White Polish but this still only accounted for less than 1% of the total population (Table 11).

Table 11: Self Ascribed Ethnic Group

Ethnic Group	Number	% of Population
White: English/Welsh/Scottish/Northern Irish/British	133,656	96.03
White: Polish	738	0.53
White: Irish	474	0.34
Asian/Asian British: Chinese	356	0.26
Mixed/multiple ethnic group: White and Black Caribbean	338	0.24
Asian/Asian British: Indian or British Indian	337	0.24
Asian/Asian British: Filipino	312	0.22
Mixed/multiple ethnic group: White and Asian	264	0.19
White: Any other ethnic group	239	0.17
White: Other Western European	213	0.15

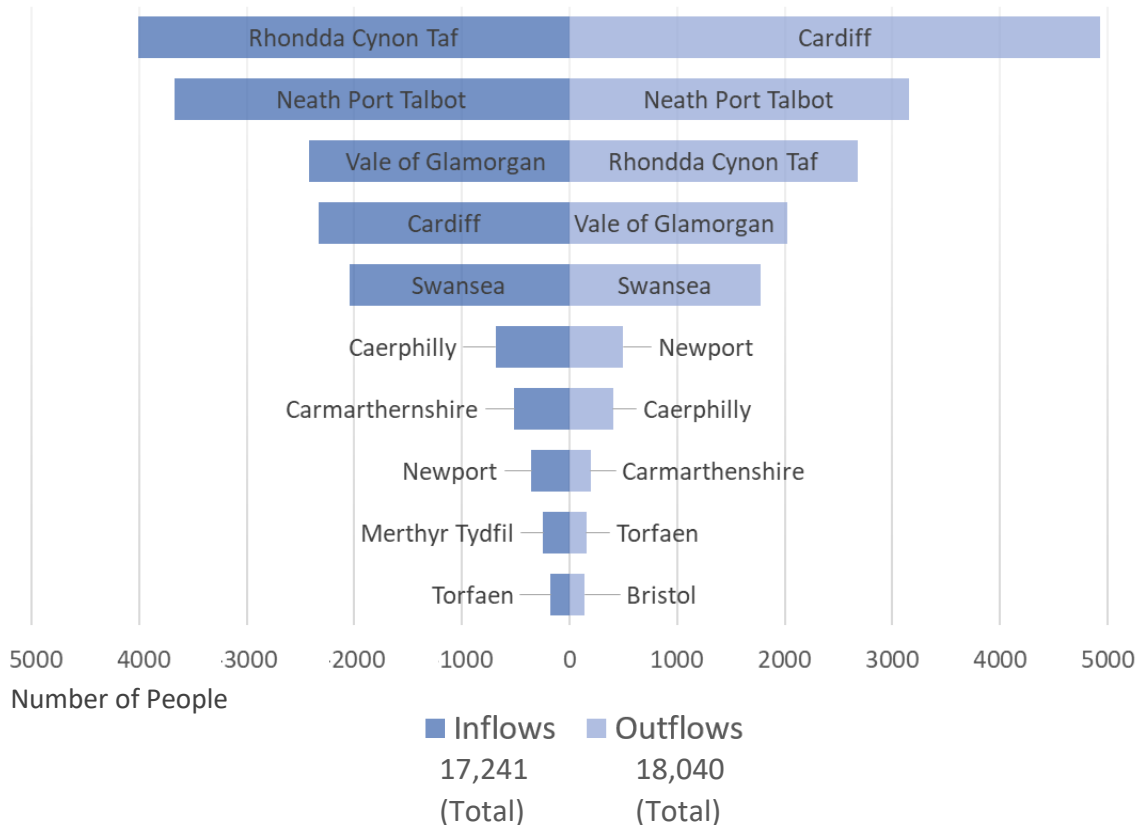
Data Source: 2011 Census

- 3.66 The north of the County Borough was the least ethnically diverse with 98% of people in the Garw Valley and Llynfi Valley identifying as White British. Bridgend and Surrounding had the largest ethnic minority population with 94% of people in this area identifying as White British. The largest ethnic group in this area in 2011 was Polish; accounting for just over 1% of the total population followed by Filipino and Chinese groups making up around 0.5% of the population each. 73% of the total Polish population, 58% of the Chinese population and 81% of the Filipino population in the County Borough live in Bridgend and the surrounding area.

3.7 Commuting Patterns

- 3.7.1 Due to its location on the M4 corridor, access to the main railway line to London and significant employment provision, Bridgend is a popular area to both live and work in. The 2011 Census found a fairly even balance between the number of people who commuted into Bridgend for work and the number of residents who worked elsewhere, resulting in a net change of -799 people (Figure 15).

Figure 15: Household Types, Bridgend County Borough



Data Source: 2011 Census

3.7.2 Cardiff was the most common workplace based out commuting destination for Bridgend residents in 2011, and this is likely to be due to Cardiff workers taking advantage of Bridgend’s more affordable property prices and strong transport links. Equally, 4000 Bridgend workers commuted into the County Borough from neighbouring Rhondda Cynon Taf to work given the overlapping employment and housing markets. However, around a third of people both lived and worked in the Bridgend County Borough in 2011, which underlies its importance as a major, yet sustainable employment area. A consistent supply of good quality, affordable housing is vital to ensure Bridgend is able to maintain this status in the future.

4. Socio-Economic and Demographic Trends

4.1 Housing Need Calculation - Definitions

4.1.1 Hitherto, this assessment has analysed the housing market as a whole, although a key aspect of a LHMA is to calculate the number and type of households that are likely to be in housing need over the assessment period. Housing need is deemed by Welsh Government to generally “refer 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.”

4.1.2 Several factors have taken into consideration in order to estimate levels of housing need in accordance with Welsh Government Guidance. Put succinctly, the existing backlog of need for affordable housing is combined with existing households expected to ‘fall’ into need and new households that will be unable to meet their need over the LHMA period. The expected supply of affordable housing likely to come forward is then deducted from this total to provide a total level of unmet need over the life of the assessment, which is finally adjusted to take account of turnover in the social rented sector.

4.1.3 For the purposes of this LHMA, affordable housing is defined, in accordance with Technical Advice Note 2, as housing provided to those whose housing needs are not met by the open market and “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”. Affordable housing should:

- Meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local house prices; and
- Include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or stair casing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.

4.1.4 Affordable housing can essentially be split into two broad categories, also defined in TAN 2:

- **Social Rented Housing** – provided by local authorities and registered social landlords where rent levels have regard to the Assembly Government’s guideline rents and benchmark rents; and
- **Intermediate Housing** – where prices or rents are above those of social rented housing but below market housing prices or rents. Intermediate housing differs from low cost market housing, which the Assembly

Government does not consider to be affordable for the purpose of the land use planning system.

- 4.1.5 As such intermediate products can include both LCHO and intermediate rent tenures providing there are provisions to ensure they remain affordable for future occupants and there is a gap in the market for their introduction as usefully affordable products. With this overview in mind, each element of housing need will now be analysed in turn before arriving at the total housing need calculation.

4.2 Newly Arising Need from New Households

This initial strand of housing need is based on an assessment of the number of newly forming households that are unlikely to be able to afford market housing. Some will be able to afford intermediate housing, although intermediate products will not necessarily be feasible on all developments as there may not be a significant enough gap to introduce them in certain markets, based on house prices and rents. The remainder will be deemed to be in need of social housing as their income is unlikely to be sufficient to afford market housing or intermediate housing in their respective Housing Market Area.

Newly Forming Households in Need of Intermediate Housing

- 4.2.1 In order to estimate the number of households that are priced out of the market, yet able to afford an intermediate housing product, a number of assumptions have to be made. Firstly, as per Welsh Government Guidance, an affordable market property is defined as one costing no more than 3.5 times a household's income. In the current market, it is 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.
- 4.2.2 As people accessing market or intermediate housing are not governed by size criteria in the same way as those applying for social housing, it is assumed that all newly forming households will require a 2 bedroom property as a minimum. The average lower quartile price for 2 bedroom properties within each respective Housing Market Area has therefore been utilised as a geographic proxy for 'entry level' first time buyer properties across the County Borough. A household is deemed to be able to meet their needs in the market if the 'entry level' price is typically less than or equal to 3.5 times their income.
- 4.2.3 This was coupled with an additional 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 minimum 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 going forward. 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' typically helps finance a growing proportion of mortgage deposits. It is thus felt that this is a justifiable assumption for a study of this nature, although admittedly, this is likely to produce a conservative estimate of need.

- 4.2.4 Sequentially, CACI Paycheck data was used to estimate income differentials amongst newly arising households across the County Borough. The 3.5 times multiplier was then applied to calculate the proportion of households able to afford a mortgage for an entry level property within each Housing Market Area. Households were not deemed to be in housing need if they met this criterion. This exercise was then repeated with a discount applied to the entry level price (i.e. 30%), which effectively identified the scope to introduce LCHO products. In other words, this second step captured the proportion of households initially priced out of the entry level market that could afford a mortgage with a 30% reduction to the market price. Finally, if a household was still considered priced out of the market, the potential for them to benefit from an intermediate rent (IR) product was then assessed. Welsh Government guidance defines IR as 20% less than the market rate and recommends that households should spend no more than 30% of their gross income on their rent. Therefore, this third step determined whether introduction of an IR product would be of benefit to any remaining households priced out of the other tenures, before estimating the remainder as being in need of social rented accommodation.
- 4.2.5 This exercise identified that around half of newly forming households are likely to be in need of intermediate housing (either LCHO or IR) each year of the LHMA period, although this varies on a settlement by settlement basis as Table 12 will show. Comparisons between incomes, discounted market prices and discounted rents do overlap, meaning there will be significant overlap between people who can access LCHO and those who can access IR. Further tenure disaggregation is therefore better conducted on a site by site basis utilising the latest information available at that time and considering whether there is a gap in the particular housing market to introduce a usefully affordable, viable product.
- 4.2.6 Indeed, it is important to bear in mind that the LCHO affordability calculation is based on 70% of the price of properties that are currently coming onto the market. In areas with very little new build, or even particularly modern properties, this may mean that 70% of the existing average property price is considerably different to what 70% of a new build property would be, especially if these properties are smaller in size than the existing stock. On this basis it may well be that more households are potentially able to access LCHO products than this LHMA currently suggests.
- 4.2.7 As well as the caveats outline above, not all areas or developments will be able to sustain intermediate housing products due to small rent differentials between

market and social housing rents. This was discussed in more detail in section 2.5.

Newly Forming Households in Need of Social Housing

- 4.2.8 The aforementioned exercise has also identified that 145 newly forming households will be in need of social rented accommodation each year of the LHMA period. The majority are deemed to be in need of 1 bedroom accommodation, which is unsurprising given the previously mentioned societal trends and mismatch with the existing (predominantly larger) social rented stock profile.
- 4.2.9 The identified need for larger properties (i.e. with 4 bedrooms or more) is low, although these property types seldom become available for re-letting. This is discussed in more detail below, although failure to intervene in this gap in the market may result in a growing backlog for these property types as there are few extant opportunities to meet respective households' needs.

4.3 Newly Arising Need from Existing Households

- 4.3.1 In addition to newly forming households, another key element of housing need arises from existing households that are expected to 'fall' into housing need over the life of the LHMA period. This is usually due to a change in circumstances meaning they can no longer afford their current home or that it is no longer suitable. For the purposes of this LHMA, this figure is obtained by scrutinising past homelessness presentations. It is anticipated that 211 households will 'fall into need' each year of the LHMA period. As with need identified from newly forming households, the majority of need in this category is for 1 bedroom accommodation.
- 4.3.2 This is to be expected as a significant number of homeless households tend to be single people. There is however a smaller proportion of need for larger accommodation amongst existing households that 'fall' into need. This is expected as health or family changes may necessitate a move to a larger property, which is unaffordable to many households.

4.4 Backlog of Need for Affordable Housing

- 4.4.1 The backlog of need for affordable housing is calculated by analysing the households currently registered for re-housing on the Common Housing Register, which has already been cleansed to ensure only households deemed to be in need of affordable housing are included.

Backlog of Need for Social Housing

- 4.4.2 At the time of this assessment, there were 1,028 households on the County Borough's Common Housing Register. A re-registration exercise has recently taken place where applicants were required to confirm that they wished to remain on the housing waiting list. As such, the waiting list is an up to date snapshot of existing households that are unsuitably housed and in need of assistance to meet their housing needs. In order to clear this backlog over the

life of the LHMA there would need to be 206 lettings made every year. Policy changes anticipated during the life of this LHMA may lead to an increase in the number of households on the waiting list so this figure could well be conservative.

- 4.4.3 One bedroom general needs properties proved to be the most common property type that registered households were in need of. There was, however, a small but significant need for larger properties. In total, 11 properties with four bedrooms or more would need to be allocated every year of this LHMA to clear the current backlog of need.
- 4.4.4 Excluding sheltered housing applicants, the median age of someone on the Common Housing Register was 39. The mode (most commonly occurring) age was 28, the majority of which were assessed as being in need of a 1 bedroom property. According to the Office for National Statistics, the average age of first time mothers in the UK in 2017 was 29, and, in Bridgend, 44% of women who had a baby during that year were aged 30 or over. It may well be that many of these people are only in need of 1 bedroom accommodation for a relatively short amount of time before their circumstances change, meaning a balanced new supply of larger accommodation is important.
- 4.4.5 Overall, 86 applicants had indicated they wished to live in sheltered accommodation. The age of people seeking to live in sheltered accommodation ranged from 53 to 95 with the median age being 77. Details on the health of applicants is not available on the waiting list but it is generally accepted that health rather than age is usually the driving factor for people seeking a move into sheltered accommodation. An additional 233 people aged 60 or over were seeking rehousing but not in a sheltered scheme. They were more likely to be in need of a larger property than people seeking a move into sheltered accommodation and 17 applicants also declared an income from employment.
- 4.4.6 The trend of fewer older people seeking sheltered accommodation is one that is likely to continue. In 2017, 43 women living in Bridgend who were aged 40 or over gave birth; more than double the number of women under the age of 18. In Wales as a whole, the number of people aged 60 or over who were economically active increased by 39,300, or 32%, between 2010 and 2018. At the time of the last Census, 5,188 people aged 60 or over living in Bridgend were economically active. This equates to 15% of all the people aged 60 or over in the County Borough. In the future, it is likely that more working households will have children living at home for longer periods and this is something that needs to be considered when planning any new provision for older people.
- 4.4.7 A total of 162 households were assessed as being in need of an accessible property. There is a strong correlation between the need for an accessible property and older age. The average age of people seeking an accessible property was 58, and 75 applicants were aged 60 or over. Younger people were more likely to require complex adaptations, with 9 of the 16 applicants who required a through floor lift being under 60 as were 17 of the 30 people who were permanent wheelchair users. Younger people were also more likely to

need a larger property with 31 out of the 32 applicants seeking an adapted property with 3 bedrooms or more being aged under 60.

Backlog of Need for Intermediate Housing

- 4.4.8 The Council does not operate a separate register of people seeking to access intermediate housing products. As such, for the purposes of this assessment, households on the Common Housing Register with an income from employment were assessed to determine if they could afford intermediate housing. As these households have chosen to apply for social housing, they have also been included in the backlog of need for social housing, so this figure represents an estimate of the number of households in need of social housing who could potentially access intermediate housing.
- 4.4.9 As with newly arising need for intermediate housing, this total is a caveated estimate, as the related assumptions do not take account of a household's ability to access a mortgage or raise a deposit. Nonetheless, 169 households on the Common Housing Register declared an income from employment, of which, 11 households per annum were identified as potentially being able to access an intermediate housing product. This is a small number in both absolute and relative terms, reflecting the fact that the backlog primarily comprises households in priority need for social housing in the first instance.

4.5 Supply of Affordable Housing

- 4.5.1 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. A variety of potential sources were therefore analysed to identify the existing committed supply of affordable housing. This includes lets of existing affordable units as well as the development of new affordable units

Projected Social Housing Lets

- 4.5.2 On average, 447 lettings of social rented accommodation are made in the local authority area each year. Whilst this is significantly higher than the number needed to clear the identified backlog, there is a mismatch between the size of properties being let and the size of properties in need. In addition, analysis of lettings data shows that a significant number of households are re-housed in under a year.
- 4.5.3 Whilst much of the identified need for social housing is for 1 bedroom properties, the mostly commonly let property type is for 2 bedroom properties. On average just 3 four bedroom general needs properties become available for letting each year. As previously stated, 11 allocations of four bedroom properties would need to be made every year to clear the backlog during the life of this LHMA. Whilst the need for larger properties is smaller, the much lower turnover across this sector of the market can therefore render it harder for larger households to meet their needs in the social rented sector.

Committed Supply of Affordable Housing

4.5.4 The assessment anticipates that on average 70 new units of affordable housing will be delivered each year of the LHMA. This is based on a forecast of committed units already expected to come forward through Capital Grant Funding and s106 contributions. It is important that existing supply is therefore factored in to the housing need calculation to ensure the net need identified is accurate.

4.6 Net Need for Affordable Housing Per Annum

4.6.1 To calculate the net need for affordable housing per annum, the total backlog was added to the annual newly arising need. The anticipated annual supply 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 (by comparing stock numbers to average lets per annum) and applied to the final calculation. With all of these considerations and assumptions in mind, the final housing need calculation is shown in Table 12.

4.6.2 This Assessment has identified a shortfall of 411 affordable units per annum 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 Bridgend County Borough, 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 Bridgend County Borough. 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.

Table 12: Housing Need Calculation for Bridgend County Borough

Housing Market Area	General Needs Social Rent				Accessible Social Rent				Sheltered Social Rent		Total Social Rent Need	In need of Social Rent but Potential to Access Intermediate	Intermediate (LCHO & IR)	Total
	1 Bed	2 Bed	3 Bed	4+ Bed	1 Bed	2 Bed	3 Bed	4+ Bed	1 Bed	2 Bed				
Bridgend and Surrounding	91.19	5.48	6.53	3.17	0.12	0.24	0.20	0.49	N/A	0.02	107	11	35.27	142
Garw Valley	16.28	N/A	N/A	0.25	N/A	N/A	N/A	N/A	N/A	N/A	16		N/A	16
Llynfi Valley	26.04	N/A	N/A	0.77	0.20	0.11	0.20	N/A	N/A	N/A	27		0.14	27
Ogmore Valley	18.94	N/A	0.50	N/A	0.09	N/A	0.02	N/A	N/A	N/A	20		N/A	20
Pencoed and Heol y Cyw	11.32	N/A	N/A	0.10	N/A	N/A	N/A	N/A	N/A	N/A	11		31.27	42
Porthcawl	26.71	2.92	4.50	0.65	N/A	N/A	0.14	0.02	N/A	0.05	35		N/A *	35
Pyle, Kenfig and Cornelly	28.89	N/A	N/A	2.25	0.22	N/A	0.43	N/A	N/A	0.06	32		44.48	76
Valleys Gateway	27.05	N/A	1.52	1.33	0.18	N/A	0.15	0.43	N/A	N/A	31		19.98	51
Total	246	8	13	9	1	0.4	1	1	N/A	0.1	280			131

* In Porthcawl, rents would typically need to be pitched at a level below 80% and LCHO equity percentages would need to be below 70% to produce a usefully affordable product.

General Needs Social Rented Accommodation

- 4.6.3 There is an identified net need of 276 units of general needs social rented accommodation in Bridgend County Borough for every year of this assessment. The majority of identified need is for 1 bedroom accommodation but there is also a significant shortfall of larger family homes, compounded by the relatively low rate that these properties turn over at.
- 4.6.4 Households may also be in need of a 1 bedroom property for a relatively short period of time. As such, these properties turn may turn over quite frequently as long as there is an adequate supply of larger accommodation. Whilst there is clearly a significant need for 1 bedroom accommodation it is important to ensure the delivery of larger units is not overlooked and balanced communities are planned for.
- 4.6.5 The greatest need for social rented accommodation is in the south of the County Borough. This is unsurprising as this is where property prices are the highest and affordability issues are most acute. There are also areas in the south of the County Borough with relatively low levels of existing affordable housing.

Intermediate Accommodation

- 4.6.6 The LHMA has identified a potential need for 131 units of intermediate accommodation every year from newly forming households. There is also the possibility of up to 11 households that have been identified as in need of social housing being able to afford intermediate housing each year. As discussed previously, this element of identified need should be treated with caution as broad assumptions have been made about each household's ability to raise a mortgage or a deposit; assumptions that are not akin to the complex assessments mortgage lenders now conduct. The assessment also does not take into account preference; just because someone can afford to access intermediate housing does not mean that they will. Some households may prefer to apply for social housing, whereas others may choose to enter into arrangements that would be considered unaffordable (for the purposes of this assessment) in order to access market housing. However, with a preponderance of larger property types on new build sites, it is important to maintain choice in the market and ensure smaller, affordable properties are available for new households to move into. Otherwise, households may stretch themselves to the margins of affordability or be priced out of their areas of preference and have to relocate elsewhere in the medium term.
- 4.6.7 It should however be emphasised that intermediate tenures may not always produce products that are usefully affordable for the client group and/or financially viable for Registered Social Landlords to provide. Even where there is an identified need it may not be possible to meet it. This is especially the case for intermediate rent; which has only been assessed as being viable in parts of the Valleys Gateway and parts of Bridgend and Surrounding. In the north of the County Borough, lower market rents mean that an intermediate rent of 80% of

market is lower than social housing rents, rendering it unviable. In the south of the County Borough (notably in Porthcawl), market rents and prices were found to be so high that even an 80% of market rent property or a 70% of market value property price would not be considered affordable. For this reason, no intermediate housing need is identified in Porthcawl, although alternative models (i.e. 60% LCHO or perhaps shared ownership) could be explored on a site by site basis to determine whether a usefully affordable intermediate product can be introduced.

- 4.6.8 Broadly speaking, whilst there is an identified need for intermediate housing, there is likely to be significant cross over with the households identified as potentially being able to access LCHO and intermediate rent. As previously discussed, it may be that new build schemes offer greater opportunities for households to access LCHO products. Households are also often willing to stretch their finances beyond what this assessment would consider affordable, or enter into informal borrowing arrangements with family members, if it means they are able to access home ownership in some form. Therefore the type of tenures delivered should be considered on a site by site basis and take account of need, constraints, and the local housing market in order to deliver a mix that is suitable for the local context.

Social Rented Accessible Accommodation

- 4.6.9 Whilst the identified need for social rented accessible accommodation is small, many of these households will have very specific needs that will be difficult to accommodate within the existing housing stock. As such, this element of identified need is very acute. In terms of property sizes, the shortfall is most significant for larger accessible units. When allocating an accessible property, consideration needs to be given to how a person's needs may change over time; they could need a carer in the future or space for extra adaptations to be made. As such it may be that the need for larger adapted units is greater than this assessment indicates.

Social Rented Sheltered Accommodation

- 4.6.10 The Assessment shows only a small need for social rented sheltered accommodation. As aforementioned, older people's circumstances have changed and will continue to change. Consideration needs to be given to how appropriate the current provision is for older people and whether it will be suitable in the future. Despite the low identified need for sheltered accommodation, it may be that there is potential for schemes to be developed that reflect the changing needs of older people. Practically speaking, this LHMA provides insufficient evidence to increase the supply of sheltered accommodation at present, although rebranding and refurbishment of complexes (where appropriate) can help improve the attractiveness of such facilities. It is also important to continue to diversify choice in the market for older people, especially as an increasing proportion of households in the County Borough are projected to move into the 60+ age bracket (over 30% by 2033). New Extra Care schemes within Maesteg, Ynysawdre and Bridgend will

help cater for the needs of households requiring varying levels of care and support. However, it is equally important to further diversify the market, with pursuit of more bungalows, level access flats and moderately priced later living schemes to enhance choice for older people; alongside existing sheltered housing provision.

5. Gypsies and Travellers

5.1 Overview

5.1.1 Part 3 of the Housing (Wales) Act 2014 places a statutory duty on local authorities to carry out Gypsy Traveller Accommodation Assessments (GTAAAs). Where an unmet need for pitches is identified local authorities are required to take steps to address this need. Gypsies and Travellers are defined within section 108 of the Housing (Wales) Act as:

a) persons of nomadic habit of life, whatever their race or origin, including:

(i) persons who, on the grounds of their own or their family's or dependent's education or health needs or old age, have ceased to travel temporarily or permanently, or

(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.

5.1.2 A GTAA for the Bridgend local authority was published in 2016. This section contains a brief summary of its findings.

5.2 Gypsy and Traveller Demographics

5.2.1 At the time 2011 Census, 63 residents of the Bridgend local authority area identified themselves as Gypsies or Irish Travellers. It is likely that this is an underrepresentation of the true figure due to the below average response rate to the Census amongst Gypsies and Travellers. Some people may also not wish to disclose their ethnicity and some Irish Travellers may identify as Irish.

5.2.2 Despite the relatively low numbers it is still possible to carry out some demographic analysis of the Gypsy and Irish Traveller community in Bridgend. Just over two thirds of Gypsies and Irish Travellers in Bridgend lived in bricks and mortar accommodation, as opposed to caravans. There are higher birth rates and lower life expectancies amongst the Gypsy and Irish Traveller community than the settled community.

5.3 Caravan Count

5.3.1 There are 3 private residential sites in Bridgend with a total of 4 plots. There is no transit or local authority provision. Over the last 5 years the numbers of caravans on these authorised residential sites has remained fairly static with the bi-annual caravan count recording between 4 and 7 caravans being present. There are few unauthorised sites in Bridgend. Over the last 5 years only 2 unauthorised sites have been recorded amounting to 4 caravans in total.

5.4 Total Need for Pitches

- 5.4.1 Overall the Assessment did not identify any need for additional pitches within the first five years of the Assessment period, with need for up to 1 pitch identified by 2031. The Assessment was based on 100% response rate.

6. Conclusion

This LHMA covers the period 2019/20 – 2024/25 and has been produced in accordance with the latest Welsh Government Guidance. The main findings are set out below.

6.1 Housing Market Trends

- 6.1.1 Property prices in Bridgend have continued to rise. New build properties generally command a premium of 30%; a trend that has been bolstered by the popularity of Help to Buy (Wales) in Bridgend. There is significant variance in property prices across the local authority area with prices being highest in the south of the County Borough.
- 6.1.2 The Assessment also revealed notable differences in housing market characteristics across the County Borough; with demand, property prices and rents being highest in southern Housing Market Areas, most notably 'Bridgend and Surrounding', 'Porthcawl' and 'Pencoed and Heol Y Cyw'. Even though household incomes were identified as being somewhat higher in these vicinities, average house price to income ratios were wider; as much as 7 to 8 times, respectively. Affordability is therefore a significant issue in many of the County Borough's southern housing markets and it is perhaps unsurprising that the proportion of households renting privately in these areas grew in both absolute and relative terms from 2001 to 2011. This trend is likely to exacerbate if wage inflation fails to keep pace with escalating property prices and sufficient affordable housing is not provided.
- 6.1.3 Affordability was identified as a less significant problem in the Valleys housing markets, although properties did command a slight premium in the Llynfi Valley. Notably, private rents and social rents were found to be broadly comparable in these areas, owing to the relative high, historic proportions of private rented accommodation, combined with the aforementioned stock mismatch, lower property demand and somewhat higher instances of empty homes. Tenants can therefore move almost interchangeably between these tenures in some parts of the Valleys.
- 6.1.4 Broadly speaking, household sizes were found to be increasingly smaller across all areas and tenures, which is a dual reflection of societal changes in household formation and an ageing local population. This represents a clear mismatch between demographics and dwelling stock given the dominance of larger properties in many housing markets and the tendency for new build developments to increasingly be weighted towards larger open market property types. Whilst this does enable household upscaling for those than can afford larger properties, it equally presents limited choice and an affordability problem for households on the margins.
- 6.1.5 Between the 2001 and 2011 Census there was a significant increase in the number of households living in the private rented sector and a decline in the number of people who owned their home with a mortgage or a loan. This

indicates that younger people and newly forming households are facing greater difficulties in accessing owner occupied accommodation than previous generations. This trend is likely to be more significant in the current market than it was in 2011 based on the range of inter-related socio-economic and demographic data sources considered in this LHMA. It is therefore likely that the private rented sector has since grown will continue to grow in both absolute and relative terms. Nonetheless, the number of people who owned their home outright also continued to rise. These are likely to be older people who may well be asset rich but cash poor and could need assistance in maintaining their home in the future.

6.2 Headline Housing Need

6.2.1 The LHMA has analysed a range of data sources to estimate housing need. In total, 133 of new households projected to form per annum over the life of the Assessment are deemed capable of meeting their needs in the market. However, this LHMA has also identified a total shortfall of 411 affordable housing units every year during the lifetime of this assessment; 280 at social rent and 131 intermediate products. This is not a target for delivery, rather an indication of the scale of the unmet need in the County Borough.

General Needs Social Rents

6.2.2 There was a shortfall of social rented accommodation in all areas of the County Borough. Whilst most of the need is for 1 bedroom accommodation, it is important to recognise the importance of providing larger units, both in terms of creating balanced communities, enabling sustainable tenant progression and meeting acute housing need that is unlikely to be able to be met elsewhere. Notably, larger four bedroom properties seldom 'turn over' in the social rented sector meaning the outstanding need is small yet will remain unresolved without additional supply.

Intermediate Accommodation

6.2.3 The LHMA has identified a potential need for 131 units of intermediate accommodation every year from newly forming households. There is also the possibility that up to 11 households in need of social housing could be able to afford intermediate housing each year. These figures should be treated with caution as they do not take into account a household's ability to raise a mortgage or a deposit. It should also be emphasised that intermediate housing will be not be viable in all areas or on all developments and careful consideration will be required as to whether provision of LCHO and/or intermediate rent would produce a usefully affordable product in the respective housing market.

Accessible and Older Persons' Accommodation for Social Rent

6.2.4 The assessment shows only a small need for accessible and older persons' accommodation at social rent. This element of housing need should not be undervalued or overlooked as such households can often be in acute housing

need. Consideration also needs to be given to how well the current supply of housing for older people meets the changing needs and aspirations of the client group. There is undoubtedly need to continue diversifying the market in this sector, including introduction of more level access flats, bungalows and moderately priced later living schemes in the market.

6.3 Purpose of Assessment

6.3.1 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. This LHMA has therefore taken a snapshot of housing need in 2019/20 and outlines the extent to which this shortfall can be met over the next five years. It is acknowledged that these estimates of need will vary considerably depending on a huge variety of inter-related factors, including market values, incomes, housing supply, interest rates and the broader economy. However, this Assessment is based on the most recent data available and looks forward to the following five years on a snapshot basis. The level of annual housing need identified can equally be used to inform the LDP's affordable housing target, recognising that s106 contributions will not be the only source of supply. A wide range of forthcoming strands of supply will need to be taken into account in setting this target including future Social Housing Grant allocations, social lettings agencies, re-configuration of existing stock and re-utilisation of empty homes. Refreshed assessments will continue to monitor the level of housing need in the County Borough over the Replacement LDP Period.