



POLICY AND RESOURCES SCRUTINY COMMITTEE – 21ST JANUARY 2014

SUBJECT: OUTLINE OF A MODEL FOR INCREASING AFFORDABLE HOUSING PROVISION

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To seek Members views on proposals to approval to progress a partnership for increasing housing supply within the County Borough and highlight pertinent corporate issues that will inform this decision. Officers consider that such a model will assist in mitigating the impact of welfare reform.

2. SUMMARY

- 2.1 This report outlines a model for delivering affordable housing on Council owned land. If adopted the model should deliver a wide range of housing in partnership with United Welsh Housing Association and the Seren Group.

3. LINKS TO STRATEGY

- 3.1 The contents of this report link to the following key strategic objectives
- 3.2 *“Ensure an adequate and appropriate range of housing sites are available across the County Borough in the most suitable locations to meet the housing requirements of all sections of the population” (Objective 9 of the Local Development Plan)*
- 3.3 *“To meet housing requirements through the provision of a range of good quality, affordable housing options.” (Aim 5: Affordable Housing – CCBC Local Housing Strategy 2008 - 2013)*
- 3.4 *“To promote sustainable and mixed communities that are located in safe and attractive environments.” (Aim 11: Community Regeneration - CCBC Local Housing Strategy 2008 - 2013)*

4. THE REPORT

- 4.1 Caerphilly County Borough Council aims to ensure that everyone in the County Borough has access to a good quality home that meets his or her housing requirements. Communities should be mixed, balanced and sustainable, and a choice of housing that is affordable to the local population is vital in achieving this. The cost of buying and renting a house at market value is greater than many on low incomes can afford, and consequently intervention is needed to provide ‘affordable housing’ through other mechanisms.

- 4.2 On 11th November 2008 Caerphilly County Borough Council adopted a local housing strategy for the period 2008 – 2013 entitled *People, Property Places – A Local Housing Strategy for Caerphilly County Borough*. In this document, the Council established its commitment to increasing the supply of good quality affordable housing for the County Borough.
- 4.3 Members are reminded that, under the Welsh Government's Social Housing Grant funding programme, Housing Associations (also known as RSL's) are zoned to operate in specific local authority areas for affordable housing development. There are four zoned RSL's within the county borough. These are:-
- United Welsh Housing Association,
 - Seren Group,
 - Linc Cymru, and
 - Wales and West Housing Association.
- 4.4 Wales and West Housing Association and Linc Cymru have chosen not to work in partnership with the Council on the Council's affordable housing development programmes. As such, this Council's currently zoned housing association partners are United Welsh, operating in the western valley and Seren, operating in the eastern valleys.
- 4.5 In accordance with WG guidance, the Council, in partnership with these RSL's, commissioned a Local Housing Market Assessment (LHMA). The assessment, which was completed in late 2007, provides a better understanding of the local housing market, the key drivers of local housing demand and supply and the level of affordable housing need within the County Borough. It forms a key part of the robust evidence base to inform the development of housing and planning policies.
- 4.6 The LHMA assessed the backlog of housing need, current need and newly arising need in the context of the supply of affordable housing. As part of the ongoing commitment to ensure the evidence on affordable housing remains up to date, key elements of the LHMA are updated on an annual basis. The 2012 LHMA Update found that in the County Borough there is a shortfall of 535 affordable housing units per annum. This shortfall of affordable housing is a significant issue facing residents in the county borough.
- 4.7 In addition to the requirement to undertake the LHMA, the Council as the local planning authority must ensure that sufficient land is genuinely available to provide a 5-year supply of land for housing. Technical Advice Note (Wales) 1: Joint Housing Land Availability Studies (2006) (TAN1) requires the preparation of annual Joint Housing Land Availability Studies (JHLAS). The purpose of the JHLAS is to:-
- Monitor the provision of market and affordable housing;
 - Provide an agreed statement of residential land availability for development planning and control purposes; and
 - Set out the need for action in situations where an insufficient supply is identified.
- 4.8 The 2010/11 and 2011/12 JHLAS both indicate that using the methodology prescribed in guidance that land supply in Caerphilly County Borough has been 4.3 years and 3.5 years respectively falling short of the required 5 years required by guidance. Furthermore the 2012 JHLAS indicates that future completions rates are likely to continue at a low rate, averaging 442 units per annum, compared to the expected average annual requirement figure of 575. If this trend continues for the remainder of the LDP plan period there is a very real danger that insufficient market and affordable housing will be delivered to meet the needs of residents.
- 4.9 Monitoring through the Caerphilly County Borough Local Development Plan Annual Monitoring Report (AMR) also indicates that affordable housing generally is not being delivered at the rates needed to address the shortfall for affordable homes identified in the LHMA update, or to meet the affordable housing target contained within the adopted

Caerphilly County Borough Local Development Plan (LDP). This is unsurprising given that housing generally is not being delivered at expected rates. The downturn in the economy has had a marked effect on house building rates and therefore on the delivery of affordable housing. Viability continues to be a major issue in overall house building and this has an adverse impact on the levels of general market and affordable homes that are being delivered.

- 4.10 In addition to these challenges, the changes in benefits introduced by the UK Government via the Welfare Reform Act 2012 and Localised Finance Act 2011 introduce significant changes to the welfare system which have implications for people and communities across Wales
- 4.11 The Council established a Programme Board in July 2012 to oversee projects that would prepare the authority and its residents for the changes. There are over 2,000 households that will be affected by the changes. Whilst the Local Authority has and continues to work with its partners to deliver affordable housing we have seen a reduction in the main funding stream for affordable housing development (Social Housing Grant). As a result, we need to look at more innovative ways to deliver affordable housing.
- 4.12 TAN1 indicates that where the land supply falls below the 5-year requirement that the local planning authority must take steps to increase the supply of housing land. Options include:-
- a) reviewing the local development plan,
 - b) expediting planning applications,
 - c) releasing land in its ownership; and
 - d) exploring other mechanisms to secure the release of land for housing to increase the housing land supply.
- 4.13 These options are considered further in Appendix 1: Options Appraisal
- 4.14 In summary, Officers consider that:-
- a) reviewing the local development plan (**Option 1**) is unlikely, in isolation, to be able to drive an increase in the construction of affordable housing.
 - b) expediting planning applications (**Option 2**) will not be able to drive an increase in the construction of affordable housing beyond rates specified in the LDP.
 - c) releasing land in the Council's ownership (**Option 3**) will not drive such an increase without collateral reductions in sale prices.
 - It should be noted that officers are already in discussion with zoned partners to try and bring forward Greenhill Primary School, Gelligaer (allocated in the LDP as allocated housing site HG1.37) and Cwm Ifor Primary School, Caerphilly (HG1.70) to provide affordable housing, and it should be pointed out in this context that the partnerships with Seren and United Welsh will, by the end of this financial year, have made a total investment into Caerphilly of around £80m, delivering over 1,000 new homes since 2007.
 - entering into a partnership (**Option 4**) for the delivery of new homes in the short to medium term will
 - increase housing supply in the county borough, whilst influencing both financial and social value, and,
 - subsequently, directly facilitate the development of additional affordable homes within the county borough
- 4.15 If members are minded to approve the principle behind Option 4, a supplementary report will be brought back to Cabinet, as soon as practicable, with details of the proposed site(s), numbers of houses to be provided, expected returns and a description of success measures.

5. EQUALITIES IMPLICATIONS

- 5.1 An EqIA screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no potential for unlawful discrimination and for low level or minor negative impact have been identified, therefore a full EqIA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 It is important to recognise that, by investing its own sites into such a scheme for residential development (although it will be at current market value) the Council *might* ultimately achieve a lower level of receipt than *might* be available in the future as market conditions improve, because the "receipt" will be a mix of capital now, revenue and future capital.
- 6.2 It should, however, be noted that the Council will receive a revenue stream that can be reinvested into more demanding sites, thereby contributing towards the regeneration of areas where private sector housing has reduced due to current market conditions
- 6.3 It is also important to consider the wider economic benefit of stimulating the housing market and balance this against any *potential* for an increased capital receipt; in this context there is no conflict with the requirements of s123 (of the Local Government Act 1972) not to dispose of land for a consideration less than the best that can reasonably be obtained.
- 6.4 Members are advised that more detailed financial information will be made available in the further report referred to in paragraph 4.15 above, which will look at proposed sites and schemes.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications.

8. CONSULTATIONS

- 8.1 There are no views expressed that have not been incorporated into the report.

9. RECOMMENDATIONS

- 9.1 The Regeneration and Environment Scrutiny Committee is asked for its views on the following recommendations before they are submitted to Cabinet for consideration:-
1. The principle of entering into a Building Agreement (and subsequent sale or lease) for increasing the provision of affordable housing within the County Borough, in partnership with United Welsh Housing Association and the Seren Group, is approved
 2. A further report is presented, as soon as practicable, with details of the proposed site(s), numbers of houses to be provided, expected returns and a description of success measures pursuant to paragraph 4.15.
 3. Final approval of those detailed terms, for the purposes identified in the report, is delegated to the Head of Performance and Property Services, in consultation with Head of Corporate Finance.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 Through the reduction in general house building rates in the County Borough and reductions in Welsh Government funding for affordable housing, the Council has been required to look at alternative models to continue to meet the housing needs within our communities. Whilst the primary aim of the model is to deliver affordable housing for the residents of the county borough, the development of such schemes will provide wider economic benefits through the delivery of jobs and training opportunities for local people.
- 10.2 To ensure we carry out our services effectively and to ensure value for money in the service provision.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2000, and Local Government Act 1972: General Disposal Consent (Wales) 2003". This is a Cabinet Function.

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Background Papers:
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Appendices:
Appendix 1 Options Appraisal
Appendix 2 Basis of Value
Appendix 3 Local Housing Market Assessment Update 2012

APPENDIX 1 OPTIONS APPRAISAL

1. Option 1: Review the local development plan

- 1.1. It is a statutory requirement that the Council submits an AMR to the Welsh Government, which considers if the LDP is being implemented appropriately.
- 1.2. The LDP Regulations require the AMR to set out information in respect of housing delivery in the County Borough since the adoption of the plan. In particular the Regulations require that the AMR includes:
 - *The housing land supply taken from the current Housing Land Availability Study; and*
 - *The number (if any) of net affordable and general market dwellings built in the LPA's area.*
- 1.3. The 2013 AMR was considered by Council on 8th October 2013 and the decision was taken to commence work on the first review of the LDP.
- 1.4. Officers consider it unlikely that, in isolation, this review will be able to drive an increase in the construction of affordable housing

2. Option 2 Expediting planning applications

- 2.1. It is in the Council's interest as the local planning authority to progress Section 106 agreements expeditiously in order that such sites can be included within the JHLAS land supply as sites with a valid planning permission. It is recognised that some developers are reluctant to make progress with S.106 agreements in order to delay the issuing of a planning permission until economic conditions improve. However, as the local planning authority the Council should be proactive in progressing agreements including entering into re-negotiations where appropriate and indicating to developers that applications will be refused unless progress is made by a specified date. Where planning policies have become more stringent since the resolution to grant planning permission was given, it will be within developers' interests to progress with an existing application rather than face a refusal for not entering into a S.106 agreement and then submitting a new application.
- 2.2. It should also be noted that the introduction of the Community Infrastructure Levy (CIL), is expected in April 2014. Members will be aware that the UK Government decided not to include affordable housing within the CIL remit. The CIL is set at a level that is policy compliant and assumes the delivery of affordable housing at the rates specified in the LDP. Whilst this is the case, CIL will undoubtedly constrain the current flexibility with regards to affordable housing negotiation.

3. Option 3 Release land in Council ownership to facilitate housing development

- 3.1. Local Authorities, as landowners, have the opportunity to bring forward their own sites for residential development. The granting of outline planning applications for residential development on Council owned land will mean that sites can be included within the JHLAS schedule and, provided these sites are then sold to developers, sites can be included within the 5 year land supply.
- 3.2. There are a number of allocated housing sites within the LDP available for development, and within Council ownership (although it must be noted that not all of these sites are available for immediate release to the market):
 - HG1.9 Greensway, Abertysswg;
 - HG1.18 Aberbargoed Plateau;
 - HG1.21 Park Estate, Bargoed;
 - HG1.22 Bedwellty Comprehensive School, Aberbargoed;
 - HG1.37 Greenhill Primary School, Gelligaer;
 - HG1.67 Caerphilly Miners, Hospital (remainder), Caerphilly;
 - HG1.70 Cwm Ifor Primary School, Caerphilly
 - HG1.72 Windsor Colliery, Abertridwr

Officers are already in discussion with zoned partners to try and bring forward HG1.37(Greenhill Primary School, Gelligaer) and HG1.70 (Cwm lfor Primary School, Caerphilly) to provide affordable housing, and it should be pointed out in this context that the partnerships with Seren and United Welsh will, by the end of this financial year, have made a total investment into Caerphilly of around £80m, delivering over 1,000 new homes since 2007.

In terms of affordable housing provision, the former Ministers for Social Justice and Regeneration and Environment, Planning and Countryside launched a package of measures in 2006 aimed at improving the supply of affordable housing in response to affordability difficulties, including the *Affordable Housing Toolkit*. Amongst other things, these measures encouraged local authorities to make creative use of their landholdings to help provide affordable housing, including sales at less than market value, using the General Consents issued by the Welsh Government.

- 3.3. It is important to recognise that, in bringing forward their own sites for residential development, although it will be selling at current market value, the Council may achieve a higher value if it retains the land to be sold in the future as housing market conditions improve. However, it is important to consider the economic benefit of stimulating the housing market and balance this against any potential for an increased capital receipt in future years; in this context there is no conflict with the requirements of s123 (of the Local Government Act 1972) not to dispose of land for a consideration less than the best that can reasonably be obtained.

4. Option 4 Other Mechanisms

- 4.1. Initial discussions between the Council and its partners suggested that a **Special Purpose Vehicle** (SPV) was an option on the basis of the Council retaining a controlling interest in the model. However, during the development of the model it has become clearer that the same level of control can be exercised through a lease without having to go through the complications and expense of setting up an SPV. In addition, Welsh Government [WG] has indicated that it is prepared to financially support the development of the partnership, which would be tasked with increasing housing supply in the Authority whilst generating greater economic activity and creating local jobs

- 4.2. Thus, in order to both increase housing supply in the authority whilst influencing both financial and social value and, subsequently, directly facilitate the development of additional affordable homes within the county borough, the Council could engage with one or more partners to enter into a **Building Agreement (and subsequent sale or lease)** for the delivery of new homes in the short to medium term. Such a model might have the following characteristics:

1. CCBC initially enters into an Agreement [the “Building Agreement”, or BA] to lease or sell the land to the Nominated Partner [NP] or Partners, deferring any initial capital receipt for the land.

It is important to note that such agreement is predicated upon CCBC ultimately achieving “Fair Value” (broadly consistent with “Market Value”, the distinction being that the transaction is between an *identified* buyer and an *identified* seller, rather than a sale “after proper marketing”) for any subsequent sale or lease land based on the market rate at the time, therefore addressing any potential future increases in market value. As Landlord, CCBC remains a decision maker in the development process, agreeing the number and types of properties developed for sale; low cost home ownership and rent.

In addition, the model allows for a revenue income to be received by the Council on land that is currently dormant.

2. A Project Group (of which CCBC forms part) works up a housing scheme, which meets the requirements of the Council in terms of private and affordable housing; education; highway; environment and transport policies.
3. The Group will liaise with WG to secure funding under the innovative social housing grant stream or other grant programme that may be available. This would essentially reduce the private finance requirements for the scheme and mitigate risk to the NP.

4. The NP will secure the private finance (pension funds etc) for the development and the development margin can either be shared or reinvested into the model to underpin development in areas that would be traditionally economically challenging. The NP will be required through the construction process to strictly adhere to a set of Key Performance Measures that will seek to create local employment and training opportunities in the Borough.
5. The scheme will be branded in the same way as would a private developer, demonstrating that the housing market in Caerphilly is vibrant and active; the branding will be of high quality, with opportunities for the Council to market its support for the Partnership
6. Properties developed for sale will be marketed using appropriate channels and the proceeds of sale divided according to the relative “inputs” to the development.
7. The model will seek to deliver traditional affordable housing (planning gain) using the same process that is used through wider private sector housing development (sale to an RSL). Low Cost Home Ownership [LCHO] and Market Sales will also be transferred on a traditional freehold basis. Where the Project Group has identified a need for Intermediate Market Rent [IMR] above that of the S106 requirements defined in the LDP the retained land will be leased from the Council with the funding for construction being provided by the NP; [WG] and Recycled Margin from Market Sales. The lease linked to the IMR properties will include a 5-year break clause. Recognising the impact of Welfare Reform (and the under occupancy rules in particular) the Project Group will also seek to include smaller units of accommodation as part of each scheme.
8. The lease is reviewed every 5 years to decide whether the Council wishes to “realise” (take out) its investment at the then market value.
9. CCBC can, through its stewardship of the scheme, reinvest its margins (i.e. share of the revenue generated by the Partnership) into more demanding sites contributing towards the regeneration of areas where private sector housing has reduced due to current market conditions.

APPENDIX 2 BASIS OF VALUE (FROM RICS RED BOOK)

Basis of value

You must determine the *basis of value* that is appropriate for every valuation to be reported.

Commentary

1. A *basis of value* is a statement of the fundamental measurement *assumptions* of a valuation, and for many common valuation purposes these standards stipulate the *basis (or bases) of value* that is appropriate.
2. Paragraphs 27–29 of the IVS Framework outline the common *bases of value* and distinguish them from the approach or method of valuation, the type and state of the asset, and *special assumptions*.
3. It will almost always be necessary to couple a *basis of value* with appropriate *assumptions* or *special assumptions* that describe the assumed status or condition of the asset at the *valuation date*. A typical *assumption* might concern occupation, for example, ‘the *market value* subject to a lease’. A typical *special assumption* might be that a property has been altered in some defined way, for example, ‘the *market value* on the *special assumption* that the works had been completed’. The use of *assumptions* and *special assumptions* is described in detail in Appendices 3 and 4.
4. For most valuation purposes it will be appropriate to use one of the bases recognised in the IVS Framework and identified in these standards. RICS does not encourage the use of a basis that is not recognised by these standards. However, if no recognised *basis of value* is suitable for a particular assignment, *you* should clearly define the basis adopted and explain in the report why use of a basis recognised by these standards is considered inappropriate. *You* are cautioned that the use of an unrecognised or bespoke *basis of value* without good reason could result in breach of the requirement that the valuation report should be not be ambiguous or misleading (see VS 2.1).
5. The following *bases of value* are recognised in these standards:
 - *market value* (see VS 3.2);
 - *market rent* (see VS 3.3);
 - *worth (investment value)* (see VS 3.4); and
 - *fair value* (see VS 3.5).
6. *Market value* is the *basis of value* that is most commonly required. Because it describes an exchange between parties that are unconnected and operating freely in the marketplace, and ignores any price distortions caused by *special value* or *synergistic value*, it represents the price that would most likely be achievable for a property across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.
7. However, *you* may be legitimately instructed to provide valuation advice based on other criteria, and therefore other *bases of value* may be appropriate. A valuer may be required to provide advice on the value of a particular property to a specific client, and may therefore need to account for criteria that are particular to that client, rather than those applicable in the market at large. This will involve the assessment of the *investment value*, or *worth*, of the property to that client. *Fair value* (except in the context of the *International Financial Reporting Standards (IFRS)*) may be used where *You* needs to estimate the price that would be fair in an exchange between two specific parties, without necessarily having to disregard criteria that would not be replicated in the wider market – for example, where *special value* or *synergistic value* would impact that price.
8. It is important to note that these *bases of value* are not necessarily mutually exclusive. The *worth* of a property to a specific party, or the *fair value* of a property in exchange between two specific parties, may match the *market value* even though different assessment criteria are used.
9. Because bases other than *market value* may produce a value that could not be obtained on either an actual sale, or on a sale in the general market, *you* must clearly distinguish the *assumptions* that are different from, or additional to, those that would be appropriate in an estimate of *market value*. Typical examples of such *assumptions* are discussed under the appropriate heading.

Market value

Valuations based on market value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC):

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Commentary

1. In applying *market value*, regard must also be had to the conceptual framework set out in paragraphs 31–35 of the IVS Framework, including the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*.
2. The basis of *market value* is an internationally recognised definition. It represents the figure that would appear in a hypothetical contract of sale at the *valuation date*. You need to ensure that in all cases the basis is set out clearly in both the instructions and the report.
3. *Market value* ignores any existing mortgage, debenture or other charge over the property.
4. Notwithstanding the disregard of *special value* (see definition in paragraphs 44–47 of the IVS Framework) where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, this element of ‘hope value’ is reflected in *market value*. Examples of where the hope of additional value being created or obtained in the future may have an impact on the *market value* include:
 - *the prospect of development where there is no current permission for that development; and*
 - *the prospect of synergistic value (see definition in paragraph 48 of the IVS Framework) arising from merger with another property, or interests within the same property, at a future date.*
5. GN 2, GN 4 and GN 5 contain guidance on the application of *market value* to the specified types of asset.

Fair value

Valuations based on fair value shall adopt one of two definitions:

1. the definition adopted by the IVSC:

‘The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties’.

2. the definition adopted by the International Accounting Standards Board (IASB):

‘The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date’.

Commentary

1. It is important to recognise that the two definitions of *fair value* are not the same. When adopting the basis of *fair value* it is essential that you establish the correct definition for the purpose and set it out in full in the *terms of engagement* and the report.
2. In applying the IVS definition, reference should be made to paragraphs 39–43 of the IVS Framework.
3. The guidance in IFRS 13 includes:

THE FAIR VALUE MEASUREMENT APPROACH

B2 The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

- (a) the particular asset or liability that is the subject of the measurement (consistently with its unit of account)
- (b) for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)
- (c) the principal (or most advantageous) market for the asset or liability
- (d) the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.

© IASB, IFRS 13

4. The references in IFRS 13 to market participants and a sale make it clear that for most practical purposes, *fair value* is consistent with the concept of *market value*.



Local Housing Market Assessment Update

January 2012



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Introduction

1. During 2007, Fordham Research carried out a Local Housing Market Assessment (LHMA) for Caerphilly County Borough Council – the report was completed in December 2007. The main analysis was based on primary research which took place in spring 2007, collected via postal questionnaires. In total, 1,352 completed responses were received. This is sufficient to provide reliable estimates of need in accordance with the Welsh Government (WG)'s LHMA Guide published in March 2006.
2. The survey was designed to cover all tenure groups and all areas within the County Borough and enabled the assessment of the need for additional affordable housing following the approach set out in the WG Guide. This report has been commissioned to update the results of the 2007 survey to December 2011, following on from similar updates produced in 2008, 2009 and 2010. The previous work within this sequence of reports has been undertaken by Fordham Research. Fordham Research ceased trading in July 2011 and the business was closed. Caerphilly Council then commissioned HDH Planning and Development (whose staff previously worked for Fordham Research) to produce this update report.

Nature of this update report

3. This report is intended to provide an updated and robust estimate of the need for affordable housing in the context of changes that have occurred since the time of the original survey. The main changes are as follows:
 - changes in market prices/rents and income levels which have occurred since the original survey
 - changes in the supply of affordable housing (re-lets excluding transfers within the social rented sector)
 - a full reweighting of the dataset to take account of a variety of updated information about households in Caerphilly in December 2011

Base household figures and weighting procedures

4. The 2007 LHMA estimated a total of 72,800 households in Caerphilly. Given that we want to estimate the number of households at a base date of December 2011 (i.e. about 4 years later), it is necessary to update this figure. We have considered a number of different sources of information including the latest available dwelling stock estimates and household population estimates for Caerphilly from the Welsh Assembly Data Unit and as at December 2011 it is estimated that there are 75,990 households in the County Borough.
5. An important aspect of preparing data for analysis is 'weighting' it. Questionnaire survey responses are never evenly distributed from all groups in society. As a result it is necessary to 'rebalance' the

data to correctly represent the population being analysed by using data from secondary sources which estimate the total proportion of the population falling into various different groups.

6. Survey data was weighted to match the tenure profile shown below, derived from the same sources as the total household numbers. The table below shows an estimate of the current tenure split in Caerphilly along with the sample achieved in each group.

Table 1 Number of households in each tenure group				
<i>Tenure</i>	<i>Total number of households</i>	<i>% of households</i>	<i>Number of returns</i>	<i>% of returns</i>
Owner-occupied (no mortgage)	27,994	36.8%	487	36.0%
Owner-occupied (with mortgage)	27,728	36.5%	553	40.9%
Council	10,830	14.3%	194	14.3%
RSL	3,766	5.0%	54	4.0%
Private rented	5,672	7.5%	64	4.7%
Total	75,990	100.0%	1,352	100.0%

Source: Caerphilly CBC updated LHMA survey (2011), Welsh Assembly Government 2008-based Household Projections (2011), Welsh Assembly Government Social Housing Stock and Vacancies Estimates (2011)

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

- Thirty-three wards – Caerphilly CBC Council Tax Register (2007)
- Council tax band – Caerphilly CBC Council Tax Register (2007)
- Population age bands – WG 2008-based population projections (2011), Census (2001)
- Household type – WG 2008-based household projections (2011), Census (2001)
- Accommodation type – Census (2001)
- Car ownership – Census (2001), National Travel Survey (2009)
- Employment levels – Annual Population Survey (2011)

Survey of estate and letting agents

8. As part of the update process, information on purchase prices and private rental costs within Caerphilly County Borough was collected through an online survey of estate agents during December 2011, taking into account prevailing levels of discount on advertised sale prices. Entry-level housing costs were derived on a Borough-wide basis and then for each of the three sub-markets identified in the 2007 LHMA: South, Middle and North.
9. When calculating the weekly cost and upfront payment required for a mortgage it was assumed that buyers would require a minimum deposit of 10% which is the minimum required by many mortgage

lenders currently – although there is a large section of the population with lower incomes and less than perfect credit ratings who require larger deposits. The use of a deposit requirement of 10% also ensures that the figure produced in the housing needs assessment model is a minimum figure – it does not overestimate need. In addition, for simplicity, the calculation does not take into account the additional upfront costs associated with moving (e.g. valuation, moving possessions). The weekly cost of owner-occupation is based on an interest rate of 5.39%, the lowest three year fixed rate available to those with a relatively small deposit (those with larger deposits are able to secure lower rates of interest).

10. One bedroom properties both to buy and to rent were found to be in very short supply, therefore two bedroom market dwellings are considered to be the smallest market sector property size available in the County Borough, for the purposes of the housing need assessment. It is however possible to provide an indicative cost of this accommodation based on the limited data available. There was a reduced supply of four bedroom properties available to rent privately compared with previous years, although it was still sufficient to be considered within the housing need assessment.
11. The cost of social rented properties was obtained from Welsh Assembly Data Unit and is presented in the table below. The cost of intermediate housing is also presented: this is based on 80% of median market rents as set out in *Rent First - intermediate rent - Final Guidance March 2011* published by the Welsh Government in March 2011. It is important to note that the entry-level for market private rent is the lower quartile of the distribution in accordance with the WG Guide. It can be seen that the cost of one bedroom intermediate housing in the North sub-market is lower than the social rent level, therefore intermediate housing in this instance is not viable.

Table 2 Comparative outgoings by tenure						
<i>Sub-market / property size</i>	<i>Social rent**</i>	<i>Intermediate</i>	<i>Private rent</i>	<i>Entry-level purchase</i>		
	<i>Per week</i>	<i>Per week</i>	<i>Per week</i>	<i>Price</i>	<i>Deposit</i>	<i>Per week</i>
<i>South</i>						
1 bed	£60	£65	£75**	£73,500**	£7,350	£82
2 bed	£70	£93	£107	£87,000	£8,700	£97
3 bed	£75	£105	£118	£95,000	£9,500	£106
4 bed	£84	£126	£140	£162,500	£16,250	£182
<i>Middle</i>						
1 bed	£60	£63	£74**	£66,000**	£6,600	£74
2 bed	£70	£87	£102	£76,500	£7,650	£86
3 bed	£75	£96	£110	£86,500	£8,650	£97
4 bed	£84	£121	£140	£168,000	£16,800	£188
<i>North</i>						
1 bed	£60	£57	£69**	£53,000**	£5,300	£59
2 bed	£70	£77	£94	£63,000	£6,300	£71
3 bed	£75	£89	£103	£69,500	£6,950	£78
4 bed	£84	£110	£125	£83,500	£8,350	£93

*Obtained from Welsh Assembly Data Unit, figures only presented for the County Borough as a whole, there is no indication how they may vary by sub-market. **indicative price only
Source: Caerphilly CBC updated LHMA survey (2011)

12. It is interesting that the weekly cost of renting is now more than the cost of buying in many instances. This is because of the requirements for larger mortgage deposits, aligned with the understandable concern of households about entering the housing market at a time when prices may fall further and when there is considerable uncertainty about job security. These two facts combined have resulted in an increased demand for privately rented homes. Evidence indicates that private rent levels have been increasing at a faster rate than property prices across South Wales.
13. Whilst property prices have generally fallen since the last LHMA update, this has not been uniform across the County Borough and some dwellings (all four bedroom homes and three bedroom homes in the North sub-market) have recorded an increase in price. Whilst average prices have decreased over the last year, the current market is skewed towards a greater proportion of smaller properties being sold than occurred before the recession, this means that average trends do not often reflect the changes in value of larger dwellings
14. Following the approach recommended by the WG Guide and the Rent First Guidance it is possible to determine the incomes that households accessing intermediate housing would require and the price at

which it should be available. The income required is calculated by annualising the weekly cost and multiplying it by 3.33 (the Rent First Guidance indicates that rent (inclusive of any service charges) should equate to no more than 30% of gross income).

15. The cost of the property is then derived in the Guide by assuming that the applicable household would be able to acquire a mortgage based upon a 3.5 times multiplier. Using a 3.5 times multiplier is a simplification of the sophisticated assessments through which lenders put potential borrowers now. It is common for lenders to assess a wide range of factors such as income expenditure, lifestyle, family makeup, employment sector and job security etc. to allow them to make an informed decision as to a borrower's likelihood of being able to meet the loan payments. These complex assessments cannot be replicated in a study of this type – however the 3.5 times multiplier remains a sound 'rule of thumb' and has been used in other LHMA updates undertaken in South Wales within the last year.
16. This information is presented for the three sub-markets in Caerphilly in the table below:

Table 3 Derivation of the price of intermediate housing		
<i>Sub-market and property size</i>	<i>Weekly cost of intermediate housing</i>	<i>Implied price of intermediate housing</i>
<i>South</i>		
1 bed	£65	£39,312
2 bed	£93	£56,299
3 bed	£105	£63,579
4 bed	£126	£76,197
<i>Middle</i>		
1 bed	£63	£38,267
2 bed	£87	£52,901
3 bed	£96	£58,053
4 bed	£121	£73,584
<i>North</i>		
1 bed	-	£34,701
2 bed	£77	£46,835
3 bed	£89	£53,872
4 bed	£110	£66,491

Source: Caerphilly CBC updated LHMA survey (2011)

Updating financial information

17. The Annual Survey of Hours and Earnings (ASHE) was used to update the earned income of households with an employed member, considering the likely change for each decile of the population. Overall this resulted in an increase in the income of employed households of 13.3% since 2007 (and

1.4% in the last year). The incomes of retired households were assumed to increase with inflation (CPI), whilst the income of benefit dependent households was assumed to follow the trend in overall spending on non-housing related benefits (excluding those benefits not linked to unemployment) per claimant in Caerphilly.

18. In the absence of any secondary data on the average level of savings in the UK, savings were updated only according to inflation (CPI), resulting in an increase of 12.6% since the original study. We have given considerable thought as to whether this is a sound assumption to make – in a time of relative increase in household's costs it could be expected that saving may fall. There is evidence that household debt has fallen in the last year and that this is, in part, caused by a fall in consumer confidence – households putting off large items of expenditure until they have greater confidence about job security, inflation and the economic prospects of the country. On balance we consider this a sound a sound assumption.
19. The amount of equity available to households has also been updated to take account of the changes in property prices over the period since the survey was carried out. Analysis of Land Registry data suggests that overall average house prices within Caerphilly have decreased by approximately 14.4% since the fourth quarter of 2007. The amount of equity held by households on the dataset was decreased accordingly.
20. The updated survey results suggest that the average (mean) gross household income (including non-housing benefits) in Caerphilly is £23,212 per annum. The median income (i.e. the middle value if all households' incomes were listed in ascending or descending order) is noticeably lower than the mean (at £17,012 per annum).
21. The average (mean) level of savings for all households in Caerphilly is £14,875 . The median figure is £1,217. The survey also collected information about the amount of equity owner-occupiers have in their property; the updated average amount of equity is about £96,240.

Assessing affordability

22. All households were tested for their ability to afford either a mortgage or private rented housing priced at the entry-level in the local area. These two measures were then combined to estimate households unable to afford either form of private sector housing.

Combined affordability

A household containing one person in employment is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost of the mortgage requirement. A household containing more than one person in employment is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.

AND

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income (excluding any housing benefit or Local Housing Allowance).

23. The table below shows affordability by tenure (for all households in the County Borough).

Table 4 Affordability and tenure			
<i>Tenure</i>	<i>Unable to afford market housing</i>	<i>Number of households in tenure</i>	<i>% of households unable to afford</i>
Owner-occupied (no mortgage)	1,344	27,994	4.8%
Owner-occupied (with mortgage)	3,022	27,728	10.9%
Social rented (Council / RSL)	12,786	14,596	87.6%
Private rented	4,209	5,672	74.2%
Total	21,361	75,990	28.1%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

Estimate of net annual housing need

24. The table below shows the figures in the housing needs assessment model.

Table 5 Detailed affordable housing requirement table for Caerphilly County Borough		
<i>Stage and step in calculation</i>	<i>Notes</i>	<i>Output</i>
<i>Stage 1: Current need (gross)</i>		
1. Existing households in need of accommodation		3,642*
2. Homeless households and those in temporary accommodation		40**
3. minus Cases where they can afford to meet their need in the market		986
4. equals Total current housing need (gross)	1 + 2 – 3	2,696
<i>Stage 2: Available stock to offset need</i>		
5. Current occupiers of affordable housing in need		1,568
6. plus Surplus stock		0
7. plus Committed supply of new affordable units		272***
8. minus Units to be taken out of management		0
9. equals Total stock available to meet current need	5 + 6 + 7 – 8	1,840
10. equals Total current unmet housing need	4 – 9	856
11. times Annual quota for the reduction of current need		20%
12. equals Annual requirement of units to reduce current need	10 × 11	171
<i>Stage 3: Newly arising need</i>		
13. New household formation (gross per year)		1,681
14. Proportion of new households unable to buy or rent in the market	(652)	38.8%
15. Existing households falling into need		934
16. Potential out-migrants unable to afford market housing		28
17. In-migrants unable to afford market housing	(included in steps 13-15)	
18. Total newly arising housing need (gross per year)	(13 × 14) + 15 – 16	1,558
<i>Stage 4: Future supply of affordable units</i>		
19. Annual supply of social re-lets (net)		1,165
20. Annual supply of intermediate housing available for re-let or resale at sub-market levels (assuming stock of 418, Welsh Assembly Data Unit 2010/11)		34
21. Annual supply of affordable housing	19 + 20	1,199
<i>Net shortfall or surplus of affordable units</i>		
Overall shortfall or surplus	12 + 18 – 21	530

*Source: Based on the number of households in unsuitable housing without an in situ solution from the updated household dataset, ** Source: Welsh Assembly Data Unit table 031051 - Households accommodated temporarily by type of accommodation and unitary authority, September 2011, *** Source: Welsh Assembly Data Unit table 026648 Additional affordable housing provision by all providers, by location in Wales and housing type

25. The (net) current need assessment suggests a requirement for 171 units per year. Added to this is the figure for newly arising need (1,558), which gives a total of 1,729. The estimated future supply to meet this need is 1,199 units per year. This leaves an annual requirement of 530 units per year in Caerphilly County Borough. In the 2010/11 LHMA update, we found a requirement for 697 units, indicating a decrease of 24% between 2010/11 and 2011/12. This is primarily due to the increase in the supply of affordable housing recorded. (The latest data from Welsh Assembly Data Unit table 034794 indicate that there were 1,198 social rented lettings in 2010-11 compared to 1,131 in 2009-10 and 1,029 in 2008-09.)

Types of households in need

26. The below table gives a breakdown of gross households in need by household type.

<i>Household type</i>	<i>In need</i>	<i>Not in need</i>	<i>Total number of households</i>	<i>% of household type in need</i>	<i>As a % of all those in need</i>
Single pensioner	30	10,212	10,242	0.3%	1.4%
2 or more pensioners	21	8,339	8,360	0.3%	1.0%
Single non-pensioner	354	12,219	12,573	2.8%	16.7%
2+ adults, no children	218	23,745	23,963	0.9%	10.3%
Lone parent	421	5,310	5,732	7.3%	19.8%
2+ adults, 1 child	230	7,676	7,906	2.9%	10.8%
2+ adults, 2+ children	851	6,364	7,215	11.8%	40.0%
Total	2,125	73,865	75,990	2.8%	100.0%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

Long Term BHM: A whole stock model

27. This update contains the same market balance model (the BHM) as was used in the previous update, but was not presented in the original LHMA report (as it was developed subsequent to the 2007 study). Unlike many other housing market models, the market balance model used here is not flow-based but stock-based; it does not take into account the likelihood that an individual household will move, or consider supply from turnover. Instead, it considers the total stock in the area, and matches this to the stock that would be needed to house every household in the area adequately. It is assumed that the market (and social housing allocation system) will continue to function, as it does now, to allocate housing to appropriate households.

28. This is not to say it naively assumes that all properties will be 'efficiently' allocated. Because it projects forward from the current housing circumstances of existing households, it incorporates the results of existing 'inefficiencies' in the market or allocation system (e.g. under-occupation by households whose children have left home) and assumes that these trends will remain largely unchanged into the future. There are some exceptions to this, intended to reduce the proportion of the population living in housing inadequate for their needs, as explained below.
29. The model fully integrates future expected demographic changes into the outputs; this is an advantage because when planning newbuild housing it is important to ensure that it is useful, not just now, but well into the future. Flows models can at best only predict future household moves for two or three years in advance, and may be heavily influenced by recent short-term trends. By incorporating the best estimates of future household growth for the area from population and household projections, the model here gives the Council an insight into the types of housing that could be useful to residents in the long term.
30. Please note that in the interests of simplicity, unlike the WG housing need model, this model does not subtract any estimate of likely newbuild property over the next two years. As a result, any housing constructed (or brought back into use having been vacant) from December 2011 forward can be counted as contributing to the total requirements produced by the model.

Adequacy of the housing stock

31. For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated, and the stock caters to the needs of all groups equally. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of Caerphilly County Borough. This is determined through responses to the household survey.
32. A household is considered adequately housed currently unless:
- they are in unsuitable housing (as defined by WG Guidance) and cannot resolve this unsuitability without moving to a new property
 - their property is overcrowded (according to the bedroom standard).
33. In each of these cases the household is allocated to a property with characteristics more suitable for their needs, of a different size, type or tenure. For example, if a household were found to be in an overcrowded property, it would be allocated a larger property of a tenure which it could afford. The model is designed such that at the end point of the model, there should theoretically be no households remaining in unsuitable housing. Please note that living in the private rented sector supported by LHA (Local Housing Allowance) is not automatically considered unsuitable housing; the model therefore assumes that the proportion of households in this situation remains constant, rather than increasing or decreasing.

34. Some further adjustments are also made to remove, over the long-term, some of the undesirable elements of market imbalance that exist currently:

- Households living in social rented accommodation that can afford market or intermediate accommodation are re-allocated to these tenures (assuming that households would find these tenures more attractive than social rent if they could afford them). This affects a very small number of households.
- If a household is planning to move immediately, this household is assumed to move into a tenure which it can afford.
- If a household is planning a move and states a preference for a smaller dwelling, they are assumed to require a dwelling of this size (unless this would create overcrowding).
- If a household states that they need to move to alternative housing due to support needs, they are assumed to need a move to specialist (e.g. sheltered or supported) housing.
- It is assumed that households with children should live in houses, rather than flats.

35. The table below shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that currently some 7.2% of households are classified as inadequately housed according to the above criteria. Lone parent households are the household group least likely to reside in adequate accommodation, with single pensioner households the most likely.

Table 7 Types of households inadequately housed currently			
<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Single pensioner	391	10,242	3.8%
2+ pensioners	329	8,360	3.9%
Single non-pensioner	746	12,573	5.9%
2+ adults, no children	1,126	23,963	4.7%
Lone parent	1,260	5,732	22.0%
2+ adults, 1 child	502	7,906	6.4%
2+ adults, 2+ children	1,131	7,215	15.7%
Total	5,486	75,990	7.2%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

Model outputs

36. The model outputs presented here are not policy recommendations in themselves; they must be viewed in conjunction with other information, for example, viability. In addition, if there are large imbalances found in a housing market (particularly in combination with a low build rate), this may lead the model to suggest a very narrow mix of housing tenures and sizes. There is also a need for mix and

balance within neighbourhoods. This is especially the case where very large areas of newbuild housing are involved. Arguably, in the cases of such developments, it may even be appropriate to build some housing of types that are in surplus in the Borough as a whole, in order to achieve a mixed and balanced community locally.

37. It should also be borne in mind that where negative requirements are shown for larger bedroom sizes, some properties of this size can reasonably cater to households requiring smaller properties; it does not necessarily imply that demolition or subdivision of existing housing is necessary.

Tenure of housing required

38. Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of adequate accommodation for each household type is applied to the expected household population in 2022 (10 years after the publication of this report). The model therefore assumes that the pattern of accommodation preferred by each household type remains constant.
39. As in the WG model shown above (Table 5), the affordability calculation used for the Long Term Balancing Housing Markets model does not include one bedroom housing, due to the limited availability of this type of housing on the open market in Caerphilly.
40. In order to be relevant to local policy, the model also takes into account the build rate required by the Caerphilly Local Development Plan, and so the total number of households at 2022 is fixed at the level envisaged by the plan throughout, of 575 units per annum.
41. Taking this into account, the table below shows the ideal tenure profile in the Borough in 2022 (if all households are to be adequately housed). It also shows the breakdown between ordinary and specialist housing. In this model this is taken to include all forms of non-communal housing specifically provided for someone with a disability, including an age-related disability. Since the model is based on a postal survey of people living in households in Caerphilly, it does not include the requirement for communal sheltered or supported housing such as residential or nursing homes.

Table 8 Ideal tenure profile 2022		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	62,394	80.9%
Intermediate	712	0.9%
Social rented	14,010	18.2%
Total ordinary housing	77,116	100.0%
Ordinary housing	77,116	94.3%
Specialist housing (sheltered and supported)	4,624	5.7%
Total	81,740	100.0%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

42. The table below shows the tenure profile required by households resident in the Borough in 2022 in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results indicate that of newbuild housing built between now and 2022, some 54.5% of new dwellings should be market accommodation, around 35.4% social rented dwellings and 10.1% intermediate housing, making a total of 45.5% affordable housing. It should be noted that these figures would achieve market balance over 10 years; it should be justifiable to build a larger or smaller proportion in the short term depending on the urgency of meeting housing need and the economic climate.
43. In total, just under half of new housing should be sheltered or otherwise supported housing, reflecting the forecast aging of the population. This group is not broken down by tenure or size because of the very different environment in terms of affordability and size requirements for this group. Conventional affordability tests cannot consider the possibility of equity release or support from relatives, and there are limitations to an approach based on postal questionnaires when considering requirements for specific types of specialist housing. Further research would be required to analyse requirements for this type of accommodation in detail.

Table 9 Tenure of new accommodation required				
<i>Tenure</i>	<i>Tenure profile 2011/12</i>	<i>Ideal tenure profile 2022</i>	<i>Change required</i>	<i>% of change required</i>
Market	60,810	62,394	+1,584	54.5%
Intermediate	418	712	+294	10.1%
Social rented	12,980	14,010	+1,030	35.4%
Total ordinary	74,208	77,116	+2,908	100.0%
Ordinary	74,208	77,116	+2,908	50.6%
Specialist	1,782	4,624	+2,842	49.4%
Total	75,990	81,740	+5,750	100.0%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

44. The model is also able to provide detail on the size of new dwellings required within each tenure. This analysis is presented in the following section.

Size of housing required within each tenure

45. The table below presents the size of market accommodation required by households resident in the Borough in 2022 in comparison to the size profile recorded in the sector currently. It is important to remember that this analysis is for market stock and is therefore based on demand rather than need; many of the households included here could, in theory, live in smaller houses (although they might not wish to). The quantity of newbuild housing required to move the housing stock from the current size profile to the 'ideal' 2021 profile is also presented. The table shows that 50.2% of new market dwellings should be three bedroom properties and 49.1% two bedroom, with no requirement for four bedroom units, nor for two bedroom flats and only a very small requirement for one bedroom homes.

Table 10 Size of new market accommodation required*				
<i>Dwelling size</i>	<i>Size profile 2011/12</i>	<i>Ideal size profile 2022</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	678	696	+18	0.7%
Two bedroom flat	933	889	-44	0.0%
Two bedroom house	10,957	12,165	+1,209	49.1%
Three bedroom	40,687	41,922	+1,235	50.2%
Four or more bedroom	7,556	6,724	-832	0.0%
Total	60,810	62,394	+1,584	100.0%

* excluding sheltered housing, nursing homes etc.

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

46. The table below shows the equivalent results for the affordable sector. The table shows that most new affordable housing (72.3%) should have two bedrooms, whilst there is a negative requirement for one bedroom properties. An increased proportion of those housed in social housing will be families with children.

Table 11 Size of new affordable sector accommodation required*				
<i>Dwelling size</i>	<i>Size profile 2011/12</i>	<i>Ideal size profile 2022</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,716	1,354	-362	0.0%
Two bedroom flat	1,456	1,458	+2	0.1%
Two bedroom house	3,176	4,392	+1,216	72.2%
Three bedroom	6,587	6,791	+203	12.1%
Four or more bedroom	463	726	+263	15.6%
Total	13,398	14,722	+1,324	100.0%

* excluding sheltered housing, nursing homes etc.

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)