

SUBJECT:	LOCAL HOUSING MARKET ASSESSMENT
MEETING:	CABINET
DATE:	6th February, 2018
DIVISION/WARDS AFFECTED:	All

1. PURPOSE:

The purpose of this report is to brief Cabinet on the completion of the Local Housing Market Assessment (LHMA), July 2018 and to seek approval for submission of the LHMA to the Welsh Government. Appendix 1 contains a summary of the report and Appendix 2 is the full LHMA Report.

2. RECOMMENDATIONS:

To recommend that Cabinet adopts the Local Housing Market Assessment, July 2018.

3. KEY ISSUES:

3.1 All local authorities have a requirement to consider the housing accommodation needs of their localities under section 8 of the Housing Act 1985. Local Housing Market Assessments are a crucial part of the evidence base for preparing Local Development Plans and Local Housing Strategies.

3.2 This LHMA has identified the potential need for 468 affordable homes per year over the next 5 years. This number can be further broken down as:

• Social rent need	102
• Low cost homeownership need	284
• Intermediate rent need	82
• Total need	468

3.3 **It is important to note that these figures are not an annual delivery target** as new build homes are not the total solution to the supply of affordable homes in the county. The Council's target remains 960 affordable homes (96 per year) over the period of the Local Development Plan (LDP) 2011 – 2021.

3.4 Housing's Private Sector Housing Team have set up a new lettings agency, Monmouthshire Lettings Service (MLS), and are working with private sector landlords to increase the availability of units for private rent whilst also trying to bring empty properties back into use. Our shared housing service, which offers accommodation for single persons, also comes under the MLS banner.

3.5 The changes in affordable housing need since the last LHMA are set out below:

LHMA April 2015		LHMA July 2018	Comments
Social Rent Need	270.90	102.32	We included Band 5 in 2015 but not in 2018 as households in Band 5 are not considered to be in housing need.
LCHO Need	157.15	284.19	The rise here can be attributed to the huge rise in house prices. This figure is arrived at by looking at earnings against house prices and adding backlog of need (those on register). Extreme caution needs to be exercised here, as a large proportion of these households will not register for affordable housing. They will use other avenues such as Help to Buy, Bank of Mum and Dad etc. We do need to deliver more LCHO than we do now – but we need a balance as reducing our social rented delivery will lead to a rise in households registering who can only afford social rent.
Intermediate Rent Need	46.27	81.80	This rise is also due to higher house prices/ higher rents. Very few households on our register could afford an intermediate rent. If we were to deliver IR units, we would not be reducing our waiting list. There is no doubt that RSLs could let them through estate agents and that would meet a need – but delivery of this tenure would also lead to a rise in households on the register. Changing the tenure of affordable homes delivered is a delicate balancing act and needs careful consideration.
Total	474.32	468.31	

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

The LHMA provides an assessment of the current and future need for affordable housing, with data available at ward level. The report also assesses the current housing market and helps to identify emerging trends in house prices and affordability. The housing need is assessed against committed supply and housing lets to give a housing need figure per year for the next five years. The data will be used in the preparation of the revised LDP.

5. OPTIONS APPRAISAL

Production of the LHMA is a statutory duty. There are two options for undertaking this assessment:

- Undertaking the LHMA in house (this is strongly encouraged by the Welsh Government)
- Use of Consultants to undertake the assessment (this would be very costly for the local authority. A previous assessment (2006) cost in the region of £89,000).

6. EVALUATION CRITERIA

It is a requirement to update the Local Housing Market Assessment and submit the document to the Welsh Government every two years.

7. REASONS:

Under the Housing Act 1985, Local Authorities have a statutory duty to assess the County's housing need. The authority must submit the LHMA to the Welsh Government.

- The production of the LHMA has been specified by the Welsh Government in two main documents: 'The Local Housing Market Assessment Guide', Produced in March 2006 and 'Getting Started with your LHMA', produced in March 2012.
- The guidance enables authorities to derive overall figures for the number of households requiring additional housing in their areas and to determine what this means in terms of market and affordable housing provision.
- The information in the LHMA will allow the authority to develop sound planning policies to deliver the right mix of housing in terms of tenure.
- The analysis takes account of household projections, homeless data, housing register data, house prices, rental prices, household incomes, dwelling stock turnover and housing supply data.

8. RESOURCE IMPLICATIONS:

The resource implication of undertaking this assessment in-house is Officer time. This is a large body of research work that has to be undertaken by a single Officer in addition to existing full time duties.

9. CONSULTEES:

SLT

Cabinet Members

10. BACKGROUND PAPERS:

Local Housing Market Assessment Report; Getting Started with your Local Housing Market Assessment, Welsh Government, March 2012.

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12. CONTACT DETAILS:

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APPENDIX 1

SUMMARY OF THE LOCAL HOUSING MARKET ASSESSMENT (LHMA)

All local authorities are required to undertake a LHMA under section 8 of the Housing Act 1985.

Definitions of Affordable Housing

Social rented housing is owned by local authorities and registered social landlords (housing associations), for which guideline target rents are determined through the national rent regime – benchmark rents are set by the Welsh Government in Wales.

There are two types of intermediate housing offered in Monmouthshire:

- Low cost homeownership (LCHO). This is also known as shared equity. Shared equity works by providing the applicant, the buyer, with a loan for the property they want to buy. This loan comes from the RSL (Housing Association). Then, as normally, the applicant would take out a mortgage on the remaining part of the property's value. Although the name 'shared equity' suggests that their property purchase is with someone else, their home will, in fact, belong entirely to them.
- Intermediate Rent. This is housing at a rent that is above social rent, but below market levels. This is normally 70%-80% of market rent. In Monmouthshire, this is at or below local housing allowance (LHA).

Examples of weekly rent are given below. These are for a 2-bed house in Abergavenny:

- | | |
|------------------------------|-------------------|
| • Social rent per week | £ 91.03 |
| • Intermediate rent per week | £111.20 |
| • Market rent per week | £156.25 - £173.75 |

The average house price in Monmouthshire in September 2018 was £307,600. This is an increase of 12.86% since July 2017. For comparison, the average house price in neighbouring areas is given below:

- | | |
|-------------------------|----------|
| • Blaenau Gwent | £102,200 |
| • Newport | £193,300 |
| • Torfaen | £168,200 |
| • Powys | £197,000 |
| • Vale of Glamorgan | £278,800 |
| • Herefordshire | £269,400 |
| • Forest of Dean | £262,300 |
| • South Gloucestershire | £307,400 |
| • Cardiff | £250,400 |
| • Bristol | £334,600 |

Lower Quartile House Price to Income Ratio for Monmouthshire is currently 9:1.

Average House Prices – Main Towns – by Ward

• Abergavenny	Mardy	£289,305
	Cantref	£278,886
	Castle	£212,623
	Priory	£186,866
	Croesonen	£185,606
	Grofield	£166,267
	Lansdown	£151,312
• Monmouth	Dixton with Osbaston	£308,316
	Drybridge	£226,025
	Overmonnow	£169,575
	Wyesham	£199,298
• Chepstow	St Kingsmark	£284,651
	Larkfield	£217,448
	St Mary's	£179,547
	Thornwell	£179,514
	St Christopher's	£151,864
• Caldicot	Caldicot Castle	£223,476
	Green Lane	£162,488
	Severn	£160,732
	Dewstow	£149,888
	West End	£143,807
• Magor with Undy	Mill	£235,687
	The Elms	£250,595
• Usk		£286,748

Source: Hometrack – July 2018

Average Earnings

- Hourly rate for full time workers has increased from £12.19 in 2017 to £13.41 in 2018.
- Weekly wage for full time female workers has increased from £399.90 in 2017 to £495.30 in 2018.
- Average earnings for female workers have increased by 18.4% since 2012 compared to an increase of only 3.7% for male workers.

Annual Shortfall of Affordable Housing per Annum

• Social Rent	102.32
• LCHO	284.19
• Intermediate Rent	81.80

Total Need per Annum	468.31
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The figure of 468.31, however, should not be taken as an annual target for the delivery of affordable housing as new build homes are not the total solution to the supply of affordable homes in the County. The Council is working with private landlords to increase the supply of private rented homes and also to bring empty properties back into use. The social housing grant programme is also supporting the buy back by RSLs of properties previously lost to the sector through the Right to Buy. The affordable housing target remains the LDP target of 950 units over the plan period 2011 – 2021.

The figure for LCHO needs to be treated with caution as it is arrived at by looking at earnings of all households in Monmouthshire. We have no way of knowing how many of these households will require assistance from the Council. Other avenues such as Help to Buy, Rent to Own and parental assistance may be used.