

2020 - 2025

Local Housing Market Assessment



Summary

The Local Housing Market Assessment utilises the Welsh Government's guidance documents *Local Housing Market Assessment Guide, March 2016* and *Getting Started with your Local Housing Market Assessment, March 2012*.

This LHMA estimates a net need of **468** additional affordable homes per annum up until 2025, however, this figure is not an annual delivery target. The figure is simply an indication of current and projected need for affordable housing within the county.

This is a headline figure for the whole County and a more detailed assessment is contained within the report.

Housing and Communities have undertaken the assessment with the assistance of David James, Rural Housing Enabler for Monmouthshire.

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1. Introduction

Local Housing Market Assessments (LHMA) play an important part in the evidence base local authorities in Wales will use for preparing local development plans and local housing strategies. They also inform the production of programme development plans for the allocation of social housing grant which local authorities submit to Welsh Government. The LHMA also aids negotiations on Section 106 agreements between local authorities and private sector developers.

Local authorities have an important strategic housing role and statutory responsibilities in relation to the functioning of the housing market. For the purposes of the local housing market assessment, the following pieces of legislation and strategic documents are key:

1.1 Housing Act 1985

Section 8 of the Housing Act 1985 requires local authorities to consider the housing need within their areas with respect to the provision of further housing accommodation. This local housing market assessment review provides a comprehensive understanding of the local housing market and a robust evidence base for effective strategic housing and planning services.

1.2 Housing (Wales) Act 2014

Part 3 of the Housing (Wales) Act 2014 requires local authorities in Wales to carry out an assessment of the accommodation needs of Gypsies and Travellers within their area. This should be kept up-to-date every 5 years.

1.3 The Well-being of Future Generations (Wales) Act 2015

The Well-being of Future Generations (Wales) Act 2015 seeks to improve the social, economic, environmental and cultural well-being of Wales in order to create a Wales that all want to live in, now and in the future. The Act sets out seven well-being goals:

1. A prosperous Wales;
2. A resilient Wales;
3. A healthier Wales;
4. A more equal Wales;
5. A Wales of cohesive communities;
6. A Wales of vibrant culture and thriving Welsh Language; and
7. A globally responsible Wales.

The provision of sufficient good quality housing for people's needs, including affordable housing is a cross-cutting theme that will help deliver many of the well-being goals, including a more equal Wales, a Wales of cohesive communities, a prosperous Wales and a healthier Wales.

1.4 National Housing Strategy (2010)

Welsh Government's approach to housing, as outlined in Improving Lives & Communities – Homes in Wales, is to:

- provide more housing of the right type and offer more choice
- improve homes and communities, including the energy efficiency of new and existing homes
- improve housing-related services and support, particularly for vulnerable people and people from minority groups.

The Strategy highlights that local authorities have a role in assessing the need for housing and planning where it should be built. It also recognises the role of housing associations and the private sector in delivering quality homes and supporting thousands of jobs in construction and related industries.

It identifies the key factors influencing the demand for housing, including an ageing population, an increase in single person households and economic factors affecting affordability. It highlights the priorities for the future, which includes the need to increase the number of affordable homes for purchase or rent in the right location.

1.5 Planning Policy Wales (PPW)

Planning Policy Wales (PPW10) updated in December 2018 by the Welsh Government (WG) provides the overarching national strategic guidance with regard to land use planning matters in Wales. Paragraphs 4.2.1-4.2.2 of PPW10 state:

‘New housing development in both urban and rural areas should incorporate a mix of market and affordable house types, tenures and sizes to cater for the range of identified housing needs and contribute to the development of sustainable and cohesive communities.

The planning system must:

- identify a supply of land to support the delivery of the housing requirement to meet the differing needs of communities across all tenures;
- enable provision of a range of well-designed, energy efficient, good quality market and affordable housing that will contribute to the creation of sustainable places; and
- focus on the delivery of the identified housing requirement and the related land supply.’

In terms of LHMAs, PPW10 notes:

The latest Welsh Government local authority level Household Projections for Wales, alongside the latest Local Housing Market Assessment (LHMA) and the Well-being plan for a plan area, will form a fundamental part of the evidence base for development plans.

The relevant planning and housing authorities should work in partnership with local stakeholders, including private house builders, to produce LHMAs. These

assessments allow authorities to develop a detailed understanding of the nature and level of market and affordable housing demand and need in their communities' (paragraphs 4.2.6 and 4.2.8).

For clarification, PPW10 defines affordable housing as:

'Affordable housing includes social rented housing owned by local authorities and RSLs and intermediate housing where prices or rents are above those of social rent but below market housing prices or rents. All other types of housing are referred to as 'market housing', that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local authority. It is recognised that some schemes may provide for staircasing to full ownership and where this is the case there must be secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing.

To support policies and decisions on planning applications, planning authorities should refer to their LHMA to help determine the need for affordable housing.

Development plans must include an authority-wide target for affordable housing (expressed as numbers of homes). The authority-wide target for affordable housing should be based on the LHMA and identify the expected contributions that the policy approaches identified in the development plan (for example, site thresholds, site specific targets, commuted sums and affordable housing exception sites) will make to meeting this target. The target should take account of deliverability and viability which will be influenced by the anticipated levels of finance available for affordable housing, including public subsidy, and other community benefit contributions being sought by the planning authority.'(paragraphs 4.2.26 - 28)

1.6 Local Development Plan (LDP)

Adopted LDP

Monmouthshire County Council's Local Development Plan (LDP) was adopted on 27th February 2014. The chosen level of housing provision in the LDP is 4,500 dwellings over the Plan period 2011-2021. It accommodates the level of growth indicated by the 2008-based Welsh Government Household projections. It projected an increase for the County of 3,969 households between 2011-2021 (or about 4,100 dwellings), with a small allowance (10 dwellings per year) to be met in that part of Monmouthshire included in the Brecon Beacons National Park, together with an additional requirement for the period 2006-2011.

Replacement LDP

The Council is preparing a Replacement Local Development Plan for the County (excluding the area within the Brecon Beacons National Park) to cover the period 2018-2033. Progress has been delayed by Covid-19 and was further affected by the publication of corrected 20178 population projections in August 2020. The RLDP issues, vision, objectives and evidence base have been reviewed in terms of sensitivity to the consequences of the current pandemic. The Welsh Government published a

correction to the 2018-based population and household projections in August 2020. These projections form the starting point for the Plan's evidence base on growth levels and comprise important new evidence that requires consideration. In order to ensure that the evidence base for the RLDP is robust and based on the most up to date information, the decision was made to revisit both the Growth and Spatial Options and Preferred Strategy stages of the RLDP process.

These unavoidable delays have necessitated a further revision to the RLDP Delivery Agreement timetable and community involvement scheme which was approved by Welsh Government in October 2020. Work on the Plan will progress in accordance with the revised timetable, the next key stage being the Growth and Spatial Options which will be subject to non-statutory consultation in early 2021.

A significant issue for Monmouthshire is the fact that house prices are high in relation to earnings so there is a significant need for additional affordable housing in the County in both urban and rural areas. It is an objective of the Plan to provide a level of housing that is sufficient to deliver a wide-ranging choice of homes, both for existing and future residents, while ensuring local needs for appropriate, affordable and accessible housing are met as far as possible.

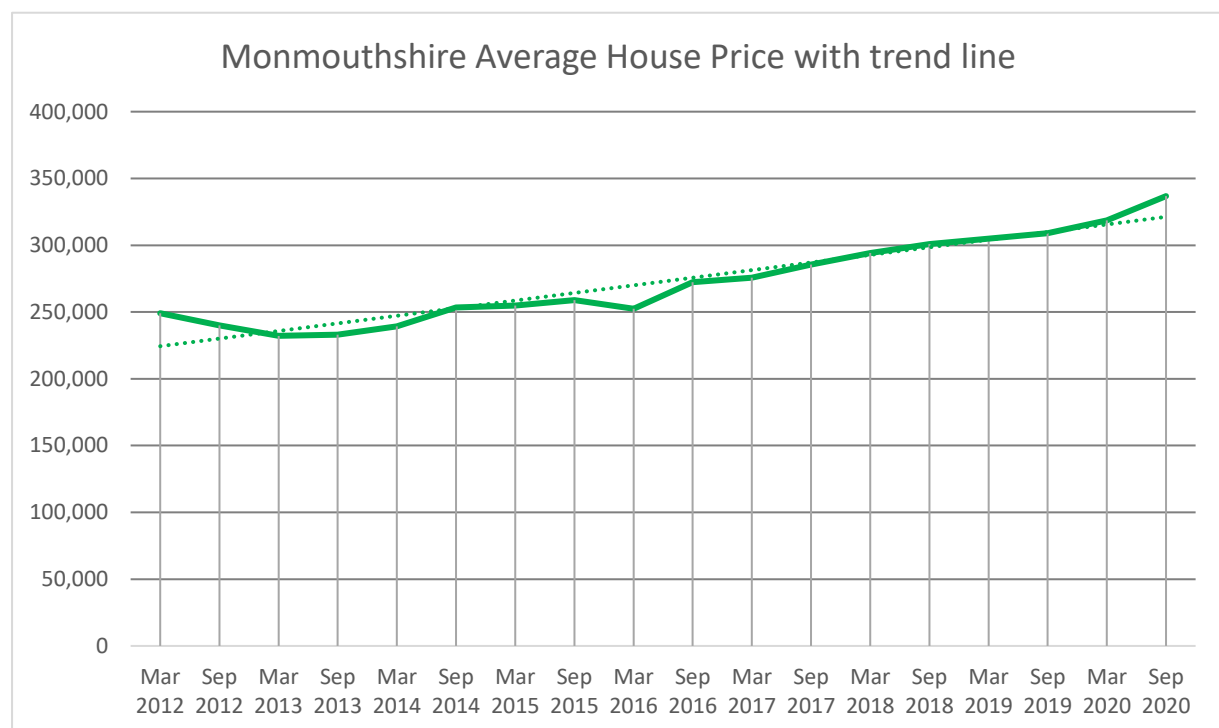
2. Housing Market Analysis

Monmouthshire is a predominantly rural county situated in south east Wales and is noted for its rich and diverse landscape. It covers an area of approximately 88,000 hectares and shares a border with the neighbouring counties of Newport, Torfaen and Powys in Wales and Gloucestershire and Herefordshire in England. The estimated population is 94,950 (Source: ONS, April 2020). The main towns in the county are Abergavenny, Monmouth, Chepstow and Caldicot.

2.1 Monmouthshire Average Property Price

The average property price in Monmouthshire currently stands at £336,760. Figure 1 shows the trajectory of the Monmouthshire average house price since March 2012 and evidences an increase of just over 35% in the average property price. From the end of 2019 to date, the housing market throughout the UK has been unpredictable and the sparsity of data has made it more difficult than ever to analyse, especially at smaller geographies.

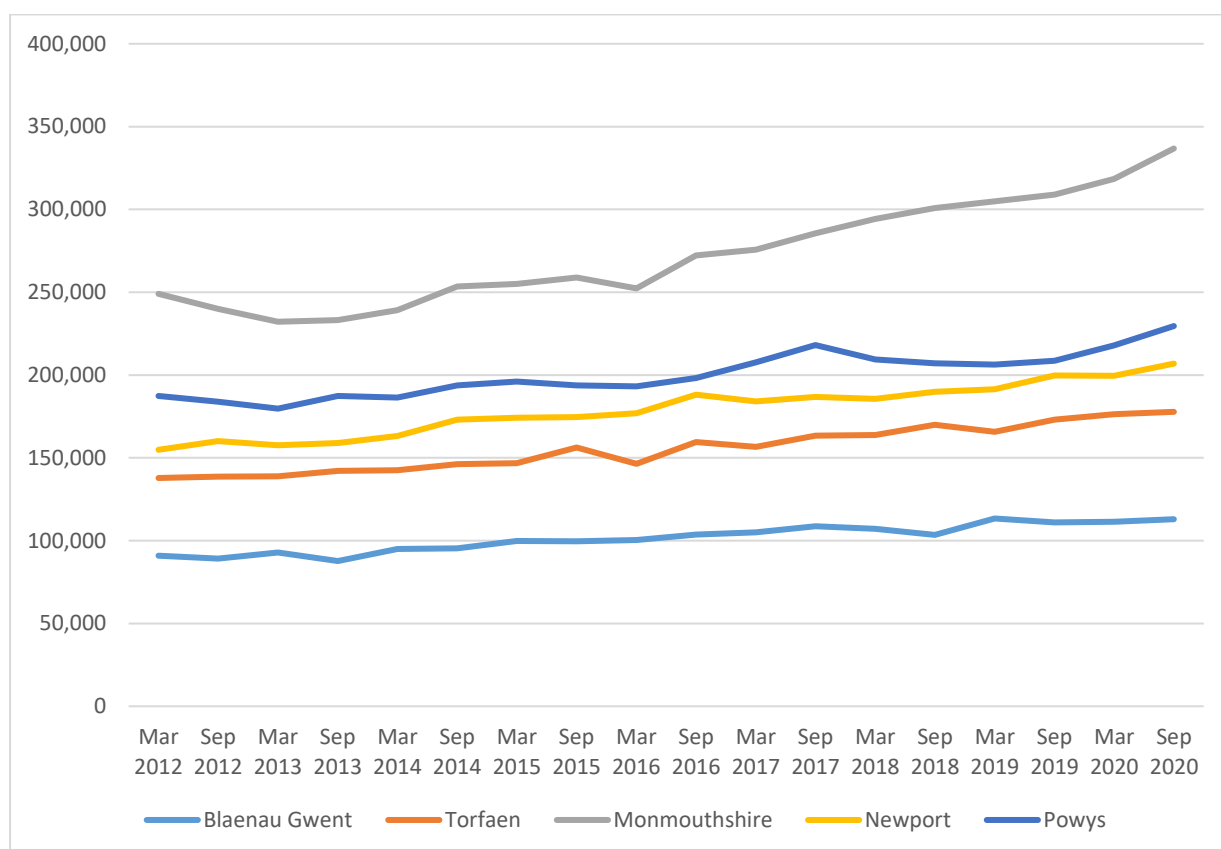
Figure 1 Monmouthshire Average House Price



Source: Hometrack

The graph in Figure 2 shows how the average Monmouthshire house price compares with our neighbouring Welsh local authorities. Monmouthshire has consistently outperformed others with a higher average house price and higher rate of growth in house prices.

Figure 2 Comparison of Average House Price – Neighbouring Welsh Local Authorities



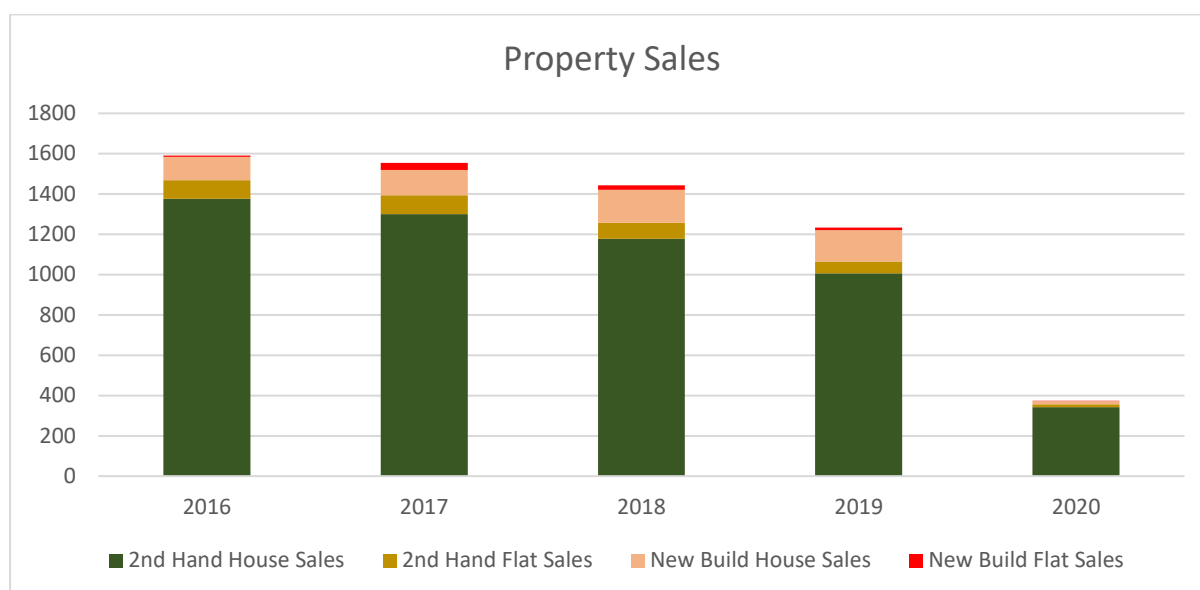
Source: Hometrack

2.2 Housing Market Indicators

Since 2016 the number of properties sold in Monmouthshire has declined year on year, despite an increase in the numbers of new build property sales. From a high of 1,591 sales in 2016, there were 1,234 sales in 2019 and only 374 sales as at 30th September 2020 (Figure 3). House sales data from 2019, show that 29.9% or 370 of 1,234 sales were sold at a higher value than the average Monmouthshire property price of £336,000, however, this data includes 5 properties which were sold for over £1million pounds each.

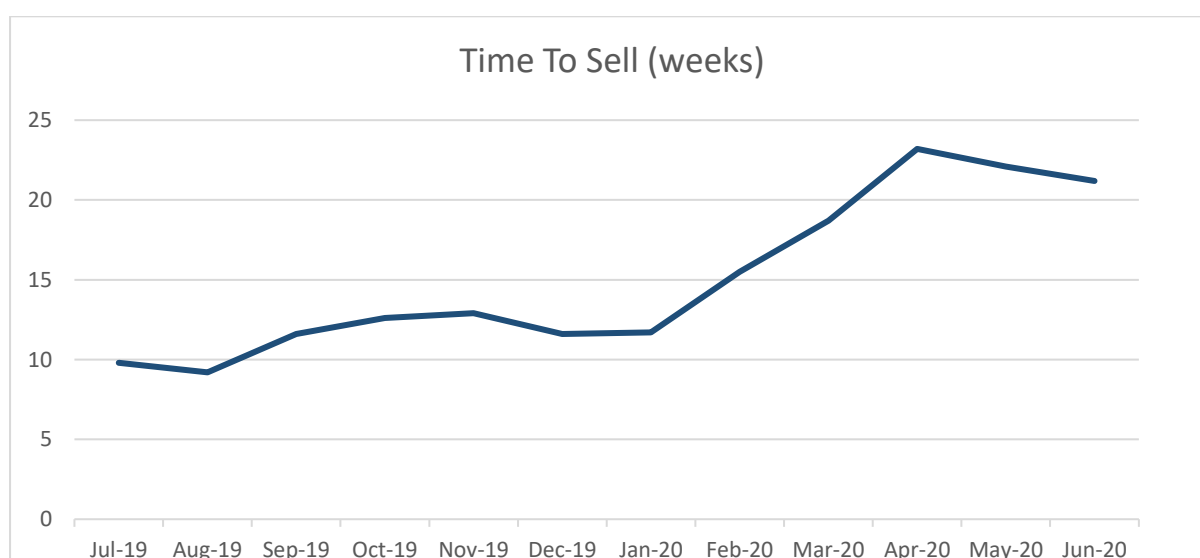
There is no doubt that the pandemic has impacted significantly on the local housing market, because the length of time it has taken to complete the sale of properties has also increased. In July 2019 the average time it took to sell a property in Monmouthshire was 9.8 weeks, whereas by June 2020 the average time had increased to 21.2 weeks (Figure 4).

Figure 3 Total Property Sales in Monmouthshire by Year and Type as 30th September 2020



Source: Hometrack

Figure 4 Average Time to Sell a Property in Monmouthshire



Source: Hometrack

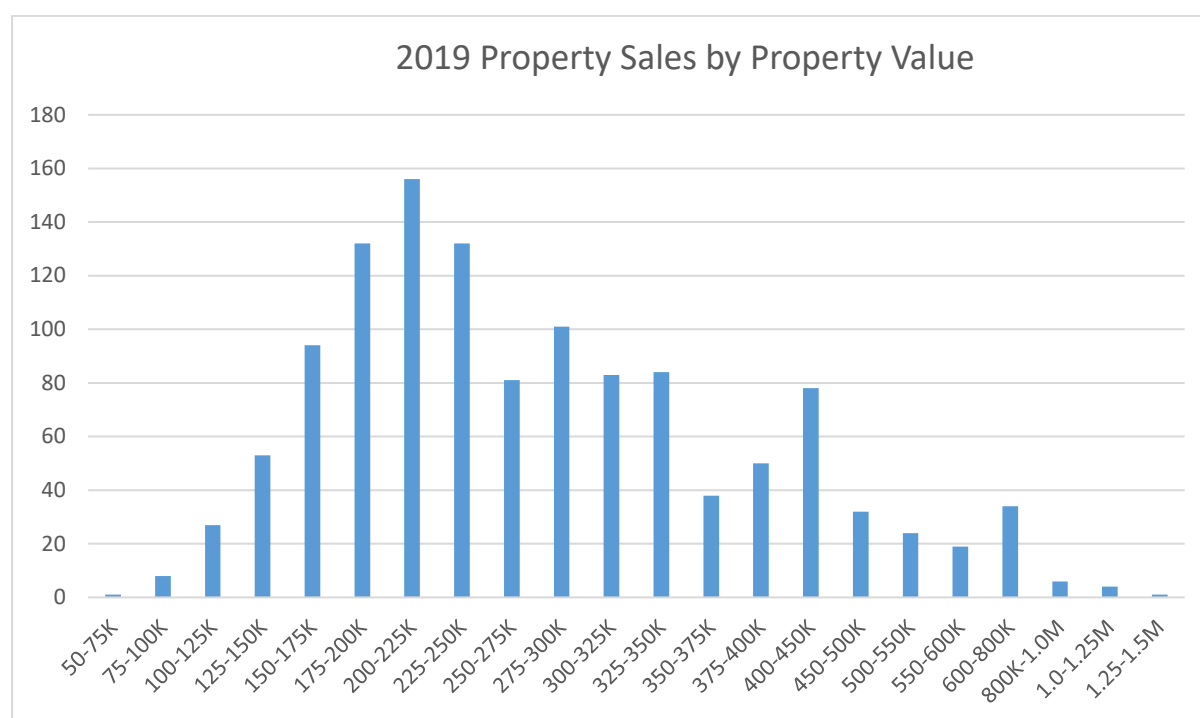
The majority of sales in Monmouthshire are of detached properties, followed by semi-detached and then terraced properties.

The length of time it takes to sell a property has also appeared to impact on the sale to asking price of properties. In August 2019 the average sale to asking price in Monmouthshire was a fraction over 97%, whereas in June 2020, that figure was 94% (Figure 4).

In 2019 there were 1,234 properties sold in Monmouthshire, with just over a third of the total being properties priced between £175,000 and £250,000. As the majority of properties sold in the county are detached, there is still quite a high proportion of sales

at higher prices. For example, 29.9% of property sales were sold at values above the Monmouthshire average property price (Figure 5).

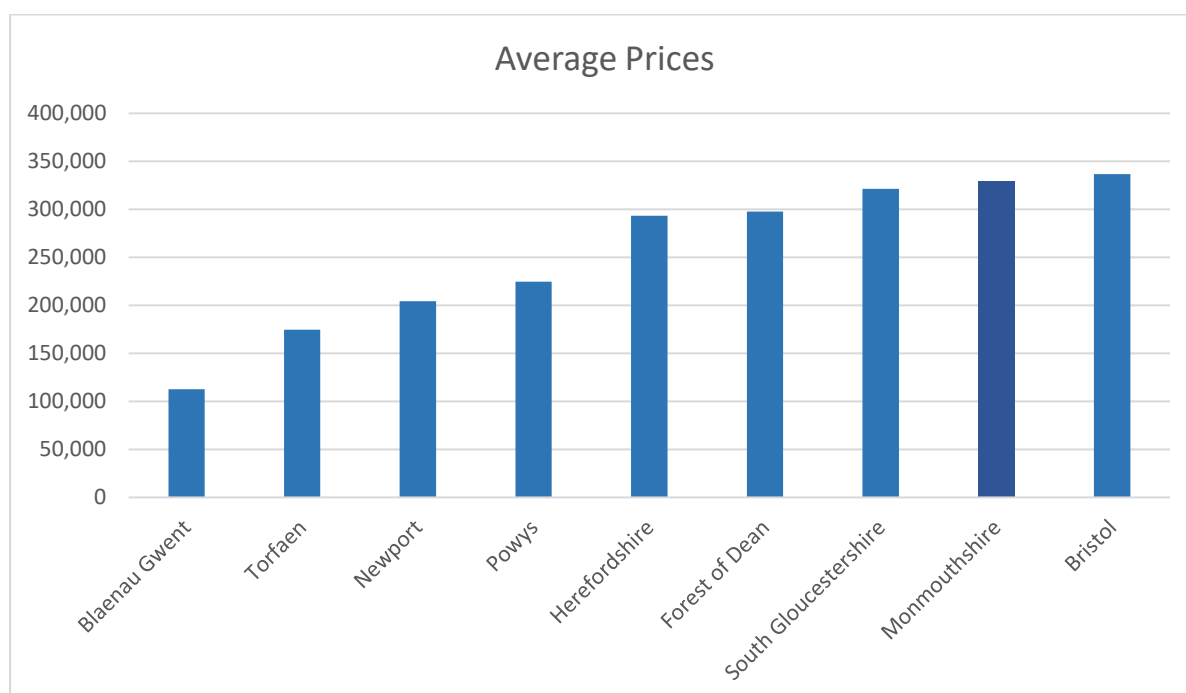
Figure 5 2019 Property Sales by Property Value



Source: Hometrack

Monmouthshire's housing market has a range of competition from the neighbouring counties, both in Wales and England. For example, Blaenau Gwent has some of the lowest property prices in the UK with a current average price of £112,619. The three other neighbouring Welsh local authorities have much lower average prices than Monmouthshire, although the current average price for Powys of £224,681 hides the fact that close to the Monmouthshire border around Crickhowell house prices are particularly high. There is much more similarity in Monmouthshire's housing market with the neighbouring English counties and only the City of Bristol has a higher average house price currently at £336,695 (Figure 6). This means people seeking to purchase a home are likely to need to leave Monmouthshire in order to afford suitable accommodation for their needs.

Figure 6 Current Average Price of Monmouthshire and Neighbouring Local Authorities



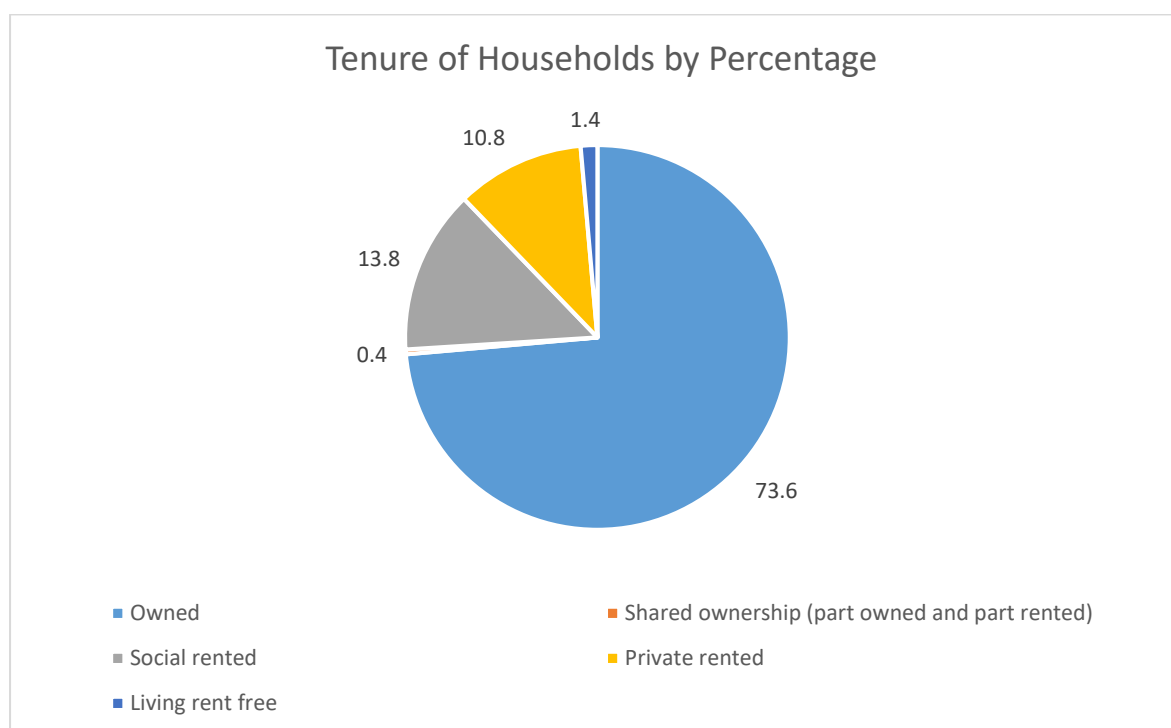
Source: Hometrack

In terms of rurality, Powys and Forest of Dean are quite similar and it is these two areas which have seen the highest prices increases over the last twelve months of 15.4% and 21.8% respectively. This appears to confirm the current trend of counter-urbanisation and a strong demand for property in the more rural areas, which will very likely continue. Initial evidence suggests that purchasers are prioritising space, quality of life and access to green open spaces over commuting time, with a significant increase in home working due to COVID-19.

2.3 Tenure

At the time of the 2011 Census, there were 38,233 households in the borough. Figure 7 shows the tenure of residents in Monmouthshire.

Figure 7 Tenure of Households



Source: Census 2011

Table 1 below provides a breakdown of tenure. It shows that homeownership (with or without a mortgage and shared ownership) is the most popular form of tenure, with 74% of Monmouthshire residents, either fully or in part, owning their own home.

Table 1 Breakdown of Tenure

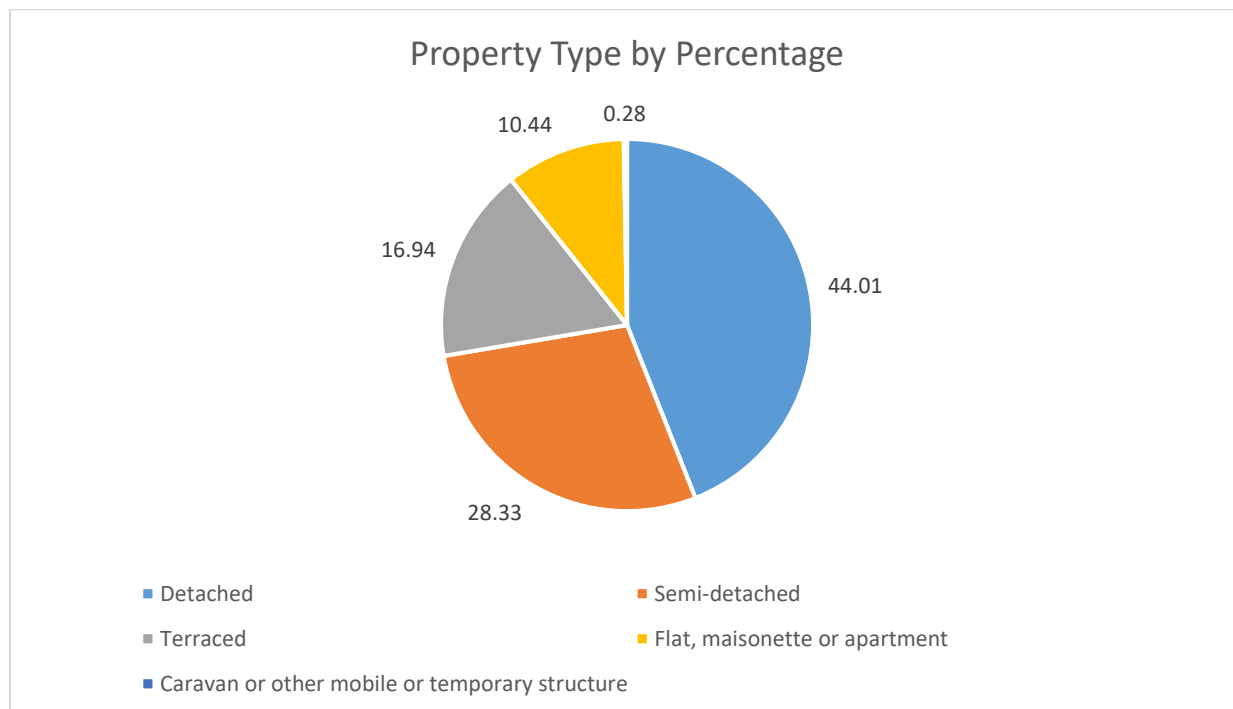
Tenure	Number	Percentage
Owned Outright	15,269	39.9%
Owned with a Mortgage or Loan	12,873	33.7%
Shared Ownership (part owned part rented)	141	0.4%
Social Rented	5,288	13.8%
Private Rented	4,130	10.8%
Living Rent Free	532	1.4%
Total	38,233	100%

Source: Office of National Statistics

2.4 Types of Property

As illustrated in Figure 8 and Table 2 below, the majority of properties in the county borough are detached homes (44.01%) with next most popular property type being semi-detached (28.33%) properties.

Figure 8 Breakdown of Property Type



Source: Census 2011

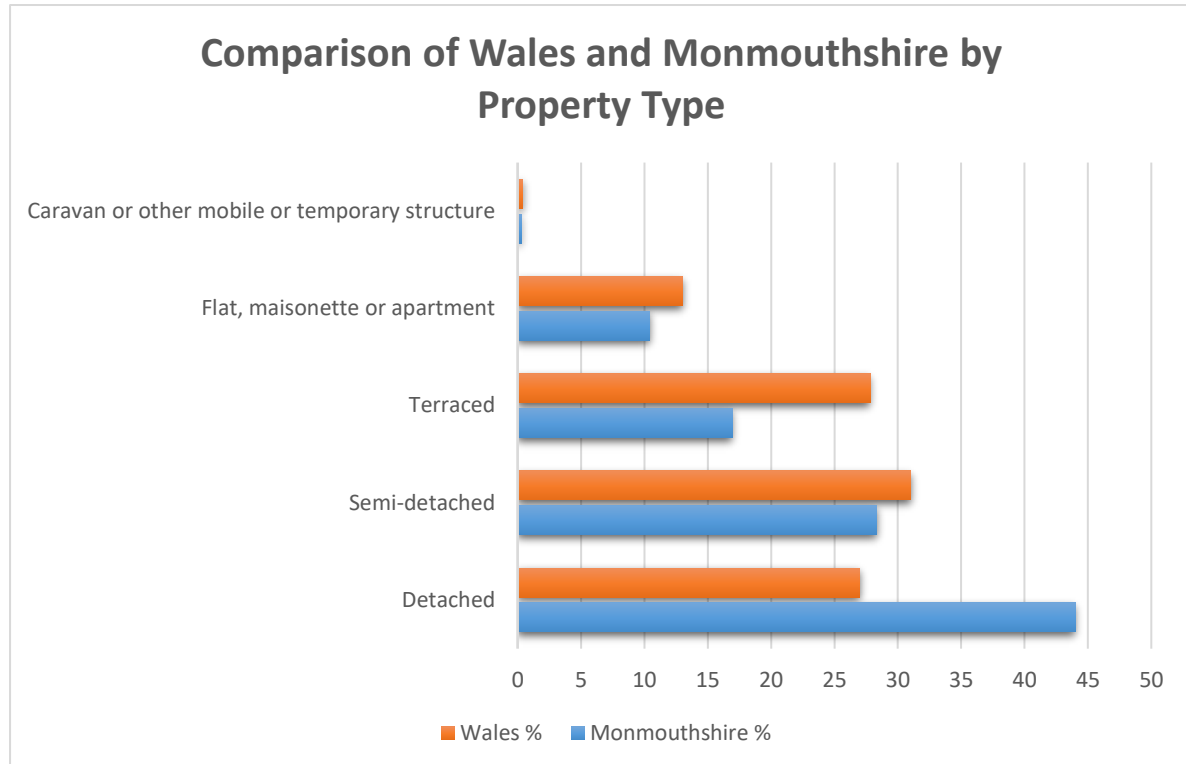
Table 2 Breakdown of Property Type

Property Type	Number	Percentage
Detached	17,638	44.01%
Semi-detached	11,354	28.33%
Terraced	6,789	16.94%
Flat, maisonette or apartment	4,186	10.44%
Caravan or other mobile or temporary structure	111	0.28%
Total	40,078	100%

Source: Office of National Statistics

As shown in Figure 9 below, a comparison between Monmouthshire property types and Wales as a whole shows there is a higher proportion of detached and semi detached properties (72.34% combined) in Monmouthshire when compared to the Wales number (58.73% combined) and a lower proportion of terraced properties and flats (27.38% combined for Monmouthshire and 40.85% for Wales). In Monmouthshire, there is limited availability of terraced homes or apartments which are often a traditional way of people taking their first step into homeownership.

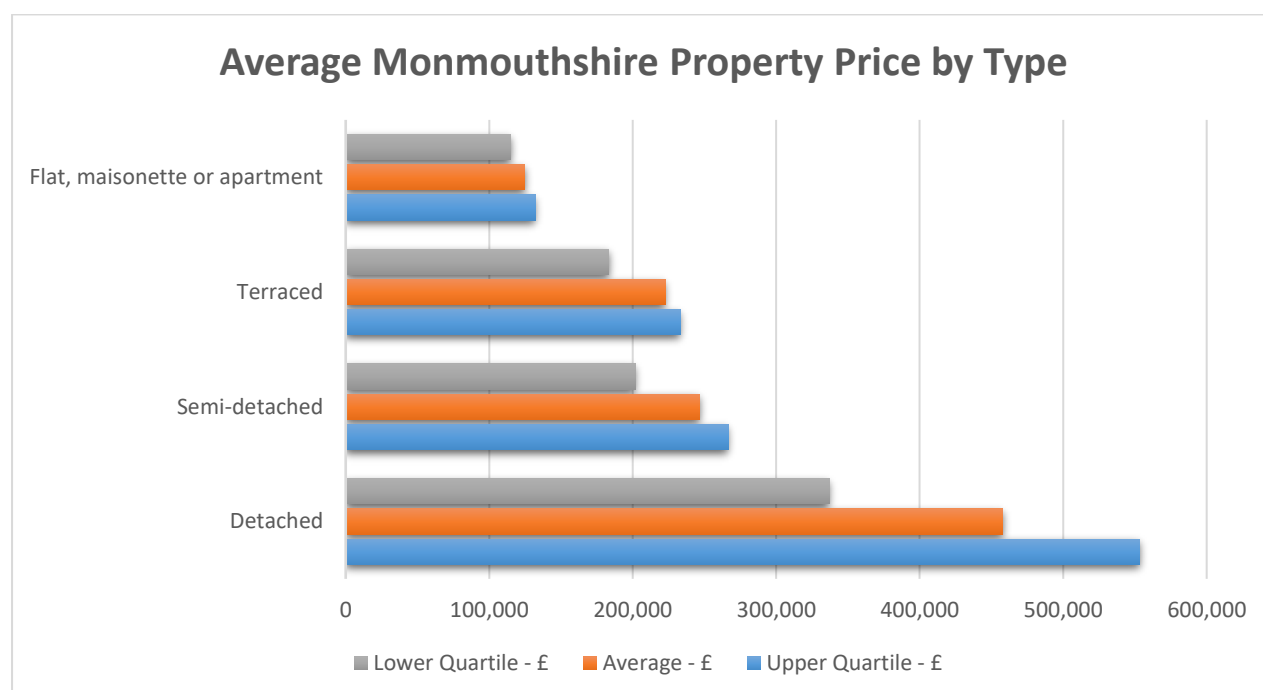
Figure 9 Comparison of Wales and Monmouthshire Property Type



Source: Census 2011

Figure 10 below illustrates the average price of each property type in Monmouthshire. This is important to acknowledge as it impacts on the availability of suitable accommodation for first time buyers and those on lower incomes trying to access the Monmouthshire Housing Market. Of particular note, the average price of a flat, maisonette or apartment in Monmouthshire (£124,666) exceeds the average price of all property types in Blaenau Gwent (£112,619), and the average price of a terraced home in Monmouthshire (£222,814) exceeds the average price of all property types in Torfaen (£174,670) or Newport (£204,283).

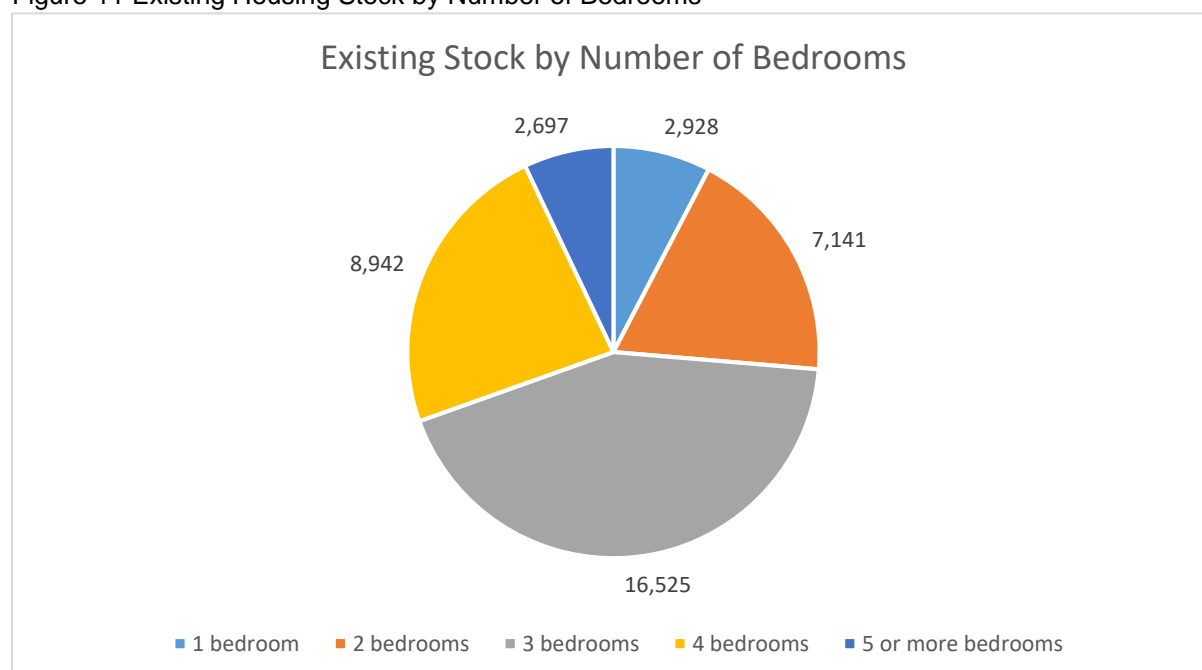
Figure 10 Average Monmouthshire Property Price by Property Type



Source: Hometrack, November 2020

As seen in Figure 11 below the majority of homes in Monmouthshire have 3, 4 or 5 or more bedrooms, this is to be expected given the number of detached and semi-detached properties and the mix of urban and rural locations within the county.

Figure 11 Existing Housing Stock by Number of Bedrooms



Source: Census 2011

Table 3 Housing Stock by Number of Bedrooms

Number of Bedrooms	Number	Percentage
1 Bedroom	2,928	7.66%
2 Bedrooms	7,141	18.68%
3 Bedrooms	16,525	42.33%
4 Bedrooms	8,942	23.39%
5 or more Bedrooms	2,697	7.05%
Total	38,233	100%

Source: Census 2011

2.5 Private Rented Sector

The private rented sector is important in meeting the housing requirements of those who are in housing need but cannot access social rented housing and those who cannot afford to purchase on the open market. Since the change in legislation allowing local authorities to utilise the private rented sector to house homeless applicants it has become an increasingly important sector for Monmouthshire.

During July 2020, a desktop study of the residential rental market was undertaken. The study was an historical analysis of rental activity from 2010 to 2020 using Hometrack's comprehensive database of properties advertised to let and looked at the following:

- Rental market and activity within Monmouthshire
- Distribution of properties and rental values by bedroom category
- Rental values and Local Housing Rates
- Affordability

This chapter reflects the study but the following statements caveat the findings:

- The collation of information and data on private rental activity, costs and affordability is not as reliable as collating data on housing sales due to the lack of data currently available. As a result the data is not robust and, therefore, only for a very broad analysis of the rental market in Monmouthshire.
- The data does not differentiate between rents for furnished/unfurnished properties, nor for whether utility bills and council tax are included/not included within the value of rent.
- The study concentrates on properties where the bedroom category is known as this demonstrates the issue of affordability especially when referring to Local Housing Allowance (LHA) rates.

Rental Market and Activity

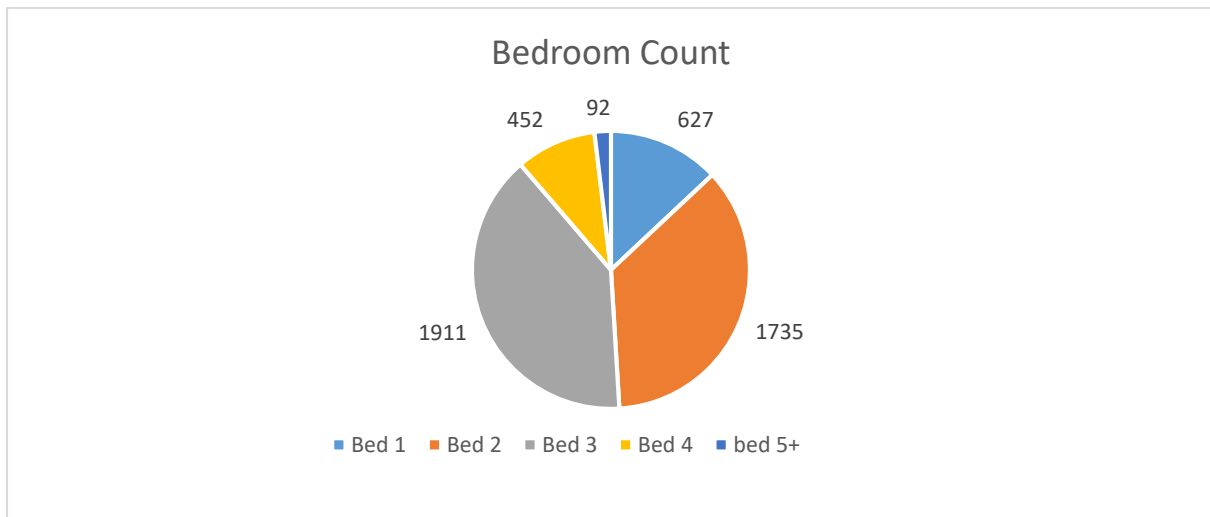
Current Rental Market

As of July 2020 there are 3,200 Landlords registered with Rent Smart Wales representing 4,817 properties spread throughout the five rental areas of Monmouthshire, which are, Abergavenny and Monmouth in the north of the County, Usk in the centre and Chepstow and Caldicot in the south. It should be noted that

these five areas relate to postcode areas in the county and the Hometrack system provides a breakdown only for these areas below the county as a whole. It was therefore not possible to correlate the rental analysis with the three housing market areas for Monmouthshire.

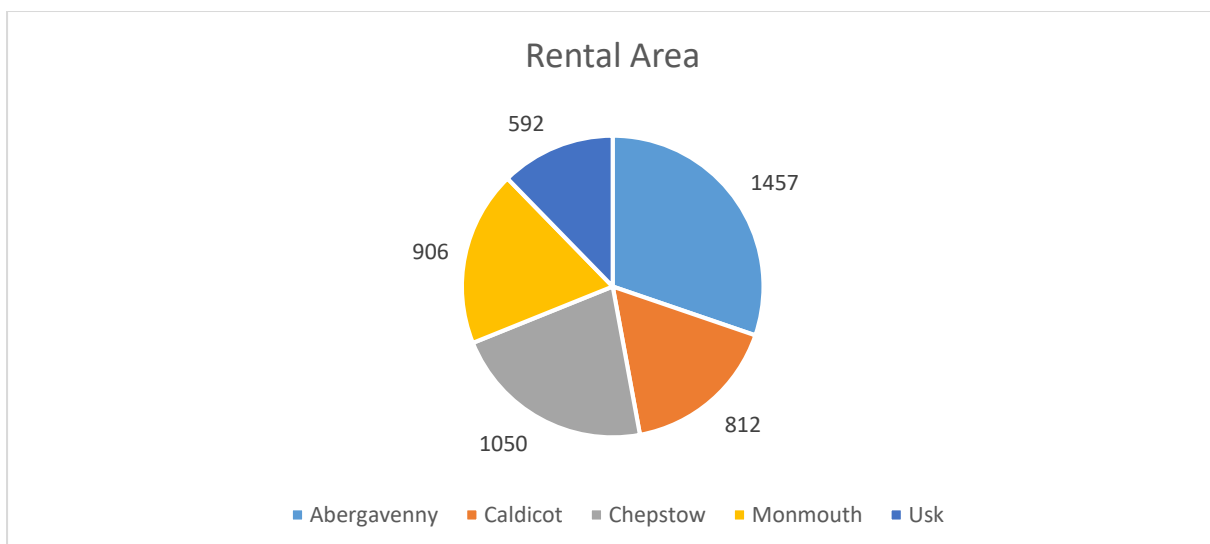
The following figures show the distribution of rental properties by bedroom count and rental area.

Figure 12 Number of Properties by Bedroom Count



Source: Hometrack

Figure 13 Number of Properties by Rental Area



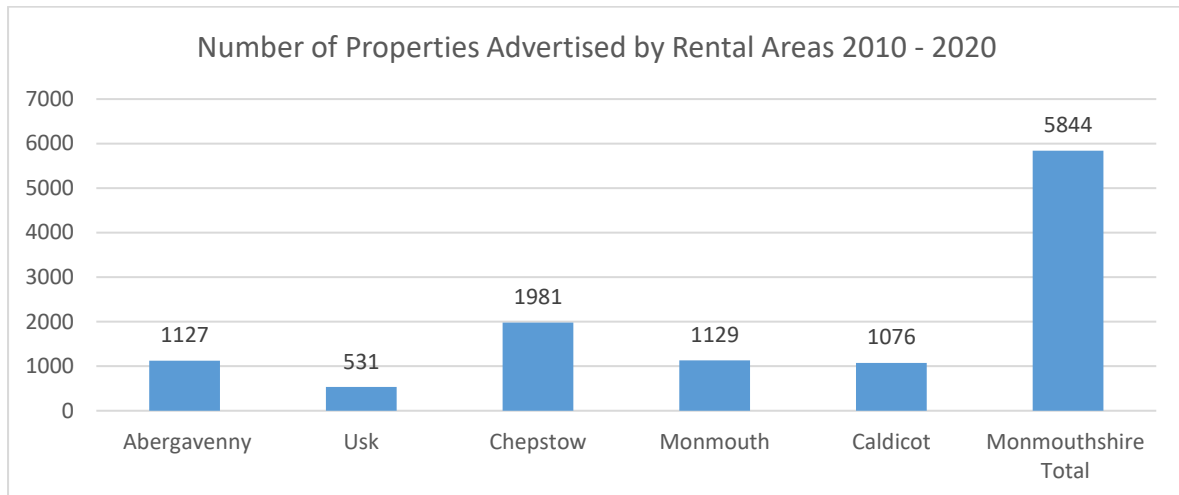
Source: Hometrack

Historical Market Activity

The following paragraphs analyse market activity over the last ten years 2010 to 2020 using Hometrack's comprehensive database of properties advertised, which is a sample size of 5,844 properties.

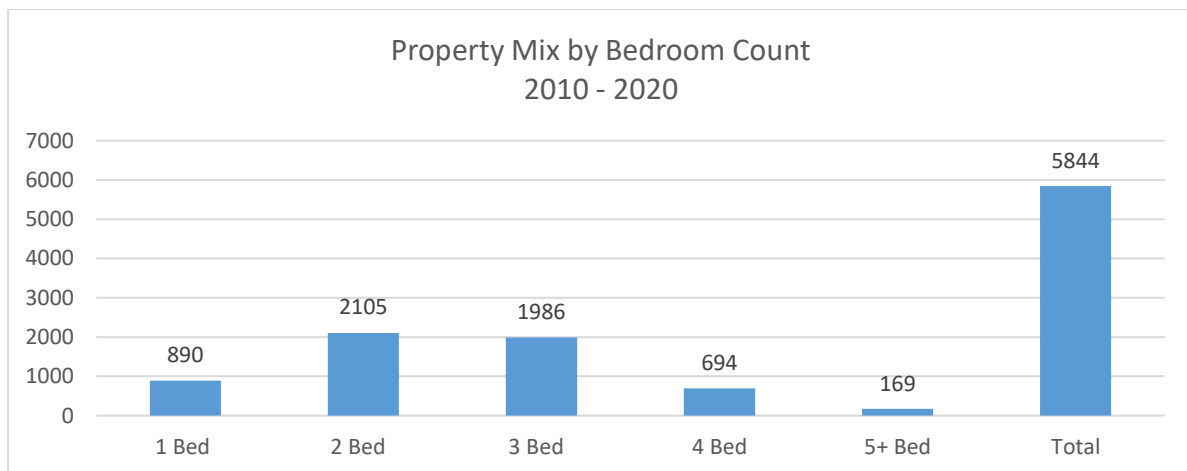
The following graphs shows the spread of the properties within the five main rental areas of Monmouthshire and by bedroom count.

Figure 14 Number of Properties Advertised by Area



Source: Hometrack

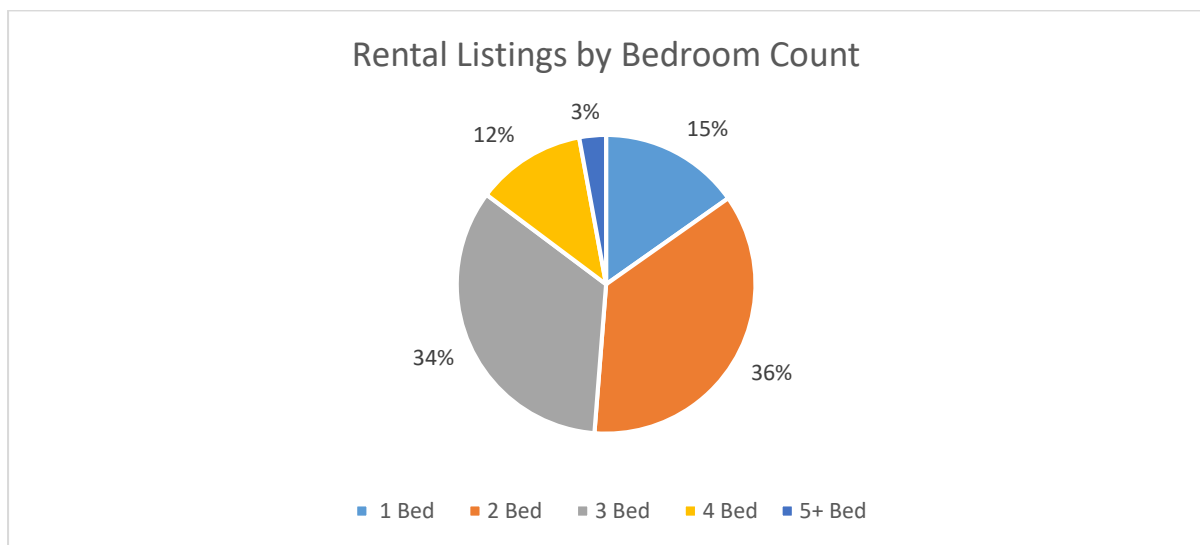
Figure 15 Property Mix by Bedroom Count



Source: Hometrack

Figure 15 below shows the mix of rental listings over the last 12 months by bedroom count. The largest share was two bedroom properties with 36%, followed by three bedroom properties with 34%. One, four and five bedroom properties made up 3%, 12% and 15% of the share respectively.

Figure 16 Rental Listings by Bedroom Count

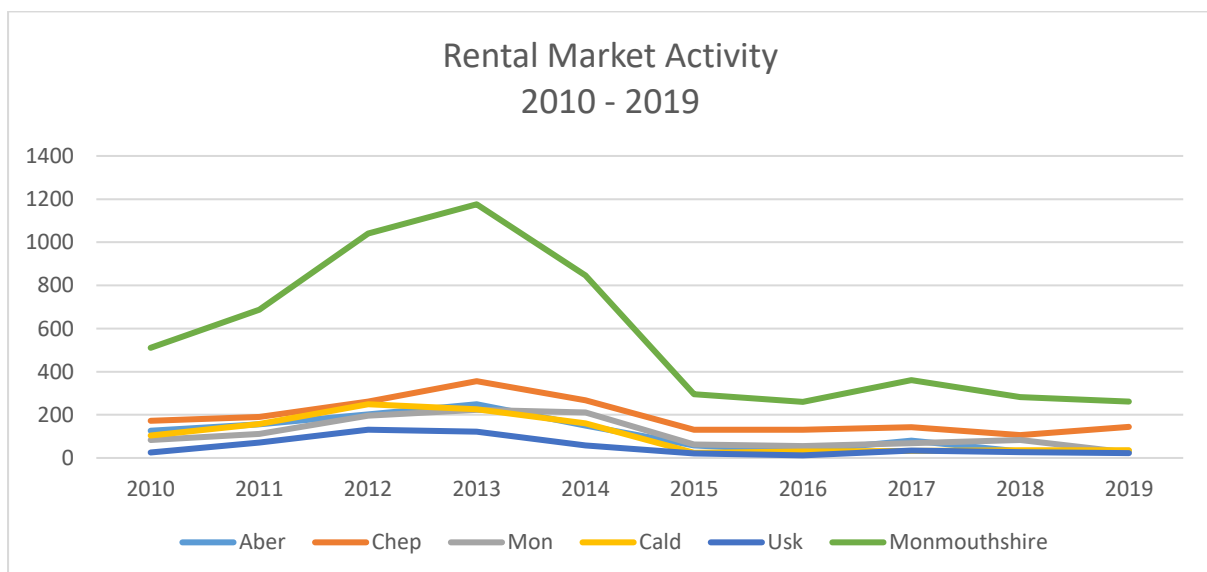


Source: Hometrack

Market Activity

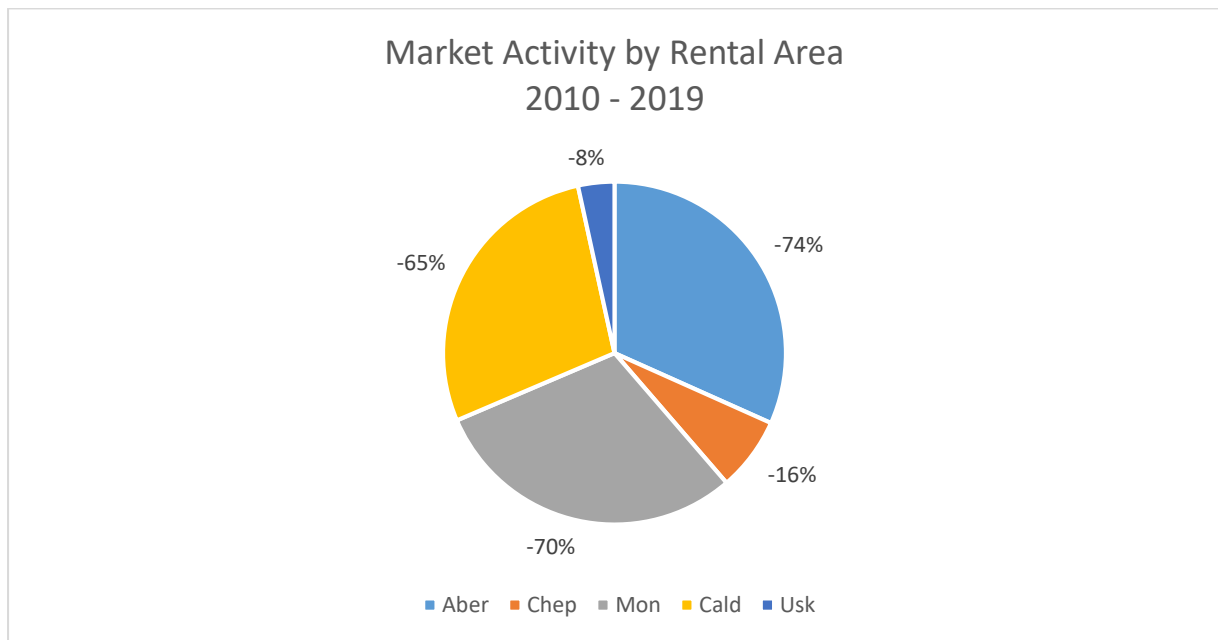
The data for this section includes only full years from 2010 – 2019.

Figure 17 Rental Market Activity



Source: Hometrack

Figure 18 Market Activity by Rental Area



Source: Hometrack

Figure 16 shows the market activity has contracted quite considerably in the five rental areas and Monmouthshire as a whole the rental market contracted by almost 50% between 2010-2019.

Market Rental Value Growth

For this section, only data between one and four bedrooms was used due to the lack of available data five bedrooms.

Percentage Increase / Decrease of Monthly Rents 2010 - 2019		
Rental Area	Number of bedrooms	Average Rent Price Increase Since 2010
Abergavenny	1 Bed	22%
	2 Bed	16%
	3 Bed	22%
	4 Bed	11%
Usk	1 Bed	13%
	2 Bed	19%
	3 Bed	17%
	4 Bed	-1%
Chepstow	1 Bed	34%
	2 Bed	26%
	3 Bed	28%
	4 Bed	43%
Monmouth	1 Bed	30%
	2 Bed	25%
	3 Bed	19%
	4 Bed	13%
Caldicot	1 Bed	34%
	2 Bed	26%
	3 Bed	19%
	4 Bed	46%

Source: Hometrack

Other than the Usk rental area, the other rental areas have seen a significant rise in monthly rental values over the past ten years. For Monmouthshire as a whole the rental values have seen an average increase of almost 25% on 2010 values.

Current Rental Values

Table 4 below illustrates the monthly rental values for the five rental areas as at Summer 2020. For example, the rental value for a one-bed property in Abergavenny ranges from £815 (highest value) to £295 (lowest value) with an average value of £513 and a median value of £475, based on a sample size of 192 properties.

Table 4 Monthly Rental Values

	Bedroom Category	Sample Number of Properties	Highest Current Monthly Rent	Lowest Current Monthly Rent	Average Current Monthly Rent	Median Current Monthly Rent
Abergavenny	1 Bed	192	£815	£295	£513	£475
	2 Bed	444	£925	£330	£634	£638
	3 Bed	347	£1,200	£405	£771	£755
	4 Bed	109	£2,195	£390	£1,070	£965
	5 + Bed	35	£3,535	£600	£1,649	£1,535
	Total	1127				
Usk	1 Bed	61	£710	£360	£535	£535
	2 Bed	178	£870	£398	£663	£660
	3 Bed	211	£1,190	£476	£805	£783
	4 Bed	65	£1,735	£424	£1,047	£960
	5 + Bed	16	£3,020	£1,100	£1,896	£1,818
	Total	531				
Chepstow	1 Bed	350	£770	£285	£559	£565
	2 Bed	650	£1,030	£485	£697	£695
	3 Bed	677	£2,055	£475	£845	£830
	4+ Bed	236	£2,380	£685	£1,295	£1,215
	5+ Bed	68	£3,165	£1,055	£1,663	£1,553
	Total	1981				
Monmouth	1 Bed	191	£710	£350	£529	£560
	2 Bed	450	£925	£410	£664	£665
	3 Bed	297	£1,545	£470	£836	£820
	4+Bed	151	£2,185	£700	£1,243	£1,170
	5+ Bed	40	£3,535	£1,065	£1,902	£1,813
	Total	1129				
Caldicot	1 Bed	96	£970	£250	£512	£520
	2 Bed	383	£885	£460	£655	£665
	3 Bed	454	£1,105	£535	£775	£770
	4+Bed	133	£1,515	£790	£1,051	£1,015
	5+ Bed	10	£2,010	£420	£1,450	£1,503
	Total	1076				

Source: Hometrack

Local Housing Allowance Rates (LHA)

Monmouthshire has one single rate for each bedroom category (maximum bedroom rate of four bedrooms for the county). Table 5 illustrates the details for 2020/2021.

Table 5 Local Housing Allowance Rates - 2020/2021

Shared Allowance	£329
1 Bed	£414
2 Bed	£549
3 Bed	£648
4+Bed	£779

The following table illustrates the number of available properties that are affordable to those in receipt of the appropriate LHA rate for their bedroom category.

Table 6 Number of Properties at LHA Rate

Rental Area	Bedroom Count	Sample Number of Properties	Monthly LHA Rate	Number of properties at or below LHA rate	Percentage of properties at or below LHA
Abergavenny	1 Bed	192	£414.00	24	12.5%
	2 Bed	444	£549.00	81	18.2%
	3 Bed	347	£648.00	38	11.0%
	4 Bed	109	£779.00	5	4.6%
Usk	1 Bed	61	£414.00	0	0.0%
	2 Bed	178	£549.00	21	11.8%
	3 Bed	211	£648.00	15	7.1%
	4 Bed	65	£779.00	3	4.6%
Chepstow	1 Bed	350	£414.00	14	4.0%
	2 Bed	650	£549.00	9	1.4%
	3 Bed	677	£648.00	5	0.7%
	4+ Bed	236	£779.00	1	0.4%
Monmouth	1 Bed	191	£414.00	22	11.5%
	2 Bed	450	£549.00	41	9.1%
	3 Bed	297	£648.00	5	1.7%
	4+Bed	151	£779.00	4	2.6%
Caldicot	1 Bed	96	£414.00	8	8.3%
	2 Bed	383	£549.00	19	5.0%
	3 Bed	454	£648.00	11	2.4%
	4+Bed	133	£779.00	0	0.0%

Total by Rental Properties	5675	Total Number of Properties at LHA Rate	326	Percentage	5.75%
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Source: Hometrack

Table 6 details the number of properties that came within the LHA rate applicable to their bedroom count is 326, which equates to 5.75% of the total number of available properties. This data shows that it is highly unlikely that recipients of local housing allowance could afford to rent a property at market rent.

Affordability

To determine whether a household is able to afford to rent privately, a comparison was made between the median net annual household income and the median rental values for each property type by area.

It is assumed that a maximum of 35% of net income can be spent on renting and that net income is 74% of gross income (accounting for tax and NI contributions). The calculation method and assumptions are in line with guidance on calculating affordability issued by the Homes and Communities Agency.

Table 7 shows the net median family income required to meet the median rental values of each bedroom count. Note that the median wage has two values. This represents those residents that work “in county” and those that work “out of county”. This latter category represent 40% of the total work force.

Table 7 Affordability – Net Median Wage Based on Median Rents by Bedroom Category

Rental Area		Sample Number of Properties	Highest Current Monthly Rent	Lowest Current Monthly Rent	Median Current Monthly Rent	Rent as a percentage of Median Monthly Wage (In County)	Rent as a percentage of Median Monthly Wage (Out of County)	In County Median Net Wage.	Out of County Net Wage.
Abergavenny	1 Bed	192	£815.00	£295.00	£475.00	26.0%	30.6%	£1,828	£2,085
	2 Bed	444	£925.00	£330.00	£638.00	34.9%	30.6%		
	3 Bed	347	£1,200.00	£405.00	£755.00	41.3%	36.2%		
	4 Bed	109	£2,195.00	£390.00	£965.00	52.8%	46.3%		
	5 + Bed	35	£3,535.00	£600.00	£1,535.00	84.0%	73.6%		
	Total	1127							
Usk	1 Bed	61	£710.00	£360.00	£535.00	25.7%	25.7%		
	2 Bed	178	£870.00	£398.00	£660.00	36.1%	31.7%		
	3 Bed	211	£1,190.00	£476.00	£782.50	42.8%	37.5%		
	4 Bed	65	£1,735.00	£424.00	£960.00	52.5%	46.1%		
	5 + Bed	16	£3,020.00	£1,100.00	£1,817.50	99.4%	87.2%		
	Total	531							
Chepstow	1 Bed	350	£770.00	£285.00	£565.00	30.9%	27.1%		
	2 Bed	650	£1,030.00	£485.00	£695.00	38.0%	33.0%		
	3 Bed	677	£2,055.00	£475.00	£830.00	45.4%	40.0%		
	4+ Bed	236	£2,380.00	£685.00	£1,215.00	66.5%	58.0%		
	5+ Bed	68	£3,165.00	£1,055.00	£1,552.50	84.9%	74.0%		
	Total	1981							
Monmouth	1 Bed	191	£710.00	£350.00	£560.00	30.6%	26.9%		
	2 Bed	450	£925.00	£410.00	£665.00	36.4%	31.9%		
	3 Bed	297	£1,545.00	£470.00	£820.00	44.9%	39.3%		
	4+Bed	151	£2,185.00	£700.00	£1,170.00	64.0%	56.1%		
	5+ Bed	40	£3,535.00	£1,065.00	£1,812.50	99.2%	87.0%		
	Total	1129							
Caldicot	1 Bed	96	£970.00	£250.00	£520.00	28.5%	25.0%		
	2 Bed	383	£885.00	£460.00	£665.00	36.4%	31.9%		
	3 Bed	454	£1,105.00	£535.00	£770.00	42.1%	36.9%		
	4+Bed	133	£1,515.00	£790.00	£1,015.00	55.5%	48.7%		
	5+ Bed	10	£2,010.00	£420.00	£1,502.50	82.2%	72.18%		
	Total	1076							

Source: Hometrack

With the net monthly median earnings for people residing and working in Monmouthshire being £1,828 and for people residing in Monmouthshire but working outside the county being £2,085, accessing properties in the private rental sector in Monmouthshire remains a challenge for a large number of households (Source: Nomis Official Labour Market Statistics).

2.6 Affordability

Although average wages have increased over the last two years for Monmouthshire residents, the high house prices in Monmouthshire still puts owning a home beyond the reach of many families who live and work in Monmouthshire.

Average earnings for those who work in Monmouthshire are £570 per week or £29,640 per annum. This is above the Wales average of £535 per week or £27,820 per annum. The average earnings of people who live in Monmouthshire and travel to work elsewhere are higher at £694.60 per week or £36,119.20 per annum. This is above the Wales average of £540.70 or £28,116.40.

Source: ONS - Annual survey of hours and earnings (2019 figures)

Higher Managerial Socio-economic Status

Monmouthshire's economically active population can be broken down by occupation, 51.5% of residents are recorded as working in Higher Managerial or Professional positions and this compares to a Wales average of 42.6%. The house purchasing ability of this socio-economic group is far greater than local people on local incomes, and is one of the reasons why house prices, especially in rural areas are so unaffordable. With the removal of Severn Bridge tolls at the end of 2018, it is quite likely that there will be further counter-urbanisation from Bristol into Monmouthshire with both house prices and rental values in the private rented sector being pushed up even higher.

Source: ONS - Annual survey of hours and earnings (2019 figures)

2.7 Entry Level Property Price

The entry level house price for Monmouthshire is £200,000.

There are cheaper properties available to buy in the county, but this figure reflects the market evidence of where the majority of first-time buyers access home ownership in Monmouthshire.

The £200,000 figure is the lower quartile price of a semi-detached house in Monmouthshire, based on sales and valuations. The reason it is based on sales and valuations is with far fewer sales taking place in 2020, combining it with valuation data gives a more up-to-date and robust figure.

Semi-detached properties account for just under 30% of all housing in Monmouthshire, so they are widely available in all areas of the county, as opposed to terraced properties which account for only 17% of the housing stock and detached properties which account for nearly 45% of the stock. Detached properties are significantly more expensive and therefore not considered entry level.

Although there are obvious differences between housing markets within Monmouthshire, the differences in semi-detached prices is not significant. The most recent market data shows the figure for Abergavenny to be the cheapest for semi-

detached at £175,000, with Caldicot being the most expensive area at £210,000. Although the figure for Abergavenny does appear low, using sales only data the lower quartile figure is then £210,000, but this is based on a property count of only seven properties.

To be able to access home ownership in Monmouthshire, with an entry level price of £200,000, after allowing for a 15% deposit of £30,000 a household's income would need to be over £48,500 based on a mortgage offer at 3.5 times the household income.

According to the latest Hometrack data, the current Monmouthshire average house price to average income ratio is 7.23:1. In other words, people living in Monmouthshire would need over seven times their income to be able to afford an averaged priced property. That ratio increases to 9:1 for someone on a lower quartile income.

Rural house prices in Monmouthshire usually attract a significant premium and with the majority of housing being detached a separate entry level price for the rural parts of the country was not considered to be necessary.

3. Monmouthshire Housing Market Areas

Monmouthshire's housing market has contracted slightly each year since the 2016 Brexit referendum, but when combined with the Covid-19 pandemic, the current local housing market is very unpredictable and with significantly fewer sales, it looks quite different to how it ever has before. There are so many inconsistencies in the market, for example, many expensive houses have been sold in rural areas, yet house prices have been contracting slightly in the towns of Chepstow and Abergavenny, so a county-wide average price does not provide a robust base to develop policy on.

Despite a lack of data, it is still possible to split the county into three distinct housing market areas. After a detailed examination of available data and the various geographical levels, which included electoral wards, postcode districts and super output areas, the data indicates that the county closely follows the three travel to work boundaries that fall in Monmouthshire's boundary that is:

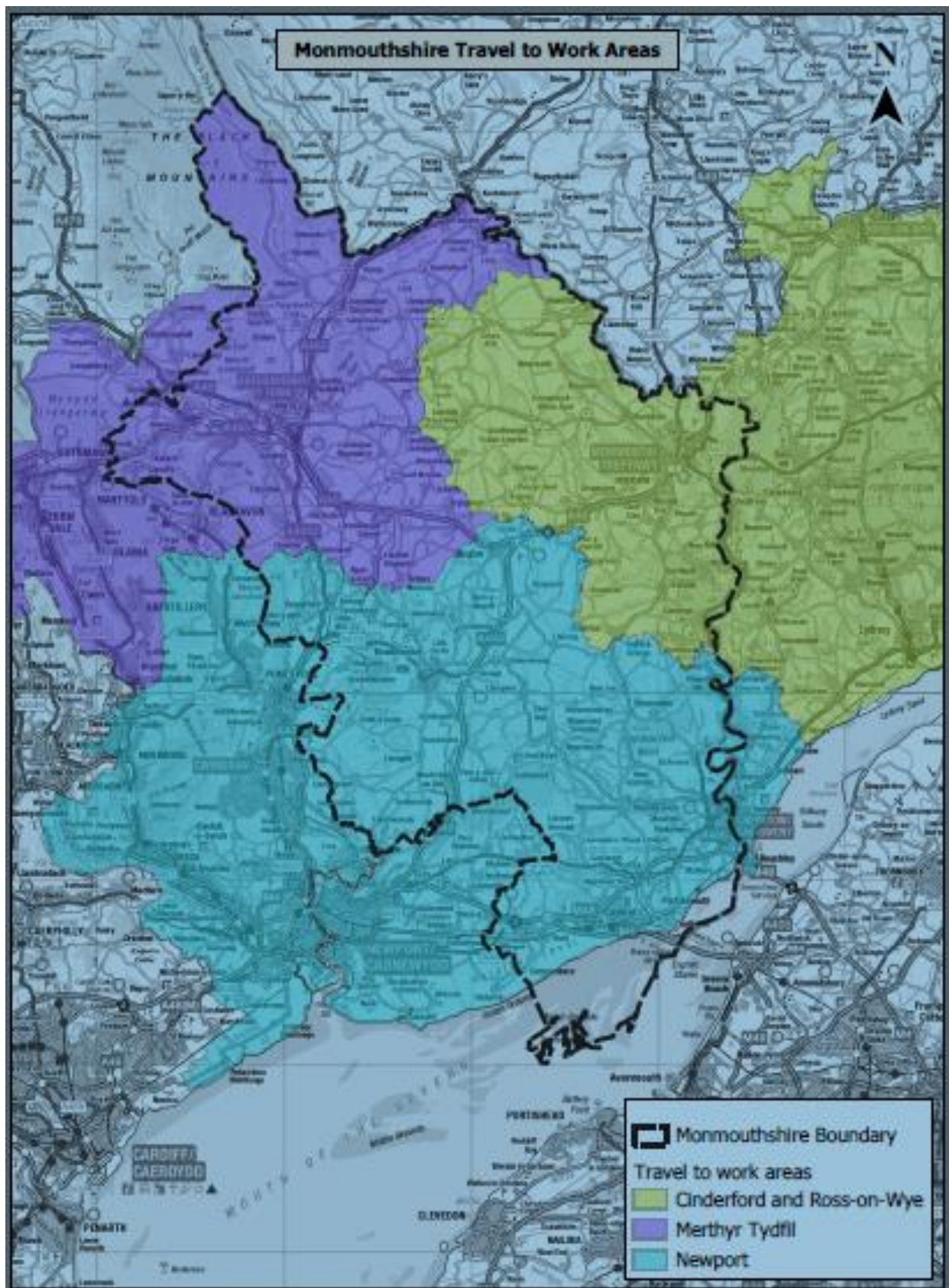
- Chepstow Housing Market Area (Newport Travel to Work Area)
- Monmouth Housing Market Area(Cinderford and Ross-on-Wye Travel to Work Area)
- Abergavenny Housing Market Area (Merthyr Tydfil Travel to Work Area)

The Travel to Work Areas which fall within Monmouthshire's boundaries are shown in Figure 18.

Travel to Work Areas are areas derived to approximate labour market areas. In other words, they are derived to reflect self-contained areas where most people both live and work. The current criteria for defining a Travel to Work Area is that at least 75% of the area's resident workforce in the area and at least 75% of the people who work in the area also live in the area.

Over time there has been a consistent reduction in the number of Travel to Work Areas in the UK as more people tend to commute longer distances to work. There were 228 Travel to Work Areas following the 2011 Census, but with the impact of the Covid-19 pandemic and the increasing number of people working from home, there is likely to be a further reduction following the 2021 Census.

Figure 19 Monmouthshire Travel to Work Areas



Geography & Technology, Welsh Government 57.20-21
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As well as the commentary and figures provided for the three housing market areas in Monmouthshire, additional data is presented for the whole county to provide the wider context.

3.1 Abergavenny Housing Market Area

This is the lowest priced of the three housing market areas in Monmouthshire with the current average house price of £292,567 (Figure 19) based on 559 sales and valuations for the twelve months up until August.

As with the two other housing market areas there has been a big downturn in the number of transactions for the twelve month period ending in August 2020 compared with the twelve month period ending in August 2019, when there were 741 sales and valuations.

The Abergavenny Housing Market Area has experienced a 5.6% growth in prices over the last year and 23.6% growth over the last four years. The Middle Super Output Area 002 which fits completely within a part of the town boundary has experienced negative growth over the last twelve months with the average price in August 2019 being £247,670 compared to £243,670 now. The disparity in prices between certain areas in Abergavenny is significant so the price difference is most likely due to the type of properties being sold and valued. For example if more properties on the west side of Abergavenny, adjacent to the Brecon Beacons National Park are included in these averages, the average price will be higher.

The most expensive part of this housing market area, is Lower Super Output Area 005B which includes Llanover and Llanfair Kilgeddin with the current average house price at £495,940.

The Abergavenny Housing Market Area has always attracted strong demand, as part of it lies within the Brecon Beacons National Park, it has very good road and rail infrastructure, it has a hospital and it has a very strong retail offering. With the hospital being downgraded this might impact on the nature of future housing demand, but its location and network infrastructure is the key to the housing market remaining strong.

3.2 Chepstow Housing Market Area

The current average price for the Chepstow Housing Market Area is £321,888 (Figure 19) based on a sample size of 1197 sales and valuations for the twelve months up until August 2020.

As with many other areas, what is immediately noticeable is the downturn in transactions over the twelve months up to and including August 2020 when compared to the twelve months ending in August 2019. There were 1579 sales and valuations over the previous twelve month period.

This area of Monmouthshire has experienced the highest percentage of house price growth over the last four years including the last 12 months. What these headline figures do not show is that the majority of the growth has been concentrated in the

rural areas. An examination of house prices in Chepstow town alone shows that it has had zero price growth over the last twelve months, with average prices for the town dropping slightly from £225,088 in August 2019 to £224,924 in August 2020. The lack of growth may well be as a result of the significant price growth the town had over the previous three years with a percentage increase of 33.3%. Another reason could be the very low level of new home completions in Chepstow over the last decade.

The most expensive rural part of the Chepstow Housing Market Area, is Lower Super Output Area 007A which includes, St Arvans, Devauden, Llangwm and Llansoy with a current average house price of £521,368.

It is difficult to predict what will happen to the Chepstow Housing Market area with the ongoing Covid pandemic and the UK's exit from the EU, but if the last six months are an indicator then the rural parts of this area will continue to experience strong demand. The urban parts of this area provide less clarity, demand will very much depend on the health of the local economy and the retail experience provided in the towns, as well as the provision of new quality development. For example, the Waitrose store in Caldicot will close which will be a big loss to the southern part of the county. Normally, such a change could have a significant impact on the local housing market, however the vacated store has already been purchased by Aldi, and the town regeneration plans and new secondary school together with proposed public transport improvements will increase the town's appeal.

3.3 Monmouth Housing Market Area

The current average house price for the Monmouth Housing Market Area is £363,359 (Figure 19) based on a sample size of 363 sales and valuations for the twelve months up until August 2020.

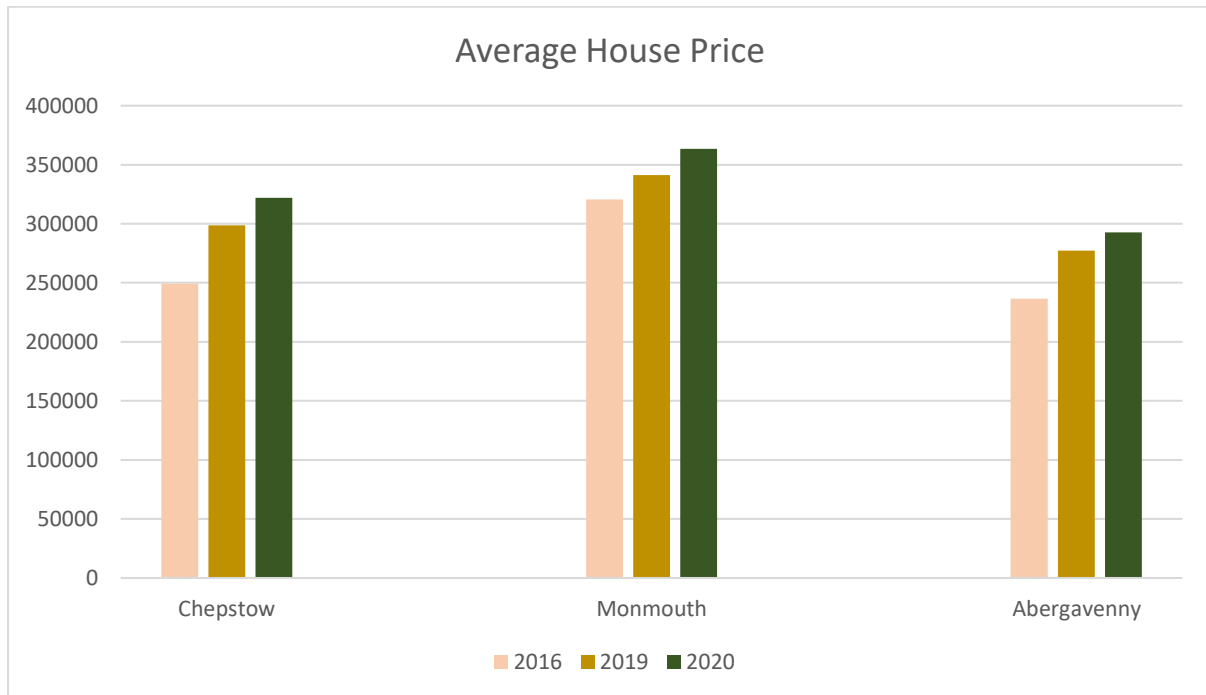
There is a significant downturn in the number of transactions for the twelve month period ending in August 2020 when compared to the twelve month period ending in August 2019. For the twelve months ending in August 2019, there were 524 sales and valuations.

This area of Monmouthshire has experienced the lowest percentage price increases over the last four years, but over the last twelve months house price growth has been very strong at 6.5%. Unlike Chepstow and Abergavenny, the other two major towns in Monmouthshire, the town of Monmouth, which includes Wyesham, has had annual growth of 5.9%, with the average house prices increasing from £280,886 in August 2019 to £297,366. One of the contributory factors to this growth may well be the availability of new build properties for sale, which usually attract a premium. Even though the average price in Monmouth is significantly higher than Chepstow, an examination of the average price per square metre shows that Monmouth provides better value per square metre. Over the six month ending in August 2020, the average price per square metre of properties in Chepstow was £2,399 per square metre compared to £2,143 in Monmouth.

The most expensive part of the Monmouth Housing Market area is Lower Super Output Area 005D, which includes Mitchel Troy, Dingestow and Tregare, with the current average house price being £615,949.

The neighbouring area of Forest of Dean has experienced very significant house price growth over the last twelve months of 21.8% and this is in the same travel to work area. It does appear with people either willing to travel further to work or have no need to travel, then housing markets which have previously provided very good value are now becoming sort after. Therefore if that trend continues, the Monmouth Housing Market Area will continue to see demand and house price growth for the foreseeable future.

Figure 20 Average House Prices in Monmouthshire's Housing Market Areas



Source: Hometrack

4. Methodology and Data Sources for Assessing Housing Need

This Local Housing Market Assessment has utilised the Welsh Government's guidance documents:

Local Housing Market Assessment Guide, March 2006

and

Getting Started with your Local Housing Market Assessment - A Step by Step Guide, November 2014.

The guidance aims to enable local authorities to develop an understanding of the nature and level of housing demand and need in their local housing markets and outlines a quantitative approach to calculating housing need. The methodology for determining housing need follows a process:

Figure 21 Bathtub Analogy



The LHMA provides a snapshot of the housing market at a particular point in time, which is projected forward 5 years, however, the fluidity of the housing market requires regular updates to ensure a robust and valid evidence base. It is therefore the intention to review the data within this LHMA every two years.

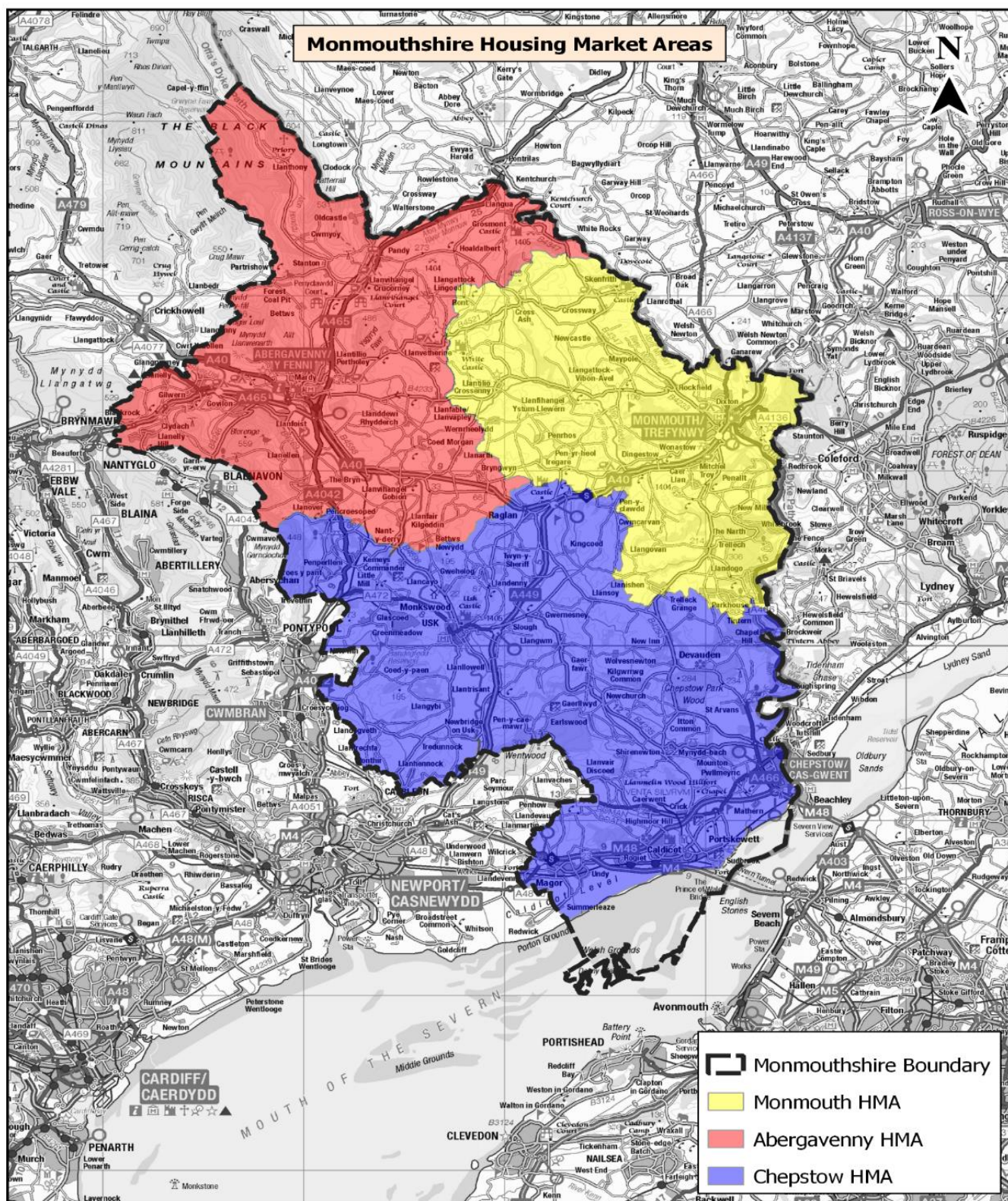
This assessment uses a range of datasets. The primary sources of data are:

- Hometrack

- Office of National Statistics
- CACI Paycheck
- Monmouthshire's Common Housing Register
- NOMIS – Official Labour Market Statistics
- Ministry of Justice

The Welsh Government guidance suggests that analysis should be undertaken at ward level as data is available at this level for all stages of the analysis. However, it is acknowledged that some authorities may consider alternative spatial scales to be more appropriate. The findings of this LHMA have been analysed across three housing market areas. This approach was adopted because housing markets are not representative of ward boundaries and with such a significant downturn in the number of sales and valuations, ward level data was found to be very inconsistent and could not be relied on. Therefore the use of Lower Super Output Areas and Middle Super Output Areas, which are statistical geographies designed to improve the reporting of small area statistics in England and Wales, have been used for the robustness of data. The three housing market areas in Monmouthshire are illustrated in Figure 21.

Figure 22 Map of Monmouthshire Housing Market Areas



Geography & Technology, Welsh Government 057.20-21
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4.1 Backlog of Housing Need

Backlog refers to the number of households who are currently unable to satisfy their housing need via the open market and have applied to the local authority for assistance. This was determined by collating data from Monmouthshire's common housing register and considered the Homesearch waiting list, which is the social rent list and the Low Cost Home Ownership waiting list.

The housing register includes a proportion of applicants who are not in housing need and the guidance recommends that a reduction is made to account for this. For the purposes of this assessment, those households with sufficient financial resources to satisfy their housing need on the open market, those households considered to be adequately housed and existing RSL tenants were excluded.

The number of applicants registered will continually fluctuate but at the time of writing there are over 3,500 households waiting for housing of which 2,435 households have a recognised housing need.

Limitations

Monmouthshire operates a choice based lettings scheme for social housing, so whilst applicants are asked for their areas of preference, they still have the freedom to apply for housing in any part of the borough. It is therefore important to acknowledge that areas of preference can only ever be seen as an indication of where there is a housing need and not a definitive list of where more housing is required. In addition, whilst demand for property may be higher in some parts of Monmouthshire, land availability means that the ability to deliver properties in specific areas is inevitably limited and applicants may have to meet their housing need in alternative areas.

Total Backlog

The following table shows the total annual backlog (over 5 years) by submarket area using data from the housing register.

Table 8 Gross Annual Affordable Housing Need

Submarket Area	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Total
Abergavenny	108	48	15	3	1	175
Chepstow	139	65	22	7	1	234
Monmouth	58	25	9	2	1	95
Total	305	138	46	12	3	504

4.2 Newly Arising Need

Once the backlog for affordable housing has been determined, it is necessary to factor in newly arising need, by calculating how many new households will form in the next five years and estimating how many of them will require affordable housing.

Newly forming households are determined by using the WG population projections; 2018-based household projections for local authorities in Wales. Whilst these projections are based on a number of assumptions, including future births, deaths and migration, it remains the most reliable source of data available for estimating future population growth. Additional policy based assumptions have been added which reflect the issues that the Replacement Local Development Plan is looking to address.

To calculate the overall number of new households arising in the next five years, the total projected figures for 2020 were subtracted from the projected figures for 2025, leaving a total net growth figure of 1690 households. Using 2011 Census data, as a guide, these figures were disaggregated to calculate the proportion of new households residing in each ward and submarket area.

Table 9 Net Household Growth 2020 - 2025

Submarket Area	Total Growth (5 years)	Annual Growth
Abergavenny	527	105.4
Chepstow	894	178.8
Monmouth	269	53.8
Total	1690	338

New Households priced out of the Market

Not all new households will require affordable housing, but it is important to calculate how many could be priced out of the housing market. We have no way of knowing how many of these households will require assistance from the Local Authority in the form of affordable housing. The data is unable to tell us someone's personal circumstances; they may have inheritance or financial support from family to enter the property market without assistance.

Help to Buy is available in Monmouthshire and the scheme may be extended beyond March 2021. Since its inception in 2014, 266 properties have been purchased in Monmouthshire and it remains an option to assist those struggling to purchase a property without any support (October 2020, Source: Stats Wales).

Using a 3.5:1 ratio, which is the standard earning to house price calculator for most mortgage lenders, and comparing income data (CACI Paycheck) to the Monmouthshire entry level property price of £200,000 (Hometrack), an estimate of households priced out of the market has been achieved.

Table 10 Households priced out of the Market

Submarket Area	Annual Growth	% priced out of market	Annual Requirement
Abergavenny	105	72.38%	76
Chepstow	179	63.68%	114
Monmouth	54	68.51%	37
Total	338	68.19%	227

The findings show that approximately **227** households will be priced out of the market each year, a total of **1,135** households over the next five years.

4.3 Existing Households Falling into Housing Need

The LHMA also needs to take account of existing households that may fall into need each year due to homelessness. WG guidance states that this should be estimated by looking at recent trends. Ministry of Justice data is available at Local Authority level and can be used to identify the number of mortgage and landlord possession claims leading to orders. Ministry of Justice data shows that there are approximately 208 landlord and mortgage repossessions within Monmouthshire for the period 2015 – 2020. Some of these households will already have been included in the homeless households counted below, but others will not, further increasing the overall demand for affordable housing.

During the same period there were 1,003 homelessness presentations which required temporary accommodation. Dividing the homelessness total by 5 gives an average of 200.6 existing households falling into housing need each year until 2025. To give an estimation of distribution at ward level the census ward level proportions were applied to the 200.6 figure and an indicative breakdown of bedroom size required was factored in by applying the proportionate demand identified from the Common Housing Register. The results are shown in table 11.

Table 11 Existing Households Falling into Need

Submarket Area	1 Bed	2 Bed	3 Bed	4 Bed	Total
Abergavenny	38.16	16.9	5.63	1.88	62.57
Chepstow	64.72	28.65	9.54	3.03	105.94
Monmouth	19.46	8.62	2.87	0.96	31.91
Total	122.34	54.17	18.04	5.87	200.42

Another area of need, which is not been specifically covered in the above data sets, relates to households who are leaving hospital or institutional care and are unable to return to their existing accommodation. Housing and Communities are working closely with Aneurin Bevan Health Board Health and Social Care colleagues to identify these households to adequately meet their housing needs, either through existing stock or through new build bespoke accommodation.

Further Consideration – Covid-19 Pandemic

The data set above utilises statistics from the last 5 years (2014 - 2019). It does not consider the current socio and economic environment due to the impact of Covid-19 on existing households. Many self-employed and small business owner households living in Monmouthshire could be experiencing furlough, reduced wages or unemployment, and the effects of Government restrictions due to the pandemic.

The medium to long-term impact of this is unknown, however, it is reasonable to assume that some of these households may encounter financial difficulties, which could lead to mortgage or rent arrears. There is currently a moratorium in place until 31st March 2021, which requires landlords to serve a 6 month notice to terminate a tenancy (unless in exceptional circumstances) and mortgage lenders are offering payment holidays for homeowners struggling to make their mortgage repayments. These measures are temporary in nature and although they have been extended during the pandemic, they will cease at some point in the future.

Another matter for consideration is Welsh Government issued specific guidance requiring the Council to accommodate those who are rough sleeping or displaced for public health reasons. Welsh Government issued further guidance in Phase 2 Planning Guidance for Homelessness & Housing Related Support. This sets out Welsh Government's three-phase plan to reduce homelessness post Covid-19. This requires the Council to:

- Continue to support those placed in temporary accommodation and anyone still to be placed.
- Prepare a transition plan setting out the provision of more sustainable accommodation.
- Improve the quality and availability of temporary, permanent, semi-permanent and supported accommodation. There is an emphasis on the provision of self-contained accommodation and a range of different types.

It is expected that both of these issues will increase demand from existing households and see more people fall into housing need, over and above anything we have previously seen in Monmouthshire.

4.4 Affordable Housing Supply

To predict accurately future housing demand, it is essential to take into consideration current supply, turnover and the number of new build properties that will need to be developed in the next five years.

Existing Affordable Housing Stock – General Needs

Table 12 shows the breakdown of current affordable housing stock, which is managed by RSL's. Monmouthshire Housing Association, Melin Homes and Pobl own and manage the majority of this accommodation.

Table 12 Existing Housing Stock – General Needs

Submarket Area	1 bed	2 bed	3 bed	4 bed	5 bed	6 bed	8 bed	Total
Abergavenny	354	463	621	59	2	0	0	1,499
Chepstow	536	788	861	69	1	1	0	2,256
Monmouth	158	257	322	17	0	0	1	755
Total	1,048	1,508	1,804	145	3	1	1	4,510

Existing Affordable Housing Stock – Older Person's Housing

The information in Table 13 below shows the provision of older person's accommodation in Monmouthshire.

Table 13 Existing Housing Stock – Older Persons Housing

Submarket Area	Bedsit	1 bed	2 bed	3 bed	4 bed	Total
Abergavenny	20	289	148	9	0	466
Chepstow	0	322	156	2	1	481
Monmouth	0	208	54	2	0	264
Total	20	819	358	13	1	1,211

Social Rent Lettings

Past letting trends were analysed over the previous 3 years – 2017/18, 2018/19 and 2019/20 and an average was taken in order to predict the likely number of lets that will come forward each year of the LHMA period. Like the housing register data used in calculating the backlog of need, this lettings data did not contain existing RSL tenants who were rehoused.

Table 14 Lettings Data 2017 - 2020

Year	Number of Lets
2017/18	316
2018/19	337
2019/20	330
Annual Average	327.66

4.5 Committed Supply of New Affordable Homes

In addition to projected lets, the anticipated quantity of affordable housing 'already planned to be built over the time period of the assessment' should also be considered (WAG, 2006b, para. 6.81). Data sources used to determine this were:

- Social Housing Grant Programme
- Joint Housing Land Availability Study
- Local Development Plan

Planning applications granted permission subject to S106 agreements were also factored in and only schemes highly likely to be delivered over the next five years were considered. The relevant data was formatted by ward, property size and property type. Table 15 shows the committed supply of affordable housing over the next five years.

Over the next five years, the total number of properties planned is as follows:

- Neutral tenure affordable housing - 534.05

Table 15 Committed Supply of New Affordable Homes (5 years)

Submarket Area	1 bed	2 bed	3 bed	4 bed	Total
Abergavenny	89.25	72.9	24.35	4	190.5
Chepstow	100	74.7	35.3	8	218
Monmouth	42	50.1	29.45	4	125.55
Total	231.25	197.70	89.10	16	534.05

5. Key Findings

The net shortfall of affordable housing is calculated by taking the backlog of need (Housing Register data divided by five for each year of the LHMA period) and adding existing households falling into need and newly arising need. The committed supply of affordable housing is deducted from this figure leaving the estimated annual shortfall. It would, however, be inaccurate to assume that each home would only be occupied once over the next five years and not allowing for turnover could potentially inflate the requirement for new affordable housing. Current levels of turnover were calculated by dividing average lets over the last three years by existing social rented stock and the related ward level turnover for each property type was factored into the net shortfall for each ward to determine the annual affordable dwelling requirement.

5.1 Social Rent

The backlog of housing need from Monmouthshire's Common Housing Register is 2,435 (Para 4.1). Dividing this figure by 5 for each year of the LHMA gives an annual figure of 487. Existing households falling into need due to homelessness has been calculated as an additional 200.6 households per year (Para 4.3) and newly arising need as 77 households per year (Para 4.2). This gives a need figure of 764.6 per annum.

The combined annual average of lets and committed supply figure is 435.10 per annum (Para 4.5). Deducting this figure from the need figure gives a net need of 329.50, the turnover rate (the average turnover rate has been calculated at 3%) is applied to give the annual social rented need for Monmouthshire. There are **319.6** social rent properties required for each year of the LHMA.

5.2 Low Cost Home Ownership (LCHO)

The annual backlog for LCHO is 17 and the newly arising need is calculated as 117, this gives a gross need of 134. When the committed supply of 18.8 is deducted this gives a net annual need of **115.2** LCHO properties for each year of the LHMA.

5.3 Intermediate Rent

There isn't currently a backlog of recorded need for intermediate rental properties, this is due to how the housing register is currently set up and applicants being able to register for either social rent or LCHO or both. Past experience of allocating intermediate rents have shown there is demand and applicants have come from the LCHO waiting list and band 4 and 5 of the social rent waiting list. As there is no definitive waiting list for intermediate rent, we have assumed a backlog of zero. There is scope to provide Intermediate rent in Monmouthshire and the annual newly arising need is calculated at 33, which gives a need of **33** intermediate rents for each year of the LHMA.

5.4 Gypsy and Travellers

At the time of writing the LHMA, an updated Gypsy and Traveller Accommodation Assessment (GTAA) for the period 2020 to 2025 was out for consultation. The draft GTAA concluded that there is an unmet need of nine pitches under the assessment period 2020 to 2025 with a further unmet need of four pitches over the remaining length of the Replacement Local Development Plan (2026 – 2033).

5.5 Summary of Annual Affordable Housing Shortfall

The illustration in Figure 22 shows the summary of the shortfall of affordable housing for each tenure type.

```

graph LR
    A["Social Rent Backlog  
487"] -- Plus --> B["Existing Households  
200.6"]
    B -- Plus --> C["Newly Arising Need  
77"]
    C -- Equals --> D["Gross Social Rent Need  
764.60"]
    D -- Minus --> E["Committed Supply  
435.10"]
    E -- Equals --> F["329.50"]
    F -- Subtract --> G["Turnover Rate  
3%"]
    G -- Equals --> H["Net Social Rent Need  
319.61"]
    I["LCHO  
17"] -- Plus --> J["LCHO Newly Arising Need  
117"]
    J -- Equals --> K["134"]
    L["IR Backlog  
0"] -- Plus --> M["IR Newly Arising Need  
33"]
    M -- Equals --> N["33"]
    O["Social Rent Need  
319.61 (68%)"] -- Plus --> P["LCHO Need  
115.20 (25%)"]
    P -- Plus --> Q["IR Need  
33 (7%)"]
    Q -- Equals --> R["Total Need  
467.81"]
    S["Annual Overall Shortfall  
467.81"]
  
```

Category	Value
Social Rent Backlog	487
Existing Households	200.6
Newly Arising Need	77
Gross Social Rent Need	764.60
Committed Supply	435.10
Intermediate Result	329.50
Turnover Rate	3%
Net Social Rent Need	319.61
LCHO	17
LCHO Newly Arising Need	117
Intermediate LCHO Result	134
IR Backlog	0
IR Newly Arising Need	33
Intermediate IR Result	33
Social Rent Need	319.61 (68%)
LCHO Need	115.20 (25%)
IR Need	33 (7%)
Total Need	467.81
Annual Overall Shortfall	467.81

6. Conclusion

This LHMA has utilised the Welsh Government Guidance to consider the affordable housing requirements within Monmouthshire from 2020 to 2025.

A variety of secondary data has been utilised including figures from the common housing register, household projections, residential possession orders, homelessness data, up to date house prices, private rented sector statistics, income levels, existing RSL stock and committed affordable housing supply. An in-depth analysis of these sources has produced a robust update on previous findings. Much of the data was gathered at ward level before being amalgamated into the three distinct housing market areas.

The annual shortfall of affordable housing in Monmouthshire for 2020 to 2025 is 467.81 dwellings. This can be broken down to a shortfall of 319.61 social rented properties, 115.20 low cost home ownership properties and 33 intermediate rents per annum which gives a split of 68% social rents required and 32% intermediate (LCHO and intermediate rent) need.

The highest property type needed for all areas is one bedroom properties. The Council is seeing an increased number of single households registering on Homesearch and also growing numbers of single people requiring support from the Housing Options Team. Due to the scarcity of one bedroom properties, the demand is far outstripping supply and leading to long waiting times on the register. Though it may seem obvious to focus on the shortage of one bedroom properties, this must be balanced with creating sustainable and resilient communities and ensuring a mix of all house types and tenures.

The 467.81 figure should not be taken as an annual target for the delivery of affordable housing; it is an indication of current projected need and sets a benchmark the Council can work towards. New build homes are not the only solution to the supply of affordable accommodation and the Council is working with landlords in the private rented sector to increase the options available as well as engaging property owners who own empty properties.

There are many factors that impact on supply and demand for housing and these will be reviewed on a regular basis in order to update the LHMA. This will ensure that both the Local Authority and its partners have a clear understanding of housing need in Monmouthshire and that they are able to work together to ensure the best outcomes for residents of Monmouthshire.