

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Executive Committee
Date	July 2013
Subject	Local Housing Market Assessment – housing needs for local residents : report 1
Portfolio Holder(s)	Councillor Ken Hughes
Lead Officer(s)	Shan Lloyd Williams, Head of Service, Housing
Contact Officer	Shan Lloyd Williams, Head of Service, Housing
Nature and reason for reporting	
To present the report and its findings for adoption by the Executive Committee as the Local Housing Market Assessment for the Isle of Anglesey, and agree the next steps.	

A – Introduction / Background / Issues
<p>1. Introduction</p> <p>The Local Housing Market Assessment (LHMA) was commissioned by the Head of Housing Services, and was jointly funded by Housing Strategy funding and Welsh Government grant. The study was commissioned from Amec, URS in conjunction to HDH Planning and Development.</p> <p>This Local Housing Market Assessment (LHMA) report is a comprehensive analysis of the Isle of Anglesey Housing Market. It includes a review of the current local situation, a discussion of the housing market dynamics and an assessment of housing need. In addition to looking at the requirements of the existing local population this study considers the long-term requirement for housing in the Isle of Anglesey.</p> <p>The evidence produced within this study will inform the Council's Local Housing Strategy, Delivery Plans, and be part of the evidence base for the Joint Local Development Plan (LDP), the new nuclear build SPG = Strategic Planning Guidance.</p> <p>The results are calculated in accordance with the Welsh Government (WG) Local Housing Market Assessment Guide of March 2006 as well as meeting the requirements of the Technical Advice Note 2 (TAN2) Planning and Affordable Housing (June 2006).</p> <p>The study is divided into two reports. The first "Local Housing Market Assessment" is the subject of this report. An Executive Summary of</p>

the first report accompanies this paper as an Appendix. The second report 'Housing needs for local residents and the Housing solutions resulting from the Energy Island Programme : report 2' uses the same evidence base, and will be presented to Executive Committee in October, 2013. There are uncertainties associated with the Energy Island Programme, which will impact on the workers accommodation requirements and wider housing impacts.

2. Background

Primary data analysed within the report is based on a postal questionnaire completed by Isle of Anglesey residents in June and July 2012. The survey was distributed to a stratified random sample of households in the County. A total of 2,058 households completed the survey.

The dataset is weighted to a total of 31,770 households in the County. The dataset was weighted by eight different variables so that it is representative of the characteristics of the whole household population. This weighted dataset is a robust up-to-date source of information on the workings of the housing market in the Isle of Anglesey and contributes significantly to the accuracy of the LHMA.

3. Key findings and issues

3.1 The current Housing Market

According to data from the Land Registry, the mean house price in Isle of Anglesey in the third quarter of 2011 was £153,057, lower than the average for Wales (£156,829). Data shows that whilst prices have recorded a slight decrease since the market downturn the number of property sales have fallen dramatically. The report identifies twelve distinct price areas across the Island and three Housing Market areas.

The cost of housing by size was assessed for all tenures in Isle of Anglesey. Entry-level prices in Isle of Anglesey range from £72,500 for a two bedroom home in the Holyhead price area up to £268,500 for a four bedroom property in the Menai Straits price area. Entry-level rents in Isle of Anglesey range from £450 per month for a two bedroom home in the Rest of Anglesey price area up to £700 per month for a four bedroom property in the Menai Straits price area

Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between each tenure shows that there is a large income gap between the social rented sector and private market entry. This indicates that intermediate housing priced within this gap could potentially be useful for a number of households in Isle of Anglesey, however additional resources are required to subsidise property values to an intermediate level (both Intermediate Rent and Shared Equity).

3.2 Financial Information

The updated survey estimates that the mean annual gross household income (including non-housing benefits) in the Isle of Anglesey is £27,435. The mean level Of savings across the County is £30,928, whilst the mean level of equity held by

owner-occupiers is £163,548.

Based on the affordability criteria set out in the LHMA Guide, some 25.1% of all households in Isle of Anglesey are theoretically unable to afford market accommodation of an appropriate size at the present time, however this will include the vast majority of social rented households who are already housed within an affordable home. Lone parent households are particularly unlikely to be able to afford a suitable home in the market. It should be noted that that households that have moved to a private rented home in the last 2 years spend 34% of their gross income on their rent rather than the 25% used in the affordability criteria set out in the LHMA Guide

3.3 Housing need

A key element of housing need is an assessment of the suitability of a household's current housing. It is estimated that a total of 2,147 households are living in unsuitable housing. This represents 6.8% of all households in the Isle of Anglesey.

Following the steps of the needs assessment model specified by the LHMA Guide results in a net need estimate of 635 affordable dwellings per year in the Isle of Anglesey. The high level of second home ownership recorded in the Isle of Anglesey is part of the reason for such a high housing need figure, as second home ownership causes prices to be higher than would be the case if they were driven just by local demand.

Around 50% of the net need is for one bedroom homes, 20% for three bedroom dwellings and 15% each for two and four bedroom properties.

Very few households on the Council's Housing Register could fund an affordable Rent at 80% of the median market rent. The most practical level to set Affordable Rent to meet substantial need is at 65% or 70%. However it is acknowledged that additional resources are required to subsidise rents at this level.

Factoring higher affordability thresholds households in the private rented sector pay in current market conditions and the supply of private rented accommodation (via Local Housing Allowance) to house those requiring affordable housing, the need for new affordable Units reduces to 134 per annum.

It is important to note that the annual needs figure of 635 is not the number of affordable housing units to be built each year. It defines the 'problem' but not the solution. The need for affordable housing will be met through a variety of mechanisms including making better use of existing stock (e.g. bringing empty properties back into use) and making better use of the private rented sector.

3.4 Particular household groups

There are an estimated 6,765 households in Isle of Anglesey with one or more members in an identified support needs group - this represents 21.3% of all households. Just over a quarter (26.2%) of all social rented dwellings contain a person with a support need. Households with support needs report a lower than average household income.

Some 10,529 households in Isle of Anglesey contain only older people (33.1%) and a further 2,385 (7.5%) contain both older and non-older people. Many older households currently under-occupy their home, but the vast majority of these (77.2%) indicated that they were “very satisfied” with their existing accommodation.

Non White Welsh/British households are more likely to live in private rented accommodation. Whilst non White Welsh/British households have higher average household incomes, the lower levels of capital recorded amongst this group means the financial capacity of non White Welsh/British households is notably smaller than White Welsh/British households.

There are 8,074 households which contain at least one child in the Isle of Anglesey. Of these 31.8% are lone parent families, 42.4% are two parent families with at least one young child (aged 9 or under). 25.8% are two parent families with only older children (aged 10-18). Some 61.1% of single parent families live in social/private rented accommodation.

B - Considerations

Accommodation required to provide housing market balance over the long-term (2012 – 2032)

- i) The 2008 based WAG demographic projections suggest that there will be a notable growth of the resident population over the next 20 years with significant increases in particular age groups, including those aged 80 and over. In addition there are projected to be large increases in the number of single person and lone parent households.
- ii) In terms of the accommodation required to provide housing market balance over the long-term, the model which is based on secondary data in combination with the household survey data and considers a range of factors including the adequacy of current housing suggests that of the new housing required up to 2032 (3,970 dwellings), 65% should be market dwellings, 21% intermediate (including rented) housing and 14% social rented accommodation.

iii) **Size of housing required in each tenure market:**

Market: 46.9% of new market dwellings should be two bedroom properties, with 39.2% containing three bedrooms, 11.2% four or more bedrooms and 2.6% one bedroom;

intermediate: some 45.0% should be three bedroom properties with a 37.9% two bedroom accommodation. Some 10.9% should contain four or more bedrooms and 6.2% a single bedroom;

social rented: 39.8% should be four bedroom accommodation, 30.8% one bedroom dwellings, 20.4% two bedroom properties and 9.0% three bedroom units.

iv) **Future specialist housing needs**

Of the estimated 35,740 households in the Isle of Anglesey in 2032 it is expected that 15.1% will require housing that has been modified or need floating support

services to allow them to live independently. This represents 5,397 households. The majority of these services and adaptations could be provided in situ and would not require specialist accommodation. It is estimated that 1,477 households (4.1% of the future population) will require purpose built housing with specialist adaptations or care/support provided of which 486 households would require supported or sheltered accommodation.

Accommodation required to provide housing market balance over the short-term

v) **Net affordable Housing need for next 5 years**

Using the LHMA model, there is a net need estimate of 635 affordable dwellings per year in the Isle of Anglesey, for the next 5 year period. The need for affordable housing will be met through a variety of mechanisms including making better use of existing stock for example bringing empty properties back into use and making better use of the private rented sector. In reality, the model used shows the need for new affordable units reduces to 134 per year with an adjustment to 30% of gross income on rent and through making better use of existing housing stock and increased private rented sector provision.

Housing solutions

There is no single approach which shall adequately address current and future housing needs on the Island. The Authority has been approached recently by a number of private sector developers wishing to develop affordable housing, including approaches making use of land assets in joint ventures and asset-backed vehicles. In addition, the Council may itself in the future agree to start building, in light of the Government announcement 25/06/13 regarding changes to the Housing Revenue Account Subsidy. This will provide greater financial flexibility, enabling the Council to plan how the demand for affordable homes and social housing can be met.

The LHMA provides a baseline of information to guide future strategy but changes in social welfare provision, demographics and the local economy will all impact on the number and type of housing required by the Island's residents.

The strategic direction will be developed as part of the Local Housing Strategy and Joint Local Development Plan.

C – Implications and Impacts		
1	Finance / Section 151	There are no direct financial implications to the Council's budget arising from the recommendations of this report. Adoption of the Local Housing Market Assessment as a guide for the supply of future affordable housing in Anglesey will assist the Council in planning the most effective use of the available resources.

C – Implications and Impacts		
2	Legal / Monitoring Officer	No comments
3	Human Resources	
4	Property Services (see notes – separate document)	
5	Information and Communications Technology (ICT)	
6	Equality (see notes – separate document)	
7	Anti-poverty and Social (see notes – separate document)	
8	Communication (see notes – separate document)	
9	Consultation (see notes – separate document)	
10	Economic	There is considerable inter-dependencies between economic development (job creation) and the local housing market on the Island. As a result the two Services have been closely collaborating to better understand possible impacts/ scenarios associated with potential future major investments on the Island. There are clear risks and opportunities. In addition, the inter-dependencies stretch far deeper (i.e. transportation, education, leisure provision etc.). The LHMA is an important document that will be utilised to inform integrated strategic planning, but will need to be reviewed and updated as and when the options and decisions of major investors on the Island become clearer.
11	Environmental (see notes – separate document)	

C – Implications and Impacts	
12	Crime and Disorder (see notes – separate document)
13	Outcome Agreements

CH – Summary
<ul style="list-style-type: none"> • Mean house price £153,057 • Entry level rents range from £450 per month (2 bed) to £700 per month (4 bed) • 2,147 households are living in unsuitable housing • Annual need for affordable housing is 635 (for next 5 years), of which 134 will be new-build • Around half the net needs is for 1 bed properties. • 1,500 households will require purpose built housing with specialist adaptations or care / support provided, of which 486 households will require supported or sheltered accommodation.

D - Recommendation
<p>R1 That the Executive Committee adopts the Local Housing Market Assessment study as a baseline document for future accommodation needs of the citizens of Anglesey.</p> <p>R2 That the LHMA is used to inform the new nuclear build SPG</p> <p>R3 That the LHMA is part of the evidence base for the Local Housing Strategy and Joint Local Development Plan</p> <p>R4 That the study is used to inform future development plans and funding bids, such as the WG's Viable and Vibrant Places Framework</p> <p>R5 That the evidence is used as a basis to engage with the Registered Social Landlords and private sector developers to deliver the housing need.</p>

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Job Title : Head of Housing Services

Date : June, 2013

Appendices:
Executive Summary of Report 1 : Local Housing Market Assessment, May 2013

Background papers

Housing Needs for local residents and Housing Solutions resulting from the Energy Island Programme

Executive Summary of Report 1: Local Housing Market Assessment

May 2013



Important Notice

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Certain statements made in the report may constitute estimates, projections or other forward-looking statements and even though they are based on reasonable assumptions as of the date of the report, such forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from the results predicted. RS Drummond-Hay MRICS ACIH specifically does not guarantee or warrant any estimate or projections contained in this report.

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Executive Summary

Introduction

S1 This Local Housing Market Assessment (LHMA) report is a comprehensive analysis of the Isle of Anglesey Housing Market. It includes a review of the current local situation, a discussion of the housing market dynamics and an assessment of housing need. In addition to looking at the requirements of the existing local population this study considers the long-term requirement for housing in the Isle of Anglesey. This report should be read in conjunction with a report into the housing requirements resulting from the Energy Island development (produced as part of the same study and using the same evidence base). In accordance with the LHMA Guide a range of data sources were used to create a robust and diverse evidence base.

- There are a range of secondary data sources already available at the local and national level that provide a good background to the housing market and how it is changing including the Land Registry data, the Annual Survey of Hours and Earnings, the StatsWales service and published household/population projections. Where available and relevant, some data from the 2011 Census has been included.
- In addition, primary data was obtained through a local household survey for the island that allowed many of the 'gaps' in secondary data to be filled and also enabled data on the affect of the Energy Island programme to be collected.
- Stakeholder consultation has obtained views throughout the process and incorporated into the study.

S2 This report takes account of the recent changes made to the housing sector, including the new LHA cap and the introduction of a new tenure (Intermediate Rent). The evidence produced will inform the Council's Housing Strategy and be part of the evidence base for the Local Development Plan. The results produced are calculated in accordance with the guidance contained in the Welsh Government (WG) Local Housing Market Assessment Guide of March 2006 and also meets the requirements of Technical Advice Note 2 (TAN2) Planning and Affordable Housing (June 2006).

Primary data collection

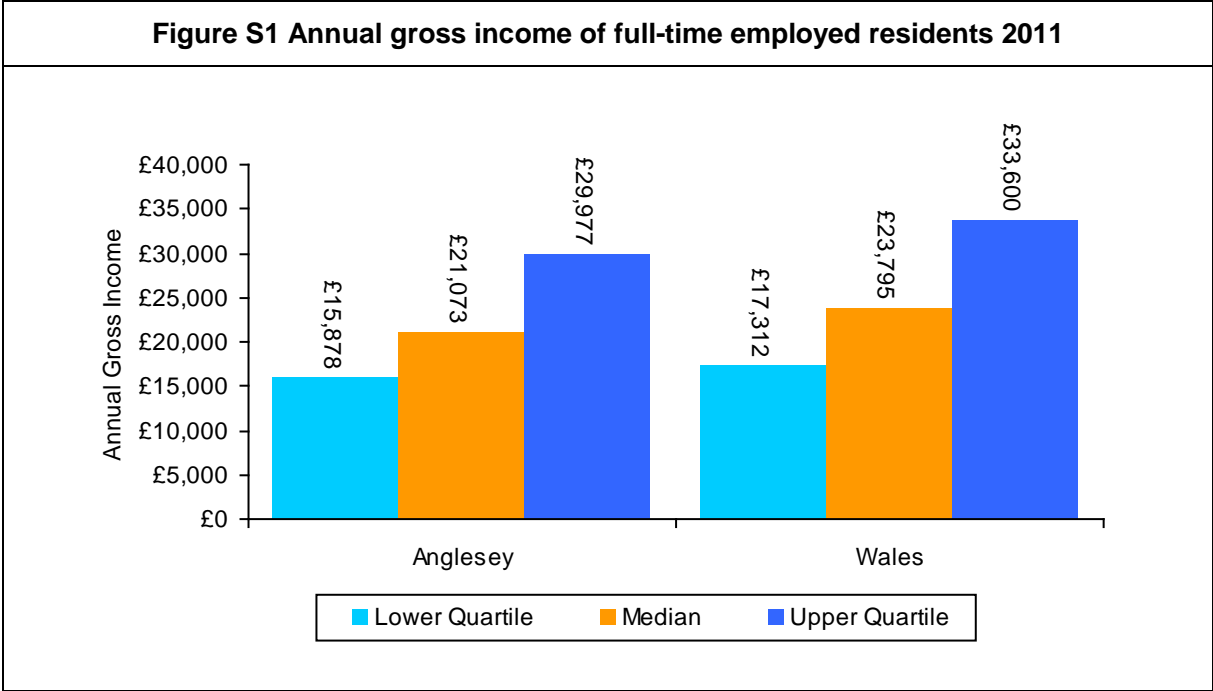
S3 Primary data analysed within the report is based on a postal questionnaire completed by Isle of Anglesey residents in June and July 2012. The survey was distributed to a stratified random sample of households in the County. It was available in both Welsh and English. A total of 2,058 households completed the survey.

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- S4 The dataset is weighted to a total of 31,770 households in the County. The dataset was weighted by eight different variables so that it is representative of the characteristics of the whole household population. This weighted dataset is a robust up-to-date source of information on the workings on the housing market in the Isle of Anglesey contributes significantly to the accuracy of the LHMA.
- S5 Quality is paramount to work of this type. The methodology used is established and has always found to be robust when tested in public and the data entry system has built-in checks that come into effect if illogical data are inputted. All the information that respondents provide is treated as confidential and used only for the purpose of this LHMA.

Socio-economic situation

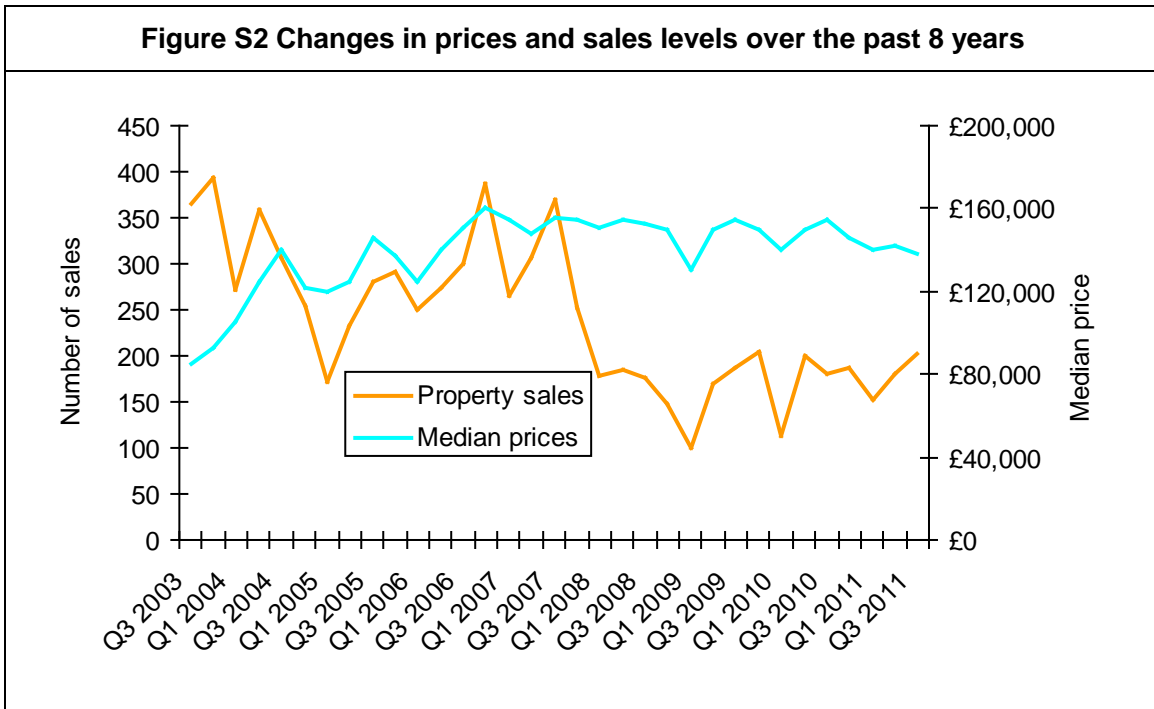
- S6 Various secondary data sources were reviewed as part of this report. The latest population estimates suggest that the population of Isle of Anglesey in 2010 was 68,592 and that since 2001 the population has increased by 1.2%. However, the size of the household population is increasing at a notably faster rate (7.3%).
- S7 The Isle of Anglesey has significant existing capacity within the workforce due to increased levels of worklessness amongst residents which has increased from 2.6% before the economic downturn to 4.3% currently.
- S8 The mean earned income for employees in the Isle of Anglesey in 2011 is £24,067, which is lower than Wales as a whole. Furthermore, the earned income in the Isle of Anglesey has fallen since 2008 as a consequence of the partial closure of Anglesey Aluminium at this time.



Source: ONS Annual Survey of Hours and Earnings (2011)

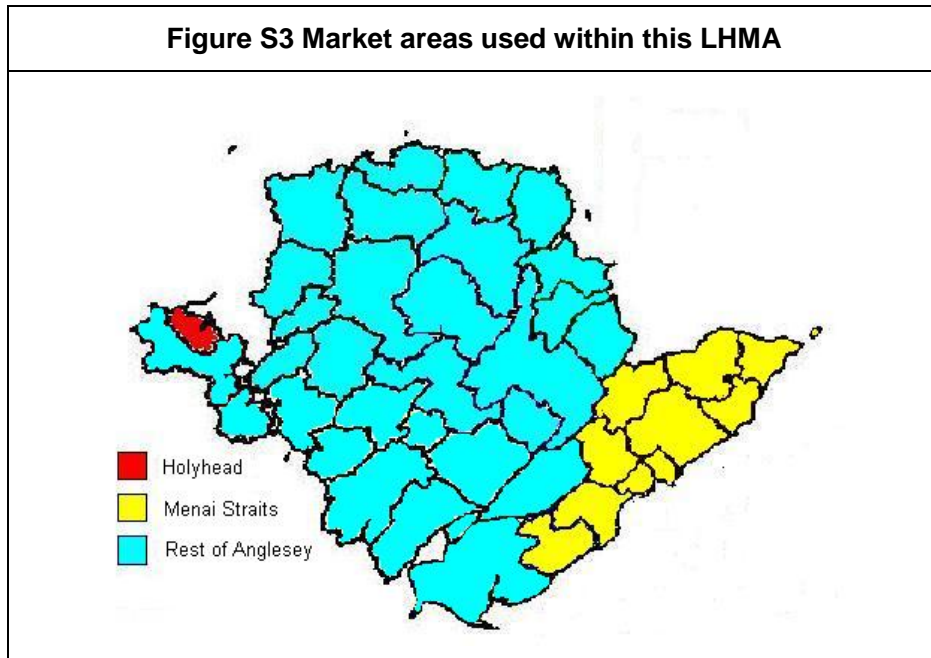
The current housing market

S9 According to data from the Land Registry, the mean house price in Isle of Anglesey in the third quarter of 2011 was £153,057, lower than the average for Wales (£156,829). Data shows that whilst prices have recorded a slight decrease since the market downturn the number of property sales have fallen dramatically.



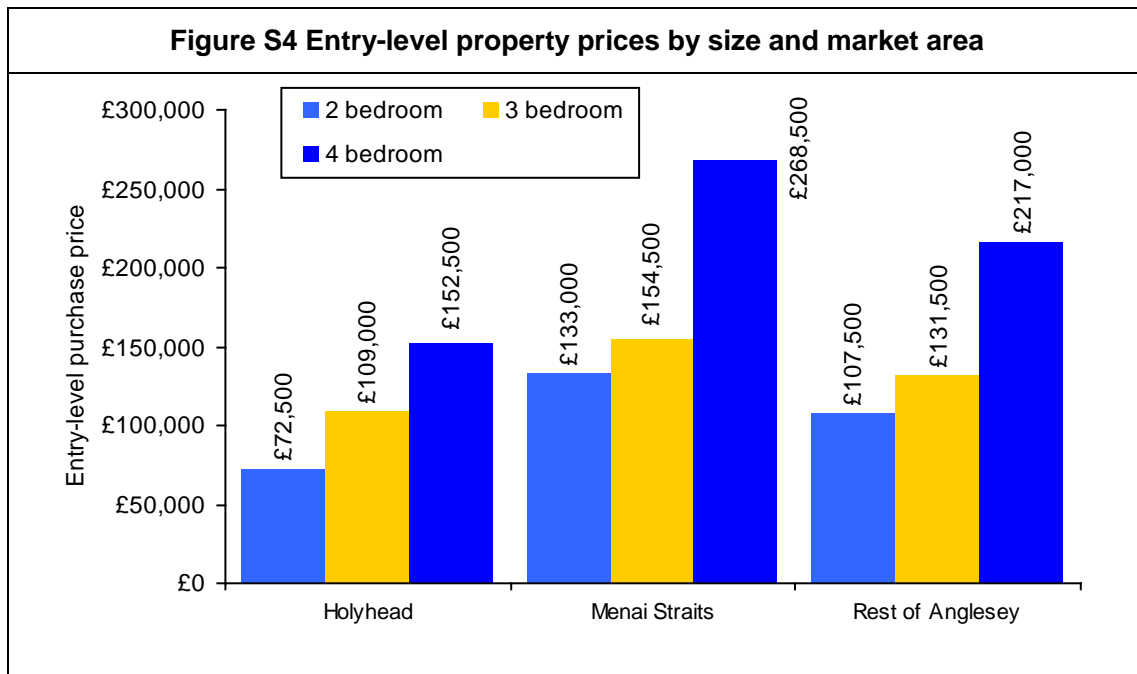
Source: Land Registry via CLG

S10 The appropriateness of the market areas to be used within this study were discussed at considerable length at consultation events with stakeholders and Councillors. Whilst a range of opinions were shared, the consensus was that in terms of this LHMA, three broad market areas were more appropriate. This is because in an LHMA it is important to create areas reflecting where households could reasonably be expected to move. The boundaries for the three areas identified are based on clear distinctions between the housing markets and the existing movement patterns of households within Anglesey, rather than smaller geographical price differentials. These three market areas are set out in Figure S3.



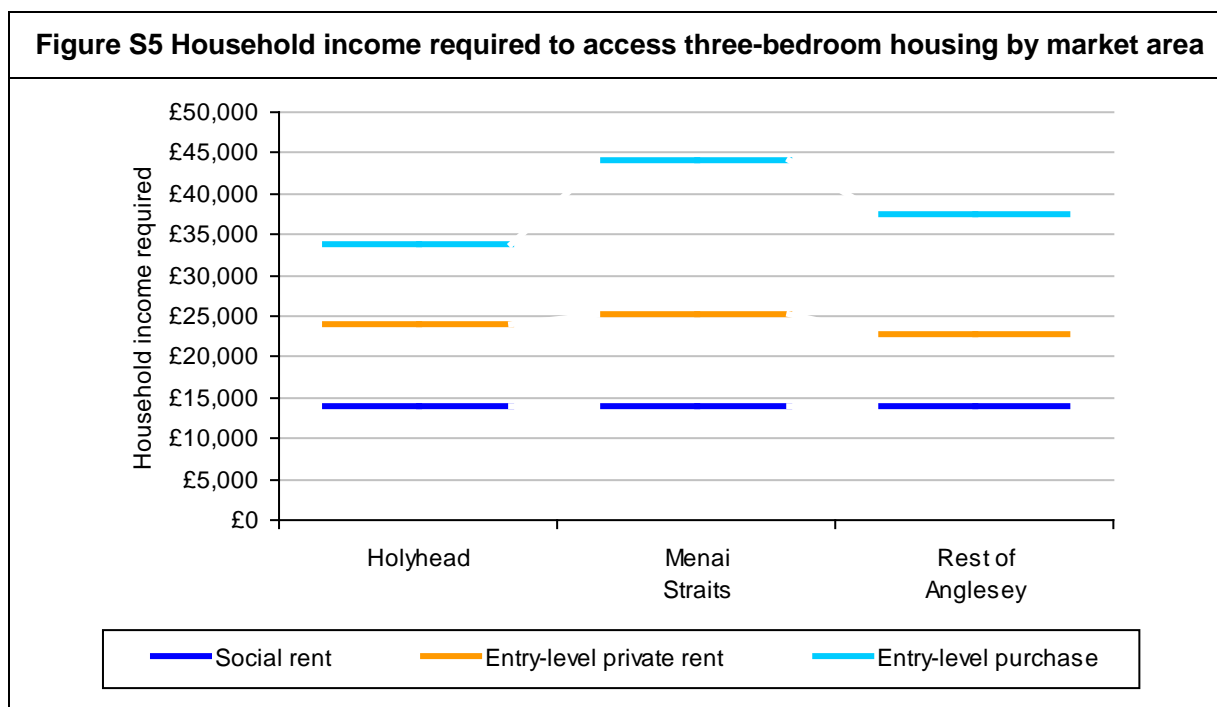
Source: Isle of Anglesey Council Local Housing Market Assessment, 2012

S11 The cost of housing by size was assessed for all tenures in Isle of Anglesey. Entry-level prices in Isle of Anglesey range from £72,500 for a two bedroom home in the Holyhead market area up to £268,500 for a four bedroom property in the Menai Straits market area. Entry-level rents in Isle of Anglesey range from £450 per month for a two bedroom home in the Rest of Anglesey market area up to £700 per month for a four bedroom property in the Menai Straits market area.



Source: Online estate agents survey August 2012

S12 Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between each tenure shows that there is a large income gap between the social rented sector and private market entry. This indicates that intermediate housing priced within this gap could potentially be useful for a number of households in Isle of Anglesey, however additional resources are required to subsidise property values to an intermediate level (both Intermediate Rent and Shared Equity).



Source: Online estate and letting agents survey August 2012, StatsWales, 2012

S13 The Welsh Assembly Government has published new guidance on Intermediate Rent which will be based on the open market value of each property. These are being introduced to help fill the gaps that exist in the current housing market and can be set at up to 80% of open market rents, implying there is flexibility as to what they may cost. A range of level of Intermediate Rent have therefore been tested for their suitability within Anglesey as set out in Table S1.

Table S1 Monthly rental figures of different Intermediate Rent levels (based on median market levels) – by property size			
<i>Bedrooms</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Holyhead market area			
Lower Quartile Private Rents	£475	£500	£675
Intermediate Rent at 80% of market median	£420	£480	£640
Intermediate Rent at 70% of market median	£368	£420	£560
Intermediate Rent at 65% of market median	£341	£390	£520
Intermediate Rent at 60% of market median	£315	£360	£480
<i>Social rent*</i>	£266	£292	£331
Menai Straits market area			
Lower Quartile Private Rents	£500	£525	£700
Intermediate Rent at 80% of market median	£440	£500	£640
Intermediate Rent at 70% of market median	£385	£438	£560
Intermediate Rent at 65% of market median	£358	£406	£520
Intermediate Rent at 60% of market median	£330	£375	£480
<i>Social rent*</i>	£266	£292	£331
Rest of Anglesey market area			
Lower Quartile Private Rents	£450	£475	£625
Intermediate Rent at 80% of market median	£380	£440	£580
Intermediate Rent at 70% of market median	£333	£385	£508
Intermediate Rent at 65% of market median	£309	£358	£471
Intermediate Rent at 60% of market median	£285	£330	£435
<i>Social rent*</i>	£266	£292	£331

Source: Online estate agents survey August 2012, * StatsWales, 2012

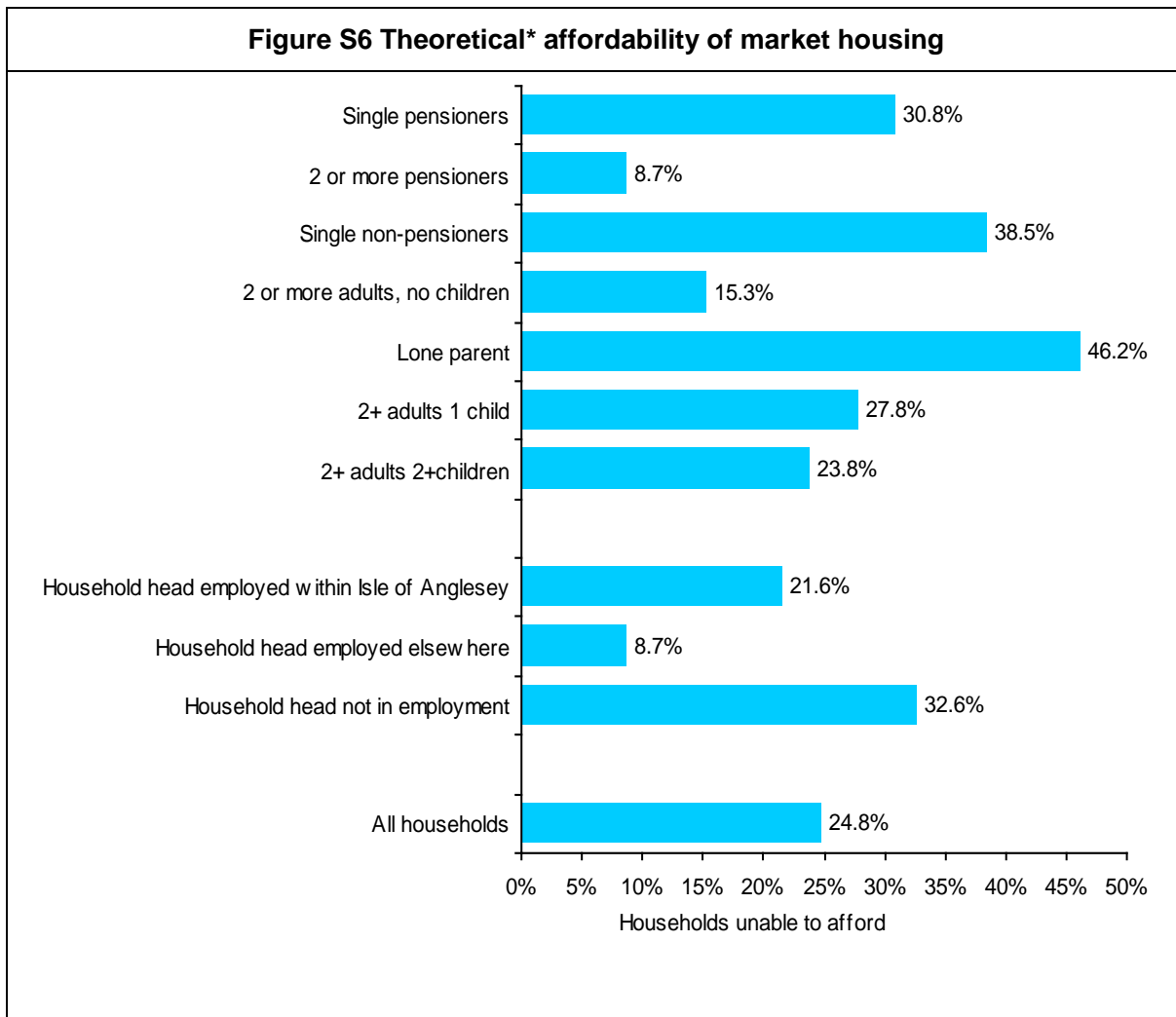
S14 Shared equity accommodation is an alternative affordable product aimed at the same group of households – those able to afford more than social rents but unable to afford market accommodation. Although there are few shared equity properties available on the island and monthly the estimated costs are set out in Table S2. It is clear that there is a potential overlap between the two products, particularly between shared equity with a 70% equity share and Intermediate Rent at 70%.

Table S2 Estimated cost of shared equity accommodation			
	<i>Two</i>	<i>Three</i>	<i>Four</i>
Open market value	£110,000	£135,000	£185,000
Monthly cost of shared equity with a 80% equity share	£417	£512	£702
Monthly cost of shared equity with a 70% equity share	£365	£448	£614

Source: Online estate agents survey August 2012

Financial information

- S15 The survey estimates that the mean annual gross household income (including non-housing benefits) is £27,435 with the mean level of savings at £30,928 and the mean level of equity held by owner-occupiers is £163,548.
- S16 The financial capacity of households is then combined with the analysis of the local housing market to assess current affordability. Based on the criteria in the LHMA Guide, some 25.1% of all households in Isle of Anglesey are theoretically unable to afford market accommodation of an appropriate size although this includes the vast majority of social rented households who are already housed within an affordable home. Lone parent households are particularly unlikely to be able to afford a suitable home in the market. It should be noted that that households that have moved to a private rented home in the last 2 years spend 34% of their gross income on their rent rather than the 25% used in the LHMA Guide.



*This is theoretical affordability of households as the data in the figure looks at all households in Isle of Anglesey regardless of their intention of moving. Source: Isle of Anglesey Local Housing Market Assessment, 2013

Housing need

- S17 The application of the LHMA Guide (set out in detail in the full report) results in a net need estimate of 635 affordable dwellings per year. The high level of second home ownership is part of the reason for such a high figure, as these inflate prices over what would be the case if driven just by local demand.
- S18 Once account has been taken of households that could be expected to share (167 households in need are single person households are aged 35 and under), the size of affordable home required is set out in Table S3. Around half the net need is for one bedroom homes, a fifth for three bedroom dwellings and 15% each for two and four bedroom properties.

Table S3 Size of additional units required to meet housing need – excluding households suitable for shared housing					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	291	65	226	48.3%	22.2%
Two bedrooms	283	216	67	14.3%	76.3%
Three bedrooms	237	134	104	22.1%	56.4%
Four or more bedrooms	71	0	71	15.3%	0.0%
Total	882	414	468	100.0%	46.9%

S19 The majority of households in housing need and also those on the Housing Register are unable to afford any accommodation without support from LHA. Once these households have been excluded the affordability distribution of those able to afford an Intermediate Rent product is set out in Table S4. This suggests that the most practical level to set Intermediate Rent to meet substantial need is at 65% or 70%, however it is acknowledged that additional resources are required to subsidise rents at this level.

Table S4 Total number of households able to afford different affordable products		
<i>Product type</i>	<i>Households in need (annual)</i>	<i>Households on register</i>
Intermediate Rent (80%)	154	94
Intermediate Rent (70%)	81	137
Intermediate Rent (65%)	2	0
Intermediate Rent (60%)	13	41
Total	251	272

Source: Isle of Anglesey Local Housing Market Assessment, 2013

S20 635 additional affordable homes per year does not equate logically with the planned 225 new dwellings per year for the County. This is because the LHMA Guide needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing, however it does not account for the functioning of the local housing market currently. If the affordability threshold used was adjusted to 30% of gross income on rent there would be 126 fewer households in gross need each year. Likewise, if the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 375 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 134 per year as set out in Table S5.

Table S5 Adjusted housing need assessment			
Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	1,049	-126	923
Total gross annual supply	414	+375	789
Total net annual need	635	-	134

Source: Isle of Anglesey Local Housing Market Assessment, 2013

S21 Recent changes to the administration of LHA by the Coalition Government will impact on the capacity of the private rented sector via LHA to continue to meet housing need in the Isle of Anglesey. This may result in many households in this accommodation being forced to look for new accommodation elsewhere, a substantial number of which are likely to present themselves to the Council due to becoming homeless. These households will therefore join the backlog of housing need.

Particular household groups

S22 The LHMA Guide indicates particular groups of households as being suitable for specific focus in considering more distinct policy options for them. The report therefore considers support needs households, older person households, Black and Minority Ethnic (BME) households and families with children.

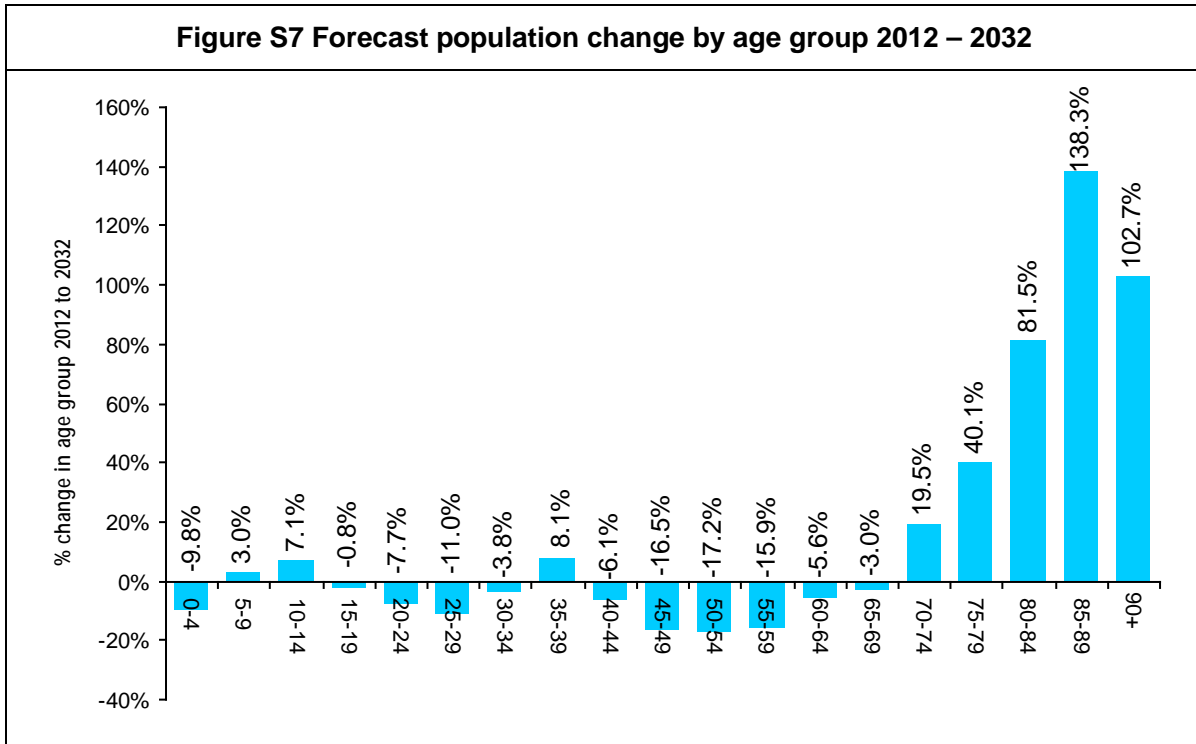
- There are an estimated 6,765 households with one or more members in an identified support needs group - this represents 21.3% of all households. Just over a quarter (26.2%) of all social rented dwellings contain a person with a support need. Support needs households report a lower than average household incomes.
- Some 10,529 households in Isle of Anglesey contain only older people (33.1%) and a further 2,385 (7.5%) contain both older and non-older people. Many older households currently under-occupy their home, but the vast majority of these (77.2%) indicated that they were “very satisfied” with their existing accommodation.
- Non White Welsh/British households are more likely to live in private rented accommodation. Whilst non White Welsh/British households have higher average household incomes, the lower levels of capital recorded amongst this group means the financial capacity of non White Welsh/British households is notably smaller than White Welsh/British households.
- There are 8,074 households which contain at least one child in the Isle of Anglesey. Of these 31.8% are lone parent families, 42.4% are two parent families with at least one young child (aged

9 or under) and 25.8% are two parent families with only older children (aged 10-18). Some 61.1% of single parent families live in social/private rented accommodation

Improving market balance over the longer term

S23 The WAG demographic projections depicted in the figure below suggest that there will be a notable increase of 4.1% in the population of the island (2,877 people) over the next 20 years. Within this are reductions in a large number of age groups (including the 15-34 and 40-69 age ranges) whilst some cohorts are predicted to grow dramatically (most notably people aged between 85 and 89).

S24 The overall projected growth in those aged 75 and over in the Isle of Anglesey (99.1%) is greater than that recorded for Wales as a whole (93.5%). The projected increase in older person households supports the need to develop accommodation for construction workers also suitable for older people in the longer term.



Source: The Welsh Government 2008-based population projections

S25 The projections also suggest that the number of households is set to increase at a faster rate to the population, therefore it is anticipated that the average household size will decrease from 2.19 to 2.03

persons over the next 20 years. In addition there are projected to be large increases in the number of single person and lone parent family households.

Table S6 Change in population, households and household size, 2012 – 2032			
	<i>2012</i>	<i>2032</i>	<i>% change</i>
Population in households	69,682	72,558	+4.1%
Households	31,770	35,740	+12.5%
Average household size	2.19	2.03	

Source: The Welsh Government 2008-based population and household projections

S26 In order to provide a long term view of the changes required to the housing stock, the Long Term Balancing Housing Markets model (LTBHM) has been developed. This takes the population and household projections and, adjusting occupation patterns to ensure all households are adequately housed, determines an ideal stock profile for Anglesey in 2032.

S27 The LTBHM also indicates that of the 3,970 new dwellings required over the next 20 years, 65.0% should be market properties with 21.2% intermediate housing and 13.9% social rented¹. It should be noted that the current tenure profile does not take account any homes in the planning pipeline – as these are completed then they can be deducted from the total change required.

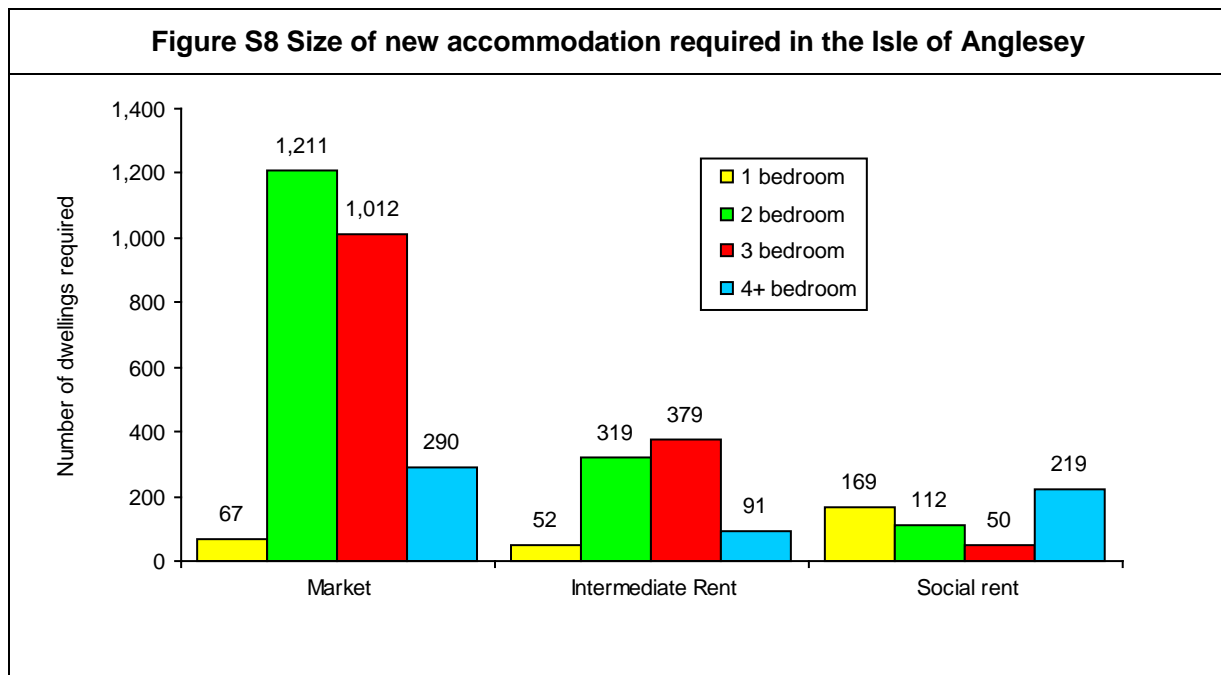
Table S7 Tenure of new accommodation required by 2032				
<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2032</i>	<i>Change required</i>	<i>% of change required</i>
Market	27,226	29,805	+2,579	65.0%
Intermediate	153	994	+841	21.2%
Social rented	4,391	4,941	+550	13.9%
Total	31,770	35,740	+3,970	100.0%

Source: Isle of Anglesey Local Housing Market Assessment, 2013

¹ These figures represent the most appropriate mix of new housing to provide a balanced market for the local population in the future, the deliverability or viability of these figures is not considered within this model and is beyond the scope of this report.

S28 The model also indicates the size of home required within each tenure. This is set out in Figure S8 below:

- In the market sector some 46.9% of new dwellings should be two bedroom properties, with 39.2% containing three bedrooms, 11.2% four or more bedrooms and 2.6% one bedroom.
- In respect of intermediate housing, some 45.0% should be three bedroom properties with a 37.9% two bedroom accommodation. Some 10.9% should contain four or more bedrooms and 6.2% a single bedroom. This analysis is based on a small sample and should therefore be viewed with caution.
- In respect of the social rented sector, of the 550 additional social rented units required over the next 20 years, 39.8% should be four bedroom accommodation, 30.8% one bedroom dwellings, 20.4% to bedroom properties and 9.0% three bedroom units.



Source: Isle of Anglesey Local Housing Market Assessment, 2013

S29 As the majority of the population growth in the next twenty years will be in the older age groups then the demographic profile of the island is likely to be notably different by 2032 with an increased requirement for specialist accommodation.

S30 Of the 35,740 households estimated in 2032, it is expected that 5,397 households (15.1%) will require housing that has been modified or floating support services to allow independent living. Whilst the majority of services and adaptations required could be provided in situ without specialist accommodation,

it is estimated that 1,477 households (4.1%) will require purpose built housing with specialist adaptations or care/support of which 486 households would require supported or sheltered accommodation.

S31 One of the key assumptions in the above findings is that pensioner households and households with children renting in the private rented sector on LHA would move to affordable accommodation but other households would not. If however it is assumed that all households in the private rented sector on LHA are moved to suitable affordable accommodation, there is a significant additional requirement for social rented housing at the expense of market homes as set out in Table S8.

Table S8 Tenure of new accommodation required by 2032 – altered assumptions				
<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2032</i>	<i>Change required</i>	<i>% of change required</i>
Market	27,226	28,993	+1,767	44.5%
Intermediate	153	1,032	+879	22.1%
Social rented	4,391	5,715	+1,324	33.3%
Total	31,770	35,740	+3,970	100.0%

Source: Isle of Anglesey Local Housing Market Assessment, 2013

S32 Whilst it is up to the Council to determine which profile of new accommodation is most appropriate for the island, the results presented inform the decision of how the additional housing required in response to the Energy Island Programme (addressed in the parallel report) best be aligned to the requirements arising from the local population.

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