Swansea and Neath Port Talbot

Local Housing Market Assessment 2013

Report of Findings
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1. Introduction

1.1 This Local Housing Market Assessment (LHMA) has been undertaken at a time of considerable change in both Swansea and Neath Port Talbot and the wider Welsh housing market. The LHMA raises several important issues, some worthy of further detailed consideration to inform forward strategy. This Foreword, therefore, seeks to summarise the key strategic issues emerging from the LHMA and where the LHMA Partnership might focus its future strategic response.

Private Rented Sector

1.2 The most significant housing change in the past decade in the LHMA area has been the rise in the private rented sector and the decline in owner occupation. This trend seems likely to continue due to a combination of declining affordability, a requirement for more equity from purchasers, changes to how home purchase is financed and a relatively low new housing supply. Future generations may aspire to home ownership, but, for many, it may remain that.

1.3 The relative immaturity of the local Private Rented Sector offers an opportunity to shape the sector by working with, firstly, investors and developers to increase supply, and secondly, with landlords to improve the quality and management of existing stock. Overall, the change noted here indicates a fundamental shift in the shape of the LHMA housing market to which Swansea and Neath Port Talbot Partnership should respond.

Local Economy

1.4 Both Swansea and Neath Port Talbot have ambitious plans for growth in the local economy and this is reflected in the future housing requirements within this LHMA. The relationship between the housing market and the local economy is a complex one, and demonstrating evidence to show how an economic growth aspiration translates into a specific housing requirement is challenging. Housing can play a key role in supporting labour mobility; however, for Swansea and Neath Port Talbot this is likely to be in the rented sector for those on lower incomes, as those on higher incomes are able to satisfy their own housing requirements.

1.5 The LHMA’s housing requirements also include a significant level of new 1 bedroom homes and these could play a key role in supporting labour mobility to meet the needs of an expanding local economy. However, if these are not delivered, this requirement, effectively, becomes a requirement for additional Private Rented Sector 1 bedroom homes either via tenure conversion, or, as seems more likely, a future requirement for HMOs. Overall, the role of housing in supporting the local economy indicates an area where Swansea and Neath Port Talbot should respond strategically.
Benefit Reform

1.6 Benefit reforms poses a considerable risk to existing households renting within Swansea and Neath Port Talbot, especially those who rent privately. The combination of the Benefit ‘cap’, changes regarding under-occupation (the so called ‘Bedroom tax’) and changes in Local Housing Allowance are likely to mean significant adjustment in the rented sector. Ideally, Swansea and Neath Port Talbot should monitor developments following Welfare Reform closely.

Population

1.7 The LHMA area population is growing and this growth is partly driven by in migration from within Wales and England and from international sources such as European Union states. International migrants are mainly moving for economic reasons and come to Swansea and Neath Port Talbot to find work. These trends are relatively consistent over time and seem likely to continue for some time to come. Many international migrants are initially housed in the Private Rented Sector (PRS) and this may be a further strategic issue to be addressed as part of wider responses to the PRS.

Older People

1.8 The Swansea and Neath Port Talbot population is also ageing and the future housing needs of the older population present a considerable conundrum. Older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years: the number of current Care and Nursing homes can be expected to decline as people are supported longer in their own homes. Health and Adult Social Care reforms complicate any strategic response and Swansea and Neath Port Talbot may wish to co-ordinate any strategy response with partners in Health and Adult Social Care.

1.9 Overall, any future specialist housing offer for Older People needs to both understand not just the numbers of specialist homes required but also the aspirations of what older people want from any new supply; good practice suggests that new supply for older people is a complex issue. Further, the challenge of how to remodel or redevelop existing provision that is no longer required, may also need a co-ordinated response across the LHMA area. These issues will be considered in a further study being undertaken in the LHMA area.

Conclusion

1.10 Swansea and Neath Port Talbot has a housing offer which continues to attract and retain people in the area for a mix of reasons, not least the quality of life and proximity to some of the most attractive areas in South Wales. There are many challenges that the housing market faces both now and in the future: fundamental tenure adjustment, the needs of the local economy, the challenge of new housing delivery, Benefit reform and a changing population. Overall, therefore, the need for a continued co-ordinated approach by the Partnership towards the varied housing challenges it faces seems key to future success.

Opinion Research Services Summer 2013
2. Introducing the Study

Background to the project and wider policy context

2.1 Opinion Research Services (ORS) was commissioned by Neath Port Talbot County Borough Council and the City and County of Swansea to undertake a Local Housing Market Assessment (LHMA), including a comprehensive study of current and future housing requirements and housing need.

2.2 The LHMA considered the following:

» Review of the current local and national policy frameworks and associated evidence base
» Profile of the existing housing stock
» Information about existing housing need across the area, including rural areas
» Analysis of key housing market drivers
» Understanding of local affordability
» Modelled requirement for future housing in the context of household projections
» The appropriate mix for new housing, including appropriate sensitivity testing
» Review of the evidence available about the location and condition of private rented stock and the different types of households that rent privately
» Housing options for households currently unable to access home ownership or requiring specialist housing

2.3 This document represents the report of main findings and covers the following areas of analysis:

» The socio-economic context: local population characteristics and the local economy;
» Current housing stock: existing dwellings, housing tenure and communal establishments;
» Current housing market: affordability, housing need, delivery, turnover and migration trends;
» Housing market drivers: the active market, population and household growth and welfare reform;
» Projecting housing requirements: modelling future housing mix, with sensitivity testing;
» Significant strategic issues; and
» Key findings and conclusions: future housing requirements and the Affordable Housing target.
What is a Local Housing Market Assessment?

2.4 Local Housing Market Assessments (LHMAs) form the required evidence base to fulfil obligations arising from National Planning Policy in Wales. The following are of particular relevance (see Appendix A):


» Technical Advice Note 2; Planning and Affordable Housing – June 2006

Note: Guidance on the production of Local Development Plans is included in the Local Development Plan manual (Welsh Assembly Government 2006).

2.5 LHMAs assess the full range of housing requirements for an area to both deepen understanding of sub-regional housing markets and develop future strategy, all based on robust evidence. Critically, their evidence base shapes and assists with the production of Local Development Plans which set out the spatial policy for a local area. They also provide evidence to support development of local housing strategies and can also inform the planning of other services such as education and transport.

2.6 Amongst policy makers, there is now a clear understanding of the integral links between housing, health, education, employment, community cohesion and the local economy and how these can impact on individual life chances and broader community success. For housing, the link between homes and employment has been more closely linked via the activity of the UK Coalition Government in its programme of benefit reform (including Housing Benefit) with a policy aim of providing incentives to seek work.

2.7 In keeping with good practice requirements (PPW Para 9.2.2), the Swansea and Neath Port Talbot LHMA was produced in collaboration between the two local authorities in order to better understand the dynamics of the wider housing market in this part of South Wales.

2.8 The LHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a robust policy framework. It is important to recognise that the information from the LHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of effective housing and planning policies.

2.9 For particular sections of the report consultation was undertaken with a range of stakeholders. Most notably the following groups were consulted:

» Local Registered Providers in relation to current and future Affordable Housing provision and policy;

» Home Builders Federation to cover issues including the viability of dwelling delivery and general planning policy; and

» Local letting and estate agents in relation to the local housing market.

2.10 The study also included two stakeholder events. The first event was held at the outset of the project, with presentations from the Welsh Government and Chartered Institute of Housing Wales to help establish the national context. The second event presented key outputs from the study and included detailed discussion and feedback from a wide range of stakeholders. Both events were well attended, with representatives from the local authorities, Registered Providers and private sector organisations.
Overview of the Local Housing Market Area

2.11 The Wales Spatial Plan (2008 Update) describes the Swansea Bay – Waterfront and Western Valleys (primarily covering the Swansea and Neath Port Talbot local authority areas) as:

“The Swansea Bay - Waterfront and Western Valleys Area is made up of Neath Port Talbot and Swansea unitary authority areas, together with large parts of east Carmarthenshire and bordering parts of Bridgend and Powys”

2.12 The following key priorities are identified by the Plan for the region:

» Improving accessibility. This includes improved telecommunication links as well as developing transport connections between the key settlements

» Developing a cutting edge knowledge economy

» Reducing economic inactivity and developing an integrated skills strategy

Figure 1: Overview of the Swansea Bay Region (Source: Wales Spatial Plan)

» Implementing the Waterfront Masterplan to maximise opportunities along the stunning coastline

» Developing a strong leisure and activity based tourism industry

» Ensuring that environmental protection and enhancement are fully integrated
2.13 The Plan also identifies the need for ‘more affordable and attractive housing’ for Swansea Bay - Waterfront and Western Valleys (Wales Spatial Plan People Places and Future 2008 Update, page 111).

Identifying sub-areas within the Swansea Bay Region

2.14 Housing market areas are defined in the Local Housing Market Assessment Guide (Welsh Government 2006, Appendix G p182):

Housing market area is a geographical area within which there are clear links between where people both live and work. These areas can be defined by the patterns of household movement. These patterns are influenced by factors such as proximity to family, friend, employment, education and other facilities, and are likely to operate across local authority boundaries.

2.15 The Wales Spatial Plan has identified “Swansea Bay – Waterfront and Western Valleys” as a geographical area with clear links between people, jobs and homes; therefore this area provides the focus for the LHMA. Given that many of the LHMA’s key outputs relate to policies for individual Local Planning Authorities, the Assessment considers the Swansea and Neath Port Talbot administrative areas.

2.16 Consistent with the Guidance, the LHMA also considers sub-areas of the local housing market, but rather than defining new boundaries, the study has adopted the Council’s existing geographies for housing and planning policy:

» For Swansea, the LHMA considers the key outputs based on the Strategic Housing Policy Zones; and

» For Neath Port Talbot, the LHMA considers the key outputs for the Local Development Plan Spatial Areas.

2.17 Figure 2 shows the housing sub areas for the two authorities. A modelled output for the housing requirements of each of these areas is produced in Chapter 6 of this report. Neath Port Talbot’s strategy is to ‘facilitate growth within Neath Port Talbot, with a focus on the Coastal Corridor whilst reinvigorating the Valley communities’. Swansea’s strategy is to support the development of more sustainable balanced communities through maximising the use of appropriate brownfield land and allocating mixed use major development areas and strategic development areas on the edge of, or close to, existing defined settlements with good transport links.
Policy and Strategy Context

2.18 The LHMA has been undertaken at a time when housing markets have been undergoing significant change, with both existing homes and new supply subject to a variety of pressures and trends. The list below is not exhaustive but illustrates the scale of this change and how the understanding of the local market reflects, and needs to consider, these factors:

- Debate on the purpose of Social/Affordable Housing: should it target only those in greatest need or broaden its focus to other groups?
- Growth in the Private Rented Sector: the sector has grown significantly in the last decade and is becoming a recognised housing solution for those in need. Tenure reform proposals (due 2015) may be introduced by the Welsh Government
- Empty homes continue to be a local strategy issue and a national political priority
- Growth in homelessness to a 5 year high in recent times, following falls in earlier years
- Housing delivery is at much reduced levels from its market peak in 2007, with viability a particular challenge
- New models (social enterprise, mutuals, co-operatives) to enable housing delivery are being explored (see Housing White Paper Consultation Report)
- Tax efficient vehicles for holding land and property assets (e.g. Real Estate Investment Trusts or REITS) have been introduced and may see further reform
- The link between housing supply and support for local economic growth has been made more explicit
Reducing grant for Affordable Housing over time: this presents a particular philosophical and financial challenge for Affordable Housing providers, especially as the Welsh Government is currently focussing on intermediate products

National Policy

2.19 The Welsh Government’s strategic approach to housing (Improving Lives and Communities – Homes in Wales 2010) 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

2.20 The national policy of the Welsh Government is focussed on three priorities:

- increasing supply of new homes
- improving the quality of existing homes
- tackling homelessness via prevention, advice and support

2.21 Further, the Welsh Government published its Housing White Paper in May 2012, which set out action to:

- tackle homelessness
- improve conditions in the Private Rented Sector
- deliver more homes
- introduce tenancy reform proposals
- end family homelessness in Wales by 2019

2.22 The Government has also recently pledged to deliver 12,500 new homes by 2016 (7,500 affordable homes, 5,000 empty homes brought back into use).

Local Policy and Housing Strategy in Swansea

2.23 The long term vision for Swansea (Swansea Community Strategy 2010-2014) is that:

*By 2020 Swansea will be a distinctive European City*

2.24 The Housing Strategy 2008-12 (currently under review) is set out to complement this long term vision:

*To ensure that the housing stock contributes to Swansea reaching its potential as a distinctive European city by providing quality housing services that contribute towards the Council’s broad aims*

2.25 This will be achieved by:

- Working towards bringing all existing Council Housing stock up to the Welsh Housing Quality Standard
- Ensuring the appropriate supply of good quality affordable homes through the publication of a clear strategy and working in partnership with others to provide new affordable homes
- Leading and promoting the improvement of housing conditions in the private sector
Addressing the housing needs of vulnerable people (i.e. homeless, refugees, asylum seekers, disabled, Black and minority ethnic communities (BME))

2.26 The City and County of Swansea Council adopted its Unitary Development Plan (UDP) in 2008. The Plan currently forms the basis for decisions on land use planning until 2016. The Plan indicates that around 12,000 dwellings are required for the period 2001-2016. The UDP is to be replaced by a Local Development Plan (LDP) within the next few years. Consultation on the LDP’s draft Vision, Strategic Objectives and Spatial Options was recently undertaken to inform the production of the Preferred Strategy which is scheduled to be published in summer 2013.

Local Policy and Housing Strategy in Neath Port Talbot

2.27 The Neath Port Talbot Single Integrated Plan: Working in Partnership (2013-2023) sets out the Council’s vision for Neath Port Talbot. The Plan’s vision is to ‘Create a Neath Port Talbot where everyone has an equal opportunity to be healthier, happier, safer and prosperous’. The Plan has five main outcomes to achieve the vision, each of which is set out below:

Outcome 1 - ‘Healthier’: Children and Young People in Neath Port Talbot are physically and emotionally healthy; Adults of working age in Neath Port Talbot are physically and emotionally healthy; and Older People are independent and enjoy a good quality of life.

Outcome 2 - ‘Safer’: People in Neath Port Talbot ‘Feel Safe and are Safe’.

Outcome 3 - ‘Sustainable’: Neath Port Talbot’s communities and environment are sustainable.

Outcome 4 - ‘Prosperous’: Neath Port Talbot has a strong and prosperous economy leading to reduced poverty.

Outcome 5 - ‘Learning’: People in Neath Port Talbot fulfil their learning potential.

2.28 The Housing Strategy 2007-12 (currently under review) complements this vision:

*Our vision is that Housing in Neath Port Talbot will be appropriate, affordable, of good quality, in sustainable communities, offering people choice and support if they need it.*

2.29 This will be achieved by a series of actions organised against seven key themes:

» Confident Communities
» Economic Prosperity
» Education and Lifelong Learning
» Health, Social Care and Well-being
» Environment
» Transport
» Community Safety

2.30 Neath Port Talbot County Borough Council adopted its Unitary Development Plan (UDP) in 2008. The Plan currently forms the basis for decisions on land use planning until 2016. Supplementary Planning Guidance for Affordable Housing was adopted in 2008 and reviewed in 2010. The UDP remains in place until it is replaced by an adopted Local Development Plan (LDP) due in 2014/15. In advance of adoption, Neath Port Talbot consulted on their Pre-Deposit Plan (Preferred Strategy) in September 2011, with further
consultation on the Emerging Deposit Proposals in September 2012, with the formal Deposit Consultation scheduled for August 2013.
3. The Socio-economic Context

An overview of the existing population

3.1 This chapter considers key features of the local population and how this may be changing. Recent years have seen various, often rapid, changes, as population movements and demographic variations work their way into local housing market transactions. Change is often driven by wider local and national economic trends and these are also explored; they can have long term implications and highlight areas where strategy and policy may need to adapt.

Local Population Characteristics

3.2 This section of the report considers the main characteristics of the local population and how these are changing. Figure 3 summarises the total population for the study area based on results from the 2001 and 2011 UK Census of Population.

Figure 3: Persons and Households by Local Authority (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th></th>
<th>SWANSEA</th>
<th>NEATH PORT TALBOT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Persons</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>223,300</td>
<td>134,500</td>
</tr>
<tr>
<td>2011</td>
<td>239,000</td>
<td>139,800</td>
</tr>
<tr>
<td><strong>Change</strong></td>
<td>+15,700</td>
<td>+5,300</td>
</tr>
<tr>
<td><strong>Household residents</strong></td>
<td>219,700</td>
<td>133,300</td>
</tr>
<tr>
<td>2001</td>
<td>234,400</td>
<td>138,700</td>
</tr>
<tr>
<td>2011</td>
<td>+14,700</td>
<td>+5,400</td>
</tr>
<tr>
<td><strong>Communal establishment residents</strong></td>
<td>3,600</td>
<td>1,100</td>
</tr>
<tr>
<td>2001</td>
<td>4,700</td>
<td>1,100</td>
</tr>
<tr>
<td>2011</td>
<td>+1,100</td>
<td>+0</td>
</tr>
<tr>
<td><strong>Households</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>94,400</td>
<td>57,600</td>
</tr>
<tr>
<td>2011</td>
<td>103,500</td>
<td>60,400</td>
</tr>
<tr>
<td><strong>Change</strong></td>
<td>+9,100</td>
<td>+2,800</td>
</tr>
<tr>
<td><strong>Average household size</strong></td>
<td>2.33</td>
<td>2.31</td>
</tr>
<tr>
<td></td>
<td>2.26</td>
<td>2.30</td>
</tr>
<tr>
<td></td>
<td>-0.07</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

3.3 Communal establishments include care and nursing homes, services accommodation, student housing and other forms of shared housing.

3.4 Swansea’s population increased by 15,700 over the period to a total of 239,000 people, representing an increase of 7.0%. This included 234,400 household residents living in 103,500 households, representing an average household size of 2.26 persons. The total number of households in Swansea increased by 9,100. Reducing household sizes (from 2.33 to 2.26 persons per household) accounts for 2,800 extra households, with the increased number of household residents (from 219,700 to 234,400 persons) accounting for the remaining 6,300 increase.

3.5 Neath Port Talbot’s population increased by 5,300 over the period to a total of 139,800 people, representing an increase of 3.9%. This included 138,700 household residents living in 60,400 households, representing an average household size of 2.30 persons. The total number of households in Neath Port Talbot increased by 2,800. Reducing household sizes (from 2.31 to 2.30 persons per household) accounts for 360 extra households, with the increased number of household residents (from 133,300 to 138,700 persons) accounting for the remaining 2,440 increase.

3.6 Figure 4 shows the population by sub area at the time of the 2011 Census. In Swansea, average household size ranges from Swansea Central (2.16 persons) to Gower (2.44 persons). The smaller household size in Swansea Central is because of two key reasons; firstly, household size is driven by the stock available, and,
secondly, aspiration drives younger and smaller households to want to live in the centre of Swansea. Household size is relatively consistent throughout sub areas in Neath Port Talbot (range 2.29-2.34).

Figure 4: Household Residents, Number of Households and Average Household Size for Sub-Areas of Swansea and Neath Port Talbot (Source: UK Census of Population 2011. Note: All figures rounded to the nearest 100. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Area</th>
<th>Household Residents</th>
<th>Number of Households</th>
<th>Average Household Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SWANSEA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swansea East</td>
<td>28,300</td>
<td>12,300</td>
<td>2.31</td>
</tr>
<tr>
<td>Gower Fringe</td>
<td>14,600</td>
<td>6,400</td>
<td>2.28</td>
</tr>
<tr>
<td>Greater North West Swansea</td>
<td>47,400</td>
<td>20,200</td>
<td>2.35</td>
</tr>
<tr>
<td>Swansea Central</td>
<td>30,600</td>
<td>14,200</td>
<td>2.16</td>
</tr>
<tr>
<td>Swansea North</td>
<td>73,600</td>
<td>32,300</td>
<td>2.28</td>
</tr>
<tr>
<td>Swansea West</td>
<td>36,300</td>
<td>16,700</td>
<td>2.17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>234,400</td>
<td>103,500</td>
<td>2.26</td>
</tr>
<tr>
<td><strong>NEATH PORT TALBOT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afan Valley</td>
<td>6,400</td>
<td>2,800</td>
<td>2.33</td>
</tr>
<tr>
<td>Amman Valley</td>
<td>4,200</td>
<td>1,800</td>
<td>2.31</td>
</tr>
<tr>
<td>Dulais Valley</td>
<td>5,200</td>
<td>2,200</td>
<td>2.33</td>
</tr>
<tr>
<td>Neath</td>
<td>51,500</td>
<td>22,500</td>
<td>2.29</td>
</tr>
<tr>
<td>Neath Valley</td>
<td>8,500</td>
<td>3,700</td>
<td>2.30</td>
</tr>
<tr>
<td>Pontardawe</td>
<td>11,500</td>
<td>4,900</td>
<td>2.34</td>
</tr>
<tr>
<td>Port Talbot</td>
<td>45,600</td>
<td>19,900</td>
<td>2.29</td>
</tr>
<tr>
<td>Swansea Valley</td>
<td>5,800</td>
<td>2,600</td>
<td>2.26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>138,700</td>
<td>60,400</td>
<td>2.30</td>
</tr>
</tbody>
</table>

Age Profile

Comparison of the age structure for the population in Swansea against Wales (Figure 5) shows a higher proportion of young adults aged 15-34 years, and particularly those aged 20-24 which is largely associated with the significant local student population. Older people (aged 55+) make up a lower proportion in Swansea than Wales, with significant differences in the 55-74 range.

Neath Port Talbot also has a slightly lower proportion of children and a higher proportion of older people when compared with Wales (Figure 4). However, in contrast to Swansea, Neath Port Talbot has a lower proportion of young adults, particularly those aged 20-24 years, and a higher proportion of adults aged 45 years plus.
When considering Swansea’s age profile, the relative changes between 2001-2011 can be clearly seen:

» Various sections of the population have declined in relative size:
  - the older population aged 70-84
  - those aged 30-44
  - Younger people aged 5-14

» Various sections of the population are increasing in relative size:
  - Those aged 20-24 and 25-29
  - Those aged 60-64 and 45-49

Overall, this indicates that Swansea’s population is changing; in particular, the ‘young old’ from 45-64 indicate a possible emerging strategic issue during the next 20 years as this population ages (see Chapter 8).
3.11 When considering Neath Port Talbot’s Age Profile, the relative changes between 2001-2011 can also be seen:

» Various sections of the population have declined:
  - the older population aged 70-79
  - those aged 30-44
  - Younger people aged 5-14

» Various sections of the population are increasing:
  - Those aged 20-24 and 25-29
  - Those aged 55-69

3.12 Overall, this indicates that Neath Port Talbot’s population is changing; in particular, the ‘young old’ from 55-69 indicate a possible emerging strategic issue in the next 20 years as this population ages (see Chapter 8).
Older People and Limiting Long Term Illness

The 2001 Census indicates that 24% of people of pensionable age in Swansea and 29% in Neath Port Talbot had a limiting long-term illness (Figure 8 and Figure 9). This ranges from 47%/57% for those aged under 70, but rises rapidly to around 80% of those aged 85+. More recent information has yet to be published from the 2011 Census, but it is clear that the proportion increased significantly with age, which is likely to be a continuing trend.

Given the projected growth of the older population in the Swansea and Neath Port Talbot area, an increase in support needs is likely. However, one of the reasons for the growth in the older population is better health plus associated improvements in life expectancy, so the relative health of older people in 2001 is unlikely to be representative of people of the same age by 2026.
Minority Ethnic Groups

3.15 Swansea and Neath Port Talbot are areas with a traditionally low BME population, but initial results from the 2011 Census show that:

» the proportion of minority ethnic population has almost doubled in Swansea since 2001 (increasing from 4.3% to 8.5%). In particular, the Asian and Black population has increased significantly.

» Neath Port Talbot has seen a more moderate increase, a growth from 2.4% to 3.1% of the population. In particular, the Asian, White Other and Black population has increased significantly.

3.16 Historically, BME populations have been relatively over represented in households in housing need. In response, the Welsh Government published ‘The BME Housing Action Plan for Wales’ (2002) which set out the measures that local authorities and housing associations need to take to ensure that minority groups are treated fairly when it comes to accessing housing and related services. In addition, ‘The Black Minority Ethnic (BME) Housing A Good Practice Guide for Local Authorities and Housing Associations’ (2004) provides detailed guidance on a full range of practical issues that local authorities and housing associations will need to take on board if they too are going to ensure they deliver housing solutions for BME people.

3.17 Given this context, it is important for the authorities to pay particular attention to the ethnic composition of housing applications from, and allocations for, BME groups, to ensure that households from all backgrounds are able to access the services they need. The changes in the BME population in the LHMA area over the last 10 years indicate a continuing need for a strategic response and the likelihood that populations will continue to grow.
Figure 10: Change of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)

<table>
<thead>
<tr>
<th>BME Group</th>
<th>Swansea</th>
<th>Neath Port Talbot</th>
<th>Wales</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Irish</td>
<td>-0.1%</td>
<td>-0.2%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>White Other</td>
<td>0.5%</td>
<td>0.0%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Mixed</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Asian</td>
<td>2.0%</td>
<td>0.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Black</td>
<td>0.7%</td>
<td>0.1%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Other</td>
<td>0.7%</td>
<td>0.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.2%</strong></td>
<td><strong>0.7%</strong></td>
<td><strong>2.8%</strong></td>
</tr>
</tbody>
</table>

Figure 11: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)

Migrant Workers

Migrant workers have been an important contributor to the change in ethnicity across the population. At the time of the 2001 Census the population of Swansea and Neath Port Talbot was predominately born in the UK. However, since the time of the 2001 Census, data shows that significant numbers of migrant workers have moved to the LHMA area and this appears to be reflected in the overall growth in the non-UK national population of both areas in the 2011 Census.

New National Insurance registration numbers issued to workers provides data showing the location of migrant workers. Figure 12 shows the number of new National Insurance numbers to non-UK nationals issued between 2002 and 2011. These highlight a growth in the number of migrants after 2004 when migration rules from Eastern Europe were relaxed, with a notably large number of migrants to Swansea.

Figure 13 shows that between 2002 and 2011 the vast majority of all new National Insurance registrations in Swansea and Neath Port Talbot were issued to Polish, Indian and Chinese nationals, reflecting the particular growth in the Asian population in both Swansea and, although to a lesser extent, Neath Port Talbot.

Future migration trends are considered further in Chapter 5.
### Figure 12: New National Insurance Registrations of Non-UK Nationals in by Local Authority (Source: DWP)

<table>
<thead>
<tr>
<th>Area</th>
<th>Swansea</th>
<th>Neath Port Talbot</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>570</td>
<td>60</td>
<td>630</td>
</tr>
<tr>
<td>2003/04</td>
<td>730</td>
<td>130</td>
<td>860</td>
</tr>
<tr>
<td>2004/05</td>
<td>810</td>
<td>140</td>
<td>950</td>
</tr>
<tr>
<td>2005/06</td>
<td>1,230</td>
<td>200</td>
<td>1,430</td>
</tr>
<tr>
<td>2006/07</td>
<td>1,450</td>
<td>220</td>
<td>1,670</td>
</tr>
<tr>
<td>2007/08</td>
<td>1,320</td>
<td>180</td>
<td>1,500</td>
</tr>
<tr>
<td>2008/09</td>
<td>1,250</td>
<td>150</td>
<td>1,400</td>
</tr>
<tr>
<td>2009/10</td>
<td>980</td>
<td>130</td>
<td>1,110</td>
</tr>
<tr>
<td>2010/11</td>
<td>1,410</td>
<td>160</td>
<td>1,570</td>
</tr>
<tr>
<td>5-year total</td>
<td>6,410</td>
<td>840</td>
<td>7,250</td>
</tr>
<tr>
<td>5-year average</td>
<td>1,280</td>
<td>170</td>
<td>1,450</td>
</tr>
</tbody>
</table>

### Figure 13: New National Insurance Registrations of Non-UK Nationals in Swansea & Neath Port Talbot 2002-2011 by Country of Origin (Source: DWP)

![Bar chart showing number of NI registrations by country of origin](chart.png)

Note: figures relate only to employees who have received new National Insurance numbers and do not include any of their dependants. New NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace. Figures exclude those subsequently leaving the UK.

### Disabled People

3.22 This section considers potential future housing demand from disabled people. This is a challenge to establish as limited data is available.

3.23 To consider the scale of disability in Swansea and Neath Port Talbot, Disability Living Allowance Higher Mobility Allowance data is used. Disability Living Allowance (DLA) is awarded to people under 65 years old who incur extra costs due to disability. Once awarded, DLA continues without an age limit, as long as applicants satisfy either the care or the mobility conditions. DLA Higher Mobility Component (HMC) is awarded when applicants have ‘other, more severe, walking difficulty’ above the Lower Mobility Component (which is for supervision outdoors). By considering Higher Mobility Component we can see a profile of disability across the LHMA area. NOTE: DLA was replaced by Personal Independence Payments (PIP) from April 2013.

3.24 Figure 14 overleaf shows the age profile for DLA HMC awards in the LHMA area. Swansea has a higher level of claimants compared with Wales and Neath Port Talbot. This indicates that Swansea has a level of disability (c.2.5% of population) which may require a strategic housing response.
By using the data, we can model a forecast level of DLA HMC for both Swansea and Neath Port Talbot. Effectively, this shows a rise in the number of those in receipt of DLA HMC by 9.2% in Swansea and 10.5% in Neath Port Talbot. The increases may require a strategic housing response to provide adapted housing solutions. However, we would note that recent welfare reforms may impact on the actual increase in numbers.

Service Families

The Strategic Defence and Security Review (2010) introduced reductions in the number of service personnel, with further reductions announced in 2012:

- Army: Personnel to be reduced by 7,000 to 95,500 by 2015 (now 82,000 by 2015 following further Defence statement 2012)
- Air Force: Personnel to be reduced by 5,000 to 33,000
- Navy: Personnel to be reduced by 5,000 to 30,000
3.27 Such a reduction could translate into increased demand for housing in local markets. However, the 2011 Census shows that there are no barracks in the Swansea - Neath Port Talbot LHMA area and only 568 service personnel living in the area (0.15% of local population in the LHMA).

**Figure 16: Service Personnel (Source: Census 2011)**

<table>
<thead>
<tr>
<th>Residence Type</th>
<th>Neath Port Talbot</th>
<th>Swansea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lives in a household</td>
<td>238</td>
<td>330</td>
</tr>
<tr>
<td>Lives in a communal establishment</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

3.28 Armed forces personnel living in the LHMA area, therefore, are relatively small in number and live in non-military accommodation, such as market housing subject to normal market mechanisms. It is unlikely, therefore, that service personnel reductions will contribute significantly to increased demand for housing in Swansea and Neath Port Talbot.

**Housing Members of the Armed Forces**

3.29 There are an estimated 5000 plus forces family members, 200,000 plus veterans and 2100 reservists in Wales (Source: Welsh Government). The Welsh Government made a commitment towards housing members of the armed forces and has established an Expert Group to advise on how public services can best meet the Service community’s needs. The Armed Forces Community Covenant complements, at a local level, the Armed Forces Covenant (2011); it encourages local communities to support the Service community in their area as well as promote understanding of issues affecting the Armed Forces Community. In addition, the House of Commons Welsh affairs committee recommended that more priority is given to veterans to make sure they have access to social housing (2013).


3.31 As a result, whereas Local authorities have been expected to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this ‘additional preference’ should now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the 1996 Housing Act and who have urgent housing needs.

3.32 It is possible that such commitments could be forthcoming in Wales and this will need to be considered in local allocations policy should it come to pass.

**Affordable Housing schemes for Services Personnel**

3.33 There are a number of housing schemes available to the Service and Ex-Service community in Wales, enabling social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder:

- **HomeBuy**: shared-equity scheme where the buyer buys a new home, on a designated development, with an equity loan from a Registered Provider to a maximum of 30% of the full purchase price;
» Shared Ownership: purchase of new high quality homes available on a ‘part-buy/part-rent’ basis, available via Registered Providers. The buyer can buy shares of 25% to 75% of the purchase price;

» Rent First: renting property at an Affordable Rent with an option to buy, available via Registered Providers;

» Intermediate Rent: new build properties at 80% (or less) of current market rents available via Registered Providers;

» Mortgage Rescue scheme: for vulnerable home-owners at risk of repossession, to remain in their homes;

3.34 In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.

3.35 The Welsh Government agreed in May 2013 to proceed with initial proposals for a shared equity scheme in Wales.

Overall

3.36 Increased demand for housing in Swansea and Neath Port Talbot as a result of overall service personnel reductions is not expected. However, there may be an increase in obligation towards housing armed forces personnel as a result of the changes to allocation of affordable and social housing which may necessitate a response that includes maximising options under Allocations Policies as well as HomeBuy options.

Chapter 3 Summary

Population
The LHMA population has increased since 2001; in Swansea by 15,700 (7.0%) and Neath Port Talbot by 5,300 (3.9%). The number of households has increased by 9,100 in Swansea and by 2,800 in Neath Port Talbot.

Age
Several age cohorts have increased in their relative size within the local population; the proportion of young people aged 20-29 has increased in both Swansea and Neath Port Talbot. The ‘young’ old (i.e. those in middle age) are also growing and this represents a longer term strategic issue as these people age and become older and more frail.

In addition, the number of people aged 30-44 and those aged 5-14 has declined relatively. This could mean that the number of younger families is declining overall.

Black and Minority Ethnic Groups
The population of people from a minority ethnic group has increased significantly in the last 10 years.

The proportion of BME population in Swansea has almost doubled (from 4.3% of the population to 8.5%). There has been significant growth in the Asian and Black minority population.

In Neath Port Talbot the BME population has increased from 2.4% to 3.1% of the population. There has been significant growth in the Asian, White Other and Black minority populations.

The changes in the BME population in the LHMA area over the last 10 years indicate a continuing need for a strategic response and the likelihood that populations will continue to grow.

Disability
Swansea has significantly higher levels of disabled people claiming higher rate DLA compared with Neath Port Talbot and Wales.

Service families
Increased demand for housing in the LHMA area is not expected as a result of overall service personnel reductions in UK armed forces. However, there may be an increase in obligation towards housing armed forces personnel as a result of any changes to allocation of affordable and social housing.
4. The Local Economy

An Overview of the Local Economy

4.1 This section considers the current position of the local economy in the LHMA area and its structure. In addition, it considers recent local research on future economic growth and forecasts of job requirements and any related housing requirements together with the implications of this for future housing provision. (see ‘The Economic Assessment & Employment Land Provision for Swansea and Neath Port Talbot 2012’; Peter Brett Associates)

Future Economic Growth

4.2 The potential growth in Swansea and Neath Port Talbot was recently considered in ‘The Economic Assessment & Employment Land Provision for Swansea and Neath Port Talbot 2012’ (Peter Brett Associates). The study considered various employment growth scenarios and the potential future housing requirements arising from this.

4.3 The study showed how growth proposals vary between the two authorities:

» Swansea: principal focus on diversifying the economy away from public sector employment and growing a higher value, knowledge based economy that offers higher skilled and better paid employment opportunities.

» In Swansea, growth is primarily driven by key sectors: ‘Professional Services’, ‘Administrative & Supportive Services’, ‘Education’ and Health’, and tourism in the form of ‘Accommodation & Food Services’.

» Neath Port Talbot: the preferred strategy is for growth mainly focussed on promoting a sustainable economy, including provision for a diverse range of job opportunities close to public transport, housing and infrastructure. There are also aspirations for improving economic activity rates across the County and for revitalising the Valleys specifically by reducing outward migration.

» In Neath Port Talbot, growth would be driven by sectors similar to Swansea, with substantial gains in ‘Professional Services’, ‘Administrative & Supportive Services’, ‘Education’ and ‘Health’, and with the biggest growth in ‘Residential Care & Social Work’, reflecting demographic changes such as an ageing population.

4.4 A series of scenarios for employment growth and how this might translate into employment forecasts and a resulting housing requirement were considered, based on Experian Economics (EE) modelled data. The base data contained certain assumptions which were further revised as part of the study (to mitigate known inaccuracies and incorporate stakeholder views) and thus to establish a preferred forecast.

4.5 The preferred growth figures were used to forecast the number of additional homes that would be needed to accommodate future workers after allowing for improvements to economic activity and unemployment rates which match the Welsh long term average.
Current Housing Market and the Local Economy

4.6 The current housing market plays a key role in supporting the local economy both directly (through building new homes) and indirectly (through provision of housing to support the labour force and support labour mobility).

4.7 The direct impact was examined in the Montague Report (Review of the barriers to institutional investment in private rented homes: 2012) which showed UK house building having a direct impact on economic output - on average 3% of GDP over the last 10 years. House building supports more jobs than investment in many other sectors of the economy; every £1m spent on house building supports 12 new jobs and for every £1 invested in construction, £2.60 is generated elsewhere in the supply chain. However, the construction sector has had a difficult few years, post 2007, and a Construction Skills Network report (Dec 2012) predicts that it will be 2022 before 2007 housing delivery levels are restored. The construction sector lost a further 60,000 jobs in 2012, while output fell 9%, in large part because of public spending cuts. Construction employment is expected to continue to fall every year until 2016.

4.8 The indirect impact for the LHMA area is essentially what kind of new housing mix might support local economy growth most effectively. However, there is limited evidence establishing a link between housing and economy, particularly in how any economic requirements translate into housing need or mix (see The Barker Review of Housing Supply Report; 2004).

4.9 Since 2010, the UK Government has recognised the role housing plays in economic growth but initiatives have focussed mainly on how housing can increase labour mobility amongst lower income labour, for example, by increasing Private Rented Sector supply (see Montague Report: Review of the barriers to institutional investment in private rented homes 2012).

4.10 This reflects acknowledgement of the barriers to lower income mobility because of tenure issues (e.g. difficulty of transfer/exchange in social housing) and issues around supply and quality of accommodation and/or management in the Private Rented Sector. For home owners, affordability issues for those seeking to move and buy acts as a brake on owner occupation between low and high value areas.

4.11 Higher income labour is usually able to resolve its own housing issues by commuting further, renting locally and buying ‘away’, or buying locally on the basis of lifestyle (e.g. for a rural lifestyle), thus negating the need to make specific housing provision for this group.

4.12 In responding to these changes and in seeking to support the growth of the local economy, Swansea and Neath Port Talbot will, of course, seek to enable new housing supply for ownership and Affordable Housing of various types. However, they might also consider their approach to the Private Rented Sector, both in terms of the quality of existing stock and the delivery of new high quality supply. This is considered further in Chapter 7.
Local Employment

Local employment is increasing; Figure 18 shows the change in economic activity over the last 10 years. The economically active population (aged 16-74) has increased significantly in both Swansea and Neath Port Talbot, increases of 16,900 (18%) and 10,000 (19%) respectively, compared with a 17% increase across all Wales, and most are employed. It is worth noting the increase of those employed part-time, an extra 6,500 in Swansea (+35%) and an extra 3,800 in Neath Port Talbot (+36%).

Figure 18: Economic Activity by Local Authority (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically Active</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee: Full-time</td>
<td>56,000</td>
<td>59,600</td>
<td>+3,600</td>
<td>33,600</td>
<td>37,000</td>
<td>+3,400</td>
</tr>
<tr>
<td>Employee: Part-time</td>
<td>18,700</td>
<td>25,100</td>
<td>+6,500</td>
<td>10,600</td>
<td>14,300</td>
<td>+3,800</td>
</tr>
<tr>
<td>Self-employed</td>
<td>9,300</td>
<td>11,700</td>
<td>+2,400</td>
<td>4,600</td>
<td>5,900</td>
<td>+1,400</td>
</tr>
<tr>
<td>Unemployed</td>
<td>5,800</td>
<td>6,800</td>
<td>+1,000</td>
<td>3,800</td>
<td>4,600</td>
<td>+900</td>
</tr>
<tr>
<td>Full-time student</td>
<td>4,800</td>
<td>8,200</td>
<td>+3,400</td>
<td>1,600</td>
<td>2,300</td>
<td>+700</td>
</tr>
<tr>
<td>Total Economically Active</td>
<td>94,600</td>
<td>111,500</td>
<td>+16,900</td>
<td>54,100</td>
<td>64,100</td>
<td>+10,000</td>
</tr>
<tr>
<td>Economically Inactive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td>24,800</td>
<td>27,700</td>
<td>+2,900</td>
<td>15,000</td>
<td>17,800</td>
<td>+2,800</td>
</tr>
<tr>
<td>Students</td>
<td>10,700</td>
<td>15,300</td>
<td>+4,600</td>
<td>3,400</td>
<td>4,400</td>
<td>+1,000</td>
</tr>
<tr>
<td>Looking after home or family</td>
<td>9,900</td>
<td>6,600</td>
<td>-3,300</td>
<td>6,600</td>
<td>4,400</td>
<td>-2,200</td>
</tr>
<tr>
<td>Long-term sick or disabled</td>
<td>15,900</td>
<td>12,100</td>
<td>-3,700</td>
<td>13,100</td>
<td>9,800</td>
<td>-3,200</td>
</tr>
<tr>
<td>Other</td>
<td>5,600</td>
<td>3,800</td>
<td>-1,800</td>
<td>4,000</td>
<td>2,400</td>
<td>-1,700</td>
</tr>
<tr>
<td>Total Economically Inactive</td>
<td>66,800</td>
<td>65,500</td>
<td>-1,300</td>
<td>42,100</td>
<td>38,900</td>
<td>-3,200</td>
</tr>
</tbody>
</table>

NB: ‘Economically active’ means working or actively seeking work.

Economically inactive people are not in work, have not actively sought work in the last four weeks and/or are not available to start work in the next two weeks.

Occupation and Earnings

Swansea has a higher proportion of employees in professional occupations than Wales overall, and the percentage has increased significantly since 2001; the proportions of other senior occupations in the area are comparable with the Wales average. Swansea also has a higher proportion of employees in administrative and secretarial, and customer service and sales occupations, with lower proportions in other service, manual and elementary occupations. Elementary occupations include cleaners, labourers, food preparation assistants and refuse workers.

In contrast, Neath Port Talbot has lower proportions of employees in professional and other senior occupations, with higher proportions in service, manual and elementary occupations, although there has been a notable reduction in the proportion of process, plant and machine operatives (reducing by almost a quarter since 2001, from 13% down to 10%) and also a reduction in the proportion of employees in elementary occupations (down by 1.5% points to 12.8%).
When considering local earnings, it is possible to consider the income of those people that live in the area (as used above as a basis for occupation) or alternatively to consider the income for local jobs, which will include at least some employees that commute into the area to work. Given that the workplace population (i.e. local employees) are not necessarily residents, the results will inevitably differ.

The Annual Survey of Hours and Earnings (ASHE) record both measures for all local authorities and can show how relative incomes have changed over time. Figure 20 shows the comparisons for median gross annual earnings for 2010.

The results show that Swansea residents earn slightly more than Neath Port Talbot residents, but those employed in Neath Port Talbot earn more than those employed in Swansea.
4.19 This means many higher earning workers live in Swansea but work elsewhere; whereas Neath Port Talbot sees many of its higher earning workers living outside the local authority area.

Industry

4.20 Figure 21 shows the proportion of employees resident in each local authority area by industry.

Figure 21: Proportion of Employees by Industry 2011 (Source: UK Census of Population 2011)

The proportion of employees living in Neath Port Talbot that work in manufacturing is notably higher than the Wales average, whilst the proportion in Swansea is much lower. Most other industries are similar to the pattern across Wales.

4.21 A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £77,000 per year. It can de-register if its turnover falls below £73,000; in practice most de-registration is due to the business being acquired, merged or liquidated.

4.22 Swansea had around 550 net new businesses over the 10-year period 1998-2007, with 350 net new businesses in Neath Port Talbot over the same period.

Note: Responsibility for publishing information on business numbers moved to the Office for National Statistics from 2007 onwards and less detailed information is now published, so more recent data is not available.
Whilst new net businesses data suggests encouragement for the economic performance of the Swansea and Neath Port Talbot economy a more detailed analysis shows a significant trend. The majority of the new registrations were in real estate, renting and business activities with smaller increases in construction, although the impact of the ‘credit crunch’ and the slowdown in house building and house sales means that many of these businesses continue to face difficulties. Swansea also saw a large increase in the number of hotels and restaurants, and whilst Swansea saw a decline in the number of manufacturing businesses registered, Neath Port Talbot saw an increase over the period (Figure 22).

Figure 22: Total Net New VAT Registered Businesses by Industry and Local Authority: 1998-2007 (Source: Department of Business, Enterprise and Regulatory Reform VAT Registrations)

Unemployment

There has been a reduction in the economically inactive population in both Swansea and Neath Port Talbot in the period 2001-2011, down by 1,300 (2%) and 3,200 (8%) respectively, compared with a reduction of 5% across Wales. Nevertheless, in both areas this comprises a growth in the retired population aged under 75, an increase of 2,900 (12%) in Swansea and 2,800 (19%) in Neath Port Talbot, offset against a reduction in the number looking after the home or family, the long-term sick or disabled and those otherwise economically inactive.

It is also worth noting the significant increase in the number of students, in both economically active and inactive groups. In Swansea, the total number of students has increased by 8,000 (52%) to a total of 23,500; whilst the increase in Neath Port Talbot has been more moderate, there has still been a 33% growth with an extra 1,700 students increasing the total to 6,700.

Figure 23 shows a long-term decline and levelling off of the unemployment rate in Swansea, Neath Port Talbot, and across the whole of Wales. However, data from recent years (2008 onwards) reflects the economic downturn by showing that unemployment rates began to rise again at a rapid rate; they stood at around 3.6% in Swansea and 3.7% in Neath Port Talbot in 2011.
However, the decline in the number of unemployment claimants over recent years may not entirely reflect the strength of the local economy, many working age persons not in jobs are not eligible for, or do not claim, unemployment benefit.

**Figure 23:** Unemployment Rate for Working Age Population for Local Authorities in Swansea and Neath Port Talbot: 1993-2011  
(Source: DWP Claimant Count. Note: Data relates to October each year)

4.29 Incapacity benefit (IB) is more generous than unemployment benefit and until recently placed less onus on the individual to seek a job. However, Figure 24 shows that in Swansea and Neath Port Talbot the number of working age residents claiming incapacity benefit has been declining since 2000.

Since 2008 the number of IB claimants has been falling at a more rapid rate possibly owing to increased difficulty in claiming this benefit.

**Figure 24:** Incapacity Benefit Claims by Working Age persons by Local Authority 2000-2011  
(Source: DWP. Note: Data relates to May of each year)
Students

4.31 Students can be a key market sector and changes in tenure or location patterns can have an impact in local markets.

4.32 The presence of Swansea University and Swansea Metropolitan University suggests that students are a potential driver in the LHMA area housing market. For the 2011-12 academic year, Swansea Metropolitan University reported 4,390 full time students and Swansea University reported 12,320 full time students (Source: Higher Education Statistics Agency). The 2011 Census shows that students make up 13% of the Swansea population (23,500) and 7% of Neath Port Talbot’s (6,700).

4.33 Swansea Metropolitan University has merged with the University of Wales: Trinity St David, which has campuses in Carmarthen and Lampeter, plus a campus in London. There has been no increase in numbers in Swansea as a result of this merger. The university set up an international office about 4 years ago and the number of international students has increased by about 200 a year since then; they now make up c.7% of the student body. However, student numbers overall have remained static.

4.34 In the LHMA area student numbers are relatively evenly distributed across Swansea and Neath Port Talbot:

Figure 25: Student distribution across the LHMA area (population between 16 and 74 who are classified as students including

Economically Active Students and Economically inactive full time students) (Source: Census 2011)

4.35 However, there are particular localised features involving student housing in Swansea. The presence of Swansea University and Swansea Metropolitan University (with a total 16,710 full time students of all types), creates a significant market for accommodation for students that campus-provided accommodation is unable to satisfy.

4.36 Swansea University currently provides student accommodation on three sites, Hendrefoilan Student Village, Singleton Campus and Beck House, where they are able to house most first year students. Hendrefoilan Student Village has reached the end of its useful life and the University plans to replace it with a new development on Fabian Way within the new Bay Campus. Outline Planning Permission was granted in August 2012 for the Science and Innovation Campus for Swansea University, with facilities for academic,
university residential uses, industrial/research and development (R&D) space. It will include capacity to accommodate up to 4,000 full time student residents, with academic facilities for a total of up to 5,100 students. Reserved matters were subsequently approved for Phase 1 in December 2012. The remainder of the site allows for further expansion of this integrated research/education campus facility, which also has the potential to extend beyond the Authority’s boundary to the west. The development is seen as significant in terms of attaining the aspirations and key principles for socio-economic growth in the region as set out within the Wales Spatial Plan, acting as a major contributor to the knowledge economy in providing an innovation campus where higher education and research and development can be fully integrated.

4.37 The University also manages a number of private sector properties, some of which are licensed as houses in multiple occupation, most are in Uplands ward. It plans to increase the number of properties it manages over the next three years, providing up to 80 additional bedspaces per year.

4.38 Swansea Metropolitan University provides accommodation on its Townhill and Mount Pleasant campuses. It also has links with two private student accommodation blocks in the city centre. Swansea Council is working with a developer to build 600 units, these are due for completion in time for the new term in 2015. Another developer has planning permission for 950 units, of which 350 are on site with completion expected in 18 months. There are currently no plans to start the remaining 600 units, it will depend on take up of Swansea University’s Bay Campus scheme.

4.39 The current and projected provision of student accommodation is shown in Figure 26.

Figure 26: Current and projected provision of student accommodation (Source: Swansea Council, Swansea University, Swansea Metropolitan University)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Swansea University</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hendrefoilan Student Village</td>
<td>1503</td>
<td>1503</td>
<td>543</td>
<td>543</td>
</tr>
<tr>
<td>Singleton Campus</td>
<td>1178</td>
<td>1178</td>
<td>1178</td>
<td>1178</td>
</tr>
<tr>
<td>Beck House</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Student Accommodation Services</td>
<td>599</td>
<td>679</td>
<td>759</td>
<td>839</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>3430</td>
<td>3510</td>
<td>2630</td>
<td>2710</td>
</tr>
<tr>
<td><strong>Swansea Metropolitan University</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Townhill Campus</td>
<td>261</td>
<td>261</td>
<td>261</td>
<td>261</td>
</tr>
<tr>
<td>Mount Pleasant Campus</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Private halls</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>410</td>
<td>410</td>
<td>410</td>
<td>410</td>
</tr>
<tr>
<td><strong>Schemes in development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bay Campus (Swansea U)</td>
<td>900</td>
<td>900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mariner Street (CCS)</td>
<td>600</td>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private developer</td>
<td>350</td>
<td>350</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>1850</td>
<td>1850</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.40 The student population and the lack of 100% student accommodation capacity provided by the universities means that students act as a driver in the local Private Rented Sector, especially in those urban areas close to the campuses.

4.41 This is particularly so in the Central sub area of Swansea (Castle and Uplands wards) where research by Swansea Council has identified concentrations of student accommodation. Here there are significant numbers of houses in multiple occupation and many of these are occupied by students. In some streets the concentration of HMOs is over 50%. This is corroborated by Census 2011 Figure 27. Although high, this is not unusual - to give perspective, traditional University towns can have student areas where up to 90% of the working age population are students.

Figure 27: Student distribution across the Central Sub area of Swansea (population between 16 and 74 who are classified as students including Economically Active Students and Economically inactive full time students) (Source: Census 2011)

The concentration of single person and multi-adult households has a wider impact on the Wards, for example, all the schools in the Castle and Uplands wards have had high surplus capacity in the last five years, reflecting the decline in the numbers of family unit households. Swansea Council is therefore supporting the development of good quality student accommodation in the city centre, which will have the additional benefit of stimulating the local economy. It has an agreement with the two Universities to provide 1500 student places and has identified five possible sites.

The increase in the number of HMOs (see Chapter 4) indicates a market response to increased demand from students, and the HMO licensing scheme in the Uplands and Castle wards demonstrates a response by Swansea Council to improve management and quality issues in the sector.

However, the localised market in the two wards is susceptible to change as result of changes in the market. For example, the increase in supply elsewhere (e.g. from new student campus accommodation) might lower demand in Uplands and Castle wards from students. How landlords would respond is unknown, although it is possible that new tenants could be found. As a relatively low value area, potential new tenant supply is likely to come from low income households, those in housing need or recent in migrants (including...
international migrants). Welfare reform may add further complexity to what would happen in the two wards should any localised change occur.

4.45 Overall, student demand across the LHMA area is relatively well dispersed. However, the concentration of students in Swansea’s Castle and Uplands wards indicates a localised market sensitive to external influences. This should be monitored and the Council’s strategic approach sustained to incorporate a risk assessment regarding potential demand and supply changes.

4.46 The new campus on Fabian Way in Neath Port Talbot may also see a wider dispersing of students including into areas such as Skewen. However, most students will live on campus and other support services will still be linked to the main Swansea University campus so the likelihood is that few students will choose to live in Neath Port Talbot.
Chapter 4 Summary

Local Economy

Housing provides an important support to the local economy in two ways: directly, via the construction sector building new homes and indirectly, by providing homes for the workforce and supporting labour mobility.

Both Swansea and Neath Port Talbot have challenging growth aspirations to diversify and expand their local economies.

One by-product of the recent success of both local economies has been the interaction of demand and supply for housing leading to an increase in the Private Rented Sector.

Employment

Employment numbers have risen between 2001 and 2011; the economically active population has increased by 16,900/18% in Swansea and by 10,000/19% in Neath Port Talbot compared with 17% in Wales.

The numbers working part time have also increased.

Unemployment

The number of those unemployed has decreased in Swansea by 1,300/2% between 2001 and 2011 and by 3,200/8% in Neath Port Talbot, compared with a 5% decrease in Wales.

However, since 2007, the unemployment trend has been upwards.

Students

The number of students has increased significantly by 8,000/52% in Swansea and 1,700/34% in Neath Port Talbot.

Student demand across the LHMA is relatively well dispersed. However, the concentration of students in Swansea’s Castle and Uplands wards indicates a localised market sensitive to external influences. This should be monitored and the Council’s strategic approach sustained to incorporate a risk assessment regarding potential demand and supply changes.
5. Current Housing Stock

An overview of the existing housing stock

Existing Dwellings

5.1 A key LHMA task is to understand the current housing offer to residents, including by type, character, age, condition and location and how this might be changing. The stock on offer affects choices for renters, purchasers and investors.

5.2 Many LHMA areas have seen rapid changes in the nature of the housing stock and tenure in recent years. For example, there has been a sharp rise in the number of dwellings in the Private Rented Sector, and, in some areas, dwellings have been formally or informally converted into Houses in Multiple Occupation (HMO).

5.3 Figure 28 shows stock distribution by type across the study area. Key points to note include:

» Neath Port Talbot contains a higher proportion of semi-detached houses than the Welsh average
» Swansea contains a higher proportion of flats than the Welsh average
» Both Swansea and Neath Port Talbot have a lower proportion of detached houses and bungalows than Wales as a whole

Figure 28: Dwelling Type by Area (Source: Valuation Office Agency, August 2012)

Dwelling Characteristics

5.4 Dwelling characteristics show that bedroom sizes as a proportion of the overall stock vary (see Figure 29):

» 3 bedroom properties predominate in Neath Port Talbot where the area has significantly more stock of this type than Swansea or Wales
» 1 and 2 bedroom property levels are higher in Swansea
» Both Neath Port Talbot and Swansea have lower levels of 4 and 5 bedroom dwellings than Wales
5.5 In terms of property size:
   » Neath Port Talbot has fewer larger properties (150sqm or more) than Swansea and Wales
   » Swansea has more smaller properties (< than 50sqm) than Neath Port Talbot and Wales

5.6 In terms of car parking facilities:
   » Swansea has more homes with garages and private driveways than Neath Port Talbot
   » Neath Port Talbot has more on-street parking

5.7 Both Swansea and Neath Port Talbot have lower levels of second homes than all Wales. Both Swansea and Neath Port Talbot have higher levels of vacant homes than all Wales.
Dwelling Age and Condition

5.8 Figure 30 below shows the age of housing stock in Swansea and Neath Port Talbot compared with all Wales. The majority of stock in both authorities was built in the twentieth century, which makes it slightly younger than all Wales. While Swansea has similar levels of more modern stock to all Wales (post 1955), Neath Port Talbot has higher levels of pre-1955 stock. The age of housing stock is usually a strong factor in determining stock condition.

Figure 30: Dwelling Age by Area (Source: Valuation Office Agency, August 2012)

5.9 Swansea Council undertook a Private Sector Housing Stock Condition Survey in 2010 which concluded that the primary hazard failures were excess cold followed by falling on stairs, damp and mould growth and fallings between levels. The report also noted that Category 1 Hazards were strongly associated with:

» Older dwellings
» Medium/large terraced houses and converted flats
» The Private Rented Sector

5.10 Comparable up-to-date information is not available for Neath Port Talbot as it depends on local survey data, but the nature of hazards is likely to be similar and these will tend to be in older dwellings and in the Private Rented Sector.

5.11 The Stock Condition Survey also identified that dwellings in Swansea were, on average, more energy efficient than dwellings across all Wales, with a mean SAP energy rating of 54 for Swansea, compared with 50 nationally (on a scale of 0 to 100, where 0 is the least and 100 is the most energy efficient).

5.12 Data from the UK Census of Population 2011 shows that 98.6% of dwellings in Swansea and 98.9% of dwellings in Neath Port Talbot now have central heating (compared with 97.7% for Wales), although more than 2,000 dwellings are without central heating (1,400 in Swansea and 670 in Neath Port Talbot). The Census also identifies that the substantial majority of dwellings have their own separate kitchen and bathroom facilities, with fewer than 100 dwellings with shared facilities in Swansea and almost none recorded in Neath Port Talbot.
Houses in Multiple Occupation

5.13 Not all private rented stock consists of self-contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). An HMO is currently defined by the Housing Act 2004 as:

- an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

5.14 The accommodation must be used as the tenants’ only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.

5.15 HMOs make an important contribution to the Private Rented Sector by providing housing for specific groups/households e.g. students. Further, they make a contribution to the local economy by providing a housing supply for those moving to an area for work reasons, or existing population, in lower paid employment. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self-contained market housing.

Figure 31: Houses in Multiple Occupation (Source: Census 2001/2011)

<table>
<thead>
<tr>
<th>Household Composition</th>
<th>Swansea</th>
<th>Neath Port Talbot</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Students</td>
<td>Other households</td>
</tr>
<tr>
<td>2001</td>
<td>892</td>
<td>2,917</td>
</tr>
<tr>
<td>2011</td>
<td>1,762</td>
<td>3,549</td>
</tr>
<tr>
<td>Net Change</td>
<td>+870</td>
<td>+632</td>
</tr>
<tr>
<td>Net Change (%)</td>
<td>+97.5%</td>
<td>+21.7%</td>
</tr>
</tbody>
</table>

5.16 Using Census information between 2001 and 2011, it can be seen that the number of HMOs has increased by 1,502 (a rise of 39.4%) in Swansea and by 253 (a rise of 17.1%) in Neath Port Talbot. This includes increases in the number of student HMOs particularly in Swansea, up 870/97.5%. The changes indicate a significant HMO driver in both LHMA areas, and a significant student accommodation driver in the Swansea housing market. These are considered further elsewhere in this report.
Licensed HMOs

5.17 The Housing Act 2004 requires that all HMOs of 3 or more storeys occupied by 5 or more people must be subject to Mandatory Licensing by the local authority.

5.18 In addition, Swansea has also adopted discretionary powers (since January 2009) to enforce Additional Licensing in the Castle and Uplands wards; here all HMOs, irrespective of size, have to be licensed.

5.19 The number of licensed HMOs in Swansea has increased steadily each year since the requirement for licensing came into effect (see below). There was an additional increase in 2009 when licensing in Uplands and Castle wards was extended to include HMOs with fewer than five occupiers. As at 31st December 2012, there were 1,504 licensed HMOs in the County. Of these, 987 (66%) are in Castle ward and 487 (32%) in Uplands ward.

Figure 32: Number of Licensed HMOs in the County by Year (Source: Swansea Council)

5.20 41% of the housing in Uplands and 36% in Castle wards is private rented with both having experienced a significant increase in this tenure over the last two decades. Both wards showed a corresponding decrease in the percentage of the stock which is owner occupied during the same period. Both wards also have a high proportion of single person and multi-adult households, 34% and 24% in Uplands and 53% and 12% in Castle, contrasting with the CCS averages of 33% and 4%.
Students

Students are a significant driver of Private Rented Sector activity in Swansea, and HMOs offer an attractive value for money housing option for them. More detail on the student housing market is contained in Chapter 3. There are 987 licensed HMOs occupied by students in Swansea and a further 1,336 other dwellings across the County which are also occupied by students (as identified from Council Tax exemption records), 2,323 in total.

<table>
<thead>
<tr>
<th>Swansea</th>
<th>Total</th>
<th>Students</th>
<th>Non-students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed HMO</td>
<td>1,504</td>
<td>987</td>
<td>517</td>
</tr>
</tbody>
</table>

Licensed HMOs occupied by students are concentrated in Uplands and Castle wards. Should demand for this type of student accommodation in these two wards fall (for example, through alternative accommodation becoming available elsewhere) this could have an impact on the local housing market in the two wards.

Housing Benefit and Welfare Reform

The increase in the number of HMOs in Swansea may also have led to an increase in Housing Benefit claims, particularly in Castle and Uplands wards.

Over 6% of households in Swansea claiming Housing Benefit live in the Private Rented Sector, which is above the average for Wales. Ward level data indicates higher rates in Castle and Uplands wards; these two wards contain the highest numbers of Housing Benefit claimants living in private rented accommodation (Source: Swansea Council):

- 2,090 in Castle ward (18% of Swansea’s private tenant claims)
- 827 in the Uplands ward (7%)
Note: the ward average across Swansea is c.266 claims.

5.26 In terms of Shared Local Housing Allowance (Shared LHA; definition in Glossary) rate, which indicates the occupants live in a shared dwelling, there are:

» 220 claimants in Castle (24% of Swansea’s Shared LHA rate claims)
» 139 in Uplands (15% of Swansea’s Shared LHA rate claims)

5.27 Shared accommodation in HMOs offers a key supply of single person housing, particularly for those on lower incomes. Given the relatively high numbers in Uplands and Castle wards, welfare reform poses a potential risk regarding this supply; how landlords respond to benefit changes is as yet un-evidenced as data is not available. This is considered further in Chapter 7 on the Private Rented Sector.

Communal Establishments

5.28 Many people also live in non-traditional household units. Figure 35 shows that at the time of the 2001 Census, as much as 1.6% of the population of Swansea lived in communal residences, with medical and care establishments (1.0%), and educational establishments (0.5%) accounting for much of this population. In Neath Port Talbot 0.9% of the population live in communal establishments with medical and care establishments accounting for almost all (0.8%) of this.

Figure 35: Proportion of People in Communal Housing by Type of Establishment in Swansea and Neath Port Talbot (Source: UK Census of Population 2001)

5.29 Although detailed information about communal establishments has yet to be published from the 2011 Census, the proportion of the population living in communal establishments has not changed significantly, with a total of 4,700 people in Swansea (1.9%) and 1,100 people in Neath Port Talbot (0.8%).

Housing Tenure

5.30 The dominant form of housing tenure is owner occupation. Figure 36 shows:

» Almost 65% of all properties across the area were owned outright or owned with a mortgage, although the proportion owning with a mortgage has reduced since 2001
» The Private Rented Sector has increased significantly over the last decade, especially in Swansea
» The proportion of Social Rented housing in both Swansea and Neath Port Talbot is higher than the Welsh average, and has not changed much over the last 10 years
Figure 36: Proportion of Dwellings by Tenure (Source: UK Census of Population 2001 and 2011)

House Prices

5.31 Figure 37 shows the average property prices in each of the local authority areas. Although there has been some market adjustment in values post 2007, values are still significantly higher than in 2001. For example, between 2000 and 2011, the average property price in Swansea rose by 124.8%, and in Neath Port Talbot it rose by an average of 115.5%.

Figure 37: Average Price of Properties Sold in each LA: Q4 2000-Q3 2011 (Source: HM Land Registry)
Affordability for single first-time buyers has declined sharply since mid-2004 in Swansea; around 20% of all sales in Swansea are below £80,000 with almost 30% selling for over £150,000 (Figure 38). Meanwhile, in Neath Port Talbot it is still the case that 40% of dwellings sell for less than £80,000, but this is substantially down on the 85% of dwellings selling for less than this figure in 2001.

Figure 40: Relative House Prices for the Swansea Bay Area 2011 at Lower Super Output Area (Source: HM Land Registry)
5.33 Figure 40 shows relative house prices across the Swansea Bay area and wider South Wales. This shows that the west of the authority contains some of the more expensive dwellings in South Wales, while the north and east of the authority contain much lower house prices.

5.34 Figure 41 shows that long term house price trends have reduced the availability of lower value property. Although there has been some increased availability in Neath Port Talbot post 2007, this is still considerably lower than 2001.

**Figure 41: Percentage of Houses Sold at under £100k: Q4 2000-Q1 2013 (Source: HM Land Registry)**
Chapter 5 Summary

Dwelling type

The LHMA area has a relatively similar dwelling type profile to Wales except it has fewer bungalows and more semi-detached properties and flats.

Bedrooms

Neath Port Talbot has more 3 bed properties than Swansea, whereas Swansea has more 2 bed properties than Neath Port Talbot.

Second Homes

Second homes are not a significant feature, Swansea has 0.7% of its stock as second homes compared with Wales’s 1.2%.

Property Age

Most of the LHMA stock is of twentieth century construction although Neath Port Talbot stock is relatively older than Swansea.

Tenure

The dominant form of housing tenure continues to be owner occupation, although the sector has declined in relative size since 2001.

In the same period, the Private Rented Sector has grown significantly from 11% to 16% (c.50% increase) in Swansea and from 8% to 10% of stock in Neath Port Talbot (c.25% increase). The sector may have a key future role to play in aiding labour mobility in support of the local economy and in meeting housing need.

House prices have been steady since the market correction in 2007. However, there are significantly fewer lower priced properties in the LHMA area compared with 2001.

Houses in Multiple Occupation

The PRS sector in the LHMA area has grown in the past decade and can be expected to grow further in response to demand and supply factors. The conversion rate of existing housing stock to HMOs also increased between 2001 and 2011; in Swansea it grew by 39.4% and in Neath Port Talbot by 17.1%.

The number of student HMOs in Swansea grew by 97% in the same period.

HMOs are a particular local issue in the Castle and Uplands wards in Swansea.
6. Current Housing Market
The relationship between households and housing

6.1 This chapter considers key aspects of the current housing market and how this currently operates, especially in terms of the relationships between households and housing. It explores affordability, housing need, housing delivery, sale transactions and the impact of migrant workers.

Housing Affordability

6.2 Figure 42 shows the ratio of median full time earnings to average house prices in each of the local authority areas between 2006 and 2011 (average earnings data pre-2006 is not available). The figure shows affordability has improved slightly since 2007. However, it should be noted that, while income to house prices ratios have improved, lower availability of mortgage finance for first time buyers may mean many aspirant households still cannot afford to buy.

Figure 42: Median Full-time Earnings to Average House Price Ratio for Properties Sold by LA (Source: ASHE and HM Land Registry)

6.3 The income distribution for non-homeowners shows some interesting results. 35% of all households in Swansea are non-homeowners. Figure 43 reveals that over 46% of all non-homeowners in Swansea have annual incomes of under £10,000 while 72% have incomes under £20,000 per annum. These households can realistically afford no more than social rent. Further, in most cases these households would need Housing Benefit support to meet the cost of social rents in Swansea.

6.4 A similar picture can be seen in Neath Port Talbot where c.29% are non-homeowners. 48% of all non-homeowners have incomes of under £10,000 per annum while 73% have incomes under £20,000 per annum. Many dwellings in the private sector stock of Neath Port Talbot are affordable to households with incomes of £20,000 or more. However, a large number of current non-homeowners in the authority have incomes below this level.
Turnover of Private Housing for Sale

The impact of the post 2007/08 housing market downturn can also be seen by considering market transactions since the 2008 peak (Figure 44 and Figure 45). The level of transactions in 2008 was much lower than in previous years, so while affordability had improved slightly, the volume of dwellings sold for lower house prices fell when compared with 2008. It is also the case that at least some of the properties at the very lowest prices would not be fit for habitation in their current state and would require significant investment to bring them up to an appropriate standard.

Right to Buy

Right to Buy is a scheme under which longstanding local authority tenants are entitled to purchase their homes at a heavily discounted price. The scheme was re-launched in England in 2012 with higher discount levels for purchasers; this has led to a noticeable increase in demand for Right to Buy with a future implication for affordable housing supply.
6.7 The rules governing Right to Buy are the same in Wales as they are in England, however in Wales the maximum discount is much lower at £16,000, compared with £100,000 in London and £75,000 in the rest of England.

6.8 Recent levels of Right to Buy sales have been significantly lower than in earlier years.

Figure 46: Swansea and Neath Port Talbot Right to Buy Sales (Source: Swansea and Neath Port Talbot Councils)

6.9 Additionally, the Welsh Government has given local authorities powers to suspend Right to Buy in areas with a shortfall in social housing. The Housing (Wales) Measure 2011 enables local housing authorities to apply to the Welsh Government for a direction to suspend the Right to Buy and related rights in areas of housing pressure for a period of up to five years. Swansea Council is considering whether to apply for suspension locally.

6.10 Overall, the impact of Right to Buy sales on housing supply is limited in the LHMA area. However, should this situation change, the implications would need to be considered further.
### Households in Housing Need

#### Identifying Households in Unsuitable Housing

6.11 Technical Advice Note 2: Planning and Affordable Housing sets out those housing requirements which should be included in LHMAs to establish housing requirements (see 1.3 Chapter 1).

6.12 The Welsh Government’s Technical Advice Note 2 defines housing need as existing when a household cannot access suitable housing without financial assistance. Figure 47 outlines the main categories of unsuitable housing and the associated sub-divisions that are set out in the Practice Guidance.

6.13 Most of the categories concern established households that are already housed. Some of the issues around unsuitability will mean households need to move home but others could continue to live in the same property if appropriate changes were made. Typical examples of such changes would be to attend to disrepair or provide adaptations to suit an occupant with mobility problems.

**Figure 47: Classification of Unsuitable Housing (Source: Welsh Government LHMA Practice Guidance: 2006)**

<table>
<thead>
<tr>
<th>Main Classification</th>
<th>Sub-divisions</th>
</tr>
</thead>
</table>
| Homeless or with insecure tenure | i. Homeless households  
ii. Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of Housing Benefit or in arrears due to expense |
| Mismatch of household and dwelling | iii. Overcrowded according to the ‘bedroom standard’  
iv. Too difficult to maintain (e.g. too large) even with equity release  
v. Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household  
vi. Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ |
| Dwelling amenities and condition | vii. Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)  
viii. Subject to major disrepair and household does not have the resources to make fit (e.g. through equity release or grants) |
| Social needs | ix. Harassment from others living in the vicinity which cannot be resolved except through a move |

6.14 Even where a move is necessary, enabling households to relocate from one property to another does not necessarily imply additional homes are needed. The characteristics of the newly occupied dwellings may differ, but the overall number of homes remains the same.

6.15 However, it is necessary to ensure that all needs are considered. It may, therefore, be necessary to provide some additional ‘non-standard’ housing for specific needs. By doing so, an equivalent number of ‘standard’ dwellings become available to meet other housing need.
Modelling Unsuitable Housing

6.16 Having considered technical issues regarding the approach to modelling of unsuitable housing, this section undertakes the actual modelling for the LHMA. Whilst a range of secondary data sources exists about some of the categories of housing need identified in Figure 47, there is no local information available on a number of the issues.

6.17 ORS has therefore developed a predictive model that estimates the number of unsuitably housed households based on a range of correlated indicators. The Model has been extensively tested on ORS primary datasets to ensure that the predicted results for unsuitable housing are consistent with those which would be obtained from a large-scale face to face primary survey. A range of secondary sources is used to estimate the percentage of households in each Census Output Area which are unsuitably housed, which includes Census data (including tenure, overcrowding, economic status and household type), ONS/DEFRA Classifications and the Welsh Index of Multiple Deprivation.

6.18 Figure 48 shows the modelled results for Neath Port Talbot and Swansea. This shows that the highest concentrations of predicted unsuitable housing are in the centre and to the north of Swansea. The towns of Port Talbot and Neath also show high levels of modelled unsuitably housed households.

*Figure 48: Modelled Unsuitably Housed by Output Area (Source: ORS Unsuitably Housed Model)*

6.19 Across the local authorities there is some variation in the proportions of households who are unsuitably housed; the figure is 16.6% in Neath Port Talbot compared with 18.8% in Swansea.
Figure 49: Established Households in Unsuitable Housing for Sub-Areas of Swansea and Neath Port Talbot (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

<table>
<thead>
<tr>
<th>Established Households in Unsuitable Housing</th>
<th>Number of Households</th>
<th>Percentage of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SWANSEA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swansea East</td>
<td>2,400</td>
<td>20%</td>
</tr>
<tr>
<td>Gower</td>
<td>100</td>
<td>9%</td>
</tr>
<tr>
<td>Gower Fringe</td>
<td>600</td>
<td>9%</td>
</tr>
<tr>
<td>Greater North West Swansea</td>
<td>2,400</td>
<td>12%</td>
</tr>
<tr>
<td>Swansea Central</td>
<td>4,800</td>
<td>34%</td>
</tr>
<tr>
<td>Swansea North</td>
<td>7,600</td>
<td>23%</td>
</tr>
<tr>
<td>Swansea West</td>
<td>1,800</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,800</td>
<td>19%</td>
</tr>
<tr>
<td><strong>NEATH PORT TALBOT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afan Valley</td>
<td>700</td>
<td>26%</td>
</tr>
<tr>
<td>Amman Valley</td>
<td>300</td>
<td>17%</td>
</tr>
<tr>
<td>Dulais Valley</td>
<td>400</td>
<td>17%</td>
</tr>
<tr>
<td>Neath</td>
<td>3,600</td>
<td>16%</td>
</tr>
<tr>
<td>Neath Valley</td>
<td>600</td>
<td>17%</td>
</tr>
<tr>
<td>Pontardawe</td>
<td>600</td>
<td>13%</td>
</tr>
<tr>
<td>Port Talbot</td>
<td>3,400</td>
<td>17%</td>
</tr>
<tr>
<td>Swansea Valley</td>
<td>400</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,000</td>
<td>17%</td>
</tr>
</tbody>
</table>

6.20 As previously noted, not all households in unsuitable housing need to move, and even where a move is necessary, some households will be able to resolve their problems without assistance, so the number of households in housing need will only form a proportion of those in unsuitable housing. In studies involving a household survey, ORS has typically found that only a small proportion of people in unsuitable housing both need and want to move.

The Policy Implications of Unsuitable Housing

6.21 This section considers the implications of unsuitable housing for those overcrowded, or in unsuitable private housing, or older person households.

6.22 Overcrowding is one cause of unsuitable housing that normally necessitates moving to more suitable housing rather than adapting the current dwelling, though extensions and conversions can sometimes provide an appropriate solution. However, large households on low income, if overcrowded, are likely to have an urgent housing need.
6.23 The Authorities should continue to pursue the range of available measures to tackle overcrowding:

» Seek the provision of larger affordable family units through the planning process to meet needs identified

» Work with social landlords to identify opportunities where funding is available for extending/converting existing Affordable Housing and purchasing larger market housing (possibly focussing on former social homes previously sold through the Right-to-Buy programme)

» Continue to pursue measures to tackle under-occupation in the current social housing stock, including offering incentives to households under-occupying larger homes to encourage them to move. This should include consideration of the particular housing requirements and aspirations of older people, and working with providers to meet these needs.

6.24 Housing which is unsuitable because of disrepair, lack of amenities or because it does not meet the mobility or other needs of a household member with a disability may necessitate a move. A person with a mobility impairment or other specific need is likely to have an urgent housing need. Some households in unsuitable private sector housing will not have the financial capacity either to move or to achieve ‘in situ’ remedies, even owner occupiers with the possibility of equity release.

6.25 The Authorities should continue to pursue a range of available measures to tackle sub-standard or unsuitable housing:

» Encourage the provision of homes built to the Lifetime Homes standard through the planning process to meet the changing needs of the population

» Promote the availability of Disabled Facilities Grants to landlords, tenants and owner occupiers and work with social landlords to encourage the adaptation of unsuitable properties

» Promote Care and Repair Cymru which provides advice to disabled people and those aged over 60 on sources of funding for repairs, plus a Rapid Response Adaptation programme for minor adaptations which enable a person to stay in or return to their home

» Consider using discretionary powers under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 to either initiate, or continue to provide, grants or loans for adaptations, repairs and improvements

6.26 Many households in unsuitable housing are older person households. Some may wish or need to move, and may be living in property which is too large, but many will rely on a combination of adaptations, extra care, ‘telecare’, low level warden support, or domiciliary care to enable them to remain independent. Many will also rely on informal care and support provided by relatives, friends and neighbours. Some are assisted by means of care and repair schemes, voluntary sector agencies such as Age UK and from family members. Products such as Shared Ownership and equity release are becoming increasingly important and acceptable mechanisms for funding solutions.

6.27 The Authorities should continue to pursue a range of available measures to ensure that the older population has housing and services suited to their needs, including those listed in the previous paragraph and:

» Use the planning process to encourage the development of Shared Ownership products suitable for older people
» Continue to pursue measures which would encourage and assist moves to smaller properties, including incentive payments, assistance with removals and ‘de-cluttering’ and working with providers to meet the needs and aspirations of the older population

**Acute Housing Need: Homelessness**

6.28 A key duty of local authorities is to provide a service to households who become homeless or are at risk of becoming homeless where they are satisfied that the applicant has a priority need.

6.29 Figure 50 shows that the total number of claims for homelessness, and the number of accepted claims, has remained relatively steady in Swansea. However, the number of households in temporary accommodation fell sharply after 2006 and has remained relatively constant subsequently.

**Figure 50:** Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q4 2011 for Swansea (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)
Figure 51 shows that in Neath Port Talbot the total number of claims for homelessness fell sharply after 2006, but that the number of accepted claims did not fall at the same rate. This may have been due to earlier intervention and better housing advice to avoid ineligible households applying. Levels of claims and acceptances have remained relatively constant since 2007.

Figure 51: Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q4 2011 for Neath Port Talbot (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)

Other Indicators of Demand for Affordable Housing

6.30 Figure 52 highlights some other evidence of demand for affordable housing and how this has changed post 2007. While requests for Housing Advice in NPT have increased since 2004/05, the applications for housing in Swansea have declined significantly (although this is likely to be the result of the introduction of Choice Based Lettings).

Figure 52: Housing Transaction Activity (Source: Swansea/Neath Port Talbot Councils)
Housing Benefit Support for Private Rented Sector

6.31 Many households in both the Social and Private Rented Sectors are able to claim support with rent costs in the form of Housing Benefit. The Department of Work and Pensions (DWP) publish quarterly statistics on Housing Benefit recipients.

6.32 Figure 53 shows the longer term trends in Housing Benefit recipients in Wales, especially in the Private Rented Sector.

Figure 53: Trends in the number of Housing Benefit claimants in Wales (Source: DWP)

6.33 Figure 54 shows that over 6% of households in Swansea and nearly 7% in Neath Port Talbot claim Housing Benefit while living in the Private Rented Sector, which is slightly higher than the average for the whole of Wales. Although many households choose to live in private rented accommodation with Housing Benefit support, others would like Social Housing, and more Affordable Housing would need to be provided to reduce the number of households claiming Housing Benefit in the Private Rented Sector.
Figure 54: Housing Benefit in Private Rented Sector as a Share of Total Dwellings (Source: DWP and Welsh Housing Statistics – Dwelling Stock estimates for Wales 2009-10)

Figure 55 shows the growth which has occurred in Housing Benefit claimant numbers in the Private Rented Sector in each local authority in Wales between October 2009 and June 2011. It is clear that the highest growth has been in the cities of Cardiff and Swansea. This does not necessarily mean that Swansea has higher levels of local housing need, but instead may reflect that it has more capacity in its private rented stock available to house Housing Benefit claimants.

Figure 55: Growth in Housing Benefit Claimants in Private Rent Oct 2009-June 2011 by Local Authority (Source: DWP)
Migration Trends

6.35 Figure 56 shows the net migration to Swansea by region of England and Wales over the five year period 2005-2010. Overall, net migration accounted for a rise in the local authority’s population of 1,350 people from 2005 to 2010 from across England and Wales. Swansea gained population from the West Midlands, the South East, the South West and the rest of Wales (1,180 combined) but lost population to London.

Figure 56: Net Migration to Swansea by England and Wales Region 2005-2010 (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>UK Region</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>5-year Total</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IN MIGRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>60</td>
<td>80</td>
<td>80</td>
<td>90</td>
<td>90</td>
<td>400</td>
<td>80</td>
</tr>
<tr>
<td>North West</td>
<td>310</td>
<td>340</td>
<td>290</td>
<td>310</td>
<td>360</td>
<td>1,600</td>
<td>320</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>230</td>
<td>190</td>
<td>240</td>
<td>220</td>
<td>210</td>
<td>1,100</td>
<td>220</td>
</tr>
<tr>
<td>East Midlands</td>
<td>250</td>
<td>270</td>
<td>280</td>
<td>220</td>
<td>310</td>
<td>1,300</td>
<td>270</td>
</tr>
<tr>
<td>West Midlands</td>
<td>660</td>
<td>630</td>
<td>650</td>
<td>570</td>
<td>610</td>
<td>3,100</td>
<td>620</td>
</tr>
<tr>
<td>Eastern</td>
<td>350</td>
<td>380</td>
<td>350</td>
<td>340</td>
<td>380</td>
<td>1,800</td>
<td>360</td>
</tr>
<tr>
<td>London</td>
<td>780</td>
<td>640</td>
<td>660</td>
<td>650</td>
<td>710</td>
<td>3,400</td>
<td>690</td>
</tr>
<tr>
<td>South East</td>
<td>1,050</td>
<td>1,000</td>
<td>920</td>
<td>920</td>
<td>1,020</td>
<td>4,900</td>
<td>980</td>
</tr>
<tr>
<td>South West</td>
<td>1,170</td>
<td>1,140</td>
<td>1,200</td>
<td>1,130</td>
<td>1,160</td>
<td>5,800</td>
<td>1,160</td>
</tr>
<tr>
<td>Wales</td>
<td>3,660</td>
<td>4,250</td>
<td>4,250</td>
<td>4,500</td>
<td>4,680</td>
<td>21,300</td>
<td>4,270</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,520</td>
<td>8,920</td>
<td>8,920</td>
<td>8,950</td>
<td>9,530</td>
<td>44,800</td>
<td>8,970</td>
</tr>
<tr>
<td><strong>OUT MIGRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>70</td>
<td>70</td>
<td>80</td>
<td>70</td>
<td>60</td>
<td>400</td>
<td>70</td>
</tr>
<tr>
<td>North West</td>
<td>280</td>
<td>250</td>
<td>280</td>
<td>290</td>
<td>310</td>
<td>1,400</td>
<td>280</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>190</td>
<td>190</td>
<td>210</td>
<td>180</td>
<td>190</td>
<td>1,000</td>
<td>190</td>
</tr>
<tr>
<td>East Midlands</td>
<td>220</td>
<td>260</td>
<td>240</td>
<td>230</td>
<td>250</td>
<td>1,200</td>
<td>240</td>
</tr>
<tr>
<td>West Midlands</td>
<td>530</td>
<td>550</td>
<td>490</td>
<td>570</td>
<td>530</td>
<td>2,700</td>
<td>530</td>
</tr>
<tr>
<td>Eastern</td>
<td>300</td>
<td>340</td>
<td>340</td>
<td>320</td>
<td>310</td>
<td>1,600</td>
<td>320</td>
</tr>
<tr>
<td>London</td>
<td>750</td>
<td>760</td>
<td>820</td>
<td>870</td>
<td>770</td>
<td>4,000</td>
<td>790</td>
</tr>
<tr>
<td>South East</td>
<td>890</td>
<td>960</td>
<td>920</td>
<td>970</td>
<td>880</td>
<td>4,600</td>
<td>920</td>
</tr>
<tr>
<td>South West</td>
<td>1,100</td>
<td>1,100</td>
<td>1,100</td>
<td>1,130</td>
<td>1,160</td>
<td>5,600</td>
<td>1,110</td>
</tr>
<tr>
<td>Wales</td>
<td>3,760</td>
<td>4,290</td>
<td>4,360</td>
<td>4,230</td>
<td>4,490</td>
<td>21,100</td>
<td>4,230</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,090</td>
<td>8,770</td>
<td>8,840</td>
<td>8,870</td>
<td>8,920</td>
<td>43,500</td>
<td>8,670</td>
</tr>
<tr>
<td><strong>NET MIGRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
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<td>10</td>
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<td>10</td>
<td>20</td>
<td>50</td>
<td>200</td>
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<tr>
<td>Yorkshire and Humberside</td>
<td>40</td>
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<td>30</td>
<td>40</td>
<td>20</td>
<td>130</td>
<td>30</td>
</tr>
<tr>
<td>East Midlands</td>
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<td>40</td>
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<td>30</td>
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<td>West Midlands</td>
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<td>160</td>
<td>0</td>
<td>80</td>
<td>450</td>
<td>90</td>
</tr>
<tr>
<td>Eastern</td>
<td>50</td>
<td>40</td>
<td>10</td>
<td>20</td>
<td>70</td>
<td>190</td>
<td>40</td>
</tr>
<tr>
<td>London</td>
<td>30</td>
<td>-120</td>
<td>-160</td>
<td>-220</td>
<td>-60</td>
<td>-530</td>
<td>-110</td>
</tr>
<tr>
<td>South East</td>
<td>160</td>
<td>40</td>
<td>0</td>
<td>-50</td>
<td>140</td>
<td>290</td>
<td>60</td>
</tr>
<tr>
<td>South West</td>
<td>70</td>
<td>40</td>
<td>100</td>
<td>-10</td>
<td>30</td>
<td>230</td>
<td>50</td>
</tr>
<tr>
<td>Wales</td>
<td>-100</td>
<td>-40</td>
<td>-110</td>
<td>270</td>
<td>190</td>
<td>210</td>
<td>40</td>
</tr>
</tbody>
</table>
Figure 57 shows the individual local authorities with the highest net migration to Swansea, with most people coming from other local authorities in South Wales: Rhondda Cynon Taff, Pembrokeshire, and Caerphilly. Figure 58 shows the local authorities to which Swansea lost population through migration. The largest net out-migration is to neighbouring Neath Port Talbot, while Carmarthenshire and Cardiff also receive a high proportion of migrants from Swansea.

### Figure 57: Top 10 Local Authorities with the Highest Net Migration to Swansea 2005-2010

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>To Swansea</th>
<th>From Swansea</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhondda Cynon Taff</td>
<td>1,500</td>
<td>1,230</td>
<td>+270</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>910</td>
<td>680</td>
<td>+230</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>840</td>
<td>640</td>
<td>+200</td>
</tr>
<tr>
<td>Vale Glamorgan</td>
<td>920</td>
<td>730</td>
<td>+190</td>
</tr>
<tr>
<td>Monmouthshire</td>
<td>530</td>
<td>370</td>
<td>+160</td>
</tr>
<tr>
<td>Newport</td>
<td>820</td>
<td>660</td>
<td>+160</td>
</tr>
<tr>
<td>Powys</td>
<td>740</td>
<td>580</td>
<td>+160</td>
</tr>
<tr>
<td>Torfaen</td>
<td>460</td>
<td>320</td>
<td>+140</td>
</tr>
<tr>
<td>Gwynedd</td>
<td>260</td>
<td>130</td>
<td>+130</td>
</tr>
<tr>
<td>Bridgend</td>
<td>1,270</td>
<td>1,150</td>
<td>+120</td>
</tr>
</tbody>
</table>

### Figure 58: Top 10 Local Authorities with the Highest Net Migration from Swansea 2005-2010

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>To Swansea</th>
<th>From Swansea</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neath Port Talbot</td>
<td>4,520</td>
<td>5,360</td>
<td>-840</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>3,640</td>
<td>4,210</td>
<td>-570</td>
</tr>
<tr>
<td>Cardiff</td>
<td>3,060</td>
<td>3,620</td>
<td>-560</td>
</tr>
<tr>
<td>Bristol, City or UA</td>
<td>660</td>
<td>910</td>
<td>-250</td>
</tr>
<tr>
<td>Lambeth</td>
<td>110</td>
<td>180</td>
<td>-70</td>
</tr>
<tr>
<td>Tower Hamlets</td>
<td>110</td>
<td>180</td>
<td>-70</td>
</tr>
<tr>
<td>Westminster</td>
<td>110</td>
<td>180</td>
<td>-70</td>
</tr>
<tr>
<td>Exeter</td>
<td>170</td>
<td>240</td>
<td>-70</td>
</tr>
<tr>
<td>Islington</td>
<td>90</td>
<td>150</td>
<td>-60</td>
</tr>
<tr>
<td>Wandsworth</td>
<td>160</td>
<td>220</td>
<td>-60</td>
</tr>
</tbody>
</table>

Figure 59 shows the age structure of migrants to and from Swansea. The area has experienced a net gain of 3,000 people aged 16-24 years between 2005 and 2010, but lost in all other age groups (apart from 45-64 years) including almost 1,500 adults aged 25-44 years. This implies that many adults (post-university age) are moving elsewhere in the country rather than forming households locally, but that in-migration from younger adults (likely to be mainly students) is one of the drivers of housing requirements.

### Figure 59: Net Migration to and from Swansea by Age Group 2005-2010 by Year (Source: ONS Migration Statistics Unit)

#### IN MIGRANTS

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>5-year Total</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-15 years</td>
<td>940</td>
<td>980</td>
<td>970</td>
<td>960</td>
<td>1,000</td>
<td>4,850</td>
<td>970</td>
</tr>
<tr>
<td>16-24 years</td>
<td>4,300</td>
<td>4,320</td>
<td>4,370</td>
<td>4,560</td>
<td>4,960</td>
<td>22,510</td>
<td>4,500</td>
</tr>
<tr>
<td>25-44 years</td>
<td>2,320</td>
<td>2,500</td>
<td>2,500</td>
<td>2,480</td>
<td>2,550</td>
<td>12,350</td>
<td>2,470</td>
</tr>
<tr>
<td>45-64 years</td>
<td>690</td>
<td>800</td>
<td>770</td>
<td>670</td>
<td>770</td>
<td>3,700</td>
<td>740</td>
</tr>
<tr>
<td>65+ years</td>
<td>280</td>
<td>300</td>
<td>330</td>
<td>260</td>
<td>290</td>
<td>1,460</td>
<td>290</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,530</td>
<td>8,900</td>
<td>8,940</td>
<td>8,930</td>
<td>9,570</td>
<td>44,870</td>
<td>8,970</td>
</tr>
</tbody>
</table>

#### OUT MIGRANTS

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>5-year Total</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-15 years</td>
<td>870</td>
<td>1,060</td>
<td>1,040</td>
<td>1,020</td>
<td>1,050</td>
<td>5,040</td>
<td>1,010</td>
</tr>
<tr>
<td>16-24 years</td>
<td>3,670</td>
<td>3,900</td>
<td>3,870</td>
<td>4,120</td>
<td>3,950</td>
<td>19,510</td>
<td>3,900</td>
</tr>
<tr>
<td>25-44 years</td>
<td>2,560</td>
<td>2,700</td>
<td>2,870</td>
<td>2,830</td>
<td>2,860</td>
<td>13,820</td>
<td>2,760</td>
</tr>
<tr>
<td>45-64 years</td>
<td>670</td>
<td>770</td>
<td>710</td>
<td>630</td>
<td>700</td>
<td>3,480</td>
<td>700</td>
</tr>
<tr>
<td>65+ years</td>
<td>320</td>
<td>380</td>
<td>320</td>
<td>290</td>
<td>360</td>
<td>1,670</td>
<td>330</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,090</td>
<td>8,810</td>
<td>8,810</td>
<td>8,890</td>
<td>8,920</td>
<td>43,520</td>
<td>8,700</td>
</tr>
</tbody>
</table>
Figure 60 shows the net migration to Neath Port Talbot by region of England and Wales over the five year period 2005-2010. Overall, migration accounted for a rise in the local authority’s population of 1,350 people from 2005 to 2010 from across England and Wales, gaining most from elsewhere in Wales.

**Figure 60: Net Migration to Neath Port Talbot by England and Wales Region 2005-2010 (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)**

<table>
<thead>
<tr>
<th>UK Region</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>5-year Total</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IN MIGRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>20</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>North West</td>
<td>110</td>
<td>90</td>
<td>110</td>
<td>90</td>
<td>80</td>
<td>500</td>
<td>100</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>50</td>
<td>50</td>
<td>70</td>
<td>60</td>
<td>60</td>
<td>300</td>
<td>60</td>
</tr>
<tr>
<td>East Midlands</td>
<td>70</td>
<td>100</td>
<td>70</td>
<td>50</td>
<td>80</td>
<td>400</td>
<td>70</td>
</tr>
<tr>
<td>West Midlands</td>
<td>150</td>
<td>210</td>
<td>140</td>
<td>120</td>
<td>110</td>
<td>700</td>
<td>150</td>
</tr>
<tr>
<td>Eastern</td>
<td>120</td>
<td>90</td>
<td>130</td>
<td>100</td>
<td>100</td>
<td>500</td>
<td>110</td>
</tr>
<tr>
<td>London</td>
<td>170</td>
<td>200</td>
<td>140</td>
<td>160</td>
<td>130</td>
<td>800</td>
<td>160</td>
</tr>
<tr>
<td>South East</td>
<td>330</td>
<td>300</td>
<td>260</td>
<td>220</td>
<td>220</td>
<td>1300</td>
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<tr>
<td>South West</td>
<td>280</td>
<td>290</td>
<td>260</td>
<td>260</td>
<td>260</td>
<td>1400</td>
<td>270</td>
</tr>
<tr>
<td>Wales</td>
<td>2,560</td>
<td>2,780</td>
<td>2,630</td>
<td>2,530</td>
<td>2,660</td>
<td>13200</td>
<td>2630</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,860</td>
<td>4,150</td>
<td>3,830</td>
<td>3,620</td>
<td>3,710</td>
<td>19200</td>
<td>3830</td>
</tr>
<tr>
<td><strong>OUT MIGRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>20</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>North West</td>
<td>90</td>
<td>100</td>
<td>90</td>
<td>80</td>
<td>110</td>
<td>500</td>
<td>90</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>60</td>
<td>60</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>300</td>
<td>50</td>
</tr>
<tr>
<td>East Midlands</td>
<td>60</td>
<td>60</td>
<td>70</td>
<td>90</td>
<td>70</td>
<td>400</td>
<td>70</td>
</tr>
<tr>
<td>West Midlands</td>
<td>170</td>
<td>150</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>700</td>
<td>150</td>
</tr>
<tr>
<td>Eastern</td>
<td>50</td>
<td>80</td>
<td>70</td>
<td>80</td>
<td>60</td>
<td>300</td>
<td>70</td>
</tr>
<tr>
<td>London</td>
<td>140</td>
<td>100</td>
<td>150</td>
<td>190</td>
<td>120</td>
<td>700</td>
<td>140</td>
</tr>
<tr>
<td>South East</td>
<td>230</td>
<td>200</td>
<td>200</td>
<td>210</td>
<td>210</td>
<td>1110</td>
<td>210</td>
</tr>
<tr>
<td>South West</td>
<td>250</td>
<td>280</td>
<td>220</td>
<td>250</td>
<td>260</td>
<td>1300</td>
<td>250</td>
</tr>
<tr>
<td>Wales</td>
<td>2,260</td>
<td>2,610</td>
<td>2,470</td>
<td>2,530</td>
<td>2,670</td>
<td>12500</td>
<td>2510</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,340</td>
<td>3,660</td>
<td>3,490</td>
<td>3,640</td>
<td>3,710</td>
<td>17800</td>
<td>3570</td>
</tr>
<tr>
<td><strong>NET MIGRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>-10</td>
<td>20</td>
<td>-10</td>
<td>0</td>
<td>-10</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>North West</td>
<td>20</td>
<td>-10</td>
<td>20</td>
<td>10</td>
<td>-30</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>-10</td>
<td>-10</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>East Midlands</td>
<td>10</td>
<td>40</td>
<td>0</td>
<td>-40</td>
<td>10</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>West Midlands</td>
<td>-20</td>
<td>60</td>
<td>0</td>
<td>-20</td>
<td>-30</td>
<td>-10</td>
<td>0</td>
</tr>
</tbody>
</table>
Figure 61 shows the individual local authorities which have had the highest net migration to Neath Port Talbot, with by far the most people coming from Swansea followed by Rhondda, Cynon, Taff and Merthyr Tydfil. Figure 62 shows the local authorities to which Neath Port Talbot lost population through migration, again mainly to other local authorities in South Wales, Carmarthenshire and Cardiff in particular.

Figure 61: Top 10 Local Authorities with the Highest Net Migration to Neath Port Talbot 2005-2010
(Source: ONS Migration Statistics Unit)

<table>
<thead>
<tr>
<th>Net Exporting Local Authority</th>
<th>To NPT</th>
<th>From NPT</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swansea</td>
<td>5,360</td>
<td>4,520</td>
<td>+840</td>
</tr>
<tr>
<td>Rhondda Cynon Taff</td>
<td>930</td>
<td>790</td>
<td>+140</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>180</td>
<td>90</td>
<td>+90</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>280</td>
<td>220</td>
<td>+60</td>
</tr>
<tr>
<td>Luton UA</td>
<td>50</td>
<td>0</td>
<td>+50</td>
</tr>
<tr>
<td>Barnet</td>
<td>50</td>
<td>0</td>
<td>+50</td>
</tr>
<tr>
<td>Waltham Forest</td>
<td>50</td>
<td>0</td>
<td>+50</td>
</tr>
<tr>
<td>North Devon</td>
<td>50</td>
<td>0</td>
<td>+50</td>
</tr>
<tr>
<td>Lewisham</td>
<td>50</td>
<td>10</td>
<td>+40</td>
</tr>
<tr>
<td>Sedgemoor</td>
<td>50</td>
<td>10</td>
<td>+40</td>
</tr>
</tbody>
</table>

Figure 62: Top 10 Local Authorities with the Highest Net Migration from Neath Port Talbot 2005-2010
(Source: ONS Migration Statistics Unit)

<table>
<thead>
<tr>
<th>Net Importing Local Authority</th>
<th>To NPT</th>
<th>From NPT</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmarthenshire</td>
<td>1,330</td>
<td>1,590</td>
<td>-260</td>
</tr>
<tr>
<td>Cardiff</td>
<td>1,010</td>
<td>1,170</td>
<td>-160</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>230</td>
<td>310</td>
<td>-80</td>
</tr>
<tr>
<td>Bridgend</td>
<td>1,780</td>
<td>1,830</td>
<td>-50</td>
</tr>
<tr>
<td>Wychavon</td>
<td>0</td>
<td>40</td>
<td>-40</td>
</tr>
<tr>
<td>Shropshire UA</td>
<td>10</td>
<td>40</td>
<td>-30</td>
</tr>
<tr>
<td>Camden</td>
<td>40</td>
<td>70</td>
<td>-30</td>
</tr>
<tr>
<td>Tower Hamlets</td>
<td>20</td>
<td>50</td>
<td>-30</td>
</tr>
<tr>
<td>Ealing</td>
<td>20</td>
<td>50</td>
<td>-30</td>
</tr>
<tr>
<td>Vale of Glamorgan</td>
<td>220</td>
<td>250</td>
<td>-30</td>
</tr>
</tbody>
</table>

Figure 62 shows the age structure of migrants to and from Neath Port Talbot. The area has experienced a net gain of 1,280 people aged 25-44 years between 2005 and 2010 and 490 children aged 0-15 years, but lost in all other age groups. This implies that household formation rates in the area are high, with many young adults (25+) moving into the area. Many of these have come from Swansea, probably in search of lower housing costs.
Figure 63: Net Migration to and from Neath Port Talbot by Age Group 2005-2010 by Year (Source: ONS Migration Statistics Unit.
Note: Local Authority migration figures include cross-boundary moves within the sub-region)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>5-year Total</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN MIGRANTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-15 years</td>
<td>750</td>
<td>870</td>
<td>760</td>
<td>790</td>
<td>790</td>
<td>4,000</td>
<td>790</td>
</tr>
<tr>
<td>16-24 years</td>
<td>850</td>
<td>870</td>
<td>870</td>
<td>790</td>
<td>830</td>
<td>4,200</td>
<td>840</td>
</tr>
<tr>
<td>25-44 years</td>
<td>1,390</td>
<td>1,490</td>
<td>1,440</td>
<td>1,340</td>
<td>1,320</td>
<td>7,000</td>
<td>1,400</td>
</tr>
<tr>
<td>45-64 years</td>
<td>640</td>
<td>680</td>
<td>590</td>
<td>500</td>
<td>550</td>
<td>3,000</td>
<td>600</td>
</tr>
<tr>
<td>65+ years</td>
<td>250</td>
<td>230</td>
<td>170</td>
<td>180</td>
<td>200</td>
<td>1,000</td>
<td>210</td>
</tr>
<tr>
<td>Total IN</td>
<td>3,860</td>
<td>4,150</td>
<td>3,830</td>
<td>3,620</td>
<td>3,710</td>
<td>19,200</td>
<td>3,830</td>
</tr>
</tbody>
</table>

OUT MIGRANTS |      |      |      |      |      |              |                |
| 0-15 years | 660  | 720  | 620  | 690  | 780  | 3,500        | 690            |
| 16-24 years | 860  | 970  | 930  | 1,000 | 1,000 | 4,800       | 950            |
| 25-44 years | 1,160 | 1,180 | 1,180 | 1,270 | 1,210 | 6,000        | 1,200          |
| 45-64 years | 410  | 550  | 540  | 490  | 530  | 2,500        | 500            |
| 65+ years | 210  | 240  | 270  | 200  | 230  | 1,200        | 230            |
| Total OUT | 3,340 | 3,660 | 3,490 | 3,640 | 3,710 | 17,800      | 3,570          |

NET MIGRANTS |      |      |      |      |      |              |                |
| 0-15 years | 90   | 150  | 140  | 100  | 10   | 490          | 100            |
| 16-24 years | 190  | -100 | -60  | -210 | -170 | -350         | -70            |
| 25-44 years | 530  | 310  | 260  | 70   | 110  | 1,280        | 260            |
| 45-64 years | -520 | 130  | 50   | 10   | 20   | -310         | -60            |
| 65+ years | -160 | -10  | -100 | -20  | -30  | -320         | -60            |
| Total NET | 520  | 490  | 340  | -20  | 0    | 1,330        | 270            |

International Migration

6.41 Records for international migration for local authorities have recently begun to be published by the Office for National Statistics. The records are drawn from the International Passenger Survey which interviews approximately 1 in 500 people who travel to and from the UK.

6.42 Figure 64 shows that between 2003 and 2010, it was estimated that a net 3,600 international migrants moved to the local authorities in the study area from overseas, including students and migrant workers. However, while a net 4,100 migrants moved to Swansea from overseas, Neath Port Talbot lost 500 migrants through international migration.

Figure 64: International Migration by Local Authority 2003-10 (Source: ONS Migration Statistics)

<table>
<thead>
<tr>
<th>Area</th>
<th>Swansea</th>
<th>Neath Port Talbot</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>International in-migration</td>
<td>12,000</td>
<td>700</td>
<td>12,700</td>
</tr>
<tr>
<td>International out-migration</td>
<td>7,900</td>
<td>1,200</td>
<td>9,100</td>
</tr>
<tr>
<td>Net international migration</td>
<td>+4,100</td>
<td>-500</td>
<td>+3,600</td>
</tr>
<tr>
<td>Annual average</td>
<td>+590</td>
<td>-70</td>
<td>+510</td>
</tr>
</tbody>
</table>
Nevertheless, it is important to recognise that the official mid-year population estimates for England and Wales underestimated the size of the total population in 2010 at a national level when compared with the 2011 Census. This underestimate was mainly due to international in-migrants being undercounted.

Both Neath Port Talbot and Swansea saw sharp rises in the size of their populations in the 2011 Census when compared with their 2010 mid-year population estimates, so international migration rates are likely to have been higher than noted in Figure 64.

Impact of International Migration on the Housing Market

As can be seen above, data regarding migration has to be assembled from various sources:

There is no national, regularly updated, specific source of statistics about recent migrants in the UK that tells us about their patterns of housing tenure. Instead, the published data that tracks housing trends simply provides indications – for example, of migrants’ limited access to new lettings in the social sector – that suggest the vast majority of migrants use the PRS, at least for the initial years that they are in the UK. (UK Migrants and the Private Rented Sector; Joseph Rowntree Foundation (JRF) 2012)

However, what is known (e.g. from research by JRF, Housing Migration Network and Labour Force Survey) is that:

- New international migrants often enter the UK housing market in the least desirable housing, frequently in disadvantaged areas or where demand for housing is lowest
- Most recent migrants live in the Private Rented Sector, frequently in poorer quality properties
- Increased migration to the UK also coincides with a shortage of, and high demand for, Affordable Housing
- Poor housing, competition for housing and high levels of population 'churn' have a detrimental impact on relationships at local level between different groups, particularly in areas not used to such change

Other factors which may impact on international migration also need to be considered:

- Current Government policy is to limit international migration by placing an annual limit on the number of immigrants allowed into the UK from outside the European Union.
- Changing patterns of international migration from A10 EU countries: the increase in migration seen during the past decade has changed as a response to the wider economic situation - this appears to have slowed the rate of migration considerably. The number of people coming to the UK recently fell by over 80,000 or one third (Sept 2011- Sept 2012: ONS).
- A2 EU nationals: from January 2014, British labour markets will open to Romanian and Bulgarian nationals. The numbers who will migrate to the UK is unknown although recent trends from A10 migrants may indicate that the economic situation may deter high levels of migration.
- International migrants from the EU have concentrated in the low wage sector (and, arguably, have put downward pressure on wages).

In the light of these circumstances, local authorities should continue to keep under review the quality and accessibility of housing and housing related services for international migrant households and ensure that housing strategies seek to tackle any inequalities identified.
Migration Flows

6.49 Figure 65 illustrates the migratory relationship Swansea/Neath Port Talbot has with other local authorities. There is a significant relationship between the two authorities in terms of net migrants from Swansea to Neath Port Talbot. Swansea’s net in-migrants are mainly from other parts of Wales.

**Figure 65: Top 5 Local Authorities with the Highest Net Migration to and from LHMA area over the period 2005-2010 (Source: ONS Migration Statistics Unit)**

<table>
<thead>
<tr>
<th>In-migrants moving TO Swansea</th>
<th>Out-migrants moving FROM Swansea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhondda, Cynon, Taff</td>
<td>Neath Port Talbot</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>Cardiff</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>Carmarthenshire</td>
</tr>
<tr>
<td>Powys</td>
<td>Bristol, City or UA</td>
</tr>
<tr>
<td>Torfaen</td>
<td>Wandsworth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In-migrants moving TO Neath Port Talbot</th>
<th>Out-migrants moving FROM Neath Port Talbot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swansea</td>
<td>Carmarthenshire</td>
</tr>
<tr>
<td>Rhondda, Cynon, Taff</td>
<td>Cardiff</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>Ceredigion</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>Bridgend</td>
</tr>
<tr>
<td>North Devon</td>
<td>Wychavon</td>
</tr>
</tbody>
</table>

6.50 Figure 66 illustrates the statistics in earlier migration tables to highlight the key migration relationships further and the relative strength of net migration flow between Swansea and Neath Port Talbot and adjacent authorities.

6.51 The thickness of the line indicates the ‘strength’ of net flow while red arrows indicate where net migration is into either Swansea or Neath Port Talbot and the blue arrows indicate net migration out. The arrows are either small (c.200 – 500 net migration) or large (over 500 net migration).

6.52 As can be seen, the key migration relationships are within Wales:

» Swansea: out migration is to Cardiff, Carmarthenshire and Neath Port Talbot. In migration is from Valleys areas and Pembrokeshire.

» Neath Port Talbot: out migration is mainly to Carmarthenshire. In migration is from Swansea
Housing Delivery

6.53 Housing delivery has slowed across the UK since the market peaked in 2007/08. Various current recovery forecasts vary from 3 years to 10.
6.54 Both Neath Port Talbot and Swansea have known viability issues regarding the economics of development and this may make reaching future delivery targets difficult. Viability issues in relatively low value areas are a common feature in the UK market. In practice, any local delivery target for any one authority forms part of the wider delivery target for a sub-region, and more localised viability can affect the delivery for this wider area.

6.55 Delivery of lower numbers of dwellings in any area will marginally reduce the requirement for social and intermediate housing, but this is due to lower overall delivery. A lower level of delivery will not per se impact upon the requirements of those seeking affordable housing as these low income households do not typically have options to move elsewhere. However, higher levels of development go some way to mitigate this. Higher delivery would normally also incentivise migrants (who typically occupy market sector dwellings) to move to the area. Conversely, lower levels of development will provide disincentives to immigrants.

6.56 Housing delivery in the LHMA area has remained relatively robust during the market downturn affecting the UK post 2007.

Figure 68: Housing Delivery 2001-2010 (Source: Local Authority Records)

<table>
<thead>
<tr>
<th>Year</th>
<th>SWANSEA Market Housing</th>
<th>Affordable Housing</th>
<th>NEATH PORT TALBOT Market Housing</th>
<th>Affordable Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intermediate</td>
<td>Social Rent</td>
<td>Intermediate</td>
<td>Social Rent</td>
</tr>
<tr>
<td>2001-02</td>
<td>429</td>
<td>0</td>
<td>337</td>
<td>0</td>
</tr>
<tr>
<td>2002-03</td>
<td>430</td>
<td>0</td>
<td>273</td>
<td>0</td>
</tr>
<tr>
<td>2003-04</td>
<td>556</td>
<td>0</td>
<td>274</td>
<td>0</td>
</tr>
<tr>
<td>2004-05</td>
<td>462</td>
<td>0</td>
<td>319</td>
<td>0</td>
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<tr>
<td>2005-06</td>
<td>675</td>
<td>0</td>
<td>311</td>
<td>0</td>
</tr>
<tr>
<td>2006-07</td>
<td>403</td>
<td>0</td>
<td>257</td>
<td>0</td>
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<tr>
<td>2007-08</td>
<td>876</td>
<td>0</td>
<td>264</td>
<td>2</td>
</tr>
<tr>
<td>2008-09</td>
<td>687</td>
<td>0</td>
<td>207</td>
<td>11</td>
</tr>
<tr>
<td>2009-10</td>
<td>379</td>
<td>0</td>
<td>494</td>
<td>0</td>
</tr>
<tr>
<td>2010-11</td>
<td>494</td>
<td>0</td>
<td>333</td>
<td>18</td>
</tr>
</tbody>
</table>
Delivery of Affordable Housing

6.57 Affordable housing completions have remained relatively consistent since 2007 and forecast levels indicate this will continue into 2014, albeit with a decline in completions in Swansea between 2011 and 2014.

Figure 69: Actual v Forecast Completions (Source: Welsh Government)

Issues Affecting Supply of New Affordable Homes

6.58 This section considers issues which may affect the supply of new affordable homes and wider changes and initiatives that are being explored with a view to increasing supply in other ways.

6.59 The main delivery agents for new affordable homes are Registered Providers (RP). Most Registered Providers report that the current market and changes within how the Affordable Housing Programme (AHP) works have affected their appetite for new schemes. A combination of a wider appreciation of risk, access to funding challenges and Welfare Benefit reform, makes RPs more cautious.

6.60 Viability pressures also impact on supply. Demand for affordable housing in the Swansea Bay area is such that, even if currently viable levels of affordable housing are negotiated on every site, there is still likely to be a shortfall on the estimated affordable housing required as set out in this LHMA. Overall, new affordable housing seems likely to come forward, albeit within this wider context.

6.61 Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform:

» RPs highlight how the introduction of Universal Credit poses a risk to their revenue streams. Credit rating agency Moody’s (December 2012), which rates 26 UK RPs, highlighted the risks posed by Benefit Reform to housing association revenues, and, particularly, those RPs with exposure to variable rate borrowing.

» RPs and PRS landlords identify Housing Benefit reform as a risk in terms of housing suitability and availability to lower income households. PRS landlords are reported as already ending tenancies for Housing Benefit households.

» Further, new caps on non-housing benefits announced in the Autumn Statement 2012 and direct payment of Housing Benefit to claimants could lead to higher arrears and bad debts.
6.62 There is a Government Spending Review in 2013 when announcements regarding the future levels of capital funding for affordable housing are expected. RPs are concerned at the current uncertainty and highlight the risk that the Spending Review 2013 will continue the downward pressure on funding and grant levels.

6.63 The Welsh Government has recently announced that Councils retaining stock will be granted self-financing arrangements for their HRAs. This offers potential new funding for new housing supply (In England, self-financing was introduced in 2012 and lobbying continues for relaxation of Council borrowing rules; considerable latent potential for increased supply to deliver a further 60,000 homes over 5 years has been identified; see ‘Let’s get building’; National Federation of ALMOs - 2012).

6.64 There have also been various new approaches considered and tested to see if new affordable supply could be delivered in innovative ways:

- Social Housing Real Estate Investment Trust (SREITs): although the Government initially (December 2012) ruled out social housing REITs as a means to deliver more affordable homes, it is now reconsidering the issue and has announced a consultation on whether REITs can be included within the definition of ‘institutional investors’.

- Sale and Leaseback: an initiative whereby investors buy a PRS portfolio and then lease it to RPs who then collect rent and manage the properties on a leaseback arrangement. One of the first was recently announced by Genesis for 401 homes in a 35 year deal. However, almost immediately, the Homes and Communities Agency (HCA) expressed concerns on the risk of sale and leaseback (especially on the index-linked loans used to set them up).

- The entry of new ‘for profit’ providers: in England, 18 ‘for profit’ providers to deliver non grant AHP homes have so far registered with the HCA. At this stage, only Shared Ownership or Intermediate homes have been delivered until outstanding concerns about affordable homes for rent are resolved (the main concern is around ‘asset stripping’ where ‘for profit’ providers might sell affordable homes on at some point after completion). However, arguably, there is potential for increased supply of affordable homes for rent by ‘for profit’ providers. At present, there are no plans to introduce such a scheme in Wales.

6.65 The Welsh Government is currently undertaking a review of its 2011 Regulatory Framework, the outcome of which is still awaited. There are also risks to existing provision from recent regulatory changes for RPs in England, which place an emphasis on economic regulation. In response, RPs have undertaken significant stock rationalisation of underperforming assets. Any move to economic regulation in Wales could, potentially, reduce the current supply of Affordable Housing in this way and the Regulatory Review outcomes should be monitored.

Rural Housing

6.66 The LHMA is a predominantly urban area in housing terms, yet with some rural areas. Demand for rural homes in some sub-areas (e.g. Gower) is high and house prices reflect this; alternatively, other areas which are rural in nature have much lower demand and prices (e.g. Valleys sub-areas). In terms of the housing market, therefore, the LHMA authorities face a complex challenge in meeting a range of often conflicting housing issues.

6.67 However, the Welsh Government Local Authority Classification identified a difference between Valleys communities and rural ones and this section, therefore, focuses on rural areas, primarily the Gower and Gower Fringe sub-areas of the LHMA area. The Gower and Gower Fringe sub-areas are both relatively
prosperous with high levels of owner occupation (e.g. Gower 85%) and both have seen significant house price rises in recent times.

Figure 70: Urban and Rural areas of the LHMA area (Source: Urban Rural Index 2001)


The natural operation of the market allows households who can afford to move to rural areas to do so. However, housing need is a constant issue in higher value rural communities such as Gower and Gower.
Fringe; high house prices also often mean out-migration as younger, less affluent households leave to meet their housing requirements elsewhere and issues of long term sustainability for rural areas arise. Delivering social housing in higher value rural areas can be more complex and the viability of rural social housing schemes make them more difficult to deliver.

6.70 A further current risk for affordable housing in rural areas concerns benefit reform, and the potential this creates for more out migration of households to ‘cheaper’ adjacent housing markets or where alternative rented housing is available. Arguably, this increases competition (and demand) for affordable housing and for less expensive private rented in both urban and rural environments.

6.71 The housing requirements for each Sub-area are set out in Chapter 7.

Self Builders

6.72 In 2010, only one in 10 new homes in Britain was self-built, although this proportion varies as volume and speculative build rates vary. Plots are difficult to find, and finance and mortgage products restricted, while regulations and planning permissions are challenging. Self-build is more popular in Belgium and the Netherlands where, for example, the figure is three in 10.

6.73 There is no support for self builders in Wales from the Welsh Government. However, in a bid to increase housing supply, the English Government (see Laying the Foundations – a Housing Strategy for England 2011) , announced up to £30m of funding available via the Customer Build programme to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, s106 planning obligations etc.

6.74 However, it should be noted the first loan under the Custom Build programme was only made in February 2013.

6.75 Research into the self-build market is limited; however, the Joseph Rowntree Foundation report ‘The current state of the self-build housing market (2001)’ showed how the sector had changed, principally, the shift from self-build by those who cannot afford mainstream housing or are ineligible for social housing to those who want an individual property or a particular location. The Home Builders Federation (2010) said "everyone likes the idea of self-build but it probably won't make a big contribution to supply in the next few years".

6.76 The attractiveness of self-build is the reduced cost; the average self-build house in the UK costs c.60% of its final value, as self-builders cut out certain developer costs, principally labour.

6.77 Given the historic low supply of self-build homes, the challenges in bringing schemes forward and the slow take up of specific funding elsewhere, it seems unlikely that self-build will make a significant contribution to housing supply in the LHMA area.
Chapter 6 Summary

Affordability
Affordability has improved slightly since the 2007 market correction.

Incomes
High proportions of non-owners have low incomes:

- 35% of Swansea population are non-home owners and 46% have incomes below £10,000 per annum, while 72% have incomes less than £20,000 per annum
- 29% of Neath Port Talbot population are non-home owners and 48% have incomes below £10,000 per annum, while 73% have incomes less than £20,000 per annum

Volume of Sales
The level of sales transactions in the LHMA area has reduced significantly since 2007.

Right to Buy
Right to Buy sales are at much lower levels than in earlier years. Swansea is considering applying for a suspension of Right to Buy in their area because of housing pressures locally.

Unsuitable Housing
16.6% of Neath Port Talbot households and 18.8% of Swansea households are unsuitably housed. In Swansea, the concentrations of unsuitability are in the Central and North areas. In Neath Port Talbot unsuitability is focussed in urban areas.

Private Rented Sector and Housing Benefit
The take up of Housing Benefit in the Private Rented Sector has grown recently, particularly in Swansea. This is not necessarily because of higher levels of local housing need, it could reflect more capacity in private rented stock available to house Housing Benefit claimants.

Homelessness
Recently the number of homeless claims and acceptances has remained at the same level, reduced from the higher levels of the years before 2006.

Migration
Migration is a key driver in the LHMA area and in-UK and international migration has been significant compared with earlier years. However, in-UK migration is mainly from other areas of Wales and international migration showed a net gain in Swansea but a net loss in Neath Port Talbot 2003-10.

Swansea out-migration is to Cardiff, Carmarthenshire and Neath Port Talbot. In-migration is from the Valleys areas and Pembrokeshire.

Neath Port Talbot: out-migration is mainly to Carmarthenshire. In-migration is from Swansea.

The LHMA authorities should continue to keep migration under regular review, to monitor the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified.

Housing Delivery
Delivery of both market and Affordable housing has remained relatively consistent since the 2007 market correction.

Delivery of new Affordable housing in the coming years could be subject to external constraints on funding which could affect new supply.
Both Swansea and Neath Port Talbot should continue to take steps to ensure continued delivery of new housing in future years.
7. Projecting Housing Requirements
Modelling the future need and demand for housing

7.1 Modelling future need and demand for housing requires a consideration of the future housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full LDP period can be delivered. Further, it needs to be produced in a way that is consistent, strategic and robust.

7.2 The Welsh Government set out an approach for measuring local housing needs as part of the Local Housing Market Assessment Guide published in 2006. This approach uses a ‘traditional’ method using basic calculations derived from local data (e.g. Housing Registers, Transfers, development programmes etc.) to calculate its overall shortfall of housing and is a refinement of the approach set out for England in 2001. Whilst this approach has the benefit of simplicity, it fails to capture the inherently complex nature of the way in which housing markets function. In particular, the Private Rented Sector and its role in meeting housing need, often with Housing Benefit support, is not captured, and as identified earlier in this report, consideration of these factors has become increasingly important when seeking to understand local housing markets.

7.3 Subsequent to the publication of the Guide, the Welsh Government commissioned the Essex Report on Affordable Housing in Wales (2008). This recommended that robust and up-to-date information on housing need, demand and supply was urgently needed in Wales to provide a firmer basis for national housing policymaking.

7.4 This led directly to the publication in 2010 of Modelling of Housing Need and Demand for Wales 2006-2026 (Holmans and Monk, Welsh Assembly Government 2010) which derived results at national and local authority levels. The report provided an estimate of future need and demand for housing in Wales to 2026, but the methodology employed did not adopt that set out in the earlier Welsh Government Guidance 2006. Rather, it adopted a more long-term and strategic approach to the modelling of housing need and demand.

7.5 Critically, the new approach divided the assessment between the market and non-market sectors using the Welsh Government’s 2006-based projections of households as its base. It is important to recognise that the non-market sector referred to in this report covers not only Affordable Housing provided by the public sector (such as by Registered Providers), but also reflects that which is provided by the private sector through the increasing number of private tenants receiving Housing Benefit.

7.6 Our methodology for this study is, therefore, different from the basic approach set out in the Local Housing Market Assessment Guide 2006 but is fully consistent with the methodology developed and used by the Welsh Government in the Holmans and Monk Report 2010, and has been tried and tested through examination. Our methodology uses external secondary data to produce outputs from a longer term and more strategic perspective, while at the same time maintaining a consistent approach to deliver authoritative outputs. A key reason for adopting this approach is to meaningfully compare the assessment of housing need with the change in total numbers of households, and the overall requirement for additional housing, in comparable ways, and properly link the assessment with the employment growth analysis that has been undertaken.
Population and Household Growth

National Housing and Population Projections and Housing Delivery

7.7 Based on projections for growth in household numbers from past trends, this research has identified a need for around 14,300 dwellings per annum in Wales, of which 9,200 should be market housing and 5,100 should be Affordable (Note: this tenure ‘split’ is consistent with other LHMA work undertaken by ORS across Wales). The research also identified the tenure mix requirement for each authority in Wales; however, this was considered to be only a starting point for understanding the needs of each area.

7.8 Wales’s national dwelling delivery has averaged 8,600 homes per annum since 2001. This mismatch in housing need (14,300) and housing supply (8,600) has resulted in various market responses:

» An intensification of needs: there has been a rise in the number of hidden households, including households in unsuitable housing, plus sub-divisions of private and Private Rented Sector stock

» Conversions of existing stock and increase in numbers of Houses in Multiple Occupation: the general growth of the Private Rented Sector (mainly through existing stock as opposed to new supply) allows more households to be absorbed in the existing market

7.9 Considerable policy focus has been given to meet the supply ‘gap’ between household formation and housing delivery, including new forms of Affordable Housing tenure (see Housing White Paper: Better Lives and Communities 2012).

Population and Household Change

7.10 The Welsh Government produced a series of household projections for local authorities in Wales, with the most recent being the 2008-based projections. The Household Projections for Wales (2008-based) Summary Report contains the following statement on the use of these projections (Page 7):

Household projections are not forecasts of numbers of dwellings or houses. Instead they provide an indication of future demand for housing based on recent trends and can be used for informing housing planning functions e.g. Local Authority Development Plans. They can be used to estimate future need for services (for example, health and utilities).

7.11 Notwithstanding this proviso, it is still worth exploring these projections because they are trend-based projections of household growth derived from recent birth, death and migration data.

7.12 The Welsh Government’s household projections are derived from 5-year trend information relating to births, deaths, migration and household membership rates. These projections convert population projections to household growth, based upon recent trends. A key issue in household projections is that they can be circular in their logic; those areas which have high levels of development attract many immigrants which leads to any future projections identifying that area as one with high levels of growth. The converse also applies to areas with little recent development, where low levels of population and household growth are projected into the future.

7.13 Figure 72 illustrates the 2008-based population projections for Swansea and Neath Port Talbot in terms of the relative change in population relative to the baseline population estimates for 2008. This includes the period preceding the projection which formed the basis for the trend analysis, as well as the future growth.
Nevertheless, when we consider the longer-term trend illustrated in Figure 73, it becomes apparent that the 5-year period immediately preceding the projection was not typical of population change over previous years.

Whilst Planning Policy Wales (PPW) requires all Councils to use the latest Welsh Government Local Authority Household Projections for Wales as a starting point for estimating future housing requirements, the 2008-based household projections were based on trends from this period of strong population growth.
A key issue, therefore, is for Councils to consider whether or not the 2008-based figures were the most appropriate for planning growth over their Plan periods.

Modelling Housing Requirements

7.16 In modelling future housing requirements, ORS’s analysis takes full account of the Councils’ household projections to ensure that plans for future housing are consistent with other Council planning. Insofar as the preferred household projections for Swansea are consistent with, and for Neath Port Talbot are intrinsically based on, jobs-led population projections, it is clear that the housing requirements analysis also takes full account of the relationships that exist between housing and households, households and people, and people and jobs.

7.17 In considering key housing market drivers, these relationships are the most important factors for determining future housing requirements, but any changes to the future number of jobs and the future number of people will inherently impact on the future number of households and, therefore, the future number of homes required. It is, therefore, very important that Swansea and Neath Port Talbot actively monitor population trends to ensure that the future housing requirements remain appropriate or are reviewed as required.

ORS Housing Mix Model

7.18 The ORS Housing Mix Model considers both housing need and overall housing requirements on a longer-term basis, providing robust and credible evidence about the required mix of housing over the full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.

7.19 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. These secondary data sources are readily updateable as new information is published, and a range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

7.20 Figure 74 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the Model interact.

» The left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements.

» The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.
The Housing Mix Model considers the projected household population alongside the existing dwelling stock in order to establish the necessary balance between Market Housing and Affordable Housing in relation to the additional dwellings to be provided, and within the Affordable Housing dwelling provision the appropriate role of Intermediate Affordable Housing and Social Rented Housing.

Core Modelling Assumptions

For the current assessment we wish to be explicit on the assumptions which underlie the Model. For the results presented, the following assumptions are contained within the Model:

- Mortgage multiplier used is 3.5, so households are able to borrow up to 3.5 times their household income. This figure is based on recommendation in the Welsh Government Practice Guidance.
- Households can spend up to 25% of their income for rent in accordance with Welsh Government Practice Guidance recommendations.
- The annual rental yield for private rented dwellings is 6.5%. This is the rate of return on private rented dwellings so a property valued at £100,000 is assumed to yield a rent of £6,500 per annum. There are no official statistical sources for rental yields, so the figure used in the Model is taken from the Paragon Private Rented Sector Survey Q4 2011. This is a survey of 500 buy to let landlords who are also members of the National Landlords Association.
- House prices are set as a baseline rate of their October 2010 to September 2011 levels.
A vacancy rate on households to dwellings of 3.8%. Therefore, at any point in time 3.8% of dwellings will be vacant including new build dwellings.

It is assumed that any Right to Buy/Right to Acquire sales since 2001 are required to be replaced within the Model by additional new build of Social Rented dwellings. This is because Right to Buy/Right to Acquire sales result in the loss of a Social Rented dwelling without any reduction in the number of households seeking Social Rent, so each sale requires a new build to replace it. Projected Right to Buy/Right to Acquire sales to 2025 for Swansea and 2026 for Neath Port Talbot are based upon the average number of sales since 2008.

The requirements assume a site delivery threshold of zero, so all sites yield Affordable Housing. If some sites do not deliver Affordable Housing, remaining sites will be required to absorb the remaining requirements. Therefore, if only 50% of sites deliver Affordable Housing then the identified percentages for delivery would require doubling if all requirements are to be met.

The number of households receiving Housing Benefit in the Private Rented Sector is assumed to remain at November 2011 levels. This assumption is sensitivity tested in the Model.

Intermediate Affordable Housing is housing with a cost above Target Social Rents, but below the cost of market housing (rent or owner occupier). Therefore, Intermediate Affordable Housing must be cheaper than the cost of renting a dwelling at the lower quartile of private rents.

The period for results is 2010-2025 for Swansea and 2011-2026 for Neath Port Talbot.

All figures are rounded to the nearest 100.

We would note that any on-going and potential future welfare reforms are not modelled explicitly.

**Future Housing Requirements for Swansea**

**Household Projections for Swansea**

Following on from the Welsh Government 2008-based household projections, the City and County of Swansea developed a range of population projections on the basis of four scenarios. These projections were produced using the nationally recognised and established PopGroup software model that is used by local authorities across Wales and the scenarios had regard to an appraisal of more local data sources available to the Council.

The four scenarios that were considered included:

- **Medium High** – based on assumptions comparable to those used for the High scenario, but adopting migration data from the 5-year period 2004-09 (rather than 2003-08 period adopted for the High scenario).
- **Medium Low** – based on fertility, mortality and internal migration rates for the 10-year period 1998-2008. Data on international migration was used from the 5 year 2003-08 period.
- **Low** – based on 1998-2008 fertility and mortality rates, and 2006-09 rates for internal migration. Data on international migration was used from the 5 year 2003-08 period.
7.26 In the context of these population projections, the Council also commissioned an Economic Assessment & Employment Land Provision Study (Peter Brett Associates LLP; 2012). This study considered the important relationship between the economically active population and jobs, recognising that the number of workers should ideally reflect the employment opportunities available.

7.27 Consistent with the requirements set out in Planning Policy Wales, the Council took the Welsh Government 2008-based household projections (the “High” scenario) as the starting point for estimating their future population and associated housing requirements, but in-line with national planning guidance tested other growth options to ensure the level of growth identified was based on a sound understanding of the County’s economic, social and environmental context. On the evidence available, the Council concluded that the Welsh Government projection of growth was probably unrealistic but recognised the opportunities associated with growth and following detailed analysis has concluded that their preferred scenario is the “Medium High” projection.

7.28 Given this context, the ORS LHMA has modelled the housing requirements for Swansea based on all four scenarios. Nevertheless, sensitivity testing has focussed on the “Medium High” scenario.

Modelling Future Housing Requirements

7.29 Figure 75 shows the housing requirement projections for Swansea using ORS’s Housing Mix Model tied to a range of possible planned dwelling delivery targets. The potential scenarios considered are:

- HIGH: 1,329 dwellings per annum
- MEDIUM HIGH: 1,147 dwellings per annum
- MEDIUM LOW: 845 dwellings per annum
- LOW: 729 per annum.

7.30 The results are similar across all scenarios, with the percentage Affordable Housing requirement rising as the scale of dwelling delivery falls. These findings arise because Affordable Housing need is disproportionately generated locally while migrant households are more likely to require market housing. Therefore, a higher dwelling delivery will allow for more migrant households to the area and this in turn will generate a greater requirement for market housing.

Figure 75: Tenure Mix of Housing Requirement for Swansea 2011-2025 for Different Growth Scenarios (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. The “Intermediate” category includes all households that can afford to pay more than social rent without any financial support, but cannot afford the market housing at the threshold rent or purchase price. All figures rounded to the nearest 100. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Household Growth Scenario</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market Housing</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
</tr>
<tr>
<td>Net Requirement 2011-2025</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>10,900</td>
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<tr>
<td>Medium High</td>
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<tr>
<td>Medium Low</td>
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<td>Low</td>
<td>4,600</td>
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<tr>
<td>Percentage Requirement 2011-2025</td>
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<td>Sub-Areas of Swansea</td>
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<td>----------------------</td>
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</tbody>
</table>

7.31 It is important to emphasise that these figures:

- Are based purely upon the affordability of households, not their preferences or the Affordable Housing allocation policies of Swansea Council
- Include an assumption that Housing Benefit is available to support household affordability for the “social” category within Affordable Housing
- Assume that past and future Right to Buy sales need to be replaced in the social housing stock
- Assume that the future supply of social housing includes existing Housing Benefit supported private rent dwellings
- Assume that the future supply of Intermediate Housing includes the lower quartile of the Private Rented Sector

7.32 Figure 76 shows the sub-areas of Swansea and their individual housing delivery requirement for the period 2011-2025. There are a number of potential methods for allocating housing requirements to sub-areas. Among these are to apportion delivery in line with the current share of total households or housing need for any area, or alternatively to look at the land supply potential for areas to deliver new housing. For this assessment we have combined evidence from both recent house building trends and also likely future land availability to identify the housing requirements for sub-areas of Swansea.

7.33 There is a requirement for Affordable Housing across all areas of Swansea, and given the strategic requirement identified it will be important to maximise Affordable Housing delivery wherever possible. Nevertheless, the Council will need to consider the appropriate strategy for future housing mix in each area based on the individual area profiles provided.
Estimate of the Size of Housing Required

The Model also estimated the size mix for all tenures. For simplicity, we have only reproduced the outputs for the Medium-High scenario, but would note the distribution within tenures is similar for all scenarios.

<table>
<thead>
<tr>
<th>Housing Size</th>
<th>Market Housing</th>
<th>Affordable Housing</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intermediate</td>
<td>Social</td>
<td></td>
</tr>
<tr>
<td>Net Requirement 2011-2025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bedroom</td>
<td>600</td>
<td>300</td>
<td>1,700</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>2,000</td>
<td>1,100</td>
<td>1,800</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>5,000</td>
<td>600</td>
<td>1,400</td>
</tr>
<tr>
<td>4+ bedrooms</td>
<td>1,400</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>9,000</td>
<td>2,000</td>
<td>5,100</td>
</tr>
</tbody>
</table>
Scenario Testing

7.35 The findings outlined above are based on one set of assumptions. Many of the assumptions in the Model can be varied to consider the impact of possible future changes to the housing market in Swansea or to look at possible policy options.

Housing Benefit in the Private Rented Sector

7.36 The Model results outlined in Figure 75 assume that Housing Benefit in the Private Rented Sector is held at its current levels to 2025. As outlined earlier in this report, the Housing Benefit supported Private Rented Sector has grown in recent years, 6% of households are in this tenure so it plays a key role in meeting housing need in the areas.

7.37 Figure 78 shows the impact of different assumptions around Housing Benefit claimants in the Private Rented Sector. Any attempt to reduce the number of Housing Benefit claimants in the Private Rented Sector would require a larger number of Social Rented dwellings to be provided.

Figure 78: Scenario Testing Different Levels of Reductions in the number of Housing Benefit Claimants in the Private Rented Sector (Note: Figures may not sum due to rounding)

7.38 Again, it is important to be clear as to the meaning of the finding outlined above. The ORS Housing Model is projecting a high social housing requirement, and if this requirement is not delivered then there is likely to be further growth in the number of households receiving Housing Benefit in the Private Rented Sector. One implication of this would be that the market would respond with landlords purchasing more private sector stock to respond to this need. Reducing the number of households dependent on Housing Benefit living in the Private Rented Sector would require an even higher proportion of Affordable Housing delivery to be achieved (Figure 78).

7.39 Any rise is likely to occur across all household types, but in particular the changes in LHA (Local Housing Allowance; definition in Glossary) allowances are likely to see a greater demand for shared accommodation from single persons aged under 35 years, so there is likely to be a growing level of HMO accommodation in the authority.

7.40 Nevertheless, the reforms to Local Housing Allowance (LHA) may make landlords less willing to bring forward dwellings for households receiving Housing Benefit in the Private Rented Sector, so it may become increasingly difficult to meet the housing needs arising in Swansea even in its Private Rented Sector, and unless significant amounts of additional Affordable Housing can be delivered then the Council will need to work with private landlords to give them the confidence to continue investing in the sector, whilst also continuing to improve the housing offer that the sector provides.
### House Prices

7.41 When considering the required housing mix, the Model identifies in Swansea that the overall Intermediate Affordable Housing requirement is 12.4% of the total requirement. It is important to note that this scenario is based on 2010/11 house prices.

#### Figure 79: Scenario Testing of Overall Housing Requirement in Swansea 2011-2025 for House Price Changes

<table>
<thead>
<tr>
<th>House Price Change</th>
<th>Market Housing</th>
<th>Intermediate Affordable Housing</th>
<th>Social Rented Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% increase</td>
<td>38.5%</td>
<td>29.8%</td>
<td>31.7%</td>
</tr>
<tr>
<td>5% increase</td>
<td>44.8%</td>
<td>19.9%</td>
<td>31.7%</td>
</tr>
<tr>
<td>2010/11 House Prices</td>
<td>55.9%</td>
<td>12.4%</td>
<td>31.7%</td>
</tr>
<tr>
<td>5% reduction</td>
<td>68.3%</td>
<td>31.7%</td>
<td>31.7%</td>
</tr>
<tr>
<td>10% reduction</td>
<td>68.3%</td>
<td>31.7%</td>
<td>31.7%</td>
</tr>
</tbody>
</table>

7.42 The Welsh Government Practice Guidance recommends that partnerships consider affordability trends, to understand how changes in affordability might affect the future housing mix; as house prices fall or rise, dwellings in the private sector will become more or less affordable to households without equity, so the need for Intermediate Affordable Housing will change. Figure 79 shows the housing mix given a range of differing house price scenarios for the Medium-High dwelling delivery option.

7.43 This very clearly identifies that the required housing mix is very sensitive to house prices changes. A fall in house prices of 5% relative to incomes would completely eliminate the Intermediate Affordable Housing gap in Swansea. This is on the basis of households being able to obtain mortgages which are 3.5 times their incomes with low deposit requirements. It indicates that a small change in real house prices would enable many households who currently require Shared Ownership or equity schemes to afford full market prices.

### Future Housing Requirements for Neath Port Talbot

#### Household Projections for Neath Port Talbot

7.44 Neath Port Talbot County Borough Council has also modelled a range of population projections. They have also considered the relationship between the economically active population and jobs via an Economic Assessment & Employment Land Provision Study (Peter Brett Associates LLP; 2012).

7.45 In line with the requirements set out in Planning Policy Wales, the Council took the Welsh Government 2008-based household projections (the “Very High” scenario) as the starting point for estimating their future population and associated housing requirements, but on the basis of the evidence available, they also concluded that this level of growth was probably unrealistic.

7.46 Neath Port Talbot Council therefore established their preferred level of growth primarily on the basis of the jobs-led population growth analysis (Peter Brett Associates LLP 2012) which formed part of the Economic Assessment & Employment Land Provision Study. It is this projection which forms the basis for the housing requirements modelling analysis that ORS have undertaken for Neath Port Talbot.
Modelling Future Housing Requirements

7.47 Figure 80 shows the housing requirement projections for Neath Port Talbot using ORS’s Housing Mix Model tied to the Authority’s current preferred dwelling delivery option of 8,027 dwellings in the period 2011-2026, or 535 per annum. This is based on the population projected to satisfy the economic growth identified by work undertaken on behalf of the council by Peter Brett Associates.

Figure 80: Tenure Mix of Housing Requirement for Neath Port Talbot to 2026 (Note: The “Social housing” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. The “Intermediate” category includes all households that can afford to pay more than social rent without any financial support, but cannot afford the market housing at the threshold rent or purchase price. All figures rounded to the nearest 100. Figures represented by “-“ show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Total Requirement</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Requirement 2010-2026</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market housing</td>
<td>4,900</td>
<td>61%</td>
</tr>
<tr>
<td>Intermediate Affordable Housing for rent</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Social housing and other Affordable Housing</td>
<td>3,100</td>
<td>39%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

7.48 The most striking result is the lack of a requirement for Intermediate Affordable Housing. This is because of the high number of relatively inexpensive dwellings which are available in Neath Port Talbot either to buy or to rent in the private sector. As there are sufficient dwellings available in the private sector, the ORS Housing Model identifies that no Intermediate Affordable Housing is required from a solely affordability-based perspective.

7.49 It is important to note that consistent with the definitions set out in TAN2, market housing includes housing available either to buy or to rent at market prices, so the demand for market housing includes households able to afford local rents as well as those able to buy. Nevertheless, there will be a number of households that can afford to rent privately but cannot afford to buy their own home. Whilst these households are not considered within the affordability analysis as having a need for Intermediate Housing, they still create a demand for Intermediate Housing in its various forms of low cost home ownership.

7.50 Discussions with the Council and local Registered Providers identified that there had been strong demand both historically and currently for shared equity homes from local households unable to afford equivalent full ownership. Therefore, although the affordability analysis does not identify a strict need for Intermediate Affordable Housing, there is likely to be a continued demand for suitable intermediate products which should help to ease the growing pressure on the other tenures, including the Private Rented Sector.

7.51 Providing Intermediate Affordable Housing in the form of low cost home ownership may be particularly relevant in large-scale new developments, where there is no existing older and less expensive housing stock already available in the area. However, with any Intermediate Affordable Housing, there is a risk that new development would only provide housing for two groups of households, namely:

» Households with relatively high incomes (or current homeowners with large amounts of existing equity) that can afford full ownership, and
Households who are most disadvantaged (or existing social tenants) that are therefore likely to be allocated Affordable Housing for rent.

It is unlikely that working households on relatively low or moderate incomes could afford to purchase homes in such new developments, yet they would be unlikely to be allocated Affordable Housing for rent. Therefore, an element of Intermediate Affordable Housing in larger-scale developments is likely to contribute to establishing more mixed and balanced communities in these areas.

Sub-Areas of Neath Port Talbot

Figure 76 shows the sub-areas of Neath Port Talbot. The dwelling numbers identify the Council’s planned delivery for each area to 2026, based on recent house building trends and likely future land availability.

There is a requirement for Affordable Housing across all areas of Neath Port Talbot, and given the strategic requirement identified it will be important to maximise Affordable Housing delivery wherever possible. Nevertheless, the Council will need to consider the appropriate strategy for future housing mix in each area based on the individual area profiles provided.
Figure 81: Map of Housing Requirement for Sub-Areas of Neath Port Talbot to 2026 (Note: All figures rounded to the nearest 100)

Estimate of the Size of Housing Required

The Model also estimated the size mix for all tenures and shows the market requirement is more heavily focused on 3 bedroom properties, while a range of dwelling sizes are required in the social sector. We would note that the size distribution is based upon past letting trends and that the impact of recent welfare reforms may see the need for smaller social dwelling rise.
Figure 82: Size Mix of Housing Requirement to 2026 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Size</th>
<th>Market Housing</th>
<th>Affordable Housing</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intermediate</td>
<td>Social</td>
<td></td>
</tr>
<tr>
<td>Net Requirement 2010-2026</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bedroom</td>
<td>500</td>
<td>-</td>
<td>900</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>1,400</td>
<td>-</td>
<td>1,100</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>2,600</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>4+ bedrooms</td>
<td>500</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5,000</td>
<td>-</td>
<td>3,100</td>
</tr>
</tbody>
</table>

Scenario Testing

7.56 The findings outlined above are based on one set of assumptions. As with Swansea, many of the assumptions in the Model can be varied to consider the impact of possible future changes to the housing market in Neath Port Talbot or to look at possible policy options.

Housing Benefit in the Private Rented Sector

7.57 The Model results outlined in Figure 80 assume that Housing Benefit in the Private Rented Sector is held at its current levels to 2026. As outlined earlier in this report, the Housing Benefit supported private rented has grown in recent years, 6.8% of households are in this tenure so it plays a key role in meeting housing need in the areas.

7.58 Figure 83 shows the impact of different assumptions around Housing Benefit claimants in the Private Rented Sector. Any attempt to reduce the number of Housing Benefit claimants in the Private Rented Sector would require a larger number of Social Rented dwellings to be provided.

Figure 83: Percentage Housing Requirement for 2011-2026 for Different Levels of Reductions in Housing Benefit Claimants in the Private Rented Sector (Note: Figures may not sum due to rounding)

House Prices

7.59 Unlike in Swansea, the housing requirements of Neath Port Talbot are not heavily dependent upon house prices. It would take very significant increases in house prices before any requirement for Intermediate Housing is identified.
Chapter 7 Summary

Modelling future housing requirements

For Swansea, the “Medium High” scenario produces a requirement for 1,147 dwellings a year, of which 56% would be market housing, 12% Intermediate Affordable and 32% Social Rented.

Neath Port Talbot’s preferred dwelling delivery option of 535 dwellings a year for the period 2011-26 produces a requirement for 61% market housing and 39% Social/Affordable housing, with no Intermediate Affordable housing. However, there is likely to be a continued demand for low cost home ownership products which would help ease the pressure on the Private Rented Sector.

Estimate of size of housing required

For Swansea, the modelled requirement is mainly for 3 bedroom market housing properties (5,000) with 4,800 2 bedroom properties split between the three tenures.

Neath Port Talbot’s main requirement is for 3 bedroom properties (3,600), split c.70:30 between market and Social housing, plus 2,500 2 bedroom properties split between the two tenures.

Effect of changes in house prices

In Swansea a fall in house prices of 5% relative to income would eliminate the need for Intermediate Affordable housing as many households would then be able to afford full market prices.

In Neath Port Talbot, housing requirements are not so dependent on house prices and only a significant increase would produce a requirement for Intermediate housing.

Private Rented Sector

6% of Swansea households and 6.8% of Neath Port Talbot households who are claiming Housing Benefit are in private rented housing, so the sector plays a key role in meeting housing need. Benefit reform may produce a demand for shared housing amongst under 35s. The reforms may also affect the willingness of landlords to house benefit claimants, so the Councils will need to work with private landlords to encourage investment in the sector.
8. Private Rented Sector

Introduction

8.1 The number of people renting homes from private landlords in the UK has almost doubled in 10 years, from 1.9 million in 2001 to 3.6 million in 2011, a rise of 88% (Census 2011). Indeed, the number of households living in the Private Rented Sector has risen to the same level as those in Social Housing (English Housing Survey 2011/12).

8.2 Migration is a key driver of the PRS market. The population of England and Wales increased 7% between 2001 and 2011, with 55% of this increase being due to migration (Census 2011).

8.3 The Private Rented Sector is still relatively immature in that most landlords have small portfolios. Only 1% of PRS landlords own more than 10 properties. There has yet to be any significant entry into the sector by institutional investors or organisations assembling large portfolios, similar to that seen in other EU states. The number of buy to let landlords entering the UK market fell away sharply in 2008 and 2009 when compared with earlier years, as shown in Figure 84.

Figure 84: Buy to Let Mortgages 2006-2011 (Source: Council of Mortgage Lenders)

8.4 PRS rents still appear to be increasing, even in the current market, though it is an aspiration that benefit reform will depress future rises for rentals let to households in housing need. The LSL Property Services Buy to Let index showed rents increased 3.2% between December 2011 and December 2012, with the usual small seasonal fall for Christmas.

8.5 Housing stakeholders, generally, are relatively well disposed towards the sector, seeing it as a possible way of meeting housing need and delivering new housing supply. However, there is some caution around the quality of existing management (in terms of length of tenure, security of tenure and rent levels) as well as some quality issues with existing stock. Further, for any new supply, there are issues around keeping PRS stock available for rent (as opposed to being sold on) and concerns that any public investment in PRS may deflect much needed investment away from new Affordable Housing supply.

8.6 Nationally, there has been recognition that Private Rent offers a viable future tenure for many UK households, including those in housing need or on lower incomes. Around 25% of low to middle income
families are currently unable to access home ownership, and many households in housing need are unable to access Affordable Rent/Social Rent homes. This group of ‘households in the middle’ represent a significant market for an alternative housing offer.

8.7 The Housing Bill – Homes for Wales – will allow local authorities to use suitable accommodation in the private sector to house homeless people whom they have a duty to house. The main aim of this change is to reduce the pressures on the social housing stock as most priority need is currently met in social rent. However, the indirect result of the change is that there will be further demands placed upon the private rented sector as Councils increasingly seek to house their priority need households outside the social rented sector.

Private Rented Sector in Wales

8.8 The growth of the Private Rented Sector (PRS) is a relatively recent phenomenon in the Welsh housing market and a significant driver of market activity. Given the combination of relatively low levels of new housing delivery in Wales and the continued rise in demand from a growing population, this growth is, perhaps, unsurprising. However, sector growth has been primarily via conversion of existing stock in other tenures (such as owner occupation) to private rent, rather than via any new housing supply.

8.9 The expansion of the Private Rented Sector has led to policy recognition of how it could play a significant future role in:

» aiding labour mobility in support of the local economy
» meeting housing need

8.10 The PRS growth nationally is replicated in the LHMA area, and this chapter considers, therefore, the impact, risks and potential from a growing Private Rented Sector, especially:

» Welfare reform and changes to Housing Benefit
» Potential for growing the sector
» The sector’s key role in the Swansea student housing market

Local Strategy

8.11 In view of this change in the structure of the LHMA market, both Swansea and Neath Port Talbot have recognised the increasing importance of the Private Rented Sector in meeting local housing demand and are taking active steps to improve the quality and management of the sector. A co-ordinated Action Plan 2013 is currently being developed to:

» Raise the corporate profile of the Private Rented Sector
» Develop a corporate approach to working with the Private Rented Sector
» Improve the corporate understanding of the Private Rented Sector
» Improve communication with the Private Rented Sector
» Improve access to private rented homes
Recent Growth in the Private Rented Sector

8.12 From the 2011 Census, around 17,100 households in Swansea (16%) and 7,300 households in Neath Port Talbot (10%) rent privately. This represents a significant proportion of the local population now renting from a private landlord.

8.13 Although the dominant form of housing tenure is owner occupation, the Private Rented Sector has increased significantly in the last decade:

» Up from 11% to 16% of Swansea housing stock, a rise of c.50%
» Up from 8% to 10% of Neath Port Talbot housing stock, a rise of c.25%

Figure 85: Proportion of Dwellings by Tenure (Source: UK Census of Population 2001 and 2011)

Meeting Housing Need in the Private Rented Sector

8.14 Many households in housing need live in the Private Rented Sector and are able to do so because of the subsidy they receive from Housing Benefit to help meet their housing costs. Many households in both the Social and Private Rented Sectors are able to claim support with rent costs in the form of Housing Benefit.

8.15 The Department of Work and Pensions (DWP) publish quarterly statistics on Housing Benefit recipients. Figure 86 shows the longer term trends in Housing Benefit recipients in Wales, especially in the Private Rented Sector.
Figure 86: Trends in the number of Housing Benefit claimants in Wales (Source: DWP) Note: gaps indicate where data is not available

Figure 87 shows that over 6% of households in Swansea and nearly 7% in Neath Port Talbot who are claiming Housing Benefit live in the Private Rented Sector, which is slightly higher than the average for the whole of Wales. Although many households choose to live in private rented accommodation with Housing Benefit support, others would prefer social housing; more Affordable Housing would need to be provided to reduce the number of households claiming Housing Benefit in the Private Rented Sector.

Figure 87: Housing Benefit in Private Rented Sector as a Share of Total Dwellings (Source: DWP and Welsh Housing Statistics – Dwelling Stock estimates for Wales 2009-10)

Figure 88 shows the growth which has occurred in Housing Benefit claimant numbers in the Private Rented Sector each local authority in Wales between October 2009 and June 2011. It is clear that the highest growth has been in the cities of Cardiff and Swansea. This does not necessarily mean that Swansea has higher levels of local housing need, instead it may reflect that it has more capacity in its private rented stock available to house Housing Benefit claimants.
Welfare Reform and Implications for the Private Rented Sector

8.18 The role of the Private Rented Sector in meeting housing need may change as a result of wider benefit reform, which includes changes to Housing Benefit. This section is structured as follows:

- Benefit reform and the Private Rented Sector (PRS) - overview
- Relationship between PRS and Housing Benefit in Neath Port Talbot and Swansea
- Benefit reform and specific Housing Benefit changes
- Potential impact of benefit reform on the PRS

8.19 Housing Benefit paid to Private Rented Sector tenants has allowed the sector to meet the needs of an increasing number of households on low incomes and/or in housing need. Arguably, some existing private rented stock has become a de facto part of the “Affordable Housing” stock. The scale of this market activity has local variations in terms of availability, cost of renting, and the size of Social Rented and private rented stock in an area.

8.20 However, the cost to HM Treasury is significant and Housing Benefit reform is in hand, partly to reduce the overall cost. The Coalition Government has identified two further issues with the current overall benefits system:

- work incentives are poor
- the system is too complex

8.21 As a result, new legislation was introduced. Key changes relevant to the LHMA include:

- Welfare Reform Act 2012: the Act legislates for the biggest change to the welfare system for over 60 years, including:
  - Introduction of Universal Credit from 2012: part of the Welfare Reform Act 2012 introduces a new single payment for people who are looking for work or on a low income
Changes to Housing Benefit with the aims of bringing stability to the market and improving incentives to work

» Localism Act 2011: introducing flexible tenancies with changes to assured tenancies

Specific Changes to Housing Benefit

Calculation of Local Housing Allowances

Local housing allowance (LHA) rates are now capped and set at the 30th percentile of local rents (previously the 50th percentile).

The change from using the 50th percentile to the 30th percentile for calculating local housing allowance rates will have an impact on Swansea and Neath Port Talbot, as the ‘new’ allowance is c.10% lower than the ‘old’. How the market responds to the change is considered later in this chapter. Figure 89 shows the local housing allowance rates for March 2011 (based on the 50th percentile) alongside the 30th percentile rents from December 2011 which set the LHA limit.

Table 89: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in Swansea and Neath Port Talbot – March 2011 and December 2011 (Source: LHA Direct)

<table>
<thead>
<tr>
<th>Weekly Rent</th>
<th>SWANSEA</th>
<th>NEATH PORT TALBOT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 bed</td>
<td>2 bed</td>
</tr>
<tr>
<td>March 2011 LHA 50th percentile</td>
<td>£103.85</td>
<td>£115.38</td>
</tr>
<tr>
<td>December 2011 LHA 30th percentile</td>
<td>£91.15</td>
<td>£103.85</td>
</tr>
</tbody>
</table>

Under-occupation

The Government estimates that nearly a third of working-age social housing tenants on Housing Benefit are living in accommodation which is too big for their needs. The Act includes provision for social housing tenants of working age to have their benefit reduced for having spare room(s). In England, the policy is estimated to affect 660,000 households, who will lose £14 a week on average. £430 million of savings are forecast to result.

Example: a working age couple with two adult children occupy a 3 bed Social Rented property and receive Housing Benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive Housing Benefit for a 3 bedroom property but a 1 bed. They will either:

- be required to pay the balance of rent from their own funds, or
- move to a 1 bed dwelling and continue to receive Housing Benefit covering the full rent.

There are a range of possible implications arising from such a change (Note: we have excluded the ethical implications of the change):

» more households may downsize from family sized Social Rented dwellings into smaller units, if available
» some larger properties may become available for overcrowded households
» there may be or may not be a corresponding ‘balancing effect’, as larger homes and smaller homes are vacated
adult children may subsidise their parents to allow them to remain in the larger family home
households will spend a disproportionate amount of income on rent and go without other necessities
increased arrears will lead to more evictions

Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

Any single person aged 34 years or younger is entitled only to the Shared Accommodation Rate (SAR) LHA, rather than allowance for a self-contained dwelling. The SAR LHA will only allow the single person to pay for a share of a dwelling.

A major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs and that more single persons are likely to need to share accommodation for longer.

A further possible implication is that more of the existing housing stock seems likely to be converted into HMOs.

Non-dependants

Deductions for non-dependants are now uprated on the basis of prices, which could increase pressure for non-dependants to move out.

Example: a pensioner couple with two adult children occupy a 3 bed Social Rented property and receive Housing Benefit. Increased deductions for non-dependants now rise on the basis of prices, hence reducing the amount of Housing Benefit received by this household. If the adult children move out of the house, although they will be under-occupying, the couple will receive Housing Benefit for the full rent because they are not working age.

The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, meaning the rate of household formation could rise.

Capping of Total Household Benefits at £500 per Week

The total level of benefit received by any household is to be capped at £500 per week for a family and £350 per week for a single person with no children. The amount of Housing Benefit any household can receive will be assessed after any Jobseekers Allowance, Income Support, Council Tax Benefit, Child Tax Credit and Child Benefit have been deducted from the cap.

Summary - Potential Impact of Benefit Reform on the Private Rented Sector

Welfare Reform poses several risks to both the demand and supply of Private Rented Housing which meets housing needs of low income households.

The response of landlords will be key; the supply of private rented dwellings could change significantly:

Supply may fall as landlords become less prepared to accept households in receipt of (reduced) Housing Benefit. Private rented properties could be removed from the Housing Benefit ‘sector’; such homes may be sold on or rented to non-benefit households

Alternatively, market rent levels could fall as landlords accept lower rent on their properties.
Demand, however, seems unlikely to change:

» The number of households seeking affordable or subsidised housing is unlikely to change.

» However, the demand may be displaced to increase the demand on local authorities to meet housing need currently met in the Private Rented Sector. Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs; the number of homelessness presentations and level of overcrowding may also rise further.

» Households in the Private Rented Sector may increase the percentage of disposable income they pay in rent, leading to debt as households are unable to pay for other household expenses such as fuel

» Potentially, there could be reduced household formation rates which may reduce the number of households seeking Affordable Housing. This could be offset by an increase in household formation as adult children move out in response to the increase in non-dependant deductions.

» The total number of Housing Benefit claimants in the Private Rented Sector is unlikely to fall, but their locations could change to lower priced areas.

Expanding the Private Rented Sector

Swansea’s and Neath Port Talbot’s current strategic response to the growth in the sector has focussed on raising management and property standards, particularly given the sector’s role in meeting housing need. However, there is considerable current interest elsewhere in stimulating growth in new supply in the Private Rented Sector for various reasons including:

» general growth in demand from newly forming households, particularly those unable to access either social housing or owner occupation.

» to enable labour mobility to meet the needs of a growing economy.

» to meet housing need given limitations in affordable housing supply.

Further, the growth in PRS has not contributed to new housing supply so far, being reliant for growth on the tenure conversion of existing owner occupied stock. There is, however, considerable current interest in attracting new investment (e.g. from financial institutions such as pension funds) to boost new build PRS supply.

Role of the Private Rented Sector in Meeting Housing Needs of the Local Economy

The recent market in the LHMA area has responded to the interaction of market drivers by increasing supply not just of new homes but also by increasing the Private Rented Sector’s relative market share. This has led to conversion of existing owner occupier homes into Private Rent and, further, increasing the number of HMOs (see Chapter 4), while at the same time reducing family housing supply.

Chapter 6 highlights a relatively large future housing requirement for 1 bedroom homes. Given the relative importance of migrants to the local economy, if the future requirement is not delivered, this, effectively, becomes a requirement for additional Private Rented Sector 1 bed homes via tenure conversion, or, as seems more likely, a future requirement for HMOs.
8.39 The potential of the delivery of new smaller 1 bed homes to support the needs of the local economy may, therefore, be something the LHMA will wish to consider.

Conversion of Existing Housing Supply into PRS

8.40 A key change that has occurred in local markets is the conversion of existing privately owned stock to private rent and, further, the rate of conversion of PRS to Houses in Multiple Occupation (HMO). This reflects supply side responses to increased demand for which new provision has failed to keep pace.

8.41 As an example of what the future may look like, the experience in London may provide an indication of how the PRS might develop further, especially in higher value and/or high demand areas. In some London authorities, the conversion rate to PRS has been swift; half of all households in London now rent.

8.42 At the same time, PRS occupation levels have increased; essentially, households form at a faster rate than new supply so existing stock has to accommodate them. Hometrack analysis (December 2012) found 50% of London’s PRS homes were fully occupied and commented, ‘The luxury of a spare room is a thing of the past for many London tenants’.

8.43 Although an extreme example, London highlights how the forces of supply and demand can interact to re-shape a housing market over a relatively short timeframe.

8.44 The Houses to Homes scheme, launched in April 2012, aims to bring some of the estimated 23,000 empty properties in Wales back into use. Backed by a fund of £10m, the scheme provides interest-free loans to bring empty houses or commercial buildings back into use as homes - including splitting them into flats - for sale or rent. When the work is completed, the property must be sold or rented out.

Policy Developments

8.45 Policy for the PRS has, arguably, been slow to respond to the fundamental change in tenure that has occurred. Two key policy reviews have focussed on issues within the sector:

» The Private Rented Sector: Its Contribution and Potential (Rugg and Rhodes; 2008) considered how the sector was changing and growing. Key themes from the research highlighted the impact of buy-to-let, the challenge of institutional investment, the professionalism and quality of property management, and the potential of the sector to meet housing need.

» Review of the barriers to institutional investment in private rented homes (David Montague; 2012) considered the sector further, especially how new investment might be attracted to boost supply.

Strategy Responses to the Changing Sector

8.46 Generally, good practice in the sector has responded to the PRS growth, and issues around property maintenance and management, by seeking to complement any enforcement powers by working with landlords to improve management and property standards, e.g. via licensing or self-regulation schemes:

» Self-regulation by landlords to an agreed standard: for example, London (GLA) is aiming to improve conditions via self-regulation in a London Rental Standard.

» Licensing and accreditation schemes: other authorities are introducing formal licensing schemes (e.g. Liverpool).
The Landlord Accreditation Wales scheme offers training to landlords to improve and promote professional standards of management.

8.47 The Housing Bill – Homes for Wales – introduces a compulsory licensing scheme for all private rented sector landlords and letting/management agents in Wales. They will have to work to a code of practice which will help improve standards across the housing sector. This is likely to have a major impact on many local authorities, with the larger private rented sector of Swansea being most heavily impacted in this case.

8.48 In addition, authorities are improving their monitoring of HMO conversion rates. The introduction of Green Deal and the Energy Companies Obligation (ECO) in January 2013 has also seen a shift to improving PRS homes, via programmes to tackle fuel poverty and improve energy efficiency for eligible PRS households.

New Private Rented Supply

8.49 Previous governments have wrestled with the challenge of encouraging institutions to invest in new PRS development on a large scale, seeing this as a very attractive solution to the UK’s housing requirements.

8.50 Previous initiatives have met with little success; the HCA in England launched a Private Rented Sector initiative in 2009 but it met with limited interest and it has since been dropped.

8.51 More recently, commentators have indicated that institutional investors are more inclined to develop Private Rented Schemes (especially in London) but there are perceived barriers around tax, viability, scale and yield.

8.52 Currently, the options to increase supply are varied, and range from policy type responses (arising from the Montague Review) or via market or Registered Providers’ (RP) responses to opportunity. These are highlighted below.

Approaches Elsewhere

8.53 Following the Montague Review recommendations, the UK Government is currently establishing a Private Rented Sector task force to encourage and support build-to-let investment from the private sector, and to develop voluntary standards that future landlords would meet and tenants could expect. In addition, an HCA-led Build to Rent Fund (a £200m fund in response to Montague, subsequently expanded to £1bn in the 2013 Budget) has led to investment in 45 new build PRS projects.

8.54 However, any increase in PRS new build delivery will likely mean an eventual increased Housing Benefit cost to HM Treasury, should new homes target lower income households who may qualify for Housing Benefit. This may yet act as a brake on policy towards new future supply which targets HB eligible households.

8.55 Several options have been identified whereby local authorities can support and enable new PRS supply to come forward:

» Pension funds: Manchester City Council is considering a scheme to use pension fund money to build 240 new private rented homes. Aviva investors have also created a significant Private Rented Sector fund to invest in PRS schemes via RPs.

» Planning flexibility: one option is for local authorities to make greater use of their flexibilities in the planning system to encourage new private rented supply, including allowing reduced delivery of affordable homes through planning obligations or conversion of commercial/retail units. Not all authorities will find this an attractive option, however, given current historic
Investment of public land: a further option is for government and local authorities to "invest" land they own with private developers or RPs to improve viability. These agencies often find they can raise money to build homes but cannot afford to buy land as well. However, whether public sector land could be released quickly enough is a risk, given the restrictions public bodies face when selling assets.

Financial support: councils could offer loan guarantees, similar to the ‘Get Britain Building’ fund, to support larger scale new-build private rented developments. However, again there may be barriers to this, such as borrowing limitations.

Registered Providers (RPs) are also beginning to enter the Private Rented Sector at some scale:

- RPs delivering new PRS homes: a recent Resolution Foundation report (Making Institutional Investment in the Private Rent Sector Work, 2012) recognised that new build-to-let developments could be funded by institutional investors, such as pension and life funds. However, the long development phase, which can often last more than two years, would act as a disincentive for institutions. Consequently it foresees a role for RPs to build new PRS units which would then be sold on to an investment fund, enabling social housing providers to build further new homes and, possibly, retain management of the PRS stock. Sale and leaseback arrangements are also possible although this may attract regulatory concern.

- RPs acquiring new PRS portfolios from existing stock: several larger English RPs are currently considering building up a PRS portfolio from existing private stock. London & Quadrant is looking at spending £250 million on a 1,000-home Private Rented Sector portfolio, with institutional investor backing. Hyde Group is looking at a Real Estate Investment Trust (REIT) to deliver off-balance sheet private rented housing. The Home Group bought a Private Rented Sector property management business for £15.9 million in November 2012 (Home has had a PRS subsidiary since 1999). Thames Valley Housing is also set to expand its activity in the sector. Places for People recently acquired a portfolio of 925 private rented homes and seems set to expand this further. Arguably, these initiatives are focused on relatively high value and/or high yield areas; there may be viability issues in the LHMA area.

Local Registered Providers in Swansea and Neath Port Talbot indicate an interest in managing private rented stock on behalf of private landlords on a more ethical basis, but are less likely to offer new build market rent.

While new build PRS may be attractive in some areas, there are barriers that have historically restricted supply and these still offer a challenge to new schemes:

- Yield: yield may not be so attractive in relatively lower value areas
- Tax: for investment institutions, commercial property enjoys tax advantages over residential in terms of stamp duty, capital gains and VAT. If new PRS is to come forward, it seems likely that this imbalance will need to be remedied by Government.

The Labour Party has recently indicated that it may offer private landlords tax incentives in order to persuade them to provide longer-term tenancies and predictable rents to families (Private rented housing: providing stability and affordability for renters and families - December 2012).
Guarantees that new build PRS will remain in the sector: Montague identified that any reduced obligations must be backed by guarantees that homes will be available for private rent in the longer term rather than being sold on. For example, one proposal is that authorities could use s106 agreements to treat ‘market rent’ dwellings as Affordable Housing through a covenant that all units on a development will be rented for a minimum period of 10 years from first occupation.
Chapter 8 Summary

Private Rent Sector

The role of the Private Rented Sector in helping meet the housing aspirations of local households is expanding. The sector has grown significantly in both Neath Port Talbot and Swansea in recent years.

Reasons for expansion

The sector has mainly expanded because of increasing levels of demand and relatively low new supply of market and social rented housing. Private rent meets, primarily, the housing requirements of those who are in housing need but cannot access social housing, those who cannot afford market housing and those who need to move for work. In addition, there is a significant issue, local to Swansea, around the impact of student housing in the Castle and Uplands wards.

Supporting the Local Economy

The potential of the delivery of smaller 1 bed homes to support the needs of the local economy may be something the LHMA will wish to consider.

Plan Monitor Manage

The Private Rented Sector is not without risk and needs to be proactively monitored and managed by both Swansea and Neath Port Talbot. Key risks to note include the impact of welfare reform, the quality and management of some private rented stock, and the conversion rate of owner occupation to rent and any subsequent conversion of self-contained accommodation to HMO.

New supply

Given constraints in new supply, and the likelihood of continuing increases in demand, Swansea and Neath Port Talbot may wish to consider the potential for active engagement with new build supply of private rented stock.
9. Key Findings and Conclusions
Future policy implications for the authorities to consider

Introduction

9.1 This chapter considers the main policy issues that have arisen from the LHMA and their implications. The LHMA report has been published at a time of uncertainty:

» The impact of the current economic climate is noted in several places in the report: These implications are brought together here as an added dimension to identified policy issues
» The housing market is at a low point in its cycle and the rate of recovery remains uncertain
» Modelled future housing requirements are sensitive to market dynamics (e.g. house price change) and this is acknowledged
» The impact of welfare reform is not yet fully evidenced
» Census 2011 data is being released progressively and has been used where available

National Economy

9.2 Inevitably, the performance of the national economy is the key to recovery for the Welsh and UK housing market and a more benign housing delivery environment. Currently, national economic performance is fragile and recovery and growth are the subject of considerable debate. The UK government’s strategy to reduce the national deficit is, arguably, under pressure; for example, the Institute for Fiscal Studies ‘Green Budget’ (February 2013) suggests that government spending will continue to rise, even after the 2015 Election, mainly as a result of social security spending pressures. Whether the government responds via further reductions in public spending or increased taxes or a slower rate of deficit reduction is, as yet, unknown.

9.3 Financial markets are still recovering from 2007, and the availability of finance for housing related activity is severely constrained. Mortgage and development finance is still much reduced from peak market levels in 2007. However, the Bank of England quarterly lender survey (Q4 2012), said that the availability of credit to households ‘increased significantly’ in the three months to mid-December 2012, with ‘a further significant increase’ expected in the coming quarter. Ironically, housing delivery is still seen as a key mechanism to stimulate national economic growth.

9.4 Demand for housing and the aspiration to home ownership are still strong. ‘Housing as a catalyst for sustainable economic growth’ (CIH South East 2012) highlighted how individuals still see ownership as a popular leveraged investment capable of long term return. Further, long term house price trends over the last century bear this out; prices still remain on an upward trajectory despite the recession and market corrections post 2007. Demand is, however, constrained by other factors such as mortgage availability and their current loan to value requirements.

9.5 At the same time, the national economic position has seen a fall in housing supply with significant capacity being removed from the construction sector.
Overall, this backdrop suggests that the housing market will continue to be weak in the short term, and the delivery of new homes (market or affordable) will likely receive relatively limited further government support from investment programmes either in housing or related sectors, such as infrastructure.

Housing and the LHMA

Wales has an identified shortage of housing and delivery of supply has been a key policy aspiration of successive governments. Various initiatives, announcements and programmes to encourage housing delivery especially via key supply side agencies (land owners, developers, investors, Registered Providers and local authorities) have been tried. However, the current economic downturn has had a significant impact on delivery mechanisms and this presents a considerable challenge in achieving increased delivery of new homes.

First time buyers are a key driver of market activity. The Home Builders Federation (Broken Ladder report; 2013) says the number of first-time buyers has fallen sharply in recent years, from an average of 543,000 in the five years to 2002 to an average of 197,000 in the five years to 2012. The HBF estimates that first-time buyers need to save for 10 years (London 24 years) before they can get on the housing ladder. A potential first-time buyer in England would on average need to set aside half their net income after council tax, rent, energy and water bills for a decade to get together the deposit needed to buy a home.

Local authorities have a major role in enabling the delivery of additional housing. A key output of the LHMA is to provide the evidence base to support Local Affordable Housing policies. The LHMA evidence can inform the size, type and tenure mix of what should be built to meet the housing requirements of future generations.

The LHMA, however, goes further. It also considers the needs of vulnerable groups, those who have fewer options in the housing market and are often heavily dependent on Affordable Housing and local support services, particularly older people. It also considers the connectivity between the local housing market and the local economy.

The LHMA, therefore, arrives at important conclusions about the size and nature of the future housing requirement, set within a deeper understanding of the local housing market and positioning this within the wider policy and economic landscape current in 2013.

Overview

The LHMA has considered various factors regarding the housing market in Swansea and Neath Port Talbot. It is intended to update the existing evidence base and inform housing and planning policies for the LHMA area.

In terms of the drivers to the housing market, these can be split between those factors driving the current housing market and longer terms strategic issues where a co-ordinated response is required.

Market Drivers

- Household and population growth
- Housing need
- Local economy
- Benefit reform and households in housing need
Socio Economic Characteristics

The LHMA has identified key features regarding the local population and the local economy and how these are changing:

- **Population:** The LHMA population has increased since 2001; in Swansea by 15,700 (7.0%) and Neath Port Talbot by 5,300 (3.9%). The number of households has increased by 9,100 in Swansea and by 2,800 in Neath Port Talbot.

- **Age:** Several age cohorts have increased in their relative size within the local population; the proportion of young people aged 20-29 has increased in both Swansea and Neath Port Talbot. The ‘young’ old (i.e. those in middle age) are also growing and this represents a longer term strategic issue as these people age and become older and more frail. In addition, the number of people aged 30-44 and those aged 5-14 has declined relatively. This could mean that the number of younger families is declining overall.

- **Black and Minority Ethnic Groups:** The population of people from a minority ethnic group has increased significantly in the last 10 years. The proportion of BME population in Swansea has almost doubled (from 4.3% of the population to 8.5%). There has been significant growth in the Asian and Black minority population. In Neath Port Talbot the BME population has increased from 2.4% to 3.1% of the population. There has been significant growth in the Asian, White Other and Black minority populations.

- **Disability:** Swansea has significantly higher levels of disabled people claiming higher rate DLA compared with Neath Port Talbot and Wales.

- **Service families:** There is no projected increased demand for housing in the LHMA area as a result of overall service personnel reductions in UK armed forces. However, there may be an increase in obligation towards housing armed forces personnel as a result of any changes to allocation of affordable and social housing.

Local Economy

Housing provides an important support to the local economy in two ways: directly, via the construction sector building new homes and indirectly, by providing homes for the workforce and supporting labour mobility.

Both Swansea and Neath Port Talbot have challenging growth aspirations to diversify and expand their local economies. One by-product of the recent success of both local economies has been the interaction of demand and supply for housing leading to an increase in the Private Rented Sector.
9.17 Key changes and characteristics in the local economy are:

- Employment: Employment numbers have risen between 2001 and 2011; the economically active population has increased by 16,900/18% in Swansea and by 10,000/19% in Neath Port Talbot compared with 17% in Wales. The numbers working part time have also increased.

- Unemployment: The number of those unemployed has decreased in Swansea by 1,300/2% between 2001 and 2011 and by 3,200/8% in Neath Port Talbot, compared with a 5% decrease in Wales. However, since 2007, the unemployment trend has been upwards.

- Students: The number of students has increased significantly by 8,000/52% in Swansea and 1,700/34% in Neath Port Talbot. Student demand across the LHMA is relatively well dispersed. However, the concentration of students in Swansea’s Castle and Uplands wards indicates a localised market sensitive to external influences.

- This should be monitored and the Council’s strategic approach sustained to incorporate a risk assessment regarding potential demand and supply changes.

Housing Stock

9.18 In terms of the local housing stock, certain key features have been identified:

- Dwelling type: The LHMA area has a relatively similar dwelling type profile to Wales except it has fewer bungalows and more semi-detached properties and flats.

- Bedrooms: Neath Port Talbot has more 3 bed properties than Swansea, whereas Swansea has more 2 bed properties than Neath Port Talbot.

- Second homes: Second homes are not a significant feature in the local market, Swansea has 0.7% of its stock as second homes compared with Wales’s 1.2%. However this number varies greatly across the area, with the greatest concentration being located in the Gower ward (over 13% of all homes). Whilst Oystermouth, Newton and Bishopston wards all have between 4% and 5% of all homes classed as holiday homes/second residences.

- Property age: Most of the LHMA stock is of twentieth century construction although Neath Port Talbot stock is relatively older than Swansea.

- Tenure: The dominant form of housing tenure continues to be owner occupation, although the sector has declined in relative size since 2001.

- In the same period, the Private Rented Sector has grown significantly from 11% to 16% (c.50% increase) in Swansea and from 8% to 10% of stock in Neath Port Talbot (c.25% increase). The sector may have a key future role to play in aiding labour mobility in support of the local economy and in meeting housing need.

- House prices have been steady since the market correction in 2007. However, there are significantly fewer lower priced properties in the LHMA area compared with 2001.

- Houses in Multiple Occupation: The Private Rented Sector in the LHMA area has grown in the past decade and can be expected to grow further in response to demand and supply factors. The conversion rate of existing housing stock to HMOs also increased between 2001 and 2011; in Swansea it grew by 39.4% and in Neath Port Talbot by 17.1%.

- The number of student HMOs in Swansea grew by 97% in the same period. HMOs are a particular local issue in the Castle and Uplands wards in Swansea.
Current Housing Market

9.19 The local housing market has experienced considerable change regarding its operation in recent years

- **Affordability**: Affordability has improved slightly since the 2007 market correction.
- **Incomes**: High proportions of non-owners have low incomes:
  - 35% of Swansea population are non-home owners and 46% have incomes below £10,000 per annum, while 72% have incomes less than £20,000 per annum
  - 29% of Neath Port Talbot population are non-home owners and 48% have incomes below £10,000 per annum, while 73% have incomes less than £20,000 per annum
- **Volume of Sales**: The level of sales transactions in the LHMA area has reduced significantly since 2007.
- **Right to Buy**: Right to Buy sales are at much lower levels than in earlier years. Swansea is considering applying for a suspension of Right to Buy in their area because of housing pressures locally.
- **Unsuitable Housing**: 16.6% of Neath Port Talbot households and 18.8% of Swansea households are unsuitably housed. In Swansea, the concentrations of unsuitability are in the Central and North areas. In Neath Port Talbot unsuitability is focussed in urban areas.
- **Private Rented Sector and Housing Benefit**: The take up of Housing Benefit in the Private Rented Sector has grown recently, particularly in Swansea. This is not necessarily because of higher levels of local housing need, it could reflect more capacity in private rented stock available to house Housing Benefit claimants.
- **Homelessness**: Recently the number of homeless claims and acceptances has remained at the same level, reduced from the higher levels of the years before 2006.
- **Migration**: Migration is a key driver in the LHMA area and in-UK and international migration has been significant compared with earlier years. However, in-UK migration is mainly from other areas of Wales and international migration showed a net gain in Swansea but a net loss in Neath Port Talbot 2003-10.
  - Swansea out-migration is to Cardiff, Carmarthenshire and Neath Port Talbot. In-migration is from the Valleys areas and Pembrokeshire.
  - Neath Port Talbot: out-migration is mainly to Carmarthenshire. In-migration is from Swansea
- The LHMA authorities should continue to keep migration under regular review, to monitor the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified.
- **Housing Delivery**: Delivery of both market and Affordable housing has remained relatively consistent since the 2007 market correction.
- **Delivery of new Affordable housing**: in the coming years could be subject to external constraints on funding which could affect new supply.
- Both Swansea and Neath Port Talbot should continue to take steps to ensure continued delivery of new housing in future years.
Private Rent Sector

9.20 The role of the Private Rented Sector in helping meet the housing aspirations of local households is expanding. The sector has grown significantly in both Neath Port Talbot and Swansea in recent years. The two key issues to consider are the risk to existing supply from Welfare Reform, and the potential from new build Private Rented Sector supply to meet future housing need and the needs of the local economy.

9.21 The sector has mainly expanded because of increasing levels of demand and relatively low new supply of market and social rented housing. Private rent meets, primarily, the housing requirements of those who are in housing need but cannot access social housing, those who cannot afford market housing and those who need to move for work. In addition, there is a significant issue, local to Swansea, around the impact of student housing in the Castle and Uplands wards.

Welfare Reform

9.22 A key risk for the local housing market concerns welfare reform and, in particular, how this might impact on the Private Rented Sector. The potential impact of benefit reform on the Private Rented Sector is currently unknown.

9.23 The supply of private rented dwellings may change significantly, especially for households on lower incomes. The total number of Housing Benefit claimants in the Private Rented Sector is unlikely to fall, but their locations may change to lower priced areas. Alternatively, where landlords do not accept the lower rents, more properties may return to ‘pure’ market housing and be out of reach to households on Housing Benefit.

9.24 The conversion rate of housing stock to HMOs increased between 2001 and 2011 and this trend seems likely to continue as a response to reform.

9.25 Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs; homelessness presentations and overcrowding may also rise further.

Supporting the Local Economy

9.26 Given constraints in new supply and the likelihood of continuing increases in demand, Swansea and Neath Port Talbot may wish to consider the potential for active engagement with new build supply of private rented stock. The potential of the delivery of smaller 1 bed homes to support the needs of the local economy may be something the LHMA will wish to consider.

Overall

9.27 The Private Rented Sector is not without risk and needs to be proactively monitored and managed by both Swansea and Neath Port Talbot. Key risks to note include the impact of welfare reform, the quality and management of some private rented stock, and the conversion rate of owner occupation to rent and any subsequent conversion of self-contained accommodation to HMO.

Future housing requirements

9.28 The modelling of future housing requirements has established considerable need for new homes within the LHMA area:

Figure 90: Tenure Mix of Housing Requirement for Swansea and Neath Port Talbot 2011-2025 (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be
eligible for Housing Benefit support. The “Intermediate” category includes all households that can afford to pay more than social rent without any financial support, but cannot afford the market housing at the threshold rent or purchase price. All figures rounded to the nearest 100. Figures may not sum due to rounding.

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<th>Household Growth Scenario</th>
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<td>Neath Port Talbot</td>
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Appendix A
Planning Policy

Excerpts from Planning Policy Wales; Edition 5 November 2012

9.1.4 Local authorities must understand their whole housing system so that they can develop evidence-based market and Affordable Housing policies in their local housing strategies and development plans. They should ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period. Local authority planning and housing staff should work in partnership with local stakeholders, including private house builders, to produce Local Housing Market Assessments (LHMAs). LHMAs must include monitoring so that responses to changing housing requirements can be reflected in updated development plans and housing strategies.

9.2.2 The latest Assembly Government local authority level Household Projections for Wales should form the starting point for assessing housing requirements. Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Local planning authorities should consider the appropriateness of the projections for their area, based upon all sources of local evidence, including the need for Affordable Housing identified by their Local Housing Market Assessment. Where housing market areas cross local authority boundaries, authorities may wish to consult with neighbouring authorities in addressing their housing requirements. Where local planning authorities seek to deviate from the Assembly Government projections, they must justify their own preferred policy-based projections by explaining the rationale behind them in terms of the issues listed at paragraph 9.2.1 above. In estimating housing requirements local planning authorities should integrate the provisions of their local housing strategies with the relevant provisions of their development plans. Effective monitoring of these issues is essential in order to ensure that there is an adequate and continuing supply of land and buildings for housing and to enable their managed release.

9.2.4 Local planning authorities, in partnership with the community, including the private sector, must develop policies to meet the challenges and particular circumstances evident in their areas in specific locations. If these policies need to diverge from national policies in order to meet specific local housing needs for market housing (which normally would have no occupancy restriction), local planning authorities will need carefully to justify the variation with robust evidence that they deem appropriate. The justification might be in terms of, for example, land supply, environmental or social impacts in combination. Evidence could be adduced from local studies such as those deriving from the community strategy, or from studies forming part of the evidence base for the development plan. The sustainability appraisal, including the Strategic Environmental Assessment, would be part of the evidence base providing justification for a departure from national policy.
9.2.14 A community’s need for Affordable Housing is a material planning consideration which must be taken into account in formulating development plan policies. Affordable Housing for the purposes of the land use planning system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. However, it is recognised that some schemes may provide for staircasing to full ownership. Where this is the case there must be secure arrangements in place to ensure the recycling of capital receipts to provide replacement Affordable Housing. Affordable Housing includes Social Rented housing owned by local authorities and registered social landlords 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 planning authority. Local Housing Market Assessments provide the evidence base supporting policies to deliver Affordable Housing through the land use planning system.

9.2.15 Affordable Housing also makes an essential contribution to community regeneration and social inclusion. It is desirable in planning terms that new housing development in both rural and urban areas incorporates a reasonable mix and balance of house types and sizes so as to cater for a range of housing needs and contribute to the development of sustainable communities. For Affordable Housing it is important that authorities have an appreciation of the demand for different dwelling sizes and types of housing (i.e. intermediate and Social Rented) in relation to supply, so that they are well informed in negotiating the required appropriate mix of dwellings for new developments.

9.2.16 Development plans must include an **authority-wide target for Affordable Housing** (expressed as numbers of homes) 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 the anticipated levels of finance available for Affordable Housing, including public subsidy, and the level of developer contribution that can be realistically sought. In principle all new market housing may contribute to meeting the need for Affordable Housing.

9.2.22 In planning for **housing in rural areas** it is important to recognise that development in the countryside should embody sustainability principles, benefiting the rural economy and local communities while maintaining and enhancing the environment. There should be a choice of housing, recognising the housing needs of all, including those in need of affordable or special needs provision. In order to safeguard the character and appearance of the countryside, to reduce the need to travel by car and to economise on the provision of services, new houses in the countryside, away from existing settlements recognised in development plans or from other areas allocated for development, must be strictly controlled. Many parts of the countryside have isolated groups of dwellings. Sensitive filling in of small gaps, or minor extensions to such groups, in particular for Affordable Housing to meet local need, may be acceptable, but much depends upon the character of the surroundings, the pattern of development in the area and the accessibility to main towns and villages.
5.0 Affordable housing and land use planning

5.1 The definition of ‘affordable housing’ for the purpose of the land use planning system as described in this Technical Advice Note is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. However, 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. (Also see Glossary at Annex B). Affordable housing includes:

» Social rented housing;
» Intermediate housing.

5.2 Social rented housing is that provided by local authorities and registered social landlords. Intermediate housing is that where prices or rents are above those of social rent but below market housing prices or rents.

5.3 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 their occupation is not subject to control by the local planning authority.

5.4 The strong presumption is that affordable housing will be provided on the application site so that it contributes to the development of socially mixed communities.

7.0 Assessing local housing markets

7.1 To deliver the policy objectives set out in PPW (as updated by MIPPs 01/20069) it is vital that local authorities understand their whole housing system so that they can develop sound and robust approaches when preparing development plans and local housing strategies. Local housing market assessments need to cover the whole housing market by considering the requirement for both market and Affordable Housing. Local authorities’ planning and housing functions should combine in partnership with local stakeholders, including private house builders, to produce the assessments. The local housing market assessment should include a continual process of monitoring the changing housing requirements and updating planning and housing policies accordingly. The ‘Policy Map’ illustrates the relationship between the local housing market assessment and development plan processes.

7.2 Local authorities should undertake Local Housing Market Assessments (LHMAs) to establish the nature and level of housing requirements in their local housing market(s). They provide the joint evidence base for local housing strategies and development plans. A LHMA should assess:

» the number of current and anticipated households by type;
» the current and anticipated household need and demand in terms of affordable and market housing and what this would mean in terms of net housing provision;
» how the distribution of need and demand varies across the plan area, for example between the urban and rural areas; and
» the particular accommodation needs of specific groups, such as homeless households, Black and Minority Ethnic groups, first-time buyers, students, disabled people, older people and Gypsies and Travellers.
8.0 Local Housing Market Assessments and the Development Plan

8.1 Local planning authorities should ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period. LHMAs provide the evidence base supporting policies to deliver affordable and market housing through the planning system. For social housing, it is important that authorities have an appreciation of the demand for different dwelling sizes and types of housing.
Appendix B
Glossary of Terms

Definitions

**Affordability** is a measure of whether housing may be afforded by certain groups of households.

**Affordable Housing** includes Social Rented and Intermediate Housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the Technical Advice Note: Planning and Affordable Housing; June 2006

**Census Output Area** is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

**ECO (Energy Companies Obligation)** underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

**Equity** is the difference between the selling price of a house and the value of the outstanding mortgage.

**Green Deal** is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

**A household** is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

**Household formation** refers to the process whereby individuals in the population form separate households. ‘Gross’ or ‘new’ household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting ‘successor’ households, when the former head of household dies or departs). ‘Net’ household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

**A Housing Association or Registered Provider** is an independent not-for-profit body that primarily provides low-cost “social or Affordable Housing” for people in housing need.

**Housing demand** is the quantity of housing that households are willing and able to buy or rent.

**Household income** includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

**Housing market areas** are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

**Housing need** is the quantity of housing required for households who are unable to access suitable housing without financial assistance.
**Housing requirements** encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

**Housing type** refers to the type of dwelling, for example, flat, house, specialist accommodation.

**Intermediate Affordable Housing** is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for Affordable Housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

**Lending multiplier** is the number of times a household’s gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**Local Housing Allowance** are a way of working out Housing Benefit for people who rent from a private landlord. Local authorities use LHA rates based on the size of household and the area in which a person lives to work out the amount of rent which can be met with HB. HB paid under the LHA arrangements is normally paid to the tenant, who will then pay the landlord.

**Low cost home ownership** or **Shared Ownership** is Intermediate Affordable Housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

**Lower quartile** means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

**Lower Super Output Area** is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

**Market housing** is private housing for rent or for sale, where the price is set in the open market.

**Migration** is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A **projection of housing needs or requirements** is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

**Registered Social Landlord/Registered Provider** see Housing Association.

**Secondary data** is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

**Shared Local Housing Allowance** rates are the Local housing Allowance determined by the rent officer for a category of dwelling where the tenant has exclusive use of only one bedroom and were the tenancy provides for them to share the use of one or more of a kitchen, a bathroom, a toilet or a room suitable for living in.
Shared Ownership see Low Cost Home Ownership.

Social Rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

**Acronyms and Initials**

- **ASHE** Annual Survey of Hours and Earnings
- **BME** Black and Minority Ethnic
- **CORE** The Continuous Recording System (for Housing Association and Local Authority lettings)
- **DEFRA** Department for Environment, Food and Rural Affairs
- **DWP** Department of Work & Pensions
- **GIS** Geographical Information Systems
- **HBF** Home Builders Federation
- **HMO** House in Multiple Occupation
- **IMD** Indices of Multiple Deprivation
- **LA** Local Authority
- **LDF** Local Development Framework
- **LDP** Local Development Plan
- **LHA** Local Housing Allowance
- **LHMA** Local Housing Market Assessment
- **NHSCR** National Health Service Central Register
- **NPPF** National Planning Policy Framework
- **ONS** Office for National Statistics
- **ORS** Opinion Research Services
- **POPPI** Projecting Older Person Population Information
- **REIT** Real Estate Investment Trust
- **RP** Registered Provider
- **RSL** Registered Social Landlord
- **SAR** Share Accommodation Rate
- **UDP** Unitary Development Plan
Appendix C
Data Sources

Data Sources Advantages and Disadvantages

A range of data sources were used in the preparation of the LHMA, and the various merits are highlighted below:

<table>
<thead>
<tr>
<th>Data source</th>
<th>Advantage</th>
<th>Disadvantage</th>
<th>Statistical Reliability &amp; Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 UK Census of Population</td>
<td>Most comprehensive data source for small areas</td>
<td>Lacking data on incomes and affordability. Data on small area migration and travel to work will not be published until late 2013</td>
<td>Up to date as of 2011, but will progressively lose accuracy</td>
</tr>
<tr>
<td>ONS Mid Year Population Estimates</td>
<td>Long-term trends for population by age cohort.</td>
<td>2011 Census contradicted their findings for many areas, but they have been subsequently revised</td>
<td>Official ONS data</td>
</tr>
<tr>
<td>ONS Population projections</td>
<td>Provide forecasts of population up to 2035</td>
<td>Based on trend data, so if trends change they become out of date</td>
<td>Official ONS data using up to date evidence</td>
</tr>
<tr>
<td>CLG Household projections</td>
<td>Currently provide forecasts for household numbers by type up to 2033 and will be updated in February 2013</td>
<td>Based on trend data, so if trends change they become out of date</td>
<td>Derived from ONS population projections. New versions will need to take into account changing headship rates and households sizes as found by the 2011 Census</td>
</tr>
<tr>
<td>ONS (NHS Customer Records)</td>
<td>Shows migration with the UK from GP records</td>
<td>Not everyone registers with a GP and not everyone moves their GP when they move</td>
<td>Best known estimate for migration with the UK which are published annually.</td>
</tr>
<tr>
<td>DWP New National Insurance numbers</td>
<td>Shows new workers from overseas to give an indication of the number of migrant workers</td>
<td>Doesn’t show dependants of workers or those who have left an area</td>
<td>Published quarterly and accurately reflects new workers</td>
</tr>
<tr>
<td>PLASC</td>
<td>Shows ethnicity profile of children which shows changing population</td>
<td>Only provides information on children</td>
<td>Published annually and accurately reflects the ethnicity of children</td>
</tr>
<tr>
<td>Index of Multiple Deprivation</td>
<td>Highlights areas of deprivation</td>
<td>Measures of deprivation can be obscure – rural</td>
<td>Updated approximately every two years, but</td>
</tr>
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</table>
areas tend to be more deprived because they are further from shops and a Post Office  
often relies upon older data  

<table>
<thead>
<tr>
<th>CLG 1PE</th>
<th>Show priority need claimants</th>
<th>Councils have become more efficient at managing homelessness so while the numbers have been falling, real housing need may have been rising.</th>
<th>Formally published quarterly, but now annually. Reflect one component of housing need, but not all housing need</th>
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<tbody>
<tr>
<td>Land Registry transactions</td>
<td>A record of all properties sold with 7 digit postcodes with data back to 2000</td>
<td>Can be issues discounted sales such as First Buy</td>
<td>Published monthly and used for official house price indices.</td>
</tr>
<tr>
<td>DWP Housing Benefit data</td>
<td>Indicates the role Housing Benefit plays in meeting need in the Private Rented Sector</td>
<td>Claims are for households, not dwellings, so HMOs can be double counted.</td>
<td>Published monthly and very up to date</td>
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</tbody>
</table>

The table below shows which data sources were used for which aspects of the LHMA Report.

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<th>Supply</th>
<th>Market</th>
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<td>Population by Age cohort</td>
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<td>BME</td>
<td>Census 2001/2011</td>
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<td></td>
<td>DWP National Insurance</td>
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<td>Service families</td>
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<td>Business Register &amp; Employment Survey (NOMIS)</td>
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