

Merthyr Tydfil LHMA 2014-19



MERTHYR TYDFIL
County Borough Council

Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL



Written by Jonathan Davies and Craig Watkins

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Executive Summary

This Local Housing Market Assessment has applied the Welsh Government's approved methodology to assess the housing market Merthyr Tydfil from 2014-2019.

A range of information sources were utilised to feed into the assessment. These included an analysis of the local housing registers, household projections, homelessness data, house prices, rental prices, household incomes, dwelling stock turnover and housing supply data.

Household sizes were found to be increasingly smaller across all markets, with acute need for one and two bedroom properties. There is also a disparity in demand to live in specific areas across Merthyr Tydfil; the Town, Penydarren, Cyfarthfa and Dowlais Wards proving most popular. Whilst assessing the local housing market as a whole, this study specifically estimated the deficit of affordable housing within the County Borough.

Overall, there is a net need for 366 additional affordable housing units per annum comprising:

- 338 general needs social rented units
- 17 general needs low cost home ownership units
- 11 intermediate rent units

More detailed information can be found in tables 27, 29, and 30 on the following pages:

Table 27 (Net Social Housing Annual Need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	16	5	1	0	0	22
Cyfarthfa	44	20	-14	1	0	51
Dowlais	34	3	2	0	0	41
Gurnos	27	-9	-12	1	0	7
Merthyr Vale	8	-7	-6	0	0	-5
Park	22	7	1	1	0	31
Penydarren	43	15	-7	1	0	52
Plymouth	10	4	1	1	0	16
Town	53	13	5	2	1	74
Treharris	29	-8	-4	1	0	19
Vaynor	26	9	-4	1	0	31
Total	313	52	-38	11	2	338

Table 29 (Net LCHO Need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	0	0	1	0	0	1
Cyfarthfa	0	0	2	0	0	2
Dowlais	0	0	3	0	0	3.2
Gurnos	0	0	0	0	0	0.2
Park	0	0	1	0	0	1.2
Penydarren	0	0	1	0	0	1.2
Plymouth	0	0	2	0	0	2.4
Town	0	1	1	1	0	2.8
Treharris	0	0	1	0	0	1.6
Merthyr Vale	0	0	0	0	0	0
Vaynor	0	0	1	0	0	1.2
Grand Total	1	1	13	1	0	17

Table 30 (Net IR Need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	0	0	0	0	0	0
Cyfarthfa	0	0	0	0	0	0
Dowlais	0	2	0	0	0	2
Gurnos	0	0	0	0	0	0
Merthyr Vale	0	0	0.4	0	0	0.4
Park	0	0	1	0	0	1
Penydarren	0	1	0	0	0	1
Plymouth	0	1	0.4	0	0	1.4
Town	0	1	0	0.2	0	1.2
Treharris	0	3	0	0	0	3
Vaynor	0	1	0	0	0	1
Total	0	9	1.8	0.2	0	11

Of the social rented units, it is anticipated that, between approximately 7 % and 20 % of new housing will need to be supported or adapted based on the number of people on the register. The number delivered will be decided upon on a case by case basis.

However, these figures are not annual delivery targets or even the solution to the affordability issues within the County Borough. They are instead an indication of the scale of the affordable housing problem and a benchmark to which the Council will work towards as far as practically deliverable.

Introduction

Covering 55 square miles, Merthyr Tydfil is the smallest Unitary Authority in Wales. The main population centre is concentrated in Merthyr Tydfil itself but the area also contains a number of villages including Troedyrhiw, Aberfan, Bedlinog and Treharris.

Over the last twenty years, the County Borough has experienced considerable structural and economic change. The economic structure has changed from that of an area dominated by primary and secondary employment to that dominated by tertiary activities. A number of major recent developments in Merthyr Tydfil such as the Cyfarthfa Retail Park and new Leisure Village have given the area an economic boost, providing jobs for local people and attracting visitors and investment into the town

The County Borough of Merthyr Tydfil is split into eleven electoral Wards; Vaynor, Dowlais, Gurnos, Penydarren, Cyfarthfa, Park, Town, Plymouth, Merthyr Vale, Treharris, and Bedlinog. Figure 1 (below) depicts the eleven Wards in Merthyr Tydfil.

Figure 1 – Wards in Merthyr Tydfil



Purpose of Local Housing Market Assessments (LHMA's)

Local Authorities have an important community leadership and strategic housing role and are also responsible for undertaking a periodical review of housing need (1985 Housing Act s8). It is therefore vital that Authorities have a good understanding of the local housing market and have a robust Local Housing Market Assessment (LHMA) in place. This will assist the Authority with strategic planning for housing and a range of other Local Authority services.

Local housing assessments are a crucial part of the evidence base for preparing Development Plans and Local Housing Strategies. The assessments can also inform the planning of other services such as education and transport.

National Policy Framework

Planning Policy Wales outlines the main policy objectives and principles which underpin the planning system in Wales. Housing is a key thematic strand of this framework, and it is thus made clear that local authorities should;

“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” (WG, 2011a, para 9.1.4).

To deliver these objectives, Technical Advice Note 2 (2006) requires all Welsh local authorities to formulate Local Housing Market Assessments (LHMAs). These studies are intended to “establish the nature and level of housing requirements” in the locality’s housing market(s) and provide a robust “joint evidence base for local housing strategies and development plans” (WG, 2006, para. 7.2). The internal production and updating of LHMAs by local authorities is also a key requirement of the Housing (Wales) Act 2014. Local Authorities must produce an updated LHMA by April 2015 and update this every two years.

Local Policy Framework

Local Housing Strategy

The Local Housing Strategy for Merthyr Tydfil was written in 2012. The strategy has five key aims:

1. An increase in the number of good quality, affordable homes available
2. Good quality housing related support is available to those in highest priority needs
3. The prevalence of homelessness is reduced
4. The services we provide are fair, equitable and accessible
5. The wider community benefits of housing provision are maximised

The LHMA helps to inform the Local Housing Strategy. Whilst the aims are broad, there is a detailed annual action plan also produced which sets out what we want to achieve. The detail from the LHMA informs the amount and type/size of houses needed.

Local Development Plan

The Merthyr Tydfil Local Development Plan (LDP) 2006-2021 was adopted in May 2011 and sets out the Council's priorities for the development and use of land in the County Borough, and its policies to implement them up until 2021.

The LDP allocates land for over 3900 dwellings across the County Borough and also includes policies that relate to the provision of affordable housing:

- Policy BW19: Affordable housing target:
During the plan period, the Local Development Plan will provide 260 affordable dwellings across the County Borough in order to contribute to the identified level of housing need.
- Policy AS22: Affordable housing contributions
In order to ensure the delivery of affordable housing across the County Borough, the LDP will seek, on sites of 10 units or more, the indicative provision of:-
 - o 10% affordable housing in the Primary Growth Area
 - o 5% affordable housing in the Secondary and Other Growth Areas.

Where applicants applying for planning permission can demonstrate that on-site provision of affordable housing is not possible, the Council will require a financial contribution towards the provision of affordable housing elsewhere in the corresponding growth area of the LDP. A

financial contribution will also be sought on sites that fall below the threshold of 10 units.

- Policy TB13: Exception sites for affordable housing in the countryside
Development proposals for the provision of affordable housing adjoining settlement boundaries identified in the LDP will be permitted where it can be demonstrated that:-
 - o *the proposed development cannot be accommodated within defined settlement boundaries;*
 - o *the site does not exceed 10 dwellings or 0.5 hectares;*
 - o *the proposed development is solely for the provision of affordable housing to meet an identified local need within the Other Growth Areas of the LDP; and*
 - o *the development is compatible with other plan policies and material planning considerations.*

A statutory review of the LDP must commence within 4 years of adoption, consequently from May 2015 there is the potential that policies and allocations could be revised. An up to date LHMA is a crucial component of the evidence base of an LDP and will inform both the levels of affordable housing sought in the Plan and where the affordable housing should be located. The results of this LHMA will also assist in negotiating with developers on large housing sites in regard to the appropriate mix, size and tenure of affordable housing required on a site at any given time.

Overview of Assessment and Methodology

This LHMA aims to assess the various components of the housing market in Merthyr Tydfil across each varied locality (Ward). This will be achieved by providing an overview of socio-economic and demographic statistics relating to the housing market and conducting a quantitative assessment of housing need.

In Recent years, it is not just the economically inactive that are being squeezed out of the housing market. The financial difficulties in the current economic climate have also led to a new group of households being squeezed out of home ownership and the private rented sector respectively; thereby being left in need of an alternative form of affordable housing. This is broadly categorised as intermediate housing, but includes both Low Cost Home Ownership (LCHO) and properties for Intermediate Rent (IR).

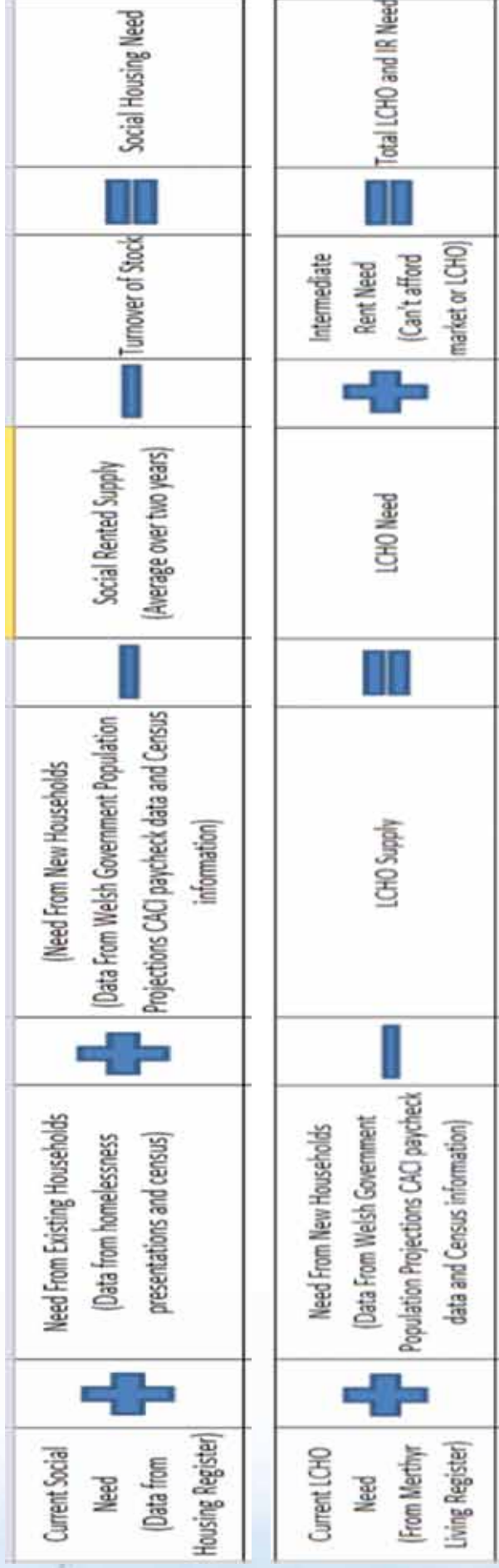
Assessing the Need for Affordable Housing

For the purposes of this LHMA, housing is deemed to be affordable “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”. This includes social rented and intermediate housing, but differs to market housing, which is classed as “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” (WG, 2006, paras. 5.1- 5.3). Hence, when assessing the local housing market as a whole, this LHMA also specifically estimates the need for affordable housing over the next five years.

How the Level of Need is Calculated

Need is calculated by assessing the level of need from the Housing Register, existing households becoming ‘in need’, and the need from new households, and subtracting the average annual lets and any committed supply. The diagram below demonstrates the calculation Diagram 1 below demonstrates how need is calculated.

Diagram 1



Purpose of this LHMA

This LHMA replaces the last assessment (MT, 2010) in forming part of the evidence base for the adopted Local Housing Strategy and adopted LDP.

Operationally, it provides a tool to negotiate affordable housing provision on planning applications, allocate Social Housing Grant and inform strategic housing priorities at the local level. The data is principally presented using the eleven Wards in Merthyr Tydfil. These Wards can be found in Figure 1.

Merthyr Tydfil in Numbers - The Demographics

Our local Population

At the time of the 2011 Census the area had a resident population of 58,851, living in 24,281 households. This figure represents an increase of over 2,600 on the population recorded ten years previous in the 2001 census. This increase in the resident population of Merthyr Tydfil during the past 5-10 years can be attributed to a significant amount of regeneration that has taken place in the County Borough such as Cyfarthfa Retail Park and Rhydycar Leisure Village and an increased rate of in-migration from within Wales and further afield.

Welsh Government mid-year projection estimates prepared since the 2011 Census show the population continuing to grow, although at a slower rate, to 59,021 by 2013. This is the first time the County Borough's population has been over 59,000 since the early 1990s. By 2019, there are projected to be an additional 603 households in Merthyr Tydfil.

Table 1 (Total Population)

2001	56,207
2002	55,996
2003	55,955
2004	56,020
2005	56,259
2006	56,627
2007	57,173
2008	57,688
2009	58,156
2010	58,493
2011	58,851
2012	58,898
2013	59,021

Source: statswales/ 2011 census

Age Profile

The most significant change in the past 10 years has been the increase in the working

age population (16-64) from 35,130 in 2001 to 38,026 in 2011. The population over 65 has increased from 9,059 to 9,856, but as a proportion has remained around 16 % of the total population. The population aged under 16 has decreased from 12,018 (21 %) in 2001, to 10,969 (18.6 %) in 2011.

These figures would indicate that the population increase has largely taken place due to in-migration of people of working age

Table 2 (Population by age group)

AGE GROUP	0-15	16-64	65+
2001	12,018	35,130	9,059
2002	11,767	35,210	9,019
2003	11,617	35,279	9,059
2004	11,493	35,396	9,131
2005	11,423	35,687	9,149
2006	11,245	36,176	9,206
2007	11,181	36,699	9,293
2008	11,184	37,145	9,359
2009	11,122	37,493	9,541
2010	10,973	37,777	9,743
2011	10,969	38,026	9,856
2012	11,013	37,749	10,136
2013	11,002	37,687	10,332

Source: statswales/ 2011 census

Socio-Economic Profile

The unemployment rate in the County Borough is 8.7 % compared to the Welsh average of 7.1 %. Within Merthyr Tydfil County Borough, 28 % of the population is economically inactive, compared to a Welsh average of 25 %. 33 % of the economic activity is due to long-term illness compared to a Welsh average of 25 %.

Gross weekly pay is also substantially lower than the Welsh average (£476 per week, British average is £518 per week) at £430 per week. Lower incomes and higher rates of benefit dependency place even greater pressures on the affordability equation.

The Local Housing Market in Focus: A Summary of House Types, Tenures and Affordability

House Types, Tenure and Affordability

There are currently 24,264 houses in Merthyr Tydfil (Table 3). Merthyr Tydfil has a significantly higher proportion of older housing stock than elsewhere in Wales, which manifests itself in a high rate of unfit, particularly amongst terraced housing.

The dominant type of tenure in Merthyr Tydfil is Owner Occupier, accounting for 65 % of the market. Private renting accounts for 11 % of the total market, and social housing for 21 % (Table 4).

The dominant house type in Merthyr Tydfil is terraced, accounting for 50 % of the market. These also constitute a large percentage of first time buyer sales due to the availability and reduced prices of terraced properties. For the purpose of this LHMA, average terraced house prices have been used to calculate the lowest amount required to purchase a property. Tables 3, 4 and 5 illustrate the type of housing in Merthyr Tydfil, the tenure and average house prices.

Overall, property prices have fallen 3 % between September 2006 and September 2014. Since peaking in 2008, house

prices have fallen by approximately 8 % . Smaller properties (i.e. Flats/maisonettes and terraced properties have fallen by a proportionally larger amount than bigger houses. Semi-detached properties have increased in value by 5 % over the same period whilst detached properties have fallen in value by 4 % . Realistically, the only types of housing in reach of first time buyers would be terraced housing and flats/maisonettes.

Table 3 (House Types in Merthyr Tydfil)

	Number	%
Detached	3,813	15.70 %
Semi-detached	6,907	28.50 %
Terraced	12,020	49.50 %
Flat	1,488	6.20 %
Mobile or temporary structure	26	0.10 %
In a shared dwelling	10	0.00 %
Total	24,264	100.00 %

Table 4 (Tenure of Housing in Merthyr Tydfil)

	Number	%
Owner Occupier	15,843	65 %
Private Rent	2,757	11 %
Social Rented	5,118	21 %
Living rent free	452	2 %
Other	52	0 %
Total	24,264	100 %

Table 5 (Average House Prices in Merthyr Tydfil)

Overall	Average	Terraced	Average	Semi-Detached	Average	Detached	Average	Flat / Maisonette	Average
Mar-06	£101,500	Mar-06	£76,283	Mar-06	£105,944	Mar-06	£178,060	Mar-06	£57,325
Sep-06	£112,378	Sep-06	£81,708	Sep-06	£107,483	Sep-06	£195,124	Sep-06	£71,988
Mar-07	£110,305	Mar-07	£83,785	Mar-07	£113,488	Mar-07	£194,515	Mar-07	£70,150
Sep-07	£115,925	Sep-07	£87,383	Sep-07	£118,332	Sep-07	£197,676	Sep-07	£75,104
Mar-08	£118,754	Mar-08	£89,887	Mar-08	£119,516	Mar-08	£200,574	Mar-08	£86,604
Sep-08	£112,203	Sep-08	£88,394	Sep-08	£120,585	Sep-08	£187,412	Sep-08	£81,326
Mar-09	£113,975	Mar-09	£83,621	Mar-09	£115,287	Mar-09	£192,623	Mar-09	£71,006
Sep-09	£106,185	Sep-09	£78,562	Sep-09	£115,873	Sep-09	£171,143	Sep-09	£71,680
Mar-10	£113,058	Mar-10	£83,450	Mar-10	£107,429	Mar-10	£189,750	Mar-10	£60,087
Sep-10	£115,028	Sep-10	£83,427	Sep-10	£104,375	Sep-10	£200,470	Sep-10	£57,643
Mar-11	£111,996	Mar-11	£79,615	Mar-11	£113,235	Mar-11	£199,540	Mar-11	£63,625
Sep-11	£110,713	Sep-11	£79,355	Sep-11	£110,553	Sep-11	£196,675	Sep-11	£67,750
Mar-12	£108,209	Mar-12	£77,820	Mar-12	£104,631	Mar-12	£188,670	Mar-12	£68,200
Sep-12	£108,970	Sep-12	£78,110	Sep-12	£113,761	Sep-12	£192,938	Sep-12	£62,167
Mar-13	£113,234	Mar-13	£78,030	Mar-13	£111,529	Mar-13	£201,176	Mar-13	£54,833
Sep-13	£111,169	Sep-13	£76,561	Sep-13	£107,930	Sep-13	£206,620	Sep-13	£61,333
Mar-14	£115,329	Mar-14	£77,035	Mar-14	£108,168	Mar-14	£191,740	Mar-14	£74,864
Sep-14	£109,074	Sep-14	£78,274	Sep-14	£112,855	Sep-14	£186,817	Sep-14	£55,000
Difference (Sep 06 - Sep 14)	-£3,304 -3%	Difference (Sep 06 - Sep 14)	-£3,434 -4%	Difference (Sep 06 - Sep 14)	£5,372 5%	Difference (Sep 06 - Sep 14)	-£8,307 -4%	Difference (Sep 06 - Sep 14)	-£16,988 -24%

Table 6 illustrates the income needed to purchase an entry level house (average terraced property) in each Ward. It also explains the scope for each tenure. Please note that for this the private rented sector has been included in those able to afford a mortgage as they will be able to pay market rents even if they are unable to afford a mortgage. For example, 53.69 % of people will need assistance in affording accommodation in the Town Ward. The remaining 46.31 % of people should be able to afford market housing.

Table 6 (Affordability by Tenure)

Area Name	Entry Level House Price (Average Terraced Property)	Income Required for Entry Level Property	Income Required for LCHO	Income Required for Intermediate Rent	% Able to afford a mortgage	Scope for LCHO	Scope for Intermediate Rent	Scope for Social Rent
<u>Bedlinog</u>	£63,856.00	£18,244.60	£12,771.20	£11,093.33	52.57%	12.99%	0.00%	34.44%
<u>Cyfarthfa</u>	£90,500.00	£25,857.10	£18,100.00	£13,589.33	41.94%	17.46%	11.88%	28.72%
<u>Dowlais</u>	£70,000.00	£20,000.00	£14,000.00	£11,925.33	53.98%	12.54%	0.00%	33.48%
<u>Gurnos</u>	£67,500.00	£19,285.70	£13,500.00	£12,896.00	42.87%	13.64%	0.00%	43.49%
<u>Merthyr Vale</u>	£69,333.00	£19,809.40	£13,866.60	£11,093.33	48.56%	13.44%	0.00%	38.00%
<u>Park</u>	£80,120.00	£22,891.40	£16,024.00	£13,589.33	46.25%	9.31%	12.06%	32.38%
<u>Penydarren</u>	£76,980.00	£21,994.30	£15,396.00	£13,589.33	40.83%	9.91%	13.09%	36.18%
<u>Plymouth</u>	£77,818.00	£22,233.70	£15,563.60	£11,925.33	42.72%	9.72%	12.64%	34.92%
<u>Town</u>	£85,076.00	£24,307.40	£17,015.20	£12,480.00	46.31%	9.52%	12.16%	32.01%
<u>Treharris</u>	£77,221.00	£22,063.10	£15,444.20	£12,757.33	50.68%	9.33%	11.62%	28.37%
<u>Vaynor</u>	£83,750.00	£23,928.60	£16,750.00	£12,064.00	46.10%	9.55%	12.54%	31.81%
Average	£76,559.45	£21,874.12	£15,311.89	£12,454.79	46.62%	11.58%	7.82%	33.98%

Graph 1 (affordability by household type and income band, using a X3.5 income multiplier)

Graph 1 (opposite) demonstrates the number of households that would be able to afford a property by their income band. As the red line reveals, there are a large number of houses (to the left of the line) that are priced out of the market. These are the households that will be in need of affordable accommodation.

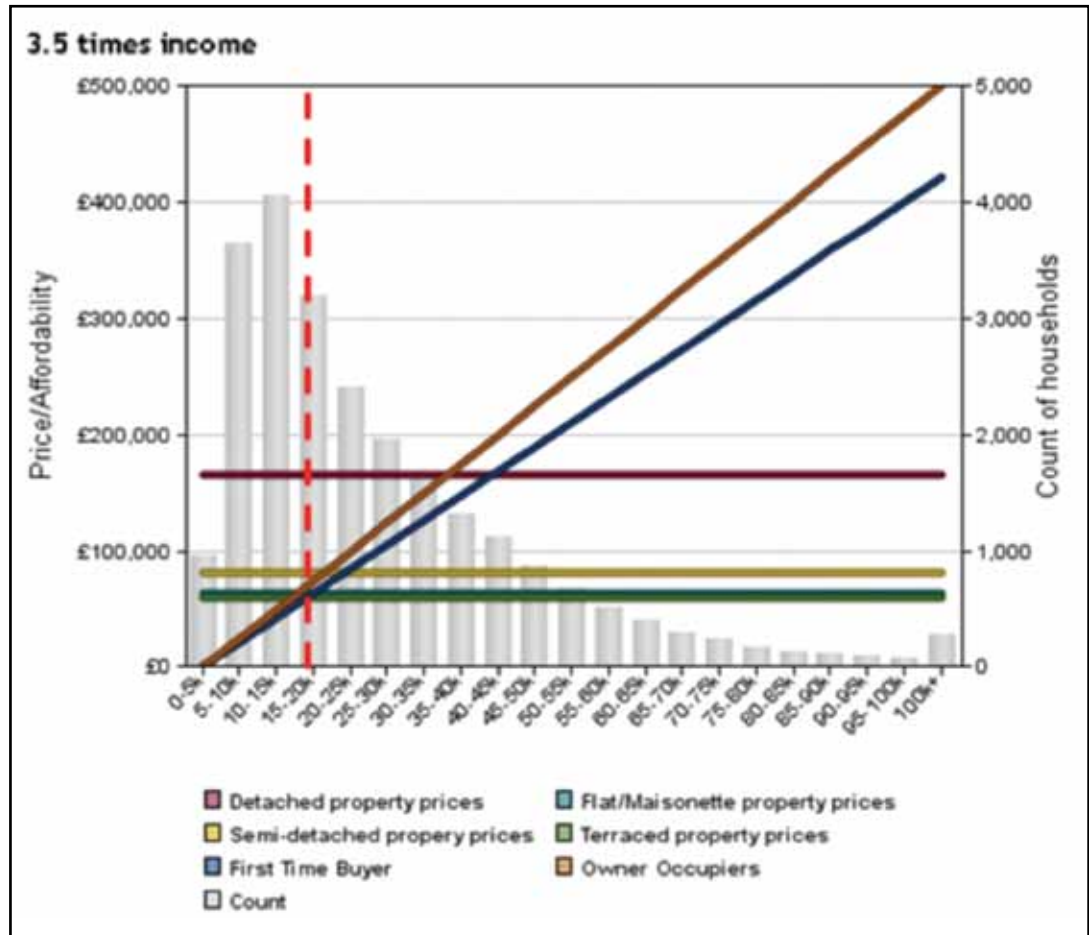
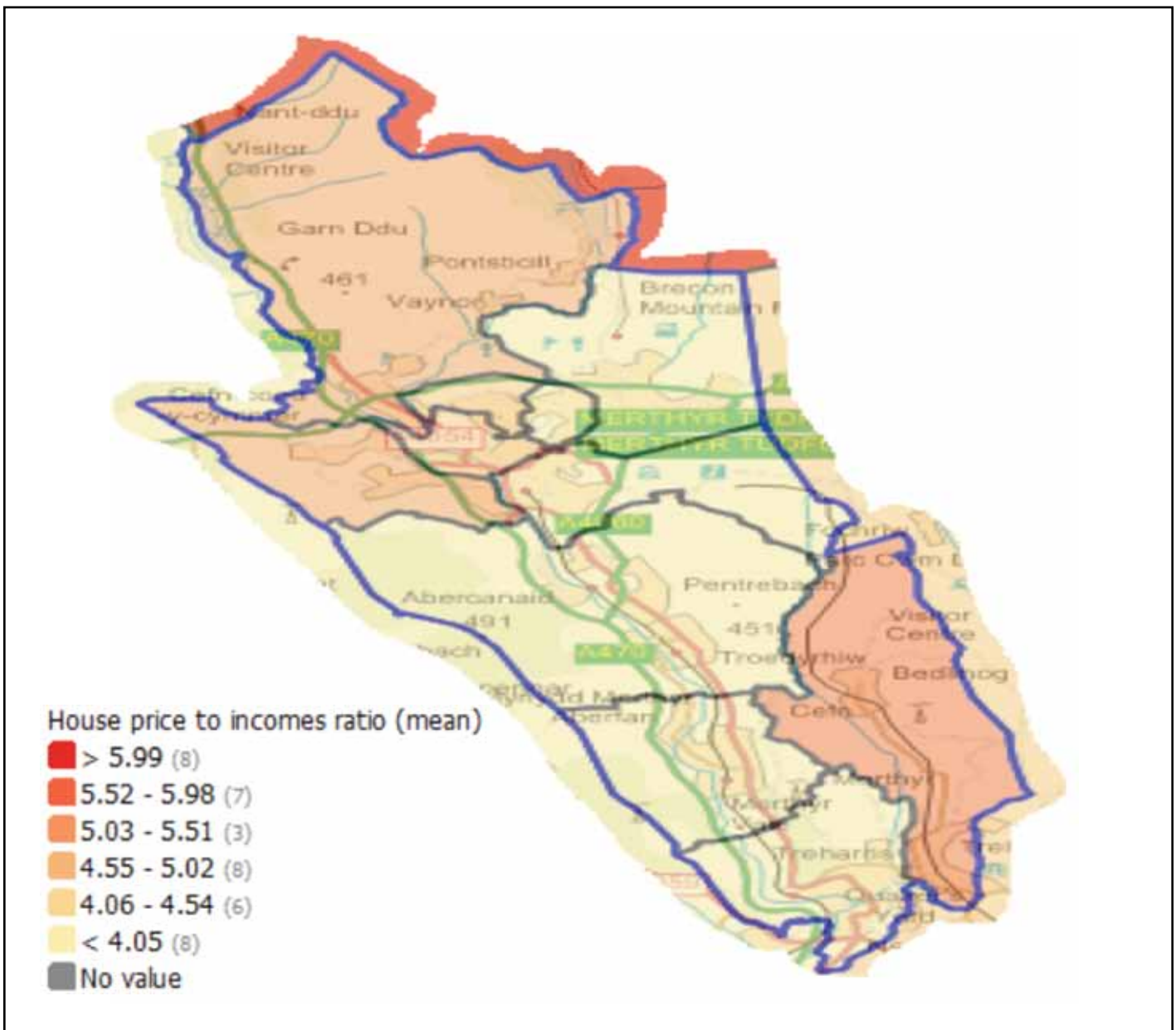


Diagram 2 (opposite) visually depicts the affordability ratios in each Ward. The Bedlinog, Cyfathfa and Vaynor Wards are the areas where people will encounter most difficulties in buying properties as houses here are more than 4.5 times the average income. This means that they will find it difficult to obtain a mortgage (guidance suggests that anything more than 3.5 times an average income is deemed unaffordable).

Diagram 2 (House Price to Income Ratio (mean average))



With the LHMA stating “A household is considered likely to be able to afford to buy a home that costs 3.5 times the gross household income for a single earner household, or 2.9 times the household income for dual income households”, a large number of houses in Merthyr are unaffordable. The only houses that currently fall into the affordable category are flats/ maisonettes and terraced houses at the lower end of the market. However, due to the restricted availability in Mortgages and the size of a deposit now required to buy a house, first time buyers are currently finding it difficult to get on the property ladder. The end of the “100 %” mortgage and the rise in the deposit required has created additional affordability issues.

Social Housing Allocations

Since stock transfer in 2009, all social housing stock in Merthyr Tydfil is now owned by Housing Associations. Merthyr Valleys Homes are considerably the largest Housing Association in Merthyr Tydfil, owning approximately four times the number of the second largest Housing Association, Merthyr Tydfil Housing Association (Table 7). There are 5,927 social housing properties in Merthyr Tydfil.

Table 7 (Housing Stock by Ward and RSL)

	MVH	MTHA	WWHA	HAFOD	TOTAL
Vaynor	286	25	0	1	312
Dowlais	409	343	64	20	836
Gurnos	1,169	1	41	15	1,226
Penydarren	613	77	0	7	697
Park	119	233	36	2	390
Cyfarthfa	570	3	164	1	738
Town	334	121	0	26	481
Plymouth	236	91	52	5	384
Treharris	136	116	0	86	338
Merthyr Vale	194	115	35	1	345
Bedlinog	153	5	0	22	180
TOTAL	4,219	1130	392	186	5,927

Housing Choice

Housing Choice is a choice based lettings allocation model overseen by Merthyr Tydfil County Borough Council that allows potential tenants to choose the property where they would prefer to live. Available properties are advertised on a weekly basis and potential tenants can bid for the property of their choice if the bands correspond.

All homeseekers within Merthyr Tydfil will be assessed on the same basis and can apply for vacancies advertised across the County Borough.

Members of the Housing Choice Based Letting Partnership are:

- Merthyr Tydfil County Borough Council
- Merthyr Valleys Homes
- Hafod Housing Association
- Wales & West
- Merthyr Tydfil Housing Association (MTHA).

Homeseekers are required to complete an application form which includes all the basic information required to assess need. The application form is processed and the applicant is put into a certain band which will be reflective of their current housing position (Gold, Diamond, Silver Plus, Silver, or Bronze). Homeseekers can then bid for properties every week either via telephone or online.

There are currently 1,728 applicants on the Housing Choice Common Housing Register (19th May 2014). The majority are in silver band, followed by bronze, then silver plus then gold, with Emergency banding only being given in exceptional circumstances.

The most requested house types were one and two bedroom houses, with 84 % of all applicants expressing an interest in a house of this size. The most popular Electoral Division to live in is Town, closely followed by Penydarren. The lowest demand areas are the mid and lower valley communities, accounting for the bottom three places. Tables 8 and 9 illustrate the demand for housing by Ward and number of bedrooms).

Table 8 (demand for accommodation by number of bedrooms (per Ward) (data from common housing register)) i.e.69% of the properties built in Bedlinog should be 1 bedroom houses.

	1 Bedrooms	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms
Bedlinog	69 %	25 %	6 %	0 %	0 %
Cyfarthfa	56 %	28 %	14 %	2 %	0 %
Dowlais	54 %	32 %	13 %	2 %	0 %
Gurnos	57 %	29 %	11 %	3 %	1 %
Merthyr Vale	53 %	30 %	12 %	4 %	1 %
Park	56 %	29 %	12 %	2 %	0 %
Penydarren	52 %	31 %	15 %	3 %	0 %
Plymouth	53 %	29 %	14 %	4 %	0 %
Town	54 %	30 %	12 %	3 %	1 %
Treharris	65 %	24 %	8 %	3 %	1 %
Vaynor	57 %	29 %	12 %	2 %	0 %
Grand Total	55 %	29 %	12 %	3 %	0 %

Table 9 (demand for accommodation by Ward and number of bedrooms (data from common housing register)) i.e. only 1% of new houses should be one bedroom units in Bedlinog

	1 Bedrooms	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Grand Total
Bedlinog	1 %	0 %	0 %	0 %	0 %	2 %
Cyfarthfa	7 %	3 %	2 %	0 %	0 %	12 %
Dowlais	7 %	4 %	2 %	0 %	0 %	13 %
Gurnos	5 %	3 %	1 %	0 %	0 %	9 %
Merthyr Vale	2 %	1 %	0 %	0 %	0 %	4 %
Park	6 %	3 %	1 %	0 %	0 %	11 %
Penydarren	7 %	4 %	2 %	0 %	0 %	14 %
Plymouth	3 %	2 %	1 %	0 %	0 %	6 %
Town	10 %	6 %	2 %	1 %	0 %	19 %
Treharris	3 %	1 %	0 %	0 %	0 %	5 %
Vaynor	4 %	2 %	1 %	0 %	0 %	6 %
Grand Total	55 %	29 %	12 %	3 %	0 %	100 %

In summary, changes in the property market over the last few years have significantly increased the level of housing need within the County Borough whilst the introduction of choice based lettings has also led to an increase in the number of home-seekers applying for social sector rented accommodation. As a result the supply of social housing is likely to become increasingly oversubscribed in the short to medium term, with an emerging need to consider other innovative options of providing access to affordable accommodation.

Private Rented Sector

Along with social rented housing and innovative models such as Low Cost Home Ownership and Rent First, the Private Sector has a key role to play in meeting local housing need. Whilst Local Housing Market Assessment guidance does not specifically enable the Private Rented Sector to be taken into account in determining housing need, the Private Rented Sector accounts for 11 % of all households in Merthyr Tydfil (*table 4*).

There is a number of ways that the Council and its partners work with the private rented sector to deliver affordable housing. As a result of the forthcoming Welsh Housing Bill in April 2015 and the ability to discharge homelessness duty to the PRS, the Local Authority is engaging with landlords through forums, consultation and partnership

working. Partnership working includes dispensing advice and assistance via Local Authority departments and via the private landlord hub on the *Housing Choice* website in addition to close operational working to provide affordable PRS accommodation.

Additionally, MTCBC has been successful in securing funding in order to provide grant opportunities to refurbish/repair PRS houses as part of the Vibrant and Viable Places (VVP) programme) to use as affordable accommodation for the Authority

The Wards

The Borough of Merthyr Tydfil is comprised of eleven wards (see figure 1):

Vaynor – The area of Vaynor has a significantly higher proportion of detached and semi-detached homes than the Merthyr average and consists of mainly owner occupied housing. It contains the communities of Trefechan and Cefn Coed. Trefechan has a high proportion of detached and semi-detached homes, whereas the urban core of Cefn Coed has a high proportion of terraced homes. The area is predominantly made up of owner occupied housing.

Dowlais – The Dowlais Ward contains the communities of Dowlais and Pant. The area is predominantly owner occupied but with a substantial social housing sector which is concentrated in the more urban parts of the area. The more rural parts of the area contain some detached and semi-detached homes but the area can be characterised as containing a significant proportion of terraced homes.

Gurnos – This area comprises the Gurnos electoral ward which incorporates the large social housing estate in Gurnos and the modern private development at Lakeside Gardens. The area is dominated by the Gurnos housing estate with a high proportion of households living in social housing. The area contains a broader mix of property types than most other areas. In terms of the age profile of the population, there is an even distribution of age groups.

Penydarren – This area comprises communities of Penydarren and Galon Uchaf. The area contains a broad mix of housing in terms of tenure. The area can be divided into two distinct halves. The southern half is an area of private sector housing and was considered to be one of the more popular areas to sell and let housing. The northern half (Galon Uchaf) is an area where social housing dominates and is often judged as difficult to let.

Cyfarthfa – The Cyfarthfa ward can be divided into distinct parts; namely Swansea Road, Twyncarmel, Beacon Heights, Heolgerrig and Ynysfach. There is a large disparity of housing tenure between the aforementioned areas.

The Swansea Road area has a high proportion of social rented housing and is an area with low demand for social housing. Wales and West Housing Association report moderate levels of demand for their development at Twyncarmel, which they consider is affected by the distance from the centre of Merthyr Tydfil and poor public transport connections. Ynysfach, despite having a large proportion of social rental properties, is a high demand area.

The more central area of the ward is described as one of the better locations to sell and let private sector homes. All social landlords report strong demand for social housing in the area. Heolgerrig and Cae Penderyn have large areas of owner occupier housing which are popular areas to reside in.

Park – The Park electoral division is more urban and has a greater proportion of terraced homes than Cyfartha ward. The area is predominantly owner occupied but has a substantial proportion of social rented homes. The areas popularity is in part related to its proximity to the centre of Merthyr Tydfil. Social landlords reported strong demand for social housing in the area.

Town – This area is comprised of the communities of Town, Penyard, Thomastown and Twynrodyn. The area is predominantly owner occupied. The area can be divided into two distinct parts in terms of house types. In the eastern (suburban) part of the area the most common house types are detached and semi detached homes whilst in the central (urban) part of the area terraced homes dominate. Town was described as a good place to sell and let homes. Two areas, Thomastown and Lower Town were described as the two best places to sell terraced housing in Merthyr Tydfil, not only because of the proximity to the Town Centre but also due to the fact that the homes in the area are generally three bedroom terraced properties. In terms of social housing demand was reported as strong for all property types in the area.

Plymouth – The Plymouth ward comprises of the three areas of Abercanaid, Pentrebach and Troedyrhiw.

Both Pentrebach and Abercanaid have a large percentage of owner-occupier housing and are considered desirable places to live. The area of Troedyrhiw has a broad tenure mix with the majority of households living in owner-occupied housing, a sizeable social housing sector and small private rented sector.

Merthyr Vale – This electoral division comprises the communities of Merthyr Vale and Aberfan. The area has a high percentage of households living in owner occupied housing. The predominant house type in the area was terraced housing.

Bedlinog – this area comprises the community of Bedlinog Again, the majority of households in the area live in owner occupied housing. The Bedlinog area was reported by estate agents as having neither any specific problems in respect of the selling and letting of private sector homes, nor any specific advantages. One of the disadvantages of the area stated by estate agents was that Bedlinog had a restricted market; demand for housing only came from those who lived there.

In terms of social housing in the area, landlords described Bedlinog as a settled and self-sustaining community.



Treharris

The Treharris Ward comprises the electoral division of Treharris and the community of Trelewis.

The majority of households in Treharris live in owner occupied housing. Treharris is described as a well-established and settled community. In terms of the geographical distribution of ages within the population,

the more modern homes developed in the Quakers Yard community have attracted young families hence the relatively youthful nature of the population in this area, in contrast with the relatively older nature of the population in the core of Treharris. In areas where terraced homes predominate higher proportions of people of working age and older people are present.



Need for Affordable Housing

N.B. Housing Register data taken on 19th May 2014.

Introduction

The backlog of affordable housing can be generically defined as “the current number of households who are in housing need and unable to meet their needs in the market” (WG, 2006b, para. 6.40). Traditionally, this only included households waiting for social rented accommodation; captured by analysing households on the Common Housing Register (CHR). Whilst this source is still useful, it is no longer the only data source that forms the backlog of housing need. An increasing proportion of households are ‘squeezed’ out of the current housing market and are left in need of an alternative form of affordable accommodation known as intermediate housing (IR) or low cost

home ownership (LCHO). Hence, the Council operates a ‘Merthyr Living’ scheme for those first time buyers in a financially stable position, yet still unable to purchase a home outright without assistance. This source of data will thus also be utilised in conjunction with the CHR to assess the total backlog of housing need in Merthyr Tydfil

The need for new houses has been derived from the following sources; the Housing Choice’ register, the ‘Merthyr Living’ register, population estimates over the next five years and the average number of homelessness presentations each year.

Social Housing

Data from Housing Register

A Common Housing Register (CHR) has been established in Merthyr Tydfil for approximately seven years. The principal aim of the CHR is to offer service users a single point of contact for applying for social housing within Merthyr Tydfil. All four Housing Associations (Merthyr Tydfil Housing Association (MTHA), Wales and West (WWHA), Hafod and Merthyr Valleys Homes (MVH) or fully affiliated partners of the CHR .

To apply, applicants will undergo a mandatory Housing Solutions interview at the Civic Centre whilst filling in the application form to ensure that the form is correctly filled in and they receive all the housing advice that they need. They will also fill in a preference for the Ward that they would like to live in and how many bedrooms they need. This helps us establish demand in each Ward by bedroom size.

Caveats

When applicants join the CHR, they are asked to complete a section in the application form which details their preferences for the Ward that they wish to live in and the number of bedrooms that they want. Whilst not a big problem for number of bedrooms (due to the bedroom tax, applicants mainly only select the number of bedrooms that they require), many applicants select more than one Ward that they would like to live in (typically 2-3).

In order to align the number of preferences to the number of people on the register, Ward choice is proportioned by the number of applicants on the register. Whilst not ideal as a first choice preference isn't used, it still gives a proportionally accurate figure. At the time of analysing the data (May 2014), there were 1,728 people on the register. 4,107 preferences were selected.

Table 10 details housing need by Ward and number of bedrooms: (N.B. this is only the need from the Common Housing Register)

Table 10 - (Annual Need for Social Rented properties from the Housing Register by Ward and Number of Bedrooms)

Ward	1 Bedrooms	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Grand Total
Bedlinog	4	2	0	0	0	6
Cyfarthfa	23	11	5	1	0	40
Dowlais	24	14	6	1	0	46
Gurnos	17	9	3	1	0	30
Merthyr Vale	7	4	2	1	0	13
Park	21	11	5	1	0	37
Penydarren	25	15	7	1	0	49
Plymouth	11	6	3	1	0	21
Town	36	20	8	2	1	67
Treharris	10	4	1	1	0	16
Vaynor	12	6	3	0	0	22
Grand Total	190	102	43	9	2	346

Based on need from the CHR, there is a need for 346 social housing properties per year over a five year period. There is a substantial need for one and two bedroom properties with the most popular areas being Town, Penydarren and Dowlais.

Newly Arising Housing Need

In order to accommodate future need and demand for housing, it is necessary to estimate the future number of households that will form within the County Borough over the next five years. This requires various assumptions to be made about how existing household compositions and characteristics will influence the number of newly forming households.

In 2013, the Welsh Government (WG) published the second set of Welsh local authority household projections (2011 based). These indicated potential demand for household space through population growth. The figures were calculated by:

- *using population projections to calculate the projected number of people living in private households;*
- *using historical data to calculate projected household membership rates;*
- *multiplying the projected number of people living in private households by the projected household membership rates;*

- *dividing the results out by household size and aggregating by age, gender and household type to give the projected total number of households (WG, 2010).*

Although these projections are integrally dependent on core past fertility, mortality and migration assumptions remaining constant, they do provide a more reliable basis for LHMA purposes than the capricious aspirations recorded in household surveys.

Total Projected Households

As Table 11 illustrates, 603 households are projected to form within Merthyr Tydfil over the next five years. The vast majority of this change is accounted for by smaller households (67 % will need 1 bedroom houses). There is a distinct decline in larger newly forming households across Merthyr Tydfil over the next five years.

Table 11: Total Projected Households by Type, 2014-2019

	2014	2015	2016	2017	2018	2019	Change
1 person	6,609	6,631	6,654	6,675	6,695	6,738	129
2 person (no children)	7,245	7,304	7,363	7,417	7,472	7,522	277
2 person (1 adult, 1 child)	1,374	1,400	1,424	1,451	1,475	1,500	126
3 person (no children)	2,209	2,228	2,251	2,268	2,285	2,299	90
3 person (2 adults, 1 child)	1,763	1,762	1,755	1,749	1,742	1,735	-28
3 person (1 adult, 2 children)	513	505	497	491	485	478	-35
4 person (no children)	844	860	880	894	909	921	77
4 person (2+ adults, 1+ children)	2,411	2,403	2,392	2,386	2,380	2,374	-37
4 person (1 adult, 3 children)	199	197	196	195	195	194	-5
5 + person (no children)	130	131	133	134	135	136	6
5 + person (2+ adults, 1+ children)	1,278	1,278	1,278	1,281	1,282	1,284	6
5 + person (1 adult, 4 + children)	65	64	63	63	62	61	-4
Total	24,636	24,760	24,883	25,001	25,115	25,239	603

Moreover, one limitation with the WG household projections is that they are only available at local authority level. A further set of calculations were thus required to estimate growth patterns across Merthyr Tydfil. Census data was used for this purpose; to calculate the proportions of households residing in each ward and then applying these proportions to the 603 projected households. This provided an estimated breakdown of emerging households at Ward level. Admittedly, this method does assume that new households will want to remain within their current area however it is reasonable to assume this as people often want to stay in established communities with friends and family nearby.

However, only a proportion of these emerging households will require some form of affordable housing and this will be integrally dependent on the corresponding local housing market characteristics. This LHMA has therefore calculated the proportion priced out of the housing market in each area, and thus, the number of newly forming households in need of different types of affordable housing (including social housing, intermediate rent and LCHO). There were several considerations in this respect, which will be outlined in turn.

Assessing those households priced out of the home ownership market

The first consideration was the amount that first time buyers would need to borrow to purchase a home on the open market. Original WG guidance suggests that a household is likely to be able to afford to purchase a home costing 3.5 times its gross income (WG, 2006b, para. 6.13). Indeed, this ratio has been considered a good benchmark in the recent past, although admittedly, it is a simplification of the sophisticated assessments which lenders conduct on potential borrowers in the current market.

It is now far more common for lenders to assess a wide range of factors such as income expenditure, family makeup, lifestyle and job security to allow them to make an informed decision as to a borrower's likelihood of being able to meet the mortgage repayments. However, these complex assessments cannot be replicated in a study of this type. Therefore, despite its limitations, the 3.5 times multiplier remains a pragmatic means of estimating market affordability in this Assessment.

Sequentially, CACI Paycheck data (which is derived from a large scale survey of income) was used to estimate the potential income differentials amongst the newly arising households within each ward. The 3.5 times multiplier was then used to calculate the proportion able to afford a mortgage for an entry level (average price of a terraced) property within each market area. This exercise revealed that 53 % of the newly forming households are likely to be priced out of the home ownership market, or, specifically, that 322 of the 603 projected households are likely to need some form of housing assistance in the next five years (64 per year). 41 of these 64 households will require social housing.

Table 12 – Annual Social Housing Need from New Households by Ward and Number of Bedrooms

Ward	Number of Bedrooms					Total
	1 Bed	2 bed	3 bed	4 bed	5 bed	
Bedlinog	2	1	0	0	0	3
Cyfarthfa	3	1	0	0	0	4
Dowlais	3	1	0	0	0	4
Gurnos	3	1	0	0	0	4
Merthyr Vale	2	1	0	0	0	3
Park	2	1	0	0	0	3
Penydarren	3	1	0	0	0	4
Plymouth	3	1	0	0	0	4
Town	4	2	0	0	0	6
Treharris	2	1	0	0	0	3
Vaynor	2	1	0	0	0	3
Total	29	12	0	0	0	41

Therefore, based on household projections and highlighted in table 12 above, there is a need for 41 social housing properties each year over a five year period. The need is evenly spread across the Wards but there is an acute need for one and two bedroom properties.

Need from Existing Households

Another element of newly arising need stems from the number of existing households ‘falling’ into need each year. This essentially includes those households that were previously housed satisfactorily but encountered some form of difficulty or hardship (financial or personal). WG suggests that recent trends are most useful to estimate the number of effected households that will come forward each year of the LHMA period (WG, 2006b, para. 6.49).

This was calculated by taking an average of homelessness presentations over three years (2011/12, 2012/13 and 2013/14) and proportioning them by the Census populations of the Wards. This gave an average need of 322 houses disaggregated into Wards as shown in table 13.

Table 13 – Annual Need for Housing from Existing Households falling into Need by Ward and Number of Bedrooms

Ward	1 Bed	2 Bed	3 Bed	4 Bed	Total
Bedlinog	13	4	1	0	18
Cyfarthfa	26	8	2	1	37
Dowlais	28	8	2	1	39
Gurnos	20	6	1	1	28
Merthyr Vale	15	5	1	0	21
Park	18	5	1	0	24
Penydarren	20	6	1	1	28
Plymouth	21	6	1	1	29
Town	32	9	2	1	44
Treharris	24	7	1	1	33
Vaynor	15	4	1	0	20
Total	233	69	14	6	322

It is anticipated that there will be an annual need of 322 properties from households falling into difficulties. The majority of additional properties needed over the next five years to meet the anticipated need will be one bedroom houses. The highest demand areas are Town, Dowlais and Cyfarthfa.



Low Cost Home Ownership/Intermediate Rent

Merthyr Living - Need

The Merthyr Living scheme was established in 2009. It operates in a different manner to the CHR. Interested applicants need to join the Merthyr Living scheme in order to move into a Merthyr Living property; which will belong to an RSL. The applicant will register their interest in a property when it becomes available and the RSL will choose an applicant based on affordability requirements and the length of time that they have been on the register.

Various details are held on each applicant including area preferences, income, employment details and current living arrangements.

Whilst all applicants on the Merthyr Living register were already assessed as being in need of intermediate housing, one fundamental consideration was whether each registered household would be able to afford a 70 % mortgage for an entry level (terraced) property in their first choice area based on their current circumstances. Sequentially, the 3.5 times income multiplier was used to assess each household's potential capacity to borrow in combination with their current debts, savings and scope to save for a deposit over the LHMA period.

Tables 14 and 15 demonstrate the Low Cost Home Ownership and Intermediate Rent annual need based on the Merthyr Living register.

Table 14 – Low Cost Home Ownership Need from Merthyr Living Register by Ward and Number of Bedrooms

First Choice Area	Number of Bedrooms						Grand Total
	1	2	3	4	5	6	
Cyfarthfa	0	0.2	0	0	0	0	0.2
Dowlais	0.2	0	0.8	0	0	0	1
Gurnos	0	0	0	0.2	0	0	0.2
Park	0	0.2	0	0	0	0	0.2
Penydarren	0	0.2	0	0	0	0	0.2
Plymouth	0.2	0	0.2	0.2	0	0	0.6
Town	0.4	0.6	0.2	0.6	0	0.2	2
Treharris	0	0	0.4	0	0.4	0	0.8
Trelewis	0	0.2	0	0	0	0	0.2
Vaynor	0	0	0	0	0	0.2	0.2
Grand Total	0.8	1.4	1.6	1	0.4	0.4	5.6

Based on the information from the Merthyr Living register, there is a demonstrable need for 6 LCHO properties. These should be mainly two and three bedroom properties concentrated in the Town Ward.

Table 15 – Intermediate Rent Need from Merthyr Living Register by Ward and Number of Bedrooms

First Choice Area	Number of Bedrooms			Grand Total
	1	2	3	
Merthyr Vale	0	0.2	0	0.2
Plymouth	0	0.2	0	0.2
Town	0	0	0.2	0.2
Treharris	0.2	0	0	0.2
Grand Total	0.2	0.4	0.2	0.8

There is very low demand for intermediate rented housing based on the information from the Merthyr Living register. In Merthyr Tydfil, there is only a small difference in price between social rent and market rent, thus meaning a very small market for intermediate rent.

Newly Arising Housing Need

It also revealed that 70 of the 603 newly forming households normally priced out of the open housing market could potentially meet their housing needs through LCHO. 50 households were also able to meet their housing need through intermediate rent products.

N.B. The figures in table xxx have been divided by 5 to provide an annual need.

Table 16 – Number of LCHO and IR properties needed by emerging households by Ward and Number of Bedrooms

	Total Growth	Number in need of LCHO	Number in need of Intermediate Rent
Bedlinog	6.89	0.90	0.00
Cyfarthfa	13.69	2.39	1.63
Dowlais	14.36	1.80	0.00
Gurnos	10.39	1.42	0.00
Merthyr Vale	7.91	1.06	0.00
Park	9.40	0.88	1.13
Penydarren	10.44	1.03	1.37
Plymouth	10.91	1.06	1.38
Town	16.37	1.56	1.99
Treharris	12.66	1.18	1.47
Vaynor	7.56	0.72	0.95
Total	120.60	14.00	9.92

Tables 17 and 18 demonstrate the total annual need for LCHO and intermediate rent products in Merthyr Tydfil. There is an annual need for 20 LCHO properties and 11 intermediate rent properties. Town is the highest demand Ward and two and three bedroomed properties are the most needed house size.

Table 17 – Total LCHO need by Ward and Number of Bedrooms

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	6 bed	Total
Bedlinog	0	0	1	0	0	0	1
Cyfarthfa	0	0	2	0	0	0	2
Dowlais	0	0	3	0	0	0	3.2
Gurnos	0	0	1	0	0	0	0.2
Park	0	0	1	0	0	0	1.2
Penydarren	0	0	1	0	0	0	1.2
Plymouth	0	0	2	0	0	0	2.4
Town	0	1	1	1	0	0	2.8
Treharris	0	0	3	0	0	0	1.6
Merthyr Vale	0	0	0	0	0	0	0
Vaynor	0	0	1	0	0	0	1.2
Grand Total	1	1	13	1	0	0	20

Table 18 – Total IR need by Ward and Number of Bedrooms

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	6 bed	Total
Bedlinog	0	0	0	0	0	0	0
Cyfarthfa	0	0	0	0	0	0	0
Dowlais	0	2	0	0	0	0	2
Gurnos	0	0	0	0	0	0	0
Merthyr Vale	0	0	0.4	0	0	0	0.4
Park	0	0	1	0	0	0	1
Penydarren	0	1	0	0	0	0	1
Plymouth	0	1	0.4	0	0	0	1.4
Town	0	1	0	0.2	0	0	1.2
Treharris	0	3	0	0	0	0	3
Vaynor	0	1	0	0	0	0	1
Total	0	9	1.8	0.2	0	0	11

Housing Supply

Annual Supply and Turnover

The annual supply and turnover of stock has to be factored in to the overall calculation as this will considerably reduce need

With these considerations in mind, Table 19 below displays the average social housing lets by Ward and number of bedrooms in 2012/13 and 2013/14. We are using the assumption that this trend will continue annually.

Table 19 (Average Social Housing Lets by Ward and Number of Bedrooms)

Lets (12/13 & 13/14)	Number of Bedrooms					Total
	1	2	3	4	5	
Ward						
Bedlinog	1.5	1.5	0.5	0	0	3.5
Cyfarthfa	4.5	0.5	22	0.5	0	27.5
Dowlais	17.5	20.5	5	1.5	0	44.5
Gurnos	9.5	23.5	17	0	0	50
Merthyr Vale	13.5	14.5	8.5	0.5	0	37
Park	17	9.5	4.5	0.5	0	31.5
Penydarren	2.5	6.5	16	0.5	0	25.5
Plymouth	21	9.5	3.5	0	0	34
Town	13	10.5	4	0.5	0	28
Treharris	3	18	6	0	0	27
Vaynor	2	2.5	7.5	0	0	12
TOTAL	105	117	94.5	4	0	320.5

Social Rent Turnover

One important issue relates to turnover. Essentially, social rented units differ to intermediate products, as they are re-let relatively frequently and it would be inaccurate to assume that they will only be occupied once over the LHMA period. Pursuing with a policy on this basis could potentially inflate the requirement for new social housing and ignore the rate at which properties re-emerge as re-lets. Current levels of turnover were therefore calculated and factored into the calculations below by dividing average lets over the last two years by existing social housing stock. As shown in Table 20, average turnover is intrinsically linked to bedroom size; with 1 bedroom properties becoming re-available at the highest rate.

Table 20 (Turnover Rate by Ward and Bedroom Size)

No. of Bedrooms Ward	1 Turnover Rate	2 Turnover Rate	3 Turnover Rate	4 Turnover Rate	5 Turnover Rate
Bedlinog	1.09375	1.023809524	1.004950495	1	1
Cyfarthfa	1.064285714	1.002145923	1.050808314	1.25	1
Dowlais	1.1	1.060471976	1.016393443	1.088235294	1
Gurnos	1.094059406	1.048553719	1.02733119	1	1
Merthyr Vale	1.27	1.122881356	1.049418605	1.1	1
Park	1.083743842	1.077868852	1.0703125	1	1
Penydarren	1.05	1.041401274	1.037914692	1.007692308	1
Plymouth	1.160305344	1.0625	1.037234043	1	1
Town	1.068783069	1.083333333	1.024691358	1.125	1
Treharris	1.09375	1.121621622	1.038461538	1	1
Vaynor	1.036363636	1.032467532	1.043604651	1	1

Therefore, when the turnover rates in table 20 are applied to table 19, an additional 26 properties become available as shown in table 21. The majority of properties becoming available for re-let are 1 bedroom properties. The additional properties available because of turnover will reduce the need for new build units.

Table 21 (Reduction in new properties needed as a result of turnover)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	-2	0	0	0	0	-2
Cyfarthfa	-3	0	1	0	0	-2
Dowlais	-4	0	0	0	0	-4
Gurnos	-3	0	0	0	0	-2
Merthyr Vale	-2	1	0	0	0	-1
Park	-2	-1	0	0	0	-2
Penydarren	-2	-1	0	0	0	-3
Plymouth	-2	0	0	0	0	-2
Town	-4	-1	0	0	0	-5
Treharris	-3	1	0	0	0	-2
Vaynor	-1	0	0	0	0	-1
Total	-25	-1	2	-1	0	-26

Supply of new Housing

Furthermore, the anticipated quantity of affordable housing (for social rent, intermediate rent and LCHO) “already planned to be built over the time period of the assessment” is an important consideration to offset gross housing need (WG, 2006b, para. 6.81). A variety of potential sources were thus analysed to identify the existing committed supply of affordable housing. These included:

- Sites granted planning permission subject to s106 for affordable housing that had already started on site and were due to be completed over the LHMA period. Sites allocated in the LDP or sites that had only been granted planning permission were not included as there was no guarantee that they would come forward over the next five years.
- Sites that were allocated Social Housing Grant or Recycled Capital Grant and were scheduled for completion in the next five years; as identified in the Programme Delivery Plan

Social Housing

In total, 115 social housing units were identified as due for delivery over the LHMA period through a combination of these sources as at September 2014. This is broken down annually by Ward and number of bedrooms in table 22 below. There are 23 new social houses due to be built each year over the duration of this LHMA; the majority of which are 2 bedroomed houses and in the Town Ward.

Table 22 (Number of new social housing units planned to be built annually over a five year period)

Ward	Bedrooms				Total
	1	2	3	4	
Town	1	1	0	0	2
Vaynor	0	0	0	0	0
Treharris	2	3	1	0	5
Town	1	5	0	0	6
Plymouth	1	0	0	0	1
Merthyr Vale	1	3	1	0	4
Gurnos	1	2	0	0	3
Total	7	14	2	0	23

Supply of Low Cost Home Ownership Housing

Table 23 details the annual planned supply of Low Cost Home Ownership and Intermediate Rent Housing over the course of the next five years. We anticipate 15 new units in total which equates to 3 properties per year.

Table 23 (Supply of LCHO/IR Housing)

Area	1 Bed LCHO	1 Bed IR	2 Bed LCHO	2 Bed IR	3 Bed LCHO	3 Bed IR	Total
Vaynor	0	0	0	0	0.4	0	0.4
Dowlais	0	0	0.4	0	0	0	0.4
Gurnos	0	0	0	0	0	0	0
Penydarren	0	0	0	0	0	0	0
Park	0	0	0	0	0	0	0
Cyfarthfa	0	0	0	0	0	0	0
Town	0	0	0.4	0	0.4	0	0.8
Plymouth	0	0	0	0	0	0	0
Treharris	0	0	0	0	0	0	0
Merthyr Vale	0	0	0	0	0	0	0
Bedlinog	0	0	0.8	0	0.6	0	1.4
Grand Total	0	0	1.6	0	1.4	0	3

Total Net Need for Affordable Housing

To calculate the net shortfall of affordable housing, the total backlog of housing need was added to the annual newly arising need and the projected number of existing households falling into need. The anticipated annual supply (lets, turnover of stock and new units) was then subtracted from this figure to estimate the annual shortfall of affordable housing.

Social Rented Properties

The annual need for social housing is 338 properties over a five year period. The majority of need is for one and two bedroom properties; specifically in the Town, Penydarren, Cyfarthfa and Dowlais Wards. Tables 24, 25, 26 and 27 detail how net affordable social housing need is calculated and the reduction in need once the supply of social housing is subtracted step by step.

Table 24 (Total Social Housing Need (Per annum) - Register (Table 10) + New households (Table 12) + homelessness (Table 13)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	19	6	1	0	0	27
Cyfarthfa	52	20	7	2	0	81
Dowlais	55	24	7	2	0	89
Gurnos	40	16	4	1	0	62
Merthyr Vale	24	9	3	1	0	37
Park	41	17	6	1	0	65
Penydarren	48	22	8	2	0	80
Plymouth	34	13	4	1	0	54
Town	71	31	10	3	1	116
Treharris	37	12	3	1	0	53
Vaynor	29	11	3	1	0	44
Total	450	183	57	15	2	708

Table 25 (Minus the supply of new housing (see table 22))

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	19	6	1	0	0	27
Cyfarthfa	52	20	7	2	0	81
Dowlais	55	24	7	2	0	89
Gurnos	39	14	4	1	0	59
Merthyr Vale	24	7	2	1	0	33
Park	41	17	6	1	0	65
Penydarren	48	22	8	2	0	80
Plymouth	33	13	4	1	0	52
Town	69	25	9	3	1	107
Treharris	35	9	2	1	0	48
Vaynor	29	11	3	1	0	44
Total	443	169	54	15	2	684

Table 26 (Minus average Lets per year (See Table 19))

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	18	5	1	0	0	23
Cyfarthfa	47	20	-15	1	0	53
Dowlais	38	4	2	0	0	44
Gurnos	29	-10	-13	1	0	9
Merthyr Vale	10	-8	-7	0	0	-4
Park	24	7	1	1	0	33
Penydarren	45	16	-8	1	0	55
Plymouth	12	4	1	1	0	18
Town	56	15	5	2	1	79
Treharris	32	-9	-4	1	0	21
Vaynor	27	9	-5	1	0	32
Total	338	52	-40	11	2	364

The final step is to subtract the turnover of social housing stock (see table 21) to obtain the net annual need for social housing.

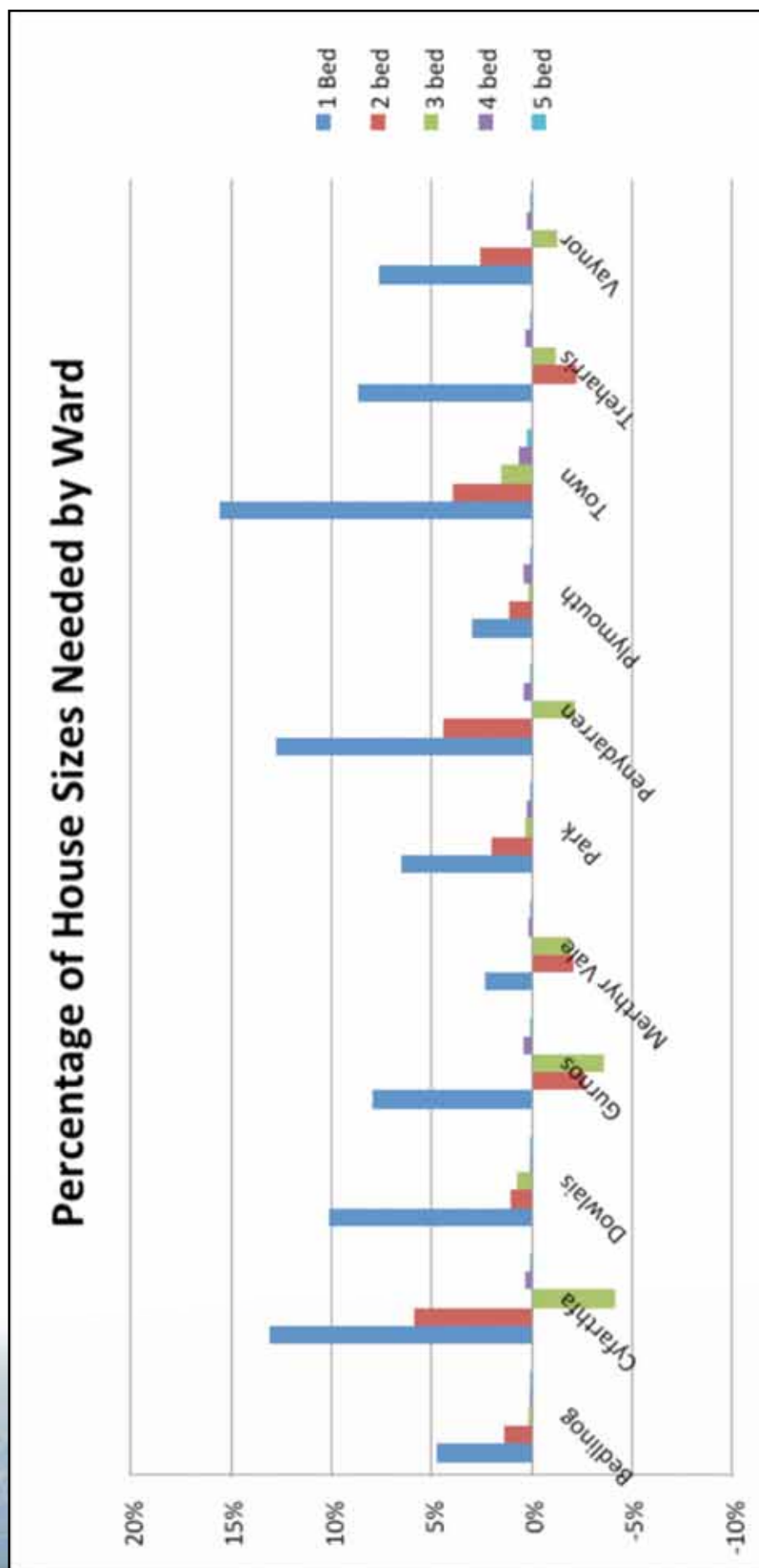
As table 27 shows, there is a net need for 338 social housing properties each year. The majority need to be one bedroomed properties and concentrated in the Town, Penydarren, Cyfarthfa and Dowlais Wards.

Table 27 (Net Social Housing Annual Need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	16	5	1	0	0	22
Cyfarthfa	44	20	-14	1	0	51
Dowlais	34	3	2	0	0	41
Gurnos	27	-9	-12	1	0	7
Merthyr Vale	8	-7	-6	0	0	-5
Park	22	7	1	1	0	31
Penydarren	43	15	-7	1	0	52
Plymouth	10	4	1	1	0	16
Town	53	13	5	2	1	74
Treharris	29	-8	-4	1	0	19
Vaynor	26	9	-4	1	0	31
Total	313	52	-38	11	2	338

Graph 2 gives a visual portrayal of the house sizes needed in each ward. This evidences the need for one bedroom houses in the Cyfarthfa, Dowlais, Penydarren and Town Wards. One bedroom houses in these three Wards account for 52 % of the overall need.

Graph 2 (Percentage of House Sizes Needed by Ward)



Low Cost Home Ownership and Intermediate Rent

LCHO

The need for new Low Cost Home Ownership properties in Merthyr Tydfil is 17 per year over a five year period. There are no specific high demand areas; however, demand tends to be for three bedroom properties in areas where house prices tend to be higher. Table 29 below demonstrates the LCHO need across Merthyr by Ward and Bedroom Size.

Table 28 (LCHO Need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	6 bed	Total
Bedlinog	0	0	1	0	0	0	1
Cyfarthfa	0	0	2	0	0	0	2
Dowlais	0	0	3	0	0	0	3.2
Gurnos	0	0	1	0	0	0	0.2
Park	0	0	1	0	0	0	1.2
Penydarren	0	0	1	0	0	0	1.2
Plymouth	0	0	2	0	0	0	2.4
Town	0	1	1	1	0	0	2.8
Treharris	0	0	3	0	0	0	1.6
Merthyr Vale	0	0	0	0	0	0	0
Vaynor	0	0	1	0	0	0	1.2
Grand Total	1	1	13	1	0	0	20

To calculate net need of LCHO housing, the supply of LCHO Housing, as can be seen in Table 23, is subtracted from the total need (in table 28) to give a net annual LCHO need. This can be found in table 29.

Table 29 (Net LCHO need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	0	0	1	0	0	1
Cyfarthfa	0	0	2	0	0	2
Dowlais	0	0	3	0	0	3.2

IR

There is an annual need for 11 intermediate rent properties every year for the next five years. Whist dIspersed around Merthyr, there is predominantly a need for two bedroom properties. Table 30 highlights the need for IR properties.

N.B. Whilst there is a demonstrable need for intermediate rent properties in Merthyr Tydfil, it is not a product that we offer as in practice there is lottle need. Due to market rents being only marginally higher than social rents in Merthyr, there is only a small market for intermediate products. Instead, Merthyr use shared equity and Rent First as the two affordable products. Rent first is set at intermediare rent levels; however, tenants are able to build up an equity stake in the property which makes it a far ,ore attractive product.

Table 30 (Net Intermediate Rent Need)

Ward	1 Bed	2 bed	3 bed	4 bed	5 bed	Total
Bedlinog	0	0	0	0	0	0
Cyfarthfa	0	0	0	0	0	0
Dowlais	0	2	0	0	0	2
Gurnos	0	0	0	0	0	0
Merthyr Vale	0	0	0.4	0	0	0.4
Park	0	0	1	0	0	1
Penydarren	0	1	0	0	0	1
Plymouth	0	1	0.4	0	0	1.4
Town	0	1	0	0.2	0	1.2
Treharris	0	3	0	0	0	3
Vaynor	0	1	0	0	0	1
Total	0	9	1.8	0.2	0	11

Housing Need Conclusions

There is a need for 366 additional affordable properties to be delivered per annum;

- 338 social properties;
- 17 low cost home ownership properties;
- 11 intermediate rent properties.

These projections are based on the current need for affordable housing and projected need for the next five years. If these targets were met, theoretically nobody in Merthyr Tydfil would be in need of accommodation. However, it is important to emphasise that these figures are not annual delivery targets or even the solution to the affordability issues within the County Borough. They are instead an indication of the scale of the affordable housing problem and a benchmark to which the Council will work towards as far as practically deliverable through a range of various methods. Additionally, it is important to emphasise that these headline figures distort differences in sub market areas, tenures and property types required.

Figure 2 gives a visual representation of how the need for both Social housing, Low Cost Home ownership and Intermediate Rent was calculated. This is an annual need and in order to provide adequate housing for everyone who requires it, this will need to be replicated every year over a five year period.

Figure 2 (Visual representation of need calculation)

Current Social Need (Data from Housing Register)	+	Need From Existing Households (Data from homelessness presentations and census)	+	(Need From New Households (Data From Welsh Government Population Projections CACI paycheck data and Census information))	—	Social Rented Supply (Average over two years)	—	Turnover of Stock	—	New Social Housing (Proposed development)	—	Social Housing Need
346		322		41		321		27		23		338

Current LCHO Need (From Merthyr Living Register)	+	Need From New Households (Data From Welsh Government Population Projections CACI paycheck data and Census information))	—	LCHO Supply	—	LCHO Need	+	Intermediate Rent Need (Can't afford market or LCHO)	—	Total LCHO and IR Need
6		14		3		17		11		28

Older Persons Housing

A proportion of the social Housing Need will come from older people. At present, there are 426 applicants on the Housing Choice register over fifty years of age and 114 applicants over seventy. Not all of these people will need sheltered or supported accommodation, however, invariably some will. A recent research study conducted by Housing and Supporting People (MTCBC) revealed that all of the older persons housing schemes are currently running at 100 % capacity. The number of older people in housing need is likely to increase in the future as the population ages and existing housing becomes unsuitable.

While it is not possible to ascertain the exact number of people currently in need of supported housing (as need is derived from the register, existing households falling into need and new houses), Older Person's housing schemes will be discussed on a case by case basis. Based on the number of people on the register, between approximately 7 % and 20 % of new housing will need to be supported or adapted.

The remaining share of the market should be met by the private sector, i.e. the Private Rented Sector and owner-occupiers.

Private Rented Sector

Since the credit crunch, the role of private renting has shifted to some extent. Demand for private rented housing has been boosted by households that might have bought previously may now be waiting because prices are falling or they may not now have enough deposit to obtain a mortgage. The supply of private rented housing has also been boosted by owners who might have sold quite easily previously cannot now do so, and, while buy to let mortgages have declined, buyers with sufficient cash have purchased cheaper properties to rent them out, taking advantage of falling prices.

The net effect of this is that the number of properties for private renting has increased year on year, and now accounts for 11 % of the market in Merthyr Tydfil (Table 4).

Owner Occupier

Owner-occupier is the prominent tenure in Merthyr Tydfil, accounting for 65 % of the market. Those with a steady income of above the required amount should be able to either by a house outright or with a mortgage, thus meeting their housing needs through the open market.

Conclusion

This Local Housing Market Assessment has utilised the Welsh Government's approved methodology to assess the housing market within Merthyr Tydfil from 2014-2019. It replaces the externally produced LHMA (2010).

Housing Market Trends

As at September 2015, the average housing price in Merthyr Tydfil was £109,074 (see table 5). The average terrace property in Merthyr cost £78, 274 to buy in September 2014 (table 5). The lowest price averaged terraced property could be bought in Bedlinog for £63,856 (table 6) and the most expensive averaged terraced house was in the Cyfathfa Ward and was £90,500 (table 6).

Household Preferences

The analysis of the housing register (table 9) highlights the Wards where applicants want to live and the number of bedrooms that they want in their home.

The Town Ward was the area where most people wanted to live (19 % of all applicants). There is a critical need for one and two bedroom properties, with 55 % of applicants needing a one bedroom property and a further 29 % needing a two bedroom property. .

Headline Housing Need

The LHMA 2014 identified a need for up to 1,830 units of affordable housing up until 2019; comprising of 1,690 social rented units and 140 LCHO/IR units.

The annual affordable housing need of 366 units represents an increase from the LHMA which was produced in 2010 (62 units per annum). This can be attributed to more accurate data being used (due to a new housing register in place) and the on-going effects of the recession which means that more people are in need of affordable housing.

In total, there is a shortfall of:

- 338 social rent units per annum;
- 28 LCHO/IR units per annum.

Of the social rented units, it is anticipated that, between approximately 7 % and 20 % of new housing will need to be supported or adapted based on the number of people on the register.

