

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive Committee
Date:	18 July 2016
Subject:	Local Housing Market Assessment 2016
Portfolio Holder(s):	Councillor Aled Morris Jones
Head of Service:	Shan Lloyd Williams
Report Author: Tel: E-mail:	Lucy Reynolds, Housing Strategy and Development Manager Ext 2225 lucyreynolds@ynysmon.gov.uk
Local Members:	All

A –Recommendation/s and reason/s
<p>Executive Committee is recommended to approve the Local Housing Market Assessment for Anglesey</p> <ul style="list-style-type: none"> • for submission to Welsh Government • to be used as a significant source of base line evidence for housing requirements on the island. <p><u>Section 1 - Background</u></p> <p>A Local Housing Market Assessment (LHMA) is a detailed analysis of the local housing environment. It includes an assessment of housing need and a discussion of housing market dynamics. The Anglesey LHMA provides evidence for officers in the Council's Housing Department and Joint Planning Policy Unit on housing trends over the forthcoming 5 years and beyond. In particular it provides indicators of the tenure and size of new homes needed.</p> <p>The Welsh government requires that all local authorities produce a LHMA and that it be updated every two years. The LHMA should follow guidance issued by Welsh Government in 2006 and supplemented in 2014.</p> <p>Isle of Anglesey Council Executive approved the 2013 LHMA in July 2013, an update was commenced in late 2015. A summary document which brings together the main findings of the 2015 LHMA update is provided at section 2 of this report. In addition the full report which explains in the detail the methodology used is provided as an appendix. Work on an updated LHMA was commissioned from HDH Planning and Development Ltd in association with AMEC and Aecom. The same consultancy also produced the 2013</p>

Assessment.

It should be noted that the Assessment includes two different models which help understand future needs which are briefly described in the summary below. They provide different figures on housing needs as they have different starting points:

- Part 3 of Section 2 below summarises an approach which models the tenure and size of new homes to be developed in the period up to 2033. It takes as its starting point the population and household increases which form the basis of the Local Development Plan housing. It then recommends the most advisable tenure and size type to achieve a balanced housing market that most adequately serves the needs of Anglesey.
- Part 4 of Section 2 provides figures on current affordable housing need calculated in accordance with the four step model required in the Welsh Government guidance. This is based on survey data including people in unsuitable housing and emerging households will not be able to afford market housing. The headline figure indicates the total extent of underlying housing need but it is not indicative of the number of new affordable homes that will be developed.

Section 2 - Summary of Local Housing Market Assessment main findings

The following provides a summary of key findings of the five themes of the LHMA

1) Socio-economic findings

- i) The Census indicates that in 2011 the population of the County was 69,751 and that since 2001 the population has increased by 4.4%. The size of the household population has increased at a faster rate between 2001 and 2011 by 7.7%.
- ii) The Isle of Anglesey contains a lower proportion of the population that are of working age than is found regionally and nationally. The Black, Asian and Minority Ethnic population of the Isle of Anglesey is just 1.8% of the total population.
- iii) There has been a notable growth in part-time employment in the Isle of Anglesey over the last ten years, whilst the number of people in full-time employment has risen more modestly.
- iv) In the Isle of Anglesey the proportion of economically active residents who are unemployed is currently 2.8% and this figure has fallen over the last 12 months.
- v) The Isle of Anglesey has a similar proportion of residents working in professional or technical jobs as is found nationally. The County also contains a lower than average level of working-age residents without any qualifications.
- vi) The median earned income for employees in the Isle of Anglesey in 2015 is £25,022, slightly lower than the national average (£25,189).

vii) The recent Census indicates that in 2011 there were 34,183 dwellings in the Isle of Anglesey and that since 2001, the dwelling stock had increased by 10.1%. The most common property type in the County is detached houses, followed by terraced dwellings.

viii) The 2011 Census indicates that 68.8% of households in the Isle of Anglesey are owner-occupiers, 14.6% reside in social rented accommodation and 14.1% rent privately. The private rented sector has grown by over 60% in the County between 2001 and 2011. This substantial growth is similar to national trends.

2) The cost and affordability of housing

i) According to data from the Land Registry, the mean house price in the Isle of Anglesey in the first quarter of 2015 was £186,229, higher than the average for Wales as a whole. Data shows that whilst prices have remained largely static since the economic downturn, the number of property sales has fallen notably.

ii) The cost of housing by size was assessed for all tenures across the County. Entry-level prices in the Isle of Anglesey range from £80,000 for a two bedroom home in the Holyhead price market, up to £312,500 for a four bedroom property in the Menai Straits price market. Entry-level rents in the Isle of Anglesey range from £350 per month for a one bedroom home in Holyhead price market up to £675 per month for a four bedroom property in the Menai Straits price market.

iii) Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between each tenure shows that there is a large income gap between the social rent and market entry.

3) Improving market balance over the long-term

i) The demographic projections for the Isle of Anglesey indicate significant increases in particular age cohorts of the population, including those aged 90 and over. Overall this scenario suggests that the household population will rise by 2,420 by 2026 and by 3,960 by 2033, which equates to 220 households per year.

ii) In terms of the accommodation required to provide housing market balance over the plan-period, the model, which is based on primary and secondary data, suggests that of the new housing required up to 2026, 70% should be market, 3% shared ownership/help-to-buy, 17% intermediate rent and 10% social rented. The new housing required by 2033 should be 73% market, 3% shared ownership/help-to-buy, 17% intermediate rent and 7% social rented.

iii) The model also indicates that new market accommodation should principally be

two, three and four bedroom homes with a range of dwelling sizes required in the affordable sector.

4) Affordable housing need

- i) Following the stages of the housing needs assessment model specified by the LHMA Guide results in a net need estimate of 398 affordable dwellings per year in the Isle of Anglesey. Refining the model to reflect the local housing market, the net need figure becomes 182 affordable dwellings per year.
- ii) Help-to-buy, shared ownership and Intermediate Rent set at 80% and 70% of median market rates could all contribute towards meeting housing need.
- iii) A range of affordable accommodation sizes are required, but the need for four bedroom homes is particularly acute because of scarcity of supply.

5) Requirements of specific groups

Older Person Households

- i. Population projections indicate that the population aged 65 or over in the Isle of Anglesey is going to increase notably from 17,512 in 2015 to 20,947 in 2026, a rise of 19.6%.
- ii. Using modelling techniques the following tenure split in types of general needs accommodation for pensioner households is indicated:

86% should be market housing, 3% should be shared ownership / intermediate rental and 10% social rented. In terms of size 59% should be one or two bedrooms and 41% three or more bedrooms.
- iii. The stock of specialist accommodation (eg Extra Care) is insufficient to meet future need. Council are undertaking further work to establish the level of additional provision required.

Households with specific needs

- i. 23.1 % of the resident population in Isle of Anglesey have a long-term health problem or a disability.
- ii. Using modelling techniques the following tenure and size split is indicated to provide suitable accommodation for those with support needs households in 2026:

70% would require market housing , 5% would require intermediate housing, 25% would require social rented housing. In terms of size, 56 % should be one and two bedrooms and 44% three bedrooms or more.

Families with children

- i. 33% of the household population on Anglesey are families with children which is lower than the national average of 36.6%.
- ii. Lone parents are notably more likely than non-family with children households to be in both private rented and social rented accommodation.
- iii. Families with children are more likely to be over-crowded and less likely to be underoccupying than other types of households.
- iv. Using modelling techniques the following tenure and size split is indicated to provide suitable accommodation for households with children in 2026

74% would require market housing , 11% would require intermediate housing, 15% would require social rented housing. In terms of size 13 % should be two bedrooms , 50% should be three bedrooms and 36% four or more bedrooms.

The private rented sector

- i. There was a 60% increase in the private rented section in Anglesey between 2001 and 2011. 16.8% of the population are currently estimated to live in the private rented sector.
- ii. The number of households in this sector supported by housing benefit on Anglesey is 35%. This figure has remained consistent over the last four years.
- iii. Benefit supported households in the private rented sector are much more likely to contain pensioner households and lone parent households than the non-benefit-supported sector.

Section 3 - Making use of the LHMA

The indicators on housing demand and the need for affordable housing are important evidence for the housing and planning policy departments to act on in identifying housing priorities and developing planning guidance and affordable housing programmes.

Information on housing need will be used to help plan the Council's housing development programme. The LHMA identified a need of 398 affordable dwelling per year over the next five years. It is important to note this figure is not the number of affordable housing units to be built each year. It helps signify the nature of the problem. The need for affordable

housing will be met through a variety of mechanisms including making better use of existing stock (e.g. bringing empty properties back into use) and making better use of the private rented sector in addition to new development. Housing Services will develop an operational plan to set out the requirements for affordable housing identified in the assessment and to monitor the progress towards delivering the right numbers and mix of housing.

In addition to the LHMA evidence it should be noted that when the need for affordable housing at local level is considered, information from the common housing register for Anglesey which provides information on those needing social housing, the Tai Teg register for those seeking intermediate housing and Rural housing surveys which may be commissioned in specific rural settlements, also provide information at settlement level.

The updated Local Housing Market Assessment will form baseline evidence for the Council's Position Statement on construction workers accommodation for Wylfa Newydd which is in development by the same consultancy firm. The Position Statement will establish the approach which the Council would wish to see followed when consideration is given to how and where construction workers associated with the proposed Wylfa Newydd Power Station should be accommodated.

B – What other options did you consider and why did you reject them and/or opt for this option?

Not applicable. There is requirement by Welsh Government that local authorities produce a Local Housing Market Assessment every two years.

C – Why is this a decision for the Executive?

The council has a statutory requirement to submit a Local Housing Market Assessment update to Welsh Government every two years. The Executive needs to approve the LHMA as an important part of the evidence base for strategic housing decisions for the island.

CH – Is this decision consistent with policy approved by the full Council?

Not applicable.

D – Is this decision within the budget approved by the Council?
Not applicable.

DD – Who did you consult?	What did they say?
1 Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2 Finance / Section 151 (mandatory)	
3 Legal / Monitoring Officer (mandatory)	
4 Human Resources (HR)	
5 Property	
6 Information Communication Technology (ICT)	
7 Scrutiny	
8 Local Members	
9 Any external bodies / other/s	

E – Risks and any mitigation (if relevant)	
1 Economic	
2 Anti-poverty	
3 Crime and Disorder	
4 Environmental	
5 Equalities	
6 Outcome Agreements	
7 Other	

F - Appendices:
Local Housing Market Assessment for Anglesey 2015

FF - Background papers (please contact the author of the Report for any further information):
Welsh Government publications: Local Housing Market Assessment Guide (March 2006) 'Getting Started With Your Local Housing Market Assessment. A Step by Step Guide' (November, 2014)



Report 1: Local Housing Market Assessment Update

May 2016

Important Notice

This report has been prepared this report for the sole use of the Isle of Anglesey County Council in accordance with the proposal and instructions under which our services were performed. No other warranty, expressed or implied, is made as to the professional advice included in this report or any other services provided by us. This report may not be relied upon by any other party without the prior and express written agreement of the authors.

Some of the conclusions and recommendations contained in this report are based upon information provided by others and upon the assumption that all relevant information has been provided by those parties from whom it has been requested. Information obtained from third parties has not been independently verified by the authors, unless otherwise stated in the report. The recommendations contained in this report are concerned with affordable housing and current planning policy, guidance and regulations which may be subject to change. They reflect a Chartered Surveyor's perspective and do not reflect or constitute legal advice and the Council should seek legal advice before implementing any of the recommendations.

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

HDH Planning and Development Ltd Clapham Woods Farm, Keasden, Nr. Clapham, Lancaster. LA2 8ET simon@hdhplanning.co.uk 015242 51831 / 07989 975 977	Amec Foster Wheeler Environment & Infrastructure UK Ltd Canon Court, Abbey Lawn, Abbey Foregate, Shrewsbury SY2 5DE david.kenyon@amecfw.com +44 (0)1743 342000	AECOM 6-8 Greencoat Place, London, SW1P 1PL
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1. Introduction

Purpose

- 1.1 A Local Housing Market Assessment (LHMA) was originally published for the Isle of Anglesey in April 2013 based on data collected in June and July 2012. This examined the local housing market, identifying both the level of affordable housing need and the tenure and size of housing required to best accommodate the future population in the County. The report went beyond the scope of a traditional LHMA to also analyse the potential impact on the housing market of the Energy Island Programme in the Isle of Anglesey. The Energy Island Programme aims to make Anglesey a global centre of energy research and development. The programme has the potential to create 2,500 net additional jobs to 2025, alongside a peak of up to 9,200 construction jobs associated with the proposed new nuclear build at Wylfa.
- 1.2 This LHMA update report is being produced for two reasons, firstly because the Welsh Government requires the LHMA outputs to be updated biannually, and secondly because Horizon, the company behind the new power station, is producing an updated accommodation strategy in light of the latest Energy Island plans and the impact of this on the wider housing market needs to be reappraised. The evidence produced within this study will form the basis of the Council's Housing Strategy and part of the evidence base for the Local Development Plan. This study also provides the baseline 'without Wylfa' scenario against which 'with Wylfa' scenarios can be assessed in the next stage of the commission. Whilst the Energy Island Programme will affect the wider North West Wales area, this LHMA is restricted to focusing on the impact on the Isle of Anglesey.
- 1.3 This update report will assess the appropriate policy response within the current market conditions. This is done by examination of secondary data and through analysis of the updated household survey dataset. The dataset is updated by applying the changes in secondary data to the existing primary data as described in Appendix A1. This report will present the results in accordance with the latest Government Guidance.

Government Guidance

- 1.4 National Planning Policy is set out in Planning Policy Wales Edition 7 (July 2014). Paragraph 9.1.4 of Planning Policy Wales sets out the role of this LHMA.

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).

- 1.5 Planning Policy Wales outlines how a LHMA fits into the wider housing policy framework, and the Local Housing Market Assessment Guide (March 2006) (LHMA Guide) sets out

how the various elements of a LHMA should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need.

- 1.6 The Welsh Government has more recently published *'Getting Started With Your Local Housing Market Assessment. A Step by Step Guide'* (November, 2014) following on from a previous iteration of this title published in March 2012. This guide focuses only on one element of the LHMA: the assessment of the need for affordable housing. This guide *'has been developed to supplement and not to replace the comprehensive and detailed Welsh Assembly Government LHMA guidance'*. It sets out a process where councils can use secondary data to calculate the extent of housing need within the authority, although it is acknowledged that *'the 'headline' housing need figure calculated by this approach should not be used as a definitive measure of need or as a target figure. Rather it should be used to improve the scale of local housing need.'*
- 1.7 This report has not followed the exact methodology set out in this 'Step by Step Guide', but instead has followed the more specific steps in the equivalent methodology set out in the LHMA Guide. Both of these approaches use the same broad stages to derive the overall estimate of housing need. The approach taken in this report to calculating housing need, which includes the use of primary data, is preferred as it allows greater analysis of the overall figure derived (including considerable detail on the type of households in need and also the size of affordable accommodation required within the different affordable tenures). It is also allows a direct comparison with the results produced in the previous LHMA, which were derived using the same methodology and avoids reliance on the Council's Housing Register, one of the principal sources in the 'Step by Step Guide' over which there are concerns over the quality of data held for the purpose of the model.
- 1.8 Furthermore, the use of primary data allows housing need to be understood in the context of the analysis of the housing requirement across the whole market and also the analysis of the accommodation requirements arising from the Energy Island Programme. Both of these are key outputs of the study and require primary data to produce sufficiently detailed outputs.

Report coverage

- 1.9 This report is focused on producing the core outputs of a LHMA. This report is therefore limited to:
- Examination of the latest data on the labour market and the resident population and a profile of the housing stock in the County and the changes that have occurred to it.
 - Analysis of the price of property in the Isle of Anglesey and the affordability of housing for residents.
 - Production of an analysis of the entire housing market within the long term balancing housing markets (LTBHM) model.

- Calculation of outputs for the affordable housing needs model in accordance with the Practice Guidance approach.
- An analysis of the specific housing situation of the particular sub-groups of the population.
- The 2015 Local Housing Market update provides comprehensive information about the Local Housing Market for the local authority area and provides an assessment of the needs in the three broad price areas identified on the island.

1.10 It is acknowledged that in dealing with specific applications the Council's Planning Service may require housing needs information at a more local level. The Council maintains a waiting list for those seeking social housing and a register for those seeking affordable home purchase or intermediate rent. In addition Rural Housing Needs surveys have been undertaken in some areas. These sources provide the most up to date and localised information to understand local needs.

1.11 Once agreed with the Council, this report will be taken forward to examine the housing requirements of the prospective new construction workers required as a result of the Energy Island Programme and the impact on the wider housing market of a relatively large influx of people – particularly as many will only be short-term residents. The report will also go on to consider the new accommodation required to house the permanent employees associated with the Energy Island, the means by which this accommodation can be provided, and preferred locations. The preferred approach will be developed through the testing of different scenarios.

2. Socio-economic context

Summary

- i) The Census indicates that in 2011 the population of the County was 69,751 and that since 2001 the population has increased by 4.4%. The size of the household population has increased at a faster rate between 2001 and 2011 by 7.7%.
- ii) The Isle of Anglesey contains a lower proportion of the population that are of working age than is found regionally and nationally. The Black, Asian and Minority Ethnic population of the Isle of Anglesey is just 1.8% of the total population.
- iii) There has been a notable growth in part-time employment in the Isle of Anglesey over the last ten years, whilst the number of people in full-time employment has risen more modestly.
- iv) In the Isle of Anglesey the proportion of economically active residents who are unemployed is 2.8% currently and this figure has fallen over the last 12 months.
- v) The Isle of Anglesey has a similar proportion of residents working in professional or technical jobs as is found nationally. The County also contains a lower than average level of working-age residents without any qualifications.
- vi) The median earned income for employees in the Isle of Anglesey in 2015 is £25,022, slightly lower than the national average (£25,189).
- vii) The recent Census indicates that in 2011 there were 34,183 dwellings in the Isle of Anglesey and that since 2001, the dwelling stock had increased by 10.1%. The most common property type in the County is detached houses, followed by terraced dwellings.
- viii) The 2011 Census indicates that 68.8% of households in the Isle of Anglesey are owner-occupiers, 14.6% reside in social rented accommodation and 14.1% rent privately. The private rented sector has grown by over 60% in the County between 2001 and 2011. This substantial growth is similar to national trends.

Introduction

- 2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. The most recent data available on these topics at the time of the 2013 report was generally from 2011. This chapter uses information that has been published more recently to document the current socio-economic profile in the Isle of Anglesey and how it has changed.

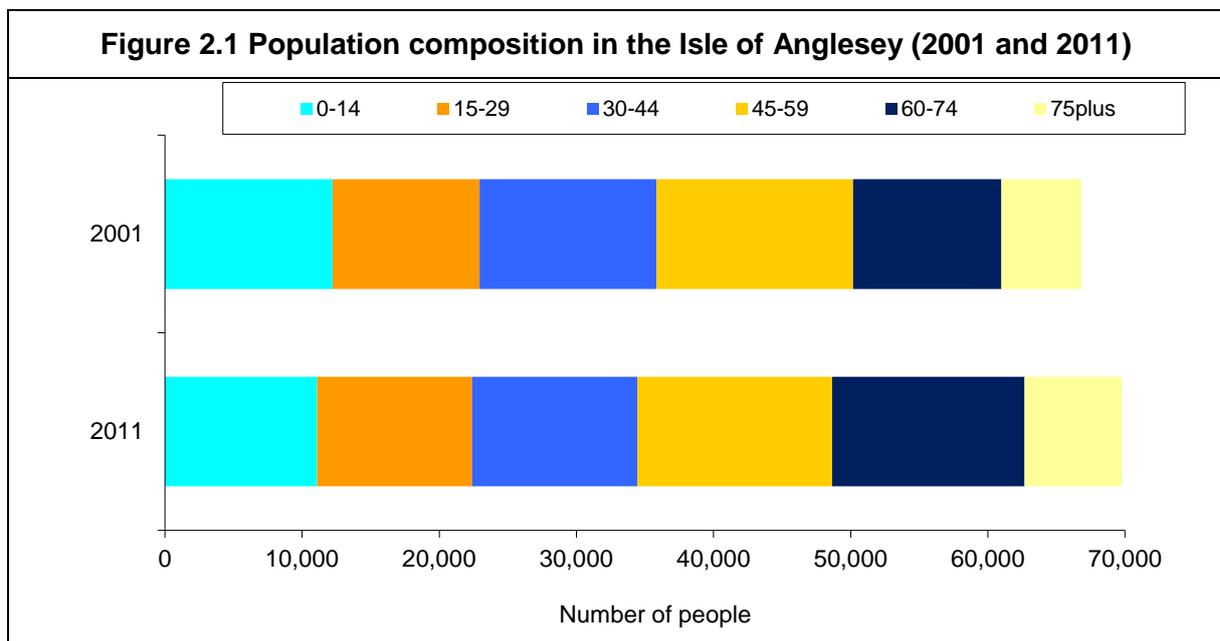
2.2 Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. A range of data sources, including the 2011 Census, will be used to provide an overview of the housing stock in the Isle of Anglesey and a comparison to the national situation will be presented where the data is available.

Demography

2.3 The United Kingdom 2011 Census data provides a comprehensive profile of the population in the Isle of Anglesey and how it has changed since the previous Census, information that was not available when the previous report was published.

Population

2.4 The Census indicates that the resident population in the Isle of Anglesey in 2011 was 69,751 and that since 2001 the population had increased by 4.4%, just under 3,000 people. In comparison the population of Wales increased by 5.5% between the 2001 and 2011 Census. Figure 2.1 illustrates the age composition of the population in the Isle of Anglesey in 2001 and 2011 according to the Census. It shows that since 2001 the number of people aged 60 to 74 has markedly increased as has the population of the County aged 15 to 29, and 75 and over. In contrast the number of people aged between 30 and 44 has decreased as has the size of the population under 15.



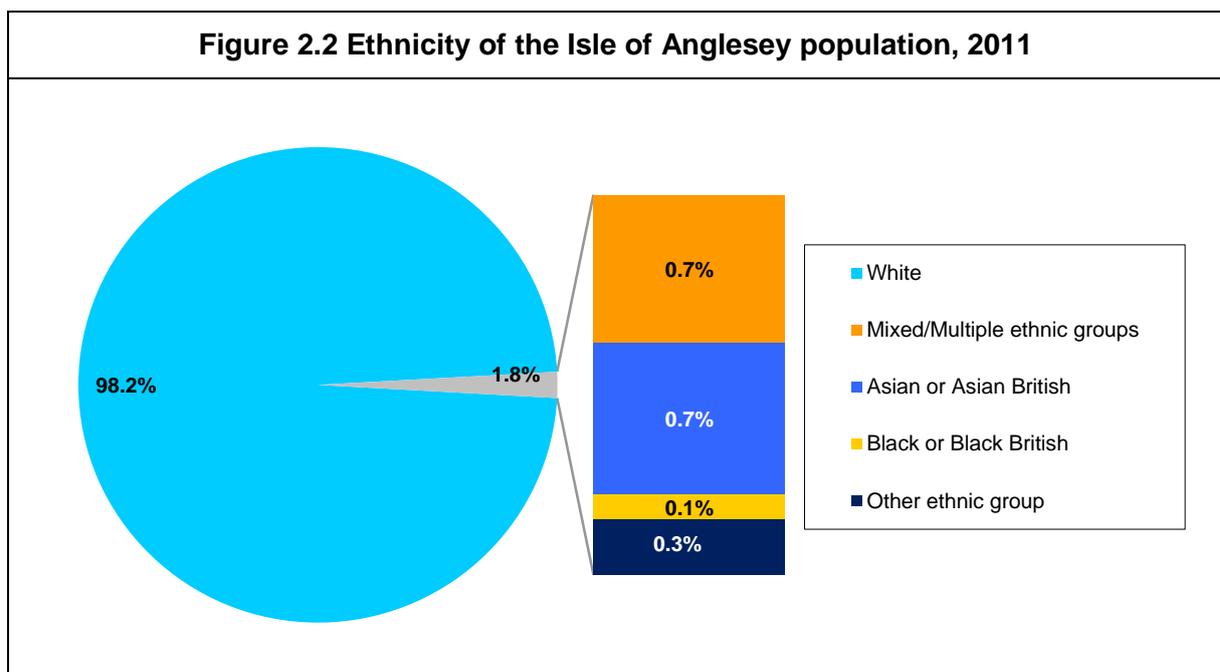
2.5 The 2011 Census figures also indicate that the Isle of Anglesey contains a lower proportion of the population that are of working age than is found nationally: 60.6% in the County compared to 63.5% across Wales. In contrast the population of older people (those 65 or over) in the Isle of Anglesey is larger than is found nationally; 22.4% compared to 18.4% in Wales.

2.6 The 2011 Census indicates that the population density in the Isle of Anglesey is 100 people per km², an increase from 94 people per km² in 2001. The 2011 figure for Wales is 150 people per km².

Ethnicity

2.7 According to the 2001 Census, the proportion of Black, Asian and Minority Ethnic (BAME) (non-White) groups in the Isle of Anglesey was 0.7% lower than the national average (2.1%). The 2011 Census suggests that the BAME population has increased, to 1.8% of the total population in the Isle of Anglesey, which is still notably smaller than the national figure (4.4% in Wales).

2.8 Figure 2.2 presents the ethnicity of the population in the Isle of Anglesey in 2011. The 'Mixed/Multiple Ethnic Groups' and 'Asian or Asian British' represent the largest BAME groups in the Isle of Anglesey County (each comprising 0.7% of total population). It should be noted that the 'White' group includes 'White Irish' (0.7%), 'White Gypsy or Irish Traveller' (0.1%) and 'White Other' (0.9%) as well as 'White British' (96.6%).



Source: 2011 Census

2.9 The Census reveals that just 0.4% of the population of the Isle of Anglesey in 2011 had been resident in the UK for less than two years, compared to 0.9% across Wales. The overwhelming majority of the population of the Isle of Anglesey have resided in the UK for over 5 years (including those born in the UK), 99.3% in the Isle of Anglesey compared to 98.1% nationally.

Number of households

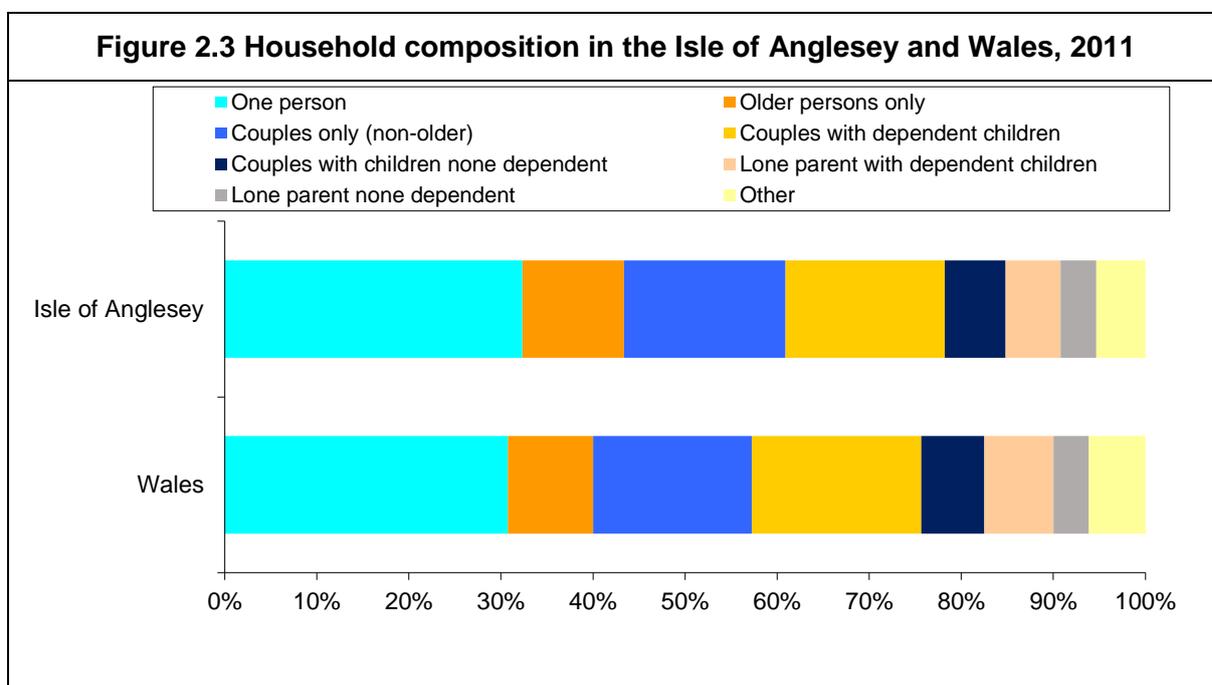
2.10 The 2011 Census revealed that the household population in the Isle of Anglesey has increased by 7.9% since 2001. This compares to the national average of 7.7%. In the Isle

of Anglesey, the number of households has risen at a faster rate than the population between 2001 and 2011; this implies that the average size of households is falling, as is illustrated in Table 2.1.

Table 2.1 Change in average household size in the Isle of Anglesey, 2001 to 2011		
	2001	2011
Population in households	66,301	68,941
Households	28,356	30,594
Average household size	2.34	2.25

Source: 2001 & 2011 Census

- 2.11 It is interesting to note that this average household size of 2.25 compares to an average of 2.9 bedrooms per household in the Isle of Anglesey according to the 2011 Census. The 2011 Census also indicates that 2.3% of households in the Isle of Anglesey had fewer bedrooms than they required (compared to 3.0% across Wales).
- 2.12 Figure 2.3 compares the household composition in the Isle of Anglesey in 2011 with that recorded for Wales. The data indicates that lone parent households constitute 9.8% of all households in the Isle of Anglesey compared to 11.4% nationally. The figure also shows that some 32.3% of households in the Isle of Anglesey contain only one person, notably higher than the national figure (30.8%).

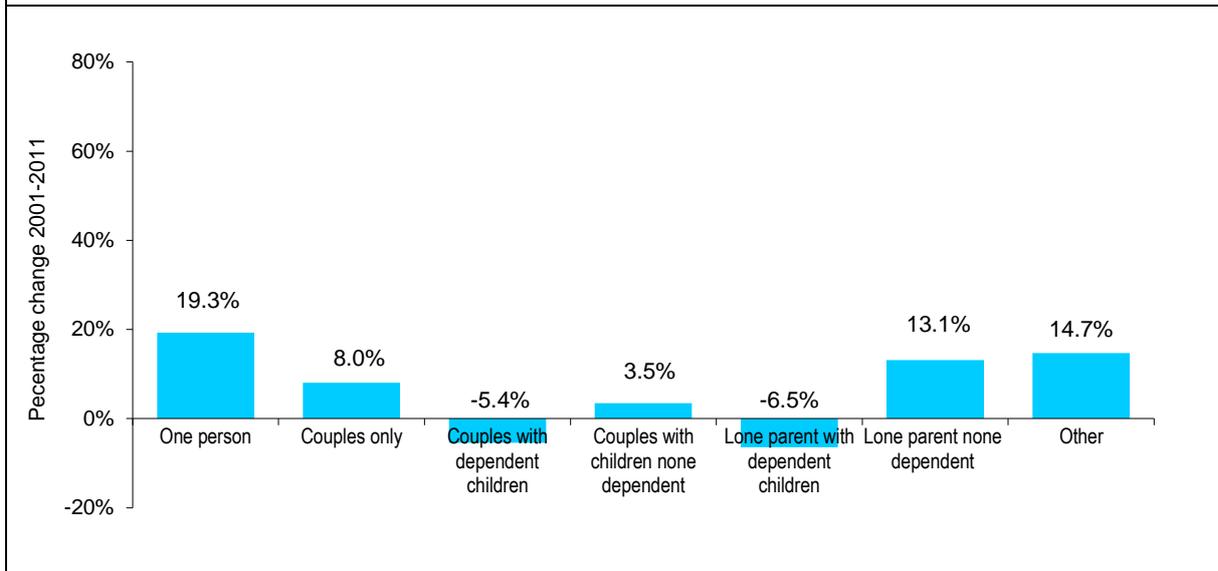


Source: 2011 Census

- 2.13 Figure 2.4 shows the change recorded between the 2001 and 2011 Census for the different household groups in the Isle of Anglesey. The figure shows that one person

households have increased the most, followed by ‘other’ and lone parent households (although from a very low base). It is interesting to note that couples with only non-dependent children have increased whilst the number of couples with dependent children has declined. This suggests that household formation rates amongst young adults may have reduced.

Figure 2.4 Change in household types resident in the Isle of Anglesey 2001 to 2011



Source: 2001 & 2011 Census

Economy

- 2.14 Considerable data is available on the economic context in the Isle of Anglesey, which enables a profile of the current local economy to be presented.

Employment in the Isle of Anglesey

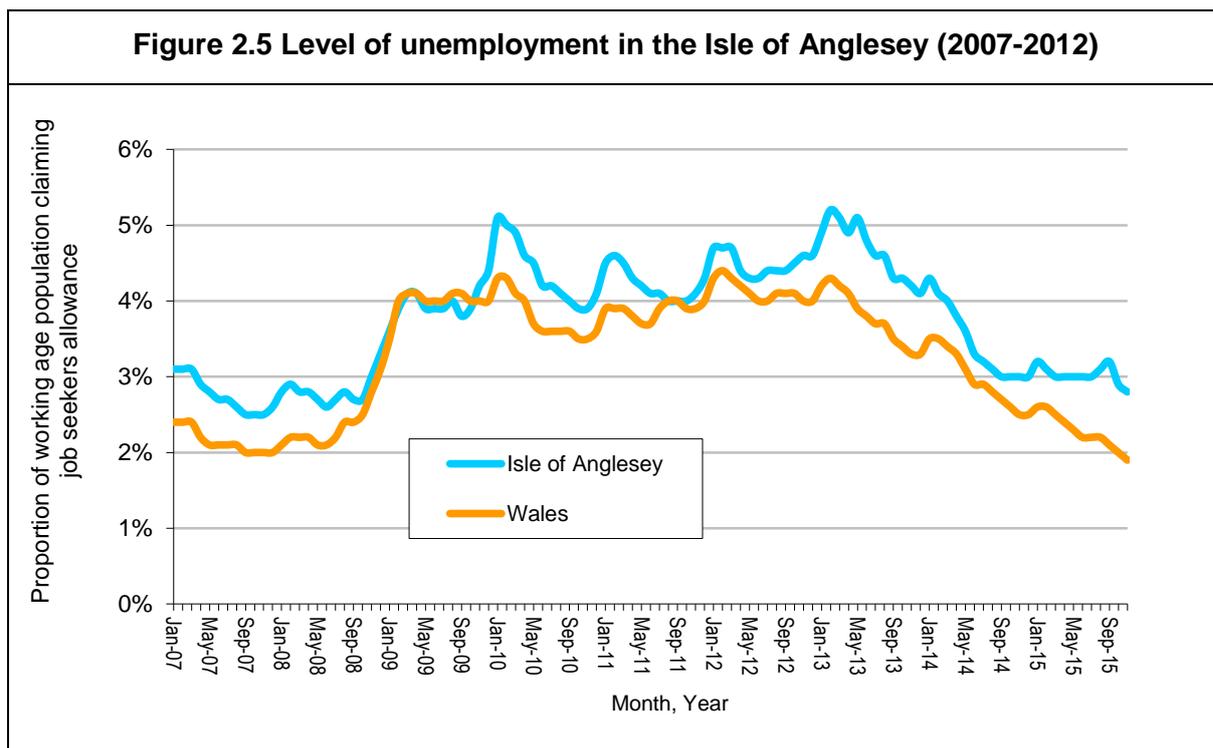
- 2.15 NOMIS¹ data on ‘job density’ (this is a measure of the number of jobs per person of working age) for 2013 shows that there are 0.60 jobs per working age person in the Isle of Anglesey, compared to 0.72 jobs per working age person for Wales as a whole. The Isle of Anglesey however, records a better job density in 2013 than in 2006, before the start of the economic downturn, (an increase from 0.59).
- 2.16 Measured by the Office of National Statistics Business (ONS) Register and Employment Survey there were 19,000 employee jobs in the Isle of Anglesey in 2014. This is a 3.6% decrease from the highest level recorded (2009). This decrease compares to an increase of 3.6% nationally over the same time period.

¹ NOMIS is a website provided by the Office of National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk

- 2.17 Data is also available from the ONS about the number of businesses in the area and how this has changed over the last few years (older data is not available as ONS changed the information collected in 2010). This can provide a good indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 2.18 ONS indicates that the number of enterprises in 2015 in the Isle of Anglesey was 2,475; the highest level recorded (there were 2,335 enterprises in 2010 when the dataset began). A similar proportion of enterprises are micro (with 9 or fewer employees) across the Isle of Anglesey (90.1%) and Wales (88.8%).

Employment profile of residents in the County

- 2.19 Although the overall economic performance of the Isle of Anglesey provides important context, an understanding of the effect of the economic climate on the resident population is more pertinent to this study.
- 2.20 The Census provides an overview of the employment situation in the Isle of Anglesey in 2011. It shows that of all residents in work in the Isle of Anglesey (excluding those who are also students), 17.7% are self-employed, with 58.7% full-time employees and 23.6% part-time employees. The level of self-employment is higher than the national average (14.9%). Since the 2001 Census the number of part-time employees in the Isle of Anglesey has increased by 29.3%, and the number of full-time employees has risen by 8.2%. The number of self-employed residents in the County has increased by 23.0%.
- 2.21 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a very up-to-date measure of the level of unemployment of residents in an area. Figure 2.5 shows the change in the proportion of the working age population claiming Job Seekers Allowance in the Isle of Anglesey since January 2007. The figure indicates that the Isle of Anglesey unemployment level, whilst fluctuating notably, has been consistently higher than the level for Wales. Currently 2.8% of the working age population in the Isle of Anglesey are unemployed, higher than the national figure of 1.9%.
- 2.22 Unemployment in the Isle of Anglesey as at November 2015, was 4.8% higher than the level recorded before the economic downturn (November 2007). This compares with a decrease in unemployment of 0.5% across Wales over the last eight years (November 2007 to November 2015). Over the last twelve months, unemployment has fallen notably in the Isle of Anglesey (by 8.0%) and dramatically across Wales (by 22.0%).



Source: ONS Claimant count

- 2.23 It is worth noting that the Isle of Anglesey has a fairly high proportion of young people unemployed; 3.6% of 18 to 24 year olds in the County are unemployed compared to 2.1% nationally. The level of long-term unemployed (more than 12 months unemployed) is however less remarkable at 1.0% of the working age population, which compares to 0.6% for Wales.
- 2.24 The Census presents a ‘Standard Occupation Classification’ which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As Table 2.2 illustrates, some 35.2% of employed residents in the Isle of Anglesey work in Groups 1 to 3, and this is very similar to the figure for Wales as a whole. The Isle of Anglesey has a lower proportion of the workforce in occupation groups 8 to 9 than is found nationally, with the reverse true for occupation groups 4 to 5. The table also shows that, since the 2001 Census, there has been a considerable increase in the number of people resident in the Isle of Anglesey employed within Groups 6 to 7.

Table 2.2 Occupation structure			
<i>Occupation Groups</i>	<i>Isle of Anglesey 2011</i>	<i>Wales 2011</i>	<i>Change in # of people employed in the Isle of Anglesey since 2001</i>
Group 1-3: Senior, Professional or Technical	35.2%	35.8%	18.9%
Group 4-5: Administrative, skilled trades	26.6%	24.5%	12.5%
Group 6-7: Personal service, Customer service and Sales	19.5%	19.6%	47.8%
Group 8-9: Machine operatives, Elementary occupations	18.7%	20.1%	-4.3%
Total	100.0%	100.0%	16.3%

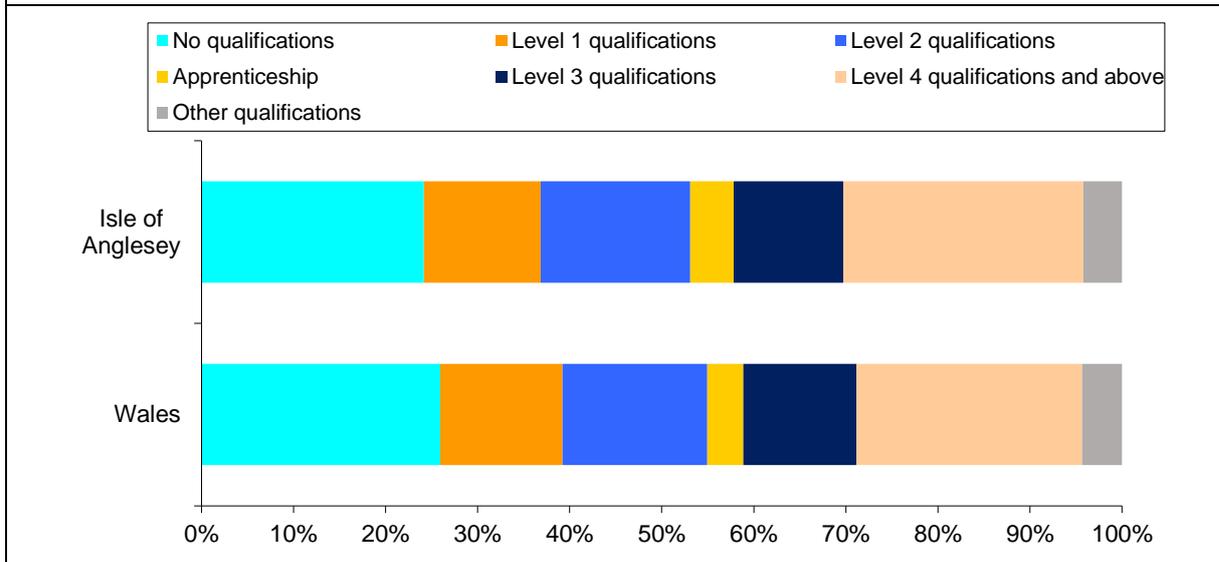
Source: 2001 & 2011 Census

2.25 Analysis of the 2011 Census data indicates that the electricity, gas, steam and air conditioning supply sector is a relatively large employer for residents in the Isle of Anglesey compared to the national average. This is also the case for agriculture, forestry and fishing. Financial and insurance activities and manufacturing however are relatively small employers in the County in comparison to the national average. Comparison with the 2001 Census data indicates that the economy in the Isle of Anglesey has become more diverse over the last ten years in response to the decrease in the relative importance of the manufacturing sector.

Qualifications

2.26 An important factor in the ability of any economy to grow is the level of skill of the workforce. Figure 2.6 shows the highest qualification level of the working-age residents of the Isle of Anglesey, compared to the regional and national equivalents as recorded in the 2011 Census. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-Level) and Level 4 the highest (undergraduate degree or higher). The data indicates that under a quarter (24.2%) of working-age residents in the Isle of Anglesey have no qualifications, lower than the figure for Wales (25.9%). The Isle of Anglesey also has more residents with Level 4 or higher qualifications (at 26.1% compared to 24.5% nationally). In the Isle of Anglesey the proportion of working-age residents without qualifications has reduced since the 2001 Census (when 31.9% had no qualifications), and the proportion with Level 4 or higher qualifications has increased notably (from 18.0%).

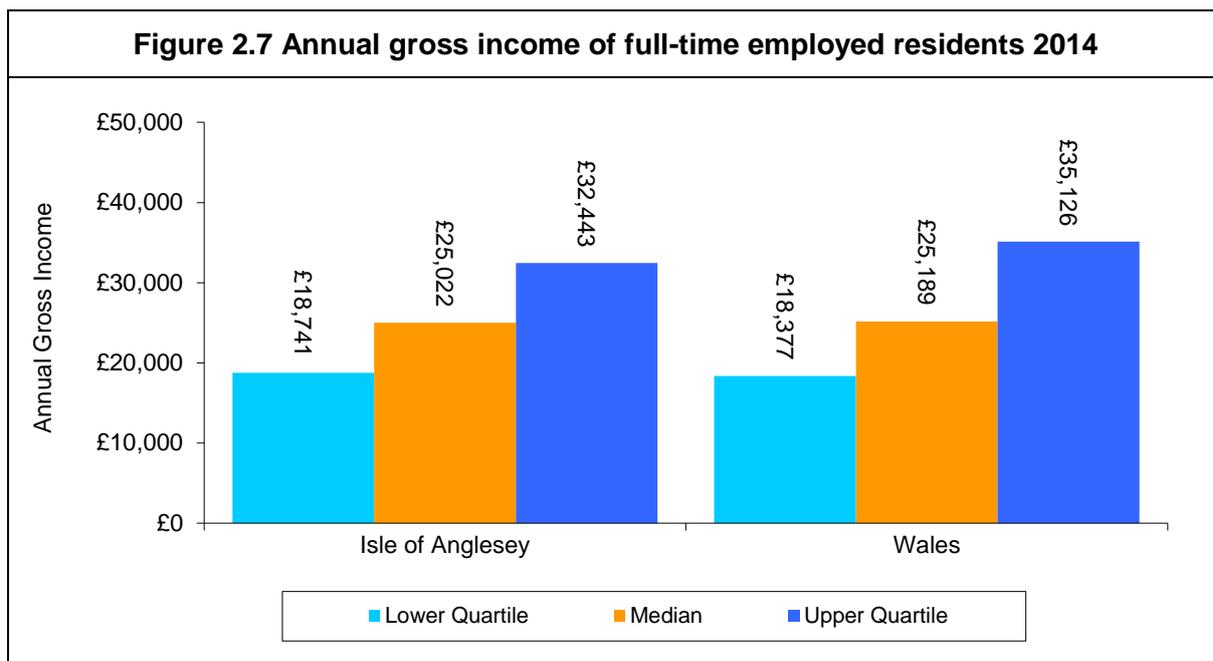
Figure 2.6 Highest qualification level of residents in the Isle of Anglesey and Wales, 2011



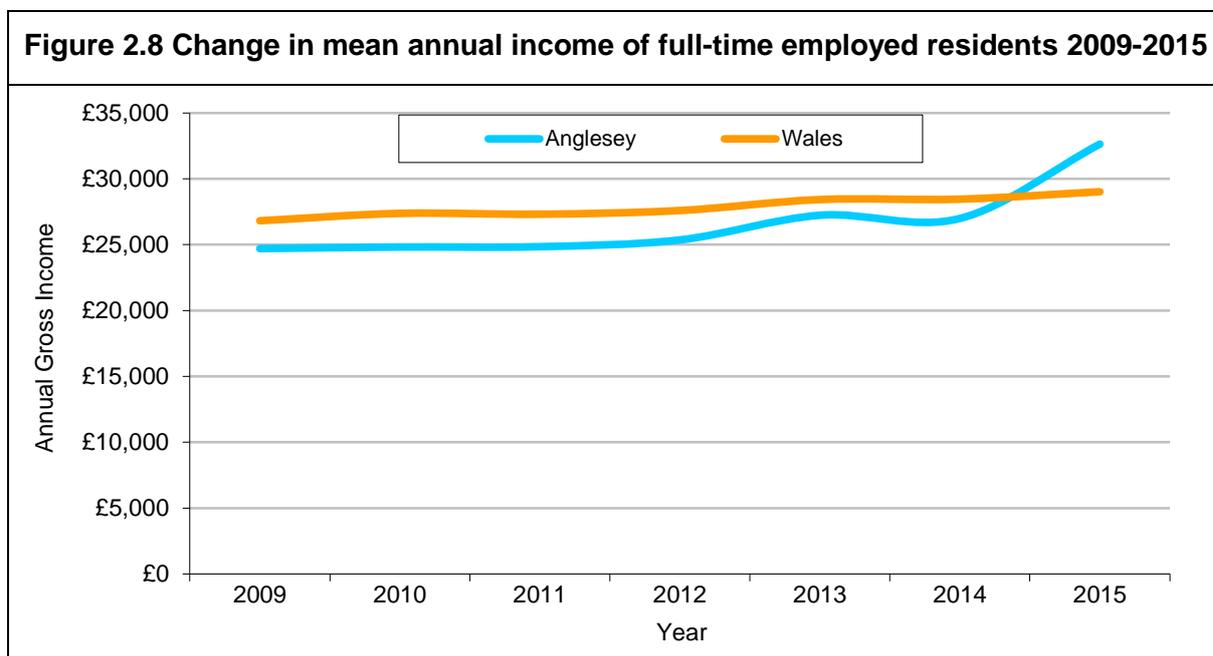
Source: 2011 Census

Income

- 2.27 Income has a core effect on the level of choice a household has when determining their future accommodation. The mean earned income for full-time employees resident in the Isle of Anglesey in 2015 was £32,635, according to the ONS Annual Survey of Hours and Earnings, higher than the national average (£29,016). It is important to note that these figures assess individual incomes rather than household incomes.
- 2.28 As Figure 2.7 shows, the lower quartile and median incomes in the Isle of Anglesey are similar to the national equivalents, however upper quartile incomes are notably lower in the County than is recorded for Wales as a whole. This suggests that there are fewer people earning high incomes in the Isle of Anglesey than nationally, but the higher mean income recorded in the County indicates that there are a notable number of people earning very large incomes.



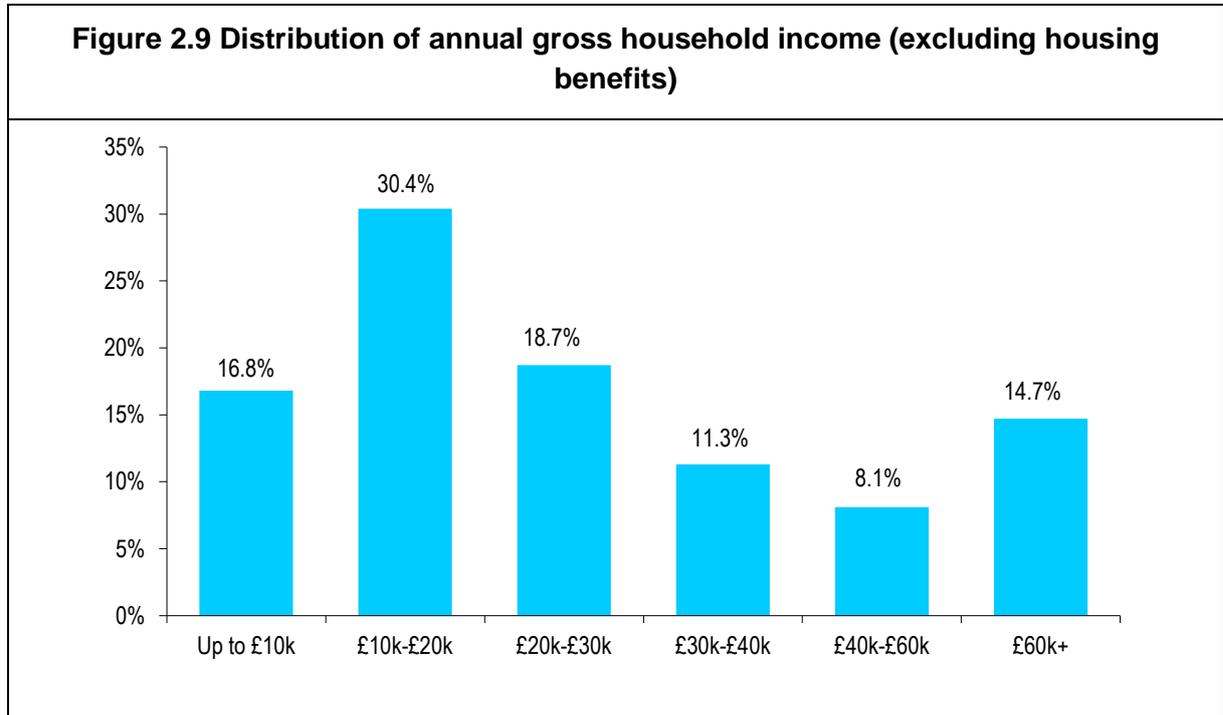
2.29 Figure 2.8 shows the change in the mean income of full-time employees resident in the Isle of Anglesey and Wales since 2009. The Isle of Anglesey has recorded a higher increase since 2009 (at 32.1%) than Wales (8.2%).



Household financial situation

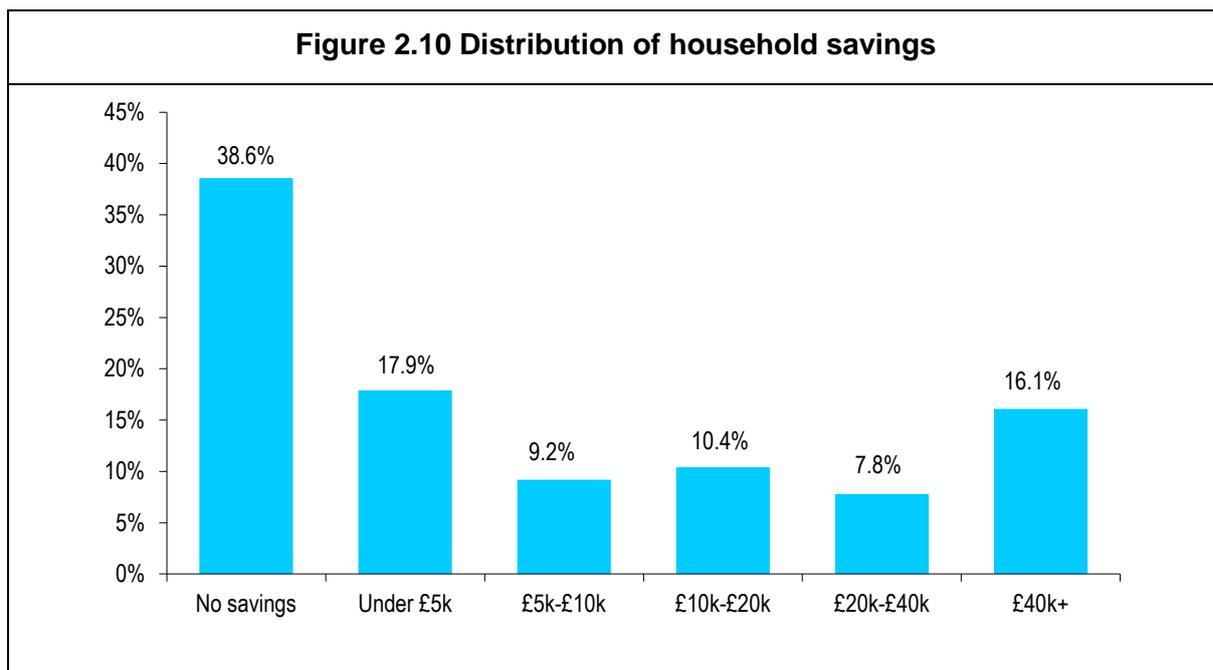
2.30 The household survey dataset collected considerable information on the financial situation of households in the Isle of Anglesey. As described in Appendix A1, this financial profile has been updated so that it reflects the situation in 2015. The updated

household survey dataset estimates that the mean annual gross household income excluding housing benefits in the Isle of Anglesey is £32,684. The median household income is noticeably lower at £24,721. Figure 2.9 shows the distribution of income in the Isle of Anglesey. It is clear that there is a significant range of incomes, with 16.8% of households having an income of less than £10,000, and 14.7% of households having an income in excess of £60,000.



Source: Isle of Anglesey Local Housing Market Assessment update, 2016

2.31 The mean level of household savings in Isle of Anglesey in 2015 is £23,267. The median figure for household savings is currently £3,008. Figure 2.10 shows the distribution of savings in Isle of Anglesey. Households with no savings also include those in debt.



Source: Isle of Anglesey Local Housing Market Assessment update, 2016

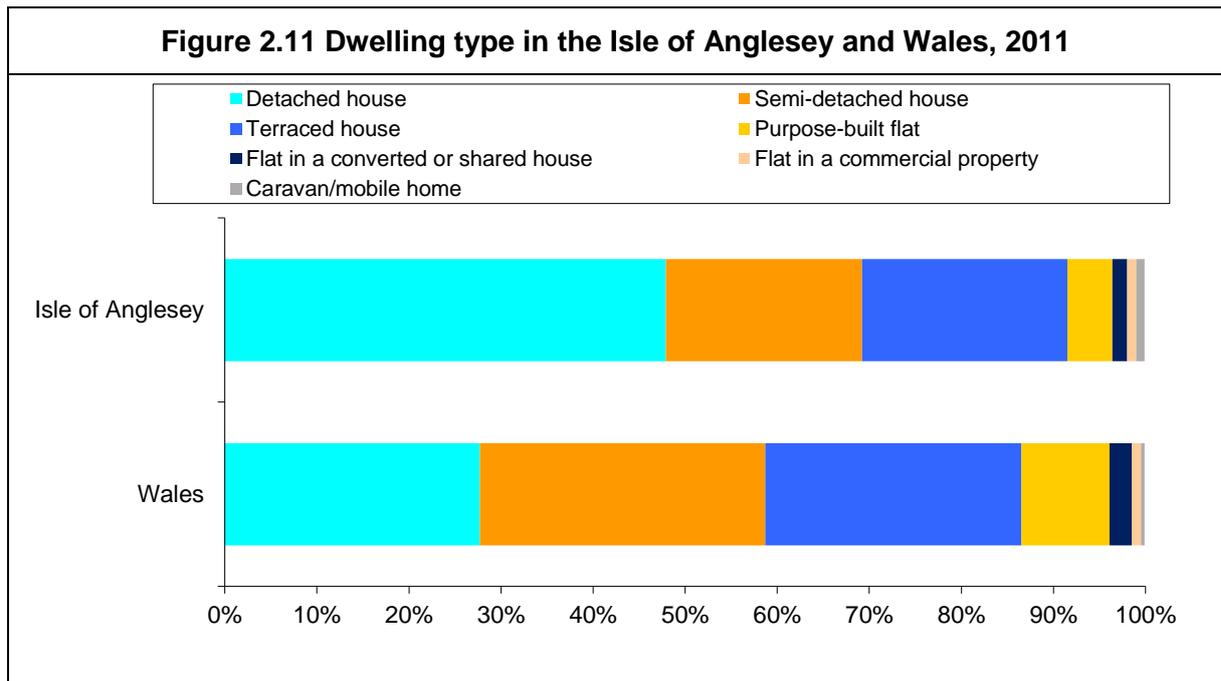
- 2.32 The mean amount of equity that all owner-occupiers (both those with and without mortgages) have in their property is estimated to be £167,127 currently. The median level of equity is £155,953. Overall the household survey dataset indicates that there are about 285 households in Isle of Anglesey in negative equity. This constitutes 1.5% of owner-occupiers in the Isle of Anglesey.

Dwelling stock

- 2.33 The Census indicates that there were 34,183 dwellings in the Isle of Anglesey in 2011, and that since 2001 the number of dwellings has increased by 10.1%, over 3,100 properties. In comparison the dwelling stock in Wales increased by 8.6% between the 2001 and 2011 Census.

Accommodation profile

- 2.34 Figure 2.11 compares the type of accommodation in the Isle of Anglesey in 2011 with that recorded for Wales. The Isle of Anglesey contains more detached houses and fewer flats than the national average. The most common property type in the Isle of Anglesey is detached houses followed by terraced dwellings.
- 2.35 Since 2001 the number of purpose built flats has increased markedly in the Isle of Anglesey by 30.9%. The change in the number of houses has been less notable, although semi-detached properties have recorded the biggest rise (16.9%).



2.36 Table 2.3 compares the size of accommodation (in terms of bedrooms) in the Isle of Anglesey and Wales. The table indicates that the Isle of Anglesey has a larger proportion of large properties (four or more bedrooms) with fewer small homes (one or fewer bedrooms) than Wales as a whole. Overall, there is relatively little variety in the size of the housing stock in the Isle of Anglesey, with three bedroom homes accounting for almost half of all dwellings.

Table 2.3 Size of dwelling stock in the Isle of Anglesey and Wales, 2011

Property size	Isle of Anglesey	Wales
No bedrooms	0.1%	0.2%
1 bedroom	5.4%	7.6%
2 bedrooms	24.0%	24.2%
3 bedrooms	49.4%	48.9%
4 bedrooms	16.4%	15.0%
5 or more bedrooms	4.7%	4.0%
Total	100.0%	100.0%

Source: 2011 Census

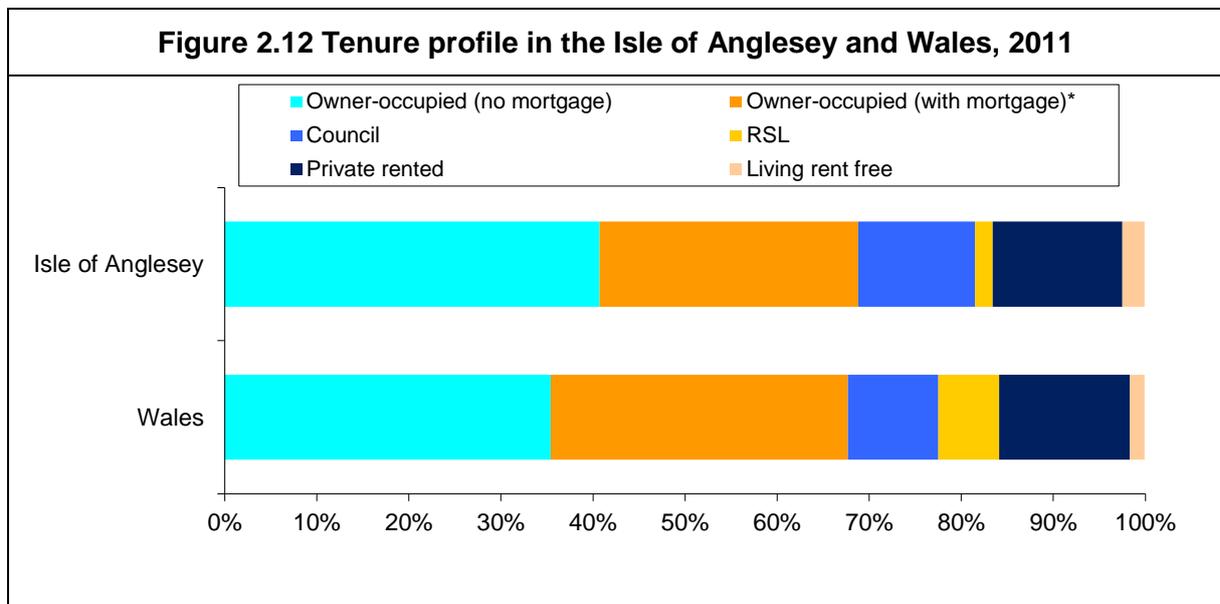
2.37 The number of bedrooms in a property was not collected in the 2001 Census, however both the 2001 and 2011 Census recorded the total number of rooms in a dwelling. A comparison of the figures for the Isle of Anglesey shows that the number of larger dwellings has recorded the greatest rise; between 2001 and 2011 the number of properties with 8 or more rooms increased by 29.3% in the Isle of Anglesey and the number of homes with 7 rooms has increased by 15.7%. In contrast the number of

homes with five rooms decreased by 2.8%. There was also a notable increase in the number of smaller dwellings, with the number of properties with three rooms increasing by 27.0% in the Isle of Anglesey.

Tenure

2.38 Figure 2.12 compares the tenure of households in the Isle of Anglesey in 2011 with that recorded for Wales. The data indicates that 40.7% of households in the Isle of Anglesey are owner-occupiers without a mortgage, compared to 35.4% nationally. The proportion of owner-occupiers with a mortgage in the Isle of Anglesey (28.1%) is however lower than the national average (32.3%).

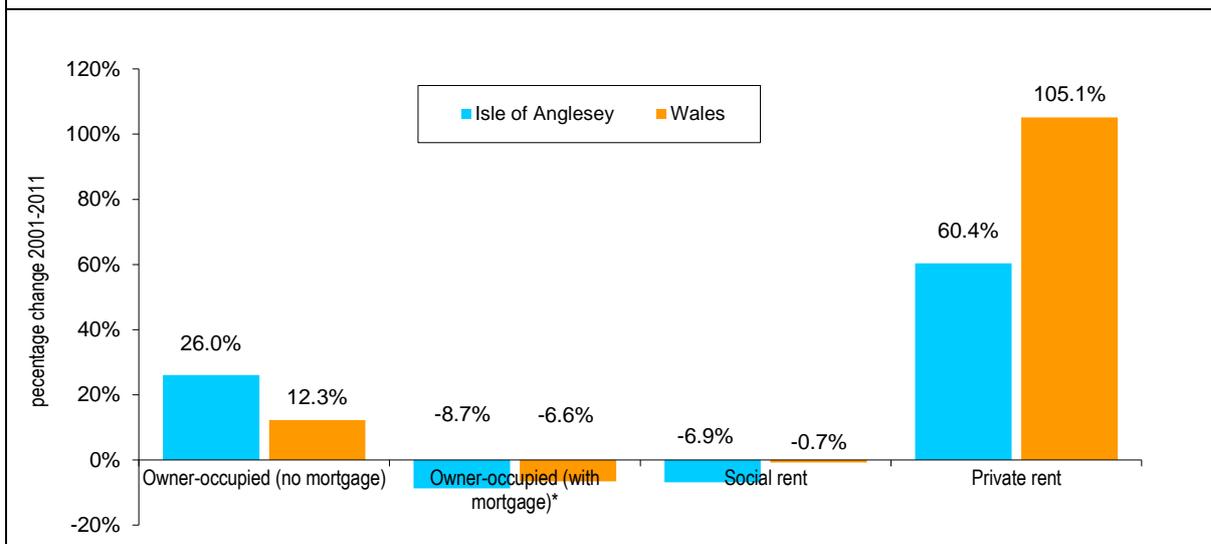
2.39 Some 14.6% of households in the Isle of Anglesey are resident in the affordable housing for rent sector (being social rented housing or intermediate rented housing), lower than the figure for Wales as a whole (16.4%). Finally, some 14.1% of households in the Isle of Anglesey live in private rented accommodation, compared to 14.2% across Wales.



Source: 2011 Census *Includes shared ownership

2.40 Figure 2.13 shows the change in the size of each tenure between the 2001 and 2011 Census. The figure shows that in the Isle of Anglesey and Wales as a whole the private rented sector has increased dramatically. The number of owner-occupiers with no mortgage has also recorded an increase in all areas, whilst owner-occupiers with a mortgage have decreased. The affordable housing for rent sector has generally shown the smallest change.

Figure 2.13 Change in number of households in each tenure 2001 to 2011



*Includes shared ownership. Source: 2001 & 2011 Census

Tenure by bedroom

2.41 Finally, it is useful to understand the size of accommodation within each tenure as recorded in the 2011 Census. This is shown for the County in Figure 2.14. The data indicates that, in the Isle of Anglesey, rented accommodation is smaller on average than owned dwellings.

Figure 2.14 Dwelling size within each tenure in the Isle of Anglesey, 2011



Source: 2011 Census *Includes shared ownership

3. The cost and affordability of housing

Summary

- i) According to data from the Land Registry, the mean house price in the Isle of Anglesey in the first quarter of 2015 was £186,229, higher than the average for Wales as a whole. Data shows that whilst prices have remained largely static since the economic downturn, the number of property sales has fallen notably.
- ii) The cost of housing by size was assessed for all tenures across the County. Entry-level prices in the Isle of Anglesey range from £80,000 for a two bedroom home in the Holyhead price market, up to £312,500 for a four bedroom property in the Menai Straits price market. Entry-level rents in the Isle of Anglesey range from £350 per month for a one bedroom home in Holyhead price market up to £675 per month for a four bedroom property in the Menai Straits price market.
- iii) Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between each tenure shows that there is a large income gap between the social rent and market entry.

Introduction

- 3.1 This chapter describes the changes in the housing market that have been recorded in the Isle of Anglesey and Wales. Subsequently it re-assesses the entry-level costs of housing in the Isle of Anglesey, to document how this has changed since the previous LHMA report. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist.

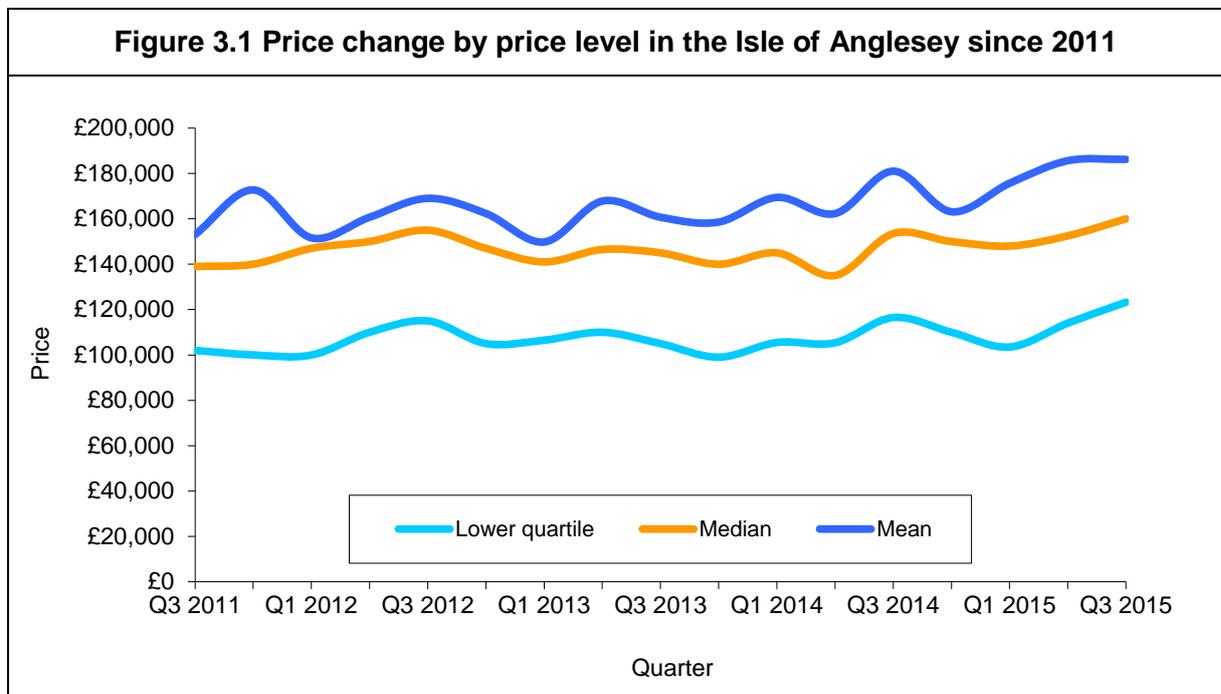
Relative prices

- 3.2 The most recent house price data available at the time of the previous SHMA report was from the third quarter of 2011. The Land Registry has now published data for the third quarter of 2015. It is therefore possible to assess the changes recorded in the Isle of Anglesey over this period, alongside national equivalents. This is presented in Table 3.1.
- 3.3 The table indicates that the mean price of dwellings in the Isle of Anglesey in quarter 3 2015, at £186,229, was notably higher than the national average. The table shows that between 2011 and 2015 average prices have increased at a faster rate in the Isle of Anglesey than they have nationally.

Table 3.1 Change in mean property prices 2010-2015			
Location	<i>Average price Jul-Sep 2011</i>	<i>Average price Jul-Sep 2015</i>	<i>Percentage change recorded 2011-2015</i>
The Isle of Anglesey	£153,030	£186,229	21.7%
Wales	£156,621	£162,904	9.2%

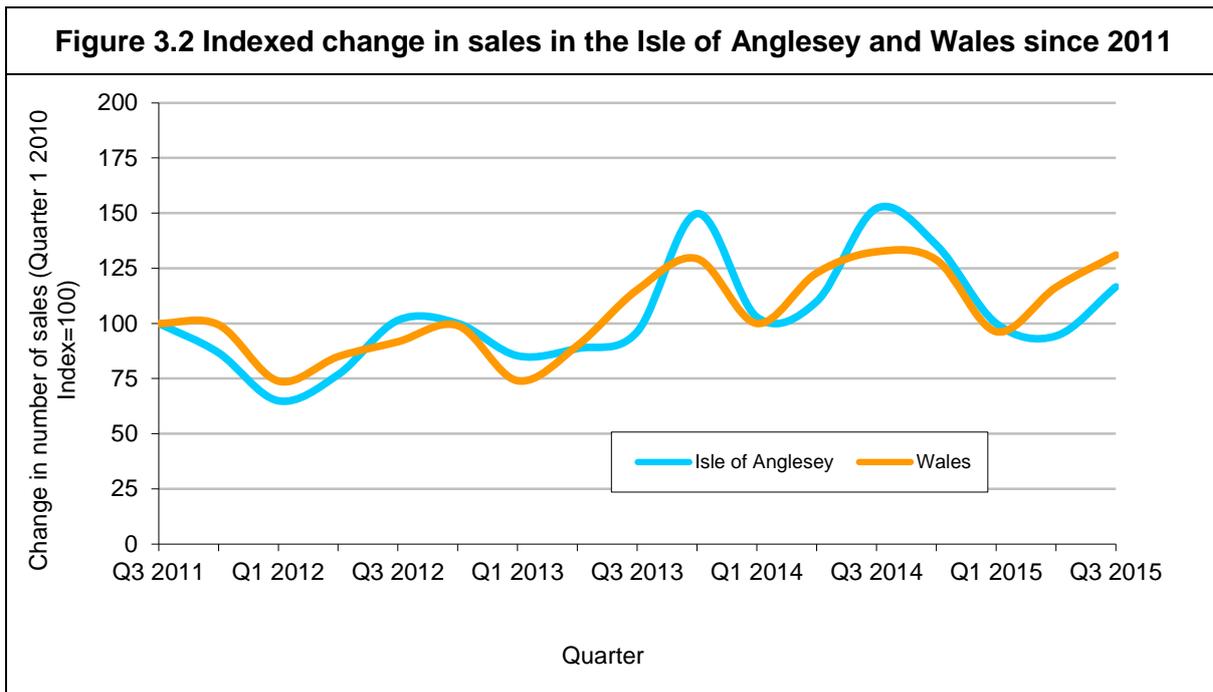
Source: Land Registry

3.4 Figure 3.1 shows price change by property price level in the Isle of Anglesey since the first quarter of 2011. The figure shows that mean prices vary according to the pattern of seasonal peaks and troughs much more than median and lower quartile prices. Overall prices in the Isle of Anglesey have risen quite consistently over the last five years at the various different points on the range (a 20.8% lower quartile price increase compared to a 15.1% increase in median prices and a 21.7% increase in mean prices).

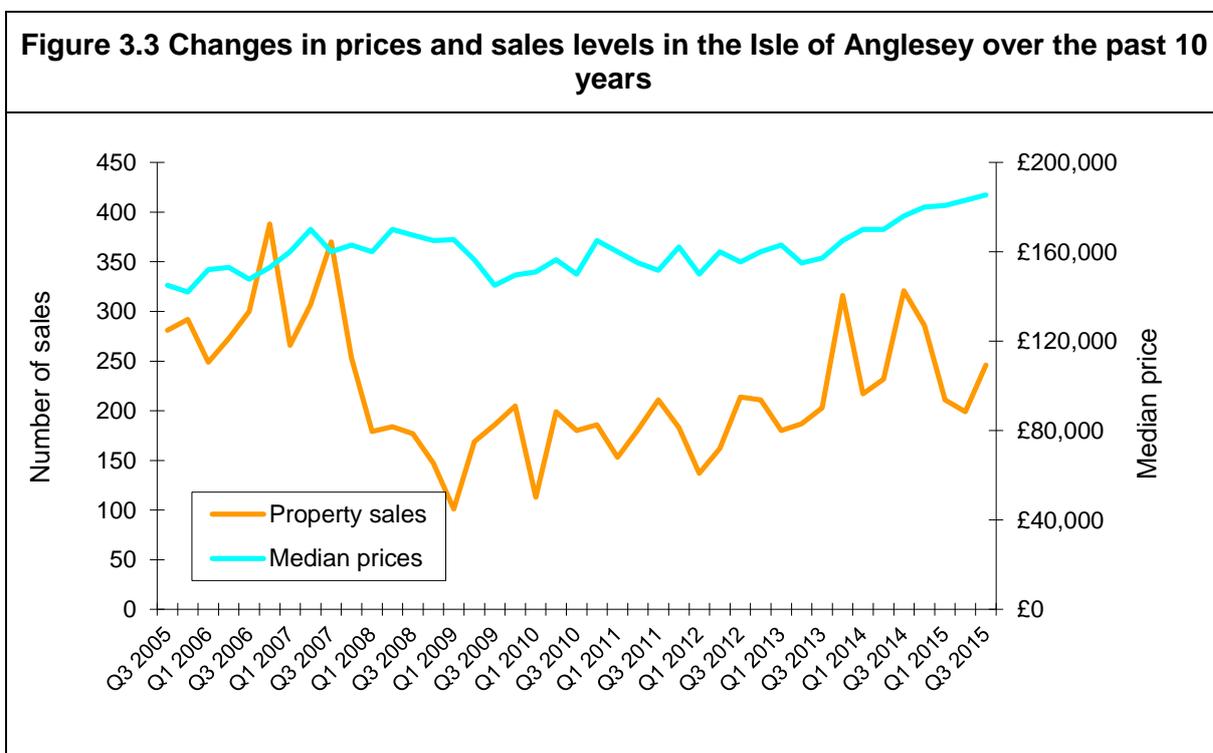


Source: Land Registry

3.5 Figure 3.2 shows the indexed change in the number of property sales since the third quarter of 2011 for the Isle of Anglesey and Wales. The figure suggests that the pattern in the Isle of Anglesey is broadly similar to the seasonal fluctuations recorded across the country.



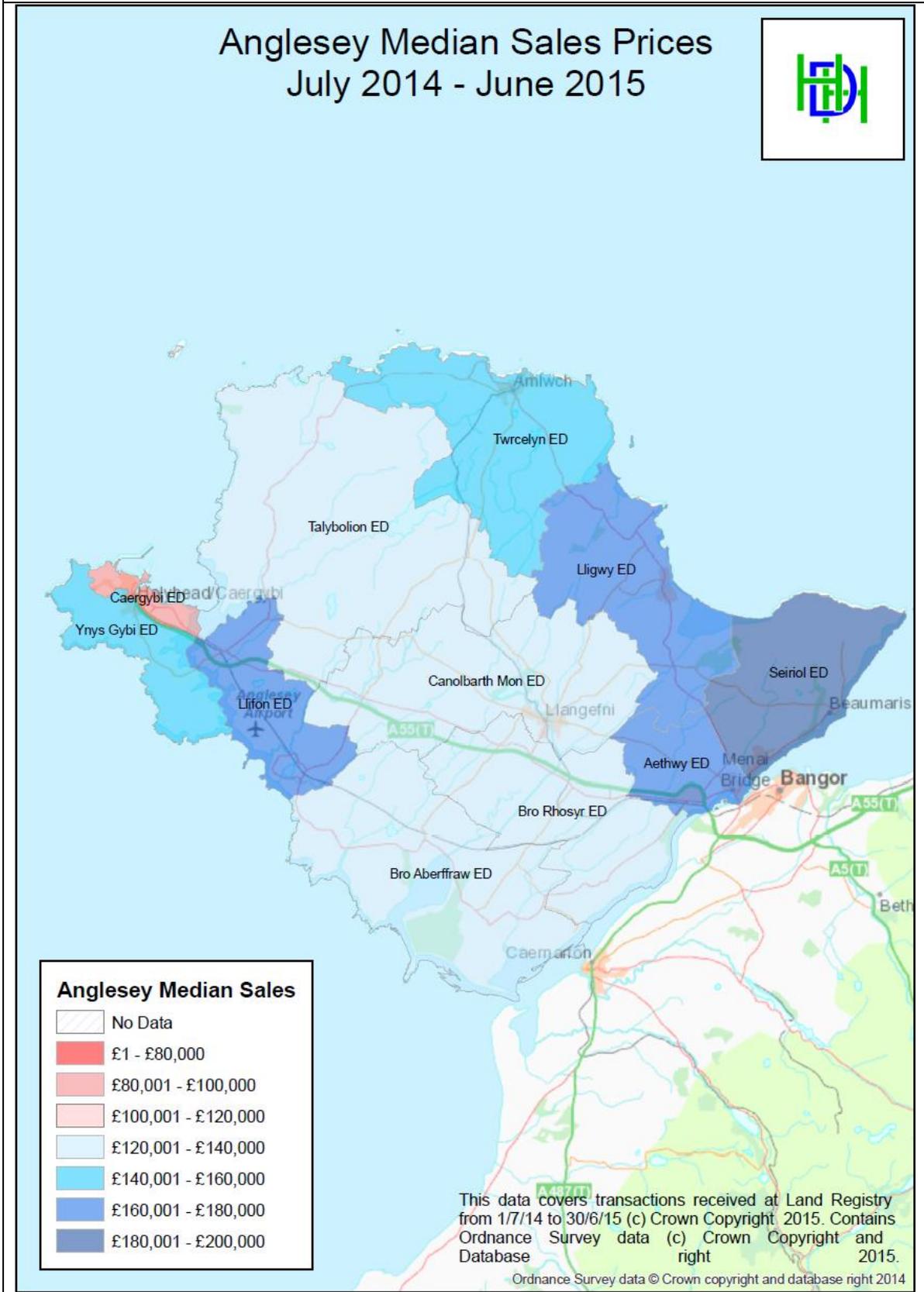
3.6 It is useful to briefly review housing market activity over a longer period to consider the influences on property price changes. Figure 3.3 shows the variation in median prices and property sales levels since 2005 in the Isle of Anglesey. The data suggests that property prices remained relatively stable over the last ten years despite property sales declining dramatically for part of that period (summer 2007 to summer 2009).



The cost of housing

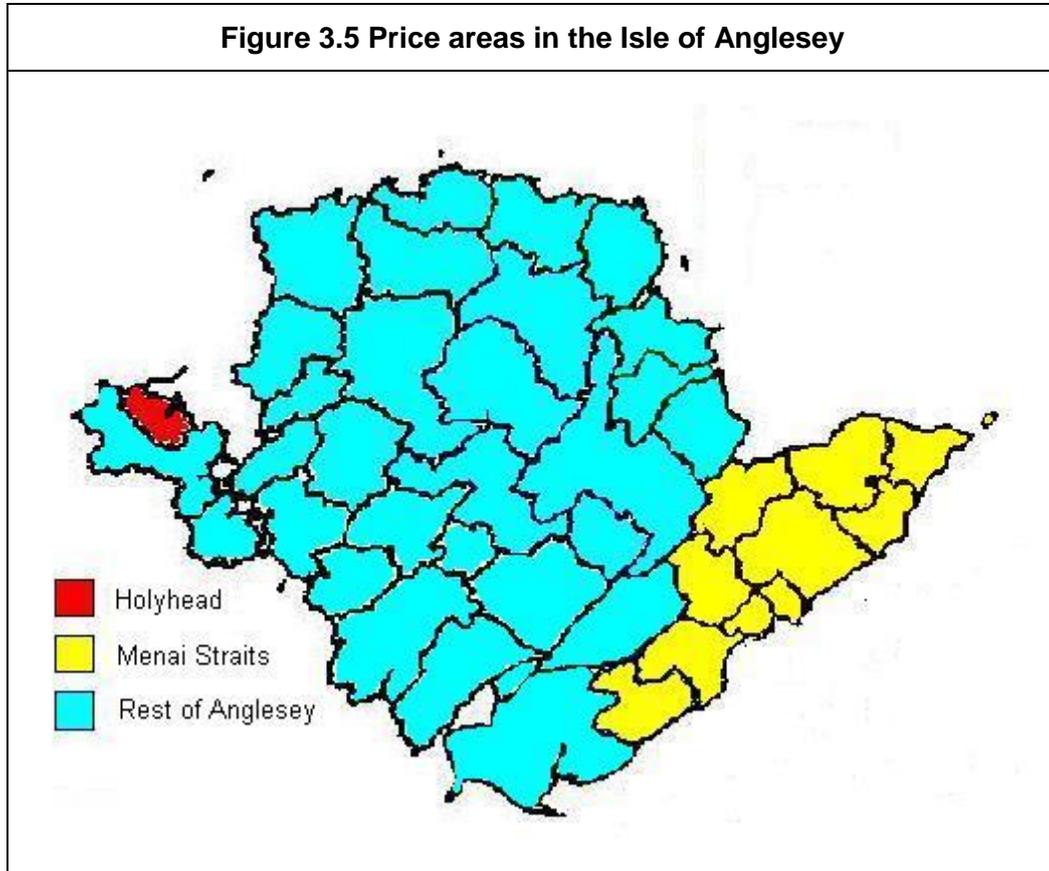
- 3.7 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. However, no secondary data contains this information. As part of this study we have therefore undertaken a price survey to assess the current cost of market (owner-occupied and private rented) and affordable housing in the Isle of Anglesey.
- 3.8 Prices across the Isle of Anglesey were examined using data from the Land Registry and the variation in the median price recorded in each part of the County is presented in Figure 3.4. It shows that homes in Holyhead are the cheapest on the Isle of Anglesey with properties in the south east around Beaumaris the most expensive.

Figure 3.4 Price variation across the Isle of Anglesey



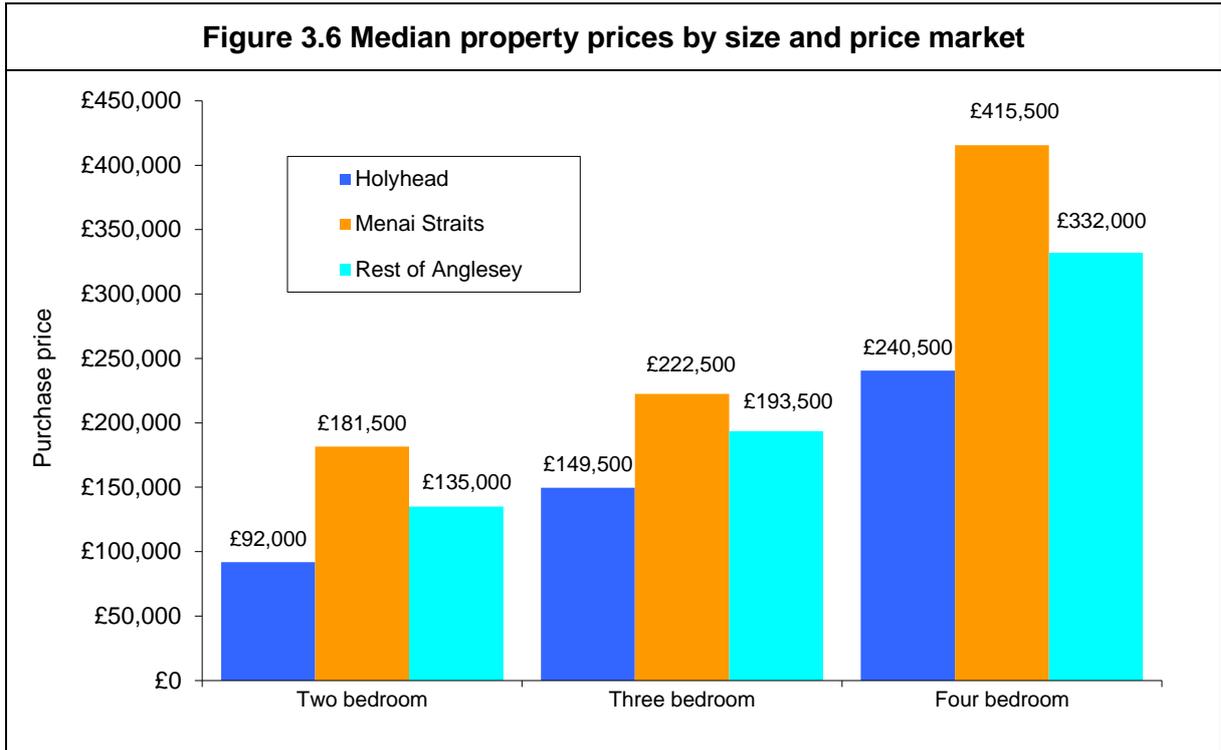
Source: Isle of Anglesey Council Local Housing Market Assessment Update, 2016

- 3.9 Overall the three broad price areas identified in the original LHMA report were still found to be in operation currently. The boundaries for the three areas identified are based on clear distinctions between the housing markets and the existing movement patterns of households within Anglesey. These three price areas are set out in Figure 3.5.



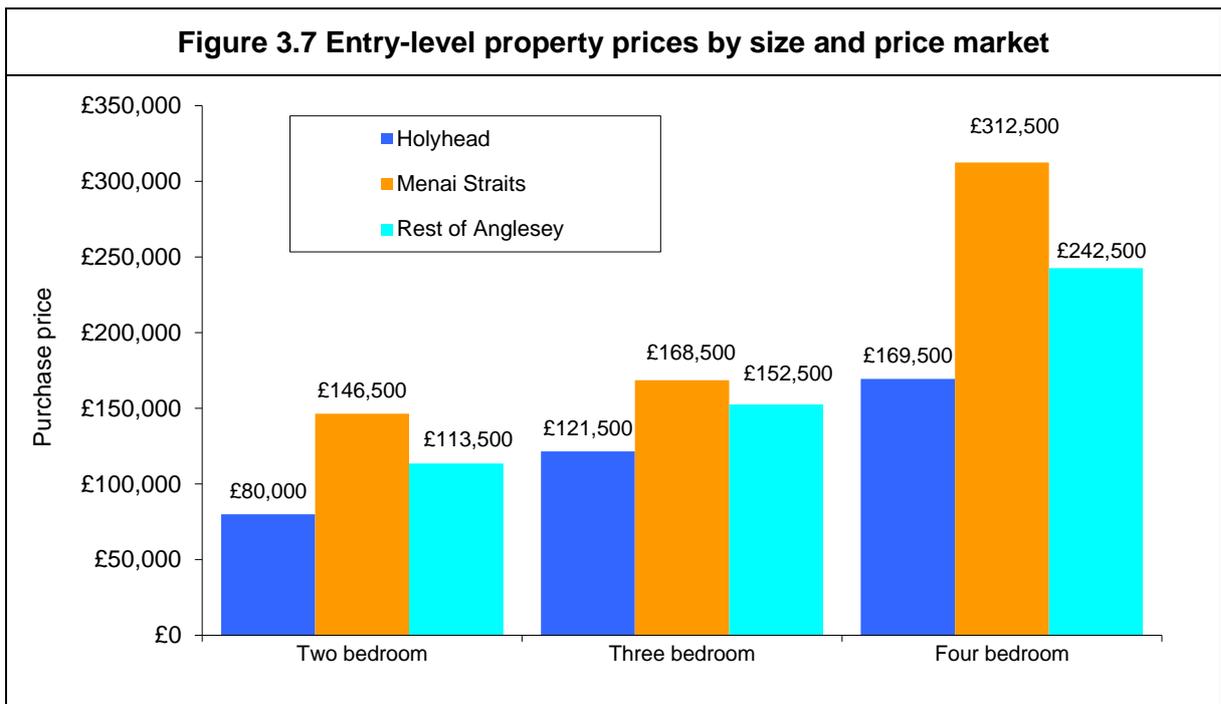
Source: Isle of Anglesey Council Local Housing Market Assessment Update, 2016

- 3.10 Median property prices by number of bedrooms were obtained in each of the three price markets in the Isle of Anglesey via an online search of properties advertised for sale during December 2015. The results of this online price survey are presented in Figure 3.6. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 5% lower). As one bedroom properties for purchase were found to be in relatively short supply across the County, two bedroom dwellings are considered to be the smallest property found to be widely available in the Isle of Anglesey and form the market entry point for owner-occupation.
- 3.11 The figure shows that in all price markets the difference between two and three bedroom homes is noticeably smaller than the difference between three and four bedroom homes. In terms of market availability, the analysis showed that three bedroom properties are most commonly available to purchase in all price markets, followed by four bedroom homes, with two bedroom homes most scarce.



Source: Online estate agents survey December 2015

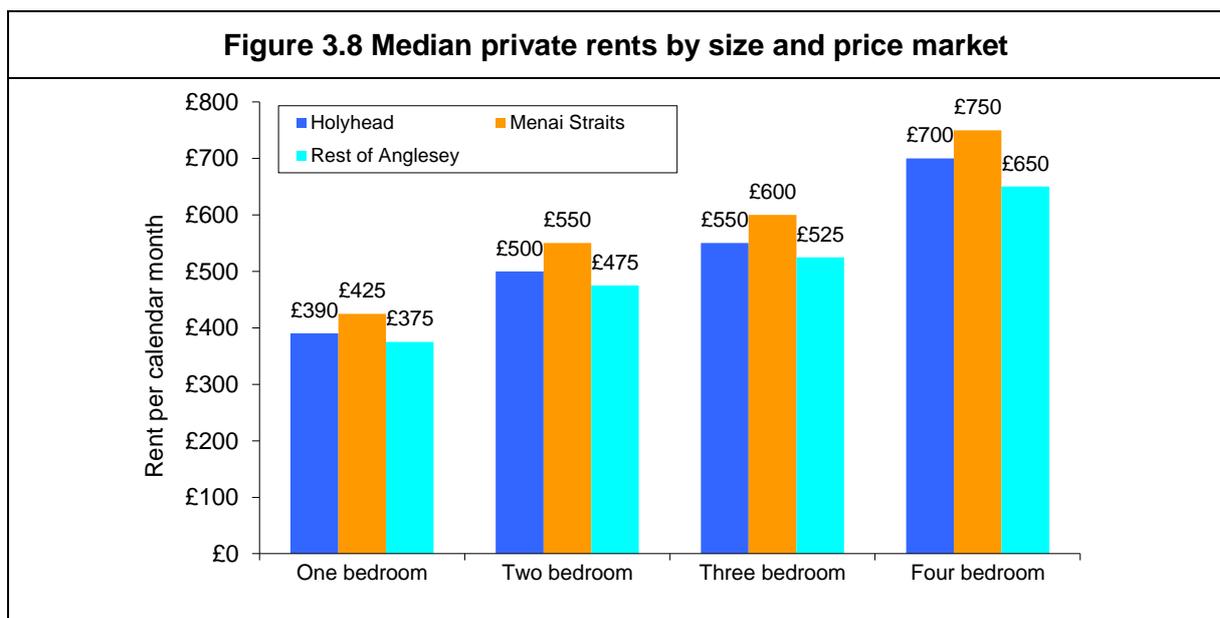
3.12 The online survey also collected information at different points of the price distribution. Entry-level property prices for each price market are presented in Figure 3.7. In accordance with the LHMA Guide, entry-level prices are based on lower quartile prices (para 4.22). The figure indicates that entry-level prices in the Isle of Anglesey range from £80,000 for a two bedroom home in Holyhead, up to £312,500 for a four bedroom property in the Menai Straits.



Source: Online estate agents survey December 2015

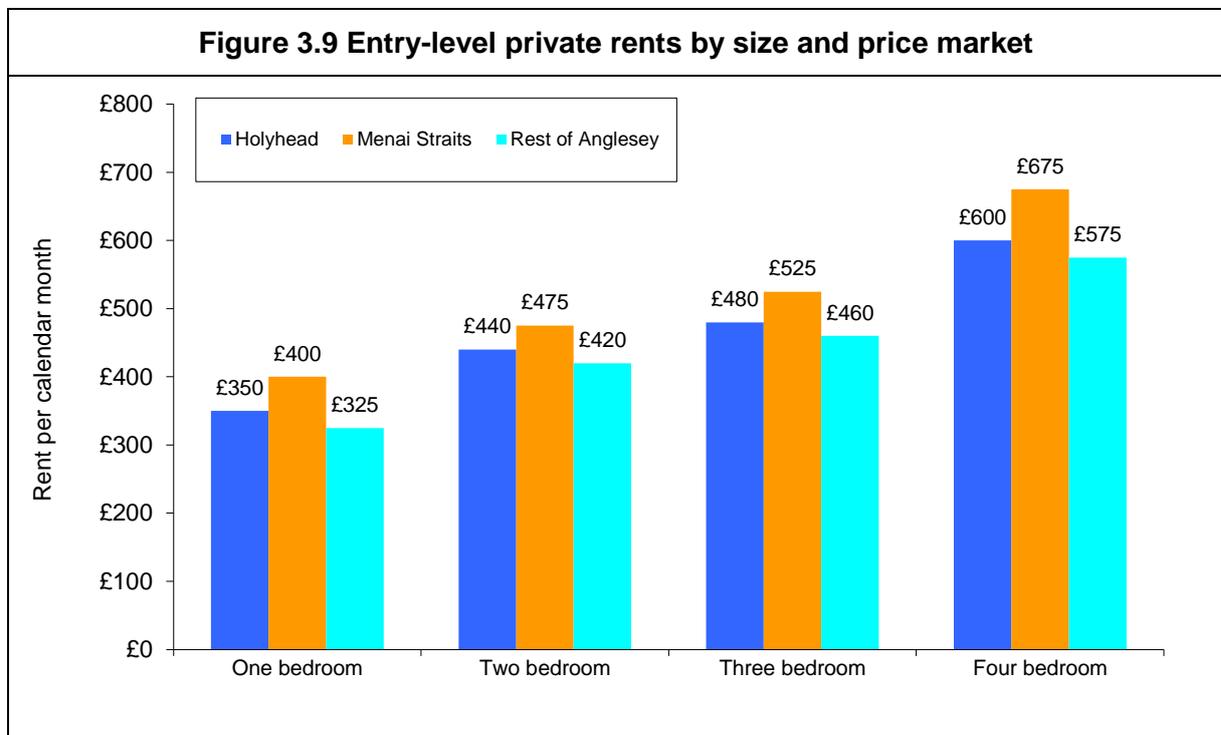
Private rents

- 3.13 Whilst private rent levels vary by price market across the Isle of Anglesey, the distinction between the areas is less marked than with owner-occupation, reflecting that location is not as important a determinant in rent levels as condition and situation of the property. The median price for private rented accommodation by property size in each of the three price markets is presented in Figure 3.8. Whilst one bedroom private rented properties for rent were found to be in relatively short supply across the County in 2012, their availability has increased sufficiently for them to form a realistic supply for households that acquire that size home currently one bedroom private rented homes are now more widely available than four bedroom dwellings.
- 3.14 The figure shows that, as with owner-occupation, the smallest difference is between the cost of a two and three bedroom dwelling in all price markets. The difference between the cost of three and four bedroom accommodation is less marked in the private rented sector than for owner-occupation. In addition, the profile of properties available is somewhat different to that for purchase with a greater proportion of two bedroom homes available to rent in all price markets.
- 3.15 It should be noted that the Housing (Wales) Act 2014 introduced mandatory registration for all private rented sector landlords operating in Wales. Landlords who self-manage their properties must both register and gain a licence by 23 November 2016. Landlords can alternatively choose to have the property managed by an agent in which case they must register but are not required to be licensed. Whilst the impact of the introduction of this scheme is not yet known, it is possible that some landlords will decide to leave the sector as a consequence, and the supply of private rented accommodation in the Isle of Anglesey could be reduced. Other UK-wide changes to the private rented sector including possible changes to buy to let tax or mortgage arrangements could also have a similar impact on the tenure.



Source: Online letting agents survey December 2015

3.16 Entry-level private rents for each price market are presented in Figure 3.9. The figure indicates that entry-level rents in the Isle of Anglesey range from £350 per month for a one bedroom home in Holyhead up to £675 per month for a four bedroom property in the Menai Straits.



Source: Online letting agents survey December 2015

Social Rent

3.17 The cost of social rented accommodation by dwelling size in the Isle of Anglesey can be obtained from the Welsh Government's StatsWales service. Table 3.2 below illustrates the cost of current social rented lettings in the Isle of Anglesey. As can be seen the costs are significantly below those for private rented housing, particularly for larger houses, indicating a significant potential gap between the social rented and market sectors.

Table 3.2 Social rent costs (per month)	
Bedrooms	Isle of Anglesey
One bedroom	£288
Two bedrooms	£311
Three bedrooms	£344
Four bedrooms	£389

Source: StatsWales, 2015

Analysis of housing market 'gaps'

3.18 Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. Figures 3.10 to 3.12 show the housing ladder that exists for different

sizes of property in each price market. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them. To do this, we have divided the entry-level property price by 3.5 to get an annual income figure (para 6.13 of the LHMA Guide) and multiplied the annual rent by four to produce a comparable figure. This latter step was carried out for both social and market rents. This approach is in accordance with the standard base affordability test for rented accommodation - no more than a 25% of gross household income on rent (para 6.16 of the LHMA Guide).

- 3.19 The figure shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps, the easier it is for a household to ascend the ladder.
- 3.20 The figures indicate that other than for two bedroom homes in the Holyhead price market, the gap between social rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are particularly large; an additional £9,100 per year is required to access a four bedroom private rented home over the cost of a four bedroom social rented property in the Rest of Anglesey price market, with a further £41,700 required to move to an owner-occupied home. The gaps are even larger in the Menai Straits price market.

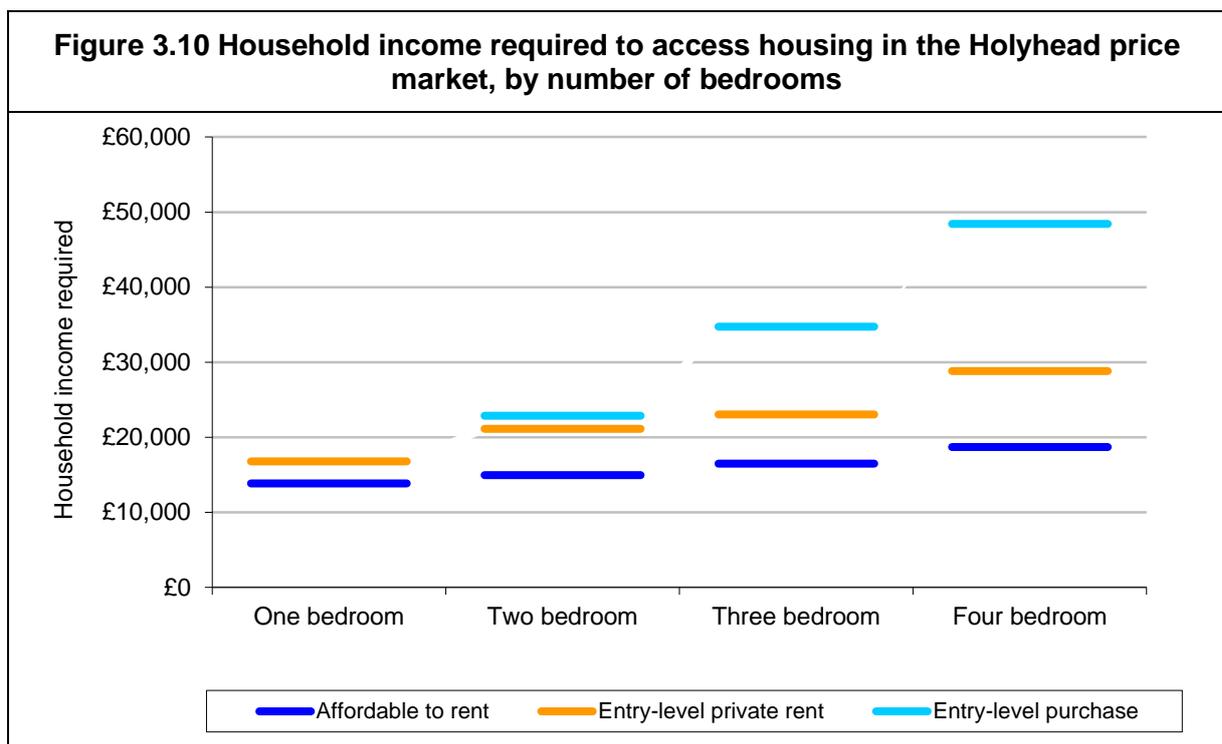
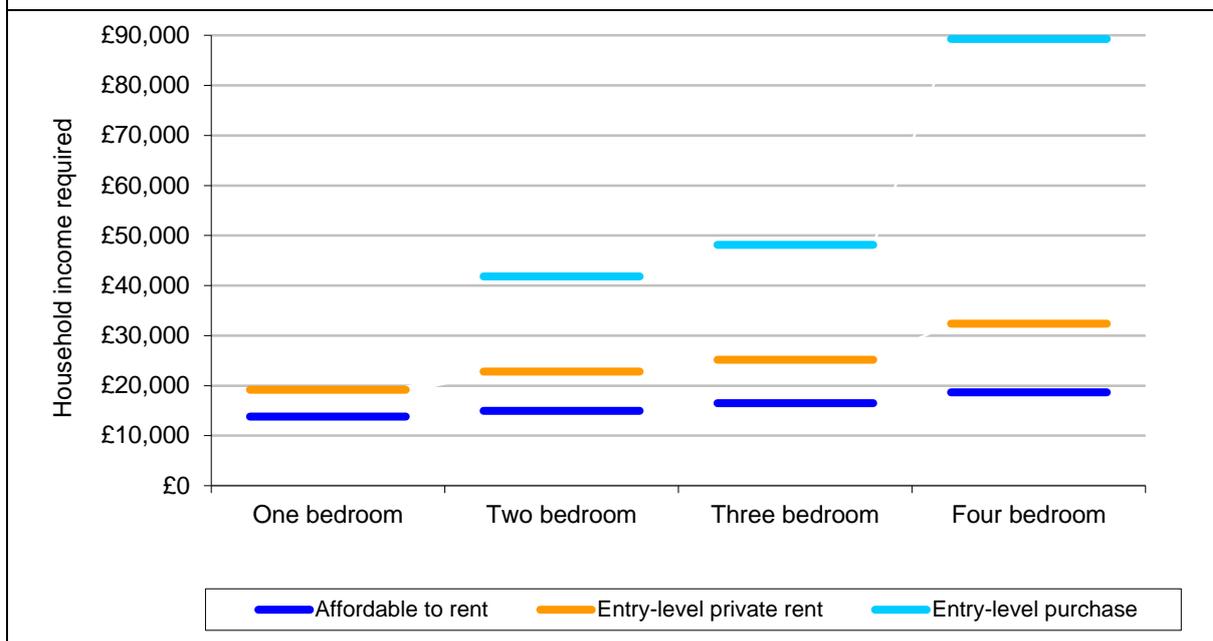
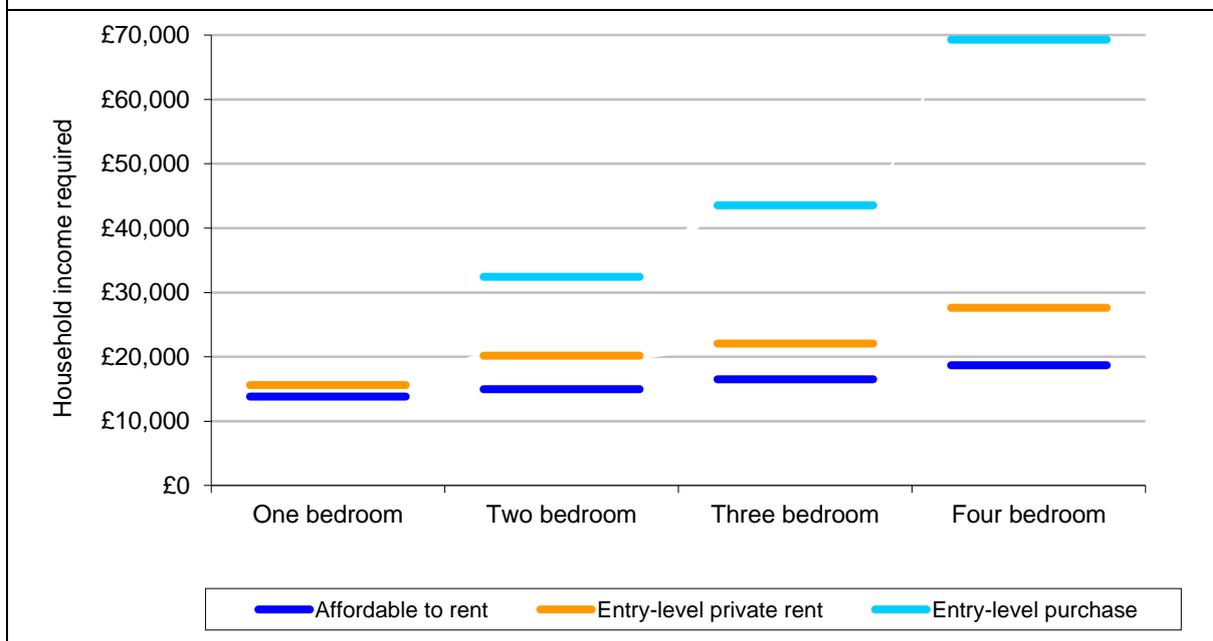


Figure 3.11 Household income required to access housing in the Menai Straits price market, by number of bedrooms



Source: Online survey of property prices, December 2015; StatsWales, 2015

Figure 3.12 Household income required to access housing in the Rest of Anglesey price market, by number of bedrooms



Source: Online survey of property prices, December 2015; StatsWales, 2015

3.21 Table 3.3 shows the size of the gaps for each dwelling size in each price market in the Isle of Anglesey. The table indicates, for example, that three bedroom market entry rents are 39.6% higher (in terms of income required) than the cost of social rented accommodation in the Holyhead price market. The very large gap recorded between social rents and market entry rents for all dwelling sizes indicates that intermediate

housing could potentially be useful for a large number of households if it's appropriately priced and there are households able to afford them at this cost. Potential intermediate products are profiled in the following section and their affordability for households in need is set out in Table 5.17. The significant gap between market entry rents and market entry purchase indicates notable potential demand for part-ownership products for households in this gap.

Table 3.3 Scale of key housing market gaps in the Isle of Anglesey		
Holyhead price market		
Property size	Social rent/market rent gap	Rent/buy gap
One bedroom	21.4%	-
Two bedrooms	41.3%	8.2%
Three bedrooms	39.6%	50.7%
Four bedrooms	54.1%	68.2%
Menai Straits price market		
Property size	Social rent/market rent gap	Rent/buy gap
One bedroom	38.7%	-
Two bedrooms	52.6%	83.6%
Three bedrooms	52.7%	91.0%
Four bedrooms	73.4%	175.6%
Rest of Anglesey price market		
Property size	Social rent/market rent gap	Rent/buy gap
One bedroom	12.7%	-
Two bedrooms	34.9%	60.9%
Three bedrooms	33.8%	97.3%
Four bedrooms	47.7%	151.0%

Source: Isle of Anglesey Council 2016 Local Housing Market Assessment Update

Intermediate products

- 3.22 A range of intermediate options are currently available for households in the Isle of Anglesey, the costs of these are profiled below. However, it should be noted that there is capacity for further options to be developed to meet the requirements of households within the 'intermediate gap'. This is an area of work where the Council needs to do some further research.

Intermediate Rent

- 3.23 Intermediate Rents have been introduced to help fill the gaps that exist in the current housing market. Intermediate Rent is a social tenure intended to house households on the Housing Register. Intermediate Rents can be set at up to 80% of open market rents, implying there is a flexibility as to what they may cost. Table 3.4 presents the potential

cost of Intermediate Rent at 80% and 70% of median market rents. The market-entry rent levels are also presented for comparison.

- 3.24 The data indicates that Intermediate Rents at both 80% and 70% of median market rents would cost less than entry-level private rented accommodation so can be viewed as an affordable product. It is interesting to note that Intermediate Rent at 70% is cheaper than social rents for one bedroom homes in the Holyhead and the Rest of Anglesey price markets.

Table 3.4 Intermediate Rent costs (per month)			
<i>Bedrooms</i>	<i>Holyhead</i>		
	<i>At 80% median rents</i>	<i>At 70% median rents</i>	<i>Market-entry rent</i>
One bedroom	£312	£273	£350
Two bedrooms	£400	£350	£440
Three bedrooms	£440	£385	£480
Four bedrooms	£560	£490	£600
<i>Bedrooms</i>	<i>Menai Straits</i>		
	<i>At 80% median rents</i>	<i>At 70% median rents</i>	<i>Market-entry rent</i>
One bedroom	£340	£298	£400
Two bedrooms	£440	£385	£475
Three bedrooms	£480	£420	£525
Four bedrooms	£600	£525	£675
<i>Bedrooms</i>	<i>Rest of Anglesey</i>		
	<i>At 80% median rents</i>	<i>At 70% median rents</i>	<i>Market-entry rent</i>
One bedroom	£300	£263	£325
Two bedrooms	£380	£333	£420
Three bedrooms	£420	£368	£460
Four bedrooms	£520	£455	£575

Source: Derived from online letting agents survey December 2015

Discount sale

- 3.25 Discount sale is the most established intermediate product in the Isle of Anglesey. These are homes available for sale at a discount of the full market value, with the typical discount currently 30%. These dwellings are achieved through a section 106 agreement, which secures the discount in perpetuity. This is the form of intermediate housing expected to be most commonly delivered in the Isle of Anglesey based on existing

planning permissions and the planning policies which are set out in the draft joint Local Development Plan.

- 3.26 Table 3.5 presents the estimated costs of discount sale housing in the Isle of Anglesey as obtained from the online estate agent survey. It is important to note that there were few newbuild properties available at the time of the estate agent survey, so the value for these properties may be subject to refinement. The monthly costs are based on an interest only mortgage with an interest rate of 4.75% paid on the 70% equity share owned. A comparison with entry-level market accommodation (private rents) shows that discount sale homes are cheaper than entry-level market rent in all instances and constitute an affordable product.

Table 3.5 Estimated cost of discount sale			
Bedrooms	Open market value	Cost of 70% equity share	Monthly cost of help-to-buy
One bedroom	£115,000	£80,500	£319
Two bedrooms	£145,000	£101,500	£402
Three bedrooms	£165,000	£115,500	£457
Four bedrooms	£205,000	£143,500	£568

Source: Online estate agents survey December 2015

Homebuy

- 3.27 Homebuy is a shared equity home provided by an RSL in the Isle of Anglesey. Homebuy allows people buy a home in the open market with an equity share of 30% (but sometime up to 50%). In the Isle of Anglesey commuted sums and sometimes Welsh Government grant have been used to allow an RSL partner to provide shared equity homes. An average of 8 per year have been delivered over the last few years.

Help-to-buy

- 3.28 Help-to-buy is based on buying a home for a proportion of the market value with no residual rent to pay for the first five years. However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price, meaning it is equivalent to a shared equity product. The Welsh Government is aiming to make this product more widely available, investing up to £290 million in the next phase of this initiative. Under this scheme prospective home owners will be able to buy a newbuild home for just 80% of the value of the property, with the Welsh Government covering the remaining 20% of the equity. Help to Buy in Wales is offered only by developers who are registered with the Welsh Government, however there have been no developers registered in the Isle of Anglesey so far so this is not available currently.

Other initiatives

- 3.29 New rent-to-buy and shared ownership products have not been produced in the Isle of Anglesey in recent years as the developing RSLs are reluctant to take these on because they believe they represent a greater risk to them than social housing.

Local Housing Allowance

- 3.30 Local Housing Allowance (LHA) has been brought in to replace Housing Benefit outside of the social rented sector. It is designed to make up the shortfall in people’s ability to pay for their housing. Households unable to afford all of their rent are entitled to LHA to make up the difference so long as the rent does not exceed the LHA cap for the Broad Rental Market Area (BRMA) as determined by the Valuation Office Agency. Table 3.6 sets out the monthly LHA caps that apply in the Isle of Anglesey, which is within the North West Wales BRMA. However, it may also be that the introduction of the benefit cap and the changes to welfare reform mean that households in receipt of additional benefits to LHA may not also be able to obtain LHA because that takes them over the benefit cap.

Table 3.6 Local Housing Allowance Cap (per month)	
Bedrooms	North West Wales BRMA
One bedroom	£309
Two bedrooms	£396
Three bedrooms	£478
Four bedrooms	£578

Source: Valuation Office Agency 2015

Affordability of housing

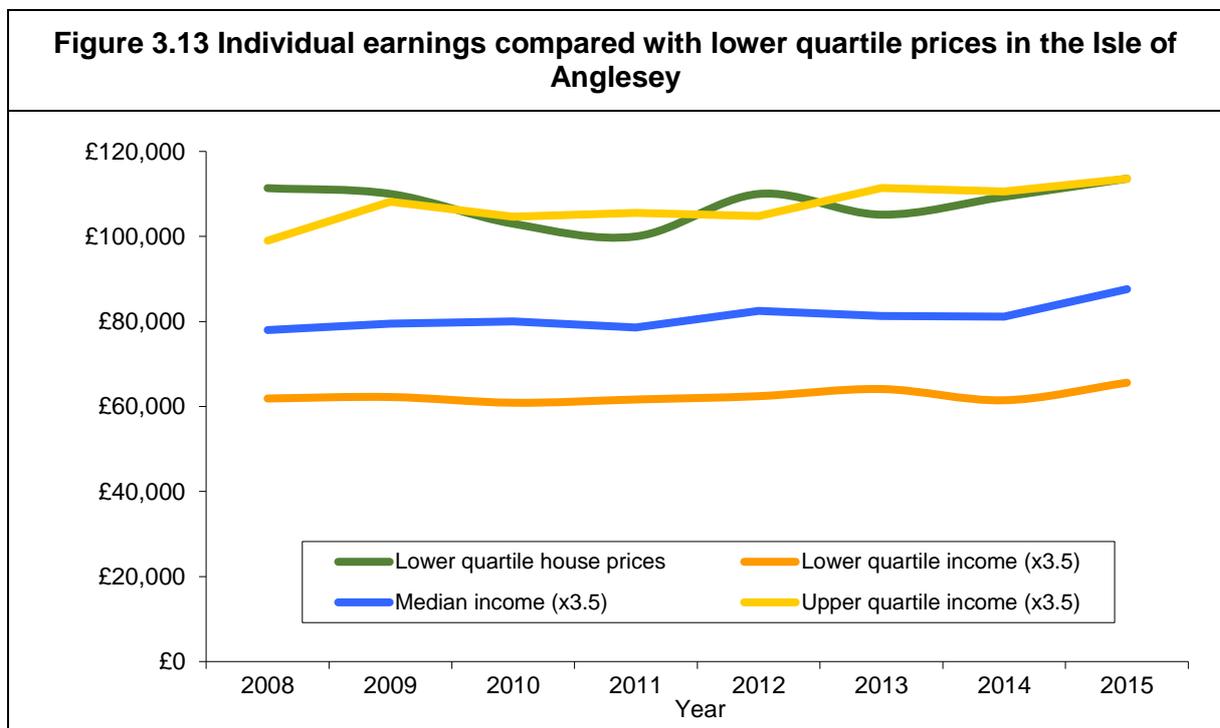
- 3.31 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. The affordability of housing in an area is measured by the ratio of market housing costs to income in that area.
- 3.32 Initially the Isle of Anglesey-wide entry-level cost of market housing will be compared to different points on the earnings distribution of residents in the Isle of Anglesey to consider affordability in historical terms. This will be followed by an analysis that assesses the ability of households in the Isle of Anglesey to afford market accommodation of the size they require, using the updated household survey dataset.

General affordability

- 3.33 Figure 3.13 shows the lower quartile, median and upper quartile income of full-time workers in the Isle of Anglesey (as set out in Chapter 2) multiplied by 3.5 (the income multiple typically used by mortgage lenders) compared to lower quartile prices in the County (set out in Figure 3.1). Although this analysis is based on individual incomes

rather than household incomes, it is useful to consider as it is the affordability comparison that the Government monitors.

- 3.34 The figures show that full-time workers with earnings at the upper-quartile level in the Isle of Anglesey would just be able to purchase an entry-level property in the authority. However full-time workers with earnings at the lower quartile or median level would require substantial additional income or a capital sum to deduct from the purchase price to be able to afford a lower quartile property in the County. It is clear that affordability theoretically improved immediately after the economic downturn (discounting the greater difficulty of acquiring a mortgage) and the affordability gap has reduced slightly since. Whilst in 2008, lower quartile prices were 5.0 times higher than median full-time incomes in the Isle of Anglesey, in 2015 they were 4.5 times higher.

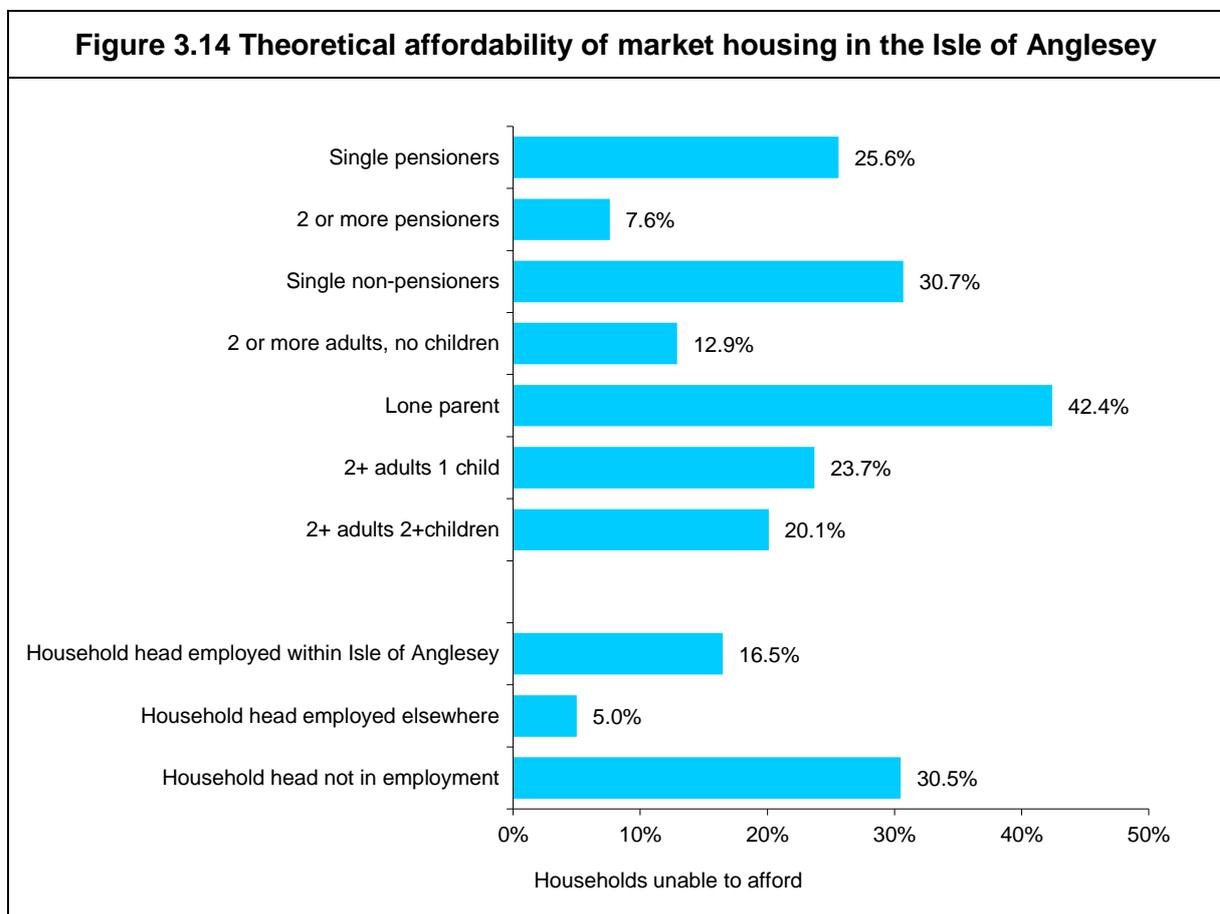


Specific theoretical affordability

- 3.35 The information on the financial profile of households, contained within the updated household survey dataset, alongside data on the cost of entry-level housing in their specific price market of the Isle of Anglesey, can be used to examine the ability of households to afford market housing locally (either to buy or rent), based on the affordability criteria set out in LHMA Guide. This highlights how affordable market housing is for local households and identifies which groups are most likely to be excluded from the market.
- 3.36 Figure 3.14 shows the current affordability of households by household type and location of employment of household head. This is theoretical affordability of households as the analysis considers all households in Isle of Anglesey and does not take into account their

intention of moving. It is based on testing all households on the updated household survey dataset on their ability to afford both entry-level owner-occupation and entry-level private rent and identifying those unable to afford either.

- 3.37 The data indicates that 42.4% of lone parent households in Isle of Anglesey would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford. Households that contain two or more pensioners are most likely to be able to afford market housing in Isle of Anglesey.
- 3.38 Some 16.5% of households headed by someone employed in the County would be unable to afford market housing in the Isle of Anglesey (if they were to move now) compared to only 5.0% of households headed by someone employed outside of the Isle of Anglesey.



4. Improving market balance over the long-term

Summary

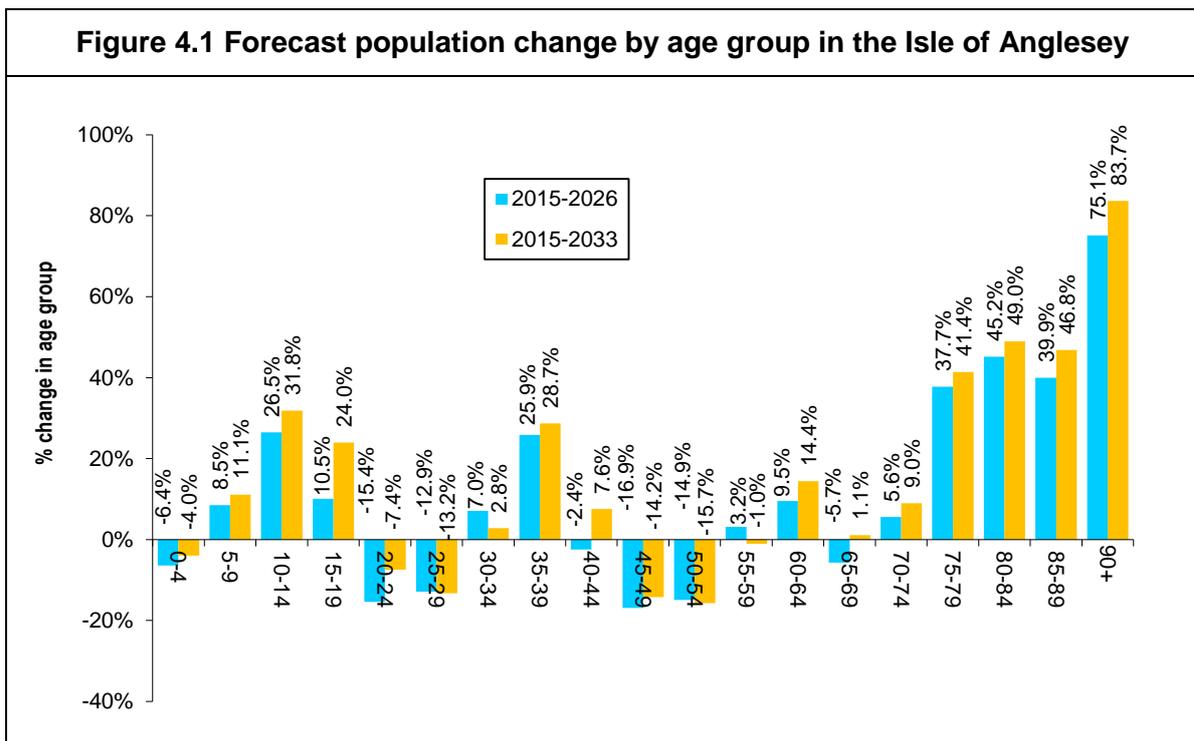
- i) The demographic projections for the Isle of Anglesey indicate significant increases in particular age cohorts of the population, including those aged 90 and over. Overall this scenario suggests that the household population will rise by 2,420 by 2026 and by 3,960 by 2033, which equates to 220 households per year.
- ii) In terms of the accommodation required to provide housing market balance over the plan-period, the model, which is based on primary and secondary data, suggests that of the new housing required up to 2026, 70% should be market, 3% shared ownership/help-to-buy, 17% intermediate rent and 10% social rented. The new housing required by 2033 should be 73% market, 3% shared ownership/help-to-buy, 17% intermediate rent and 7% social rented.
- iii) The model also indicates that new market accommodation should principally be two, three and four bedroom homes with a range of dwelling sizes required in the affordable sector.

Introduction

- 4.1 Once an overall housing figure has been identified, it is necessary to break this down to inform the type of new accommodation required. This chapter describes a model (the Long Term Balancing Housing Markets (LTBHM) model) that uses secondary data in combination with the household survey dataset to compare the current housing stock against the stock of housing required in the future. The purpose of this model is to identify the new accommodation required to adequately house the future population in Isle of Anglesey and ensure that the housing market is balanced.
- 4.2 This chapter initially presents the demographic projections for the Isle of Anglesey and describes the predicted changes in both the population size and composition. These projections are then used within the model to identify the adjustment required to provide a sufficient range of accommodation to adequately house each household type and balance the housing stock, culminating in suggested profiles for new housing in terms of tenure and dwelling size. This model is undertaken for two different periods, through to 2026 to correspond with the period for which detailed projections have been modelled for the Council to plan against, and through to 2033 to correspond with the end of the construction of the Wyfla nuclear power plant. This second scenario will enable an understanding of the requirements of the local population to which the accommodation needs of the workers associated with the energy island development can be added.

Demographic projections

- 4.3 Edge Analytics have produced population and household growth forecasts for both the Isle of Anglesey and Gwynedd². These use the data contained within the recent demographic projections published by the Welsh Government to produce a range of scenarios for future growth in the area dependent on different conditions. The most appropriate scenario for the Isle of Anglesey is the dwelling led (preferred) scenario. This indicates that between 2015 and 2026 the household population in the County is going to increase by 2,420, which equates to 220 households per year. Edge Analytics have provided additional detail on these projections to apply to the LTBHM model to most accurately represent the future population in the Isle of Anglesey. The figures provided by Edge Analytics have been modelled forward to 2033 (presuming the same rate of household growth) to enable the situation in 2033 to also be profiled.
- 4.4 The population projections can be disaggregated into each five year age cohort. Figure 4.1 shows the projected change within each age cohort between 2015 and 2026 and also between 2015 and 2033. The population projection data indicates that there will be reductions in a large number of age groups (including the 20-29 and 45-54 age ranges) but some cohorts are predicted to grow dramatically. The largest growth is projected to be in the number of people aged between 90 or over.



² Edge Analytics *Gwynedd & Anglesey Population & Household Forecasts Assumptions, Methodology & Scenario Results* (September 2014)

- 4.5 The projections within the Edge Analytics dwelling led (preferred) scenario suggest that the number of households is set to increase at a faster rate to the population, therefore it is anticipated that the average household size will decrease from 2.28 to 2.23 persons over the next 11 years, and to 2.21 by 2033.

Table 4.1 Change in population, households and household size, 2015 – 2026 & 2015 – 2033					
	2015	2026	% change to 2026	2033	% change to 2033
Population in households	71,015	74,931	+5.5%	77,457	+9.1%
Households	31,165	33,585	+7.8%	35,125	+12.7%
Average household size	2.28	2.23		2.21	

Source: Edge Analytics, Edge Analytics further modelled to 2033

- 4.6 These population and household projections have been applied to the household survey dataset to provide an estimated household profile in the Isle of Anglesey in both 2026 and 2033. Before the accommodation requirements of the future population are calculated it is important to describe the approach used to create an accommodation profile adequate for each household group.

Adequacy of the housing stock

- 4.7 For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of the Isle of Anglesey. This is determined through response to the household survey.
- 4.8 A household is considered currently adequately housed unless the household has indicated that they need to move home now because the accommodation is inadequate for the household. This is ascertained from the reason cited for the household moving. Households whose moves are caused by the accommodation size, cost, form and services available within it being currently unsuitable for the resident are considered to be inadequately housed and to require alternative accommodation. The tenure and size of dwelling these households expect to achieve when they move are presumed to represent the nature of the accommodation that they require.
- 4.9 Some further adjustments are also made to remove over the long-term any undesirable elements of market imbalance that exist currently:
- Households that are overcrowded are assumed to require a property large enough for overcrowding not to take place.
 - Households in social rented accommodation that can afford market or intermediate accommodation are assumed to require this to ensure that the stock is being most appropriately and efficiently used. The cost of shared

ownership/help-to-buy housing is based on that set out in Table 3.5. The cost of intermediate rented housing is based at 70% Intermediate Rent as set out in Table 3.4.

- Pensioner households and households with children in the private rented sector on Local Housing Allowance are assumed to move into the form of affordable accommodation that they can afford (intermediate or social rented) as this is the tenure in which they would be more appropriately housed.
- Households resident in the private rented sector without Local Housing Allowance who identified that the cost of their current housing was a severe problem are assigned to a tenure that they can afford according to the LHMA Guide affordability test

4.10 Table 4.2 shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that some 11.1% of households are classified as inadequately housed currently. Lone parents are the household group least likely to reside in adequate accommodation, whilst households containing two or more pensioners are least likely to be inadequately housed.

Table 4.2 Types of households inadequately housed currently			
<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Single pensioners	392	6,205	6.3%
2 or more pensioners	174	4,676	3.7%
Single non-pensioners	453	4,186	10.8%
2 or more adults, no children	340	8,413	4.0%
Lone parent	624	1,599	39.0%
2+ adults, 1 child	880	3,044	28.9%
2+ adults, 2+children	606	3,042	19.9%
Total	3,469	31,165	11.1%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

4.11 Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of suitable accommodation for each household type is applied to the household population in 2026 and also 2033. The model therefore assumes that the pattern of accommodation required by each household type remains constant.

Model results 2015 to 2026

4.12 Table 4.3 shows the ideal tenure profile in Isle of Anglesey in 2026 (if all households are to be adequately housed). The data shows that in 2026 the housing market should comprise 84.4% of market dwellings, 0.4% discount sale or help-to-buy 1.3% intermediate rent and 14.0% social rented.

<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	28,342	84.4%
Discount sale/help-to-buy	128	0.4%
Intermediate rent	427	1.3%
Social rented	4,688	14.0%
Total	33,585	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.13 Table 4.4 shows the tenure profile required by households resident in the Isle of Anglesey in 11 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 70.5% of new housing should be market accommodation, 2.8% discount sale/help-to-buy, 16.9% intermediate rent and 9.8% social rent. The current tenure profile presented in Table 4.4 does not take into account any homes that are currently planned in the Isle of Anglesey – when those with planning permission have been completed, they can be deducted from the total change required for that tenure presented in Table 4.4.

Tenure	Current tenure profile	Tenure profile 2026	Change required	% of change required
Market	26,636	28,342	1,706	70.5%
Discount sale/help-to-buy	60	128	68	2.8%
Intermediate rent	18	427	409	16.9%
Social rented	4,451	4,688	237	9.8%
Total	31,165	33,585	2,420	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.14 The model is able to also provide detail on the size of new dwellings required within the market tenures, as is set out in the section below.

Size of housing required within each market tenure

- 4.15 Table 4.5 presents the size of market accommodation required in the Isle of Anglesey in 2026 in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 43.1% of new market dwellings should be three bedroom properties, with 31.1% containing two bedrooms, 23.0% having four or more bedrooms and 2.8% having one bedroom.

Table 4.5 Size of new market accommodation required in the Isle of Anglesey over the next 11 years				
Dwelling size	Current size profile	Size profile 2026	Change required	% of change required
One bedroom	904	952	48	2.8%
Two bedrooms	5,925	6,456	531	31.1%
Three bedrooms	13,452	14,187	735	43.1%
Four or more bedrooms	6,355	6,747	392	23.0%
Total	26,636	28,342	1,706	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.16 This analysis can be repeated for discount sale/help-to-buy housing and is presented in Table 4.6. The data indicates that of the 68 discount sale/help-to-buy dwellings required within the Isle of Anglesey, 35.4% should be two bedroom properties with a further 35.4% one bedroom accommodation. Some 25.1% should have three bedrooms and 4.1% should be four bedroom accommodation.

Table 4.6 Size of new discount sale/help-to-buy accommodation required in the Isle of Anglesey over the next 11 years				
Dwelling size	Current size profile	Size profile 2026	Change required	% of change required
One bedroom	4	28	24	35.4%
Two bedrooms	21	45	24	35.4%
Three bedrooms	26	43	17	25.1%
Four or more bedrooms	9	12	3	4.1%
Total	60	128	68	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.17 The results for intermediate rented housing are presented in Table 4.7. The data indicates that of the 409 additional intermediate rented dwellings required within the Isle of Anglesey, some 38.6% should be three bedroom properties with a 33.3% two bedroom accommodation. Some 21.3% should contain four or more bedrooms and 6.8% a single bedroom.

Table 4.7 Size of new intermediate rented accommodation required in Isle of Anglesey over the next 11 years

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2026</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	0	28	28	6.8%
Two bedrooms	11	147	136	33.3%
Three bedrooms	5	163	158	38.6%
Four or more bedrooms	2	89	87	21.3%
Total	18	427	409	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.18 Table 4.8 shows the equivalent results for the social rented sector. The table shows that of the 237 additional social rented units required within Isle of Anglesey over the next 11 years, 43.8% should be four bedroom accommodation, 28.9% one bedroom dwellings, 16.3% two bedroom properties and 11.1% three bedroom units.

Table 4.8 Size of new social rented accommodation required in Isle of Anglesey over the next 11 years

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2026</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	507	575	68	28.9%
Two bedrooms	1,609	1,648	39	16.3%
Three bedrooms	2,215	2,241	26	11.1%
Four or more bedrooms	120	224	104	43.8%
Total	4,451	4,688	237	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Model results 2015 to 2033

- 4.19 Table 4.9 shows the ideal tenure profile in Isle of Anglesey in 2033 (if all households are to be adequately housed). The data shows that in 2033 the housing market should comprise 84.0% of market dwellings, 0.5% discount sale or help-to-buy 2.0% intermediate rent and 13.5% social rented.

Table 4.9 Ideal tenure profile in 2033

<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	29,515	84.0%
Discount sale/help-to-buy	183	0.5%
Intermediate rent	699	2.0%
Social rented	4,728	13.5%
Total	35,125	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.20 Table 4.10 shows the tenure profile required by households resident in the Isle of Anglesey in 18 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 72.7% of new housing should be market accommodation, 3.1% discount sale/help-to-buy, 17.2% intermediate rent and 7.0% social rent. The current tenure profile presented in Table 4.10 does not take into account any homes that are currently planned in the Isle of Anglesey – when those with planning permission have been completed, they can be deducted from the total change required for that tenure presented in Table 4.10.

Tenure	Current tenure profile	Tenure profile 2033	Change required	% of change required
Market	26,636	29,515	2,879	72.7%
Discount sale/help-to-buy	60	183	123	3.1%
Intermediate rent	18	699	681	17.2%
Social rented	4,451	4,728	277	7.0%
Total	31,165	35,125	3,960	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Size of housing required within each market tenure

- 4.21 Table 4.11 presents the size of market accommodation required in the Isle of Anglesey in 2033 in comparison to the size profile recorded in the sector currently. The table shows that some 40.8% of new market dwellings should be three bedroom properties, with 31.0% containing two bedrooms, 21.4% having four or more bedrooms and 6.8% having one bedroom.

Dwelling size	Current size profile	Size profile 2033	Change required	% of change required
One bedroom	904	1,101	197	6.8%
Two bedrooms	5,925	6,817	892	31.0%
Three bedrooms	13,452	14,627	1,175	40.8%
Four or more bedrooms	6,355	6,970	615	21.4%
Total	26,636	29,515	2,879	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.22 This analysis can be repeated for discount sale/help-to-buy housing and is presented in Table 4.12. The data indicates that of the 123 discount sale/help-to-buy dwellings required within the Isle of Anglesey, 35.8% should be two bedroom properties with a

further 29.3% three bedroom accommodation. Some 26.9% should have one bedrooms and 8.0% should be four bedroom accommodation.

Dwelling size	Current size profile	Size profile 2033	Change required	% of change required
One bedroom	4	37	33	26.9%
Two bedrooms	21	65	44	35.8%
Three bedrooms	26	62	36	29.3%
Four or more bedrooms	9	19	10	8.0%
Total	60	183	123	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.23 The results for intermediate rented housing are presented in Table 4.13. The data indicates that of the 681 additional intermediate rented dwellings required within the Isle of Anglesey over the next 18 years, some 34.1% should be three bedroom properties with a 29.4% two bedroom accommodation. Some 25.1% should contain four or more bedrooms and 11.5% a single bedroom.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2033</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	0	78	78	11.5%
Two bedrooms	11	211	200	29.4%
Three bedrooms	5	237	232	34.1%
Four or more bedrooms	2	173	171	25.1%
Total	18	699	681	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 4.24 Table 4.14 shows the equivalent results for the social rented sector. The table shows that of the social rented units required, 39.3% should be four bedroom accommodation, 27.2% one bedroom dwellings, 17.9% two bedroom properties and 15.6% three bedroom units.

Table 4.14 Size of new social rented accommodation required in Isle of Anglesey over the next 18 years

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2033</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	507	582	75	27.2%
Two bedrooms	1,609	1,659	50	17.9%
Three bedrooms	2,215	2,258	43	15.6%
Four or more bedrooms	120	229	109	39.3%
Total	4,451	4,728	277	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

5. Affordable housing need

Summary

- i) Following the stages of the housing needs assessment model specified by the LHMA Guide results in a net need estimate of 398 affordable dwellings per year in the Isle of Anglesey. Refining the model to reflect the local housing market, the net need figure becomes 182 affordable dwellings per year.
- ii) Help-to-buy, shared ownership and Intermediate Rent set at 80% and 70% of median market rates could all contribute towards meeting housing need.
- iii) A range of affordable accommodation sizes are required, but the need for four bedroom homes is most acute.

Introduction

- 5.1 Chapter 6 of the LTMA Guide details how affordable housing need should be calculated. It defines affordable housing need as *'households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance'*.
- 5.2 This chapter presents the results of the four broad stages of the model used to calculate affordable housing need. Within each of the four stages there are a number of detailed calculations many of which themselves have a number of components. This chapter presents details of how each of these stages is calculated using locally available data for the Isle of Anglesey. An annual estimate of the affordable housing need in the Isle of Anglesey is calculated and the tenure and size of accommodation most appropriate to meet this need is discussed.

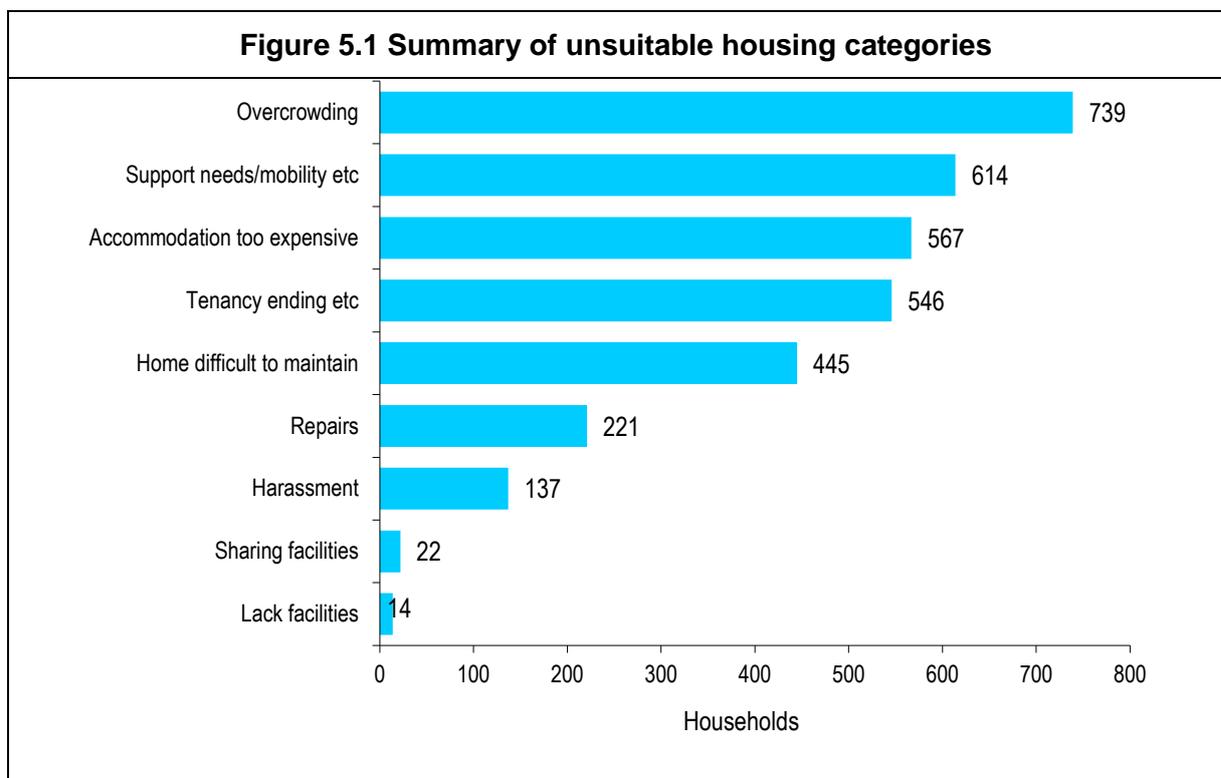
Stage 1: Gross current need (Steps 1-4)

- 5.3 The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing, and are therefore in current need.

Unsuitable housing

- 5.4 A key element of housing need is an assessment of the suitability of a household's current housing. The LHMA Guide sets out a series of nine criteria for unsuitable housing, which have been used in this report. It is estimated that a total of 2,305 households are living in unsuitable housing. This represents 7.4% of all households in the Isle of Anglesey.
- 5.5 Figure 5.1 shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main cause of unsuitable

housing is overcrowding, followed by the dwelling being unsuitable for the household due to their support needs or mobility issues.



Source: Isle of Anglesey Local Housing Market Assessment Update, 2016. N.B. Households can have more than one reason for unsuitability, hence figures add up to more than 2,305

5.6 Table 5.1 shows unsuitable housing by tenure. The data suggests that households living in private rented accommodation are particularly likely to be in unsuitable housing.

Table 5.1 Unsuitable housing and tenure

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in Isle of Anglesey	% of tenure in unsuitable housing	% of all unsuitable housing
Owner-occupied (no mortgage)	411	12,975	13,386	3.1%	17.8%
Owner-occupied (with mortgage)	619	7,461	8,079	7.7%	26.8%
Social rented	203	4,266	4,469	4.5%	8.8%
Private rented	1072	4,159	5,231	20.5%	46.5%
Total	2,305	28,860	31,165	7.4%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

'In-situ' solutions

- 5.7 The survey has highlighted that 2,305 households are in unsuitable housing. However, it is most probable that some of the unsuitability can be resolved in the households' current accommodation. Households living in housing deemed unsuitable for the following reasons were not considered to have an in-situ solution: end of tenancy, accommodation too expensive, overcrowding, sharing facilities, harassment.
- 5.8 The updated household dataset therefore estimates that of the 2,305 households in unsuitable housing, 1,678 (or 72.8%) do not have an in-situ solution and therefore require a move to alternative accommodation. These 1,678 households form **Step 1** of the model.

Affordability

- 5.9 These 1,678 households in unsuitable housing and requiring a move to alternative accommodation are tested for their ability to afford market housing in the area using the criteria set out in the LHMA Guide. Overall 36.8% (618 households) are unable to afford market housing. Therefore some 1,060 of these households could meet their need within the market and are deducted from the gross need estimate at **Step 3**.
- 5.10 The 618 households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation) are considered to be in housing need. This represents 2.0% of all existing households in the Isle of Anglesey.
- 5.11 Table 5.2 shows the tenure of the 618 households currently estimated to be in housing need. The results show that private rented tenants are most likely to be in housing need. Of all households in need 74.0% currently live in private rented accommodation, 12.7% in an owner-occupied home and 13.3% in a social rented dwelling.

Table 5.2 Housing need and tenure					
<i>Tenure</i>	<i>Housing need</i>				
	<i>In need</i>	<i>Not in need</i>	<i>Number of h'holds in Isle of Anglesey</i>	<i>% of tenure in need</i>	<i>% of all housing need</i>
Owner-occupied (no mortgage)	6	13,380	13,386	0.0%	1.0%
Owner-occupied (with mortgage)	73	8,007	8,079	0.9%	11.7%
Social rented	82	4,387	4,469	1.8%	13.3%
Private rented	457	4,774	5,231	8.7%	74.0%
Total	618	30,547	31,165	2.0%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 5.12 For the purposes of the housing needs assessment (specifically Step 5), households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and intermediate accommodation), and households from other tenures (those in owner-occupied or private rented accommodation) in need. Some 82 households fall into the former category (which form **Step 5** of the model) and 536 into the latter category.

Homeless households

- 5.13 The housing needs assessment is a 'snapshot' that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of current need.
- 5.14 To assess the number of homeless households we have used information contained in the Council's WHO12 returns - Table 7: '*Homeless households accommodated by your authority at the end of the Quarter*'. This is important given the snapshot nature of the survey. Data from the September 2015 WHO12 form indicated that there were 10 homeless households in temporary accommodation in the Isle of Anglesey.
- 5.15 Not all of these homeless households are added to our assessment of existing households in need. This is because those resident in private or social rented stock will be part of our household survey sample. To include these households when they form part of the weighted household dataset would mean that the households would be double counted. Only homeless households resident in hostels, women refuges or bed and breakfasts are counted in addition. Although the StatsWales data did not disaggregate the total of 10 homeless households into the various constituent categories due to issues around confidentiality of disclosing very small numbers, it can be presumed that the proportion of all homeless households in the applicable categories is the same as that recorded nationally. Therefore, of the 10 homeless households in temporary accommodation, 3 will be counted as additional need for the purpose of the housing needs assessment. This figure of 3 forms **Step 2** of the model.

Total current need

- 5.16 Table 5.3 summarises the first stage of the overall assessment of housing need as set out by the LHMA Guide. Step one is the number of existing households in unsuitable housing without an in-situ solution identified in paragraph 5.8. Step two is the number of non-households in housing need set out in paragraph 5.15. Step three is the number of existing households that need alternative accommodation that can afford it in the market as is described in paragraph 5.9. Step 4 is the sum of steps one and two, with step three deducted. **Step 4** shows that there are an estimated 621 households in need.

Table 5.3 Stage 1: Current housing need (gross)			
<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
1. Existing households in need of accommodation	5.8		1,678
2. <i>Plus</i> current non-households in need of affordable housing	5.15		3
3. <i>Minus</i> cases where they can afford to meet their need in the market	5.9		1,060
4. <i>Equals</i> total current housing need (gross)	5.16	1+2-3	621

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Stage 2: Available stock to offset need (Steps 5-9)

- 5.17 Stage 2 considers the stock available to offset the current need. This includes stock from current occupiers of affordable housing in need (Step 5), surplus stock from vacant properties (Step 6) and committed supply of new affordable units (Step 8). Units to be taken out of management are then deducted before an estimate of the total available stock to offset the current need is calculated (Step 9).

Current occupiers of affordable housing in need

- 5.18 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. The number of affordable dwellings occupied by households in need is established in Step 1 (paragraph 5.12). The figure to be used in Step 5 is therefore 82.

Surplus stock

- 5.19 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The LHMA Guide suggests that if the vacancy rate in the affordable stock is in excess of 3% then these should be considered as surplus stock which can be included within the supply to offset needs. The most recent data from the Welsh Government's StatsWales service records a vacancy rate in the social rented sector of 1.6%; therefore no adjustment needs to be made to the figures - the figure to be used in **Step 6** is 0.

Committed supply of new affordable units

- 5.20 The LHMA Guide recommends that this part of the assessment includes '*new social rented and intermediate housing which are already planned to be built over the time period of the assessment*'. Information from the Council's Local Development Plan team indicates that 153 affordable homes are expected to be completed over the next five years. For the purposes of this analysis we have taken this as a guide to new provision across Isle of Anglesey, therefore a figure of 153 has been used in **Step 7**.

Planned units to be taken out of management

5.21 The LHMA Guide states that this stage ‘involves estimating the numbers of social rented or intermediate units that will be taken out of management’. The main component of this step will be properties which are expected to be demolished (or replacement schemes that lead to net losses of stock). At the time of reporting, the proposed number of affordable dwellings expected to be ‘taken out of management’ within the Isle of Anglesey in the future was unknown and hence a figure of zero has been used for **Step 8** of the model.

Total available stock to meet current need

5.22 Having been through a number of detailed stages in order to assess the total available stock to offset need in Isle of Anglesey all pieces of data will be brought together to complete Stage 2 of the needs assessment table set out in the LHMA Guide. The data shows that there are an estimated 235 properties available to offset the current need (see **Step 9**).

5.23 The current level of net need is calculated in steps 10 – 12 of the needs assessment table. Step 10 removes the estimate of available stock to offset need (step 9) from the total number of households in current need (step 4); the net need level is 386 dwellings (**Step 10**). However, the LHMA Guide recommends that current need is addressed over a five-year period, hence this figure has been divided by five (**Step 11**). This results in the annual requirement of units to reduce current need (**Step 12**) which is 77.

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
5. Current occupiers of affordable housing in need	5.18		82
6. Plus surplus stock	5.19		0
7. Plus committed supply of new affordable units	5.20		153
8. Minus planned units to be taken out of management	5.21		0
9. Equals total stock available to meet current need	5.22	5+6+7-8	235
10. Equals total current need (net)	5.23	4-9	386
11. Times annual quota for the reduction of current need	5.23		20%
12. Equals annual requirement of units to reduce current need	5.23	10x11	77

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Stage 3: Newly arising need

5.24 In addition to the current needs discussed so far in this chapter there will be future (or newly arising) need. This is split into two main categories: newly forming households (Step 13), multiplied by the proportion unable to buy or rent in the market (Step 14), and existing households falling into need (Step 15). Potential out-migrants able to afford

market housing (Step 16) are removed, in order for a total newly-arising need figure (Step 18) to be arrived at. It should be noted that in-migrants unable to afford market housing (Step 17) are included within the figures for Steps 13-15, and thus are not presented separately.

New household formation

- 5.25 The estimate of the number of newly forming households in need of affordable housing is calculated from the updated household survey dataset and is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need.
- 5.26 Table 5.5 shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years.

Table 5.5 Derivation of newly arising need from new household formation		
	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years	5,426	
Minus existing households	-4,304	1,122
TOTAL APPLICABLE MOVES	1,122	
ANNUAL TOTAL APPLICABLE MOVES	561	
Minus households able to afford market housing (71.3%)	-400	161
ANNUAL ESTIMATE OF NEWLY ARISING NEED	161	

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 5.27 The table above shows that an estimated 1,122 households were newly formed within the Isle of Anglesey over the past two years, which equates to 561 households per annum. The figure of 561 is used in **Step 13** of the model. The affordability test is then applied to these households to assess their ability to afford market housing. Each newly forming household that is potentially in need is tested for its ability to afford market accommodation of an appropriate size using the information for their particular financial circumstances. The survey estimates that 28.7% of these households are unable to afford market housing without some form of subsidy in Isle of Anglesey. The figure of 28.7% is used in **Step 14** of the model. Overall therefore there is a newly arising need from 161 newly forming households per year.

Existing households falling into need

- 5.28 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). This is calculated from the updated household survey dataset and is based on assessment of the ability to afford of existing households who have moved home within the last two years. A household will fall into

need if it has to move home and is unable to afford to do this within the private sector (an example of such a move would be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim Local Housing Allowance (formerly Housing Benefit) or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).

5.29 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties.

5.30 Table 5.6 shows the derivation of existing households falling into need.

Table 5.6 Derivation of newly arising need from existing households		
	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years		5,426
Minus households forming in previous move	-1,122	4,304
Minus households transferring within affordable housing	-156	4,148
TOTAL APPLICABLE MOVES		4,148
Minus households able to afford market housing (75.3%)	-3,122	1,026
ESTIMATE OF NEWLY ARISING NEED		1,026
ANNUAL ESTIMATE OF NEWLY ARISING NEED		513

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

5.31 The table above shows that a total of 4,304 existing households moved in the last two years. Removing households transferring within affordable housing leaves 4,148 households who are potentially in need. The affordability test is applied to each of these 4,148 households. It is estimated that 1,026 of these households are unable to afford market housing (24.7%). Annualised this is 513 households per year and this figure forms **Step 15** of the model.

Potential out-migrants unable to afford market housing

5.32 The Welsh Government Local Housing Market Assessment Guide suggests that households in current need who have not had their needs met through affordable housing and who plan to leave the Isle of Anglesey within the next year should be removed from this stage of the calculation. This applied to 7 households in Isle of Anglesey, who are included as **Step 16**.

In-migrants unable to afford market housing

5.33 In-migrants unable to afford market housing have been included within the figures for Steps 13-15. It is important to note that although there is likely to be a significant influx of households as a consequence of the Energy Island Programme, these households are

unlikely to be in housing need as they will be employed. These households do not form part of this step of the model.

Total newly arising need

- 5.34 The data from each of the above sources can now be used to complete Stage 3 as is shown in Table 5.7. Of the 561 newly forming households per annum, 28.7% (161 households) are unable to access market housing. This is added to the annual newly arising need figure for existing households (513). Taking into account out-migrants unable to afford market housing (-7), this results in additional need arising from a total of 667 households per annum (**Step 18**).

Table 5.7 Stage 3: Gross newly arising need (per annum)			
<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
13. New household formation (gross per year)	5.27		561
14. <i>Times</i> proportion of new households unable to buy or rent in the market	5.27		28.7%
15. <i>Plus</i> existing households falling into need and unable to afford market housing	5.31		513
16. <i>Minus</i> potential out-migrants unable to afford market housing	5.32		7
17. <i>Plus</i> in-migrants unable to afford market housing	-	(included in steps 13-15)	-
18. <i>Equals</i> total newly arising housing need (gross per year)	5.34	(13x14)+15-16	667

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Stage 4: Supply of affordable units per year

- 5.35 The annual supply of affordable housing (Step 21) comprises two parts: the net supply of social re-lets (Step 19) and the supply of intermediate housing (Step 20). The following section deals with this in detail.

Net supply of social re-lets

- 5.36 Step 19 of the model is an estimate of likely future re-lets from the social rented stock (excluding transfers within the social rented sector). The LHMA Guide suggests that this should be based on past trend data which can be taken as a prediction for the future. The LHMA Guide also suggests the use of a three year average. However in this instance we have looked at trend data for the past two years only. This is done simply to allow consistency with the newly arising need section (Stage 3) where figures were all calculated on an annual basis based on trends over the past two years.

- 5.37 Table 5.8 shows the number of RSL lettings in Isle of Anglesey over the last two years. The average number of lettings (excluding transfers but including nominations) across

the social rented sector over the two-year period was 344 per annum. This forms **Step 19** of the model.

Table 5.8 Analysis of past housing supply (social rented sector)			
<i>Source of supply</i>	<i>2012/2013</i>	<i>2013/2014</i>	<i>Average</i>
LA & RSL lettings (excluding transfers and exchanges)	320	367	344

Source: Welsh Government's StatsWales service

Supply of intermediate housing

- 5.38 In most local authorities the amount of intermediate housing available in the stock is fairly limited (as is the case in the Isle of Anglesey). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of intermediate units, either intermediate rent or a part-ownership product such as shared equity or help-to-buy, that become available each year. Based on applying the derived re-let rate for the social rented sector (7.5%) to the estimated intermediate stock in Isle of Anglesey according to the Welsh Government's StatsWales service (23 units), it is estimated that around 2 units of intermediate housing will become available each year to meet housing needs from the existing stock of such housing – this figure will be used for **Step 20** of the model.

Annual future supply of affordable housing

- 5.39 This step is the sum of the previous two. The total future supply (**Step 21**) is estimated to be 346, comprised of 344 units of social re-lets and 2 units of intermediate housing. This is shown in Table 5.9

Table 5.9 Stage 4: Supply of affordable units (per annum)			
<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
19. Annual supply of social re-lets (net)	5.37		344
20. <i>Plus</i> annual supply of intermediate housing available for re-let or resale at sub-market levels	5.38		2
21. <i>Equals</i> annual supply of affordable housing	5.39	19+20	346

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Estimate of net annual housing need

- 5.40 The LHMA Guide outlines the 22 steps that must be completed to obtain all of the information required to calculate the annual estimate of housing need. Table 5.10 presents the results for each of the 22 steps. The current need assessment suggests a (net) need for 81 units per year (step 12). The figure for newly arising need (step 18) is 667 and the estimated future supply to meet this need (step 21) is 346 units per year. This therefore leaves an annual requirement of 398 units per year in Isle of Anglesey (**Step 22**) ($77+667-346=398$). The figure of 398 is the level of housing need calculated

following the needs assessment model, the deliverability or viability of this figure is not considered within this model and is beyond the scope of this report.

Table 5.10 Detailed affordable housing requirement table for the Isle of Anglesey			
Stage and step in calculation	<i>Parah reference</i>	Notes	Output
STAGE 1: CURRENT NEED (Gross)			
1. Existing households in need of accommodation	5.8		1,678
2. <i>Plus</i> current non-households in need of affordable housing	5.15		3
3. <i>Minus</i> cases where they can afford to meet their need in the market	5.9		1,060
4. <i>Equals</i> total current housing need (gross)	5.16	1+2-3	621
STAGE 2: AVAILABLE STOCK TO OFFSET NEED			
5. Current occupiers of affordable housing in need	5.18		82
6. <i>Plus</i> surplus stock	5.19		0
7. <i>Plus</i> committed supply of new affordable units	5.20		153
8. <i>Minus</i> planned units to be taken out of management	5.21		0
9. <i>Equals</i> total stock available to meet current need	5.22	5+6+7-8	235
10. <i>Equals</i> total Current need	5.23	4-9	386
11. <i>Times</i> annual quota for the reduction of current need	5.23		20%
12. <i>Equals</i> annual requirement of units to reduce current need	5.23	10×11	77
STAGE 3: NEWLY ARISING NEED			
13. New household formation (gross per year)	5.27		561
14. <i>Times</i> proportion of new households unable to buy or rent in the market	5.27		28.7%
15. <i>Plus</i> existing households falling into need and unable to afford market housing	5.31		513
16. <i>Minus</i> potential out-migrants unable to afford market housing	5.32		7
17. <i>Plus</i> in-migrants unable to afford market housing	-	(included in steps 13-15)	-
18. <i>Equals</i> total newly arising housing need (gross per year)	5.34	(13×14)+1 5-16	667
STAGE 4: SUPPLY OF AFFORDABLE UNITS per year			
19. Annual supply of social re-lets (net)	5.37		344
20. <i>Plus</i> annual supply of intermediate housing available for re-let or resale at sub-market levels	5.38		2
21. <i>Equals</i> annual supply of affordable housing	5.39	19+20	346
NET SHORTFALL OF AFFORDABLE UNITS			
22. Overall shortfall (per annum)	5.41	12+18–21	398

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

5.41 This information is summarised in Table 5.11 below.

Table 5.11 Summary of needs assessment model (annual figures)		
<i>Element</i>		<i>Number</i>
Current need	(Step 4)/5	124
Current supply	(Step 9)/5	47
Net current need		77
Future ('newly-arising') need	(Step 18)	667
Future supply	(Step 21)	346
Net future need		321
Total net annual need		398
Total gross annual need		791
Total gross annual supply		393
Total net annual need		398

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Types of households in need

5.42 Table 5.12 gives a breakdown of gross annual households in need, by household type. The table shows that some 8.9% of lone parent households are in housing need compared to 0.7% of households with two or more pensioners. Overall, single non-pensioner households comprise 29.6% of all households in need and households with children a further 42.7% of households in housing need.

5.43 It should be noted that 103 single non-pensioner households are aged 35 and under. The Local Housing Allowance regulations, which indicates that single people 35 or under are only entitled to the shared accommodation rate rather than the rate for a one bedroom home, imply that these individuals are deemed suitable to meet their housing needs within the market in this way. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance (discussed in paragraph 3.29) to assist with their rent in the private rented sector, but only at the shared room rate (£252 per month in the Isle of Anglesey currently), rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

Table 5.12 Annual need requirement by household type					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	85	6,120	6,205	1.4%	10.7%
2 or more pensioners	31	4,645	4,676	0.7%	3.9%
Single non-pensioners	234	3,952	4,186	5.6%	29.6%
2 or more adults, no children	103	8,310	8,413	1.2%	13.0%
Lone parent	142	1,457	1,599	8.9%	17.9%
2+ adults 1 child	121	2,923	3,044	4.0%	15.3%
2+ adults 2+ children	75	2,967	3,042	2.5%	9.5%
Total	791	30,374	31,165	2.5%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 5.44 Table 5.13 shows the ethnicity of households in need. The table shows that some 3.8% of 'non White Welsh/British' households are in housing need compared to 2.5% of 'White Welsh/British' households. Despite the lower prevalence of 'White Welsh/British' households in housing need, this group still constitutes some 97.7% of all households in housing need.

Table 5.13 Annual need requirement by ethnicity of household head					
<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White Welsh/British	773	29,918	30,691	2.5%	97.7%
Any other ethnic group	18	456	474	3.8%	2.3%
Total	791	30,374	31,165	2.5%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 5.45 Table 5.14 shows the number of households containing someone with a support need in housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The table shows that households containing a support needs person are notably more likely to be in housing need than households where no support needs person is present.

<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	297	6,587	6,884	4.3%	37.5%
Nobody with support need present	494	23,787	24,281	2.0%	62.5%
Total	791	30,374	31,165	2.5%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Size of accommodation required

5.46 Table 5.15 shows the size of accommodation required by households in housing need in the Isle of Anglesey. The supply distribution is derived from data from the Council on the size of affordable accommodation let over the last two years. The last column presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	381	112	268	67.4%	29.5%
Two bedrooms	189	141	48	12.1%	74.4%
Three bedrooms	156	136	20	5.0%	87.1%
Four or more bedrooms	65	4	61	15.4%	5.7%
Total	791	393	398	100.0%	49.7%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

5.47 The table suggests that there is a net need for all sizes of affordable housing. The largest net need is one bedroom accommodation, followed by four and two bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by one bedroom dwellings. Households in need requiring three bedroom accommodation are most likely to have their need met from the current supply.

5.48 The requirement for one bedroom homes comes partly from single person households. As described in paragraph 5.43 above, 103 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in Isle of Anglesey, it is very likely that these households will be

required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table 5.16. The table suggests around 56% of the net need is for one bedroom homes, 21% for four bedroom properties 16% for two bedroom homes and 7% for three bedroom dwellings.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	278	112	165	56.1%	40.5%
Two bedrooms	189	141	48	16.4%	74.4%
Three bedrooms	156	136	20	6.8%	87.1%
Four or more bedrooms	65	4	61	20.8%	5.7%
Total	688	393	295	100.0%	57.1%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Type of affordable home required

- 5.49 As discussed in Chapter 3, Intermediate Rent and help-to-buy have been introduced to provide a further option within the affordable sector and help fill the gaps that currently exist in the housing market. Table 5.17 illustrates how many households in affordable housing need in the Isle of Anglesey are able to afford the different affordable products. The figures presented are exclusive, so for example the 51 households requiring a one bedroom home that are able to afford Intermediate Rent at 80% do not include the 14 households able to afford discount sale (even though they would also be able to afford Intermediate Rent at 80%). Households have therefore been assigned the most expensive product they are able to afford.
- 5.50 The table shows that of the 791 households in gross need each year, 4.9%, some 39 households, could afford help-to-buy and 4.4% (35 households) could afford discount sale. A further 97 households in need could be housed in Intermediate Rent at 80% and an additional 223 households could reside in Intermediate Rented accommodation were the level lowered to 70% of median private rent values. An additional 110 households would be able to afford the cost of social rented housing. Finally, the largest group of households in need are those unable to afford any accommodation without support from LHA (287 households).

Size of home	Help-to-buy	Discount sale	Intermediate Rent at 80%	Intermediate Rent at 70%	Social rent	Requires assistance	Total
One bedroom	13	14	51	116	17	170	381
Two bedrooms	15	12	20	49	31	62	189
Three bedrooms	8	7	16	37	47	41	156
Four or more bedrooms	3	2	10	21	15	14	65
Total	39	35	97	223	110	287	791

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Sensitivity analysis

5.51 The housing needs assessment model requirement of 398 additional affordable homes per year does not equate logically with the planned 220 new dwellings per year for the Isle of Anglesey. This is because the LHMA Guide needs assessment model is a technical exercise that presents an assessment of the requirement for affordable housing, however it does not account for the functioning of the local housing market currently. This brief section considers the impact of changing one of the assumptions used in the model that does not reflect how the market operates.

Affordability threshold

5.52 The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the LHMA Guide. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table 5.18 presents the model results where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged.

Table 5.18 Impact of different affordability assumptions on affordable housing requirement in Isle of Anglesey			
	<i>Rent payable constitutes no more than:</i>		
	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Current need	90	65	43
Current supply	47	35	29
Net current need	43	30	14
Future ('newly-arising') need	588	530	483
Future supply	346	346	346
Net future need	242	184	137
Total net annual need	285	214	151
Total gross annual need	678	595	526
Total gross annual supply	393	381	375
Total net annual need	285	214	151

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

- 5.53 The table indicates that the number of households in need would decrease from 398 to 285 if 30% of gross household income could be spent on rent. This would decrease further to 214 if 35% of income could be spent on rent, and to 151 if the affordability assumption was changed to 40%.
- 5.54 If the affordability threshold used was adjusted to 30% of gross income on rent, which better reflects the prevailing market conditions in Isle of Anglesey, then there would be 113 fewer households in gross need each year. If single persons under 35 are also excluded, as discussed in paragraph 5.43, the need would be further reduced by 103 households. The impact of changing both of these assumptions is that the need for new affordable units reduces to 182 per year.
- 5.55 The figure of 398 remains the overall need figure, because it is calculated in accordance with the approach set out in the LHMA Guide and is therefore comparable with historical estimates and figures derived elsewhere.

6. Requirements of specific groups

Introduction

6.1 The LHMA Guide indicates that a LHMA should ensure that the housing requirements of all subgroups of the population are considered. Whilst the LTBHM considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. This chapter considers the specific profiles of the following groups of the population, which all have an appreciable impact on the housing market within the Isle of Anglesey:

- Older persons
- People with disabilities
- Family households

6.2 This chapter will also profile the private rented sector in more detail.

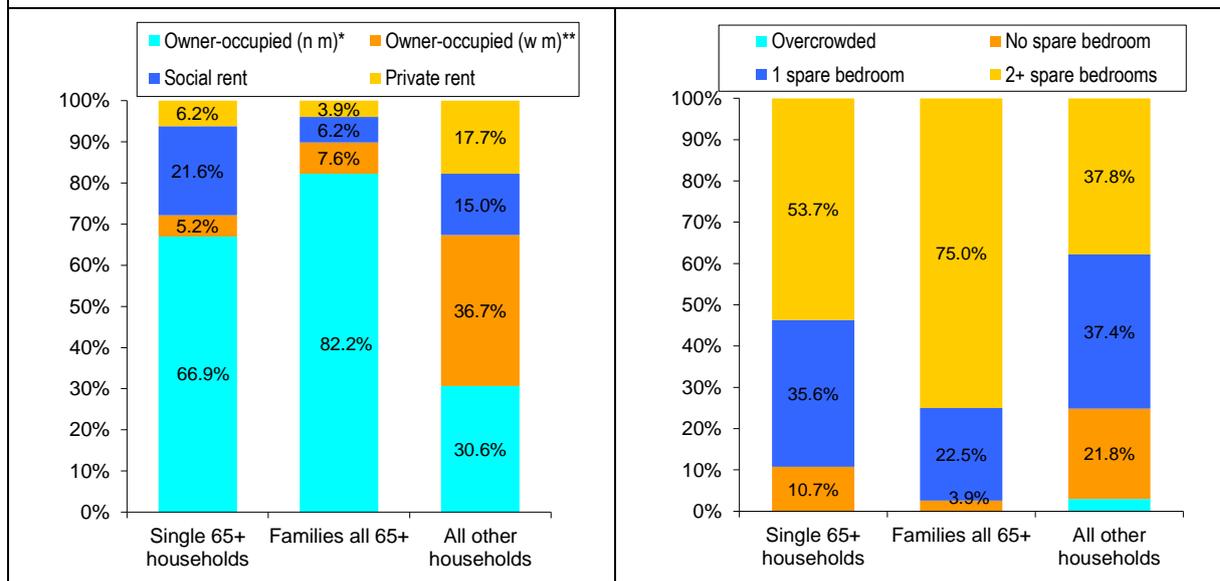
Housing Needs of Older People

Current situation

6.3 The Census indicates that 26.7% of households in the Isle of Anglesey were older person only households (households where all members are 65 or over), compared to 22.9% nationally. Of these older person only households in the Isle of Anglesey in 2011, 58.8% contained only one person, a smaller distribution to that recorded in Wales (59.8%).

6.4 Figure 6.1 shows the tenure profile of older person only households in the Isle of Anglesey in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The results show that whilst single older person households in the Isle of Anglesey were more likely than average to reside in social rented accommodation, both of the older person groups show a high level of owner-occupation. Older person households were also more likely than average to have multiple spare bedrooms in their home.

Figure 6.1 Profile of accommodation for older person households in the Isle of Anglesey



Source: 2011 Census *Owner-occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership.

Future requirement

6.5 The population projections within the preferred scenario as calculated by Edge Analytics indicate that the population aged 65 or over in the Isle of Anglesey is going to increase notably from 17,512 in 2015 to 20,947 in 2026, a rise of 19.6%. The results of the LTBHM model can be disaggregated into different household groups within the whole population. Table 6.1 shows the ideal accommodation profile for older person households in the Isle of Anglesey in 2031 arising from that model.

Table 6.1 Type of accommodation required for pensioner households in 2026 in the Isle of Anglesey

Dwelling size	Market	Discount sale/ help-to-buy	Intermediate Rent	Social rent	Total
One bedroom	10.8%	0.1%	1.8%	6.4%	19.1%
Two bedrooms	35.7%	0.1%	0.7%	4.0%	40.5%
Three bedrooms	34.3%	0.0%	0.0%	0.3%	34.6%
Four or more bedrooms	5.8%	0.0%	0.0%	0.0%	5.8%
Total	86.6%	0.2%	2.5%	10.7%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Specialist accommodation

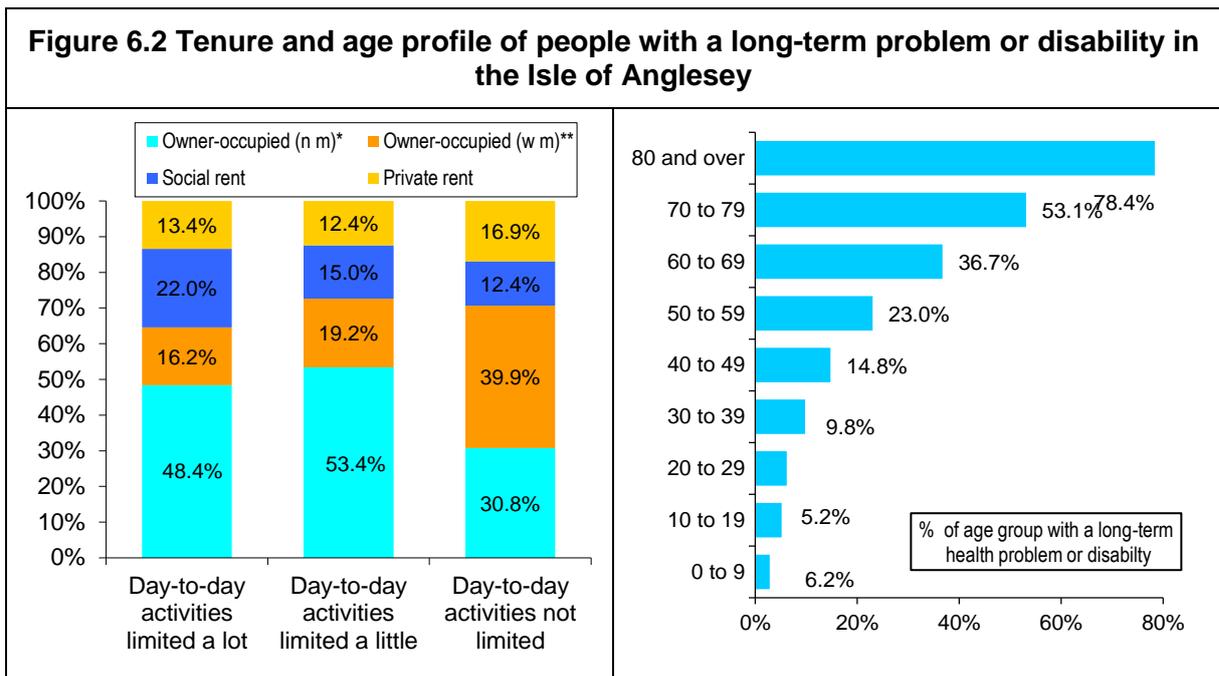
6.6 Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The Council is planning to undertake a

Population Needs Assessment as required under the Social Services and Well-being Act (Wales) to inform their ongoing work to arrive at a total future need for sheltered housing, residential and nursing homes. There are 555 affordable sheltered units, 54 affordable extracare units (with an additional Extracare scheme of 60 units having been granted planning permission), and 616 affordable bedspaces in nursing and residential care homes in the Isle of Anglesey currently. It has been identified that this stock is insufficient to meet future need and the Council are undertaking further work to establish the level of additional provision required.

Households with specific needs

Current situation

- 6.7 Some 23.1% of the resident population in the Isle of Anglesey have a long-term health problem or disability, compared to 22.7% of residents across Wales. This reflects the relatively large proportion of the population aged 65 or over. Some 49.5% of all residents with a long-term health problem or disability in the Isle of Anglesey had a condition that limited day-to-day activities a lot, with 50.5% having a condition that limited activities a little.
- 6.8 Figure 6.2 below shows the tenure profile of people with a long-term health problem or disability in the Isle of Anglesey in 2011 compared to the remainder of the population. The figure also sets out the prevalence of a long-term health problem or disability in the different age groups of the population. The results show that whilst people with a long-term health problem or disability are more likely than average to be owner-occupiers with no mortgage, they are also more likely than average to reside in the social rented sector. The analysis also reveals a strong correlation between age and long-term health problem or disability.



Source: 2011 Census *Owner-occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership.

Future requirement

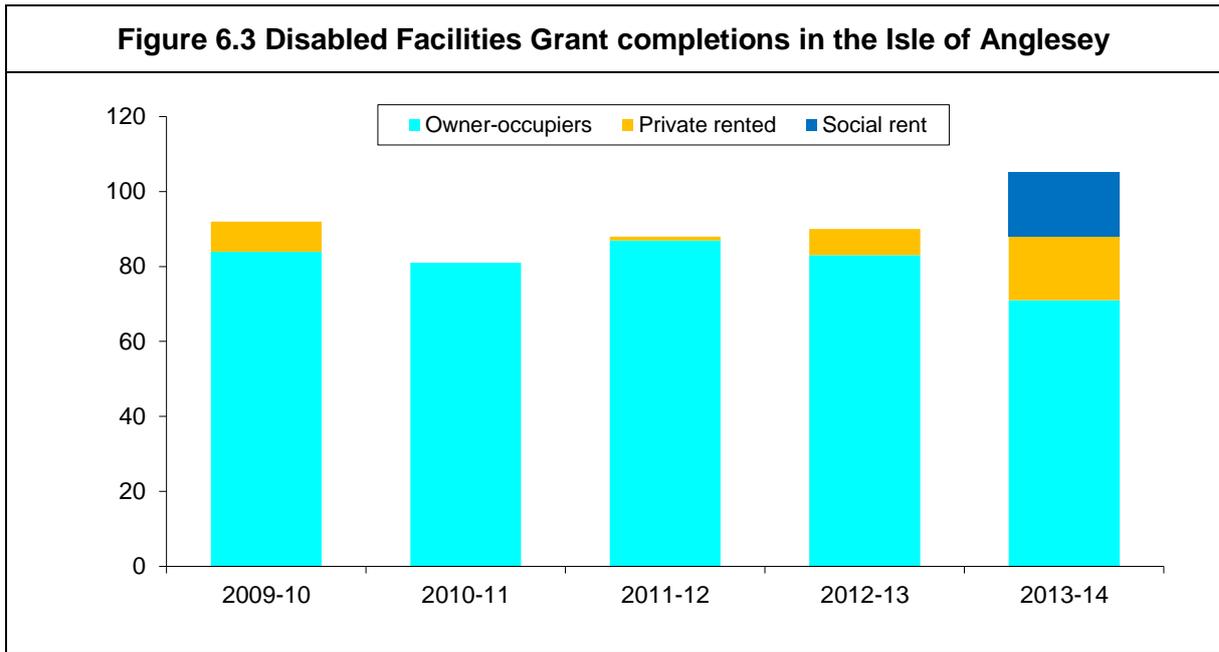
6.9 The updated household survey dataset, which is used to derive the outputs of the LTBHM model, did not collect information on whether residents had a long-term health problem or disability, but instead collected data on the existence of residents with one of a number of 'support needs'. The support needs included those who were frail elderly, had a medical condition, had a physical disability, had a learning difficulty, had a mental health problem, those that had a severe sensory disability or those with another condition. Although this used a different definition to the Census, it is a useful proxy for those with specific needs. The results of the LTBHM model can be disaggregated to show the specific accommodation requirements of households containing someone with a support need. Table 6.2 shows the ideal accommodation profile for support needs households in the Isle of Anglesey in 2026 arising from that model.

Table 6.2 Type of accommodation required for support needs households in 2026 in the Isle of Anglesey					
Dwelling size	Market	Discount sale/ help-to-buy	Intermediate Rent	Social rent	Total
One bedroom	9.2%	0.3%	1.9%	13.4%	24.8%
Two bedrooms	21.4%	0.4%	1.3%	7.8%	30.9%
Three bedrooms	28.9%	0.1%	0.5%	2.8%	32.3%
Four or more bedrooms	10.7%	0.0%	0.1%	1.2%	12.0%
Total	70.2%	0.8%	3.8%	25.2%	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Adaptations and support

6.10 In addition to specialist accommodation, the Council assists people to remain in their current home by providing support and assistance. Figure 6.3 shows the number of Disabled Facilities Grants that have been completed in the Isle of Anglesey between 2009/10 and 2013/14 by tenure. The figure shows that the requirement for these services has remained broadly consistent over this period, although the number of completions has increased in both rented tenures over the last year.



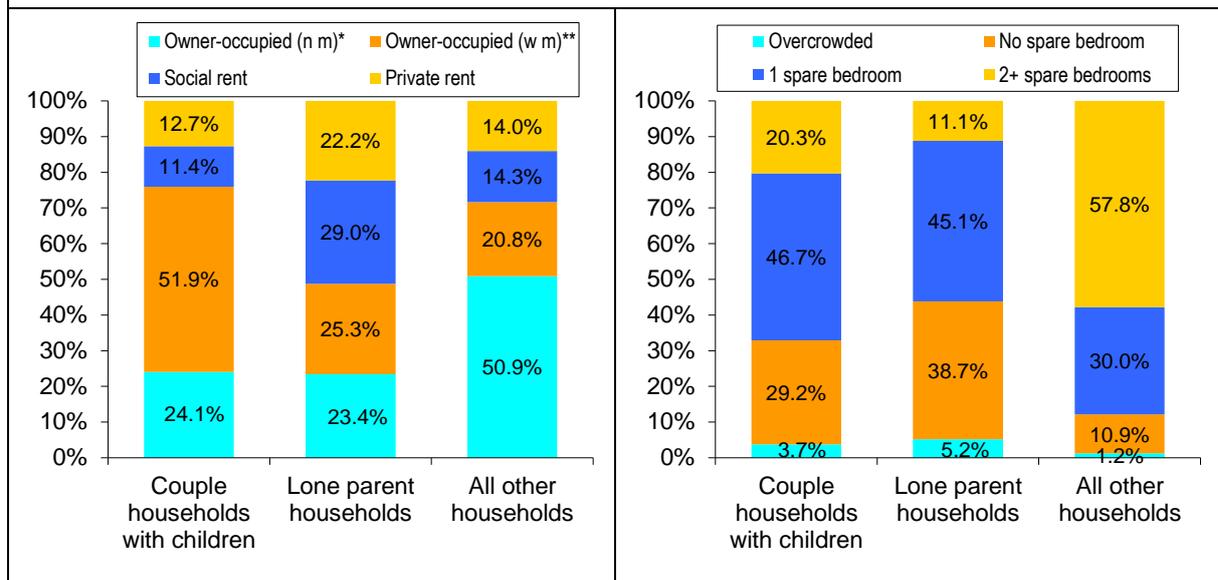
Source: Welsh Government's StatsWales service

Families with children

Current situation

- 6.11 Figure 2.3 showed the household composition at the time of the Census. This indicated that 33.8% of the household population were families with children, a figure lower than the national average (36.6%).
- 6.12 Figure 6.4 below shows the tenure profile of the two main types of 'family with children' households in the Isle of Anglesey in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The data shows that whilst there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst non-family with children households in the Isle of Anglesey, the proportion of this group in the social and private rented sector is not dissimilar. Lone parents however are notably more likely than non-family with children households to be in both social rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied than other households in the Isle of Anglesey.

Figure 6.4 Profile of accommodation for family households in the Isle of Anglesey



*Owner-occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership. Source: 2011 Census

Future requirement

- 6.13 Table 6.3 shows the ideal accommodation profile for family households in the Isle of Anglesey in 2031 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation.

Table 6.3 Type of accommodation required for households with dependent children in 2026 in the Isle of Anglesey

Dwelling size	Market	Discount sale/ help-to-buy	Intermediate Rent	Social rent	Total
One bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Two bedrooms	8.4%	2.1%	0.7%	2.2%	13.4%
Three bedrooms	39.6%	1.5%	2.7%	6.5%	50.3%
Four or more bedrooms	26.2%	0.7%	3.3%	6.1%	36.3%
Total	74.2%	4.3%	6.7%	14.8%	100.0%

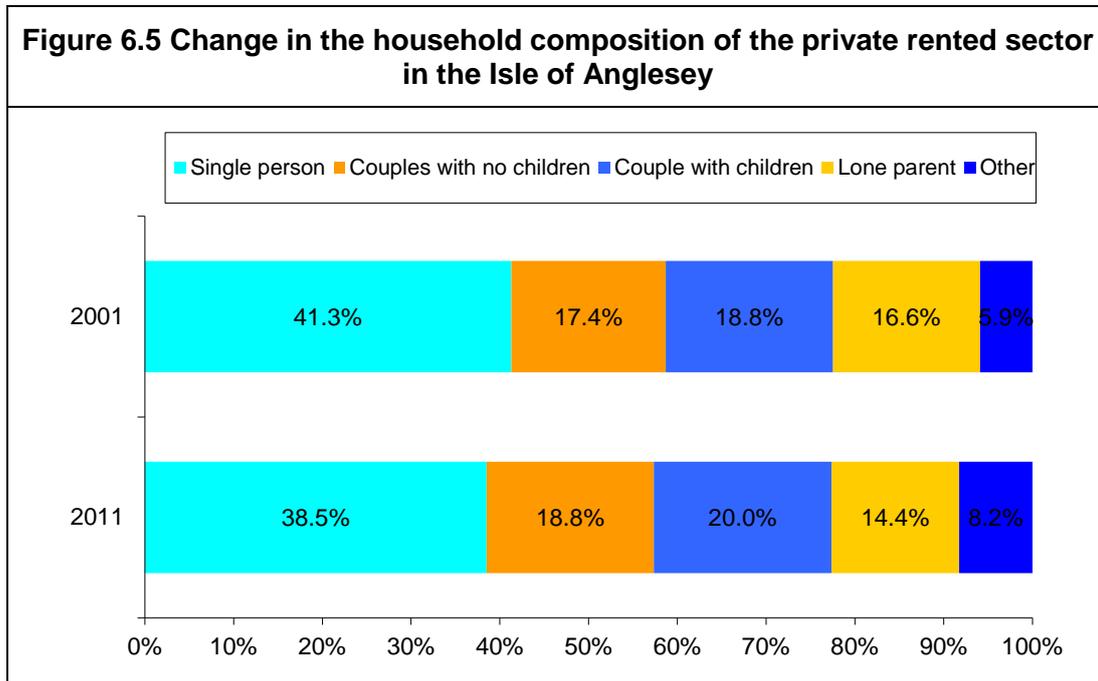
Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

The private rented sector

Growth

- 6.14 The private rented sector is becoming increasingly important in the Isle of Anglesey; the Census indicates that it increased by 60.5% in the Isle of Anglesey between 2001 and 2011 compared to an increase of 5.9% across all other tenures combined. Figure 6.5 compares the household composition of the private rented sector in the Isle of Anglesey in 2001 to the profile of households resident in this tenure in the Isle of Anglesey in 2011.

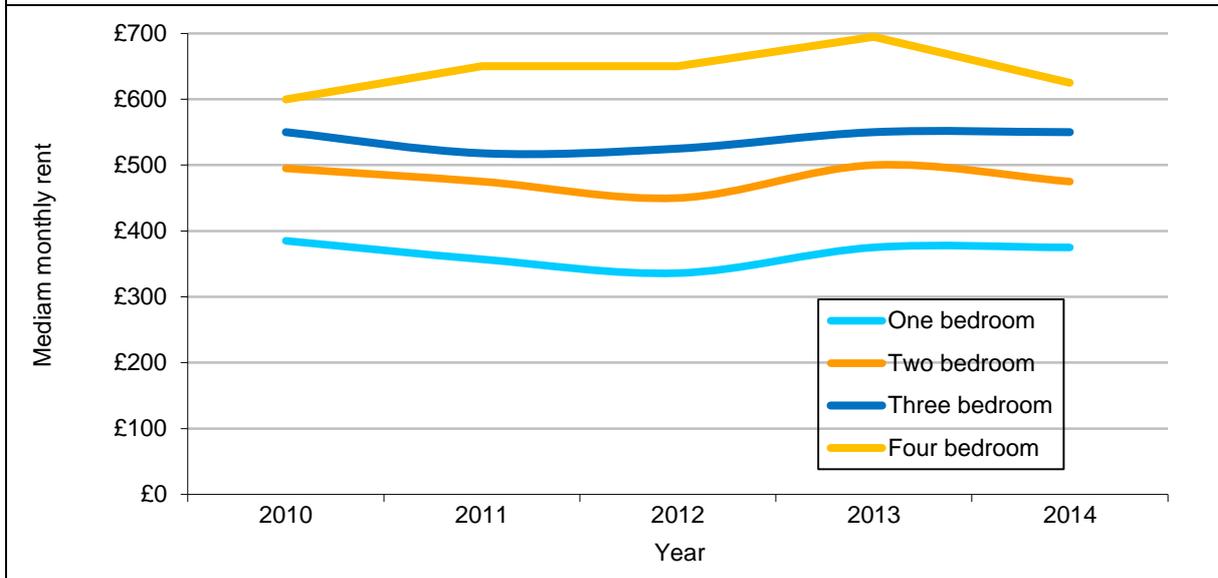
The data clearly shows that not only has the private rented sector expanded, but the households in it have diversified.



Current trends

- 6.15 It is estimated that there are 5,231 private rented households in the Isle of Anglesey currently, which constitutes 16.8% of the household population. To assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. Figure 6.6 shows the change in median private rents over the last five years by bedroom size. The figure indicates that median private rents for one two and three bedroom homes have changed minimally since 2010, whilst four bedroom median prices rose, before falling over the last year. Overall private rents for one and two bedroom homes have fallen between 2010 and 2014, whilst four bedroom rents have increased by only 4.2% and three bedroom rents are at the same levels as were recorded in 2010. This suggests that the private rented sector is stable in Isle of Anglesey.

Figure 6.6 Change in median private rents charged in the Isle of Anglesey between 2010 and 2014



Source: Welsh Government's StatsWales service

The benefit-supported private rented sector

- 6.16 It is estimated that nationally around a quarter of private tenants are in receipt of Local Housing Allowance. In the Isle of Anglesey the figure is 35.0% and the number of households in the private rented sector in receipt of Local Housing Allowance has remained very consistent over the last four years.
- 6.17 Table 6.4 compares benefit-support households in the private rented sector in the Isle of Anglesey with households resident in the tenure in the Isle of Anglesey without this benefit, using data from the updated household dataset. The table shows that the benefit-supported sector is much more likely to contain pensioner households and lone parent households than the non-benefit-supported sector. The average age of households in the benefit-supported sector is consequently older at 42.
- 6.18 There is a dramatic difference in the employment profile of these households, with 43.1% of those in the benefit-supported sector containing an employed person in the household, compared to 91.8% of households in the non-benefit-supported sector. This affects the household income recorded, with the median income for households in the benefit-supported private rented sector around a third of the figure for households in the non-benefit-supported sector.

Table 6.4 Comparison of households within the private rented sector			
	<i>Benefit-supported</i>	<i>Not benefit supported</i>	<i>All private rented households</i>
<i>Household type</i>			
Single pensioners	12.9%	3.9%	6.2%
2 or more pensioners	4.2%	2.4%	3.0%
Single non-pensioners	26.8%	30.5%	29.7%
2 or more adults, no children	11.8%	45.4%	35.5%
Lone parent	27.8%	1.0%	9.1%
2+ adults 1 child	9.4%	8.9%	9.2%
2+ adults 2+ children	7.1%	7.9%	7.3%
Total	100.0%	100.0%	100.0%
Median age of household head	42	38	39
<i>Whether employed person in household</i>			
Yes	43.1%	91.8%	77.8%
No	56.9%	8.2%	22.2%
Total	100.0%	100.0%	100.0%
Median household income	£7,282	£22,322	£16,078

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Appendix A1. Updating the dataset

Introduction

A new analysis of the housing market has been facilitated by the creation of an updated household dataset. A household survey was completed across the Isle of Anglesey in June and July 2012 using postal questionnaires. The survey was drawn, at random, from the Council Tax Register covering all areas and tenure groups in the Isle of Anglesey. A total sample of 2,058 was achieved.

The primary data has been updated using two measures – re-weighting the data to take account of the latest information on the structure of households in the Isle of Anglesey and updating the financial profile of households to reflect the changes recorded since the 2012 report. This appendix will describe the approach used for these two processes.

Re-weighting the dataset

The original LHMA estimated that there were a total of 31,770 households in 2012 in the Isle of Anglesey. This figure was derived from the Welsh Government 2008-based household projections (published in 2010). The publication of the 2011 Census results have shown that household growth since the previous Census has been much lower than was indicated by all of the household estimates published between 2001 and 2011.

Edge Analytics have produced population and household growth forecasts for both the Isle of Anglesey and Gwynedd³. These contain an accurate estimate of the household population in the Isle of Anglesey in 2015 reflecting the latest demographic trends recorded in the area (and giving due consideration to all of the demographic projections published by the Welsh Government). This source indicates that the household population in the Isle of Anglesey in winter 2015, the base date of this update report, is 31,165. Although this figure is lower than the one used in 2012 (and the trend suggests that the household population has increased slightly since 2012), it is the most accurate information source on the current household population. The dataset has therefore been reweighted to this total.

The data also has to be weighted by a number of variables so that the profile is representative of the characteristics of the household population. The variables used to weight the data are listed below.

- Tenure
- Household type

³ Edge Analytics *Gwynedd & Anglesey Population & Household Forecasts Assumptions, Methodology & Scenario Results* (September 2014)

- Age of resident population
- Employment profile of resident population
- Parish
- Council Tax Band
- Car ownership
- Accommodation type.

Table A1.1 shows an updated estimate of the current tenure split in the Isle of Anglesey along with the tenure distribution recorded in the 2012 report. The data shows that 68.9% of households are owner-occupiers with 14.3% in the social rented sector and 16.8% resident in private rented accommodation.

Table A1.1 Number of households in each tenure group 2015 and 2012				
<i>Tenure</i>	<i>2015</i>		<i>2012</i>	
	<i>Total number of households</i>	<i>% of households</i>	<i>Total number of households</i>	<i>% of households</i>
Owner-occupied (no mortgage)	13,386	43.0%	13,506	42.5%
Owner-occupied (with mortgage)	8,079	25.9%	8,218	25.9%
Social rented	4,469	14.3%	4,391	13.8%
Private rented	5,231	16.8%	5,654	17.8%
Total	31,165	100.0%	31,770	100.0%

Source: Isle of Anglesey Local Housing Market Assessment Update, 2016

Updating the financial profile

As the original survey data has to be updated from its summer 2012 base, it has been necessary to make an estimate of the likely change in income levels since this time (and indeed changes in savings and equity). The principle of updating the financial profile is not to update the situation of the particular household that responded to the initial questionnaire, but to present an accurate representation for an equivalent household that exists currently. Households' financial information was updated via an indexing approach, as there are time-series secondary data available at a local level that record changes in the relevant variables. A separate method was used for the three variables that were updated – income, savings and equity.

The Annual Survey of Hours and Earnings (ASHE) was used to update the earned income of households with an employed member. The change recorded by ASHE over the last three years was applied to the dataset to generate a profile for winter 2015. As ASHE provides values at a range of points on the earnings distribution, it is possible to update income depending on the change recorded for the particular quartile the original household income of 2012 was in.

The incomes of retired households were assumed to increase with inflation (Consumer Price Index, CPI), while the income of benefit dependent households was assumed to follow the trend in overall spending on non-housing related benefits (excluding those benefits not linked to unemployment) per claimant in the Isle of Anglesey.

In the absence of any secondary data on the average level of savings in the UK, savings were updated according to inflation (CPI). For affordability purposes it is also important to consider changes in household equity. The Land Registry provides the best source of information on the value of property at a local level, with data on the price of all home sales for every quarter of the year. As the Land Registry presents data for a range of points on the price distribution, it is possible to update the value of owner-occupied homes by the change in prices recorded for the appropriate price level. These figures have been applied to survey data about property values – this in turn has enabled an estimate of likely equity levels to be made.

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HDH Planning and Development Ltd

Registered in England Company Number 08555548
Clapham Woods Farm, Keasden, Nr Clapham, Lancaster. LA2 8ET
simon@hdhplanning.co.uk 015242 51831 / 07989 975 977

