

**Welsh Assembly Government:**  
**Review of Evidence to Inform the Development of the National  
Housing Strategy**  
**Final Report**

Services for life

## Document control sheet

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## Executive summary

### Introduction

1. The Welsh Assembly Government commissioned Tribal Consulting to examine the evidence base of the housing system in Wales to inform the new national housing strategy. This report sets out current evidence on the Welsh housing system. It provides evidence on the external factors that shape and influence the housing system, as well as an overall profile of key trends. We focus on Welsh evidence but, where appropriate, also draw on UK-wide information.
2. The report is based on the six key aims that have been developed for the national housing strategy, each underpinned by a set of more specific objectives. These are:
  - To develop an adequate supply of affordable housing
  - To provide high quality accessible homes
  - To provide high quality housing services
  - To contribute to the health and well-being of the people of Wales
  - To contribute to regeneration and sustainable communities
  - To contribute to environmental sustainability and respond effectively to climate change

### Summary of the evidence – an adequate supply of affordable housing: evidence on the housing system

3. The chapters on the housing system in Wales, perhaps not surprisingly, comprise the largest overall contribution to the report. This is primarily because they incorporate findings relating to the aim of developing an adequate supply of affordable housing. The evidence reviewed in this regard includes economic and demographic trends, tenure changes and new supply, housing affordability, demand and need, the private rented sector and rural housing issues.

### Demographics

4. Population and household growth is the key driver in the housing system in Wales. Recent estimates show that the current population of Wales is 2,999,600 with 1,261,000 households. Approximately 28% of all households are single persons. The average number of people per household was 2.38. Over the course of the next 12 months it is anticipated that the population will break the three million mark. According to the mid-year estimate in 2006, the population is expected to reach 3.3 million by 2031 – an increase of 11%. In-migration is a significant factor influencing demographic trends, particularly from middle-aged household groups and those from England. Demographic trends also indicate an ageing population and a significant increase in the 'dependency' ratio of older people to those of working age.
5. Over the period 2003-2026 household numbers are projected to increase by 20%. Moreover, single person households are anticipated to rise by 50% from a base of 350,000 in 2007. Projections suggest that by 2031 children will account for 17% of the population, with pensioners making up nearly 21% of the population. The increase in pensioners represents the greatest rate of change at 31%, while the number of people of working age will increase by 8%.
6. The current age structure of households indicates the tendency for owner-occupiers to be in older age groups, whereas the majority (62%) of those in the youngest age group are renters. Young people are more likely to be in private rented housing than any other age group.

Meeting the housing aspirations of younger households may be increasingly hampered by access and affordability problems in the owner-occupied sector.

### **Tenure change**

7. The past 25 years have witnessed the continued growth of the owner-occupied sector from 62% in 1981 to 73% in 2007. This is the highest proportion of owner-occupation of all the UK countries. A number of factors have led to this growth in owner-occupation, including rising prosperity coupled with household aspirations, the deregulation of financial markets allowing easier access to mortgage finance, the Right to Buy, and new-build being concentrated in the private sector.
8. There has been an overall decline in renting, particularly social renting. The decline of the local authority sector has been staggering; from 27% of the total stock in 1981 to just 11% in 2007. Influential factors include the Right to Buy, lack of new-build in the sector, and the Large Scale Voluntary Transfer (LSVT) of stock. Registered social landlord stock has, however, increased from 1% to 5% over the same period. Long-term trends in local authority lets show that the absolute number has only recently shown a decline. While the overall rate of new lets was 7% in 2007 this is greater than that in 1981 when it was 5%. Since 2001/02 the proportion of lets to homeless households has been increasing.
9. Private renting has increased slightly in recent years. Latest figures show that 11% of the housing stock is in this tenure – a proportion equivalent to social renting. Recent upward trends have been assisted by the growth of Buy to Let and also demand for this tenure from ‘non-traditional’ groups such as those that cannot afford owner-occupation and migrant workers. Evidence points towards the relative ‘affordability’ of private renting for younger households in almost all areas of Wales when compared to buying a home. In addition it may now be meeting needs that were traditionally the preserve of the social rented sector. The future of private renting is extremely difficult to project, although across the UK there is increasing evidence of the ‘fragmentation’ of ownership with more ‘amateur’ landlords with smaller average stock portfolios.
10. Over the last decade new additions to the housing stock in Wales have averaged approximately 8,400 every year. The bulk of these additions have been in the private sector with social housing completions reducing significantly over the period. Social housing completions over the ten-year period totalled 7,685 while Right to Buy sales accounted for 36,370. Therefore, the transfer of stock at an individual level from social renting to the private sector has been five times the additions to the social rented stock.
11. New affordable housing delivered through the planning system has become more prominent in recent years. However, current policy development and implementation is under-developed and there is no real consistency of approach among local authorities. The current market conditions have exposed more clearly the risks of this policy approach where affordable housing delivery is dependent on market triggers and behaviour. To overcome some of the risks in the current approach there may be a case for the national housing strategy to consider other policy mechanisms with regard to land assembly for affordable housing.
12. It is noticeable that while the supply of new-build housing has remained within the range of 7,000-8,000 in recent years, house prices have been increasing since 2001. In terms of access to owner-occupation there has been a steep rise with average house prices having more than doubled since 2001 from £79,628 to £169,848 in 2007. While more recent trends may point towards a short-term reversal, this may not affect the longer term pattern particularly if a ‘market correction’ includes a decline in new-build supply.

### **Housing demand and need**

13. The most recent evidence available (in 2003) found that future demand and need for new dwellings over the period 1998-2016 was 110,000 in the private sector and 45,000 in the social

rented sector. This is equivalent to 8,600 per annum (6,100 private sector and 2,500 social rented sector). The average figure for annual new-build completions over the period 2004-07 is around 8,595 which is generally at a level consistent with the projections. However, the tenure balance of actual completions varies, with those in the social rented sector significantly lower than the projected requirement identified by the Holmans study.

14. Other evidence on housing need such as national data on homeless presentations indicates a recent peak of 22,580 in 2004/05, but this has reduced to less than 15,000 in 2006/07. However, the rate of homelessness<sup>1</sup> at 5.45 per 1,000 households was higher in 2006/07 than in 1999/2000 (3.08). The Assembly Government has responded to the current affordable housing situation by adopting an affordable housing completion target of 1,625 per annum over a four-year period.
15. It is possible that the lack of social rented supply has been 'compensated' to some extent by households meeting their needs in the private rented sector (possibly the cheaper, poorer quality end of the market).

### Rural housing issues

16. The current evidence on housing issues in 'rural' areas indicates significant stress in the system. Approximately one-third of the Welsh population live in rural areas. There are particular concerns about the affordability of housing, economic opportunities, and lower than average incomes. The average household earned income in rural Wales was £26,803 in 2005 compared to a national figure of £27,328, while income to house price affordability measures are consistently high. In-migration of 'wealthier' households and the lack of designated land to develop new housing appear to be contributing to affordability issues.
17. The *JRF Commission on Rural Housing* report highlights the affordability problems in rural Wales with the property price to annual earnings ratio exceeding 5:1 in all rural LA areas. Powys was the least affordable with a ratio of 7.5 with Carmarthenshire, Pembrokeshire, Anglesey, Monmouthshire and Ceredigion all having ratios of 6. Gwynedd and Denbighshire had ratios between 5 and 6. Trends do point towards diminishing affordability in rural areas for many households.
18. Variations in demographic change in rural areas is also evident. For example, between 1981 and 2001 rural population growth has differed, ranging from 21% in Ceredigion to less than 5% in Carmarthenshire and Gwynedd. In other areas, such as Anglesey, the population declined over the same period. Differences also exist in the level of home ownership across 'rural' areas, as well as private renting generally being more prevalent than social renting when compared to urban areas.

### Key issues

19. The evidence base points to a number of key issues for the housing strategy to consider. These include taking account of the growth of single person households while, at the same time, meeting the needs of an ageing population. Meeting housing aspirations and the affordability of owner-occupation also appear to be significant challenges for future years. Recent trends in owner-occupation and house prices may also have contributed to greater wealth inequalities. This is particularly stark when considered in the context of households excluded from the owner-occupied sector and reliant on social or private renting. The evidence on the use of housing wealth is not fully developed, although it is clearly used to support individual consumer spending. However, it has to be remembered that there are also a

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<sup>1</sup> Rate of homelessness is the number of acceptances found to be eligible, unintentionally homeless and in priority need per 1,000 households.



significant number of low income owner-occupiers (including pensioners). This emphasises that poverty risks associated with real income levels remain across the housing system.

20. Overall recent experiences in the housing market stress the influence of external factors on the housing system in Wales and the global nature of the financial markets that support this. It is difficult to project future trends in the housing market. However, some key observations are possible that should be considered by the Assembly Government in the context of the new national housing strategy.
21. The rate of house price inflation is now slowing down and reversing in many areas. This has not been experienced in the UK for a number of years. However, this may not affect the longer-term trends. In Wales it is notable that a greater proportion of households reside in the owner-occupied sector than in other parts of the UK; therefore the potential impacts of a market downturn may be felt more widely. In addition, there are spatial differences across Wales in both tenure structure and house price trends over the last decade or so. For example, current average house prices range from £109,000 in Blaenau Gwent to £238,000 in Monmouthshire. In terms of affordability and access the interaction with incomes and other support (i.e. deposits) is vital.
22. Current evidence demonstrates a persistence of longer term imbalance between supply and demand with rising house prices and continuing levels of housing need. In many ways the housing system is increasingly being driven by the overall view of housing as an investment good as opposed to one of consumption. While this point could be debated, the growth of private renting in the UK through Buy to Let appears to support this view. At the same time recent trends in the housing market perhaps indicate that the investment-led motivations in the market may change.
23. The supply of new housing across all tenures is a critical issue although there appears to be little up-to-date national evidence on what the overall tenure balance should be, or the spatial distribution. All the evidence leads us to the overall conclusion that increasing the supply of housing across all tenures should be the key priority of the housing strategy. This should be the long-term strategic focus. However this needs to be informed by a more systematic construction and analysis of the evidence on need and demand across Wales.
24. In the short-term there are significant challenges in the housing market situation and, more specifically, in meeting increased supply targets. On the one hand, while house prices appear to be levelling off and undergoing a necessary correction, there is the potential to improve affordability. On the other hand, financial products stimulating buyer demand have contracted or disappeared completely in some cases. Therefore, the ability to finance house purchase is more difficult. This impacts on demand. Logically, the market correction that should follow is a reduction in prices reflecting the interaction between demand and supply. However, demand is restricted by the availability of finance and recent UK government-sponsored interventions, such as reducing interest rates and boosting liquidity in the markets, does not appear to have filtered through to consumers.
25. Government across the UK has been surprised at how quickly trends in the housing market have reversed. One role of a national housing strategy should be to identify future trends and risks from the wider international and UK policy arena that impact on the housing system in Wales and its communities. Two specific issues are good examples. First, the influence of the US housing market on the wider international financial sector and how this has had a detrimental impact on the availability of finance across the housing system in the UK. This is important as it affects both individuals and social housing providers who access funding through the market. It appears that knowledge of risk-taking in this sector, and the potential impact, was not well developed.
26. A second external policy impact that was widely unforeseen in recent years has been the level of demand in the housing system created by migration from the European Union Accession countries. UK government projections appear to have grossly under-estimated this, at least

over the short-term. Both of these simply highlight the need for a more sophisticated and dynamic evidence base to be created for the national housing strategy in Wales. In many ways this requires an upward and outward focus rather than a downward and inward focus. It needs to take into account both the global market factors as well as the external policy environment at both UK and international level. Measuring the potential impact of these on Wales and its housing system and citizens should be articulated through the housing strategy.

## **Summary of the evidence - high quality accessible homes**

27. The accessible homes aim within the national housing strategy broadly seeks to deal with the quality of the housing stock, the effect on health and safety, and its capacity to meet changing housing needs. It relates to both existing and new homes, although most of the current evidence refers to the former rather than the latter. The evidence review focuses on the Housing Health and Safety Rating System (HHSRS), disrepair, overcrowding, general health indicators from a housing perspective and adaptations to the existing stock.

### **Housing stock quality**

28. The HHSRS was introduced in July 2006, to enable local authorities to identify characteristics of properties that posed a risk to the health and safety of the occupants. Because of its recent introduction current data is only available for a part year (July 2006 – March 2007), with data for 2007/08 due to be published in August 2008. Consequently the evidence base on this specific housing quality issue is limited at the moment, although 953 dwellings were found to have a category one hazard and 639 had a category two hazard.
29. The most recent data available on the cost of repairs is from the 2004 Living in Wales Survey (property element). This shows that the average repair cost (i.e. those identified by the surveyor at inspection to deal with current condition problems) for occupied dwellings in 2004 was £1,338 (2004 prices). There are marked differences in the repairs costs for different house types, property ages and tenures, with converted flats having the highest repair costs. Approximately 6% of the total housing stock had repairs costing £5,000 or more.
30. The poorest repair conditions were found in the private rented sector – with an average repair cost of £2,852 per dwelling. This compares with £1,228 for the owner-occupied sector, £1,181 for local authority dwellings, and £654 for those in the RSL sector.
31. There is very little difference in repairs burden by age of householder – all are very close to the overall average. However, the youngest householders (18-29 years) were much less likely to live in a home that required no repairs (just 14% compared to the overall average of 26%). This perhaps reflects overall tenure patterns with this group more likely to be housed in rented accommodation. The repairs burden of the oldest age group (65+ years) was slightly below the overall average.
32. For **all** occupied dwellings, a repair cost of £521 per property was identified to bring it up to the Welsh Housing Quality Standard (WHQS). However the actual requirement to meet the standard is only applicable to the social rented stock.
33. Approximately 2% of Welsh households are living in overcrowded conditions. The main link appears to be between the number of children in a household and overcrowding – for example 40% of households with four or more dependent children failed the recognised measure.

### **Accessibility of stock**

34. The latest data from Living in Wales 2007 suggests that 19% of people in Wales have a long-term illness or disability (LLTI), although some previous estimates place this figure higher. The rate in the population increases with age – almost 40% of over 65s report this type of illness compared to 4% of those in the 15-29yrs age group. There is a relationship between both

tenure and house type and the incidence of LLTI. A much higher proportion of social renters have an LLTI than owners or private renters (24% compared with 13% and 11%) although this is likely to be related to other variables such as age rather than tenure per se. A far higher proportion of people who live in flats and bungalows have a LLTI compared with people who live in houses. The most common type of adaptation that people with an LLTI require is a grab rail, shower replacing bath, toilet on living floor, stairlift or other bathroom/toilet modification.

35. The Living in Wales 2004 survey shows that well over half of all households do not need any adaptations to their home, while a further quarter have already adapted their home. A significant minority of homes still required adaptations at that time. There were around 6,000 mandatory Disabled Facilities Grants completed in 2006/07, with an average cost of £6,900. The number and value of grants completed has been increasing steadily since 1998/99, when 4,000 grants were completed, at an average cost of £4,700.

### **Key issues**

36. The evidence emphasises the requirement for a cross-tenure focus on housing quality and its impact on quality of life. Current policies will assist in tackling some of the basic safety and disrepair problems. However, at the moment there are separate approaches for the public (standard) and private (rating) sectors; even delivering the WHQS for social housing appears to present challenges. This also has to be viewed in the context of the role improved housing conditions can play in meeting environmental objectives and alleviating fuel poverty. Overall the policy levers to achieve these objectives are generally in the grasp of the Assembly Government.
37. Poverty, associated low incomes and lifestyle influence health outcomes more immediately than tenure associations. The housing contribution should primarily focus on raising quality standards (safety, accessibility) for existing stock across all tenures. In addition all new-build stock (private and public) should be based on standards that meet the projected needs of the 21st century and in particular take account of the changing population profile.
38. A continued focus on supporting independent living for households is important and this must take into account both the physical property standards required along with wider housing support dimensions. As the population ages the need for more holistic packages of support will increase along with more sophisticated assessments of appropriate housing and care options for individual households at various life-stages.

### **Summary of evidence - high quality housing services**

39. Delivering high quality housing services is another major aim within the strategy. With the evidence encapsulating the WHQS, housing advice services, local authority housing management data and choice based lettings. Further evidence on homelessness focusing on service provision is also presented.

### **Social Housing Quality**

40. The Assembly Government has set a deadline for all social housing to meet the WHQS by 2012. According to the Living in Wales 2004 Survey almost all the properties in the social housing sector did not meet the standard in 2004. Of the less than 1% that actually met it, all were in the housing association sector. The overall cost of meeting the WHQS by 2012 is estimated at £3bn for all council and stock transfer properties, with a £4bn ongoing requirement over the next 30 years to maintain the standard. This is clearly a major challenge for the Assembly Government given that four years has elapsed since the initial measure and there has been mixed success with regard to the use of LSVT as a mechanism to fulfil the commitment on the WHQS.

41. The evidence on local authority performance is based on a snapshot for 2006/07 rather than trend data. There appears to be a relatively high level of arrears - 31% of current tenancies. Rent collection for temporary housing was only 67% compared to 97% for permanent housing. There were over 11,500 lets to new tenants by local authorities although the average time taken to relet a property was 85 days. However, average time taken to relet properties appears to vary across Wales from 28 days in Powys and Monmouthshire to 141 days in Swansea and 142 days in Blaenau Gwent. The average relet time is based on calendar days and may include periods where properties were awaiting major repairs – for example as at 31 March 2007 only 19% of all vacant local authority dwellings were available for letting compared to 58% that were undergoing or awaiting repair/improvement.
42. Across the UK there has been significant focus on the way social rented homes are allocated. The main change in recent years has been the introduction of Choice Based Lettings (CBL) by a significant minority of social housing landlords (both LAs and RSLs). National governments have taken their own policy stances on this. For example, in England the focus has been on active promotion and encouragement. In Scotland and Wales it has generally been left to individual social landlords to pursue this within a wider national policy view balancing choice, need and sustainable community objectives.
43. In Wales by the end of 2006/07 eleven local authorities and housing associations were letting the whole of their stock through CBL schemes, and an increasing number of housing associations had become partners in local authority led CBL schemes. The majority of these schemes are based on housing need measures to determine of allocations. To date, the main evidence of the effectiveness of schemes has come from England and Scotland. This notes success in ensuring that housing need was still prioritised, along with greater transparency in the letting process, enhancement of housing opportunities for homeless households, and improved tenancy sustainment.

### **Supported housing**

44. In recent years the Supporting People strategy and associated funding programme has been the key driver in the development and provision of supported housing services. The overall vision behind this is to ensure that vulnerable people are able to access housing related support services that allow them to develop their housing independence, or maintain independence in their own home. A study by the Assembly Government examined the costs and benefits of the supporting people programme in 2005/06. The overall cost was estimated at £128.5m.
45. While not the complete picture of the whole programme (approximately 83% of service user groups), 44,706 service users were found to be benefiting from Supporting People. The average spend per service user was estimated at £2,395. In terms of the groups that receive assistance the largest beneficiaries are older people with 22,000 in receipt of a service – a figure equivalent to 50% of all the service users. Homeless or potentially homeless households are the next largest service user group at 20% of the total.
46. The financial benefits of the whole Supporting People programme were estimated to be £180m compared to spend of £107m for the main service user groups – with a net annual savings benefit of £72m. However, while for some groups the net benefit was positive, for others it was negative. Positive savings were reported in ‘independent living’, health, homelessness, crime prevention and social care.

### **Homelessness services**

47. Homelessness continues to be experienced by many households across Wales although recent trends point to a decline in presentations. This may be related to the fact that policy in England and Wales is increasingly focused on the prevention of homelessness. Evaluation of prevention measures in England found a number of activities that assisted in alleviating homelessness including improved housing advice, use of the PRS, family mediation, tenancy

sustainment services and active support for specific groups such as people escaping domestic violence and prisoners.

48. Recent data for Wales shows that the time local authorities take to process homeless applications has improved, with 85% of decisions now reached within 33 working days (compared with 83% in 2005/06). However, the average time to discharge the homelessness duty has increased. Consequently, the number of days households spend in temporary accommodation has increased – from 102 days in 2005/06 to 118 days in 2006/07. This may indicate fundamental problems in the housing system connected with the supply of permanent tenancies to meet homeless needs. Critically, the use of bed and breakfast accommodation has declined: some 3,400 households were housed temporarily in bed and breakfast (compared with 3,750 in 2005/06); of these, 750 were families with children (compared with 880 in 2005/06).
49. Available evidence on homelessness tends to support the twin track approach to dealing with the problem, based on a realistic assessment of current housing circumstances and available housing options. On the one hand this is prevention but, perhaps more importantly, there is also a requirement to ensure that the supply of affordable housing is adequate to meet these needs. Prevention activities may not satisfy longer-term housing needs for some households.

### **Housing advice**

50. Information on people's experiences of housing advice services was available through the Living in Wales 2004 Survey. The majority of users of this type of service (62%) were positive about their experience. Dissatisfaction (30%) tended to concern the lack of ease in obtaining information. The type of users who were more likely to be dissatisfied were those who spoke Welsh, felt that they were not kept informed about the performance of local authority services, did not feel they belonged to their neighbourhood and were younger than pensionable age. Around 22% of users stated that they had wanted to complain about an organisation that provides these services - users in this group included those who felt that they did not 'belong' to the neighbourhood, those who wanted to participate in decision-making for local authority services and those aged under 25 years (30% of the total in this age group).

### **Key issues**

51. The main issues that the housing strategy needs to consider are the challenge in delivering the WHQS and the policy tools available to achieve this. An up-to-date measure of the pass and fail rate in the stock is required to provide a more immediate assessment of the challenge.
52. The most recent local authority performance indicators point towards problems with rent arrears and also relet times. This may require some further analysis by the Assembly Government of the overall trends and context of the current indicators. Choice-based letting systems are less widespread in Wales than in England. The Assembly Government may wish to consider the level of policy emphasis on this, and how far it would like to see social landlords adopting this approach.
53. Prevention of homelessness and the evidence on housing advice tends towards the conclusion that the further development and implementation of high quality local housing option services should be the main policy thrust. This includes ensuring that a range of housing options are available to meet needs and aspirations. The principle of choice could also be fundamental. This will empower households by giving them some sense of control over their own housing pathways.
54. More specifically on homelessness there is clearly a need to tackle this on two fronts, prevention activities but equally if not more importantly addressing affordable housing supply shortages.



## **Summary of evidence - health and wellbeing of the people of Wales**

55. For health and wellbeing the evidence review examined health inequalities, fuel poverty and, as far as possible, the housing needs of particular groups such as the elderly, gypsy-travellers and families with disabled children. However, the scope of the project and available evidence could not cover every group within the six equalities strands identified in the national housing strategy. The housing needs of particular groups are best assessed and highlighted through local authority strategic planning processes.

### **Health**

56. The Living in Wales 2007 Survey found that health is the primary concern of people across Wales – 87% stating that this was the case. While the evidence on causal relationships and associations between housing and health are difficult to disentangle, there is no doubt that a good quality home can improve household well-being.
57. The previous Living in Wales 2004 Survey reported that 27% of people who rent from the public sector had a long-term illness, disability or infirmity. This compared to 16% of home owners and 14% of private renters. Social renters (24%) were also more likely to report that a long-term illness was limiting in comparison to home owners (13%) and private renters (11%).
58. Other evidence reports that owner-occupiers were least likely to state difficulties (property condition, facilities etc) in their home, followed by private renters. Older people in social renting were the most likely to have difficulties. This pattern was repeated when self-reported health status was measured with social renters in the worst cohort. Owner-occupiers were less likely to report health difficulties, with private renters in the middle range between owning and renting.
59. It is estimated that older people spend around 70-90% of their time in their own home thus emphasising the importance of the home environment for their quality of life. UK comparators on tenure and health status found that in Wales there is a higher proportion of poor quality stock across all tenures occupied by older people. Variables identified as more detrimental to health status include experiencing most problems, inadequate heating and coldness levels, and the amount of time spent in the home. The conclusion is that the home environment has the most influence on health, other than tenure per se.
60. The Living in Wales 2007 Survey found that pensioners who have a long-term ailment are more likely to experience mobility, hearing or vision disability. They are also more likely to be affected by a cardiovascular disability. They are less likely to experience mental health or learning difficulty issues when compared to those below pensionable age.
61. 9% of Living in Wales 2007 respondents reported providing special care for other people. The majority (8%) provided care for one person while 1% had multiple responsibilities for two or more people.

### **Older People**

62. The Living in Wales 2007 Survey provides some contextual statistics on older people's housing. Pensioner households who are owner-occupiers are more likely to have bought their current home with a cash payment or paid outright (38% compared to 10% of those below pensionable age). A further 7% inherited their home compared to 4% in younger age groups. However, over a half of pensioners (54%) bought with a mortgage or loan with or without a cash payment although clearly this may relate to purchases made some time ago.
63. Recent evidence on the housing choices and aspirations of older people in England found that older people had a strong attachment to their current home and intended staying there for as long as possible. Decisions with regard to their current home or moving were influenced by

attachment feelings, the complexity of family/caring relationships, neighbours and neighbourhood, access to services and amenities, as well as health and well-being.

64. Family relationships were cited as a key element in housing decisions, with 'younger' older relatives' housing choices and decisions being influenced by the housing and care needs of the very old. This included factors such as the need to live close to older relatives to offer care/support or actually providing accommodation. In the social rented sector this could be difficult where choice of accommodation can be limited in both size and location.
65. Where older people were happy with their current home, the main factor that would influence a future decision to move would be health. The most common health-related concern for those that moved or were in the process of moving was mobility problems. When asked, most older people did not wish to consider their future housing intentions in too much detail but felt that adaptations to their current home would be their preferred solution if the need arose.
66. The majority of older people reported being supportive of the principle behind equity release, although there were varying opinions on how this could be used, with some viewing it as a future source of income. Interestingly, there were some groups who were opposed to equity release, such as older people from the African-Caribbean community who had a mistrust of the products on offer and did not wish to get into debt. Overall the study reported that for all groups there was a lack of faith in the current equity products on the market.
67. In terms of housing options some older people (especially those from the Asian Community) said that they would prefer more independent advice on what was available to them. When asked about property attributes that were important, most people felt that bungalows gave the greatest flexibility and accessibility with two bedrooms being a minimum requirement. Reasonable space standards, as well as good access to local services and transport, were also important for older people.

### **Fuel poverty**

68. In Wales in 2004 it was estimated that there were 134,000 households living in fuel poverty under the full income definition. This is 11% of all households. Under the basic income definition, approximately 167,000 households were fuel poor, which is 14% of all households. Fuel poverty disproportionately impacts on 'vulnerable' households (i.e. those with a member aged 60 or over, with any dependant children aged under 16 or with any long-term sick or disabled member). These types of household account for 86% of the fuel poor with vulnerable elderly households comprising the largest proportion. An evaluation of the Home Energy Efficiency Scheme in 2005 found that this programme may not be well-targeted in addressing fuel poverty and reaching those on the lowest incomes. In recent months rising fuel prices have raised further concerns that more Welsh households will find themselves at risk of fuel poverty.

### **BME**

69. In 2001 the census found that only 2% (62,000) of the resident population in Wales came from ethnic groups other than white, with the largest concentrations in Cardiff and Newport accounting for over half the Welsh total. When looking across the UK, less than 2% of the total minority ethnic population live in Wales. To put this in context, the figure for London was 45%. Students comprised approximately 20% of the total minority ethnic adult population in Wales. The largest ethnic group were Asians (42%), followed by 'mixed' (29%) then Black (11%) and Chinese (10%). The remaining 8% were in 'other' groups.
70. According to more recent data in 2007 approximately 96% of the population is white (including a small proportion of white Irish). The BME population is estimated to be 2.8% which tends to indicate a growth in the overall share which stood at 2% in 2001.

71. A study in North Wales reported that the average household size in both England and Wales is around 2.36 persons per household, whereas BME communities in North Wales contained on average of 3.7 persons. However, there are marked differences between BME groups. The average number of rooms each household had for its own use was 5.57 compared to the Welsh Average of 5.3. This suggests a greater tendency for BME households to be living in more crowded conditions. Approximately 9% of BME households considered their current home to be unsuitable.
72. Around 16% of BME householders had experienced some form of problem with racial harassment in their current home. A smaller proportion reported that they had experienced some form of problem with racial harassment elsewhere in North Wales. Another key finding of this report was that many BME respondents are largely unaware of available services.

### Gypsy-travellers

73. Across Wales the estimated additional need for gypsy-traveller family accommodation is in the range 275-305 over five years. This overall figure breaks down to a need for 150-200 local authority places, 50 private site places and 50-100 homes. Transit site places are also required, with the figure estimated at 100-150. The transit need is mainly focused on cross-Wales major routes and also Aberystwyth.
74. Service responsibilities towards gypsy-travellers are fragmented at local authority level. This can have negative consequences for the development of a strategic approach to service delivery. There are also difficulties in identifying sites suitable for gypsy-travellers and, in many areas, community concerns about delivering this type of provision. However, many of these concerns may still be related to prejudice, discrimination and a lack of knowledge of the gypsy-traveller community and the diversity within it. Recent evidence from the Living in Wales 2007 Survey may support this view, with a majority of people disagreeing with the statement that *I would have no objection to a gypsy/traveller site being located near to my home*.

### Lesbian, gay and bi-sexual

75. A national study of lesbian, gay and bisexual (LGB) housing needs found that the most prominent housing problem among this group was harassment in the home or neighbourhood. This was a key influencing factor in the need for people to move home. This type of problem was experienced across tenures and ranged from verbal to physical abuse, generally perpetrated by neighbours or other members of the local community. Tenure specific housing problems arose where LGB people had to share accommodation, particularly in the private rented sector. Lack of privacy and being accepted by flatmates and landlords were cited as factors that affect quality of life.
76. The majority of participants in the study did not report seeking or receiving assistance from statutory or voluntary agencies. This was related to a reluctance to approach mainstream services through fear of discrimination and also a lack of knowledge about the specific services that are available. An important finding was that LGB people's confidence in disclosing their sexual orientation was heavily influenced by their initial contact experience with service providers. Service providers demonstrated little knowledge of the needs and expectations of this group, aggravated by a lack of access to suitable training on this topic.

### Housing and disability

77. A recent study by the Joseph Rowntree Foundation on housing and its impact on disabled children found that families with a disabled child are more likely to be renting their homes than families with non-disabled children – this tendency increases for families with very severely disabled children. Families with a disabled child are 50% more likely to be living in overcrowded accommodation, to rate their home as being in a poor state of repair, and to report other house condition problems. The majority of families with disabled children stated that their homes are unsuitable for their child's needs and the associated needs of their other children.



78. Disabled children and young people spend more time at home than non-disabled children, but there is evidence that this results in a restrictive home environment. Unsuitable housing can also increase levels of parental stress, as well as hampering the development and well-being, both physical and emotional, of other children in the family.
79. A report<sup>2</sup> into the housing aspirations of young disabled people in Scotland found that the main barrier for young people in meeting their housing needs was insufficient information on what their housing choices are. This study recommended that information provision should be focused on availability prior to the age that the child aspires to leave home, assisting people to think about what their best housing option is, explaining how to source information on local options and also signposting those agencies that can provide assistance. In addition young disabled people and their parent and advocates need to consider all living options and tenures to ensure that the best housing outcome is achieved.
80. In 2004 the Disability Rights Commission found that there was a general lack of housing options for disabled people. More specifically this included inaccessibility of housing in the private sector and the services marketing these properties, a lack of information on accessible and adaptable properties in all tenures and a lack of supported housing and shared ownership options.

### Key issues

81. The main challenge for the housing strategy aim appears to be ensuring that housing options and services are accessible to all groups. There is evidence that some groups continue to experience or perceive that equality of housing opportunity is not yet a reality. Access to information and knowledge of housing options tends to be poor across groups many groups with particular needs.
82. The evidence also appears to show that certain groups, such as pensioners, lone parents with young children and families with disabled children, are more likely to spend more time at home. Housing policies across tenures which improve the living environment for these groups would be beneficial. This extends from minimum standards on health and safety to environmental measures that reduce the risk of fuel poverty, as well as those services that aid independent living. Support services that as far as possible aid households in maintaining their current accommodation in the face of adversity (harassment, prejudice) are also important.
83. However, housing interventions may also need to consider how groups such as families with young children or those with disabled children can be prioritised in improving their housing situations. A small step in recent years has been the move towards the eradication of the use of bed and breakfast for homeless families. Wider evidence appears to point towards the long-term adverse impacts of poor living environments for young children. A wider social policy outcome perspective suggests that their housing needs should be prioritised in tackling overcrowding or poor physical home environments that pose health and safety risks.
84. Overall, there is a case for considering prioritising housing issues and needs that focus on meeting more clearly equality requirements and contribute to positive wider health and well-being outcomes.

### Summary of evidence - regeneration and sustainable communities

85. The national housing strategy aims to contribute to both regeneration and the creation of sustainable communities. The evidence reviewed here mainly relates to mixed communities, poverty as well as economic and social opportunities, and their relationship with housing.

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<sup>2</sup> *The housing aspirations of young disabled people in Scotland*, Dean, J, 2003, Joseph Rowntree Foundation

## Social housing and 'mixed' communities

86. The Hills report on social housing in England identified a range of factors that have led to the concentration of households on low incomes in social rented housing. These include the Right to Buy which enabled those on higher incomes to leave the sector, and the increasingly needs-based allocation of a declining pool of housing which means that only those in greatest need are likely to be allocated a social rented dwelling. The characteristics of households living in estates dominated by social rented housing is very different from households living elsewhere: employment is much lower (less than 50% compared with 64%), non-retired economic inactivity is much higher (around 20% compared with 6%); and incomes are lower (around 40% have incomes in the lowest 20% of households, compared with just 15% living elsewhere).
87. Overall, new-build social housing tends to be small-scale when compared to the numbers and distribution of social housing in older, more established estates. Consequently, opportunities to adapt the profile of an area through new-build are limited. The report points to recent research by Bramley, which clearly shows that building rates, unlike those for private sector areas, rise as affluence declines. While this suggests that housing in the most deprived areas is being replaced, it also means that new social housing is less likely to be built in less deprived areas.
88. The report notes the benefits that mixed income neighbourhoods can achieve, but argues that "simply ensuring that new social housing is built as part of mixed developments will do little to change the overall picture over the next decade". A number of measures are required to effect real change including:
  - Large-scale modelling and rebuilding
  - The use of allocations policies to reverse the pattern of rehousing the most disadvantaged households within the poorest quality stock
  - Diversifying the existing social rented stock (SRS)
  - Densification and infill – using existing gap sites within SRS estates to create private housing
  - Retaining higher income tenants
  - Improving the incomes of existing tenants
89. The Assembly Government Economic Research Unit reviewed the evidence on factors influencing economic outcomes in 2004. The main focus was on whether these factors are spatial or more related to the make-up of the local population and their specific characteristics such as education, skills or occupation. The review noted that for adults individual characteristics are more likely to explain variation in employment and income outcomes. However, agglomeration effects are also important with individuals displaying similar characteristics having variations in outcomes related to urban (big cities) and more remote rural areas. Overall though, area effects seem less significant.
90. 'Local' effects may be more important for children in influencing their characteristics and subsequent life chances. However, the specific factors within this are difficult to isolate i.e. education system, peer effects or other. At the same time this tends to support the view that housing interventions, and particularly ensuring settled and high quality accommodation for families, should be a key priority with its potential to contribute to a better future for children.

## Housing renewal

91. Housing renewal focused on the existing stock is a priority within the national housing strategy. In 2003 there was a significant change of emphasis in housing renewal policy across England

and Wales with a more strategic and enabling role for local authorities, and a national policy presumption for more innovative assistance to owners and occupiers of private housing. A focus on vulnerable occupants in private housing, such as the elderly or disabled, has also been a main driver.

92. A report by the National Audit Office in 2003 set out some of the major issues in private sector renewal in Wales, including the spatial differences in private sector stock condition, with the prevalence of 'unfit' housing in the South Wales Valleys and rural areas in west Wales. It also highlighted the reliance on the grants system to fund repairs and improvement which had perhaps eroded notions of owner responsibility for their own properties. The Welsh housing stock also compared unfavourably with other parts of the UK on house condition measures.
93. There were 35 Housing Renewal Areas in Wales in 2006/07 with a total of 42,429 dwellings contained within them. Approximately 36% of these dwellings are in rural local authority areas with a further 32% in the 'Valleys' areas. Wrexham is the one major urban area where there is a concentration of activity with 10% of all the renewal stock. The owner-occupied sector is the main beneficiary of current renewal activities with over 10,000 dwellings improved by the end of March 2007 or 86% of the total improved dwellings.
94. Overall there are still basic challenges in developing and implementing the renewal agenda within the wider private sector housing strategy. A study in 2005 examining both England and Wales noted resource needs for local authorities in developing and implementing private sector housing renewal and the difficulties in shifting away from the grant culture to wider enabling and assistance. The focus on 'vulnerability' and universal property standards across tenures may also lead to less emphasis on area-based approaches to renewal.

### Poverty and inequality

95. The debate on social housing and worklessness has received attention in recent months. In Wales figures show that around 14% of households are classified as 'workless' while 57% have at least one member working. While only 8% of owner-occupied households are 'workless' this figure rises to 36% in social renting and 38% in the housing association sector. One in four (25%) private renter households are also 'workless' although this may reflect the prevalence of specific household types (i.e. students). The high proportion of non-working age households in owner-occupied and local authority housing perhaps reflects pensioner households, although there may be significant disparities in their living circumstances.
96. A relatively recent study examined the geographical distribution of 'breadline poverty' households defined as people living below a relative poverty line and unable to participate in societal norms. In the UK the highest rates of poverty tended to be in Wales, Scotland and the north of England, with 30-40% found in areas such as Central London, cities of the North and West Midlands, as well Glasgow and the Valleys of South Wales. In contrast, mid-Wales is an area described as having a high concentration of 'asset wealthy' households in the 1980s. However, overall in the UK, the main concentration of 'asset wealthy' households has tended to shift even more to the South East of England (particularly around London).
97. When Wales is considered more closely, it is clear that 'breadline poverty' rates are relatively high (30-40%) in the Valleys as well as industrial areas such as Swansea, Neath, Port Talbot, Cardiff and Newport. Conversely, 'asset wealthy' households are more prevalent in Monmouthshire, Gower and the outskirts of Cardiff. On an overall income measure there is some indication of negative income change in South Wales, urban West Midlands, Northern cities and the North East of England. Overall, the average incomes in poorer areas have tended to decrease in recent years (2003-05), with the greatest increases in incomes in the least poor areas. Lower participation rates (under 20%) in higher education are found in post-industrial areas such as the North and Midlands of England, as well as the Valleys of South Wales.

98. Across the UK over the period 1983-2003 the proportion of 'asset wealthy' households has increased. This trend was witnessed in many parts of the country although declines were noted in small pockets, including South Wales and in parts of Scotland. On a proxy measure of poor health (taken as Incapacity Benefit {IB} claimants) the Valleys of South Wales fell within the group of areas with the highest levels of claimants. However, looking over the period 2000-05, Wales was one of the areas with a decline in the proportion of IB claimants in the working population.
99. One of the main overall conclusions of the study is that headline poverty levels are rising and socio-economic and geographical polarisation has increased in the last two or three decades. While there are actually fewer people who are very poor, inequalities have widened as areas already wealthy have had a tendency to fare better in increasing their proportion of wealth. Spatially, there is a clustering of poverty and low wealth in urban areas, while the concentration of wealth is found in the South East of England.
100. Historically and at present the incidence of low-income owner-occupiers in Wales is significant when compared to other parts of the UK. Research undertaken in 2004 estimated that 57% of the population in the lowest 10% of the income distribution live in homeowner households, and 52% of homeowners have incomes below 60% of the median.
101. Data from the Living in Wales 2004 Survey shows that around two-thirds of lower income households are pensioners, with 46% being single pensioners and 21% married couple pensioners. A further 13% are single person households and 5% are lone parent households with dependent children.
102. The growth of owner-occupation and the relative decline and 'residualisation' of social rented housing has stimulated debate on housing's contribution to inequalities. In essence, for many owner-occupied households recent house price growth has led to the potential accumulation of housing wealth through equity growth. In addition the growth of the 'Buy to Let' private rented sector has been fuelled by access to financial products and its attractiveness as an investment option linked to potential capital growth. There has been a growth in small-time landlordism with 'amateur' landlords holding smaller property portfolios.
103. The evidence on housing and its relationship with wealth and inequality is not fully developed. Overall, the relationship is complex and, with the rapid increase in house prices, the quantity and distribution of housing wealth (primarily in equity) has become a more prominent question. Questions remain over the level of equity held by individuals, and its use and role in the wider economy. In addition, there are more pertinent social justice questions regarding the distribution of equity, and the exclusion of renting households (by definition) from the potential benefits.

#### **Wider debt issues**

104. Consumer credit commitments of more than 10% of annual income affected over a quarter (26%) of Welsh households. Higher levels of credit use were apparent among those who are more likely to be relying on credit to help make ends meet, and hence may be more vulnerable to financial difficulties. These include groups such as young people and lone parents. Just under a fifth (19%) of households in Wales reported experiencing financial difficulties at the time of the interview (compared with 14% in Britain as a whole). Overall the report presenting this evidence concludes that the effects of an economic downturn (with higher interest rates and more unemployment) are likely to result in a more acute debt crisis in Wales than elsewhere in Britain; it would affect more households and would take longer to recover from.

#### **Cohesion and participation**

105. Recently published data from the Living in Wales 2007 Survey provides some interesting insights into social attitudes and experiences of discrimination with 77% of respondents stating that it would not matter to them if their close relatives married someone from a different ethnic

background. Furthermore, 76% agreed that their neighbourhood is a place where people from different backgrounds can live together harmoniously and 82% felt that they 'belong in their neighbourhood'. Approximately 12% of respondents reported that they had experienced discrimination, harassment or victimisation in the last five years. Young people (16-24 years), were more likely to report this (17%) when compared to pensioners (only 5%). Overall, while a large proportion did not specify the nature of this experience, 24% said that this was related to 'race'.

106. The Living in Wales survey shows that local authority tenants are less likely than owner occupiers or housing association tenants to volunteer – they comprise 11% of the respondents, but just 5% of those currently volunteering. Females are more likely to volunteer than males. Highest rates of volunteering are also evident among older age groups, i.e. those aged between 45 and pensionable age.

### Key issues

107. Reversing the polarisation of household experiences of the housing system and their wider outcomes is a real challenge. Most households in social housing are there out of economic necessity as it is the most affordable housing option for them. Mixed communities are difficult to create artificially, particularly if segregation is a function of household choice and/or economic factors. However, to achieve a greater mix across the housing stock, policies have to examine both existing and new housing. While planning policy can effect tenure change at neighbourhood level for new housing, this is more difficult for the existing housing stock. The Hills report does point to some of the potential mechanisms that could be used, including more flexible use of the existing stock. This could involve tenure transfers and the possibility of adapting social housing allocation schemes to reverse the trends in housing the most disadvantaged.
108. Poverty persists and housing is not the principal influence on this. However, housing can assist in alleviating negative impacts by keeping housing costs affordable and providing high quality stock. The housing strategy needs to focus on this twin approach of making homes affordable while also increasing accessibility and environmental standards in the housing stock. The Assembly Government should consider these as the two most important priorities for the national housing strategy.
109. Renewal activities in the private sector contribute greatly to ensuring that local housing systems function as well as contribute to wider objectives. However it is unclear what the impact of the move away from direct grant assistance may be and local authorities will have to continue to develop their strategic housing capacity to ensure that coherent policy and action is applied across all tenures.
110. It is interesting to note that local authority tenants are less likely to volunteer and are also more likely to be 'workless'. This suggests that there may be opportunities in the housing sector to link these together to provide opportunities for households to do better economically. However, one of the main potential hindrances to this will inevitably be the wider welfare benefits system; the pathway out of a cycle of 'worklessness' requires clear incentives.
111. Over the past decade rising house prices have increased the potential equity and wealth for households who are privileged enough to be owner-occupiers. Generally those who rent have been excluded from this and, arguably, have subsidised some elements of this through the Right to Buy. Mechanisms need to be found which will allow renters, where appropriate, to improve their position with regard to housing opportunity and the benefits it can bring.



## Summary of evidence – environmental sustainability and responding effectively to climate change

112. Contributing to environmental sustainability and responding effectively to climate change is a fundamental 21st century challenge for politicians and policymakers. This is reflected in the housing strategy. The main objectives that the Assembly Government have identified under this theme are to improve sustainability in the construction of new and existing homes, as well as locate and design new homes to mitigate the effects of climate change. The evidence review has examined topics such as sustainability in construction, domestic energy consumption and household behaviour, as well as recent evidence on policy mechanisms in the housing sector that could contribute to relieving the effects of climate change. However, data and knowledge on this is still limited. Much of the current literature relies on examining the wider aspects of climate change and the housing dimension within it.
113. A very recent study by the Stockholm Environment Institute (SEI) found that housing is the largest contributor to the ecological footprint of Wales with 25% of the total. While the housing sector is projected to stabilise its footprint by 2020, it is argued that there is greater potential to achieve substantial reductions in the per capita ecological footprint. The Assembly Government is committed to achieving annual 3% reductions in greenhouse gas emissions from 2011 onwards, with a commitment for all new buildings to be built to zero carbon standards. The overall vision for the government is one of a low carbon economy that is based on a significant expansion of renewable energy sources and 'green' jobs.
114. An incentive to concerted action is the estimation that around 140,000 properties in Wales or 12% of the total housing stock is at risk of flooding by rivers or sea. Flood incidents may be on the increase due to changes in river hydrology, human behaviour, land management changes and development in areas at greater flood risk. The current long-term prognosis on climate change projects an increase in precipitation (rainfall) and for relative sea levels to rise. Guiding development to areas with no or minimal flood risks is an important objective within the overall sustainable development agenda.
115. In 2003 Welsh industry was the largest consumer of energy with 44% of the total – a figure higher than the wider UK demonstrating the relative importance of industry in the Welsh economy. Transport (23%) and services (10%) are the other main energy consuming sectors.
116. The construction and demolition sector contributes significantly to the Welsh economy with around 10,000 companies operating within it. It is estimated that in 2005/06 Wales produced 12.2 million tonnes of construction and demolition waste representing 68% of the total controlled waste generated in the country in that year. At the same time, over half (56%) of this waste was re-used on site with a further proportion being re-cycled off-site. Approximately 1.2 million tonnes went to landfill. Awareness of duties and requirements among companies is reportedly low.
117. In the domestic sector (homes) energy consumption in Wales represented 23% of the total compared to 30% in the UK. The SEI study found that consumption by households contributes 74% to the total ecological footprint in Wales. The most significant household consumption that contributes to the ecological footprint includes energy and fuel, food, personal travel and catering services. Energy use associated with household appliances has increased across the UK over the past three decades.
118. Only a small proportion of the current 1.3 million homes in Wales have a full set of energy efficiency measures (e.g. double glazing and cavity wall insulation). Approximately 73% of existing homes are privately owned and some of the stock is 'hard to treat' (e.g. solid walls and off the gas network). Approximately 0.6% of the housing stock in Wales is replaced with new-build every year, making a focus on the existing stock of paramount importance. The SEI report tested various scenarios manipulating the housing system and policy levers to contribute

to mitigating the effects of climate change. Some of the key conclusions from modelled scenarios were:

- Current major policy measure implementation (the Code for Sustainable Homes and the Welsh Home Energy Efficiency Scheme) would result in a 1% reduction in the footprint per capita by 2020, but falls short of the 10% reduction required. The conclusion is that current policies do not provide the basis for sufficient reductions in the housing ecological footprint.
- Other potential options, such as housing market renewal, behavioural change and expansion of a 'retrofit' policy for existing homes could result in a 6.4% reduction in the footprint per capita by 2020. However, behavioural change is the greatest factor influencing this; without it the figure drops significantly to 2.9%.
- Overall an increased focus on the existing stock is required to achieve significant progress.

119. The Living in Wales 2007 Survey found that only 4% of respondents reported doing nothing about environmental measures in the past year. The majority of respondents stated that they recycle using their local authority collection service, with six out of ten households cutting down the amount of electricity or gas used in their home. There appeared to be less activity with regard to use of public transport and reducing car-driving, with only 28% of respondents deliberately using public transport, walking or cycling in the last 12 months.

### Key issues

120. The evidence base on the impact of housing on climate change is slowly emerging. For a number of years housing policy has been at the forefront of tackling environmental issues within the stock. However, the evidence tends to point towards the requirement for a significant change to address longer-term climate problems. First, an increased focus on the existing stock is required. This raises implementation difficulties given the configuration of the stock and the degree of private ownership. However, increased incentives, along with clearer messages on the benefits to individual households, are required to achieve this. In addition, consideration of the balance of priorities with regard to renewal of the housing stock, the use of other existing buildings, and new-build is required.
121. Household behaviour is a major factor influencing the ecological footprint. The Assembly Government should investigate what housing policy levers can be used to influence household behaviour, as well as enhance energy focused programmes.
122. Tackling some of these issues will be challenging as there is a requirement to balance national housing priorities with, on the one hand, the need for new supply and, on the other, actions required in the existing housing stock to meet changing needs and environmental objectives. It is unlikely that meeting changing needs, increasing new supply, and improving the existing stock to contribute to environmental objectives can all be met within current resource and timescale capabilities.

# 1 Introduction

## 1.1 Background to the project

1.1.1 The Welsh Assembly Government launched its first national housing strategy *Better Homes for People in Wales* in 2001. With the changes in both the political and housing context in recent years the Assembly Government is now developing a new national housing strategy.

1.1.2 Significant changes affecting the overall housing system in Wales have brought about the need for a strategic response from government. These include:

- the rise in housing costs in the owner-occupied sector and associated affordability problems particularly for first-time buyers (a trend replicated in many parts of the UK)
- dealing with homelessness
- aspirations to meet higher housing quality standards particularly in social housing: the Welsh Housing Quality Standard
- the environmental impacts of housing and the need to minimise negative consequences
- the wider links to social justice and reducing inequalities in deprived areas

1.1.3 Other issues may now be of less significance at a national level such as low demand across tenures and the more severe house condition problems.

1.1.4 The new national housing strategy is being developed at a time when the Welsh economy and housing system is under pressure from wider global economic forces. These external factors present significant challenges in identifying the policy options and levers that are best placed to resolve housing issues across Wales.

1.1.5 This report sets out current evidence on the Welsh housing system. It provides evidence on the external factors that shape and influence the national housing system, as well as its overall profile. We focus on Welsh evidence but, where appropriate, also draw on UK-wide information.

1.1.6 The report also takes account of the wider national policy context within which the housing strategy is being developed. There are a number of overarching objectives that the housing strategy either links with or directly contributes to. In particular, the Wales Spatial Plan sets out a vision for the country based on recognising diversity across communities:

*We will sustain our communities by tackling the challenges presented by population and economic change; we will grow in ways which will increase our competitiveness while spreading prosperity to less well-off areas and reducing negative environmental impacts; we will enhance our natural and built environment for its own sake and for what it contributes to our well-being; and we will sustain our distinctive identity.*

People Places Future: The Wales Spatial Plan (pp7, WAG, 2004)

1.1.7 The Spatial Plan sets out geographically the main trends and issues facing the nation. The areas identified in the Spatial Plan are: North West Wales, North East Wales, Central Wales, Pembrokeshire Haven, Swansea Bay, and South East Wales.



1.1.8 In addition, diversity across communities is also acknowledged through more specific classifications based on settlement type and setting. This is not simply based on a rural/urban split but instead recognises the distinctive issues that affect areas such as the “Valleys”. As an overall guide the 22 local authority areas in Wales have been classified in the following way:

- Rural – Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire
- Valleys – Rhondda Cynon Taf, Merthyr Tydfil, Caerphilly, Blaenau Gwent and Torfaen
- Urban – Swansea, Cardiff and Newport
- Others – Flintshire, Wrexham, Neath Port Talbot, Bridgend and Vale of Glamorgan

1.1.9 The housing strategy will play a vital role in contributing to this wider vision, particularly with regard to sustainable communities.

## 1.2 Study objectives

1.2.1 The main objective of the study is to review the existing empirical evidence base with regard to six main policy themes that the Assembly Government has identified. These are:

- Affordability and supply – demographic changes, role of the planning system, affordability for first-time buyers, access to housing
- Environmental sustainability and climate change – fuel poverty, minimisation and recycling of waste in the construction industry, flood risks, thermal efficiency
- Inclusiveness and social justice – recognising the diversity of housing needs, linking housing to other social policy areas (health, education), linking training and job opportunities to housing development
- Quality of homes and sustainable communities – stock condition and costs, creation of mixed communities and minimising social polarisation
- Regeneration and economic development – role and nature of house-building and its impact at various economic levels – supply, labour, skills
- Quality housing services – equality of opportunity in accessing housing advice and housing services in both the public and private sector

1.2.2 These themes have now been further developed into an overarching aim; to enhance the wellbeing of the people of Wales. Six overriding objectives for the draft national housing strategy have been established, each underpinned by a set of sub-objectives:

- *Develop an adequate supply of affordable housing:*
  - provide an adequate number of homes
  - provide homes in the right location
  - provide homes that are affordable
- *Provide high quality accessible homes:*

- raise standards of existing homes
  - raise standards of new homes
  - provide a range of types, sizes and configurations of homes to meet the variety of people's housing needs
  - provide homes and the framework for adapting homes that are accessible for specific needs (e.g. disabled people and older people)
- *Provide high quality housing services:*
  - provide high quality housing advice
  - provide high quality social housing
  - provide appropriate and high quality supported housing
  - provide services that address and prevent homelessness
  - provide non-discriminatory housing services
- *Contribute to the health and wellbeing of the people of Wales:*
  - contribute to improving people's health
  - contribute to improving people's education, training and skills
  - contribute to people's economic wellbeing
  - contribute to the agenda for older people in Wales
  - contribute to the agenda for children and young people
- *Contribute to regeneration and sustainable communities:*
  - contribute to the regeneration of suitable areas that need attention including deprived areas
  - contribute to local employment and economic development
  - contribute to better social cohesion, demographic balance and tenure mix in communities
- *Contribute to environmental sustainability and reducing climate change:*
  - reduce energy use and waste in construction of homes
  - reduce energy use in new and existing homes and locate and design new homes to mitigate the effects of climate change
  - assist with the spatial planning of new homes
  - locate homes to respect biodiversity and preserve the natural environment

**1.2.3** The national housing strategy will also be subject to an Equality Impact Assessment. This evidence review will, where possible, highlight issues relating to the six identified equality strands. These are race, disability, gender, sexual orientation, age, and religion or belief. The impact of housing and the delivery of housing services on these groups is important.

## 1.3 Methodology

### 1.3.1 The study has four main elements:

- Identifying a clear set of sub-objectives linked to the six main policy themes and objectives along with key indicators for the strategy. For this element, we drew on outputs of the work already undertaken by the Assembly Government to develop the draft strategy, including the internal and external Expert Panels. We note that this work is continuing, so the study has drawn on work in progress.
- A review of current research literature and linked strategy/policy documents. Many of these were provided by the Assembly Government. This has been supplemented with a general literature review.
- Analysis of available statistical evidence on the key policy themes and indicators, again, much of this information was provided by the Assembly Government, together with additional data obtained from published sources.
- Identifying any gaps in the current evidence base that the Assembly Government should fill.

### 1.3.2 The study followed the principles of a 'Rapid Evidence Assessment' by identifying evidence relating to the strategy's key themes, objectives and sub-objectives. It has also included collation of statistical sources and analysis.

### 1.3.3 It is important to note that the evidence review mainly focussed on literature published since 2001 (the date of *Better Homes*). However, where appropriate, longer-term housing trends have been included.

### 1.3.4 The evidence review has not involved any systematic assessment of the quality of individual research studies or reports, but follows an informal evaluation, with greatest weight attached to government statistics and information from statutory returns. No new data have been collected for the purposes of this study.

### 1.3.5 We have used the *Living in Wales Survey* extensively throughout this report. It is important to note that this is both a household and property survey. The last full survey which included both a household and property element was completed in 2004. However, we have made use of data from the new 2007 household survey now being released. The updated property survey element will not be available until 2009, thus any data regarding property attributes and condition from Living in Wales has generally been taken from the 2004 survey.

## 2 Develop an adequate supply of affordable housing – key drivers in the housing system

### 2.1 Introduction

#### Background

2.1.1 Increasing affordability problems in the housing market, particularly for first-time buyers, has emerged as a key concern across the UK. In England and Scotland this has resulted in the introduction of new-build targets: an annual target of 240,000 completions has been set in England, while the Scottish Government plans to increase output to 35,000 new homes per year by 2015. These measures are designed to increase supply to meet demand more effectively and to improve affordability.

2.1.2 The Assembly Government has a specific objective to develop an adequate supply of affordable housing. It is committed to increasing the supply of **affordable** housing by at least 6,500 dwellings over a four-year period. There has been no commitment made overall on a specific new-build supply target such as those which have been adopted in England and Scotland. However, this could be viewed as prudent given that the current economic climate and housing market trends have highlighted the risks of such an approach. A new-build supply target also requires careful consideration of the policy levers available to influence it.

2.1.3 The main objectives that the Assembly Government has identified under this aim are to:

- provide an adequate number of homes
- provide homes in the right location
- provide homes that are affordable

#### Content and definition issues

2.1.4 A number of factors influence the Welsh housing system and the provision of adequate housing in the right location. Key drivers include economic pressures and developments, demographic trends and the financial markets, as well as the current configuration of the housing stock and supply. This chapter presents the current evidence on these issues.

2.1.5 The definition of 'affordable' housing is a vexed one. For the majority of households, the housing market works effectively; they are able to purchase housing that either meets or exceeds their housing needs. However, there is a significant minority of households who are unable to afford housing that meets their needs. It is this group of households that affordable housing policies are designed to assist; by providing housing at below market rates. Traditionally, affordable housing has been restricted to the social rented sector, but increasingly sub-market housing is being provided through low cost home ownership options and the private rented sector.

2.1.6 The approach recognises that households in need of subsidised housing are not homogenous – they will have different capacities to pay for their housing, and different sets of housing aspirations. However, this can make it difficult to present a simple definition of affordable housing (and, from that, an estimate of the need for affordable housing). Commentators generally accept that any definition has to be based on the relationship between housing requirements (size, quality, special provisions for people, for example, with disabilities), income and the costs of suitable market housing. Thus households with a certain income may not need to access sub-market housing in areas of prevailing low housing costs, but would need to in areas of high property prices.

**2.1.7** The absence of a single definition of affordable housing has become pertinent recently, given the overlap between strategic housing and planning policy. While it is not the purpose of this report to provide an overall definition, it is important to acknowledge two fundamental differences: the technical measurement of affordability used in housing need studies is different from the approach taken to define affordable housing for planning purposes. Thus different 'affordable' housing products may have entry criteria which differ from those used by policy makers. However for policy purposes the Assembly Government has adopted a consistent definition of affordable housing in both Planning (Technical Advice Note 2, 2006) and 'Local Housing Market Assessments' guidance (2006) as well as in the complementary 'Affordable Housing Toolkit' (2006).

**2.1.8** The Planning Policy Technical Advice Note 3 defines affordable housing as, that where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. However, it is recognised that some schemes may provide for staircasing to full ownership and where this is the case there must be secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing. It is further distinguished into two more specific categories:

- **Social rented housing** - provided by local authorities and *registered social landlords* where rent levels have regard to the Assembly Government's *guideline rents* and *benchmark rents*.
- **Intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes (for example *Homebuy*). Intermediate housing differs from low cost market housing, which the Assembly Government does not consider to be affordable housing for the purpose of the land use planning system.

## **2.2 Provide an adequate number of homes**

### **Key economic trends**

**2.2.1** The Assembly Government published a strategic framework for economic development in 2005, *Wales: A Vibrant Economy*<sup>4</sup>, with the intention of creating strong and sustainable economic growth. The main priorities are to increase the employment rate to match the UK average, and to raise the quality of jobs to bridge the gap with UK average earnings. An overview of the current economic outlook in Wales includes:

- An increase in employment by over 71,000 since March 2003 (Estimates of Workforce in Employment, Nomis, 2008).
- Increasing unemployment of the working age group - the unemployment rate has steadily climbed in recent years to 5.7%, for the period September 2006 to October 2007, which equates to 9,600 more people experiencing unemployment (Annual Population Survey, Nomis, 2008).
- At a national level, there is a significant amount of economic inactivity (25%), which has remained static during the period 2005 to 2007. (Annual Population Survey, Nomis, 2008).

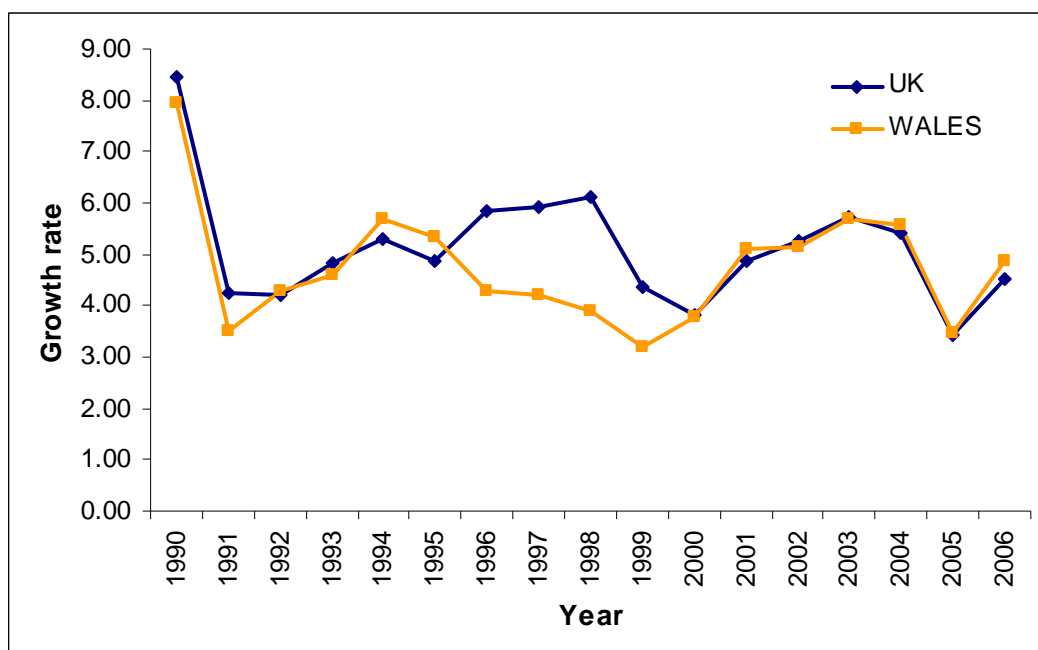
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<sup>3</sup> *Planning Policy Wales Technical Advice Note 2: Planning and Affordable Housing*, Welsh Assembly Government, 2004;

<sup>4</sup> *Wales: A Vibrant Economy*, Welsh Assembly Government, 2005

- Increasing median earnings (by 6.5% in real terms<sup>5</sup>) from 2002 to 2007.
- The annual growth rate of Gross Value Added (GVA) per capita in Wales has converged with the UK growth rate, as figure 2.1 shows. The Welsh GVA per capita, however, is still lagging behind by the level UK level; it is about 75% of the UK rate.
- Household disposable income per capita at just 89% of the UK average (Gross Disposable Household Income, Welsh Assembly Government, 2008).

**Figure 2.1: GVA per capita annual growth rates**



Source: Regional Gross Value Added (GVA) by country, Welsh Assembly Government, 2007

### 2.2.2

Underneath the national economic picture there are significant differences in local economic conditions across Wales. For example:

- Employment is relatively high across East Wales.
- In some areas, such as Cardiff, higher employment rates are mirrored by higher earnings.
- In some areas, such as Powys, employment is relatively high but, because of the local economic structure, average earnings are relatively low.
- In South West Wales and the Valleys, both employment and earnings are relatively low.

### 2.2.3

The economic development framework identifies three main factors influencing the differentials in earnings:

<sup>5</sup> Using CHAZ, which measures the annual changes in prices, but excludes housing.

- An occupational and industry mix with relatively few high value-added jobs
- Poorer performing qualifications profile in the workforce as a whole
- Inability to benefit from economic connections across Wales, due to the size of Welsh cities and towns, as well as dispersed and sparse populations in some areas

2.2.4 The current structure of the Welsh economy provides evidence that the service sector dominates the employment landscape while manufacturing remains in relative decline. However, the manufacturing sector is proportionately larger in Wales than elsewhere in the UK; it is adapting to move into new areas of business and remains important in the economic context. (Employee Job Estimates, Nomis, 2008).

2.2.5 The economic strategic framework aims to attract and retain higher value jobs to Wales and makes the important link that attractive communities and lifestyle opportunities, including housing, contribute to economic growth as well as sustainability.

2.2.6 The Welsh Economic Review<sup>6</sup> sets out the key wider UK and global economic context. This includes the more recent general downturn in growth across the UK, an unemployment rate of around 5.4% and rising inflation now standing at 3.8% according to the Bank of England Consumer Price Index measure<sup>7</sup>. In addition, the problems in the global financial sector are considered to be having a direct impact on the housing market, resulting in a squeeze on access to finance for both corporate and individual borrowers. The report concludes that the main risk to the Welsh economy at the moment appears to be the external global economic factors that are impacting across the UK. For example, it is likely that the rate of new house-building has slowed due to reduced demand which, in turn, has been influenced by the contraction of the mortgage market.

2.2.7 Key economic indicators include:

- The forecast change in real GVA in Wales is 1.5% in 2008, rising to 2.0% in 2009.
- The total value of Welsh exports in the final quarter of 2007 was down 4.3% on the same quarter in 2006 at £9.0 billion (primarily to other EU countries). In comparison to 1999, however, exports have increased by 41%, which is £2.6 billion.
- The decline in manufacturing is set to continue, while the service sector continues to grow. This is illustrated in the table below. The manufacturing sector continues to face stiff competition on two fronts – imports and the shifting of production to lower cost locations in other parts of the world.
- While construction industry output is anticipated to grow in 2008, this may be adversely affected by any slowdown in the property market. This is significant given the large recent growth in employment in this sector (2005-2007).

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<sup>6</sup> *Welsh Economic Review*, Welsh Economy Research Unit, 2007

<sup>7</sup> [www.bankofengland.co.uk](http://www.bankofengland.co.uk)

**Table 2.1: Employee job estimates by industry – unadjusted (percentage)**

	March 2006 (%)	March 2007 (%)	March 2008 (%)	Change from 03/06 to 03/08
Agriculture and fishing	1.1	1.2	1.2	+0.1%
Energy and water	0.5	0.6	0.7	+0.2
Manufacturing	14.1	13.2	13.1	-1.0
Construction	5.1	5.1	4.0	-1.1
Distribution, hotels and restaurants	23.4	23.3	23.8	+0.4
Transport and communications	4.5	4.3	4.4	-0.1
Banking, finance and insurance, etc	13.4	14.6	14.6	+1.2
Public administration, education and health	32.6	32.4	32.5	-0.1
Other services	5.4	5.4	5.5	+0.1
Column Total	<b>100.0</b>	<b>100.0</b>	<b>98.7</b>	
Base	<b>1,171,791</b>	<b>1,181,802</b>	<b>1,160,890</b>	
Source: Employee job estimates by industry – unadjusted, Nomis, National Statistics, 2008				

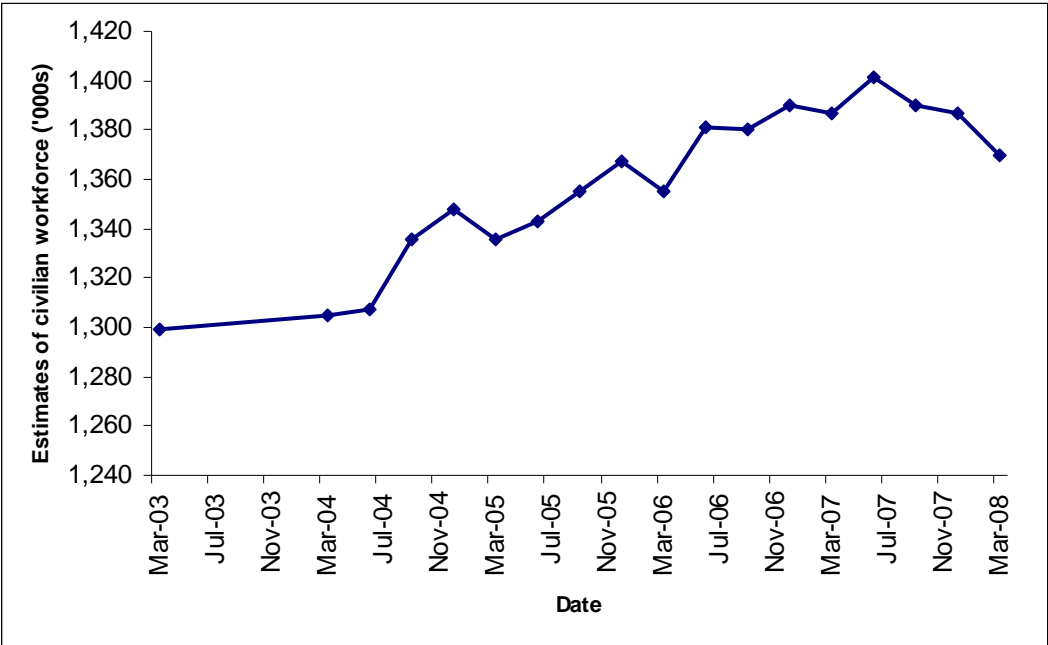
**2.2.8** In Wales, the unemployment rate for the period 2005 to 2007<sup>8</sup> is reported as 5.7%. Across the local authorities, however, the variability is stark. Flintshire has the lowest rate with only 2.9%. Local authorities experiencing the highest unemployment rates are Blaenau Gwent, Bridgend, and Merthyr Tydfil. The average unemployment rate across these three local authorities over the same period is 8.4%.

**2.2.9** There is marked variation in economic inactivity across the country. Areas such as Merthyr Tydfil have seen economic inactivity fall over the period 2005 to 2007. Ceredigion has experienced, however, a dramatic increase in the level of economic inactivity; a change of 6.8% to 33.6% over these two years. This may, however, be related to the expansion of higher education facilities in Aberystwyth and Lampeter with larger student numbers. In addition part of this increase results from a decline in the local working age population, which fell by 2.7% over the two years. Had the working age population remained constant, the increase in economic inactivity would have been 6%. (Annual Population Survey, Nomis, 2008).

<sup>8</sup> The specific years are October 2004 to September 2005 and October 2006 to September 2007.



Figure 2.2: Civilian workforce jobs in Wales ('000s)

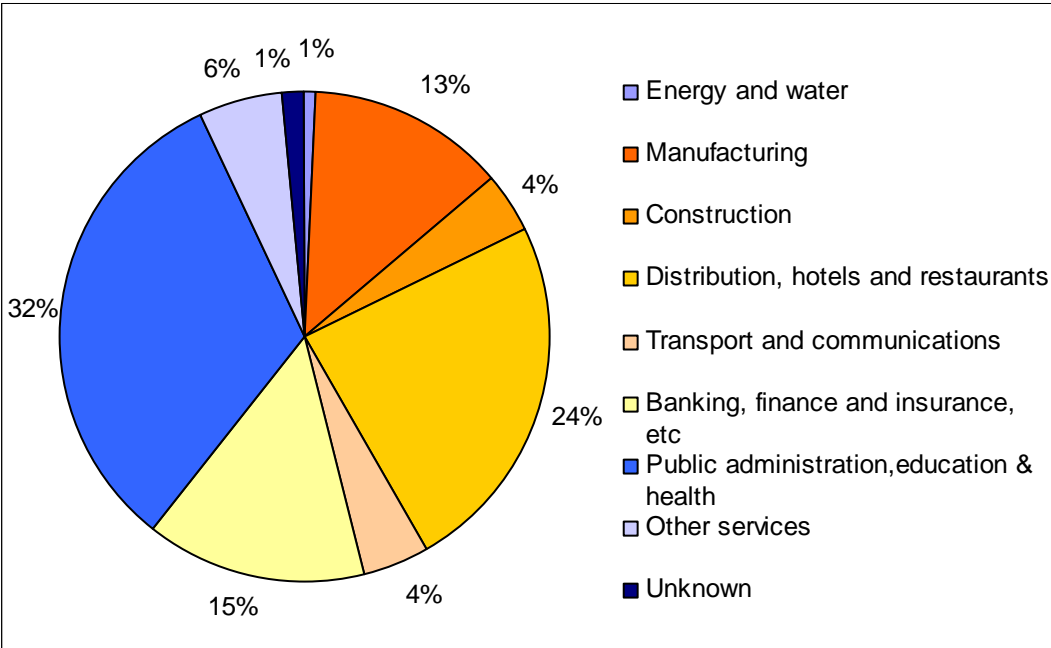


Source: Estimates of Workforce in Employment, Nomis, National Statistics, 2008

2.2.10

Civilian workforce jobs had experienced a steady growth rate – figure 2.2 depicts this – up to the third quarter of 2007. Since September 2007, estimates suggest a reduction of 20,000 jobs in Wales. (Estimates of Workforce in Employment, Nomis, National Statistics, 1/7/2008).

Figure 2.3: Employee job estimates by industry – unadjusted, Q1 2008

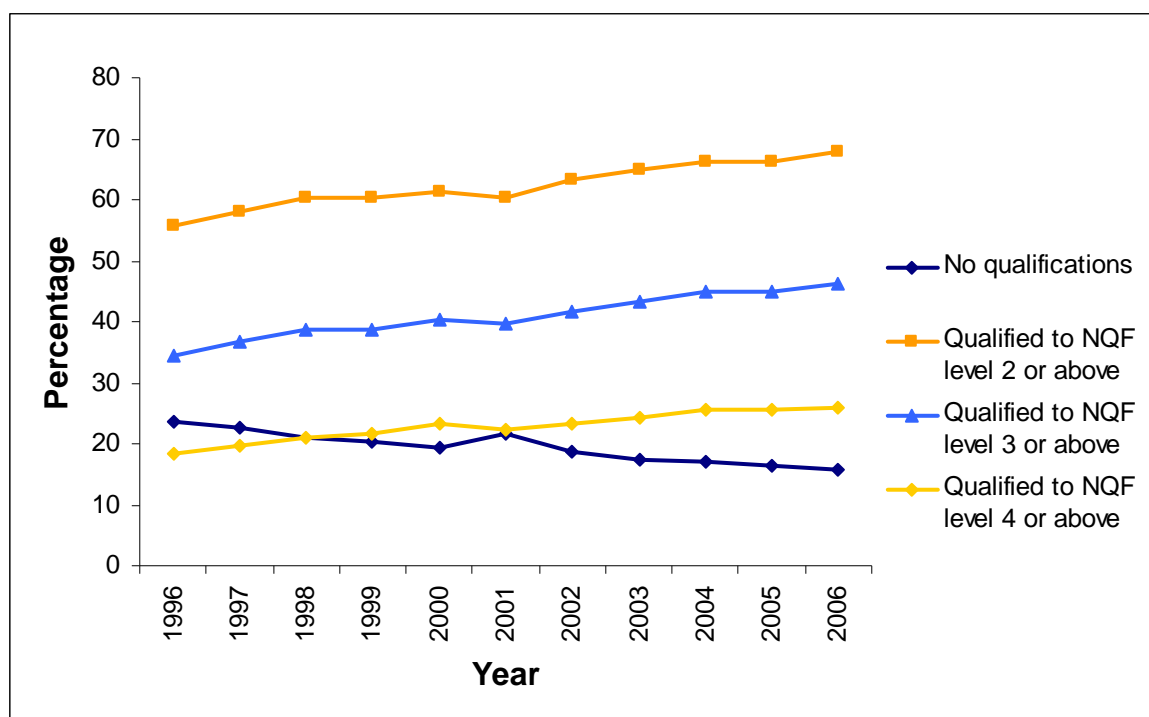


Source: Employee job estimates by industry – unadjusted, Nomis, National Statistics, 2008

2.2.11 The diagram above illustrates the spread of jobs across the different sectors. In common with the rest of the UK, the dominant sector is the service sector. However 13% are employed in manufacturing. The construction industry provides 4% of jobs. This sector has experienced a 20% reduction in jobs since March 2006 (see p9, table 2.1).

2.2.12 The proportion of working age people with no qualifications has fallen by a third over the ten years to 2006. The lower qualification level of the Welsh workforce is a factor in overall economic performance. Improvement in qualification levels, therefore, could assist in generating endogenous growth.

**Figure 2.4: Highest qualification**



Source: Trends in qualifications held by working age adults by UK country, National Statistics

## 2.3 The economy and the housing market – recent trends

2.3.1 There have been a number of key developments in the property market, primarily in response to the difficulties in the global financial markets and their wider consequences. In 2007 there was a steady increase in the Bank of England interest rate up to 5.75%, although this has now fallen back to 5%<sup>9</sup>. This has had a significant impact on the availability of mortgage finance for householders and first-time buyers. Basically, mortgage finance costs have risen, creating further difficulties for households wishing to enter the housing market and, indeed, for some existing owners wishing/needing to

<sup>9</sup> There is, of course, evidence that base rate cuts are not being passed on to borrowers.

refinance their mortgage and/or move<sup>10</sup>. Some of the key indicators reported by the Bank of England<sup>11</sup> include:

- A reduction in mortgage approvals – 45% lower in March 2008 than in March 2007. Over the first quarter of 2008 mortgage approvals declined, from 73,000 approvals in January to 64,000 approvals in March.
- A reduction in the number and scope of mortgage products available to householders, particularly those judged as higher risk (since August 2007 the number of credit impaired mortgage products has fallen by 75%).
- Higher rates of interest have moved along the 'risk spectrum' from those with adverse credit histories to include those with high loan to value ratios.
- The added impact of banks exiting or restricting their activity in the market has led to an increased concentration of lending activities among the major banks.

**2.3.2** The Bank of England considers that these factors have led to a weakening of the residential property market. Evidence of a weakening market is found in current indicators on property prices – for example the Royal Institution of Chartered Surveyors (RICS) reported house price inflation falling to its lowest level since 1978, and Nationwide and Halifax measures estimate that house prices in April 2008 were 2.2% lower than in April 2007. The Home Builders Federation also reported continued decreases in the measure of net reservations balance (at its lowest level since 1992 when records began) on new-build and the RICS's new buyer enquiries were showing a significant monthly decrease.

**2.3.3** Government across the UK has been surprised at how quickly trends in the housing market have reversed. One role of a national housing strategy should be to identify future trends and risks from the wider international and UK policy arena that impact on the housing system in Wales and its communities. For example, the influence of the US housing market on the wider international financial sector and how this has reduced the availability of finance across the housing system in the UK. This is important as it affects both individuals and social housing providers who access finance through the market. It appears that knowledge of risk taking in this sector and its potential impact was not well developed.

**2.3.4** However, the current state of the housing market has to be viewed in the context of longer-term trends, of unmet demand and price rises. Some areas continue to report continued, albeit more moderate, house price growth (e.g. Scotland, London). In Wales over the first three quarters of 2007 house prices increased by 9.5%, which was slightly lower than the UK average of 10.7%. According to the Halifax the average house price in Wales is approximately £165,472; this compares with £141,158 in Scotland and £198,898 for the UK (third quarter 2007 figure).

**2.3.5** As might be expected, there are differences across Wales, both in current house prices and the year-on-year price changes. Above-average house prices are evident in rural areas such as Monmouthshire, Ceredigion, Pembrokeshire and Powys, as well as in the greater urban areas such as Cardiff and Wrexham. The greatest price growth is found in Monmouthshire (26% over the 12 months to September 2007), Wrexham (22%) and the

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<sup>10</sup> This primarily affects households on fixed term mortgages that are coming to an end. The current mortgage market has increased costs across almost all mortgage products, therefore re-mortgaging can result in unaffordable housing costs for some owners.

<sup>11</sup> *Inflation Report May 2008*, Bank of England, 2008

Isle of Anglesey (18%). Many other areas experienced growth in the range between 10-15%. According to the Halifax index, the areas experiencing more moderate house price growth include Blaenau Gwent, Newport, Powys and Merthyr Tydfil.

**Table 2.2: Average house price by Welsh local authority, 2006 – 2007, (12 months to Sept)**

Local authority	Average house price (£) 2006	Average house price (£) 2007	% change 2006-07
Blaenau Gwent	106,713	109,266	2%
Cardiff	167,925	174,499	4%
Carmarthenshire	155,744	172,380	11%
Ceredigion	155,488	177,877	14%
Conwy	161,113	180,214	12%
Denbighshire	143,539	156,102	9%
Flintshire	158,966	180,746	14%
Gwynedd	144,300	153,581	6%
Isle of Anglesey	160,598	188,869	18%
Merthyr Tydfil	120,533	123,676	3%
Monmouthshire	189,671	238,088	26%
Neath Port Talbot	125,936	135,767	8%
Newport (Gwent)	146,278	147,742	1%
Pembrokeshire	163,454	180,481	10%
Powys	180,277	184,021	2%
Rhonda Cynon Taf	119,393	133,158	12%
Swansea	147,419	164,514	12%
Vale of Glamorgan	176,932	198,037	12%
Torfaen	129,460	144,134	11%
Wrexham	154,359	189,026	22%
<b>Wales</b>	<b>-</b>	<b>165,472</b>	<b>-</b>

Source: Welsh Economic Review, Winter 2007, Cardiff University (pp26) – original data sourced from Halifax house price index.

**2.3.6** Further analysis of house price trends is provided below, covering housing costs and the impact on affordability and access to the market.

### Demographic trends

**2.3.7** A key factor influencing demand in the housing market is demographic change: the number of households and the age structure of the population. The most important trends across the UK in recent years have been the growth in the number of households (single-person households in particular), and the ageing of the population. More recently, there has been a marked increase in migration from the A8 European Union countries; a factor that was not anticipated. However, the profile and extent of A8 migration is not fully

understood, nor is it clear to what extent this migration will be sustained – will people continue to migrate to the UK in significant numbers, and how many will stay in the UK?

- 2.3.8 Recent data from the Living in Wales survey<sup>12</sup> estimates that the current population of Wales is 2,999,600 with 1,261,000 households. The average number of people per household is 2.38. Spatially, population growth in North Wales, Central Wales and Pembrokeshire Haven has been above the Welsh average, and below average in South East Wales. The population has declined in some areas, including the Heads of the Valleys<sup>13</sup>.

**Table 2.3: Population by age group, Wales 1981 – 2005**

Year	Population under 16	Population working age	Population retirement age
1981	22.3%	59.1%	18.7%
1991	20.5%	59.5%	19.9%
2001	20.2%	59.8%	20.1%
2005	19.2%	60.3%	20.6%
% change 1981-2005	-3.1%	+1.2%	+1.9%

Source: *Long-term population trends: Wales and its Spatial Plan areas*, WAG Spatial Plan Data Project 2007

## Migration

- 2.3.9 Population increases over the past two decades have been influenced by the extent of net migration. However, annual in and out flows vary so there is a degree of unpredictability regarding future trends. The long-term migration assumption from 2012 onwards is net growth of 9,500 (79% from elsewhere in the UK and 21% from abroad). Natural change in the population has been negative (that is, there have been fewer births than deaths).
- 2.3.10 While migration within Wales does not change the size of the overall population, it may affect the structure of populations at locality level. South West Wales experienced a net inflow of population from all regions except South East Wales, resulting in an overall net population gain for the region of around 650 people. Net out-migration from South West Wales to South East Wales was largely a result of young people (16-24 years) moving to Cardiff. Indeed the bulk of net in-migration to South East Wales is accounted for by young people moving to Cardiff<sup>14</sup>.

<sup>12</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>13</sup> *Wales: A Vibrant Economy*, Welsh Assembly Government, 2005

<sup>14</sup> *Statistical Bulletin SB 10/2006: Patterns of migration in Wales*

**Table 2.4: Average annual migration movements with England by region, per year, based on estimates between mid-1999 to mid 2004 (thousands)**

Region	Average			Rate (per 100 population)	
	Inflow	Outflow	Net	Inflow	Outflow
North Wales	17.7	14.0	3.7	27	21
Mid Wales	7.8	6.0	1.8	38	29
South West Wales	11.7	8.9	2.9	18	14
Valleys	6.7	5.9	0.8	9	8
South East Wales	15.5	13.7	1.8	23	21
<b>Wales</b>	<b>59.4</b>	<b>48.5</b>	<b>10.9</b>	<b>20</b>	<b>17</b>

Source: National Health Service Patient Register Data System Quoted in Statistical Bulletin SB 10/2006

2.3.11 The table below<sup>15</sup> outlines some of the gross migration patterns at local authority level across Wales over the period 2002-2006. It shows that the highest levels of gross internal migration (from within the UK) were in Cardiff (75,600), Swansea (38,300) and Carmarthenshire (31,900). The lowest levels were generally in the valley areas of Merthyr Tydfil, Blaenau Gwent and Torfaen. For the year ending June 2006, it is estimated that 96 per cent of inward migration to Wales was from England. Cardiff also had the highest gross international inward migration figure (19,600) followed by Swansea (6,900) and the net figure in Cardiff (5,600) is also significantly higher than Swansea (2,600). The majority of local authorities (14) experienced negative international net migration.

2.3.12 When overall migration patterns (per thousand population) are looked at more closely Ceredigion (143) is the highest, followed by Cardiff (120) and Monmouthshire (98). Merthyr Tydfil and Blaenau Gwent were the lowest at 47 and 44 respectively.

<sup>15</sup> Sourced from *Wales's Population - A demographic overview, 2008*, Welsh Assembly Government, 2008

**Table 2.5: Migration indicators by local authority, year ending mid-2002 to year ending mid-2006**

	Mid - 2002 to mid-2006					
Local Authority area	Internal Migration		International Migration		Volume of migration per 1,000 population (a)	
	In	Out	In	Out	International migration	All migration
Isle of Anglesey	11,700	10,000	500	700	3	67
Gwynedd	24,300	22,500	1,700	1,400	5	85
Conwy	24,800	20,200	1,200	1,400	5	86
Denbighshire	23,700	19,400	1,100	1,000	4	95
Flintshire	23,400	22,800	1,200	1,300	3	65
Wrexham	18,600	16,800	1,800	1,400	5	59
Powys	28,200	22,000	1,200	1,300	4	81
Ceredigion	26,700	24,500	2,100	1,300	9	143
Pembrokeshire	20,900	17,000	1,300	1,000	4	69
Carmarthenshire	31,900	23,700	1,700	2,100	4	67
Swansea	38,300	36,300	6,900	4,300	10	76
Neath Port Talbot	20,600	15,900	500	1,300	3	56
The Vale of Glamorgan	25,700	21,600	2,900	3,100	10	88
Cardiff	75,600	78,500	19,600	14,000	21	120
Monmouthshire	21,900	18,500	800	1,100	4	98
Newport	23,700	22,700	2,600	2,600	7	74
Bridgend	19,200	15,600	1,100	1,300	4	57
Rhondda, Cynon, Taf	28,000	26,200	3,200	3,500	6	52
Merthyr Tydfil	5,900	6,400	300	400	2	47
Caerphilly	21,500	19,800	800	1,900	3	52
Blaenau Gwent	7,500	7,300	200	300	1	44
Torfaen	11,100	11,000	300	600	2	51
	533,200	478,700	53,000	47,300		
Source: Extracted from <i>Wales's Population - A demographic overview, 2008</i> , WAG, 2008. Original data sourced from Office for National Statistics.						
(a) Calculated as the sum of in-migration and out-migration per thousand people (separately for all migration and international migration).						

**2.3.13** A recent study by Experian<sup>16</sup> finds that the urban centres in Wales are attracting a significant share of movers: young people moving for education and employment; mature people possibly relocating to take up new jobs; and older people wishing to have easier access to health and social care services. However, the study suggests that levels of internal migration are slowing, with Cardiff, Wrexham and Newport all experiencing net declines. The study identifies Swansea as a clear exception to this trend, with significant increases in in-migration, resulting in net in-migration over the two years to 2003/04. The report suggests that Swansea is becoming an increasingly popular alternative for a range of rural to city movers; to take up employment opportunities and to take advantage of the comparatively low costs of living in the area.

**2.3.14** The majority of the cross-border migration in Wales is with England<sup>17</sup> – accounting for an annual average net increase in the population of around 10,900 over the period 1999 to 2004. The greatest population flows are with the English regions closest to Wales: North West, West Midlands and South West. There was net in-migration from England to all of the five Welsh regions, with the largest levels of net migration in North Wales and South West Wales. As the table below shows, however, the greatest impact of in-migration was in Mid Wales where the net in-migration was around 9 people per 1000 population. This in-migration rate was largely influenced by Ceredigion, which has a large student population, where on average 47 people per thousand moved in and 39 people per thousand moved out.

**2.3.15** Despite overall net in-migration, four of the five regions experienced net loss of young people (16-24 year olds) to England – most likely young people leaving to study or work. Only in Cardiff, Swansea and Ceredigion did the numbers of young people moving to Wales from England exceed those leaving.

**Table 2.6: Average annual migration movements between Welsh regions between mid-1999 to mid-2004**

Destination	Origin				
	North Wales	Mid Wales	South West Wales	South East Wales	Valleys
North Wales	-	510	260	380	160
Mid Wales	550	-	1,440	560	390
South West Wales	280	1,610	-	1,830	2,320
Valleys	140	320	1,750	5,690	-
South East Wales	540	730	1,970	-	5,010

Source: National Health Service Patient Register Data System Quoted in Statistical Bulletin SB 10/2006

**2.3.16** In recent years and across the UK there has been a significant rise in the number of migrants from EU countries primarily related to the accession of eight new countries<sup>18</sup> in 2004 as well as Bulgaria and Romania<sup>19</sup> in 2007. The overall numbers anticipated to

<sup>16</sup> *Attracting Talent: Wales Case Study*, Experian for the Welsh Assembly Government, July 2006

<sup>17</sup> *Statistical Bulletin SB 10/2006: Patterns of migration in Wales*

<sup>18</sup> Poland, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia (A8 countries).

<sup>19</sup> Generally referred to as A2 countries.



arrive in the UK was under-estimated by the UK government and subsequent research has attempted to quantify both the numbers and the impact on services.

- 2.3.17 Data published<sup>20</sup> by the Assembly Government show that there was a net inflow of around 5,000 international migrants to Wales in 2006. This is higher than for the preceding five years (where the net inflow was around 1,000 to 2,000 per annum). Migration figures for the UK as a whole suggest that international in-migration is starting to decline: there was a net inflow of around 191,000 international migrants to the UK in 2006, down on the previous two years.
- 2.3.18 A study by the Institute of Public Policy Research (Pollard et al, 2008) is the most comprehensive attempt to examine some of the more recent impacts of A8 and A2 in-migration. It estimated that the current migrant worker population in the UK is 665,000 with Polish nationals now being the single largest foreign national group in the UK. However, it is important to note that while approximately one million migrant workers may have arrived since 2004, around half have already left the UK. There is also now a downward trend in new arrivals. It is anticipated that others currently resident in the UK may choose to leave in the coming months and years.
- 2.3.19 In Wales the study estimates that there were 20,735 migrant worker registrations over the period 2004-2007<sup>21</sup>. This represented about 3% of the total in the UK. The report notes that the spatial distribution of in-migration has been wider than some of the more traditional patterns (e.g. South East and Midlands of England). The East of England, the South West, Scotland and Northern Ireland are all highlighted in this context. However estimates show that only three Welsh local authority areas have more than ten A8 workers per 1,000 residents – Wrexham (17), Newport (14) and Carmarthenshire (12). In Cardiff the rate is estimated at five for every 1,000 residents. At the other end of the scale several areas in Wales are estimated to have relatively low numbers (one per 1,000) of A8 workers. These include Blaenau Gwent, Isle of Anglesey, Rhondda Cynon Taf, Torfaen, Caerphilly and Neath Port Talbot. Overall, the evidence points to the localised nature of this type of in-migration, primarily related to economic opportunities. Clearly local authorities will need to consider these issues when undertaking local housing market assessments.
- 2.3.20 This 'external' policy impact was widely unforeseen in recent years, particularly the level of demand on the housing system created by this migration from the European Union Accession countries. UK government projections appear to have grossly under-estimated this, at least over the short-term. This perhaps highlights the need for a more sophisticated and dynamic evidence base to be created for the national housing strategy in Wales. This requires an upward and outward focus rather than a downward and inward focus. It must take into account global market factors, as well as the external policy environment at both a UK and international level.

### Population projections

- 2.3.21 Over the period 1981 to 2005, the population grew by 5%<sup>22</sup>. The rate of growth was not steady: growth rates were highest in the 1980s, declined in the 1990s and have since risen somewhat. Population growth also varied by age group: there has been a decline in the youngest age groups (the population aged under 16yrs has declined by 3.1%),

<sup>20</sup> <http://new.wales.gov.uk/topics/statistics/headlines/pop-2007> - sourced from original data published by the ONS.

<sup>21</sup> Figures for the WRS do not equate to actual numbers of migrant workers residing in Wales as they relate to the employer region and also do not record any out-flow of migrants. They can only be used as an indicator.

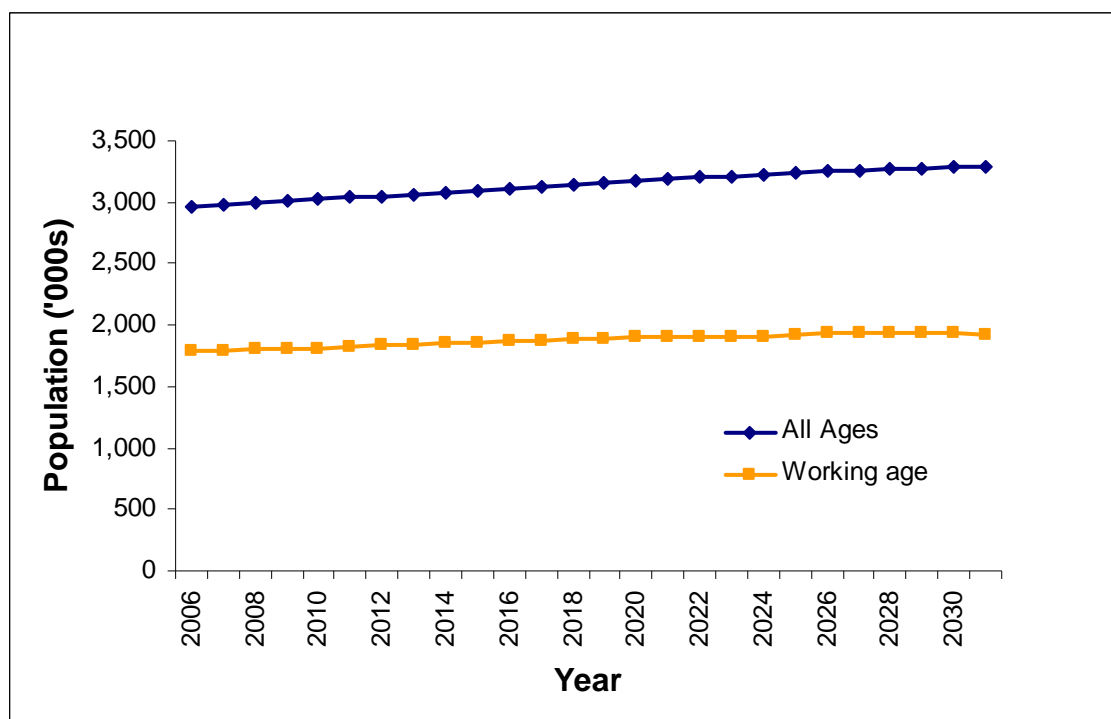
<sup>22</sup> *Long-term population trends: Wales and its Spatial Plan Areas 1981-2005*, Welsh Assembly Government, 2007

whereas there has been significant growth in those of retirement age (+1.9%). There has also been a growth in the population of working age.

2.3.22 According to the mid-year estimate in 2006, the population is expected to break the three million mark between 2008 and 2009. By 2031 the population is projected to increase by 11% to stand at 3.3 million. Children will then account for 17% of the population, with pensioners amounting to nearly 21%. The increase in pensioners represents the greatest rate of change at 31%, while the number of people of working age will increase by 8%. The median age of the population will increase from 40.6 years in 2006 to 44.3 years in 2031 in-line with these overall projections.

2.3.23 Despite the moderate growth of the working age population, it is a declining proportion of the total population<sup>23</sup>. The most recent projections (WAG, 2007) report that the number of pensioners per 1,000 people of working age is expected to increase from 340 in 2006 to 420 in 2031. However, it is also important to note that the number of older people in the labour market beyond traditional pensionable age is growing. The figure below highlights the growing population as well as the relatively constant proportion of people of working age. The graph shows that population growth is slowing, and that some fluctuation in the growth rate for older people is expected.

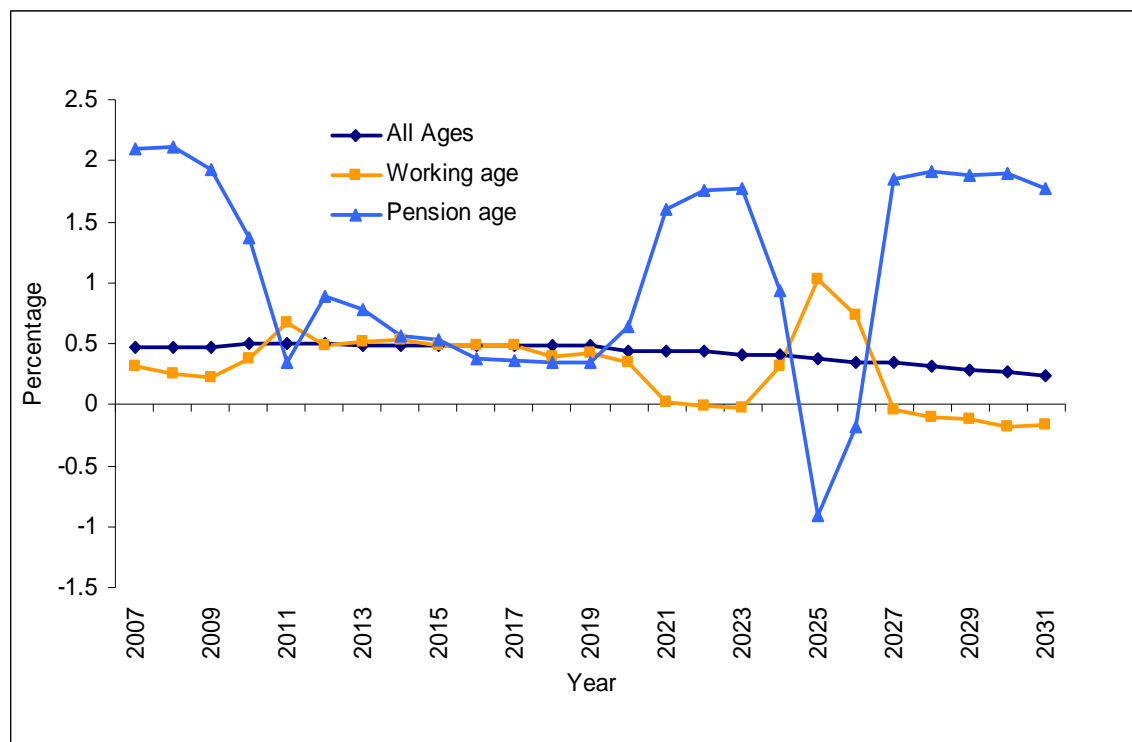
**Figure 2.5: 2006-based population projections for Wales, 2006-2031 ('000s)**



Source: Statistical Directorate, Welsh Assembly Government, 2008

<sup>23</sup> The number of working age people is still rising, but this group as a proportion of the total population is falling.

Figure 2.6: 2006-based projected annual growth rates (%)



Source: Statistical Directorate, Welsh Assembly Government, 2008

## Household structure

- 2.3.24** According to the Living in Wales 2007 survey there are a total of 1,261,270 households in Wales with 350, 646 (28%) of these single person households. Approximately 73% of households live in owner-occupation with a further 11% renting privately. The figure for council tenants is the same at 11%, while households renting from a housing association account for 5% of the total. When examining the household structure it is evident that married couple pensioners (90%), two adults with children (81%), single pensioner (71%) and 'other' (77%) households are more likely to be owner-occupiers. Single person and single parent households are less likely to be owner-occupiers.
- 2.3.25** Over half of all single parent households live in the rented sector – 36% in social renting and 15% in private renting. Nearly one fifth (19%) of all single person households (non-pensioner) live in the private rented sector. A relatively high proportion (15%) of the 'other' household group are also private renters. While many pensioners are owner-occupiers there tends to be a differential within this group with single pensioners more likely to be social renters (22%) compared to married pensioners (7%).
- 2.3.26** The age structure of the population is interesting. Younger age groups 16-29 years are more reliant on rented housing than those in other groups with 62% in this category. This reflects a number of factors, including lifestyle choices and the specific stage in their housing careers, for example, students living in private renting. It may also indicate difficulties in being able to afford owner-occupation. The proportion of owner-occupiers tends to increase with age: around eight out of ten householders aged 45 and over owning their home compared to seven out of ten 30-44 year olds. The likelihood of private renting appears to decline with age – from 38% in the youngest age group to just 5% of those 60 or over.
- 2.3.27** When designing housing policies (e.g. reducing fuel poverty) to alleviate pressures for particular groups (e.g. pensioners) it is important to acknowledge the distribution of

households across housing tenures. For example, the estimated number (388,178) of aged 60+ householders in the owner-occupied sector is nearly four times that of those across all the rented sector (95,510).

**Table 2.7: Household age structure by tenure, 2007**

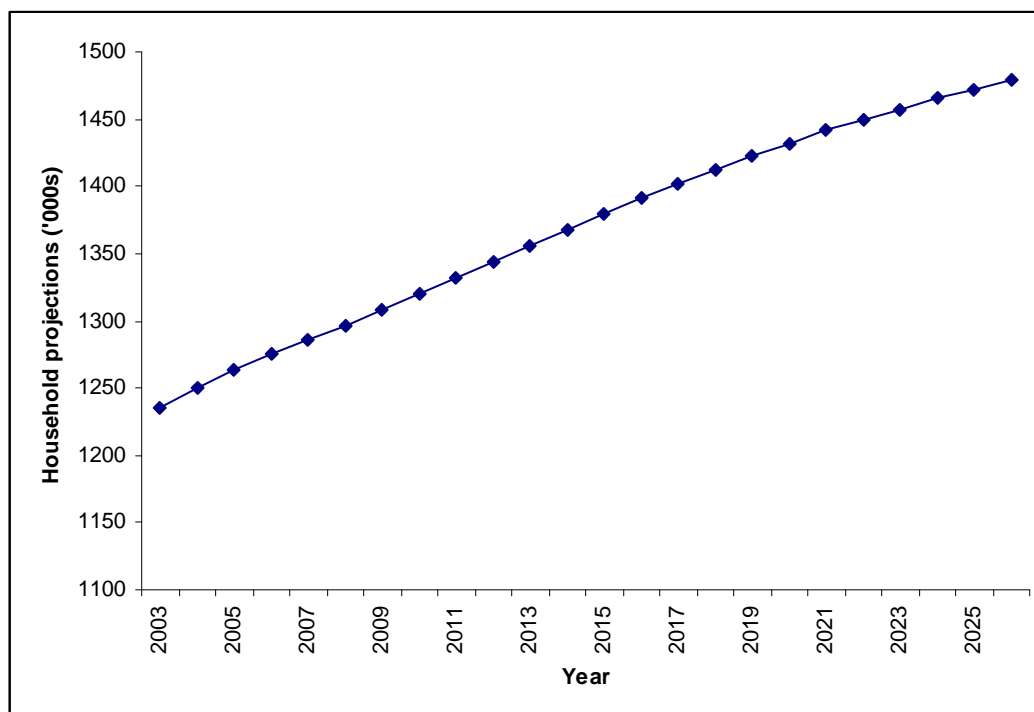
	Owner-occupied	Local authority	Housing association	Private rented	Total
16-29 yrs	38%	18%	6%	38%	100%
30-44 yrs	70%	10%	7%	13%	100%
45-59 yrs	79%	9%	4%	8%	100%
60 and over yrs	80%	11%	4%	5%	15%
<b>All ages</b>	<b>73%</b>	<b>11%</b>	<b>5%</b>	<b>11%</b>	<b>100%</b>

Source: Living in Wales Survey 2007<sup>24</sup>

### Household projections

2.3.28 Figure 2.7 illustrates current household projections which suggest an overall increase of 20% in the number of households over the period. However, although the number of households is rising, the growth rate over the period 2003 to 2026 is generally declining. Figure 2.8 illustrates this showing that in 2004 the annual household growth rate (%age of new households as a proportion of existing households) was just under 1.2% compared to approximately 0.5% in 2026.

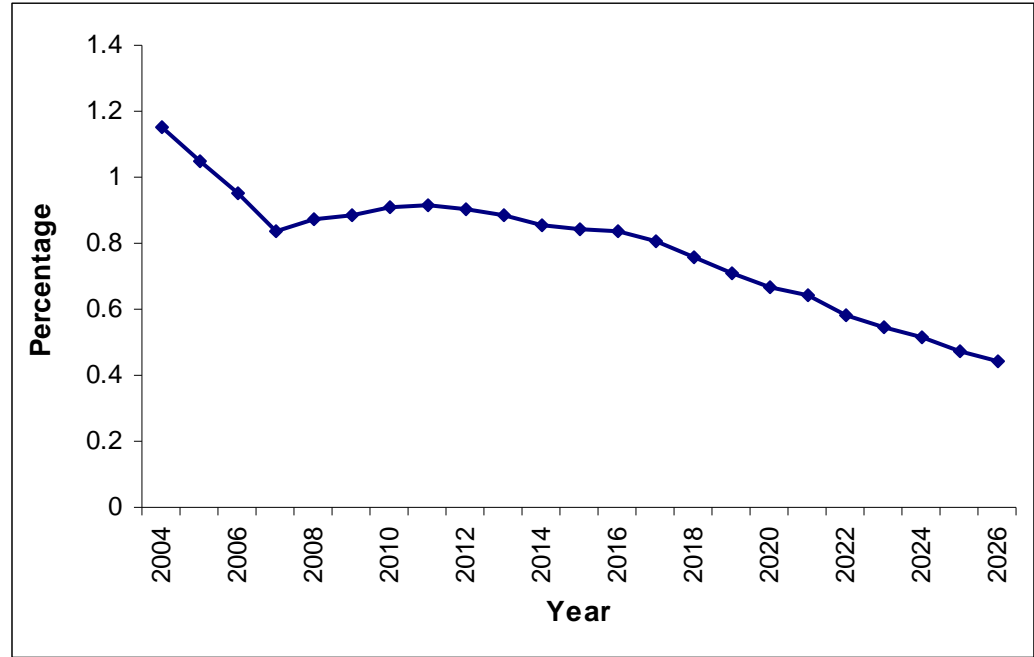
**Figure 2.7: Household projections**



Source: Statistical Directorate, Welsh Assembly Government, 2007

<sup>24</sup> Published at [www.new.wales.gov.uk](http://www.new.wales.gov.uk), Welsh Assembly Government, 2008

Figure 2.8: Annual household formation rate based on projections



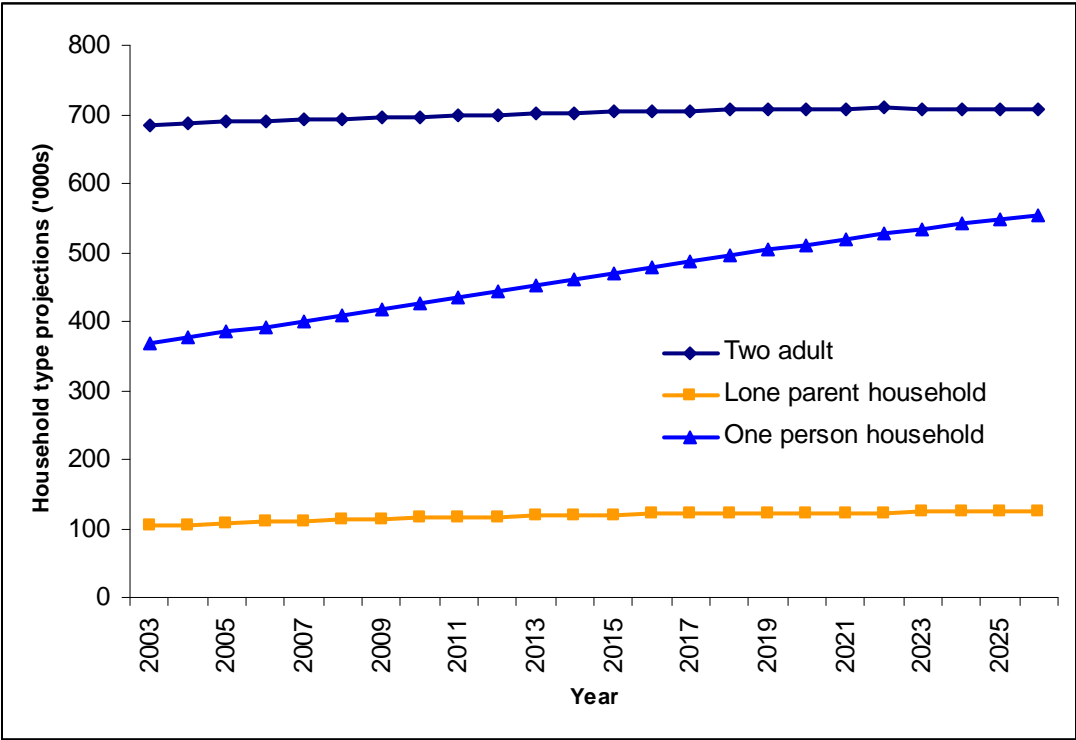
Source: Statistical Directorate, Welsh Assembly Government, 2007

- 2.3.29

The household projections by household type, Figure 2.9, suggest that there will be a 50% increase in single person households from 2003 to 2026, whereas lone parent and two adult households are relatively constant over this period. The growth of single person households raises interesting supply and affordability housing policy issues. Single person households, by definition, will rely on a single income; perhaps indicating future pressure on the affordability of housing costs. The current household structure shows that single person households tend to be over-represented in the rented sector.
- 2.3.30

Over the same period we can expect housing aspirations to continue to rise. This may also be increasingly influenced by the environmental agenda. For many households home ownership will remain the overall goal. Balancing the growth of single person households, an ageing population, housing aspirations and the affordability of owner-occupation will be a significant challenge.

Figure 2.9: Household type projections



Source: Statistical Directorate, Welsh Assembly Government, 2007

### 3 Provide homes in the right location

#### 3.1 Introduction

3.1.1 Some of the current evidence base may help in achieving the objective of providing homes in the right location. However, the evidence is limited by the absence of comprehensive spatial data on housing need, demand and aspirations in Wales. Decisions on the location of new homes should, therefore, also be guided by the Local Housing Market Assessments and local strategic planning exercises.

3.1.2 The evidence base considered in this chapter is primarily concerned with changes in the stock, and with housing supply, need and demand at the broader level. Where appropriate, spatial dimensions to the analysis are reported but are these are limited by the availability of data.

#### 3.2 The housing stock and tenure change

3.2.1 Like other parts of the UK, Wales has witnessed significant change in the housing system in the last 30 years. The broad trend has been a rise in owner-occupation and a relative and absolute decline in social renting. In recent years there has also been an increase in private renting. Table 3.1 and figure 3.1 overleaf illustrate these changes.

3.2.2 The housing stock in Wales is estimated at 1.32 million dwellings (as at 31st March 2007)<sup>25</sup>. The dominant tenure is owner-occupation (73%) with private renting accounting for a further 10% of the stock. Renting in the public sector is split between local authorities (12%) and Registered Social Landlords (5%). The major trends evident since the early 1980s have been:

- The growth of the owner-occupied stock from 669,000 homes in 1981 to 968,000 in 2007 (from 62% to 73%).
- The decline of renting from local authorities (or new town corporations) over the same period from 298,000 dwellings to 154,000 dwellings (from 27% to 12%). The stock in this sector has more than halved, primarily due to the Right-to-Buy (RtB) and, to a lesser extent, stock transfer policies. This is coupled with the lack of new-build in this sector.
- The growth in private rented sector stock from 105,000 to 135,000 (although the overall share of total stock over the period has remained relatively stable at 10% this masks fluctuations with a decline in the 1990s offset by subsequent growth in the new millennium).
- The growth of the RSL sector from just 11,000 homes in 1981 to 67,000 homes in 2007 (from 1% to 5% of total stock). This sector now accounts for approximately 30% of all social rented properties.

3.2.3 The growth of the RSL sector has resulted from Large Scale Voluntary Transfer (LSVT) and new-build. The majority of this stock (approximately 70%) is designated for general needs.

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<sup>25</sup> *Welsh Housing Statistics 2007*, Local Government Data Unit & Welsh Assembly Government (2008)

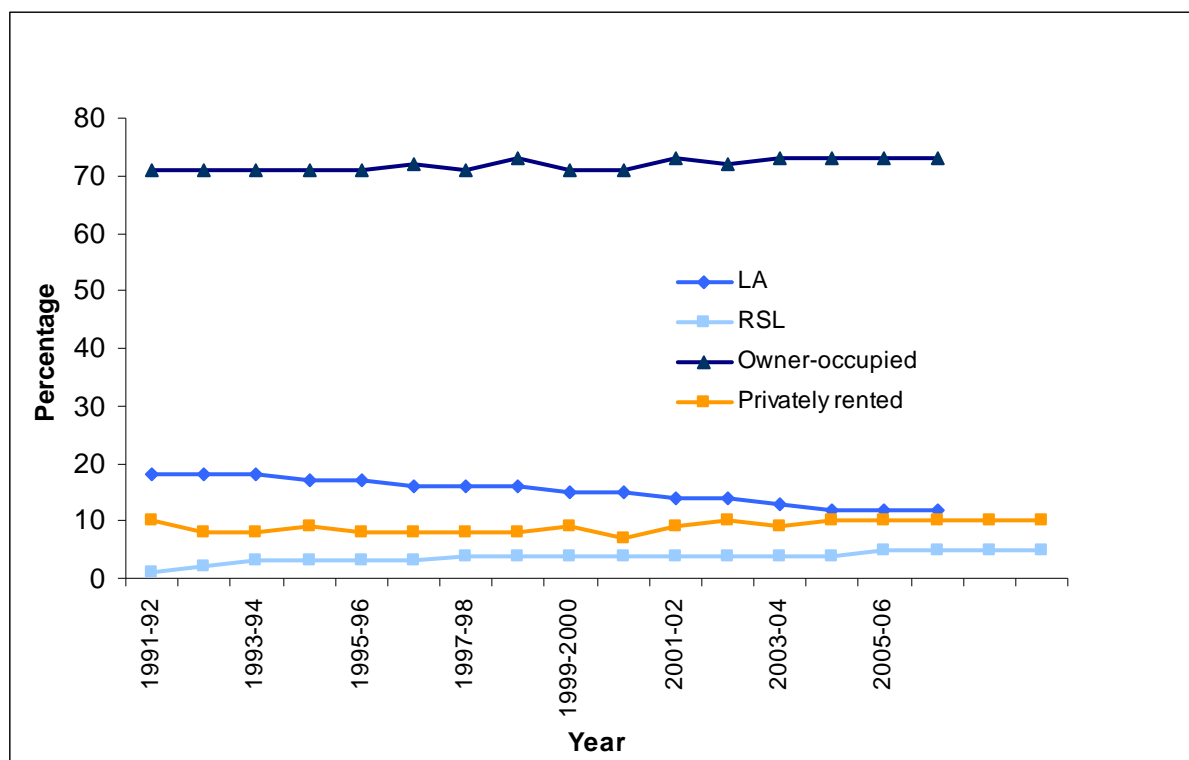


**Table 3.1: Housing stock in Wales, number (thousands)**

	LA	RSL	Owner-occupied	Privately rented	Total
1981	298	11	669	105	1,083
1991-92	219	30	847	98	1,194
1992-93	216	35	854	99	1,204
1993-94	213	38	862	101	1,214
1994-95	210	42	870	102	1,224
1995-96	207	45	878	104	1,233
1996-97	204	48	891	100	1,243
1997-98	201	50	888	112	1,252
1998-99	197	52	915	94	1,259
1999-2000	193	54	903	117	1,267
2000-01	188	55	905	127	1,275
2001-02	183	57	932	110	1,282
2002-03	177	57	925	130	1,290
2003-04	162	65	946	125	1,298
2004-05	158	65	951	133	1,306
2005-06	156	66	955	137	1,314
2006-07	154	67	968	135	1,323

Source: WHO2, Welsh Housing Statistics 2007, Welsh Assembly Government

Figure 3.1: Tenure structure, (percentages)



Source: WHO2, Welsh Housing Statistics 2007, Welsh Assembly Government

#### 3.2.4

Table 3.2 shows the tenure structure of the housing stock by dwelling type and number of bedrooms. The size of properties in each sector with the main differences between renting and owner-occupation:

- Across all tenures just 6% of the stock is one bedroom, 23% have two, 52% have three and 14% have four. Only 4% are large properties with five bedrooms or more.
- The owner-occupied stock is generally larger when compared with other tenures with 57% of the total having three bedrooms, 18% four bedrooms and 5% either five bedrooms or more. Only 1% is one bedroom and 19% are two bedrooms.
- There are larger proportions of smaller properties in the social rented sector with 19% of local authority homes having one bedroom and 29% of housing association properties. The main concentrations are of two (32% LA; 33% HA) and three (45% LA; 35% HA) bedroom properties.
- In private rented sector 13% of the stock is one bedroom, 23% two bedroom and 52% three bedroom and 14% four bedroom. Approximately 4% have five bedrooms or more.

**Table 3.2: Tenure by dwelling type and number of bedrooms, 2006**

No. of bedrooms		1	2	3	4	5	6	7	Total
Tenure		%	%	%	%	%	%	%	%
Owner-occupied	House	1	15	59	19	4	1	0	100
	Flat	20	64	13	1	1	1	0	100
	Bungalow	3	36	49	11	1	0	0	100
	Maisonette	9	64	9	18	0	0	0	100
	<i>Group Total</i>	1	19	57	18	4	1	0	100
Local authority	House	1	24	70	5	0	0	0	100
	Flat	54	44	2	0	0	0	0	100
	Bungalow	45	50	3	1	0	0	0	100
	Maisonette	30	30	40	0	0	0	0	100
	<i>Group Total</i>	19	32	45	3	0	0	0	100
Housing association	House	2	36	56	5	0	1	0	100
	Flat	77	22	1	0	0	0	0	100
	Bungalow	35	60	5	0	0	0	0	100
	Maisonette	25	75	0	0	0	0	0	100
	<i>Group Total</i>	29	33	35	3	0	1	0	100
Private rented	House	3	31	46	13	5	1	1	100
	Flat	42	43	13	1	0	1	0	100
	Bungalow	17	48	28	7	0	0	0	100
	Maisonette		60	40	0	0	0	0	100
	<i>Group Total</i>	13	35	38	10	3	1	0	100
<b>Table Total</b>		<b>6</b>	<b>23</b>	<b>52</b>	<b>14</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>100</b>

Source: Living in Wales Survey, 2007 (2006 data collected period)

### Supply impacts

#### 3.2.5

Over the last decade additions to the housing stock in Wales have averaged 8,417 per annum. In only two years did new supply figures stray significantly from this average; in 1998/99 (7,737) and in 2006/07 (9,334). By far the greatest proportion of new supply has come from the private sector. This appears to have increased from 77% in 1997/98 to 96% in 2006/07<sup>26</sup>. New completions in the RSL sector appear to have reduced significantly in absolute numbers and as a proportion of all completions – from 23% of all completions in 1997/98 to 4% in 2006/07. The contribution from the local authority sector, not surprisingly, has been minimal.

<sup>26</sup> Note that the figures for RSL completions may be an underestimate as some s106 completions may have been returned by local authorities/RSLs as private sector completions. There is no definitive measure of the margin of error, although the WAG has advised that it may be as much as 20%.

**Table 3.3: New dwelling completion by tenure (1998 - 2007)**

Year	Private sector		Registered Social Landlords		Local Authorities		Totals	
	Number	% yr total	Number	% yr total	Number	% yr total	Number	% yr total
1997/98	6,492	77%	1,938	23%	2	<1%	8,432	100%
1998/99	6,439	83%	1,269	16%	29	<1%	7,737	100%
1999/00	7,860	90%	846	10%	0	0%	8,706	100%
2000/01	7,386	87%	900	11%	47	2%	8,333	100%
2001/02	7,494	91%	711	9%	68	<1%	8,273	100%
2002/03	7,522	90%	782	9%	6	<1%	8,310	100%
2003/04	7,863	95%	417	5%	16	<1%	8,296	100%
2004/05	7,986	94%	475	6%	31	<1%	8,492	100%
2005/06	7,883	95%	347	4%	27	<1%	8,257	100%
2006/07	8,988	96%	346	4%	0	0%	9,334	100%

Source: Welsh Housing Statistics 2007

Note: The figures for RSL completions may be an underestimate as some s106 completions may have been returned by local authorities/RSLs as private sector completions. There is no definite measure of the margin of error, although the WAG has advised that it may be as much as 20%.

**3.2.6** More recent figures<sup>27</sup> for the first three quarters of the 2008 year (Apr-Dec 07) estimate that 8,311 new build starts were made in Wales with 6,830 completions. Respectively these represent an 18% and 2% increase on the figures for the same three quarters in the previous year. However these figures pre-date the current downturn in the housing market which has largely been evident since the start of 2008. For example latest figures published for England<sup>28</sup> for the quarter up to March 2008 show that new starts had decreased by 21% on the previous quarter (seasonally adjusted) and were almost one quarter (24%) lower than for the same period in 2007. House completion figures exhibited a similar downward trend – a 12% drop from the previous quarter and 18% from the same period in 2007.

**3.2.7** The main tenure change within the existing stock in recent years has been the transfer of properties out of the social rented sector to owner-occupation (and subsequently private renting in some cases) through the RtB. 36,370 social rented properties have transferred out of the sector in the last decade, an average of 3,637 per annum. Within the social rented sector there has also been the transfer of stock from local authorities to housing associations although, apart from renewal activities (e.g. demolitions, rehabs), this does not materially affect the overall stock in the social rented sector.

<sup>27</sup> <http://www.communities.gov.uk/documents/housing/xls/837020.xls>

<sup>28</sup> *House Building: March Quarter 2008, England, Housing Statistical Release*, May 2008, CLG

**Table 3.4: RTB sales in Wales 1997 – 2007**

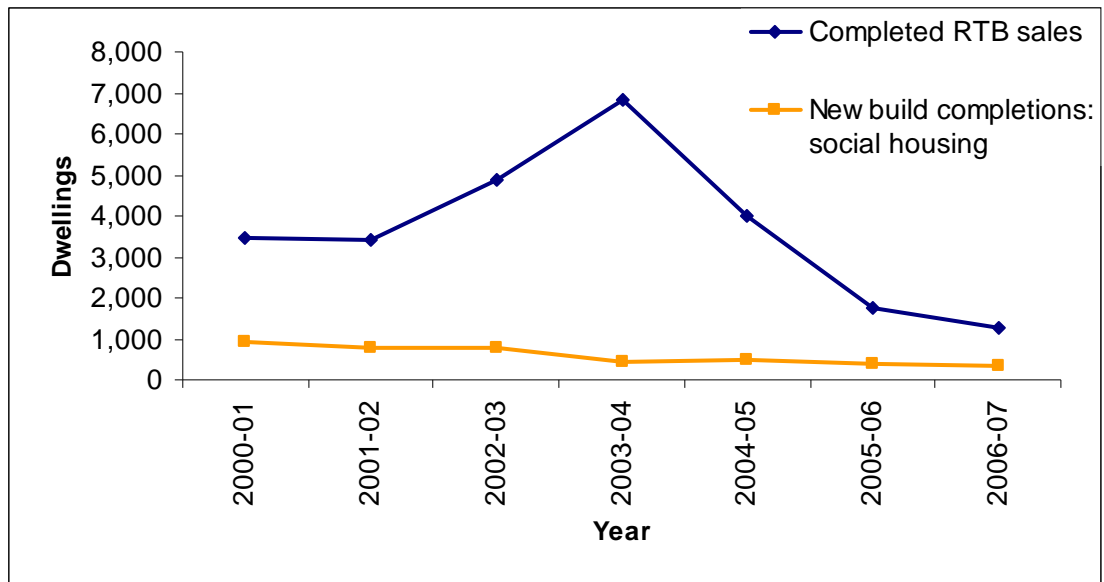
Year	Total sales
1997	2,032
1998	2,716
1999	2,495
2000	3,534
2001	3,475
2002	3,411
2003	4,898
2004	6,811
2005	3,976
2006	1,774
2007	1,248
<b>Total</b>	<b>36,370</b>

Source: Welsh Housing Statistics 2007, WAG

### 3.2.8

The graph below shows recent trends in RtB sales and new-build. In this period RtB reached a peak in 2003-04 and has since declined to a lower level. New-build completions in the social rented sector have declined significantly and are fewer than the stock lost through the RtB, resulting in an overall decline in the social rented stock.

**Figure 3.2: Factors influencing social housing stock**



Source: WHO2, Welsh Housing Statistics 2007, Welsh Assembly Government

## Second homes and vacant properties

- 3.2.9 While it is acknowledged that there is no definitive measure of the number of second homes in the country, the 2005 Assembly Government report on second homes<sup>29</sup> suggests that the likely level was between twenty thousand and thirty thousand (around 1.5% to 2.3% of the total dwelling stock). The highest concentrations were around Pembrokeshire (6.1% of all household spaces in the 2001 census) and Gwynedd (7.8%) reflecting the tourist industries in these areas.
- 3.2.10 Rural authorities that have a high proportion of second homes also have a high percentage of empty properties; in particular, Gwynedd, Pembrokeshire and Anglesey<sup>30</sup>. The 2001 census reports that 3.1% of the housing stock in rural areas were second or holiday homes. However, in Gwynedd (at 8%) and Pembrokeshire (at 6%) the level was significantly higher. Indeed, the report found that there are 13 wards in rural Wales with second and vacant homes accounting for more than 20% of the housing stock<sup>31</sup>.
- 3.2.11 In the local authority sector it is estimated that 2% (3,058) of all dwellings were vacant as at March 2007. Of these around one-third (33%) had been vacant for six months or more<sup>32</sup>.
- 3.2.12 Table 3.5 provides an estimate of longer-term empty properties in the private sector for the two most recent years that data is available. In 2005/06 the figure was 19,693 or 1.8% of all private sector homes. In 2006/07 it was estimated at 17,634 or 1.6% of all private sector homes.

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<sup>29</sup> *Second Homes in Wales, 2005: A comparison of the sources of data about second homes in Wales*, Welsh Assembly Government, 2005

<sup>30</sup> *The Role of the Housing System in Rural Wales*, Welsh Assembly Government, 2005

<sup>31</sup> *JRF Commission on Rural Housing in Wales*, Joseph Rowntree Foundation, 2008

<sup>32</sup> *SDR 170/200, Local Authority Housing: Management and Performance 2006-07*, Welsh Assembly Government Statistical Directorate



**Table 3.5: The number of private sector dwellings that have been vacant for 6 months or more\***

Year	2005-06	2006-07
Isle of Anglesey	825	-
Gwynedd	1,402	1,373
Conwy	1,659	1,738
Denbighshire	1,190	686
Flintshire	869	953
Wrexham	205	205
Powys	2,549	1,271
Ceredigion	653	639
Pembrokeshire	-	-
Carmarthenshire	1,694	1,671
Swansea	1,817	1,918
Neath Port Talbot	1,057	1,066
Bridgend	500	182
The Vale of Glamorgan	805	697
Cardiff	1,317	1,355
Rhondda Cynon Taf	-	-
Merthyr Tydfil	149	817
Caerphilly	937	956
Blaenau Gwent	-	-
Torfaen	463	253
Monmouthshire	0	-
Newport	1,602	1,854
<b>Wales</b>	<b>19,693</b>	<b>17,634</b>

Source: Private Sector Renewal - Core Set Indicators, WAG, 2008

\*Note: Data is not available for some local authorities.

### 3.3 Provide homes that are affordable

#### 3.3.1

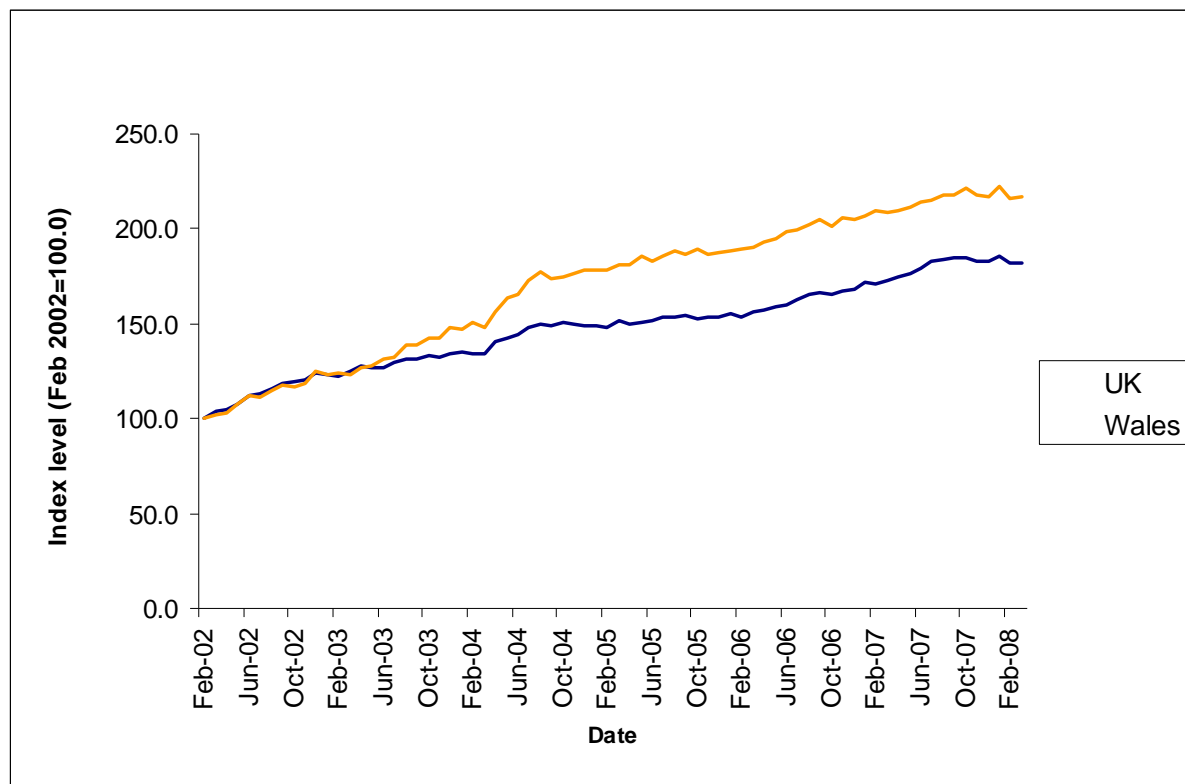
There is no absolute definition of affordability. However, most measures take account of the relationship between the cost of housing and incomes. As a general guide a 25% measure of income to housing costs is used for market renting. For access to owner-occupation, income multipliers for single and dual income households are set against house price measures. In recent years throughout the UK house prices have risen considerably and at a rate significantly higher than that of earnings. On the other hand, rents in the private rented sector have tended to rise more in line with earnings, perhaps reflecting a sharper balance between demand and supply. For landlords this has meant relative declines in rental yields. However, this has not affected investment levels, and

the sector has been expanding. In recent years this appears to have been primarily driven by landlord expectation of capital yields through house price growth<sup>33</sup>.

### House prices

3.3.2 The graph below illustrates the sharp growth in average house prices from 2002; there has been a 117% increase over the period. The Welsh mix-adjusted average house price is £166,484 at March 2008, up from £77,691 in February 2002<sup>34</sup>.

**Figure 3.3: Mix-adjusted house price index**



Source: House Price Index, Communities and Local Government

### Rents

3.3.3 The *Living in Wales* survey in 2007<sup>35</sup> estimated that the average monthly rent in the local authority sector was £258 compared to £271 for housing associations<sup>36</sup>. Renting in the private sector was generally more costly, at a monthly average of £428.

3.3.4 In the private rented sector the Local Housing Allowance (LHA) was launched across the UK in April 2008. It replaces housing benefit payments for all new claimants in the private

<sup>33</sup> *UK Housing Review 2007/08*, S. Wilcox, University of York, 2008

<sup>34</sup> It is important to note that these figures are indicative as the weights used change annually; thus, these figures are not comparable across calendar years.

<sup>35</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>36</sup> Including co-operatives and charitable trusts

rented sector. The LHA is based on a measurement of the median weekly rent by property size within a broad rental market area. This information is collected by the Rent Service direct from landlords operating in the market. There are a number of broad rental market areas in Wales. The median weekly rents<sup>37</sup> for each are set out in the table below.

<b>Table 3.6: BRMA (a) median weekly rents , June 2008</b>						
<b>BRMA Name</b>	<b>1 bed shared</b>	<b>1 bed self-contained</b>	<b>2 beds</b>	<b>3 beds</b>	<b>4 beds</b>	<b>5 beds</b>
Brecon and Radnor	£47.00	£75.00	£95.00	£103.85	£115.38	£132.69
Bridgend	£54.00	£85.19	£98.08	£107.00	£126.92	£138.46
Cardiff and Vale	£55.38	£103.85	£126.92	£138.46	£173.07	£207.69
Cardigan Bay	£55.00	£90.00	£101.54	£120.00	£126.92	£135.00
Carmarthen	£48.00	£78.00	£96.92	£111.92	£120.00	£124.61
Central Glamorgan	£55.00	£80.76	£103.85	£115.00	£126.92	£129.00
Delyn	£55.00	£80.77	£103.85	£126.92	£150.00	£156.34
Menai	£55.00	£80.77	£102.56	£121.15	£133.85	£143.08
North Clwyd	£55.00	£80.00	£103.85	£122.89	£138.46	£146.54
Pembrokeshire	£55.00	£82.00	£98.66	£126.92	£129.23	£138.46
Rural Monmouth	£51.00	£94.62	£115.38	£132.69	£150.00	£183.46
Salop	£68.54	£92.31	£114.23	£132.69	£182.08	£219.23
Severn Gateway	£51.00	£93.00	£109.62	£115.00	£129.23	£155.76
South Wales Valleys	£48.00	£69.23	£83.08	£94.62	£101.53	£126.92
Swansea	£54.00	£85.38	£101.53	£113.07	£125.76	£159.23
Tremadog Bay	£50.77	£65.00	£80.00	£92.31	£100.00	£107.76
Welshpool and Newtown	£50.54	£68.66	£86.54	£94.62	£115.38	£129.80
Wrexham	£56.00	£83.08	£106.15	£126.92	£150.00	£156.34
Source: The Rent Service, June 2008						
(a) BRMA: broad rental market areas						

**3.3.5** Figures provided by local authorities indicate that council housing rents<sup>38</sup> in 2007-08 averaged £55.44 per week – 5% higher than 2006-07. Rents ranged from £49.96 per week up to £65.58 per week with differentials relating to the size of the property. The average RSL was 5% higher than local authority rents at £58.23 per week. This also represented a 5% increase on the previous year's figures. Since 2004/05 the average local authority rent has increased from £47.99 to £55.44 – an increase of around 15%

<sup>37</sup> Calculated by taking the weekly rent multiplied by 52 (weeks in year) and divided by 12 (months).

<sup>38</sup> Rents of Local Authority and Registered Social Landlord Dwellings, 2007-08, Welsh Assembly Government Statistical Release, October 2007

over the four year period. The equivalent figures for RSLs are £51.15 to £58.23 - a 14% increase.

### Evidence on housing demand and need

- 3.3.6 The Welsh Assembly Government issued guidance to local authorities in 2006 on Local Housing Market Assessments. This was designed to ensure greater consistency and robustness in the housing demand and need evidence base for Wales as a whole and at a local level. As yet, because of the varying housing needs assessment timetables adopted by local authorities and the variable quality of the data that are being produced<sup>39</sup>, there is not a complete set of Local Housing Market Assessments for Wales. However, there are some sources that assist in building up the picture of demand and need, and the current and future challenges in the housing system. These are primarily studies that investigate need, demand and affordability across Wales. Some of them also report data and findings at a local authority area level.
- 3.3.7 The study by Holmans (2003)<sup>40</sup> investigated housing need and demand in Wales and established longer-term projections based on 1998 population and household data. These projections suggested a population increase of 88,000 by 2016. As with later projections, this growth in population was attributed to inward migration. The projected increase in population is also concentrated in the 45+ age group, a net increase of 208,000. This population increase, and particularly the increased level of in-migration among middle-aged groups, was considered to have a significant impact on housing demand and need.
- 3.3.8 Household projections suggested an increase of 127,000 households (a 10.7% increase) by 2016. The majority of this increase was projected for the private sector<sup>41</sup> (108,000) with the social rented sector lower (19,000). These projections suggest that:
- Couples were most likely to be owner-occupiers
  - Co-habiting couples were less likely than married couples to be owner-occupiers
  - Lone parents were least likely to be owner-occupiers
- 3.3.9 The report concluded that the future demand and need for new dwellings over the period 1998-2016 was 110,000 in the private sector and 45,000 in the social rented sector. This is equivalent to 8,600 per annum (6,100 private sector and 2,500 social rented sector).
- 3.3.10 The study also noted an emerging 'market preference' in Wales for new-build housing with an associated reduction in demand for older and poorer dwellings.
- 3.3.11 The annual new-build completion figures across Wales in the past decade tend to be slightly below the level identified in the Holmans report, while completions in the social rented sector have generally been **much** lower than the study requirement. It is possible that the lack of social rented supply has been 'compensated' to some extent by households meeting their needs in the private rented sector (possibly the cheaper, poorer quality end of the market). More recently, through the One Wales document, the Assembly Government has adopted an affordable housing 'target' equivalent to 1,625 affordable housing completions per annum over the next four years.

<sup>39</sup> Despite the guidance, authorities are still using different methodologies to produce their HNAs

<sup>40</sup> *Who's counting? Demand for homes in Wales 1998-2016*, Holmans, A, Council Mortgage Lenders/CCHPR, 2003

<sup>41</sup> The private sector includes owner-occupation and private renting.

- 3.3.12 The current housing market climate is not favourable towards an over-reliance on the private sector to increase supply in new-build housing. In the UK the National House Building Council<sup>42</sup> recently reported a downturn in new start applications equivalent to a 27% decrease for the three month period Feb–Apr 2008 when compared to the same period in 2007. While this may be a short-term trend, it highlights some of the potential difficulties in meeting affordable housing targets through planning obligations linked to new-build development.
- 3.3.13 The recently published 2007/08 UK housing review<sup>43</sup> outlines some of the recent trends in affordability in the private housing market across the UK using 1994 as the base year. The main trend has been worsening affordability for first-time buyers in all countries and regions, including Wales, but to varying degrees. Worsening affordability in recent years could suggest that current levels of housing need may be even greater than that outlined in the 2003 Holmans study.
- 3.3.14 A journal article by Wilcox (2008)<sup>44</sup> provides further evidence of trends in the private market. It estimates that in the third quarter of 2007 mortgage costs for first-time buyers in Wales were around 30% of gross individual earnings compared to 28% in 1990. House price rises have been due to:
- Lower interest rates.
  - A period of economic growth.
  - Increased assistance to first-time buyers from informal sources (parents etc).
  - Buy to Let investors and their impact on the market.
- 3.3.15 The tables in Annex 3 of this report outline long-term trends in house prices and mortgage activity, particularly among first-time buyers. The notable points are:
- Since 1986 the average house price has risen from £27,354 to £169,848 in 2007. More strikingly over the period 2001-2007 the average house price figure had risen from £79,628 to £169,848 – an increase of 113%. For first-time buyers the figures are £62,391 and £122,313 over the same period – an increase of 96%. The average recorded income of first-time buyers in 2001 was £23,628 and £34,153 in 2007.
  - In the 1980s and 1990s the share of all mortgages to first-time buyers was around 50%. Since 2001 this figure has always been below 40%, reaching an all-time low of 25% in 2004. In 2007 the figure was 36%.
  - The value of mortgages taken out has doubled since 2001 with the average advance for all dwellings rising from £57,457 (2001) to £115,418 (2007). For all those taking out a mortgage the average advance to mortgage ratio in 2007 was just under a factor of three.
  - Perhaps not surprisingly, first-time buyers have a lower capacity to put down deposits – in 2007 the proportion of deposit to house price was 17.2% compared to 29.3% for all buyers.

<sup>42</sup> <http://www.nhbcbuilder.co.uk/Newsevents>

<sup>43</sup> *UK Housing Review 2007/08*, S. Wilcox, University of York, 2008

<sup>44</sup> *Welsh Housing Quarterly "Finance Update"* No.69, S. Wilcox, University of York, 2008

- For first-time buyers, total mortgage payments as a percentage of income have been increasing in recent years, from just under 19% in 2001 to 23.5% in 2007. For all buyers the figures over the same period are from just under 18% to just over 21%.

3.3.16 The table below published in Welsh Housing Quarterly (WHQ)<sup>45</sup> but reprinted from the “*Can rent, can’t buy*” report demonstrates the interaction of affordability in the private rental and owner-occupied markets in Wales. The affordability measure used here shows that in all areas access to private renting is more ‘affordable’ than owner-occupation. The national average monthly rent figure (£495) is estimated as just below 64% of the average monthly mortgage cost (£778). However, the level of affordability varies across Wales with the average monthly mortgage as a percentage of household earnings highest (>35%) in areas such as Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire and Powys. The Living in Wales 2007 Survey found that the proportion of owner-occupied households requiring a mortgage of £75,000 or more has increased in recent years.

3.3.17 The consequence of this is that private renting appears to be a more ‘affordable’ option (50-60% of mortgage costs) in these areas when compared to the costs of accessing owner-occupation. Outside these more rural areas Cardiff is another area where private renting is a potentially a more ‘affordable’ option (59.6% rent to mortgage ratio).

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<sup>45</sup> Welsh Housing Quarterly “Finance Update” No.69, S. Wilcox, University of York, 2008

**Table 3.7: Affordability of mortgages and private rents in Wales by local authority area (2006)**

Area and Region	Average Monthly Rent	Average Monthly Mortgage Costs	Rents as a % of Mortgage Costs	Average Monthly Household Earnings	Rents as a % of Household Earnings	Mortgage Costs as a % of Household Earnings
	£	£	%	£	%	%
Blaenau Gwent	392	546	71.9	2,240	17.5	24.4
Bridgend	-	670	-	2,476	-	27.1
Caerphilly	516	672	76.7	2,627	19.6	25.6
Cardiff	563	944	59.6	2,754	20.4	34.3
Carmarthenshire	504	748	67.4	2,557	19.7	29.3
Ceredigion	-	972	-	2,227	-	43.7
Conwy	521	946	55.1	2,549	20.4	37.1
Denbighshire	469	801	58.5	2,221	21.1	36.1
Flintshire	516	821	62.8	2,582	20.0	31.8
Gwynedd	-	887	-	2,527	-	35.1
Isle of Anglesey	-	802	-	2,631	-	30.5
Merthyr Tydfil	407	551	73.8	2,585	15.7	21.3
Monmouthshire	593	1,053	56.3	2,860	20.7	36.8
Neath Port Talbot	447	595	75.1	2,419	18.5	24.6
Newport	536	764	70.1	2,697	19.9	28.3
Pembrokeshire	-	943	-	2,203	-	42.8
Powys	493	892	55.3	2,334	21.1	38.2
Rhondda Cynon Taf	394	527	74.8	2,509	15.7	21.0
Swansea	478	742	64.4	2,447	19.5	30.3
The Vale of Glam	578	877	65.8	2,839	20.3	30.9
Torfaen	451	701	64.3	2,769	16.3	25.3
Wrexham	-	805	-	2,387	-	33.7
<b>Wales</b>	<b>495</b>	<b>778</b>	<b>63.7</b>	<b>2,548</b>	<b>19.4</b>	<b>30.5</b>

Source: Welsh Housing Quarterly January 2008, extracted from 'Can rent, can't buy' S Wilcox, Hometrack 2007

Notes: Average mortgage costs for first time buyers based on a 25-year repayment mortgage; average household earnings for households aged 20 – 39. Data on rents for some local authorities was not available.

**3.3.18** While the monthly cost of private renting may appear more 'affordable' there are also other factors affecting accessibility to the sector and its role as a housing option for many households. These include the overall supply and quality of stock as well as the initial financial outlay that is required in the form of a deposit to secure a tenancy. Analysis of relative affordability does not take into account the preferences and aspirations of households regarding housing options. Exclusion from owner-occupation also negates any opportunity for the potential accumulation of housing wealth and other financial opportunities. These are all considerations relevant to the tenure balance within the Welsh housing system.



- 3.3.19 Recent trends in owner-occupation and house prices may also have contributed to greater wealth inequalities. This is particularly stark when considering households excluded from the owner-occupied sector and reliant on social or private renting. The evidence on the use of housing wealth is not fully developed, although it is clearly used to support individual consumer spending. However, it also has to be remembered that there are a significant number of low income owner-occupiers (including pensioners). This emphasises that poverty risks associated with real income levels remain across the housing system.
- 3.3.20 The rate of house price inflation is now slowing down and reversing in many areas. In the UK this has not been experienced for a number of years. However, this may not affect longer-term trends. In Wales it is notable that a greater proportion of households live in the owner-occupied sector than in other parts of the UK, therefore the potential impacts of a market downturn may be felt more widely. In addition, there are spatial differences across Wales in both tenure structure and house price trends over the last decade or so. For example, current average house prices range from £109,000 in Blaenau Gwent to £238,000 in Monmouthshire (see table 2.2, p13).
- 3.3.21 Current evidence shows the persistence of a longer term imbalance between supply and demand, with rising house prices and continuing levels of housing need. In many ways the housing system is increasingly driven by the overall view of housing as an investment good as opposed to one of consumption. While this point could be debated, the evidence of the growth of private renting in the UK through Buy to Let appears to support this view. At the same time recent trends in the housing market perhaps indicate that the investment-led motivations in the market may change.
- 3.3.22 In the short-term there are significant challenges in the current housing market in meeting increased supply targets. On the one hand, while house prices appear to be levelling off and undergoing a necessary correction, there is the potential to improve affordability and access. On the other, financial products stimulating buyer demand have contracted or, in some cases, disappeared completely. The ability to finance house purchase is therefore more difficult and this impacts on demand. Logically the market correction that should follow is a reduction in prices reflecting the interaction between demand and supply. However, demand is restricted by the availability of finance. Recent UK government sponsored interventions, such as reducing interest rates and boosting liquidity in the markets, does not appear to have filtered through to consumers.

#### Local authority lets<sup>46</sup>

- 3.3.23 The long-term trends in local authority lets<sup>47</sup> and those new households accessing the sector over the past two to three decades are interesting. As noted above, the local authority stock has declined; from 298,000 homes or 27% of the total housing stock in 1981, to 154,000 or 12% of the total housing stock by 2006/07. Table 3.8 shows that the number of lets in 1980/81 was just over 14,000, equivalent to around 5% of the stock. By 2006/07 there were around 10,200 lets to new tenants, accounting for just under 7% of the stock. Perhaps more interestingly, while the stock has decreased significantly over the past 25 years or so, the absolute number of lets has fluctuated above and below the figure reported in 1981. It is only more recently, since 2003/04, that a downward trend is more evident in the absolute number of lets.

<sup>46</sup> The analysis here refers to lets to new tenants, excluding transfers or exchanges.

<sup>47</sup> Note that this analysis is based on local authority lets only. It does not include RSL lets which have become increasingly important in their overall contribution to meeting needs over the period.

- 3.3.24 The second significant factor in the overall trend has been the increase in the proportion of lets to homeless households. Annually over the twenty-year period up to the new millennium the vast majority (range 70-90%) of lets were to those housed directly from the waiting list. Since 2001-02 a trend for more lets to homeless households has been evident – from 15% to 34% in 2006/07. Lets from the waiting list are now around 60%. This tends to indicate an increasing trend of housing those in greatest need in the social rented sector.

**Table 3.8: Local authority dwellings let to new tenants (a) (b)**

	Homeless		Housed from the waiting list		Other (c)		Total	
	Number	%	Number	%	Number	%	Number	%
1980-81	1,531	10.9	10,865	77.6	1,613	11.5	14,009	100.0
1981-82	1,460	10.9	10,967	81.6	1,009	7.5	13,436	100.0
1982-83	1,696	11.4	12,142	81.7	1,026	6.9	14,864	100.0
1983-84	1,597	11.5	11,388	82.0	904	6.5	13,889	100.0
1984-85	1,766	11.7	12,160	80.8	1,119	7.4	15,045	100.0
1985-86	2,149	15.5	10,648	76.6	1,099	7.9	13,896	100.0
1986-87	2,054	15.3	10,546	78.7	803	6.0	13,403	100.0
1987-88	1,872	14.0	10,612	79.3	895	6.7	13,379	100.0
1988-89	2,424	18.5	9,994	76.5	653	5.0	13,071	100.0
1989-90	2,429	21.1	8,418	73.2	647	5.6	11,494	100.0
1990-91	2,473	21.4	8,490	73.6	567	4.9	11,530	100.0
1991-92	2,674	22.2	8,122	67.5	1,234	10.3	12,030	100.0
1992-93	2,754	23.9	8,126	70.4	663	5.7	11,543	100.0
1993-94	2,471	19.7	9,276	73.9	800	6.4	12,547	100.0
1994-95	2,058	15.8	10,180	78.0	815	6.2	13,053	100.0
1995-96	1,949	14.4	10,939	80.6	688	5.1	13,576	100.0
1996-97	1,646	11.3	11,525	79.2	1,384	9.5	14,555	100.0
1997-98 (d)	880	5.6	13,672	87.4	1,087	7.0	15,639	100.0
1998-99	1,269	8.1	13,249	84.5	1,154	7.4	15,672	100.0
1999-2000	1,383	9.0	12,905	84.1	1,059	6.9	15,347	100.0
2000-01	1,762	11.7	12,094	80.0	1,267	8.4	15,123	100.0
2001-02	2,220	15.3	10,824	74.7	1,445	10.0	14,489	100.0
2002-03	2,473	17.2	10,493	73.1	1,382	9.6	14,348	100.0
2003-04 (e)	2,919	23.0	8,500	66.9	1,288	10.1	12,707	100.0
2004-05	3,299	29.5	6,878	61.4	1,019	9.1	11,196	100.0
2005-06	3,211	32.4	(r) 5,983	60.4	712	7.2	9,906	100.0
2006-07	3,427	33.6	6,060	59.4	713	7.0	10,200	100.0

Source: WHO4, Welsh Housing Statistics, 2004

(a) At 31 March

(b) Excludes transfers within local authority or exchanges with another local authority

(c) Includes those rehoused through slum clearance or redevelopment, key workers and others

(d) Includes estimate for the Vale of Glamorgan

(e) Bridgend retained responsibility for local authority housing up to 12 September 2003; after that date the stock was transferred to the RSL 'Valleys to Coast'

(r) Revised November 2007

3.3.25 Work by Jones, looking at trends in the demand and supply of social rented housing,<sup>48</sup> explores this further. The study finds a strong relationship between the house price cycle and the demand and supply of social rented housing: as house prices decline, the supply of social rented housing increases (that is, turnover increases), demand (applications for the waiting list and priority needs homelessness households housed) decreases, and mobility within the sector (transfers) increases. Conversely, as house prices rise rapidly, supply of social rented housing declines (fewer households leave the sector, resulting in lower turnover rates), while demand from new applicants and homeless households increases, and mobility within the sector declines. It also finds that the balance of waiting list and priority need homelessness changes in times of rising prices, with people more likely to present as homeless in order to improve their chances of being rehoused, as the social rented sector becomes more pressurised.

3.3.26 The reasons for these changes are not well understood, but it is suggested that the decline in demand and increase in supply observed when house prices fall may result from increasing opportunities in other sectors – largely cheaper owner-occupied housing, falling private rented sector rents, and greater availability of private rented accommodation (for example, because renters are able to move on into owner occupation). The increase in demand as prices rise is not simply a result of declining affordability of owner-occupied housing. The study suggests that the impact of rising property prices on the private rented sector is an important factor. Landlords sell properties to realise capital gains, resulting in fewer tenancies being available (and possibly tenants being evicted so that a sale can proceed) and rent increases. According to the study, friends and family become less willing to provide accommodation, given that rising house prices will reduce their chances of moving on into their own accommodation.

## 3.4 Homelessness

3.4.1 Homelessness is a significant and continuing problem in the housing system across the UK. Differing policy approaches have been developed, with a sharper focus on prevention activities in England, while in Scotland there is a commitment to provide permanent accommodation to **all** homeless households by 2012. Common objectives across the UK in recent years have included the move towards the eradication of the use of bed and breakfast accommodation for homeless families and an increased emphasis on prevention. In addition there is increasing focus on the use of the private rented sector to meet both homelessness and other housing needs.

### Trends in homelessness

3.4.2 The Assembly Government, through the Welsh Housing Statistics, publishes key data on homelessness trends in Wales. It is important to note that the current homelessness legislation determines the decision-making process regarding the eligibility, intentionality and priority need of individual cases. Therefore the collection and collation of national statistics is based on this legislation. A basic differential in the statistics is the measure of the actual total number of homeless presentations. This is different from those found to be homeless and, within this category, those that are eligible for assistance (through intentionality and priority need tests). The most recent available data show that 14,875 households presented as homeless in 2006/07 compared to 18,593 in 2005/06 – a 20% decrease. However historical trends (table 3.9 below) on homeless presentations since 1999 tend to indicate a significant increase in presentations over the period 2000-2005. This trend has reversed in the two most recent years, although the number of homeless presentations in 2006/07 is still 20% higher than in 1999-2000. Furthermore, the rate of homeless households found to be eligible for assistance more than doubled between

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<sup>48</sup> Jones Michael, *The social housing cycle: lettings and homelessness in Wales 1980-2005*, Cambridge Centre for Housing and Planning Research, 2006

2000 and 2005. A reversal of this trend has taken place since 2006, although the 'rate' of homelessness is still over five households in every 1,000 and higher than in 2000.

**Table 3.9: Annual homeless presentations in Wales, 1999-2007**

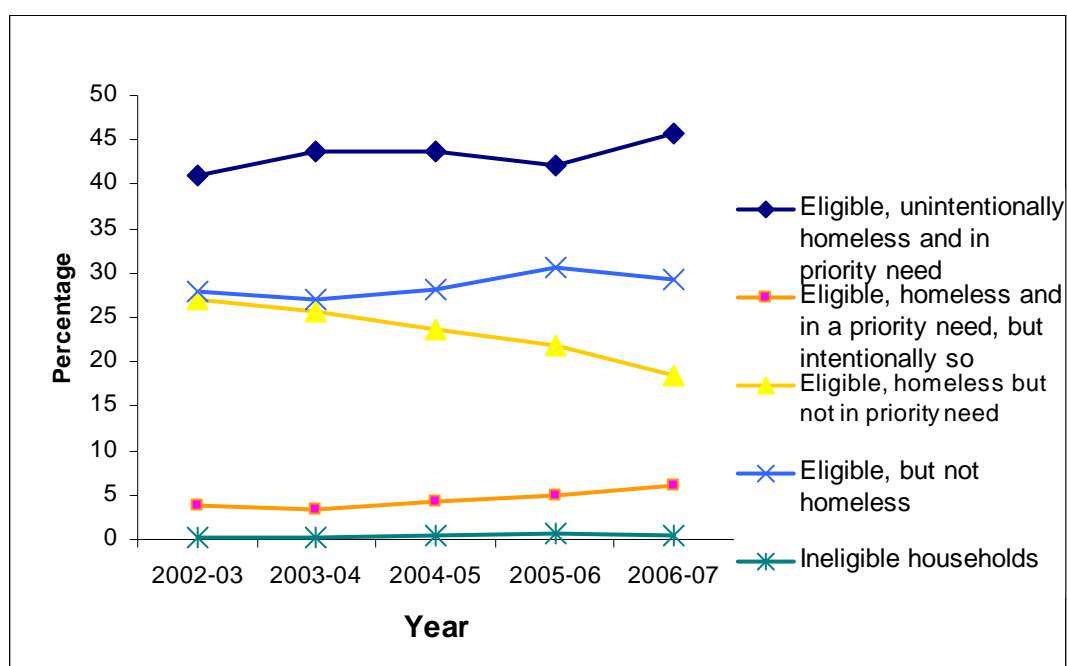
Year	Number of homeless household presentations	Annual change (%)	Eligible, unintentionally homeless and in priority need per 1,000 households
1999-2000	12,395	n/a	3.08
2000-01	12,771	+3%	3.67
2001-02	13,982	+9%	4.41
2002-03	17,055	+22%	5.70
2003-04	20,935	+23%	7.40
2004-05	22,580	+8%	7.90
2005-06	18,593	-18%	6.26
2006-07	14,875	-20%	5.45

Source: Welsh Housing Statistics 2007, WHO 12

### 3.4.3

The profile of homeless applicants is continuing to change. In line with recent changes in the definition of priority homelessness, the level of priority homeless households has risen from around 40% to over 45%, while non-priority households have declined. This places an increasing responsibility on local authorities to secure appropriate housing.

**Figure 3.4: Summary of homelessness decisions (percentage)**



Source: WHO12, Table 3, Local Government Data Unit, 2008

- 3.4.4 The profile of homeless households has remained broadly similar over recent years. As in the rest of the UK, the largest groups of vulnerable homeless households are households with children or where a child is expected. Around 13% of homeless households present because of domestic violence, and a further 10% are young people aged 16 or 17 years.

**Table 3.10: Homeless households (eligible, unintentional and priority need), by category of need**

	Household includes dependent child(ren)	Household member pregnant and no other dependent child(ren)	Old age	Physical disability	Mental illness or learning disability	Young person at risk: 18 years and over but under 21	Young person at risk: 16 or 17 years	Domestic violence or threat thereof	Homeless after leaving the armed forces	Former prisoner with no accommodation to return to	Other	Households homeless in emergency	Total	Total
	Percentage													Number
2002-03	43.1	6.9	3.2	3.6	5.1	2.1	10.8	11.4	0.5	7.3	5.0	1.0	100.0	6,975
2003-04	40.5	6.7	3.4	3.6	6.3	1.9	10.2	13.0	0.5	7.3	5.6	0.8	100.0	9,147
2004-05	39.7	7.3	3.6	4.4	6.8	1.8	9.8	13.2	0.6	8.4	3.4	0.8	100.0	9,856
2005-06	40.1	7.9	2.9	4.1	6.2	2.2	8.7	13.4	0.7	9.7	3.4	0.7	100.0	7,811
2006-07	40.8	7.9	2.8	4.0	5.1	2.1	10.1	11.0	0.4	11.7	3.5	0.6	100.0	6,802

Source: WHO12, Local Government Data Unit, 2008



## Young single homeless people

**3.4.5** Local authorities in Wales have a duty to secure suitable accommodation for a significant number of young single homeless people. A study in 2007<sup>49</sup> estimated that annually this involved approximately 1,000 16-17 year olds and 2,500 18-24 year olds. Through the Homelessness (Suitability of Accommodation) (Wales) Order 2006, the Assembly Government has restricted the use of bed and breakfast for 16-17 year olds other than for very short periods of emergency or assessment, from April 2007. From April 2008, the Order restricts its use for all priority need groups (including 18-24 year olds who fall under one of the other priority need headings).

**3.4.6** There is also evidence that the tenancy breakdown rate for young people placed into mainstream social housing is high, particularly in the absence of floating support, and that placements into the most suitable forms of accommodation are not always possible. The study identified that the most common forms of provision for young single homeless people in the UK include direct access, temporary shared provision, floating support and foyers. Other key points were:

- Sometimes the needs of young single homeless people are not sufficiently differentiated from the wider single homeless group.
- Changing and varied needs along with dynamic lifestyles associated with this group require flexible and measured service provision that can meet individual needs.
- There is a spectrum of need with some young people only requiring minimal support to allow transition to more independent living, while others may require more intensive and longer-term support.
- The difficulties in service provision in rural and urban areas – e.g. providing separate supported accommodation for young single homeless people.
- Lack of move-on accommodation related to general supply shortages proving a barrier to independent living transitions.

**3.4.7** In Wales it was concluded that there are gaps in service provision for young single homeless people. Specific shortfalls in provision include those focused on young people with complex needs and/or substance misuse, as well as accommodation for young offenders and emergency provision for 16-17 year olds. Greater use of supported lodgings was also cited as a potential service improvement.

## 3.5 Rural housing issues

**3.5.1** One of the key challenges facing the Assembly Government is understanding and responding to housing issues in rural as well as urban communities. There has been some recent work examining rural housing in Wales. It has drawn out some of the main issues and differences in comparison with non-rural communities.

**3.5.2** The categorisation that the Assembly Government provided identifies nine specific rural local authority areas. These are the Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire. Two of the most recent reports examining rural housing are:

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<sup>49</sup> *A study of models of accommodation and support for young single homeless people*, Welsh Assembly Government, 2007

- *The Role of the Housing System in Rural Wales*, Welsh Assembly Government, 2005
- *JRF Commission on Rural Housing in Wales*, Joseph Rowntree Foundation, 2008

- 3.5.3 According to the 2001 census of population 959,486 (33% of total Welsh population) people lived in rural Wales<sup>50</sup>. After decades of population decline the rural areas of Wales witnessed net growth between 1981-2001<sup>51</sup>. Over the period 1981-1991 population growth in rural Wales was equivalent to 5% (compared to 2% for Wales) and 4% between 1991 and 2001. In-migration has been the most significant component of population growth. Over 50,000 more people moved into rural Wales than left between the two most recent censuses (1991-2001).
- 3.5.4 However, the spatial distribution of growth in these rural areas differs; the eastern areas having experienced the most significant growth. Growth ranged from 21% (1981 -2001) in Ceredigion to less than 5% in Carmarthenshire and Gwynedd. At the other extreme, Anglesey experienced a population loss over the same twenty-year period.
- 3.5.5 Note that this level of net in-migration has tended to mask the out-migration by younger households from these areas.
- 3.5.6 The 2001 census reported that 71% of households in rural Wales were owner-occupiers with 12% in local authority housing. Approximately 10% were in private rented housing and 4% in housing association properties. The significant variation in tenure structure in rural Wales when compared to other areas is the higher proportion of private renting. In addition, around half of all owner-occupiers in rural areas own their homes outright. Monmouthshire has the highest level of private ownership at 76%, with Conwy, Denbighshire and Carmarthenshire also having higher than average rates. Gwynedd and Anglesey have lower levels with correspondingly higher than average rates of local authority households.
- 3.5.7 According to the 2001 census, 38% of people in rural Wales were able to speak Welsh compared to a national figure of 21%. The areas with the highest proportions of Welsh speakers were Gwynedd (66%), Anglesey (59%), Carmarthenshire (49%), and Ceredigion (49%). In contrast there are three rural authorities with lower than average levels of Welsh speaking: Pembrokeshire (19%), Powys (19%) and Monmouthshire (5%). Between 1981 and 1991 all rural authorities recorded a decline in the proportion of Welsh speakers but this had fallen to only three (Carmarthenshire, Ceredigion and Gwynedd) in the 1990s.
- 3.5.8 Some of the main housing issues facing rural communities identified by stakeholders included general house price inflation, in-migration impacts on housing, and the availability of land for development. These all led to the inability of first-time buyers and people on low incomes to compete in rural housing markets. These problems can vary between remote and accessible areas. For example, in remote areas the cost of assembling land and the building costs of affordable housing are substantially higher.
- 3.5.9 A common theme appears to be the affordability gap that has been created in many rural housing markets leading to the exclusion of first-time buyers. The causes of this are connected with in-migration of wealthier households with greater purchasing power

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<sup>50</sup> This report categorises LA areas based on the WAG definition of 'rural' - Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Monmouthshire, Pembrokeshire and Powys. Included in these figures are 'semi-rural' areas – Flintshire, Wrexham and the Vale of Glamorgan.

<sup>51</sup> *The Role of the Housing System in Rural Wales*, Welsh Assembly Government, 2005

coupled with lower than average incomes for rural households who are consequently unable to compete in the market. In addition, a diminishing social rented sector has led to a decline in more affordable housing options. A further challenge in rural areas will be the need in the future to accommodate an ageing population (often associated with immigration) in the context of the independent living agenda. Housing and the configuration of social care services in rural areas will be vital in devising strategies and policies to meet these needs.

- 3.5.10 The *JRF Commission on Rural Housing*<sup>52</sup> has recently reported. This provides further insight into rural housing issues. Changes in the rural economy in recent decades have included a decline in the importance of agriculture. In fact the report notes that the rural economy is now similar to the rest of Wales in the dominance of the service sector, together with levels of economic activity and unemployment. The average household earned income in rural Wales was £26,803 in 2005 compared to a national figure of £27,328 (Wales Rural Observatory, 2005)<sup>53</sup>. Incomes in rural Wales tend to indicate the degree of west/east polarisation; higher in the eastern areas and lower in western areas. However, it is reported that 20% of working households in rural areas had incomes of less than £10,000 in 2003 (WRO, 2005).
- 3.5.11 In terms of new housing supply, 31,384 new properties were completed in the nine rural areas between 1997 and 2007 - 91% in the private sector (compared to 89% in Wales). Vacant properties accounted for 4.3% of the total housing stock.
- 3.5.12 Citing the Halifax Bank of Scotland (HBOS) analysis for 2007, the report provides evidence of affordability issues in rural Wales with the property price to annual earnings ratio exceeding 5:1 in all rural LA areas. Powys was the least affordable with a ratio of 7.5 with Carmarthenshire, Pembrokeshire, Anglesey, Monmouthshire and Ceredigion all having ratios of 6. Gwynedd and Denbighshire had ratios between 5 and 6. Research by the WRO in 2005 points towards a trend of diminishing affordability in rural areas. Another key finding is that affordability problems are most acute in the smaller settlements in rural Wales.
- 3.5.13 The Commission reports that local housing need studies estimated an annual shortfall of 3,803 affordable properties across rural Wales (circa 2004). However, it also notes the difficulties in interpreting this data due to methodological inconsistencies and the time period over which studies were undertaken. It also notes that Holmans (2003) reported a shortfall of 2,500 social housing properties across the whole of Wales; a number significantly less than the rural only figure above<sup>54</sup>.
- 3.5.14 Homelessness in rural Wales is an increasing problem with the WRO reporting an increase of over 300% in those homeless and in priority need over the period 1978-2005 compared to 129% in urban areas. Rising homelessness also appears to be cyclical and linked to increases in the costs of market housing. By 2006/07 the homelessness totals in rural (2,249) and urban (2,264) areas were very similar. The rate<sup>55</sup> of rural homelessness (over the period 2003-07) was 7.1 compared to 7.7 in urban areas and 6.6 in the Valleys.
- 3.5.15 Overall, the main elements affecting rural housing needs reported by the Commission are:

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<sup>52</sup> *JRF Commission on Rural Housing in Wales*, Joseph Rowntree Foundation, 2008

<sup>53</sup> Cited in JRF report.

<sup>54</sup> This may result from difficulties using the available data. However, the figures are not incompatible – they may indicate net “surpluses” in parts of the non-rural areas.

<sup>55</sup> Expressed as the number of homeless households per 1,000 households.

- Difficulties in accessing housing in many parts of rural Wales because of affordability problems. These are primarily related to the divergence between the rate of house price growth relative to the rate of earnings growth (also linked to a low-wage economy).
- Evidence that the affordability gap is spreading upwards to other socio-economic groups who in the past would have been able to purchase properties.
- Restricted supply of housing – a general shortfall in provision in rural Wales to meet population and household growth coupled with an even more restricted supply of affordable housing aggravated by the loss of local authority stock through the RtB.
- The planning system is also more restrictive in rural areas.
- In-migration into rural areas - this often involves more affluent urban dwellers with greater purchasing power in the housing market.
- Poor condition of properties in the private rented sector and of properties owned by older people.
- Generally the stock profile tends to be of larger properties in rural areas with a lack of more affordable and smaller properties – recent trends in new-build in rural areas have not made any improvements to this problem.
- Support services and accommodation for people with particular needs are more difficult to provide owing to the dispersed nature of needs (e.g. the needs of older people).
- Particular difficulties are faced by young people in purchasing their first property, as well as a lack of social housing options for younger single people and childless couples.
- Other groups in need include unemployed and low-income households.

**3.5.16** More specifically, the geography of housing needs in rural Wales points to particular pressures in national park areas, 'other recreational areas' (coastal belts), accessible commuter rural areas and smaller settlements.

**3.5.17** One of the main recommendations of the report is the development of a more effective evidence-base on rural housing needs. There is a lack of consistency in methodology and definition. Data sources such as housing registers are also not a reliable reflection of need; there is, for example, the propensity for households not to register and a lack of coverage in areas where no social housing exists. In addition, there may be displacement of need to urban areas where services are more accessible. Evidence should be assembled at both national and local level and cover hidden housing needs, as well as issues that are more readily identifiable.

**3.5.18** Community Land Trusts (CLT) have been put forward as a potential solution to land assembly problems, particularly in rural areas. According to a recent article in Welsh Housing Quarterly, while there is no statutory definition of a CLT, they generally involve land being held to provide permanently affordable housing, are not-for-profit bodies and are subject to local accountability<sup>56</sup>. WHQ also suggests that, to date, difficulties in establishing CLTs include the inability to access funding to acquire sites, the requirements

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<sup>56</sup> *Community Land Trusts in Welsh Housing Quarterly*, January 2008

of local authorities when considering low cost land transfers, the tenure mix of properties, and the requirement to maintain an acceptable level of affordability in perpetuity.

- 3.5.19 At the moment CLTs are relatively under-developed, although there are pilot schemes in operation across Wales and England. A promising aspect is the role they could play in securing community commitment to the development of housing to meet needs. On the other hand, there have been difficulties in securing funding for this particular model of housing.

### 3.6 The strategic housing role: development planning and the private rented sector

- 3.6.1 In recent years in Wales (and across the UK) there has been significant national government policy emphasis on increasing the strategic housing role of local government. For some this has gone hand-in-hand with a diminishing landlord role for local authorities (primarily through LSVT). In any event, the strategic housing role for local government has been increasing in influence due to a number of factors. These include the relative decline of the local authority rented sector (RtBs, LSVT etc), the renewed focus on the capacity of the private rented sector, and more cohesive and strategic approach to housing delivery and land use planning. This has primarily manifested itself in the development and implementation of affordable housing policies.

- 3.6.2 Community Planning has also to some extent provided a focus for joining up various social policy interests at a local level with the purpose of planning and delivering policies more effectively. Local housing strategies should be aligned with wider community plans and articulate the contribution of the strategy to place-making activities and sustainable communities. In this section we have primarily concentrated on evidence from two of the growing areas of strategic influence on public policy: land supply and delivery of housing, and the role of the private rented sector.

#### Planning

- 3.6.3 Across the UK in recent years there has been a desire among national governments to improve strategic planning for housing and, in particular, the interaction between housing needs and demands with land use planning, housing land availability and the creation of sustainable communities. One aspect of this has been encapsulated in *Planning Policy Wales* and the *Technical Advice Note on Joint Housing Land Availability Studies* (June 2006). These set out a requirement for local authorities to monitor the provision of market and affordable housing, provide an agreed statement of residential land availability for development planning and control purposes, and set out the need for action in situations where there is insufficient supply. The time period for identifying a sufficient supply is five years.
- 3.6.4 In 2007 the Assembly Government published research<sup>57</sup> that examined the use and value of planning obligations in Wales. The study noted the wide variations in affordable housing policies adopted by local authorities. For example, some have no proportionate target while others ranged from 20-30%. Even greater inconsistency was evident in the site threshold for application of the policy; from three units (Pembrokeshire National Park) up to 50 units (Cardiff, Vale of Glamorgan). In areas with high thresholds, such as Cardiff, the affordable housing contribution would have been much higher with a lower threshold.
- 3.6.5 The study recognises the difficulties in estimating the value of affordable housing contributions owing to difficulties in accessing financial data from developers, poor

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<sup>57</sup> *The Use and Value of Planning Obligations in Wales*, Welsh Assembly Government, 2007

monitoring of affordable housing agreements, and lack of knowledge of affordable housing issues among planning departments. However, across Wales in 2005/06 there were 130 planning agreements which included affordable housing, with the majority focused on on-site provision. They contributed 869 units to the overall affordable housing supply. The actual form of affordable housing provision varied, with the greatest proportion being social rented housing followed by shared equity or discounted sale. The value of these affordable housing contributions is estimated at £16.8m in 2005/06 or 60% of the total value of planning obligations (estimated between £25m and £33m).

- 3.6.6** Closer analysis of some specific RSL land transactions found that land was transferred at the market value for affordable housing. Taking into consideration the measurement of the overall contribution, it concluded that the value of affordable housing contributions in Wales is less than in England. In England land is generally transferred to RSLs at nominal or discounted value.
- 3.6.7** Analysis of affordable housing agreements over a two year period (2005 – 2007) showed a small increase (from 57 to 61) in the number of planning agreements for affordable housing, but a large increase (116%) in the number of commuted sums secured. However there was a small decrease (2%) in the number of units secured through planning agreements.
- 3.6.8** The study concludes that the number and value of obligations are increasing. However, further potential growth will have to resolve inconsistencies in policy and practice development in Wales, especially with planning obligations at local authority level. Greater clarity in policy, sharing of practice, dedicated staff resources, an improved skills base on development viability, and monitoring of planning obligations are all recommended by the report.

#### **The private rented sector**

- 3.6.9** It is estimated that the private rented sector (PRS) in Wales accounts for around 10% of the total housing stock, approximately 135,000 dwellings, and that 11% of all households are renting their property from a private landlord (Shelter Cymru, 2006). The share of households in the PRS is greater in North and Mid-Wales. In Cardiff and Swansea the proportions living in the PRS are around the national average although, generally, South Wales has a lower incidence of PRS stock.
- 3.6.10** Research published in 2002<sup>58</sup> reported on some of the key trends in the sector over the 1980s and 1990s. In the late 1980s and 1990s there was evidence of stabilisation of stock numbers after a period of long-term decline. Subsequent statistics<sup>59</sup> show that the sector has grown since the late 1990s, particularly in the new millennium.
- 3.6.11** Some of the other key points from this research are:
- Dwellings in the PRS are generally smaller than those in other tenures and there is a greater prevalence of flats in the sector.
  - Dwellings in the PRS are older and have higher levels of unfitness and repair costs.

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<sup>58</sup> *Review of the Private Rented Sector in Wales*, Welsh Assembly Government, 2002

<sup>59</sup> *Welsh Housing Statistics 2007*, Local Government Data Unit, Welsh Assembly Government, 2008



- Tenants in the PRS are younger, have lower incomes, and are more likely to be single when compared to other sectors. PRS tenants are also more likely to be unemployed and members of ethnic minority groups.
- Key market segments include professionals/mobile workers, students, young single people and couples, families in rural areas, 'DSS lets'.
- Buy to Let mortgages are creating a more fragmented landlord sector, and have increased the use of management and letting agents.
- Over-supply in some locations is perhaps increasing a trend for people choosing to move from social to private renting.
- Rents are lower in Wales than other parts of the UK; however yields are higher due to lower property prices.

3.6.12 More recent analysis<sup>60</sup> of the characteristics of households in the sector shows that 12% are single people, 8% are adults without children, and a further 8% are two adults without children. Just over 18% are one parent households with 25% classified as 'other'. The evidence also points towards a relatively 'young' tenant profile when compared to the social rented sector; 35% of all PRS tenants are aged 18-29 years old.

3.6.13 The number of households in the sector claiming housing benefit is estimated at 45,800 in 2005 with a significant decline in these numbers since the late 1990s. In 1996 the figure was 58,000.

3.6.14 The number of homeless households recording loss of rented/tied accommodation as their main reason for homelessness is significant across Wales. Over the period 2002-2005 the proportion of acceptances recording this reason hovered in the range 19%-24%. Shelter reports that households they assist in the PRS face multiple problems, including housing benefit, rent arrears and rent levels, dampness/disrepair and disputes with landlords.

3.6.15 The PRS has a dynamic role within the housing system meeting short-term demands quickly and, while some of the fundamental characteristics may not change (e.g. demand from groups such as students and professionals), there have been significant new influences in recent years. These include the availability of financial products that underpinned the growth of the Buy to Let market. This has led to fragmentation of the landlord sector and there are now greater numbers of landlords with smaller stock portfolios. In addition, key influences on demand have included the expansion of higher education and, more recently, in-migration from A8 countries as well as households choosing the PRS instead of owner-occupation. The sector has also been increasingly used as 'temporary' accommodation for homeless households by local authorities.

3.6.16 The current affordability issues in the housing market may lead to increased demand for private renting, while any reduction in the rate of house price inflation may start to impact on supply. Those landlords who took advantage of Buy to Let opportunities may be more cautious. On the other hand, increased demand may lead to greater opportunities in rental yields.

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<sup>60</sup> *Providing the Solution: Improving the Private Rented Sector as an option for resolving housing need in Wales*, Shelter Cymru, 2006



## Buy to Let

3.6.17 A recent study into the Buy to Let (BtL) market in England sheds some light on the drivers and expectations for the sector<sup>61</sup>. This finds that both the overall PRS and the BtL mortgage market have been increasing. BtL mortgages were first introduced in 1996, and have grown to account for around one-fifth of the PRS sector<sup>62</sup>. There has been a marked shift in the financing of the sector – the then ODPM estimated that around three quarters of properties were bought for cash in 1998, whereas now almost half of all landlords are using mortgages to buy property. However, it is stressed that this does not suggest a corresponding increase in the size of the PRS – many BtL mortgages are taken out to re-finance existing loans. Notably, the study suggests that, while BtL mortgages provide the means to invest in property, “the BtL phenomenon has done more, by making it more socially acceptable to invest in property, or even socially desirable”<sup>63</sup>. The study found that:

- Returns from investment are strong – when compared with equities, gilts or cash.
- There are a number of types of investors:
  - Small-scale landlords who manage their property in their spare time, and who are investing for their retirement. Landlords with fewer than five properties account for around 55% of the PRS stock. These landlords tend to be interested in the medium- to long-term investment potential; either to sell on retirement, or to provide an income from the rents.
  - Speculative investors who typically buy new-build properties and who expect a short-term capital gain. Evidence suggests that these investors account for a small proportion of the sector. However, because they tend to focus their purchasing activity on a small segment of the market – typically city centre/waterfront apartments – they may have a significant local impact. Indeed, work by London Development Research suggests that owner occupiers buy only 30% of new housing in London, while 45% is bought by landlords and 16% is bought to sell on (buy to leave)<sup>64</sup>.
  - Professional landlords, typically living on the income from their portfolio – hence rental yields are critical.

3.6.18 The most recent studies, albeit dating from before the so-called ‘Credit Crunch’, suggest no decline in the size of the sector. Landlords said they would choose to let, rather than sell, their property if it became vacant; most landlords said they saw themselves still letting property in five years time; and most landlords said they intend to maintain or increase the size of their portfolio.

3.6.19 However, some studies suggest that the current climate may give rise to decreases in portfolios – with landlords saying that stable or low interest rates, stable or rising house

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<sup>61</sup> *Rapid evidence assessment of the research literature on the buy-to-let housing market sector* Ecotec for the National Housing and Planning Advice Unit, Feb 2008

<sup>62</sup> Thomas, quoted in *Rapid evidence assessment of the research literature on the buy-to-let housing market sector* Ecotec for the National Housing and Planning Advice Unit, Feb 2008, p19

<sup>63</sup> Thomas, quoted in *Rapid evidence assessment of the research literature on the buy-to-let housing market sector* Ecotec for the National Housing and Planning Advice Unit, Feb 2008, p12

<sup>64</sup> London Development Research, quoted in *Rapid evidence assessment of the research literature on the buy-to-let housing market sector* Ecotec for the National Housing and Planning Advice Unit, Feb 2008, p23. The remaining stock was built for let.

prices and very good rental yields were the primary reason for increasing portfolio. The Ecotec research expresses concern that BtL borrowers may amplify any market downturn by leaving the sector. Indeed there is evidence, based on past behaviour, to suggest that landlord behaviour is cyclical (buying property when house prices rise, selling when prices fall). Although this does somewhat conflict with stated landlord intentions to remain in the business over the medium to long-term and also perhaps under-estimates the business focus on rental yields for some landlords.

### 3.7 Key evidence on the housing system

3.7.1 These two chapters on the housing system in Wales, perhaps not surprisingly, comprise the largest overall contribution to the report. This is primarily because they cover a key aim within the national housing strategy: to develop an adequate supply of affordable housing. The evidence reviewed includes economic and demographic trends, tenure changes and new supply, housing affordability, demand and need, the private rented sector and rural housing issues. Some of the key points and issues are summarised below:

- Population and household growth is one of the key drivers in the housing system in Wales with in-migration an important factor. By 2031 the population is projected to reach 3.3 million. Over the period 2003-2026 household numbers are projected to increase by 20%.
- Demographic trends also indicate an ageing population and a significant increase in the 'dependency' ratio of older people to those of working age. Single person households are projected to rise by 50%.
- In the past twenty-five years owner-occupation has grown significantly while social renting has declined in both numbers and as a proportion of the stock. The housing association sector has grown considerably while private renting has started to increase again. Key influences have been an increase in prosperity coupled with higher aspirations, the deregulation of financial markets allowing easier access to mortgage finance, the Right to Buy and new-build being concentrated in the private sector.
- Recent trends show that on average there are 8,400 additions to the housing stock every year with the majority contributing to supply in the private sector. Annual transfers of properties from social renting to owner-occupation through the RtB have averaged around 3,637 over the last decade. The most recent evidence available on housing need and demand projected that 8,600 homes were needed every year (6,100 private and 2,500 social rent).
- Average house prices have more than doubled since 2001 from £79,628 to £169,848 in 2007. However, the tenure balance of actual completions varies, with social rented sector completions significantly lower than the projected requirement identified by the Holmans study.
- Homeless presentations peaked at 22,580 in 2004/05, but this had reduced to under 15,000 in 2006/07 - a figure equivalent to 5.45 households in every 1,000.
- The average household earned income in rural Wales was £26,803 in 2005 compared to a national figure of £27,328. Affordability measures are relatively high. In-migration of 'wealthier' households and the lack of land to develop new housing may be contributing to affordability problems.

### 3.7.2 Some of the key issues for the housing strategy include:

- Addressing the growth of single person households and meeting the needs of an ageing population, as well as wider housing aspirations among all groups.
- Dealing with affordability and access to owner-occupation, particularly for new households and first-time buyers.
- The supply of new housing across all tenures is a critical issue although there appears to be little up-to-date national evidence on what the overall tenure balance should be or the spatial distribution. The evidence points to increasing the supply of housing across all tenures as being a key priority and long-term strategic focus of the housing strategy.
- Considering the wider impacts of housing on wealth inequalities, particularly on the difference between owning and renting.
- Overall recent experiences in the housing market emphasise the influence of external factors on the housing system in Wales and, in particular, the global nature of the financial markets that support the housing system.

## 4 Provide high quality accessible homes

### 4.1 Introduction

4.1.1 The principle behind this overall aim is that housing stock quality and accessibility makes a vital contribution to the overall objective of housing opportunities for all. This encompasses a wide range of demands and needs, including those of the elderly and those with physical disabilities or mental health problems. The objectives that have been developed to achieve this aim are to:

- raise the standards of existing homes
- raise the standards of new homes
- provide a range of type, sizes and configurations of homes to meet the variety of people's housing needs
- provide homes, and the framework for adapting homes, that are accessible for people with specific needs e.g. disabled people and older people

### 4.2 Raising the standards of existing homes

#### Stock condition<sup>65</sup>

4.2.1 The Housing Health and Safety Rating System (HHSRS) was introduced in 2006 to enable local authorities to identify characteristics of properties that pose a risk to the health and safety of the occupants. Two classes of hazards were defined as requiring action: Category 1 hazards, which pose a significant risk to the occupant, and Category 2 hazards, which pose a lesser risk<sup>66</sup>. Currently, data is only available for a part year (July 2006 – March 2007), with more for 2007/08 due to be published in August 2008. Because of the recent introduction of the system, some authorities are not in a position to provide the information. Consequently, the 2006/07 data provide only a partial picture of the risks posed by the existing stock<sup>67</sup>.

4.2.2 A total of around 1,600 Category 1 hazards were identified in around 950 dwellings over the period July 2006 – March 2007; the main hazards identified related to excess cold. In addition, around 1,400 Category 2 hazards were identified in around 640 dwellings; the main hazards identified related to dampness and mould growth.

4.2.3 Further, significant problems were found in around 230 of the identified 19,100 HMOs: these contained a total of around 330 hazards, almost half of which related to fire.

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<sup>65</sup> *National Statistics: Health and Safety Rating System July 2006 – March 2007*, Bulletin SDR 116/2007

<sup>66</sup> Hazards include excess cold, fire, trip hazards (including falling on stairs), structural risks and security (entry by intruders). The likelihood of an incident occurring will determine whether a hazard is classed as Category 1 or 2.

<sup>67</sup> The previous approach to assessing stock condition, the fitness standard, is not comparable with the HHSRS, so comparison with previous years is not possible. We also note that the figures for HHSRS hazards relate to those identified through specific inspections; they are not the result of a systematic examination of the stock. They do not, therefore, indicate the total number of dwellings with category 1 and 2 hazards; instead they show how many of such dwellings have come to the attention of local authorities. The forthcoming *Living in Wales* survey should provide a clearer indication of the overall level and nature of HHSRS failures.

## Repair requirements<sup>68</sup>

4.2.4 The most recent data available on the cost of repairs are from the 2004 *Living in Wales Survey*. This is built up from surveyors' descriptions of the repairs needed to dwellings at that time. Standard repairs costs are then applied to determine the overall cost of undertaking the required repairs. This shows that the average repair cost for occupied dwellings in 2004 was £1,338; down on the costs identified in 1998 of £1,370 (2004 prices). Obviously, there are marked differences in the repairs costs for different house types, property ages and tenures.

- Converted flats had the highest repairs costs (£2,708), with 21% of properties having a repairs requirement of £5,000 or more (compared with 6% of the total stock).
- The poorest repair conditions were found in the private rented sector, with an average repair cost of £2,852 per dwelling. This compares with £1,228 for the owner-occupied sector, £1,181 for local authority stock, and £654 for RSL stock.
- The cost of repairs increased with the age of the dwelling: the newest properties (post 1990) had a repairs requirement of just £139, compared with £1,755 for the inter-war stock and £2,108 for the 1900-18 stock.
- There is very little difference in repairs burden by age of householder; all are very close to the overall average. However, the youngest householders (18-29 years) were much less likely to live in a home that required no repairs (just 14% compared to the overall average of 26%), and the repairs burden of the oldest age group (65+) was slightly below the overall average at £1,167.
- The most common repairs required were to ceilings, walls, and services inside the dwelling, and "other plot works" (paths, stores, etc), boundary walls and roofs outside the dwelling.
- Residents' views on their homes' state of repair tended to coincide with the surveyor's assessment. However, around 20% of residents whose homes needed more than £1,000 of repairs thought their homes were in good condition, and 32% of those who thought their home was in need of major repair actually had repairs costs of less than £1,000.

4.2.5 The survey also estimated the cost of bringing **all** occupied dwellings up to the WHQS<sup>69</sup> - an average repairs cost of £521 per occupied dwelling was calculated.

## Empty homes

4.2.6 Action taken by local authorities resulted in 1.5% (263) vacant private sector dwellings being returned to occupation in 2006/07. This was slightly fewer than in 2005/06 (1.6% of vacant dwellings, 317 homes)<sup>70</sup>.

<sup>68</sup> *National Statistics – Living in Wales 2004 – Unfitness and Repairs Bulletin SDR 126/2005(r)*

<sup>69</sup> Only dwellings in the social rented sector are required to meet the WHQS. The estimate here is for information only.

<sup>70</sup> *Local Authority Performance 2006/07 Local Government Data Unit – Wales, p7*

## Overcrowding

- 4.2.7 The *Living in Wales Survey* (2007) provides a measure assessing the extent of overcrowding in households with reference to the bedroom standard. Overall, 2% of households in Wales failed the bedroom standard, with larger households more likely to be overcrowded. For example, 40% of households with four or more dependent children failed the bedroom standard.
- 4.2.8 Section 4 contains specific information on measures to raise the quality of social rented housing.

## 4.3 A range of housing options to meet needs

### Housing support

- 4.3.1 In 2006/07 around 81,000 adults received a social service, around three quarters of whom were aged 65 or over. Around a fifth of adult service users were supported in a residential environment, while the others received community-based services. Notably, almost all (93%) of the service users aged under 65 were supported in the community<sup>71</sup>.

## 4.4 Accessible and suitably adapted homes to meet particular needs

- 4.4.1 There are various estimates of the number of people who have a long-term illness or disability (LLTI) that limits their everyday activities. The 2001 Census suggests that around 23% of the Welsh population have an LLTI (around 5% of children and 27% of adults). The figures from the *Welsh Health Survey* are very similar, at 5% of children and 28% of adults. As shown on the table below, the estimate from the 2004 *Living in Wales* survey is somewhat lower, at 15% of the population. However, this survey is helpful in that it allows further breakdown of the people with LLTI, by housing variables.

**Table 4.1: Proportion of people with a long-term limiting illness, disability or infirmity, by sex and age**

Age (yrs)	Male (%)	Female (%)	Total (%)
0-14	4.3	2.3	3.3
15-29	3.2	3.8	3.5
30-44	7.9	8.2	8.0
45-64	21.9	19.4	20.6
65+	38.8	39.8	39.3
All ages	14.9	14.9	14.9

Source: SDR 125/2005 (r) Living Wales Survey 2004 – Disability and Long-Term Limited Illness

- 4.4.2 As shown on the table, and confirmed by the other data sources, the incidence of LLTI increases with age. *Living in Wales* suggests that less than 10% of the population aged under 45 have some form of LLTI, but this rises markedly for those over 45 and particularly for those over 65.
- 4.4.3 There is a relationship between both tenure and house type and the incidence of LLTI.

<sup>71</sup> Local Authority Performance 2006/07 Local Government Data Unit – Wales, p10

- A much higher proportion of social renters have an LLTI than owner or private renters (24% compared with 13% and 11%).
- There is a greater propensity for people who live in flats and bungalows to have a LLTI (29% of people who live in flats and 24% of those in bungalows have an LLTI compared with 13% of those in houses).

4.4.4 Clearly, tenure or house type do not in themselves cause a long-term illness/disability, although living in unsuitable accommodation (internal/external stairs, upstairs bathrooms, homes with rooms that are too small for mobility aids, properties without designated parking, and so on) may convert a long-term illness into a limiting illness/disability. However, other factors will influence the variable incidence of LLTI, in particular the age structure for each tenure (the PRS is dominated by younger households, whereas the SRS has a disproportionately large older population).

4.4.5 The *Living in Wales* 2007 survey reports on the most common type of adaptations that people with an LLTI require. These are a grab rail (27% and most commonly cited), shower replacing bath, toilet on living floor, stairlift and other bathroom/toilet modification.

### Adaptations

4.4.6 Increasingly people with LLTI prefer to remain in their own homes, rather than move into specially designed properties. This is facilitated by adaptations to the property; from simple grab rails to aid walking upstairs, to walk-in showers, and major renovation works to convert/add suitable downstairs accommodation. The *Living in Wales* survey shows that well over half of all households do not need any home adaptations, while a further quarter have already adapted their home. A significant minority of homes still require adaptations, ranging from 11% of houses, to 18% of flats. As might be expected given the different incidence of LLTI by tenure, the level of unmet adaptation needs varies by tenure: 10% of owners had an unmet adaptation need, compared with 21% of local authority tenants.

**Table 4.2: Proportion (%) of each house type that require an adaptation to meet the needs of a person with LLTI**

House type	No adaptation needs	Met adaptation need	Unmet adaptation need
House	68.2	20.8	11.0
Flat	54.6	27.1	18.2
Bungalow	54.5	30.3	15.2
Maisonette	57.7	25.0	17.3

Source: SDR 125/2005 (r) Living Wales Survey 2004 – Disability and Long-Term Limited Illness

### Funding adaptations for disabled people

4.4.7 Grant funding (the Disabled Facilities Grant, or DFG) is available to enable disabled people to adapt their existing property so that it better suits their needs. There were around 6,000 mandatory DFGs completed in 2006/07, each worth on average £6,900. The number and value of grants completed has been increasing steadily since 1998/99 when 4,000 grants were completed, each worth on average £4,700. In addition, there were around 200 discretionary disabled facilities grants in 2006/07, worth on average



£2,300. Well over half of grants were made to the private sector, mainly to owner-occupiers<sup>72</sup>.

#### 4.4.8

**Table 4.3: Mandatory DFGs completed by tenure, 1989/99 – 2006/07**

	Owner-Occupier	Landlord <sup>1</sup>	Private Sector <sup>2</sup>	Public Sector Tenant	Total
1998 – 99	2,815	36	231	968	4,050
1999 – 2000	3,147	155	193	695	4,190
2000 - 01	3,371	140	332	927	4,770
2001 – 02	2,912	154	303	879	4,248
2002 – 03	3,252	122	419	1,124	4,917
2003 – 04	2,907	162	339	1,020	4,428
2004 – 05	3,128	124	402	939	4,593
2005 - 06	3,623	119	372	1,154	5,268
2006 – 07 (r)	3,863	84	363	1,472	5,899

Source: Welsh Housing Statistics 2007, T3.3 (WH06)

(a) Includes applications from housing associations acting as landlords

(b) Includes housing association tenant applications

(c) Ceredigion Council was unable to provide a breakdown by application; therefore its data is included in the total only

(r) Revised November 2007

#### 4.4.9

The time taken to process grants, and so enable households to improve the suitability of their home, has been improving: in 2006/07 it took 545 days to deliver a DFG, compared with 590 days in 2005/06<sup>73</sup>. Adaptations made without using DFGs were completed more quickly; around 215 days for social housing and 85 days for private sector housing<sup>74</sup>.

## 4.5 Key evidence on high quality accessible homes

#### 4.5.1

The accessible homes aim within the national housing strategy broadly seeks to address the quality of the housing stock, its impact on health and safety, and its capability to meet changing housing needs. It relates to both existing and new homes, although most of the current evidence refers to the former rather than the latter. Evidence reviewed focused on the Housing Health and Safety Rating System (HHSRS), disrepair, overcrowding, general health indicators from a housing perspective, and adaptations to the existing stock. Some of the key evidence is that:

<sup>72</sup> *Welsh Housing Statistics 2007*, Local Government Data Unit for Wales, pp13-16

<sup>73</sup> *Local Authority Performance 2006/07* Local Government Data Unit – Wales, p7

<sup>74</sup> *Local Authority Performance 2006/07* Local Government Data Unit – Wales, p7

- The average repair cost for occupied dwellings in 2004 was £1,338 (2004 prices). While the evidence base on the Housing Health and Safety Rating is currently limited, the most recent data shows that 1,830 dwellings were identified as having either a category 1 or category 2 health and safety risk.
- There are marked differences in the repairs costs for different house types, property ages and tenures. The poorest repair conditions were found in the private rented sector, followed by the owner-occupied sector and local authority housing. Housing association stock appears to be in a relatively good state of repair.
- Approximately 2% of Welsh households are living in overcrowded conditions. The main link appears to be between a high number of children in a household and overcrowding.
- The latest data from Living in Wales 2007 suggest that 19% of people in Wales have a long-term illness or disability, although some previous estimates place this figure higher. Age is a factor, with almost 40% of over 65s reporting this type of health problem compared to 4% of those in the 15-29 years age group.
- A higher proportion of social renters have an LLTI than owners or private renters, although this is more likely to be related to other variables such as age rather than tenure per se.
- In 2004 over half of all households did not need any adaptations to their home, while a further quarter had already adapted their home. A significant minority of homes still required adaptations at that time. The number and value of Disabled Facilities Grants completed has been increasing steadily since 1998/99 with approximately 6,000 in 2006/07.

#### 4.5.2 The key issues include:

- A cross-tenure focus on housing quality and its impact on people's quality of life is important in dealing with accessibility problems. This has to take into account choice over housing options and the opportunity to meet needs in-situ where appropriate.
- At the moment there are separate standards for the public and private sector (as well as existing and new-build stock). Even delivering the WHQS in the social housing sector appears to present challenges and more specific evidence on this is presented in chapter five.
- Poverty, associated low incomes and lifestyle, influence health more directly than tenure. The housing strategy contribution should be focused on raising quality standards (safety, accessibility, environmental) for existing stock across all tenures, as well as ensuring new-build stock is fit for the housing needs of the 21<sup>st</sup> century.

## 5 Provide high quality housing services

### 5.1 Introduction

5.1.1 This overriding aim is to provide high quality and accessible housing services across all tenures. The objectives that have been developed by the Assembly Government for this are to:

- provide high quality housing advice and services
- provide high quality social housing
- provide appropriate high quality supported housing
- provide services that address and prevent homelessness
- provide non-discriminatory housing services

### 5.2 High quality social housing

#### Welsh Housing Quality Standard<sup>75</sup>

5.2.1 The Welsh Assembly Government has set a deadline for all social housing to meet the WHQS<sup>76</sup> by 2012. The Living in Wales 2004 survey provided the first national opportunity to measure the current state of the social housing stock against the standard. The Table below shows that almost all of the social housing stock in Wales did not meet the standard in 2004 – the total pass rate was less than 1%. In the local authority sector none of the assessed stock met the standard, while in the housing association sector only 2.5% met the standard. Of the social housing stock that did pass the standard, all had been built after 1990, although this only represented 5.5% of the total post-1990 new-build social housing stock.

**Table 5.1: Summary of WHQS for social housing in Wales**

Assessment measure	Local authority		Housing association		All social housing	
	No	%	No	%	No	%
Fail	147,400	85%	57,900	90.4%	205,400	86.5%
Pass	0%	0%	1,600	2.5%	1,600	0.7%
Not assessed	25,900	15%	4,500	7%	30,400	12.8%
<b>Total</b>	<b>173,300</b>	<b>100%</b>	<b>64,100</b>	<b>100%</b>	<b>237,400</b>	<b>100%</b>
Source: adapted from Living in Wales 2004 – Welsh Housing Quality Standard, Statistical Release SDR 64/2006 (r), June 2008						

5.2.2 Not meeting the standard tended to be related to failure to meet at least one of the primary measures – all local authority stock was in this category along with 97% of the housing association stock. The level of multiple failures of primary elements was relatively high. Local authority dwellings were more likely to fail a higher number of

<sup>75</sup> Living in Wales 2004 – Welsh Housing Quality Standard, SDR 64/2006(r), Welsh Assembly Government, June 2008

<sup>76</sup> The standard is based on a measure of a number of primary and secondary elements. To meet the standard a dwelling must meet all the primary elements and 75% of the secondary elements.

primary elements. For example, 27% of local authority dwellings failed on six or more elements compared to 15% of housing association dwellings. A further 26% of local authority dwellings failed on five elements compared to 13% of housing association dwellings. Some of the most common reasons for failing on primary measures were inadequate loft insulation and the inability of the heating system to provide adequate heating.

- 5.2.3 In 2005 an Assembly Government report<sup>77</sup> found that the total cost of meeting and maintaining the WHQS for local authority housing over the thirty year period (2005-2035) was approximately £3.3bn. The average cost per dwelling was estimated at £23,000 although this varies between local authorities and is significantly lower than the cost of new build in the sector. The main cost implications appeared to fall in the early years of the programme with an average cost per dwelling of £11,000 up to 2012.
- 5.2.4 Local authority variations in the costs of achieving the WHQS were reported as being due to either variations in local stock conditions or interpretations of the standard or indeed a combination of both. South Wales was identified as the area where WHQS activity would be the most intensive due to both the work required and the more pronounced concentration of social housing.
- 5.2.5 Overall this study concluded that the construction industry in Wales is not likely to be placed under undue pressure in meeting the associated demand for labour. The peak period for labour demand is identified as up to 2009 before then halving and remaining at a relatively constant level up to 2024 prior to declining.
- 5.2.6 Demand for materials will be at its peak in the period up to 2012. The main factors influencing this are the costs associated with bringing kitchens and bathrooms up to standard (41% of all WHQS costs relate to these elements). This is related to the relatively high cost in material and labour (multiple trades), the short-life span meaning that often two replacements are required within the 30 year period and also because all local authorities have prioritised these elements. For example a high number of these element replacements in the early years of 2005-10 translates into repeat replacements further on in the WHQS cycle.
- 5.2.7 Another report<sup>78</sup> appears to contradict some of these findings particularly in relation to labour demand. It estimates that the level of activity associated with the WHQS will require an increase in the recruitment and training of skilled workers; the workforce needing to expand by some 250% by year three (2010/11) of the programme. It argues that the WHQS investment programme offers the opportunity to join up government objectives involving housing, training and employment. It is estimated that achieving the WHQS across South Wales will require up to 2,700 additional workers over a ten-year period. Through offering apprenticeships and training to economically active people, and with support where appropriate, the Assembly Government can go some way towards meeting its own objectives on reducing inactivity.
- 5.2.8 Large Scale Voluntary Transfer of housing is one policy tool available to assist local authorities in meeting the WHQS. Currently four local authorities have transferred their stock in full (Bridgend, Monmouth, Rhondda Cynon Taf and Torfaen), while three have held ballots and will be transferring their stock by early 2009 (Conwy, Newport and Merthyr Tydfil). A further three intend to ballot their tenants over the next year (Ceredigion, Gwynedd, and Blaenau Gwent).

<sup>77</sup> *WHQS and social housing renewal: cost model report*, Social Justice and Regeneration Research Report, Welsh Assembly Government, 2005

<sup>78</sup> *Maximising the benefits of housing investment*, Savills & inform to involve (i2i), March 2008

## 5.3 Provide well-managed social housing

### Social housing management standards

5.3.1 Local authority housing management and performance statistics are published by the Welsh Assembly Government. The latest release for 2006-07 shows that:

- In 2006-07 there were 11,593 lettings to new tenants – 7.5% of total stock
- 2% of dwellings were vacant as at March 2007
- 31% of all tenancies were in arrears

5.3.2 Information on local authority performance in providing housing services is published by the Local Government Data Unit. The most recent figures are for 2006/07, at which time 21 of the 22 authorities owned and managed social rented housing.

- **Rent collection:** Local authorities collected almost all of the rent owed for permanent housing (97%) but there were significant arrears for temporary housing (67% of rent due was collected). The lower rent collection from temporary housing resulted, at least in part, from absconding and from issues relating to Housing Benefit administration – both of which are likely to have a higher impact on temporary accommodation. The resulting rent deficit was £19m – £17.9m from permanent accommodation and £1.1m from temporary accommodation.
- **Relets:** Local authorities took 85 days on average to relet<sup>79</sup> a permanent tenancy, and 39 days to relet temporary accommodation. However for permanent tenancies the average measure masks the wider range with some authorities appearing to perform better than others. For example Monmouthshire (28 days), Powys (28 days), Newport (42 days), Torfaen (51 days), Denbighshire (51 days), Caerphilly (55 days) and Conwy (68) are significantly below the average whereas Carmarthenshire (122 days), Blaenau Gwent (142 days) and Swansea (141 days) are much higher than average.
- **Rent loss:** The total rent loss as a result of vacancies was £10.5m; slightly higher than the rental loss of £9.5m in 2005/06.
- **Repairs:** The average time to complete an emergency repair was less than one day, while the average time to complete an urgent repair was seven days. These are in line with targets. The time taken to complete non-urgent repairs slipped back to the 2004/05 level of 33 days, following the improvement achieved in 2005/06 (29 days).
- **Council and housing benefit:** The time taken to process applications (social and private sector) has fallen from 37 days in 2005/06 to 32 days for new applications; and from 17 days to 13 days for changes in circumstances. There was no loss of accuracy, with 98% of payments made correctly. However, recovery of overpayments deteriorated slightly; 68% of overpayments were collected, compared with 70% in 2005/06.

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<sup>79</sup> The average relet time measure is based on calendar days and may include periods where properties were awaiting major repairs – as at 31<sup>st</sup> March 2007 only 19% of all vacant local authority dwellings were available for letting compared to 58% that were undergoing or awaiting repair/improvement.

### Choice in social renting

**5.3.3** In recent years throughout the UK there has been a gradual move towards implementing new systems for allocating homes among social landlords. Generally referred to as Choice Based Lettings (CBL) this system has been based on developments in Dutch housing policy in the 1980s and 1990s. Social landlords in England have been at the forefront of CBL implementation for a number of years. This has been supported nationally by the CLG, both in relation to the overall policy position of promoting more choice and through financial support for the development of schemes. To date the Scottish Government has been less involved in actively supporting the development of CBLs but it is clear that choice should be a key principle in social housing allocation systems. Notwithstanding, a small number of local authorities and RSLs have developed and implemented CBL systems in Scotland.

**5.3.4** CBL aims to:

- Give applicants greater choice over their future home.
- Provide greater flexibility for those moving within or into social housing.
- Make better use of the housing stock.

**5.3.5** The then ODPM established a pilot project in 2001 comprising 27 schemes to provide a basis for evaluation of the initiative and, if appropriate, to assist the further development of the initiative. Evaluation of the pilot was first undertaken in 2004, at which time the full results of the scheme were not yet observable, and again in 2006 which looked at 13 pilot schemes (eleven in England and two in Scotland)<sup>80</sup>. The 2006 research concluded:

- Landlords introducing CBLs wanted to improve the lettings process and/or tackle low demand for some of the stock.
- Landlords were faced with having to develop a prioritisation approach to take account of relative needs and waiting time. The research found that waiting time became more important than it had been prior to the introduction of the CBL.
- The vast majority of lets continued to go to high priority applicants; the scheme did not improve social housing opportunities for applicants with low priority.
- The average number of bids increased over time, particularly for “low demand” areas. The research concluded that bidders are becoming more astute at selecting opportunities that may result in a successful bid. It may also result from improved information (on web-sites/property information or from housing staff); and/or suggest that given choice over precise locations/properties, applicants will feel more comfortable about seeking housing in less popular areas.
- Most landlords recognise the need to safeguard the interests of vulnerable groups, to ensure their rehousing opportunities are not compromised.
- CBL appears to have improved rehousing opportunities for statutory homeless households. In particular, the research notes that these households have a greater likelihood of being rehoused in a high demand area than was previously the case.
- In most cases, CBL is associated with an improvement in tenancy sustainment.

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<sup>80</sup> *Monitoring the longer-term impact of choice-based lettings*, Pawson H, for the CLG, 2006

5.3.6 There is no requirement on social landlords in Wales to establish/join a CBL initiative. Instead, current policy sets out a series of objectives that lettings approaches should meet:

- A customer-centred approach.
- Maximise genuine choice.
- Create settled communities.
- Ensure that publically-funded provision remains accessible to those that need social rented housing.

5.3.7 A study in 2007<sup>81</sup> found that at the end of 2006/07 eleven Welsh local authorities and housing associations were letting the whole of their stock through CBL schemes, and an increasing number of housing associations had become partners in local authority-led CBL schemes. The majority of these schemes are based on housing need measures to determine allocations. Just one of the eleven CBL schemes relied solely on time waiting as the main factor.

## 5.4 Provide appropriate and high quality supported housing

5.4.1 As well as the provision of housing management services, many social housing providers and voluntary agencies provide specialist housing support services to a wide range of vulnerable groups. For a number of years these have been funded through the Supporting People programme. This aims to ensure that housing support services are available and accessible to those that need them. The focus is on supporting independent living and ensuring that vulnerable groups have a housing solution that is appropriate to their needs and offers a springboard to achieve wider well-being.

5.4.2 The Assembly Government is currently drafting its new Housing Related Support Strategy. This is to ensure that vulnerable people can access housing-related support services that allow them to develop or maintain their independence in their own home. The evidence base on the extent of supported housing needs across Wales appears to be sparse. However, this has to be considered in the context of the hierarchy of strategic planning for these types of services; national need measures may be inappropriate. Instead local authority strategic planning at both administrative and regional level is important in measuring the need for supported housing and related services and planning appropriate responses.

5.4.3 A national study<sup>82</sup> commissioned by the Assembly Government examined the costs and benefits of the Supporting People programme in 2005/06. It found that there had not been any large-scale evaluations of housing related support and there was little knowledge of the impact of services on individuals receiving them. The main service user groups that were considered in the study included<sup>83</sup> women seeking refuge from domestic violence, people with learning disabilities, people with mental health problems, people with alcohol dependency or drug problems, young single homeless people, those leaving

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<sup>81</sup> *A Review of Welsh Social Landlords' approaches to increasing choice in letting accommodation*, Research Summary, Welsh Assembly Government, 2007

<sup>82</sup> *Costs and Benefits of the Supporting People Programme*, Matrix, Welsh Assembly Government, September 2006

<sup>83</sup> Service user groups that were excluded from the modelling in the study were people with chronic illness, vulnerable single parents, refugees and people with a physical disability.



care, ex-offenders, homeless or potentially homeless people, and older people. The overall cost of the Supporting People programme in 2005/06 was around £128.5m.

#### 5.4.4

The table below uses data collected for 2005-06 on service users and costs for the groups identified to give some indication of the focus of supported housing activities in Wales. The limitations on the data are that they do not cover all groups who receive supported housing services, as well as only providing a snapshot figure of service users as opposed to identifying overall current or projected need.

**Table 5.2: Supporting People client groups, costs and spend 2005/06**

Client group	Total costs (£)	Total service users	%age all service users	Spend per service user (£)
Women seeking refuge from domestic violence	£8,240,764	2,885	6%	£2,856
People with learning disabilities	£37,227,400	2,700	6%	£13,787
People with mental health problems	£14,813,352	2,693	6%	£5,500
People with alcohol dependency	£3,624,741	994	2%	£3,646
People with drug problems	£3,740,526	794	2%	£4,710
Young single homeless and young people leaving care	£7,364,103	2,401	5%	£3,067
Ex-offenders	£3,668,027	936	2%	£3,940
Homeless or potentially homeless people	£13,928,379	9,036	20%	£1,541
Older people	£14,464,554	22,266	50%	£649
Total	£107,091,845	44,706	100%	£2,395

Source: adapted from *Costs and Benefits of the Supporting People Programme: Executive Summary*, Matrix, Welsh Assembly Government, 2006

#### 5.4.5

Overall the total cost of service provision for these groups in 2005/06 was estimated at just over £107m (83% of the total SP programme) with a total of 44,706 service users. The average spend per service user was estimated at £2,395 although there are significant differences in the figures across the groups, probably related to specific support packages and level of intensity required.

#### 5.4.6

The table gives some indication of the overall number and spread of service users among different groups. Older people are by far the largest service user group numbering over 22,000 or 50% of the total. Homeless or potentially homeless households are the next largest service user group at 20% of the total. Women seeking refuge from domestic violence, people with learning disabilities and people with mental health problems each account for approximately 6% of the total. People with drug or alcohol problems, and ex-offenders make-up a small proportion (2% each) of the overall total.



5.4.7 The study primarily focused on attempting to measure the costs and benefits<sup>84</sup> associated with the Supporting People programme. The main findings were:

- Total modelled financial benefits were £180,064,389 compared to spend of £107,091,845 – a net annual savings benefit of £72, 972,545.
- The net benefit varies by client group.
- Positive net benefits were evident for women seeking refuge, those with learning disabilities, the homeless, and older people.
- Negative net benefits were evident for those with mental health problems, those with alcohol dependency, drug users, young single homeless/care leavers and ex-offenders.

5.4.8 Finally, the study attempted to model savings based on different themes including crime prevention, health, homelessness, social care and independent living. Of the total savings 34% related to 'independent living', 26% to health, 21% to homelessness, 18% to crime prevention and 1% to social care.

5.4.9 The Assembly Government's draft strategy<sup>85</sup> outlines some of the difficulties in the current distribution of Supporting People funding and its relationship with identified needs. For example, it quotes the disparity in simple per capita measures of funding distribution, with an average Wales figure of £42 but ranging from £70.28 in Conwy to £16.31 in Pembrokeshire. It is now examining options to bring greater transparency to resource allocation, aligning needs, strategic planning and investment more closely.

## 5.5 Provide services that address and prevent homelessness

### Prevention of homelessness

5.5.1 Research undertaken for the CLG<sup>86</sup> to explore the effectiveness of homelessness prevention identified a number of measures that were important to an effective service. These included:

- Improved housing information – in some cases this is linked to the assessment and may involve some staff providing advice. Housing advice work is increasingly being targeted towards high risk groups.
- Facilitating access to the private rented sector – pressures on housing stock, the changing profile of statutory homeless households (in response to changing priority need definition), and the development of the PRS have all encouraged local authorities to improve access to the sector. Initiatives include improved information about the sector, rent deposit schemes, support for tenants in the PRS and for landlords housing homeless households, and leasing schemes.
- Family mediation schemes – to reduce the number of young people becoming homeless through eviction from the family home.

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<sup>84</sup> The study notes that these were primarily measured in monetary terms. The value of un-costed benefits is less clear and not all savings are quantifiable, hence value for money inferences cannot be made.

<sup>85</sup> *Welsh Assembly Government 5-Year Supporting People – Housing Related Support Strategy* (Draft version 2 – July 08), Welsh Assembly Government, 2008

<sup>86</sup> *Evaluating homelessness prevention*, Pawson H for the CLG, 2006

- Support for people escaping domestic violence – including sanctuary schemes to enable people to remain safely in their own homes, crisis intervention, and resettlement support.
- Prison-based prevention services – prison-based housing advice to improve housing outcomes on release, saving tenancies, assistance in finding new housing and resettlement support.
- Tenancy sustainment services – to reduce/prevent the household becoming homeless again. This can include help with benefits, budgeting, door-keeping, and accessing furniture initiatives.

**5.5.2** The study found limited monitoring and evaluation of individual initiatives. Where present, monitoring tended to suggest the schemes were achieving their objectives. Further, the study points to the decline in homelessness levels in England from 2003; the time when homelessness strategies, with their emphasis on prevention, were introduced. The research found that active adoption of a preventative approach to homelessness can have a significant effect on the way that authorities provide homelessness services, including staff roles and responsibilities. Further, effective prevention services had the potential to deliver cost savings and ease pressure on limited social housing supply.

**5.5.3** A recent study from University of York<sup>87</sup> also explored the prevention of youth homelessness across the UK. It found that new approaches to homelessness assessment have been developed in response to the prevention agenda. Measures that were highlighted in the report include:

- Conducting housing options interviews prior to, and operationally distinct from, formal homelessness assessments.
- Expanding staff teams to enable housing officers to spend more time assessing young people's housing needs and identifying the full range of available/appropriate options.
- Developing dedicated young people's officer posts. These need not be local authority posts. One authority had contracted out the assessment of all 16–21 year olds to a voluntary sector organisation which provided specialist advice from dedicated young people's workers.
- Conducting home visits in the case of all family and friend exclusions.
- Mediation services, to negotiate a return to the family home where appropriate.
- Pre-crisis intervention measures, which identify and respond to young people at most risk of homelessness.
- Early intervention measures, including education programmes.

**5.5.4** The report found that measures to divert young people from the statutory homeless system were generally viewed positively by service providers. The approach was considered to have a number of advantages; it stopped young people being labelled as homeless, it allowed young people to develop housing (and wider) aspirations, and it minimised the likelihood of young people becoming institutionalised as homeless.

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<sup>87</sup> Quilgars D, Johnson S, Pleave N *Youth homelessness in the UK*, University of York for Joseph Rowntree Foundation, 2008

5.5.5 However, a number of concerns were expressed:

- that some young people might be encouraged (or forced) to remain at or return home when it was not safe for them to do so
- that where young people (particularly 16- or 17-year olds) were diverted from the statutory homeless route, they could miss out on their legal entitlement to settled housing

5.5.6 The report concluded that, as well as continuing to develop the above measures, authorities should work to bridge a number of serious gaps in service provision. First, it was noted that, while the housing options approach was critical in ensuring that appropriate services and provision for the young person were delivered, until affordable housing pathways were developed, young people may be unable to access/excluded from appropriate housing. For example, it was noted that rent deposit schemes are rarely available to young people, or may be offered only when young people are preparing to move from temporary/transitional accommodation into settled housing.

5.5.7 Second, it was noted that a great deal has already been achieved in implementing joint working approaches to service delivery, especially for 16- and 17-year olds. However, more needs to be done to ensure clear protocols and commitments are in place to ensure young homelessness/potentially homeless people can access integrated/seamless services.

5.5.8 Finally, the report suggested that much more needs to be achieved in pre-crisis intervention; in particular measures that identify and respond to potential homelessness in high risk groups, such as parenting initiatives.

### Responding to homelessness

5.5.9 Information from the Local Government Data Unit<sup>88</sup> shows that the time local authorities take to process homeless applications has improved, with 85% of decisions now reached within 33 working days in 2006/07 (compared with 83% in 2005/06). However, the average time to discharge the homelessness duty has increased from 79 days in 2005/06 to 113 days in 2006/07. Consequently, the number of days households spend in temporary accommodation has increased – from 102 days in 2005/06 to 118 days in 2006/07.

5.5.10 Critically, the use of bed and breakfast accommodation has declined: in 2006/07 some 3,400 households were housed temporarily in bed and breakfast (compared with 3,750 in 2005/06); of these, 750 were families with children (compared with 880 in 2005/06).

## 5.6 Housing advice and services

5.6.1 A report from the 2004 *Living in Wales Survey*<sup>89</sup> found that the majority of users of housing services<sup>90</sup> (62%) were positive about their experience. The largest cause of dissatisfaction (30%) was difficulty in obtaining information. The type of users who were more likely to be dissatisfied were those who spoke Welsh, those who felt that they were

<sup>88</sup> *Local Authority Performance 2006/07*, Local Government Data Unit

<sup>89</sup> *Findings from the 2006 Living in Wales Survey into Citizens' Views of Public Services: Part 2 Housing Advice Services*, Citizens First Wales, Welsh Assembly Government, 2008

<sup>90</sup> The survey definition of 'housing advice' included topics such as homelessness, housing benefit, repairs, improvements, adaptations and private renting advice in the previous 12 months. A total of 1,564 users responded to these questions.

not kept informed about the performance of local authority services, and those who did not feel they belonged to their neighbourhood. Dissatisfied users tended to be below pensionable age.

**5.6.2** Most respondents reported that they had contacted a local authority (66%) or housing association (27%) for housing advice. Less frequent contact sources were solicitors or law centres (14%), Citizens' Advice Bureaux (13%), Age Concern (6%) and Shelter or other voluntary organisation (5%). Common topics that respondents sought advice or guidance on were repairs, improvements or adaptations (40%), renting a house in the social sector (14%), housing benefit (10%), transferring to another home (10%), Council Tax (7%), buying a house (5%), neighbour dispute (4%) and homelessness (4%). The most common method for users to obtain information about housing was the telephone (53%) closely followed by 'in person' (42%). Interestingly, only 3% used a website and less than 2% used email.

**5.6.3** Around 22% of users said that they had wanted to complain about an organisation that provides these services. This group typically included those who felt that they did not 'belong' to the neighbourhood, those who wanted to participate in decision-making for local authority services, and those aged under 25 years (30% of the total in this age group). Some 38% of users who wanted to complain had actually lodged a complaint informally with the organisation, and a further 26% had complained formally. The main reason that users did not complain was that they felt it would not do any good.

## **5.7 Key evidence on high quality housing services**

**5.7.1** The national housing strategy has set the aim of delivering high quality housing services. Under this heading the evidence review covered the Welsh Housing Quality Standard, statistics on housing advice services, local authority housing management data, Choice Based Lettings, and evidence on homelessness services, particularly on homelessness prevention. Key evidence is that:

- The proportion of social housing stock meeting the WHQS in 2004 was very low at less than 1%. All of these dwellings were in the housing association sector.
- While this study cannot give a comprehensive overview of social housing management performance, the key concerns in the local authority sector appear to be the relatively high level of arrears and the average time taken to relet a property (85 days in 2006/07). Choice Based Lettings has been adopted by some landlords in Wales, although this has been because of individual landlord decisions rather than any national policy drive. Evidence primarily from England notes a generally positive experience in developing and implementing CBLs.
- Through its housing-related support strategy the Assembly Government aims to ensure that vulnerable people can access housing-related support services that allow them to develop or maintain independence in their own home.
- Research has found that there were a total of 44,706 service users receiving supporting people funding in 2006 with average spend per service user estimated as £2,395. This covers a wide range of groups including older people, the homeless and others with particular needs.
- Recent trends point towards a decline in homeless presentations. This may be related to the recent policy focus on prevention. The time taken by local authorities to process homeless applications has gradually improved, with 85% of decisions now reached within 33 working days (compared with 83% in 2005/06).

- The average time to discharge the homelessness duty has increased, along with the amount of time households spend in temporary accommodation. The latter has increased to 118 days from 102 days in 2005/06.
- In 2004 62% of people were positive about their experience of housing advice services. The major source of dissatisfaction was difficulty in obtaining information.

#### 5.7.2 The key issues for the national housing strategy are:

- The relatively low base number in 2004 of social housing stock that met the WHQS. While there remain challenges in the continued improvement of housing services across Wales, the main one appears to be delivering the Welsh Housing Quality Standard by the 2012 deadline.
- While there are overall benefits to the SP programme in terms of net savings there are disparities between local authorities in expenditure. The Assembly Government is now examining these issues with a view to set out a more strategic approach to investment with greater transparency and closer alignment to identified needs.
- While homeless presentations have decreased in recent years the numbers are still relatively high with evidence of longer stays in temporary accommodation for homeless households. The housing strategy should focus on the twin-track approach based on prevention and also increased supply of affordable housing to ensure that suitable housing options are available for those households where prevention activities are not an option.
- There is some evidence across the board that there is still a lack of knowledge among people as to the availability and suitability of housing options to meet their needs. Accessing information on housing is vital. Therefore a major strategic focus is required on the development of housing services that focus on individual needs and aspirations, coupled with a suite of housing options that offer some degree of choice. Local government, as the strategic housing authority is best placed to enable services that focus on individual needs and housing options services to meet these.

## 6 Contribute to the health and wellbeing of the people of Wales

### 6.1 Introduction

6.1.1 The new national housing strategy has identified a number of potential objectives within this overall aim. These are to:

- Contribute to improving people's physical and mental health.
- Address health inequalities within Wales.
- Meet the housing needs of people with particular needs.

### 6.2 Improving health and addressing health inequalities

6.2.1 Overall, health is the primary concern of people across Wales with the *Living in Wales Survey 2007*<sup>91</sup> reporting that 87% consider it most important, with only one per cent saying it was of little importance. The links between household living circumstances and health are recognised to some extent, although debate persists among academic and professionals as to their extent. While there may be identifiable associations between aspects of housing and health, these often cannot be translated into direct causal links given the influence of other variables.

6.2.2 Nevertheless, it is accepted that poor house conditions present a great risk to the health status of households. A recent Shelter Cymru study points in particular to the link between poor quality housing and asthma, and the relationship between living in sub-standard accommodation on birth weights<sup>92</sup>. There are also lifecycle stages that correlate with a significant degree of time spent in the home, such as experienced by the elderly or young children; adverse housing conditions will possibly have a greater impact on them. More starkly, homelessness can lead to or aggravate difficulties in both physical and mental health well-being. This has been recognised by government across the UK in its attempts to ensure joined up working between health and homelessness services. There are also links to fuel poverty, pensioner households and cold-related illness.

6.2.3 When looking more specifically at age-standardised illness rates by tenure, people in social housing have a much higher incidence of all medical conditions (cancer excepted) than owner-occupiers. A similar pattern of higher rates among social renters is evident when comparing them with private renters (accidents and food poisoning). For some conditions private renters have significantly higher rates of illness than owner-occupiers, including respiratory illness, mental illness, food poisoning, LLTI and eyesight problems. However, as emphasised above, it is almost impossible to apply statistical controls for individual characteristics and aspects of lifestyle when disentangling the causes of ill-health.

6.2.4 *Living in Wales Survey* data from 2004<sup>93</sup> examined disability and long-term limiting illness in relation to housing. It reported that 27% of people who rent from the public sector had

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<sup>91</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>92</sup> Pritchard John W, Puzey John W *Homelessness – on the health agenda in Wales?* pp 20-21 from *Reviews on Environmental Health*, Vol 19, Nos 3-4, 2004

<sup>93</sup> *Living in Wales 2004 Statistical Release*, SDR 125/2005, Welsh Assembly Government, June 2008



a long-term illness, disability or infirmity. This compared to 16% of home owners and 14% of private renters. Social renters (24%) were also more likely to report that a long-term illness was limiting in comparison to home owners (13%) and private renters (11%).

- 6.2.5 A recent article<sup>94</sup> examining housing and health experiences of older people estimated that they spend around 70-90% of their time in their own home, thus emphasising the importance of the home living environment for this group's quality of life. It is also important to ensure that risks within the home environment are minimised for older people. Poor housing conditions can increase the risk to the health of elderly occupants. In Wales older home owners are disproportionately likely to live in properties constructed pre-1919 which are generally in poorer condition.
- 6.2.6 This study found that owner-occupiers were least likely to report difficulties (property condition, facilities etc) in their home, followed by private renters. Older people in social renting were the most likely to report difficulties. This pattern was repeated when self-reported health status was measured, with social renters in the worst cohort. Owner-occupiers were least likely to report health difficulties.
- 6.2.7 In addition, when comparisons were made with UK statistics on tenure and health status, it was found that in Wales there is a higher proportion of poor quality stock across all tenures occupied by older people. This led to evidence that other variables adversely affected the elderly, including experiencing most problems overall, inadequate heating and coldness levels, and the amount of time spent in the home. The home environment determines health rather than tenure per se.
- 6.2.8 *Living in Wales 2007* found that pensioners who have a long-term ailment were most likely to experience mobility, hearing or vision disability. They are also most likely to be affected by a cardiovascular disability. They are less likely to experience mental health or learning difficulty issues when compared to those below pensionable age.
- 6.2.9 According to the *Living in Wales Survey*<sup>95</sup> (2007) 9% of respondents reported providing special care for other people. The majority (8%) provided care for one person while 1% had multiple responsibilities for two or more people. The survey findings show that carers are providing several different types of care. The most common included generally 'keeping an eye' on people, practical help (preparing meals, shopping) and taking someone out or keeping them company. Physical help and personal care were less commonly cited, although nearly 30% of carers reported providing this.

### Fuel poverty<sup>96</sup>

- 6.2.10 The Welsh Assembly Government's target on fuel poverty is that, as far as is reasonably practical, fuel poverty should be eradicated in vulnerable households by 2010 and in all households by 2018. Fuel poverty statistics are reported by the Assembly Government against two definitions:
- 'Full income' definition in which a household is said to be in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (including Housing Benefit or Income Support for Mortgage

<sup>94</sup> *Housing related difficulties, housing tenure and variations in health status: evidence from older people in Wales*, Health & Place (12, pp 267-278), Windle, G. et al, 2006

<sup>95</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>96</sup> *Fuel Poverty in Wales, 2004: Fuel Poverty Analysis*, Welsh Assembly Government, 2005

Interest) on all household fuel use. This is the definition against which fuel poverty targets in the UK are set against.

- 'Basic income' definition in which a household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (excluding Housing Benefit or Income Support for Mortgage Interest) on all household fuel use. This definition is used to enable historical comparisons.

- 6.2.11 In Wales in 2004 it was estimated that there were 134,000 households living in fuel poverty under the full income definition. This is 11% of all households. Under the basic income definition, approximately 167,000 households were fuel poor, which is 14% of all households.
- 6.2.12 Fuel poverty disproportionately affected 'vulnerable' households (e.g. those with a member aged 60 or over, with any dependant children aged under 16, or with any long-term sick or disabled members). These household types accounted for 86% of the fuel poor with vulnerable elderly households comprising the largest proportion. Households containing someone aged over 60 or long-term sick/disabled were far more likely to be fuel poor than households which were vulnerable due to having children.
- 6.2.13 The severity of fuel poverty for a household increases as a greater percentage of their income is spent on household fuel use. In 2004 in Wales, approximately 37,000 households were required to spend more than 15% of their income on fuel. For these households it was higher fuel costs (most likely a result of living in an energy inefficient dwelling<sup>97</sup>), rather than lower incomes, that was the main cause for the severity of their fuel poverty. This indicates that action on energy inefficient dwellings would alleviate fuel poverty for some groups.
- 6.2.14 Characteristics of households experiencing fuel poverty included those living in private rented accommodation, single person households, households in which the oldest person is of pensionable age and economically inactive households. Not surprisingly, the greatest number of fuel poor households (68,000 households; 50% of the total fuel poor) were in the lowest decile income band, rising to 70% (91,000 households) when measured within the lowest two deciles. Furthermore, 73% of those in fuel poverty received a state benefit (primarily the state-retirement pension) and a fifth were in receipt of incapacity benefit.
- 6.2.15 The physical characteristics of a dwelling largely determine the fuel costs for the household living in it. These include:
- the building structure
  - the amount of insulation present
  - the type of heating system
- 6.2.16 These all determine the energy efficiency of that dwelling. A more energy-efficient home requires less energy consumption to keep it suitably warm. The type of fuel used by a household also influences fuel costs as different fuels have different prices.
- 6.2.17 Dwelling characteristics that have the greatest influence on the fuel poverty status of the occupying household are older dwellings of solid wall construction, large semi-detached

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<sup>97</sup> Although it is important to note that fuel poverty is also affected by the cost of fuel – e.g. gas or electricity.



and detached dwellings, and those with no central heating or electric storage radiators. It is these factors, leading to relatively high fuel costs that increase the likelihood of households in these dwellings being fuel poor, rather than lower incomes of those living in these dwelling types.

- 6.2.18 The Standard Assessment Procedure (SAP) is the UK Government's recognised methodology for calculating energy performance of dwellings. The 2001 SAP rating is based on a scale from 0 to 120. The higher the SAP rating, the better the standard and the lower the running costs. 58% of fuel poor households have a SAP rating of less than 35. It is clear that a household has a much higher risk of being fuel poor if the home has a lower SAP rating.
- 6.2.19 The occurrence of fuel poverty is notably less in South Wales compared to Mid Wales and the North. Further analysis suggests that this is due to households in South Wales having, on average, a lower fuel expenditure rather than them having higher incomes.
- 6.2.20 In 1998 a previous estimate, of household numbers in fuel poverty in Wales stood at 360,000 (31%). The results presented in the 2004 report suggested that approximately 226,000 households have moved out of fuel poverty since 1998. The greatest improvement has been seen in the social housing stock, with a decrease in the percentage of households in fuel poverty of 42%. The main factors are a combination of rising incomes, decreasing fuel prices and improvements in energy efficiency over this time. Average electricity prices decreased by 18% between 1998 and 2004 and gas prices decreased by 7% in real terms while earnings income increased by 22%. However in recent months the situation is different with a rise in fuel and energy prices evident across the UK.
- 6.2.21 Another perspective on fuel poverty and the targeting of the Home Energy Efficiency Scheme (HEES) emerges from an Assembly Government report in 2005<sup>98</sup>. This interim evaluation of the HEES examined a number of aspects of its operation including the appropriateness of eligibility criteria, adequacy of assistance to the fuel-poor, assess the vulnerability to potential fuel price increases and the potential effect of greater assistance in increasing SAP ratings. The main findings of the report included:
- Only 29% of those receiving assistance were fuel-poor prior to benefiting from HESS.
  - However, half of these were removed from fuel poverty through HESS.
  - Single pensioners and single adult only households constituted a large proportion (47%) of the fuel – poor.
  - The proportion of HEES recipients in fuel poverty is estimated at between 29%-36%.
  - The groups of HEES recipients with the highest proportion and numbers of fuel-poor were single pensioners, those living in owner-occupied homes, under-occupiers and using gas as their main fuel. In addition those qualifying through Income Support receipt or Council Tax Benefit constituted 27% of all households.
  - The groups with the lowest proportions and numbers of fuel poor were families with two non-pensioner adults and one or more children and households with a weekly income greater than £300, In addition those qualifying through receipt of Working

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<sup>98</sup> *Interim Evaluation of the New Home Energy Efficiency Scheme for Wales*, Housing Research Summary, Welsh Assembly Government, March 2005

Families Tax Credit and Attendance Allowance who accounted for 21% of all households receiving HESS assistance.

6.2.22 The study finds that many of those receiving assistance through the HESS programme are neither on low incomes or fuel poor. Due to eligibility for the scheme being triggered by passport benefits then there may be many households who are fuel poor but not receiving benefits and thus ineligible for assistance. While the HESS assisted many households the use of energy efficiency measures in isolation is not sufficient to lift all households out of fuel poverty.

6.2.23 In recent months there has been concern that the numbers in fuel poverty may be rising again with the full impact of higher fuel costs still to come. Fuel price increases in early 2008, with further rises expected later in the year, will prove a stiff challenge to policy makers in working towards the eradication of fuel poverty. Recent media reports are quoting figures equivalent to a 40% rise in fuel costs by the end of the year. Notably the HESS evaluation stated that in 2005 a fuel price increase of 30% would result in almost all the households lifted out of fuel poverty being drawn back into it.

## 6.3 Groups with particular housing needs

### Introduction

6.3.1 The topic on particular housing needs potentially covers a wide range of groups. For the purposes of this report we have focused on the evidence that is available on groups relevant to the Welsh Assembly Government's equality strands. These broadly cover age, gender, sexual orientation, race, faith and disability.

6.3.2 The breadth and depth of evidence available varies, with a mixture of statistical information and recent literature from Wales and across the UK. The main groups that we cover in this section are:

- older people
- disabled people
- minority ethnic communities
- gypsy-travellers
- lesbian, gay and bisexual people

6.3.3 Examining the equalities agenda more broadly, the CLG recently published its report<sup>99</sup> reviewing equalities from a wider social perspective. It concluded that achieving equality means narrowing gaps in people's educational attainment, employment rates and the availability of real opportunities. A major factor influencing inequality is the home environment for children under five years of age, with a good home learning background providing a foundation for a child's development. It also points out that boys and children from some ethnic minority groups are more likely to have relatively poor home learning environments.

6.3.4 Pre-school education is also important. However, poorer white families and some ethnic minority groups (Pakistani and Bangladeshi), as well as disabled children, are less likely to use this type of service. The report finds that in Scotland and Wales the proportion of pre-school pupils from ethnic minority groups is lower, with some variation in education

<sup>99</sup> *Fairness and Freedom – The Final Report of the Equalities Review: A summary, CLG, 2007*

attainment rates. In Wales, Black African and Pakistani pupils have lower levels of attainment than would be expected while, in Scotland, the attainment rate for these groups is only 1% below the national average by the end of secondary school.

**6.3.5** Three specific groups are relatively disconnected from employment in the UK; disabled people, Pakistani and Bangladeshi women, and mothers of young children. When employed they are also more likely to be disadvantaged by lack of career progression, low pay and negative discrimination.

**6.3.6** Looking at health inequalities, there was a lack of evidence and knowledge on differences among groups, or the mechanisms to assess how current provision meets the needs of different groups. This relates to a broader conclusion of the report that available data on inequality are 'utterly inadequate'. This limits the ability to understand the issues, identify priorities and take the steps required to deal with these.

**6.3.7** The report identifies a number of groups across the UK where prejudice continues to affect equality. These groups include women, people of different ages, ethnic minorities, disabled people, people with particular beliefs, transgender people, as well as lesbian and gay people. In order to tackle this, the report suggests ten steps:

- Defining equality
- Building a consensus on equality
- Measuring progress towards equality
- Transparency about progress
- Targeted action on persistent inequalities
- Devising a simpler legal framework
- Evolving more accountability in delivering equality
- Using public procurement and commissioning positively
- Enabling and supporting organisations in all sectors
- Developing a more sophisticated enforcement regime

### **Older people**

**6.3.8** As noted in section two, a significant proportion of the population is of pensionable age (21% in 2005), and the overall number and proportion of older people is projected to continue increasing. In 2003 the Assembly Government published *The Strategy for Older People in Wales*. In housing the focus is on the promotion of independent living, as well as tackling poverty and poor housing. The strategic objectives include:

- promoting an adequate supply of special forms of housing which meet varying and changing needs and promote independence
- ensuring access to services (e.g. adaptations, repairs) that assist older people to remain in their homes where appropriate

- 6.3.9 *Living in Wales 2007* provides some contextual statistics on older people's housing<sup>100</sup>. Pensioner households who are owner-occupiers are more likely to have bought their current home with a cash payment or paid outright (38% compared to 10% of those below pensionable age). A further 7% inherited their home compared to 4% of those below pensionable age. However, more than half of pensioners (54%) bought with a mortgage or loan with or without a cash payment. Of all pensioner households renting their home 58% resided in the local authority and 18% in the housing association sectors. A further 15% rented from a private landlord with the remaining 9% renting from a relative/friend.
- 6.3.10 In the local authority sector in 2006/07 8,147 properties were converted and/or improved for persons with particular needs<sup>101</sup>. Around 14% of these were for the elderly with the remainder for disabled people.
- 6.3.11 A study<sup>102</sup> for the Assembly Government published in 2007 examined the current profile of accommodation for older people in Wales. This found that, while there are various types of specialist accommodation for this group, it is primarily dominated by 'conventional' sheltered housing. The majority of stock (80%) was rented with some shared ownership (15%) and leasehold (5%). Flats appeared to be the predominant property type; 73% compared to 27% bungalows. Two-thirds of the stock was identified as one-bedroom, 23% two-bedroom and 12% bedsits.
- 6.3.12 Through the use of case studies it was found that demand for sheltered housing was generally high, although low demand affected some schemes. This appeared to relate more to a lack of alternatives and the location of properties, rather than other factors such as design. Other issues were:
- that older age groups were more likely to be in accommodation with higher levels care
  - the increased modernisation of the wardens' role for sheltered housing
  - the emergence of more extra-care schemes
  - growth in the provision of care and repair services
  - that nursing and residential care homes had the highest proportion of units meeting the national Care Standards
- 6.3.13 The study noted that the proportion of social rented sector tenants (aged over 65) will decline from 26% to 21% between 2001 and 2006. This is in the context of the growth of owner-occupation over the last two to three decades, and the expectations that people will expect to remain in private housing as they grow older. Some of the housing aspirations identified by older people included more space, greater tenure choice, safety/security, access to private transport, and easy, affordable maintenance. The national housing strategy needs to respond to these projected trends as people live longer and have higher independent living expectations.

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<sup>100</sup> Older people are those above 65 years of age for men and 60 years for woman.

<sup>101</sup> *SDR 170/200, Local Authority Housing: Management and Performance 2006-07*, Welsh Assembly Government Statistical Directorate

<sup>102</sup> *Accommodation for older people in Wales - the foundations for the future*, Welsh Assembly Government, 2007

- 6.3.14 A recent study by the CLG<sup>103</sup> examined the housing choices and aspirations of older people<sup>104</sup> concentrating on factors influencing housing decisions and future housing intentions. Perhaps not surprisingly it found that older people had a strong attachment to their current home and intended staying there for as long as possible. Decisions were influenced by attachment to their current home, the complexity of family/caring relationships, neighbours and neighbourhood, access to services and amenities, and health and well-being.
- 6.3.15 Family relationships were cited as a key factor in housing decisions. 'Younger' older relatives' housing choices and decisions were influenced by the housing and care needs of the very old. Considerations included the need to live close to older relatives to offer care/support or actually provide accommodation. In the social rented sector this could be difficult where choice of accommodation can be limited in both size and location.
- 6.3.16 Older people stated that neighbours and neighbourhood were a key influence with positive associations influencing decisions to stay put, whereas bad neighbours could actually force a move. These influences were particularly important for those in the lesbian, gay, bisexual and transgender group. Effective and affordable transport services were also important for older people. Where older people were happy with their current home the main factor that would influence a decision to move would be health. The most common health concern for those that moved or were in the process of moving was mobility.
- 6.3.17 Generally older people did not wish to consider their future housing intentions in too much detail but felt that adaptations to their current home would be their preferred solution if the need arose. Others suggested that considering housing options and perhaps moving may be a realistic approach when people were still young enough to cope with the move. This is perhaps related to feelings of empowerment; those that had moved saying that they wanted to make their own housing decision based on the options available, rather than being left in a situation where they felt they were being forced to move. Most older people reported being supportive of the principle behind equity release, although there were varying opinions on how this could be used with some viewing it as a future source of income. Interestingly, there were some groups who were opposed to equity release, such as older people from the African-Caribbean community, who had a mistrust of the products on offer and did not wish to get into debt. Overall the study reported that for all groups there was a lack of faith in the current products on the market.
- 6.3.18 Some older people (especially those from the Asian Community) said that they would prefer more independent advice on the housing options available to them. When asked about property attributes that were important, most people felt that bungalows gave the greatest flexibility and accessibility with two bedrooms being a minimum requirement. Reasonable space standards, as well as good access to local services and transport, were also important for older people. Concerns about a lack of support services in the home (e.g. small household repairs), as well as the quality of care, and relationships between carers and those receiving assistance were all cited by some older people. Support for sheltered housing was evident, however the perception was that this was only really necessary for certain groups (e.g. the very old or infirm). Care homes were not viewed favourably. These views were due to experiences of visiting people in such homes, and also media coverage highlighting negative aspects.

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<sup>103</sup> *Housing choices and aspirations of older people: research from the New Horizons Programme*, Croucher, K, Centre for housing policy, CLG, 2008

<sup>104</sup> The study comprised eight focus groups which included 'younger' older people aged 48-64 and 'older' old people aged 65 and above.

## Disabled people

- 6.3.19** Other sections of this report have already highlighted some of the housing issues among older people who are a group that disabilities affect disproportionately. While the focus of this study is Wales, across the UK there does not appear to be many recent national studies into the housing needs or experiences of disabled people. However there may be more information and research available at local authority level given the overall requirements to assess housing needs and plan appropriately for this group. For this study we have uncovered three main reports that examine disabled housing issues. It also has to be emphasised that in Wales there are already specific policy initiatives to assist disabled people with their housing issues. This includes 'Space for People' which through Charter Housing operates a disabled persons housing service from its base in Newport covering this eras as well as Monmouthshire and Torfaen. This is a relatively new service but may prove to be a useful source of evidence in the future on disabled peoples' housing needs.
- 6.3.20** A recent study<sup>105</sup> by the Joseph Rowntree Foundation into housing and its impact on disabled children found that families with a disabled child are more likely to be renting their homes than families with non-disabled children. This likelihood increases for families with very severely disabled children. While there has been an increase in the proportion of families as a whole who are home owners, the proportion of home-owning families with a disabled child has remained static. Families with a disabled child are 50% more likely to be living in overcrowded accommodation, to rate their home as being in a poor state of repair, and to report other house condition problems. They also appear to be relatively disadvantaged when compared to other groups of disabled people.
- 6.3.21** The majority of families with disabled children report that their homes are unsuitable for their child's needs and the associated needs of other children. Housing problems reported include lack of space both for the family and for storing and using therapeutic equipment. Interestingly, around half of families said that they would prefer to move home to deal with their unsuitable housing issues, rather than have their current home adapted. Disabled children and young people spend more time at home than non-disabled children; there is evidence that this results in a restrictive environment. Unsuitable housing can also increase levels of parental stress, as well as hampering the development and well-being, both physical and emotional, of other children in the family.
- 6.3.22** Improvement in housing can lead to a better quality of life related to independence, greater confidence and greater self-reliance among disabled children. However, accessing services to remedy housing problems can be difficult for families.
- 6.3.23** A report<sup>106</sup> into the housing aspirations of young disabled people<sup>107</sup> in Scotland found that the main barrier for young people in meeting their housing needs was insufficient information on what their housing choices are. The study looked at the experiences of young disabled people who had left the parental home and those who lived with family and aspired to leave as well as those who did not aspire to leave. Some of the main findings included:

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<sup>105</sup> *Housing and disabled children*, Joseph Rowntree Foundation, 2008

<sup>106</sup> *The housing aspirations of young disabled people in Scotland*, Dean, J, 2003, Joseph Rowntree Foundation

<sup>107</sup> This study was based on qualitative research and interviewed 30 young people aged 18-35 years with a disability. A broad definition of disability was adopted and included both physical and learning disabilities. Participants included those with visual impairments, mobility impairments, epilepsy, autism, cerebral palsy and speech impairments. In addition 13 parents with disabled adult children were interviewed.



- The majority of young adults who participated in the research wanted to leave the parental home in their teens or twenties (an aspiration generally supported by parents).
- A significant degree of ignorance and confusion over what housing choices may be available to young disabled people.
- This leads to a need to focus on accessible information provision to inform housing decisions.

6.3.24 This study recommends that information provision should be focused on being available prior to the age that the child aspires to leave home, assisting people to think about what their best housing option is, explaining how to source information on local options and also signposting those agencies that can provide assistance. In addition young disabled people and their parent and advocates need to consider all living options and tenures to ensure that the best housing outcome is achieved.

6.3.25 An overriding theme among disabled people with housing needs is the accessibility to information and knowledge of housing options. This has to be coupled with ensuring that viable and suitable housing options are available across all tenures.

6.3.26 A report by the disability Rights Commission in 2004<sup>108</sup> examined wider experiences of disabled people with regard to housing and the associated services across all sectors. As well as a general lack of housing options it found a wide range of housing issues facing disabled people including:

- Housing in the private sector and marketing services (including offices and showhomes) are often inaccessible with no clarity in identifying properties that might be suitable for a disabled person.
- There is a lack of appropriate information on accessible/adaptable properties across the social and private rented sector.
- The Right to Buy has reduced the stock of larger, accessible and potentially adaptable properties in the social rented sector.
- Private rented sector accommodation is generally either at the sub-standard or luxury end of the market with no affordable and accessible properties.
- A lack of supported housing and shared ownership options.
- Affordability and housing costs are more acute in urban areas where generally more support services are available as well as for larger and level access type properties (such as bungalows).

6.3.27 It was reported that some services across the private, public and voluntary sectors have a negative attitude towards disabled people and their housing needs. Housing allocation policies were described as relatively inflexible, medically biased and not focused on a more holistic assessment of need in terms of location, support networks and other social factors. Taking into account the need for carers and the impact on accommodation requirements was also seen as important. There is also the issue of adaptations to social housing properties being removed at a change of tenancy and/or homes then allocated to a non-disabled household. The performance focus on

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<sup>108</sup> *Housing: A contemporary view of disabled people's experience, provision and policy directions*, Goodridge, C, Disability Rights Commission, 2004



reducing voids and rent loss sometimes hindered a more strategic view and search for an occupant more suited to the property.

**6.3.28** The study also raised questions over the focus of planning policy on higher density housing and in many cases smaller-sized properties. It was felt that this did not take into account the future potential need for adaptations. In the social sector lifetime homes and wheelchair standards are sometimes not followed due to perceptions among social housing providers of lack of demand and the additional cost burden. The administration of adaptations services was also fraught with difficulties over eligibility, service responses, budget constraints and private landlords concerns over devaluation of properties. Budget constraints can sometimes lead to poor design solutions and also the exhaustion of resources before the end of the financial year. The provision of mainstream and other services is patchy and can vary with regard to issues such as geographical location (urban/rural). They can also be physically inaccessible in some cases.

**6.3.29** Disabled people are also more likely to be facing a lack of employment opportunities and living on state benefits and low incomes. This makes accessing market housing options (PRS and owner-occupation) particularly difficult.

### **Minority ethnic communities**

**6.3.30** In 2001 the census found that only 2% (62,000) of the resident population came from ethnic groups other than white. The largest concentrations are in Cardiff and Newport, accounting for over half the Welsh total. When looking across the UK less than 2% of the total minority ethnic population lived in Wales. To put this in context, the figure for London was 45%. In addition, a significant proportion of the minority ethnic population recorded in 2001 were students. They accounted for approximately 20% of the total minority ethnic adult population in Wales. The largest ethnic group were Asians (42%), followed by 'mixed' (29%), then Black (11%) and Chinese (10%). The remaining 8% were in 'other' groups.

**6.3.31** When tenure by head of household is considered, both Pakistani and Chinese groups showed high levels of owner-occupation; 71% and 72% respectively. This compares to the national figure for all households of 71%. For all 'mixed' ethnic households 51% were in owner-occupation and 49% rented. The majority (59%) of 'other' ethnic group households were in the rented sector. Across all ethnic groups there was a greater likelihood of living in a flat, maisonette or apartment compared to the 'white' category. For example, 20% of Black or Black British people and 19% of Chinese people lived in this type of housing compared with 7% of White-headed households. BME households were also more likely to live in shared accommodation.

**6.3.32** More recent data on ethnicity in Wales has now been published through the Living in Wales 2007 survey. According to this approximately 96% of the population are white (including a small proportion of white Irish). A further 1.2% are white 'other' perhaps reflecting to some degree recent EU migration patterns. Overall there appears to be a growth in the non-white minority ethnic population since 2001, now standing at 2.8%. Asians remain the largest group, followed by Chinese and 'mixed' households.

Table 6.1: People in Wales, by ethnic group (%) 2007	
White: British	95.6%
White: Irish	0.4%
White: Any other White background	1.2%
Mixed: White and Black	0.2%
Mixed: White and Asian	0.1%
Mixed: Any other mixed background	0.1%
Asian or Asian British: Indian	0.3%
Asian or Asian British: Pakistani	0.3%
Asian or Asian British: Bangladeshi	0.2%
Asian or Asian British: Any other Asian background	0.3%
Black or Black British: Caribbean	0.1%
Black or Black British: African	0.1%
Black or Black British: Any other Black background	0.0%
Chinese or other ethnic group: Chinese	0.4%
Chinese or other ethnic group: Any other ethnic group	0.2%
None of these	0.1%
Refused	0.1%
<b>Total</b>	<b>100%</b>
Source: Living in Wales survey 2007	

6.3.33 In the 2001 census measures of housing quality demonstrated that households headed by someone of black origin were most likely to be lacking amenities, while white Irish were most likely to have no central heating. Overcrowding was more likely in Bangladeshi or Black African households. A study<sup>109</sup> in North Wales examining the housing experiences of BME groups found that only around 1% of the area's 660,000 population, or around 6,600 people, were from a non-white ethnic minority background, according to the census in 2001<sup>110</sup>. However, the evidence points towards a growing population, with 50% more compared to the previous figure from the 1991 Census. In addition, there is a significant degree of diversity in the BME population in North Wales, with people from around 62 different countries identified through the research.

6.3.34 The majority of people, 86%, from ethnic communities were born outside the UK. The main countries of birth quoted in the sample were India, Bangladesh and Pakistan. However, nearly one third had lived in North Wales for more than 20 years. The BME population of North Wales is considerably younger than the majority Welsh population,

<sup>109</sup> *The housing and related experience of black, minority ethnic communities in North Wales*, North Wales RSL Equality Partnership, 2004

<sup>110</sup> Note that this study was undertaken prior to accession of the eight EU countries in 2004. It included a household survey of 246 households.

with far fewer people in the 75+ age group in particular, and many more in the 25–44 age group.

- 6.3.35 70% of households reported that English was one of the main languages used in the home, and 4% included Welsh. In households where these were not one of the main languages, Bengali, Cantonese, Urdu, Hindi and Arabic were most common.
- 6.3.36 The proportion of owner-occupiers was similar to the North Wales figure (66% compared to 70%). There were disproportionately fewer BME households in council accommodation (5% compared to 14%), and disproportionately more in private rented accommodation (15% compared to 9%). This differs somewhat from the tenure profile of English BME households: Hills, in his study of English housing<sup>111</sup>, found that BME households were less likely to be owner-occupiers than white households, but more likely to be social and private renters (27% of minority and BME households were social renters compared with 17% of white households).
- 6.3.37 The average household size in both England and Wales is around 2.36 persons, whereas in this study it was found that BME communities in North Wales contained on average 3.7 persons. However, there are marked differences between BME groups. For example, the average household size of Bangladeshi households was 4.7 persons. The average number of rooms each household had for its own use was only slightly higher than the Welsh average (5.6 compared with 5.3). This suggests a greater tendency for BME households to be living in more crowded conditions. Approximately 9% of BME households considered their current home to be unsuitable; the predominant reason being that their home was too small.
- 6.3.38 It was reported that 16% of householders had experienced or had some form of problem with racial harassment in their current home. A smaller proportion reported that they had experienced or had some form of problem with racial harassment elsewhere in North Wales. Another key finding of the survey is that many BME respondents are largely unaware of available services.

### Gypsy-travellers

- 6.3.39 An Assembly Government<sup>112</sup> study estimated that there are around 2,000 gypsy-travellers in Wales, mostly concentrated along the North and South Wales coastal strips. There is a diversity within the population which includes Welsh and English gypsies and Scottish and Irish travellers. Gypsy-travellers have distinct demographic and economic characteristics and are subject to discrimination and social exclusion. They do however appear to be becoming more 'settled' on permanent sites for various reasons, including the increasing difficulties with travelling.
- 6.3.40 It is estimated that there are around 440 pitches in Wales on 30 gypsy-traveller sites. Most of these are local authority-owned sites within the North and South Wales coastal strips or in the Valleys. There appears to be little information or knowledge of private sites. It is also evident that some gypsy-travellers live on caravan sites that are not specifically earmarked for gypsy-travellers. Most of the local authority sites are residential and for long-term occupation, but there are a few transit pitches on a small number of sites. Demand varies, with waiting lists for some sites while others appear to have no demand. Demand is related to family and social factors along with location, site conditions and general environment.

<sup>111</sup> Hills, John *Ends and means: the future of social housing in England*, CASE report 34, Feb 2007, pp 48-50

<sup>112</sup> *Accommodation needs of gypsy-travellers in Wales*, P, Niner, CURS, Welsh Assembly Government, 2006

- 6.3.41 Overall it was estimated that total investment of approximately £3m was required to bring current sites up to standard over the next five years. The longer-term maintenance of a decent standard would require double this investment over 30 years. While some aspects of sites, such as amenities and pitch sizes, are more favourable when compared to those in England, environmental factors are poorer. Common concerns from the community included conditions on transit sites and lack of children's play areas on sites. The management of sites tends to be split between the Gypsy Council and in-house management by local authority housing departments. Standards of management can vary.
- 6.3.42 Most site residents are in receipt of housing benefit with the average licence fee (per pitch) being £40.59. Generally the costs associated with management and maintenance exceed the income generated through licence fees.
- 6.3.43 Across Wales the estimated additional need for gypsy-traveller family accommodation is in the range 275-305 over five years. A further breakdown of need is for 150-200 local authority places, 50 private site places and 50-100 homes. Transit site places are also required with the figure estimated at 100-150. The transit need is mainly focused on cross-Wales major routes and also Aberystwyth. However, the study does conclude that there is a lack of strategic planning at national and local level. At local authority level service responsibilities to gypsy-travellers are fragmented. This impacts on a strategic approach and associated service delivery. There are also difficulties in identifying sites suitable for gypsy-travellers. In many areas there are community concerns regarding this type of provision. However, many of these concerns may still be related to prejudice, discrimination and a lack of knowledge of the gypsy-traveller community and the diversity within it.

#### **Lesbian, Gay and Bisexual (LGB) housing needs**

- 6.3.44 A national study<sup>113</sup> across Wales found that the most prominent housing problem among this group was harassment in the home or neighbourhood. This was a key factor in the need for people to move home. This type of problem was experienced across tenures, ranged from verbal to physical abuse, and was generally perpetrated by neighbours or other members of the local community. Young people are particularly vulnerable to homophobia that may emanate from family members or relatives within their own home. This can lead to a rapid breakdown of housing arrangements and also family support networks.
- 6.3.45 Harassment etc can lead people to decide to leave their homes. While some are able to resolve their own housing situations, this does depend on their financial situation. The majority that faced these problems were understandably reluctant to leave their settled homes, regardless of whether they had the financial capability.
- 6.3.46 Some of the more tenure specific housing problems related to LGB people having to share accommodation, particularly in the private rented sector. Lack of privacy and not being accepted by flatmates and their landlord were cited as issues that reduce their quality of life. Vulnerability risks are increased where accommodation is insecure or through homelessness experiences. Seeking assistance and help is undermined by fear of rejection, secondary victimisation and low self-esteem. The majority of participants in the study did not report seeking or receiving assistance from statutory or voluntary agencies. This was related to a reluctance to approach mainstream services through fear of discrimination, and also a lack of knowledge about the specific services that are available. An important finding was that LGB people's confidence in disclosing their

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<sup>113</sup> *The housing needs of lesbian, gay and bisexual (LGB) people in Wales*, Welsh Assembly Government, 2006

sexual orientation was heavily influenced by their initial contact experience with service providers.

- 6.3.47 Service providers demonstrated little knowledge of the needs and expectations of this group, aggravated by a lack of access to suitable training. Monitoring of access to services and outcomes for this group was also reported to be under-developed, leading to an inability to develop appropriate responses. Overall the clear message emerging was the need for greater awareness among housing providers when dealing with the particular needs of people within this broad group. Training for service providers and their staff was one of the main recommendations.

## 6.4 Key evidence on the health and wellbeing of the people of Wales

- 6.4.1 The evidence review for this key aim of the housing strategy examined health inequalities, fuel poverty and, as far as possible, the housing needs of particular groups such as the elderly, gypsy-travellers and families with disabled children. However the scope of the project and available evidence could not cover every group within the six equality strands identified in the national housing strategy. Key issues are that:

- Health is a primary concern of people across Wales. Safe, warm and affordable homes promote good health.
- In 2004 over one quarter (27%) of social renters reported that they had a long-term illness, disability or infirmity compared to 16% of home owners and 14% of private renters.
- Comparators with UK statistics on tenure and health status found that in Wales there is a higher proportion of poor quality stock across all tenures occupied by older people. The overall conclusion is that the home environment determines health rather than tenure per se. The Living in Wales 2007 Survey found that pensioners who have a long-term ailment were more likely to experience mobility, hearing or vision disability.
- According to the most recent estimate in 2004, approximately 134,000 Welsh households were living in fuel poverty. This is equivalent to 11% of all households.
- Those most at risk from fuel poverty are 'vulnerable' households, including those with a member aged 60 or over, dependant children aged under 16 or with a long-term sick or disabled family member.
- While a significant proportion of older people are owner-occupiers, there is a continued reliance on the social rented sector to provide specialised accommodation such as sheltered housing. However, changing aspirations among older people and the continued move towards independent living will impact on this.
- Housing decisions among older people are often influenced by strong feelings of attachment to their current home. Other factors include the complexity of family/caring relationships, neighbours and neighbourhood, access to services and amenities, as well as health and well-being.
- Families with a disabled child are more likely to be renting their homes than families with non-disabled children, to be living in overcrowded accommodation, to rate their home as being in a poor state of repair, and have other house condition problems.
- Lack of information on housing options across all tenures and how to access housing appear to continue to be significant issues for disabled people. Information on the accessibility of housing and adapted properties appear to be lacking.

- A small but significant proportion of the Welsh population are from Black and Minority Ethnic groups – estimated at 2% in 2001. The largest concentrations are in Cardiff and Newport. In 2001 the largest ethnic group were Asians (42%), followed by 'mixed' (29%) then Black (11%) and Chinese (10%). The remaining 8% were in 'other' groups. More recent data from 2007 estimates that 96% of the population are 'white' with 1.2% 'white other'. The evidence appears to point to an overall growth in the BME population which is now 2.8% of the population.
- A study in North Wales suggested there was a greater tendency for BME households to be living in more crowded conditions. Approximately 9% of BME households considered their current home to be unsuitable. Experiences or problems with racial harassment affected a significant proportion of BME households.
- Across Wales the estimated additional need for gypsy-traveller family accommodation is in the range 275-305 over five years. However, for this community there remain difficulties of prejudice, discrimination and a lack of knowledge of the gypsy-traveller community and the diversity within it.
- The main housing problem among lesbian, gay and bisexual people in Wales appears to be harassment in the home or neighbourhood; this was influential in decisions to move home. Other issues include difficulties when sharing accommodation and also hesitation in approaching statutory or voluntary agencies for assistance with their housing situation.

#### 6.4.2

In terms of the key issues for the housing strategy housing the association with health and well-being is critical. However the overall relationship is complex and different tenures or house types cannot be viewed as primary influencers of health. For example, housing quality in the social rented sector in Wales is generally better than in the private rented sector, yet poor health is reported more frequently by social renters. However, good quality and settled housing (regardless of tenure) encourages both physical and mental good health. The specific evidence on health and housing in Wales is underdeveloped, although there is great deal of wider literature in the UK and internationally. For the housing strategy the key considerations are:

- That the improvement of housing quality across all sectors will contribute to better health, although more attention may need to be given to private sector house conditions. The home environment plays an important role in the health of households, regardless of tenure.
- The implementation of the housing health and safety rating regime should focus on those groups that are most vulnerable (e.g. those, such as the elderly and children, who spend most time in the home). Stock variables, such as tenure, age and type, should also be taken into account.
- Environmental measures that contribute to reducing fuel poverty will yield better health to vulnerable groups. The acceleration of stock improvement programmes may help reduce some of the potential future burdens of higher fuel costs although this in itself cannot eradicate fuel poverty among all households. However there appears to be issues over the targeting of some programmes with the HEES evaluation finding that measures did not always benefit the fuel poor and those on low incomes.
- The current economic climate highlights the risks associated with the delivery of measures to eradicate fuel poverty. A significant proportion of households already live in fuel poverty and the Assembly Government may wish to consider how to accelerate measures that will lead to a further reduction in this or at least offset some of the short-term impacts that higher fuel costs may bring.



- Reducing homelessness contributes to better health. The approach should include the assessment of all needs (including health and social care), and the consideration of a variety of solutions ranging from new accommodation to housing support.

#### 6.4.3 Further issues for the housing strategy to consider are:

- Improving the evidence on the experience of the housing system for the groups associated with the six equalities strands. The current evidence appears to support the view that an increased focus is required on ensuring that housing options and services are accessible to all groups. The provision and accessibility of information on housing options and services available to assist choices is important for all these groups.
- The evidence does point to some particular needs groups being subject to discrimination and harassment that adversely affects their housing situations and choices. Working towards the eradication of this type of experience should be at the forefront of the national equalities agenda in housing. This is essential in promoting equality of opportunity in the housing system and allowing some degree of choice over housing situations and preferred outcomes.
- There is a need to identify more closely groups where poor housing outcomes (i.e. homeless families in temporary accommodation, older people in inappropriate housing) may have an adverse effect on wider well-being (i.e. health, education opportunities). This should be followed by adopting actions that enhance the housing contribution to better health and well-being. Current policies such as those tackling fuel poverty already contribute to this although other issues such as the role of social housing allocation policies and the pattern and type of new affordable housing development is possibly less well understood.
- A renewed focus on the equalities agenda and how housing needs are prioritised may be required. This could include aligning housing options and services more closely with the wider social policy agenda and their desired outcomes.
- The population in Wales is gradually ageing. However, with the growth of owner-occupation, older people may be less likely to choose a move back into the social rented sector. New models of provision will be required which perhaps combine shared equity or other ownership options with management and maintenance by social landlords or other not-for-profit agencies.



## 7 Contribute to regeneration and sustainable communities

### 7.1 Introduction

7.1.1 Housing, economic development and regeneration are inextricably linked and underpin the overall policy goal to create thriving and sustainable communities. These three policy areas play an important role in creating opportunities for citizens and communities to thrive. However, the concept of sustainable communities has been the subject of much debate over the last 15-20 years. For this study we have taken a relatively broad but simple approach with regard to the housing dimension of sustainable communities: homes in places where people choose and aspire to live. The concept should be seen as tenure neutral, recognising the important contribution of both public and private sector service provision in creating sustainable communities.

7.1.2 There is also a direct link to the environmental sustainability and economic development policy themes, with an increased emphasis on ensuring that existing and new communities minimise adverse impacts on the wider environment at all levels. One of the more general definitions of sustainability refers to the need for the consumption of resources by current generations not to compromise the ability of future generations to provide for their own needs.

7.1.3 The key objectives that the Assembly Government has identified under this aim are to:

- Contribute to the physical regeneration of suitable areas that need attention, including depressed/deprived areas.
- Contribute to people's economic wellbeing, local employment and economic development, and improving people's education, training and skills.
- Contribute to better social cohesion, demographic balance and tenure mix in communities.

### 7.2 Contribute to the physical regeneration of suitable areas that need attention

7.2.1 The Hills report on social housing in England<sup>114</sup> identified a range of factors that he considers has concentrated households on low incomes in social rented housing. These included the RtB which enabled those on higher incomes to leave the sector, and the increasingly needs-based allocation of a declining pool of housing meaning that only those in greatest need are likely to be allocated a social rented dwelling. Because social housing has traditionally been built in large estates, this change in the profile of social rented tenants has tended to result in concentrations of low income families within the poorest social housing stock: 73% of social housing is in such estates, compared with just 9% of private rented sector housing and 13% of owner-occupied housing.

7.2.2 He notes that the characteristics of households living in such estates is very different from households living elsewhere: employment is much lower (less than 50% compared with 64%), non-retired economic inactivity is much higher (around 20% compared with 6%); and incomes are lower (around two-fifths have incomes in the lowest 20% of households, compared with just 15% living elsewhere). He also concluded that social rented stock is much more likely to be in a poor quality environment, be difficult to maintain (including problems associated with vandalism) and have higher rates of abandonment. As a consequence, tenants living in these areas are more likely to be dissatisfied with their

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<sup>114</sup> Hills John *Ends and means: the future of social housing in England*, CASE report 34, Feb 2007, pp 88ff

area, to consider it to be in poor condition, and to feel unsafe in their home and neighbourhood.

- 7.2.3 New-build social housing tends to be smaller-scale than these older estates (partly through design, partly because landlords are not building dwellings at the same rate as in the 50s and 60s). Consequently, opportunities to change the profile of an area through new-build appear limited. Hills points to recent research by Bramley which clearly shows that building rates, unlike those for private sector areas, rise as affluence declines. While this suggests that housing in the most deprived areas is being replaced, it also means that new social housing is less likely to be built in the better areas.

## 7.3 Housing renewal

- 7.3.1 The Assembly Government views housing renewal as a key priority within the national housing strategy. Housing renewal covers both the private and social housing sectors (e.g. through LSVT) and is often linked to broader environmental and neighbourhood improvement programmes. The main focus of this section is on the private sector in the context of current renewal programmes and the evidence base that has informed this. Policies on housing renewal have undergone major change since the first national housing strategy, with the Regulatory Reform (Housing Assistance) Order becoming operational just over five years ago in July 2003.

- 7.3.2 Since then arrangements for private sector renewal have changed with the requirement for a more strategic focus and with a policy presumption intending to move away from grants as the main form of assistance. Instead, the new provisions focus on the potential use of a wider package of measures based on enabling powers for local authorities and assisting owners and occupiers, although mandatory disabled facilities grants remain. There has also been a focus on vulnerable occupants, such as the elderly or disabled. However, the overriding objective has remained unchanged for a number of years: remedying poor housing conditions in the private sector. This has mainly been through the designation of Housing Renewal Areas. This targeted action also enables action on wider environmental and community improvements.

- 7.3.3 A National Audit Office report<sup>115</sup> in 2003 sets out some of the historical context and key issues in private sector renewal in Wales in recent years. These include that:

- Historically the problem of 'unfit' housing has been more acute in the South Wales Valley areas (Merthyr Tydfil, Rhondda and Torfaen) as well as rural areas in the West of the country (Ceredigion, Pembrokeshire and Gwynedd).
- Responsibility for dealing with individual property issues in the private sector rests with the individual owners and occupiers.
- Since the beginning of the 1990s private sector renewal assistance has been reliant on a grants system. This allowed a degree of discretion in awards although some adaptations for disabled people were mandatory.
- Expenditure on improving private sector housing in Wales since 1990 was in the region of £1.5bn. This investment assisted in reducing levels of 'unfit' housing from 19.5% in 1986 to 8.5% in 1998.
- On house condition measures the Welsh stock overall compares unfavourably with other parts of the UK due to a higher proportion of older properties (pre-1919), higher levels of low-income owner-occupiers leading to problems in affording

<sup>115</sup> *Renewal of private sector housing in Wales*, National Audit Office, 2003

repairs, and historically lower property values making repairs investment unattractive.

**7.3.4** According to the current Welsh Housing Statistics<sup>116</sup> there were 35 designated Housing Renewal Areas in 2006/07. Total dwellings in Wales within the boundaries of a renewal area numbered 42,429. This is an increase from 28 renewal areas and 26,832 dwellings covered in 2001/02<sup>117</sup>. The table below summarises data showing trends in renewal activities across Wales. In 2006/07 just under £29.3m was spent on renewal activities by local authorities compared to just over £15.3m in 2001. In the past three years expenditure has been significantly higher when compared to previous trends (1999/2000 being the exception).

**Table 7.1: Summary of renewal area activity 1996 – 2007**

Year	Renewal areas declared and in operation	Stock of dwellings within renewal areas	Total LA expenditure (£000s)
1995-96	21	19,608	16,373
1996-97	21	19,608,	29,628
1997-98	21	19,608	28,137
1998-99	23	20,772	23,147
1999-00	24	21,166	32,294
2000-01	28	26,832	15,328
2001-02	28	26,832	18,006
2002-03	23	21,911	18,113
2003-04	27	26,264	26,532
2004-05	38	37,962	32,831
2005-06	31	33,227	31,076
2006-07	35	42,429	29,292

Source: Welsh Housing Statistics, 2007, WHO5a, pp22

**7.3.5** Renewal area activity varies across Wales<sup>118</sup>. At the end of March 2007 four local authorities (Isle of Anglesey, Flintshire, Monmouthshire and Newport) did not have any current renewal activity. The five 'Valleys' authorities had ten designated renewal areas or 29% of the total. Two rural areas, Gwynedd and Powys, both had three renewal areas along with Wrexham. In total, rural local authority areas accounted for 43% of renewal area activity. In contrast, larger urban areas such as Cardiff and Swansea tend to show lower levels of activity on this measure, although Wrexham has three areas with a significant amount of stock (4,000). When the actual distribution of stock numbers is examined this shows that:

- 36% of the total housing stock in renewal areas is in rural local authorities
- 32% of the total is in 'Valleys' local authorities

<sup>116</sup> *Welsh Housing Statistics 2007*, WHO 17, pp16, Welsh Assembly Government, 2007

<sup>117</sup> Information from National Audit Office Report, 2003.

<sup>118</sup> *Welsh Housing Statistics 2007*, Adapted from WHO 5a, pp24, Welsh Assembly Government, 2007

- 10% is in Wrexham
- 7% is in 'urban' areas
- 15% is in other local authority areas

**7.3.6** The owner-occupied sector appears to be the main beneficiary of current renewal activities with over 10,000 dwellings improved in the year up to the end of March 2007<sup>119</sup>. This represents 86% of the total improved dwellings with a further 4% in the private rented sector and the same proportion in the social rented sector. For the remaining 6% the tenure was unknown.

**7.3.7** While it is difficult to measure the overall impact of key policy changes in the housing renewal agenda, a study<sup>120</sup> undertaken by the University of Birmingham in 2005 and jointly commissioned by the Assembly Government examined some implementation issues. One of the main findings appeared to be the difference between the policy expectations of national government when compared to the capacity of local government to deliver the change required. However, staff resources were more favourable in Wales than in England. The study correctly points to the shift towards a more privatised housing stock in the last twenty-five years perhaps not being accompanied by a matching shift in organisational resources.

**7.3.8** This study also found that the primary source of assistance for private sector renewal remained through grants and, more significantly, on energy efficiency measures. Local authorities did report difficulties in developing other forms of assistance, particularly loans. Assistance had usually been provided through 'not-for-profit' intermediaries or in-house. The proposed development of agreements with private lenders to provide suitable products had not come to fruition. In addition, policies towards the private rented sector were under-developed in many local authority areas. This was in the context of poorer house conditions and significant proportions of 'vulnerable' households living in the PRS. Area renewal policies in England, it was suggested, may also decline in importance given the importance placed on vulnerable households and non-decent homes perhaps leading to a more individual client-based focus.

## **7.4 Economic wellbeing and employment, education and training opportunities**

**7.4.1** The acknowledged association of housing, the labour market and economic wellbeing is sometimes difficult to disentangle, particularly with regard to cause and effect. For example, the loss of a job and economic wellbeing can lead to an adverse effect on housing circumstances (e.g. homelessness). The interaction between housing costs and welfare benefits can exacerbate unemployment and poverty traps for some households, particularly in the private rented sector. Another perspective is that improved employment opportunities and economic wellbeing can lead to a change in housing aspirations for many households from renting to owner-occupation.

### **Working status**

**7.4.2** The table below shows that in Wales around 14% of households are classified as 'workless' while 57% of households have at least one member working. Approximately 28% of all households are classified as non-working age. When tenure differentials are

<sup>119</sup> *Welsh Housing Statistics 2007*, data quoted from WHO 17, pp18, Welsh Assembly Government, 2007

<sup>120</sup> *Implementing new powers for private sector housing renewal*, Groves, G & Sankey S, JRF, 2005

considered the figures become more interesting. Both the private rented and owner-occupied sectors demonstrate a relatively high level of working households; 44% and 46% respectively. This compares to 20% in local authority housing and 26% in the housing association sector. While only 8% of owner-occupied households are 'workless', this figure rises to 36% in social renting and 38% in the housing association sector. One in four (25%) private renter households are also 'workless' although this may reflect the prevalence of specific household types (e.g. students).

**7.4.3** The high proportion of non-working age households in owner-occupied and local authority housing perhaps reflects pensioner households, although there may be significant disparities in their living circumstances.

**Table 7.2: Working or workless households in each tenure**

	Owner Occupier	Local authority	Housing association	Private rented	Total
Working households	46%	20%	26%	44%	42%
Both working and workless members	16%	12%	12%	16%	15%
Workless households	8%	36%	38%	25%	14%
Non-working age households	30%	31%	22%	13%	28%
Working age (unknown status)	1%	2%	2%	2%	1%
Total	100%	100%	100%	100%	100%
Source: Living in Wales 2007, SDR 87/2008, Welsh Assembly Government, June 2008					

**7.4.4** In relation to specific household types, it is evident that nearly one half (50%) of all dependent children living in one parent households (with dependent children) are in workless households. In contrast, only 5% of households with two adults and dependent children are workless.

### Poverty

**7.4.5** Over the last decade child poverty has reduced across the UK, from 3.4 million (1998/99) to 2.7 million (2005/06)<sup>121</sup>. In Wales the 25% target to cut child poverty by 2004/05 was not quite met, although significant progress was made in the 1990s and the early years of the new millennium. The article cited above argues that in order to re-ignite progress on meeting child poverty targets there should be a focus on three aspects: cost reduction, ending discrimination and reducing risk.

**7.4.6** In reducing costs the focus should be on expenditure such as fuel costs which have risen above inflation in recent years, leading to greater numbers of households in fuel poverty and added strain on low income families generally. Other costs, such as transport which particularly affects working families, also need to be considered. It is estimated that 30% of children in poverty in Wales are in families where at least one adult is disabled. Disability affects work status at a much higher level than gender or lone parenthood, both in terms of lack of access to jobs and the prevalence of low-paid employment. Reducing 'discrimination' in this area is seen as one route towards tackling some of the more entrenched issues underlying child poverty.

<sup>121</sup> *Poverty & social exclusion: is it time for some new 'big ideas?'* P. Kenway, Welsh Housing Quarterly, March 2008

- 7.4.7 A major study<sup>122</sup> examining poverty and wealth within a spatial framework across the UK compares the relative experience of the population over a number of years. The analysis in this study is based on sub-dividing the population into:
- *Core poor* – income poor, materially deprived and subjectively poor.
  - *Breadline poor* – people living below a relative poverty line and unable to participate in societal norms.
  - *Non-poor, non-wealthy* – the population group that is neither poor nor wealthy.
  - *Asset wealthy* – a group estimated using the relationship between housing wealth and the inheritance tax threshold.
  - *Exclusive wealthy* – people with sufficient wealth to exclude themselves from the norms of society.
- 7.4.8 The trend analysis over the time period in question shows that while poverty levels were increasing in the 1980s so were the proportions of asset wealthy households, indicating a widening of the inequality gap. The 1990s witnessed a rise in breadline poverty levels but also a decline in core poverty<sup>123</sup> with exclusive wealthy households also increasing. The proportion of asset wealthy households decreased in the early 1990s but increased again in the late 1990s. Spatially there is a persistent pattern across the decades with highest wealth and lowest poverty rates in the South East of England. The reverse pattern is evident in large cities and industrialised/de-industrialised areas, with higher poverty rates and lower wealth.
- 7.4.9 With the geographical distribution of ‘breadline poverty’ households, the highest rates tended to be in Wales, Scotland and the North of England. Higher rates, 30-40%, are found in areas such as Central London, cities of the North and West Midlands, as well as Glasgow and the Valleys of South Wales. In contrast, Mid-Wales is an area described as having a high concentration of ‘asset wealthy’ households in the 1980s. However, overall across the UK in the 1990s and up to the new millennium, the concentration of ‘asset wealthy’ households tended to shift even more to the South East of England (particularly around London).
- 7.4.10 The largest group, categorized as ‘non-poor, non-wealthy’, declined from 66% in 1980 to 50% in 2000. By 2000 the lowest proportions of this group were found in London and southern England with the highest proportions in southern Wales and northern England. In 2000 ‘asset wealthy’ concentrations were prevalent in southern England and parts of mid-Wales whereas low asset wealth is reported to be found in areas such as the South Wales Valleys, Glasgow, Humberside, the West Midlands etc. By 2000 ‘exclusive wealthy’ households had become more concentrated in an area spreading from the Cotswolds to West London (including the Home Counties).
- 7.4.11 When Wales is considered more closely it is clear that ‘breadline poverty’ rates are relatively high (30-40%) in the Valleys as well as industrial areas such as Swansea, Neath, Port Talbot, Cardiff and Newport. Conversely ‘asset wealthy’ households are more prevalent in Monmouthshire, Gower and the outskirts of Cardiff.

<sup>122</sup> *Poverty, wealth and place in Britain, 1968-2005*, Dorling, D et al, Joseph Rowntree Foundation, 2007

<sup>123</sup> Related to the fact that the ‘core poverty’ group is a subset of the ‘breadline poverty’ group. Similarly with the ‘exclusive wealthy’ and ‘asset wealthy’ groups.



7.4.12 The study also attempts to estimate changes in various poverty measures over the period 2000-2005. The main conclusions from a Welsh perspective are:

- On an income measure there is some indication of negative income change in South Wales, urban West Midlands, northern cities and the North East of England.
- Overall, the average incomes in poorer areas tended to be decreasing in recent years (2003-05), with the greatest increases in incomes in the least poor areas.
- Lower participation rates in higher education (under 20%) are found in post-industrial areas such as the North and Midlands of England, as well as the Valleys of South Wales.
- There were high Jobseeker Allowance claimant rates in inner city areas (London, North of England) and in de-industrialised areas (South Wales, Northern England etc). However, over the period 2000-2005 there were large areas where claimant rates declined.
- Across the UK over the period 1983-2003 the proportion of 'asset wealthy' households increased. This trend was witnessed in many parts of the country although there were declines in small pockets including South Wales and in parts of Scotland.
- Between 1999 and 2003 there were areas which experienced low growth in the number of 'asset wealth' households (including the South Wales Valleys, as well as areas such as Scotland and towns and cities in the North and Midlands of England). However West Wales is one area where a significant increase was evident – i.e. there was a growth in 'asset wealthy' households.
- On a proxy measure of poor health (incapacity benefit claimants) the Valleys of South Wales fell within the group of areas with the highest levels of claimants. However looking over the period 2000-05 Wales was one of the areas with a decline in the proportion of incapacity benefit claimants in the working population.

7.4.13 One of the main conclusions of the study is that headline poverty levels are rising and socioeconomic and geographical polarisation has increased in the last two or three decades. While there are actually fewer people who are very poor, inequalities have widened as areas already wealthy have had a tendency to fare better in increasing their proportion of wealth. Geographically there is a clustering of poverty and low wealth in urban areas, while the concentration of wealth is focused on the South East of England.

7.4.14 The Assembly Government Economic Research Unit reviewed the evidence on factors influencing economic outcomes in 2004<sup>124</sup>. The main focus was whether these factors are spatial or more related to the make-up of the local population and their specific characteristics such as education, skills or occupation. The review noted that for adults individual characteristics are more likely to explain variation in employment and income outcomes. Individuals with similar characteristics may be concentrated in some areas. However, the research suggested that individuals across such areas can achieve different outcomes. Overall, the research concluded that area effects are less significant than personal characteristics.

7.4.15 'Local' effects may be more important for children in influencing their characteristics and subsequent life chances. However the specific factors within this are difficult to isolate

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<sup>124</sup> *What is the evidence on relative contribution of the characteristics of individuals and of their spatial and social context to their economic outcomes?* J. Price, Welsh Assembly Government, 2004



e.g. education system, peer effects or other influences. At the same time this tends to support the view that housing interventions and, particularly, the ensuring of settled and high quality accommodation for families should be key priorities. Some of the main policy conclusions from this review were:

- To strengthen the focus on early interventions for disadvantaged children.
- To strike a better balance between other interventions and area-based policies, given the potentially limited contribution.
- Where area-based policies are adopted they should have a clear rationale and be realistic over the effects that are anticipated, with their justification perhaps more focused on wider direct benefits (e.g. reduced transport journey times or increased property values).
- A greater focus on housing market processes to prevent the extremes of social segregation which put children at a disadvantage. We note that this tends to support the view that affordable housing in more affluent areas may have the potential to open up wider opportunities leading to benefits such as better education.

#### Debt, wealth and housing

- 7.4.16** The growth of owner-occupation and the relative decline and ‘residualisation’ of social rented housing has stimulated debate on housing’s contribution to inequality. In essence, for many households in the owner-occupied sector recent house price growth has led to the potential accumulation of housing wealth through equity growth. In addition, the growth of the ‘Buy to Let’ private rented sector has been fuelled by access to financial products and its attractiveness as an investment option linked to potential capital growth. There has been a growth in small-time landlordism with ‘amateur’ landlords holding smaller property portfolios. At the same time the social rented sector has become more ‘residualised’ with the better quality stock having been sold off and, more importantly, the socio-economic characteristics of tenants becoming increasingly polarised from the mainstream. This is reflected by indicators such as worklessness, low incomes, state benefit reliance and poorer health among social renters when compared to those living in other tenures.
- 7.4.17** The evidence on housing and its relationship with wealth and inequality is not fully developed. The relationship is complex. For example, an elderly household with no mortgage liabilities and a high level of equity in their home can be income poor and at risk of issues such as fuel poverty. It is important to note that the UK government is currently undertaking a wealth and assets survey which will report in full in 2009<sup>125</sup>. This will hopefully shed a bit more light on the topic, although it is not clear how far it will cover housing.
- 7.4.18** *Living in Wales 2007*<sup>126</sup> reports that households who own their own home<sup>127</sup> are more likely to have some savings (25%) compared to 14% of those who do not own their homes. Over four out of every five social renters reported not having any savings, while approximately 20% of private renters stated that they had some savings.

<sup>125</sup> An experimental statistics release summarising findings from data collected in 2006-07 is currently available on the CLG website.

<sup>126</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>127</sup> Note that a higher proportion of owners (16%) refused to answer the question on savings

- 7.4.19 With the rapid increase in house prices the quantity and distribution of housing wealth, primarily in equity, has become important. The level of equity held by individuals and its use and role in the wider economy are significant elements. In addition, there are more pertinent social justice questions about the distribution of housing wealth and the exclusion of renting households (by definition) from the potential benefits. Wilcox et al. (2008)<sup>128</sup> estimate that equity withdrawal rose in 2006 to £58 billion. This is equivalent to 7.3% of annual consumer spending in that year. This preceded the current downturn in house price growth which may instigate a more cautious period of equity withdrawal by householders.
- 7.4.20 On the other side of the coin research by the Welsh Consumer Council<sup>129</sup> found that more households in Wales have active credit commitments (57%) than the British average (47%) with one in six households owing money on three or more credit facilities. Consumer credit commitments of more than 10% of annual income affect over a quarter (26%) of Welsh households. Higher levels of credit use were apparent among those who are more likely to be relying on credit to help make ends meet, and hence may be more vulnerable to financial difficulties. These include:
- younger households (16-39 years)
  - those who are divorced or separated
  - those with dependent children (especially lone parents)
  - households headed by someone from social classes D and E
  - households that have experienced a drop in income
- 7.4.21 Just under a fifth (19%) of households were experiencing financial difficulties at the time of the interview (compared with 14% in GB as a whole). One in six (16%) households had fallen into arrears with at least one of their financial commitments in the year prior to the survey; more than one in ten (11%) had fallen behind with payments on household bills. Six out of ten households (58%) had been struggling to avoid or manage arrears for six months or more, while two in five (41%) had been experiencing problems for a year or more (compared to 34% in GB as a whole).
- 7.4.22 From the above findings, combined with the fact that households in Wales have lower than average earnings and higher levels of benefit receipt, the report concludes that the effects of an economic downturn (with higher interest rates and more unemployment) are likely to result in a more acute debt crisis in Wales than elsewhere in Britain; it would affect more households and take longer to recover from.
- 7.4.23 The report also states that the link between over-indebtedness and homelessness is significant. Incidence and levels of debt have a bearing on the ability of individuals to exercise their right to live in good quality, affordable housing and their general housing choices as to what is best for them and their families.

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<sup>128</sup> *UK Housing Review 2007/08*, Wilcox et al, University of York, 2008

<sup>129</sup> Reported in the *Deputy Minister's Review of Over-indebtedness in Wales*, Welsh Assembly Government, 2005

### Low income owner-occupiers

- 7.4.24 A study by Burrows and Wilcox (2004) found that the incidence of low income owner-occupiers in Wales<sup>130</sup> is significant when compared to other parts of the UK. Historically Wales has had a higher proportion of owner-occupation than other parts of the UK while at the same time experiencing lower than average household incomes. This research estimated that 57% of the population in the lowest 10% of the income distribution live in homeowner households and 52% of homeowners have incomes below 60% of the median. Overall it is suggested that the proportion of low income homeowners in Wales is higher than in England or Scotland. In terms of the socio-economic characteristics of these homeowners, there is a high incidence of pension-age households and a high proportion of households with children.
- 7.4.25 The study also concluded that the preponderance of low income households in owner-occupation is linked to changes in circumstances after they become homeowners. Unemployment, loss of earnings, accidents, relationship breakdown, retirement and similar incidents are significant in this regard. Homeowners are more likely to be in poverty if they are single, lone parents, Pakistani/Bangladeshi, retired or unemployed. The interaction between high levels of home ownership, below average incomes and the elderly age population profile presents challenges for Welsh housing policy which may be more difficult than those facing other parts of the UK.
- 7.4.26 Our own analysis of the *Living in Wales* statistics from 2004 presents some information on the type of low income households<sup>131</sup> residing in the owner-occupied sector. This shows that around two-thirds of these households are pensioners with 46% being single pensioners and 21% married couple pensioners. A further 13% are single person households and 5% are lone parent households with dependent children. The basic conclusion is that low income owner-occupiers are generally either pensioner households or households (many of whom are families with children) dependent on a single income source.
- 7.4.27 A scoping study<sup>132</sup> on in-work poverty in Wales undertaken in 2006 examined the interaction of poverty and housing costs. It found that the cost of housing was a factor in explaining some of the anomalies of in-work poverty. The two main anomalies are, on the one hand, where a household appeared to work enough hours to avoid poverty but did not, and on the other, households who avoid poverty yet do not apparently work enough hours to do this. The overall conclusion was that housing cost is a major factor influencing the link between low pay, hours of work and in-work poverty. Multi-adult households are more likely to have non-standardised housing costs. Low housing costs in working households are mainly associated with those that have a small mortgage or where the property is owned outright.
- 7.4.28 The study also noted that some multi-adult households sharing accommodation and avoiding poverty may include groups such as young adults living with parents. Arguably the household circumstances may reflect other issues connected with accessing affordable independent accommodation. At the other end of the spectrum, the study found that a small proportion of those households that should be able to avoid poverty are unable to do so because of high housing costs.

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<sup>130</sup> *Low-income homeowners in Wales*, R. Burrows & S. Wilcox, JRF, 2004

<sup>131</sup> The information in the table relates to owner-occupied households within the lower quartile (<£15,600) of the income spectrum.

<sup>132</sup> *Dreaming of £250 a week: a scoping study on in-work poverty in Wales*, The Bevan Foundation and New Policy Institute, 2006

**Table 7.3: Low income owner-occupiers by household type**

Household type	Number of households	% total
Single pensioner	75,275	46%
Married couple pensioner	34,677	21%
Single person, not a pensioner	20,824	13%
Two adults but not married couple pensioner	5,095	3%
Other household without dependent children	1,548	1%
1 parent household - dependent children	8,471	5%
2 adults, 1 or 2 dependent children	3,670	2%
2 adults, 3 or more dependent children	935	1%
1 parent household- non-dependent children	4,909	3%
2 adults, 1 or more non-dependent children	4,040	2%
Other 1 parent household - (single adult, at least 1 dependent)	634	1%
Other 2 adult household - (2 adults, at least 1 dependent)	959	1%
Other	794	1%
<b>Total</b>	<b>161,832</b>	<b>100%</b>

Source: Living in Wales Survey, 2004

#### Low levels of employment among SRS tenants

**7.4.29** A recent study by Sheffield Hallam University for the DWP<sup>133</sup> explored the relationship between tenure, particularly in the social rented sector (SRS), and worklessness. The study notes the findings from the Hills report<sup>134</sup> that entering low paid work is more attractive for social rented sector than for private rented sector (PRS) tenants: the below-market rents within the SRS mean that tenants will keep more of income earned than PRS tenants as they move out of the Housing Benefit taper. The DWP study, however, notes that SRS tenants are more likely to be out of work than their PRS counterparts.

**7.4.30** The study found that tenants did not perceive any difference in work incentive between private and social tenants; it found that when PRS tenants moved into the SRS there were “no obvious ways in which levels of labour market engagement or attitudes to work changed”<sup>135</sup>. Instead, personal circumstances and personal disadvantages tended to explain being out of work, rather than their housing circumstances. Further, tenants were often unaware of the “advantages” offered by social renting; they did not know that their rent was below the market level (indeed, some did not know how much their rent was), while some did not know that rent levels and security of tenure varied across tenures.

<sup>133</sup> Fletcher DR, *et al Social housing and worklessness: key policy messages* DWP Research Report no. 482, 2008

<sup>134</sup> Hills J, *Ends and means: the future of social housing in England*, ESRC Centre for Social Exclusion Report no. 34, 2007

<sup>135</sup> Fletcher DR, *et al Social housing and worklessness: key policy messages* DWP Research Report no. 482, 2008, p14

Some did consider that the SRS enabled them to enter work, though often the reason for this was that security of tenure provided a stable and secure base from which to enter work.

**7.4.31** The study concluded that the SRS itself does not present a barrier to work. However, the sector is not run to maximise the work incentive of sub-market rents. It found that landlords could do more to enable their tenants to enter, for example by making available training and employment opportunities, and by providing support to help tenants find and sustain employment. Critically, the study found that tenants appear not to fully understand which benefits they would be entitled to once they entered employment. In particular there was poor understanding of entitlement to Housing Benefit once in work. Clearly, improved information about continued entitlement, and the increase in total household income once in work, would assist in enabling tenants to take advantage of the relationship between sub-market rents, benefits and earned income.

## **7.5 ‘Mixed communities’ (social cohesion, demographic balance and tenure mix)**

**7.5.1** The concept of ‘mixed communities’ is plagued by definitional problems, particularly regarding the spatial dimension, types and tenure of the physical property environment, as well as the type of people who live there (economic status, income, age, household type, ethnicity, values and aspirations etc). However developing and sustaining mixed communities remains an important public policy goal. Housing of various types and tenure assist in creating the foundation for this by offering choice and opportunities which contribute significantly to the wider goals of ‘place-making’.

**7.5.2** A recent study<sup>136</sup> examining the concept and experience of ‘mixed communities’ reports on the particular difficulties with defining ‘mixed communities’ and the subsequent policy issues. Often the expressions ‘mixed tenure’, ‘mixed income’ and ‘mixed community’ are used interchangeably. However, historically at various levels housing policy has played a significant role in influencing tenure patterns and the housing choices available to households. These include the development of new towns, social housing allocation policies and, perhaps more significantly, the Right to Buy, Low Cost Home Ownership initiatives and other policies promoting owner-occupation. More recently the growth of the Buy to Let sector, encouraged by fiscal policies and the availability of mortgage finance, has affected tenure patterns in specific areas across the country.

**7.5.3** The study identifies three main ‘policy reasons’ for promoting mixed communities:

- to improve the wellbeing and circumstances of residents and the wider community, or to reduce future social or economic costs
- as a side-effect of new house-building related to shorter-term goals influenced by profit motivations or the need for subsidised housing
- as a policy ‘principle’, for example linked to notions of social justice. In the UK areas of concentrated poverty are more often than not those with high levels of social housing

**7.5.4** While mixing tenure is perceived as a desirable housing policy goal, there are limitations to what poorer households living in deprived areas can expect. For example, individual skills, education and the nature of local labour markets are more significant factors in re-connection to employment opportunities. While the education system may offer more

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<sup>136</sup> *In the mix: a review of mixed income, mixed tenure and mixed communities*, JRF, English Partnerships/Housing Corporation, 2006

opportunities for social mixing among younger age groups, this can depend on the use of local school facilities by 'better-off' households.

#### 7.5.5

The benefits of mixed communities are achieved through a mix of people and households with different social characteristics which can be influenced to some extent by the housing type and tenure. A broader income mix can lead to a more varied commercial service base within an area. However, it is argued that the benefits of mix with regard to attitudes, behaviours and interaction is not well evidenced at the moment. The Hills report<sup>137</sup> notes the benefits that mixed income neighbourhoods can achieve, but argues that "simply ensuring that new social housing is built as part of mixed developments will do little to change the overall picture over the next decade". He notes that the vast majority of social rented housing is not located within mixed developments; indeed around two-thirds of the stock is located in council estates. He suggests that a number of measures are required to effect real change:

- Large-scale modelling and rebuilding – this can be very effective, but is clearly very expensive.
- Use of allocations policies – reversing the pattern of rehousing the most disadvantaged households within the poorest quality stock. He recognises that there are considerable barriers to achieving the large-scale change that would be required, but suggests that revising allocations policies appropriately would contribute to change.
- Diversifying the social rented stock – for example, by releasing every second vacancy for market rent or owner occupation, or purchasing stock from across the private sector for use as SRS housing. This would clearly affect tenure mix, both within existing council estates and, to a lesser extent, within the private sector stock.
- Densification and infill – using existing gap sites within SRS estates to create private housing. Further, agreement could be reached that some of the new housing could be used for social rent in exchange for vacant properties within the local SRS stock.
- Retaining higher income tenants – the sector has experienced a loss of higher income tenants over the last 20 years or so. Measures such as improving the quality of the stock, the quality of housing management services, and mobility within the sector could encourage higher income tenants to remain.
- Improving the incomes of existing tenants – a basic approach to improving income levels and mix, by promoting income maximisation, supporting tenants in improving their income levels, and removing barriers to income maximisation.

### Social cohesion

#### 7.5.6

Data from the *Living in Wales* 2007 survey<sup>138</sup> provides some interesting insights into social attitudes and experiences of discrimination. It also gives some indication of people's attitudes to the concept of mixed communities. Some of the findings were:

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<sup>137</sup> Hills J, *Ends and means: the future of social housing in England*, ESRC Centre for Social Exclusion Report no. 34, 2007, p179ff

<sup>138</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008



- 77% of respondents stated that it would not matter to them if their close relatives married someone from a different ethnic background
- 76% agreed that their neighbourhood is a place where people from different backgrounds can live together harmoniously
- Over half of respondents agreed that if a country wants to reduce tensions it should stop immigration, but only 11% believe you have to be white to be truly Welsh
- A majority of respondents disagreed with the statement that *I would have no objection to a gypsy/traveller site being located near to my home*

**7.5.7** When respondents were asked whether they had experienced discrimination, harassment or victimisation in the last five years, 12% reported that they had. However young people (16-24 yrs) were more likely to report this (17%) when compared to pensioners (only 5%). Around 14% of people of other ages reported having this type of experience. Overall, while a large proportion (24% reporting 'other') did not specify the nature of this experience, a similar proportion (24%) said that this was related to 'race'. Other significant issues identified included problems with neighbours/disputes and anti-social behaviour. Approximately 45% of people experiencing problems reported the incident; the majority (62%) to the police and, in other cases, to the local authority, their employer or someone at work.

**7.5.8** *Living in Wales 2007* reported some differences in people's perceptions of their neighbourhood or local area with 65% of those living in hamlets or isolated dwellings agreeing that it was a very good place to bring up children. Villages were also viewed positively whereas only 33% of respondents in urban areas replied positively.

**7.5.9** Approximately 82% of all respondents felt that they 'belong in their neighbourhood'. When asked more specifically, 38% said they did not dislike anything about their neighbourhood. The main reasons for liking the neighbourhood included that it is quiet, friendly people or neighbours, nice countryside, location and proximity to shops and transport. The main reasons stated for disliking the neighbourhood include children or young people hanging around, dangerous roads/speeding traffic, lack of facilities for teenagers, lack of maintenance/dirty/littered or lack of facilities for children.

### Participation

**7.5.10** In the local authority sector 69,422 dwellings were covered by a recognised tenant and/or resident organisation. This represents potential access to participative organisations for about 45% of tenant households in the sector. However the *Living in Wales Survey* shows that local authority tenants are less likely than owner-occupiers or housing association tenants to volunteer; they comprise 11% of the respondents, but just 5% of those currently volunteering.

**7.5.11** Overall about a quarter of all *Living in Wales*<sup>139</sup> respondents had undertaken voluntary activities in the past three years. Females are more likely to volunteer than males. The highest rates of volunteering are among older age groups i.e. those aged between 45 and pensionable age. There is a gender pattern to the type of activity on which volunteering is based, with males more likely to be involved in sports/exercise, hobbies, recreation etc groups, whereas females are more involved with children's education, youth, health, disability, social welfare or religious groups.

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<sup>139</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008



**Table 7.4: Volunteering participation by tenure**

	Has not volunteered over the last 3 years		Currently volunteers		Volunteered in the last 3 years		Table Total	
	Col %	Count	Col %	Count	Col %	Count	Col %	Count
Owner-occupied	72.6	850,473	81.5	46,968	73.6	17,138	73.0	914,580
Local authority	11.6	135,511	5.4	3,115	10.0	2,332	11.3	140,958
Housing association	4.7	55,407	3.8	2,175	1.9	437	4.6	58,019
Private rented	11.1	129,708	9.3	5,370	14.5	3,386	11.1	138,463
<b>Table Total</b>	<b>100.0</b>	<b>1,171,099</b>	<b>100.0</b>	<b>57,627</b>	<b>100.0</b>	<b>23,293</b>	<b>100.0</b>	<b>1,252,019</b>

Source: *Living in Wales*, 2006

## 7.6 Transport network and housing

7.6.1 Figures from the census<sup>140</sup> show that in rural Wales car ownership rates are higher than average; only 22% of households did not have a car compared with 26% across Wales. Multiple car ownership by households (two or more) is also higher than average at 32% compared with 29%.

7.6.2 *Living in Wales 2007*<sup>141</sup> found that 73% of respondents used their car as their main mode of transport to and from work. A minority (12%) walked to work while only 4% reported using the bus. When overall use of public transport is considered, 58% of respondents who had used a bus recently<sup>142</sup> did so to go shopping. A higher proportion of respondents were reliant on the train rather than the bus to get to work or for leisure activities.

7.6.3 The most common reasons cited by respondents for not using public transport in the most recent period were that they used their own car (46%) or had 'no need' to use these services. Inconvenience and health (11%) were also prominent reasons for not using public transport. Over a quarter (26%) of pensioners stated they did not use public transport due to health reasons.

7.6.4 The accessibility of public transport is measured through analysis of walking time to the nearest bus stop. Nearly nine out of ten respondents reported that they lived within a 13-minute walk of a bus stop. Not surprisingly this is affected by the type of area respondents live in, with only 55% of residents in hamlets and isolated dwellings being within this reach of a bus stop. Around four in ten respondents in these areas reported having to walk for 14 minutes or more to reach a bus stop. Frequency of bus services also depends on where you live with 71% of those in urban areas having a bus service at least hourly compared to 29% in hamlets or isolated dwellings.

## 7.7 Key evidence on regeneration and sustainable communities

7.7.1 The national housing strategy aims to contribute to both regeneration and the creation of sustainable communities. The evidence reviewed here mainly relates to mixed communities, poverty as well as economic and social opportunities, and their relationship with housing. The current evidence base raises a number of issues including:

<sup>140</sup> Cited from *The Role of the Housing System in Rural Wales*, Welsh Assembly Government, 2005

<sup>141</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>142</sup> Defined as in the last seven days.

- The Hills report on social housing in England found that the characteristics of households living in social renting is now very different from households living elsewhere. With lower employment rates, non-retired economic inactivity is much higher, and incomes are lower. Opportunities to change the profile of an area are limited due to the pattern of new-build development.
- In Wales figures show that around 14% of households are classified as 'workless' while 57% have at least one member working. 'Workless' households are disproportionately represented in the social rented sector.
- For adults individual characteristics are more likely to explain variation in employment and income outcomes. A review by the Assembly Government found that area effects seem less significant. However 'local' effects may be more important for children in influencing their characteristics and subsequent life chances.
- 'Breadline poverty' rates are highest in Wales, Scotland and the North of England. In particular the Valleys of South Wales have a high proportion of households experiencing this type of poverty along with industrial areas such as Swansea, Neath, Port Talbot, Cardiff and Newport. In contrast, Mid-Wales is an area described as having a high concentration of 'asset wealthy' households in the 1980s.
- In the UK the proportion of 'asset wealthy' households has increased since 1983, with many parts of the country benefiting. In contrast decline is found in small pockets including South Wales and parts of Scotland.
- Overall breadline poverty levels have risen. Socio-economic and geographical polarisation has increased in the last two or three decades with widening inequalities in wealth.
- The incidence of low-income owner-occupiers in Wales is significant when compared to other parts of the UK. In 2004 it was estimated that 57% of the population in the lowest 10% of the income distribution live in homeowner households and 52% of homeowners have incomes below 60% of the median. A significant proportion of these are pensioners.
- In this context it is not surprising that housing renewal activities in Wales have been concentrated in the owner-occupied sector. Housing renewal in the private sector remains a key strategic objective although the focus may now be shifting away from direct assistance through grants to a wider menu of tools to assist households.
- Consumer credit commitments of more than 10% of annual income affect approximately one quarter of Welsh households. Higher levels of credit use were apparent among those who are more likely to be relying on credit to help make ends meet.
- In 2007, 76% of respondents to the Living in Wales survey agreed that their neighbourhood is a place where people from different backgrounds can live together harmoniously. A higher proportion (82%) felt that they 'belong in their neighbourhood'. Just over one in ten respondents reported experiencing discrimination, harassment or victimisation in the last five years.

#### 7.7.2 Key issues for the housing strategy include:

- Reversing the polarisation of the housing system, with its wider implications, is a real challenge. At the same time, social housing continues to fulfil an important

function in providing good quality, affordable homes for many working and non-working households. It has an important role in meeting housing needs and providing choice. The Assembly Government has already adopted a supply target for the delivery of new affordable housing. However we would recommend that this is monitored and reviewed in light of the findings of any national study into housing demand and need across Wales.

- Mixed communities are difficult to create artificially, particularly if segregation is a function of household choice and/or economic factors. Achieving a greater spread and mix of housing opportunity needs to look beyond simply considerations of tenure and a focus on new-build. As Hills suggests, how the existing housing stock can be used to meet the wider policy agenda is important.
- Following on from this it appears that a move towards a more flexible tenure model that allows households to change tenure in-situ depending on their current household and financial circumstances may be worthy of consideration. The development and operation of this may be complex but should be investigated.
- In addition while the evidence on the actual tangible benefits of mixed communities may be difficult to identify it is important that the principle applies across all areas. For example while at the same time as introducing market housing into areas of primarily social rented housing then areas of predominantly market housing where housing needs have been identified and may be more acute should be 'mixed' through greater levels of affordable housing provision. Mixed tenure in this regard is best achieved through the adoption and application of affordable housing policies.
- There will always be a focus on the housing dimension of poverty. Keeping housing costs affordable and providing high quality stock can help reduce some of the day to day pressures on households. While the recent policy focus has been on 'worklessness' and how to move people into work, the housing policy agenda must not lose sight of the need to provide affordable housing for those who are excluded from the labour market, often through no fault of their own. Affordable housing already plays an important role in the economy providing housing for low-income working households.
- Over the past decade the disparity between owners' and renters' potential access to wealth has become more acute. Mechanisms need to be found to allow renters, where appropriate, to improve their overall position with regard to housing opportunity and the benefits it can bring. However this should be placed in the overall context of an assessment of appropriate housing options based on need.

## 8 Contribute to environmental sustainability and responding effectively to climate change

### 8.1 Introduction

8.1.1 This theme reviews the impact of the housing system on the environment and climate change. There are major implications for the existing housing stock to do with energy consumption and improvements to physical standards that contribute to the environmental agenda. New-build and rehabilitation of existing housing also have an environmental effect. Design, too, is important in encouraging more sustainable lifestyles.

8.1.2 The main objectives that the Assembly Government has identified under this aim are to:

- improve sustainability in the construction of new and existing homes
- locate and design new homes to mitigate the effects of climate change

8.1.3 A very recent study by the Stockholm Environment Institute<sup>143</sup> reports that housing is the largest contributor to the ecological footprint of Wales contributing 25% of the total. However this ranges from 22%-27% across local authority areas, with Torfaen having the highest level and Vale of Glamorgan the lowest. While the housing sector is projected to stabilise its footprint by 2020, it has great potential to achieve substantial reductions in the per capita ecological footprint. Many of the tools and techniques to make energy savings in existing homes are readily available.

### 8.2 Sustainability in the construction of new and existing homes

8.2.1 Construction and demolition contributes significantly to the Welsh economy with around 10,000 companies operating in the sector<sup>144</sup>. However, it is estimated that in 2005/06 Wales produced 12.2 million tonnes of construction and demolition waste, 68% of the total controlled waste generated in Wales in that year. In 2005 around a third of all waste disposed of at licensed sites came from this sector and over half of it went directly into landfill, even though some of this could have been re-cycled.

8.2.2 Of the total waste produced in 2005/06 approximately 8 million tonnes were attributed to the civil engineering sector, 2.2 million to construction and 1.4 million to demolition. General builders accounted for 431,000 tonnes of waste. Over half (56%) of this waste was re-used on site with a further proportion being re-cycled off-site. However approximately 1.2 million tonnes went to landfill. The composition of waste varies, although 88% comprises either aggregate (e.g. concretes and bricks) or soils and stones. This study also found that awareness of duties and requirements among companies was low. At the same time companies described their difficulties in re-cycling waste due to lack of facilities close to their operations. This meant that additional time and money was expended on re-cycling.

<sup>143</sup> *Wales ecological footprint – scenarios to 2020*, E Dawkins et al, Stockholm Environment Institute, 2008

<sup>144</sup> *Building the Future 2005-06: A survey on the arising and management of construction and demolition waste in Wales*, Environment Agency Wales, 2006

### 8.3 Locate and design new homes to mitigate the effects of climate change

- 8.3.1 The Assembly Government has recently published a consultation document<sup>145</sup> outlining a route map to a more self-sufficient and greener Wales in relation to the production and consumption of energy. There is a commitment to achieve annual 3% reductions in greenhouse gas emissions from 2011 onwards with a commitment for all new buildings to be built to zero carbon standards<sup>146</sup>. The overall vision is of a low carbon economy that is based on a significant expansion of renewable energy sources and 'green' jobs.
- 8.3.2 In 2003 total energy consumption in the domestic sector (homes) in Wales represented 23% of the total compared to 30% in the UK. Welsh industry was the largest consumer with 44% of the total; a figure higher than the wider UK demonstrating the relative importance of industry in the Welsh economy. Transport (23%) and services (10%) are the other main energy consumers.
- 8.3.3 To minimise flood risk the Environment Agency for Wales has a long-term objective - *Flood warnings and sustainable defences will continue to prevent deaths from flooding. Property damage and distress will be minimised. The role of wetlands in reducing flood risks will be recognised and all the environmental benefits from natural floods will be maximised*<sup>147</sup>.
- 8.3.4 The technical advice note<sup>148</sup> estimates that around 140,000 properties in Wales, or 12% of the total housing stock, is at risk of flooding by rivers or sea. Floods may be on the increase due to changes in river hydrology, human behaviour, land management changes and development in areas at greater flood risk. Much urban development has taken place alongside rivers and on the coastal plain; it is inevitable that some existing development will be vulnerable to flooding.
- 8.3.5 The current long-term prognosis on climate change is projecting an increase in rainfall and a rise in relative sea levels. The increased risk of flood has also raised concerns for the insurance industry and the affordability of flood cover. The financial and human consequences of flooding has led to the principle of avoiding development in areas where the risk is too high. Guiding development to areas with little or no flood risk is an important objective within the overall sustainable development plan.

### 8.4 Household behaviour and climate change

- 8.4.1 The SEI<sup>149</sup> study found that products and services consumed by households account for 74% of the total ecological footprint in Wales. The most significant household activities that contribute to this ecological footprint include energy and fuel consumption, food, personal travel and catering services. The report highlights the importance of concentrating on routine activities as much as luxuries (e.g. international air travel) when

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<sup>145</sup> *Renewable Energy Route Map for Wales: consultation on way forward to a leaner, greener and cleaner Wales*, Welsh Assembly Government, 2008

<sup>146</sup> The UK government and Wales has signed up to the EU target of 20% of energy requirements coming from renewable resources by the year 2020.

<sup>147</sup> [http://www.environment-agency.gov.uk/themes/reducingfloodrisk/?lang=\\_e&region=](http://www.environment-agency.gov.uk/themes/reducingfloodrisk/?lang=_e&region=)

<sup>148</sup> *Planning Policy Wales: TAN 15 – Development and flood risk*, Welsh Assembly Government, 2004

<sup>149</sup> *Wales ecological footprint – scenarios to 2020*, E Dawkins et al, Stockholm Environment Institute, 2008

tackling these issues. Only 23% of activities have direct impacts (e.g. burning fuels) while 77% derive from the purchase of goods and services with indirect effects.

8.4.2 This study also reported that, in the past thirty years, energy use associated with household appliances has increased by 157% across the UK. Energy consumption for hot water and cooking has, however, decreased.

8.4.3 The Living in Wales Survey 2007 provides some information on household behaviour<sup>150</sup> with environmental implications. Overall only 4% reported doing nothing in connection with environmental measures in the past year. The majority of respondents (78%) stated that they recycle using their local authority collection service. Around 60% reported cutting down the amount of electricity or gas used in their home and more than half reported buying goods that use less energy. However, only 28% of respondents deliberately used public transport, walked or cycled in the last 12 months while over a quarter (27%) reduced their short journeys by car.

## 8.5 Existing and new homes

8.5.1 The SEI report looks at a number of different scenarios<sup>151</sup>, including increasing the supply of modern, energy-efficient homes, improving the standards of existing homes, replacing poor quality housing stock and targeting household energy use. Some of the identified challenges are that:

- only a small proportion of the current 1.3 million homes have a full set of energy efficiency measures (e.g. double glazing and cavity wall insulation)
- 73% of existing homes are privately owned, thus implementing measures to influence change can be difficult
- some homes are 'hard to treat' (e.g. solid walls and off the gas network)
- three out of ten homes across Wales were built before 1950 and are thus generally less energy efficient
- around 5% of homes are classified as 'unfit' according to the *Living in Wales* property survey in 2004
- the current annual rate of new build housing in Wales is equivalent to approximately 0.6% of the total housing stock

8.5.2 The baseline scenario shows that a 9.3%<sup>152</sup> growth in the Welsh population by 2020 would result in a 10% increase in the total ecological footprint for housing. Without any type of intervention to mitigate change the housing footprint per person is relatively stable, increasing by just 0.8% over the period 2001-2020. A second scenario which incorporates current major policy measures, implementation of the Code for Sustainable Homes (UK timetable<sup>153</sup>) and the Welsh Home Energy Efficiency Scheme, is also described. Combining these two policy mechanisms results in a 1% reduction in the

<sup>150</sup> *Living in Wales 2007 Statistical Release*, SDR 87/2008, Welsh Assembly Government, June 2008

<sup>151</sup> Note that the SEI report did not undertake a cost/benefit analysis of the various modelled projections.

<sup>152</sup> Note that this appears to use ONS 2003 mid-year projections as the base. Growth of 9.3% may be high in the context of 2006 projections which project overall growth of 11% up to 2031.

<sup>153</sup> The UK timetable is for all new homes to achieve code level 3 by 2010; code level 4 by 2013 and code level 6 by 2016.



footprint per capita by 2020 but falls short of the 10% reduction required. The fact that only a small proportion of the housing stock is targeted means the impacts are limited. Therefore the conclusion is that current policies do not provide the basis for sufficient reductions in the housing ecological footprint.

**8.5.3** A scenario which involves testing other steps to reduce the housing footprint is also considered. The options included are housing market renewal, behavioural change and expansion of a retrofit policy. Housing market renewal refers to increasing the demolition rate across the housing system and replacement with new properties. The Welsh Assembly Government policy on the earlier introduction of zero carbon targets by 2011 is also modelled under this scenario. Expansion of retrofit policy and behavioural change incorporates the expansion of the Home Energy Efficiency Scheme and an assumption for the impact of changing household behaviour (e.g. electrical equipment use, lights etc). This equates to a 10% reduction in overall energy use by 40% of the population up to 2020. The combination of these more pro-active policies results in a 6.4% reduction in the footprint per capita by 2020. However, without behavioural change the figure drops to only 2.9%.

**8.5.4** The overall conclusion of the SEI study is that an increased focus on the existing stock is required. Future policies could include:

- Expansion of the HEES scheme
- Promoting new technologies
- Encouraging behavioural change
- Developing housing market renewal schemes

## **8.6 Key evidence on environmental sustainability and responding effectively to climate change**

**8.6.1** Contributing to environmental sustainability and responding effectively to climate change is a fundamental 21<sup>st</sup> century challenge for politicians and policymakers. This is reflected in the housing strategy. The main objectives that the Assembly Government have identified under this overall aim are to improve sustainability in the construction of new and existing homes, as well as locate and design new homes to mitigate the effects of climate change. The evidence review has examined topics such as sustainability in construction, domestic energy consumption and household behaviour, as well as recent evidence on policy mechanisms in the housing sector that could contribute to mitigating the effects of climate change. It has to be acknowledged that the evidence base on the impact of housing on climate change is only slowly emerging, although policies have been in place since the 1990s which recognise the impacts.

**8.6.2** Some of the evidence that has come to the fore includes:

- Housing is the largest contributor to the ecological footprint of Wales contributing 25% to the total. While this footprint is projected to stabilise by 2020 it is argued that there is great potential to achieve substantial reductions in the per capita ecological footprint.
- Around 140,000 properties in Wales or 12% of the total housing stock is at risk of flooding by rivers or the sea. The current long-term prognosis on climate change is for an increase in precipitation (rainfall) and a relative rise in sea levels.



- It is estimated that the construction and demolition sector in Wales produced 12.2 million tonnes of waste in 2005/06. However, over half (56%) of this waste was re-used on site with a further proportion being re-cycled off-site.
- In the domestic sector (homes) energy consumption in Wales represented 23% of the total compared to 30% in the UK. One study found that household consumption contributes 74% to the total ecological footprint in Wales. However, evidence from the Living in Wales 2007 survey found that only 4% of respondents reported doing nothing with regard to environmental measures over the past year. The majority of respondents reported undertaking recycling and cutting down domestic fuel consumption.

#### 8.6.3 The key issues for the housing strategy include:

- Adopting an increased focus on the existing stock and using public as well as private sector housing investment to stimulate action on individual, business and community levels.
- An enhancement of energy focused programmes in the existing stock may be required, along with influencing industry to install renewable technology in new homes.
- At the same time ensuring that new housing developments minimise their impact on the environment from ensuring that they are not susceptible to high flood risk to re-cycling construction waste and most importantly that they are designed in a manner that promotes environmentally friendly living.
- Balancing the environmental requirements for the housing stock with other factors such as ensuring accessibility for particular need groups and associated design solutions is important.
- It is imperative that the Assembly Government continues to raise awareness among households of their environmental responsibilities around issues such as recycling and energy use.

## 9 Recommendations on improving the evidence base

### 9.1 Evidence gaps

- 9.1.1 This study has attempted to draw together available evidence to inform the development of the housing strategy. It has been an intensive piece of work focused on reviewing research literature and other relative documents, as well as using available national housing statistics. The following paragraphs set out our views on some of the main gaps in research knowledge about the continuing development of the housing strategy.
- 9.1.2 **There is major gap in the evidence base on the overall demand and need for housing across Wales – the last comprehensive study by Holmans reported in 2003.** At a national level there is no overall picture of the operation of the housing system and spatial dimensions to this. Local Housing Market Assessments are not conducive to providing the evidence base on which to make national policy decisions or to guide resource allocation decisions. The Assembly Government needs to build its own capacity to undertake national assessments in partnership with local authorities. A national assessment of housing need and demand will have to include a spatial dimension perhaps based on the operation of housing markets or alternatively spatial units that are currently recognised for strategic planning purposes. Local Housing Market Assessments should remain as the main evidence base tool for strategic planning to meet demand and needs at local authority area level.
- 9.1.3 **Given that nearly 90% of the housing stock in Wales is in the private sector it is our belief that the evidence base for the national housing strategy should consider an enhanced focus on some of the key drivers in the market.** Assembling a coherent set of indicators, such as trends in housing costs across all tenures and tenure change, would prove a useful monitoring tool for the strategy.
- 9.1.4 **The Welsh Assembly Government should compile clearer evidence on trends in housing costs across all sectors but in particular private renting.** A housing cost index should be developed that allows trend analysis and comparison between tenures. This might include, for example, a comparison between the rate of house price increase and increases in private rents. The ability to collect information on private rents should be enhanced by the Local Housing Allowance requirements to obtain up-to-date rental information directly from landlords.
- 9.1.5 **There also appears to be little evidence across Wales as to what people's housing aspirations actually are.** Wider UK evidence continues to point to a focus on tenure with a preference for owner-occupation. The need to consider the link between affluence and aspiration is also important. The Assembly Government's wider economic strategy aspires to improve growth and labour market participation which if successful may raise housing aspirations further. There are also gaps regarding the aspirations of specific groups such as younger and older people in a changing society. For example, the impact of the growth of owner-occupation on housing aspirations for older people, the effect of consumerism on young people, their future housing aspirations, and perceptions of choice in housing options and services.
- 9.1.6 Measurement of housing need, demands and aspirations is a pre-requisite for deriving a sufficient and spatially sensible housing land supply across Wales. The Assembly Government is currently collating information available through the Joint Housing Land Availability Studies undertaken by local authorities. **We recommend any analysis of the housing land supply and projected completions across all tenures is linked closely to the housing strategy work.** It would also be useful in informing resource planning assumptions and monitoring more closely projected and actual completions across Wales.

- 9.1.7 When it comes to homelessness there is a balance to be struck between prevention activities and the recognition of more structural supply problems that lead to the problem. While recent evidence in England provides positive signals on prevention it does point to a lack of monitoring data. **It is important that the Assembly Government develops a more sophisticated analysis of the homelessness problem in Wales and devises appropriate policy responses.** For example, it is unclear whether prevention provides a permanent solution to a housing need or whether it is more of a short-term response. A key question is whether homelessness is essentially a housing supply shortfall or a reflection of other social or welfare issues among households.
- 9.1.8 The relationship between homelessness and the private rented sector is complex. Across the UK governments are adopting policies that encourage greater use of the sector in meeting housing needs either as a temporary or longer term solution. While this may appear to be necessary given the relative decline of the social rented sector there is little evidence that the private rented sector meets longer term housing aspirations for most households. A significant proportion of homeless acceptances come from the private rented sector while, at the other end, increasing numbers of those in housing need are housed in the same sector. **Up-to-date research into the role of the private rented sector, household aspirations and the role of the sector in meeting housing need should be considered.** For example, are younger single households more willing to consider private renting when compared to social renting, and does the private rented sector offer a stable housing option for families with children?
- 9.1.9 There is a good level of recent evidence on rural housing in Wales. However, some of the evidence base, such as the impact of in-migration on affordability, is primarily qualitative. While more robust evidence may emerge through local authority housing need and demand assessments, the Assembly Government may wish to consider commissioning work on this. **This would be to obtain a clearer understanding of the relationship between in-migration, incomes, affordability in rural areas and measures that could enable supply to meet local needs.** It would have to recognise the distinctions between different 'rural' areas and also examine questions such as the impacts on smaller settlements.
- 9.1.10 A key current policy commitment of the Assembly Government is the delivery of the WHQS for all social housing by 2012. The latest national figure available in 2004 reported that less than 1% of these properties met the standard. **The Assembly Government should prioritise analysis of the 2008 Living in Wales property survey to obtain the data for measuring progress towards the target.**
- 9.1.11 There is increasing focus on worklessness and housing, particularly in England. However while workless households may be over-represented in social rented housing this appears to be heavily influenced by household relationships to economic opportunity and income levels. This, in turn, relates to a number of individual household characteristics such as disability, age and ethnicity. We are not aware of any evidence proposing that housing tenure is a causal factor in worklessness.
- 9.1.12 **There also needs to be greater understanding of the impact of housing wealth on inequalities.** The asset and wealth position of households in renting compared with owner-occupiers is a necessary starting point. However, more sophisticated analysis of the distribution of housing asset wealth within owner-occupation is also important. In addition, the understanding of the use of 'informal' wealth transfer between generations is under-developed, particularly its use in the housing market.
- 9.1.13 The evidence on the six equality strands that are integral to the housing strategy is mixed. For some groups the evidence and literature appears adequate (e.g. older people). For others (e.g. mental health, learning disability) the evidence appears more limited. **We recommend that the Assembly Government uses the six equality strands as the basis for progressing a programme of research into the links between equalities**

**and housing.** This may initially require a more detailed evidence review within Wales as there may be additional local studies that were not identified through this study.

- 9.1.14 **While there is a significant amount of UK and international literature on housing and health the Assembly Government may wish to consider a more comprehensive national project on this topic.** It could consider in detail some of the key variables that link housing and health in a Welsh context; for example, rural and urban housing issues that may affect health, and also the physical and mental health aspects of specific housing circumstances (e.g. homelessness). There may also be interesting to measure the link between implementation of the Housing Health and Safety Rating regime and future reductions in domestic accidents. It may need to be a longitudinal study, benefiting from a joint commissioning approach with health interests.
- 9.1.15 The Assembly Government does not appear to collect and collate housing register information from local authorities. **We recommend that this should be given greater priority as this information is a potential indicator of housing need.** While the information from this source can have limitations, it does provide some evidence of the housing need pressures across Wales.

## Annex 1 - Policy and literature review list

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28. *Planning Policy Wales: TAN 15 – Development and flood risk*, Welsh Assembly Government, 2004
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## Annex 2 – Statistical sources

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## Annex 3 – Tables of house prices, mortgages, deposits and first-time buyers

**Table A3 (1): Wales average house prices, mortgage advances and incomes of borrowers, by all dwellings and first-time buyers: 1986 - 2007**

		All dwellings			First time buyers			
	Percentage of mortgages to first time buyers <sup>2, 3, 4</sup>	Average dwelling price £	Average advance £	Average recorded income of borrowers £	Average dwelling price £	Average advance £	Average recorded income of borrowers £	Average advance to income ratio
1986	53.7	27,354	20,458	11,037	21,126	18,628	9,884	1.885
1987	50.4	29,704	21,406	11,617	22,038	19,290	10,350	1.864
1988	51.1	34,244	24,842	12,537	25,669	22,112	11,255	1.965
1989	57.4	42,981	29,181	14,706	31,839	26,044	12,950	2.011
1990	59.1	46,464	33,315	16,809	34,715	29,518	14,454	2.042
1991	55.1	48,989	35,558	17,776	38,278	32,675	16,149	2.023
1992	58.8	49,551	36,493	17,797	38,589	33,028	15,939	2.072
1993	56.2	52,465	38,975	19,082	39,801	33,737	15,910	2.120
1994	56.3	53,106	39,680	19,403	40,238	34,077	16,088	2.118
1995	53.4	52,978	39,501	19,134	38,336	34,144	16,022	2.131
1996	52.5	54,898	41,584	20,927	42,045	37,838	17,847	2.120
1997	48.5	58,372	43,508	21,606	42,022	37,557	17,929	2.095
1998	54.0	60,902	45,354	22,460	48,047	40,616	18,848	2.155
1999	49.7	67,483	50,017	24,956	52,630	43,672	20,720	2.108
2000	46.5	72,285	53,850	26,063	55,263	45,770	21,766	2.103
2001	39.0	79,628	57,457	27,894	62,391	51,267	23,628	2.170
2002	32.3	88,261	61,643	29,008	73,586	58,936	25,862	2.279
2003	25.3	109,661	71,888	31,050	71,573	55,863	22,689	2.462
2004	24.6	138,141	84,771	33,850	95,370	72,627	26,769	2.713
2005	32.4	149,979	96,769	36,651	107,857	86,635	30,528	2.838
2006	36.6	157,457	106,906	41,331	113,332	95,861	33,345	2.875
2007	35.8	169,848	115,418	43,607	122,313	101,940	34,153	2.985

**Table A3 (2): Wales repayments as a percent of income and deposit as a percent of purchase price, by type of buyer: 1988- 2007**

Percentages based on mortgages for house purchases				
	First time buyer		All buyers	
	Total mortgage payment as a percent of income <sup>2,3</sup>	Deposit as a percent of price <sup>4</sup>	Total mortgage payment as a percent of income <sup>2,3</sup>	Deposit as a percent of price <sup>4</sup>
1988	20.3	12.4	20.5	25.4
1989	24.5	13.3	24.8	25.7
1990	27.7	13.4	27.0	24.8
1991	24.7	13.7	24.1	24.3
1992	21.1	13.5	20.7	22.7
1993	17.6	14.7	17.3	22.5
1994	17.6	14.1	17.3	22.0
1995	18.6	10.2	17.8	21.1
1996	17.3	9.9	16.3	21.8
1997	17.9	10.9	17.1	22.6
1998	19.4	14.4	18.6	23.4
1999	18.2	16.2	17.5	24.5
2000	19.4	16.4	19.1	25.1
2001	18.8	16.7	17.9	25.8
2002	18.1	19.0	16.8	27.3
2003	19.9	23.0	17.7	31.7
2004	22.0	21.1	19.6	32.7
2005	22.5	19.3	20.4	30.3
2006	21.5	16.4	19.7	28.9
2007	23.5	17.2	21.1	29.3

1 Data up to and including 2002 is from 5% sample. Data from 2003 is based on a significantly enhanced sample size. Data from September 2005 is collected via the Regulated Mortgage Survey. 2005 data is based on combined data from the Survey of Mortgage Lenders and the Regulated Mortgage Survey.

2 Repayments data up to and including 2000 takes into account mortgage tax relief. Income recorded is on which the mortgage is based.

3 Repayments data up to and including 1998 were based on average building society mortgage rates. From 1999, the average mortgage rate is a composite figure which has been constructed from a weighted combination of building society and bank mortgage interest figures to give an overall estimate of the mortgage rate.

4 The ratio of deposit to price have been calculated on a case-by-case basis and then averaged.

Source: Regulated Mortgage Survey. Tables adapted from information supplied by Welsh Assembly Government.