



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

# Local Housing Market Assessment Guide

March 2006





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## **CHAPTER 1**

### **Local housing assessments – a unified approach**

#### **Introduction**

1.1 This guide aims to enable local authorities to develop an understanding of the nature and level of housing demand and need in their local housing markets. It is based on work by the Centre for Housing and Planning Research, University of Cambridge, commissioned by the Office of the Deputy Prime Minister and the Welsh Assembly Government.

1.2 It sets out how local authorities can assess the housing need and demand of their communities in order to plan housing services and reflect the objectives of the Assembly Government in developing sustainable communities. It is primarily intended to assist individual local authorities and their stakeholders although we would strongly support its use by sub-regional groups of local authorities. The guide enables authorities to derive overall figures for the number of households requiring additional housing in their areas, and to determine what this means in terms of market and affordable housing provision<sup>1</sup>. Based upon this assessment, authorities will then have the basis to develop sound planning policies, including affordable housing policies, in their Development Plans<sup>2</sup> to provide the right mix of housing in terms of tenure. The assessment will help to ensure that the information underpinning local housing strategies and Community and Development Plans is robust and comprehensive.

1.3 We have consulted separately upon proposals for plan rationalisation that would entail reducing the number of plans and strategies local authorities are required to produce. In addition to the development plans, the consultation proposed a requirement to produce three further strategies: a community strategy; Health, social care and well-being strategy; and, a children and young people's plan. Local Housing Strategies and the underpinning local housing assessments together with component elements like the local homelessness strategy, BME strategy and Supporting People plan will be integral to the Community Strategy. It is envisaged that this new framework will be in place by 2008. The first use of this assessment will, however, be the revised local housing strategy to be published in April 2007. Draft guidance will be issued in 2006 on suggested revisions to the structure and format of local housing strategies.

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<sup>1</sup> To be issued in final form in 2006, MIPPS 1/2006 Housing, TAN 1 Joint Housing Land Availability Studies and TAN 2 Planning and Affordable Housing.

<sup>2</sup> Development Plans encompass Unitary and Local Development plans. Further details regarding the new approach to local planning are set out in "Local Development Plans Wales" December 2005.

## Why assess housing demand and need?

1.4 Local housing assessments are a crucial part of the evidence base for preparing Development Plans and local housing strategies. The assessments can also inform the planning of other services such as education and transport. As such the assessments will build upon the substantive work that many authorities have undertaken in developing their development plans and LHS, including consultative processes, gathered evidence and joined up policy development.

1.5 In terms of defining 'housing need' and 'demand', this guide delineates '**need**' as "households who are unable to access suitable housing without some financial assistance" and '**demand**' as "the quantity of housing that households are willing and able to buy or rent" (see Appendix G for definitions). Understanding the operation of housing market areas, which are defined as "the area where the majority of households living or seeking to move in the private housing sector are willing to search for alternative accommodation" (Scottish Executive, 2004); and wider functional areas, which are defined as "areas that are meaningful to all households searching for housing to suit their purposes", is central to identifying and establishing integrated strategies at the regional level.

1.6 Housing provision must be responsive to changes in the levels of housing demand and need in an area. The reality is that it must also compete with other policy areas for the public resources available. Housing market assessments play a crucial role in informing local authorities' decision-making and allocation of resources. Aggregated information can also play a similar role for the Welsh Assembly Government. Accurate information and a sound evidence-base are necessary to inform housing and planning policies and to ensure the most appropriate and cost-effective use of public funds.

1.7 From a land-use planning perspective, housing needs assessments provide the evidence base to support housing policies including affordable housing policies in development plans.

1.8 Other reasons for undertaking such assessments include their value in:

- developing long-term views of housing demand and need to inform the Wales Spatial Plan review and local housing strategies;
- informing decision making on matters such as social housing allocation priorities, private sector renewal options and access to low cost home ownership units. Assessments can inform the development of housing policies on stock conversion, demolition and transfer in areas where the quality of the housing available is inadequate. Assessments are therefore key to investment decisions;

- helping authorities to look at local housing markets when major new developments are planned, particularly where catchments cover more than one local authority area. In these situations, understanding the housing market will help authorities to assess housing demand and need in relation to the intended scale of the proposed development. It will also help authorities to justify a certain level of affordable housing and ensure that the dwelling mix reflects the profile of local housing demand and need; and
- aiding an appreciation of how housing need translates into different sizes and types of affordable housing (e.g. intermediate market, social rented) so that authorities can negotiate appropriate mixes on new sites.

## Background

1.9 This guide consolidates and strengthens previous guidance on housing market and housing needs assessment into one document. Previous guides included:

- 'Local Housing Needs Assessment: A Good Practice Guide' (Welsh Office, 1999).
- 'Local Housing Needs Assessment (HNA): A Guide to Good Practice' by Bramley et al (DETR, 2000);
- 'Housing Market Assessment (HMA) Manual' by DTZ Pineda Consulting (ODPM, 2004);
- 'Local Housing Systems Analysis Best Practice Guide' by Maclennan et al (Communities Scotland, 2004); and
- 'Local Housing Market Analysis – An advice note to Welsh Local Authorities' (Welsh Assembly Government, December 2002).

1.10 The HNA guide (Bramley et al, 2000) and the Welsh Office Guide both set out a comprehensive approach to assessing local housing needs. They provided advice on a wide variety of research techniques and data sources, which local authorities have adopted, particularly in terms of housing needs surveys, since their publication.

1.11 In contrast to these approaches to assessing housing need, whole housing market analysis is a relatively new phenomenon as demonstrated by the HMA manual's publication in 2004. The HMA manual encouraged authorities to analyse their whole housing markets, taking into account all demand, instead of simply concentrating on assessing need.

1.12 These guides enabled authorities to develop more sophisticated approaches to assessing housing demand, particularly in terms of improving and standardising housing needs' assessments. But several issues remain:

- the guides were not definitive, in that they set out a range of possible techniques. This resulted in local authorities adopting different approaches to assessing housing demand and need. This

guide therefore draws on research into the differing interpretations of the previous guides and aims to offer more definitive advice on best practice;

- the lack of consistency made it difficult to compare assessments between local authorities. Contributory factors included differences in timing of assessments; double counting because of the movement of households between authorities; different methods of predicting newly arising need; different definitions of housing need; and different measures of affordability<sup>1</sup>;
- difficulty in understanding and applying some methods and techniques led some authorities to commission consultants to undertake aspects of their assessments that could have been done in-house;
- understanding how the HNA guidance and HMA manual related to each other was difficult because the former focused on the local authority level and the latter on the sub-regional level; and
- the perceived focus of the HNA guide was on high demand areas with a shortage of affordable housing. Some authorities felt that the guidance did not reflect their particular concerns.

### **Aims and objectives**

1.13 To deliver the Assembly Government policy objectives set out in Planning Policy Wales (2002) and the Ministerial Interim Planning Policy Statement (MIPPS) 01/2006 it is essential that local authorities understand their whole housing market and can develop sound and robust approaches to preparing Development Plans and local housing strategies. The key objective of this guide is to provide clear advice for practitioners on assessing the number of households requiring additional housing (including affordable housing) in their areas. To achieve this, the guide integrates the former approach to assessing housing need into an understanding of how the wider housing market operates. To understand their housing markets, local authorities will need to have a clear view of the specific objectives and issues that they want housing market assessments to address - this is considered in chapter 3.

1.14 It is accepted that housing assessments are essentially a snapshot of the position at a particular time. The housing market in an area will always be in a state of flux, as will the precise boundaries of the local housing market area. The guide therefore attempts to balance giving advice on a technical approach to assessing the number of households requiring additional housing

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<sup>1</sup> A general definition of the concept of affordability is given in TAN 2 'Planning and Affordable Housing' as the ability of households or potential households to purchase or rent property on the open market that satisfies the needs of the household without subsidy.



with recognition of the practical constraints to achieving a definitive assessment of demand and need across the whole housing market.

1.15 For the purposes of local planning and housing policy, this guide consolidates and replaces the existing guidance described above and sets out the current approach to assessing housing demand and need in line with Planning Policy Wales 2002 as amended by MIPPS and Chapter 9 in particular which has been replaced by MIPPS 1/2006 and also TAN 1 and TAN 2.

1.16 The guide provides:

- a step-by-step approach to assessing housing demand and need. It identifies the methodological tools and techniques that authorities can use to assess these, including the use of qualitative information. In particular, the guide focuses upon what authorities must do as a minimum to produce a robust and sound assessment;
- explains how local authorities can develop their approach to assessing their overall housing system as their knowledge and expertise increases;
- illustrates aspects of the tools and techniques described, using existing local authority practices;
- identifies key data sources to encourage more consistency in approach and output. The outputs from each methodological step are clearly identified and described;
- encourages authorities to work with adjoining authorities in assessing housing demand and need in terms of local housing markets. Partnerships can lead to better use of resources through joint procurement (economies of scale), common policies (consistent customer service, fewer market inefficiencies and a better investment environment) and making the best investment decisions by looking across a wider area. The outputs from joint assessments must be sufficiently robust and transparent to be capable of disaggregation to the local authority level;
- sets out a consistent, standardised approach to assessment that could be used by those working at the regional, sub-regional and local level as part of the development of planning and housing policy;
- provides a means of assessing the needs of those requiring affordable housing. This includes considering the needs of specific groups such as, homeless people, black and minority ethnic groups, Gypsies and Travellers, people with disabilities, older people, young people, key workers, students, asylum seekers, refugees and local people in rural areas;

- explains for planning policy purposes, how assessment can be undertaken where appropriate without necessarily commissioning a survey (chapter 3). This recognises the practical constraints to achieving a definitive assessment of need and demand across housing market areas and sees the use of secondary data providing an output from the assessment that is 'fit for purpose' from a policy perspective;
- develops an approach for assessing housing demand and need from a stop-start exercise every few years to a more continuous process of monitoring changes in the housing market, to feed into any subsequent policy review; and
- provides in appendices A and B comprehensive step-by-step guides to commissioning and the methodology of local housing surveys and in appendix C a model specification.

1.17 The Assembly Government wishes to promote this new integrated approach to housing assessment because it is felt to have several advantages over traditional practices in that it:

- builds on existing knowledge and partnerships and is informed by a wide range of existing data sources;
- increases the involvement of stakeholders in the development of the assessment;
- recognises the integrated nature of the local housing market across different tenures;
- recognises that local housing markets generally do not follow local authority boundaries and that partnership approaches may be more appropriate;
- encourages joint working between authorities to use resources in the most effective way possible, avoiding duplication of work;
- promotes a higher standard of quality control over the assessment process by local authorities and their partners; and
- promotes understanding of housing demand and need within the overall housing system.

1.18 In terms of frequency of undertaking and reviewing assessments the Assembly Government does not advocate prescription, but in terms of robustness and validity the more current the assessment the better. Advice on timescales is given in paragraph 7.41. It should be borne in mind that survey-based approaches alone have a short shelf-life, whilst the use of administrative data should mean that very frequent updates are possible.

## **CHAPTER 2**

### **Identifying local housing markets and developing local housing partnerships**

#### **Introduction**

2.1 This chapter provides guidance on identifying local housing markets, determining their boundaries and developing local housing partnerships. Local authorities face a variety of challenges in their housing markets as patterns of housing demand and need, affordability, availability, quality and tenure can all vary at the neighbourhood level.

2.2 Local Authorities should work in partnership with local stakeholders, particularly private housebuilders, developers and RSLs. They have a good understanding of, and different perspectives on, local housing markets and therefore have an important role in contributing to the assessment of housing requirements and generating the additional resources necessary to provide affordable housing. Housing Market Assessments may be best conducted jointly between groups of authorities. Such a partnership approach is certainly best placed to deal with housing markets that cross administrative boundaries.

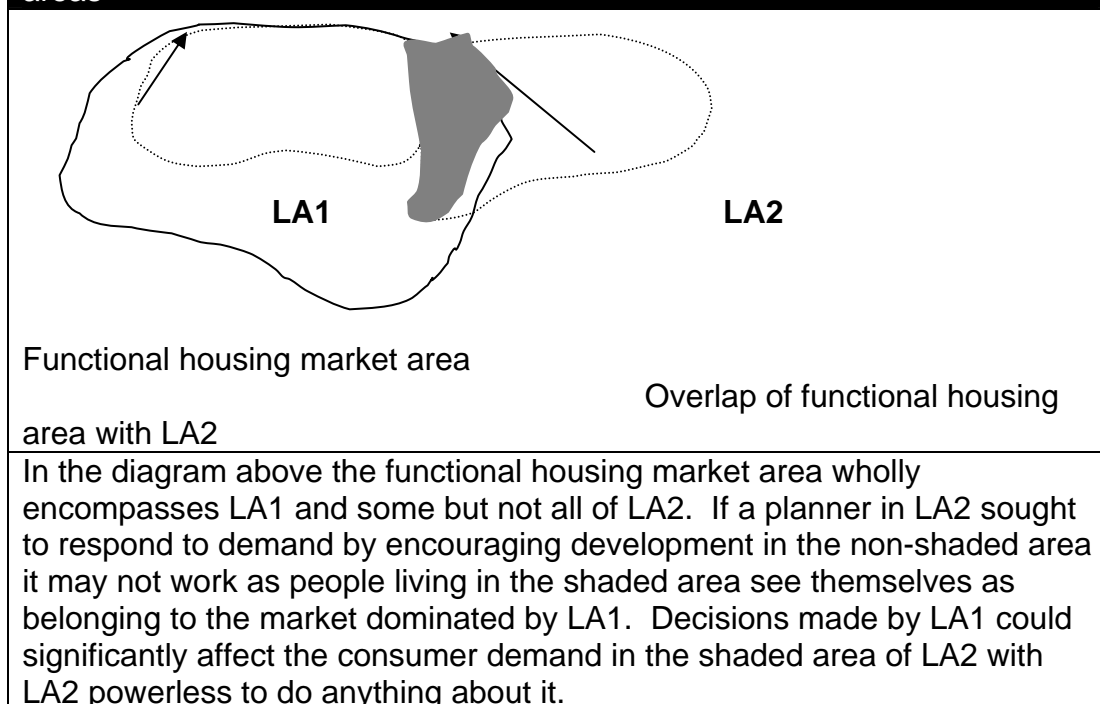
#### **Local housing markets**

2.3 Housing assessments have in the past been based on local authority administrative boundaries. It is now accepted that these boundaries are not always a true reflection of housing market areas. Assessments should therefore have regard to functional housing markets, which are defined in 1.5 and alternatively as 'the geographical area within which there are clear links between where people both live and work'.

2.4 Bramley et al (2000) recognised the need for authorities to consider carefully the choice of geographical area on which to base their housing market assessments. Often, in particular around urban areas, functional housing market areas may operate across local authority boundaries. Elsewhere, including in rural areas, housing demand may differ markedly between different settlements or sub-areas (Bramley et al, 2000, p10-11).

2.5 This led Bramley et al to conclude that it may be appropriate for two or three neighbouring authorities to work together as an approximation for the functional local housing market area (Bramley et al, 2000, p98) as illustrated by figure 2.1.

**Figure 2.1: The mesh between functional housing areas and administrative areas**



## 2.6 The benefits of a partnership approach include:

- that it provides a better reflection of the functional housing markets that exist within such areas;
- that the partnership reflects the principles underpinning spatial planning as expressed through the Wales Spatial Plan which promotes (and sets objectives for) collaborative working and the active engagement of stakeholders in determining sustainable futures for communities, with structures in place that give an opportunity for all sectors, including the private sector to engage as appropriate. Specifically there is a commitment that where regional collaboration results in agreement on specific proposals on issues such as housing allocations, this will be reflected in future revisions of the spatial plan as appropriate;
- and also reflected in the same underlying principles of Development Plans;
- the development of robust, consistent analytical frameworks upon which to develop long term sustainable housing policy solutions; and
- more cost-effective assessment of housing demand and need through sharing skills and resources.

2.7 The findings of such assessments must be capable of disaggregation to the local authority level. This can be achieved through the use of secondary data that relates to local authority areas or below (e.g. census output areas) and where surveys are undertaken, through careful sampling (see appendices A, B and C for further information about sampling).

2.8 Such a pragmatic approach based upon aggregating their administrative areas together as an approximation for the functional housing market, is a minimum approach. All local authorities should at least consider this approach and produce an assessment of such a use of their administrative boundaries, noting any disadvantages and issues relating to adjacent authorities. Large rural authorities that may contain two or three distinct housing market areas within their boundary may not find it useful to form partnerships with adjacent authorities, but they should account for cross-boundary issues as some of their housing markets may overlap into other authorities.

### ***Determining housing market boundaries***

2.9 In addition to this minimum approach authorities should consider developing more sophisticated approaches to identifying the precise spatial boundaries of their local housing markets. Geographic Information Systems (GIS) can be used to map these boundaries, which can then be layered over administrative areas and partnership groupings. Many authorities already use these techniques. Factors that authorities should take into account when defining the precise boundaries of functional housing markets include:

- patterns of relocation within local areas by homeowners and tenants and the degree of self-containment;
- travel to work patterns and analysis of the relationship between the place of work and the home;
- areas of high and low housing demand; and
- other information from previous studies (e.g. recent development plans, local plans and urban capacity studies and academic studies).

2.10 The census of population is the most authoritative source of information linked to migration and travel to work patterns. It becomes out of date quite quickly for some variables, but can remain up to date for much longer for others, such as housing stock changes, because the housing stock only changes marginally each year. Special surveys and health service records can provide other information on relocation patterns. Table 2.1 below outlines possible data sources (based upon either administrative boundaries or functional housing markets) that may be helpful in defining market boundaries.

<b>Table 2.1: Data sources for defining housing market boundaries</b>		
<b>Potential Data Sources</b>	<b>Interrogation of Data</b>	<b>Strengths and Weaknesses</b>
<i>Formal boundaries</i>		
Administrative boundary maps	Compare local authority boundaries with other policy boundaries (e.g. health)	Useful to compare different areas of operation
Other formal boundaries: census output geography; local authority and registered social landlord management areas; school catchment areas; urban regeneration areas, etc	Indicate overlapping and nested areas for which a variety of data sources may exist	May not be consistently available. Policies and their boundaries may be subject to change over time. Census output geographies allow aggregation up to different spatial scales
<i>Functional boundaries</i>		
Census of Population – migration and special workplace statistics	Examine migration and commuting (travel to work) data	Only produced every 10 years. Limited questions but detailed nested geography down to output areas, allowing census output areas to be aggregated
NHS GP Re-registration Statistics	Alternative measure of migration based upon re-registrations in GP practices	This is the only sub-LA measure of migration that is available continuously but is subject to lags (especially among men) in re-registering
Bespoke or official surveys containing questions on migration, commuting and housing choice	Analysis of origins and destinations, mobility and preferences	Useful in inter-censal years but could be costly

2.11 As part of understanding functional housing markets, authorities should consider household movement and the factors that impact upon such flows. Functional housing market areas are partly defined by their degree of self-containment i.e. the extent to which people move house *within* the area. These patterns of movement reflect a variety of economic and social factors including proximity to family and employment. Census and NHS registration data provide useful sources of information although the former soon becomes out of date while the latter is not a comprehensive source of information. An example of an approach to assessing migration and degrees of self-containment is set out below:



**Figure 2.2 An example of defining housing markets**

DTZ Piedad Consulting and Communities Scotland analysed the major housing market area boundaries in Scotland (DTZ Piedad 2003). Markets were defined around main urban centers including Aberdeen. Sasines data (not available in England or Wales) were used to establish the extent to which purchasers in various towns originated in Aberdeen and vice versa. In total, up to five tests were applied to each community in a sequential fashion with further tests being applied where previous tests were inconclusive. These tests considered the:

- proportion of purchasers of each community originating in Aberdeen
- flow of purchasers from each community to Aberdeen;
- proportion of purchasers of newly developed property in each community originating in Aberdeen;
- the proportion of purchasers in each community accounted for by buyers from Aberdeen; and
- area around Aberdeen and the movement of people from the community to the wider Aberdeen area.

2.12 Information on household movement can be supplemented by analysing travel to work patterns and travel to service areas (i.e. service catchment areas). Such an analysis will help to identify areas that are relatively self-contained, have strong connections with areas outside their administrative boundaries and are experiencing significant inward or outward flows. The latest Census can provide information on travel to work patterns although revised travel to work areas have yet to be defined by National Statistics.

2.13 Another useful source of information can be obtained from retailers and other service providers in terms of the origins of shoppers and service users. These measures help to define the area within which people may move without changing other aspects of their life e.g. jobs, schools, where they shop or access to other key services. Authorities may also choose to develop other techniques, for example, using the pattern of distribution of local newspapers. This can also give an insight into the housing market through the geographical coverage of houses advertised for sale. Data is available from JICREG Newspaper Readership Report (<http://jjab.jicreg.co.uk>).

2.14 Finally, functional housing markets can also be defined by identifying the core area(s) in which problems of high or low housing demand are most prevalent and the wider areas where there may be interaction with adjacent functional housing market areas. This could include assessing:

- in a high demand area, which areas can be regarded as sufficiently remote that the provision of additional affordable housing will not undermine the achievement of housing policy objectives in the core area; and conversely
- in a low demand area, which areas are regarded as remote in that the provision of new housing would not undermine demand in the core area.

### ***Multiple housing markets***

2.15 Functional housing market areas are not always discrete. In geographically peripheral areas it is particularly likely that there will be some degree of overlap with other functional housing markets. In such circumstances, local authorities may wish to assess these overlapping housing markets together.

### **Use of data at different spatial scales**

2.16 Authorities should determine the most appropriate spatial level (or levels) at which intelligence should be analysed. It is important to ensure that the outputs from assessments are sufficiently robust and transparent to be capable of disaggregation to the local authority level. However, it may be necessary to analyse some data at other levels including sub-regional or sub-local authority. The latter is particularly useful in understanding how different parts of the housing market interact.

2.17 Where local authorities are working together on their assessments at the sub-regional level this will have implications for the collection and use of data. Surveys commissioned at this level can achieve greater depth and quality, with the costs shared across constituent authorities. Greater use can be made of sources such as large-scale government surveys such as the Living in Wales survey or the Welsh Local Labour Force Survey because samples are robust enough to permit analysis at this level provided that the data is pooled over several years. However, different limitations may apply at varying spatial scales. National survey data are not robust at the local authority level.

2.18 Where the Local Planning Authority is a national park authority it is essential that Local Housing Assessment's share data with and encompass the specific spatial/research level needs of the national park authority.

2.19 It is worth asking local stakeholders and local communities about the availability of any existing data. Where local qualitative information is used, it should be made clear where it comes from and what significance or limitations it has. For example, it might be purely anecdotal or based on factual information from one housing body that might not be capable of generalisation over others.

### **Local housing partnerships**

2.20 One model for working on assessments in conjunction with key stakeholders is for the local authority, as the strategic housing body, to develop a local housing partnership as described in figure 2.3. Similarly, local authorities can extend this model to partnerships with adjoining authorities, building on any existing regional partnership or fora arrangements.

**Figure 2.3: The Local housing partnership**

A multi-disciplinary team including housing, planning, economic development and regeneration practitioners to oversee the preparation of the local housing assessment.

Core members:

- local authorities – representatives from relevant departments e.g. housing, planning, economic development, corporate strategy, chief executives office etc.
- housing associations
- research and intelligence experts
- house building representatives
- private sector partners e.g. estate and letting agents
- National Park Authorities (where relevant)

Other organisations should be involved in key parts of the assessment process to provide input (mainly statistical information in terms of housing and economic characteristics together with qualitative insights), including:

- Welsh Assembly Government;
- Wales Spatial Plan area groups;
- Representative Federations, Trade Bodies etc.
- Rural Housing Enablers

Other members could include: lenders, education and health authority representatives, transport and regeneration agencies.

2.21 The local authority, as the strategic housing body, is responsible for deciding whether it is appropriate within the locality to establish a local housing partnership. It may be that other suitable and sufficient working arrangements already exist. A lead agency should be identified to take the assessment process forward, ensuring key progress targets and milestones are met. This should normally be the local housing authority.

2.22 The key responsibilities of members should be to:

- provide relevant contextual and policy information;
- assist in the analysis of housing market intelligence;
- share sub-regional intelligence;
- assist with the development of the assessment and an assessment action plan;
- consider the implications of the assessment, including signing off its outputs and agreeing follow-up actions; and
- assist in monitoring and evaluation of the action plan.

2.23 The delineation of the local housing market needs to make sense to stakeholders. The views of stakeholders with an appreciation of the housing market, in particular housing associations, estate agents, house builders and developers, will be particularly useful in this regard. Other service providers,

including education and health authorities will also be able to provide relevant intelligence and information.

An example of a recent regional collaboration is outlined in Example 2.1. This arrangement is capable of development and refinement in light of the methodology expounded in this guidance:

### **Example 2.1 Cross boundary partnership**

#### **The South East Wales Regional Housing Forum (SEWRHF)**

Initiated by Torfaen CBC in 2003 in response to the new local housing strategy regime and as a means of improving understanding of the cross-boundary nature of housing markets. Comprised of ten local authorities: Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Monmouthshire, Merthyr Tydfil, Newport, Rhondda Cynon Taff, Torfaen and the Vale of Glamorgan. Another key driver for its formation, also stemming from the new LHS process, was the increasing focus on the land-use planning system as a key housing enabler. Its composition consequentially sought to mirror that of sister partnership – the SE Wales Strategic Planning Group.

The Forum's agenda has been driven by the need to develop and reinforce the overarching importance of the LA strategic housing role. In recognising that this role is steeped in understandings of the dynamic nature of housing demand and the operation of housing systems themselves transcending administrative boundaries, links with travel to work areas and times, employment markets and transport networks, became apparent. As a result the need to put housing in the wider planning and economic regeneration arena is a key objective.

To promote and demonstrate the centrality of housing to wider policy areas and development, the Forum recognised the need to establish a compelling evidence base for regional working. Particularly in the context of cross-cutting regional collaboration and policy making via the Wales Spatial Plan, this evidence base had to be able to withstand the scrutiny of the planning system. In response, the project 'Developing a Regional Housing Market Model for Torfaen' was conceived. The 3 year project is sponsored by the WAG (and the 10 LAs) through SHMG.

In responding to the need for a robust evidence base and a practical tool to inform and underpin regional working, the project was divided into two parts: part 1, the year-long undertaking of a comprehensive Regional Housing Market Assessment and part 2: the 2 year development of an interactive and dynamic Regional Market Model.

Completion of stage 1 provides a Regional Market Assessment supplying invaluable information about the nature of sub-regional housing markets. The study identifies 5 main housing market types in operation in SE Wales: the Heads of the Valleys, Mid Valleys and North of M4 markets alongside the South M4 and distinct Rural Monmouthshire markets. Divisions cut across LA

areas, and as a result, variable housing market types operate in each of the administrative areas. An important perspective is an appreciation of the improved and more specific focus of responding to patterns of need and market types as opposed to LA areas. Whilst the policy unit structure (geography wise) currently runs South to North – the housing market types actually run east to west. Ultimately this will enable the setting of objectives that promote more balanced housing markets.

The stage 1 information forms the framework for the development of stage 2, an interactive, 'live' and index linked Market Model. Acting as a Spatial Data Warehouse the Model will form the link between housing, planning and economic performance and will guide new provision as well as renewal investment through the delivery of Regional Strategic Housing Requirements.

The Model potentially allows the new Local Housing Market Assessment guidance to be taken forward in a collaborative and sub-regional way, resulting in a more comprehensive and broader analysis of housing markets and an indicator of how well LAs are geared up to working with partners in the other statutory, private and voluntary sectors.

The Forum and project has secured a higher profile and status for strategic housing issues and is leading the Action Area on Affordable Housing for the SE Wales Spatial Plan Group. It has the opportunity to also feed into work on: Strategic Development, Transport and the Knowledge Economy.

Longer-term, the Model has the potential to be rolled out across Wales. There is also potential for the production of Regional Housing Strategies. However, the purpose of the Model is to move away from a snapshot and 'paper-based' way of working and so the format this may take is likely to be non-traditional.

The key benefits of working together to understand and intervene in housing markets as a regional forum are not limited to securing more or better homes. The key gain is better planned housing provision and therefore mixed and viable communities. As strategic LAs the value of such an approach is to reinforce the importance of establishing a fit for purpose and robust strategic housing role. Taking an overview of housing markets – local or sub-regional and identifying coherent priorities for investment requires an approach that is innovative, dynamic and interventionist. This could epitomise the modern day strategic housing role.

## **Working with local communities**

2.24 Local housing partnerships should not be limited to key stakeholders. The views of local communities are important considerations and can bring a different perspective to the development of the technical evidence base. These views, including hard to reach groups, those from ethnic minority backgrounds, Gypsies and Travellers etc should be valued for their expertise, opinions and insight. It is important to incorporate local knowledge, which can be qualitative and anecdotal, into the assessment process as purely statistical

approaches may fail to reflect particular local issues. However, some communities have already undertaken detailed local housing needs assessments and others will be considering this option, in some instances with assistance from local housing enablers. The local housing partnership will need to consider carefully the appropriate level at which to engage local residents and should draw upon representative, voluntary and community bodies, where appropriate.

Further guidance on undertaking housing needs assessments at the community level is contained in Appendix D.

### **Use of consultants and sub-contracting**

2.25 Local authorities should aim to ensure that local housing partnerships have sufficient research experience and expertise to undertake as much of the assessment as possible. This will help to develop partners' understanding of local housing markets as well as building commitment to tackling any problems that are identified through the assessment. This guide should help partnerships to undertake the key components of the assessment process themselves.

2.26 Local housing partnerships possessing the necessary skills should prevent the need to contract out the whole assessment process to consultants. However, it may be appropriate to commission consultants to undertake particular specialist aspects (e.g. detailed social surveys, economic forecasting and modelling work). Where components of the assessment are to be contracted to consultants the partners should have the capacity to develop a suitable brief, and monitor progress. The local housing partnership should ensure that:

- information required by consultants is supplied in a timely fashion;
- consultants do not replicate work that has already been undertaken by local authorities or other stakeholders;
- effective quality control mechanisms are in place so that outputs are accurate and the methods and findings of such work are fully understood by the partnership; and
- the partnership has full access to the datasets and work undertaken by consultants so that they can update any findings as additional intelligence becomes available.



## **CHAPTER 3**

### **Identifying key objectives and methodology**

#### **Introduction**

3.1 It is essential that local authorities and local housing partnerships have a clear view about the specific aims and questions that they want local housing assessments to address. It may be relatively straightforward to identify aims in high growth or very low demand areas, but authorities with relatively healthy housing markets undergoing little change must also have a clear idea of the questions they want the assessment to consider.

#### **Review of policy context and available intelligence**

3.2 A review of existing housing and planning policy and practice together with other relevant literature is a useful starting point for identifying local housing assessment aims and related research questions. Policy reviews may already have been undertaken by stakeholders as part of existing joint-working practices and partnerships. In such instances, local housing partnerships should draw out the housing market findings and implications of such reviews. Where partnerships undertake reviews, they should:

- assess information in the literature relating to past, current and future housing market trends as well as identifying existing market indicators and any gaps in the evidence base. As part of this exercise the assessment should also consider past rates of building compared to household formation rates. Where there is a significant imbalance this may manifest itself either in acute affordability problems or high vacancy rates;
- identify common housing themes from local initiatives and strategies, particularly strategic objectives for the local housing market;
- provide an overview of the local policy context from a housing perspective, identifying key issues to be taken into consideration in any assessment, including opportunities and constraints. This should include reviewing planning and housing policy priorities. There may be attractive development opportunities in adjacent planning authority areas which might help meet both local demand and play a role in diverting demand from incomers;
- consider how the assessment should inform the preparation of local strategies and initiatives including development plans, local housing strategies, community strategies and neighbourhood renewal initiatives; and
- identify, and make any necessary improvements to, intelligence\data sources that are relevant to the assessment.

3.3 Potentially relevant policy documents and sources of intelligence are set out in table 3.1 below.

**Table 3.1: Key policy documents and intelligence sources**

- A Winning Wales, January 2002, WAG
- Wales A Better Country, September 2003, WAG
- Wales Spatial Plan, January 2005, WAG
- Better Homes for People in Wales – A National Housing Strategy July 2002, NAFW
- The Transport Framework for Wales, November 2001, NAFW
- Planning Policy Wales, March 2002, WAG as amended by MIPPS
- Local Development Plans Wales, December 2005, WAG
- local housing strategies;
- Sub-national household projections
- private sector housing renewal policies;
- development plans;
- community strategies;
- neighbourhood renewal strategies;
- economic development strategies;
- local transport plans;
- area based regeneration strategies and initiatives;
- evaluations of relevant strategies or initiatives;
- local authority data on lettings;
- local authority housing register; and
- miscellaneous policy documents and research, including local authority corporate plans, best value reports, house condition surveys, social care and health strategies, fuel poverty strategies, crime and disorder strategies, energy efficiency strategies, homelessness, BME and Supporting People strategies and academic research.

### **Assessment aims and research questions**

3.4 Following the review, local housing partnerships should be able to identify the key aims and questions that local housing assessments should address. These might include:

- what are the impacts of economic, demographic and social trends on housing demand and need?
- what factors influence the popularity of different types of housing in different parts of the housing market?
- what factors influence housing need for different types of housing in different parts of the housing market?
- how does the potential supply of housing relate to housing demand and need (i.e. housing shortfall or surplus) broken down by: area, tenure, type of housing etc?

- how might a better balance between housing supply and demand be achieved?
- what should be the required split between market and affordable provision?
- how can affordability be improved especially in high demand areas?
- how can issues of low housing demand be addressed?

### **Use of different sources of information**

3.5 This guide sets out a methodology that uses secondary data where practicable. For planning purposes, the outputs required from the local housing assessment can be derived using only secondary data, enabling local planning authorities to move quickly to the policy approach towards mixed communities set out in Planning Policy Wales, the MIPPS 01/2006, TAN 1 and TAN 2. Partnerships should not need to undertake large-scale data collection exercises such as a local household survey to achieve the requirements of this policy approach provided that they have sufficient information from other sources to estimate housing requirements and the need for affordable housing. Where this is not the case, it may be possible to draw upon existing survey data, including surveys undertaken by local authority housing departments for other purposes, such as tenant satisfaction surveys. It will always be worthwhile investigating existing data sources to avoid the need to undertake further surveys or to reduce the scope of such surveys. Estimates of the number of households who require additional housing and the need for additional affordable housing are necessary for planning policy, both in terms of overall housing land allocations and in terms of policies for the provision of affordable housing.

3.6 While secondary data is capable of providing an output from the assessment that is 'fit for purpose' from a planning perspective, it is not as robust as a combination of secondary data and a local housing survey because it:

- uses estimates of future housing demand for market housing and newly arising housing need for affordable housing;
- uses income distributions for the whole population as a proxy for the income distribution of newly forming households;
- cannot take account of existing equity;
- derives data on current levels of need from housing registers which can be problematic (see paragraphs 3.14 to 3.16); and
- derives approximations in terms of potential mortgage capacity and the size and type of affordable housing required.
- People's housing aspirations are also important to working out market demands and also demands for social housing. While bespoke surveys are the principal way to get insight into aspirations, general survey results (from CML etc.) are also informative on how aspirations are changing.

3.7 It is important to note that neither secondary data nor survey data are necessarily of themselves more or less robust. In developing local housing assessments secondary data and survey data can both have a role, and local housing partnerships will need to decide early in the process whether to undertake a household survey for elements of their housing assessment. Care must be taken, in all circumstances, to ensure that the data is interpreted and used in a clear and transparent manner. Judicious and transparent use of secondary data and qualitative information, from estate agents and other key contributors (particularly private sector partners), can result in robust assessment results. Partnerships will need to consider whether the secondary data available to them is sufficiently robust for the purposes of the assessment or whether there is a need to undertake a local housing survey to assist where secondary data is either out-of-date or provides insufficient detail.

3.8 Situations where a new survey might not be required include:

- the local authority is not due to commence work on a local housing strategy for at least another 2 years, suggesting that up-to-date information will be needed only at that time; or
- the local authority has undertaken a survey within the last 2 years which is capable of being updated and enhanced

3.9 Secondary data such as house prices are required to assess housing markets, particularly in terms of affordability. Ideally, household income data should be linked to house price data to assess affordability. This is best obtained from a robust household survey, as secondary data on household incomes is poor. However, if the survey data available is from a poor or inadequate survey, modelled income data, which can be purchased from private providers (see 4.18- 4.20) can be better. Local housing partners should use the best data available. They should seek to fill gaps in secondary and primary sources such as local private sector rents by regularly consulting local estate and letting agents (see appendix I).

3.10 Local housing strategies may require more detailed information which only surveys can provide, including:

- levels of housing need (e.g. overcrowding/under occupation by tenure, and concealed households) and situations where special adaptations are required to ensure that current homes meet the needs of existing occupiers;
- local information about household income, equity, savings and deposits which are linked to estimates of affordability;
- household aspirations, preferences and concerns in terms of location, tenure, size and type of housing (although a broad idea can be gained from the Living in Wales survey);
- need and demand for, and interest in, intermediate housing products and social rented housing;
- the needs of particular groups of households e.g. those in the private rented sector or living in a regeneration area, and

- the profile (in terms of numbers of bedrooms) of affordable housing needed. (Note that the size of dwellings needed can also be estimated from secondary sources such as the housing register and local authority administrative data on allocations.)

3.11 The key determinant of whether or not to undertake a local housing survey, from a planning policy perspective, must be: whether the secondary data used are 'fit for purpose'. This is especially as the assessment must provide a robust basis for determining the number of households requiring housing; including affordable housing (and the split between social rented and intermediate tenures). The different sources of information are summarised in table 3.2 below in relation to the extent to which they can provide robust support for planning policies or merely inform the policy making process.

3.12 Whilst the outputs from the assessment must be sufficiently robust and transparent to be capable of disaggregation to the local authority level, this should not prevent partnerships considering issues of need and demand at smaller spatial levels where secondary data allows. There is merit in considering need and demand at the neighbourhood, community or ward level particularly in rural areas.

3.13 If partnerships decide to commission a local housing survey, then they should be aware that the Local Government Data Unit - Wales (the Data Unit) can provide a service to local authorities in Wales to help them with the design and implementation of a local housing survey, or indeed any other type of local sample survey, within their areas. For contact details see Appendix A.

**Table 3.2: Potential overall outputs from the Local Housing Assessment**

<b>Output</b>	<b>Data source</b>	<b>Can numbers be derived?</b>	<b>Can this indicate size of housing required?</b>	<b>Minimum level at which data are robust</b>	<b>Does this support planning policy requirements?</b>
Overall number of households requiring additional housing (chapter 5)	Local Housing survey (with secondary sources- see table Annex G)	<b>Could identify</b> total households broken down by household type (e.g. one person households, lone parents, multi-person households) from survey but secondary sources are preferred	Yes (from stated intentions) <sup>1</sup> but better to use secondary data	Unitary authority. Could be broken down into sub areas (around 4 - 6 of these) but not always appropriate, see below.	<b>Could support.</b> However, recommend using secondary sources due to poor estimates of migration from survey data and aspirational nature of survey responses.
	Secondary sources only	<b>Sub-national household projections: Can identify total households</b> broken down by household type from household projections	Can only indicate size using qualitative data (e.g. from estate agents and other key actors)	Only for groupings of local authorities in Wales, no projections are available for individual local authority areas.	<b>Can support</b>

<sup>1</sup> Local housing survey data can estimate size requirements for market housing based upon what current (including concealed) households say they intend to do. In other words, the data is aspirational, and may not reflect what households actually do.



Local Housing Market Assessment Guide

<b>Output</b>	<b>Data source</b>	<b>Can numbers be derived?</b>	<b>Can this indicate size of housing required?</b>	<b>Minimum level at which data are robust</b>	<b>Does this support planning policy requirements?</b>
Need for social rented housing (chapter 6)	Local Housing Survey (with secondary data sources)	<b>Can identify</b> households requiring social rented housing each year	Yes (based on household size and type including number and ages of children etc.)	Unitary authority. Could be broken down into sub-areas but not always appropriate, and not usually possible to look at size at this level.	<b>Can support</b>
Need for social rented housing (chapter 6)	Secondary data alone	<b>Can identify</b> but it is affordability that is identified, rather than housing need in terms of newly forming households. Can use housing register (if good enough) to establish current need	Only from the housing register	Unitary authority	<b>Can support</b> numbers but could only inform size
Need for intermediate housing (chapter 6)	Local Housing Survey (with secondary data sources)	<b>Can identify</b> households requiring intermediate housing each year .	Yes (based on household size and type including number and ages of children etc.) if numbers are large enough	Unitary authority	<b>Can support</b> . However, will need to know costs of intermediate housing products.

Local Housing Market Assessment Guide

Output	Data source	Can numbers be derived?	Can this indicate size of housing required?	Minimum level at which data are robust	Does this support planning policy requirements?
	Secondary data alone (e.g. income distributions, entry level rents and house prices)	<b>Can estimate</b> newly forming households requiring intermediate housing each year.	Qualitative only	Unitary authority	<b>Can support.</b> However, will need to know costs of intermediate housing products
Future levels of vacant affordable stock (chapter 6)	Local Housing Survey (with secondary sources)	<b>Only from secondary data</b>	No	Any level from management information	<b>Can support</b>
Future levels of vacant affordable stock (chapter 6)	Secondary sources alone	<b>Can identify</b> current vacants and relets and make estimates about future changes to these	Yes	Any level from management information	<b>Can support</b>
Type of housing (i.e. flats, houses, etc) required in respect of households in need (chapter 6)	Local Housing Survey (with secondary sources)	<b>Cannot identify as</b> household's need for affordable housing is defined according to size, not type. Can consider household preferences although this is qualitative. Can identify special needs in terms of type of housing (e.g. disabled households)	No	Unitary authority	<b>Can inform</b> using survey data regarding special needs, household preferences, and qualitative data on prices, and housing register data on specialist needs and preferences.

Local Housing Market Assessment Guide

Output	Data source	Can numbers be derived?	Can this indicate size of housing required?	Minimum level at which data are robust	Does this support planning policy requirements?
Type of housing (i.e. flats, houses, etc) required in respect of households in need (chapter 6)	Secondary sources alone	<b>Can identify existing housing stock</b> using Land Registry Valuation Office data and council tax returns. This can be used to identify future housing requirements in terms of size and type. Additional information can be derived from household preferences (qualitative), housing register and data and house prices	No	Unitary authority	<b>Can inform</b> using data on relative prices, housing register data on specialist needs and preferences
Need for emergency/ temporary accommodaton for homeless people	WHO12 Rough Sleeper Counts Secondary sources	Can indicate numbers of households requiring immediate emergency accommodation and longer term temporary accommodation prior to resettlement	Yes	Unitary authority	Statutory responsibility to review and plan for tackling homelessness

## The housing register

3.14 Local housing partnerships should consider housing registers as a potential source of information about the nature and extent of housing need. Although maintaining a housing register is no longer a statutory obligation, many local authorities continue to do so. The quality of data is variable and frailties in its use have been identified due to:

- poor management of the data. For example, some authorities may not be able to identify total housing need as they hold separate lists for each ward and are unable to identify whether households are on more than one list;
- under-representation, as many households choose not to register, especially non-priority households (e.g. those without children) in pressured areas;
- differing local authority approaches to defining the number of bedrooms needed (i.e. many are more generous than the bedroom standard);
- differing data for housing need because some households on the list are not actually in need, or have been assessed as in need using different criteria; and
- double counting as authorities and housing associations may maintain several housing lists reflecting different priorities or for different localities.

3.15 To ensure that housing registers are robust estimates of housing need, local authorities are advised to:

- operate a common housing register, so that all applicants for social housing (housing association and local authority) are held on a single database. This enables all applicants to be included without any possibility of double counting;
- ensure that homeless households are included on the common housing register;
- avoid restrictions on registering, even for household ineligible for re-housing;
- maintain data in such a way as to allow the identification of households by:
  - i) category of housing need;
  - ii) length of time on the register; and
  - iii) current situation, distinguishing (a) newly forming households (the group traditionally referred to as 'lodgers' in many cases), from (b) existing households in housing need. This should then be shown in the needs assessment table discussed in chapter 6;
- contact all applicants for housing regularly (at least annually) to confirm whether they are still seeking social housing. It is well known that households' circumstances can change quickly, and

many will no longer be seeking housing yet may remain on the register.

3.16 In high demand areas, the register may underestimate need as the chances of households applying for housing are related to their likelihood of being housed. This is a particular issue in rural areas where households may know quite specifically where they need to live but recognise they are unlikely to obtain social housing in those areas. Thus, if fully up to date, the register would give a minimum estimate of need.

### **Data on groups with particular accommodation needs**

3.17 There are several reasons why local housing partnerships should consider undertaking additional assessments of the housing requirements of different household types, including:

- the Race and Equality Act and the CRE statutory code of practice on housing in Wales requires Government and local authorities to assess the impact of their policies on different ethnic and minority groups, and local authorities should ensure that no one group is systematically excluded from the assessments;
- additional information about ethnic groups and others, including households with disabilities and/or special needs, will help to inform future planning and housing policy;
- other groups may exert influences within the housing market and/or local economy that need to be better understood and planned for (e.g. students or key worker households); and
- partnerships may wish to obtain evidence about the types and proportions of households that form an 'intermediate' market.

If there are specific concerns about the housing needs of certain groups or existing evidence suggests that their needs significantly differ to others, partnerships should undertake additional analysis. Linked to Chapter 3, such issues may be identified as specific research questions for the assessment to address. The remainder of this chapter, together with section 8 of Appendix B and the substantive procedural guide on assessing Gypsy and Traveller accommodation assessments in Appendix F, cover these issues and the approaches that partnerships may wish to consider with respect to minority and hard to reach groups and the intermediate market.

### **Minority and hard to reach households**

3.18 Households from particular social or ethnic groups can differ in terms of location and types of accommodation (e.g. caravan sites rather than housing). Working on a sub-regional basis will mean that partnerships are likely to include a larger number of households from ethnic minority backgrounds in their assessments, which will strengthen their ability to understand the housing requirements of different groups. However, 'gaps' in knowledge are still likely to emerge.

3.19 Households are considered 'hard-to-reach' if they are less likely than others to complete surveys or questionnaires, including national surveys such as the census. This is likely to be the case for homeless households, private renters and households in shared accommodation such as students' halls of residence and army barracks. The term will also encompass households in non-bricks and mortar accommodation such as caravans or barges and households who do not understand/read the language well.

3.20 Qualitative assessments of minority groups' needs can include holding focus groups or interviews with representatives from the groups concerned. If the populations are very small this may be the only feasible way of gaining information. Additionally, it may be possible to use interviews to investigate particular issues in more depth.

3.21 Where local surveys are undertaken, partnerships should be aware that sampling frames can systematically exclude certain groups. For example, households living in properties that are not liable for council tax will be excluded from a survey that uses the council tax register as a sampling frame. Various strategies can be used to improve response rates. Face to face interviews should always try to offer interpreters where necessary. Postal surveys should consider the need for different languages or a translation service offered. Cultural issues may also affect response rates so partnerships should ensure that representatives from minority groups are involved in the assessment process. In addition, non-response from private renters may be reduced by using face-to-face interviews, with repeat visits timed when people are most likely to be at home. Survey results should also be weighted by tenure to help address non-response bias.

3.22 It may be possible to undertake supplementary samples that target particular types of households to increase the number of responses from particular groups. However, it should not be assumed that over-sampling will necessarily produce representative data for particular groups. For example, households in neighbourhoods with a high proportion of residents from the same ethnic background may have different characteristics to households with the same ethnic background living elsewhere. Any findings should therefore be treated as qualitative rather than being necessarily statistically valid.

### ***Homeless households***

3.23 A local household survey can only provide information about homeless households who are living with other households. Secondary (administrative) data can show how many households have been accepted as homeless by the local authority (as provided to the Welsh Assembly Government on the WHO12 statistical return). The type and size of dwelling required can be assessed from the Housing Register. Additional information about homelessness, particularly rough sleepers or those in hostels, can be obtained through small surveys or through secondary information from agencies working with homeless people. Local authorities will also have to undertake rough sleeping surveys from 2007, which will also inform the assessment.



### ***BME groups (including settled Gypsies and Travellers)***

3.24 A local housing survey is a sample survey. Minority groups who are on the council tax register will be included and special steps should be taken to ensure the inclusion of groups who might have difficulty in taking part in the survey. However, if the size of the sample for any specific group is small, say less than 200, then the data produced from a survey may not be robust enough to clarify the specific needs of that group, or to see whether they differ from other groups. There are other ways of establishing the needs of specific groups and these are discussed in Appendix B. Further information on assessing the housing needs of BME groups is also set out in Atkins et al (1998).

### ***Gypsies and Travellers requiring site accommodation***

3.25 Generally the numbers of Gypsies and Travellers are too small to yield statistically valid results from a household survey unless large numbers are on the council tax register (which forms the sampling frame). Therefore specialist surveys are needed for this group, preferably on a regional basis, because the number of sites is large enough to be used as the sampling frame. The Assembly Government has commissioned research which aims to build up robust information on the need for and provision and condition of Gypsy and Traveller sites in Wales (local authority and private sites). The research draws on surveys on site conditions, a comprehensive survey of local authorities and extensive consultation and case studies. It will report in Spring 2006, and will provide a sound evidence base in respect of this group. A potential future source of data will be a Welsh survey of Gypsy and Traveller sites (planned to start, twice yearly, from July 2006 onwards). However this survey would not be able to indicate household numbers or preferences and need for additional sites. The alternative way of getting information would be for the local authority, or partnerships, to carry out a specialist survey. Care would need to be taken to ensure that the different types of Gypsy and Traveller groups were represented and the survey sampling frame sufficiently large. Appendix F has been enhanced to provide substantive guidance on assessing the accommodation needs of Gypsies and Travellers.

### ***Households with disabled people***

3.26 Housing may need to be purpose built or adapted for households with special needs. Such groups can include older people and those with mobility impairments, such as wheelchair users. Partnerships should be able to identify available and likely future stock using housing registers (see paragraphs 3.14 to 3.16) and other relevant management or administrative sources. Only the need for specific types of housing should be assessed here. Other kinds of needs that can be met through floating support (not tied to specific accommodation) should not be included.

3.27 A local household survey will provide information about the needs of households that include disabled people, providing that they comprise a large

enough proportion of the population. This will give an estimate of the number of specially adapted units needed for those with mobility difficulties. The Housing Register may also indicate whether or not a household contains a disabled person and the nature of their needs.

### ***Older people requiring specialist accommodation***

3.28 A survey will provide an estimate of the number of specially adapted units needed for those with mobility problems. The Housing Register may also indicate mobility problems (again see paragraphs 3.14 to 3.16).

### ***Students***

3.29 Whether a household survey can provide sufficiently robust information about students' housing depends on their numbers as a proportion of the total population. Housing Register data is not adequate because very few students are likely to apply for social housing. It may be better to contact further and higher education establishments who will have some qualitative data on institutional accommodation and also probably a qualitative understanding of their students' accommodation needs. For numbers of students in each University, the Assembly's Statistical Directorate website provides data which can then be grouped to UA. However, for reasons like the dispersal of several campuses, students living locally in different authorities and lack of data on private sector accommodation, this isn't a great indication of the number of students living in each UA; this would apply, for example, to the University of Glamorgan.

### ***Migrant workers***

3.30 Local authorities should consider the accommodation need of migrant workers as part of their local housing market assessment. The local housing strategy will need to explain how the accommodation needs of this group will be met and provide an assessment of the economic impact migrant workers will have in their local area, where appropriate. This should be undertaken in conjunction with the local authority economic development department.

### ***Other groups eligible for assistance***

3.31 Partnerships may wish to consider the requirements of key workers and other first time buyers prioritised in local housing strategies, along with any other groups seen as playing a key role in the housing market (see chapter 4).

### ***Key workers***

3.32 Key workers need to be interpreted and defined in the local context. For example, in a remote rural area a teacher might be regarded as a key worker but probably not so in a major urban conurbation. To understand key workers' housing needs, partnerships should first examine employment data to assess recruitment or retention issues. Where these are found and can be linked to housing affordability, key workers' housing situation and their

aspirations / intentions can be identified from a survey based on local samples of key workers or a local household survey. It is not always possible to use resident-based surveys to investigate key worker issues given that the sample may consist of key workers that live rather than necessarily work locally. Numbers of key workers working in an area can be estimated from secondary data: numbers of health and education workers and police and local authority employees are available on the relevant web sites. But this does not show whether they require additional housing.

3.33 Additional information about their current housing situation, aspirations and intentions could be collected, for example, through a special survey conducted through relevant employers. Employer exit surveys can show those who have left the area because of high housing costs. What cannot be identified is how many key workers from elsewhere did not take up work in the area because of high housing costs.

3.34 In addition, partnerships may wish to consider the needs of the following households:

- People in employment and in particular income ranges;
- Particular groups within the income range e.g. key public sector workers;
- People with a local connection e.g. who serve the community or have a commitment to a particular area.

3.35 Resident based surveys should be able to provide information by defined groups of occupation living in an area. It should also be able to collect information about which occupations have a low degree of affordability or commuting problems. Where such surveys are undertaken, partnerships should ensure that they:

- Identify key workers, considering occupation and whether respondents are employed in the public or private sector;
- Identify key workers of local significance. This might include those working in occupations where there is a skills shortage;
- Identify where key workers work; and
- Assess the interest in specific key worker products.

### **The intermediate market**

3.36 Recent years have seen growing price differentials between the social rented and private housing sectors in many areas. There are two types of household that comprise the potential client group for intermediate housing:

- Households that would be categorised as in housing need because they cannot afford suitable housing in the private market, either as tenants or homebuyers but who could afford to pay more than social rents; and
- Households who cannot afford to meet their demand within the authority or housing market area (e.g. for home ownership or larger

accommodation suitable for families) and are unable to access housing and/or are likely to move location.

Where households with particular skills or characteristics move from an area in larger numbers (e.g. key workers or young adults) this can have negative effects on service provision and the local economy.

3.37 The numbers of households requiring intermediate housing is likely to fluctuate, reflecting changing relationships between house prices, market rents and incomes.

### **The role of intermediate housing in meeting need**

3.38 To estimate potential requirements for intermediate housing, partnerships should analyse housing need and newly arising housing need by income bracket. Partnerships will also require details of the costs of existing or planned intermediate housing products. Intermediate products that could meet the needs of this group should require less initial subsidy than social rented housing and could include sub-market rented accommodation and Low Cost Home Ownership (LCHO).

3.39 Definitions and methods of assessing whether households can afford different types of housing are set out in chapter 6. Partnerships will need to assess whether households can afford shared ownership or shared equity properties, given that shared ownership products will require both mortgage payments (on the part they own) and rental payments (on the landlord's share). In these cases, rental and mortgage payments should together constitute no more than 30% of gross income.

3.40 Mortgage outgoings can be calculated from the overall size of the mortgage and current mortgage interest rate. However, costs will vary according to market conditions and property size, so it is important to gather precise costings by scheme and area. An example of how to derive the income required to afford a shared ownership property is set out in example 3.1 below. However, it should be noted that the Assembly Government does not currently provide funding for shared ownership through the Social Housing Grant programme.

**Example 3.1: assessing whether a household can afford a shared ownership property**

A shared ownership scheme that requires occupiers to purchase 50% of a property worth £120,000.

The mortgage (for £60,000) has monthly outgoings of £350 (calculated from current mortgage lending practice).

The rent payable on the landlord's share is £150 a month.

Total outgoings are therefore £500 per month.

A household could therefore afford this property if their monthly gross income was over £2,000 (or £24,000 a year).

3.41 The needs estimates derived from chapter 6 can be used to establish the proportion of those in housing need (both current and future) who cannot afford intermediate housing and are therefore in need of social rented housing. Where detailed and robust income data is not available, partnerships should assume that households on housing registers who have expressed an interest in intermediate housing are able to afford it whilst those registered only for social rented housing are not.

3.42 Having established need, partnerships will need to consider how this relates to the potential shortfall or surplus of social rented and intermediate housing separately as demonstrated in example 3.2.

**Example 3.2: assessing whether households in need can afford intermediate housing**

Annual household need who cannot afford intermediate housing		= 1500
Annual household need who can afford intermediate housing		= 500
Annual social rented unit re-lets		= 1200
Annual intermediate housing supply		= 100
Shortfall of social rented units	(= 1500-1200)	= 300
Potential shortfall of intermediate housing	(= 500- 100)	= 400

3.43 In such instances, the proportion of intermediate housing could be increased if there is evidence that some will be used to accommodate existing social sector tenants who, although not in housing need, would release a social rented unit by moving into such housing. There would need to be evidence that there was a need for social rented units that could be met by the resulting re-lets.

More reference material on these matters can be found in ODPM's 'A Home of My Own' (Government Low Cost Home Ownership Task Force, Nov. 2003) or 'Evaluation of the Low Cost Home Ownership Programme' (ODPM 2002).

### **Assessing the demand for intermediate housing**

3.44 The ability and willingness of households to purchase intermediate housing products should be considered. Evidence suggests that demand exists in areas with substantial provision of intermediate housing. However, in areas where the tenure is less well known, demand may not be easy to identify initially. In addition, socio-economic factors can influence demand. For example, if house prices are high relative to wages, then the numbers of people squeezed out of owner occupation and struggling to rent privately will probably be larger than the flow of new intermediate housing. If, however, house prices or rents fall, then the need for intermediate housing may be the first type of housing need to decline, as its potential clients would be able to afford housing in the private market.

3.45 Demand for intermediate housing products is affected by their nature. For example, there may be less interest in sub-market rented accommodation. Young mobile private renters (as well as young in-migrants to an area) may be interested in sub-market rented units in preference to any form of home ownership, even if it were affordable. For these reasons, it is vital that any measure of the size of the potential intermediate market is related to specific products that either exist, or are being considered, and takes into account both the needs and demands of prospective clients.

3.46 Local surveys could be used to assess the aspirations and preferences of these households. However, assessing future demand for intermediate housing products may prove problematic given that many households may be unaware of what is available or unsure if the products are eligible to them. Any surveys or qualitative work (e.g. focus groups with potential clients) undertaken should ensure that products are clearly explained to participants by appropriately framed questions.

## **CHAPTER 4: Understanding and assessing the current housing system**

### **Introduction**

4.1 This chapter explains how local housing partnerships can assess their current housing situation. This will improve understanding of past trends (over a period of up to ten years) to see what is driving the current position, and interpreting a range of quantitative data on issues such as house prices, demographic factors, labour force structure and the characteristics of the housing stock. Local authorities will hold much of this information already.

4.2 It will explain how local demographic and economic conditions can influence the housing market and how affordable housing fits with the overall housing market. It describes assessment of the current stock of housing by size, type, tenure and location, to enable local housing partnerships to assess current housing requirements. Recommended indicators and data sources are listed.

4.3 The data available for understanding the housing system is fundamentally different from that used to understand the pressures on affordable housing. Market information is reflected in relative prices for different sizes, types and locations of housing; the needs of those who cannot afford to access market housing are not reflected in these relative prices. However, changes in both the market and the affordable sectors have an impact on relative prices and on who can access which types and tenures of housing. The different sectors of the overall housing system are inter-related. This chapter therefore aims to provide a better understanding of how the overall housing system works and how the different elements interact. For each of the stages listed below, this chapter describes the component steps to take and the issues to address.

Stage 1	Factors affecting the current housing system – the socio-economic context
Stage 2	Assessing the current stock of housing
Stage 3	Indicators of housing demand pressure and potential housing supply – the active market
Stage 4	Bringing the evidence together

4.4 The key output from these stages will be a report considering the nature of the current local housing system and highlighting the main drivers of change. The report will identify key local issues such as affordability, potential housing supply, the need for regeneration or problems associated with second homes. It should draw upon the policy context review outlined in paragraph 3.2 of Chapter 3. The aim is to make the best use of existing information supplemented with the expert views of the local housing partnership.

4.5 The approach outlined here is a minimum requirement for understanding the local housing system. Local housing partnerships may wish to undertake more detailed data collection and analysis of the overall housing

demand and need, including the needs of particular groups to inform the development of other local initiatives e.g. local housing strategies.

4.6 Examples of models for more detailed analysis include that developed by Gibb *et al* (2003) for the wider Glasgow housing market and by Bramley (2004) for Communities Scotland. A more basic model is the Housing Corporation's (Cambridge Centre for Housing Planning and Research) 'Dataspring' website which aims to assist housing associations to direct new investment in the most appropriate way. Local housing partnerships could consider applying one of these approaches or commissioning one specifically to address their local situation. These models consider the potential impact of economic factors (e.g. house prices and incomes) on household formation and demand.

### **Stage 1: Factors affecting the current housing system**

4.7 As detailed evidence on the indicators of the overall housing system cannot always be readily obtained from secondary data sources at the local level, local housing partnerships may need to use primary sources in the form of consultations with local estate and letting agents. This is in addition to secondary sources such as housing registers and homelessness data in order to better understand how the housing market is working in different parts of their local housing market (see chapter 3). House price and rental information could be obtained on a regular basis from estate and letting agents - a checklist of possible information that could be collected from this source is included in Appendix I.

#### ***Issues to consider in stage 1***

##### **Step 1.1: Impact of national and regional economic policy**

4.8 Local housing markets are sensitive to macro-economic policies. Interest rates are used by the Bank of England to achieve and maintain stable, low inflation rates. Higher interest rates reduce the demand for housing by making it more expensive to borrow although households may still aspire to buy in the future. High rates can also affect employment levels by increasing the cost of investment. Assembly Government subsidies and grants can also influence local housing markets. Whether an area has access to regeneration budgets or to Social Housing Grant Programme funding can act as an influence on new housing supply. However, it should be borne in mind that completed newbuild is a small proportion of total stock (some 1 per cent per annum).



<b>Table 4.1 Components of stage 1</b>		
<b>Factors influencing housing requirements</b>	<b>Principal data sources</b>	<b>Outputs</b>
1.1 Impact of national and local economic policy	Local economic experts, local authority economic development teams, development agencies and observatories	Interest rate trends; Assembly Government funding for regeneration etc
1.2 Demographic structure	Census data	Numbers of households broken down by type (couple, lone parent, etc.), age of head, gender of head, ethnicity, economic status and tenure
1.3 Size and structure of the local labour force	Welsh Local Labour Force Survey Annual Business Inquiry	Numbers of employees in each industrial sector (SIC); numbers of employees by occupational classification
1.4 Local incomes	Inland Revenue personal incomes; Other income sources e.g. CACI Paycheck , Experion; Local housing survey; New Earnings Survey/Annual Survey of Hours and Earnings	Proportions / numbers of households / individuals in each income band; Distribution of income by age.
1.5 The cost of buying or renting a property and how this has changed over time	Land Registry; Estate & Letting Agents Rent Officer Service; The House Builders Federation data on private housing sales; NHBC information on housing starts and completions; Building societies house price information at regional (some LA or community) level.	Prices and rents for different types and sizes of dwellings in different locations. Price and rents data can be translated into the weekly cost of buying or renting in each tenure in each location.

4.9 Linked to this, local housing partnerships will need to consider qualitative and quantitative data such as interest rate trends, Assembly and UK Government funding for housing and regeneration and changes to housing benefit (and other benefits). As local authorities are likely to be monitoring these issues as part of their consideration of local economic performance, this should not be resource intensive because they will have this information already.

## Step 1.2: Demographic structure

4.10 Demography is a key influence on requirements for market and affordable housing. Local housing partnerships should consider the size and composition of the population and the extent to which people form separate households over time and space. The census provides the most comprehensive picture of the size of the population in terms of age, gender, marital status and tenure.

4.11 The main characteristics of households (i.e. age of head, type of household and economic status) are available at census output levels and at lower-level Super Output Area (the latter comprise around 1,500 people). This will provide a picture of the current households in the local housing market in terms of tenure and location. Any changes in the demographic characteristics of the local housing market since the previous census should be identified as they are one of the key drivers of housing market change. The **age structure** of the population influences migration trends, household formation and housing need. There are important age 'cohort' effects in relation to tenure preference and housing demand as well as vulnerability and the likelihood of housing need. Local housing partnerships should examine the proportion of the population in different age cohorts to identify which household types have grown or declined in each tenure. Age cohorts typically used are young adults (16 – 24 years), those in their mid 20's to mid 40's, mature householders in their late 40's and 50's and older people. **Gender and ethnicity** also have a strong influence on the mix and location of housing need and demand. Different ethnic groups have different age structures, household formation rates, fertility rates, tenure and locational preferences. Female-headed households tend to have lower rates of home ownership and tend to be over-represented in older age cohorts compared with male-headed households.

4.12 The usefulness of census data diminishes over time. At the local housing market level, stock characteristics remain useful for a long period of time whereas socio-economic data has limited validity because people tend to move between categories of economic activity. At the neighbourhood level, both demographic and stock profile information can date rapidly, particularly where there is a high turnover in the population, major housing development or demolition activity.

4.13 The Welsh Assembly Government publishes Welsh inter-censal population estimates and mid-year estimates each year. They contain information about the total population and its composition in terms of age, gender and marital status.

4.14 Population estimates can be translated into numbers of households by size and type using census data. This requires an assumption that the propensity to form households and the current pattern of household sizes and types will not change during the inter-censal period although local knowledge could indicate otherwise. For unitary authorities, household numbers are available from the Welsh Assembly Government Statistics website.

### **Step 1.3: Size and structure of the local labour force**

4.15 The amount and type of employment available in an area determine the levels of wages paid and influence the tenure, size and location of housing sought by households. Local housing partnerships will need to consider whether their local employment base is skewed towards low paid work or has a relatively large proportion of higher paid jobs. This can be assessed in terms of both employment sector (banking and finance, hotels and catering, education, health etc.) and occupational structure (managerial and professional, skilled manual, unskilled manual, etc.) to give an overall picture of the labour market. This will help to identify the extent to which the local economy is dependent on growing or declining economic sectors as well as the relative affluence of the working population.

4.16 Data on employment structure and occupational structure from the Annual Business Inquiry can be obtained from NOMIS (the national on-line information system). This also provides information on economic activity rates (the proportion of the working age population that is either in work or actively seeking work) and unemployment. It is important to examine changes in these indicators as well as the current levels and proportions of employment.

### **Step 1.4: Local incomes**

4.17 Incomes are another key driver of the local housing system. However, data on household incomes are poor. Incomes can either be estimated from local surveys or from secondary data such as earnings or individual incomes.

4.18 If household income data is obtained from specially commissioned local surveys as described in appendices A and B they should also have a high response rate and be checked against regional and national distributions to ensure that they are robust. Household income data can be obtained from the Office of National Statistics (i.e. *Regional Trends*) although they are not robust at the local level, and should only be used to verify the reliability of survey data.

4.19 Secondary income data is modelled and usually takes an existing data source as a starting point (e.g. Inland Revenue personal incomes or individual earnings from the Annual Survey of Hours and Earnings (ASHE) – formerly the New Earnings Survey). However, these sources do not necessarily take into account incomes received by those not in work or who are self-employed. This means that assumptions have to be made for these groups in terms of likely incomes and relative proportion of overall incomes.

4.20 Income distributions can also be purchased from a number of sources including CACI Paycheck and Experian. As stated in Appendix H, there is already a contract in place to get CACI figures for most Welsh local authorities and National Parks. For details contact Nick Holmes at the Data Unit (contact details as in Appendix A). The data underlying CACI Paycheck comes from sources such as hire purchase agreements, but the income distribution is

adjusted to take account of both poorer households (who are less able to hire purchase) and richer households (who may have less need to hire purchase).

4.21 Important factors to consider are the distribution of incomes in the housing market area and how they change over time, the change in local incomes relative to the national income distribution and the source of household income, including the extent of dependence on benefits.

### **Step 1.5: The cost of buying or renting a property and how this has changed**

#### ***House prices***

4.22 House prices by type and location are available from the Land Registry at postcode level. They are based on actual transactions but do not provide an indication of dwelling size. The number of transactions is also available. When assessing affordability, entry-level house prices (see Chapter 4 steps 3.1 and 3.2) are more relevant than the mean or median and it is essential to use these as part of understanding the whole housing market. They will also be required as an input to the needs assessment discussed in Chapter 6. Entry-level house prices should be identified by regular surveys of local estate agents (see Appendix I) or by approximating lower-quartile house prices. It is important to take the typical entry-level price rather than the cheapest available property since the lowest prices will reflect sub-standard quality or environmental factors. Lower quartile LR data is available from the ODPM website. LR data on individual house sales can also be obtained from websites like [www.houseprices.co.uk](http://www.houseprices.co.uk) so percentile data can be calculated for user defined areas.

#### ***Rental prices***

4.23 There is no definitive source of information on market rents. However, minimum costs or lower quartile rents of rental housing by size can be obtained from local estate agents. As with house prices, entry level rents for different sizes and types of property should be used, rather than the lowest possible rent which may reflect sub-standard property. The Rent Officer branch of the Welsh Assembly Government may be able to provide some information although there are confidentiality issues. The Royal Institute of Chartered Surveyors (RICS) may be able to provide rental data although these may not be available at the local level for similar reasons.

#### **Outputs from Stage 1**

Based upon steps 1.1-1.5, local housing partnerships should be able to understand:

- trends in employment and occupational structure in the local economy over the last 10 years;
- trends in the population, structure and household numbers and household characteristics in their local housing market and how these have changed over the last 10 years;
- the main trends in local incomes; and recent changes in the relative costs of housing in different sizes, type and tenures.

**Stage 2: Assessing the current stock of housing****Table 4.2 Components of stage 2 – housing stock datasets**

<b>Step</b>	<b>Principal data sources</b>	<b>Outputs</b>
2.1 Total number of dwellings	Census; Council tax register; Welsh Assembly Government Statistics Directorate.	Total number of dwellings in the area including second homes.
2.2 Tenure	Census; Council tax register; Local authority and RSL stock information.	Total number of dwellings in each tenure.
2.3 House size/type	Census; Stock condition survey; Local Housing Survey.	Number of dwellings by size and by type (number of bedrooms, whether detached, semi-detached, terraced house or flat).
2.4 Condition of stock	Local survey data; Information gathered for Welsh Housing Quality Standard; Census data on amenities and central heating; Stock condition survey.	Condition of stock (unfit, in need of major / minor repairs) by tenure (and location if using stock condition or local housing survey).
2.5 Shared housing and communal establishments	Census; Student accommodation services; Voluntary sector and key informants; Local Housing Survey.	Estimated numbers of households living in shared houses and communal establishments.

***Issues to consider in stage 2*****Step 2.1: Total number of dwellings**

4.24 Local housing partnerships should assess the condition and quantity of dwellings in their area. This information can be gathered by stock condition surveys, from statistical information provided to the Welsh Assembly Government by local authorities and Registered Social Landlords, by information from housebuilders and surveyors and local housing survey data.

4.25 The overall number of dwellings has to be adjusted to take into account dwellings that are abandoned, uninhabitable, long-term vacant, or used primarily as a second residence. The Census can provide data on vacancy rates although these will often be out of date. More up-to-date estimates of

empty properties can be obtained from council tax registers, stock condition surveys or organisations owning or letting property including estate agents. It is difficult to obtain precise estimates of the number of empty houses, so local housing partnerships may have to form judgements based upon discussions with those responsible for updating council tax registers, local landlords or estate agents. If empty homes are known to be a problem, it is likely that there will be some sort of survey information available.

### **Step 2.2: Tenure**

4.26 When estimating changes in tenure over time it is useful to consider the extent to which these are the result of construction, demolition/conversion of existing dwellings or existing dwellings changing tenure. Overall figures on tenure changes can be obtained from the census although this should be supplemented with administrative data (about the number and locations of stock) from local authorities and RSLs, and using data from local surveys if possible. When estimating changes in tenure over time it is useful to consider the extent to which they are the result of construction, demolition, conversion of existing dwellings or existing dwellings changing tenure.

### **Step 2.3: House size/type**

4.27 House size (in terms of number of rooms and bedrooms) is an important characteristic in gauging the extent of overcrowding. House size and type can be obtained from the census although again, this information may soon become dated. While it is difficult to estimate overcrowding from secondary sources, if census data indicates a higher than average proportion of larger households and small dwellings, this could indicate that overcrowding is a problem. In such circumstances, local housing partnerships may need to consider whether there is merit in undertaking a household survey.

### **Step 2.4: Condition of stock by tenure**

4.28 Maximising the use of existing housing stock is an integral aspect of the Assembly Government's housing policy. Local authorities are encouraged to undertake stock condition surveys. The Data Unit can provide advice to Welsh local authorities about carrying out any type of sample survey, including stock condition surveys. Authorities will wish to consider the benefits of undertaking stock condition surveys in conjunction with a local housing survey. As well as achieving economies of scale and using the same sampling frame, the findings of the stock condition survey can be used to assess some types of housing need.

4.29 Local authority stock condition surveys provide data at a unitary authority level. Sub-regional assessments may be able to draw upon the Living in Wales survey although the sample sizes are too small for robust results, and can only give a broad indication. Where survey results from across more than one local authority area are combined, local housing partnerships will need to ensure that the findings are comparable and cover

all tenures. In addition, the census provides some information on the provision of amenities and central heating.

4.30 There is no universally acceptable definition as to what constitutes housing of an unacceptable physical quality but various benchmarks exist including the current statutory minimum standard for housing (the fitness standard) and the Assembly Government's Welsh Housing Quality Standard.

### **Step 2.5: Levels of shared housing and communal establishments**

4.31 This is an important type of accommodation for people vulnerable to homelessness as well as for students. The census records information on communal lodging establishments, on shared dwellings and on all-student households. The number of people living in such establishments should be assessed. Regularly updated and comprehensive data sources are not available so partnerships may find it useful to consult with local social services, the voluntary sector and student accommodation services.

#### **Outputs from Stage 2**

Based upon steps 2.1-2.5, local housing partnerships should be able to understand:

- the nature of the current stock of housing, by size, type, location and tenure;
- the location of current stock, by tenure, as a proportion of total stock;
- the quality of the current housing stock; and
- how the stock has adjusted over the last decade.

### **Stage 3: Indicators of housing demand, pressure and potential housing supply**

4.32 This stage brings together the evidence on factors influencing the current housing system identified in stages 1 and 2 to assess the extent to which the housing market is working effectively and to identify the underlying trends which might affect future changes in the system. Local housing partnerships need to be aware of the dynamism of housing markets. They should not see demand as comprising all current households and supply as comprising all the current stock because information is only readily available on actual buyers and sellers at any one time. It is also necessary to consider the degree to which housing demand may lead to pressures in the local housing market, or the extent of problems such as low demand or long-term vacancy and abandonment. This involves developing indicators to assess where the pressures and problems are and how they have evolved.

4.33 Since housing demand cannot be identified with certainty, partnerships should examine and interpret indicators to assess how the factors influencing housing are changing and how demand for housing is responding - i.e. through changes in relative prices of different dwellings and their relative affordability. Steps that can be used to assess the active market are set out in table 4.3.

**Table 4.3 Components of stage 3**

<b>Step</b>	<b>Principal data sources</b>	<b>Outputs</b>
3.1 Relative house prices and rents by size, type and location	Output of table 4.1	House prices and rents by size, type and location within the area.
3.2 Affordability of housing	Output of table 4.1	Mapping of which areas and property types are most and least affordable.
3.3 Overcrowding or under-occupation - Dwelling size and household size - Degree of overcrowding and under-occupancy - Concealed households	Census; Local Housing Survey.	Census allows a measure of overcrowding by comparing household composition to number of rooms. Surveys provide evidence of overcrowding or under-occupation when household composition is compared to number of bedrooms. Surveys can provide details as to whether concealed households behaviour reflects necessity or choice.
3.4 Vacancy rates	Census; Council tax; register LA/HA records.	Vacancy rates by tenure (and by size, type and location if using local survey data).
3.5 Turnover or 'churn'.	Land Registry transactions; LA/HA records; Estate Agents; Survey of Mortgage Lenders.	Transactions data, turnover and 'churn' relating to different types of property / locations.
3.6 An indication of available supply by tenure	Estate and letting agents; LA and HA re-lets.	An indication of available supply by tenure and house type / size / location.
3.7 Historical analysis of housing supply against household growth	Household estimates and housing completions.	Crude evidence of an imbalance between demand and supply. Stock loss through demolitions and changing vacancy rates also need to be considered.



### ***Issues to consider in stage 3***

#### **Step 3.1: Relative house prices and rents**

4.34 Detailed evidence of housing demand pressures or problems cannot readily be obtained from secondary sources. Local housing partnerships may need to draw upon local estate and letting agents for information together with local authority \ housing association waiting lists and homelessness data.

4.35 Local housing partnerships should look at relative changes in house prices for different areas within their local housing market using postcoded Land Registry data. Trends in relative house prices for different types and sizes of property in different locations reflect the relative desirability and popularity of different locations and types of dwelling in the area. They therefore provide an indication of the presence or absence of demand pressures in the housing market in general and of housing preferences.

4.36 In the private rental market relative rents for different types of property and the rates at which these are changing provide a good indicator of demand pressures and of people's preferences, although these will be constrained by the availability of rented housing.

4.37 Local housing partnerships should compare prices for different types of dwellings within their local housing market with those for neighbouring areas and the wider region.

#### **Step 3.2: Affordability of housing**

4.38 This step involves using the housing costs identified in step 3.1 together with the income distribution (ability to pay) identified in step 1.4 to assess the relative affordability of housing. Analysis of affordability will provide a picture of which locations and types of properties are the most difficult for local people to afford to buy or rent. This can be done for owner occupation by housing type using data from the Land Registry. As already explained in step 1.4, when assessing affordability it is preferable to compare the lower quartile house prices against the lowest quartile of local incomes rather than the mean or median. In addition, comparing the mean and the median can indicate the extent to which the income distribution is skewed. For example, there could be large numbers of households on relatively low incomes but a few on high incomes which would push up the average, giving a misleading picture of affordability. Local housing partnerships should examine the ratio of entry level house prices and rents to mean, median and lower quartile incomes and compare these to the regional and national patterns.

4.39 Income to price ratios should be mapped to show the relative affordability of different locations in the local housing market. Land Registry house prices cannot be disaggregated by size, and are, therefore, only a broad indicator of affordability. More sophisticated approaches to affordability can be developed using primary data e.g. collecting house price information from local estate agents by size and type of dwelling. This could be done as part of the emailed check list to participating agents as already suggested

(see Appendix I). There are a number of useful sources on the earnings aspect (ie incomes of people out of work or pensioners as excluded as they are unlikely to be in the mortgage market). There is data, by local authority, from the Annual Survey of Hours and Earnings on statswales at:

- <http://www.statswales.wales.gov.uk/TableViewer/tableView.aspx?ReportId=113>

These are on a workplace, but residence-based figures are also available at:

- [http://www.statistics.gov.uk/downloads/theme\\_labour/ASHE\\_2005/Table8\\_1a.xls](http://www.statistics.gov.uk/downloads/theme_labour/ASHE_2005/Table8_1a.xls)

These include distributional information as well as means and medians. It is important to note that these figures can be erratic from year to year, so it is recommended that a two year average is taken.

4.40 This analysis will also indicate where the pressures and problems are for different types of housing. It is not, however, possible to determine how many households can afford market housing by comparing the income distribution to the lower quartile house prices because many of the households who do not earn enough to be able to purchase a new property in fact already own property, or have a mortgage for much less than 100% of the current value of their property. An analysis of how many households require affordable housing, because they are in housing need and cannot afford to meet their needs in the market, is given in chapter 6.

### **Step 3.3: Occupancy by tenure**

4.41 Occupancy is another indicator of relative housing pressure. The degree of overcrowding and under-occupancy provides an insight into possible future household flows, potential levels of 'concealed households' and changing consumer aspirations. The census provides a measure of overcrowding and under-occupation through information on the number of households with more household numbers than rooms. The number of overcrowded dwellings by tenure can be identified together with under-occupation by tenure. If census data is dated and where there are issues regarding occupancy levels, local housing partnerships should consider alternative data sources.

### **Step 3.4: Vacancy rates by tenure**

4.42 Since housing markets are dynamic, a certain amount of vacancy for short periods of time is inevitable. However, high rates over the long term may indicate disparities between supply and demand. Estimates of empty properties can be obtained from the council tax register, stock condition surveys or organisations owning or letting property, mainly the local authority itself and local RSLs, but also including estate agents. It might be useful for partnerships to identify areas with unusually high levels of long-term vacancies and establish the reasons why through interviews with local

stakeholders and residents. It is important to differentiate levels of demand by tenure and location.

### **Step 3.5: Turnover**

4.43 Turnover rates, difficult-to-let properties, and void levels are all indicators of a lack of demand or areas deemed desirable or undesirable. However, in the case of social housing, indications of a lack of demand may be in part a result of allocations systems. Choice Based Lettings can help to provide evidence of preferences and the reasons for low demand – as well as being an effective way of using the existing stock more efficiently. More can be learnt about the demand for housing by tenure through looking at households' choices.

4.44 As an indicator, turnover (sometimes called “churn”) may reveal potential imbalances in terms of the type of housing in demand, or areas deemed to be desirable or undesirable. For the social rented sector, turnover rates can be obtained from local authority or housing association records, and for owner-occupation they should be calculated (in percentage terms) as sales compared to total owner occupied stock. For the private rented sector, information can be obtained from estate and letting agents.

4.45 Turnover is likely to vary considerably according to tenure. In the private rented sector, the average length of stay is 6-12 months, reflecting the leasehold structure. Homeowners move on average every 3 to 7 years. In the social rented sector, high turnover levels can be either good or bad – good if households are being moved to the right size dwellings (or those with the right adaptations without long waits) or bad if certain dwellings or areas are unpopular. Similarly, some properties have high turnover because vulnerable households are placed there who cannot maintain longer-term tenancies. This situation can be self-perpetuating unless action is taken. Social landlords with particular problems of turnover should determine the reason for this, for instance through exit surveys, which might provide useful data for partnerships.

### **Step 3.6 Assessing available housing supply**

4.46 The available supply of market housing is what is currently advertised for sale or for rent. This can be assessed by transactions information from the Land Registry. As this is not available by size, and does not cover the rental sector, this information will have to be supplemented by information from local estate and letting agents. Such information will only provide an indication as not all vacant properties are advertised or let through estate or letting agents. Many housebuilders use their own sales staff and they should be asked to provide appropriate information. Turnover, particularly the times during which it remains unsold, in the market housing sector will indicate the degree to which supply is available together with the length of time housing is on the market or remains un-let.

4.47 The current availability of social housing is indicated by the number of re-lets. This can be obtained for RSLs from the Performance Indicator

information collected by the Welsh Assembly's Statistical Directorate; they also collect information about local authority lettings. Account should be taken of the extent to which certain properties are constantly available as re-lets, as these are likely to be unpopular or unsuitable for many types of household. The size and type of re-lets should also be taken into account.

### **Step 3.7 Historical analysis of housing supply against household formation**

4.48 Some parts of Wales have been experiencing considerable net in-migration in recent years and housing supply might not have kept pace with overall household growth. Assuming macro-economic factors remained stable this may have had an effect in pushing up prices beyond the reach of a section of the local population who would traditionally have been able to access the housing market unaided.

4.49 Conversely, some areas have experienced population and household decline and if supply has not declined proportionately this may evidence itself in higher vacancy rates and long term voids. Assessments should therefore consider the net increase/decrease in housing stock over the last 5-10 years, after netting off stock lost through demolition or closing orders. This should be balanced against the estimated increase or decrease in the number of households over the relevant timescale to provide evidence of cumulative under or over supply. In assessing the comparisons partnerships should also take into account any trends evident in vacancy rates/long term voids.

### **Stage 4: Bringing the evidence together**

4.50 The aim here is to bring together the evidence on the key factors influencing the current housing system, current stock and the indicators of housing demand or supply to assess the extent to which demand is being met and to identify the underlying trends which will affect future demand. Local housing partnerships should be able to produce a report which is a 'pen portrait' of the nature of the local housing market in terms of key housing trends and indicators and the outputs listed below.

#### **Outputs from Stage 4**

Based on steps 3.1 to 3.6, local housing partnerships should be able to:

- understand the balance of the overall stock of dwellings and households and how this has changed in recent years;
- provide evidence of the existing housing stock by size, type, tenure and location;
- provide evidence of changing house prices and housing demand by size type and location;
- indicate the extent to which some areas within the local housing market are less popular and /or raise issues of low demand / over supply – and why;
- indicate the extent of demand pressure in terms of market and social housing stock;
- estimate current affordability by tenure and household income;

- identify other issues including stock condition, turnover, and overcrowding; and
- Provide evidence of how well housing supply has matched net rates of household growth or decline.

4.51 In light of the above, local housing partnerships should be able to address the following questions:

- What are the key drivers of the local housing market?
- How do the different tenures relate to each other?
- Is there a shortfall / surplus of housing in the local housing market or in a particular sub-area in terms of size of property, location, type or tenure?
- Which are the most / least desirable and popular housing locations?
- Are there problems of affordability in the local housing market and which income groups / tenures / house types and sizes / are affected?
- Are there any specific problems (e.g. stock condition, overcrowding, under-occupation, excessive turnover, sharing, second homes, low demand) that need to be addressed?
- Is there evidence of pressure in the housing market, which might affect future housing demand?
- To what extent does it appear that socio-economic change is related to house price change and the different pressure points in the current market?
- Where is there a lack of available housing, how is this affecting demand for particular housing types and tenures?
- How have households in social rented housing changed over time and is this related to household change in other tenures?

## **CHAPTER 5**

### **Assessing future change in household numbers**

#### **Introduction**

5.1 This chapter describes how an understanding of the current housing market derived in chapter 4 can be built upon to understand likely need and demand for housing in the future. It provides guidance on determining the future change in the number of households (including those needing affordable housing) in the local housing market, using secondary data. In most areas household numbers are likely to grow, and the estimate of change will indicate the amount of additional housing that these households will require. In some areas however, there may be a net reduction in the number of households. This chapter outlines the minimum approach that should be used, but recognises that some local authorities already use more sophisticated methods and housing market models and that local housing partnerships may also wish to do so. It outlines some of the possible approaches, giving references.

5.2 In previous guidance (Bramley, 2000) a household survey has been used as the basis for assessing the numbers of future households. However, survey data is considered less robust than secondary data for this particular purpose because survey data generally relies on asking households about their intentions in the next few years (usually three) which can be highly unreliable. This approach uses the more comprehensive and robust official Assembly Government projections of future population and households based on recent past trends. Many local planning authorities produce population and household projections and forecasts for their own areas - for the purposes of preparing development plans among other things - based upon a combination of recent trends and assumptions about the effect of local and national policies, particularly on the availability of housing. However as these local effects vary, the resulting forecasts do not aggregate to the GAD all-Wales projections. For many purposes, such as local planning or market research, these local 'policy based' forecasts and projections are likely to be more appropriate and reliable at the local level.

5.3 There is a difference between projections and forecasts. Projections simply project past trends forward into the future. They assume that the underlying economic factors (such as labour market participation rates, unemployment and employment, early or late retirement) and demographic factors (such as ageing, tendency to form smaller households, tendency to get married or live together or to get divorced or separated) will continue unchanged. Forecasts attempt to model these factors.

5.4 The outputs from the analysis of future change in household numbers are estimates of the numbers of newly forming households in each year or five year period (which can then be averaged to produce a yearly figure). These are broken down by age band, gender of household head and by household type (single person, couple, lone parent, couple with dependent children, other multi-person household). These are net figures and can be

taken as estimates of the numbers of households requiring housing in the future.

5.5 These numbers will inform the development of planning policy. This process (not covered in this Guide) will involve comparing the output from this chapter with the likely available supply (including existing commitments under previous plan policies) in order to determine a net figure for additional housing.

5.6 There are two stages in this chapter: Stage 1 sets out the minimum approach to projecting change in future household numbers. Stage 2 outlines more sophisticated methods, which can be used either in addition or instead.

**Stage 1:**

**Projecting the future change in household numbers: basic method**

<b>Table 5.1: Simple approach to projecting future household change</b>		
	<b>Principal data sources</b>	<b>Outputs</b>
Population and household composition	Chapter 4 step 1.2	Current numbers of households by type, age, gender and ethnicity
Projecting future change in household numbers	Official population <sup>1</sup> and household projections, allocated to local market areas <sup>2</sup> , preferably in conjunction with neighbouring authorities, and updated using the National Health Service Central Register (NHSCR).	Future number of households by type (i.e. married couple, cohabiting couple, lone parent, other multi-person and single person household) age, gender and ethnicity

5.7 Local housing markets are the smallest spatial unit at which it is appropriate to estimate, project or forecast demographic trends, including migration flows. Even within local housing markets, most moves are within the area rather than into or out of it – indeed this is the basis on which the local housing market is defined. Below this level there will be too much ‘noise’ to make sense of migration flows.

<sup>1</sup> Wales’ population is ageing and will likely continue to do so; demographic distribution will not remain the same. Migration patterns over the last 5 years from NHSCR indicate regional population distribution is influenced by migration. North Wales attracts older people whilst the south-east, Cardiff in particular, attract people at younger ages.

<sup>2</sup> Little demographic data is available at spatial levels. Data can be created by using blocks of output areas and aggregating these to a housing market area. Even then, accuracy may be susceptible to error.

5.8 The local housing partnership will already have assessed the current population structure and composition as part of chapter 4 (Stage 1 step 1.2). The partnership should build upon this and extrapolate trends forward in order to develop an understanding of the likely changes in population size and composition which may affect future levels of demand for housing of different sizes, types, tenures or location.

### **Step 1.1: Population and household composition**

5.9 Population and household structure have important implications for the profile of household demand. It is important to consider the age, gender and ethnic structure of the population in the local housing market as well as the type of household.

5.10 The **age structure** of the population could influence migration trends and household formation. Age is also an important factor when assessing housing demand and need. For example, it is often used to estimate the number of vulnerable people with potential needs for care and support. There are also important age 'cohort' effects in relation to tenure preference and housing demand. Local housing partnerships should examine the proportion of the population in different age cohorts so that they can identify which household types are expected to grow or decline over time. Age cohorts typically used are young adults (16-24 years), those in their mid 20s to mid 40s, mature householders in their late 40s and 50s and older people.

5.11 **Gender and ethnicity** also have a strong influence on the mix and location of housing demand. Different ethnic groups have different age structures, household formation rates, fertility rates, tenure and locational preferences. Male and female-headed households tend to have different home ownership rates and there tend to be a higher proportion of women than men in older age cohorts.

5.12 The **relative numbers of different household types** have implications for housing demand. For example, an important indicator of affordability and demand for home ownership is the proportion of couple households and dual income households. By contrast lone parent households have only one potential earner, who must also fill the role of parent. It is important to examine different household types, considering how they relate to the broad age groups above.

### **Step 1.2: Household projections**

5.13 Local housing partnerships can use a variety of techniques to project future household numbers in their local housing markets. As a reference point they should use the most recent Welsh Assembly Government sub national household projections. Within each region local authorities, planning and housing in concert should work together collaboratively to apportion to each authority the Assembly Government sub national household projections, or agree their own regional policy based projections. Where local planning authorities deviate from the Assembly Government projections, by using their



own policy based projections, they will need to justify this, explaining the reasons for using other projections.

5.14 The Assembly Government’s sub-national population and household projections (which are based upon assumptions regarding international and internal migration) look forward over a 25 year period. Although the projections do not explicitly take account of current economic, social and environmental factors, these are implicitly reflected in the recent trends that form the basis of the forward projection.

5.15 The approach used by the Assembly Government is to project forward the population by age and sex using cohort survival techniques. Marital status (including cohabitation) rates by age and sex are projected forward and then applied to the estimates of the current population. In terms of sub-national household projections, household formation is estimated by applying headship rates (i.e. household representative rates) to each household type. These rates are themselves projected by fitting non-linear trends through past-observed data from censuses and national surveys. Net new household formation is calculated by assessing changes in headship rates for a particular age cohort as it is rolled forward over time.

**Stage 2:**

**Other methods of estimating future change in household numbers**

5.16 This section describes some of the more sophisticated methods that can be used to estimate the future change in the numbers of households within the housing market area. Many authorities are already using these techniques, and local housing partnerships may wish to use them, or to commission consultants to use them.

Step 2.1	Migration estimation
Step 2.2	Use of the census
Step 2.3	Off the peg models
Step 2.4	Commissioning projections
Step 2.5	Assessing household projections and forecasts

**Step 2.1 Migration estimation**

5.17 More sophisticated local projection methods use a similar methodology to the national projections, but with different assumptions about migration. Migration estimates (in terms of population moving in and out by age and sex) are normally informed by data from the National Health Service Central Register (NHSCR). In addition, information regarding recent in-migrants can be obtained from local housing surveys if they have been undertaken. Forecasting migration trends at the local level is complex, both in terms of the methods used and the range of factors that can influence migration (e.g. local labour market conditions, planning and housing policies and wider environmental factors including perceptions of quality of life). Some sources of migration data (such as the NHSCR) give rates for individuals, rather than households. It is also important to distinguish between individual migration and the household impact of migration flows, by taking the household forming

propensities (headship rates) of each age group in the local population and applying these to in and out migrants. This is illustrated in example 5.1 below.

Age group	Headship rate	Numbers of in-migrants <sup>3</sup>	Number of in-migrating households	Numbers of out-migrants	Numbers of out-migrating households
16-29	25%	6000	25% times 6000 = 1500	2000	25% times 2000 = 500
30-44	50%	5000	50% times 5000 = 2500	4000	50% times 4000 = 2000
45-64	60%	4000	60% times 4000 = 2400	5000	60% times 5000 = 3000
over 65	70%	2000	70% times 2000 = 1400	4000	70% times 4000 = 2800
<b>Total</b>		<b>17 000</b>	<b>7800</b>	<b>15 000</b>	<b>8300</b>

5.18 As this example shows, an area may have a net in-migration of individuals but a net out-migration of households due to the different age profiles of the migrants (or vice versa).

### **Step 2.2 Use of the Census**

5.19 The Census provides the most complete and comprehensive information available about the composition and living arrangements of people and households. It can be used to investigate patterns of migration and travel to work. The Census Origin-Destination Matrices provide information on flows of migrants or people travelling to work from one specific geographical area to another. In addition to overall counts of the flows between areas, the tables provide disaggregation by variables such as age and ethnicity. The matrices for residents of England and Wales are split into two main categories - the Special Migration Statistics (SMS) and the Special Workplace Statistics (SWS) (relating to travel to work), and each of these categories contains different tables for local authorities, wards and Output Areas. Most matrices are produced for all areas in the UK, but there are differences in the tables provided for each part of the UK. A list of the tables produced within both the SMS and SWS for residents of Wales with notes on differences in matrices produced for other parts of the UK is available on the ONS website.

5.20 Census data also enables the number of household representative persons by age to be divided by the number of residents in households by age of representative, giving a set of age-specific household formation rates. These can then be applied to the forecast population increases while constraining the population to a particular mid-year estimate until the total dwelling stock matches the proposed dwelling stock. This can be continued throughout the forecast period. Vacancy rates and non-household population rates can be calculated from the census and held constant throughout the

<sup>2</sup> The figures in this table are for illustration purposes only. LHPs should obtain current headship rates for their region.

<sup>3</sup> The source of migration flows at local authority level is the National Health service Central register. Headship rates are from the Census.

forecast period. While this may sound complex, in practice it is straightforward but time-consuming.

### **Step 2.3 Off the peg models**

5.21 There are some off-the-peg models that can be used to forecast population and household growth. Some show how to calculate age-specific birth and death rates using the most recent mid-year population estimates. Total fertility rates (and standard mortality ratios) can be calculated for the previous decade and projected forward. Using these inputs a forecast based on natural change can be determined. One such model under consideration by the projections working group is the feasibility of using “Popgroup” (administered by the Cathie Marsh Centre for Census and Survey Research (CCSR) at the University of Manchester) for local authority level projections. The ONS also produce population projections using their own software that uses historical fertility, mortality and migration data to project the population forward using standard demographic methods. Historically this model has produced the sub-national projections in Wales.

### **Step 2.4: Commissioning models**

5.22 Some local authorities commission models that are variants on the official projection methodology. One example, upon which the Assembly Government household projections are based, is the ‘Chelmer model’ run by the Population and Housing Research Group at Anglia Ruskin University. They can also be tested by varying inputs e.g. trend migration may be compared with zero net migration.

5.23 Using Assembly Government projections as a starting point, it is possible to model the effects of actual economic performance on headship rates and household formation. The projections will provide headship rates and household formation information. By comparing this information with current and past economic information, assumptions may be made on how economic performance affects headship rates and household formation.

### **Step 2.5 Appraising household projections and forecasts**

5.24 It is sensible to consult local planners and where possible local demographers and economists when deciding which methods should be used. When assessing whether household projections are fit for purpose, local housing partnerships should consider the issues summarised in Table 5.2.

**Table 5.2: Criteria For Assessing Household Projections****Technical considerations:**

- **The underlying structure of the population:** There are marked differences in household formation, fertility and life expectancy amongst different ethnic communities. For instance, young Asian families have a higher tendency to reside with parents or parents-in-law than other ethnic groups, although the percentage tends to decrease as household heads near their mid 30s. ONS is currently undertaking experimental research to develop and test a method for estimating and projecting ethnic population and household growth;
- **Migration assumptions:** NHS patient registers are the best proxy for internal migration within England and Wales, but are known to miss some persons. In particular, young men are less likely to register with a GP when or after they move;
- **Length of time elapsed since the Census used to derive projections:** The process of change is cumulative so the reliability of projections decreases over time;
- **Definition of private households:** Household projections largely disregard concealed households and tend to be based on out of date information regarding the size of the institutional population;
- **Projected household type:** No single definition of household type meets the needs of all users. Local housing partnerships should examine household projections in terms of age and household type. For instance, household projections for households headed by someone aged over 60 years and over 75 years will be useful in assessing potential demand from older people for housing related services.

**Contextual considerations:**

- **Wider housing market systems:** local housing markets may be located within wider housing systems. Subsequently, high levels of mobility within the wider system could challenge the migration assumptions underpinning the household projections;
- **Local economic and labour market conditions:** strong local economic performance can increase inward migration to an area. By contrast, stagnating local economies may have the opposite effect, increasing emigration to areas where employment prospects are better. Local housing partnerships should consider how migration assumptions underpinning the projections relate to actual and future economic performance;
- **Household formation and migration amongst younger adults:** Whereas the housing choices of those over 34 years are largely stable, younger adults (especially those under 24) are more likely to be influenced by local employment and housing opportunities. Household formation amongst younger adults is therefore more variable than older adults. Research by Ermisch and Di Salvo (1995) shows that high house prices can encourage younger people to remain at home and delay forming a separate household;
- **Environmental factors:** for example, households nearing or reaching retirement are likely to move to rural areas and localities that offer a better quality of life.

5.25 Chapter 6 uses a different methodology to estimate the future need for affordable housing. The two are brought together in chapter 7 with the analysis of the housing market from chapter 4 and qualitative information about preferences and aspirations.

**Outputs from Chapter 5**

Based upon this chapter, local housing partnerships should be able to produce:

- an estimate of the projected household change in terms of age, gender, ethnicity and type; and
- a more sophisticated projection that takes account of local differences where appropriate.

## CHAPTER 6: Assessing housing need

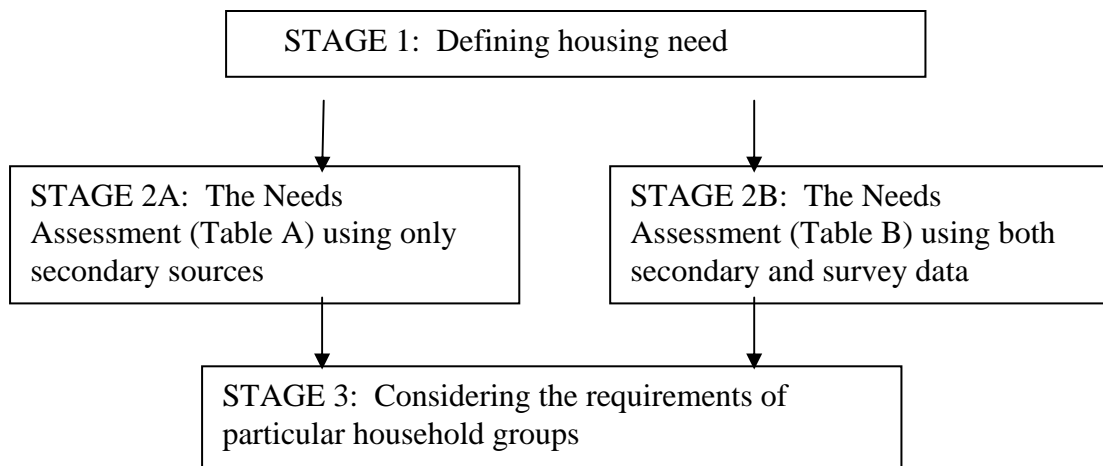
### Introduction

6.1 This chapter takes a more traditional approach than the previous two and addresses assessment of unmet housing need. The outputs from it feed into the evidence base for developing policy as outlined in chapter 7.

6.2 In much of Wales there is a net shortage of affordable housing, and decisions about how much more to build should be based on levels of housing need. This chapter looks at the need, rather than the demand, for affordable housing.

6.3 Estimates of housing need provide the evidence base to support an Affordable Housing policy in Development Plans and obtain developer contributions (see 6.6 for homelessness obligations). Estimates of shortfalls or surpluses of affordable housing are important inputs into Local Housing Strategies.

6.4 This chapter shows how to undertake the assessment of housing need using either secondary data alone or alternatively a combination of secondary and primary data such as a local housing survey (as such there is elements of duplication in text and methodology). Partnerships that have not carried out a survey should follow stages 1, 2a and 3. Those that have should follow stages 1, 2b and 3.



### Stage 1: Defining housing need

#### What is housing need?

6.5 To elaborate on the definition in 1.3 housing need generally refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the local housing market without assistance. Households in housing need are the part of the population not included in market demand because they have

insufficient income to satisfy their needs by accessing suitable market housing. Households in housing need are included in this part of the assessment, whether or not they want affordable housing. People who would like affordable housing, but are not in need, are excluded. The chapter does not assess the number of households where there is an in-situ solution (eg wheelchair ramps etc).

6.6 There is a statutory obligation on local authorities to secure accommodation for eligible, unintentionally homeless households in priority need. Non-priority households who are homeless or in unsuitable housing are also generally entitled to apply for social housing within the local authority area in which they live. It is therefore important to have up-to-date assessments of housing need within local authority boundaries and partnerships should ensure that outputs are capable of disaggregation to local authority areas.

### What is affordable housing?

6.7 The definition of 'affordable housing' for the purpose of the land use planning system is housing provided to those whose needs are not met by the market. Affordable housing should:

- meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local house prices; and
- include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or staircasing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.

It includes social rented housing and Intermediate housing.

Intermediate housing is that 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. Intermediate housing can help existing tenants to move out of the social sector (and release the unit for use by another household in need).

### Defining unsuitable housing

6.8 Table 6.1 lists the types of housing that should be considered unsuitable<sup>1</sup>:

<b>Table 6.1: Unsuitable housing<sup>1</sup></b>	
<b>Main category</b>	<b>Sub-divisions</b>
Homeless or with insecure tenure	Under notice, real threat of notice, or lease coming to an end, those made homeless as a result of relationship breakdown, domestic violence etc.

<sup>1</sup> See TAN 2 Planning and affordable housing.

	Too expensive, and in receipt of housing benefit, or in arrears due to this
Mismatch of household and dwelling	Overcrowded, according to the 'bedroom standard'.
	Too difficult to maintain (e.g. too large), i.e. requiring repairs beyond the means of the household, even with equity release.
	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
	Household containing person with mobility impairment or other special needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ.
Dwelling amenities and condition	The dwelling fails to meet the requirements of the Housing, Health and Safety Rating System (HHSRS) and vulnerable households do not have the resources to carry out works to meet the standard. Therefore financial assistance may be required.
Social needs	Harassment or threats of harassment from neighbours or others living in the vicinity, which cannot be resolved except through a move.

### How to measure affordability

6.9 Chapters 4 and 5 should have provided the local housing partnership with an overall picture of the relative pressures on its local housing market. This chapter sets out a more detailed approach to estimating the numbers of households unable to afford market housing. This involves comparing household incomes (using either models that estimate household income or data from the local housing survey) to entry-level house prices and rents. This establishes which households can afford market housing, and which need affordable housing. Those in need of affordable housing can be further divided into those that can afford intermediate housing, and those who cannot, who are assumed to need social rented housing.

6.10 The Needs Assessment Table (table A in Stage 2A or table B in Stage 2B) explains how to assess whether current households who are in unsuitable housing (i.e. suffering any of the problems in table 6.1) can afford suitable market housing. It also shows how to apply affordability tests to the incomes of newly forming households, in order to establish the numbers who are likely to be in need of affordable housing. It is not necessary to use the affordability measures to test whether households can afford their existing accommodation. Only households in arrears (for mortgage or rent) or in receipt of housing benefit should be regarded as in housing need, on the grounds that their accommodation is too expensive. Otherwise, it should be assumed that a household *is* managing to afford their housing.



## **Assessing household income**

6.11 When assessing affordability, gross household income should be used. Working tax credit should be included, but all other benefits (including Housing Benefit) should be excluded.

6.12 Tax credits are received by substantial numbers of low and middle-income households who may be on the margins of affordability. Other benefits should not be included, as information on them is difficult to collect, they are often intended to meet specific non-housing needs, and levels are usually low and will not have a major impact on affordability. Housing benefit is only paid to households who would be otherwise unable to afford their housing. It should not therefore be included as income.

## **Assessing whether a household can afford to buy a home**

6.13 A household is considered likely to be able to afford to buy a home that costs 3.5 times the gross household income for a single earner household, or 2.9 times the household income for dual income households.

6.14 Where possible, allowance should be made for existing equity that could be used towards the cost of home ownership (see Appendix B if partnerships are using survey data here). Only the income of the head of household and their partner (if any) should be considered - income earned by other adults (e.g. grown up children) living in the household should not be included as this group is likely to move out within the timescale of a mortgage.

6.15 The size of mortgage that a household can afford should be compared to a *threshold cost of home ownership* for a property of an appropriate size for the household concerned. The entry level prices for different property sizes have been established in chapter 4 (steps 3.1-3.2, stage 1A) using information from local estate and letting agents.

## **Assessing whether a household can afford to rent a home**

6.16 A household should be taken as being able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income.

6.17 This is better than using 30% of net income as the criterion as it allows higher income households to spend a higher proportion of their net income on housing, and lower income households somewhat less, which better reflects what households can actually afford. It is also easier to collect information on gross household income. 'Rent payable' is defined as the entire rent due, even if it is in fact partially or entirely met by housing benefit. Other housing-related costs, such as council tax and utility bills should not be included as rent. Provided that service charges levied by RSLs reflect the actual cost of

providing the services to those in receipt of them, little merit is seen in promulgating a standardised methodology of calculation.

6.18 The income of households living within another household (or from all the members of a multi-adult household) should be included if they intend to remain living together for at least the next six months.

6.19 When assessing whether a household can afford local rented accommodation, the typical lowest commonly found rents should be used. These will have been established in chapter 4 (step 3.1, stage 1A).

### **Assessing whether a household can afford a shared equity property**

See 3.36 et al on the intermediate market.

### **Assessing where a household should be able to afford to live**

6.20 The area in which it is assumed a household should be able to live is important here. This will vary between areas and it is, therefore, not possible to be too prescriptive. In some urban areas, it may be reasonable to assume that households should be able to buy or rent in an adjoining local authority area, if not their own. In some other areas, this may not be reasonable, and affordability should be based on property prices within the local authority area. In larger rural authorities, it may be necessary to look at a very local level in order to establish where it is reasonable that a household should be able to afford to live.

6.21 If it is being assumed that households can live in a neighbouring authority area, this should be based upon evidence that households are willing to move to the area, and should be part of a partnership arrangement, where the neighbouring council is aware that this demand for housing is being assumed.

6.22 When establishing what areas to consider, distances travelled to work or school are important factors as well as people's needs to remain part of their local community and maintain contacts with friends or family, or remain within school catchment areas. Partnerships should consider carefully what locations are sustainable for affordable housing in the context of creating sustainable mixed communities, acceptable commuting distances and access to services including public transport.

### **The Needs Assessment Table**

6.23 Table 6.2 outlines the stages in a quantitative assessment of housing need for affordable housing at the local housing market or local authority level. It may also be possible to consider need on a more localised level if a local housing survey has been undertaken (see Appendix B on sample sizes).

6.24 It will be necessary to estimate how housing need breaks down by size of housing as well as by tenure (i.e. social rented, shared ownership, etc). This is discussed at the end of Stages 2A and 2B and in Stage 3. The model

is based upon the Basic Needs Assessment Table developed for the 'Local Housing Needs Assessment: A Guide to Good Practice' by Bramley et al (DETR, 2000). This version attempts to provide greater clarity and consistency of approach by setting out precisely how to calculate the numbers in each step of the model.

6.25 An essential feature of the model is that the housing need and housing supply are expressed in terms of annual flows (i.e. the number of units per year) over a prescribed period. Gross figures (such as household formation, migration, etc) are inputs into the model which, after subtracting supply from need, can then produce a net annual shortfall of dwellings.

<b>Table 6.2: Outline of model</b>
<b>C: CURRENT NEED</b> (times a yearly quota)
Minus
<b>A: AVAILABLE STOCK TO OFFSET NEED</b> (times a yearly quota)
Plus
<b>N: NEWLY ARISING NEED</b> (future)
Minus
<b>S: SUPPLY OF AFFORDABLE UNITS</b> (future)
Equals
<b>NET SHORTFALL (OR SURPLUS)</b>
of affordable units per year

6.26 Whilst this assessment of current need gives an aggregate picture, it does not provide information about the movements of individual households. Even if the total number of households in need remains constant, individual households will move in and out of need. Households in need will move between different housing situations while remaining in housing need.

For some steps there is no authoritative source of data and local housing partnerships may have to make estimates based on a variety of data sources. When estimates are used, these will need to be set out in a clear and transparent manner. Modelling using different estimations can increase understanding by resulting in different levels of housing need. This would involve undertaking the calculations within the model with different estimates at particular steps and then comparing the differences in the net surplus or shortfall of affordable housing required.

## **Stage 2a: Using secondary data to assess housing need**

### **The use of secondary data sources**

6.27 Table 6.3 below builds upon table 6.2 by illustrating the housing needs assessment model in more detail. The left-hand column shows the steps involved in the numerical calculation, while the right hand column identifies the relevant data sources. These calculations should be carried out on a number-per-year basis for each local authority, although the approach could also be used (depending on the data available) at a housing market level, or more localised level. It should be borne in mind that migration statistics from the Census only provide a snapshot of movements in the twelve months prior

to Census Day and migration flows from the National Health Service Central Register (NHSCR) show that flows can fluctuate significantly from year to year. Focussing on a single 12-month period can therefore give rise to problems for which the NHSCR would be insufficient in terms of detailed characteristics on migrants. The Assembly ECAD is considering with Experian the attainment of statistics on the characteristics of migrants. If Census data is used, the use of data on migration below LA level is susceptible to problems with confidentiality adjustments. Summing the origin-destination tables to create a total for an area is not suitable given the number of random cell adjustments. Specially commissioned tables direct from ONS with a pre-determined layout may overcome this. The Local Government Data Unit are in discussion with LA's and ONS to commission a number of tables on migration from the Census.

6.28 When completing this Needs Assessment Table it is vital that the basis of the numbers is clear. Where assumptions are made, these should be made clear and comprehensible for a lay reader.

**TABLE 6.3: NEEDS ASSESSMENT TABLE OF STEPS AND SOURCES  
VERSION A (USING ONLY SECONDARY DATA):**

Element and step in calculation	Data sources
<b>C: CURRENT NEED</b>	
1. Existing households in need of alternative housing.	Housing Register
2. <i>plus</i> current non-households in need	Housing Register Priority homeless in temporary accommodation; Hostel move-on needs; Homeless agencies data.
3. <i>minus</i> cases where they can afford to meet their needs in the market	Housing Register
4. <i>equals</i> Total current housing need	1 + 2 – 3
<b>A: AVAILABLE STOCK TO OFFSET NEED</b>	
5. Current occupiers of affordable housing in need.	Local Authority and RSL transfer lists
6. <i>plus</i> surplus stock	Local Authority and RSL records.
7. <i>plus</i> committed supply of new affordable units.	Development programmes of LAs and HAs, including conversions and intermediate housing products; Regeneration Schemes.
8. <i>minus</i> planned units to be taken out of management	Demolition and conversions programmes of LAs, HAs; Regeneration Schemes.
9. <i>equals</i> Total available stock to meet current need	5 + 6 + 7 – 8
<b>10. <i>equals</i> Total Current need</b>	4 – 9
11. <i>times</i> quota progressively to reduce level of current need	Policy judgement.

12. <i>equals</i> annual need to reduce level of current need	10 x 11
<b>N: NEWLY ARISING NEED</b>	
13. New household formation (gross p.a.)	Output of chapter 5
14. <i>times</i> proportion unable to buy or rent in the market	Secondary data sources on household incomes and income proxies; Output from chapter 4, establishing entry level rents and property prices i.e. step 3.2 of Ch 4.
15. <i>plus</i> existing households falling into need	Numbers joined housing register within last year who were already householders; LA data on households recently housed outside normal housing register, or where entered register within last year.
16. <i>minus</i> potential out-migrants unable to afford market housing.	Census data as a proxy
17. <i>plus</i> in-migrants unable to afford market housing.	Census data as a proxy
18. <i>equals</i> newly arising need	$(13 \times 14) + 15 + 16 + 17$
<b>S: SUPPLY OF AFFORDABLE UNITS per year</b>	
19. Net supply of social re-lets	Lettings/voids system for LA and HAs
20. <i>plus</i> supply of intermediate housing available for re-let or resale at sub market levels	LA and HA Lettings/voids system and data on re-sales of sub-market LCHO or shared equity schemes.
21. <i>equals</i> affordable supply	19 + 20
NET SHORTFALL OR SURPLUS	
<b>22. Overall shortfall or surplus</b>	<b>12 + 18 – 21</b>

### Stage 1 - How to calculate housing need (A)

#### Steps 1-4 - Calculating the current need

6.29 These involve determining how many existing and hidden households are in housing need (see Table 6.1) and require alternative accommodation.

6.30 Housing registers or local authority/HA's transfer lists can be used to estimate existing households in need - i.e. households being housed in unsuitable dwellings. It may, however, include households who are not in need according to the criteria given in table 6.1; these households should not be included in the calculation. Households who are currently housed by the council in temporary accommodation should be included as current need. Care should be taken to avoid double-counting households registered on more than one transfer list. Some may be living in council-owned stock, and

will not therefore be included in the calculations of net units required for the same reasons as set out in step 5 below.

As considered in chapter 4, there are alternative sources of information about some aspects of unsuitable housing, such as census figures on over-crowding and these can be used to verify data where relevant. Where households are able to access suitable housing in the market without financial assistance, they should not be counted as being in need.

***Households from other tenures in need***

6.31 Housing registers can be used to estimate the number of households from other tenures in need. Again, where households are able to access suitable market housing without financial assistance they should not be counted. Additional information about rent and mortgage arrears can be used to verify information from housing registers.

***Households without self-contained accommodation***

6.32 Homeless households and those in priority need who are currently housed by authorities in temporary accommodation should be included as current need. Housing registers should provide information about concealed households who are unable to meet their needs within the market (e.g. couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household). Care should be taken to avoid double counting with households identified under 6.30 and 6.31.

***Total current housing need (gross)***

6.33 This is the sum of the numbers of households identified in steps 1 to 4.

***Step 5 – Removing current occupiers of affordable housing (available stock to offset need)***

6.34 This is an important consideration in establishing the *net* levels of affordable housing needed as the movement of such households will have a nil effect in terms of additional housing need. The figure identified in step 1 should be used although care should be taken to ensure that any dwellings vacated by current occupiers are fit for use by other households in need.

***Step 6 – Surplus stock***

6.35 A certain level of voids is normal within council and housing association stock to allow for transfers and works on properties. However, if the rate is in excess of approximately 3% and properties are vacant for considerable periods of time, these should be counted as surplus stock.

**Step 7 - Committed supply of new affordable housing**

6.36 This includes new (and conversions) social rented and intermediate housing which are already planned to be built over the time period of the assessment (see step 11, below).

**Step 8 – Units taken out of management**

6.37 This involves estimating the numbers of social rented or intermediate units that will be taken out of management each year as effected households will be in need of alternative accommodation. It should not include right-to-buy sales as gross figures as authorities are not required to re-house these households- their impact upon stock is covered in step 19.

6.38 Units taken out of management include those that local authorities or housing association will no longer be managing. In addition, planned demolitions or redevelopment schemes could lead to net losses of stock (and households in need of re-housing) and should be counted. Any empty properties that are due for demolition will have been counted as surplus housing in step 6. However, they must now be removed as they will not be available to meet need.

**Step 9 – Total available stock to meet current need**

6.39 This is the total stock available, or predicted to become available, over the assessment time period (see step 11). It is calculated by adding steps 5 (current occupiers of affordable housing in need), 6 (surplus stock), and 7 (committed additional housing stock), and subtracting the stock to be taken out of management (step 8).

**Step 10 – Total unmet need**

6.40 This is the current number of households who are in housing need and unable to meet their needs in the market. It is calculated by subtracting step 9 (total available stock to meet current need) from step 4 (total current gross housing need). This calculation assumes a one-to-one relationship between households and dwellings.

**Step 11 – Quota to reduce levels of current need**

6.41 Local housing partnerships will need to judge the rate at which identified current need in step 10 should be met. Whilst the decision is the responsibility of individual local authorities, partnerships should bear in mind the need for comparability.

6.42 In reality, levels of unmet need are unlikely to be reduced to zero given that people's housing circumstances change, and there will always be households falling in and out of housing need. The quota should be based upon meeting need over a period of five years, or the relevant local development plan time period, whichever is the longer. It does not imply that any individual household has to wait for this period. There may be merit in

linking the quota to the remaining time period of the adopted housing policies or the likely time period of any forthcoming housing policies in development plans. It is not generally recommended to use a period of less than five years in which to meet all unmet current need. For the purposes of this assessment, it is necessary to decide the rate at which identified current need should be met. If a five-year period is used, this means that 20% of current unmet need should be addressed each year. However, this is a judgement which partnerships can make at the beginning of, or during, the assessment process.

***Step 12 – Annual requirement to reduce the level of current unmet need***

6.43 This is the number of affordable units that will be needed each year to address levels of unmet housing need over the time period agreed in step 11. It is obtained by multiplying the current need (step 10) by the quota (step 11).

**Newly arising need**

***Step 13 – New household formation***

6.44 This involves making an estimate of the future change in the number of new households that will form on an annual basis. This is different from the growth in the number of households because that did not have the number of household dissolutions subtracted from it. The estimates of aggregate change in housing need and demand derived from chapter 5 will provide the information for this step of the assessment.

***Step 14 - Proportion unable to buy or rent in the market***

6.45 First partnerships will need to identify the minimum household income required to access entry level (lower quartile) market housing using the definitions set out previously. When estimating housing costs, partnerships can either use current housing costs or their estimates of future housing costs from chapter 5 (step 4).

6.46 To assess what proportion of newly forming households will be unable to access market housing, these minimum incomes need to be compared against the distribution incomes for newly arising households. In chapter 4, current household incomes should have been estimated by household type or age of household-head. The estimates of aggregate future change in housing need and demand derived from chapter 5 will have provided information about the numbers of newly forming households by household type. This will include consideration of any evidence about how incomes of either in-migrants or out-migrants differ significantly from the income distribution for the current population. Such evidence could include information about international migrants and asylum seekers.

6.47 In addition to making adjustments for changes in household type, partnerships may wish to adjust income distributions to take account of the likely changes in economic and employment factors assessed in chapter 5



steps 2 and 3. The assumptions behind the estimates should be clear and transparent.

6.48 Partnerships may also wish to consider household's access to capital. This information will have to be estimated from information about current access to capital that is not often readily available. Possible data sources include local surveys, relevant national or regional research or information from mortgage lenders about the levels of deposits offered by households buying at the lower quartile.

***Step 15 - Existing households falling into need***

6.49 Partnerships should estimate the number of existing households falling into need each year by looking at recent trends, i.e. number of existing households who entered the housing register within the last year. The estimation should include households who have entered the register and been housed within the year, as well as households housed outside of the register (such as priority homeless applicants).

***Steps 16 and 17 - In and out -migrants unable to afford market housing***

6.50 This may involve partnerships drawing upon any migration estimates undertaken as part of chapter 5. In terms of affordability, it is necessary to make assumptions regarding the ability of in and out-migrants to afford market housing which limits the usefulness of data sources such as the NHSCR. In reality it may be that the income profile of out-migrants differs to that of in-migrants. However, it may be necessary to assume that they are the same, and that the net levels of in-migration create new households whose income distribution is the same as that of the general population. This can be problematic when there are high levels of international migration occurring. If the age profile of migrant households is known, this may help to make realistic assumptions regarding their incomes.

6.51 Figures on international migration are not available at local level. The main problem in terms of housing need is the fluctuating numbers of people granted refugee status who will require affordable housing. It is not useful to predict future levels of international migration on the basis of past trends as numbers vary widely reflecting the complex interaction of various economic, social and environmental factors. Partnerships should know the number of units to be provided in an area to accommodate asylum seekers on a temporary basis. These figures should help to ascertain the likely numbers of asylum seekers that they might be required to house in the future if they are granted refugee status, and to take this into account when projecting future levels of in-migrants in housing need. They should try to develop an understanding of whether asylum seekers receiving a positive decision in their area of dispersal tend to remain in that area or move elsewhere.

***Step 18- Total newly arising need***

6.52 This is the annual gross level of newly arising housing need for affordable housing. It is calculated by adding together newly forming

households unable to afford market housing (step 13 times step 14), existing households falling into need (step 15) and in-migrants unable to afford market housing (step 16), then subtracting out-migrants unable to afford market housing.

***Step 19 – Net supply of social re-lets***

6.53 This can be calculated on the basis of past trends. Generally, the average number of re-lets over the last three years should be taken as the predicted annual level.

6.54 This should not include transfers within the social sector. Some local authority or housing association re-let figures will include cases where a new tenancy is issued to an existing occupier when the tenancy holder dies or moves out or where a joint tenancy is converted to a sole one or vice versa. Only properties that come up for re-let to a new household should be counted. In areas where the stock base of affordable housing is changing substantially (e.g., due to high levels of Right to Buy or substantial new stock being built) it may be appropriate to take into account the changing stock base when predicting the levels of future voids.

***Step 20 – Annual supply of intermediate housing***

6.55 This is the intermediate housing that comes up for re-let or resale and should be available from local operators of intermediate housing schemes. It should identify properties within the definition of intermediate housing and be included as affordable housing if it remains at a cost substantially below market value. For instance, if a shared equity scheme allows the purchaser to buy out the landlord's share (once the landlord's share has been bought, or substantially bought) the property is no longer affordable housing. However, if the money received by the landlord is used to fund future shared equity schemes, through the recycling of capital grant these will be counted under step 7, the new supply of affordable housing.

***Step 21 – Total affordable supply***

6.56 This is the predicted sum of annual supply of affordable units (i.e. both social rented and intermediate housing).

***Step 22 - Overall shortfall or surplus of affordable housing***

6.57 This is the overall level (i.e. shortfall or surplus) of affordable housing that would need to be provided each year in order to meet housing need over the chosen time period. It is calculated by subtracting the supply of affordable housing (step 21) from the annual need (step 12 plus step 18). A negative figure here implies a net surplus of affordable housing and the number indicates the rate that the surplus is predicted to grow at each year. The role of different kinds of affordable housing, such as intermediate housing products in meeting this need is discussed in stage three of this chapter. The different sizes of housing needed are discussed below.

### ***The size of affordable housing needed***

6.58 Using secondary data to assess housing needs cannot give a definitive view on the type of properties needed. To meet housing need it can provide a rough estimate of the relative pressure on different property sizes based upon housing register data. Factors to consider include:

- the number of households waiting for each property size, relative to the turnover rates of each size;
- the severity of need of households being offered each size of property. A points system is often used, which will allow comparison between those being offered housing;
- the length of time households are waiting for each property size;
- the annual rates of households of different sizes joining the register; and
- vacancy levels and turnover rates of different property sizes.

6.59 If there is any overcrowding within the social sector, it should be remembered that new larger properties could help to resolve the needs of several households for each property built, as households “move up” through the system into larger properties.

#### **Key Outputs**

Based upon the household needs assessment (secondary data only) local housing partnerships should be able to produce:

- an estimate of the level of housing need; and  
an estimate of the affordable housing needed in terms of different sized units.

### **Stage 2b: Assessing housing need using secondary and survey data**

6.60 This approach draws upon the findings of the local housing survey, together with other data sources including housing supply and allocations. The approaches to commissioning and undertaking local housing surveys are discussed in Appendices A and B respectively.

6.61 Local housing markets with low demand for housing may find that the model suggests there is little current housing need or even a negative figure if high void levels are present. However, the rest of the model can be used to consider likely trends in terms of the surplus stock of affordable housing. Despite the overall surplus, it is possible that there may be shortages of particular types of housing (e.g. four bedroom properties).

6.62 If a local housing survey indicates low levels of housing need, this will not necessarily translate into high void levels because allocation policies can be altered to (a) include households not technically in need (e.g., single adults wishing to leave their parents' home) or (b) allocate larger properties to

smaller households. In such instances the partnership should assess demand for all housing types and tenures including social rented housing.

6.63 When completing this Needs Assessment Table it is vital that it is clear how each of the numbers has been reached. Where assumptions are made, it is vital that the basis of the numbers is clear.

**TABLE 6.4: NEEDS ASSESSMENT TABLE OF STEPS AND SOURCES  
VERSION B (USING SURVEY DATA AND SECONDARY DATA)**

Element and step in calculation	Data sources
<b>C: CURRENT NEED</b>	
1. Existing households in need of alternative accommodation	Local housing survey.
2. <i>plus</i> current non-households in need of affordable housing	Local housing survey Priority homeless in temporary accommodation; Hostel move on needs; Homeless agencies data;
3. <i>minus</i> cases where they can afford to meet their needs in the market	Local housing survey.
4. <i>equals</i> Total current housing need	1+ 2 – 3
<b>A: AVAILABLE STOCK TO OFFSET NEED</b>	
5. Current occupiers of affordable housing in need.	LHS
6. <i>plus</i> surplus stock	Local Authority and RSL records.
7. <i>plus</i> committed supply of new affordable units.	Development programmes of LAs and HAs, including conversions and intermediate housing products. Regeneration\pathfinder schemes
8. <i>minus</i> planned units to be taken out of management	LAs and HAs demolition and conversions programmes.
9. <i>equals</i> Total available stock to meet current need	5 + 6 + 7 – 8
<b>10. <i>equals</i> Total Current need</b>	4 – 9
11. <i>times</i> quota progressively to reduce level of current need	Policy judgement.
<b>12. <i>equals</i> annual need to reduce level of current need</b>	10 x 11
<b>N: NEWLY ARISING NEED</b>	
13. New household formation (gross p.a.)	LHS new hidden homeless households/year; LHS recent moves not previous households.
14. <i>times</i> proportion of newly arising households unable to buy or rent in the market	LHS incomes of hidden homeless households and recent new households; Output from chapter 4, establishing entry level rents and property prices

	i.e. step 3.2 of chapter 4
15. <i>plus</i> existing households falling into need and unable to afford market housing	LHS – Households recently fallen into need; LHS – New social tenants who fell into need within the last year. LA data on households recently housed outside normal housing register, or where entered register within last year.
16. <i>minus</i> potential out-migrants unable to afford market housing.	LHS – people intending to move.
17. <i>plus</i> in-migrants unable to afford market housing.	LHS - recent migrants profile.
18. <i>equals</i> newly arising need	$(13 \times 14) + 15 + 16 + 17$
<b>S: SUPPLY OF AFFORDABLE UNITS per year</b>	
19. Net supply of social re-lets	Lettings/voids system for LA and HAs.
20. <i>plus</i> supply of intermediate housing available for re-let or resale at sub market levels	LA and HA Lettings/voids system and data on re-sales of sub-market LCHO or shared equity schemes.
21. <i>equals</i> affordable supply	$19 + 20$
NET SHORTFALL OR SURPLUS	
<b>22. Overall shortfall or surplus</b>	<b><math>12 + 18 - 21</math></b>

### How to calculate housing need (B)

#### **Step 1 – Existing households in need of alternative accommodation**

6.64 This involves determining how many existing households are in housing need (as defined in Table 6.1) and require alternative accommodation. Non-households (such as homeless people or households currently living within another household) are dealt with separately (see step 2).

6.65 Objective measures of need should be used wherever possible. Overcrowding should be measured by comparing the number and gender of household members with the size of their home. It is not acceptable practice to rely solely upon a household's own judgement as to whether their property is too small. In other instances such as the need to move due to harassment from neighbours, subjective judgements will be relevant.

6.66 Some housing need can be addressed through in-situ solutions although households in housing need in rented accommodation should generally be regarded as being in need of alternative accommodation. Owner-occupiers may sometimes be able to adapt their properties to meet their needs either through the use of grants, savings or equity release schemes. They should only be regarded as needing alternative accommodation where their problems are severe and cannot be solved in-situ (e.g. large family living in a one-bedroom flat).

6.67 In some cases where housing is of a very poor standard, demolition may be preferable to refurbishment. In these situations, it will be a policy decision as to which approach to adopt. Partnerships will have to consider how much household need could be met either through improvements or through building new stock. Any decisions already made regarding demolitions are taken into account in step 8 of this model.

**Step 2- current non-households in need of affordable housing**

6.68 This mainly relates to hidden homeless households who are not currently occupying a home of their own, including:

- households living within another household (e.g. family and friends) who want to live in their own self-contained accommodation;
- people who are currently in temporary accommodation;
- people who are currently homeless staying in hostels, night shelters or on the streets;
- Gypsies and Travellers and others living in caravans, vans or barges
- Asylum seekers living in Home Office accommodation awaiting a decision on their asylum claim.

The following should always be counted as a household living within another household:

- Families (including single parents) currently living within another household.
- Couples over 16 currently living within another household.
- Single adults over 25 currently living within an unrelated household. This would include those renting a room only within another household.
- Households unable to live together because of a lack of housing. Each adult identified from the survey as wanting to form a household with a partner, but unable to do so, should be counted as half a household.

**Step 2.1 - Households living within another household (e.g. family and friends) who want to live in their own self-contained accommodation**

6.69 People who should not be counted as needing self-contained accommodation include:

- 18-24 year olds living within an unrelated household, or sharing a kitchen, bathroom or toilet with another household; and
- Single adults over 18 living at home (i.e. with their parent(s)).

6.70 These people should be counted as in need of shared accommodation. If the local housing partnership wishes to look at the needs of these groups for self-contained accommodation, this should be considered separately. The first group (18-25 year olds in shared housing) will often include large numbers of students who are not easy to survey given their mobility. It is important to have regard to the housing needs of students but it may be better to obtain

information about their numbers and housing situations from the institutions where they are studying.

6.71 It is important to distinguish hidden homeless households who want to leave now from those living voluntarily within another household as only the former should be regarded as in current need.

***Step 2.2- People who are currently housed by the council in temporary accommodation***

6.72 Local authorities should have figures for the numbers of priority homeless households in temporary accommodation. Some of these may also be identified as part of the local housing survey so care should be taken to avoid double-counting. In such instances, they should be excluded from the household survey findings using secondary data instead. Some may also be living in council-owned stock but should not be counted here for the same reasons as other current occupiers of affordable housing (see step 5, below).

***Step 2.3- People who are currently homeless staying in hostels, night shelters or sleeping rough***

6.73 These households are unlikely to be picked up in household surveys, so an estimate of their numbers and needs should be made from secondary data sources e.g., hostels data, local authority data and national and local charities working with the non-priority homeless applicants. Housing registers may also be able to provide numbers of applicants who are homeless although these should be used with caution (see paragraphs 3.9-3.11 of chapter 3) and compared with other estimates if possible. Housing aid and advice centres and charities may also be able to provide estimates. However, care should be taken to avoid double counting given the large number of potential data sources. Local authority rough sleeping counts from 2007 will provide vital information on need for emergency accommodation.

***Step 2.4 - Gypsies and Travellers who live in caravans or other vehicles and have a need for affordable housing***

6.74 A more detailed consideration of assessing the accommodation needs of these groups is set out in Appendix F. The need for site accommodation will have to be dealt with separately but any need for traditional 'bricks and mortar' affordable housing should be recorded here.

***Step 2.5 - Other people living in caravans, vans or barges, who need affordable housing***

6.75 A proportion of the 'settled community' lives on residential caravan sites or in caravans, barges or vans. As many of these households will not appear on council tax registers, secondary data sources or specialist surveys should be used to estimate numbers. Agencies working with the homeless may be able to help. Not all of these households will be in housing need however, but an estimate of the levels of need for affordable housing should be included here.

**Step 2.6 - Asylum seekers living in Home Office accommodation awaiting a decision on their asylum claim.**

6.76 Partnerships should know the number of units to be provided in an area to accommodate asylum seekers on a temporary basis. These figures should help to ascertain the likely numbers of asylum seekers that they might be required to house in the future if they are granted refugee status, and to take this into account when projecting future levels of in-migrants in housing need. They should try to develop an understanding of whether asylum seekers receiving a positive decision in their area of dispersal tend to remain in that area or move elsewhere.

**Step 3 – Removing those that can afford to meet their housing needs in the open market**

6.77 This involves applying the affordability criteria (see paragraphs 6.18 to 6.29) to the incomes of all households in need of alternative accommodation. Where secondary sources have been used to estimate numbers (e.g., people in hostels) and incomes are unknown, an estimate should be made of the proportion likely to be able to afford market housing although this is likely to be relatively small. An example of this approach to discounting those who can afford market housing is set out below.

**Example 6.2: Establishing the numbers of households able to meet their needs in the market**

The local housing survey identified 1500 households in housing need who were unable to resolve their needs in their current accommodation.

500 of these households were able to afford to buy market housing of a size that would meet their needs.

200 additional households were unable to buy, but could afford to rent private housing of a size that would meet their needs.

There was therefore a total of 700 households able to meet their needs in the market and not therefore in need of affordable housing.

**Step 4 – Total current housing need**

6.78 This is the total number of households in need of alternative accommodation, who cannot afford to meet their needs in the housing market. It is calculated by adding together the numbers of existing households in need (step 1) and non-households in need, and removing from this figure those that can afford to meet their needs in the market (step 3).

**Step 5 – Removing current occupiers of affordable housing in need**

6.79 This is important in establishing the *net* level of affordable units required to meet housing need as moving these households to other affordable units will have a nil effect in terms of additional housing need. However, care should be taken to ensure that any units vacated by current



occupiers are fit for use by other households in need. Also, the needs of these households should be considered when calculating the size of properties needed.

***Step 6 – Surplus stock***

6.80 A certain level of voids is normal within council stock to allow for transfers and work on the properties. However, if the rate is in excess of approximately 3% or properties are vacant for considerable periods of time, these should be counted as surplus stock.

***Step 7 - Committed net increase in affordable housing***

6.81 This includes new social rented units and intermediate housing which are already planned to be built over the time period of the assessment (see step 11, below).

***Step 8 – Units to be taken out of management***

6.82 This step involves estimating the numbers of units that will be taken out of management each year as effected households will need alternative accommodation. It should not include right-to-buy sales as a gross figure as authorities are not required to re-house these households – their impact upon the stock base is covered in step 19. It should include planned demolitions or redevelopment programmes, which could lead to net losses of stock. Any empty properties that are due for demolition will have been counted as surplus housing in step 6. However, they should be removed as they will not be available to meet need.

***Step 9 – Total available stock to meet current need***

6.83 This is the total stock available, or predicted to become available over the time period (see step 11). It is calculated by adding the different components (steps 5, 6, and 7), and subtracting the stock to be taken out of management (step 8).

***Step 10 – Total unmet need***

6.84 This is the current number of households who are in housing need and unable at present to meet their needs in the market. It is calculated by subtracting step 9 from step 4.

***Step 11 – Quota to reduce levels of current need***

6.85 The quota is recommended to be based upon meeting need over a period of five years, or the relevant development plan time period, whichever is the longer. It does not imply that any individual household has to wait for this period.

6.86 In reality, household need is unlikely ever to fall to zero as people's circumstances change and there will always be households falling in and out of need. For the purposes of this assessment, it is necessary to decide the

rate at which need is to be met. A five-year period can be used, with 20% of the current need being addressed in each year. However, this is a local decision which partnerships can make at the beginning or during the assessment process. There may be merit in linking the quota to the time period of the housing policies in development plans. It is not generally recommended to use a period of less than five years in which to meet all current need. It is important to consider the need for comparability between local authorities when determining the quota.

**Step 12 – Annual need to reduce the level of current need**

6.87 This is the number of affordable units that will be needed each year in order to eliminate the levels of unmet housing need over the time period agreed in step 11. It is obtained by multiplying the current need (step 10) by the quota (step 11).

**Step 13 – New household formation**

6.88 This involves estimating the gross number of households that will form on an annual basis. It differs from the projected household growth identified in chapter 5 as it is a gross figure (i.e. household dissolutions have not been subtracted from it). This should be based upon past trends rather than on making assumptions about the intentions of households likely to form in the future. This is because future intentions are uncertain whereas past behaviour is known. The use of past trends involves basing the profile of new households on the characteristics of identified newly forming households in the recent past.

6.89 There are two components to this:

- i) existing households who have formed within the last year as identified through recent movers in the survey; and
- ii) hidden homeless households who have formed in the last year: this will require an estimate of the households who want to form independent households now but did not want to (or did not exist) a year ago.

6.90 Examples of both are set out below:

**Example 6.3: Newly formed households**

- A house contains a single mother and her baby (15 months old). A year ago she was living with her own parents and did not want to live independently.
- A flat contains a couple who, a year ago, were both renting rooms within other people's houses.

**Example 6.4: Newly formed hidden homeless households**

- A couple have been living with one set of parents for the last 3 years,

but decided 4 months ago to move out to live independently - i.e. they became a hidden homeless household 4 months ago.

- A woman living with her parents has a 6-month-old baby and wants independent accommodation - i.e she became a household when her baby was born.

6.91 Local housing surveys should identify these two groups of households who it can be assumed will continue to form in similar numbers each year. However, basing newly arising housing need solely upon i) above will result in new household formation neatly matching available stock as a household will not appear in these data unless there is a dwelling available for it. This will be true of all households, and also of the subset of those needing affordable housing. For this reason, it is important to consider both i) and ii) when estimating new household formation on the basis of past levels.

6.92 Using past trends to predict new household formation should also enable the ex-institutional population to be included within it. However, this will not occur if estimates of new household formation are derived on the basis of those breaking away from existing households.

#### ***Step 14 - Proportion of newly arising households unable to buy or rent in the market***

6.93 This relates to the proportion of newly forming households who are unable to buy or rent a suitable sized property on the open market. Estimating the proportion of households unable to afford the open market involves assessing minimum household incomes required to access market housing using the affordability tests.

6.94 Affordability of newly forming households is difficult to assess. For example, young people's income levels change quickly as does their propensity to form partnerships, which will affect total household income. For these reasons, the ability of newly forming households to afford to buy or rent in the open market should be based upon the incomes of those that actually did form over the past year, including those that formed as hidden homeless households. It is also clear that many 'first time buyers' have large deposits – this could come from an inheritance or parents downsizing or from previous equity – i.e. they are not First Time Buyers in the accepted sense. Possible scenarios are that they rented when first moving to another town or one partner is a FTB but the other brings equity after divorce etc. Survey data should try to determine those properly included.

#### ***Step 15 - Existing households falling into need***

6.95 An estimate of the number of existing households who fall into need each year can be made by looking at the number who fell into need in the previous year.

6.96 Partnerships can estimate the number of these households in a similar manner to step 9 above by identifying:

- i) households in current need whose problems have arisen within the last year: for example, they may have increased their family size resulting in their accommodation becoming too small or they have lost a job and cannot now afford their home. These households can be identified in local housing surveys as a component of those in current need; and
- ii) households in affordable housing due to need arising within the last year: for example, households who have been evicted from private rented housing and housed in council rented housing within the last year. This category is included as a means of predicating the number of households that will fall in and out of need in the course of the year on the basis of past trends.

6.97 The above can be identified by local housing surveys or local authority data on housing allocations providing either source can establish when the need first arose. It will also be necessary to establish what proportion of households entering social housing were actually in need. In areas of high demand, it may be reasonable to assume that all were. However, in areas where there is less pressure on social housing, it may be necessary to establish what proportion of those moving into social rented units were actually in housing need and unable to afford market housing. In the absence of trend information an example projected on single year need is given below:

**Example 6.5: Households falling into need**

A local housing survey identified 400 households in current need of alternative accommodation (and unable to afford it), whose needs had arisen within the last year.

In addition, 300 households had been housed in affordable housing because of falling into need within the last year.

Overall, there were 700 households that fell into need during the last year. It could therefore be predicted that 700 will fall into need each year.

6.98 Waiting lists do produce data on the numbers of households seeking social housing. However, this data is not the best way of assessing levels of newly arising need as it can both under and over represent actual levels of need.

**Step 16 - In-migrants unable to afford market housing**

6.99 The recommended way of estimating in-migration using local housing survey data is to assume that future in-migrants will be similar in number (and share similar characteristics) to previous in-migrants<sup>3</sup>. Such estimates can be altered if there are known events or factors that may impact upon future in-

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<sup>3</sup> Surveys can be used to identify the numbers of in-migrant households who have moved into an area within the last two years. This number can then be halved to estimate the annual flow of in-migrant households. However, when examining the circumstances of those that have in-migrated within the last year, including the numbers unable to afford market housing, it is best to look at only those that have in-migrated within the last year as they are likely to have the most similar profile to next year's in-migrants.

migration - e.g. programmes to accommodate asylum seekers, employment growth etc.

6.100 Data sources used in chapter 5 can give an estimate of overall levels of migration. However, the incomes of migrants are not known. In-migrants may have a quite different profile from out-migrants.

6.101 International migration data are not available at the local level. The main problem in terms of housing need is fluctuating numbers of people granted refugee status who will need affordable housing. It is not useful to predict future levels of international migration on the basis of past trends as numbers vary widely reflecting the complex interaction of various economic, social and environmental factors. Partnerships should attempt to ascertain the likely numbers of asylum seekers that they will be required to house in the future if they are granted refugee status, and to take this into account when projecting future levels of in-migrants in housing need.

### ***Step 17 – Potential out-migrants unable to afford market housing***

6.102 In-migration can be estimated using survey data as described in step 16, but out-migration cannot be picked up this way as last year's out-migrants are now living elsewhere. Local housing partnerships will allow constituent authorities to get a better feel for movements across local authority areas, but there will always be an element of out migration beyond the boundaries of the local housing assessment area.

6.103 A large proportion of out-migrants unable to afford market housing are likely to have been living in affordable housing. These households will be identified as part of step 19 as affordable units become available to let. However, those that leave the local housing market without ever having their needs met remain problematic. One means of approximation is to ask households in current need whether they will leave within the next year. Asking people to predict beyond a year is not recommended.

### ***Step 18- Total newly arising need***

6.104 This is the annual gross level of newly arising housing need for affordable housing. It is calculated by adding together newly forming households unable to afford market housing (step 13 times step 14), existing households falling into need (step 15) and in-migrants unable to afford market housing (step 16) and subtracting from this out-migrants unable to afford market housing.

### ***Step 19 – Net supply of social re-lets***

6.105 This can be calculated on the basis of past trends. Generally, the average number of re-lets over the last three years should be taken as the predicted annual level.

6.106 This should not include transfers within the social sector. Some local authority or housing association re-let figures will include cases when a new tenancy is issued to an existing occupier when the tenancy holder dies or moves out, and cases where a joint tenancy is converted to a sole one or vice versa. It is only properties that come up for re-let to a new household that should be counted. In areas where the stock base of affordable housing is changing substantially (e.g., due to high levels of Right to Buy or substantial new stock being built) it may be appropriate to take into account the changing stock base when predicting levels of future voids.

### ***Step 20 - Supply of intermediate housing***

6.107 This is the intermediate housing that comes up for re-let or resale. It should only be included as affordable housing if it remains at a cost substantially below market value. For instance, if a shared equity scheme allows the client to buy out the landlord's share (once the landlord's share has been bought, or substantially bought) the property is no longer affordable housing. However, the money received by the landlord could be used to fund future shared equity schemes through the recycling of capital grant. If so, these will come under step 7, the new supply of affordable housing. Numbers of intermediate properties that come up for re-let may in some areas be quite low, but the numbers should be obtainable from the local operators of the schemes.

### ***Step 21 – Total affordable supply***

6.108 This is the predicted annual supply of affordable units (both social rented and intermediate housing).

### ***Step 22- Overall shortfall or surplus of affordable housing***

6.109 This is the overall level (i.e. shortfall or surplus) of affordable housing that would need to be provided each year in order to meet housing need over the chosen time period. It is calculated by subtracting the supply of affordable housing (step 21) from the annual need (step 12 plus step 18). A negative figure here implies a net surplus of affordable housing and the number indicates the rate that the surplus is predicted to grow at each year. The size of units needed, and role of different kinds of affordable housing, such as intermediate housing products in meeting this need is discussed in the rest of this chapter.

### **The size of affordable housing needed**

6.110 As part of using local housing survey and secondary data to assess housing need, partnerships will need to consider the extent to which the outputs from this analysis should be disaggregated by property size and sub-area. It is likely that the data will be able to give a breakdown by size, or sub-area, but not both at the same time since the numbers will not be statistically valid. For example, the assessment will be able to give figures for the number of 4 bedroom affordable units required in the local housing market. However,

precisely where these units should go will require a more qualitative judgement.

6.111 In terms of property size, comparisons between housing need and potential housing supply should be carried out separately for different sized properties. In terms of household need for different property sizes and types, the needs of tenants within the social sector cannot be discounted (as it can when assessing the net shortfall of properties). Table 6.5 sets out what this analysis might look like.

<b>Table 6.5: Housing need by property size</b>			
Units size	Total annual housing need	Number of units released by re-housing existing tenants <sup>4</sup>	Net annual housing need for affordable units
Room only			
1 bedroom			
2 bedrooms			
3 bedrooms			
4 or more bedrooms			

### **Key Outputs**

Based upon the household needs assessment (using secondary data and the local housing survey), local housing partnerships should be able to produce:

- estimates of the levels of household need; and
- estimates of the shortage or surplus of affordable housing needed in terms of different sized units.

## **Stage 3: Considering the requirements of particular household groups**

6.112 Linked to the assessment of overall housing needs as set out in stages 1 & 2, local housing partnerships will need to consider the demands of specific groups including special needs, Gypsies and Travellers and the intermediate market.

### **Special needs housing**

6.113 Some housing is specially built or adapted in order to meet the needs of those with special needs. This includes elderly housing accommodation, and other specialist housing for those with mobility impairments, such as wheelchair users. This housing should be identified in terms of available stock, and, if a survey has been done, projected levels of need for such stock, following the Needs Assessment Table. If the numbers found in the survey

<sup>4</sup> This should include those currently accepted as homeless by Local Authorities but occupying council stock.

are too small, or a survey has not been done, then the Housing Register data should be used in order to establish the levels of need for such housing.

6.114 It is only the needs for specific types of *housing* which should be included. There are other kinds of support needs, which can be met through floating support (where the support is not tied to specific accommodation).

### **The role of intermediate housing in meeting need**

6.115 Over recent years there has been a growing awareness of the price gap in the housing market between the social rented sector and the private sector. The gap arises because social rents have remained relatively stable yet house prices and private sector rents have risen dramatically in many areas. This leaves a growing number of people unable to afford to enter the private market either as tenants or homebuyers but excluded from highly pressured social housing. Those who are unable to afford market prices, but who can afford more than social rent are the potential client group for intermediate housing.

6.116 Intermediate products that meet the needs of this group should require less initial subsidy than social rented housing and could include sub-market rented accommodation and Low Cost Home Ownership (LCHO).

6.117 The size of the intermediate market is likely to fluctuate, reflecting changing relationships between house prices, market rents and incomes. As example 6.6 shows, if entry-level house prices are less than fourteen times annual social rents then there may be no scope for intermediate housing. Alternatively, if private rents are not substantially higher than social rents, this also suggests that there may be little scope for intermediate housing.

#### **Example 6.6: Determining the scope for intermediate housing**

Typical social rented housing is £60 a week, which equates to around £3120 a year.

This is affordable for those on incomes approx. £12 500 (using 25% of gross income as the indicator for what is affordable) who in turn would be able to obtain a £43,680 mortgage (based upon a 3.5 times multiplier).

Therefore, if there are suitable properties available for £43,680 then there is little role here for the intermediate market.

If alternative reflective indicators of affordable housing are considered more appropriate then Rent Officers collect and analyse rental data as a continuous process. Subject to issues of confidentiality around individuals providing the specific data, general information about market rents may be sourced from them.

6.118 If house prices remain high, relative to wages, then the numbers of people squeezed out of owner occupation and struggling to rent privately will probably be a much larger group than could be housed by any new intermediate housing. If, however, house prices or rents fall, then the need for



intermediate housing may be the first type of housing need to decline, as its potential clients would become able to afford to enter the private market.

6.119 In order for a local housing assessment to give an estimate of the potential of intermediate housing, analysis should be provided by income bracket of households in need, and of newly forming households. This can then be used to indicate what proportion of the need could be met through intermediate housing. This will require details of the costs of existing, or planned intermediate housing products. Assessing affordability, including affordability of shared equity schemes, is detailed in stage one of this chapter. The Needs Assessment Table (version A or B) can then be used to establish the proportion of households in need (both current and newly arising) that cannot afford intermediate housing. These households are in need of social rented housing.

6.120 If partnerships assess housing need using stage 2A (i.e. secondary data only), housing registers may not contain up to date income data. In these circumstances, it should be assumed that households on the register (who have registered an interest in intermediate housing) are able to afford it while those registered only for social rented housing are not able to afford intermediate housing.

6.121 Having established housing need, partnerships will then need to consider how this relates to the potential supply of affordable housing as shown below.

**Example 6.7: Establishing the proportion of intermediate housing needed**

Annual household need who cannot afford intermediate housing	= 1500
Annual household need who can afford intermediate housing	= 500
Annual social rented unit re-lets	= 1200
Annual intermediate housing supply	= 100
Shortfall of social rented units	(= 1500 -1200) = 300
Potential shortfall of intermediate housing	(= 500-100) = 400

6.122 The proportion of intermediate housing products could be increased if there was evidence that some of them would house existing social sector tenants who, although not in housing need, would release a social rented unit by their move into intermediate housing. Such evidence would indicate that there was a need for social rented units that could be met by the subsequent re-lets that would result.

**Outputs from Chapter 6**

Based upon Stages 1-3, local housing partnerships should be able to:

- identify the number of households in need per annum;
- translate their needs into estimates of the sizes and types of housing required, including intermediate products;
- establish the extent of the shortfalls or surpluses, and reveal in which

locations it will be most apparent;

- identify particular household groups needs, including the need for site accommodation for Gypsies and Travellers.

## **CHAPTER 7: Bringing together a robust evidence base**

### **Introduction**

7.1 Having undertaken the housing market assessment, local housing partnerships will need to bring together the numbers they have obtained from chapters 5 and 6 of housing need and demand with the more qualitative considerations of the current state of the housing market and housing requirements of certain groups from chapters 3 and 4. This chapter considers how this evidence should be brought together as well as explaining how, from a planning policy perspective, partnerships can ensure assessments are robust and credible. It then outlines how assessments should be monitored and updated on a regular basis.

7.2 This chapter aims to do that in five stages. Stage 1 describes how the understanding of the current operation of the local housing system gained in Chapter 4 can be developed to assess likely future changes in the key drivers of the housing market. Stage 2 outlines the need to take account of people’s aspirations and preferences. Stage 3 brings all the evidence together, Stage 4 looks at the criteria for determining the robustness and credibility of the assessment and Stage 5 emphasises the need for updating on a regular basis.

STAGE 1	Key drivers of the housing market
STAGE 2	Assessing aspirations and choice
STAGE 3	Bringing the evidence together
STAGE 4	Robust and credible assessments
STAGE 5	Monitoring and Updating housing assessments

### **Stage 1: Key drivers of the housing market**

7.3 The key drivers of the housing market can be social, economic, demographic or environmental (and in combination) and are outlined in table 7.1 below. The aim is to assess the likely future changes in these drivers because they will impact on the demand for market housing as well as the need for affordable housing.

7.4 The purpose of this stage is to assess how future changes in terms of economic performance, employment structure and affordability could influence the projected household numbers and the need for affordable housing considered in chapters 5 and 6.

<b>Step</b>	<b>Principal data sources</b>	<b>Outputs</b>
1.1 Future economic performance	Bank of England; Treasury; Inland Revenue; Commissioned economic forecasts.	Interest rates; GDP\GNP; Incomes and income distribution; Forecast of local economic performance.
1.2 Future employment structure	Local major employers; Studies undertaken by local economic development units; Commissioned economic forecasts.	Plans to expand or to reduce employment; Likely future changes in employment structure.
1.3 Future affordability	Land Registry; Estate and Letting Agents; Commissioned economic forecasts.	House prices by type and location; House prices and rents by size, type and location; Future growth in incomes.

### **Step 1.1: Future economic performance**

7.5 Forecasts of likely future inflation and interest rates, and projected growth or decline in the national economy, are available from the Bank of England, the Treasury, and independent forecasters. The long-term stability of the local economy should also be assessed. Strengths and weaknesses should be identified: for example, over-dependence on an industrial sector that is in decline is a weakness while over-representation of professional and managerial occupations may be a strength if it is associated with entrepreneurship, new firm formation and employment growth. Labour market analysis will help to establish the extent to which a local economy might be dependent on part-time and casual work, leading to insecure incomes and potential outward migration.

7.6 Interest rates are critical to housing demand and house prices. Over recent years they have been historically low, but increases in interest rates make mortgages more expensive and may deter people from home ownership. Local housing partnerships will need to consider interest rates and lenders' behaviour. For example, some lenders are currently offering considerably more than 3 times income to certain households. This is sustainable provided such households have high incomes, because even though they are spending a larger proportion of their income on housing costs, the proportion remaining will still be sufficient to meet other costs. The danger is if lenders begin to increase their lending multiples more generally, as some households will become marginal in terms of affordability. Much of this economic assessment may already have been undertaken by the local economic strategy.

## **Step 1.2: Future employment structure**

7.7 Partnerships will need to understand labour force trends in the local housing market compared to those within the region as a whole. This will help to identify areas of under or over economic performance which partnerships will then need to consider in terms of their implications for future levels of household demand. For example, high performing areas could see an increasing demand for larger homes.

7.8 Future employment forecasts are produced by local authorities economic development teams, learning and skills councils and regional observatories. As well as drawing upon these forecasts, partnerships could use their analysis of existing employment structures (as considered in step 1.3 of chapter 4), applying the average growth rates in each industrial sector over the past decade to derive trend-based estimates of future employment growth (or decline). These could be used to develop different scenarios of future employment structure (e.g. high, medium and low growth).

7.9 In addition, partnerships should consult local major employers (or draw upon local authority or LSC surveys) to assess potential significant future employment changes. In addition employment trends based upon council tax returns and numbers of Job Seeker's Allowance claimants can be projected forward to assess likely levels of future unemployment.

## **Step 1.3: Future affordability**

7.10 Building upon the affordability work already undertaken as part of the assessment (see Chapter 6), partnerships should assess likely future house prices across the local housing market. This will then inform affordability calculations and the numbers of households requiring low-cost home ownership. It is not sufficiently robust to predict future house prices on the basis of past trends. Where possible, partnerships should draw upon secondary information, including economic models of future house price trends, as well as applying local knowledge. As a minimum the local housing partnership should utilise information about house prices and rents by size, type and location from local estate and letting agents (see Appendix I).

7.11 Examples of quantitative models include econometric models (Peterson, 1997) and simulation models (Gibb *et al*, 2003). Some models can identify and predict future house price trends together with wider housing market analyses which predict future demand. These should be used with care but can help to identify baselines against which to benchmark estimates of house price growth. Partnerships will need to decide whether to use such models or commission the development of a model for their local housing market. As predicting future house prices is an inherently uncertain process, partnerships should develop a range of scenarios for house price growth (or decline) based upon different household demand and supply scenarios.

7.12 Local housing partnerships will need to analyse the intelligence collected in a systematic and logical manner in order to build up a picture of how the local housing market is operating, changing and adapting over time.

Partnerships will need to interpret the data to establish the trends and patterns which are occurring both across and within their local housing markets. In particular, this will involve drawing together the quantitative information collected in chapters 4 to 6 into a coherent whole by looking at a range of indicators including:

- economic, social, demographic and environmental drivers of the housing market;
- the nature of housing demand and need; and
- potential housing supply.

7.13 The estimate of households requiring additional housing outlined in Chapter 5 and the assessment of household need outlined in Chapter 6 will enable partnerships to derive robust figures. But the analysis of the broader housing market requires a more holistic approach by considering the impact of economic and demographic factors upon overall household demand. Ultimately, understanding local housing markets has to be a subjective, judgemental process involving perceptions, values and insight to interpret data. To reiterate earlier advice care must be taken to ensure that the data is interpreted and used in a clear and transparent manner.

## **Stage 2: Assessing housing aspirations and choice**

7.14 Local housing partnerships will need to assess how the projected household change identified in chapter 5 and the estimate of the need for affordable housing might need to be refined in the light of actual preferences and aspirations for housing. Developers and estate and letting agents are a good source of information in terms of households' aspirations and preferences for housing, particularly in terms of demand by location, size and type. For example, young professionals may require one-bedroom flats in city centres whereas families are more likely to desire four bedroom houses with garages in suburban or rural areas. Such qualitative information should then be combined with the household projections and prices and rents data to develop a more rounded picture of household demand.

### **Step 2.1: assessing future demand for market housing**

7.15 In some areas there will be plans and schemes for regeneration which involve attempting to stimulate demand. Local housing partnerships should take planned new developments or regeneration into account when assessing future demand. Planned employment growth will also affect demand for housing, although if the dwellings are not there, people may be forced to commute from outside the area.

### **Step 2.2: assessing the demand for affordable housing**

#### ***Demand for affordable housing from market residents***

7.16 Affordable housing is usually built to meet identified need. Nevertheless, households 'in need' may not choose to live in social housing. Some may choose to live in private rented housing, possibly with the use of

housing benefit, or to live in overcrowded or otherwise unsuitable housing, even though they may be eligible for affordable housing. Conversely, in parts of the country where there is an excess supply of social housing, it is demand for such housing which is of interest in determining the future of the stock, even if some of this demand comes from households who are not, strictly speaking, in need or who would be able to afford market housing.

7.17 When a local housing survey is carried out, it can help the local housing partnership understand the nature and levels of demand for affordable housing. For example the Shared Accommodation Survey (1990) indicated that 88 percent of shared households would prefer a separate dwelling. However this proportion is clearly out of date and in any case, depending on local circumstances, the correct proportion might be rather different. The same survey found that only 53 percent of concealed lone parent households and 49 percent of concealed couple households would prefer separate, self-contained accommodation. Local survey information would provide an up-to-date assessment of the proportions who would prefer separate accommodation. In the absence of survey data, waiting list information can be used if it is up-to-date; otherwise the main way to assess future housing need is to project forward current tenure patterns (Holmans, 2004).

### ***Demand for affordable housing from existing affordable housing tenants***

7.18 Social landlords hold the most comprehensive data on the preferences and circumstances of existing affordable housing tenants. Where this cannot be assessed the partnership may have to rely on census data, the local housing survey (when carried out) and other local surveys, the census (although this will rapidly become dated), or from specially commissioned household surveys. Some local authorities use management organisations to update information on tenant characteristics, since unless a household applies for a transfer the only information about households in the social rented sector is that which was available at the start of the tenancy.

7.19 These data sources should be complemented with the insight and expertise of key stakeholders who have a clear understanding of recent trends within the sector, such as neighbourhood housing managers. Often quite different issues will be identified within each local authority area, and understanding the local context becomes particularly important. For example, in some areas overcrowding is a key issue but the stock of dwellings does not contain enough large units. In other areas sheltered housing for the elderly is unpopular because it involves shared facilities, and councils and housing associations are trying to address this issue. It is important that the local housing partnership is aware not only of the problems but also of how these are being addressed and the progress that is being made.

### ***New demand for affordable housing***

7.20 The Housing Register provides useful information for this purpose. However, as outlined in chapter 3, the comprehensiveness of the data held varies widely and it should be used with caution. Although the numbers on

the lists, average time for re-housing and severity of housing need of those on the list indicates levels of demand for social housing, the list may not include all households in need because not all will register, particularly in high demand areas. In addition, many authorities do not update their lists regularly and may show households that no longer requires housing. It would be helpful if local authority housing registers recorded area preferences in some sort of applicant ranked order. Although this can be distorted by where housing may be available, it helps to show the most and least popular areas and what type of housing is needed where. Some housing registers may be useful in indicating areas of high and low demand, and preferences for property sizes and types within the social sector where they also provide data on the preferences of applicants. In addition, local authority data on rates of turnover in different property types, sizes and locations are an indication of demand. The local authority will also need to determine the need for emergency and other temporary accommodation for homeless people. This information can be obtained from local authority WHO 12 data, local homelessness reviews including voluntary sector data, and rough sleeping surveys.

7.21 Assessing the characteristics of recent households moving into the sector can help the local housing partnership to understand which groups in terms of age, household type and other characteristics are providing the demand for social housing. The impact of immigration and asylum policy on demand should also be considered.

### ***Low demand and choice based lettings***

7.22 Turnover rates, difficult-to-let properties and void levels are all possible indicators of low demand for social housing. However, in some cases they may be a result of allocations systems. Choice-based lettings can help to address an apparent low demand by letting demand and choice play more part in the system. A choice-based system can also show more than was previously available about the preferences of households seeking social housing. For instance, some households may be willing to accept housing that is further away, in return for more space. Through looking at the choices households make, more can be learned about the demand for social housing.

### **Step 2.3: assessing the demand for intermediate housing**

7.23 A mixture of market demand and housing need determines the requirements for all intermediate housing products. The role of this sector in meeting need is covered in chapter 3. In respect of demand, people's interest and willingness to purchase or rent the stock must also be considered. Evidence suggests that in areas where there are substantial stocks of intermediate tenure housing, there is demand, but in areas where the tenure is less well known such demand can be slow in coming forward.

7.24 Demand for intermediate housing products is also very much affected by their nature and also features in chapter 3. It is vital that any measure of the size of the potential intermediate market is related to specific products that



either exist, or are being considered, and takes into account both the needs and the demands of prospective clients.

7.25 It is important for the local housing partnership to estimate both the affordability and the interest (i.e. the potential demand) for intermediate housing products amongst:

- Households with current housing need;
- Newly arising households unable to afford market housing;
- Existing social tenants, whose move to an intermediate housing product would release a social rented unit.

7.26 One source of information on demand will be the local housing survey or other local surveys which pick up information on aspirations. Any assessment of future demand for intermediate housing products is problematic because many households are unaware of what is available or unsure whether it might apply to them. However, survey information can highlight potential demand if the right questions are asked in a context where these products are clearly explained to the survey respondents.

#### **Step 2.4: analysis and presentation**

7.27 Members of the local housing partnership should be fully involved in the analytical process. It is recommended that draft reports of the assessment findings are presented and discussed with partnership members as a means of identifying the key aspects of housing market performance.

7.28 In terms of structuring outputs, partnerships should draw upon the assessments' key objectives and aims. In particular, they should consider how the findings relate to the types of research and policy questions identified at the outset of the assessment and described in chapter 3.

7.29 When presenting the assessment findings, partnerships will need to carefully consider how the quantitative elements, particularly the estimates of future housing change, relate to the wider contextual and qualitative information. It must clearly distinguish between the numerical estimates of current and future housing need and demand and any qualitative information on people's preferences for housing. It will also be necessary to consider the audience and potential uses of its findings. A variety of reports, in addition to the main report, could be produced, including:

- technical reports supported by appendices containing detailed analysis;
- technical summaries setting out key messages in a clear and concise manner. These could be circulated to members of the local housing partnership and other relevant stakeholders; and
- non-technical summaries explaining the findings in a non-technical, plain language style. These could be aimed at local communities.

7.30 Partnerships should clearly explain the limitations of data sources and any assumptions or judgements used. It should be borne in mind that the

assessment is an analytical exercise and its findings presented in an objective and transparent manner. It will need to set out what quality control mechanisms have been used to ensure the assessment outputs are statistically robust and fit for purpose.

7.31 Any consideration of how outputs relate to policy questions should clearly identify where judgements have been made or interpretations based upon the assessment findings. Where such analysis is undertaken, any conclusions or recommendations will need to be fully justified. To assist such a process, it will be important to involve all members of the partnership in drafting the assessment findings, particularly any analytical or interpretative work undertaken.

### **Stage 3: Bringing the evidence together**

7.32 Stage 3 of this chapter involves bringing together the projected future number of dwellings from Chapter 5 with estimates of future housing supply to produce a range of figures to inform the net additional housing that might be required during the plan period. The net need for affordable housing established in Chapter 6 can then be used to determine the proportion that should be affordable housing. The local housing partnership may want to highlight where the data points to a large future shortfall or surplus of a particular dwelling size or tenure. In addition the analysis may be useful in illustrating particular locational requirements and identifying future areas of concern where intervention may be advisable. The needs assessment should also have produced a breakdown of need by size of property and social rented or intermediate housing.

7.33 The local housing partnership core members should ensure that the planned future supply makes provision for meeting aspirations and not simply projected (small) household sizes. Households cover the entire income distribution, and whatever their size, choices are made in the market on the basis of income and affordability. If people can afford a three bedroom property they will buy it, regardless of the fact that they may be a one-or two-person household. The potential role of private sector initiatives in achieving solutions to housing affordability problems in particular circumstances is considered in the counterpart Affordable Housing Toolkit guidance.

<b>Input</b>	<b>Principal data sources</b>
1 Projected future dwelling requirements by size	From chapter 5
2 Refined future requirements	From chapter 5 Step 2
3 Future housing supply by tenure and size of affordable housing	From chapter 6

### **Stage 4: Robust and credible assessments**

7.34 Throughout this guidance it has been reiterated that local housing market assessments are a crucial part of the evidence base for development

plans, local housing strategies and in the preparation or contribution to the Wales Spatial Plan. From a planning perspective, Local Development Plans Wales (Assembly Government Dec. 2005) emphasises the importance of policies being based on a thorough understanding of the needs of areas. Section 4.3 on the review and development of the evidence base explains that at the earliest stage of preparing development plan documents, local planning authorities should gather evidence about their area, including an understanding of the housing required in their communities.

7.35 LDP Wales identifies a robust and credible evidence base as being one of the determinants of whether the policies proposed in such documents are sound. From a local housing market assessment perspective, it should be acknowledged that no one methodological approach or use of particular datasets will result in a definitive assessment of housing need and demand. It is more important that the assessment adopts a pragmatic approach to identifying housing need and demand and an understanding of how the housing market functions, from which housing and planning policies can be developed.

7.36 The criteria for determining if a local housing market assessment is robust and credible are whether its:

- findings are presented at the local authority level as well as being capable of aggregation to sub-regional/regional levels;
- Findings are presented in terms of the numbers of current and future housing need and demand, broken down by household type, and what this means in terms of demand for affordable housing (including the split between social rented and intermediate tenures);
- Approach to identifying housing market area(s) is consistent with those of partner authorities within shared market areas;
- Provides authorities with a wider appreciation of housing market(s) adjoining its administrative boundaries;
- Where appropriate, considers the needs of specific groups such as: key workers, homeless households, BME, disabled, the elderly, students and young people and Gypsies and Travellers;
- Where appropriate, assists the determination of the needs of local people in rural areas;
- Involves key stakeholders, particularly local communities, housebuilders and others with expertise and local knowledge of housing markets (see chapter 2);
- Presents a full technical justification for the methodology, particularly how secondary and primary data have been used to derive a robust output;
- Associated with this, the assumptions, judgements and findings are fully justified and presented in an open and transparent way;
- Uses effective, locally determined, quality control mechanisms, which are reported upon; and
- Presents evidence showing how the assessment findings are being monitored and updated (where appropriate).

These criteria are best achieved where a co-ordinated local housing partnership has led the assessment.

7.37 As set out in chapter 2, one of the key aims is to involve local communities and stakeholders from the earliest stages of plan preparation, including local housing market assessments. This will help to minimise objections to assessments as stakeholders will have had the opportunity to contribute within the housing market partnership.

### **Stage 5: Monitoring and Updating local housing assessments**

7.38 This guide aims to assist local housing partnerships in developing comprehensive strategies for updating the local housing assessment while recognising constraints in terms of staffing, resources and data availability. Development plans are required to set out clear and agreed implementation mechanisms to ensure that their objectives and policies are delivered. Linked to this, every local planning authority is required to submit an annual monitoring report to the Assembly Government containing information on the extent to which the policies set out in its development plans are being achieved. Based upon this, authorities will need to consider the need to revise policies, adjusting their development plans as appropriate.

7.39 Development plans require comprehensive evidence in terms of the intelligence and data that they are based upon and authorities need to develop robust approaches to monitoring development plans. Further details regarding monitoring requirements in respect to development plans, particularly the need for annual monitoring reports, is set out in a forthcoming Assembly Government local development plan manual.

7.40 Local housing assessments should provide a robust platform for housing and planning policy development by considering future housing demand and need over at least a period of 5–10 years although there may be merit in looking beyond this timescale. This suggests that partnerships should not need to undertake comprehensive assessment exercises (including where appropriate local housing surveys) more frequently than every five years. However, in order to ensure their continuing relevance, assessments will need to be updated regularly. Particular areas of the assessment which will require frequent updating include the numbers and types of housing demand and need and movements between tenures, including through the Right to Buy.

7.41 It is important that local authorities recognise the difference between monitoring and updating the local housing assessment. Monitoring, as described above, is concerned with establishing what is happening now and what may happen in the future. It then compares these trends against existing policies and targets to determine what needs to be done. Updating is a continual process of tracking short-term changes in local housing market conditions.

Table 7.3 below sets out the key variables and data sources required in order to update local housing assessments.

**Table 7.3: Variables and data sources for updating local housing assessments**

<b>Variable</b>	<b>Data source</b>
External impacts on housing market	Mid year population and household estimates Migration flows Census; Registrar general Labour market changes- working population and economic activity rates; unemployment NOMIS website Interest rates HM Treasury website Income and earnings changes New earnings survey, Inland Revenue, CACI Paycheck. Experian
Housing stock changes	New build completions Demolitions and closing orders Affordable housing (Joint Housing Land Availability Studies) RSL completions and acquisitions Outstanding housing planning permissions
Affordability changes	House price data e.g. Land Registry Private sector rents Surveys of local estate agents local authorities Evidence of changes in household incomes

7.42 Annual reports provide a vehicle for keeping assessments up to date on the basis of secondary data, but local housing partnerships will at some point need to consider the need to commission a further local housing assessment.

## APPENDIX A

### How to commission a local housing survey

#### Contents:

1. Who should be involved?
2. Ensuring comparability of surveys
3. Working with consultants
4. Data protection issues
5. Frequency of surveys and updating
6. Timescales
7. Use of market research companies
8. Costs
9. Designing the Study specification
10. Choosing a contractor

#### 1. Who should be involved?

- Members of the local housing partnership should oversee and monitor the process of commissioning the study from beginning to end. It is important that the housing and the planning departments manage the process jointly.
- The Data Unit can provide a service to local authorities in Wales to help them with the design and implementation of a local housing survey, or indeed any other type of local sample survey, within their areas. For contact details see below:

Ed Swires-Hennessy or Jenny Murphy  
Local Government Data Unit ~ Wales  
8 Columbus Walk  
CARDIFF  
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[jenny.murphy@dataunitwales.gov.uk](mailto:jenny.murphy@dataunitwales.gov.uk)

Web-site: <http://www.lgdu-wales.gov.uk/eng/home.asp>

- Partnership working between local authorities should enable skills to be shared and enhance the opportunity to draw on or employ research staff.
- For any working partnership to be effective, the overall objectives of the research should be clearly established. Where any disagreements arise between departments over the study specification and methods, these should be addressed and resolved at the start of the process.

- To manage the process effectively, local housing partnership members will require skills and knowledge in research methods, particularly survey and interview techniques, as well as a good understanding of statistics and data management. Where local housing partnerships work with contractors, they should ensure that there is sufficient transparency in the methods and analyses employed to allow the local housing partnership to maintain ownership of the assessment. Local housing partnerships should ensure that they receive the raw data set along with the final report and that they are able to make full use of the data by: verifying the reliability and validity of the findings; undertaking new analysis; updating the survey on a regular basis.
- Local housing partnerships should consider staff training needs. Although training in social surveys and statistical analysis can cost several hundred pounds, this cost can be a small component of the overall cost of the study and can increase the value of the exercise for the local housing partnership. Many consultants who undertake local housing surveys offer training and advice as part of the overall cost. Local housing partnerships should make use of such training packages to develop skills, although they will also need to ensure that they have sufficient expertise at the outset to commission suitable contractors.
- Local housing partnerships may choose to employ a consultant to help them with designing the tender and employing the contractors. Consultants may be able to help the local housing partnership to develop the skills needed, and to ask questions that enable the partnership to make an informed choice between potential contractors. The partnership should not seek to contract out the whole process of commissioning and overseeing a local housing survey, but should instead work closely with any contractors throughout the process. This should ensure that the local housing partnership is able to make the best use of the data to inform policy.
- Chapter 2 suggests other stakeholders who should be involved in the process of local housing assessment. It is likely that these stakeholders will also be involved in commissioning a survey.
- Developers have an important input into understanding the requirements for new housing and it is good practice to seek their involvement at the early stages in order to avoid possible conflict later at a planning Inquiry. This could include participation on a steering group and/or gaining their opinions about local housing markets as part of a wider context of a local housing assessment. However, if developers contribute money for the survey there is potential for a conflict of interest. The local housing partnership should ensure that they retain the ultimate responsibility for the local housing survey, as it is they who have the statutory responsibilities for housing.

## 2. Ensuring comparability of surveys

The approach taken throughout this guidance emphasises the need for and advantages of consistency and compatibility between local housing assessments.

There are several ways in which local authorities within the sub-region can work together in undertaking a local housing survey:

- **several local authorities could commission a survey together.** If enough data is collected, this would enable robust analysis at the local authority level as required, and in addition would allow consistency and comparability between local authorities. This approach may also save on costs, since the data set may be large enough to examine the needs of minority groups without using booster samples or extra surveys. (The overall sample size should not be cut to reduce costs.) However, each local authority would lose some of its autonomy over the contents of the survey and it may not be possible to look at local issues in detail. The local housing partnership should seek to ensure that each local authority retains sufficient ownership of the local housing survey since it relates to housing need and issues relevant to administration and funding within local authority boundaries;
- **local authorities could set up a joint housing research group to carry out the survey in-house.** This has the same advantage of commissioning a survey together and in addition, provides considerable potential for making full use of the available data and continuous updating;
- **local authorities could employ the same contractor to carry out their surveys.** This may be more practical in cases where local housing surveys are due for renewal at different times. Data from surveys carried out in this manner can be combined by index linking incomes, prices and rents data to a common date basis. Where surveys are undertaken using this approach, local authorities should work together to commission suitable contractors;
- **local authorities could ensure that surveys use similar definitions and methods.** It should then be possible, if the raw data are available, to combine the data sets for use at a sub-regional level.

Although all of these options enhance sub-regional working, jointly commissioned or closely co-ordinated studies throughout the sub-region are likely to produce the most useful and robust information at the sub-regional level.



### 3. Working with consultants

- The local housing partnership should decide at the outset what work they wish to commission help with and what work they can carry out in-house. Different components of the work for which this must be decided include:
  - survey fieldwork (often sub-contracted by the consultants employed to a market research company, see below);
  - any specialist or booster surveys, or any qualitative work such as focus groups;
  - data analysis to complete relevant parts of the basic needs assessment model;
  - data collection from secondary data sources to complete the other parts of the basic needs assessment model;
  - analysing survey data to predict shortfalls and surpluses of market housing; and
  - using secondary data to predict future total housing requirements.
- The amount of work involved for the local housing partnership and local authority staff should not be underestimated even if a consultant is used. One member of staff should be given overall responsibility for managing the project and adequate time to carry out this function properly. The main time commitments for the local housing partnership are likely to include:
  - designing the specification;
  - shortlisting and interviewing prospective contractors;
  - agreeing the overall approach and interview schedule;
  - providing advice and information to households taking part in the survey (this often involves having someone available to respond to telephone queries throughout the fieldwork period);
  - discussing interpretations of the data and findings;
  - overseeing the production of the report; and
  - learning how to use the data provided to look at new issues that arise and to monitor and update the study.
- There are around five or six firms who regularly tender for local housing surveys, though not all are active in all areas of the country. This can mean that some local housing partnerships have less choice of consultants than they would like. The partnership may be able to improve the number of bids they receive and the quality of the proposals by ensuring that the specification is clear and offers realistic timescales.
- Usually consultants offer a fairly standard package that involves: the design of the questionnaire; fieldwork; the collection of the supporting information from both primary and secondary sources

(e.g. local rent and house price rent data); and a report of the results of the survey. Most will also provide the local housing partnership with an electronic database containing the raw data and give staff training in how to use and update this.

- One major difference between surveys is whether they use face-to-face interviews or postal surveys. If a local housing partnership can decide which they would prefer at the outset, this should be clear in the invitation to tender. Since the decision can impact on the depth and range of data collected and the overall cost an early decision means that the local housing partnership will not have to choose between proposals offering vastly different methods.
- There are often important differences in the details of the methods proposed by consultants. Examples include: the topics covered; the wording of questions; preferred methods of sampling; the transparency of the methods and assumptions; the content and style of reports. For these reasons, it is important that the local housing partnership has a clear idea about what they want from a survey before designing the research specification and evaluating the received proposals.
- Local housing partnerships should be clear about the geographic level at which they require information. For instance, it is possible to produce survey results at ward level, but only if the sample is big enough and designed with this in mind. Otherwise, it may be possible to look at only five or six sub-areas within the local authority. It is important to establish whether any detailed information is required about particular estates or communities, since this will require extra work.
- In addition, the local housing partnership must be clear about whether they require detailed information about particular minority groups (such as ethnic minorities or disabled people). These groups may not be great enough in number to permit statistically valid results unless booster samples are used. There are also groups that may be hard to reach through a simple survey, especially if it is a postal survey, and require qualitative research techniques (see appendix B). This will of course affect the cost of a survey.
- The full data set (with appropriate weightings) should always be provided. It may be anonymised, but it should be easy to use with clear column headings. Some consultants supply data in tables and other formats that permit a limited level of analysis. This may be simpler than using the raw data, but their potential value to the local housing partnership is much more limited.
- Consultants are usually able to provide the local housing partnership with a copy of a recent study that they have carried out. Good studies should show clearly how the study was done, what the results showed, and how these results have been used to

calculate levels of housing need. Local housing partnerships should seek to enter negotiations with consultants about what methods they are using and how these methods compare to others in terms of the validity and reliability of findings generated.

- Some consultants specialising in local housing surveys will have links with other firms that specialise in stock condition surveys and may be able to tender for both pieces of work, often using the same sample of addresses.
- Typically, undertaking a local housing survey will require having access to the council tax register. The local housing partnership should ensure early on in the commissioning process that the consultant will have access to council tax registers and that obtaining access to the register will not hold up the research.

#### 4. Data protection issues

Issues of confidentiality and data protection have often caused problems for local authorities and consultants working in this field. The main issues relate to:

- **the use of the council tax register by the consultant.** As long as names are removed from the register before it is given to the consultant, sharing the council tax register should not constitute a breach of confidentiality;
- **the ownership of the raw data collected in the survey.** If the local housing partnership or local authority wants to have ownership of the data set (including returned questionnaires) they should make this clear at the outset. There should not be a breach in confidentiality as long as the survey respondents are aware that their data is being passed to the council. This may, however, lower response rates. An alternative is for the data to be anonymised before being given to the council;
- **entering details about individuals onto computer systems.** One solution is to ask consent of the survey respondents for their personal data to be stored in this way. The other option is to remove individual identifiers (includes the name and full postcode) from the data so that individuals are not identifiable.

#### 5. Frequency of surveys and updating

- Survey data becomes out of date and surveys have to be repeated for the data to be informative. As a general guide, it is appropriate to repeat a survey once every five years. However, the Local Housing Survey should not just be a document that just sits on a shelf during this time; the data should be available electronically and drawn upon whenever it is useful.

- The data should also be updated between repetitions. There are various ways this can be done and many consultants offer their clients an updating service or equip them to update the survey themselves (see Chapter 7). Often, secondary data can be used to update survey information.
- In recent years, surveys have become out of date relatively quickly due to rapid property rises. This impacts on affordability and therefore on levels of housing need. Since property prices are available from other sources, along with average salary increases, it should be possible to update these elements of the data without undertaking any further primary research. Even when property price change is relatively slow, it is still desirable to update this information annually.

## **6. Timescales**

- The time needed to carry out a thorough local housing survey has often been underestimated. It can take up to six months for the commissioning stage alone. This time is spent deciding who is going to be responsible for the survey, designing the research specification and choosing a contractor.
- Most contractors will need at least four to five months to undertake the research and some will need longer, especially those using detailed and thorough surveys and/or face-to-face interviews. Local housing partnerships are advised to allow at least six to eight months for the survey to be carried out, in addition to the time spent on commissioning the project.
- If less time is allowed the findings of the study may be severely compromised. There must be sufficient time for discussion about sampling sizes and the development of the questionnaire so the local housing partnership can input into the research and ensure that the results are useful. There should also be adequate time allowed for reminders to be sent to increase response rates from postal surveys or for repeat visits to addresses to obtain face to face interviews. In addition, consultants are more likely to tender if they consider the timescale sufficient.

## **7. Use of market research companies**

- Although some consultants employ their own researchers, it is common practice for consultants to subcontract survey fieldwork to a separate market research company. There is a tendency for consultants to develop close links with particular market research firms and work with them on a regular basis. This helps to maintain quality since the market researchers become familiar with the questionnaire, concepts and definitions used in a housing survey – experience that they would not normally encounter in their other work.

- The quality of work undertaken by market research firms can be variable. The Study specification should ask tenderers to state whether they would use sub-contractors and who those sub-contractors would be. At interview, potential contractors should be questioned about their previous experience of any proposed sub-contractor. Where consultants have not worked with particular sub-contractors before, they should not be ruled out but their procedures for quality control should be closely examined.

## 8. Costs

- It is recommended that the local housing partnership consider the type of survey they want (i.e. postal or interview) as this will have a large impact on overall costs. In addition, the local housing partnership should know what, if any, specialist or booster surveys they require.
- The following gives a rough estimate of the costs charged in 2004 for undertaking a survey and analysing the results.

<b>Component of Survey</b>	<b>Approximate costs</b>
Fieldwork costs for a postal survey obtaining a sample of 1,500	£10,000 - £16,000
Fieldwork for a interview-based survey obtaining a sample of 1,500	£20,000 – £40,000
Management costs, including data analysis	£15,000 – £25,000
Minority group interviews (e.g. BME groups)	£25,000 per 100 interviews
Focus groups	£1,750 per group

- There are several factors to consider when estimating costs:
  - the value for money (i.e., if there is a high proportion of residents from groups who are unlikely to respond to a postal survey, does it represent value for money?);
  - if consultants are used to carry out other elements of market analysis, outside of the direct analysis of the survey results, then this will incur extra costs;
  - some consultants will offer better rates for jointly commissioned surveys covering more than one local authority and for joint stock condition and local housing surveys.

## 9. Designing the study specification

- It is good practice to write a study specification whether or not the study is going to be commissioned externally. The specification should clearly set out the objectives and requirements of the work and describe the work programme and outputs. If only part of the work is to be commissioned, local housing partnerships should produce a specification of requirements for potential contractors

and an additional description of the entire study that clearly explains the role of the commissioned work.

- Before designing the study specification there are several decisions that need to be made:
  - What (if any) components of the work are to be commissioned?
  - Is a face-to-face or a postal survey preferred?
  - What level of locality is the data required at?
  - Are high levels of housing need expected to be found? (If the level of housing need is expected to be marginal, then larger sample sizes may be necessary to determine the level of housing need with reasonable certainty.)
  - Is detailed information required about specific minority groups? As well as considering whether specialist or booster surveys are required, the main survey should be designed to identify any groups of interest.
  - Is detailed information required about specific occupations? A local housing survey only includes those that live (rather than work) in the locality. However, it can be used to explore particular issues relevant to industry or public sector staff shortages. Key workers can be identified from the survey if the correct questions are asked, although local authorities will need to undertake further research if they want to study the housing requirements of all key workers working in their area.
- These decisions will ensure that local circumstances and interests determine the survey content. The methodology itself, however, will not necessarily need to vary between local authorities in order to study different types of authority. For instance, an urban area may have high levels of overcrowding and concealed households. A rural area may have more difficulties relating to the condition of properties and low local wages that mean even lower house prices are unaffordable. These differences do not mean that different research methods will be needed; rather that the findings of the two surveys will be very different. When working in partnership with other local authorities, local housing partnerships should establish which local priorities are shared, and think through how local issues can be assessed adequately using a shared methodology.
- A sample specification for a local housing survey is given in Appendix C.

## **10. Choosing a contractor**

- Once the proposals have been received, the commissioning group should interview preferred tenderers. There are various factors to consider when assessing potential contractors and their proposal's 'value for money':

- the team's experience, understanding of housing market issues, needs assessment, research methods and statistical analysis;
- the robustness and suitability of the proposed approach and methods for meeting the aims and objectives of the research;
- project management arrangements and a proven track record of delivering to time and budget;
- the procedures for quality assurance. This should set out the points at which to review progress, steering and consultation schedules, identification and assessment of potential risks and any other contingency arrangements;
- their ability to write concise, objective and user-friendly reports in plain language;
- the willingness of the contractor to work in partnership with the local housing partnership to ensure they are able to address issues of local interest and engage fully with the findings;
- how well the commissioning group feel that they can work with the consultant to be fully involved in the survey;
- whether the full data set will be available to the local housing partnership;
- training for local housing partnership staff to enable involvement;
- services offered in terms of updating, or enabling staff to update the survey;
- timescales; and
- costs.

## APPENDIX B

### Methodology in local housing surveys

#### Contents:

1. Survey type
2. Non-response bias
3. Sample size and sampling techniques
4. Who to interview
5. Questionnaire design
6. Establishing respondents' future intentions
7. Collecting data on incomes, savings and equity
8. Sampling hard-to-reach groups
9. Key workers
10. Qualitative techniques

#### 1. Survey type

##### Face to face interviews

- Householder interview (or 'social') surveys have historically usually provided better response rates than postal surveys. They are also considered to be more likely to obtain more detailed information.
- For a local authority area, it is typical to aim for a sample size of 1,500 responses. Response rates for interview surveys are usually around 60-80 per cent, although rates can vary considerably between areas. This means that it is usually necessary to target between 2,000 and 3,000 addresses.
- For interview surveys, the most common issue is an under-representation of one-person households and working households who are more likely to be out when the interviewer calls. This can be prevented in part by devising careful rules about the number and timing of recalls that the interviewer must follow. It is also important that the interviewers are good at explaining the purpose of the survey, and convincing people to take part even if they are not in housing need and have no interest in affordable housing. See below for further discussion of sampling and response bias.
- One way of increasing response rates is to send letters to the target addresses prior to interviews. More widespread publicity may not be advantageous as it can lead to bogus callers.

##### Postal surveys

- Surveys can be conducted by using a postal self-completion questionnaire. This method is cheaper than a face-to-face interview and it is therefore possible to survey a much larger sample. In rural areas the costs of face-to-face interviews can be prohibitively expensive and a postal survey may be the only viable option.



- There are, however, several disadvantages to this approach. The range of questions that can be asked is smaller and there is no opportunity to clarify or follow up on interesting points. The response rates tends to be much lower, typically 20-40 per cent, which, even though the total sample size may be large, leads to problems of non-response bias. The survey will inevitably be biased against people who do not read English or Welsh well and typically will receive fewer responses from the private rented sector (especially houses in multiple occupation) and areas with high deprivation. Since all these groups may have special types of housing need, it is important that steps are taken to include them.
- There can also be problems in assessing affordability since income questions need to be kept simple to keep up response rates. This means that it is not usually possible to establish income by family member, so approximations have to be made when looking at mortgage affordability.
- Postal surveys should usually be issued in Welsh and English.
- If a postal survey is undertaken it is recommended that:
  - the local housing partnership aim for as high a response rate as possible;
  - the survey is conducted over a short time period (ideally six weeks);
  - pre-paid return envelopes are included with the questionnaire;
  - two further reminders are sent out during that period, the second to include an additional copy of the questionnaire.
- Other recommended ways of improving the robustness of the data include:
  - Using follow up visits or booster samples for people likely to be under-represented. Face to face interviews can be undertaken with: ethnic minorities (especially if a large percentage do not speak English or Welsh and interpreters can be used); people with specific housing needs (e.g. those with special needs or disabilities); residents of areas with low response rates (this may include areas with high levels of deprivation or private renting);
  - Offering telephone support to respondents who want information or need help completing their questionnaire;
  - Entering respondents in a prize draw;
  - Offering payment/vouchers to respondents;
  - Publicising the survey in advance. This should include making contact with representatives of people less likely to respond to the survey, or likely to have trouble filling it in (such as ethnic minority representatives, sheltered housing wardens, community groups, etc);
  - Collecting the survey on foot.

- Thirty per cent should be considered as an absolute minimum response rate. Fifty per cent would be a good target, and in many areas, with the methods suggested above, it should be achievable. If previous surveys of similar areas have had low response rates to postal surveys, then face-to-face interviews should be considered the best option.

#### *Village / community / neighbourhood surveys*

- For guidance on undertaking village, community or neighbourhood surveys see Appendix D.

### **2. Non-response bias**

- Non-response bias is the bias in survey findings caused by systematic differences between households who respond to the survey and those who do not. If there are differences between respondents and non-respondents in terms of housing need and requirements then the survey will not have picked up an accurate picture.
- All surveys where the response rate is less than 100 per cent are likely to have non-response bias. The extent to which it is a problem is determined largely by the response rate and all efforts should be made to increase response rates. Since response rates are indicatively typically lower with postal surveys than with interview surveys, non-response bias is a much greater concern.
- There are ways of compensating for non-response to some extent. Characteristics of survey respondents can be compared to those of the population as a whole, using factors such as age and tenure. The sample can then be weighted so that the findings relevant to a particular group reflect the proportion of the population they comprise rather than their proportion of survey responses. However, if it is necessary to weight heavily, this could be a sign that the people who responded to the survey were not at all typical of their 'group' or the population as a whole.

### **3. Sample size and sampling techniques**

- A common misconception when sampling is that it should be based on a certain *percentage* of the population being studied. In fact it is the total *number* of cases sampled which is important. As the number of cases increase, the results become more reliable but at a decreasing rate, until eventually a point is reached (around 2,000 cases) when the additional accuracy obtained by continuing to increase the sample is not worth the extra effort and cost.
- The appropriate sample size for any survey depends on the survey objectives. Since the accuracy of the findings hardly increases after

2,000 cases, this provides a useful starting figure for the target number of responses. Approximately 1,500 responses should still allow a reasonable level of analysis.

- Because of the statutory duty of local authorities, the data from the survey needs to be sufficiently robust at the local authority level regardless of whether authorities are working in partnership at the sub-regional level. Joint surveys should attempt to obtain 1500 responses from each local authority.
- Local housing partnerships will often want to look at the data at smaller geographical levels. Even basic analysis at ward level will require at least 100 responses from each ward, preferably 200 so this may require a larger sample. Sample sizes may vary between wards and it may be necessary to combine some wards in order to obtain a valid sample size.
- Postcodes allow different and perhaps more useful geographical aggregations than wards to be derived using GIS. Since wards, like local authority boundaries, are administrative and not always real or natural community groupings, they can disguise and distort patterns in the data. It may be preferable to group data according to three or four established sub-areas. If the local housing partnership is working in partnership across local authority boundaries, GIS can be used to delineate sub-areas that cross authorities. However, analysis of this type will have to be limited if it is to produce statistically robust results. Additional surveys and/or secondary data should be used if highly localised and detailed information is needed (see above, on village or community surveys).
- The local housing partnership may also wish to understand sub-groups of the households sampled in more detail (such as households in housing need or particular ethnic minority groups). Results for sub-groups are less reliable than for the whole sample and the local housing partnership may wish to consider booster samples (see below).
- Once the target number of responses has been established, the local housing partnership should use information about the expected response rate to calculate the appropriate number of addresses to target.
- The recommended method of sampling addresses is to use a *random sample*. With a random sample, all the households living within the area being sampled have an equal chance of being picked. This type of sample is most likely to represent the characteristics of the whole population, within margins of error than can be calculated easily from the size of the sample (see Hamilton, 1996 or other statistical guides for further information).

- A random sample is picked from a *sample frame* that lists all the households living in an area as far as possible. The sample frame most appropriate for a Local Housing Survey is usually a list of addresses, either the Council Tax (CT) register or the small user file of postcode addresses (Postcode Address File or PAF). (The electoral register is not appropriate as it is inaccurate and lists individuals rather than dwellings.) The CT register is most often used because it is easily accessible to local authorities. In addition, many CT registers distinguish between local authority, registered social landlord and private sector stock, and some distinguish private rented units, thus assisting with decisions about whether to target particular housing groups or weight data. It should be noted however, that some registers are not completely reliable in recording tenures, especially for Registered Social Landlords. The small user file of postcode addresses is a list of the addresses which receive less than 20 items of mail a day and therefore largely consists of residential rather than business addresses.
- In most cases an address is a unit of self-contained accommodation and is lived in by one household, but this is not always the case. 'Non-self-contained accommodation' is defined in Appendix G. Interviewers or fieldworkers collecting postal surveys may be able to identify addresses which are not households (such as empty or commercial properties). These can be removed from the sampling frame.
- In some cases, the local housing partnership may wish to have a stratified sample. Stratification essentially means dividing the sampling frame into groups (strata) before sampling, and then sampling within each stratum. Sample stratification can help to ensure that the survey captures enough households in, for instance, each ward (if the data is broken down to ward level) (see Hamilton, 1996 or other statistical guides for further information).

#### **4. Who to interview**

- The unit of measurement in a local housing survey is the *household* - what is known as the 'household response unit' in government surveys and the Census. The standard definition of a household used in government surveys is given in Appendix G. Groups of people are considered to be living as a household if they share either a living room, or a least one meal a day. In most circumstances the person interviewed is either the head of household or the head of household's partner.
- Who is counted as a household from the point of view of housing need is discussed in Chapter 6. However, information should be obtained on the needs, preferences and intentions of all sharing households, as well as any adults who are planning to leave their current household.

- When an interviewer finds two or more households sharing a dwelling, all households should be interviewed if possible. If only one is interviewed, this will result in households that share a dwelling being under-represented in the survey (it is the *households* within the local authority that should make up the sampling frame, not the properties). If there are large numbers of households sharing a dwelling (e.g. ten or more) it may be more feasible for interviewers to record the number of households to enable correct weighting and interview only a sample.
- Ideally each household should be interviewed separately about their plans. However, because these households represent a relatively small proportion of all households and repeat visits would often be required to obtain supplementary interviews, the extra cost may not be justified. As an alternative, the main respondent can be asked to give their understanding of the future intentions of the concealed household or households living with them. Although useful, this information must be regarded as less robust than a direct interview. Results from housing needs surveys suggest that around three-quarters of couples, families and lone parent concealed households usually wish to live independently, while the equivalent figure for single person potential households is around one-third.
- For postal surveys, separate or additional forms (perhaps in different colours) may be included or separate columns may be added for answers to selected questions relevant to households sharing a dwelling.

## 5. Questionnaire design

- Questionnaire design is a specialised area of expertise. As well as the general comments below there is a suggested list of suitable topics for a local housing survey questionnaire provided in Appendix E. Local housing partnership can customise this topic guide to reflect their own objectives.
- Local housing partnerships should ensure that they clearly understand what information is being collected and how it will be used. Care should be taken to ensure that the questions asked obtain the precise information required.
- It can be tempting to ask too many questions. An interview that lasts too long can lose the interest of respondents who may then give inaccurate answers or refuse to continue. If a draft questionnaire takes longer than 45 minutes to complete then the number of questions should be reduced.
- Postal surveys need to be much shorter than interviews to maximise response rates. They should be produced on as few pages as possible and must be produced in English and Welsh.

- Most consultants will have good experience of questionnaire design and be able to advise. Contractors will often have questionnaires that have been used many times and are known to work. If a well-tried questionnaire is to be used then there is no need to test (or 'pilot') it in the field. However, if a local housing partnership wants to customise a questionnaire to any great extent, it is important to test it on approximately 20 households to ensure that the questions are being understood and respondents answer all the required parts.
- All questions should be clear and concise. This is relatively easy to achieve with local housing surveys because questions are largely factual and many are pre-coded so respondents only have to work out which of the given categories they fall into. Wherever possible, questions should be worded for compatibility with (a) other local housing surveys, and (b) official national surveys and official definitions. National Statistics Harmonisation is an important initiative to harmonise questions and concepts in government surveys, including many housing related matters and local housing partnerships should use the wording of questions and the definitions agreed under this initiative. The questions are well-designed, thoroughly tested, and their use facilitates comparison between local authorities and with regional and national benchmarks. Details of the questions and concepts are set out in three booklets (GSS 1995, 1996 and 1997) and are available on the internet at [www.statistics.gov.uk/harmony](http://www.statistics.gov.uk/harmony). The web site is updated with new definitions as they are developed.
- It is important when designing a questionnaire to distinguish between questions that aim to assess levels of housing need and those that assess demand and future aspirations. The former should be as objective as possible, to allow an estimate of levels of housing need to be estimated according to the criteria specified in Chapter 6. Questions relating to demand and intentions are by nature more subjective.

## **6. Establishing respondents' future intentions**

- Establishing the future housing intentions of the household is difficult because it is necessary to distinguish between vague hopes and real possibilities. The best way to deal with this is to ask, in addition to general 'want to move' questions, very specific 'intention' questions such as 'Do you intend to move home within the next 12 months?' followed by 'What steps have you taken towards moving in the next 12 months?' Questions about visits to estate agents, steps taken to obtain a mortgage and analysis of income data will help establish whether intentions are serious and feasible.
- Some questions require judgements on the part of respondents, for example: what they think they can afford; whether they consider they are likely to be successful in finding a property they can afford; whether their property has serious repair problems. These

responses are subjective, but they are of value because they provide a guide to perceptions that will influence the housing market. It is important however, that all questions relate specifically to the respondent's own experience and that s/he can be expected to have the knowledge to be able to answer the question.

- The question of location will be important in many local assessments, particularly in rural areas. Respondents should be asked about where they would prefer to live and where they could live reasonably.

## **7. Collecting data on incomes, savings and equity**

- An accurate estimate of household income is one of the most important pieces of information to obtain from a local housing survey and is often the topic that causes the most controversy. Research (Bramley et al, 2000) has shown that incomes derived from local housing surveys tend to underestimate income compared with official surveys including the Family Expenditure Survey. Underestimates of income could lead to overestimates of housing need. However, since underestimation is more likely with higher income households with multiple sources of income than with low income families in housing need, this effect may be small.
- Experience from government surveys has shown that by asking the right questions and using good interviewing technique it is possible to get high response rates (75% or more) and reasonably accurate answers about household finances. The questions used in the Survey of English Households are highly recommended (DETR 1998).
- Typically, respondents are asked which band their household income falls into. To establish affordability as accurately as possible, best practice is to calculate first what income levels are at the threshold of being able to afford market housing and to ensure that the income bands around these levels are small (e.g. £2,500).
- Even with good practice, the response rate to the income question is still likely to be less than 100 per cent. This can often be particularly the case for postal surveys. There are statistical methods that can impute the missing income data from other known variables (Upton and Cook, 2004). Where these methods are used, they should be reported clearly with the response rate to the income question.
- It is necessary to have an indication of the level of household savings and equity available to fund a property purchase. Levels of equity can be considerable and have implications for affordability analyses. For instance, relatively wealthy retired people may move to a new area and rent privately whilst looking for a house to buy. The mortgage capacity of such people may be low (and their rent

may not be affordable in the long term) but the equity they have from the sale of a previous home may mean that they are able to meet their housing needs in the market without assistance.

- Existing owner-occupiers may be unlikely to require social rented housing; however, it is not acceptable to assume that none will and to remove them from the calculations of need altogether. Some people move from owner occupation to social renting each year and future developments of intermediate housing products may be of interest to owner-occupiers in housing need. Savings and equity will affect these assessments.
- It has been found possible to collect reasonable data on household savings and equity by asking people and it is recommended that all households who own a home, or who contain members who have ever owned a home, are asked such questions. Ideally, if it seems possible to do so without reducing response rates, all households should be asked about their savings and equity.

## **8. Sampling hard-to-reach groups**

See chapter 3. Hard-to-reach groups are of two main types:

- people who do not live in properties liable for council tax and therefore will be systematically excluded from a sample that uses the council tax register as a sampling frame;
- groups of people who, although covered in the sampling frame, are known to be less likely to respond to a survey.

### *People not on the council tax register*

- This category includes:
  - Homeless people on the streets;
  - Homeless people in hostels or night shelters;
  - Students in halls of residence;
  - Army personnel;
  - Some Gypsies and Travellers who do not live in houses; and
  - Other people living in caravans, vans or barges, where they are not on the council tax register.
- These groups need special methods in order to count and survey them. (Methods for surveying Gypsies and Travellers are discussed in Appendix F.) For some groups, specialist surveys can be used (see below). For other groups, it may not be possible or desirable to carry out the full survey, but secondary data sources should be used to produce an estimate of the numbers and sizes of such households and the estimated levels of need amongst them. (The use of secondary data in assessing the need for affordable housing is discussed in Chapter 6.)



### *Groups less likely to respond to a survey*

- There are some groups of households who are known to be less likely to respond to housing surveys and whose response rates can be increased by careful consideration of their needs. These include:
  - Some ethnic minorities, especially those who do not speak English or Welsh well;
  - Settled Gypsies and Travellers living in housing;
  - Private renters, especially houses in multiple occupation.
- People from ethnic minorities who do not speak English or Welsh well will be less likely to respond to a survey. Face to face interviews should always try to offer interpreters wherever practicable. Postal surveys should make efforts to include those who do not speak English or Welsh by offering either the forms in different languages or translation services. There are private companies that can assist in this. Some prior research may be required to establish which languages are likely to be spoken. This should be considered when estimating costs.
- There may also be cultural issues affecting response rates. The local housing partnership should ensure that representatives from minority groups are stakeholders in the research and provide advice on any issues arising. Additional research methods may also help (see below).
- Non-response for private renters may be reduced with the use of face-to-face interviews with repeat visits, timed so as to maximise the chances of working people being home. Another option is to have a booster sample in areas where larger numbers of private renters are known to live. Survey results should also be weighted by tenure to help to address this non-response bias.

### *Booster samples*

- Booster samples involve targeting an additional number of addresses to increase the number of responses from particular groups of people. Typically, booster samples are created from a sub set of addresses from areas where residents are either unlikely to respond to the survey or are members of a group of special interest to the local housing partnership. A booster sample does not reduce the sample size needed for the main survey to provide robust information about the general population.
- If the groups of interest are known to be dispersed throughout the local authority rather than in a distinct area, a booster sample may not be an appropriate method of providing information. Also, it cannot be taken for granted that over-sampling in an area with a high density of the target population will produce data that are representative of this population as a whole. For example,

households in neighbourhoods with a high proportion of residents from the same ethnic background may have different characteristics to those living elsewhere. The data should therefore be treated as qualitative rather than as providing robust statistical results.

#### *Additional research methods for minority groups*

- A local housing study is not expected to provide detailed statistical analysis for all minority groups. However, there are obligations to ensure that people are not excluded from housing needs assessments (i.e. due to disability or not reading English or Welsh) and that the accommodation needs of Gypsies and Travellers are assessed appropriately (see Appendix F). If there are specific concerns about the housing needs of certain groups or existing evidence suggests that their needs are very different from those of the rest of the population, it is good practice to undertake additional research.
- Differences in the housing needs for minority groups can include larger family sizes, preferences for different areas and preferences for different types of accommodation (e.g. caravan sites rather than housing). In some cases a sufficient number of people from a particular group will be identified from the main survey. In other cases, main survey responses will not permit much statistical analysis on a group's particular needs because the sample sizes will be too small.
- One possibility is to commission a booster sample to look at the needs of particular groups. This is especially important if the survey is postal since there is potential for a greater non-response bias. However, an interview survey may also fail to capture the needs of certain groups simply because their numbers are too small to be robust.
- Another way of assessing the needs of minority groups is more qualitative and could include holding focus groups or interviews with representatives from the groups concerned. If numbers are very small, this may be the only feasible way of gaining information about housing needs. For further information on surveying the housing needs of BME groups, see Atkins et al (1998).

#### **9. Key workers**

- See Chapter 3. The definition of 'key workers' has been the subject of some debate recently and several definitions are in use. The specific key worker issues of concern to the local housing partnership are likely to depend on local affordability and service employment.
- Where one of the objectives of a local housing partnership is to understand key workers' housing needs, they should first explore

available employment data to assess recruitment or retention issues. If these are found and believed to be linked to housing affordability, the local housing partnership should undertake a completely separate survey which has those that *work* as key workers locally as the sampling frame. It is *not* possible to use a booster sample on the main housing survey to investigate key worker issues because the sample consists of key workers that live rather than necessarily work locally.

- A local housing survey may be used to provide information about the housing issues of defined groups of occupations *living* in an area. It should also be able to collect information about different occupational groups in order to establish which occupations have a low degree of affordability or commuting problems.
- Questions within the main survey should:
  - identify key workers in line with government definitions. Ask for occupation and whether respondents are employed in the public or private sector;
  - identify key workers of local interest. This might include those working in occupations where there is a skills shortage;
  - identify where key workers work. If the local housing partnership is working in partnership across a sub-region this may be sufficient to give a picture of the housing needs of key workers who work in the area; and
  - where local housing partnerships are interested in developing specific housing solutions for key workers, the survey could ask who would choose a specific product.
- These data will also be important in informing the market analysis, especially with regard to mobility patterns and the labour market.

## 10. Qualitative techniques

- The local housing partnership may wish to use qualitative techniques such as focus groups and open interviews to investigate particular issues relevant to the housing market in more depth. Where qualitative techniques are already being used to assess the housing needs of particular groups of residents, it may be relatively cost effective to explore a limited number of related issues in addition. The findings of this additional work could then be analysed and presented with the quantitative survey results.
- Example areas of interest are:
  - Estate-based regeneration;
  - Home ownership aspirations and location issues;
  - Special needs in development and renewal, for example elderly care homes;
  - Community issues, for example community safety and tenure mix.

## APPENDIX C

### Model specification of requirements for a local housing survey

#### Contents:

1. Purpose of research
2. Aims and objectives
3. Specific requirements
4. Programme of work
5. Methodology
6. Final outputs
7. Responding to this specification

NB. This example specification should be modified to reflect the objectives, preferred methodology and requirements of any real study

#### 1. Purpose of research

- The local housing partnership is undertaking a comprehensive study of the local housing market including housing requirements across all tenures and client groups. To inform this project, the local housing partnership wishes to commission the undertaking, analysis and reporting of a local housing survey. The analysis will examine the survey data together with existing data drawn from a variety of secondary sources and will include an assessment of housing need.
- The study should enable better understanding of the local housing market, the key drivers of local housing demand and supply, and the level of housing need within the local authority area. The study forms a key part of a thorough research strategy to provide robust evidence to inform the development of local authority housing and planning policies. In addition, the study should provide data that can be combined with similar information from other local authorities in a consistent manner and improve understanding of housing market issues within the sub-region.
- Tenderers are invited to respond to the approach proposed in this specification of requirements, and to suggest alternative approaches where these are believed to enhance the value of the study.

#### 2. Aims and objectives

- The local housing survey is an important element of the local housing assessment, which will support the production of development plans and the Local Housing Strategy. The information will also play a key role in informing the local housing partnership strategic planning and the Community Plan. The local housing partnership is committed to working effectively in

partnership with all relevant local agencies, and where possible, the study should enhance the role of the local housing partnership in facilitating and brokering associations between interested parties.

- In detail, the study should:
  - a. inform the local housing partnership about housing issues in the area and any relevant changes or trends. The findings should be set in the context of national or regional data where possible and incorporate key comparisons;
  - b. assist the local housing partnership to make informed decisions about the targeting of housing resources and specifically to determine spending priorities;
  - c. outline the nature and extent of housing need and reasons for housing need. The final report should include an estimate of future housing needs for the development plan period;
  - d. assist the local housing partnership in developing its approach to flexible tenure arrangements, including estate transfer, development of intermediate affordable housing and the range of home ownership programmes;
  - e. assist in developing the housing policy within the local housing partnership's development plan, particularly in respect of projecting the scale and reasons for the need for affordable housing and appropriate tenure mixes;
  - f. inform the further development of community care services by providing information about: disability; the need for housing adaptations; the indicative scope for 'staying put' schemes and the likely need for disabled facilities grants; indicative need for supported housing and/or housing with support for older people; people with disabilities; mental health problems; and/or learning difficulties, etc;
  - g. inform corporate 'influencing' strategies such as the Community Strategy; and
  - h. provide background material to inform bids for Assembly Government funding, eg Social Housing Grant.

### **3. Specific requirements**

- The survey will involve undertaking interviews at a sample of households in the local authority area.
- One of the main purposes of the local housing survey is to establish the net shortfall or surplus of affordable housing in order to meet existing and predicted housing need. Also to determine how this is broken down by size of property (i.e. number of bedrooms) and different kinds of affordable housing (i.e. intermediate and social rented housing). This information will help inform decisions on future housing provision.
- The following list shows the types of information expected from the survey:

- a. type of housing and requirements to address housing needs, including location and tenure preferences and reasons for moving or staying;
  - b. recent housing history, in terms of tenure, geographical origin and reasons for moving into the local authority;
  - c. expected rate of new household formation and future household composition (by household type and number of bedrooms required);
  - d. degree of overcrowding and under-occupation;
  - e. basic amenities (sharing/lacking);
  - f. local affordability trends, including the extent of negative equity;
  - g. number and bedroom requirements of existing and hidden homeless households with a housing need that cannot be met without local housing partnership or other 'social agency' intervention;
  - h. number of existing and hidden homeless households with housing need who could afford to buy on shared ownership terms and other special initiatives by number of bedrooms required and current tenure;
  - i. number of households requiring physical adaptations or specially adapted accommodation;
  - j. brief details of attitudes about local environment (crime, litter, parking, noise, open space, etc) and key local facilities (health, leisure, education, employment, shops, banks, social services, advice provision);
  - k. car ownership and parking; and
  - l. key energy efficiency characteristics of dwellings: age, type, tenure, insulation, heating type and fuel, water type and fuel.
- Specific survey items, not necessarily exhaustive, are:
    - Households: type and composition, size, gross income, benefits, savings, disability, ethnic origin; also standard questions such as length of residence, tenure and location preferences, etc;
    - Individuals: gross incomes of head of household, and partner if any; age, sex, relationship to head of household, and employment status of all individuals.
  - Tenderers should comment on the feasibility of the range of information required and present methods for obtaining the full range of information in a cost-effective manner.
  - Proposals should set out how fieldwork procedures will be employed to achieve a high response rate, particularly for characteristics such as income and savings. Tenderers should provide relevant evidence of response rates previously achieved either by themselves or by the methods proposed. In addition, tenderers should demonstrate how they intend to record the

extent and characteristics of ‘concealed households’ (e.g. adults other than head of household or partner).

- Local authorities will provide available information on housing supply in terms of likely dwelling output, social letting becoming available and homeless acceptances. The proposal should clearly set out how these data and other relevant secondary data will be analysed with survey findings to meet the objectives of the study.

#### 4. Programme of work

- Tenderers should comment on the feasibility of the following outline timetable and to provide detailed information to demonstrate how they would achieve this timescale.

Study stage	Date required by
Sample design and selection	
Appointment of fieldwork staff	
Design of survey form	
Interim Report	
Completion of fieldwork	
Completion of focus groups	
Draft Final Report	
Final Report	
Raw data set for analysis	

#### 5. Methodology

##### *Sample design*

- The sample size should be sufficient to provide detailed analysis at the level of the local authority and analysis of key data for up to five sub-areas. Initial suggestions for sub-area boundaries are provided in the Annex. The local housing partnership envisages the need for at least 1,500 achieved interviews. Tenderers should comment on the feasibility of this approach.
- A description of the demographic profile of the area covered by the local housing partnership is provided in the Annex. The method of sample stratification will be agreed in consultation with the local housing partnership. Tenderers should recommend a method of stratification that will enable valid results to be provided at both local authority and sub-area levels and ensure that the housing needs and affordability analysis is not prejudiced.
- The local housing partnership will provide a file of property addresses from the Council Tax registers to enable the Contractor to draw and set the sample.

### *Sample selection*

- Contractors will be expected to use a random sampling procedure to select a sufficient number of addresses within the agreed method of stratification to achieve the appropriate number of surveys. The tenderer should provide a quote for (a) 1,500 and (b) 1,750 completed interviews.
- The contractor will be required to advise the local housing partnership on the number of times it will be necessary to break down the sample to satisfy the objectives of the project. Tenderers should consider the appropriate sample size required to achieve sufficient levels of accuracy in the data, and should provide examples of the level of accuracy used in previous studies.

### *Focus group*

- The local housing partnership would like to use focus groups to provide key attitudinal information about the estate based regeneration programmes in the X estate. This should investigate the issues around funding, associations between housing issues and employment, preferences for refurbishment versus demolition and the quality of the environment.
- Tenderers should demonstrate understanding of these issues and expertise in qualitative research techniques. Proposals should set out how the findings from the focus group will be used to supplement the survey and secondary data and meet the objectives of the local housing partnership.

### *Appointment, management and briefing of fieldwork staff*

- The tenderer will provide details of the survey expertise and experience of all staff on the project team and the responsibilities of staff members for individual tasks. The local housing partnership has the right to veto the involvement of particular staff members if they are considered unsuitable for the tasks. Any additions or substitutions to the proposed team will need to be agreed with the local housing partnership prior to any appointments.
- Contractors must provide fieldworkers for the survey. Up to two local housing partnership staff will attend the briefing of fieldwork staff. For security reasons, the local housing partnership will provide a list of all fieldwork staff to the police.
- At interview, fieldwork staff will be required to provide a one-sheet leaflet about available. Local housing partnership services to occupiers. The local housing partnership will provide a master copy of the leaflet to the contractor for printing.



- The contractor will be required to make weekly reports on progress including response rates and reasons for refusal. The local housing partnership reserves the right to check the accuracy of the data provided at any stage of the study.

#### *Design of survey form*

- The Contractor should design a suitable survey form that will allow collection of the information required for the purposes of this study. Examples of previous survey forms should be provided in the tender submission. Where possible, contractors should use questions from national and local survey benchmarks.
- Contractors should indicate whether a paper form or a 'hand-held' computerised data capture method is proposed; the local housing partnership has no significant preference.

#### *Maximising the response rate*

- Tenderers should propose mechanisms for maximising the response rate, particularly on the socio-economic aspects of the survey, for discussion with the local housing partnership.
- Tenderers will note from the Annex that the local housing assessment area has xx proportion of households from black and minority ethnic groups; the tender should address ways of maximising the response across all ethnic groups.
- Interviewers will be expected to make at least three separate visits to a property before it can be considered as a non-response. At least two of these visits should take place during an evening or weekend. The contractor will be expected to achieve the required number of completed interviews.
- The proposal should set out how occupiers' enquiries will be dealt with, including provision for out-of-hours enquiries. The local housing partnership will expect the contractor to handle all enquiries and to pass on only those enquiries that only the local housing partnership can answer. All printing, postage, despatch, telephone etc costs will be met by the Contractor, including the costs of any premises needed for survey management; these costs should be identified in the proposal.

#### *Initial processing and validation of data*

- The contractor will be responsible for data validation and quality control and proposals must provide information on how this will be achieved. No administrative support will be provided by the local housing partnership for the initial processing of data.

- The contractor will also be required to retain the completed survey forms for a period of a year following completion of the survey in the event that the local housing partnership may require access to these for data validation purposes.

#### *Data analysis software*

- The contractor should have access to the software required to analyse the data in sufficient detail and in sufficient ways to produce the information required. The software will be agreed with the local housing partnership.
- In addition to any standard reports that the software will produce, it should also be able to provide any individual analyses required by the local housing partnership. The system should be capable of representing data graphically (e.g. histograms, pie charts, etc) as well as in tabular format.
- The contractor will be required to provide training for officers in the use of the software at no extra cost and to provide a contact following completion of the project to respond to any queries regarding the data or software.

## **6. Outputs**

- Contractors will be required to produce an Interim and a Final Report. For both Reports, the contractor will produce a short, attractive Executive Summary of the study in a form suitable for the local housing partnership to print (at the local housing partnership's expense). The contractor will be required to produce a minimum of twenty copies of the Reports.
- Both Reports should be structured so that the information presented addresses the main objectives of the research. The local housing partnership must be consulted on the format and content of the Reports.
- The Interim Report must include a detailed description of the methods employed in both data collection and processing. Any methodological issues relating to response rates and non-response bias must be clearly presented, along with any assumptions or transformations made in data processing. Initial analyses and findings should be presented with commentary and supporting tables.
- The Final Report must include a summary of the method with any changes from the procedures outlined in the Interim Report noted, the results of the survey and data analysis, presented with commentary, supporting tables and graphics where helpful. The major assumptions and limitations of the findings must be clear

throughout. All report sections, tables and graphs must be clearly labelled and cross-referenced.

- All data collected and produced during the survey will be the property of the local housing partnership. The contractor will provide an electronic copy of all Reports and the raw dataset to enable the local housing partnership to make maximum use of the data following completion of the study. To enable confidentiality to be maintained, it is envisaged that this will be suitably anonymised so that the local housing partnership will not be able to recognise an individual's response. Contractors will note that this dataset will require its own grossing system to ensure that the replies are grossed accurately to the real profile of households and will need to be analysed using a standard system such as SPSS or similar, in order to maximise the value of cross-analysis, compute sub-groups of households etc.
- The contractor will be expected to undertake up to two presentations, each of up to thirty minutes' duration, to (a) local authority senior officers and (b) Councillors. The cost of these activities should be included in the tender. The presentations may be outside normal office hours.

## **7. Responding to this specification**

### *Method Statement*

- The tender should include a method statement that addresses the following points:
  - sample size, source, stratification;
  - proposals for questionnaire design, and piloting the design;
  - expected response rates with reasons, both in terms of overall access rates and responses to key questions such as income and savings;
  - statistical significance of the data as a whole and specified subsets;
  - methods for dealing with non-response bias;
  - list of other secondary data to be used in analyses;
  - use of sub-contractors;
  - measures for checking interviewer quality, including briefing arrangements;
  - hours of work and recall policy;
  - methods of data input, data cleaning and validation;
  - methods of data analysis (survey and relevant secondary data);
  - description of data which the local housing partnership will need to provide access;
  - dates of project meetings and submission of outputs;
  - measures to ensure that the milestones are achieved to timetable.
- Where possible, tenderers should provide a copy of any previous reports. Previous reports will be assessed for their accessibility for Councillors and Officers, and for the extent of value drawn from the data collected.

### *Project management and staffing*

- Proposals will identify a Project Director, who will have overall responsibility for the contract and the delivery and quality of the project, and a Project Manager, who will be responsible for day-to-day liaison with the local housing partnership Project Officer. Tenderers may propose one person to perform both roles if they so wish.
- The Project Officer will be closely involved in all stages of the research and will expect a regular flow of information on the progress of the project against the timetable, any issues or difficulties arising, and proposals for their resolution, including details of their effect on the timetable.
- The contractor will be required to provide draft copies of all research instruments for comment prior to the contractor undertaking any primary research. This will include questionnaires, topic guides and background materials.
- The contractor will make agreed amendments to draft outputs on the basis of comments from the Project Officer.
- A Steering Group will be set up to support this project which will comprise of local housing partnership members. Proposals should suggest how the Steering Group may best input to the development of the research and at what stages in the course of the Study. The timing of meetings will be finalised with the local housing partnership.
- Progress reports will be submitted to the Project Officer at agreed intervals. Any draft material to be provided for Steering Group meetings will be provided not less than one week before their scheduled dates.
- The proposal should include information about all personnel who would be involved in the study: their level of seniority, daily rate, relevant experience (including a one page CV) and the role they would undertake in the project team.

### *Costs and payment*

- The tenderer must provide a clear breakdown of costs for each of the major elements of the study and for each of the sample sizes specified. This breakdown should include the fee levels and numbers of days engaged of interviewers and all other members of the project team. Costing should also include up to six meeting during the course of the project, exclusive of interviewer briefing(s) and presentations.
- Proposals should link payment to the satisfactory completion of particular stages of the Study or milestones. Five per cent of the

cost of the project will be retained by the local housing partnership for a period of two months following completion of the project; this is to allow bugs or faults in the software to be identified and corrected, and for the local housing partnership to be satisfied that the data does not contain anomalies.

- The preferred contractor will need to provide audited accounts for the last three years (or since commencing business if less than three years).
- The tenderer will need to sign and complete a tender form and Bona Fide Tender Certificate (blank copies are attached). Any costs should be inclusive of all staff and sub-contractor costs. The contractor will be liable for any public indemnity or public liability insurance costs.

#### *Criteria for evaluating tenders*

- Tenderers proposals will be judged according to the local housing partnership's assessment of value for money, which will be based on an evaluation of:
  - the robustness and suitability of the proposed approach and methods for meeting the aims and objectives of the research;
  - their understanding and knowledge of housing market and needs assessment issues;
  - the relevant skills and experience of the research team;
  - the adequacy of the proposed management arrangements for the project;
  - their quality assurance procedures specified for the research process;
  - their identification of potential risks and how these will be managed and overcome;
  - their ability to write concise, objective and user-friendly reports in plain language. Contractors should note this will be assessed in part on the basis of written quality of proposals received;
  - a proven track record of delivering to time and budget;
  - the overall cost.

#### *Tender interviews*

- Interviews with preferred tenderers will be required. Tender interviews are likely to take place in the week commencing X. Tenderers should indicate whether this is suitable. It is expected that those who are to undertake the research will attend the interview.

#### *Enquiries*

Any queries regarding this specification should be addressed to:

## APPENDIX D

### Community Level Assessments

1. Village, community or neighbourhood surveys are optional additions to the main local housing survey. In the context of rural settlements an additional survey of this type will be the only practical way to proceed. This is because in rural areas, housing need can be highly localised and although a sample survey will be able to say how many households are in need across the whole local authority or within a sub-area of it, it will not be able to identify needs in a particular village.

2. In cases where specific village/community information is required to estimate affordable housing needs, the best approach may be to conduct a 'mini census' with questionnaires distributed to all households. In some parts of Wales Rural Housing Enablers (RHE) are in place to:

- Work with communities to identify local housing need via housing needs surveys and use the information to raise awareness of current and future housing pressures within rural areas.
- Work with planning and housing authorities, the community, landowners, and housing associations to find suitable sites for housing schemes and bring them to development stage. The RHE may also seek to influence the provision of affordable housing on open market developments.
- Act independently to broker agreements between the above parties.
- Support local authorities, where necessary, in speeding up the provision of affordable homes.
- Contribute to various strategies relevant to affordable rural housing at local regional and national level.

The aims and objectives of each RHE will vary depending on the circumstances of the area they are responsible for, such as the availability of housing needs information, existing affordable housing schemes and the related priorities of their management boards. RHEs are relatively new in Wales but are based on a role already successfully running in many areas of rural England.

RHEs have been appointed to cover: Monmouthshire and South Powys, Gwynedd, Denbighshire, Conwy, and Pembrokeshire.

3. This approach will help to provide data on a village or ward level, care will need to be taken over the sample size in order not to limit its statistical significance by being too small (see Appendix B for advice on sample sizes). For this reason the RHEs approach is to sample 100% of households in order to maximise their robustness. In terms of frequency their validity is approximately three to five years and hence on a par with authority wide local

housing surveys. Sample size can be an influence as small numbers tend to show more fluctuation over time.

4. The Data Unit have developed with the RHEs standardised questionnaires for community based surveys in order to undertake these micro level assessments. Latest drafts of the affordable housing survey questionnaire and potential in-migrants (additional household and non-residents) surveys are appended to assist this process. The drafts are potentially liable to amendment and their use should be cleared with the Data Unit prior to utilisation. Contact details are in Annex A. The questionnaires have been developed for use by RHEs and where appropriate authorities' would do well to use their services. The Data Unit are in the process of also producing guidance for the RHEs on how to use the survey forms and how to conduct assessment surveys.

**Cyngor Cymuned XXXXXX Community Council**

**SECTION 1: Your home and your household**

This section asks questions about your current household and the home in which you live. We are defining a household as “one person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping – sharing either a living room or sitting room, or at least one meal a day”.

**This Question is optional**

**Q 1. Is this your main home?** *Please tick one box*

Yes, main home

No, second home *There is no need to complete the rest of the form, however, please return it using the envelope provided or using the address at the end of section 3*

**Q 2. What type of home does your household live in?** *Please tick one box*

Semi detached house

Flat

Terraced house (including end terrace)

Detached house

Bungalow

Mobile home (permanently sited)

Other (please specify) \_\_\_\_\_

**Q 3. Does your household own or rent this home?** *Please tick one box*

Owns (with or without a mortgage)

Lives part rent and part mortgage (shared ownership)

Rents from employer of, or tied with job of, household member

Rents privately

Rents from Council or Housing Association

Other (please specify) \_\_\_\_\_

**This Question is optional**

**Q 4. How long have you lived in...?** *Please tick one box per option*

	Less than 6 months	6 months to 3 years	More than 3 year but less than 10 years	More than 10 years
This home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
XXX community council	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
XXX local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q 5. How many bedrooms does your home have?** *Please tick one box*

1

2

3

4

5 or more



**Q 6. How many people of each age and sex are there in your household?**

Please write the numbers in the relevant boxes

	0-9 years	10-15 years	16-19 years	20-44 years	45-64 years	65-74 years	75 years and over
Male							
Female							

**Q 7. Apart from you or anyone currently in your household, do you know anyone with a 'local connection' who is not currently residing in the survey area that would like to or needs to set up home in the survey area? By 'local connection' we mean description of local definition. Please tick one box**

No

**Go to Question 8**

Yes

*If they wish to be included in this survey for affordable housing they will need to obtain a form either by contacting the address given or by giving their name and address below.*

XXXXXX

Name \_\_\_\_\_

XXXXXX

Address \_\_\_\_\_

XXXXXX

\_\_\_\_\_

Tel: 0000

\_\_\_\_\_

Postcode \_\_\_\_\_

**Q 8. Does your household as a whole, or anyone in your current household, expect to need to move within the survey area within the next 5 years? Please tick one box**

Yes

**Go to Question 9**

No, do not expect to need to move

**Go to Section 3**

**Q 9. You have identified that either your whole household or part of it will need to move. This household should complete Section 2. If there is more than one new household that will be formed, for example two children leaving the family home, then you will need to obtain extra forms. This can be done by contacting:**

XXXXXX

XXXXXX

XXXXXX

Tel: 000000

**Please go to Section 2.**

## SECTION 2: Housing need

This section asks about the household that expects to need to move within the survey area in the next 5 years, the size of home they require and how they intend to pay for their accommodation.

**Q 10. How many people of each age and sex are there in the household?** *Please write the numbers in the relevant boxes*

	0-9 years	10-15 years	16-19 years	20-44 years	45-64 years	65-74 years	75 years and over
Male							
Female							

**Q 11. How many bedrooms would the household expect to need?** *Please tick one box*

- 1
                 
  2
                 
  3
                 
  4
                 
  5 or more

**Q 12. How would you describe this household?** *Please tick one box*

- Single person  
 Couple  
 Family (one or two adults with children)  
 Other

**Q 13. When would the household expect to need to move?** *Please tick one box*

- Immediately  
 Within 1 year  
 More than a year, but within three years  
 Between three and five years

**[This question is optional and can be customised]**

**Q 14. Please give the reasons why this household's current home does not meet the household's need?** *Please tick as many boxes as apply*

- Too small
                 
  Need to live close to employment  
 Too large
                 
  Need to live close to relative/family  
 Needs major repairs
                 
  Need to live closer to a carer or to give care  
 Unsuitable for physical needs
                 
  Want to live independently  
 Temporary accommodation
                 
  Being harassed  
 Other

[This question could be customised]

**Q 15. Does this household have a specialist housing need?** *Please tick one box*

- No
- Yes, accommodation on the ground floor
- Yes, sheltered housing with support services provided
- Yes, other housing with support services provided
- Yes, residential care
- Other (please specify) \_\_\_\_\_

**Q 16. How much would the household be able to afford if renting? It is normal to consider one third of the household's net income for the period. Please do not include housing benefit.** *Please tick one box*

- | <b>Per Week</b>                         | <b>Per Month</b>                        |
|---|---|
| <input type="checkbox"/> Up to £50      | <input type="checkbox"/> Up to £220     |
| <input type="checkbox"/> £51 to £70     | <input type="checkbox"/> £221 to £300   |
| <input type="checkbox"/> £71 to £90     | <input type="checkbox"/> £301 to £390   |
| <input type="checkbox"/> £91 to £120    | <input type="checkbox"/> £391 to £520   |
| <input type="checkbox"/> £121 to £150   | <input type="checkbox"/> £521 to £650   |
| <input type="checkbox"/> More than £150 | <input type="checkbox"/> More than £650 |

**Q 17. How much would the household be able to afford if buying a property? It is normal to consider three times the household's gross annual income for mortgage purposes plus any savings and equity the household may have in any property.** *Please tick one box*

- Up to £40,000
- £40,001 to £60,000
- £60,001 to £80,000
- £80,001 to £100,000
- £100,001 to £120,000
- £120,001 to £140,000
- £140,001 to £160,000
- £160,001 to £180,000
- More than £180,000

**Q 18. How would this household consider paying for this accommodation?**

*Please tick as many boxes as apply*

- Buy on the open market
- Rent from the private sector
- Rent it from the Local Authority or Housing Association
- Buy it as a shared owner with the Local Authority or Housing Association
- [optional] Buy it as part of a low cost scheme. Schemes like this offer housing at a reduced price subject to restrictions on its resale
- Other local affordable schemes can be used here such as self build
- Other (please specify) \_\_\_\_\_

**Q 19. In which area(s) would the household consider living?** *Please tick as many boxes as apply*

*This question is optional but should be amended to reflect local options*

- Option 1
- Option 2
- Option 3
- Other (please specify) \_\_\_\_\_

**Q 20. Is the household currently on the XXXX community council housing transfer or waiting list?** *Please tick one box*

Yes

No **NB This questionnaire does not register you on a housing waiting list.**

If you wish to apply to go on the list or to obtain more information on social housing please contact:

XXXX

XXXX

XXXX

Tel 000000

**Contact Details**

If you provide your details below, you may be contacted if a housing scheme progresses in this community.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

**Please go to Section 3.**

**SECTION 3: Views on local affordable housing**

This question is to find out about local people's views on new housing in the area. All replies will be treated in the strictest confidence, however anonymised comments and reasons may be included in reports.

**Q 21. Would you support a small local development of affordable housing in this area?** *Please tick one box*

- Yes
- No
- Maybe

**Please provide the reasons for this if you wish.**

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**If you know of any suitable sites, available land or property within the survey area that could be used for a local affordable housing scheme please list them here. Please also add your contact details.**

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**If you wish to make any other comments please write them here.**

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**These Questions are optional**

XXX Community Council / Local authority is committed to ensuring that no person is unfairly treated. In order to monitor the effectiveness of our Equal Opportunities Policy, we request you provide the information requested below. This information is used solely for monitoring purposes. Please tick one box only for each question.

**EQ1 What is your gender?**

- Male
- Female

**EQ2 What is your Age?**

- 0 - 24                       25 - 44                       45 - 64  
 65 - 74                       75 +

**EQ3 What is your ethnic group?**

- White                       Mixed                       Asian or Asian British  
 Black or Black British                       Chinese or other ethnic groups

Thank you for completing this form. Please return it by **XXXX** to:

**XXXXXX**  
**XXXXXX**  
**XXXXXX**  
**Tel: 00000000**

Or using the envelope provided.

**Cyngor Cymuned XXXXXX Community Council**  
**Additional Household Survey**

This form should be filled in by people who are likely to move from within an existing household within the next 5 years. We are defining a household as “one person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping – sharing either a living room or sitting room, or at least one meal a day”.

**SECTION 1: Housing need**

This section asks about the households that expect to need to move to the survey area in the next 5 years, the size of home they require and how they intend to pay for their accommodation.

**Q1. How many people of each age and sex are there in the household that is expecting to move?** *Please write the numbers in the relevant boxes*

	0-9 years	10-15 years	16–19 years	20-44 years	45-64 years	65-74 years	75 years and over
Male							
Female							

**Q2. How many bedrooms would the household expect to need?** *Please tick one box*

- 1                       2                       3                       4                       5 or more

**Q3. How would you describe this household?** *Please tick one box*

- Single person  
 Couple  
 Family (one or two adults with children)  
 Other

**Q4. When would this household expect to need to move?** *Please tick one box*

- Immediately  
 Within 1 year  
 More than a year, but within three years  
 Between three and five years

[this question should be customised]

**Q5. Does this household have a specialist housing need? Please tick one box**

- No
- Yes, accommodation on the ground floor
- Yes, sheltered housing with support services provided
- Yes, other housing with support services provided
- Yes, residential care
- Other (please specify) \_\_\_\_\_

**Q6. How much would the household be able to afford if renting? It is normal to consider one third of the household's net income for the period. Please do not include housing benefit. Please tick one box**

- | <b>Per Week</b>                         | <b>Per Month</b>                        |
|---|---|
| <input type="checkbox"/> Up to £50      | <input type="checkbox"/> Up to £220     |
| <input type="checkbox"/> £51 to £70     | <input type="checkbox"/> £221 to £300   |
| <input type="checkbox"/> £71 to £90     | <input type="checkbox"/> £301 to £390   |
| <input type="checkbox"/> £91 to £120    | <input type="checkbox"/> £391 to £520   |
| <input type="checkbox"/> £121 to £150   | <input type="checkbox"/> £521 to £650   |
| <input type="checkbox"/> More than £150 | <input type="checkbox"/> More than £650 |

**Q7. How much would the household be able to afford if buying a property? It is normal to consider three times the household's gross annual income for mortgage purposes plus any savings and equity the household may have in any property. Please tick one box**

- Up to £40,000
- £40,001 to £60,000
- £60,001 to £80,000
- £80,001 to £100,000
- £100,001 to £120,000
- £120,001 to £140,000
- £140,001 to £160,000
- £160,001 to £180,000
- More than £180,000



**Q8. How would this household consider paying for this accommodation?**

*Please tick as many boxes as apply*

- Buy on the open market
- Rent from the private sector
- Rent it from the Local Authority or Housing Association
- Buy it as a shared owner with the Local Authority or Housing Association
- [optional] Buy it as part of a low cost scheme. Schemes like this offer housing at a reduced price subject to restrictions on its resale
- Other local affordable schemes can be used here such as self build
- Other (please specify) \_\_\_\_\_

**Q9. In which area(s) would the household consider living?** *Please tick as many boxes as apply*

**This question is optional but should be amended to reflect local options**

- Option 1
- Option 2
- Option 3
- Other (please specify) \_\_\_\_\_

**Q10. Is the household currently on the **XXX community council** housing transfer or waiting list?** *Please tick one box*

- Yes
- No **NB This questionnaire does not register you on a housing waiting list.**

If you wish to apply to go on the list or to obtain more information on social housing please contact:

**XXXX**

**Tel 000000**

**Contact Details**

If you provide your details below, you will be contacted if a housing scheme progresses in this community.

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Postcode: \_\_\_\_\_

**Please go to Section 2.**

**SECTION 2: Views on local affordable housing**

This question is to find out about local people’s views on new housing in the area. All replies will be treated in the strictest confidence, however anonymised comments and reasons may be included in reports.

**Q11. Would you support a small local development of affordable housing in this area? Please tick one box**

- Yes
- No
- Maybe

**Please provide the reasons for this if you wish.**

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**If you know of any suitable sites, available land or property within the survey area that could be used for a local affordable housing scheme please list them here.**

**Please also add your contact details.**

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**If you wish to make any other comments please write them here.**

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**These Questions are optional**

XXX Community Council / Local authority is committed to ensuring that no person is unfairly treated. In order to monitor the effectiveness of our Equal Opportunities Policy, we request you provide the information requested below. This information is used solely for monitoring purposes. Please tick one box only for each question.

**EQ1 What is your gender?**

- Male
- Female

**EQ2 What is your Age?**

- 0 - 24
- 25 - 44
- 45 - 64
- 65 - 74
- 75 +

**EQ3 What is your ethnic group?**

- White       Mixed       Asian or Asian British  
 Black or Black British       Chinese or other ethnic groups

Thank you for completing this form. Please return it by **XXXX** to:

**XXXXXX**  
**XXXXXX**  
**XXXXXX**  
**Tel: 00000000**

Or using the envelope provided.

**Cyngor Cymuned XXXXXX Community Council**  
**Non-residents' Survey**

This form should be filled in by a household that would want or need to move into the XXXX Community Council area within the next 5 years. We are defining a household as “one person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping – sharing either a living room or sitting room, or at least one meal a day”.

**SECTION 1: Local connection**

This section asks about your local connection to XXXX community council.  
 [This question should be adapted if the local policy requires]

**Q1. What are your reasons for the household wanting or needing to move to the area? Please tick as many boxes as apply**

- Household member works in the area
- Need to care for a friend or relative
- Need to be closer to a friend or relative to receive care
- Other connection (please specify) \_\_\_\_\_

**SECTION 2: Housing need**

This section asks about the households that expect to need to move to the survey area in the next 5 years, the size of home they require and how they intend to pay for their accommodation.

**Q2. How many people of each age and sex are there in the household? Please write the numbers in the relevant boxes**

	0-9 years	10-15 years	16–19 years	20-44 years	45-64 years	65-74 years	75 years and over
Male							
Female							

**Q3. How many bedrooms would the household expect to need? Please tick one box**

- 1                       2                       3                       4                       5 or more

**Q4. How would you describe this household? Please tick one box**

- Single person
- Couple
- Family (one or two adults with children)
- Other

**Q5. When would the household expect to need to move?** *Please tick one box*

- Immediately
- Within 1 year
- More than a year, but within three years
- Between three and five years

[This question could be customised]

**Q6. Does this household have a specialist housing need?** *Please tick one box*

- No
- Yes, accommodation on the ground floor
- Yes, sheltered housing with support services provided
- Yes, other housing with support services provided
- Yes, residential care
- Other (please specify) \_\_\_\_\_

**Q7. How much would the household be able to afford if renting? It is normal to consider one third of the household's net income for the period. Please do not include housing benefit.** *Please tick one box*

- | <b>Per Week</b>                         | <b>Per Month</b> |
|---|------------------|
| <input type="checkbox"/> Up to £50      | Up to £220       |
| <input type="checkbox"/> £51 to £70     | £221 to £300     |
| <input type="checkbox"/> £71 to £90     | £301 to £390     |
| <input type="checkbox"/> £91 to £120    | £391 to £520     |
| <input type="checkbox"/> £121 to £150   | £521 to £650     |
| <input type="checkbox"/> More than £150 | More than £650   |

**Q8. How much would the household be able to afford if buying a property? It is normal to consider three times the household's gross annual income for mortgage purposes plus any savings and equity the household may have in any property. Please tick one box**

- Up to £40,000
- £40,001 to £60,000
- £60,001 to £80,000
- £80,001 to £100,000
- £100,001 to £120,000
- £120,001 to £140,000
- £140,001 to £160,000
- £160,001 to £180,000
- More than £180,000

**Q9. How would this household consider paying for this accommodation? Please tick as many boxes as apply**

- Buy on the open market
- Rent from the private sector
- Rent it from the Local Authority or Housing Association
- Buy it as a shared owner with the Local Authority or Housing Association
- [optional] Buy it as part of a low cost scheme. Schemes like this offer housing at a reduced price subject to restrictions on its resale
- Other local affordable schemes can be used here such as self build
- Other (please specify) \_\_\_\_\_

**Q10. In which area(s) would the household consider living? Please tick as many boxes as apply**

**This question is optional but should be amended to reflect local options**

- Option 1
- Option 2
- Option 3
- Other (please specify) \_\_\_\_\_

**Q11. Is the household currently on the XXXX community council housing transfer or waiting list? Please tick one box**

Yes

No **NB This questionnaire does not register you on a housing waiting list.**

If you wish to apply to go on the list or to obtain more information on social housing please contact:

XXXX

XXXX

XXXX

Tel 000000

**Contact Details**

If you provide your details below, you may be contacted if a housing scheme progresses in this community.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

**SECTION 3: Views on local affordable housing**

This question is to find out about local people's views on new housing in the area. All replies will be treated in the strictest confidence, however anonymised comments and reasons may be included in reports.

**Q12. Would you support a small local development of affordable housing in this area? Please tick one box**

Yes

No

Maybe

**Please provide the reasons for this if you wish.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**If you know of any suitable sites, available land or property within the survey area that could be used for a local affordable housing scheme please list them here.**

**Please also add your contact details.**

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**If you wish to make any other comments please write them here.**

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**These Questions are optional**

XXX Community Council / Local authority is committed to ensuring that no person is unfairly treated. In order to monitor the effectiveness of our Equal Opportunities Policy, we request you provide the information requested below. This information is used solely for monitoring purposes. Please tick one box only for each question.

**EQ1 What is your gender?**

- Male                       Female

**EQ2 What is your Age?**

- 0 - 24                       25 - 44                       45 - 64  
 65 - 74                       75 +

**EQ3 What is your ethnic group?**

- White                       Mixed                       Asian or Asian British  
 Black or Black British                       Chinese or other ethnic groups

Thank you for completing this form. Please return it by **XXXX** to:

**XXXXXX**  
**XXXXXX**  
**XXXXXX**  
**Tel: 00000000**

Or using the envelope provided.



## APPENDIX E

### Recommended topic list

1. The following is adapted from the topic list produced for the Welsh Office Local Housing Needs Assessment: A Good Practice Guide (1999).
2. The range of possible questions is large and questionnaires should reflect local objectives. The list below is intended to highlight the main topics that should be covered in a local housing survey and also to promote a more standardised approach to the wording of questions and the presentation of results to facilitate comparisons between different local authorities.
3. The list does not give the precise wording for the questions. Where possible local housing partnerships should follow government practice relating to harmonised questions and concepts or use the Living in Wales survey as a guide where harmonisation questions have not been agreed for all surveys.
4. Harmonisation covers the questions asked (inputs) and the way results are grouped together into categories (outputs). Harmonised questions change over time and new questions are added in response to social and economic change. The most up-to-date versions can be accessed via the internet ([www.statistics.gov.uk/harmony](http://www.statistics.gov.uk/harmony)). Questions that had been harmonised at the time of writing are indicated with \* in the list below.
5. Questions in bold are ones which will be essential in calculating the net need for affordable housing, as described in the needs assessment model in Chapter 6. Other questions may be essential in order to support other local policies.
6. The ordering of questions below is not necessarily the order in which they will appear in the questionnaire – for example, it is common to put the more sensitive questions such as income towards the end.
7. Before commencing an interview the interviewer needs to establish:
  - whether the respondent speaks English or Welsh adequately. If not, translation or an alternative interviewer should be offered;
  - whether there is more than one household living at the address (see Appendix B on defining a household). Each household living at the property should be surveyed.

#### **Contents of interview:**

1. Household information
2. Housing circumstances
3. Amenities and conditions
4. Housing intentions and preferences
5. Housing costs
6. Characteristics of the dwelling

## 1. Household information

a. The following should be collected for each person in the household:

- Age; \*
- Gender; \*
- Martial status; \*
- Living arrangements (i.e. de facto marital status); \*
- Relationship to the head of household; \*
- Working status, and whether a 'key worker' (give showcard with definitions);
- Location and distance of work place (eg broad postcode).

b. The following should be collected from the head of household or partner:

- Industry; \*
- Occupation; \*
- Socio-economic classifications; \*
- Ethnic origin; \*
- Household income \* and benefits received; \*
- Household savings; \*
- Rent payable (excluding council tax and bills, but including any rent currently met by housing benefit).

## 2. Housing circumstances

- Tenure of present home; \*
- Length of residence in present home; \*
- If moved into affordable housing within last year: Reasons for move and most important reason (i.e. was it due to housing need); When the need to move first became apparent;
- Length and type of residency agreement (renters only);
- Tenure of previous home (if moved in last 5 years); \*
- Location of previous home (e.g. sub-areas within the local authority, within the sub-region, outside of the sub-region, outside the UK);
- Whether anyone in the household has a disability or long term health problem and its nature; \*
- For households with disability or long term health problem: Extent to which ability to move around the home is impaired; Respondents' assessment of housing requirements covering: adaptations; new home; sheltered housing; group home or other support;
- Suitability/unsuitability of present home as assessed by respondent;
- Overall satisfaction with present accommodation; \*
- Overall satisfaction with area surrounding the home; \*
- Ties with the local area (e.g. friends, family, need to access essential local services);
- Harassment or neighbour dispute in the recent past and whether this remains a problem (record details such as form of harassment, length of time);

- For those experiencing harassment: Whether harassment reported and why respondent thought it had occurred; Whether re-housing is required due to harassment;
- If there is any kind of housing need: When housing need first arose (this is necessary in order to establish annual levels of newly arising need).

### **3. Amenities and conditions**

- Number and size (i.e. single or double) of bedrooms; \*
- Number of other rooms occupied; \*
- Facilities (whether there is an inside toilet and bathroom)
- Sharing (whether kitchens and bathrooms, WC or living rooms shared with any other households); \*
- Has it got: cavity wall insulation, loft insulation, hot water tank insulation, the type and extent (rooms regularly heated) of central heating;
- Whether windows double-glazed; \*
- Whether roof, walls and hot water tank (if any) are insulated;
- Condition of dwelling – respondent's opinion of whether they have major problems of disrepair (i.e. roof structure, exterior repairs, interior repairs, damp penetration, rising damp); \*
- Whether there are other difficulties over securing repairs (e.g. finding builders, poor workmanship, activities of 'cowboy' builders);
- Whether repairs and upkeep can be afforded;
- Adaptations requires (for households with disability or long term health problems) and whether these can be afforded.

### **4. Housing intentions and preferences**

- Whether household wishes to move home;
- The main reason for wanting to move;
- Any firm plans to move in the next 1-2 years? What steps, taken or planned, to arrange for a move?
- Respondent's assessment of whether a move was likely to be arranged successfully;
- Type and tenure of dwelling sought, including any preference for Gypsy/Traveller site accommodation;
- Area preferred, areas being looked at and reasons for any differences;
- If living as a concealed household (the following should be asked of someone from the concealed household - if they are unavailable it can be asked of the host household respondent): Do they wish to move out at the present time? For how long have they wanted to move out? Any plans for concealed households to move away from the host household over the next 1-2 years? What steps taken or planned to organise a move? What type and size, tenure and location preferred? Expectations of success in finding somewhere;
- Whether they can currently afford to purchase a suitable property locally;

- Whether shared ownership or other intermediate market options considered;
- For potential movers: What if any problems have been experienced when trying to find a place;
- Whether household on the housing register or transfer list of the Council or a RSL (if so length of time registered), \* or on the waiting list for a local authority or RSL Gypsy and Traveller site;
- Whether there is anyone within the household who wants to move out to form a new household with someone living elsewhere.

## **5. Housing costs**

- Renters – rent paid \* and housing benefit received; \*
- Whether in arrears (with mortgage or rent), how many weeks behind with payments, difficulties anticipated in paying off arrears;
- Owners/leaseholders – mortgage repayments, ground rent, service charges; \*
- Equity value, i.e. difference between what home is worth, and any mortgages.

## **6. Characteristics of the dwelling**

These questions can be asked of the respondent or assessed by the interviewer:

- Type of dwelling (house, flat, terraced, semi-detached, detached, caravan, etc);\*
- Storey height of the entrance to the dwelling. Whether there is a lift;
- Approximate age of construction. \*

## APPENDIX F

### Gypsies and Traveller Accommodation Assessments

#### Introduction

##### *Why assess Gypsy and Traveller accommodation needs?*

1. In the past, the accommodation needs of Gypsies and Travellers (especially those who live in caravans or mobile homes) have often not been part of the process by which local authorities assess people's housing needs. The consequences of this have been that the current and projected accommodation needs of Gypsies and Travellers have often not been well understood.

2. The assessment of Gypsy and Traveller accommodation need has become a statutory requirement under s.225 of the Housing Act 2004, which amends s.8 of the Housing Act 1985 and is due to come into force in 2006. Also under the provisions of s. 225 the Assembly Government requires local authorities to fully assess Gypsy and Traveller accommodation needs in mainstreaming their coverage within their local housing strategy. A lead agency should be identified to take the assessment process forward, ensuring key progress targets and milestones are met. This should normally be the local housing authority as the strategic housing body.

3. The precise definition of 'gypsies and travellers' for this purpose will be enacted in Regulations arising from the Housing Act 2004 and is the subject of separate consultation. Until these regulations are in place local authorities should, for the purposes of the Accommodation Assessment process, use the draft definition below:

“Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family's or dependants' educational or health needs or old age have ceased to travel temporarily or permanently, and all other persons with a cultural tradition of nomadism and/or caravan dwelling.”

4. The intention of this definition is to cover all those whose distinctive ethnicity, cultural background and/or lifestyle may give rise to specific accommodation needs, now or in the future, which need to be assessed and planned for. A broad definition is necessary to achieve a full understanding of the accommodation needs of this community, encompassing both ethnic Gypsies and Travellers (including Romany Gypsies and Irish Travellers) and 'New Travellers' and to put appropriate strategies in place to meet it. For example, Gypsies and Travellers, and their children and other relatives, in bricks and mortar housing may form part of the source from which future site need and aspiration may arise, and it will be essential to understand this. On the other hand assessing the needs of housed Gypsies and Travellers will also help identify the ways in which housing may be made to work better for them, and made more attractive to Gypsies and Travellers in general. This

could reduce the numbers who leave or wish to leave housing for sites, and encourage some of those currently on unauthorised sites to move into, or back into, housing.

5. Gypsies and Irish Travellers are distinct recognised racial or ethnic groups under Race Relations case law and all the duties on public bodies under Race Relations legislation apply. The accommodation needs of all Gypsies and Travellers should be identified, understood and addressed through the planning framework and housing strategy on the same basis as other sectors of the community. Only in this way can the needs of each sector of the community be understood and an appropriate allocation of resources be ensured. This will help to ensure that future planning and investment decisions are based on well-informed and accurate data, that they gain acceptance from local communities, and are defensible if challenged.

Guidance on how to assess the accommodation needs of other ethnic minority groups is provided in Appendix B, Section 8.

6. Seen in the context of the Assembly's vision for housing in Wales, we seek to ensure a wide choice of accommodation type is available for affordable and market housing to meet the needs of all members of the community. It is reflective of our commitment to ensure equality of opportunity for all sections of the community and in this instance, that gypsies and travellers should have the same access to appropriate accommodation as all other members of the community. These assessments should also result in ensuring that there are sufficient sites to meet need.

7. An understanding of Gypsy and Traveller accommodation issues is essential to make properly planned provision and avoid the problems associated with ad hoc or unauthorised provision. Any study of accommodation requirements must obtain robust data that is directly comparable to data about the rest of the population. A comprehensive Accommodation Assessment and strategy (required under the Housing Act 2004), to meet the need that is identified will greatly strengthen the ability of local authorities to respond swiftly and firmly to inappropriate unauthorised developments and encampments and help to avoid future unauthorised camping and development.

### ***Why do Gypsies and Travellers need a separate assessment?***

8. Gypsies and Travellers will typically form only a very small percentage of the population in any given area. (The total population in Wales is estimated to be about 2,000<sup>1</sup>, of which only a proportion are living in, or seeking, caravan site accommodation.) This means that the main assessment is unlikely to yield results that are statistically robust for Gypsies and Travellers as a separate group.

9. Cultural differences, a reluctance of some members of these communities to identify themselves as Gypsies or Travellers, or a

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<sup>1</sup> Centre for Urban and Regional Studies, University of Birmingham research report 'Accommodation needs of Gypsy-Travellers in Wales' 2005.

disinclination to participate in a process with which they are not familiar, mean that the main housing market assessment process is likely to be markedly less successful in accessing this group than others. In addition, the particular lifestyle and culture of Gypsies and Travellers may give rise to distinctive accommodation needs, which the main assessment will be unlikely to pick up.

10. These differences should not be exaggerated. Many others have varieties of lifestyles and movement and most Gypsies and Travellers are permanently settled in housing or on residential public or private sites. A small percentage of the population are on unauthorised encampments (on land they do not own and do not have the permission of the owner i.e. a form of trespass) or unauthorised developments (on land they own but lack planning permission for). The percentage of the population who are permanently nomadic is believed to be very low.

### ***Whom does the Accommodation Assessment cover?***

11. In some parts of the country "New Travellers" form a substantial minority of the travelling population. Although these people have adopted a nomadic lifestyle relatively recently their needs should be assessed alongside those of the more traditional Gypsy and Traveller groups. To do otherwise would be to neglect the needs of part of the community, leading to practical problems and potential legal challenge. It should be noted that travelling showmen and circus people, travelling together as such, are not excluded from this definition. Where there is a need for winter quarters for this group it may make sense for local authorities to assess this need as part of the Gypsy and Traveller accommodation assessment as many of the issues will be similar.

12. It may not always be clear-cut where a particular group falls within the definition. However local authorities are reminded that the accommodation needs of the whole community must be assessed under s.8 of the Housing Act 1985. Therefore, if the local authority decides that accommodation needs of a particular group should not be assessed under this guidance in the context of s.225 of the Housing Act 2004 they are nonetheless under a duty to assess those needs as part of the wider s.8 requirement.

13. As with the wider housing market assessment the inclusion of someone within a survey as a 'Gypsy', 'Traveller', or 'New Traveller', within the definition set out in para 3 above, does not in itself imply that that person 'should' live on a site. Or that they have 'gypsy status' for planning purposes, nor does it carry any presumption about how identified needs should be met. Gypsy and Traveller accommodation needs may be met in a variety of ways, including:

- standard owner-occupied bricks and mortar housing;
- affordable housing, or group lets of affordable housing;
- provision of group housing (small groups of purpose-built bungalows designated for use by Gypsies and Travellers);
- socially rented site accommodation of various kinds;
- privately rented site accommodation; and

- Gypsies' and Travellers' own provision of authorised accommodation providing legal and licensed sites on their own land.

14. Including someone within an assessment of need for Gypsies and Travellers means that the individual belongs to a group whose accommodation needs must be assessed by the local authority in accordance with s.225 of the Housing Act 2004. Once a need has been identified the local authority will feed it into the process set out in paragraphs [76-80 final] below.

15. In many cases, the definitions of need and demand for the settled community will also be appropriate for Gypsies and Travellers, particularly those living in bricks and mortar housing. However, the distinctive accommodation requirements of some Gypsies and Travellers will give rise to similar types of need, but in a different context, for example:

Caravan dwelling households:

- who have no authorised site anywhere on which to reside;
- whose existing site accommodation is overcrowded or unsuitable, but who are unable to obtain larger or more suitable accommodation;
- who contain suppressed households who are unable to set up separate family units and who are unable to access a place on an authorised site, or obtain or afford land to develop one.

Bricks and mortar dwelling households:

- whose existing accommodation is overcrowded or unsuitable ('unsuitable' in this context can include unsuitability by virtue of proven psychological aversion to bricks and mortar accommodation; although local authorities will wish to satisfy themselves that this is of sufficient severity to constitute a need rather than a preference);
- that contain suppressed households who are unable to set up separate family units and who are unable to access suitable or appropriate accommodation.

16. It should also be recognised that the shortage of sites and local hostility, as well as lack of income, may prevent Gypsies and Travellers exercising their free choice in the accommodation market - and that there may in fact be no 'local accommodation market' in sites.

### ***What should the Accommodation Assessment produce?***

17. The aim of the assessment is to provide data that will identify Gypsy and Traveller accommodation need separately from wider demand and aspiration, in the same way as for the rest of the population. It should enable Gypsy and Traveller accommodation need to be quantified in terms of:

- site accommodation on private sites;



- site accommodation on socially rented residential sites;
- site accommodation on transit sites;
- bricks and mortar housing for owner occupation by Gypsies and Travellers;
- affordable bricks and mortar housing.

18. A key aim of the wider housing market assessment is to provide the basis on which to allocate resources, including for Gypsy and Traveller provision. An assessment of Gypsy and Traveller accommodation need will mean that, often for the first time, it will be understood and can be set alongside other needs. And just as for the rest of the community, needs assessments are primarily about understanding and meeting need, not wider demand or aspiration. They may also help to identify unmet need for Gypsy and Traveller access to wider service provision, through the information provided by the Accommodation Assessment process.

19. This guidance in aiming to provide advice on carrying out an assessment of the accommodation needs of Gypsies and Travellers is not exhaustive or prescriptive. While it is recommended that the basic principles outlined here should be followed, the exact approach will need to be adapted to local circumstances.

***How will it differ from assessing the housing needs of the settled community?***

20. The assessment aims for Gypsies and Travellers will be the same as for other sectors of the community. However, the shortage of Gypsy and Traveller accommodation, as well as the distinctive lifestyle and culture of Gypsies and Travellers, will mean that some aspects of the process may need to differ. Unlike other sectors of the community, Gypsies and Travellers reside in three main types of accommodation:

- bricks and mortar housing;
- authorised local authority, RSL or private caravan sites; and
- unauthorised sites (either unauthorised encampments, on land they do not own, or unauthorised developments, on land they do own).

21. The accommodation needs of Gypsy and Traveller communities may differ from the rest of the population because of:

- their nomadic or semi-nomadic pattern of life;
- the preference of some for caravan-dwelling;
- movement between housing and caravans;
- their presence on unauthorised encampments or developments.
- patterns of extended family living.

22. Mobility between areas may have the following implications for carrying out an assessment:

- a need to work at a sub-regional level (although not necessarily the housing market level, which is the basis of the housing market

assessment) both in carrying out assessments and delivering solutions;

- the timing of the accommodation assessment for Gypsies and Travellers will need to be considered (see para 64);
- different questions may need to be asked (see para's 69-70);
- different data sources may need to be used.

23. It is important to consider:

- How you identify and engage with those to be surveyed (see para's 55-58);
- How interviewers put questions (see para 65-68).

24. If your authority has little knowledge of, or reliable data on, Gypsies and Travellers, the results of the initial assessment may be less precise than for other groups, and long-term forecasting may be more difficult. If this is the case, it will be important for the assessment to be regularly updated.

25. It is also recommended that local councillors are made aware of the requirement to conduct an Accommodation Assessment of Gypsy and Traveller accommodation need, and of this guidance. Gypsy and Traveller accommodation can be a sensitive issue within communities and it may be helpful to ensure that Council members are fully briefed at an early stage.

## **Carrying out the assessment**

### **Preparation**

26. The degree of sensitivity that often surrounds Gypsy and Traveller issues will make it very important to achieve buy-in to the accommodation needs assessment process, from local politicians and the settled community. If the process is not seen as legitimate, it will be much harder to get support for the later stages of providing Gypsy and Traveller accommodation. It is essential also that the process has credibility and acceptance within the Gypsy and Traveller community.

### **Responsibility for the assessment process**

27. The local authority, as the strategic housing body, is responsible for deciding who the lead agency should be to take the assessment process forward. This should normally be the local housing authority, and usually either the Housing or Planning Department. Whoever is appointed should ensure that the Housing and Planning Departments work closely together, have suitable seniority to take ownership of the outcome and ensure that policies are adopted across the local authority as a whole.

28. While the responsibility to carry out the assessment rests with individual local authorities, it is strongly recommended that local authorities work in partnership with others. The potential benefits of such an approach are particularly relevant in relation to the Gypsy and Traveller community

because of their mobility and travelling patterns, which are liable to cross local authority boundaries, and which must be understood if appropriate provision is to be made. For example, a network of transit sites along well-used routes will be far more useful than a single isolated transit site.

29. It may be especially beneficial to work in partnership at the sub-regional or regional level on issues relating to Gypsy and Traveller accommodation needs. As well as saving costs, this will improve the data and help to obtain a fuller understanding of travelling patterns. A number of local authorities have developed expertise through working with Gypsy and Traveller populations over several years.

30. Partnership working should help to deliver:

- a bigger sample size, hence more accurate results, and a better understanding of the need across the administrative boundaries;
- a better understanding of travelling patterns, particularly where they cross administrative boundaries;
- a common approach and consistency across that area;
- economies of cost and scale;
- reduced risks of double counting;
- opportunities to work together to devise a concerted and strategic approach to Gypsy and Traveller accommodation shortages and enforcement against unauthorised sites.

31. Early discussions should take place with other local authorities in the region to identify the scope for partnership working, and the most appropriate areas to be involved. Some local authorities have already formed successful partnerships for assessing Gypsy and Traveller accommodation need and demand.

32. The area to be covered will largely depend on travel and movement patterns within the region, and local authorities generally have a good understanding of these patterns.

33. Although partnership working is strongly recommended, it is essential that the data arising from jointly conducted assessments remain capable of disaggregation to the local authority level, to ensure each partner retains ownership of its own information base and can produce this information in circumstances involving a planning inquiry or appeal specific to the situation within that local authority area alone.

34. The picture of where Gypsies and Travellers live and want to live may have become distorted by different approaches to provision and enforcement adopted by different local authorities over the years. Where this is the case the local authority responsible for the area where the need is currently found will need to work closely with other local authorities in the region to find a shared solution. In some cases, local authorities who currently show a low level of need may need to accept that they will have to play a greater part in meeting regional need.

## **Working arrangements**

35. A steering group for the work will help to ensure that the process is informed by all available expertise, that it links in as far as possible with the housing market assessment for the rest of the community. It is important that key stakeholders are aware and involved, for example:

- representatives from the Housing and Planning Departments;
- representatives from the local Gypsy and Traveller community;
- representatives from the Gypsy and Traveller Service and other services such as education who work closely with the Gypsy and Traveller community.

36. It may also be useful to include:

- someone with detailed knowledge of the housing market assessment for the settled community;
- someone with detailed knowledge of Gypsy and Traveller needs assessment in another geographical area.

37. As well as considering specific issues to do with the design of the assessment, this group will also have an important role in publicising the assessment within their respective constituencies and ensuring that its results are taken seriously and properly acted on. In particular, local authority Housing and Planning Department, including National Parks Planning Departments, representatives on the steering group will need to work closely together to ensure the outcome of the assessment process, and subsequent actions and policies arising from it, are closely co-ordinated across their respective Departments and the local authority as a whole.

## **Stakeholder engagement**

38. Wider consultation on the design and conduct of the assessment should also be undertaken with local agencies and the local Gypsy and Traveller community. Advice on how to assess the accommodation needs of ethnic minority groups in general is provided within this guidance. It may be useful to trial draft questionnaires with members of the local Gypsy and Traveller community to ensure questions are appropriate and are best phrased to secure maximum response.

39. It is crucial that the purpose of the work is fully explained to the Gypsy and Traveller communities before the survey begins. This will help to secure support and buy-in for the process. The purpose of the data gathering should be made clear and it should be emphasised that no data will be attributable to individuals. In particular care should be taken to guard against the accidental identification of an individual where small numbers make this otherwise possible. It should also be made clear that while the information provided will be used to inform decisions on provision, and will provide a benefit to the community as a whole, it would not be realistic to expect every individual need or aspiration expressed in the survey to be met. It is important that stakeholders are informed of the progress and outcome of the assessment.

## **Ensuring a high quality assessment**

40. Given that the results of the assessment are a crucial aspect of the evidence base for both planning and housing purposes, it is essential that the exercise is conducted properly and contains high quality information. The process involved in conducting the assessment should be transparent, with clearly documented evidence of assumptions made, and decisions taken, to ensure that others can understand how the results have been reached. The results, conclusions or strategies arising from the assessment may become subject to challenge or judicial review during the development plan process or planning appeals. A properly conducted assessment process and clear policies to address the outcomes will help to ensure that the local authority's actions and decisions are defensible in these circumstances.

## **Undertaking the assessment**

41. Once it has been decided what area the assessment should cover, the local authority or partnership will determine who should have overall responsibility for the conduct of the assessment (see paragraph 21 above). In addition, each local authority will have to appoint someone who will take ownership of the outcome and responsibility for securing agreement to it within that local authority.

42. The local authority or partnership will also need to appoint those who will be managing the assessment itself. The options for the latter include:

- in-house staff, either within the Gypsy and Traveller section or the housing department of the local authority; or
- consultants.

43. It may be sensible for different groups to be involved at different times - for example, in-house staff analysing the existing data, and specialists being brought in to conduct focus groups.

44. Where consultants are employed, particular care should be taken to ensure that all parties have a clear and detailed understanding of what service the consultant is expected to provide, the methodology to be used and the outcome to be delivered. This guidance provides further advice about the use of consultants at paragraph 2.25 et al and Appendix A.

45. In reaching a decision, local authorities or a partnership will wish to consider:

- the capacity and expertise of in-house staff;
- the qualifications and track record of consultants;
- how effective each option might be in reaching the target group (e.g. whether in-house staff are also responsible for enforcement action, and hence might be seen negatively by Gypsies and Travellers, or whether the use of Gypsies and Travellers

themselves may be useful to obtain access to the community and secure the trust of those being assessed);

- the perceived independence of the process, which will be vital for securing public acceptance of the results;
- the credibility of each option with both Gypsies and Travellers and the settled community;
- costs.

46. The next step will be to implement the assessment itself. This is likely to have two separate components:

- an analysis of existing data sources;
- conducting a specialist survey.

### **Existing data sources**

47. Some information is currently held by local authorities or other agencies, and can be used to inform the assessment, although given the small population size, care will need to be taken that no individuals are identifiable. For example:

- The numbers and locations of Gypsy and Traveller caravans in Wales will be recorded by the local authority when the bi-annual Gypsy and Traveller Caravan Count is introduced in Wales later in 2006. The Caravan Count could be used to inform the local housing partnership about the approximate numbers and location of Gypsies and Travellers resident in caravans within a local authority area. Such a Count, however, would not provide information about the number of households or people, and has never provided data on households' needs, wishes, aspirations or incomes. In addition, it does not include any Gypsy or Traveller who is living in a house at Count time. Any analysis of these figures should clearly note the limitations of the data.
- Information should also be available from local authority site management records. These may provide information about site licensee households, pitch turnover or length of licences, and site waiting lists and transfer applications. As with local authority housing records and waiting lists, this data may have inaccuracies and the households recorded cannot be considered to be representative of the Gypsy and Traveller community as a whole. However, the data could be used in conjunction with information from the other sources referred to here to provide an indication of the adequacy of site provision.
- Information relating to private authorised sites will also be available to the local planning authority through the planning application process. This should include the number of caravans permitted on each site, whether the planning permission was granted on a permanent or temporary basis, and whether it restricted occupancy to named individuals.

- Local authorities should also gather data on unauthorised encampments and unauthorised developments in their area. This should include the number of caravans and family groups on each site, length of occupation, and the up to date position regarding planning applications, appeals and/or enforcement action, planning applications for Gypsy and Traveller caravan sites which have been refused planning permission by the local planning authority over the previous 5 years, the outcomes of any appeals, and those where enforcement action has been taken. Again, this data may be subject to inaccuracies but can be used with other information to help indicate the adequacy of current site provision and the extent of need for sites. Any use and interpretation of these figures should clearly note the limitations of the data.
- A local authority may also have additional sources of data about local Gypsy and Traveller populations, subject to personal confidentiality safeguards, via service providers, such as health service providers, Supporting People staff, and the Traveller Education Service (TES). The TES will have information on Gypsy and Traveller pupil numbers via the Pupil Level Annual School Census but, as with all personal data, any transfer will need to comply with the Data Protection Acts.
- Gypsy Liaison Officers and others working with this community may well have much more detailed personal knowledge of the community, and local authorities or partnerships may want to draw on this when designing and carrying out their assessment.

48. Once the assessment of accommodation need has been carried out for Gypsies and Travellers on unauthorised sites, it will be possible to identify whether their presence on those sites indicates a need for permanent site accommodation within that area, or for temporary accommodation there to help facilitate a desire to travel elsewhere for economic or cultural purposes. The lifestyles and cultural traditions of Gypsies and Travellers often give rise to patterns of nomadism or semi-nomadism. Some of those on unauthorised sites may have permanent bases elsewhere and hence not be 'in need' in the strict sense set out above. However, it should be recognised that there is a lifestyle and cultural tradition of travelling within these communities, and the need for transit or stopping place sites should be addressed to facilitate this, and minimise the disruption it can cause.

49. However, for some groups there is likely to be very little secondary data. Although more than half of the Gypsy and Traveller community is thought to be residing in bricks and mortar, housing records are unlikely to identify who or where they are. Ethnic monitoring categories often do not identify Gypsies and Travellers separately, and where they do, Gypsies and Travellers in housing may be reluctant to identify themselves as such. These services may not be well used by the Gypsy and Traveller community, as many Gypsies and Travellers may not be looking for bricks and mortar housing. Local housing partnerships should, therefore, consider whether

using the housing waiting list may exclude Gypsies and Travellers from the local housing assessment.

50. Similarly, housing waiting lists are unlikely to identify Gypsies and Travellers. The housing waiting list will obviously also not be able to identify needs for sites, rather than housing. The records held by other service providers cannot be assumed to be comprehensive either, as they will only record those accessing the service, and it is known that Gypsies and Travellers frequently do not take up available services, for a variety of reasons.

51. Gypsies and Travellers in housing and on permanent authorised sites are liable for council tax and will appear on the council tax register. They will therefore be picked up by the main survey where the council tax register is used as a sampling frame. Where Gypsies and Travellers live on other types of sites, or where the council tax register is not used as a sampling frame, there is the risk that Gypsies and Travellers will be systematically excluded from the sample.

52. It is unlikely that existing data alone will be sufficient in carrying out an accommodation needs assessment, as such data is not likely to be comprehensive or detailed. One of the main issues with using these data as approximations of need is that they provide no information about: preferences for sites or housing, preferences for location, whether any Gypsies and Travellers on the housing waiting list are being double counted. For example, while the Caravan Count data can provide a proxy for the amount of unmet need for authorised pitches, it will be a crude proxy, as it says nothing about the number of households or individuals in those caravans, the adequacy of their accommodation, their needs, their preferences, their travelling patterns or their reasons for living where they do. It will not establish the need for pitches among those housed in bricks and mortar, or whether some of those on unauthorised sites would prefer to live in bricks and mortar if they could access it.

53. Fuller information is needed to ensure that Gypsy and Traveller accommodation need is adequately identified and plans put in place to address it. It is therefore recommended that the local authority or partnership conduct a specialist survey and/or qualitative research to obtain further more detailed information.

### **Conducting a specialist survey**

54. Appendix A gives general guidance on commissioning a survey. It may be more difficult to do this on unauthorised sites and it is unlikely that the local authority will have sufficient information for a specialist survey of Gypsies and Travellers in housing. It is likely that the survey will have to be based upon an opportunity sample of households willing to respond to the survey rather than a random sample of addresses. However, there are several aspects unique to Gypsy and Traveller assessments that will need to be borne in mind.



### *Identifying the community*

55. To ensure that the sample surveyed is as representative of the population of Gypsies and Travellers as possible, existing data about the community should be used to inform the selection of sites and the households visited. It is likely that the best quality data will be held about Gypsies and Travellers on authorised sites, and these are likely to be the easiest group to identify and approach.

56. The survey will need to cover a sufficiently representative sample of each type of site accommodation existing in each of the partner authority areas. Ideally those sites selected for survey interviews should include both the more and less popular sites, where this can be ascertained by occupancy, waiting lists and local experience.

57. Gypsies and Travellers on unauthorised developments may be identified via the appropriate local authority planning department. Those on unauthorised encampments may be well known to the local authority, as regular and perhaps tolerated visitors, or may be less well known, and less easy to identify.

58. Existing data about Gypsies and Travellers in bricks and mortar housing is likely to be incomplete. Techniques which are used to contact other 'hard to reach' groups may be adapted for use with this community. In these cases, Gypsy Liaison Officers, Traveller Education Services, Health workers or other voluntary agencies may be able to assist with identification of these groups.

### *Difficulties in accessing the community*

59. Even where the local Gypsy and Traveller community has been identified, approaching the community to undertake a specialist needs assessment survey may not be straightforward. There may be a reluctance to provide information, or a suspicion about the purposes to which the information will be put. Some Gypsies and Travellers may be unwilling to co-operate. Gypsy Liaison Officers and other service providers who have the trust of the community, along with Gypsy and Traveller representatives can play an important role in preparing the ground, explaining the purpose of the survey and introducing researchers.

60. It can improve response rates and engagement in research if Gypsy and Traveller representatives or specialist service providers are involved in explaining the purpose of the work and introducing researchers to the community.

### *Managing expectations*

61. In conducting the survey it should be emphasised to those taking part that this exercise is designed to gain a clearer understanding of the scale of Gypsy and Traveller accommodation need (as defined in paragraphs 14-21) which is to be addressed by the local authority, and to help it develop a

strategy to meet it. However there is no obligation on the local authority to address the needs identified in precisely the way the respondent would prefer.

### *Cultural sensitivities*

62. Cultural sensitivities should be carefully researched and considered during the design of the survey. They may affect both the questions asked, and the way the survey is administered. Questions should be carefully phrased to avoid those that could cause offence, while at the same time secure necessary data in the same way that it is from others in the population generally. Advice should be sought from the communities themselves and those who work with them about the cultural sensitivities or language which may be problematic.

63. There may be cultural sensitivities to do with age and gender. Women may not wish to speak to male researchers about some issues. Family members should be given the opportunity, where extended families are interviewed together, to respond separately and in confidence if they wish.

### *Timing of the survey*

64. Careful consideration should be given to the appropriate timing for the survey. Seasonal changes should be taken into account when deciding the timing of the survey. The local authority or partnership will need some knowledge of travelling patterns and the local Gypsy and Traveller population before a decision can sensibly be made. For example, if Gypsies and Travellers moving during the summer come from the local area, they may be easier to access during the winter in their permanent residential bases. If on the other hand they come from outside the area, the survey will need to be carried out during the summer if their needs are to be assessed - and account should also be taken of the fact that some Gypsies and Travellers normally resident in the area may be away travelling themselves.

### *Survey and Qualitative techniques*

65. Traditional survey techniques, such as sending a mailshot to random addresses, are very unlikely to deliver sound results. Gypsy and Travellers may be less likely to respond to a survey than other groups. Reasons for this include: high or seasonal mobility; cultural differences that may mean questions are regarded as sensitive or that there is distrust of the process. Levels of literacy within the community are generally lower than among the settled community. Given the need to build trust and to ensure that these groups are not excluded from the main survey, interview surveys will yield much higher response rates and more reliable data from these communities than postal surveys.

66. Once on a site it would be best to interview as many residents as are present and willing to be interviewed. Where possible it is useful to achieve as even a gender split as possible among interviewees. Given that male members of the families are often away during working hours consideration should be given to some surveying later in the day.

67. As with other groups of special interest, the local housing partnership may decide that traditional survey techniques will not be adequate at accessing the information required and that qualitative research techniques should be employed.

68. In addition, focus group research involves facilitating an organised discussion with a group of individuals believed to be representative of a particular group. Studies of this type have been used successfully in this area and can often produce useful insights and additional information. Focus groups should be interactive. Administering and controlling such a group interview might be hard, and it should be facilitated by someone who has a good understanding of the research objectives, the Gypsy and Traveller community and the issues involved. These groups should be small and care is needed with composition because of age/gender hierarchies. In group interviewing a standard instrument is administered to respondents simultaneously. They can be used independently or alongside more discursive techniques to obtain the basic quantitative information necessary for an adequate assessment of accommodation needs.

#### *Survey questions*

69. Where possible, the questions asked of Gypsies and Travellers, both on sites and within housing, should be the same as those asked of the settled population, to ensure that results are comparable. Information about current households, living accommodation, current and future needs, wishes and aspirations, and household income are all relevant. To be most effective questionnaires should be developed, in consultation with representatives of the local Gypsy and Traveller communities. They may include a mix of tick-box closed questions and more open questions where respondents are encouraged to expand their answers.

70. Questions will need to be adapted in some ways to recognise additional factors like:

- the relationship between households and pitches / sites. More than one household may live on one pitch, more than one caravan may have been sited there, and conversely, a single household may be spread across more than one pitch;
- accommodation requirements may be seasonal and varied. Questions should identify a range of types of needs and preferences including: standard housing, bricks and mortar 'group homes', permanent residential sites, transit sites and stopping place sites. Seasonal variation in preferences and need should be identified (some Gypsies and Travellers may occupy housing at particular times of year, but have a need for transit sites whilst on the road).
- Questions about facilities and current accommodation need to reflect the differences between living in a house and living in a caravan (both on an authorised site, where there will be separate

pitches and amenity blocks, and on an unauthorised site, where there may not be).

- Questions about needs and preferences for type of accommodation should cover a range of options: standard bricks and mortar housing, group housing, permanent residential sites, transit sites or stopping place sites
- Questions about accommodation needs should ascertain whether there are different needs at different times of the year - travelling is usually concentrated during the summer.
- Where travelling forms part of the lifestyle of a household, it will be important as far as possible to find out travelling patterns. Respondents should be asked what areas they need or would prefer to live in. If this is in another area they can be asked whether they are prevented from doing so by shortages of suitable accommodation in that area. Where this is the case, it should be recorded in the Accommodation Assessment, and the relevant local authority should also be notified so that the data can also be included in their assessment.

## **Making use of the assessment**

71. The data collected through the Accommodation Assessment process should enable the local authority or partnership to derive overall figures by which to identify accurately the current levels of Gypsy and Traveller households and accommodation need in that area.

72. From the results of the Accommodation Assessment of Gypsy and Traveller households in a given area it should be possible to identify the:

- number of Gypsy and Traveller households that have or are likely to have accommodation need to be addressed, either immediately, or in the foreseeable future;
- broad indication of where additional pitches and sites are needed;
- level and types of accommodation required for this need to be suitably addressed (e.g. socially rented/private site provision, transit sites or stopping places, bricks and mortar housing);
- level of unauthorised development which, if planning permission is not given, is likely to swell the scale of need;
- intentions of those households planning to move which may free up spare pitch or bricks and mortar capacity;
- likely rate of household formation and annual population increase.

73. Accurately projecting future needs is likely to be more difficult. Key sources of information recognised as necessary for forecasting the future housing needs of the settled community are not available or appropriate in the

context of Gypsy and Traveller accommodation need. Census figures for example do not record details specifically in respect of Gypsy and Traveller households.

74. In the case of Gypsies and Travellers, therefore, it will probably not prove realistic to try and forecast need for up to 15 years ahead, as is recommended within this guidance. However, the most accurate projections possible covering the next 5-10 years should be made. In addition, current levels of satisfaction with existing accommodation will provide some indication of whether households are likely to stay in that accommodation. Analysis of changing demand (which may be expressed through unauthorised sites or low demand for authorised sites) will provide further information.

75. An illustration of how current and future need might be calculated is set out on the next page.

**An estimate of need for residential site pitches: 5 year period**

For example, on the basis of need identified from a survey of Gypsies and Travellers in a local authority or partnership area, the following approach could apply.

Current residential supply (based on 1 pitch per household)

	<u>Pitches</u>
Current supply of occupied local authority residential site pitches in local authority/partnership area	300
Current supply of occupied authorised privately owned site pitches in local authority area/partnership area	200
<b>Total Households</b>	<b>500</b>
Number of unused local authority pitches, and vacancies on privately owned sites available in local authority /partnership area (1)	15
Number of existing pitches expected to become vacant in near future (L/A and privately owned) (2)	5
Number of households in site accommodation expressing a desire to live in housing	3
<i>[New local authority pitches already planned in year 1]</i>	10
<i>[Existing applications for private site development/extension likely to gain planning permission during year 1]</i>	20
<b>Total pitch provision available</b>	<b>553</b>

b. Current residential demand

Households

- seeking permanent site accommodation in the area (3)	12
- on unauthorised encampments	5
- on unauthorised developments for which planning permission is not expected	30
- currently overcrowded (4).	15
- new households expected to arrive from elsewhere (5)	5
- new family formations expected to arise from within existing households (4)	4
- in housing but with a need for site accommodation (5)	2
Current shortfall	20 pitches
family formation in 5 year period = 88 households (6)	
- thus <b>extra pitch requirement in period</b>	<b>108 pitches</b>

Notes

- (1) Including closed local authority sites which could be brought back into use
- (2) As identified in the assessment of Gypsy and Traveller need
- (3) Based on waiting lists and results of survey
- (4) Overcrowding – e.g. where family numbers have grown to the extent that there is now insufficient space for the family within its caravan accommodation and insufficient space on the pitch or site for a further caravan
- (5) As identified in the survey, on a waiting list for site accommodation and trends from the intended twice yearly Welsh survey of Gypsy and Traveller sites count.
- (6) 553 families @ 3% year on year for 5 years. Based on details identified in the local survey, information from agencies working directly with local Gypsy and Traveller communities, and trends identified from figures previously given for the Caravan Count (in this example 3.% per annum).

## Using the assessment

76. Once the data has been gathered and analysed, it can be used to inform the strategic and investment decisions of the local authority itself, and at the wider regional level. It will provide a picture of the needs that should be met, wider demand, both in respect of site accommodation and bricks and mortar housing. The results of the Gypsy and Traveller assessment can be fed into and form an integral part of the overall sub-regional housing market assessment.

77. It will be a key element in the preparation of the Gypsy and Traveller component of the local authority's housing strategy. The data should enable local authorities to assess the likely costs and benefits of provision, and will enable them to target provision in the way that achieves the maximum benefits. Production of the strategy in respect of Gypsy and Traveller accommodation need is also a requirement under s.225 of the Housing Act 2004, and is covered in draft guidance that will be issued for consultation shortly.

78. The data collected through the Accommodation Assessment process will inform the preparation of Development Plans. One of the tests of the soundness of a draft Development Plan at its examination will be whether it is founded on robust and credible evidence.

79. The data has other uses apart from decision-making about new provision, and will also inform the local authority's potential work in other fields. It will provide a clearer understanding of the ways in which bricks and mortar housing can be made to work better for the Gypsies and Travellers who live there. It will help to show what support may be needed by Gypsies and Travellers to access and maintain stable accommodation, and how access to services can be improved. There are benefits to be gained by making the existing accommodation work better, and the much greater understanding which will arise from the Accommodation Assessment will help to realise these.

## APPENDIX F - EXAMPLE TOPIC LIST

In conducting Gypsy and Traveller surveys the general guidance given in Appendices A-E should be followed.

Appendix E sets out a suggested list of topics to be covered when conducting a housing market assessment survey interview. Given the particular culture and lifestyle of the Gypsy and Traveller communities, some of these questions may need to be amended, and others added. A suggested list of such amendments is set out below, this is not prescriptive. Local authorities or partnerships will wish to tailor their approach in the light of local circumstances and refine supplementary questions depending on initial answers given.

### 1. GENERAL HOUSEHOLD INFORMATION

a. *In respect of individual members of the household:*

- Ethnic origin (Romany Gypsies, English Roma, Irish Traveller etc);
- Age;
- Gender;
- Marital status;
- Living arrangements (ie de facto marital status);
- Relationship to the head of the household;
- Working status;
- Type of work and availability in the area;
- Location and distance of work place;
- Frequency of travel.

b. *In respect of the household generally:*

- Size of household, number of dependent children (but see note on cultural sensitivities, above);
- Occupations of wage earners;
- Household income and benefits received;
- Household savings;
- Rent payable (excluding council tax and bills, but including any rent currently met by housing benefit);
- Whether housing benefit received;
- Service costs and payment arrangements - is your accommodation affordable?

What sort of work would they like their children to do when older?

Does anyone in your household have a disability or serious illness?

Does anyone in your household have health needs for special or adapted accommodation which need to be addressed?



Is the proximity of a hospital or doctor a reason why household lives where it does?

Any instances of harassment or neighbour disputes/ discrimination, were they dealt with satisfactorily?

## **2. INTENTIONS AND PREFERENCES**

What would you consider to be the most ideal, and the least attractive, type of accommodation for your household:

- A private site owned by you and your family;
- A site owned by the local council, and if so what size;
- A site owned by another Gypsy or Traveller;
- Other privately owned sites;
- A house or bungalow rented from the local council;
- A house or bungalow that you own yourself.

Would your preference be in this area - if not where?

Any members of the household likely to want independent accommodation in the next 1-5 years?

If so will they wish to live in the same area or elsewhere?

Will they wish to live on a permanent residential site and/or travel, or live in bricks and mortar housing?

Residing in current accommodation by choice or because nowhere else to go?

Have you had to stay in an unauthorised camp in the past, if so in which area?

Was this just for the short term, would you have chosen permanent site accommodation if it was available?

Would you have stayed in bricks and mortar housing if it had been available?

What are your likely travel patterns –

- For employment and for what type of work?
- Would relatives living nearby travel with you?

Does the household plan to move to another location in the next 1-5 years?

If so, main reason for moving?

Do you know if there is accommodation available there?

Would you wait until it was available if not?

Are you on a local authority, private or RSL site waiting list, or a housing register in that area?

To live in the new area would you be prepared to move to site accommodation / bricks and mortar housing, instead of what you already have (as appropriate)?

Area preferred - elsewhere in the neighbourhood or further afield?

Likely to be a short term/long term move?

Would this involve a change of accommodation type and/or tenure eg private to public site; caravan to housing; authorised to unauthorised development or site?

What steps taken or planned so far? Have you experienced problems in finding accommodation there? Will you know whether new accommodation is available on arrival?

Is there a need for extra sites to be developed? If so

- Where needed;
- What sort (permanent or transit);
- What facilities required;
- What size, in terms of numbers of caravans and/or pitches.

Do you wish to develop your own site, could you afford to?

If so, where? Will you/have you sought planning permission?  
What size, in terms of numbers of caravans and/or pitches?

If transit sites needed:

- Where and why needed?
- Would you use them if available?
- If not, why not?

Any restrictions that impact on employment, need to travel further for work?

### **3. SPECIFIC ACCOMMODATION CIRCUMSTANCES**

#### ***Gypsies and Travellers currently residing in caravan accommodation on authorised sites***

General household information etc as for sections 1 and 2 above, plus the following additional question areas -

Type of accommodation e.g. caravan, mobile home?

Type of tenure of present home?  
Length of residence in caravan accommodation?  
Length of residence on present site/pitch?  
If moved into present site within last year -

- Reasons for move?
- Location of previous home (within present local authority boundaries?)
- Was this from caravan or bricks and mortar accommodation?

Any relatives living on site nearby, would you wish to all live on the same site if possible?

#### **4. AMENITIES AND CONDITIONS**

Essential services availability (eg water, electricity, heating etc);  
Separate amenity block (with toilet, bathroom kitchen) - or shared facilities?  
Is there convenient access to the site?  
General site conditions satisfactory?  
Worried about health and safety aspects?  
Is the site underused or too crowded?  
Need for repairs? Are there difficulties in getting these done?  
Is size of site and of pitch too big/too small/sufficient to accommodate family needs eg desired number of trailers?  
Sufficient parking facilities?  
Are there facilities for keeping animals?  
Are there working restrictions on site?  
Is there room for storage of equipment?  
Room for visiting caravan?  
Is there overcrowding in the caravan?  
Are meeting/social rooms available?  
Provision for children (on-site play areas)?  
Effective management and security on site?  
Sufficient outside lighting?  
Better fencing?  
Refuse collection?  
Access to GP, hospital services and specialist treatment?  
Good access to schools?  
Access to training or adult education desired? Are there barriers to this?  
Good access to other services eg public transport, shops/leisure facilities – would you use them if available?

Do you and your household plan to move again from the site eg within one, three or five years?  
If yes, why?

What would you hope to move to in terms of type, size or location of accommodation?

Would you stay where you are if there were improvements made to your existing site or accommodation. If so what improvements are they?

Pitch location eg urban/rural location; near industrial areas, dumps, sewage works.

Potential health hazards arising from contaminated land, noise levels, fumes, close vicinity of traffic on motorways or major trunk roads.

Layout of site: spacious or cramped, state of security arrangements, fencing, adequate site management arrangements.

***Gypsies and Travellers residing on unauthorised development on private sites***

General household information as for sections 1 and 2 above, plus the following additional question areas -

Have moves been taken by the local authority to move you on?

Are you en route to another area or looking for permanent accommodation in the area?

Would you accept site or bricks and mortar accommodation as a temporary or permanent solution?

What sort of accommodation respondents had had before their current home?

Where was this?

Why did you leave it?

***Gypsies and Travellers residing on unauthorised encampments, roadside etc***

General household information as for sections 1 and 2 above, and those for unauthorised private sites above, plus the following additional question areas:

Do you travel throughout the year or would you prefer to have settled accommodation, if so what type and where?

What areas are you planning to travel to?

If there were a network of authorised transit sites would you use them and where should they be?

Did you previously live in bricks and mortar housing or on a residential site?

Where residing; on roadside, in lay by, on playing fields, private or public land?

Do you have access to electricity, water and WCs?

Do you have access to local services, including doctors and education facilities?

***Gypsies and Travellers currently residing in bricks and mortar housing***

General household information as for sections 1 and 2 above, recommended topic list as for Annex D plus the following additional question areas -

Do you live in a house by choice or only in the absence of suitable site accommodation?

If site accommodation was available in another area would you be happy to move there, or must it be in the near vicinity?

What do you like about living in a house, and this house in particular?

What do you not like about living in a house and/or this house?

Have you suffered harassment from your neighbours or other members of the settled community?

## APPENDIX G

### Definitions of key terms and concepts

BME	Black and Minority Ethnic
CBL	Choice Based Lettings
DSS	Department of Social Security
GIS	Geographical Information Systems
HB	Housing Benefit
HMA	Housing Market Area
HMO	House in Multiple Occupation
LA	Local Authority
LCHO	Low Cost Home Ownership
LOTS	Living Over The Shop
MIPPS	Ministerial Interim Planning Policy Statement
NOMIS	National On-line Manpower Information System
ODPM	Office of the Deputy Prime Minister
ONS	Office of National Statistics
PPW	Planning Policy Wales
PSA	Public Service Agreement
RSL	Registered Social Landlord
RTA	Right to Acquire
RTB	Right to Buy
TTWA	Travel to Work Area

**Affordability ratio** is the ratio of housing costs to income. Care is needed about definitions in respect of the treatment of marginal items of housing cost (Council Tax, water charges, service charges, repairs, insurance) and in relation to whether incomes and outgoings are gross or net of tax/deductions and housing benefit respectively.

**Affordable housing** is housing provided to those whose needs are not met by the market. Affordable housing should:

- meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local house prices; and
- include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or staircasing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.

This comprises two sub-categories: *social rented housing* and *intermediate market housing* (as defined in this Appendix). See TAN 2 'Planning and Affordable Housing' for further guidance.

**Annual need** is the combination of *newly arising need* per year plus an allowance to deal progressively with part of the levels of *current unmet need*.

**Bedroom Standard** refers to the number of bedrooms that is needed so that no one has to share a bedroom unless they are a) a couple, b) both aged under 10, or c) aged under 21 and of the same sex. No more than two people should share any bedroom.

**Current unmet need** (referred to as 'backlog of unmet need' in the previous guidance, DETR 2000) refers to those actual and *hidden homeless households* whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

**Decommissioning** of housing stock refers to housing stock that is taken out of either social or general housing use, with a view to being disposed of, refurbished, converted or demolished.

**Disaggregation** in this Guide means breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the local authority or sub-region, or (ideally) both. In order to disaggregate below local authority level, for example, it is necessary to have a sample size large enough to do so; and / or boosters to ensure key aspects are covered. The essential element is to know how many ways the survey is going to be cut so that there are sufficient numbers in each cell (e.g. of a cross-tabulation of household type by dwelling type by ward) to be meaningful.

**A forecast** of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. A forecast is generally more ambitious than a projection, because it involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

**Functional housing areas** are areas that are meaningful to households searching for housing to suit their purposes. They may be housing market areas or non-market areas.

**Grossing up** enables estimates to be made of the prevalence of certain characteristics in the whole population on the basis of the sample surveyed. For instance, if the population is 100,000 and your sample size is 1000 then every household in the population has a one in a hundred chance of being sampled. Therefore for every person found in the sample with characteristic A (e.g. housing need), it is assumed that there are 100 people (100,000 divided by 1000) in the population with that characteristic.

**Headship rates** measure the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

**Homelessness** the Assembly Government recommended definition is 'Where a person lacks accommodation or where their tenure is not secure'. For

greater elaboration and examples of people covered by this definition see the National Homelessness Strategy.

**A household** is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room. (E.g. 5 adults sharing a house like this constitute one 5-person household).

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

**Household growth** is the annual increase in the number of households resident in an area. Household growth is equal to gross household formation minus household dissolutions, plus net migration (in household equivalent units). Household growth may also be described as the result of population growth, combining both natural change and net migration, in combination with changes in the rate of *household formation*.

**A household living within another household** is a household living as part of another household of which they are neither the head or the partner of the head.

**Households sharing** are households (including single people) who live in *non-self-contained accommodation* but do not share meals or a living room. (e.g. 5 adults sharing a house like this constitute 5 one-person households).

**Housing demand** is the quantity and type / quality of housing which households wish to buy or rent and are able to afford. It therefore takes account of preferences and ability to pay.

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

**Housing need** refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance. Criteria by which people's housing is judged unsuitable, and for assessing ability to afford suitable housing in the market, are discussed in Chapter 6.

**Housing Registers** are databases of all individuals or households who have applied to a local authority or Registered Social Landlord for *social rented*



*housing* or access to some other form of *affordable housing*, and have not yet been offered such housing. Housing Registers, often called Waiting Lists, may (and preferably should) include not only people with general needs but people with special needs or requiring access because of special circumstances, including homelessness.

**Housing requirements** refers to the total amount and type of housing necessary to accommodate a given (or projected) population at appropriate minimum standards. Housing requirements includes both housing needs as defined above and housing likely to be demanded in the market.

**Housing size** can be measured in terms of the number of bedrooms, habitable rooms or floorspace. This guidance uses the number of bedrooms.

**A Housing system** recognises that housing operates as a set of interacting components. Most obviously there are the various housing tenures, but these are themselves complex systems, made up of smaller parts. A housing system is made up of market and non-market sub-systems. Housing can also be seen as a sub component of a bigger system and within a local area what is happening to housing cannot be understood without recognising that broader economic, demographic and social trends are having impacts.

**Housing type** refers to the type of dwelling, for example social rented, intermediate market and to houses adapted for those with special requirements for example sheltered housing.

**Intermediate housing** is 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.

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

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

**Market demand** is the sum of all individual demand for a particular good or service, e.g., housing. It may vary in the long term because of changes in income, wealth, fashion, lifestyle and changes in the housing products available. Research has shown (Scottish Executive, 2004) that the income elasticity of demand for housing lies above 0.5 and below 1; households spend more on housing as incomes increase but they do so at a rate less than their growth in income. Other studies suggest that the demand for both structure quality and neighbourhood quality increases more as incomes rise than does demand for size of house.

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

**Market supply** is the quantity of a good or service that a producer is willing and able to supply onto the market at a given price. In the UK, supply is relatively inelastic with price rises triggering limited supply responses. The balance of price and investment responses to market shortages and surpluses will differ between the short and the long term. In the short term price effects dominate and in the longer period quantity adjustments may prevail.

**Market systems** are characterised by consumer choices, which reflect the interaction of their preferences, and budgets with the prices of goods and services.

**Migration** is the movement of people between geographical areas. In this context it could be either local authority, or wider local housing assessment areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the local authority. Net migration is the difference between gross in-migration and gross out-migration. Migration refers in principle to the whole population, including those living in institutions (e.g. student residences, prisons), and all origins and destinations, but in practice there are data limitations in relation to many aspects (e.g. overseas migrants, armed forces).

**Net annual need** is the difference between annual need as defined above and the expected annual supply of available *affordable housing* units (e.g. from the reletting of existing *social rented housing* units).

**Newly arising need** refers to new households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing. Together with existing households whose circumstances change over the period so as to place them in a situation of need, either by losing their accommodation, or by a change in circumstances such as family size, or mobility difficulties, meaning their existing accommodation becomes unsuitable.

**Non-market areas (systems)** aim to let/sell houses at below market rents/prices (otherwise households would shift to the market sector).

**Non-response bias** refers to households whom interviewers are unable to contact or who refuse to take part in the survey (or to answer some questions) are known as 'non-responders', and these households may have systematically different characteristics from those who do respond. For example, they may be more likely to be single person households, working households, BME households, or very high-income households. These differences mean that the overall results of the survey may show some bias, which can only partially be corrected by methods suggested in Appendix B.

**Non-self-contained accommodation** is where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

**Primary data** is information that is collected from a bespoke data collection exercise (e.g., surveys, focus groups or interviews) and analysed to produce a new set of findings.

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

**Random sample** refers to a sample in which each member of the sampling frame (i.e. in this context, each household in the area) has an equal chance of selection.

**Relets** in this context are *social rented housing* units which are vacated during a period and become potentially available for letting to new tenants, or tenants transferring. Net relets are total relets, or turnover, minus transfers and successions (where the tenancy is transferred to an existing occupant such as the child or spouse of the previous tenant).

**Rough sleeping** is defined as 'People who are sleeping, or bedded down, in the open air; people in buildings or other places not designed for habitation'. This definition will include for example, people sleeping on the streets, in doorways, in parks, in bus shelters, or buildings not designed for habitation, such as barns, sheds, car parks, cars, derelict boats, stations, squats, tents, or makeshift shelters.'

**Sampling fraction** refers to the proportion of the members of the *sampling frame* that is selected for a *sample survey*.

**Sampling frame** refers to the complete list of addresses or other population units within the survey area that are the subject of the survey. In the context of a LHS it is households within the local authority that compose the sampling frame. The council tax register is commonly used, though is not identical to the sampling frame as it may include empty properties or properties containing several *households sharing*.

**Sample stratification** refers to the technique of dividing the sampling frame into groups (strata) before sampling, and then sampling within each stratum. If the same sampling fraction is used in each stratum this is termed 'proportionate stratified sample'; if the sample fraction is not the same in each stratum this is termed 'disproportionate sampling' or 'over-sampling of one or more sub-groups'.

**Sample survey** collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

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

**Shared equity schemes** provide housing that is available part to buy (usually at market value) and part to rent. It therefore provides housing that is less expensive than market housing, but requires less of a subsidy than *social rented housing*.

**Social rented housing** is rented housing provided by local authorities and registered social landlords.

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

**Sub-market rented housing** is housing of an adequate standard that is provided to rent at below market cost, but above the cost of traditional *social rented housing*. It otherwise conforms to the same standards as *social rented housing*.

**Sustainable communities** are places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life. They are safe and inclusive, well planned, built and run, and offer equality of opportunity and good services for all.

Sustainable communities are:

- Active, inclusive and safe;
- Well run;
- Environmentally sensitive;
- Well designed and built;
- Well connected;
- Thriving;
- Well served;
- Fair for everyone.

**Unsuitably housed households** refers to all circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition, security or cost.

## APPENDIX H

### List of secondary data sources

- 1 The use of secondary data sources is discussed throughout this guidance. As part of the background research for the guidance, key secondary data sources were reviewed. Sources are listed below with any issues relevant to their application to local housing assessment.
- 2 There are several general points that are worth summarising. First, all types of surveys raise issues in terms of their robustness at different geographical scales. Only Census data can be used at all geographical levels, and even then there are issues with the representation of 'hard-to-reach' groups and Gypsies and Travellers.
- 3 Data on incomes and earnings are problematic because few sources gross personal incomes or earnings data to provide household income data; it is household incomes that are required for housing affordability measures. The Family Expenditure Survey is the most robust survey to provide household income information but it is robust only at national and regional, not local, levels.
- 4 Data on housing costs are also problematic. House prices are available at postcode sector level from the Land Registry but they are not broken down by size of property.
- 5 Rents in the social sector are robust at local authority level, but data on private sector market rents are not publicly available. The Rent Officer Service is currently examining the possibility of providing alternative data on private sector rents. The available information on private sector rents is for tenants referred for Housing Benefit purposes, which is likely to be a biased sample. It could be argued that these rents are the most relevant for affordability purposes, but they do not provide a full picture of the lack of affordability of the private rented sector in a local authority.
- 6 Official statistics, such as those produced by the Welsh Assembly Government from local authority returns are reasonably robust at local and national level. However, there may be some inaccuracies in returns, in some cases because the original data source within the local authority is flawed.
- 7 Finally, it is worth noting that population and household projections are trend-based and cannot take into account the impact of new policies on issues such as immigration. Work on compiling the official, Welsh Assembly Government projections has shown that they are only robust at national and regional levels. However some alternative models (e.g. the Chelmer model) offer the possibility of testing different options in relation to key inputs, notably migration. For example, trend migration may be compared with zero net migration.

The following table lists the data sources referenced throughout the guidance.

<b>Table AG.1: Data sources for use in Local Housing Assessments</b>			
<b>Description of data source</b>	<b>Frequency</b>	<b>Geographic unit</b>	<b>Publication/ Supplier</b>
<b>Multiple purpose surveys</b>			
<p><b>Living in Wales Survey</b> is a survey carried out by MORI for the Welsh Assembly Government. It will be the main source of information on households and the condition of homes in Wales. The survey is made up of an interview with the household reference person or another appropriate adult, and for some respondents, a follow-up visit by a qualified surveyor to undertake a statistical property assessment of their home. This survey is the latest in a series of house condition surveys that have taken place in Wales. See <a href="http://www.housing.wales.gov.uk/index.asp?task=content&amp;a=y1">http://www.housing.wales.gov.uk/index.asp?task=content&amp;a=y1</a></p>	Annual from 2004 onwards	One year's figures for Wales as a whole; Amalgamating two years figures for regions; three years figures for local authorities	National Assembly for Wales
<p><b>Welsh House Condition Survey</b> was carried out in 1997 (household survey) and 1998 (physical condition survey) to assess the Welsh housing stock in terms of its state of repair and the prevalence of unfitness. Similar surveys have been carried out in Wales since 1968. The latest two were in 1993 and 1986. The 1998 WHCS was designed to produce results for Wales as a whole and for individual unitary authorities in Wales. The WHCS was a two-stage survey. The first stage was a large household interview survey carried out in 1997 that covered around 40,000 households across Wales. This stage asked about the socio-economic characteristics of the households and the people in those households; it also provided the information to target dwellings for the second stage of the survey, the house condition survey. The second stage of the WHCS was carried out in 1998. It was a house condition survey that involved the physical inspection of around 12,000 dwellings by building surveyors. See <a href="http://www.wales.gov.uk/keypubstatisticsforwales/content/publication/housing/2001/whcs/intro.htm">http://www.wales.gov.uk/keypubstatisticsforwales/content/publication/housing/2001/whcs/intro.htm</a></p>	5 years	Wales, unitary authorities	National Assembly for Wales
<p><b>Digest of Welsh Statistics</b> is prepared annually by the National Assembly for Wales in collaboration with the statistics divisions of other Government Departments. Some of the statistics are actually collected by non Government organisations. The statistics cover all aspects of Welsh life. Since the</p>	Annual	Wales	National Assembly for Wales

1996 volume, data is only at the national level, with the sub-Wales data in the separate Digest of Welsh Local Area Statistics. The digest contains data on: population, vital statistics, health and personal social services, social security, law, order and protective services, housing and planning, Welsh language, electorate, recreation, schools, higher and further education, labour, industrial production, energy, construction and investment, agriculture, forestry, fishing, transport and communication, national income, personal incomes, expenditure, and environment.			
<b>Census of Population</b> is a compulsory, comprehensive count of individuals, households, and dwellings. Questions cover type, rooms, tenure, amenities of housing, sex, age, marital status, ethnicity, religion, long term illness, household composition, usual address, moves in last year, economic status, hours worked, occupation, industry, place of work, mode of travel. However this information becomes dated relatively rapidly.	10 yearly	Output Areas; Specialised outputs may be restricted to higher level areas	ONS. Dataspring <a href="http://www.dataspring.org.uk">http://www.dataspring.org.uk</a> holds census data on stock broken down by tenure.
<b>Neighbourhood Statistics</b> have now made certain data sets available on a consistent basis down to local authority local authority and ward. Further developments in this initiative will bring forward additional data which will be very useful, such as the Council Tax system which should be able to produce annual estimates of vacancy, turnover and tenure at a small area level.	Varies	LA ward and local authority. In future census output areas for selected statistics.	ONS
<b>Regional Trends</b> is a comprehensive annual source of official statistics for the Statistical Regions of the United Kingdom (Scotland, Wales, Northern Ireland and the Government Office Regions within England). It includes a wide range of demographic, social, industrial and economic statistics, covering aspects of life in the regions.	Annual	Government Office Region; LA t.	ONS
<b>Demographics</b>			
<b>Household Estimates</b> for the counties of Wales are produced and published by the National Assembly for Wales. They are based on ONS's population estimates. Estimates are available around 18 months after the last mid-year estimate figure.	Annual	Local authorities	National Assembly for Wales
<b>Household projections</b> are available sub-nationally i.e. regional level for Wales, produced and published by the National Assembly for Wales. They are based on population projections using the Registrar General's mid-year estimates of population in the given base year as their foundation.	Two/three years	Regions in Wales	National Assembly for Wales

The latest published projections for regions will take 2003 as their base, and provide estimates of numbers of households by type of household and by age of head of household up to 2026.			
<b>National Health Service Central Register.</b> This is the main continuous data source on internal migration. It provides reasonably robust data on moves by age and sex of internal migrants for Welsh and English local authorities since 1998.	Quarterly or annual (since 1975)	Local Authorities since 1998.	ONS
<b>Incomes/expenditure</b>			
<b>Inland Revenue</b> gross personal incomes, mean and median. The problem with this dataset in terms of measuring affordability is that it does not provide household income, and the data are not produced very quickly after collection so always appears dated.	Annually since 1993	Regional and LA (subject to sample limitations)	Inland Revenue. Also available Dataspring website <a href="http://www.dataspring.org.uk">http://www.dataspring.org.uk</a>
<b>CACI</b> produce household incomes data but incomes at the lower end of the distribution can be under-represented. There is a contract to get these figures for most Welsh local authorities and National Parks. For details contact Nick Holmes at the Local Government Data Unit - Wales (the Data Unit): <a href="http://www.lgdu-wales.gov.uk/eng/home.asp">http://www.lgdu-wales.gov.uk/eng/home.asp</a>	Annually	Local authority; National Parks; estimates to postcode level	Contract between CACI and the Data Unit
<b>The New Earnings Survey</b> is a useful source of information relevant to assessing affordability. It gives the earnings of full time adult employees at April each year based on a large sample. It can be analysed locally by sex, manual/non-manual employment types, and other categories. It is now available on the basis of place of residence, whereas in the past it only related to place of employment. This is a major advantage given the increase in commuting both numerically and in terms of increased distances travelled.	Annual	Restricted data for local authorities	ONS. Also available online through Dataspring website <a href="http://www.dataspring.org.uk">http://www.dataspring.org.uk</a>
<b>Family Expenditure Survey</b> is an annual survey of c.8,000 households in UK providing a detailed profile of expenditure, income by source, savings and so on, analysable by tenure, occupation, economic status, household composition, age and income bands. This is the most robust national income source and provides the basis for most national analyses of income distribution.	Annual	Wales	ONS Family Spending
<b>Family Resources Survey</b> is an annual survey of c.25,000 households covering in particular household composition, income level and sources, savings, details of	Annual since 1993	Wales	DWP



benefits received, household composition, housing costs and mortgage details, cost of durables, childcare and maintenance arrangements.			
<b>Social Security Statistics</b> give numbers of claimants and amounts of expenditure on all social security benefits, including Housing and Council Tax Benefit, Income Support, Job Seekers Allowance and Incapacity Benefit.	Annual	Ward level except for housing benefit (National only)	DWP
<b>Household income models</b> are produced by various companies (often for market research purposes) and produce estimates of household income at postcode level. See above for CACI contract with the Data Unit.	Various	LA	e.g. CACI Paycheck, Experion etc
<b>Rents Service data on Rents referred for Housing Benefit.</b> Data on average 'referred' and 'determined' rents by size of letting and whether furnished are available.	Annual since 1993	LA	JRF Housing Finance Review
<b>Private Rented Sector rents</b> give rent determination in Housing Benefit cases and local reference rents for furnished and unfurnished properties. They are available by property type and dwelling size, including and excluding oversized properties.	Annual	Local authority	National Assembly for Wales
<b>Housing</b>			
<b>Land Registry house prices</b> by house type, mean and lower quartile. The problem with this data set is that it does not give an indication of size of property. A detached house, for example, could be a small cottage or a large mansion. The data set does however provide new and second hand prices separately. The Halifax Building Society used to produce house price data based on its mortgage lending by number of bedrooms and whether house or flat, but since becoming a bank this information is no longer produced at local authority level. Other countries use price per sq metre (as indeed is the practice for commercial property). It would be worth exploring with the Land Registry what the prospects might be for following this practice in the future as it would enable much better comparisons to be made.	Quarterly or annually since 1995	Postcode sector	Land Registry. Also available from Dataspring database. <a href="http://www.dataspring.org.uk">http://www.dataspring.org.uk</a>
<b>Welsh Housing Statistics</b> is an annual publication prepared by the National Assembly for Wales which gives statistics covering all aspects of housing in Wales, including dwelling stock, new build, renovation, clearances, RSLs, sale, lettings, vacancies, homelessness, finance and rents. The data are based mainly on returns made to the National Assembly for Wales by the	Annual	LA	National Assembly for Wales

old local authorities and the new unitary authorities. Other data is sourced from the RSL returns, the National Housebuilding Council (NHBC) and the Survey of Mortgage Lenders (SML)			
<b>Survey of Mortgage Lenders</b> is a survey of new mortgage loans conducted jointly by ODPM and CML, providing details on both properties sold and on the purchaser, as well as prices and mortgages involved. The coverage of this dataset is expanding to cover all mortgage transactions in Wales.	Annual, quarterly	Wales, possibly to local authority level	ODPM (or National Assembly for Wales)
<b>Specific Mortgage Lenders.</b> The Halifax and the Nationwide have provided house price statistics over a long period at national, regional and local level. They publish regular bulletins and utilise data on the attributes of houses being purchased to mix-standardise their data series.	Annual, quarterly	LA	Halifax House Price Index. Nationwide Quarterly Housing Review. Also <a href="http://www.data.spring.org.uk">http://www.data.spring.org.uk</a>
<b>Stock Condition Surveys</b>			
<b>Planning Permissions for Housing:</b> data from returns by local authorities showing capacity of land with outstanding planning permissions or allocated for housing, and on numbers of planning applications approved/rejected	Annual	LA (some missing data)	National Assembly for Wales
<b>Council tax banding data</b> is available broken down for each Welsh local authority	Annual	LA	National Assembly for Wales: See StatsWales web-site
<b>Household mid-year estimates</b> cover total number of households, average household size and selected household types as at 30 June.	1997/98-2002/03 Currently under review (see 'Mid year population estimates')	LA	National Assembly for Wales
<b>Completion data for Housing</b> is available by tenure.	Annual and monthly	LA	National Assembly for Wales
<b>Employment</b>			
<b>Welsh Local Labour Force Survey</b> is a large scale annual survey of working population in Wales, which provides a range of general measures of economic activity including status, unemployment (different bases), self employment, hours, occupation and industry by place of residence.	Since 2001	Local authorities in Wales (subject to sampling limitations)	ONS, National Assembly for Wales
<b>Annual Business Inquiry (ABI)</b> gives estimates of employment by sex and industry and by full/part time. It provides a key measure of job changes. Access is restricted by Statistics of Trade Act and	Annual from 1998	LA wards s	ONS (via NOMIS) Regional Trends National

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special consent is required from ONS unless access is required for purposes under Planning Legislation. The Annual Business Inquiry has run since 1998 and replaced the Annual Employment Survey (AES). The AES ran from 1995 and replaced the Census of Employment which ran until 1993.			Assembly for Wales
<b>Locally published data</b>			
Council Tax Register			
Student accommodation services	Variable	Variable	Universities
Voluntary sector	Variable	Variable	various
Estate agents	Current	Variable	various
Lettings agents	Current	Variable	various
Local Authority Housing Register	Annually	Local authority	LA
LA/RSL records: Vacancy rates, turnover, relets	Annually	Local authority	LA
Development Plan	Depends on updates	Local Planning Authority	LA
Local Authority housing and planning data	Annually	Local authority	LA

## APPENDIX I

### Questions for estate and letting agents

1. Initially, it may be necessary to conduct a short telephone interview with estate and letting agents. Once both the Local housing partnership and the agents understand what is required from the data collection exercise, a short e-mail questionnaire can be used to obtain and update the relevant information. It is suggested that at least six agents are interviewed, including independents as well as chains. If there are agents that specialise in cheaper properties or flats they should be included.

2. Questions relevant to owner occupied housing include:

- Current entry level property prices:

	Area 1	Area 2	Area 3
Studio flat			
One bed property			
Two bed property			
Three bed property			
Four bed terrace			
Other (please specify)			

- Availability of different property sizes. How plentiful are each of these?
- Variation by location. Are some areas seen as the route into owner occupation for first time buyers, or are they able to access this type of housing across the whole area?
- Profile of people buying housing. Are they mainly young professionals, singles/couples, families, retired people? Who is buying what? Which property types and locations are in greatest demand?

3. Questions relevant to private rented housing include:

- What are the monthly rents for the following property types? What is the average and what is the lowest rent that is reasonably common?

	Area 1	Area 2	Area 3
Room with shared facilities			
Studio flat			
One bed property			
Two bed property			
Three bed property			
Four bed terrace			
Other (please specify)			

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- Availability of different property sizes. How plentiful are each of these?
- Profile of people renting. As with house purchase, in general who is renting what at the present time?
- In your experience, is the market going up, steady, or going down? how does this vary by different types of property?

## APPENDIX J

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