Powys Replacement Local Development Plan (LDP) (2022-2037)

Housing Need – Local Housing Market Assessment

Background paper

May 2024

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Executive Summary

This paper summarises the findings from the Local Housing Market Assessment which sets out the housing needs for Powys over the Replacement Local Development Plan (LDP) period (2022-2037).

The figures set out in the paper are based on the Local Housing Market Assessment which is being undertaken by the Powys Local Housing Authority using the methodology and toolkit developed by Welsh Government and originally published in 2022. A Summary for Consultation of the LHMA was consulted on by the Powys Local Housing Authority in June 2023. A new version of the LHMA model was published by Welsh Government in June 2023 (v2.0) and further versions have been published in October 2023 (v3.0), November 2023 (v3.1) and again in December 2023 (v3.2).

The LHMA for Powys is yet to be approved by Cabinet or submitted for review by Welsh Government and, therefore, the figures should be treated as provisional only at this stage.

The Local Housing Market Assessment is a fundamental part of the evidence base for the Replacement LDP, alongside other evidence, such as the Settlement Assessment, High Level Viability Assessment and Local Well-being Plan. It provides evidence to inform the Replacement LDP's growth and spatial strategy, dwelling requirement figure and affordable housing targets and policies.

The LHMA adopts the 13 Localities approach currently used by Powys County Council as Housing Market Areas. The localities are centred around the largest towns of Powys and their surrounding areas, using boundaries set by the Office for National Statistics. The LHMA provides estimated housing needs for each of the 13 Housing Market Areas.

The LHMA toolkit looks at existing unmet affordable housing need and potential future need in order to calculate an estimate of how many households are in need of affordable and market housing.

The existing unmet affordable housing need is based on evidence from the Common Housing Register and Tai Teg Register. The Local Housing Authority has also undertaken further work outside of the LHMA toolkit to account for a forecasted increase of households in need of social housing. The LHMA toolkit uses household projections published by the Welsh Government to estimate newly arising need. The results are presented in the LHMA for the principal projection and for the lower, higher and 15-year average migration variants.

The LPA has converted the household figures generated by the LHMA toolkit into dwelling numbers by using the vacancy rate set out in the Census of 10%. The headline results for the Powys LPA area (excluding the Bannau Brycheiniog National Park Authority area) are summarised in Table 1 below:

Table 1 Headline results in terms of dwelling numbers needed over the 15 year plan period (2022-2037)

	Lower variant	Principal projection	Higher variant	15-year average migration variant
Total housing need	443	1,687	2,682	3,057

Total affordable housing need	338	725	1,036	1,150
Total market housing	105	961	1,646	1,894
Affordable / market split	76% affordable / 24% market	43% affordable / 57% market	39% affordable / 61% market	38% affordable / 62% market

Table 2 shows the tenure split between the need for social housing and intermediate affordable housing.

Table 2 Tenure of affordable housing in terms of dwelling numbers needed over the 15-year plan period (2022-2037)

Tenure	Lower variant	Principal projection	Higher variant	15 year average migration variant
Total social rent need	269	507	700	771
Total intermediate rent and LCHO need	69	218	337	380
Tenure split	80% social / 20% intermediate	70% social / 30% intermediate	68% social/ 32% intermediate	67% social / 33% intermediate

In terms of the need across Housing Market Areas, the Welshpool and Montgomery HMA has the highest level of need for affordable housing. Welshpool and Montgomery HMA, Newtown HMA and Llandrindod and Rhayader HMA have the highest level of need for market housing. The Welshpool and Montgomery HMA has the highest housing need overall.

The highest need in terms of the number of bedrooms for social housing is for one-bedroomed properties, which accounts for 59% of the need, followed by two-bedroomed properties at 22% of the need.

The paper ends with a summary of the key findings and a set of recommendations as to how the results from the LHMA can be used as part of the evidence base for the Replacement LDP.

1.   Introduction

1.1   This paper summarises the findings from the Local Housing Market Assessment which sets out the housing needs for Powys over the Replacement Local Development Plan (LDP) period (2022-2037). This includes needs for market and affordable housing. The findings will inform the Replacement LDP's growth and spatial strategy, dwelling requirement figure, and affordable housing target and policies.

1.2   A Local Housing Market Assessment (LHMA) is an essential part of the evidence base for Replacement LDPs. This assessment identifies the level of housing need for both market and affordable housing for the whole plan area and for 13 Housing Market Areas (HMA) at a more local level within Powys. It also identifies the type of need in terms of tenure mix and house types required. This information can also be used in negotiating the type, size and mix of affordable and market housing as part of the planning application process.

1.3   The LHMA is also used by the Local Housing Authority as evidence to inform the Local Housing Strategy and policies, along with the Social Housing Grant Programme Delivery Plan (PDP) to build affordable homes.

1.4   In 2022, Welsh Government published a new approach to undertaking LHMAs. The approach included a new methodology and model to be used by local authorities to undertake LHMAs. A new version of the LHMA model was published by Welsh Government in June 2023 (v2.0) and further versions have been published in October 2023 (v3.0), November 2023 (v3.1) and again in December 2023 (v3.2).

1.5   An LHMA Summary for Consultation was consulted upon by the Local Housing Authority in June 2023. The LHMA for Powys is yet to be finalised or submitted for approval by Welsh Government and, therefore, the figures should be treated as provisional only at this stage.

1.6   The LHMA will need to be rewritten every five years with a refresh expected between years two and three.

Structure of the document

Section 2 sets out the planning context for LHMAs, focusing on national planning policies and related guidance.

Section 3 explains how Housing Market Areas have been identified using the Council's 13 localities approach.

Section 4 provides an overview of affordability across the Housing Market Areas.

Section 5 sets out the overall level of housing needed.

Section 6 sets out housing need by Housing Market Area.

Section 7 sets out housing need by tenure.

Section 8 sets out housing need by bedroom type.

Section 9 converts household numbers into dwelling numbers.

Section 10 sets out additional newly arising need from the Common Housing Register.

Section 11 summarises the key findings from the LHMA and sets out recommendations for the Replacement LDP.

2.   Context

Planning Policy Wales (Edition 11, February 2021) - due to be updated

2.1   Planning Policy Wales (PPW, Edition 11) requires planning authorities to 'understand all aspects of the housing market in their areas, which will include the requirement, supply and delivery of housing. This will allow planning authorities to develop evidence-based market and affordable housing policies in their development plans and make informed development management decisions that focus on the creation and enhancement of Sustainable Places. New housing development in both urban and rural areas should incorporate a mix of market and affordable house types, tenures and sizes to cater for the range of identified housing needs and contribute to the development of sustainable and cohesive communities.'

2.2   It goes on to explain that 'the latest Welsh Government local authority level household projections for Wales, alongside the Local Housing Market Assessment and the Well-being plan for the area, will form a fundamental part of the evidence base for development plans'.

2.3   PPW requires planning and housing authorities to 'work in partnership with local stakeholders, including private house builders to produce an LHMA, which will allow authorities to develop a detailed understanding of the nature and level of market and affordable housing demand in their communities'.

Technical Advice Note (TAN) 2 Affordable Housing (2006)

2.4   This advice note emphasises the importance of the LHMA process and explains the following:

"Local planning authorities should ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period. LHMAs provide the evidence base supporting policies to deliver affordable and market housing through the planning system. For affordable housing, it is important that authorities have an appreciation of the demand for different dwelling sizes and types of housing (i.e. intermediate and social rented) in relation to supply so that they can negotiate appropriate mixes on new sites."

2.5   TAN 2 defines affordable housing as housing provided to those whose needs are not met by the open 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.

2.6   Affordable housing breaks down into two sub-categories:
• social rented housing – provided by local authorities and registered social landlords where rent levels have regard to the Assembly Government's guideline rents and benchmark rents; and

• intermediate housing – where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes (for example Homebuy).

Future Wales – the National Plan 2040

2.7   Future Wales – the National Plan 2040 is the national development framework, setting the direction for development in Wales to 2040. It is a development plan with a strategy for addressing key national priorities through the planning system, including sustaining and developing a vibrant economy, achieving decarbonisation and climate resilience, developing strong ecosystems and improving the health and well-being of Wales' communities.

2.8   Future Wales sets a series of Outcomes to be achieved over the twenty years of the plan, including Outcome 2 for 'A Wales where people live in vibrant rural places with access to homes, jobs and services.'

2.9   Future Wales contains the following policy relating to affordable homes:

Policy 7 – Delivering Affordable Homes

The Welsh Government will increase delivery of affordable homes by ensuring that funding for these homes is effectively allocated and utilised. Through their Strategic and Local Development Plans planning authorities should develop strong evidence based policy frameworks to deliver affordable housing, including setting development plan targets based on regional estimates of housing need and local assessments. In response to local and regional needs, planning authorities should identify sites for affordable housing led developments and explore all opportunities to increase the supply of affordable housing.

2.10   It explains that 'providing housing in Wales at levels which meet our needs is a key priority for the Welsh Government. The planning system must facilitate the provision of additional market and affordable housing'.

2.11   It goes on to refer to the estimates of additional housing need up until 2038-2039 that are available at the national level and four regions. Nationally, it is estimated that 110,000 additional homes are needed, with an average of 7,400 additional homes required annually. The estimated split between affordable housing and market housing is almost equal at 48% and market homes at 52%. The estimate at a Mid Wales regional level is 1,800 additional homes by 2039 and 61% of the additional homes needed should be affordable homes. It is emphasised that the estimates are not a housing requirement, however they should be used to inform the housing requirements set out in Strategic and Local Development Plans.

2.12   With regards to the Mid Wales region, it says that 'it is clear that all aspects of a Strategic Development Plan and individual Local Development Plans will need to reflect on the low estimated need for housing in the region and what this means for how places will change, where jobs and services will be located and the relationship between settlements.'

Development Plans Manual (Edition 3, March 2020)

2.13   This Manual provides guidance to help with preparation of development plans. It explains that all LDPs should be supported by an LHMA:

'The value of an LHMA is that it identifies a level of housing need, both market and affordable, per annum, both numerically and spatially, as well as the type of need in an area, e.g. tenure mix and house types. This is a core piece of baseline evidence influencing the scale, type and location of growth in a plan.'

'The LHMA will identify the total affordable housing need extrapolated over the plan period, spatial implications and the predominant tenure mix required. This should be clearly stated in the reasoned justification to the plan.'

2.14   It explains that the spatial strategy will draw upon the LHMA, alongside the Settlement Assessment and High-Level Viability Assessment, as key pieces of evidence to make informed policy decisions on where to locate development.
.
2.15   The Manual also advises LPAs to use a household conversion factor when translating households to dwellings and refers to the vacancy rate included in the Census data for all LPAs in Wales. It explains that the conversion factor should be clearly referenced and be applied consistently throughout the evidence base.

Undertaking Local Housing Market Assessments (March, 2022)

2.16   This guidance supports local authorities on how to produce an LHMA using the LHMA excel tool that has been developed by Welsh Government to estimate the number of additional housing units required, by tenure, in the future. It is accompanied by an LHMA Template Report and training videos online. The intention is for the new process for undertaking LHMAs to provide a consistent approach and basis for all local authorities.

3.   Housing Market Areas

3.1   A Housing Market Area (HMA) is an area that has been defined geographically, based on the functional areas where people currently live and would be willing to move home without changing jobs, school or social network.

3.2   The LHMA adopts the 13 Localities approach currently used by Powys County Council as Housing Market Areas – see Figure 1. The areas are used across Council services and in March 2022 were adopted for use in the Well-Being Assessment by the Powys Public Service Board. The localities are centred around the largest towns of Powys and their surrounding areas, using boundaries set by the Office for National Statistics.

3.3   The LHMA provides estimated housing needs for each of the 13 Housing Market Areas. Some of the HMAs in the south of the County include parts of the Bannau Brycheiniog National Park Authority area, which is a separate Local Planning Authority to Powys.

Figure 1   Housing Market Areas based on the 13 localities approach
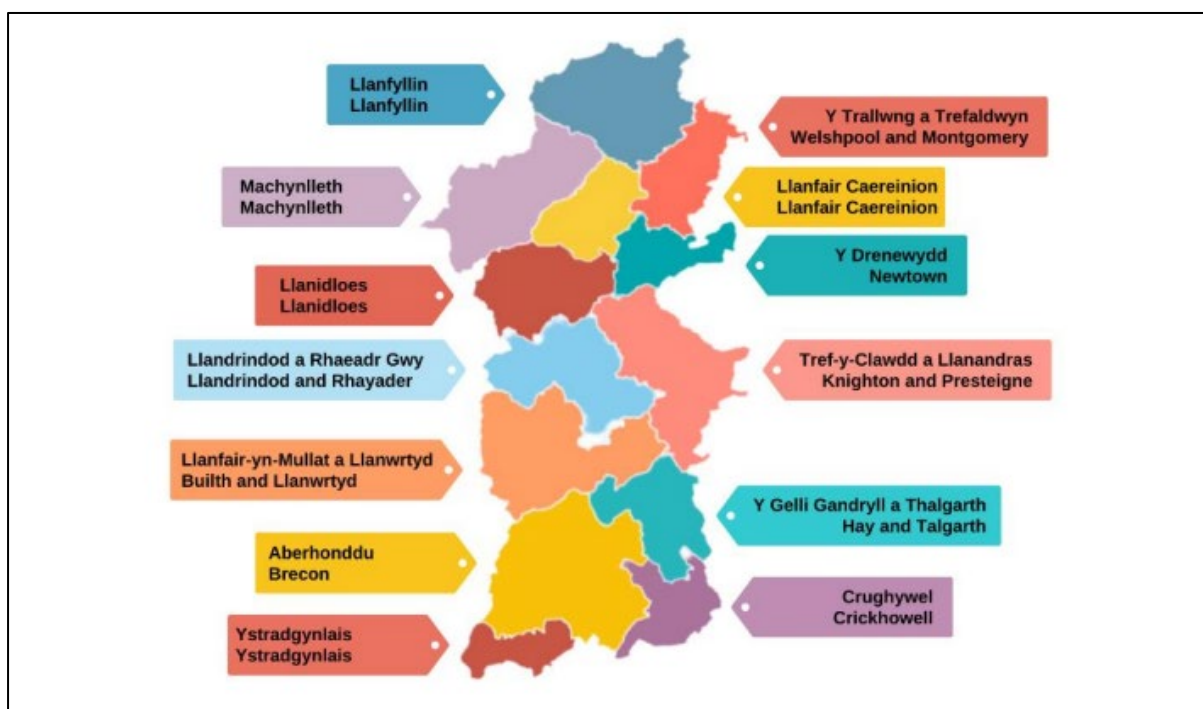
4.   Overview of affordability

4.1   One of the main data inputs into the LHMA tool is house price paid data, which has been obtained by Welsh Government from the Land Registry's Price Paid Data. Welsh Government has mapped the postcodes within the Land Registry to Middle Super Output Area layers to allow mapping of the house price paid data to the relevant Housing Market Area.

4.2   Figure 2 shows how house prices have changed in Powys since LDP adoption in 2018. Following a gradual increase between 2018 and 2020, prices increased significantly between 2020 and 2022. Prices have, however, started to plateau with a slight decrease noted between 2022 and 2023.

Figure 2   Changes to Average House Price in Powys
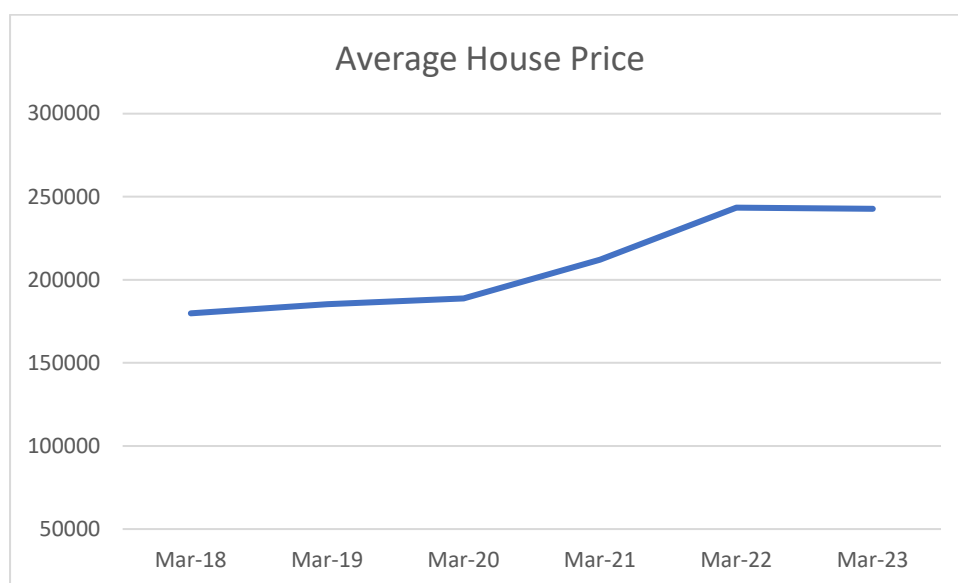
Data source: Land Registry House Price Index

4.3   Affordability ratios are used to show the difference between average local household incomes and median local house prices. According to Office for National Statistics data on housing affordability, in 2022 the affordability ratio for Powys was 7.9 based on a median house price of £230,000 and median workplace earning of £28,970. This means that the average house price was 7.9 times average earnings in Powys.

4.4   It is also possible to look at affordability ratios at Locality level by using CACI Paycheck data on average household incomes and Land Registry Price Paid Data made available as part of the LHMA tool to obtain median house prices. Table 3 provides affordability ratios by Locality.

Table 3   Affordability ratios by Locality

Locality	Average Household Incomes	Median House Prices	Affordability ratio

Brecon	£34,443	£226,937	6.6
Builth and Llanwrtyd	£33,089	£227,431	6.9
Crickhowell	£42,116	£346,091	8.2
Hay and Talgarth	£36,333	£266,985	7.3
Knighton and Presteigne	£31,678	£217,543	6.9
Llandrindod and Rhayader	£30,367	£182,934	6.0
Llanfair Caereinion	£35,448	£212,599	6.1
Llanfyllin	£34,241	£239,792	7.0
Llanidloes	£32,534	£212,599	6.5
Machynlleth	£32,164	£186,887	5.8
Newtown	£31,788	£176,012	5.5
Welshpool and Montgomery	£34,731	£202,710	5.8
Ystradgynlais	£30,140	£138,436	4.6

Source: Caci Paycheck 2021 and Land Registry House Price Paid Data 2020-2022

4.5   Crickhowell locality has the highest affordability ratio with average house prices over 8 times the average household income locally. This is followed by Hay and Talgarth with an affordability ratio of 7.3. Both localities represent areas either within or adjacent to the Bannau Brycheiniog National Park. Ystradgynlais is the most affordable locality where prices are 4.6 times local average household incomes.

5. Estimated overall housing needs

5.1   The LHMA toolkit looks at existing unmet affordable housing need and potential future need in order to calculate an estimate of how many households are in need of affordable and market housing.

5.2   The LHMA toolkit uses data from the Common Housing Register (social housing need) and the Tai Teg Affordable Housing Register (intermediate housing need) to estimate existing unmet affordable housing need.

5.3   The LHMA toolkit uses household projections published by the Welsh Government to estimate newly arising need. Household projections provide estimates of future numbers of households and are made by making assumptions about household composition and size and applying these to population projections. These projections are based on past trends and therefore do not make allowances for the effects of local or central government policies on future household levels, distribution and change.

5.4   The LHMA toolkit provides results based on the principal projection, the lower variant (which is based on assumptions of lower fertility rates and higher mortality rates), and higher variant (which is based on assumptions of higher fertility rates and lower mortality rates). The Authority has also decided to test the 15-year average migration variant.

5.5   The LHMA toolkit produces summary tables which set out the housing need for market and affordable housing for the first 5 years of the LHMA, the remaining 10 years and then across the whole of the 15-year period of the LHMA. The results are shown for the four household projection variants. Tables 4, 5, and 6 below show these results.

NOTE: the LHMA notes that there may be differences in the tables due to rounding. The LHMA toolkit works to decimal places but the data in the tables below is rounded to the nearest whole number. It can make it look like some calculations are wrong.

Table 4   LHMA toolkit outcomes per variant: additional affordable housing need for County of Powys 2022-2037

	0-5 years (a)	6-15 years (b)	0-15 years (c)=(a)+(b)
lower variant	370	40	410
principal variant	465	380	844
higher variant	545	650	1,193
15-year average migration variant	580	740	1,321

Table 5   LHMA toolkit outcomes per variant: additional market housing need for County of Powys 2022-2037

	0-5 years (d)	6-15 years (e)	0-15 years (f)=(d)+(e)
lower variant	40	80	120
principal variant	350	700	1,050
higher variant	595	1,190	1,785
15-year average migration variant	685	1,370	2,055

Table 6   LHMA toolkit outcomes per variant: additional affordable and market housing need for County of Powys 2022-2037

	0-5 years (g)=(a)+(d)	6-15 years (h)=(b)+(e)	0-15 years (i)=(g)+(h)
lower variant	410	120	530
principal variant	815	1,080	1,895
higher variant	1,140	1,840	2,980
15-year average migration variant	1,265	2,110	3,375

5.6   The above results are for the County of Powys including the area within the Bannau Brycheiniog National Park. The figures need to be disaggregated between the Powys Local Planning Authority and the Bannau Brycheiniog National Park Authority in order to provide separate housing need figures for each Local Planning Authority. Table 7 shows the results for the Powys Local Planning Authority area excluding the Bannau Brycheiniog National Park Authority area.

Table 7   LHMA toolkit outcomes per variant: additional housing need for Powys Local Planning Authority 2022-2037

	affordable	market	total
lower variant	305	95	400
principal projection	653	866	1,520
higher variant	934	1,483	2,416
15-year average migration variant	1,036	1,707	2,743

5.7   The level of housing need varies considerably depending on the variant used. The estimated additional housing need for the 15-year plan period varies from 400 (lower variant) to 2,743 (15-year average migration variant).

6. Estimated housing need by Housing Market Area

6.1   The LHMA toolkit enables estimated housing needs to be broken down to each of the 13 Housing Market Areas. The results for each HMA per variant are set out within Tables 8, 9, 10 and 11. These results relate to the Powys LPA area excluding the Bannau Brycheiniog National Park area.

Table 8   LHMA toolkit outcomes per variant: additional housing need per housing market area 2022-2037 – lower variant

	affordable	market	Total
Brecon	15	2	17
Builth and Llanwrtyd	32	7	39
Crickhowell	1	0	1
Hay and Talgarth	10	4	13
Knighton and Presteigne	31	9	40
Llandrindod and Rhayader	7	13	20
Llanfair Caereinion	21	5	26
Llanfyllin	20	8	27
Llanidloes	8	6	14
Machynlleth	20	5	25
Newtown	23	15	38
Welshpool and Montgomery	74	15	89
Ystradgynlais	43	7	51
Powys LPA area	**305**	**95**	**400**

Table 9   LHMA toolkit outcomes per variant: additional housing need per housing market area 2022-2037 – principal projection

	affordable	Market	total
Brecon	23	17	41
Builth and Llanwrtyd	50	60	110
Crickhowell	2	3	5

Hay and Talgarth	27	35	62
Knighton and Presteigne	63	80	`143
Llandrindod and Rhayader	39	117	157
Llanfair Caereinion	43	44	87
Llanfyllin	53	69	121
Llanidloes	28	53	80
Machynlleth	40	49	90
Newtown	71	134	205
Welshpool and Montgomery	140	137	277
Ystradgynlais	74	67	142
Powys LPA area	**653**	**866**	**1520**

Table 10   LHMA toolkit outcomes per variant: additional housing need per housing market area 2022-2037 – higher variant

	Affordable	market	Total
Brecon	30	29	59
Builth and Llanwrtyd	64	103	167
Crickhowell	3	5	8
Hay and Talgarth	41	60	100
Knighton and Presteigne	89	137	226
Llandrindod and Rhayader	67	201	268
Llanfair Caereinion	61	76	136
Llanfyllin	79	118	197
Llanidloes	43	90	134
Machynlleth	56	85	141
Newtown	109	230	339
Welshpool and Montgomery	193	234	427

Ystradgynlais	100	115	215
Powys LPA area	**934**	**1,483**	**2,416**

Table 11   LHMA toolkit outcomes per variant: additional housing need per housing market area 2022-2037 – 15-year average migration variant

	affordable	Market	Total
Brecon	32	34	66
Builth and Llanwrtyd	69	119	188
Crickhowell	4	5	9
Hay and Talgarth	46	69	115
Knighton and Presteigne	98	158	255
Llandrindod and Rhayader	78	231	309
Llanfair Caereinion	67	87	154
Llanfyllin	88	136	224
Llanidloes	49	104	153
Machynlleth	62	97	159
Newtown	123	264	387
Welshpool and Montgomery	212	270	482
Ystradgynlais	109	133	241
Powys LPA area	**1,036**	**1,707**	**2,743**

6.2   The Welshpool and Montgomery HMA has the highest level of need for affordable housing according to the 15-year average migration variant. Welshpool and Montgomery HMA, Newtown HMA and Llandrindod and Rhayader HMA have the highest level of need for market housing according to the 15-year average migration variant. The Welshpool and Montgomery HMA has the highest housing need overall according to the 15-year average migration variant.

7.   Estimated housing need by tenure

7.1   The LHMA toolkit divides housing need into different tenures. The two main tenures are affordable housing and market housing. Table 12 shows the split between affordable and market tenures when looking at the figures for the 15-year LHMA period disaggregated from the BBNP and set out by variant.

Table 12   Estimates of housing need by affordable and market tenures for Powys LPA area for the 15-year LHMA period

Tenure	Lower variant	Principal projection	Higher variant	15-year average migration variant
Affordable	305	653	934	1,036
Market	95	866	1,483	1,707
Total	400	1,520	2,416	2,743
Affordable / market tenure split	76% / 24%	43% / 57%	39% / 61%	38% / 62%

7.2   The balance between the affordable housing and market housing tenures is dependent on the variant chosen.

7.3   The LHMA toolkit divides affordable housing need into two different tenures, which reflect the definition of affordable housing set out in Technical Advice Note (TAN) 2. These tenures are social housing and intermediate housing (made up of intermediate rent and low-cost home ownership).

7.4   Intermediate rent housing is where rent levels are less than market rent and where the rent does not exceed the Local Housing Allowance, which is used to calculate housing benefit for tenants renting from private landlords. Low Cost Home Ownership is where the price is below market value, which in the Powys LPA area involves properties that are discounted by 28% below market value i.e. where the maximum price is 72% of Open Market Value.

7.5   Table 13 shows estimates of housing need by affordable housing tenure per variant for the 15-year LHMA period. The proportion of need for intermediate housing increases with the higher variants, however the social rented tenure remains dominant within the affordable housing mix.

Table 13   Estimates of housing need by affordable housing tenure per variant for Powys LPA area for the 15 year LHMA period

Tenure	Lower variant	Principal projection	Higher variant	15 year average

				migration variant
Social rented housing	243	457	630	694
Intermediate housing	62	196	303	342
Social / intermediate split	80% / 20%	70% / 30%	67% / 33%	67% / 33%

8.   Estimated housing need by bedroom type

8.1   The LHMA toolkit provides an indication of need by the number of bedrooms. This data is only available for the social housing element. Table 15 shows that the majority of the need is for one-bedroomed and two-bedroomed properties, with a smaller element of three and four plus bedroomed properties needed.

Table 14   Estimated Social Housing Need by Bedroom Type 2022-2037 Higher Variant

Bedroom type	Estimated housing need	Proportion
One bedroom	369	59%
Two bedrooms	139	22%
Three bedrooms	39	6%
Four+ bedrooms	84	13%

9. Converting households to dwelling numbers

9.1   The figures provided earlier in this report represent the number of households who are estimated to be in housing need. These figures need to be converted from household numbers to dwelling numbers in order to inform the Dwelling Requirement Figure for the Replacement LDP.

9.2   The Development Plans Manual advises Local Planning Authorities to use a household conversion factor based on the vacancy rate provided by the Census, which can be adjusted based on local circumstances. The vacancy rate reflects the proportion of properties that are empty homes or second homes. The vacancy rate for Powys based on the 2021 Census is 10%.

9.3   Table 17 shows the results in terms of the number of additional dwellings needed annually across different tenures.

Table 15   Additional dwellings needed annually for Powys LPA area

	Lower variant	**Principal projection**	**Higher variant**	**15-year average migration variant**
Annual housing need	30	113	179	204
Annual affordable housing need	23	48	69	77
Annual market housing	7	64	110	126
Affordable / market split	77% affordable / 23% market	42% affordable / 58% market	39% affordable / 61% market	38% affordable / 62% market
Annual social rent need	18	34	47	51
Annual intermediate rent and LCHO need	5	15	22	25
Tenure split	78% social / 22% intermediate	71% social / 29% intermediate	68% social/ 32% intermediate	66% social / 34% intermediate

9.3   Table 18 shows the results in terms of the total number of additional dwellings needed over the 15-year LHMA period and across different tenures.

Table 16   Total additional dwellings needed over the 15-year LHMA period (2022-2037) for Powys LPA area

	Lower variant	Principal projection	Higher variant	15-year average migration variant
Total housing need	443	1,687	2,682	3,057
Total affordable housing need	338	725	1,036	1,150
Total market housing	105	961	1,646	1,894
Affordable / market split	76% affordable / 24% market	43% affordable / 57% market	39% affordable / 61% market	38% affordable / 62% market
Total social rent need	269	507	700	771
Total intermediate rent and LCHO need	69	218	337	380
Tenure split	80% social / 20% intermediate	70% social / 30% intermediate	68% social/ 32% intermediate	67% social / 33% intermediate

9.4   The number of dwellings needed over the LHMA/LDP period varies significantly depending on the variant used. The number of affordable dwellings needed over the LHMA/LDP period ranges from between 338 and 1,036 depending on the variant used.

9.5   The following table (Table 16) sets out the number of additional dwellings needed across Housing Market Areas according to the 15-year average migration variant for the LHMA period.

Table 16   Additional dwellings needed over the 15-year LHMA period (2022-2037) by Housing Market Areas for Powys LPA area – 15-year average migration variant

Housing Market Area	Affordable	Market	Total
Brecon	36	38	73
Builth and Llanwrtyd	76	132	209
Crickhowell	4	6	10

Hay and Talgarth	51	76	127
Knighton	109	175	284
Llandrindod and Rhayader	86	256	343
Llanfair Caereinion	74	97	171
Llanfyllin	98	151	249
Llanidloes	54	115	170
Machynlleth	69	108	177
Newtown	137	293	430
Welshpool and Montgomery	235	299	535
Ystradgynlais	121	147	268

9.6   The Welshpool and Montgomery HMA has the highest level of need for affordable housing. Welshpool and Montgomery HMA, Newtown HMA and Llandrindod and Rhayader HMA have the highest level of need for market housing. The Welshpool and Montgomery HMA has the highest housing need overall.

10. Newly Arising Need from the Common Housing Register

10.1   Further work has been undertaken by the Local Housing Authority outside of the toolkit to account for a forecasted increase of households assessed in need of social housing. The LHMA toolkit only accounts for existing housing needs to be captured, and, therefore, does not account for forecasted increases in housing need recorded on the Common Housing Register. However, the Local Housing Authority has gathered data over a two-year period showing a continuous increase in the numbers of households who are in housing need according to the Common Housing Register. This showed a forecasted increase of 678 households assessed as in housing need for social housing during 2022 and 2027, which equates to an additional annual housing need of 136 for the Powys Local Planning Authority area. See table 17 below for these results by Housing Market Area.

Table 17 Estimated net change of common housing register, taking into account additional new need calculated by the LHMA Tool for the 2018-based household projection higher variant, 2022-2027, by housing market area

	1 bed	2 beds	3 beds	4+ beds	Total
Brecon	7	14	2	3	**26**
Builth and Llanwrtyd	22	0 (-6)	0 (-12)	3	**24**
Crickhowell	0	1	0 (-1)	1	**1**
Hay and Talgarth	0 (-12)	0 (-3)	0 (-3)	3	**3**
Knighton and Presteigne	34	33	22	5	**93**
Llandrindod and Rhayader	3	1	7	9	**20**
Llanfair Caereinion	9	2	1	10	**22**
Llanfyllin	0 (-36)	26	0 (-25)	0 (-12)	**26**
Llanidloes	0 (-20)	15	0 (-5)	0 (-12)	**15**
Machynlleth	0 (-55)	0 (-46)	0 (-8)	0 (-2)	**0**
Newtown	9	243	79	41	**373**
Welshpool and Montgomery	0	0 (-72)	45	21	**66**
Ystradgynlais	0 (-69)	0 (-33)	9	0 (-14)	**9**
Powys	**84**	**335**	**164**	**95**	**678**

11. Key Findings and Recommendations

The key findings from the LHMA are summarised as follows:

Affordable housing need

- According to the principal projection, 48 additional affordable dwellings are needed per annum and a total of 725 additional affordable dwellings are needed over the 15-year LHMA/LDP period.
- The number of additional affordable dwellings needed annually ranges from between 23 and 77 depending on the variant applied.
- The total number of additional affordable dwellings needed over the 15-year LHMA/LDP period ranges from between 338 and 1,150 depending on the variant applied.
- Between 38% and 76% of all additional housing should be affordable depending on the variant applied.
- The tenure of additional affordable housing should be mainly social rent, accounting for between 67% and 80% of the affordable dwellings needed depending on the variant applied.
- 59% of the additional social rented dwellings need to be one bedroomed properties and 22% need to be two bedroomed properties.

Market housing need

- According to the principal projection, 64 additional market dwellings are needed per annum and a total of 961 additional market dwellings are needed over the 15-year LHMA/LDP period.
- The number of additional market dwellings needed annually ranges from between 7 and 126 depending on the variant applied.
- The total number of additional market dwellings needed over the 15-year LHMA/LDP period ranges from between 105 and 1,894 depending on the variant applied.
- Between 23% and 62% of all additional dwellings should be market housing depending on the variant applied.

Overall housing need

- According to the principal projection, a total of 113 additional dwellings are needed per annum and a total of 1,687 additional dwellings are needed over the 15-year LHMA/LDP period.
- The total number of additional dwellings needed over the 15-year LHMA/LDP period ranges from between 443 and 3,057 depending on the variant applied.

Housing Market Area need

- The Welshpool and Montgomery HMA needs 235 additional affordable dwellings according to the 15-year average migration variant.
- Welshpool and Montgomery HMA, and Newtown HMA, have the highest number of additional market dwellings needed at 299 and 293 respectively according to the 15-year average migration variant.
- The highest number of additional dwellings needed overall is in the Welshpool and Montgomery HMA at 535 according to the 15-year migration variant.

Recommendations

1. The figures of overall housing need converted to dwelling numbers should be used to inform the Replacement LDP's growth strategy and dwelling requirement figure.
2. Based on the findings of the LHMA, the Replacement LDP should plan for the delivery of between 443 and 3,057 homes over the 15-year plan period, depending on the variant applied, to meet housing needs.
3. The evidence provided by the LHMA at Housing Market Area level should be used alongside the Settlement Assessment and High-Level Viability Assessment to inform the Replacement LDP's spatial strategy.
4. An affordable housing led strategy which focuses on delivery of affordable housing should be considered as a strategic option.
5. Based on the findings of the LHMA, the affordable housing target for the Replacement LDP should be between 338 and 1,150 depending on the variant applied.
6. Consideration should be given to identifying affordable housing led sites in order to maximise delivery of affordable housing.
7. In terms of affordable housing tenure and type, the Replacement LDP should focus on delivery of one-bedroomed social rented housing. Intermediate affordable housing should also feature in the tenure mix.