

West of England
Planning, Housing & Communities Board
25th February 2013

West of England Strategic Housing Market Assessment Review

Purpose of the report

1. To seek Members views and endorsement on the proposed approach to undertaking a Strategic Housing Market Assessment review and consultation on a 'pre-production brief' (draft appended to this report) to be published in March 2013.

Background

2. The National Planning Policy Framework requires local authorities to prepare a Strategic Housing Market Assessment (SHMA). A SHMA is an objective assessment of future local housing requirements. These assessments should consider housing market areas, and therefore need to be prepared jointly between neighbouring authorities. This requires their preparation to be consistent with the principles of the duty to cooperate (DtcC) introduced by the government in the Localism Act and NPPF to ensure effective cross boundary working on strategic planning matters that transcend local authority boundaries.
3. The existing SHMA has been used to inform the preparation of the adopted/emerging core strategies in the West of England. The intention now is to review and update the SHMA so that it may take account of any changes in the housing market and inform any future Local Plan reviews, or other policy preparation as appropriate and necessary.
4. The West of England Strategic Housing Market Assessment will be an important part of the evidence base to inform the monitoring of core strategy policies, and to inform policy makers the context of decisions on the quantum of housing to be planned for, the type of housing that is required and where it should be developed to best meet the needs of our local communities now and in the future. The SHMA will also be the basis for affordable housing negotiations and therefore needs to be robust.
5. The evidence needs to be clear, transparent and inform policy makers how to plan for a sustainable mix of housing that provides choice and takes account of the full range of housing needs.
6. Developing the evidence base to support these decisions is a technically complex process. Gathering data and analysing information will take time and is constrained by when information, in particular 2011 Census information, is available. The SHMA review recognises the complexities and sets out how the authorities are proposing to work together to undertake the assessment.

7. The authorities have prepared a **pre-production brief** that sets out the proposed approach, including an indicative timetable to undertaking the SHMA review.

Issues to consider

8. Lord Taylor was recently commissioned by Government to undertake a review of planning guidance. The findings have been published and Lord Taylor has made recommendations on what guidance should be removed, or retained until a revised version is prepared. The review has recommended that new SHMA guidance, possibly combined with guidance on strategic housing land availability assessments is required as a matter of priority.
9. The Housing Market Area is to be agreed (informed by evidence which will require the latest Census Travel to Work Area information (anticipated November 2013)). Mendip and West Wiltshire local authority areas were previously included within the West of England Housing Market Area.
10. The West of England will continue to work with our neighbouring authorities to determine the best approach to undertaking the SHMA review.

Pre-production brief

11. It is recommended that the four West of England Authorities consult with statutory stakeholders and those that UAs 'should have regard to' (under Duty to Co-operate) on their proposed approach to undertaking a shared SHMA review from March to May 2013.
12. The proposed approach will be set out in a 'Pre-production brief' (a draft is appended to this report). In summary this sets out that the SHMA review will comprise of four work streams:
 - **Workstream 1: Economic Growth Scenarios**
 - **Workstream 2: Demographic Scenarios**
 - **Workstream 3: Housing supply and summary outputs from SHLAAs**
 - **Workstream 4: Housing needs elements including the housing needs of specific groups-i.e Families, Older People, Extra Care Housing, disabled people, Migrant households, Students, Gypsies and Travellers, affordable housing need, service families and people wishing to build their own homes.**
13. These work streams will be brought together into a SHMA report. One of the anticipated outputs would be a range of housing requirements at both the West of England and by UA level, (subject to the chosen consultants approach).
14. Individual authorities will require appropriate evidence to draw on and inform them of how they may determine their locally derived housing targets. This would enable authorities to make choices based on their own strategic objectives.
15. In this approach it is important to note that the SHMA would not set housing numbers as it is technical work to inform policy rather than set policy.

However this will need to be done within the context of the overall requirement at the West of England level and will require cross boundary cooperation as set out in the duty to cooperate.

16. As much of the evidence base preparation as possible will be done in house, using existing structures and within existing officer support. Project management can be provided within the current West of England office support. However, specialist consultancy support will also be required to deliver this essential evidence base material. Costs are not yet known and will be subject to the final brief(s) and soft market testing. However, it is likely that these consultancy costs will be significant and an indicative amount would be in the order of £150,000 to be split equally by the four authorities (and any neighbouring authorities who are part of the assessment would also be expected to contribute equally to the assessment). It is likely that this will be commissioned in components, based upon the workstreams.

17. When costs and officer time are known a further report will be made back to the Board.

Indicative Timetable

18. It is proposed that the SHMA programme timeframe will be:

February 2013	PH&CB -Members to consider and endorse pre-production brief for consultation.
March 2013	Publish Pre-production brief for consultation
May-June 2013	Consider outcomes of pre-production brief consultation , and any revisions to the briefs that may be required as a result.
September 2013	Finalise the Brief and identify commissioning arrangements.
October 2013	Commission consultants in principle (and subject to the outcome of the HMA Area boundary), for workstreams as required
November 2013	Census Travel to Work Area Data available- inform definition of Housing Market Area (HMA).
May 2014	On basis of all data available (Census) & confirmation of HMA, workstreams commence.
Dec 2014	First output (likely interim findings)

Recommendation

19. That members endorse the requirement for needing to progress an updated SHMA and the proposed coherent and joined up approach for taking this forward.

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West of England



West of England Strategic Housing Market Assessment review: DRAFT Pre-production Brief Consultation March 2013

Introduction

1. The National Planning Policy Framework requires local authorities to prepare a Strategic Housing Market Assessment (SHMA). A SHMA is an objective assessment of local housing needs. These assessments should consider housing market areas, and therefore need to be prepared jointly between neighbouring authorities.
2. The West of England Strategic Housing Market Assessment will be an important part of the evidence base to inform the monitoring of core strategy policies, and to inform policy makers of the context of decisions on the quantum of housing to be planned for, the type of housing that is required and where it should be developed to best meet the needs of our local communities now and in the future.
3. The evidence needs to be clear, transparent and inform policy makers of what to plan for to enable the delivery of a sustainable mix of housing that takes account of the full range of housing needs.

Proposed approach

4. The West of England Authorities have worked together formally for many years on consistent housing monitoring, production of Strategic Housing Land Availability Assessments, and the West of England Strategic Housing Market Assessment. However monitoring is an ongoing process and will inform the evidence base and lead to updates of the evidence when appropriate.
5. The Authorities have published this Pre-production brief to set out the proposed approach to undertaking a shared SHMA review.
6. The SHMA is a technical exercise that needs to consider many variables that have complex relationships to one another, across several local authorities.
7. The SHMA project programme will therefore comprise the following workstreams:

Workstream 1	Economic Growth Scenarios
Workstream 2	Demographic Scenarios
Workstream 3	Housing supply and summary outputs from SHLAAs
Workstream 4	Housing needs elements including the needs of specific groups
Workstream 5	Bringing all of these elements together into a final SHMA report.

8. An outline of the scope for each workstream is appended.
9. It is anticipated that to complete these work streams commissioning of specialist consultants/services will be required. Any comments or views on the proposed approach as set out in this pre-production brief are welcome. These views will help inform and shape the final brief for the SHMA and the appointment of successful consultants.

Scope of SHMA

10. It is anticipated that the final SHMA output would detail ranges of housing requirement at the West of England level and at Unitary Authority level, (subject to the chosen consultants approach). Individual authorities will require appropriate evidence to draw on and inform them of how they may determine their sustainable locally derived housing targets, and to make choices based on their own strategic objectives.
11. In this approach it is important to note that the SHMA would not set housing numbers as it is technical work to inform policy rather than set policy itself.
12. However, this will need to be done within the context of the overall requirement at the West of England level and will require effective cross boundary cooperation as required in the Duty to Co-operate.
13. It is also important to note that the Housing Market Area will need to be defined either re-affirming the existing Sub-regional Housing Market Area (as defined in the Regional Spatial Strategy), as still relevant, or evidencing an alternative.

Going Forward

14. The West of England Authorities working with our key stakeholders and partners are committed to reviewing the SHMA to help inform strategic planning. There are practical timing issues, regarding the publication of census information, which will be required to input into any assessment, and the anticipated confirmation of housing allocations in adopted local plans (as current Core Strategies are finalised/progressed).
15. Lord Taylors recent review of planning guidance has also implied that there will be new SHMA and SHLAA guidance (possibly combined guidance), to consider in SHMA preparation.
16. The West of England will continue to work with our neighbouring Authorities to determine the best approach to undertaking the SHMA review.

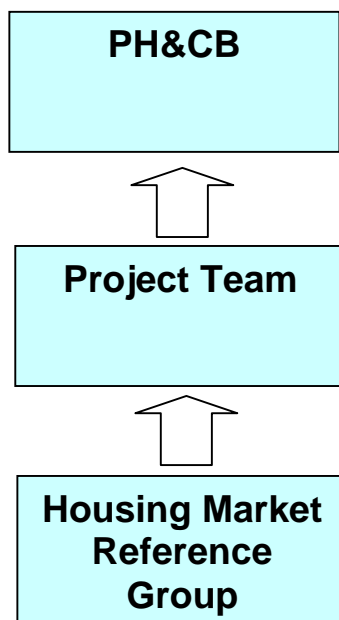
Proposed Programme Timetable

17. It is anticipated that taking into account the practical issues above and any comments received on this pre-production brief, invitations to quote by suitably qualified consultants could be sought during summer 2013 with consultants appointed in the early autumn, ready to start on the work streams as data becomes available around October 2013. On that basis interim findings could be available at the end of 2014, with a final draft report in 2015, which could feed into any update of Core Strategies as appropriate and necessary. The proposed SHMA programme is set out below.

Mar-May 2013	Consultation on a Pre-production brief
February 2013	Report to the Planning Homes & Communities Board for Members to endorse the approach
March 2013	Publish Pre-production brief for consultation
Summer 2013	Consider outcomes of pre-production brief consultation , and draft brief for each work stream/commissioning of consultants.
Autumn 2013	Finalise the Brief and identify commissioning arrangements. Commission consultants in principle (and subject to the outcome of the HMA Area boundary), for work streams as required
Spring/Summer 2014	On basis of all data available (2011 Census), work streams commence.
Winter 2014/15	First output (likely interim findings)

Joint working and the duty to co-operate

18. Existing resources and structures will be used where possible. The proposed governance arrangements are set out in the diagram with further detail below:



19. The West of England Planning Housing & Communities Board- will receive progress reports from the project team. Comprises of Executive Members or appropriate representatives from each Authority with the portfolio for Planning and Housing.

20. Project Team: preparation and technical work will be undertaken by a small working group of specialists in housing and planning in the Local Authorities and projected managed by the West of England Office.
21. A Housing Market Reference group – will challenge and act as a critical friend, considering assumptions and methodology to be used in the SHMA review and giving their views to the project team. Invited representation from those bodies listed as statutory consultees in the Localism Act under the duty to cooperate as appropriate e.g:
- Housing/Planning/Economic Dev officers UAs
 - LEP/Business representation
 - Lead on SHMA officer of neighbouring authorities
 - Lead SHMAA Officer of non –neighbouring authorities.
 - Home Builders Federation
 - Registered Providers
 - Homes & Communities Agency
 - Private Landlords
 - Economic Intelligence Panel (LEP)
22. Wider stakeholder engagement could take place at key stages of the process through workshops.

This project is a technical piece of work and we have targeted people with direct experience or expertise in this topic area. Comments are also welcome from other interested parties. Comments on the pre-production brief or on the workstream outlines are welcome between March 28th and May 17th 2013. Please send your comments to (email address to be confirmed)

Please note we will not be providing individual responses as a matter of course. We will record your comments and will publish our responses when the SHMA review is completed.

Appendix 1: Outlines scope for workstreams for the SHMA review.

The workstreams may be undertaken by one or more consultants, but it is acknowledged that these workstreams will need to be considered alongside each other and the relationships between them clearly analysed to understand how various aspects of the population and our economy will impact on various aspects of housing need.

Workstream 1: Economic growth scenarios	
To commission scenarios (likely to be from 2016 and up to at least 2036 at both UA level and WofE level) to include:	
1a.	Economic Growth measured in Gross Value Added - scenarios chosen could be above and below (OBR) Office of Budget Responsibility projections, and a longer term projection based on historic trends.
1b.	Job numbers/land supply from Core Strategy growth expectations & LEP ambitions
1c.	Possible economic forecasts to allow for how variables may affect the economy as we move forward ¹ as projections will only extrapolate existing trends
Workstream 2: Demographic Scenarios* will require Census 2011 information	
To commission scenarios and forecasts (likely to be from 2016 and up to at least 2036 at both UA level and WofE level) around:	
2a.	Population Projections (including age structure and components of change) (Census 2011 anticipated May 2014)
2b.	Sensitivity testing projections in terms of Migration & Zero net migration*
2c.	Household projections including headship rates (household formation) *
2d.	Workforce and economic activity , including resident workforce, and employment projections*
2e.	Jobs -rates of employment *
2f.	Confirmation of the housing market area – informed by the Census 2011
2g.	Possible locally (UA) derived demographic forecasts given that ONS national projections will only extrapolate existing trends (useful to compare with 2a, anticipated May 2014)
Workstream 3: Housing supply and summary outputs from SHLAAs	
Consistent approaches to defining & summary output tables of housing land supply.	
Workstream 4: Housing needs elements	
Likely to be a modelled approach (with separate information for the Gypsy and Traveller Needs Accommodation Assessment element), which may be undertaken separately but will need to be brought into the SHMA.	
Assumptions taken from above workstreams- economic growth, housing supply and detailed housing data will feed into a modelled approach along with other socio-economic variables which could include:	
<ul style="list-style-type: none"> • Household earnings and incomes • Interest rates and availability of credit, change in the mortgage market • Housing stock, completions, conversions, vacancies, tenures. • Allocations of housing- new supply • Social housing provision by tenure • House prices • Private rental market 	

¹ note that projections will only extrapolate existing trends and therefore do not allow for consideration of how policy interventions or other external factors may affect future positioning.