

## NORTH LINCOLNSHIRE COUNCIL

### ASSET MANAGEMENT, CULTURE AND HOUSING CABINET MEMBER

#### STRATEGIC HOUSING MARKET ASSESSMENT

##### 1. INTRODUCTION

- 1.1 This report sets out a proposal for a fully updated Strategic Housing Market Assessment (SHMA) in order to meet the council's requirement to have a clear understanding of housing need in the area.
- 1.2 The key points of the report are as follows:-
- When complete, the SMHA will provide an updated evidence base which will be used to inform emerging Local Plan, housing strategies and decision-making.
  - Planning and Regeneration are aiming to produce as much of the SHMA in-house as possible to enable annual updates to be easily produced. Some elements of the work may not be available in-house.
  - The majority of the SHMA should be completed by March 2016.

##### 2. BACKGROUND INFORMATION

- 2.1 The National Planning Policy Framework (NPPF) states that local planning authorities should have a clear understanding of housing needs in their area. Paragraph 159 states that local planning authorities should prepare a SHMA to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.
- 2.2 The NPPF specifies that a SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:
- meets household and population projections, taking account of migration and demographic change;
  - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);and

- caters for housing demand and the scale of housing supply necessary to meet this demand.

2.3 The purpose of a SHMA is to establish the housing need through a comprehensive understanding of what is required to address demographic change, taking into account an area's achievable economic potential. The SHMA is primarily an analytical examination of current and future housing market conditions.

## **2.4 Methodology: assessing housing need**

2.4.1 North Lincolnshire Council has commissioned a number of SHMA's in the past with the latest full SHMA produced in October 2012. The methodology for the 2012 SHMA involved both secondary data as well as a household survey across North Lincolnshire.

2.4.2 Recent guidance has recommended using secondary data to establish the majority of the evidence base for the SHMA and does not suggest a need for a wide ranging household survey.

2.4.3 The Planning and Regeneration department are exploring producing a SHMA in-house using secondary data and not undertaking a household survey. This will enable annual updates to be completed more easily and ensure up to date evidence on housing need is readily available.

2.4.4 As part of the methodology for the 2012 SHMA, the consultants used demographic and economic modelling to provide a number of scenario's for forecasting population and employment growth. The modelling section of the new proposed SHMA may need to be commissioned.

2.4.5 To supplement the secondary data the Community Investment Partnership will complete a community conversation exercise in order to triangulate the findings.

## **2.5 Timetable**

2.5.1 The final timetable for the production of the SHMA is being prepared. A deadline of the end of March 2016 is being aimed for. However, as this is the first time a SHMA has been produced in-house, there may be unforeseen issues. Any changes in the deadline will be reported to the Cabinet member as part of the regular updates.

## **2.6 Communication**

2.6.1 Regular progress reports will be provided to the Cabinet Member to update on the development of the SHMA.

2.6.2 As part of the development of the SHMA, consultation will be undertaken. This will be to inform the evidence base around, for example, the rental market by talking to estate agents and private landlords. In addition, meetings with the Strategic Housing Market Partnership will be held to consult further with developers, private

landlords, Registered Providers, estate agents and other interested parties to test the underlying assumptions used in the assessment

### **3. OPTIONS FOR CONSIDERATION**

The options are as follows:-

- 3.1 Option 1. To approve the methodology suggested for the production of the SHMA.
- 3.2 Option 2. To not approve the suggested methodology in this report and commission consultants to produce the full SHMA.

### **4. ANALYSIS OF OPTIONS**

#### 4.1 Option 1.

4.1.1 This is the preferred option. By producing the SHMA using mostly secondary data, an annual update will be more easily produced ensuring evidence of housing need is up to date and based on the most recent changes in the housing market and wider demographic and economic changes.

4.1.2 This option will allow staff within Planning and Regeneration to develop skills in producing SHMA's which can be utilised in future years and reduce the costs involved in commissioning the work.

4.1.3 There may be a need may be a need to commission some elements of the work, for example, around the demographic and economic forecasting.

#### 4.2 Option 2.

4.2.1 This is not the preferred option as there would be cost implications in commissioning consultants to produce the full SHMA.

4.2.2 This option would not be sustainable within the current budget.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY,IT)**

#### 5.1 Financial

##### 5.1.1 Option 1

The methodology used will result in the majority of the SHMA being produced in-house using secondary data. Therefore, it is not expected this element of the SHMA will result in additional costs. There may be

the need to purchase a small amount of secondary data. This has yet to be determined but is not expected to result in significant costs.

Some elements of the SHMA, particularly around the demographic and economic forecasting, may not currently be available in-house. Therefore, there may be a cost involved in commissioning this element of the SHMA. A further cabinet report will be presented once detailed costs have been established.

#### 5.1.2 Option 2

If this option of commissioning consultants to produce the full SHMA is preferred, a further Cabinet report would be submitted outlining the likely costs seeking a decision to progress following a full tender process.

#### 5.2 Staffing

Existing staff within Planning and Regeneration.

#### 5.3 Property and IT

As part of the production of the SHMA there may be a requirement to purchase software around the demographic and economic forecast modelling in order to allow us to produce future forecasts in-house.

### **6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 – CRIME AND DISORDER, RISK AND OTHER)**

#### 6.1 Statutory

North Lincolnshire Council has a statutory duty set out by Government in the National Planning Policy Framework (NPPF). It states that Councils should plan to meet objectively assessed needs for both market and affordable housing in the housing market area.

The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs, and identifying the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period.

The Housing Act of 1985, Part II Section 8 also requires periodical review of housing needs. (1) Every local housing authority shall consider housing conditions in their district and the needs of the district with respect to the provision of further housing accommodation.

#### 6.2 Environmental

No applicable

#### 6.3 Diversity

Not applicable.

6.4 Section 17 – Crime and Disorder

Not applicable.

**7. OUTCOMES OF CONSULTATION**

7.1 No consultation has been undertaken to date. As part of the SHMA development, however, consultation will be undertaken with developers, private landlords, registered providers, estate agents, parish councils and others.

**8. RECOMMENDATIONS**

8.1 The Cabinet Member approves the production of a Strategic Housing Market Assessment using the methodology as outlined in Option one.

8.2 The Cabinet Member receives regular update reports on progress with the production of the SHMA by March 2016.

**DIRECTOR OF PLACES**

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**Background Papers used in the preparation of this report: None**