

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Housing Portfolio Holder Planning and Economic Development Portfolio Holder	4 September 2006
AUTHOR/S:	Housing Strategy Manager and Planning Policy Manager	21 November 2006

HOUSING MARKET ASSESSMENT FOR THE CAMBRIDGE SUB-REGION

Purpose

1. This report seeks approval to participate in a joint sub-regional project to deliver a Housing Market Assessment and to provide an ongoing research resource to keep the assessment updated. The proposal addresses an inescapable commitment and delivers better value for money than alternative options.

Effect on Corporate Objectives

2.	Quality, Accessible Services	The project will provide a resource that contributes to a range of services that support all the Corporate Objectives. The most significant contribution will be to delivering affordable housing through the planning system.
	Village Life	
	Sustainability	
	Partnership	The project will be jointly commissioned by authorities and agencies in the sub-Region

Background

3. There have been longstanding requirements on local authorities to ensure that their Planning and Housing policies were justified by a robust assessment of local housing needs, and housing market factors. Historically this has been achieved by commissioning outside consultants to conduct a Housing Needs Survey (HNS), usually at 5 yearly intervals. The last HNS for South Cambridgeshire was 2002. In between surveys, other routine information on house prices and local incomes has been monitored, along with related information such as housing register numbers, homelessness figures etc. Much of the original research carried out between surveys has been carried out by the Research Section at the County Council.
4. Housing Needs Surveys have always been open to challenge because the information becomes out of date towards the end of the 5 year gap between surveys, and because the exact methodology has never been formally sanctioned by government in sufficient detail to put them beyond challenge.

Considerations

THE HOUSING MARKET ASSESSMENT- FIRST STEPS

5. The government have now issued new guidance which helps to clarify the requirements for future work-“Housing Market Assessment Manual-February 2004”- and “Housing Market Assessments-Draft Practice Guidance-December 2005”. Taken together these two documents outline the processes that local authorities and their partners will be expected to follow, and set out 11 criteria which will be used to judge

the resulting outputs. The Housing Market Assessment (HMA) includes a housing needs assessment but goes further, both geographically and in the scope of its subject matter.

6. Crucially, the guidance states that-“...*the presumption will be that a housing market assessment is robust and credible if the approach set out in this guide is followed. Consequently, there should be no need for the assessment, particularly its outputs, to be re-considered at independent examination*”.
7. The government guidance indicates that a properly conducted HMA will demonstrate to the Audit Commission that the authority is working to fulfil the “balanced housing market” component of Comprehensive Performance Assessments (CPA). It will also help to deliver the information base required by the Housing and Sustainable Communities Panel at EERA (previously the Regional Housing Board) in setting the regional agenda.
8. Key features of the HMA are as follows-

Housing Market Areas - although all the key outputs will be available at individual local authority district level, the project will identify housing market areas and information will also be available at this level. It is likely that within the Cambridge sub-region there will be more than one housing market and they are unlikely to conform neatly to local authority administrative boundaries.

Comprehensive Housing Market Assessment - the assessment will cover more than the need for affordable housing. It will examine data for all tenures and will look at the current housing market and its key drivers, future housing markets, current unmet needs and likely future unmet needs, the likely profile of future affordable housing requirements, the needs of minority groups and the role of the intermediate and key worker sectors.

Stakeholder Involvement - it is anticipated that there will be involvement of a wide range of public and private sector bodies. In addition to the local authorities this is likely to include GO-East, the County Council, the Housing Corporation, Housing Associations, Cambs Horizons, English Partnerships, employers, estate agents, developers, educational institutions and housebuilders.

9. The published guidance not only requires local authorities to conduct assessments that go beyond their own boundaries where appropriate, it also encourages projects to be organised at the sub regional level. The draft guidance says-

“.....encourages authorities to work with other LAs in the sub-regional housing market area in a housing partnership” and

“On the basis of the sub-regional housing market areas set out in the regional spatial strategy the relevant local authorities will need to work in partnership with adjoining authorities to undertake the housing assessment”

10. The last HNS was carried out by Fordham Research Ltd for South Cambridgeshire District Council in 2002 and on the basis of government guidance this means a new assessment is due in 2007. The government requirements have been discussed at the County Strategic Housing Group (CSHG) and the Cambridgeshire sub-Region Affordable and Social Housing (CRASH) and the consensus is that a joint sub-regional project would be the most effective, efficient and economical option. Negotiations are currently taking place to determine the range of agencies that would

be prepared to contribute to the cost of the assessment, over and above the district councils concerned. However, at least two districts have a very recent HNS and are reluctant to contribute a full share at this stage.

HOUSING MARKET ASSESSMENT-ONGOING WORK

11. Government guidance is that comprehensive assessments need to be conducted at approximately 5 yearly intervals but that between those major exercises they should be updated on a regular basis. This means monitoring outcomes and inputting into the model the latest available information on prices, incomes, migration, demography etc. After discussion with all the parties concerned the most effective way to do this would be for the commissioning agencies to pay for the cost of a new member of staff within the County Research Section to both carry out the comprehensive assessments and provide an ongoing updating service.
12. It is envisaged that this person would also then have the capacity to undertake targeted pieces of work related to Planning and Housing alongside monitoring and updating the HMA model. (Monitoring is required by both PPS11 and PPS12, and draft PPS3 requires local authorities to take account of market trends in developing policies)
13. There is already a successful precedent in operation as the 5 districts in the County fund a Crime Research Officer based in the County who supports the Crime and Disorder Reduction Partnerships.

Options

14. In order to comply with government guidelines South Cambridgeshire need to conduct a HMA in 2007 and realistically there is very little scope to vary the methodology and meet all of the 11 success criteria laid down by the government. It would be possible for South Cambridgeshire to commission a HMA solely at a district level but this is not recommended for the following reasons-
 - it would go against the recommendations in government guidance-see para 9 above.
 - the local housing market would definitely extend beyond South Cambridgeshire's boundaries. This means data would need to be collected at that level which duplicates costs across districts if individual assessments were attempted
 - it would be very difficult-if not impossible-to involve the range of partners required by the guidance in district level studies. The sub-region includes 7 district councils and other organisations, whether public or private sector, are unlikely to engage with 7 separate studies when government guidance is that one sub-regional study should be conducted.
15. It would be possible to employ private sector consultants to carry out this exercise but there are substantial advantages to commissioning the County Council Research Section to carry it out. They already carry out a great deal of monitoring and analysis of house prices, incomes, demography, employment, house building etc. They would therefore be the most significant source of baseline data and if outside consultants were used they would have to source this from the County and the cost of them doing this would be reflected in the price.

16. Secondly, the County are already involved in a number of relevant liaison meetings that take place in the sub-Region and again if outside consultants had to become involved this would be reflected in the cost.
17. Thirdly, the staff at the County, particularly the head of the Research team, have wide knowledge of housing and planning issues in the County and a proven track record of delivering high quality reports. We could therefore have confidence in the quality of the final product.
17. Lastly, the County and the districts have an ongoing contract with a private sector market research firm who could conduct any necessary survey work, again providing good value for money. All of these reasons explain why the consensus across the sub-Region is that the County Research Section are best placed to carry out this work.

Financial Implications

18. The negotiations over cost sharing are ongoing and will need to be completed to meet budget deadlines. However, there is agreement from all partners that a joint project will offer considerable savings compared either to an old style HNS or individual district HMA's. Commissioning the County Council Research Section offers advantages in both cost and quality terms. Initial discussions suggest that the cost to the District Council for the initial preparation of a HMA would be up to £20,000 which compares well with the cost of the last housing needs study commissioned by the Council (£50,000). The annual cost of updating the HMA thereafter would be approximately £10,000 per year.

There are currently no funds identified in any housing budgets to fund these costs. (please note the recommendation in paragraph 26). Any further refinement of costs will be reported at Portfolio Holder meetings if these are available at the time.

Legal Implications

19. The specification for the project is that it complies fully with government guidance.

Staffing Implications

20. A joint project can be managed by existing staff. However, separate district level projects would be more staff intensive due to the range of cross border data that would need to be collated etc and they would therefore be an inefficient use of staff time

Risk Management Implications

21. Government guidance is now more explicit than at any point in the past, including statutory requirements contained in PPS 12 (Local Development Frameworks) Failure to follow it would jeopardise the acceptance of the results of the HMA at public examinations, in planning appeals or challenges etc which would jeopardise the future provision of affordable housing through the planning system. This would work against delivering the Corporate Objectives of increasing the supply of affordable housing and developing successful new communities in the new settlements.

Failure to meet the government's success criteria would also reflect badly in the CPA process.

Consultations

22. This project has been developed after consultation with all local authorities and appropriate statutory agencies in the sub region.

Conclusions/Summary

23. The project in question is an inescapable commitment, both because of statutory requirements (PPS 12, PPS11 and draft PPS3) and clear best practice guidance from government. The proposed method of carrying it out is the most cost effective option and one that fits directly with government guidance and is therefore supported by all the key stakeholders in the sub-region.

In addition, the proposal to provide a permanent resource provides a more useful facility than 3-5 yearly “snapshots” of a moving picture.

Recommendations

24. To agree in principle that the proposals are the best way forward, in partnership with other authorities and agencies in the sub-Region.
25. To agree that, in common with previous arrangements for housing needs surveys, the costs are equally split between Housing and Planning Services
26. To agree that, once finalised, costs are either met from existing budgets, where viable, or are put forward for approval in the forthcoming budget cycle as inescapable commitments.
27. To agree that officers make a commitment to the County Council to fund South Cambridgeshire’s share of the costs up to a maximum of £20,000 in the first year and £10,000 per year thereafter for 3 years initially, so that the project can begin.

Background Papers: the following background papers were used in the preparation of this report:

PPS11, PPS12 and draft PPS3

“Housing Market Assessments-draft practice guidance” and “Housing Market Assessment Manual”

-all available at www.communities.gov.uk

Draft Proposal-Report to Cambridge sub-Region and Social Housing Group on 4.8.06- available from Mike Knight-see below

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