

FOR PUBLICATION

STRATEGIC HOUSING MARKET ASSESSMENT (H000)

MEETING:	1. CABINET 2. EXECUTIVE MEMBER FOR HOUSING
DATE:	1. 20 TH MAY 2014 2. 14 TH APRIL 2014
REPORT BY:	HOUSING SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION REFERENCE (IF APPLICABLE):	348

FOR PUBLICATION

1.0 PURPOSE OF REPORT

- 1.1 To provide Members with the results of the recent Strategic Housing Market Assessment.
- 1.2 To identify the implications for Chesterfield Borough Council's Planning and Affordable Housing Policies

2.0 RECOMMENDATIONS

- 2.1 That Members note the completion of the Strategic Housing Market Assessment and its findings.
- 2.2 That Members note that the implications of the study will be taken into account in the development of future planning and affordable housing policy.

3.0 **BACKGROUND**

3.1 In December 2012 Members approved spending by Chesterfield Borough Council of up to £25,000 on a jointly commissioned Strategic Housing Market Assessment (SHMA) with Bolsover and Bassetlaw District Councils. The cost was to be met by a combination of Housing Revenue Account, Forward Planning and North Derbyshire and Bassetlaw Housing Market Area funding.

3.2 The production of a SHMA is set out as a requirement within the National Planning Policy Framework as follows.

‘Local planning authorities should have a clear understanding of housing requirements in their area. They should:

Prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing requirements, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require 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; and*
- *caters for housing demand and the scale of housing supply necessary to meet this demand.’*

3.3 The completion of the SHMA will assist in:

- Developing a sound approach to planning policy for the mix of different sizes and types of households in an area.
- Identifying a required level of affordable housing and deciding how evidence of housing need translates into different sizes and types of affordable housing.
- Making decisions on issues like affordable housing allocation priorities, private sector renewal options and the valuation of new-build home ownership schemes such as shared ownership.
- Building an understanding of the different housing markets operating in the Borough.

3.4 The consultancy firm of GL Hearn were commissioned to undertake the SHMA in March 2013 and completed the work earlier this year. The work has cost £54,770 – significantly under the total allocated

budget across the four local authorities of £75,000.

- 3.5 The Housing Market Area Strategic Housing Market Assessment is attached as **Appendix 1** and the Chesterfield Borough Council Housing Market Assessment is attached as **Appendix 2**.

4.0 SUMMARY OF RESULTS AND IMPLICATIONS – PLANNING POLICY

- 4.1 Overall the SHMA identifies an objective assessment of need for housing of between 240-300 homes per annum, with a potentially higher level of housing need of around 345 homes per annum to support employment growth (of around 8%) over the plan period to 2031. The current requirement of 380 homes per annum in the adopted Local Plan: Core Strategy is therefore generous even accounting for economic growth aspirations.
- 4.2 The advantage of providing sites for more homes than are needed is that it provides flexibility and choice in the market which can help to increase delivery. However, if the market doesn't recover (the SHMA indicates that the market is flat, and expect levels of housing transactions to improve gradually, returning to pre-2007 levels only from 2016-18 onwards), the target of 380 per annum could make it more difficult to maintain a 5 year supply of deliverable sites in the short to medium term.
- 4.3 The lack of a 5 year supply could increase the risk of applications for housing being approved at appeal on unallocated sites. The SHMA evidence does provide an opportunity to consider revising the annual housing target. Officers would need to investigate the process under which this could be done, and a review of the housing target through the Local Plan: Sites and Boundaries is a possible option.
- 4.4 The continuing need for affordable housing supports the Local Plan: Core Strategy policy target of up to 30%. When drawing up the preferred sites for the Local Plan: Sites and Boundaries, it will be prudent to quantify the likely amount of affordable units to be gained from the allocated housing sites (although this will be a broad brush figure based on the CIL zones – each site will vary due to site considerations and viability).
- 4.5 The mix of types of homes (both affordable and market) can be built into policy requirements - either in an updated affordable and special needs housing SPD and/or the Local Plan: Sites and Boundaries. Although there is no policy recommendation in the SHMA for a target / proportion of homes to provide specialist housing for older people,

this is a policy area which the Council could decide to move forward with.

- 4.6 The SHMA indicates that there is a high level of in-commuting to higher paid jobs and a low level of appetite for aspirational homes from within the Borough. Therefore a decision will need to be made as to whether to simply provide for local needs, or to take account of the potential for delivery of larger aspirational housing which helps to diversify the housing mix in the Borough and to support economic regeneration and reduce in-commuting of higher earners. If the Council wishes to focus more specifically on meeting local needs the mix of market housing needed would be focused slightly more towards two and three bedroom homes, with lower expected delivery of larger homes with four or more bedrooms.

5.0 SUMMARY OF RESULTS AND IMPLICATIONS – AFFORDABLE HOUSING

- 5.1 The SHMA identifies a significant net need for 382 affordable homes per annum between 2013 and 2018. This reduces to 359 per annum once the development 'pipeline' is included in the supply. Looking at needs over the longer-term, a need for up to 212 homes per annum is identified (excluding affordable homes in the development pipeline). This provides a clear evidence base to support planning policies seeking new affordable housing.
- 5.2 The level of housing need reflects both lower incomes and a relative lack of supply of affordable homes (through re-lets, despite the above average stock levels). The Council might consider through the review of its Tenancy Strategy how turnover in the social housing sector can be improved to make better use of the existing stock, including consideration of fixed-term tenancies and incentives for households to downsize.
- 5.3 The role which the Private Rented Sector (PRS) plays in meeting housing need (supported by Local Housing Allowance) should be recognised. The analysis herein suggests that this supports around 289 lettings to households per annum. Given the likely shortfall of supply of new affordable homes, the Council should consider how the role which the PRS plays in meeting housing need can be maximised.
- 5.4 The analysis indicates limited potential for shared ownership or equity housing to contribute to meeting housing need. However these products may be more viable to deliver and could play a wider role in helping young households (many of which are living in the PRS) in getting on the housing ladder. This would be a policy decision and

should be considered in setting affordable housing policies.

- 5.5 The SHMA recommends that Chesterfield Borough Council should establish a policy for the mix of affordable housing within its Local Plan or through a SPD. This SHMA would support a policy seeking 90% of affordable housing as social and affordable rented housing; and 10% intermediate (equity-based) affordable housing.
- 5.6 The report recommends a strategic policy target seeking for 25-30% of new affordable homes to comprise 1-bedroom homes, 35-40% for 2-bedroom homes, 15-20% 3- bedroom homes and 10-15% with 4 or more bedrooms. These numbers should be regarded as a strategic long-term policy. In applying the policy to individual development schemes it should be considered alongside information on the current profile of lettings and households on the Council's Housing Register at a more local level at the point in time when planning consent is sought.

6.0 EQUALITIES IMPACT ASSESSMENT (EIA)

- 6.1 The equalities impacts of all the proposals in the SHMA have been considered and assessed. A preliminary EIA has been undertaken and no negative impacts on protected groups have been identified. This is shown at **Appendix 3**.

7.0 RECOMMENDATIONS

- 7.1 That Members note the completion of the Strategic Housing Market Assessment and its findings.
- 7.2 That Members note that the implications of the study will be taken into account in the development of future planning and affordable housing policy.

8.0 REASONS FOR RECOMMENDATIONS

- 8.1 To contribute to delivering the Council's Corporate Priorities;
- To make Chesterfield a thriving Borough
 - To improve the quality of life for local people

You can get more information about this report from James Crouch (345150).

**A. CRAIG
HOUSING SERVICE MANAGER – BUSINESS PLANNING AND
STRATEGY**

Officer recommendation supported/not supported/modified as below or Executive Member's recommendation/comments if no officer recommendation.



Signed

Executive Member

Date 14.4.14

Consultee Executive Member/Support Member comments (if applicable)/declaration of interests

**APPENDIX 1: North Derbyshire and Bassetlaw Housing Market Area
Strategic Housing Market Assessment**

(Attached as a separate document)

**APPENDIX 2: Chesterfield Borough Council Strategic Housing Market
Assessment**

(Attached as a separate document)

**APPENDIX 3: Equality Impact Assessment - Preliminary Assessment
Form**

(Attached as a separate document)