

To: Heads of Housing

5 September 2006

Dear Colleague,

RE: SUB-REGIONAL HOUSING MARKET ASSESSMENTS

In October 2005 the Chair of the South East Regional Housing Board wrote to all local authorities in the region setting out the Board's views on sub-regional partnership working and the development of this through joint working on housing market assessments. This letter reports on progress to date and on what is planned for the coming months.

It was originally envisaged that the four housing market assessment (HMA) pilot studies (Berkshire, Hastings and Rother, Oxfordshire and PUSH), initiated in autumn 2005, would report their findings and contribute to the content of a "practical guide to HMAs" planned for September 2006. In the event, the studies are at differing stages of completion and some significant outputs will not be available by September. To ensure the practical guide is as comprehensive and helpful as possible it will be developed for publication early in 2007.

However the Board is keen to share initial feedback about the new market assessment process with the region and has prepared the accompanying paper (Annex A) which draws together early impressions from the pilot authorities.

The value of understanding how housing markets work and the benefit of authorities working across borders emerges clearly.

The draft HMA Guidance published in November last year is being refined by DCLG, linked with the work to finalise the housing Planning Policy Statement (PPS3). This is work being informed by feedback from a wide range of partners and stakeholders, including our pilot authorities' experience of working with the draft Guidance. The revised guidance will need to consider a number of practical issues about moving to basing housing and planning policies on HMAs rather than detailed local housing needs surveys. The revised edition of the guidance is expected early in 2007.

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The pilot studies have also identified a number of issues associated with the development and use of HMAs in the region which require further consideration. In particular the relationship between the HMA and the policy direction set out in the Regional Spatial Strategy (the South East Plan) is one issue that needs further examination. This may result in a need to reflect on whether the areas covered by partnerships are the most appropriate. Accordingly while the overall aspiration is that HMAs for the region should be completed by spring 2008, this may need to be reviewed.

While the Board contributed a small amount of pump-priming funding to the four pilot studies it has to be recognised that calls on the Board's resources have increased since the publication the Regional Housing Strategy. Accordingly the Board will be considering over the next few months how it might best add value to the work on HMAs.

The staff in GOSE's area housing teams are available to support housing market assessment partnership boards as they form and to link to the Regional Housing Board's Secretariat. If you and your neighbouring districts are considering a sub-regional housing market assessment during the current financial year an early discussion with your usual GOSE housing representative would be helpful.

Yours sincerely,

A handwritten signature in blue ink that reads "Elizabeth A. Cartwright". Below the signature is a horizontal line.

Cllr Elizabeth Cartwright
Chairman of the Regional Housing Board

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Housing Market Assessments – experiences from the pilots

I. Benefits of undertaking an assessment

- i Organising and steering the HMA process has brought together planning and housing officers from participating local authorities and has helped establish a culture of co-operation, exchange of ideas and appreciation of cross boundary similarities and differences which has been very positive. Mutual understanding of delivery and timescale issues has increased and can be the first step towards further joint working such as consecutive timing of preparation of the respective Local Development Framework Core Strategies for each authority.
- ii Sub-regional consultation with stakeholders to input to the HMA through half-day sessions have been well attended, and have provided a positive forum for people and organisations with very different housing agendas to gain information, share views and have input to the assessment.
- iii Use of consultants has enabled work to progress to a fairly tight timetable and provides an independent interpretation of the issues and challenges facing the authorities. This may assist relatively small local authorities lacking the in-house resources to carry out this type of work.
- iv In some areas, the assessment has helped to define spatial areas/ definitions for Local Development Framework purposes. In others it has acted as a catalyst and a motivator for further work to be undertaken on assessing the viability of a range of housing sites in terms of % affordable housing provision, mix, tenure etc.
- v It has also raised awareness of the need to join up housing policy and economic and social regeneration policy – eg to ensure that housing policies support the need to attract and house skilled workers from outside the area or to highlight opportunities for major development to contribute to balancing the local housing market.
- vi The HMA has supported requirements for affordable housing and brings together market intelligence – particularly around the drivers for change.
- vii It has highlighted the need to give careful consideration to the integration of housing, planning and economic policies to address areas of relative deprivation.
- viii All the above issues will be aired as part of the Local Development Framework process, and the HMA itself will be a valuable evidence source underpinning the development of new policies.
- ix The findings will be used as an evidence base and will support and influence change to the council housing strategy eg to balance more finely

economic well being and pure housing need. They also identify where understanding needs to develop further in order to achieve a cost effective and sustainable balance on major brownfield regeneration sites. This would include improved understanding of the economics of site provision.

2. Preparing for a sub-regional housing market assessment

- i Seek political support at the outset by identifying political objectives (eg economic growth, managed growth, changing demographic profile, address skills shortage, regeneration, infrastructure improvement) and benefits to be gained.
- ii Identify issues of mutual benefit as shared objectives early in the process, making working together a positive process.
- iii Establish core information requirements (determined by DCLG guidance and political objectives) and sources within each local authority and those held by other public bodies.
- iv Ensure the quality and consistency of data from different sources. Eg when using data from housing registers on housing need, it is critical that different housing systems can be interrogated to provide accurate data in a consistent fashion (thereby overcoming variations in definition of need or different systems for prioritising need).
- v Focus on key messages and objectives to avoid getting bogged down in statistics.
- vi Involve officers from a range of disciplines and from all authorities in managing the assessment: planning, housing enabling/strategy, economic development and other officers may need to participate, depending on the objectives and drivers. However, delegate financial and project management to a small number of individuals to minimise delays.
- vii Consult as widely as possible, including developers, RSLs, local estate agents, land owners. Housing Corporation investment managers can give a good overview of housing association stock in an HMA area.
- viii If appointing consultants, draw up a detailed and specific brief and allocate sufficient resource to project management/contract supervision to ensure that the brief is complied with and the final report is not a standard product with limited local relevance. Agree arrangements for consultation early in the process to minimise the likelihood of unexpected expense.
- ix Depending on local resources and capacity, it may be appropriate to engage consultants to advise or undertake one or more of the following:

- scoping the assessment
- as a critical friend
- statistical analysis only
- the full assessment (not DCLG's preferred approach)
- specific work on size, type and tenure
- setting up monitoring systems.

3. Undertaking the assessment

- i Identify drivers for change as this will set the context for future policy decisions.
- ii Focus on the objectives: the market assessment is just a tool for understanding the market, not an objective in itself.
- iii Be prepared for the fact that a number of markets may operate within your sub-regional market and that these will cross local authority boundaries and that general findings at sub-regional level can mask local variations which may require specific policy responses.
- iv Look back and forwards: review local trends over the last 20 years, could they have been predicted, do they offer any lessons for the future? How might the market change over the next 20 years; will this be affected by any planned major infrastructure changes?
- v Be prepared to challenge assumptions (both in current policy and in the assessment) which are not based on detailed research findings.
- vi Be realistic about your authority's ability to influence the market as a result of the assessment.
- vii Plan to put measures in place to monitor key housing market indicators. (Indicators are under development but likely to include average and lower quartile house prices and incomes, market and affordable housing completions (number, size and type), interest rates, homelessness acceptances and preventions, land availability for development, planning applications, economic indicators, housing need and breakdown of need by BME group, turnover of social rented and shared ownership housing).