



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **26 March 2013**

Report of: **Stuart Roberts, Interim PUSH Executive Director**

Subject: **Proposal to commission a Strategic Housing Market Assessment**

SUMMARY

East Hampshire District Council (and some others further afield) have been required by their local plan planning inspector to commission a Strategic Housing Market Assessment (SHMA) or face their plan being found 'unsound'. In the wake of this, several South Hampshire authorities are now intending/contemplating commissioning such an assessment to add further evidence to justify the housebuilding provision in their local planning documents.

There are substantial economies to be secured through commissioning a single SHMA to cover the whole of the PUSH area, especially given that South Hampshire is a single housing market area which requires any study by an individual authority to look well beyond its own boundaries. A SHMA would also be the first element of the review/roll-forward of the South Hampshire Strategy, but it is needed now irrespective of that review to enable authorities to meet planning inspector requirements in respect of their current draft local plans. This report seeks Joint Committee approval to commission a SHMA for South Hampshire with funding of up to £100,000 from PUSH.

RECOMMENDATION

It is **RECOMMENDED** that the Joint Committee resolves to **COMMISSION** a Strategic Housing Market Assessment for South Hampshire.

INTRODUCTION

1. The South Hampshire Strategy which was adopted by the PUSH Joint Committee last October states that a review of the strategy and its roll-forward beyond 2026 will be initiated early next year. Now is not too early to begin planning for that 2014 commencement, and the Housing and Planning Delivery Panel is beginning to consider what tasks will be involved and how those might be resourced.

THE NEED FOR A STRATEGIC HOUSING MARKET ASSESSMENT

2. A first task to inform the review will be the collation of a new Strategic Housing Market Assessment (SHMA). The existing PUSH SHMA was completed in 2005: it is now needs to be updated, especially to take account of data from the 2011 census. The 2005 SHMA did not deal with the overall amount of development needed (as this was covered in the economic development strategy work undertaken for PUSH by DTZ) and only looked at issues relating to housing type and tenure including quantifying the amount of affordable housing needed. A new SHMA would need to forecast the overall amount of housing required, as well as the type of housing in terms of affordable, market, intermediate, shared, etc and property size (number of bedrooms). This would then inform the preparation of policies in the new South Hampshire Strategy, and also enable the PUSH authorities to formulate their own more detailed policies to ensure the right type of housing is provided to meet the identified needs.
3. A SHMA provides a largely demographic-based assessment of housing needs: that would be supplemented in due course by an economic growth-based assessment which would emerge from an updating of the economic forecasting undertaken in 2009/10 by DTZ (as part of the refresh of the PUSH Economic Development Strategy). The scope, timing and funding of that updated economic forecasting will be considered by the Housing and Planning Delivery Panel as part of an overall project plan for the South Hampshire Strategy review/roll-forward.
4. In the normal course of events, the commissioning of a new SHMA would similarly be considered as part of that overall project plan. However, there is a strong case for commissioning the SHMA straightaway and irrespective of decisions on the commencement of the South Hampshire Strategy review/roll-forward. This is because of an immediate and urgent requirement by several PUSH authorities to commission a SHMA in the wake of East Hampshire District Council (and some others further afield) having been required by their local plan inquiry inspector to commission one or face their plan being found 'unsound'. At a recent joint meeting of the PUSH housing and planning officers, there was a consensus that this SHMA should be commissioned.
5. The latest instance of a local plan being rejected by a planning inspector underlines the case for undertaking the SHMA across South Hampshire as a whole. Coventry City Council's local plan planning inspector has told the Council to scrap its plan because it had not engaged constructively with neighbouring authorities over its proposed housing numbers. The inspector concluded that the housing assessments undertaken individually by Coventry and its neighbouring councils were inconsistent and said that Coventry must commission a joint strategic housing market assessment with its neighbours authorities in order to discharge the duty to cooperate.

SCOPE FOR SAVINGS

6. A PUSH-wide SHMA would represent a considerable saving compared to individual authorities commissioning their own, especially given that South Hampshire is a single housing market area which requires any study by an individual authority to look well beyond its own boundaries. Furthermore, there would be a consistency of method and potentially less likelihood of challenge. It would provide an essential part of the evidence base for the review/roll-forward of the South Hampshire Strategy, but even if that review did not proceed, the evidence base provided by a SHMA is a requirement for each PUSH authority.
7. A brief for a tendering process for a consultancy to undertake a SHMA is being prepared by the PUSH Planning Officers Group in tandem with the PUSH Housing Theme Lead Officer, so that if this Joint Committee meeting approves the proposal, then tendering can begin straightaway.

COST AND FUNDING

8. It is difficult to estimate the likely cost of a new SHMA as it would be quite different in scope to the 2005 one. Individual authorities have found that a SHMA for their own area would cost £15-£20k, but given the economies of scale which could be achieved, a PUSH-wide SHMA ought not to exceed £100k. The difficulties in accurately estimating the potential cost may mean that the tendering process results in quotations which are significantly lower than this £100k figure.
9. The full cost could be funded from PUSH's revenue funds which will be carried forward into 2013/14 (see the Budget Monitoring Report to this meeting), so given the importance of the work it is proposed to fund it wholly from that source. It is an option to seek a financial contribution from the PUSH authorities to match a contribution from PUSH, but that would add a potentially delaying administrative complication. Moreover, the level of unallocated revenue funding carried forward to 2013/14 (approximately £470k excluding the proposed allocation to this project) makes it difficult to justify asking authorities for contributions.

RISK ASSESSMENT

10. There are risks in commissioning a South Hampshire-wide SHMA; equally there are risks in not commissioning one. The key risk in commissioning one is that it might identify a need for new housing in an authority's area which is in excess of that provided for in the authority's adopted or emerging core strategy/local plan. The main response to this is that the established approach in South Hampshire is to consider housebuilding provision across the whole sub-region, such that an authority's housing need is not necessarily accommodated wholly within that authority's area. The New Community North of Fareham, for example, is intended to provide for housing needs over a wider area than just Fareham Borough. In the event that the PUSH-wide SHMA identified a need for housing additional to that planned for in the South Hampshire Strategy, then decisions on where to accommodate it would be made through the review/roll-forward of the Strategy. The risk will also be mitigated by the fact that the SHMA will generate a largely demographic-based assessment of housing needs with employment-generated housing needs being identified separately, and at a later date (as explained in paragraph 3 above).

11.If a PUSH-wide SHMA is not commissioned straightaway, then at least two authorities (Eastleigh and Havant) have indicated that they will commission their own. Each authority commissioning its own SHMA would be far more expensive than a PUSH-wide one, and moreover, there is a risk that a single-authority SHMA might still not satisfy the local plan inspector because it had not been undertaken on a sub-regional basis (as in the Coventry example explained in paragraph 5 above). Even authorities who have an adopted Core Strategy should not see themselves as 'home-and-dry'. New Forest District Council, for example, has an adopted Core Strategy but the inspector who is examining the Council's Site Allocations Document has questioned the robustness of the SHMA which underpins the Core Strategy, and by implication the adopted Core Strategy's housebuilding figure. Furthermore, the subsequent commissioning of a PUSH-wide SHMA for the South Hampshire Strategy review/roll-forward would mean a duplication of those individual SHMAs, which would be wasteful of public money and run the risk of conflicting data emerging from them.

GEOGRAPHIC SCOPE

12.The 2005 South Hampshire SHMA covered the then PUSH area and thus included the waterside part of New Forest District. The Southampton housing market includes the waterside, so it would be logical for the proposed new SHMA to do the same. Initial contact with New Forest District Council officers has revealed their interest in this idea. If the Joint Committee endorses the recommendation below, then New Forest District Council would be invited to become part of the commission subject to an appropriate financial contribution.

VIEWS OF THE HOUSING AND PLANNING DELIVERY PANEL

13.The Housing and Planning Delivery Panel considered this proposal at its meeting on 5 March 2013. It acknowledged the urgent need to undertake a SHMA but raised the issue described in paragraph 10 above. The Panel felt that the work on demographically-driven housing need should ideally be carried out at the same time as the reassessment of economically-driven housing requirements, but recognised that it is not possible to do this within the timescale of the immediate requirement for a SHMA. The Panel accepted that there are risks with whatever course is pursued and resolved to support the proposal to commission a South Hampshire-wide SHMA.

RECOMMENDATION

It is **RECOMMENDED** that the Joint Committee resolves to **COMMISSION** a Strategic Housing Market Assessment for South Hampshire.

Background Papers:

None

Reference Papers:

None

Enquiries:

For further information on this report please contact
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