

Report to Sustainable development panel
29 January 2014
Report of Head of planning service
Subject Greater Norwich Strategic Housing Market Assessment

Item

4

Purpose

The report updates Members on the recently commissioned Strategic Housing Market Assessment (SHMA) for the Greater Norwich area, explaining its purpose; the key areas it will address; and sets out the broad timescales for its completion.

Recommendation

To note the contents of the report.

Corporate and service priorities

The report helps to meet the corporate priority Decent housing for all.

Financial implications

Ward/s: All wards

Cabinet member: Councillor Stonard – Environment and transport

Contact officers

Judith Davison, Planning team leader - projects 01603 212529

Graham Nelson, Head of Planning Services 01603 212530

Background documents

None.

Report

Introduction

1. An update of the Greater Norwich Strategic housing market assessment (SHMA) has recently been commissioned jointly by Norwich City Council, Broadland District Council, and South Norfolk Council. Consultants Opinion Research Services were appointed in October 2013. This document will update the SHMA published by the three councils in 2007 and updated in 2009 and 2011. The 2007 SHMA and 2009 update underpinned the housing policy in the Joint Core Strategy which was adopted in 2011. The 2011 update was part of the evidence base supporting the part JCS proposals which are due to be finally adopted in early 2014.
2. When complete the SMHA will provide an updated the evidence base which will be used to inform emerging Local Plans, decisions about the need for review of the Joint Core Strategy and housing strategies and decision-making.

Purpose of Strategic Housing Market Assessment

3. 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.
4. 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.
5. 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 rather than a policy appraisal. Policy development and options appraisal are separate activities to strategic housing market assessments.
6. The Duty to co-operate requires councils to co-operate on the key cross boundary issues such as addressing housing needs. Previous SHMAs have identified that the functional Norwich housing market area extends considerably beyond the City's administrative boundaries. Previously the Regional Spatial Strategy specified minimum levels of housing provision necessary across the Norwich Policy Area and required joint or co-ordinated plans between Norwich, Broadland and South Norfolk to address them. The SHMA will provide part of the evidence base to inform decisions about the level of housing provision that may be appropriate. It may also be taken

into account in reaching decisions about the future strategic approach to plan making in the Greater Norwich Area and whether the JCS is eventually replaced by a further joint plan or a series of co-ordinated local plans.

Greater Norwich SHMA

7. The tender process for the Greater Norwich SHMA commenced in September 2013 and consultants Opinion Research Services (ORS) were commissioned in October.
8. The tender brief is set out at Appendix 1 for information. The project objectives are, in summary:
 - To provide robust evidence to inform local policies, plans and decisions
 - To identify housing market areas and provide detailed analysis of need
 - To identify how housing need and demand translates into different sizes, types and tenures in the different market areas over the next 5, 10, and 15 years
 - To identify the key drivers of need and demand for market and affordable housing, including the affordability of accommodation, the impact of welfare reform, economic growth and the potentials effects of other current and emerging policies.
9. The SHMA will potentially inform any future replacement to the current JCS and by extension any successor to the local plan. Given that a replacement plan to the JCS would need a 15 year time horizon from adoption, the SHMA needs to look ahead to 2031 and preferably 2036.

Progress to date and future timescales

10. The inception meeting for the SHMA took place in early November and consultants have commenced initial data gathering and analysis. In December 2013 the first update meeting with the consultants was held, and initial draft findings were discussed. These centred mainly on the changes to the population estimates following the 2011 Census data, and thoughts regarding the Housing Markets within Norfolk and how they affect neighbouring Authorities.
11. As the Duty to Co-operate with neighbouring local authorities is becoming more critical in the Local Plan Examination process, the Project Group will be convening a meeting to discuss potential implications of the Greater Norwich SHMA with our Norfolk and Suffolk neighbours and the Broads Authority, to start this process at the earliest opportunity. This is scheduled for late January 2014.
12. Members will be kept informed of progress at key stages in the SHMA's development. It is anticipated that the SHMA will be completed by May-June 2014.

APPENDIX 1: Greater Norwich Strategic Housing Market Assessment project brief

1.0 Introduction

- 1.1 Broadland council, Norwich City Council and South Norfolk Council wish to commission a Strategic Housing Market Assessment (SHMA).
- 1.2 The three authorities jointly published a Housing Market Assessment (HMA) in 2007 informed by a 2006 study of housing need and stock condition. The HMA was updated in 2009 and 2011.
- 1.3 The three authorities form part of the Greater Norwich Development Partnership (GNDP) together with Norfolk County Council and the Broads Authority. The GNDP manages the delivery of the growth strategy for the area which equates to at least 37,000 new homes and 27,000 new jobs by 2026.
- 1.4 The 2007 HMA (and 2009 update) underpinned the Joint Core Strategy (JCS) for the area which was adopted in May 2011. However following a legal challenge, parts of the JCS affecting Broadland district council were remitted and subject to examination in public in May and July 2013. Further information is available at the GNDP website:
<http://www.gndp.org.uk/our-work/joint-core-strategy/evidence-base/>.
- 1.5.1 The second Annual Monitoring Report on the JCS was published earlier this year:
<http://www.gndp.org.uk/our-work/joint-core-strategy/monitoring/>.
- 1.6 The Greater Norwich Gypsy and Traveller Accommodation Assessment was published in August 2012 and is available at
<http://www.norwich.gov.uk/Planning/JointSAandDMLibrary/Greater%20Norwich%20Gypsies%20and%20Travellers%20Accommodation%20Assessment%20Opinion%20Research%20Services.pdf>
- 1.7 The local authorities have access to and make use of the East of England forecasting model (EEFM) developed by Oxford Economics to project economic, demographic and housing trends in a consistent fashion. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run. The model is available at
<http://www.cambridgeshireinsight.org.uk/EEFM>

2.0 Project Objectives

- 2.1 Having regard to the requirements of the National Planning Policy Framework (NPPF), 2007 SHMA guidance and emerging 2013 SHMA guidance, the main objectives of the assessment are:
 - a) To provide robust evidence to inform local policies, plans and decisions
 - b) To identify housing market areas and provide detailed market analysis of housing need, demand and supply in these areas, local authority districts, Greater Norwich sub-region, the Norwich Policy Area¹ and the rural areas in Broadland and South Norfolk which fall outside the NPA.

¹ The Norwich Policy Area (NPA) is defined by the Greater Norwich Development Partnership authorities for planning purposes. A definition of the NPA can be found in Appendix 4 (page 101) of the Joint Core Strategy

- c) To identify how housing need and demand translates into different sizes, types and tenures in different housing market areas over the next five, ten and fifteen years
- d) To identify the key drivers of need and demand of both market housing (owner-occupation, private rent) and affordable housing, including the affordability of accommodation, the impact of welfare reform, economic growth and the potential effects of other current and emerging policies.
- e) To enable the Greater Norwich housing and planning authorities to update and monitor the evidence base as new data becomes available and undertake ad hoc analysis when required.

3.0 Project Specification

- 3.1 The three commissioning authorities are seeking a full and thorough assessment of the Greater Norwich housing market.

Project Outputs:

- 3.2 The project outputs are those required by the NPPF together with the 2007 CLG Strategic Housing Market Assessments: Practice Guidance document (and any emerging CLG guidance which may supersede the 2007 guidance).
- 3.3 The project outputs should be presented at 5 levels:
- by market area
 - local authority district
 - Greater Norwich sub-region (Broadland District Council, Norwich City Council, South Norfolk Council)
 - the Norwich Policy Area (NPA) and
 - the rural areas in Broadland and South Norfolk which fall outside the NPA.
- 3.4 The **NPPF** states that the Strategic Housing Market Assessment (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:
- a) meets household and population projections, taking account of migration and demographic change;
 - b) addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (including, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
 - c) caters for housing demand and the scale of housing supply necessary to meet this demand. (para 159, NPPF)
- 3.4.1 In terms of 'need over the plan period' the current Joint Core Strategy covers the period to 2026, however any replacement plan will be required to have a 15 year horizon from the time of adoption and is therefore likely to need to look at least to 2031, and preferably to 2036.

- 3.5 The **SHMA practice guidance (2007)** states that “a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria” (p.10)

3.5.1 Core outputs:

1.	Estimates of current dwellings in terms of size, type, condition, tenure
2.	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price affordability. Description of key drivers underpinning the housing market and the nature of the market cycle
3.	Estimate of total future number of households
4.	Estimate of current number of households in housing need
5.	Estimate of future households that will require affordable housing
6.	Estimate of future households requiring market housing (including a profile of household types, and the size and type of housing required)
7.	Estimate of the size of affordable housing required including the likely profile of household types requiring affordable housing and the size, type and tenure required (social rented or intermediate)
8.	Estimate of household groups who have particular housing requirements e.g., older people, black and minority ethnic groups and disabled people

3.5.2 Process checklist:

1.	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2.	Housing market conditions are assessed within the context of the housing market area
3.	Involves key stakeholders, including house builders
4.	Contains a full technical explanation of the methods employed, with any limitations noted
5.	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6.	Uses and reports upon effective quality control mechanisms

7.	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

3.6 *The assessment is also expected to:*

- a) *Provide an analysis of the key drivers of need and demand of market and affordable housing, including the impact of welfare reform and economic growth*
- b) *Identify local housing market areas, analysis of previous activity, current activity and projections for the future (minimum of five years).*
- c) *Identify a threshold at which home ownership, private rented and Affordable Rent accommodation is affordable²*
- d) *Provide in-depth analysis of the private rented sector: who is living there, why, and the future need/demand for private rented housing: who will require the accommodation (household type) and at what rents.*
- e) *Provide an assessment of housing needs with an affordability analysis of the need and demand for social rented and affordable rented products and demand for intermediate housing such as shared ownership and shared equity products for each size and type of accommodation.*
- f) *Identify and assess the impact of welfare reform and other emerging policy changes on housing need.*
- g) *Identify the need/demand for single storey accommodation.*
- h) *Provide an assessment of whether the need/demand forecasts for social rented, affordable rented and shared ownership and shared equity products (and how these translate into different accommodation types and sizes) are deliverable from the new build supply chain.*
- i) *Provide an analysis of the needs of specific housing groups drawing a distinction between the need for specialist housing provision and need for support to enable independent living.*
- j) *Provide a definition of low cost market housing and identify the demand.*
- k) *Identify need/demand for self-build.*
- l) *Provide an understanding and analysis of the housing aspirations of specific age groups in particular young people aged under 35 and older people aged 65+ and the impact on migration patterns: inward and outward, and migration within and between districts.*

All analysis should be accompanied by an explanation of the assumptions underpinning it and commentary around what would happen if the assumptions changed.

3.7 *In addition, consultants are invited to recommend their approach towards, and price separately for:*

² Current SHMA guidance suggests that households would be considered able to afford to buy a home costing 3.5 times gross household income for single income households or 2.9 times for dual income households. It also suggests that households could afford rented housing for which rent constituted no more than 25% of gross household income, whilst also acknowledging that this threshold may not always be appropriate.

3.7.1 *Providing a range of tools (software, data sources, user instructions and training) to enable the Greater Norwich housing and planning authorities to update and monitor the SHMA and carry out ad hoc analysis as and when required. The software should include the following variables and assumptions used:*

- *in the model to generate current and future housing needs numbers (including household size, tenure, type and size of accommodation)*
- *to identify the threshold at which home-ownership, private renting and Affordable Rent accommodation is affordable.*
- *to analyse the private rented sector*
- *to analyse the key drivers of need and demand of market and affordable housing.*
- *to assess whether the need/demand forecasts for all tenures (and how these translate into different accommodation types and sizes) are deliverable from the new build supply chain.*
- *to provide an analysis of the needs of specific housing groups drawing a distinction between the need for specialist housing provision and need for support to enable independent living.*

Consultants are invited to recommend additional activities, variables and assumptions to ensure the Greater Norwich housing and planning authorities are able to update and monitor the SHMA.

3.7.2 *Analysing the three local authority stock condition surveys³ in order to use the survey findings as an input to the assessment of current and future housing need.*

4.0 Study area

4.1 While Greater Norwich will be the focus of the assessment, it should identify and assess the impact of any significant inter-dependencies within adjacent market areas which might emerge during the course of analysis and consultation.

5.0 Primary and Secondary Data

5.1 One of the project's key outputs will be a range of tools that enables the Greater Norwich partners to update and monitor the SHMA and carry out ad hoc analysis when required. To this end, it is envisaged that the assessment will mainly draw on secondary data sources that are subject to regular updating. However, it is recognised that some primary data may be required in order to meet the project objectives and ensure delivery of the required outputs.

6.0 Project Methodology

6.1 Consultants are invited to recommend a project methodology to achieve the project objectives and outputs, within budget and on time. Consultants must clearly demonstrate

³ Broadland District Council's stock condition survey was completed in 2011 and carried out by BRE. BRE are currently conducting stock condition surveys for Norwich City Council and South Norfolk Council.

that their methodology and research will provide a robust and credible evidence base to support local housing and planning policies and decisions.

- 6.2 The proposal should include a detailed project plan which sets out how the consultants will meet the project's key milestones (see 9 below). The proposal should specify data and reference sources, including data required from each of the three local housing and planning authorities. It should also set out the proposed approach towards modelling future housing requirements.
- 6.3 Consultants should clearly identify any gaps in the required data sources and set out costed recommendations for addressing the gaps. Where primary data collection is recommended, consultants should include a proposed methodology including sample sizes and required/expected confidence levels.
- 6.4 The proposal should also clearly set out how consultants will engage stakeholders during the course of the project. Details should include who will be consulted (groups), how and when together with costings.

7.0 Reporting outputs

- 7.1 An agreed methodology and project plan (project plan to be agreed prior to appointment);
- 7.2 During the course of the project the steering group will require from the consultants
 - a) Weekly progress reports against milestones set out in the project plan (electronic in Word)
 - b) An inception report to be delivered one week after the inception meeting.
 - c) Interim report to be delivered eight weeks from appointment.
 - d) A draft report to be delivered six weeks before the due date of the final report.
 - e) A robust and credible final report which meets the project objectives and delivers the required outputs.
 - f) An Executive Summary appropriate to a non-technical, decision-making audience; content and format to be agreed.
 - g) Detailed technical tables/analysis may be collated in technical appendices, to avoid key messages being lost in the detail but each appendix should begin with a clear summary of key points/conclusions.
 - h) Consultants to have regard to the project timescales (see 9 below)
 - i) A range of tools (software, data sources, user instructions) to enable the Greater Norwich housing and planning authorities to update the evidence base, including the model used to generate housing needs numbers.
 - j) A copy of all data used during the course of the project.
 - k) Attendance at officer group meetings (at least four meetings) plus stakeholder engagement events/meetings.
 - l) Attendance at a meeting of the Greater Norwich Development Partnership.
 - m) Attendance at a council meeting in each of the three commissioning authorities.
 - n) Six PowerPoint presentations – timing and purpose to be agreed.
- 7.3 Each of the three commissioning authorities to receive a final report, executive summary and data for their area together with a range of tools to enable further analysis of the evidence base, including the model for generating housing numbers.

8.0 Data and documentation

- 8.1 Broadland District Council, Norwich City Council and South Norfolk Council will own all data and documentation produced during the course of the study.
- 8.2 All project outputs should be provided in Word, Excel or PDF formats as appropriate.
- 8.3 All working documents should be written in clear English reflecting Crystal Mark standards of clarity. A glossary and contents page will be required.
- 8.4 Software used by the consultants must be compatible with that used by the commissioning authorities.
- 8.5 In order to ensure effective management of the project and communication with the commissioning authorities, consultants will be required to have version control arrangements in place for the production of documents.
- 8.6 The contract holder will be required to keep confidential and shall not (except as required by the terms of this brief) use or disclose any confidential information, records or other materials related to the work undertaken.
- 8.7 Variations on terms of engagement will require negotiation and will need to be agreed in writing by both sides in advance if payment is not to be affected. Nothing in this specification in any respect whatsoever constitutes a contract.

9.0 Timetable

Key Milestone	Dates
Publish invitation to tender	09/09/2013
Tender submission deadline	04/10/2013
Short listing for supplier presentations	11/10/2013
Supplier presentations	16/10/2013
Contract award notice published	17/10/2013
End of 10 day stand still period	28/10/2013
Inception meeting with the Steering Group	05/11/2013
Inception report	12/11/2013
Interim report	w/c 06/01/2014
Steering Group meeting	w/c 13/01/2014
Draft final report	w/c 24/03/2014
Steering Group meeting	w/c 31/03/2014
Final report, executive summary, together with housing numbers model and tool for updating and analysing housing market data.	w/c 28/04/2014
Steering Group meeting	w/c 05/05/2014
GNDP Meeting	w/c 19/5/2014

10.00 Contract Management

- 10.1 The contract will be managed by Norwich City Council as the client organisation, acting on behalf of Broadland District Council and South Norfolk for procurement and general contract management issues.
- 10.2 The project steering group will oversee the project and provide advice where appropriate. The steering group comprises representatives from each of the three commissioning local authorities together with Norfolk County Council.
- 10.03 Selection of the preferred consultant or consortia of consultants will be by a panel of members of the steering group.

11.00 Submission of Tender

- 11.01 The tender should be submitted strictly in accordance with the tender documents and without qualifications. Failure to comply with this requirement may at the discretion of Norwich City Council, invalidate the tender.
- 11.02 Please submit five hard copies and one electronic copy (on a CD) of the submission, using the label in Appendix G.

The tender submission must arrive by 2.30pm on Friday 4 October 2013.

- 11.03 The address for return of the tender is:

Procurement Team
Norwich City Council
City Hall
St Peter's Street
Norwich
NR2 1NH

- 11.04 Tender submissions should contain the following completed documents:

- (a) Appendix A - tender response form
- (b) Appendix B – certificate of non canvassing
- (c) Appendix C – certificate of non collusion
- (d) Appendix D – Information sharing protocol

(e) Appendix E – working in accordance with corporate policies

(f) Method statements requested in paragraph 13.01

(g) Business quality questionnaire

11.05 Tenders may only be submitted on the Tender Response Form (Appendix A). No other method will be accepted. The Council may, after the opening of the tenders, enter discussions or post-tender negotiations with any supplier.

11.06 Any queries regarding the tender process, the proposed contract, or the specification should be made in writing and addressed to: -

Name: Robin Hare

Address: Norwich City Council

Procurement Team

City Hall

St Peters Street

Norwich

NR2 1NH

E-mail: procurement@norwich.gov.uk

11.07 Any queries that may have a material effect on the costing of the tender will be circulated to all suppliers along with the Council's response on a weekly basis during the tender period. Queries received less than seven days before the closing date may not be answered. If a query gives rise to the need for an amendment to the original tender documents an extension to the closing date may be made, in which case all parties will be notified simultaneously.