

Consultation response

Understanding Housing Markets: A NHPAU Conversation Paper

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Shelter is a national campaigning charity that provides practical advice, support and innovative services to over 170,000 homeless or badly housed people a year. This work gives us direct experience of the various problems caused by the shortage of affordable housing across all tenures. Our services include:

- A national network of over 40 advice services
- Shelter's free housing advice helpline which runs from 8am–8pm
- Shelter's website (shelter.org.uk/getadvice) which provides advice online
- The government-funded National Homelessness Advice Service, which provides specialist housing advice, training, consultancy, referral and information to other voluntary agencies, such as Citizens Advice Bureaux and members of Advice UK, who are approached by people seeking housing advice
- A number of specialist services promoting innovative solutions to particular homelessness and housing problems. These include Housing Support Services which work with formerly homeless families, and the Shelter Inclusion Project, which works with families, couples and single people who are alleged to have been involved in antisocial behaviour. The aim of these services is to sustain tenancies and ensure people live successfully in the community.

We also campaign for new laws and policies – as well as more investment – to improve the lives of homeless and badly housed people, now and in the future.

Introduction

Shelter welcomes the opportunity to respond to the NHPAU Understanding Housing Markets Conversation Paper. Shelter believes that the delivery of affordable housing should be a high priority for all local authorities and recognises that the focus for housing delivery is increasingly turning to local delivery and accountability in meeting housing needs.

The following consultation response draws on Shelter's experience of using SHMAs to assess the extent to which local authorities are meeting the locally identified need for affordable homes. This most recently includes the development of Shelter's Housing League Table which compared the relative performance of all English local authorities in relation to the supply of affordable homes. The league table raised a number of issues concerning the transparency of the available data.

Consultation Questions

Overall

What are the issues you face in constructing and using SHMAs? Are they covered by those raised above or are there additional areas we are missing?

Shelter has not been engaged with the development of SHMAs, however the organisation has made frequent use of these documents to assess local housing need. Shelter most recently developed the Housing League Table which collated, for the first time, estimates of local authority requirements for affordable housing across England in 323 local authority areas.

Through undertaking this research Shelter has identified the following issues concerning the usage of SHMAs, particularly in relation to the monitoring of housing delivery:

- The methodologies used to assess housing need requirements are not tightly prescribed and SHMAs vary in their use of methods, including the data sources on which the analysis is based. Shelter has found that the affordable housing requirements resulting from each approach can vary significantly.
- Many SHMAs adopt the CLG definition of affordable rent (25% of gross household income) however this assumption is not adopted in all areas. While it may be appropriate to adjust this threshold to reflect the characteristics of the local housing market, such considerations are often not clearly set out.
- SHMAs are produced at different times and do not share base dates or forward planning periods, making it very difficult to aggregate or compare housing need from different local authority areas.
- Some areas are included in multiple SHMAs (including district, local housing market, sub-regional, and regional SHMAs) and in many cases there is considerable variation in the adopted approach and resulting housing need.
- Affordable housing need requirements generally refer to net (as opposed to gross) need, but this is not necessarily the case for all areas. Furthermore, some SHMAs estimate future housing demand, the historic backlog or both.
- The major findings and recommendations of SHMAs are often unclear due to their length, complexity, and presentation. The interpretation of results can also vary significantly.
- It is not always clear how and whether SHMAs have been used across areas to inform local planning and targets for affordable housing and how or whether these in turn relate to the percentage targets set at the regional spatial strategy level.

What are the priorities for developing tools that would aid in constructing a SHMA?

CLG guidance on undertaking SHMAs and determining local affordable housing need is available for local authorities however there is currently no statutory requirement for local authorities to adopt the CLG approach. Statutory guidance would ensure that all SHMAs are undertaken in a consistent manner and meet minimum standards. Further guidance notes and tools in themselves would be unlikely to achieve this.

In many areas it is clear that insufficient awareness of the appropriate role and use of SHMAs limits how SHMAs are interpreted and how their findings are used to influence local policy decisions. Alongside guidance notes and tools, there is a need to increase the skills and knowledge associated with strategic assessments within local authorities.

Many local authorities have commissioned external consultants to undertake their SHMA to support internal knowledge and / or capacity constraints and in some cases to demonstrate impartiality. While external commissioning may present a solution to these problems, without the development of internal technical knowledge it may be difficult for the local authority to critically assess the methodology and findings proposed by the external consultant.

There are also significant financial costs associated with the external commissioning of SHMAs, particularly where the analysis is repeated on a fairly regular basis.

How might a partnership approach be developed?

Shelter believes that the appropriate approach to partnership working between authorities should be determined at the local level. However such local decision making could be informed by guidance on functional housing market areas and how these relate to SHMAs.

Where more than one SHMA is undertaken for a particular location (due to overlapping housing market boundaries or where a combination of regional, sub-regional, and local authority level SHMAs are undertaken simultaneously) there should be guidance on how these SHMAs may be progressed.

There is also a need to consider the role of other stakeholders such as RSLs and developers, and how best to incorporate the views and concerns of these external stakeholders into the strategic assessment.

Measuring Housing Demand

Do you think it is important to understand demand? Why?

The conversation paper recognises that, if left alone, the market would allocate housing to those that could afford it and effectively ration housing to those with the ability to pay. It also states that SHMAs should provide an informed evidence based picture of demand which can influence policies concerning the local level of provision and the proportion of affordable homes.

There is a strong and growing consensus that much more must be done to tackle the chronic shortage of housing across the UK, particularly in an environment of restricted lending and stagnation in the construction industry.

Housing plays a fundamental role in unlocking and supporting local economic growth. Through their local strategies and planning documents (such as Sustainable Economic Strategies and Local

Development Frameworks), local authorities outline an over-arching vision for their communities, including the level and location of housing growth necessary to deliver it.

The associated market and affordable housing targets must be based on a robust local evidence base which considers both existing levels of housing need and the future requirements necessary to achieve community development and economic growth. Such targets will provide clear direction to developers and enable local authorities to lead on the delivery of affordable homes.

How easy do you find it to use and understand the demand based approach in your SHMA? Is this data of use in formulating policy?

No comment. Shelter does not produce SHMAs on behalf of local authorities.

Would a sub-regional model of affordability and the housing market be useful to you?

No comment. Shelter does not produce SHMAs on behalf of local authorities.

What tools would be of use in improving the measurement of housing demand?

No comment. Shelter does not produce SHMAs on behalf of local authorities.

Evidence Based and Primary vs. Secondary Data

Have you found particular gaps in data sources or difficulties in combining and comparing data sets?

Shelter has identified a number of issues concerning the secondary datasets that are used to inform the SHMA Housing Needs Assessment. In some cases local authorities do not recognise nationally published figures that are derived from their own monitoring data and there are problems concerning the consistency of datasets across various parts of the country.

A number of issues concern waiting lists. Eligibility for the Housing Register varies by district and the register may under-represent the true number of people in need if local authorities take a restrictive approach to allocation of social housing. Conversely, the need to review and 'clean' waiting lists may over-estimate the true number households of the waiting lists in other areas. These factors will affect the identified level of affordable housing need to a varying degree in different SHMA areas.

What is your view on the relative usefulness and practicality of primary vs. secondary data?

Locally commissioned primary surveys may provide a greater level of sophistication to the housing needs assessment and may be tailored to consider particular housing issues. The collection of primary data may also be useful for promoting community engagement by involving local households and raising awareness of the local issues concerning growth.

However, there is a need to consider the robustness of locally commissioned surveys in relation to sample size, response rate and sample bias. Additional challenges may relate to households that do not recognise themselves as being in housing need and the difficulty in using locally commissioned surveys to compare housing need between areas and over time

While Shelter believes that locally commissioned bespoke research may allow the tailoring of local policy responses, the evidence base should also allow comparisons of housing need across areas and over time. A standardised approach would allow for affordable housing need to be aggregated across areas so that sub-regional policy responses could be considered as appropriate.

The guidance should ensure that all SHMAs incorporate a minimum level of core research - clearly setting out where this should be collected through primary means - to ensure consistency across all SHMA areas. Additional primary local intelligence could then be used to enhance the standard methodology, rather than being used as a replacement for it.

How could the relative advantages and disadvantages of primary and secondary data be made clearer? Would this help you in commissioning SHMAs or elements of SHMAs?

No comment. Shelter does not produce SHMAs on behalf of local authorities.

Monitoring

What challenges have you faced in monitoring? What tools would make it easier for you?

In many cases it is difficult to establish from a SHMA what figures are used by local authorities to inform its annual housing target or monitor its own performance.

Potential sources for delivery targets are multiple and confusing and include Local Development Framework monitoring reports, measurements against National Indicator 155 as set out in many Local Area Agreements, and reviews in Regional Spatial Strategies. They also often have varying planning timeframes attached to them, making it difficult to monitor performance across areas in any meaningful sense.

Similarly, affordable housing delivery is recorded in a variety of ways and Shelter has identified a number of cases where the monitoring figures reported by CLG are not consistent with the figures used by local authorities to monitor their own performance.

What are the outcomes of monitoring? Is action taken as a result of what you find? Give examples if possible.

Shelter's Housing League Table identified that over the past three years 98% of English local authorities have not delivered sufficient affordable housing to meet the requirement set out in their SHMA. Over 90% delivered less than half the requirement for the same period and a full breakdown is provided over the page.

Delivery of Affordable Housing Relative to Locally Identified Affordable Housing Requirements

% of Annual Requirement Delivered	Number of Local Authorities	Percentage of Local Authorities
0-9%	70	24%
10-19%	98	31%
20-29%	67	19%
30-39%	33	10%
40-29%	22	7%
50-59%	4	1%
50-69%	9	2%
70-79%	4	1%
80-89%	3	1%
90-99%	5	2%
100%+	8	2%
Total	323	100%

Source: Affordable Housing Requirement taken from Local SHMAs and HNAs; Affordable Housing Delivery taken from CLG Live Table 1008 (Average delivery between 2006/07 and 2008/09)

Feedback from local authorities suggests a disjoint between the affordable housing requirement set out in their SHMA, the targets adopted within the LDF, and the affordable housing delivery figures provided to CLG.

Quality Assurance

How have you ensured the quality of SHMAs?

No comment. Shelter does not produce SHMAs on behalf of local authorities.

Would a 'critical friend' or independent oversight body help improve SHMAs? How might this be structured to be of most use to you?

A critical friend or independent oversight body may promote good practice by sharing lessons learnt from the current round of SHMAs. However, the advantage of independent oversight from a single body is the opportunity to promote consistency and robustness of SHMAs against national standards.

However, such an approach would only be effective if the oversight body was considered credible by local authorities, and even then it may necessary to obligate local authorities to adopt the advice of the oversight body as appropriate.

Would clarification / further development of the Practice Guidance be welcomed?

Given the disjoint in many areas between the analysis undertaken with the SHMA, the regional housing targets, and the market and affordable housing delivery targets set out within the LDF, there is the

opportunity for the Practice Guidance to promote how the findings from the SHMA can inform local policy considerations.

Would endorsement of guidance tools by CIH, RTPI, PINS, etc. be useful?

Such endorsement may be useful if it enhances the robustness of SHMAs and promotes minimum standards of housing market research across all geographies. However, these same outcomes may also be promoted through an independent oversight body.

Geography

How did you decide the area to analysis in your SHMA? Did this work, or not?

No comment. Shelter does not produce SHMAs on behalf of local authorities.

Do you think that a nationally consistent functionally housing market area geographic will be of use for analytical purposes?

A clearer understanding of housing market areas may promote the more effective use of local authority partnerships, particularly if existing sub-regional governance arrangements do not closely match to effective housing market areas. However, it may be necessary to provide additional guidance to areas where housing markets do not closely match administrative boundaries or where there are greater levels of partnership complexity.