
Report to: Planning
Cabinet
Council

Date of Meeting: 7th January 2015
15th January 2015
22nd January 2015

Subject: 2014 Strategic Housing Market Assessment for Sefton

Report of: Director of Built Environment **Wards Affected:** All

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

To report the key findings of the 2014 Strategic Housing Market Assessment for Sefton, one of a number of key evidence gathering studies that have been commissioned to inform the Local Plan. It will also inform the Council's Housing Strategy.

Recommendations

That **Planning Committee** recommend the Cabinet to recommend the Council to approve the 2014 Strategic Housing Market Assessment for Sefton

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That **Council** approves the 2014 Strategic Housing Market Assessment for Sefton

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People		✓	
6	Creating Safe Communities	✓		
7	Creating Inclusive Communities	✓		
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendations:

To approve the 2014 Strategic Housing Market Assessment for Local Plan purposes.

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	Incorporated into report	
Human Resources	None	
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

Essential evidence to support the local plan process.

What consultations have taken place on the proposals and when?

The earlier draft 2013 Strategic Housing Market Assessment was subject to formal 4 week public consultation between between 21st February and 24th March 2014 and a related stakeholder event on held on 7th March 2014.

The Head of Corporate Finance and ICT (FD3348/14) has been consulted and notes the report indicates no direct financial implications for the Council.

The Head of Corporate Legal Services (LD2640/14) has been consulted and any comments have been incorporated into the report

Are there any other options available for consideration?

No.

Implementation Date for the Decision

Following Council approval of the 2014 Strategic Housing Market Assessment

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Background Papers:

[2014 Strategic Housing Market Assessment for Sefton, November 2014](#)

1. **Background**

- 1.1 The Council commissioned specialist consultants (Justin Gardner Consulting) to undertake a Strategic Housing Market Assessment (SHMA) in 2013. The study was intended to update and replace the earlier 2008 Sefton Housing Needs Assessment undertaken by Fordham Research for the Council in 2007/2008 and published in 2009. Its principle purposes are to: (i) inform the preparation of the Council's Local Plan and specifically guide the preparation of affordable and special needs housing policies and (ii) to inform the preparation of the Council's Housing Strategy.
- 1.2 Following a competitive tender and selection process, Justin Gardner Consulting were appointed in July 2013 to undertake a 2013 SHMA (i.e. a study base dated at 2013) and on this basis a draft 2013 SHMA was prepared and submitted to the Council for a formal 4 week public and stakeholder consultation between 21st February and 24th March 2014 and a related stakeholder event, held on 7th March 2014.
- 1.3. Rather than publish a final version of the 2013 SHMA, it was decided in August 2014 that it would be better to update the study to a 2014 base date so that (i) it would be completely up-to-date to inform the proposed Publication Local Plan and (ii) could take account of the key findings of the separate NLP study on borough housing requirements, which itself has taken account of the latest 2012 based ONS population projections for Sefton.
- 1.4 A copy of the final 2014 Strategic Housing Market Assessment [2014 SHMA] can be viewed on the Sefton website at www.sefton.gov.uk/planningstudies or [here](#)
- 1.5 The key components of the 2014 SHMA are set out in Section 2 and some of the key study findings are set out in Section 3. However, because the study is over 125 pages and covers a wide range of matters, for the avoidance of doubt, this report simply summarises some of the key findings which may be of interest to Members and does not purport to be comprehensive. The definitive position is set out in the full 2014 SHMA study document which can be inspected as indicated in paragraph 1.4 above.

2. **Approach Adopted and Key Elements of the 2014 Sefton Strategic Housing Market Assessment**

- 2.1 The approach adopted and key elements of the 2014 SHMA are briefly set out below.
- 2.2 The 2014 SHMA has been prepared in accordance with government best practice guidance (Communities and Local Government 2007 and the more recent National Planning Practice Guidance (NPPG) of March 2014). It provides the core outputs set out in this Guidance and justifies its key findings based on robust evidence and assumptions. The 2014 SHMA focuses on a number of core areas, including:
 - a review of housing markets
 - future housing requirements (linking into the NLP work)

- an assessment of affordable and special needs housing; and
- a review of the mix of housing required both in the market and affordable sectors

2.3 The 2014 SHMA uses secondary data sources only (i.e. it is not survey based) in accordance with government guidance. It draws on 2011 Census data, demographic information from the Office for National Statistics and Communities and Local Government, Land Registry, and a range of other local, regional and national databases. Specifically with regard to the used of secondary data NPPG, at paragraph 14 [in the 'Housing and Economic Development Needs Assessments' section] states:

'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'.

3. Some key findings of particular interest/importance for the Local Plan process

(i) Assessment of Levels of Affordable Housing Need in Sefton

3.1 Most importantly the 2014 SHMA provides a long-term strategic assessment (over the Local Plan period to 2030) of both housing needs and demand and especially affordable and special needs housing in Sefton. It replaces the now increasingly outdated findings (although not necessarily policy recommendations) of the 2008 SHMA, which was published in 2009 and which, with minor updates, has been used to inform the Council's recent and current affordable housing policy position, as set out in *UDP Policy H2: Requirement for Affordable, Special Needs Housing and Key Worker Housing*.

3.2 The 2014 SHMA, as set out Figure 7.11 (page) has found the following levels of affordable housing need, per annum, across Sefton:

Area	Total Need	Supply	Net Need	% of net shortfall	% of net shortfall (excluding surpluses)	Supply as % of need	Net need per 1,000 households
Southport	410	207	203	46.8%	42.7%	50.4%	5.06
Formby	86	22	64	14.7%	13.4%	25.6%	6.31
Maghull/Aintree	171	53	118	27.2%	24.8%	31.1%	7.58
Crosby	282	192	91	20.9%	19.1%	67.9%	4.28
Bootle	384	416	-32	-7.4%	0.0%	108.4%	-1.98
Netherton	347	356	-9	-2.1%	0.0%	102.6%	-0.57
Sefton	1,680	1,246	434	100.0%	100.0%	74.2%	3.65

3.3 Figure 7.11 above shows an overall need for affordable housing of about 7,815 units (i.e. the net need of 434 per annum multiplied by 18 years) in Sefton over the 18-year Local Plan period 2012 to 2030.

3.4 Importantly, the 2014 SHMA is clear that not all this need has to be met by the provision of affordable housing on new sites, as a significant element in any shortfall between need and supply will:

“be met by the Private Rented Sector which currently has over 10,000 individual claimants for Local Housing Allowance.”

3.5 The analysis shows a need for additional affordable housing in most areas of the borough with Southport showing the highest need (203 units per annum), followed by Maghull/Aintree (118 units per annum), Crosby (91 units per annum), Formby (64 units per annum), with Bootle and Netherton having a surplus supply (32 and 9 units per annum respectively).

3.6 The highest need by proportion of existing households in need is in Maghull/Aintree (7.58 per thousand households), followed by Formby (6.31 per thousand households), Southport (5.06 per thousand households), and Crosby (4.28 per thousand households). Both Bootle and Netherton show small surpluses of affordable housing (1.98 and 0.57 per thousand households respectively), which is consistent with the relatively large stock of affordable housing in these areas along with some of the cheapest housing costs in the Borough.

3.7 It is perhaps worth noting, as an aside, that the 2008 Sefton SHMA, albeit using a different approach and a different timeframe estimated that there was a pressing need for 1,230 new affordable dwellings in Sefton (i.e. 246 per annum) over the five year period 2008 to 2013. Whilst comparisons must be treated with extreme caution, the 2014 SHMA indicates a higher requirement (i.e. 434 per annum) and its applicability over a longer time frame. This is probably consistent with the national trend of increasing affordability problems (i.e. house prices may have fallen but the ability of people to access mortgages and purchase homes, and especially at the entry level has deteriorated to a greater extent) since the housing market downturn in 2008.

(ii) Advice re affordable housing policy advice

3.8. The 2014 SHMA advises that the level of housing need shown by the analysis supports a target of 30% affordable housing, split by 80% social rented/affordable rents and 20% intermediate housing for all parts of the borough except Bootle and Netherton. Importantly the 2014 SHMA advises that social rented provision and affordable rented provision should be interchangeable, providing that the latter are set at or below the Local Housing Allowance limits in different parts of the borough.

3.9 For Bootle and Netherton it recognises that there is a quantitative surplus of affordable housing in these areas. However, it notes that:

“The finding of a surplus of affordable housing in Bootle/Netherton needs to be understood in the context of likely shortages of particular types of accommodation (e.g. by tenure, size or type (such as for older people).”

3.10 Furthermore, 2014 SHMA notes that:

“A target in these areas (Bootle/Netherton) should also be considered where there is evidence of a particular shortage of specific sizes or types (e.g. for the elderly) of accommodation (this is discussed in the following sections). Overall a target in these areas of about 15% is considered to be appropriate..... [and]..... the analysis would support this being roughly 7.5% for smaller (1- and 2-bedroom, social/affordable rented homes) and 7.5% intermediate housing (of all sizes).”

3.11 In short, it recommends a target of 15% affordable housing for Bootle and Netherton, split by half social/affordable rent and half for intermediate housing. However, it should be noted that the requirement is principally for 1 and 2 bedroom units, and older persons specialist housing.

3.12 This policy advice is now reflected in Local Plan Policy HC1 ‘Affordable and Special Needs Housing’ which is set out elsewhere in this agenda under the report ‘Local Plan for Sefton: Publication Draft Plan’.

(iii) Older person households

3.13 The 2014 SHMA analysis also confirms that the growing older population in Sefton (particularly in the oldest age groups) will result in an increase in households with specialist housing needs. Specifically it highlights the number of people aged 65 and over in Sefton is expected to increase by 21,100 (36%) from 2012 to 2030. Furthermore, it also confirms that the number of people with disabilities is closely related to the age of the population and many of the findings relating to older people are relevant to this group. Demographic projections suggest an 81% increase in the population aged over 85 from 2012 to 2030 with 82% of this group likely to have some level of disability.

3.14 In this regard it acknowledges that the greatest support needs will be for alterations to existing properties to help older households maintain independence in their own home (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in-situ through adaptations to existing properties and the resource implications of this will need to be planned for in appropriate ways.

3.15 However, the growing older population will likely lead to an increase in requirements for specialist housing solutions. The 2014 SHMA analysis suggests a 51% growth in older population with dementia, and a 41% increase in the older population with mobility problems. Some of these people will require specialist housing such as extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and the National Health Service).

- 3.16 Overall the 2014 SHMA analysis of future demographic change in Sefton suggests a requirement for around 15% of all additional new housing provision in the borough over the Local Plan period to 2030 should be specialist accommodation to meet the needs of the older person population, in the form of Extra-Care for older people, with around 14% of this estimated to be needed as a social/affordable rented tenure.
- 3.17 Again, this policy advice is now reflected in Local Plan policy (see para 3.12 above) which seeks additional to providing affordable housing, to meet specialist housing needs, including the elderly, some of which will be affordable. The 2014 SHMA report recommended that further work is carried out to consider how specialist older persons housing needs may be met. A further study has been commissioned to look at the types and locations of specialist housing that may be required. This will help inform the Council and developers on how this provision could be met.

(iv) Requirements for different sizes of homes

- 3.18 The 2014 SHMA provides advice on the likely need/demand for different sizes of homes over the plan period to 2030. The demographic analysis is set out in the following summary table.

	1-bed	2-bed	3-bed	4+bed
Market	5-10%	30-35%	50-55%	5-10%
Affordable	45-50%	20-25%	20-25%	5-10%
All housing	15-20%	30-35%	40-45%	5-10%

- 3.19 The 2014 SHMA analysis recognises with regard to affordable housing there is a key role which the delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 3.20 Overall the 2014 SHMA mix identified above should inform strategic Borough-wide policies. However, in applying these to individual development sites it warns that:
- “regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.”*
- 3.21 Furthermore based on 2014 SHMA evidence, it is expected that the focus of new market housing provision will be for to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come to stay.

3.22 Again this policy advice has been used to inform Local Plan policy HC2 'Housing Type, Mix and Choice' (see para 3.12 above) which seeks to provide guidance on tenure mix.

(v) Future Housing Requirements for Sefton

3.23 Importantly, the 2014 SHMA has reviewed NLP's housing requirements work for Sefton, which has suggested 615 dwellings per annum for a plan period borough housing requirement. It concludes at page 59 that:

"The most recent NLP report draws on the most recent published population projections (the 2012-based SNPP) and models a range of scenarios for growth looking at different approaches to household formation and economic growth.

The overall conclusions of the study are that the objectively assessed level of need falls somewhere in the range of 600 to 800 dwellings per annum in the 2012-30 period; with a figure of 615 per annum suggested as being the most realistic when taking account of the range of analytical requirements of the NPPG. We have reviewed the work by NLP and would consider that it does provide a robust assessment of the need for housing in the Borough. It closely aligns with the requirements of guidance and uses sensible and transparent assumptions in coming to the core conclusions."

(vi) Green Belt Sites

3.24 In relation to possible green belt housing allocations, the 2014 SHMA confirms that there is no evidence that green belt sites should be seeking to achieve a different mix of affordable housing than urban sites and accordingly advises that

"The Council's policy position regarding affordable housing targets [of 30% affordable housing] should equally apply to urban and Green Belt sites – this includes the 80:20 split between affordable/social rented and intermediate housing"

4. Conclusions

4.1 The 2014 SHMA is one of a number of key evidence gathering studies which are required to be undertaken in a robust and up-to-date manner consistent with government planning guidance, which this study has been. It will nonetheless be closely examined by an independent planning inspector at any local plan examination into Sefton's local plan.

4.2 The 2014 SHMA will also be used to inform the preparation of the Council's Housing Strategy