

Leeds City Council

Specification for Strategic Housing Market Assessment

Version 2

10th January 2017

Robin Coghlan, Planning Strategy Team Leader

robin.coghlan@leeds.gov.uk

0113 378 7635

1 Introduction

1.1 Procurement

1.1.1 The Council is looking to commission a Strategic Housing Market Assessment (SHMA) from professional consultants. This invitation to tender (ITT) is issued as the initial stage of the procurement process.

1.1.2 The SHMA will be used by Leeds City Council (the Council) to:

- i Set Leeds' housing requirement for the period 2017-33 with a robust analysis of objectively assessed housing needs consistent with national planning policy and practice guidance and good practice.
- ii Determine the need for affordable housing for Leeds and for a small number of broad affordable housing zones defined by affordability and housing characteristics
- iii Decide whether the affordability standards of Core Strategy Policy H5 should be altered
- iv Understand local housing needs to inform planning briefs for housing development sites and as a complementary resource for neighbourhood plan making
- v Inform the Council's housing strategies, and help establish and prioritise bids for both public and private funding to support the development of new homes.

1.1.3 The SHMA will be a key piece of evidence to support preparation of the Council's Core Strategy Review. Because the SHMA will be completed before public examination of the Council's Site Allocations Plan (expected late summer/autumn 2017) it may be a topic of discussion thereat.

1.2 Background

1.2.1 The National Planning Policy Framework (Department for Communities and Local Government, 2012) was published in March 2012 followed by the National Planning Practice Guidance. They require local planning authorities to prepare an evidence base that objectively assesses the future housing needs of different groups in the community, for both affordable housing and market housing. In addition, the Localism Act 2011 introduces a duty to co-operate between local authorities in the preparation of local development plan documents where strategic issues have an impact on more than one planning area. Housing is one such issue.

1.2.2 Leeds has a diverse housing market: stretching from a compact city centre with fringe city centre areas to regeneration priority inner areas, extensive city suburbs, major stand-alone settlements and dispersed smaller rural villages within green belt and open countryside.

- 1.2.3 Leeds' history of SHMAs is as follows:
- i Outside Research & Development, 2007 – full assessment of affordable and specialist housing needs (including questionnaire and telephone survey)
 - ii GVA and Edge Analytics, providing evidence for the submission Core Strategy, including assessment of the quantity of housing needed, as well as affordable and specialist housing needs (students, older-people, young people and families).
 - iii Edge Analytics update 2013 with interim 2011-based sub-national population projections and more demographic analysis to support the Core Strategy at examination between July 2013 and May 2014.
- 1.2.4 A completely new SHMA is now required to support a selective review of the Core Strategy which is proposed to update Leeds' housing requirement and for the other purposes outlined in paragraph 1.1.2.

1.3 Technical Officer Group

- 1.3.1 The SHMA commission will be managed through regular contact with the Technical Officer Group. This will be led by officers of the Policy and Plans Service with support from officers of other relevant Council services including Housing, Regeneration, Strategy and Resources and Economic Policy.

1.4 Housing Growth Board

- 1.4.1 The Council has a Housing Growth Board attended by officers representing services concerned with increasing housing delivery which meets monthly, with Members attending alternate months. It is expected that this will provide authority to approve the key stages of SHMA preparation.

1.5 Reference Group

- 1.5.1 A SHMA Reference group will be established prior to the start of the project. The following stakeholders are likely to be represented in the group:
- i Relevant City Council service areas
 - ii City Council Elected Members
 - iii Community interests, including Neighbourhood Planning
 - iv House builders, volume and other
 - v Estate Agents
 - vi Relevant Agencies such as HCA, Chamber of Commerce
 - vii Registered Providers
 - viii Neighbouring Local Authorities

2 Instructions to tenderers

2.1 Procurement timetable

- 2.1.1 The duration of the Contract is 5 months. The Council intends to award the Contract

on 13th February 2016.

2.1.2 The commission divides into four stages as set out in the specification below. The Council proposes the following timetable for this Tender:

Activity	Target Date
Dispatch of ITT	10 th Jan 2017
Tender Return Date	27 th Jan 2017
Shortlisting	w/c 30 th Jan 2017
Interviews, evaluation of tenders and selection of successful Tenderer	w/c 6 th Feb 2017
Commencement	13 th Feb 2017
Presentation of research ideas to Reference Group	27 th Feb 2017
Housing Growth Board consideration of Methodology	6 th Mar 2017
Presentation of main findings to Reference Group	Tba May 2017
Housing Growth Board consideration of main findings of evidence	Tba May 2017
Submission of Final Strategic Housing Market Assessment	30 th Jun 2017
End of contract for SHMA preparation	10 th Jul 2017
Retainer to cover expert witness attendance at Site Allocations Plan and Core Strategy Review Examinations	n/a

2.1.3 This is intended as a guide and whilst the Authority does not intend to depart from the timetable it reserves the right to do so at any stage. Tenderers will be notified accordingly where there is a change in the timetable.

2.2 Contractors and management arrangements

2.2.1 A SHMA requires a range of diverse expertise from housing through to demographic analysis as well as expertise in undertaking household surveys as primary research. To that end, tenders will be supported which involve professionals from more than one company. However, the Council reserves the right to award this commission in whole to one tenderer/company, in part to more than one tenderer/company or to make no award at all.

2.2.2 Tenders should clarify who the main project director and project leads for specific elements will be. A commencement meeting will establish relationships with those Council officers leading the commission and those representing different service areas. Contact thereafter will include meetings, telephone conversations and email as necessary to help assemble evidence and prepare to present findings to the Steering Group as required by the Specification.

2.2.3 Officers will do their best to make Council data and information available promptly that is necessary for compiling the SHMA. Council staff will generally be available 9-5 Monday to Friday.

2.3 Quality Standards

- 2.3.1 Ultimately, the SHMA needs to be based on sufficiently robust evidence, methodology and assumptions in accordance with National Planning Policy and Guidance so that its conclusions can be relied upon in plan making and satisfy the tests of soundness (NPPF Para 182) when plans are examined.
- 2.3.2 Bidders should provide evidence of how previous work has met the highest standards of rigor, objectivity and professionalism
- 2.3.3 Bidders should make clear the job titles and personal qualifications/skills/experience of staff that will be involved and give an indication of how many hours each will contribute.

2.4 Pricing, payment schedule and milestones

- 2.4.1 The Council expects the commission to cost in the order of £40,000 to £50,000 with the exception of expert witness work which will be paid separately at the time of the Site Allocation Plan and Core Strategy Review examinations. Contractors should also consider the need and value added of carrying out primary survey work which may justify the total price exceeding £50,000. The Council intends to make phased payments according to stages of preparation of the SHMA. On satisfactory completion of key payment milestones the Council will pay within 30 days of being invoiced.
- 2.4.2 Key payment milestones will include:
 - i Commencement
 - ii Completion of householder/resident survey
 - iii Agreement of the methodology
 - iv Setting out of initial evidence based conclusions
 - v Completion of final report

2.5 Information Governance

- 2.5.1 Bidders should be aware that the SHMA and supporting evidence will be subject to Data Protection and Freedom of Information legislation. In particular, it will be necessary for any primary household or resident survey findings to be appropriately anonymised.

3 Specification

3.1.1 The following specification outlines the **minimum** requirements for this service.

3.2 Project Stages

3.2.1 In order to meet the SHMA objectives and required outputs, it is anticipated that the commission will have the following key stages:

STAGE 1: Scoping:

- review of existing local and sub-regional studies
- advising on data / documentation gap
- with input of the Technical Officer Group, setting out proposed methodologies for the three output themes of the SHMA
- with input of the Technical Officer Group, clarifying data requirements including the balance between secondary (and any primary) sources and how these will be procured consistently. Agreeing the methodology and scope of questioning intended for any resident survey.
- With input of the Technical Officer Group, confirmation of the geography of markets including
 - the functional Leeds HMA having regard to sub-regional studies and relationships with neighbouring local authorities
 - the sub-areas used for affordable housing,
 - the sub-areas for analysis of local housing needs, having regard to existing areas: Housing Market Characteristic Areas (HMCAs), Wards, Community Committee Areas (agglomerations of Wards) and Neighbourhood Plan areas. Thought will need to be given to strategic distinctions within areas arising from stand-alone settlements, rural character or other factors.

Maps of existing areas are set out in Appendix 1.

- reporting to and considering comments of the SHMA Reference Group
- obtaining support of the Housing Growth Board (Meeting 1)

STAGE 2: Supporting evidence and material

- preparation of supporting evidence and material to provide robust evidence base
- setting out initial scenarios, options and conclusions
- reporting to and considering comments of the SHMA Reference Group

- obtaining support of the Housing Growth Board (Meeting 2)

STAGE 3: Drafting

- production of draft report setting out the Headline Outputs (see below)
- obtaining support of the Housing Growth Board (Meeting 3)
- production of final report

STAGE 4: Providing expert explanation of the SHMA findings

- giving evidence at the Site Allocations Plan examination (Late Summer 2017)
- giving evidence at the Core Strategy Review examination (Winter 2018/19)

3.2.2 If there are unexpected protracted delays in assembling evidence for all aspects of the SHMA, immediate work should be focussed on completing the objectively assessed needs (core output 1, below).

3.3 Headline Outputs

3.3.1 The SHMA will provide detailed outputs under the following research areas:

Core Output 1: Objectively Assessed Need to inform Leeds' Housing Requirement

Core Output 2: Affordable Housing Need

Core Output 3: Housing needs for different household types at a local level

3.3.2 There are also requirements for the SHMA results to be capable of being updated (Output 4) and for a commitment to be made for expert witnesses to be made available to explain and defend the SHMA findings (Output 5). The SHMA will also provide detailed outputs as required by national guidance and policy and by local circumstances, as set out in the next three sections.

3.3.3 It is expected that the work for the three research areas, but particularly Output 3, will be informed by a Leeds-wide survey of residents including current housing conditions and future intentions.

3.3.4 Consideration should be given to the implications of the anticipated Housing White Paper for the SHMA. If the White Paper is published before the SHMA methodology is agreed, make any appropriate adjustments to the methodology. If the White Paper has still not been published by the time the methodology is agreed, there will be a need for contractors to explore with the Technical Officer Group whether adjustments can be made at a later stage in order to ensure the SHMA is consistent with national

guidance as far as possible.

3.4 Objectively Assessed Need

- 3.4.1 Core Output 1 requires assessment of the housing numbers required to meet Leeds' full objectively assessed needs between 2017 and 2033. This should provide figures for Leeds including the following requirements:
- i Clarification of the geographical extent of Leeds' housing market drawing upon recent research at Leeds City Region level and of neighbouring local authorities (Bradford City Council, Harrogate Borough Council, Kirklees Metropolitan District, Wakefield Metropolitan District, Selby District, City of York Authority, North Yorkshire County Council and West Yorkshire Combined Authority)
 - ii Satisfying paragraphs 159 and 179 of the National Planning Policy Framework. This means providing figures for Leeds Metropolitan District with any adjustments for differences with the Leeds Housing Market Area (subject to the findings of i. above)
 - iii Using the most recent sub-national population and household projections of the Office of National Statistics/Communities and Local Government (CLG) as the starting point with any corrections considered necessary to account for:
 - local demography, including GP registration data and the demographic structure
 - local household formation rates – including an assessment as to whether these have been constrained by past levels of supply or other factors such as the ability to purchase
 - any past under-delivery of housing in Leeds
 - economic trends impacting on past migration trends and forecasts
 - local travel to work data
 - any other local factors
 - iv Clarifying how full time students and elderly people in need of nursing accommodation are included in the ONS projections and whether separate housing requirement figures are needed for these groups
 - v Adjusting ONS projections to account for migration patterns
 - vi Adjusting ONS projections to account for employment growth forecasts
 - vii Considering the implications of long term empty properties being brought back into use
 - viii Considering the impact of past undersupply of housing in Leeds (see NPPG Paragraph 015 Reference ID: 2a-015-20140306).
 - ix Reflecting market signals (see NPPG Paragraph: 019 Reference ID: 2a-019-20140306) as well as other market indicators of the balance between the demand for and supply of dwellings, including:

- land prices and the results of recent housing development land viability studies commissioned by LCC
 - house prices
 - rents
 - affordability (to be defined and explained by the consultants)
 - rate of development
 - overcrowding
- x Having regard to work already undertaken as part of the Demographic Support for School Place Planning project (Edge Analytics, 2014) or any more recent work undertaken by the Council's Children's Services Dept.
- xi Having regard to the report to Development Plan Panel 22nd November 2016 concerning Core Strategy Review including appended interim report on household projections by Edge Analytics.
- xii Presenting objectively assessed needs for Leeds as **minimum**, **average** and **maximum** scenarios

3.5 Need for Affordable Housing

- 3.5.1 Core Output 2 requires a re-assessment of the need for affordable housing in accordance with National Planning Policy and Guidance incorporating the following requirements:
- i Advising if new affordability standards are needed to replace those in Policy H5 of the Core Strategy (ie affordability of affordable dwellings according to household earnings)
 - ii Calculating an annualised quantity of affordable dwellings required in Leeds accounting for re-lets of existing affordable housing, changes in the stock of existing affordable housing (demolitions, voids, new dwellings etc), vacancy, newly arising need and addressing the backlog of need.
 - iii Forecasting the need for affordable housing to 2023, 2028 and 2033
 - iv Advising on the affordability (house price/income ratios) of the different Affordable Housing Market Zones
 - v Advising on the sufficiency of existing affordable housing in the different Affordable Housing Market Zones
 - vi Account for the implications of new national planning policy concerning starter homes (expected to be set out in the Housing White Paper early 2017) for points i – v above.

3.6 Understanding housing needs for different household types at a sub-district level

- 3.6.1 According to the NPPF paragraph 159 the normal expectation for a SHMA is to assess the housing needs of different household groups. The SHMA 2011 assessed these needs and provided the basis for a number of city-wide criteria based planning policies in the Core Strategy including Policy H4 (Housing Mix), Policy H6 (Student Housing and HMOs) and Policy H8 (Independent Living). The Council is not proposing to update these policies at this time and would not expect the evidence of this SHMA to be so different as to warrant changing the focus of these policies, although that cannot be entirely ruled out. Instead it expects this SHMA to evidence at a lower geographical level which could provide added value in applying these policies in different parts of Leeds. The Council intends to prepare planning briefs for a number of strategic housing sites that are being proposed for allocation in the Site Allocation and Aire Valley plans. This SHMA should provide evidence of housing needs and housing stock gaps that ought to be addressed in these planning briefs.
- 3.6.2 This SHMA also needs to appreciate that a body of local housing need assessments have already been produced for a number of Neighbourhood Plans in Leeds and that the Council is currently commissioning strategic housing research involving preparation of local housing market assessments. Therefore, it is important that this SHMA does not duplicate local housing market assessments that already exist or will be provided through the other commission. Rather, it should add value by providing evidence of housing needs at intermediate geographical levels, enabling different areas to be compared, and plugging particular gaps in quality and geographic coverage.
- 3.6.3 Core Output 3 requires an assessment of housing needs of a range of household sizes and types at appropriate sub-district geographical levels incorporating the following requirements:
- i Focus on the two five year periods April 2017 to March 2022 and April 2022 to March 2027
 - ii Focus on the geographical level of HMCA s and using ward level analysis only where particular inter-HMCA differences are evident e.g. stand-alone settlements or rural villages which have different housing characteristics from the remainder of the HMCA
 - iii Provide details on the frequency and volume of migration within the study area and patterns of inward and outward migration. This should include the analysis of the role of the largest settlements within the study area including any employment / homes imbalance.
 - iv Examine the housing stock profiles and identify any shortages of sizes and types of housing and provide suggested remedies to these. Also assess whether areas have any existing shortages of extra care accommodation for older people, supported accommodation for vulnerable households, or people with disabilities

- v Identify how housing need and demand translates into different sizes, types and tenures for specific needs, providing detailed market analysis including what sizes and types of residential accommodation are needed to support new economic development and jobs created so as to avoid unsustainable in-commuting from neighbouring authorities. Also, assess need for of extra care accommodation for older people, supported accommodation for vulnerable households, or people with disabilities
- vi Assess the need for self-build based on the Council's self-build register and survey questioning
- vii Examine the workings of the private rented markets and identify the key players in those markets and the opportunities for improving the level and quality of private rented housing. Also, advise on predictions of the change in number of full time students requiring accommodation in Leeds, and the spatial implications of this Also, identify levels of shared housing and examine the likelihood of this being a realistic and viable housing choice for the plan period as opposed to a level of concealed household
- viii Consider the impact of second homes especially in the city centre market
- ix Comment on any equality implications of housing need findings

3.7 Specific requirements

- 3.7.1 A SHMA is not a point in time assessment and should provide the strategic evidence to enable the Council to understand how the housing market will change over the next 16 years, including the cyclical nature of the housing market and implications for projections.
- 3.7.2 Output 4 requires the SHMA data to be capable of updating:
 - i To enable Leeds City Council housing and planning services to monitor and update the evidence base as new data becomes available and undertake ad hoc analysis when required
- 3.7.3 Output 5 requires availability of expert witnesses to attend Public Examination of LCC plans to explain the SHMA and defend its conclusions. This may mean responding in writing to particular questions raised by the Planning Inspector and attending examination hearings to give expert witnesses opinion on the SHMA.
 - i Site Allocations Plan Examination (expected late summer early autumn 2017)
 - ii Core Strategy Review Examination (expected 2018 or 2019)

3.7.4 The SHMA will not:

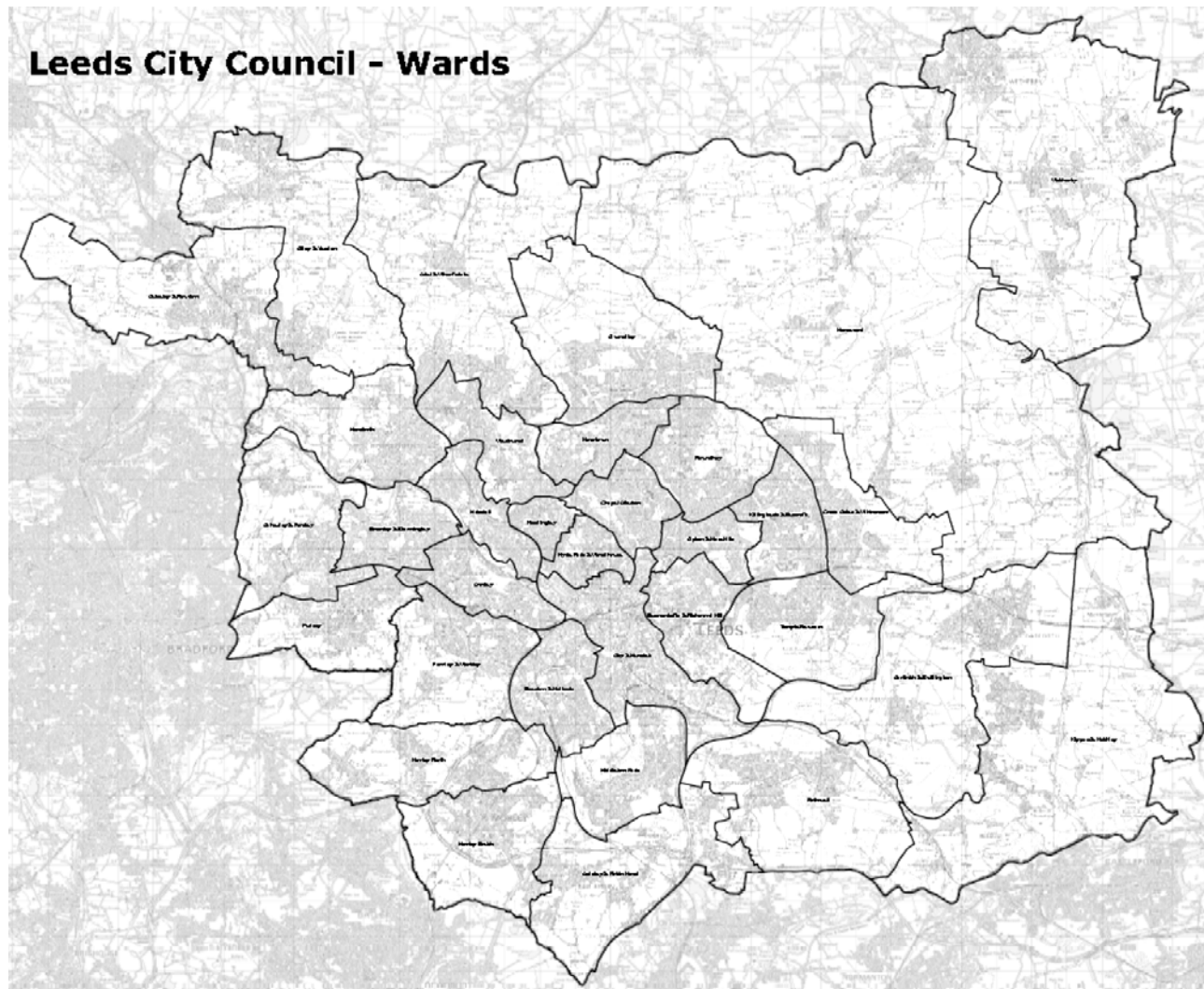
- i draw up new sub-market areas unless there is significant evidence to suggest that the current sub-market areas are a flawed basis upon which to achieve the SHMA's objectives and aims
- ii review the housing needs of Gypsies and Travellers in the authority as this is covered by a recently completed GTAA (2014)
- iii provide evidence on specific local needs down to the level of the Neighbourhood Plan as this is disproportionate to the strategic nature of the study. However, Neighbourhood Forums and local groups should be able to use the SHMA as a starting point for any more detailed work they may wish to undertake.

Maps (nb these can be provided as GIS layers on request (contact Usman Umar 0113 378 7657)

Housing Market Characteristic Area boundaries



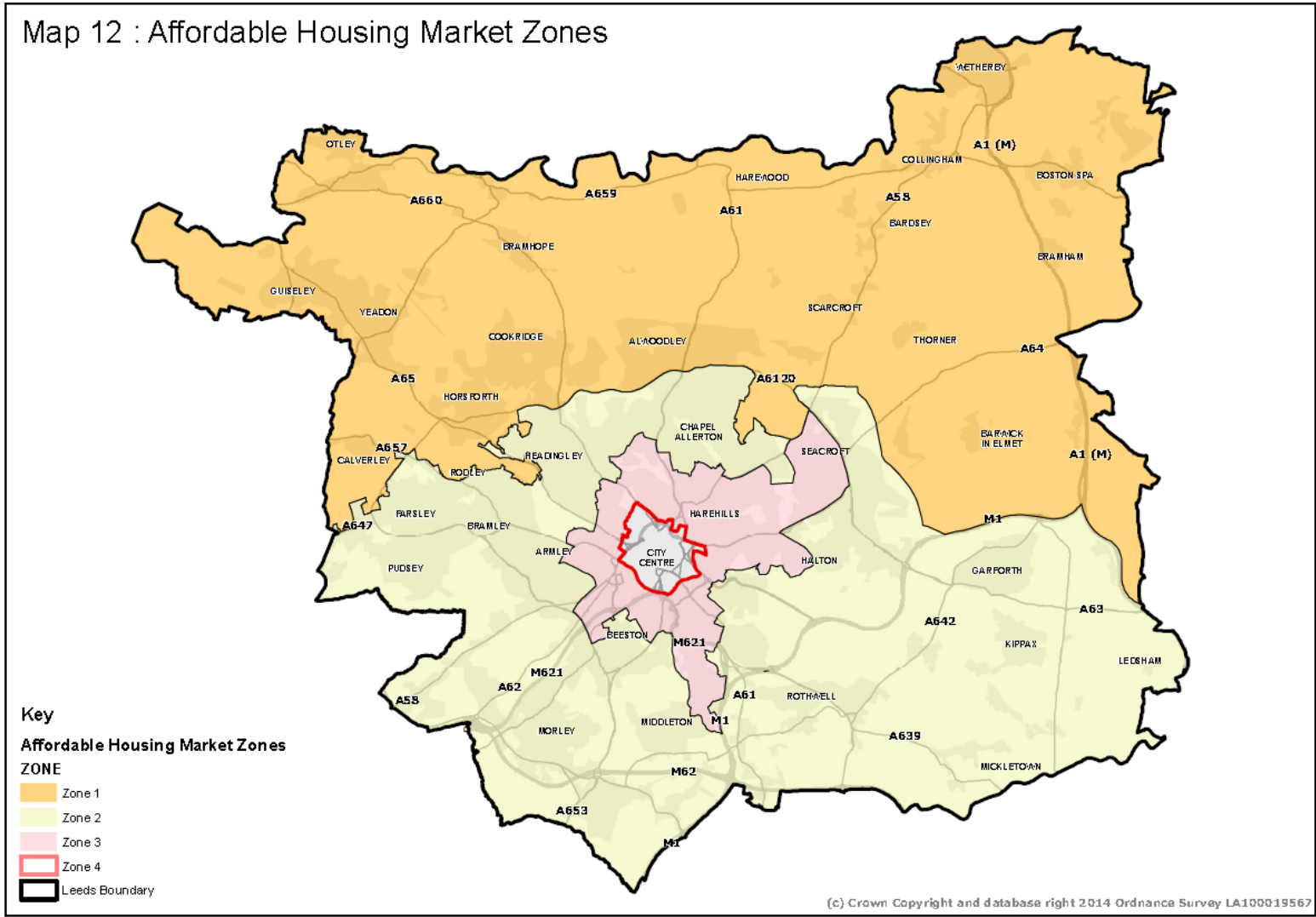
33 wards¹ and Community Committee Areas



i

¹ Note that ward boundaries do not align with HMCA boundaries.

Affordable Housing Market Zones



6 Bibliography

- i Department for Communities and Local Government. (2012). National Planning Policy Framework. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf
- ii Department for Communities and Local Government. (2014). National Planning Practice Guidance. Retrieved from <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>
- iii Office of National Statistics. (2014). Sub-National Population Projections. Retrieved from <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Sub-national+Population+Projections>
- iv Outside Research & Development. (2007). Strategic Housing Market Assessment. Retrieved from http://www.leeds.gov.uk/docs/FPI_SHMA_005%20SHMA%202007%20Final%20Report%20Vol%201.pdf
- v GVA & Edge Analytics. (2011). Strategic Housing Market Assessment Update. Retrieved from http://www.leeds.gov.uk/docs/FPI_SHMA_001%20SHMA%202010%20Final%20Report.pdf
- vi Edge Analytics. (2013, September). Demographic Evidence: An Update. Retrieved from <http://www.leeds.gov.uk/docs/CD6-47%20Edge%20Analytics%202013%20Demographic%20Evidence%20An%20Update.pdf>
- vii Edge Analytics. (2013, October). Summarising the demographic information. Retrieved from <http://www.leeds.gov.uk/docs/CD6-48a%20Summary%20of%20Demographic%20Evidence%20-%20Edge%20Analytics.pdf>
- viii Leeds City Council Core Strategy 2014. <http://www.leeds.gov.uk/SiteAllocationMaps/Core%20Strategy/Adopted%20Core%20Strategy%20Nov%202014%20Final.pdf>
- ix Leeds City Council Site Allocations Plan Publication Draft <http://www.leeds.gov.uk/council/Pages/Site-allocations-plan-publication.aspx>

Edge Analytics. (2014). Demographic Support for School Place Planning.