WEST OF ENGLAND STRATEGIC HOUSING MARKET ASSESSMENT

APPENDIX TWO – AUDIT PROCESSES AND COMPLIANCE MATRICES

1.1   A strong and robust audit process was put in place to support the project. This included two compliance matrices, to show compliance with the Guidance. Audit sheets have also been completed for data collected by the local authorities. Matrix 1 was prepared to enable the Partnership to take a view on whether or not the processes and proposed outputs for the work were fit for purpose. Matrix 2 is a more detailed matrix which takes all of the requirements from the Guidance and demonstrates how these have been met. This detailed compliance matrix is itself underpinned by audit sheets showing the data sources for all locally produced data. This framework therefore provides a robust audit trail of all the evidence that has been used in the Strategic Housing Market Assessment (SHMA).

1.2   CLG guidance makes it clear that SHMAs are an important part of the evidence that is needed to underpin spatial planning and housing strategies. However, they are only part of the evidence. They are:

" not intended to give definitive estimates of housing need, demand and market conditions... they should provide a fit for purpose basis upon which to develop housing and planning policies, by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand."

The guidance goes on to say 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, set out in figures 1.1 and 1.2"

The core outputs and process criteria from those tables are set out below.

COMPLIANCE MATRIX 1A – COMPLIANCE WITH CRITERIA FROM TABLE 1.1 OF GUIDANCE

	OUTPUT CRITERIA	COMPLIANCE
1	Estimates of current dwellings in terms of size, type, condition, tenure	Size, type and tenure are key areas for model. Information on stock condition is included, largely drawn from private sector stock condition surveys and information on Decent Homes standards in the public sector. See Chapter 5
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	This is another key output from the modelling. Description of key drivers is included in the text, we have also included some modelling to show the impact of key drivers. See Chapters 5 and 6
3	Estimate of total future number of households, broken down by age and type where possible	Demographic information is included in chapter 3. Future numbers of households included information on age and type is included throughout the report, particularly chapters 7, 9 and 10.
4	Estimate of current number of households in housing need	Is a key output from modelling. See chapters 4 and 6
5	Estimate of future households that will require affordable housing	Is a key output from modelling. See chapters 4 and 7
6	Estimate of future households requiring market housing	Is a key output from modelling. See chapters 4, 7 and 8.
7	Estimate of the size of affordable housing required	Is a key output from the modelling. See chapter 9
8	Estimate of household groups who have particular housing requirements eg families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.	The project team have identified families, older people, disabled people, migrant workers, students, and gypsies, travellers and travelling show people as household groups with particular housing needs. These are covered in Chapter 10. .

COMPLIANCE MATRIX 1B – COMPLIANCE WITH CRITERIA FROM TABLE 1.2 OF GUIDANCE

	PROCESS CRITERIA	HOW DO WE EVIDENCE?
1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region	We are working to housing market definition used by Regional bodies and Housing Corporation/HCA, however we still evidence in the report why this geographical area forms a housing market area.
2	Housing market conditions are assessed within the context of the housing market area	We are including contextual information on regional and sub-regional spatial and economic strategies as well as demographic information.
3	Involves key stakeholders, including house builders	Partnership meetings have been held throughout the life of the project. Further details on membership of the Partnership are included in chapter 1. Two events were held for stakeholders to input into the research and consider the findings. Feedback from stakeholders from these events are our responses to this are included in Appendix One.
4	Contains a full technical explanation of the methods employed, with any limitations noted	Information on data sources and an explanation of the model is included in the report. Where there are limitations, these are openly discussed in the report.
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner	The report sets out clearly the main assumptions used as well as key findings. The evidence underpinning assumptions and judgements is also clearly set out in the report.
6	Uses and reports upon effective quality control mechanisms	Our quality control mechanisms include employing a recognised professional to carry out much of the work, audit trail to show data sources, and effective use of this compliance matrix.
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken	This is a new strategic housing market assessment so has not been monitored previously. The report suggests an initial set of indicators which will be monitored in future to keep the assessment up to date; these indicators may be added to or amended to reflect future changes in the housing market.

COMPLIANCE MATRIX 2 – COMPLIANCE WITH DETAILED REQUIREMENTS OF GUIDANCE

SHMA guidance reference	Requirement or issue	Compliance
Chapter 2 p 12 and 13	Membership and terms of reference for Partnership	Agreed by Partnership Oct 2007
Chapter 2 p 14	Table 2.1 sets out research questions to be addressed through SHMA	See additional table below
Chapter 2 p 15	Review of existing local and regional policies	Mainly in chapters 2 and 3
Chapter 2 p 17	Partnership must agree methods and data sources to be used	Methodology agreed by Partnership October 2007.
Chapter 3 p 20	Assessment must include population by age/gender/ethnicity.	Chapters 2, 3, 9 and 10 contain information on age. Chapter 3 contains information on ethnicity and gender.
Chapter 3 p 20	Assessment should consider household composition	Household composition is included in chapter 3. Chapter 9 looks at bed size needed and Chapter 10 has a section on families with children
Chapter 3 p 20	Assessment should include impact of migration	Addressed in chapters 3 and 10 and also in modelling housing need
Chapter 3 p 20	Assessment should include impact of social trends eg single person households	Included in chapters 3 and 9.
Chapter 3 p 21	Assessment should plot how interest rates, regeneration activity and housing benefit levels have changed over last 10 to 20 years	Interest rates are discussed at length in chapters 5, 6 and 7. Reference is made to regeneration activity. Reference is also made to HB levels, particularly in relation to housing need and the private rented sector. The Local Housing Allowance (LHA) was introduced during the period of research for the report and levels of LHA in relation to private sector rents is something that we will monitor for the future.
Chapter 3 p 21	Assessment should consider the proportion of higher and lower paid jobs, relative affluence of area, skills of those working in area vs living in area, levels of benefit dependence	Addressed in chapter 3, apart from levels of benefit dependence which is not specifically identified.
Chapter 3 p 22	Dwelling profile ie numbers of stock of different tenures and changes over last 10 years, and whether these are as a result of demolition, conversion or construction. Identify areas which have experience change	Dwelling profile is included in model, changes mapped since 2001 include information about demolition, conversion or construction.
Chapter 3	Information about standards of	Some information on stock condition is

p 24	repair/decency in current stock	included in chapter 5, this is fairly light but is considered to be adequate.
Chapter 3 p 25	Information about shared housing in the area, who lives in it, what condition it is in	There is some information about shared housing in the modelling, in the section on the private rented sector and in chapter 10 which looks at the needs of students.
Chapter 3 p 27	Median house prices should be included as well as average as these are less volatile	The model uses median prices as well as average
Chapter 3 p 27	House prices and change in house prices should include information on different sizes and types of property and compare to rest of sub-region to identify demand pressures specific to the locality	Included in chapters 5, 6 and 7.
Chapter 3 p 27	Change in lower quartile house prices should be compared with mean and median prices to identify particular pressures for first time buyers	Model does this; in addition Partnership agreed use of lower decile house prices
Chapter 3 p 27	Compare lower quartile house prices to lower quartile income distribution, to mean and median ratio's locally, also to regional and national data	Included in chapters 5, 6 and 7
Chapter 3 p 28	Plot overcrowding and underoccupation to identify tenures, household types and locations most affected	Overcrowding is addressed in chapters 5, 9 and 10. There is reference to under-occupation in discussion of transfers and housing need
Chapter 3 p 31	Identify areas with unusually high long term vacancies or high turnover rates and understand the reasons behind this	We have modelled turnover and lettings by zone; no areas of unusually high rates have been identified.
Chapter 3 p 33	Identify areas where access to housing is particularly difficult and those with low demand	Addressed in chapter 7
Chapter 4 p 36	Annual projections of household growth over a minimum of 20 years, broken down by age/ethnicity/household type	5 yearly projections included in chapter 3 broken down by age and household type but not by ethnicity
Chapter 4 p 37	Assessment should demonstrate a good understanding of the historic relationship between economic change and housing demand, identify strengths and weaknesses of local economy and implications for housing demand	Included in chapter 3
Chapter 4 p 37	Compare economic forecast between different housing market areas and the regional and national forecasts and understand the implications for economic migration	Addressed in chapters 3 and 8 and in assessment of housing need in chapters 5, 6 and 7
Chapter 4 p 37	Examine national and local factors affecting affordability and understand how different	Addressed in chapters 3 and 8 and in assessment of housing need in chapters 5,

	house price scenarios affect affordability locally	6 and 7
Chapter 4 p 38	Agree basis for forecasting future housing change. Various options included in guidance – migration led forecasting or household led forecasting.	Model includes both migration and household growth
Chapter 5 p 42	Income data should be based on gross incomes, excluding HB but if possible including family tax credit	Partnership signed off assumptions on income data in February 2008
Chapter 5 p 42	Affordability ratios for home ownership should be 3.5 x gross household income for a single earner and 2.9 for dual income households. Guidance makes it clear these can be varied where there is evidence to justify this. Also higher ratios are acceptable for those on higher incomes	Partnership signed off affordability ratios in February 2008
Chapter 5 p 42	Affordability calculation should where possible include access to capital eg parental contribution to deposit	Included in model
Chapter 5 p 42	Affordability for market rent set at 25% of gross household income. Guidance makes it clear these can be varied where there is evidence to justify this. Also higher ratios are acceptable for those on higher incomes	Partnership signed off affordability ratios in February 2008
Chapter 5 p	Judgements about where households can live should be informed by evidence. If outside housing market area then need to consult with recipient area and stakeholders to get agreement.	Model assumes movement across LA areas but not outside of housing market area. There is a section on mobility in chapter 7
Chapter 5 p 43	Assessment should include numbers of homeless households and those in temporary accommodation.	Homeless households and those in TA are included in housing needs information. With increasing emphasis on homelessness prevention, and the target to reduce use of temporary accommodation, this information is becoming less useful as an indicator of housing need. We will, however, continue to monitor homelessness prevention, homelessness acceptances and numbers in temporary accommodation.
Chapter 5 p 44	Assessment should include estimate of number of overcrowded and concealed households, if possible broken down by tenure	There is information in the model about numbers of overcrowded and concealed households
Chapter 5 p 46	Assessment should include numbers of existing households falling into need each year eg those coming onto housing register	Included in model

	and being rehoused within the year	
Chapter 5 p 47	There are a number of factors to be taken into account when assessing the future supply of affordable housing eg committed supply, homes being taken out of the stock for other uses, turnover etc.	Included in model
Chapter 5 p 50	Information should be included on household preferences about where those seeking affordable housing want to live	Information on preferences has been researched as part of the project but the model assumes that housing need will be met largely in the areas in which need arises. There is information on the impact of mobility between zones and between local authority areas in chapter 7.
Chapter 5 p 51	Assessment should include identification of sizes of social housing stock that are under most pressure	Included in chapter 9
Chapter 5 p 51	Guidance acknowledges difficulty of collecting evidence on the private rented sector and simply states that assessments should bring together available data and acknowledge gaps	Some information from private sector stock condition surveys has been included but this is quite light. It has not been possible to get a lot of data on a comparable basis. This should be addressed during consultation period.
Chapter 5 p 52	Assessment should be based on meeting backlog need over a 5 year period although a longer period can be used	Assumption that backlog need would be met over 10 years was signed off by the Partnership as a more realistic profile in a highly pressurised housing market.
Chapter 5 p 53	In addition to the numerical modelling, Partnerships should decide if there are other factors which should be taken into account when deciding what proportion of total housing need is for affordable housing	A number of other factors are identified and discussed in chapters 7 and 11.
Chapter 6 p 57	Partnerships will want to assess whether there is demand for low cost market housing in terms of the relationship between entry level market house prices, market rents and incomes	A section on low cost market housing is now included in the report, in chapter 6.
Chapter 6 p 59	Intermediate housing is considered affordable where mortgage and rent costs together add up to no more than 25% of gross household income	Demonstrated in affordability modelling in chapter 6.