

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR REGENERATION

**REPORT OF THE ASSISTANT DIRECTOR OF DEVELOPMENT
AND COMMUNITY STRATEGY**

Report prepared by Duncan Bruce

Date Issued: 27 August 2009

1. AWARD OF CONTRACT

1.1 Issue for Decision

- 1.1.1 To consider whether the Council should enter into a contract with Fordham Research Ltd to carry out a Strategic Housing Market Assessment (SHMA).

1.2 Recommendation of the Assistant Director of Development and Community Strategy

- 1.2.1 That the Cabinet Member for Regeneration agrees that the Council should enter into a contract with Fordham Research Ltd for the purchase of professional services to carry out a Strategic Housing Market Assessment, at a fixed price of £34,850.
- 1.2.2 That the cost of the assessment be met from the Housing & Planning Delivery Grant (HPDG).

1.3 Reasons for Recommendation

1.3.1 Background to contract

As part of their strategic housing function, Local Authorities have a duty to plan for the likely levels of housing need and demand¹ in their areas. Up to 2007 this was accomplished through Housing Needs Assessments (HNA). Maidstone's last HNA was issued in 2005, using 2004 data. The HNA before that was issued in 2001. Recognising the

¹ Under the definitions set out in PPS3, housing need is defined as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'. Housing demand is defined as 'the quantity of housing that households are willing and able to buy or rent'. Housing market areas are 'geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work'.

need for housing strategy and delivery to be responsive to changes in the levels of housing need and demand, the Department for Communities and Local Government (CLG) has, since 2007, promoted the use of SHMAs to more fully reflect the dynamics of the local and sub-regional housing market.² This guidance specifies 8 key outputs from a SHMA as follows:

Output	Detail
1. Estimate of current size, type & tenure of dwellings	<ul style="list-style-type: none"> • An estimate of the current housing stock profile of the borough and of the identified housing market area(s) and sub-area(s) including how the profile varies between the urban and rural parts of the borough; • Explanation of how the stock profile has changed in the past 10 years and any implications of these changes; • The identification of any existing imbalances in stock profile within the identified areas.
2. Analysis of past and current housing market trends	<ul style="list-style-type: none"> • The identification of the housing market(s) and any sub-markets operating in the borough and the definition of their broad geographical extent. Without pre-judging the findings of the assessment, the pattern of markets is expected to include a market area centered in Maidstone town with additional markets and/or sub-markets covering the rural areas; • The identification of the key characteristics of the identified markets and sub-markets. The analysis should clearly draw any distinctions between the market areas. Assessment of the housing markets and sub-markets will require the consultants to assess the influences of adjacent housing areas/sub-areas, specifically from the Medway Gap area (Tonbridge and Malling BC), Medway (Medway UA) and Ashford (Ashford BC); • The identification and analysis of past and current trends in the local markets, including in terms of the location and nature of supply (a specific example is the recent propensity of the market to provide flats in the town centre) and the balance between demand and supply; • The identification of the length and profile of the typical housing market cycle and the identification of the 'average' market over the medium to longer term. It should also provide guidance on how the market(s) are likely to operate in the future, in particular the capacity of the individual

² CLG guidance 'Strategic Housing Market Assessments Practice Guidance Version 2' published August 2007.

	<p>markets and sub-markets to deliver new housing in an average market;</p> <ul style="list-style-type: none"> • Description and explanation of the key drivers and trends that influence the local markets and the significance of changes to these drivers.
3. Estimate of total future number of households, by age, type	<ul style="list-style-type: none"> • The identification of the demographic profile of households in the borough and how this will change over the timeframe of the Core Strategy (2016, 2021, 2026) taking account of local demographic, economic and migration factors.
4. Current number of households in housing need	<ul style="list-style-type: none"> • An assessment of the number of households in housing need in the borough; • An assessment of the extent of overcrowding, and also under-occupation, of the housing stock; • An assessment of the extent to which housing waiting lists and transfer lists accurately reflect housing need; • Separate breakdowns for the numbers of households requiring social rented and intermediate forms of tenure (including shared equity).
5. Future households that will require affordable housing	<ul style="list-style-type: none"> • An estimate of the future number of households in housing need in the borough; • An indication of the likely future requirements for social rented and intermediate forms of tenure.
6. Future households requiring market housing	<ul style="list-style-type: none"> • An assessment of future economic and employment forecasts, including the nature, level and distribution of employment and household incomes, and conclude on how these and other relevant economic factors impact on housing demand; • Estimates of the scale and nature (in terms of size and type) of the requirement for future housing. Estimate the different types of household likely to require housing over the period of the Core Strategy (to 2026); • Conclusions on the demand for market housing in the market area(s) and sub-areas and distinguishes notable variances between them. This should be in the context of the emerging Regional Spatial Strategy (the South East Plan) housing figures.
7. Estimate of size of affordable housing required	<ul style="list-style-type: none"> • Estimates of the dwelling size requirements of both current and future households in housing need.
8. Estimate of household groups who have particular	<ul style="list-style-type: none"> • The identification and quantification on a borough-basis of household groups with particular housing requirements and the nature of those requirements. To include older people,

<p>housing requirements</p>	<p>Black and Ethnic Minorities, students, disabled people (defining separately those with mental health problems and learning difficulties), key workers, lesbian, gay & transsexuals and people at risk of violence;</p> <ul style="list-style-type: none"> • An assessment of the implications of these specific requirements, including any location concentrations or deficiencies, for existing housing support arrangements operated by the Borough Council and its partners, and for future housing provision.
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- 1.3.2 The SHMA will be a key input into both the development of our new Housing Strategy to run from 2010-14, and will form part of the evidence base for the Core Strategy. Guidance in Planning Policy Statement 3 – Housing (PPG3) is clear that local planning authorities should demonstrate a clear understanding of the housing market in developing its proposals through the Local Development Framework (LDF). This encompasses the need and demand for both market and affordable housing, as well as other specialist needs
- 1.3.3 In addition, under the previous HNA regime, stakeholders were not usually involved in the process. One of the key aims of the new planning system is to involve local communities and stakeholders from the earliest stages of plan preparation, which includes evidence base work like strategic housing market assessments. The aim is to minimise any potential objections to policies proposed, as stakeholders will have had the opportunity to express their concerns during the preparation of the strategic housing market assessment.
- 1.3.4 SHMA guidance strongly recommends that assessments are carried out in partnership with one or more neighbouring local authorities, or even across county boundaries. Based on work done by DTZ Pinda Consulting in 2004 for the South East Regional Housing Board, map H6 of the draft Regional Spatial Strategy for the South East (the South East Plan) (March 2006) identified a 'stand-alone' sub-regional housing market area focused on the town of Maidstone. Despite this, approaches were made to Ashford Borough Council to conduct a joint SHMA, but due to differences in our respective LDF and Core Strategy planning processes it was decided to proceed with our own individual SHMA.
- 1.3.5 In the past it was sufficient to assess housing need every 4 to 5 years. The rapidly changing nature of housing markets means that more frequent updates are necessary: the SHMA approach and much easier (and cheaper) electronic access to relevant data means that a SHMA can be 'refreshed' at 12 to 18 month intervals using in-house resources, so maintaining the 'value' of the original product.

1.3.6 Procurement process – A study brief was developed with Spatial Policy, which clearly set out the aims and objectives of the SHMA, together with the 8 expected outputs, as per CLG guidance. The brief set out four evaluation criteria: demonstrable ability to meet the brief; robustness of approach, experience and VFM.

1.3.7 A shortlist of six companies known to have experience in this area of work was drawn up. All were contacted to see if they would like to be sent the study brief. Five responded Yes, and subsequently four proposals were received by the deadline (26 June). The prices were:

Company	Basic Fee	Postal Survey	SHMA total
Firm 1	£22,950	£5,525	£28,475
Fordham	£28,450	£6,400	£34,850
Firm 3	£33,892	£16,060	£49,952
Firm 4	£46,600	£40,000	£86,600

1.3.8 Proposal analysis: Following initial evaluation, Firm 4 was excluded on cost grounds.

1.3.9 The remaining three firms were invited to an interview with a panel of officers, and a detailed evaluation of the remaining three bids carried out. Following interview and evaluation, it was clear that Fordham Research offered, on balance, the best option.

1.3.10 Conclusion: Following market testing, Fordham Research offer the best combination of ability to fully meet the objectives of the brief, project management and relative value for money. Fordham's showed significant advantage in the areas of:

- Their approach to combining secondary (i.e. already published) data, with the new primary data from the housing needs survey, to form a holistic analysis of Maidstone's housing market;
- Their project management strengths, and
- Their approach to stakeholder engagement.

Fordham's proposal includes more project man days than the cheapest proposal (57 against 44), and also includes more postal surveys (8,000 against 5,400).

1.3.11 The cheapest bidder for the work – Firm 1 - whilst scoring highly on VFM and relevant experience criteria, did not convince that they could fully meet the terms of the brief. Their proposal provided little detail on exactly how, in terms of what methods would be used, the required

8 outputs would be obtained. Thus it was not possible to test whether their approach was robust.

The Council has experience of working with this firm in the past, (Firm 1 carried out the 2005 Housing Needs Survey, and more recently the Gypsy & Traveller Accommodation Assessment), but on this occasion they do not offer the best combination of ability to meet the brief and robustness of approach.

1.4 Alternative Action and why not Recommended

1.4.1 The current housing needs assessment uses data that is now 5 years old. A 'desktop' based housing needs refresh could be carried out – at a cost of some £15,000 - but it would have an extremely limited useful life, and could not be relied upon as an evidence base for either the Core Strategy or the new Housing Strategy 2010-14.

1.5 Impact on Corporate Objectives

1.5.1 The proposed contract to carry out a Maidstone SHMA will contribute to the community strategy aims of planning for sustainable communities where people want to live and work, and value for money. Key elements of the SHMA will be capable of being updated every 12-18 months by council staff at minimal cost to the Council.

1.6 Risk Management *COMPULSORY*

1.6.1 The main risks with not commissioning an up to date SHMA are that the Council's planning and housing policy work will be severely compromised by not having a credible evidence base on which to base relevant housing and spatial policies.

1.6.2 Relevant project risks will be identified as part of the project management approach: they will be agreed with the Council as client, and managed by Fordham Research.

1.7 Other Implications

1.7.1

1. Financial
2. Staffing

X

3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	X
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	

1.7.2 Financial: The proposals contained herein will cost £34,850 to be funded by the housing and planning delivery grant. An amount of £50,000 has previously been set aside from HPDG funds to undertake a SHMA. There may be further costs incurred if the consultants appointed are required to appear at Core Strategy Examination.

1.7.3 Legal: A new contract will be formed between the Council and Fordham Research Ltd.

1.7.4 Sustainable development: The proposal will assist in the formation of housing and planning policies that will impact on Maidstone's population.

1.7.5 Procurement: The recommendation complies with the provisions of the Council's constitution.

1.8 Background Documents

1.8.1 Costed quotations received from the four firms who submitted proposals.

Annex 1

CLG guidance states that:

The value of strategic housing market assessments is in assisting policy development, decision-making and resource-allocation processes by:

- a. enabling regional bodies to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies;
- b. enabling local authorities to think spatially about the nature and influence of the housing markets in respect to their local area;
- c. providing robust evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing;
- d. providing evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable housing;
- e. supporting authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner occupied, private rented and affordable – and assessment of the key drivers and relationships within the housing market;
- f. drawing together the bulk of the evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer; and
- g. ensuring the most appropriate and cost-effective use of public funds.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes No

Reason for Urgency

The decision is urgent because officers require the recommended consultant (Fordham Research) to conduct the housing needs survey fieldwork in the most advantageous time of the year (late September) when the response rate is likely to be maximised.

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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