

DRAFT STRATEGIC HOUSING MARKET ASSESSMENT 2009

Accountable Cabinet Member: Councillor Mike Galloway

Contact Officer: Tom Podd (Senior Planning Officer) 01908 254231

1. Purpose

- 1.1 To advise the Local Development Framework Advisory Group about the findings of the Draft Milton Keynes Strategic Housing Market Assessment (MKSHMA) Update 2009.

2. Recommendations

- 2.1 That the Local Development Framework Advisory Group notes the findings of the Draft MKSHMA Update 2009.

3. Issues and Choices

- 3.1 In November 2006 the Government published Planning Policy Statement 3 (PPS3): Housing. PPS3 sets out the national planning policy framework for delivering the Government's housing objectives and it reflects the Government's commitment to improving the affordability and supply of housing in all communities. The level of housing provision should be determined taking a strategic, evidence-based approach that takes into account relevant local, sub-regional, regional and national policies and strategies achieved through widespread collaboration with stakeholders. In order to provide a robust evidence base PPS 3 introduced the requirement to undertake a Strategic Housing Market Assessment rather than Housing Needs Studies/Housing Needs Surveys.
- 3.2 In March 2009, following public consultation, the Milton Keynes Strategic Housing Market Assessment 2008 was published. The current Draft MKSHMA Update 2009 is a direct update of the 2008 study.
- 3.3 Between January and March 2009 Opinion Research Services Ltd (ORS) carried out a survey by interviewing 800 households and updated the SHMA using this survey. They also updated a range of data from various sources (such as Land Registry) to establish the current housing requirements in light of the current economic and housing situation.
- 3.4 The Draft MKSHMA Update 2009 is currently out for 12 weeks public consultation until 12 noon on Wednesday 6 January 2010.

- 3.5 The Executive Summary of the Draft MKSHMA Update 2009 is attached to this report. The full report can be viewed by clicking on the link below. The 2008 study is also available on the same link:
www.milton-keynes.gov.uk/housing-strategy
- 3.6 The Draft MKSHMA Update 2009 assesses the overall requirement for new homes across Milton Keynes Borough. The 2009 study shows a net annual requirement of 3,366 new homes per year. This is an increase of 86 homes compared to the 2008 study.
- 3.7 The study uses two methodologies to identify the percentage of new housing that should be affordable. The Department for Communities and Local Government (DCLG) methodology¹ shows that 27% of all new housing should be affordable. Using the McClements Equivalent Scale Assessment² methodology this rises to 32%. This is lower than the 32% (DCLG) - 37% (McClements) figure in the 2008 MKSHMA and more in line with the Adopted Local Plan figure of 30%. The report states that “The balance between tenures has changed over the study period. It is clear that the proportion of intermediate housing has decreased and the balance of market and social rented units has oscillated over the three years with a slightly higher proportion of market housing in 2008. The increase in the market housing requirement in 2009 is primarily due to a fall in the cost of private rents allowing more households to be able to afford market housing”.
- 3.8 In terms of tenure type the study shows that when using the McClements methodology the new housing should ideally be:
- Social rent: 25.3%
- Intermediate: 6.9%
- Market: 67.9%
- 3.9 These percentages broadly reflect the existing Affordable Housing SPD tenure split of 25% social rent, 5% intermediate.
- 3.10 The SHMA forms part of the evidence base for the Local Development Framework (LDF). Through the LDF process, consideration will need to be given as to whether or not the current 30% target in the Local Plan should be changed. Any change would need to be based on robust evidence and take into account financial viability. A financial viability assessment is not included in the Draft MKSHMA Update 2009 and would have to be undertaken as a separate exercise. It is intended to review the Adopted Local Plan policy through the Development Management Development Plan Document (DPD) which as set out in the Local Development Scheme 2009 - 2012 is due to commence preparation at the end of 2009. An affordable housing Supplementary Planning Document (SPD) is also identified in the Local

¹ As set out in Strategic Housing Market Assessments Practice Guidance, (2007).

² The McClements methodology was accepted at the Local Plan Inquiry as a more sophisticated and realistic assessment process using gross household incomes based on household structures.

Development Scheme 2009 - 2012 to expand on the Development Management DPD policy and is due to commence mid 2011.

4. Implications

4.1 Policy

The Draft MKSHMA Update 2009 will form a key piece of evidence for the LDF. The LDF process is where any changes to existing affordable housing policies will be made and these must be based on the evidence available.

4.2 Resources and Risk

N	Capital	N	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

4.3 Legal

The Council has a legal duty under the Housing Act to consider the housing needs of its area. The Local Government Act 2003 also requires a local authority to have a Housing Strategy that shows how a local authority intends to deal with its housing needs. Finally, the Planning and Compulsory Purchase Act 2004 requires the Council to prepare a Local Development Framework.

4.4 Other Implications

N	Equalities / Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
Y	Carbon and Energy Policy				

Carbon and Energy Management

All new homes would have to comply with the Council's policies on sustainable construction.

Sustainability

Development Plan Documents will be subject to the process of Sustainability Appraisal throughout their production.

Background Papers:

Strategic Housing Market Assessment 2008, (ORS, 2009) www.milton-keynes.gov.uk/housing-strategy

Planning Policy Statement 3: Housing (DCLG, 2006)
<http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyguidance/>

LDF Advisory Group Report: Draft Strategic Housing Market Assessment 2008 (MKC, 13 November 2008) <http://cmis.milton-keynes.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=8434>