Llywodraeth Cymru
Welsh Government

Undertaking Local Housing Market Assessments (LHMAs)



Guidance

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Contents

Background

This guidance is intended for use by local housing or planning officers responsible for undertaking Local Housing Market Assessments (LHMAs) within local authorities. It seeks to support local authorities on how to produce an LHMA and to use the LHMA Excel Tool (LHMA Tool) to estimate the number of additional housing units required, by tenure, in the future.

This guidance should be read alongside key supporting documents, including instructions within the LHMA Tool and the LHMA Template Report. You can also access training materials to support you when populating the LHMA Tool.

LHMAs are all individual due to their nature, reflecting the individuality of local authorities. Nevertheless, differing methodologies have previously led to inconsistencies in the approach taken to assessing local housing need and embedding consistency across all local authorities. The 2019 Independent Review of Affordable Housing Supply[1] included a call for Welsh Government to mandate Local Authorities to provide LHMAs on a consistent timetable, using a consistent methodology and national data sources. The replacement methodology, introduced in 2022, fulfilled this commitment.

A further review of the guidance and LHMA Tool has now been undertaken. This guidance should be used for all rewritten or refreshed LHMAs. This guidance replaces the previous guides on LHMAs listed below:

- Local Housing Market Assessment Guide (Welsh Government, March 2022);
- Getting Started with Your Local Housing Market Assessment – A Step by Step Guide (Welsh Government and Welsh Local Government Association (WLGA), November 2014); and
- Local Housing Market Assessment Guide (Welsh Assembly Government, March 2006).

LHMAs are a crucial part of the evidence base for preparing Development Plans and local authorities' Local Housing Strategies. Whilst local authorities are no longer required to submit their Local Housing Strategies to Welsh Government, many still produce them to encompass their local housing policies.

From a land-use planning perspective, housing needs assessments provide the evidence base to support housing policies, including affordable housing policies, in development plans. From a housing perspective, LHMAs provide evidence which forms the basis of the local authority Prospectus for Social Housing Grant (SHG) and other Welsh Government capital funding programmes.

LHMAs will be a key source document informing the local authority homelessness strategy. They should also be used to plan for the diverse needs of different people and communities, including ethnic minority people, disabled people and people of different ages to ensure homes meet those needs.

[1] Independent Review of Affordable Housing Supply (2019) - https://www.gov.wales/sites/default/files/publications/2019-04/independent-review-of-affordable-housing-supply-report_0.pdf

Further reasons for undertaking such assessments include their value to:

- develop long-term views of housing need and demand;
- inform decision making on matters such as social housing allocation priorities, private sector renewal options and access to low cost home ownership units. Assessments can inform the development of housing policies on stock conversion, demolition and transfer in areas where the quality of the housing available is inadequate. Assessments are therefore key to investment decisions;
- help local authorities consider local housing markets when major new developments are planned and when negotiating Section 106 agreements[2]; and
- aid an appreciation of how housing need translates into different sizes and types of affordable housing (e.g. intermediate or social housing) so that local authorities can negotiate appropriate mixes on new sites.

Legislation

Local authorities have an important community leadership and strategic housing role. Under section 8 of the Housing Act 1985[3] they are also responsible for undertaking a periodical review of housing need. In taking this guidance forward, local authorities are required to rewrite LHMAs every five years and refresh that LHMA once during this five-year period (between years two and three) utilising section 87 of the Local Government Act 2003[4].

In addition, local authorities must develop a homelessness strategy every four years under sections 50, 51 and 52 of the Housing (Wales) Act 2014[5]. This strategy must include a review of the resources available to the local authority and other bodies associated with supporting people who are or may become homeless. It is essential that local authorities consider their equality duties under the Equality Act 2010[6] and the Welsh Public Sector Equality and Socio-economic Duties[7].

Local authorities will be expected to use this process, including the LHMA Tool and complete the LHMA template report when undertaking their LHMA. When local authorities produce an LHMA rewrite or refresh, they will be expected to submit it to Welsh Government for review. This guidance sets out how Welsh Government will undertake that review process.

Undertaking LHMAs to determine housing need contributes to the promotion of sustainable development and the achievement of the seven goals of the Wellbeing of Future Generations (Wales) Act 2015[8]; and adopting the five ways of working set out in that Act will be key to the way LHMAs are carried out. LHMAs contribute towards a healthy and more equal Wales as understanding housing need and the homes required within each local authority is the first step in delivering homes in the right places.

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[2] Section 106 agreements are agreements made under Section 106 of the Town and Country Planning Act 1990.
[3] Housing Act 1985 - https://www.legislation.gov.uk/ukpga/1985/68/section/8
[4] Local Government Act 2003 - https://www.legislation.gov.uk/ukpga/2003/26/part/7
[5] Housing Act 2014 - https://www.legislation.gov.uk/anaw/2014/7/contents
[6] Equality Act 2010 - https://www.gov.uk/guidance/equality-act-2010-guidance
[7] Equality planning and strategy | Sub-topic | GOV.WALES
[8] Wellbeing of Future Generations Act 2015 - https://gov.wales/well-being-of-future-generations-wales

Preface: Key Points to Note for LHMAs

Housing provision must be responsive to changes in the levels of need and demand in an area. LHMAs are designed to give broad, long-run estimates of what future local housing need might be, rather than precision estimates.

It is important to highlight that the LHMA Tool is based on a 15-year projection period that is not designed to model short-term spikes in the housing market or economy. Local authorities should continue to augment the LHMA with local information and data where it exists, including the impacts for Development Plans.

Local authorities should undertake an LHMA at Housing Market Area (HMA) level. Information at this geographical level is a key consideration in devising the spatial strategies for Development Plans and for the allocation of land for affordable and market housing. HMAs may not always follow local authority boundaries and in these instances a partnership approach is recommended.

LHMAs are required to provide an overall additional housing need estimate at local authority level by aggregating HMA level need and a description of the specific housing need requirements.

However, it should be recognised that any headline level of additional housing need can mask differences between HMAs. LHMAs are an important tool to identify geographical gaps between the turnover of existing stock and planned supply and the estimated additional affordable housing need.

The evidence gathered through an LHMA provides a fundamental part of the evidence-base to inform local housing policy decisions, support the local authority Prospectus required for the Social Housing Grant (SHG) and other Welsh Government capital funding programmes.

LHMAs are the first step in linking the housing and planning process. LHMAs form a critical part of the evidence base for local planning authorities and are a key consideration in determining the location of housing growth in development plans.

The additional housing need estimate indicates the scale of housing need within the geographical boundary. Whilst this estimate will inform the development plan, it is unlikely to directly equate to a housing requirement or the affordable housing target in a development plan.

Each local authority should determine the most appropriate timeline in which to undertake both the LHMA and Development Plan to ensure they align. Consideration should include ensuring LHMAs are completed within the necessary timescales, as provided for by Legislation (See ‘Legislation’ section and Sections 1.15, 1.16 and 5.2 of this document) and Development Plans are prepared within the timeline set out in the statutory Delivery Agreement.

Chapter 1: Introduction

1.1 As set out above, local authorities are required to undertake an LHMA. Welsh Government has provided an LHMA Tool to assist local authorities with housing need assessments, reducing the cost and complexity of the process and ensuring a consistent approach across all local authorities when undertaking a LHMA. The LHMA Tool estimates housing need under different sets of assumptions, allowing local authorities to consider and analyse what the findings mean for Development Plans and for Local Housing Strategies, should local authorities produce one. The LHMA Tool enables local authorities to develop long-term strategic views of housing need based on local and nationally produced data sets. Local authorities are expected to use this LHMA Tool for all LHMA submissions to Welsh Government.

Welsh Government review and sign-off

1.2 Local authorities need to submit the following documents to Welsh Government for review and sign-off:

- A completed LHMA Tool for the local authority in accordance with this guidance document.
- An LHMA report with all assumptions justified, in accordance with the LHMA Template Report.

1.3 These documents together with any additional and relevant material, e.g. key points from minutes of meetings with the relevant stakeholders, should be emailed to Welsh Government using the Local Housing Market Assessment / Asesiadau o'r Farchnad Dai Leol mailbox: AFDL-LHMA@gov.wales.

1.4 Local authorities should be fully transparent about the processes and decision-making that underpin the LHMA, particularly where evidence is required when a local authority has selected its own user data and assumptions over the default ones within the LHMA Tool. This information and supporting evidence should be outlined within the LHMA report along with appropriate appendices where necessary and relevant.

1.5 Welsh Government will review the process and methodology used to produce LHMAs as set out in Chapter 5 using the criteria set out at annex 3. It should be noted that the review process does not extend to agreeing the additional housing need estimates themselves. Welsh Government review of the LHMAs will either be signed off as compliant with the LHMA process or as having the potential to be so, subject to the local authority satisfactorily implementing the recommendations of the review. Welsh Government requires copies of the LHMA Tool containing the raw data to be submitted to facilitate the review. You will need to check any data shared does not breach your agreements with the data providers. This requirement does not apply to default data as these agreements have been secured.

Existing and Future Housing Need and Demand

1.6 In terms of defining 'housing need' and 'demand', this guide delineates '**need**' as "the quantity of affordable housing needed" and '**demand**' as "the quantity of housing that households are willing and able to buy or access at market rent".

1.7 Estimates of additional housing need fall into two categories and the LHMAs must evidence both. These are:

- Newly arising need (future need for households yet to form) and
- Existing unmet need experienced by households at the present time.

1.8 Newly arising need estimates are based on Welsh Government household principal projections or the higher or lower variants. Household projections are not forecasts, being based on past trends and the assumption that these trends will continue into the future. In particular, such projections do not attempt to account for the effect of future policies (for example, policies which might seek to influence population movements) and changing economic circumstances or other factors (such as Brexit or the COVID-19 pandemic). In addition to Welsh Government household projections, local authorities can use alternative household projections to gain an understanding of how the additional housing need estimates may change, for example following implementation of a housing strategy.

1.9 Newly arising need is largely met through the provision of additional housing units. However, delivery of housing to meet need should also be considered through changes in housing stock such as conversions, adaptations and bringing empty properties back into use firstly prior to delivery through new build.

1.10 Existing unmet need is the number of households that currently do not have access to adequate housing. This need, as provided by local authorities, includes homeless households in temporary accommodation, overcrowded and concealed households[9]. This need should first be considered as being met through adaptations and improvements to existing stock, including through empty properties, where appropriate, and then through additional housing units. The LHMA Tool builds in the assumption that the existing unmet need is met within the first five years of the LHMA period.

1.11 The Rapid Rehousing Transition Plan (RRHTP) prepared by the Local Authority will contain detailed and up-to-date information on households in temporary accommodation, particularly unsuitable accommodation. Housing and Homelessness teams should share available information to best support the assessment of future need. Local authorities may also have a more detailed picture of accessible housing need and should share available information to best support the assessment of future need.

1.12 All acronyms and terms used within this guidance are summarised in a glossary in annex 1.

[9] See glossary (in annex 1) for full definition.

Using LHMA Evidence for Housing Policy and Planning Policy Decisions

1.13 As the purpose of an LHMA is to provide an evidence-base to inform Development Plans and feed into wider housing strategies, there should be a clear read-across from assessments to plans. Any LHMA evidence that is used in Development Plans or Local Housing Strategies must be clearly referenced. Housing and planning officials should work together on the LHMA production to achieve this.

1.14 Specifically, it is expected that the LHMA should present additional housing need estimates by the following;

- **Market Housing**: to estimate the additional number of households by HMA within a local authority in the owner occupier and private rented sector tenures. This will help support the development of a spatial strategy within a Development Plan.

- **Affordable Housing**: to estimate the additional number of households by HMA in the intermediate and social housing tenures:
    - Intermediate tenure covers both intermediate rent and low cost home ownership (LCHO).
    - Social rent splits the estimated households by number of bedrooms to optimise the provision, management and use of housing stock.

- The LHMA Tool estimates, for each HMA, the number of housing units by tenure, and for social housing the required number of bedrooms. This information will assist local planning authorities when negotiating their Section 106 agreements for affordable housing.

- **Specific Housing Need Requirements**: to inform the provision and use of accessible and appropriate housing and housing-related services to enable independent and culturally appropriate living for all. See Chapter 4 for more information on Specific Housing Need Requirements.

Timetabling

1.15 Local authorities will be expected to use the LHMA process, including the LHMA Tool, when they undertake each rewrite or refresh of the LHMA. Local authorities are required to **rewrite** LHMAs every five years and **refresh** that LHMA once during that five-year period (between years two and three) utilising section 87 of the Local Government Act 2003[10]. As set out in the 'Key points to note' section above, LHMAs are used to inform Development Plans. It is therefore expected that local authorities will undertake LHMAs to align with their Development Plan timeframe.

1.16 Local authorities can refresh an LHMA more frequently if required.

1.17 Local authorities should aim to ensure that officers have sufficient experience and expertise to undertake as much of the assessment as possible, to ensure they understand the local housing need as well as helping to tackle issues identified through the assessment. The LHMA Tool, supporting guidance and training videos

[10] Local Government Act 2003 - https://www.legislation.gov.uk/ukpga/2003/26/part/7

along with the template report should help officers to undertake the key components of the assessment themselves.

1.18 However, it may be appropriate to commission consultants to undertake particular specialist aspects of the assessment. In this instance, the local authority should ensure that:

- effective quality control mechanisms are in place to ensure outputs are accurate and the methods and findings are understood by the local authority; and
- the local authority has access to the datasets and work undertaken by consultants so the work can be updated as additional intelligence becomes available.

Governance and Consultation

1.19 Production of an LHMA should be undertaken through a collaborative approach with stakeholders. In producing their LHMAs, local authorities should engage with a variety of stakeholders. This could include representatives from: National Parks (as appropriate), Registered Social Landlords, colleagues from Homelessness, Health, Care and Social Work Departments (bearing in mind the alignment between the housing, health and social care agendas) and colleagues with expertise in economics or statistics. Also, this could include collaboration with Rural Housing Enablers (RHEs) and/or Community Housing Enablers (CHEs) (where appropriate), voluntary sector Homelessness Support Providers, housing developers, tenant organisations, estate agents, lettings agents and people who have specific housing need requirements. The local authority's final LHMA will then need to include details of the engagement, feedback and action taken. Bearing in mind both the Well-being of Future Generations (Wales) Act 2015 and the Public Sector Equality Duty, it will be important to meaningfully involve community groups/organisations and those representing protected characteristics.

1.20 All stakeholders should be engaged to obtain relevant, and appropriate, evidence and data sources and in a way that best suits all parties. The LHMA should detail what stakeholders have told authorities and demonstrate how this has influenced the LHMA. If the information provided by stakeholders was deemed unsuitable to be used within the LHMA, an explanation as to why that was the case should be included.

1.21 Welsh Government requires local authorities to formally sign-off their LHMAs and include a quality assurance statement regarding the process undertaken, in order for Welsh Government to consider LHMA process compliance sign off. Should local authorities have jointly produced an LHMA, all constituent authorities must agree the core outputs and include a statement to this effect. Local authorities are encouraged to engage with Welsh Government during the drafting of their LHMA and should submit a final draft to Welsh Government for review prior to seeking formal local authority sign off in order to avoid unnecessary delays in the sign off process.

LHMA Template Reports

1.22 The LHMA template reports provide a standard framework which local authorities should complete to meet the requirements set out within this guidance. There are two template reports, one for a rewrite and a shorter report for a refresh of the LHMAs.

1.23 The template reports include headings and example text that local authorities may wish to include within an LHMA report.

1.24 The following bullet points provide examples of good practice for determining the content and size of the LHMA report (Report):

- Use the outputs tables in the LHMA Tool to summarise key findings and include within the Report. The template report for a rewrite will need three sets of the additional housing need estimates using the Welsh Government principal, higher and lower variant household projections. In addition, local authorities can show the additional housing need estimates based on user household projections.
- Focus on evidence and analysis, NOT policy or contextual descriptions.
- Explain all decisions, assumptions, choices and scenarios in full.
- Avoid statements that are not factual, e.g. anecdote or inference.
- Keep the contents closely aligned to what is required by the core outputs and process checklist and as laid out in this guidance.
- Use the proof-reading stage to strip out any unnecessary content and use annexes to minimise the main body of the report.
- Place supporting documents on websites.
- There is no need to explain methodologies that have been explained robustly elsewhere, for example household projections are explained fully on the Office for National Statistics (ONS) website and a link to these is sufficient.

Quality Assurance

1.25 Welsh Government has a general role to support all local authorities in the production of their LHMAs, and a formal role to review and sign-off the LHMA process and methodology as being compliant. Welsh Government will work with local authorities to quality assure both the process and the content of the report, as outlined in chapter 5.

1.26 To ensure successful sign-off of the LHMA by Welsh Government, local authorities will need to adopt the following quality assurances around the data inputted into the LHMA Tool before submission to the Welsh Government:

- **Justification**. Where local authorities have not used the default data and assumptions within the LHMA Tool, they will be expected to justify why alternative data or assumptions have been used. Furthermore, as LHMAs are technical and analytical in nature, it is essential that certain methodologies are explained in full, such as alternative first-time buyer’s property value to income ratio used for any of the housing market areas.

- **Triangulation**. Where there are several competing data sources, for example for existing unmet need calculations, compare each to decide which source is the best quality and document this process in the report. This provides a level of assurance that the data used in LHMA calculations are fit-for-purpose.

- **Quality assurance statement**. A full statement should be included in the report setting out each quality assurance procedure. Final draft LHMAs must ensure figures in the narrative match those in the tables, figures are arithmetically correct, figures are rounded consistently, data are fully sourced and figures/ charts are labelled in full and consistently - including any footnotes, caveats or warnings. For example, practitioners should caveat where statistical rounding leads to totals in tables not summing correctly.

1.27 Some additional measures include:

- using official or recognised data sources wherever possible;
- using consistent time periods across data sources, wherever possible. For example, if using latest income data for 2024, use rent data from the corresponding period; and
- ensuring that local data have been checked and cleansed and the process has been described in the LHMA.

Geographies

1.28 The LHMA Tool is based on HMAs identified by unique code references using electoral wards, Middle layer Super Output Area (MSOA) or Lower layer Super Output Area (LSOA) geographies. Each local authority is responsible for determining the appropriate geography for HMAs in their area. The Welsh Government would encourage the use of statistical geographies, however Data Map Wales[11] allows users to see how the MSOAs and LSOAs map to electoral wards.

1.29 HMAs are areas that have been defined geographically based on the functional areas where people currently live and would be willing to move home without changing jobs, recognising that housing markets are not constrained by administrative boundaries. A number of key factors need to be taken into account when defining these areas, including the broad price of housing (to consider 'transferability' within the market) and major transport links by road or rail (to take account of commuting patterns). Individual preferences of households may well centre on smaller geographical radii. However, planning for additional housing provision needs to be conducted at a scale suitable to consider the costs and benefits of increasing supply (i.e. land availability, broad viability, dwelling vacancy rates and potential impact on housing need deficits).

1.30 We know that rural areas have particular challenges in identifying need that is often 'hidden' due to the unpopulated nature of the area. Rural Local Housing Surveys can provide a reliable source of data to overcome areas of hidden need. Rurality may present some specific issues for defining HMAs, especially in sparsely populated areas with small numbers of house sales. Further support and advice may be obtained from Rural Housing Enablers and/or Community Housing Enablers.

1.31 We know that rural areas also have particular challenges which centre mainly on high income to house price ratios and low levels of affordable housing delivery. This can impact on the ability of low-income households to find a home in many rural areas and can also undermine the ability of rural communities and economies to thrive as young and working age people leave.

[11] Data Map Wales - https://datamap.gov.wales/

1.32 Empty homes can be a blight and nuisance on our communities. Not only can they attract anti-social behaviour, pose environmental health problems and contribute to a general decline in their neighbourhoods, but they are also a wasted resource. In times when housing is in short supply, it is important to maximise all available dwellings.

1.33 We know that Wales has a high level of unoccupied dwellings with over 120,000 in the 2021 Census – making up 8.2% of dwellings in Wales. From Council Tax administrative records[12], we know that in 2026/27 there will be 23,033 chargeable empty properties (empty for more than 6 months) across Wales. We would expect to see the impact empty properties has on each local authority reflected within the LHMA.

1.34 The long-term sustainability of our communities, as well as safeguarding the Welsh language as a vibrant community language, is vital and central to the aims of the Welsh language strategy, *Cymraeg 2050: a million Welsh speakers*[13]. There can be challenges in some Welsh-speaking communities with a high proportion of second homes and holiday lets. Ultimately, affordability is a key issue under a 'three-pronged approach', built on coordinated actions – through practical support, system change and taxation levers - to deliver proportionate, balanced and effective solutions.

1.35 Not every community will face the same challenges, however. Where evidence demonstrates that second homes present a challenge to the supply of affordable housing the Welsh Government will expect to see this reflected in the LHMA - including consideration of the impact on the Welsh language and the measures the LA intends to implement to manage future numbers. Alternatively, where the LA deems there is minimal / no impact, this should be clearly explained in the report.

1.36 Local authorities with a diverse population will want to reflect consideration of this in their LHMA.

National Park Authorities

1.37 The LHMA Tool has been set up to estimate additional housing need in each local authority. In areas where there is a National Park, this should be included as a separate section.

1.38 Where national park boundaries intersect local authority boundaries, practitioners may find it helpful to construct HMAs in a way that allows housing need data to be extracted for the National Park.

1.39 It is suggested that National Parks utilise the estimates of additional housing need set out within the local authority's LHMA to develop a concise analytical report.

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[12] Council Tax dwellings: April 2026 to March 2027 [HTML] | GOV.WALES
[13] Cymraeg 2050: Welsh language strategy | GOV.WALES

Equality Considerations

1.40 Local authorities must consider their Public Sector Equality Duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011, including the need to involve people, collect data, and carry out an Equality Impact Assessment (EIA).

1.41 In line with the Welsh public sector equality duties, public authorities in Wales must actively engage with individuals and groups who share protected characteristics when setting equality objectives and assessing policies.

1.42 Consideration must also be given to the requirements of the Socio-Economic Duty to deliver better outcomes for those who experience socio-economic disadvantage.

1.43 It is a requirement to undertake an EIA on any policy or strategy that has an impact on people, including those which result from the work within the LHMA. It should be noted that the EIA process is not just about identifying and mitigating negative impacts, it is about proactively looking for opportunities to promote equality. Conducting an EIA helps public authorities identify and address potential inequalities, ensuring that policies and decisions promote fairness and comply with legal duties under the Equality Act.

1.44 The Equality Act 2010 introduced a public sector Equality Duty in April 2011 to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity
- foster good relations.

1.45 The Statutory Duty requires consideration of the above in respect of the following protected characteristics:

- age
- disability
- sex
- pregnancy and maternity
- gender reassignment
- marriage and civil partnership
- sexual orientation
- race
- religion and belief.

1.46 The LHMA should give due consideration to the requirements of the Act, particularly around evidence on the Specific Housing Need Requirements of local populations. Several aspects of the above duties are addressed in Chapter 4: Specific Housing Need Requirements covering the Specific Housing Need Requirements.

Housing Requirement

1.47 The additional housing need estimate indicates the scale of need within the geographical boundary. A broad range of evidence, including housing need, will be taken into consideration when identifying the housing requirement as part of the

Development Plan process. The housing need estimate is unlikely to directly equate to a housing requirement within a Development Plan.

1.48 LHMAs produce a range of future housing estimates based on different household projections, data inputs and key assumptions. This is an estimate of the **TOTAL** future amount of additional housing need in an area. The housing estimate then helps to determine the Housing Requirement established through the Development Plan preparation process.

1.49 The Development Plan Housing Requirement represents the additional housing that can realistically be delivered over the period of the plan and is a policy-based interpretation of the estimated housing need set out in the LHMA and other key evidence, such as economic ambition and environmental constraints.

Overview of Housing Market and Socio-economic and Demographic Trends

1.50 Local authorities should provide an overview of the local housing market, which should include:

- geographical size
- population including a breakdown of protected characteristics such as:
    - age
    - disability
    - ethnicity
- number of households
- an analysis of households by tenure
- overview of owner occupier position
    - property price trends for the area and by HMA
    - sales (volume) trends by HMA
- overview of the private rented sector
    - age profile
    - property type
    - rents by bedroom and by HMA
- overview of the social rented sector
    - stock profile by HMA
- overview of second homes (and implications for the Welsh language), where appropriate
- overview of empty homes by HMA and sector
- overview of use of temporary accommodation, particularly temporary accommodation which falls outside the Suitability Legislative requirement[14]

1.51 An overview of the socio-economic and demographic trends within the local authority should also be provided to include:

- trend analysis of households by tenure and by HMA
- household incomes and housing costs as a percentage of income
- household composition
- occupancy ratings by HMA
- ethnicity

[14] The Homelessness (Suitability of Accommodation) (Wales) Order 2015

- commuting patterns
- disability.

Further Advice

1.52 For advice about this guidance or LHMAs in general, please contact the Welsh Government using the mailbox: Local Housing Market Assessment/Asesiadau o'r Farchnad Dai Leol - AFDL-LHMA@gov.wales.

Chapter 2: Key Data Inputs and Assumptions

Introduction

2.1 This chapter gives direction on how to source the data required for the key data inputs and assumptions.

2.2 Key data inputs include allocating geographical areas to the housing market areas (HMAs), the basis of the household projections and housing affordability, including income, house prices and rent levels. Also, existing stock and planned supply estimates will be required alongside the additional affordable housing need estimates to identify whether there is an over-supply or under-supply of housing units within a HMA.

2.3 Key drivers within the local housing market should inform the assumptions used to run the LHMA Tool.

Overview of the key data inputs and assumptions

2.4 The LHMA tool has the following five sections:

- Overview and guidance of the Tool
- Key data inputs and assumptions
- Calculations / affordability analysis
- Key outputs tables and charts
- Several auto-generated tables for inclusion in the report.

2.5 Annex 2 provides an overview of the process used to estimate the additional housing need for a local authority by HMAs.

2.6 The following chart (Chart 1) focusses on section 2 of the LHMA Tool covering the key data inputs and assumptions, in a chronological order, that practitioners will need to follow to populate the LHMA Tool and run the calculations:

Chart 1: Chart of key data inputs and assumptions needed to run the LHMA Tool

	2.1. Housing Market Areas (HMAs)	2.2. Household Projections	2.4. Income Data	2.5. Existing Unmet need	2.6. Existing stock and planned supply	2.7. Rent Data	2.8. House Price Data	2.9. Key Assumptions
Data source(s)	User-defined	Welsh Government 2022-based household projections by local authority Census 2021	User-defined	User-defined	User-defined	Rent Officers Wales	Land Registry data, House price index data	OBR (5-year financial forecasts)
Local data required?	**Required:** Practitioners to allocate the relevant geography codes (ward, MSOA, LSOA) to the Housing Market Areas (HMAs).	**Required:** - Social rental allocation policy **Optional:** - User-defined growth by HMA, - User-defined household projections (2.3. User projections) - User-defined allocation of newly arising need over first five years vs remaining 10.	**Required:** Practitioners to provide the data at HMA level. Must be gross unequivalised income percentile distribution.	**Required:** Practitioners to provide the data at HMA level and by number of bedrooms: - *Concealed and overcrowded households* - *Households in temporary accommodation* - *Other social housing* - *Intermediate rent* - *LCHO*	**Required:** Practitioners to provide for social rent at HMA level and by number of bedrooms by: - *Committed supply* - *Expected re-let* - *Planned removals.* Practitioners to provide by HMA level for **intermediate rent** and **LCHO**: - *Committed supply* - *Expected turnover.*	**Optional:** Data from alternative source may be used.	**Optional:** Data from alternative source may be used.	**Optional:** - Affordability criteria for owner occupier and social rent tenures - First time buyers house values and income multipliers - 5-year financial forecast for changes in income, rent and house prices - Percentage of eligible households for owner occupier that go onto buy - Method for splitting intermediate housing by intermediate and LCHO.
How is this data used?	-	To Calculate the projected change in the number of households over the 15 year projection period of the LHMA.	To provide a basis of income-based tenure split calculations	To provide figure to existing unmet need (All existing unmet need allocated to affordable housing)	To calculate net need figures	For calculation of the 30th and 50th percentile rent values by HMA for tenure split calculations	To enable tenure split between private rental and owner occupier	To enable tenure split between all five categories

Key:

text in blue denotes default data provided by Welsh Government and is in the tool

text in grey denotes default data provided by Welsh Government but is not in contained in tool. Local authorities may access this data by following the steps outlined in the tool section 2.4. Rent_Data.

Contents and Evidence

2.7 Table 1 below provides, for each data input, suggested data sources and guidance to assist in the analysis of the most relevant and appropriate data for the local housing markets.

Table 1 – Key data sources and guidance for the LHMA Tool data inputs

Key data inputs	Key data source(s) and guidance
1. Housing Market Areas (HMAs)	A **HMA** is defined as: These areas have been defined geographically based on the functional areas where people currently live and would be willing to move home, recognising that housing markets are not constrained by administrative boundaries. A number of key factors have been taken into account when defining these areas, including the broad price of housing (to consider 'transferability' within the market) and major transport links by road or rail (to take account of commuting patterns). Individual preferences of households may well centre on smaller geographical radii. However, planning for additional housing provision needs to be conducted at a scale suitable to consider the costs and benefits of increasing supply (i.e. land availability, broad viability, dwelling vacancy rates and potential impact on housing need deficits). The LHMA Tool allows up to 20 HMAs for a local authority. The practitioner needs to define each HMA using wards, MSOAs or LSOAs. The LHMA Tool allows up to 50 different codes for a HMA. Alignment of boundaries of HMAs to the statistical geographies (Ward, MSOA or LSOA) is encouraged. Each ward, MSOA or LSOA can be placed in only one HMA. Data Map Wales provides geographical information showing the wards, MSOAs and LSOAs boundaries for every local authority. To access this service, practitioners will need to set up a Government Gateway ID to access the maps via browse catalogue typing "LHMA" in the search box. Welsh Government can provide further assistance if needed. National data ONS information on the wards within Wales
2. Household data	National data Welsh Government national and local authority household estimates: mid-2024 National data Local authority population projections: 2022-based (2022-2047) | GOV.WALES This data is the default data within the LHMA Tool for calculation of the newly arising need households.

Key data inputs	Key data source(s) and guidance
	Household Projections The LHMA Tool is pre-populated with the latest Welsh Government household projections, including principal and higher and lower variant options. The variants allow for different assumptions in the migration, fertility and mortality rates. Practitioners are required to run scenarios based on the principal and two variants to better understand how a change to the selected household projections impacts the additional housing need estimates. The outputs from these scenarios are the baseline scenarios that are required to be included in the LHMA Report. Practitioners can also provide their own household projections to understand how a particular housing strategy may influence the additional housing need estimates. Where possible and appropriate as determined by the local authority, it is recommended that the projections utilised within LHMAs and Development Plans are consistent, although this will depend on publication timescales. The LHMA Tool sets the newly arising housing need as the average annual change in the total household projections over the 15 year LHMA period. **Allocation of the local authority newly arising need by HMAs** Practitioners need to split the local authority average annual newly arising need by HMAs. A suggested allocation is given based on growth by HMA between the 2011 and 2021 Censuses. If users wish to use their own growth percentages, they can do so. This will override the provided census estimates. Data sources such as growth strategy plans, housing registers or Census data can help with this task (referred to as the estimated percentage growth by HMA within the LHMA Tool). When practitioners input the local authority's estimated percentage of overall growth that is within each HMA, the LHMA Tool provides the implied allocation of the estimated annual average newly arising need by HMA. Within the LHMA Tool, practitioners can allocate a different split for the first five years and the remaining 10 years of the projection period allowing for any planned policy changes within the local authority over the 15-year period. **Local authority social allocation policy of the different household units within the household projections by number of bedrooms.** Practitioners will need to populate Table 3 within the LHMA Tool (as shown below) allocating a range of bedroom numbers to the different households units. For example, practitioners can allocate just one

Key data inputs	Key data source(s) and guidance
	policy with 100% allocation or 2 policies where the total percentage for the two adds to 100%.

Household units within the household projections	Required number of bedrooms (group 1)	Percentage allocated to the required number of bedrooms (group 1)	Required number of bedrooms (group 2)	Percentage allocated to the required number of bedrooms (group 2)
1 person	one bedroom	90%	two bedrooms	10%
2 person (No children)	one bedroom	80.0%	two bedrooms	20%
2 person (1 adult, 1 child)	two bedrooms	80%	three bedrooms	20%
3 person (No children)	two bedrooms	50%	three bedrooms	50%
3 person (2 adults, 1 child)	two bedrooms	80%	three bedrooms	20%
3 person (1 adult, 2 children)	two bedrooms	50%	three bedrooms	50%
4 person (No children)	three bedrooms	50%	four+ bedrooms	50%
4 person (2+ adults, 1+ children)	three bedrooms	50%	four+ bedrooms	50%
4 person (1 adult, 3 children)	three bedrooms	50%	four+ bedrooms	50%
5+ person (No children)	three bedrooms	25%	four+ bedrooms	75%
5+ person (2+ adults, 1+ children)	three bedrooms	25%	four+ bedrooms	75%
5+ person (1 adult, 4+ children)	four+ bedrooms	100%		

Key data inputs	Key data source(s) and guidance
3. Income data	To run the affordability calculations, the LHMA Tool requires an income percentile distribution for each HMA. The income data is on a gross unequivalised basis covering earnings and all benefits. By HMA, practitioners will need the number of households within each of the income bands. Local authorities have advised that they use Paycheck and Hometrack data. Data Cymru provide a consortium arrangement where local authorities can access Paycheck data at a discounted cost. Practitioners can contact Data Cymru (enquiries@data.cymru) for further information. Paycheck data is also embedded into Hometrack if the local authority has an active license. Welsh Government will continue to explore other potential data sources to supplement this.
4. Existing unmet need	In addition to the average annual newly arising need (average change in the household projections over the 15-year LHMA period), local authorities may have an existing unmet need. For example, overcrowded and concealed households, disabled and/or ethnic minority households without access to appropriate homes, and particularly households in temporary accommodation. Within the LHMA Tool, practitioners need to input the existing unmet need requiring social rent (by number of bedrooms), intermediate rent and LCHO for each HMA. It is possible there may not be an existing unmet need for some HMAs or for a given number of bedrooms within a HMA. The glossary outlines the key elements of the existing unmet need. Data sources to populate these elements include past moves data,

Key data inputs	Key data source(s) and guidance
	surveys, application forms, housing registers, Census data. The existing unmet need estimate will be spread evenly over the first five years of the LHMA 15-year projection period. The following limitations should be noted and care taken when populating the existing unmet need data: • This is a complex area and care should be taken not to over or under count households. • Some concealed and overcrowded households may be able to access market housing but the LHMA Tool allocates all existing unmet need to affordable housing only. • Some households may have applications in several local authorities or may have an application in one local authority but live in a neighbouring local authority. • Households may be on more than one waiting list depending on how the application form is set up. For example, some applications may ask the applicant to state three areas they are willing to live in with no order of priority. • Practitioners will need to bear in mind inconsistencies arising due to the availability of housing units (supply) differing from the demand for housing units (preference).
5. **Existing stock and planned supply**	The additional housing need estimates are split into market housing (owner occupier and private rented sector) and affordable housing (social rent and intermediate housing needs). The market housing estimates are at a gross level only. That is, no account is taken of planned supply and turnover of existing stock of market housing. The affordable housing need estimates will take account of the existing stock and planned supply that is available to meet local housing needs over the first five years of the LHMA period. The LHMA Tool will identify any under-supply or over-supply of housing to meet the estimated affordable need within each HMA. This data may contain information that falls under the requirements of the General Data Protection Regulations (GDPR). It is for local authorities and Registered Social Landlords to ensure they have the appropriate data sharing protocols in place. Existing stock and planned supply include committed supply, expected relets and planned removals by HMA and number of bedrooms (1, 2, 3 and 4+). Practitioners should engage with Registered Social Landlords to inform this analysis. The glossary outlines the key elements of the existing stock and planned supply. Practitioners should ensure consistency between the data used within the LHMA and the RRHTP.

Key data inputs	Key data source(s) and guidance
6. Rent data	Rent Officers Wales will provide rent data (number of rentals, 30th and 50th percentile rents) by number of bedrooms for each HMA. If the number of units within a HMA is too small, rent data cannot be provided. In these circumstances, the local authority will need to use local intelligence or data from similar areas. Rent Officers Wales (RentOfficersHelpdesk@gov.wales) would be available to assist with this issue. The Rent Officers Wales data is 'confirmed' lettings only and includes renewal and new tenancy data. The data excludes properties in which Local Housing Allowance is claimed. This data is collected in several ways. Private landlords with few properties are surveyed once or twice a year. Agents are surveyed on a continual basis via weekly checking of websites to note changes and checking these with the agent, or monthly checks where the agent provides a checking list. There are also some agent groups who provide a monthly list of all lettings made the previous month. Alternative data can be used if local authorities can justify why it is a more appropriate data source than the default data set provided. National data Private rent and house prices, UK - Office for National Statistics Welsh Government social landlord housing stock and rents Local data • Letting or estate agent market intelligence • Local Authority Private Rented Sector (PRS) data collections
7. House price paid data	The default percentile distribution of house price paid data within the LHMA Tool is based on Land Registry Wales data. The extracted data excludes commercial properties. The postcodes within the Land Registry data have been mapped to wards, MSOAs and LSOAs to allow mapping of the house price paid data to the relevant HMAs. Alternative data can be used if practitioners can justify why it is a more appropriate source of data than the default data provided. National data HM Land Registry - price paid data House Price Index Wales UK monthly property transactions with value of £40,000 or above Housing affordability in England and Wales: 2025 - Office for National Statistics

2.8 Table 2 provides guidance when setting the key input assumptions needed to run the LHMA Tool.

Table 2 – Key input assumptions required for the LHMA Tool

Input assumptions	Key data source(s) and guidance
1. Affordability criteria	The affordability criteria assumptions are needed for the market housing and social housing calculations. These assumptions will be applied consistently across all HMAs within the local authority. **Affordability criteria for market housing** determines the minimum income needed by a household for this tenure. The default assumption is where median rent equates to no more than 30% of income. This is referred to as the minimum income. The assumption of 30% was set by the technical working party for the national and regional additional housing need estimates. Practitioners can change the percentage if evidence is provided as to why it is better than the default percentage. **Affordability criteria for social rent** determines the upper threshold for income below which it is assumed that households require social rent. The default assumption is set so 30th percentile of private rent equates to 35% or more of income. This income is referred to as the upper threshold income level. The technical working party set the percentage at 35%. Practitioners can change the percentage if evidence is provided as to why it is better than the default percentage.
2. First time buyer (FTB) assumptions	First time buyer (FTB) assumptions are needed to split the market housing estimates by owner occupier and private rented sector tenures. **FTB property value** By HMA, practitioners need to select the percentile value at which FTB enter the housing market. The LHMA Tool suggests a value between the 25th and 40th percentile as set by the technical working party for the national and regional additional housing need estimates. Practitioners can select a percentile value outside of this range if supported by local data. Practitioners should consider if the FTB property value is appropriate for a typical house within the HMA. For example, in a city centre a two-bed flat may be considered a FTB house whereas in a Valleys based authority, a terraced house may be considered a FTB house. Practitioners can carry out the property value exercise outside of the LHMA Tool with supported evidence-based reasons for not using the default percentile house price paid distributions.

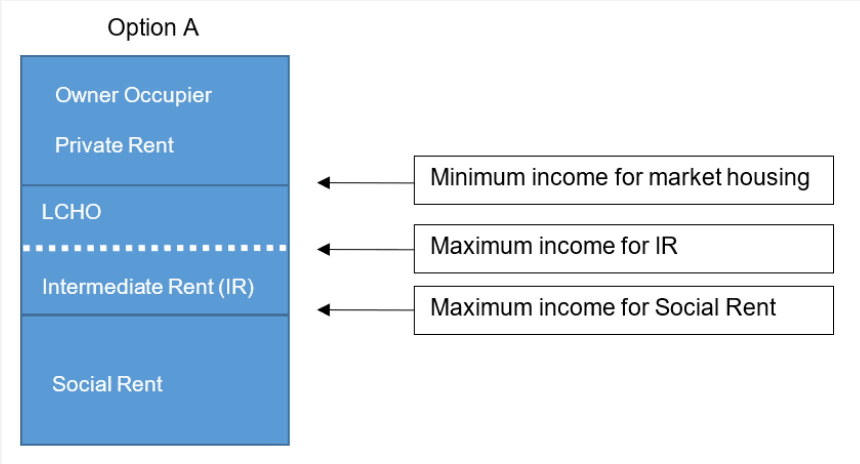
Input assumptions	Key data source(s) and guidance
	FTB loan to value ratios and loan to income multipliers Welsh Government will provide loan to value ratios and loan to income multipliers for first time buyers at a local authority level. This data is used to link the FTB property value to income and this multiplier sets the minimum income for owner occupier tenure. **NOTE: This data is for use specifically and solely for the Welsh Government LHMA Tool. When preparing the LHMA, practitioners can request this data from Welsh Government using the** LHMA mailbox. Practitioners can use a different FTB property value to income multiplier for a HMA if supportive evidence is provided.
3. Percentage of households eligible for owner occupier that decide to go on and buy	At a local authority level, practitioners need to provide the estimated percentage of households allocated to owner occupier tenure they estimate will proceed to buy. When setting this percentage, it is recognised that not every household allocated to owner occupier tenure would want to buy. Examples include training for a profession and not wanting to commit to a location just yet or saving for a bigger deposit to purchase a larger home. The national and regional estimates of additional housing need in Wales were produced at a two-way tenure level only (market and affordable housing). Practitioners were required to set the percentage of households eligible for owner occupier that decide to proceed to buy to gain the housing need estimates at a four-way tenure. Although there was no robust evidence to make a credible assumption in Wales, the technical working group considered an assumption in the range of 40% to 60% as reasonable. Welsh Government will continue to research suitable data sources that may support this assumption going forward. Practitioners are encouraged to run the LHMA Tool with different percentages to understand the sensitivity of the tenure splits to a change to this assumption.
4. 5-year financial forecast for key variables – income, rent and house prices	It is recognised that the values for the key variables (income, rent and house price paid) will change over the first five years of an LHMA projection period. The technical working party for the national and regional estimates of additional housing need in Wales used the five-year Office for Budget Responsibility (OBR) financial forecast to allow for expected changes to the above variables.

Input assumptions	Key data source(s) and guidance
	OBR forecasts are used as the default figures to uprate rent, house price and income figures, over the first five years within the LHMA Tool. Practitioners can select their own financial forecast of these variables if supported by local data. An assumption is also needed as to how the distribution of household income will change over the first five years of the LHMA period. The options include: • greater inequality • no change • user forecast. The greater inequality assumption is that the income at the 10th percentile will be one percentage basis point lower than the median and one percentage basis point higher at the 90th percentile. The one percentage basis point reduces uniformly from these two extreme percentiles to no change at the median. Practitioners are encouraged to understand how the additional housing need estimates vary under the different three options.
5. Calculation of intermediate housing	The affordable housing need is split into social rent (by number of bedrooms) and intermediate housing need. By HMA, the LHMA Tool will identify the over-supply or under-supply of intermediate housing by deducting the intermediate housing planned supply and turnover of existing stock, over the first 5 years of the LHMA period, from the estimated intermediate housing need. An 'implied' max income is already calculated in Table 10a, set at 80% of the threshold for market housing. Users may set own max income in table. This cannot be more than the minimum income for market housing and cannot be less than the maximum income for social rent. If the maximum income for intermediate rent is set to the same as minimum income for market housing, the tool will return a zero estimate for newly arising need for LCHO. If 80% of market housing income is outside the intermediate housing income range, it's set between 50-90% of owner occupier income. If 50-90% of owner occupier income is also outside the intermediate housing income range, it's set in between the social rent upper threshold and market housing lower threshold according to the proportion of LCHO existing unmet need and intermediate rent existing unmet need (e.g. if 50 LCHO existing unmet need and 50 intermediate rent existing unmet need it's set halfway, if 10 LCHO existing unmet need and 90 intermediate rent existing unmet need it's set 1/10th of the way)."

<table>
<tr><th>Input assumptions</th><th>Key data source(s) and guidance</th></tr>
<tr><td></td><td>

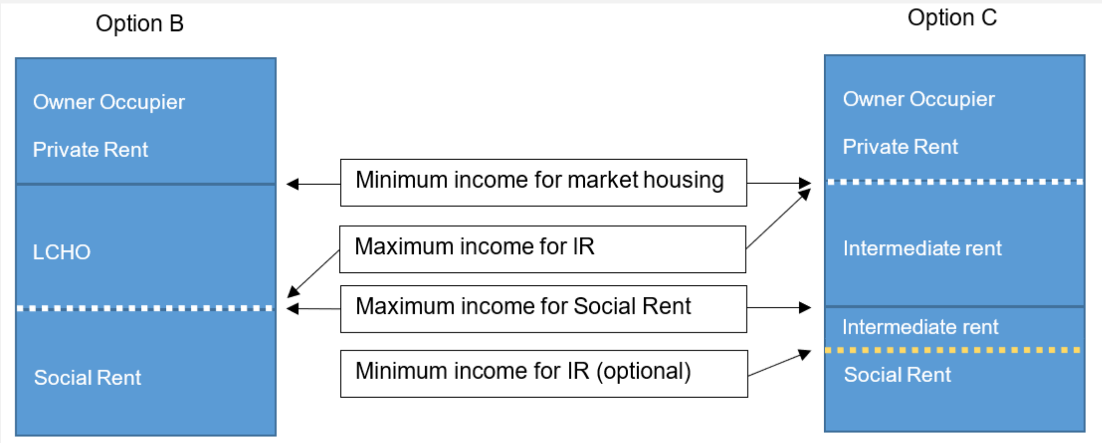
For the intermediate housing need, practitioners have four options:

Option A: **Split the intermediate housing estimate into intermediate rent and LCHO**. Users will need to set their maximum income for intermediate rent somewhere between the minimum income for market housing and the maximum income for social rent.



Option B: **Calculate LCHO but not intermediate rent need**. Maximum income for intermediate rent will be set to the same value as maximum income for social rent.

Option C: Calculate intermediate rent but not LCHO need. Maximum income for intermediate rent will be set to the same value as minimum income for market housing.



The minimum income for intermediate rent is taken as the maximum income for social rent (also referred to as the upper threshold income). Practitioners will need to set a maximum income at which households will qualify for immediate rent.

In addition, practitioners can also allow for households in social rent that would meet the local authority’s intermediate rent requirements.

</td></tr>
</table>

Input assumptions	Key data source(s) and guidance
	Under this option, the minimum income for intermediate rent will become the new maximum income for social rent. **Option D**: **Don't calculate intermediate rent or LCHO**. Any household that income fall under minimum income for market housing will be assigned to social rent.

Housing Data Inputs and Key Assumptions – Key Issues Tables

2.9 Within the LHMA template report, practitioners **must** highlight any key issues identified when populating the data inputs and setting the key assumptions in the relevant key issue tables (within the LHMA template report). Welsh Government will consider these tables when reviewing and signing-off the LHMAs.

Chapter 3: Estimating Existing and Future Housing Need

Introduction

3.1 Additional housing need estimates are broken down into the number of households who are likely to afford market housing, covering owner occupation and private sector rent, and affordable housing covering intermediate rent, LCHO and social rent.

3.2 The LHMA must be rewritten every five years and refreshed once during that five years, between years two and three. However, depending on local circumstances, when a refresh is required, a local authority may consider it more appropriate to undertake a rewrite of the LHMA. The additional housing need estimates are based on a 15-year projection period split into two parts, the first five years and the remaining 10 years.

3.3 Following the input of key data sources and setting the key assumptions, as detailed in chapter 2, the LHMA Tool will calculate and present the additional housing need estimates. Annex 2 provides an overview of the LHMA Tool.

3.4 The following colour code is used within the LHMA Tool:

Values in cells with this background and coloured font are generated in the tool and cannot be edited
Values in cells with this background and coloured font are required user input
Red boxes require input from users, either by selecting an option from a drop-down list or inputting a value

Data inputs and assumptions

3.5 Here is a summary of the key data inputs and assumptions required to run the LHMA Tool (see chapter 2 for the detailed information).

3.6 **Data inputs:**

- Specification of HMAs using wards or statistical geographies (initially input by local authority)
- Local authority household projections (Welsh Government household projections are provided as the default option within the LHMA Tool)
- Local authority policy on allocation of bedrooms to the different household units (input by local authority)
- Rent data (default data is provided by Rent Officers Wales upon request using the LHMA mailbox)
- Income data (input by local authority)

- House price paid data (Welsh Government provides default data using Land Registry data)
- Existing unmet need (input by local authority)
- Planned supply and turnover of existing stock (input by local authority).

3.7 **Default assumptions:**

- Affordability criteria for market housing (default provided by Welsh Government)
- Affordability criteria for social housing (default provided by Welsh Government)
- Local authority FTB property value to income ratio (UK Finance upon request using LHMA mailbox)
- Five-year financial forecast for rent prices, property values and income changes (default data is based on the OBR forecasts).

Where practitioners prefer to set their own assumptions within the LHMA Tool these must be based on evidence and clearly explained in the LHMA Report.

3.8 **Assumptions set by the practitioners:**

- Percentile of property prices at which FTB enter the market.
- Percentage of households eligible for owner occupier tenure who can afford to buy and proceed to buy.
- Minimum and maximum income for intermediate rent.

3.9 Percentile of property prices at which FTB enter the market, and the minimum and maximum income for intermediate rent may vary by HMA and are therefore best determined locally. Practitioners should aim to understand how the split of households by tenure varies using a range of demographic, economic and housing market scenarios.

Calculations

3.10 The calculations within the LHMA Tool are formula-driven using the data inputs and assumptions referred to in 3.7 to 3.9 to form a best assessment of additional housing need. It is important to note that these are estimates and not a target.

3.11 The additional housing need estimates are based on annual average numbers of households formed from two elements:

- newly arising need
- existing unmet need.

3.12 The average annual newly arising need is based on the change in total households (using Welsh Government household projections) over the LHMA period. Practitioners are required to split the average annual newly arising need by the HMAs using supporting data which may include Census data, housing registers (including common housing registers where appropriate) and local authority strategic plans. Also, the LHMA Tool allows practitioners to use a different allocation of need by HMA over the remaining 10 years compared to that over the first five years.

3.13 The existing unmet need is assumed to be met over the first five years in line with the rewrite of the LHMA. All of the existing unmet need is allocated to affordable housing. It is noted this may overstate the affordable housing estimate and understate the market housing estimate. This is a current limitation of the LHMA Tool and if local authorities are able to identify the market housing element of the existing unmet need, then the Welsh Government would consider a future amendment to the LHMA Tool to minimise the impact of this limitation. The existing unmet need includes concealed and overcrowded households; those in temporary accommodation; and other social households. It also includes those on the housing registers for intermediate rent and LCHO. See the Glossary for full definitions of the terms used within the existing unmet need.

3.14 The LHMA will identify the additional housing need over the Development Plan period which is typically 15 years, as set out in Edition 3 of the Development Plans Manual. The LHMA process does not consider planned future changes in stock beyond the first five years of the LHMA period, e.g. planned demolitions, planned new build, projected vacancies, which are covered as part of Development Plans, nor the economic and financial forecasts as it becomes untenable to project beyond this period.

Additional market housing estimates

3.15 The additional market housing estimates are based solely on the newly arising need households where the median private rent equates to no more than 30% (default assumption) of their household income. The LHMA Tool assumes households within an income band are uniformly distributed within that band.

3.16 The market housing estimates cover two tenure types:

- owner occupier
- private rented sector.

3.17 At a HMA level, the minimum income at which a newly arising household would be considered appropriate for owner occupier tenure is calculated by dividing the FTB property value by a property value to income ratio. However, it is recognised that not all households who can afford to buy go on to buy. For example, those training for a profession in a particular area may not want to commit to a location just yet, some may prefer to save for a bigger deposit to purchase a larger home at a later stage. Practitioners will need to consider the potential issues within their local authority where households who can afford to buy decide not to and set a suitable percentage within the LHMA Tool. See chapter 2 for further details.

PLEASE NOTE: The local authority FTB property value to income ratio is for use specifically and solely for the Welsh Government LHMA Tool. When preparing the LHMA, practitioners can request this data from Welsh Government via the LHMA mailbox.

3.18 The estimated households within the private rented sector are derived from the market housing estimate (in 3.15) less the owner occupier estimate (in 3.16).

Additional affordable housing estimates

3.19 Affordable housing covers three tenure types:

- Low Cost Home Ownership (LCHO)
- Intermediate rent
- Social rent.

3.20 The additional affordable housing estimate is made up of two elements;

- existing unmet need; and
- unallocated newly arising need (average annual newly arising need less the annual market housing estimate).

3.21 Practitioners will need to provide the existing unmet need by the three tenures and by number of bedrooms. The LHMA Tool assumes this need will be met over the first five years of the LHMA period.

3.22 The unallocated newly arising need households requiring social rented housing are those where the 30th (default percentage) percentile private rent value equates to 35% or more of their income. The default assumption of 35% was set by the technical working group who set the assumptions for the national and regional additional housing need estimates.

3.23 The remaining unallocated newly arising need forms the intermediate housing need estimate. Chapter 2 outlines the four options for intermediate housing.

3.24 Table 13 within the LHMA Tool provides the percentage split of the newly arising need and existing unmet need by the tenure types (owner occupier, private rented sector, intermediate rent, intermediate housing and social rent) for the first year of the LHMA period.

3.25 For the next four years, Tables 14 to 17 within the LHMA Tool repeat the calculations but allow for the forecasted change to private rental sector prices, house prices and median household income. The economic forecast from the OBR[15] sets the default assumptions for the expected changes to the above factors, but practitioners can use alternative assumptions if evidence is provided as to why they are more appropriate for the local authority than the default assumptions.

3.26 Finally, the social rent estimate is split by number of bedrooms using the local authority social allocation policies as detailed in chapter 2.

Outputs

3.27 Section 4 within the LHMA Tool houses five worksheets setting out the following output tables of the additional housing need estimates:

[15] Office for Budget Responsibility (OBR) - https://obr.uk/efo/economic-and-fiscal-outlook-march-2021/

- Additional market (owner occupier and private rented sector) housing need estimates by HMAs.
- Additional affordable (social rent by number of bedrooms, intermediate rent and LCHO) housing need estimates by HMAs.
- Summary of additional housing need estimates by tenure for a selected HMA.
- A range of additional housing need estimates using scenario testing tables to vary key assumptions and data inputs.
- Summary tables of additional housing need estimates using the different Welsh Government household projections. These tables are to be copied into the LHMA reports.

3.28 In section 4 of the LHMA Tool, the additional housing need estimates (both market and affordable) are accompanied by the data sources and key assumptions used to generate the estimates and have two charts and tables, one covering the first 5 years and the other the remaining 10 years of the LHMA period. The market housing need is based solely on an element of the newly arising need. Whereas the affordable housing need includes an element of the newly arising need and for the first 5 years all the existing unmet need.

3.29 Practitioners should use the scenario template sheet in section 4 of the tool to produce a range of additional housing need estimates using different key assumptions and data inputs to better understand the sensitivity of the estimates to a change in the data and/or assumptions.

3.30 For a selected HMA, practitioners can view the additional housing need estimates across all tenures, for the first 5 years and the remaining 10 years of the LHMA period. Practitioners can also see the allocation of the estimated social rent housing need by number of bedrooms.

3.31 Also in section 4, practitioners need to use the sheet labelled ‘Summary tables for a LHMA Report’ to produce a range of additional housing need estimates using the different Welsh Government household projections (principal and variants). These summary tables will need to be placed in the LHMA rewrite report.

3.32 Section 5 at the back of the tool contains auto-generated table that can be copied into LHMA rewrite and refresh:

- 5.1. LDP tables
- 5.2. Rewrite - Appendix C
- 5.3. Refresh - Table 5
- 5.4. Refresh - Table 6

Gross and net housing need estimates

3.33 The additional housing need estimates are at a gross level unless stated as a net estimate.

3.34 For market housing the additional housing need estimates are gross estimates because no allowance is made for planned supply and turnover of existing stock.

3.35 The additional affordable housing need estimates are shown at a gross level and net of planned supply and the turnover of existing stock to estimate the under-supply or over-supply of housing need by HMAs. The existing stock and planned supply are shared equally over the first five years of the LHMA period. No further allowance is made for planned supply and turnover of existing stock for the remaining 10 years as it becomes less accurate to predict this beyond year 5.

Key Issues Table

3.36 Within the LHMA template report, practitioners will need to highlight any key issues identified with the calculations and outputs in the relevant key issue table (within the LHMA Template Report). Welsh Government will consider these tables when reviewing and signing-off the LHMAs.

Chapter 4: Specific Housing Need Requirements

Introduction

4.1 The aim of this chapter is to consider the specific housing need requirements of the full diversity of households within a local authority to better support people to live well and with dignity, and to live independently for as long as possible.

4.2 Practitioners should take full account of Homelessness Data (including numbers of people in Temporary Accommodation), the RRHTP, and the requirements of both the Prospectus supporting Welsh Government Affordable Housing Programmes and the data for the Housing with Care Fund within their local authority area when considering the specific housing need requirements. Meeting the legal duties under the Equality Act 2010 and Public Sector Equality Duties are also key to consideration of need.

4.3 Understanding specific housing need requirements will include both a qualitative and quantitative approach covering three key categories of housing need, with seven types of housing or housing-related provisions:

- Property needs
  - Accessible and adapted housing provision,
  - Single person accommodation,
  - Multi-generational and/or larger family households requiring larger properties,
  - Non-permanent housing, e.g. student accommodation.
- Housing, care and support needs
  - Supported accommodation - Extra care, contemporary sheltered housing, supported living for people with a learning disability and/or ASD, temporary supported housing (e.g. for young people coming out of care, people with a learning disability learning to live independently), refuges, etc.
- Locational needs
  - Locations for student accommodation close to a University,
  - Properties with close proximity to shops, places of worship and services, etc. to meet those with physical or cultural needs.

4.4 The needs of people from diverse backgrounds, including those from particular Black, Asian or Minority Ethnic groups may differ in terms of location and types of accommodation. Local authorities may wish to work together to better understand the specific housing need requirements of different people and communities. However, gaps in knowledge are still likely to emerge and engagement with communities is key to fill those gaps.

4.5 Households are considered ‘seldom heard’ if they are less likely than others to be consulted, complete surveys or questionnaires, including national surveys such as the census. This is likely to be the case for homeless households in temporary accommodation, threatened with or experiencing homelessness, including rough sleeping, private renters - particularly those in Houses in Multiple Occupation, particular groups who may feel disengaged, and households in shared accommodation such as students' halls of residence and Armed Forces accommodation. The term will also encompass households such as Gypsies and Travellers and those living in mobile homes or barges. It also includes households who have English or Welsh as an additional language.

4.6 Qualitative assessments of minority groups' needs can include holding focus groups or interviews with people from the groups concerned. If the populations are very small this may be the only feasible way of gaining information. Additionally, it may be possible to use interviews to investigate particular issues in more depth. Where local surveys are undertaken, local authorities should be aware that sampling frames can systematically exclude certain groups. For example, households living in properties that are not liable for council tax will be excluded from a survey that uses the council tax register as a sampling frame.

4.7 Various strategies can be used to improve response or participation rates. Where using face to face interviews (whether virtually or in person), interpreters should be provided where appropriate. Postal surveys should be provided in appropriate languages and accessible formats. Cultural issues may also affect response rates so partnerships should ensure that representatives from minority groups are involved in the assessment process. In addition, non-response from private renters may be reduced by using face-to-face interviews, with repeat visits timed when people are most likely to be at home. Survey results should also be weighted by tenure to help address non-response bias.

4.8 It may be possible to undertake supplementary samples that target particular types of households to increase the number of responses from particular groups. However, it should not be assumed that over-sampling will necessarily produce representative data for particular groups. For example, households in neighbourhoods with a high proportion of residents with the same ethnicity may have different characteristics to households with the same ethnic background living elsewhere. Any findings should therefore be treated as qualitative rather than being necessarily statistically valid.

4.9 The best understanding of local need for supported accommodation is likely to be held by local authority Housing Support Grant teams and social services departments. Engagement and consultation with social services staff will be essential to inform the understanding of need for specialist accommodation in the LHMA.

4.10 Housing may need to be purpose-built or adapted for households with specific requirements such as older people and those with mobility impairments. Identification of this housing need should be possible using housing registers and other relevant management or administrative sources. Local surveys can be undertaken to estimate the number of adapted units needed to meet identified need. However, due to the cost of surveys, it is unlikely to be possible for every update of the housing market assessment, and therefore local authorities should consider how they will refresh evidence in between surveys.

4.11 Specific housing need requirements for Gypsy and Traveller communities are discharged through Gypsy and Traveller accommodation assessments (GTAA).

Local authorities are required to undertake a GTAA under Part 3 of the Housing (Wales) Act 2014. Further support on producing GTAAs can be found in the Undertaking Gypsy and Traveller accommodation assessments guidance[16].

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4.12 Housing officers are encouraged to engage with health and social care colleagues, for example Occupational Therapy Teams, early in the process to ensure all relevant evidence is considered in their analysis of specific housing needs.

4.13 Some specific needs can be estimated using existing publicly available or administrative data sources, such as those of older people, or people with mobility difficulties, since these are large groups in society. For instance, the number of people expected to be in different age groups in the future is covered in the population and household projections.

4.14 For other specific needs, the numbers of people in each area may be small, and so it is not appropriate to estimate how need may change using household and population projections. However, it may not be possible to effectively predict the scale of need for all groups, for example the needs of refugees and asylum seekers, in the context of an assessment of the housing market.

4.15 Many people with support needs or long-term health problems can, despite their impairments and/or needs, live in general need homes, with support where needed. Therefore, the task of assessing specific accommodation needs is about looking at a subset of the people in different 'client groups'. These needs are best assessed from good quality, up-to-date information about known individuals or families that is held by the agencies whose job it is to provide for their needs. These needs should then be aggregated into different accommodation needs. The most meaningful information is produced bottom-up using local evidence where available. However, where this is not available, national or regional prevalence rates should be used to inform local authorities' analysis.

4.16 Due to the way bottom-up information is derived, it may not be reasonable to project too far into the future. This will vary depending on the client group in question, and reliability may be limited beyond a short timeframe. This will need to be revisited with each refresh or rewrite of the LHMA.

4.17 The review of specific housing needs should be undertaken by following the steps below and the completion of the specific housing need templates within the LHMA Template Report. Careful consideration should be given to all stakeholders with specific housing needs within your local authority and how best to include them within the assessment.

[16] Undertaking Gypsy and Traveller accommodation assessments: https://gov.wales/gypsy-and-traveller-accommodation-assessments-guidance

Step 1 - Understanding of the evidence (statistics, research, national and local policy, and stakeholder consultation) and at what geography they will be required.
Step 2 - Gather the evidence to populate the standard templates.
Step 3 - Consultation with key stakeholders or gain bespoke data to address any evidence gaps in the specific housing need.
Step 4 - Analyse the data and outputs from the consultations to populate the templates.
Step 5 - Reflect any stakeholder feedback in the templates.

4.18 Ultimately, the data and intelligence around specific housing need requirements will be bespoke to your local authority. There are a number of key resources and organisations local authorities can utilise in better understanding the specific housing need requirements in their area. If this information is not readily available practitioners may wish to consider the following resources:

- Housing and disabled people - A toolkit for local authorities in Wales (Developed by Tai Pawb and Access Design Solutions UK Ltd for the Equality and Human Rights Commission)
- Equality and Human Rights Commission
- Housing LIN (an extensive resource library covering a wide range of housing need sources including housing for older people)
- Tai Pawb (a range of resources covering a wide range of protected groups and housing)
- Disability Wales (the national association of Disabled People's Organisations)
- Cymorth Cymru (body for homelessness, housing and support in Wales)
- Learning Disability Wales (a national charity representing the learning disability sector in Wales)
- Llamau (with a mission statement to eradicate homelessness for young people and vulnerable women)
- Welsh Women's Aid (a registered charity putting women and children first)
- Shelter Cymru (their statement includes they exist to defend the right to a safe home)
- Crisis UK (a national charity for people experiencing homelessness)
- Statistics: Children looked after by local authorities
- Local authority registers of disabled people
- Welsh Government: StatsWales - Students in Wales
- Welsh Government official statistics Homelessness
- Welsh Government - Health and Social Care / Welsh Government: Review of Health and Social Care in Wales Report (2018)
- MOD National and Official Statistics by topic.

4.19 Local authorities should check that their research and evidence satisfy the following five points:

1) Identifies the contribution that specific housing needs provision plays in enabling the full diversity of people to live well, with dignity and independently for as long as possible.
2) Identifies any shortfall in provision or where there is no or inadequate provision currently and the future level and type of provision required.
3) Considers evidence regarding property needs; housing, care and support needs; and locational / land needs.
4) Undertakes engagement and consultation with all appropriate stakeholders who represent the views of those people who this chapter may impact upon and reports on the findings of such consultation.
5) Gives due consideration to the provisions of the Equality Act (2010) and those with protected characteristics within the Act, and the Public Sector Equality Duty.

Chapter 5: Submitting Assessments to Welsh Government

5.1 Local authorities are required to submit an LHMA (both rewrite and refresh assessments) to the Welsh Government for review and sign-off of the LHMA process. This process covers the use of the LHMA Tool, adherence to this guidance and the completion of the LHMA Report in line with the relevant LHMA template report. The Welsh Government will review the submitted assessments to ensure their compliance with all these aspects of the LHMA preparation process and when this has been verified, will sign off the assessment. Where further information and/or work is needed to ensure compliance, the Welsh Government will work with the local authority to enable sign-off to be achieved. See also section 1.21.

5.2 The Welsh Government will review both the rewrite and the refresh LHMAs. Local authorities are required to rewrite LHMAs every five years and refresh that LHMA once during that five-year period (between years two and three). Local authorities can refresh LHMAs more frequently if required.

5.3 Details of the Welsh Government review for both rewrite and refresh LHMAs are set out in annex 3. The rewrite review will cover four broad areas:

- Compliance with this guidance and the LHMA Report template (including use of the Welsh Government household projections)
- Engagement with stakeholders and quality assurance
- Appropriate use of the LHMA Tool
- Identification of specific housing needs provision.

5.4 The refresh review will cover:

- Compliance and Quality Assurance
- Appropriate use of the LHMA Tool, including data updates and analysis.
- Update / review of specific housing needs provision.

5.5 Local authorities should use the example guide as provided in annex 3 that covers the areas Welsh Government will consider as part of the review and sign-off process. Submission of this information should ensure Welsh Government has all the relevant information needed to review the assessment in a timely manner. Welsh Government will consult with local authorities throughout the process and particularly in relation to the necessary work required to achieve sign off. Local authorities must comply with GDPR requirements and ensure that no personally identifiable data relating to residents is provided to Welsh Government as part of the LHMA review.

5.6 Local authorities may need to provide further information before Welsh Government can complete the review and sign-off process.

5.7 Following completion of the Welsh Government review and sign-off process, local authorities should publish the assessment on their websites.

Chapter 6: Making use of the assessment

Development Plans

6.1 The additional housing need estimates from the LHMA will inform Development Plans. The following is an extract from the Development Plans Manual (Edition 3, March 2020[17], paragraphs 5.31-5.32):

"All Development Plans should be supported by an LHMA and other local needs studies as appropriate (e.g. older persons, local needs housing assessments). The value of an LHMA is that it identifies a level of housing need, both market and affordable, per annum, both numerically and spatially, as well as the type of need in an area, e.g. tenure mix and house types. This is a core piece of baseline evidence influencing the scale, type and location of growth in a plan. Where housing markets cross administrative boundaries the assessment should cover the whole market area.

The LHMA will identify the total affordable housing need extrapolated over the plan period, spatial implications and the predominant tenure mix required. This should be clearly stated in the reasoned justification to the plan. The scale of affordable housing need will be a key consideration when determining the overall level and location of housing in the plan, as well as the allocation of affordable housing led sites where at least 50% of the homes are affordable, in line with the definition set out in TAN2[18]. The sub-market areas identified in the LHMA should be spatially reflected in subsequent viability testing, thus ensuring clarity for policy formulation, spatial expression and application. The evidence base should also be clear how the submarket areas reflected in the LHMA and viability work aligns with the settlement hierarchy and affordable housing policy targets in the plan."

Local Authority Prospectus and Welsh Government Affordable Housing Programmes

6.2 From 2021, local authorities are required annually to identify their priorities for SHG and other Welsh Government capital funding programmes. The Prospectus is the first step in presenting a summary of strategic housing priorities clearly and consistently across all local authorities in Wales.

6.3 The requirements of the Prospectus, which will largely be supported through the output from the LHMA, include:

- A brief document which provides a clear and concise summary of the housing need and demand in the local authority covering:
    - a brief description of the local housing market areas, community council or ward (including maps or tables if helpful)
    - a summary of the current social housing stock

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[17] Development Plans Manual (Edition 3) March 2020 - https://gov.wales/development-plans-manual-edition-3-march-2020

[18] Technical advice note (TAN) 2: planning and affordable housing - https://www.gov.wales/technical-advice-note-tan-2-planning-and-affordable-housing

    - a description of the housing need
    - an assessment of the gap in provision of affordable housing by location, size of property, tenure and specific housing needs (i.e. who the housing is intended for and number of homes required).
- Within the Prospectus, local authorities provide an outline of the types of provision required by property size and geographical area and indicate the relative priorities (some of which may be overlapping).

6.4 The LHMA additional housing need estimates are critical in informing the Prospectus.

6.5 As local authorities are required to update the Prospectus where identified need changes, it is recognised this is a more frequent update than the LHMA refresh and rewrite cycle.

Homelessness Services in Wales

6.6 The Welsh Government is committed to tackling homelessness and will work with local authorities and other partners to achieve this goal.

6.7 As part of this, RRHTPs are about placing an emphasis on supporting people into settled accommodation as quickly as possible in order to remove the potentially damaging consequences of prolonged stays in temporary accommodation, and therefore there will be a focus on the supply of housing and in particular the supply of the right kind of accommodation. For Rapid Rehousing to work there must also be a focus on ensuring the right level of support is available, so partnership working between all sectors is of paramount importance.

6.8 It is therefore critical that there is co-ordination between the planning cycles associated with homelessness need, the Homelessness and Housing Support Programme Strategy, the RRHTP planning and LHMAs.

Annex 1: Glossary

The following acronyms are used within this guidance.

EIA	Equality Impact Assessment
FRP	Family Reference Person
FTB	First Time Buyer
GDPR	General Data Protection Regulations
GTAA	Gypsy and Traveller Accommodation Assessment
HRP	Household Reference Person
HMA	Housing Market Area
ICF	Integrated Care Fund
LA	Local Authority
LCHO	Low Cost Home Ownership
LHMA	Local Housing Market Assessment
LSOA	Lower layer Super Output Area
MSOA	Middle layer Super Output Area
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
RRHTP	Rapid Rehousing Transition Plans
RSL	Registered Social Landlord
SHG	Social Housing Grant

The following table provides definitions for each of the main housing terms used within this guidance:

Housing terms	Components and definitions
Market Housing	• Owner occupier – households who have purchased a private house at open market housing prices. It includes housing such as Help to Buy – Wales where there is no recycling of capital to purchase further houses. • Private rented sector – households living in properties owned by private landlords and paying market rents.
Affordable Housing (in line with the Welsh Government definition set out in TAN 2)	Affordable housing is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. TAN 2 link: https://gov.wales/sites/default/files/publications/2018-09/tan2-planning-affordable-housing.pdf • Social rented housing – households who are housed by local authorities and registered social landlords paying social rent. • Intermediate rents – the households pay more than social rent but less than market private rent.

	• Low Cost Home Ownership (LCHO) housing – households have a shared ownership or shared equity, for example Homebuy – Wales. It is important to note that this includes those schemes that provide stair-casing to full ownership and where there are secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing.
Existing Unmet Need definitions	
Social Rents	The types of households set out below are those you should consider when determining the existing unmet need for social rent. • **Concealed and overcrowded households** A concealed family is one living in a multi-family household in addition to the primary family, such as a young couple living with parents. Each family is assigned a Family Reference Person (FRP). Where there is more than one FRP in the household, the Household Reference Person (HRP) is chosen from the FRPs based on economic activity and then age and finally order on the census form. The bedroom standard is used to identify the proportion of overcrowded households. A household is overcrowded if it has fewer bedrooms than it needs to avoid undesirable sharing, based on the age, sex and relationship of household members. • **Homeless households** include those in inappropriate and/or temporary accommodation (emergency or interim accommodation) as well as those sleeping rough. This includes, for example, those living with friends or families on a temporary basis. • **Other** – households on the waiting list who are currently unsuitably housed and the local authority is unable to meet their needs at the date of assessment. For example: people who are paying a high proportion of their income for private rented housing because there are no social homes available; people in houses too big for their needs – under occupation; houses that are unsuitable because of unmet adapted housing needs, inaccessibility etc. Please note households who are currently suitably housed should not be included. **Care is needed not to double count households in the "other" category with those in concealed and overcrowded households and the homeless households in temporary accommodation.**
Intermediate Rents	Intermediate rents are a sub-market rental product for people on low to moderate incomes and are usually provided by housing associations. The subsidised rents are typically set around the midpoint between private rental sector and social housing sector rents. **Care needs to be taken to ensure households are not double counted.**

<table>
<tr><td>Low Cost Home Ownership (LCHO)</td><td>Low Cost Home Ownership (LCHO) schemes enable prospective buyers, whose needs cannot be met by the open market, to purchase an affordable home for less than the open market value. LCHO schemes are run by housing associations and local authorities.

Households have different circumstances with varying incomes so affordable housing schemes are designed to offer a range of choices. Examples of LCHO include shared ownership or shared equity.

Care needs to be taken to ensure households are not double counted.</td></tr>
<tr><td colspan="2">Stock and supply definitions</td></tr>
<tr><td>Social Rent (by number of bedrooms)</td><td>Committed supply – Additional social houses that will be built or acquired over the first five years of the LHMA period. Developments should only be included if they are:
• in the Programme Development Plan for the Social Housing Grant main programme;
• in a Local Authority or a Registered Social Landlord’s own development programme funded without capital grant where full planning permission or reserved matters permission has been granted;
• secured by a Section 106 agreement, planning condition or other appropriate mechanism where a full planning permission or reserved matters permission has been granted, or the build will start on site or will be completed within the LHMA period.

Expected re-lets – The number of re-lets a local authority or RSL would expect in any one year. Turnover of existing housing stock based on the average of the last three years’ data.

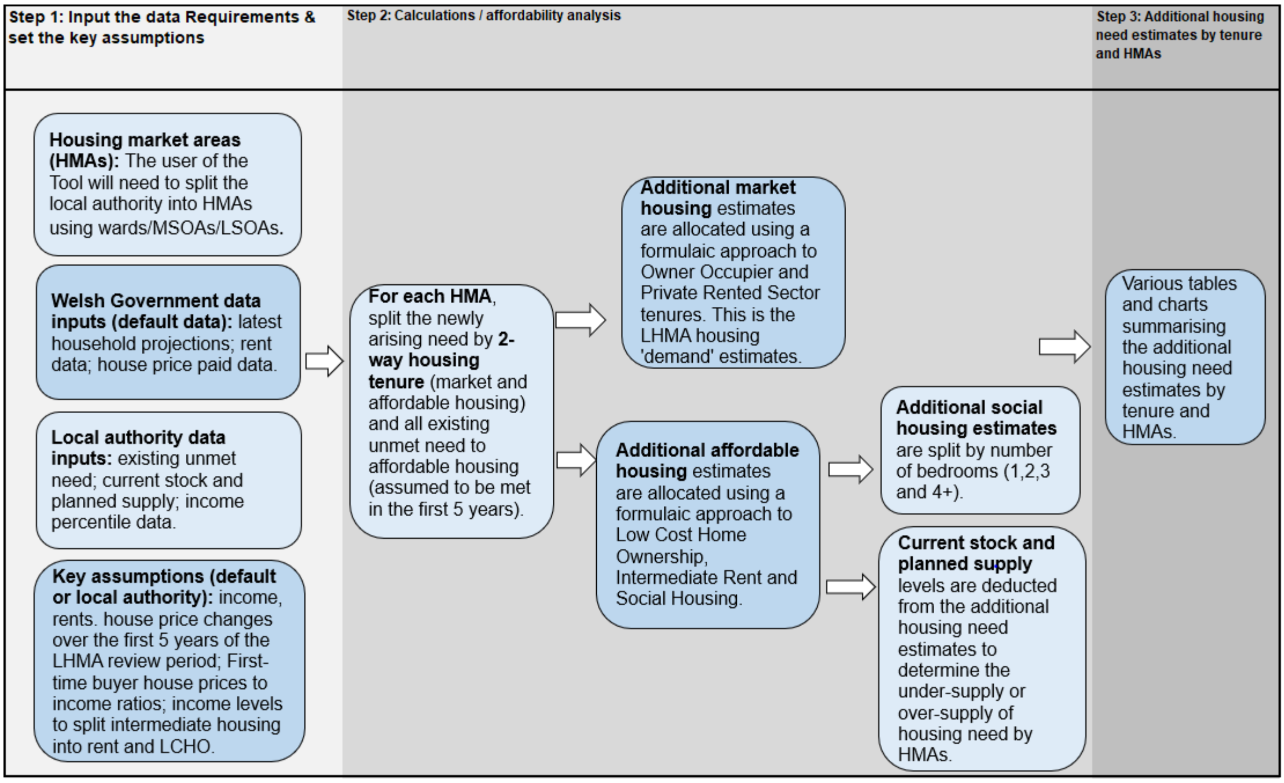
Planned removals – Stock which will be either disposed of or demolished over the first 5 years of the LHMA period.</td></tr>
<tr><td>Intermediate Rents</td><td>Committed supply – Additional intermediate rentals that will be built or acquired over the first five years of the LHMA period. Developments should only be included if they are:
• in the Programme Development Plan for the Social Housing Grant main programme,
• in a Local Authority or a Registered Social Landlord’s own development programme funded without capital grant where full planning permission or reserved matters permission has been granted,
• secured by a Section 106 agreement, planning condition or other appropriate mechanism where a full planning permission or reserved matters permission has been granted, or the build will start on site or will be completed within the LHMA period.

Expected turnover - anticipated number of households who will leave intermediate rents during the first five years of the LHMA period. This number may be very small.</td></tr>
</table>

Low Cost Home Ownership (LCHO)	**Committed supply** – Low Cost Home Ownership houses that will be built or acquired over the first five years of the LHMA period. Developments should only be included if they are: • in the Programme Development Plan for the Social Housing Grant main programme, • in a Local Authority or a Registered Social Landlord's own development programme funded without capital grant where full planning permission or reserved matters permission has been granted, • secured by a Section 106 agreement, planning condition or other appropriate mechanism where a full planning permission or reserved matters permission has been granted, or the build will start on site or will be completed within the LHMA period. **Expected turnover** – anticipated number of households who will leave LCHO during the period of the LHMA review.

Annex 2: High level overview of the LHMA Tool

The diagram below shows the 3 main steps of the LHMA Tool covering the data requirements and assumptions, the calculations/affordability analysis and the key additional housing need estimates by the different tenures and HMAs.



Annex 3: Welsh Government Review

The Welsh Government review of rewrite LHMAs will cover four areas as detailed in the tables below:

Table 1: Compliance with the LHMA process

1.1	Local Authority compliance with the Welsh Government LHMA guidance and the relevant LHMA Report template.
1.2	The Welsh Government's Household Projections (Principal, Higher and Lower variants) have been used as a baseline for the additional housing need estimates and the estimates using all three bases have been included in the rewrite LHMA Report.
1.3	The summary tables for the LHMA report in section 4 of the LHMA Tool have been included in the LHMA Report (as detailed in the Template LHMA Reports).
1.4	Housing Market Area(s) are identified and are considered in the production of all core outputs within the LHMA.
1.5	An analysis of the estimated additional housing need with the associated data inputs and key assumptions against those in the previous LHMA.

Table 2: Engagement and Quality Assurance

2.1	The relevant stakeholders have been engaged with via consultation as part of the production of the LHMA. Responsibility for the level of engagement with stakeholders lies with the local authorities in line the Wellbeing of Future Generations (Wales) Act.
2.2	Local Authority has officially signed-off the LHMA.
2.3	A quality assurance process has been undertaken by the local authority and a statement reflecting this has been included in section 4 of the LHMA Report.

Table 3: Appropriate use of the LHMA Tool

3.1	The additional housing need estimates by tenure and the range of household projections within the LHMA report should tie back to the appropriate additional housing need estimates in the output tables in the LHMA Tool.
3.2	Default data sources and key assumptions: Welsh Government will check that default data has been used but where local authorities have used alternative data a clear rationale and evidence is required as to why the alternative data is more suitably robust, relevant and appropriate. Welsh Government will not sign off this alternative data. (The Welsh Government will not express a view on the appropriateness of the use of any 'user defined' population or household projections that are included in an LHMA, e.g. projections used for a development plan which has not been subject to Examination.)
3.3	By HMA, the range of additional market and affordable housing need estimates split by tenure over the first 5 years and the remaining 10 years of the LHMA period.

Table 4: Specific Housing Needs Provision

4.1	Identifies the contribution that specific housing needs provision plays in enabling people to live well, with dignity and independently for as long as possible.
4.2	Identifies the current and future type and level of needs and provision, and therefore any gaps or shortfall in that required need and provision.
4.3	Identifies the sources of the evidence regarding specific housing needs provision.
4.4	Identifies the consultation that has been undertaken with the relevant stakeholders, sets out how this consultation was undertaken and reports on the findings.
4.5	Gives due consideration to the relevant provisions of the Equality Act 2010.

The Welsh Government review of refresh LHMAs will cover the following areas:

- Local authority compliance with the Welsh Government LHMA guidance and the relevant LHMA Report template.
- The sources and date of data updates are included in the LHMA Report.
- The revised additional housing need estimates based on the latest Welsh Government principal household projections are included in the LHMA Report.
- An update / review of specific housing needs requirements is included in the LHMA Report.
- An analysis of the changes in the additional housing need estimates with any changes in the data sources and key assumptions from the previous LHMA and their implications is included in the LHMA Report.
- A quality assurance process has been undertaken by the local authority and a statement reflecting this is included in the LHMA Report.