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Understanding the Local Housing Market Assessment Process

Executive Summary

1. Research aims and methodology

- 1.1 Local Housing Market Assessments (LHMAs) are carried out by local authorities to help determine the level of housing need and demand in their local housing market(s). The information provided by the LHMA enables local authorities to develop specific housing and planning policies, tailored to their local area.
- 1.2 To understand more about the LHMA process and how effective local authorities perceive LHMAs to be, Welsh Government administered a survey of local authorities. This analysis is a first step in understanding how LHMAs are developed and used by local authorities.
- 1.3 The survey was distributed to all 22 local authorities in Wales. All authorities responded, giving a 100% response rate. The survey contained both closed and open-ended questions in order to gather quantitative and qualitative information.

2. Key findings

LHMA Development

- 2.1 Just over half of local authorities (12 of 22) produce their LHMAs in-house. Of these, all 12 reported involving one or more officers from outside Housing in their LHMA development. These include Planning and Social Services colleagues.
- 2.2 The remaining ten local authorities produced their LHMAs via consultants or other external means. Reasons for this external production include: lacking in-house resources, wanting to ensure independence, and utilising external expertise. Despite the assessment being produced externally, all local authorities reported that there was 'considerable consultation' between consultants and local authorities.
- 2.3 The cost of producing the LHMA varied considerably with a range of £7,825 to £55,000, but this reflected the activities involved, for example, one local authority reported undertaking a household survey. Five local authorities reported the cost of producing their LHMAs was unknown due to the difficulty in estimating staff time.

- 2.4 Most local authorities (18 out of 22) reported having some or full involvement with stakeholders in developing the LHMA. Only one local authority reported having no involvement. Stakeholders included: Housing Associations, private developers and resident groups.
- 2.5 Local authorities were asked to provide their opinions on the potential for regional development of LHMA. When producing their own LHMA, 15 of 22 local authorities reported having some or full engagement with neighbouring local authorities. When asked whether 'wider than local authority assessments' were feasible, 15 of 22 authorities reported it would be. However the survey would suggest that there may be limits to this, as 14 out of 22 local authorities reported that they did not think there was scope to regionalise LHMA production to clearly reflect housing markets.

LHMA Outputs

- 2.6 To understand how effective local authorities perceive LHMA to be in providing the information required for decision making or in understanding the needs of particular groups, local authorities were asked how effective they felt their LHMA are in several areas.
- 2.7 Local authorities reported that LHMA are effective at enabling local authorities to determine market and affordable housing demand and need. LHMA are also felt to be effective at clearly differentiating between different housing markets.
- 2.8 However, LHMA are felt to be less effective when it comes to providing an assessment of the needs of certain groups. In the survey, half of the local authorities reported that their LHMA provides a comprehensive assessment for older people and less than half reported that the LHMA process provides a comprehensive report for disabled people.
- 2.9 The majority of local authorities reported that their LHMA provides a comprehensive assessment for first time buyers, private rented and social rented properties.
- 2.10 In cases where LHMA were found to provide less effective assessments, this was often because of the complexities of the group or because of a lack of specific data.

Using the LHMA

- 2.11 Once complete, the majority of local authorities (18 out of 21) reported that the findings from their LHMA are reported to a cabinet or committee (typically the scrutiny committees).
- 2.12 Almost all of the local authorities (20 out of 22) reported that decisions had been made as a result of the LHMA.
- 2.13 When local authorities were asked to outline the contribution the LHMA makes to their Local Development Plan specifically, the most frequent responses were that the LHMA provides an evidence base for the Local Development Plan and helps inform targets and policies relating to housing need and demand.
- 2.14 Most local authorities (17 of 22) reported that their LHMA outputs contribute to other local or regional plans.

3. Conclusions

- 3.1 There was a split between those who used in-house resources to develop their LHMA (12 of 22) and those who used external means (10 of 22).
- 3.2 On the whole a number of different stakeholders were reported to be involved in LHMA production. These include other policy areas within the local authority, housing associations, members of the public, and private developers.
- 3.3 Although two-thirds of respondents reported that wider than local authority development of LHMA would be feasible; the majority felt that there was not scope to regionalise LHMA production to more

clearly reflect housing markets. This suggests that there may be an interest to produce LHMA's more widely, but there are limits to this. There were some areas where it was felt the guidance on producing LHMA's could be improved.

- 3.4 The survey indicates that, overall, the LHMA is felt to be effective in helping local authorities establish the levels of housing need and demand in their local authorities. However, they are felt to provide less comprehensive assessments of certain groups, such as older people and disabled people.
- 3.5 Local authorities report that their LHMA's are used in a variety of ways, whether to support LDPs, producing targets or to inform and underpin strategies. The majority are reported to cabinet or local authority scrutiny committees.
- 3.6 The research findings suggest that LHMA's could be strengthened by:
- Understanding more about the availability of data regarding certain groups within the population, as well as certain parts of the sector.
 - Providing guidance on how to deal with the complexities of understanding the needs of certain groups/ parts of the sector.
 - Exploring the feasibility for further local authority co-production of LHMA's and
 - Investigating further the utility of certain aspects of the current guidance.

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Available at: <http://gov.wales/statistics-and-research/understanding-local-housing-market-assessments-process/?lang=en>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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