Cambridge Centre for Housing & Planning Research

Providing the evidence base for local housing need and demand assessments

Research report and summary

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October 2011

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Executive Summary

In April 2011 Shelter commissioned this research to explore how local planning authorities were determining their future housing requirements for both market and affordable housing in the current changing planning context. The planning system is facing significant reform and it is vital that accurate measurement of housing need and demand retains a central role.

The research was commissioned and conducted while housing and planning policy was going through a significant amount of change. As yet, there are no statements on whether new guidance will be issued to ensure consistent assessments of housing need, on the new areas of neighbourhood planning or on the duty to co-operate. The research captures a 'snapshot' of time and aims to feed into how future guidance on estimating future housing requirements might develop to support local authorities in their duty to assess housing need and demand within the new policy context.

Methods

The research included a policy review, interviews with national stakeholders, an indicative survey of planning authorities with follow up in depth interviews and a review of data sources relevant to estimating future housing requirements and understanding local housing markets.

Key survey findings

The uncertain policy context

- Two thirds of authorities said that the abolition of the RSS had not yet affected the way they planned for housing.
- Others said that it had created a hiatus and that it was now more difficult to determine planning applications.

Current housing targets

- Most authorities were still using the RSS housing targets despite the abolition of RSS. These were often included in approved core strategies.
- Many reported that their housing targets were being, or would be, revised but they were unclear about how this would be done.
- Some had already revised their targets downwards so that they were lower than the RSS targets. None had revised them upwards.

Future housing requirements

- Almost all authorities have a current or recent technical assessment of overall housing requirements and the level of need for affordable homes.
- Most had conducted a Strategic Housing Market Assessment but did not consider it to be the primary source of information for determining housing requirements. This was because the SHMA produced figures in excess of both RSS targets and historic building rates and were therefore considered unrealistic as a target. Instead many said that housing targets were based on deliverability

Affordable housing need

- Almost all authorities had affordable housing targets for developer contributions under S106. These ranged from 15% to 50% of the total housing in a proposed scheme.
- More than half expected to change the way they determined the proportion of affordable housing in the future.
- Reasons included the new 80% rent product, the need for flexible targets to enable the viability of development and the emergence of new evidence or in response to local consultation.

- Most said that the proportion of affordable housing is determined by viability not need.

Localism

- Two thirds said that the localism agenda and abolition of the RSS had not affected them.
- Others said that it had caused uncertainty and confusion and it was harder to justify which sites should go forward.
- Many expressed concerns about resources, staffing and skills.

The need for further guidance

- Over 80 percent said that guidance on estimating housing requirements would be helpful.
- The preference was for a simple good practice guide.

The need for a consistent approach

- More than two thirds of respondents agreed that a consistent approach to be used by all authorities was needed.
- Almost four fifths pointed out a need for flexibility in response to local circumstances.

Issues relating to data sources

A review of data sources showed that while total future housing requirements can be estimated readily from government household projections, estimating housing *need* is a particular problem due to limitations of waiting list data and the cost of bespoke household surveys. In addition, constrained demand is an issue that is only addressed from the census data and so rapidly becomes dated. Local authorities can undertake analyses of local housing market data which can provide an indication of housing market pressure.

Options going forwards/recommendations

The survey results clarify that practitioners require guidance that is simple and accessible. At the same time they want something that includes a technical toolkit that specifies the method to be used which will help promote good practice and comparability between authorities that need to act together.

- Options include re-working the existing SHMA guidance, producing a technical toolkit, adapting the existing SHMA guidance or producing step by step guidance on the aspects that present the most problems for local authorities.
- It is **recommended** that the way forward is to produce simple step by step guidance on the most problematic issues.
- It is also **recommended** that local authorities keep a separate, simple log of the number of applicants to their waiting lists or CBL schemes that eliminates those who are not in need, as this would help ensure that waiting list data was robust.

1. Introduction and background

In April 2011 Shelter commissioned CCHPR to undertake research into how local authorities are assessing their future housing requirements for both market and affordable housing in the current, changing, planning context. At that time it was widely agreed that the new government's proposed changes to the planning system, in particular the abolition of regional spatial strategies, had left a policy vacuum. Without top down targets, it was not clear how local authorities were supposed to determine how many new homes to build in their local plans. The aims of the project were:

- to better understand what local planning authorities would find useful in relation to determining housing demand and need in the context of this vacuum in both policy and guidance;
- to explore how Shelter (and others) might support local planning authorities in their duty to assess housing demand and need within the emerging new policy context;
- to explore the potential for a simplified, standardised approach; and
- more broadly, to support Shelter's campaigning work to ensure that an adequate supply of new housing, including affordable housing, is delivered each year.

This research builds on earlier work undertaken at different points of time as policy changed. Bramley[1] (2000) produced guidance on assessing the need for affordable housing at the local level based on research undertaken in 1998-99[2]. More recently DTZ Pieda[3] (2004) produced a guide to good practice in assessing housing markets as a whole; while the National Housing Federation published its own guide to housing market assessments (Line *et al*, 2007). These developments reflect increasing policy emphasis on overall housing supply and affordability problems during the mid to late 2000s, as compared to the start of the decade when the focus was more on homelessness and need for social rented housing.

In terms of planning for new housing, under the previous government local planning authorities were required through planning policy guidance to:

- produce Strategic Housing Market Assessments (SHMAs);
- determine the implications of identified requirements for new housing provision; and,
- on the basis of Strategic Local Housing Land Availability Assessments (SLHAAs), identify a five year supply of land to ensure that the additional housing can be accommodated.

These assessments supported figures that reflected *requirements* rather than simply demand, and had to be based on evidence which would stand up to scrutiny by the Planning Inspectorate. They had to be kept up-to-date which in practice meant updating every four to five years. The assessment of affordable housing needs was also used to determine S106 policy at local level.

In addition, local housing departments rely on housing needs information in order to understand the nature of housing requirements and how the market and social sectors

[1] Bramley G and Pawson H with Parker J (2000) *Local Housing Needs Assessment: A Guide to Good Practice*, DETR, London

[2] Bramley G, Pawson H, Satsangi M and Third H (1999) *Local Housing Needs Assessment: A Review of Current Practice and the Need for Guidance*, Report to DETR; Research Paper No. 73. School of Planning and Housing, Edinburgh College of Art/Heriot-Watt University

[3] DTZ Peida (2004) *Housing Market Assessment Manual*, ODPM, London

interact with one another to provide adequate affordable housing. At the same time economic development departments need to understand the opportunities and constraints in the local housing system as they impact on economic and employment opportunities.

The current environment emphasises localism – but also the duty to cooperate with other authorities – and neighbourhood planning (see Annex 1 for more details of the current position). The details of how neighbourhood planning will operate in practice have now been published for consultation, making it clear that neighbourhood plans will require information and other support from the local authority. Thus there is a clear need for the provision of consistent and easily accessible data at local level that is regularly updated.

As this must be done by each local authority, the issues to be addressed include:

- minimising the resources required to provide local housing need and demand assessments
- ensuring some consistency across authorities in terms of the evidence base
- ensuring that demand and needs associated with movement across boundaries is taken into account
- making these assessments more dynamic – in particular, to take account of employment and economic development needs

This research explores how these issues might be addressed through a survey of planning authorities, interviews with national stakeholders and telephone follow-ups with a selection of local authorities. Planning authorities and housing and economic development departments would clearly benefit from a consistent approach to estimating housing need and demand. So also would house builders, who are concerned they may face nearly 300 different approaches when applying for planning permission or engaging in planning inquiries. Consistency is also important to the Planning Inspectorate who would have to address a similar range of approaches; and this research has relevance to central government when monitoring the success of localism policies.

The previous approach

Research conducted by CCHPR in 2004-2006 for the then ODPM reviewed housing needs assessments (which were the pre-cursors to SHMAs) that were carried out by local authorities, though largely commissioned to private consultants (and primarily by just two or three consultants). These assessments tended to over-estimate housing need, partly because they used surveys and were measuring aspirations rather than need and partly because they used waiting lists which were generally very long and therefore produced high figures of need. Regional level assessments based on robust secondary data were found to produce significantly lower estimates than a summation of the agreed district assessments.

The draft guidance produced by CCHPR for the DCLG tried to encourage local authorities to take more ownership of the process and reduce costs by providing a method for understanding the local housing market and assessing housing need using solely secondary data supplemented with monitoring of local newspaper advertisements and local surveys of estate agents and other stakeholders.

This showed that it would be possible to produce a concise guide for local authority planners on how to use available secondary data to estimate future housing requirements, both overall and affordable. This approach was discussed with the Planning Inspectorate who felt that this could meet their evidence standards. The main changes the new guidance introduced were sub-regional housing market assessments. The switch to in-house assessments however, did not materialise and the majority of assessments since then continued to be conducted by consultants.

In early 2010 the then National Housing and Planning Advice Unit (since abolished) held a 'conversation' with local authorities and other stakeholders to assess a range of issues over SHMAs that had been identified by a series of reviews undertaken by different people. The results from the conversation confirmed the need for transparency, consistency and accountability in conducting housing market assessments.

The present research aimed to explore how local planning authorities are determining their own targets or aspirations for new housing in the absence of Regional Spatial Strategies and regional planning bodies. Although a draft National Planning Policy Framework has now been published for consultation, uncertainty is likely to continue while authorities ensure that their Local Plans are compliant with the emerging national framework. This research is therefore important and timely in learning lessons for the future.

The research asked questions about whether the old targets were still being used or whether authorities had taken advantage of the localism agenda and abolition of national and regional targets to decide on their own targets, what problems were they facing and what was happening to the use of Strategic Housing Market Assessments for establishing S106 policies for delivering affordable housing through the planning system. Finally, it asked what local authorities themselves thought they might need in terms of guidance on housing market assessments and in determining future housing requirements.

2. Methods

The research comprised several elements:

- A review of policy
- A series of interviews with key stakeholders
- An on-line survey of local planning authorities
- Follow up telephone interviews with a sample of local authorities
- A review of data sources

Review of policy
Selected documents were reviewed in order to inform on the rapidly changing policy context. In particular, the Localism Bill has been, and still is, going through parliament and local authorities are keen to know the final details, particularly where they involve new statutory duties that local authorities themselves will have to fulfil. These include Neighbourhood Plans and Neighbourhood Forums, as well as a duty to cooperate with neighbouring authorities and the New Homes Bonus which aims to provide an incentive for local communities to welcome new housing development in their area. These are summarised in Annex 1.

Interviews with key stakeholders
In order to gauge cross-sector views on what would 'work' in any guidance on identifying future housing demand and need for different stakeholders, interviews were conducted with senior officers from the following organisations:

Chartered Institute of Housing
British Property Federation
National Housing Federation
Home Builders Federation
Campaign for the Protection of Rural England
Royal Institute of British Architects
Building and Social Housing Foundation
Town and Country Planning Association
Local Government Association
National House Building Council
Planning Advisory Service
Royal Town Planning Institute
Planning Officers Society
Royal Institution of Chartered Surveyors
Shelter

Survey of planning authorities
The survey of planning authorities was undertaken with the aim of getting a broad indicator of views with the opportunity to follow up, rather than a highly representative and comprehensive set of results.

An electronic link to a short on-line questionnaire was sent to 445 local planning officers in England. This included both district and county level authorities. Fifty e-mails were rejected due to invalid addresses or persons were retired or no longer working there. A further 13 vacation leave e-mail messages were received.

Fifty five out of 382 local planning officers completed the online survey and gave the name of the local authority they work for. This represents a response rate of 14% of those receiving the survey. Twenty nine also said they would be happy to have a follow up interview and

provided a telephone number. It should be noted that not all people who started the survey completed it, and in some cases questions were skipped.

While this response rate is quite low, respondents were only given two weeks to reply and no reminders were sent. Our understanding, based on our previous work, is that authorities are most likely to respond when they are themselves actively engaged in trying to assess housing requirements as part of the evidence base for their Local Development Framework. Unfortunately, once a housing needs assessment has been completed and its finding used in developing policies, it tend to be put aside as planners and housing officers move on to other work. The benefit for this research, however, is that the responses were from people who are currently engaged with the process and have informed views on what is right and wrong with the approach they are using.

The full results of the survey are given in Annex 2, using the questions asked in the survey as headings for the analysis.

Follow up interviews with local authorities

A total of 16 local authority planners and housing officers were telephoned during May and June 2011. These interviews permitted much more detailed conversations about their current policy approach, the methods used to assess housing requirements and data issues.

A summary of the interview findings is given in Annex 3.

The interview topic guide is given in Annex 4.

Review of data sources

A detailed review of data sources that might be suitable for local authorities to use when creating an evidence base for policy development at local level was undertaken. It took as its starting point a review of data sources[4] recently undertaken for the National Housing and Planning Advice Unit when it was looking to provide guidance to regional and local authorities on measuring affordability and determining targets for new housing requirements.

[4] Whitehead C, Monk S, Clarke A, Holmans A and Markkanen S (2009) *Measuring Housing Affordability: A Review of Data Sources*, a report for the National Housing and Planning Advice Unit, CCHPR, Cambridge.

3. The policy context

The new coalition government has introduced a number of key changes to the planning system. These are:

- The abolition of Regional Spatial Strategies (RSS) and Regional Planning Bodies
- An emphasis on growth and sustainable development
- The introduction of Community Infrastructure Levy (CIL)
- The Localism Bill currently going through parliament
- The New Homes Bonus
- A draft new National Planning Policy Framework, which will replace previous planning policy statements and circulars

Abolition of RSS

This was announced by the Minister on 6 July 2010. In August the developer Cala Homes asked for a judicial review, claiming that abolition was unlawful. The review was initially successful and RSS were re-established on 10 November 2010. However, a subsequent challenge by Cala Homes to stop planners using the intended revocation of RSS as a 'material consideration' was lost at the High Court. The RSS thus remains part of the statutory development plan system but will finally be abolished once the Localism Bill becomes law.

The abolition of the RSS has important implications for housing. Previously, future housing requirements were estimated nationally by region and the regional bodies then distributed the required numbers between local authorities – 'sharing out the pain' as some have termed it. Clearly the removal of this whole tier of planning and advice will have a substantial impact on the way that housing needs are forecast and provided for through the planning system. A Commons Select Committee report[5] has termed the current environment as a 'policy vacuum' and expressed concern about the hiatus left by the intended abolition. The resulting inertia is likely to hinder development and make it more difficult to ensure that the national need for new housing is met. Independent research commissioned by the National Housing Federation from Tetlow King Planning[6] (April 2011) demonstrates that local authorities that are not retaining the RSS figures have reduced total housing targets by nearly 140,000 dwellings.

Emphasis on growth

A Ministerial Written Statement on 23 March 2011 introduced a strong presumption in favour of sustainable development, a need for authorities to identify and meet the housing, business and other development needs of local areas and the need to maintain a flexible and responsive land supply. This Statement can be regarded as a material planning consideration when determining planning applications. To ensure that development can go ahead, all local authorities should reconsider, at developers' request, existing S106 agreements that currently render schemes unviable and where possible to modify those obligations to allow development to proceed. This implies that community facilities such as education, transport, open space and notably affordable housing may be reduced in order to make schemes viable.

[5] Communities and Local Government Select Committee (2011) *Abolition of Regional Spatial Strategies: A Policy Vacuum?* House of Commons, February 2011.

[6] Tetlow King Planning on behalf of the National Housing Federation (2011) *Updated Research on the Impact of he Intended Revocation of Regional Strategies on Proposed Local Housing Targets in England*. Submitted as Supplementary Evidence to the House of Commons Communities and Local Government Select Committee Inquiry on the Abolition of Regional Spatial Strategies.

Community Infrastructure Levy (CIL)
The previous government had already laid the basis for the introduction of CIL and the new government has accepted these, although CIL remains voluntary. Under the legislation, authorities may set a levy on all development, provided that it is proportionate. This will pay for infrastructure and sit alongside a scaled-back S106 to be used only for mitigation of adverse development impacts and for affordable housing. However, two key features of the scaling back of planning obligations will apply to all authorities regardless of whether they introduce CIL. The first is to impose statutory tests on planning obligations for developments given planning permission after 6 April 2010: any proposed obligations must be necessary for the development to go ahead, they must be directly related to the development, and fair and reasonable in scale and kind to the development. Second, after 2014 or the adoption of CIL, (whichever is sooner) local authorities will no longer be able to pool more than five planning obligations to fund a single project. This will make S106 tariffs which fund such projects inoperable. The government considers that CIL is a fairer, more transparent and predictable mechanism for contributions to transport, education and other community infrastructure.

Localism Bill
This Bill introduces new powers to neighbourhoods to develop their own neighbourhood plans (NPs), to promote higher numbers of new homes than the Local Plan (LP) and to determine planning applications without resort to the local authority. Designated bodies such as Parish Councils and proposed Neighbourhood Forums will be able to prepare NPs. Local authorities will have a duty to provide support to neighbourhoods wanting to develop a plan, but this does not have to be financial. NPs will undergo examination by an independent assessor who is agreed by the Forum and the council. This will check whether the NP conforms to the Local Plan's strategic content, the National Planning Policy Framework (including the presumption in favour of sustainable development), European law, existing designations such as green belts and listed buildings, and neighbouring NPs. The NP will then go to a local referendum and will be 'approved' if more than 50% of those voting are in favour. If the referendum is positive, the local authority will have to adopt the NP.

New Homes Bonus
The government has introduced a New Homes Bonus (NHB) which is intended to provide an incentive for districts and localities to develop sufficient new housing to meet identified needs. It came into effect in April 2011 and so far almost one billion pounds has been put aside for this over the period of the current Comprehensive Spending Review. The bonus, which is linked to the national average council tax band for the next six years, applies to all new homes. There are enhancements for new affordable housing, (including both social rented housing and the new 'affordable rent' product, regardless of whether let on an open ended tenancy or a fixed term one) and for providing pitches on Traveller sites.

However, the some commentators (such as the RTPI) raised concerns about the legality of the New Homes Bonus and the stage in the development process at which it should have an effect. The impact of the NHB is far from certain, but the one billion identified above will only fund a small (and declining) proportion of the NHB. Top-slicing of local authority funding will pay for the rest, providing both a carrot and stick for new housing.

National Planning Policy Framework
A draft National Planning Policy Framework[7] (NPPF) was published on 25 July 2011 for consultation. It was designed to consolidate and simplify policy statements and circulars into a single document. A key principle is the presumption in favour of sustainable development, in which '*sustainable* means ensuring that better lives for ourselves does not mean worse

[7] DCLG (2011) National Planning Policy Framework Consultation Draft, DCLG, London.

lives for future generations, and *development* means growth' (Ministerial foreword). The framework includes the idea that the default answer to a development proposal is 'yes' – although planning should be genuinely plan-led.

The framework clarifies some aspects of the evidence base for determining future housing requirements. Local Plans should be based on 'adequate, up-to-date and relevant **evidence** about the economic, social and environmental characteristics and prospects of the area'. Local Planning Authorities (LPAs) should ensure that the **assessment** of and strategies for housing, employment and other land uses are integrated and take full account of relevant market and economic signals such as land prices to inform judgements about levels of demand (NPPF, para. 27, our emphasis).

Elsewhere the NPPF states that LPAs need a clear understanding of the housing requirements in their area (NPPF, para. 28). They should prepare a Strategic Housing Market Assessment (SHMA), working with neighbouring authorities where market areas cross boundaries. The SHMA should identify the scale and mix of housing and the range of tenures likely to be required over the plan period. This should:

- meet household and population projections, taking account of migration and demographic change;
- address the needs for all types of housing including affordable housing and the needs of different groups (including service families and self builders); and
- cater for housing demand and the scale of supply necessary to meet that demand.

They should prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, sustainability and likely economic viability of land to meet the identified housing requirements over the plan period.

On balance the NPPF is not so much changing planning policy as consolidating and simplifying it. As already noted, the most important recent policy change has been the abolition of housing targets. The main new addition from the NPPF is **neighbourhood planning** which is introduced by the Localism Bill. The NPPF sets out how neighbourhood planning sits in the context of the basic planning system of Local Plans which are strategic and must conform to the principles of the NPPF. In the absence of an approved Local Plan, development applications should be determined on the basis of the principles contained in the NPPF, namely growth and presumption in favour of sustainable development. As yet, there are no statements on whether new guidance will be issued to ensure consistent assessments of housing need, on the new areas of neighbourhood planning or on the duty to co-operate.

Concerns

Some concerns have been expressed about the government's approach to planning. The RTPI has argued that the NPPF should be embodied in statute and has proposed a clause that could be added to the Localism Bill. It is concerned about a recent government amendment to the Bill to make financial considerations a material consideration and argues that this should be withdrawn as planning applications should be determined on merit, not financial contribution. It believes that the proposed change 'will only increase public suspicion and cynicism about the planning process'.

A further concern is the lack of definition of affordable housing in the (current draft) NPPF and the fact that it does not require a split between intermediate and social rented tenures. This is particularly important as the local-income-related definition of affordability in PPS3 has now gone.

The TCPA has suggested six things to consider that might improve the government's approach:

- To address the need for a mechanism to assess whether the sum of local decisions (on future housing requirements) matches the national picture of housing need
- To address the need to strengthen the role of regional planning
- To use smarter housing incentives
- To align incentives better with the planning regime
- To ensure that older northern metropolitan authorities receive the regeneration they need
- To re-balance England in terms of the long term economic implications of the spatial distribution of economic activity in the country

Research into housing in rural areas (Lavis and Riding, 2009[8]) points out that the default planning position in many rural areas is a significant constraint on new housing development. If there is to be no development, then proactive approaches to affordable housing provision are not needed and there is no pressure to provide a rural evidence base. This is a vicious circle as without any rural analysis there is no trigger for policy changes that would increase the supply of affordable housing in rural areas. Current policy, however, emphasises the need for local residents to develop a neighbourhood plan.

[8] Lavis J and Riding K (2009) *Assessing Rural Housing Need* National Housing Federation, London.

4. Findings from survey and interviews

The on-line survey asked about the current situation in terms of housing need and demand assessments, how to ensure a robust assessment, views on possible new guidance on estimating future housing requirements, and whether they had any other comments. In total 55 authorities responded although almost none answered all questions. The16 follow up interviews largely covered similar areas but focused on their experiences, and particularly any problems, of putting together an evidence base to support policy development, and their views on how to address the issues raised.

The use of regional housing targets in core strategies
Just over a third of those surveyed said that they were still using the Regional Spatial Strategy (RSS) housing requirement targets. Many replied that their housing targets were being reviewed. The follow up interviews covered both those still using the targets and those who were not. A key determinant was the stage of the development of core strategies. In five cases where these had already been adopted, they included the RSS targets, although one said they were in the process of reviewing them.

In total, five of the sixteen LAs interviewed reported that the RSS figures were still in operation for now at least (though one was in the process of revising them) and a further seven reported that they had chosen to retain the same housing targets as had been contained within the RSS. In some cases the LAs themselves had been very involved in the work producing the RSS figures and were therefore unaffected by the formal abolition of the RSS, as they were able to draw on the underlying work behind the figures and as a result their targets remained unchanged.

Two of the interviewees reported that they were now using different figures from the RSS and both of these had adopted lower figures.

Joint working
Survey respondents reported a variety of arrangements in which they cooperated with neighbouring authorities over housing targets although few provided details on how they would agree the actual targets. Joint information gathering, general cooperation and joint working groups were more common than joint target setting. However, three had a joint core strategy or local plan with a neighbouring authority and several others were already working within housing market areas across local authority boundaries.

Table 1 How do you intend to cooperate with other LAs over housing targets?

Response	*Number*
General co-operation, sharing information and joint working groups	14
Joint SHMA	6
Formal housing partnership	5
Other joint studies	4
Nothing at present	3
Other formal partnerships	2
Work in HMA areas across LA boundaries	2
Joint Core strategy	2
Joint local plan with neighbour	1
Using regional targets	1
Don't know	3

Note: Respondents could give more than one answer.

Nearly all the authorities interviewed were involved in joint working with neighbouring authorities to some extent. In many areas this was based on well-established traditions of

joint working and county councils sometimes took a strategic role in coordinating joint working as well as providing resources and information. Joint commissioning of SHMAs, common housing registers, joint core strategies, use of common data sources and general cooperation around issues such as travel to work and migration were all mentioned.

Challenges to joint working included:

- Differences in the timing of core strategies and SHMAs
- Political differences between authorities
- Different configurations of joint working for different purposes. Some LAs were involved in two or more different groupings.

Many expected to expand their joint working arrangements in future as a result of the new 'duty to cooperate' and to fill the gap left by the abolition of the RSS and the regional bodies.

Means of establishing housing requirement figures

The survey showed that 52 out of 54 authorities who responded to the question had a current technical assessment of overall housing requirements and need for affordable homes. The majority were carried out within the last four years. Six had already undertaken partial updates and those with older assessments said they would be updating them either this year or next.

Respondents were then asked how they would determine housing targets in the future. The responses covered a range of factors they would consider, as shown below:

Table 2 Factors considered in determining future housing targets

Response	*Number*
Demographics, projections of need and use of other secondary data	16
Through review of CORE strategy	10
Future/updated SHMA/needs assessment	10
Retain existing targets	6
Land supply/environmental concerns	6
In co-ordination with the sub-region/county	4
In response to public consultation	4
Using regional targets	3
Taking into account labour market needs	3
Local political agenda	3
Local surveys	3
Viability constraints	2
Not sure yet	6

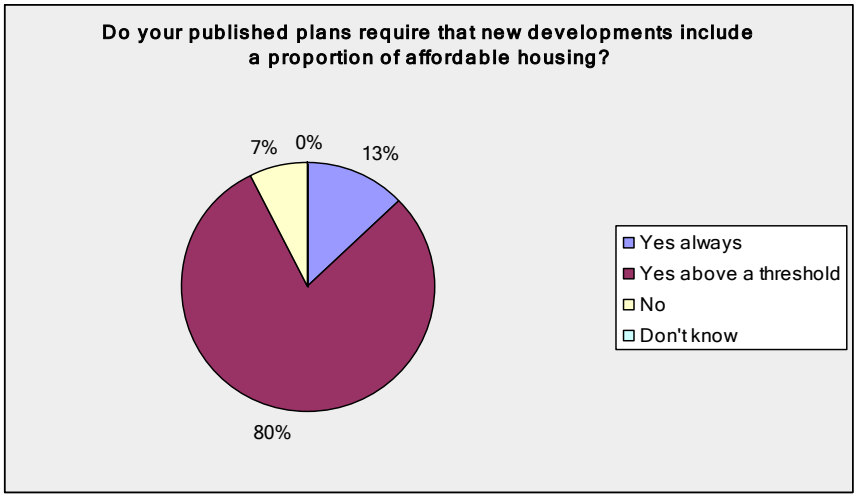
Note: Respondents could give more than one answer.

Nearly all of those interviewed did have an up to date SHMA. However, these were not the primary source of information on overall housing requirements. This was mainly because SHMA data produced figures that were often well in excess of both the RSS figures and historic building rates and were therefore considered unrealistic. Many authorities drew attention to this, pointing out that in the current economic climate it would be unrealistic to aim to build at higher rates than in the past. They noted that that existing methods of producing housing requirement figures did not allow for fluctuations in production as a result of changing market conditions.

Establishing affordable housing need

The survey showed that the overwhelming majority of respondents (93%) had affordable housing targets and thresholds which ranged from one to 25 units. More than half also specified targets or proportions of social rented and intermediate tenures.

Chart 1: Affordable housing targets



Note: 48 out of 55 answered this question

More than half the survey respondents were expecting to change the way they determined the proportion of affordable housing in the future. The majority of these said that it was in response to the new affordable rent product announced by government[9] with a rent set at 80% of market rents. Others said they needed greater flexibility to reduce their need targets in order to ensure that developments were viable in the current economic climate, while some also said they would change the proportion in the light of new evidence or in response to consultation on local views.

The interviewees were mainly planners and some were more involved than others in establishing the affordable housing figures. Most used a SHMA to establish need. Nearly all of them used S106 to deliver a proportion of new affordable housing on market sites. However, local authorities struggled with the discrepancy between identified need and the total housing requirements figure they had adopted from the RSS or other sources. In some cases the identified need was in excess of the RSS total housing requirement, and in most cases it was higher than what the local authority felt was viable. Some authorities dealt with this by taking the affordable need as a proportion of the total housing need and demand identified by the SHMA, and then simply applying this proportion to the RSS or other overall housing target. For example, if the SHMA found a need for 1000 units a year of which 400 needed to be affordable, but the RSS target was only 200 units a year, then a quota of 40% of that would be sought through S106.

In the past many authorities had been increasing the proportion of affordable housing required, although some had recently reduced it because of increasing viability issues. Several survey respondents said that the proportion of affordable housing is determined by deliverability, not housing need.

Use of consultants

More than three quarters of the survey respondents used consultants alone to carry out their SHMA, while a further 17% used a mix of in-house work and consultants, and just 6% conducted the assessment themselves. The majority collected data both by commissioning a survey and using secondary data, 13% relied only on a survey, and 17% used secondary sources only. Other responses to the question as to how they conducted the survey included

[9] Minister announces next steps towards fairer housing
http://www.communities.gov.uk/news/newsroom/1792370

using local demographic and labour supply projections, and using population and household projections and then applying economic factors to derive economic scenario ranges.

In the interviews, the reasons for using consultants were consistent across the 16 authorities. Interview respondents said that they used consultants with good track records who they felt they could rely on to understand the details of the guidance so they did not need to address technical aspects themselves.

There was also felt to be a lack of in-house capacity, a lack of expertise, and a lack of confidence compared to consultants with a strong track record and a perception that consultants would be seen as independent, which is important in negotiations with house builders over S106, This last point confirms findings elsewhere, notably the NHPAU 'conversation' held in 2010. One implication is that if a consistent approach to determining housing requirements were used across the country, local authorities might feel less vulnerable.

Responding to the new 80% rent product

This issue was raised in the follow up interviews. Of those that had been involved in getting to grips with the new product, some had conducted research looking at the potential to raise rents and the resultant impact on affordability. Some were concerned about the impact on low income households. In other areas, research had shown little or no potential to increase rents by moving to this model – especially for smaller units. Some were planning to distinguish the type of units they could build with HCA funding using the affordable rent product from other housing that they could develop with S106 and their own resources. However, none of them had altered their assessment of housing need in response to the new product. Nor was there any concern about whether there would be demand for the new product.

The local authority officers we spoke to differed in their level of knowledge about the new Affordable Rent project. Some were based in planning departments and were aware that their housing colleagues might know more.

The localism agenda and future policy

Survey respondents were asked whether the localism agenda and the abolition of the RSS had affected how they decide whether to give planning permission for new developments. Two thirds said that it had no impact, yet 30% said the localism agenda had had an impact. The abolition of RSS had caused them uncertainty and confusion and it was harder to justify which sites should be given permission. One said they were now more likely to reject rural exception sites than in the past and another said that large scale strategic development was no longer appropriate.

Two mentioned a policy vacuum which may lead to housing development in unfavourable locations or result in the stalling of applications reflecting the distrust of planners by government. Several added that planners should give communities what they want, not impose other things, and that elected members should be involved in agreeing methods.

In the interviews respondents were asked about their views on the future of the SHMA guidance and accompanying legislation (PPS3) which made reference to it. Some local authorities thought that these were likely to remain in place and that they would therefore continue to estimate need much as they had always done. Others believed that these elements would soon go and that they would therefore be no longer required to carry out this type of work. One interviewee spoke enthusiastically about the new consultative approach they were planning to undertake.

The future of the legislation is of course key to what kind of future guidance might be of help. Interviewees who believed that the current framework would remain in place nevertheless stated that they would appreciate further good practice guidelines, rather than anything prescriptive. These interviewees anticipated that they would continue to find the funding for future SHMAs as it was a statutory obligation to have one.

Those who believed that the existing legislative framework was about to change however were less sure what future guidance they would look for. Some were looking at more consultative approaches, working with local groups to establish housing need and the desire for new housing at a very local level. Others were concerned that there could be a policy vacuum nationally.
Many of the local authorities were aware that changes were possible and felt unable to say what their needs would be until the legislative framework in which they were operating became clearer.

The need for further guidance
Almost half (48%) of survey respondents said they were concerned about their LA ability/capacity to carry out robust housing assessments of housing need and demand. Financial constraints, especially associated with the costs of consultants, were the main issue raised here, though the skills of in-house staff was also an issue for some.

Table 1: Concerns about ability to produce robust assessments

Response	*Number*
Lack of financial resources	19
Skills and staff resources	7
Need for robust survey methodology	3
Unrealistic to meet need identified	2
Difficulties with joint working between LAs	2
Migration/housing market areas not closed entities	1
Lack of reliable secondary data sources	1
Need to recognise importance of wider economy	1
Survey response rates	1
Localism bill	1
Recognition that need is not a static concept	1

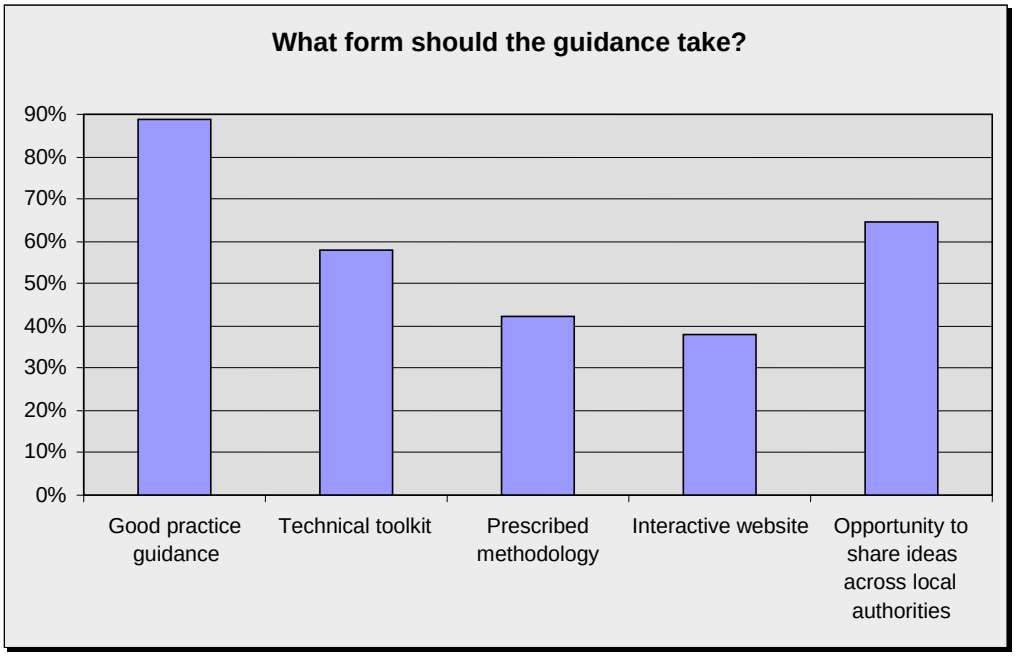
Note: Respondents could give more than one answer.

Importantly for this research, over 80% of survey respondents said that it would be helpful to have more guidance on how to estimate future housing requirements. Only 10% said it would not. One said they already had guidance and they had been doing this sort of work for decades.

From the interviews, most agreed that good practice on any aspect of their work was generally welcome. Those who were familiar with the current SHMA guidance did struggle to understand the complexities of what was needed. Some said it was out of date, gave insufficient guidance on dealing with cross boundary working or lacked elements such as parish surveys.

Those survey respondents who thought guidance would be helpful said it should take the form of a good practice guide. Some also wanted a technical toolkit or an interactive website. The opportunity to share ideas across local authorities was also welcomed.

Chart 2: Form of guidance required



Note: 50 out of 55 respondents answered this question

There were contradictory views on whether future guidance should be prescriptive to ensure consistency between areas or should be flexible and allow freedom for local authorities to do something appropriate to their area. This came out from both the survey and the interviews. In the survey, 69% agreed or strongly agreed in the need for consistency, with only 6% disagreeing, yet 79% agreed that guidance should be flexible, but with 8% disagreeing. This issue of consistency is important because it ensures accountability and allows joint working using the same basis for measuring demand and need. Yet there is a widespread view among local authorities that each area is different so that no 'one size fits all' will work.

To assess the likely support for some possible new guidance, respondents were asked to say whether they agreed or disagreed with a set of statements (see Annex 2 for the details). Their responses showed a preference for a simple guidance that is short and accessible. However, there was some inconsistency in that many of them also wanted technical guidance. Most thought that guidance should cover both overall housing requirements and affordable housing need.

Robustness of any new guidance

Survey respondents who thought guidance would be helpful felt it would need to be approved by the Planning Inspectorate in order to be robust (80% of respondents). Also mentioned were endorsement by local government, by planning bodies, or by the housing sector and representative bodies. Five said it would need endorsement by government or DCLG and one said it would need cross party support.

Summary

Overall, there was overwhelming support for further guidance on estimating housing requirements. The preference was for a simple good practice guide. There was also considerable uncertainty in the current policy context. However, two thirds of the survey respondents said that the localism agenda and abolition of the RSS had not affected them. This appeared to be related to the stage they were at in their core strategy, although in interviews some indicated that they had been closely involved in the evidence base for the RSS targets and felt that these were appropriate for their area.

Most of those surveyed had a current, reasonably up-to-date SHMA. But they did not consider this to be the primary source of information for determining overall housing requirements. This was because the SHMA produced figures in excess of both the RSS housing targets and historic building rates. They were not considered realistic, particularly in the current economic climate.

However, this does raise the issue of whether there is any point in promoting SHMAs if they do not genuinely inform housing targets. Most local authorities appear to be pragmatic: the SHMA is there to provide evidence of genuine housing need that is (frequently) too large to be accommodated given current resources and this means that almost any target the authority chooses would be justifiable in a planning inquiry or appeal. However, the actual target that is chosen is one that seems to be reasonable in terms of viability and what developers would therefore accept. A key aspect is to ensure that the target is set out clearly in Local Plans and supplementary guidance so that developers – and landowners – know in advance what to expect and can make their decisions accordingly.

Many survey respondents had used consultants to undertake their SHMA either wholly or partially and felt that they would use them again in the future for the same reasons. A key reason was that consultants were seen as independent, which was important when negotiating with developers over affordable housing contributions. This suggests that a more standard approach would suit these authorities better as residents would be less likely to assume that the assessment had been biased in some way to support the local authority's preferences.

5. Data sources relevant to assessing housing requirements

The indicators that are critical to arriving at an estimate of future housing requirements are the government's household projections at district level plus information about the assumptions on which these projections are based, including those used in the population projections which underpin the household projections. The main limitation of using these official projections is that the net inward migration assumptions used at national level are simply carried down to local level, whereas in practice some localities are likely to receive more migrants than others. The assumptions change with each new projection and will do again when the projections are reconciled with the results of the next census of population. A district could either accept the projections and the underlying assumptions as they stand, or they could choose a higher or lower rate of net inward migration if they felt this was justified by local information. A number of authorities (particularly county councils) have their own demographers who may be able to assist local authorities with this.

The draft National Planning Policy Framework (NPPF) states that estimates of future housing requirements should be based on up to date Strategic Housing Market Assessments (SHMAs) but also that the evidence should be 'proportionate' to the scale of new development. The NPPF also states that local planning authorities should identify the size, type, tenure and range of housing required. A wider range of indicators are required to estimate the size, type and tenure of dwellings required. The census can provide a starting point but gradually becomes increasingly out of date, until the next census. Survey data (from national surveys such as the English Housing Survey and the Annual Survey of Hours and Earnings) can be used at regional level, although they are not robust at local level. However, for some indicators, the general direction of change at regional level can reasonably be applied at local level, while for others it may be found that there has been very little change since the census so that census data for those indicators is still robust despite the passage of time. One example is under-occupation.

Finally, local authorities are charged with linking their housing evidence base with that for their local economy as a whole. A good picture of the housing market and local economy can be provided by looking at house prices and house price change over time, rents, employment and unemployment and earnings. These data sources are free and are regularly updated, particularly unemployment figures.

1. Overall housing requirements
The starting point is the household projection at district level. The net increase in households over the projection period is the total at the end of the period, minus the total at the beginning.

The net increase in the stock of dwellings equals the net increase in households taking into account changes in vacant dwellings and the number of second homes.

The total requirement for new dwellings (including conversions) is equal to the net increase in the stock plus replacement of dwellings demolished or transferred to other uses.

This assumes no changes in numbers of households sharing a dwelling, etc.

So the data required are:

Household projections
DCLG live table 406 gives these for every 5 years from 2008 to 2033.

ONS assumptions about net inward migration
These are the same for DCLG's national as for district level projections but locally a district might wish to use, and justify, a different migration assumption. They are available from the ONS website alongside the relevant population projection. ONS also make assumptions about mortality (life expectancy) which a district might also wish to change, although these have only a small impact on the overall figures.

Data on existing constrained demand.
Here the data required is more difficult, because by definition people constrained by a lack of housing will not have formed a separate household, but will be sharing or continuing to live with family or friends. A district may have a good knowledge of the number of hostels and HMOs in its area but not about those sharing or living with family or friends (the 'hidden homeless'). A survey could help here but would risk capturing aspirations rather than real need. In practice constrained demand is often met by people moving away to a cheaper area, which is captured in the net inward migration assumptions.

In the past waiting list data has often been used to assess the number of households currently in need of housing. However, these registered were often poorly maintained and can provide an exaggerated picture of existing need. When lists were revised, many households were found not to be in need but had registered as a kind of 'insurance'. Others had left the area. The increasing use of Choice Based Lettings means that a lot of information is held about those bidding in each category or band and indeed on who actually gets allocated to affordable housing. But where supply is tightly constrained, many households in need may not bother to register, or the local authority may only maintain information about those in the highest priority banding, particularly if it analyses the system and finds that only those in band A ever get housed. So while this reduces the apparent waiting list, it does not mean that there is no need from households with less priority. As a result waiting list data can be very misleading. In the survey 64% said they are not a robust measure.

2. Assessing the need for different sizes, types, and tenures of new housing
This is complex particularly if districts wish to meet housing needs in particular local areas. At its most basic it means estimating the proportions of future households in each age range and household type (lone adult, couples, etc).

So the data required are:

Household type
Census data especially for sub-district level (neighbourhood) data can be used. DCLG live table 420 disaggregates the projection by household type for 2008 and 2033 so shows the overall change in each type.

Age profile
Census data, as above, can be used. Table 2c of the 2008-based sub-national population projection gives an age breakdown in broad age groups for the population which are then used to create the household projections (ONS).

Drivers of change
Table 5 of the 2008-based sub-national projection sets out the drivers of population growth ie components of change at district level (ONS).

Sensitivity analysis
DCLG's November 2010 publication on the latest household projection provides national level sensitivity analysis on the basis of a) a lower life expectancy assumption b) a lower net international migration rate.

3. Linking household information with the local economy
The data required here are:

House prices
House prices are a very good indicator of the buoyancy of the local economy and the desirability or liveability of an area. These are available from the Land Registry although there are plenty of websites which provide it free, at below district level so useful for identifying hot spots and poor areas within the LA. e.g. http://www.zoopla.co.uk/house-prices/

The Land Registry's – or Nationwide's – house price index only goes down to county and London borough levels but can give an indication of trends. Agencies such as Hometrack also provide house price data but at a cost.

Rents
Social rents are available from the RSR. The lower end of the private rented market is captured by the Rent Office's Housing Benefit rent levels, which will be useful for discussions of meeting housing needs
http://data.gov.uk/dataset/private_rent_determinations_for_housing_benefit_hb

The full range of private rents has recently been made available by the Valuation Office Agency. It gives the mean, median and lower and upper quartiles at local authority level. The distribution of private rents for each LA and bedroom/room category in England tends to exhibit a strong positive skew (i.e. a small number of very large monthly rents and large numbers of small rents). The skewed nature of these data combined with the small sample counts available for many of the categories presented, means that the statistics included in this release should be considered as indicative only and do not represent accurate measures of the population.
http://www.voa.gov.uk/corporate//statisticalReleases/110929_ReleaseNotes.html

Incomes
CORE gives the incomes of new tenants entering the social sector. Analysis over time can show whether the sector is catering for increasingly poor people or people in employment etc. – as can more general analysis of CORE to show the socio-economic characteristics of households entering the sector.

However, this is limited to the incomes of new social tenants. Otherwise the best source of income data is the Annual Survey of Hours and Earnings (ASHE) which gives earnings data by place of work and place of residence. It is available from the ONS website.

Employment
The NOMIS website provides details of employment at district level by industry sector from a range of sources.

Unemployment
The NOMIS website also provides unemployment by district, broken down by gender, age and duration.

Vacancies
The NOMIS website provides unfilled vacancies by duration and occupation and by duration and industry.

Snapshot of household characteristics and socio economic profile
The census can provide this at sub-district level (super output area) – it is currently out of date, however change is generally not dramatic between censuses but gradual.

At local authority level, socio-economic data is available from surveys such as the Annual Survey of Hours and Earnings, the Annual Population Survey, and the English Housing Survey. These are accessed via government websites including DCLG live tables.

In addition local knowledge can provide information on issues such as a massive closure of sources of employment or a large influx of migrants from Eastern Europe and so on.

6. Options for going forward

The evidence
This research focused on exploring the gap left by the abolition of RSS and regional housing bodies. Now that regionally set targets are no longer statutory, how will local authorities go about deciding how many homes to build? Policy will still need to be supported by an evidence base, but how will local authorities create such a base? A key question is what local planners will find helpful in determining housing requirements at local level and in producing evidence to support policy making, especially given the requirements under the National Planning Policy Framework and the need to provide support to emerging Neighbourhood Forums wanting to prepare Neighbourhood Plans.

Both the survey of planning authorities and the follow up interviews confirmed that most authorities are facing uncertainties over future planning policy and are unclear about how they should operate within the emerging system. They also saw that many development projects remained unviable in the current economic climate. Many could not answer some of the questions because of this uncertainty and many felt that the twin uncertainties were stalling development. Whereas in the past many authorities had been raising their affordable housing targets, some had recently reduced them because of increasing viability issues. The survey also highlighted the issue that even a robust assessment of housing demand and need may not be used to determine targets for new housing because these are determined by viability, not housing need.

Planners were also concerned about their resources to implement the new framework and to respond when the economy turns around. Government cuts and the lack of activity have meant losing skilled staff members, while the fall in the numbers of planning applications has reduced fee income. Some doubted their capacity to undertake SHMAs or the equivalent in the future.

The survey asked whether the following would be useful (more than one option could be selected). The results were as follows:

Guidance	43 (81%)
Opportunity to share ideas across LAs	33 (62%)
Technical toolkit	26 (49%)
Prescribed methodology	20 (38%)
Interactive website	17 (32%)
Other	10 (19%)

The overwhelming majority therefore preferred some kind of written guidance and a large majority would welcome the opportunity to share ideas across local authorities via regional or sub-regional events.

The ten ‘others’ included:

- Telephone helpline / critical friend (one authority)
- Not applicable/ already have guidance/ guidance not needed (six authorities)
- Broad scoping of possibilities for guidance (one authority)
- Guidance that allows for local circumstances to be taken into account (one authority)
- DCLG recognised guidance (one authority)

What authorities are looking for is up to date guidance that can help them conduct housing requirements assessments in a cost effective way; using what they have already; and which will meet the requirements of the Planning Inspectorate and the NPPF and support the localism agenda.

What form of guidance?
The survey clarifies that what is required is guidance that is simple and accessible - but at the same time includes a technical toolkit that specifies the method to be used which will help good practice and comparability between authorities that need to act together.

It was also noted by some respondents that there is already guidance in the SHMA Practice Guidance. However, some stakeholders pointed out that the chapter in the Practice Guidance on estimating future housing demand across the whole housing market discusses the approaches that can be used rather than explaining what LAs need to do in any depth.

This suggests that a way forward might be guidance that sets out in simple steps, with worked examples, what LAs need to do to assess housing requirements in their areas and how to relate to their local partners A technical annex would help support consultants where they continue to be used or to help staff to do the work in-house.

A minimum evidence base
The NPPF states that local planning authorities need a clear understanding of the housing requirements in their area (para. 28). They should prepare an SHMA, working with neighbouring authorities where market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures likely to be required over the plan period. This should:

- meet household and population projections, taking account of migration and demographic change;
- address the needs for all types of housing including affordable housing and the needs of different groups; and
- cater for housing demand and the scale of supply necessary to meet that demand.

The draft NPPF stipulates that Local authorities also need to prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, sustainability and likely economic viability of land to meet the identified housing requirements over the plan period.

This sounds similar to previous policy as set out in PSS3. It implies that the existing SHMA guidance may be retained. However, it is a consultation draft only, and much will depend on the outcome of the consultation.

A further call on local authorities will be to provide support for neighbourhood forums that wish to develop a neighbourhood plan. While this does not have to be financial, support in the form of robust evidence about housing demand and need would clearly be helpful.

The survey showed a preference for using consultants to carry out SHMAs and presented positive reasons for doing so in the future. There was also a preference for simple guidance on which data sources to use and their limitations.

'Bottom up' methods of estimating housing requirements tend to produce extremely large figures, particularly of housing need but also of demand for market housing. Often the figure is so much higher than past building rates that it is considered unrealistic. 'Top down' methods on the other hand include those used to determine the RSS targets. No methodology has been devised to ensure that bottom up figures can be summed to a regional or national level.

The reasons for this are not fully understood. Bottom up methods often use local data, such as waiting lists, which are known to be variable and unreliable – indeed, some authorities no

longer maintain them. Where local household surveys are used, the findings reflect different methodologies and produce large estimates of housing need. The top down approach has the merit of being related to official government projections of population and households. In terms of total housing requirements, a top down demographically based approach could be developed that was consistent across local authorities and would sum to both the regional and national figures. Guidance on conducting such an estimate would be straightforward to produce. However, estimating the need for affordable housing would be more difficult. This is because ultimately whether and how much subsidised housing should be provided for different groups of households is politically determined.

A technical toolkit?

Several technical toolkits already exist, each for specific purposes. One is the Local Authority Demographic Methodology (LADM) developed by the National Housing and Planning Advice Unit (NHPAU) before it was disbanded by the incoming government. This was designed to be part of a broader sub-regional toolkit for potential use by local authorities within a strategic housing market area. The LADM uses readily available robust secondary data. The default model takes into account backlog of need, vacancies and second homes . The model is based on a consistent and transparent methodology but differs from the SHMA Guidance in that it does not take into account all the local factors addressed in a SHMA. However, such a model is unlikely to be endorsed by the current government as to do so would be a 'top down' approach and therefore is not consistent with the localism agenda.

Other guidance that has been developed involve a step by step approach rather than a technical toolkit. This includes DTZ Pieda's (2004) guide to good practice in assessing housing markets as a whole; while the National Housing Federation published its own step by step guide to housing market assessments in 2007[10].

Moving forward

The research has shown that what is required is further guidance that would enable a more consistent approach to estimating future housing requirements in the form of a step by step guide. It would need to be approved or acceptable by both the government and the Planning Inspectorate. This might be possible if it were also agreed by the industry, including private housebuilders as well as developing housing associations. To date the situation is unclear, as while the government has indicated that it does not intend to issue further guidance, the consultation draft of the NPPF seems to retain the current SHMA approach.

As noted above, a demographic approach to estimating total housing requirements is straightforward and simple guidance could readily be prepared. Estimating affordable housing requirements is more problematic. If current SHMAs are to be retained, they appear to demonstrate sufficiently large housing needs to justify S106 targets of anything from 15% to 50% in some pressured areas. In the past housebuilders have delivered affordable housing to these targets but the current economic climate is very different. The research found that many local authorities consider deliverability and viability to be more important than evidence from the SHMA and these depend crucially on the economic context.

The SHMAs produce a great deal of detail from an extensive (and costly) local survey or other work but in the end the affordable housing figures they produce are rarely (if ever) used to produce detailed estimate of S106 requirements. In most areas they are clearly vastly in excess of what could be built given either land constraints or economic viability. It is these two factors (and in a few cases political will – or lack of it) that determine the proportion of affordable housing that is in fact built, giving little reason for the lengthy process of establishing the precise amount of need that can't be met

[10] Line B, Brown T and Turkington R (2007) *Understanding Your Housing Market: A Guide to Housing Market Assessment*, National Housing Federation, London.

Recommendations
This research has outlined a gap in the current planning policy context – the absence of clear consistent guidance on how to estimate future housing demand and need. The survey showed that the majority of authorities would find a simple, step by step guide to the data required useful. The options are

a) A complete re-working of the existing SHMA guidance to simplify it and bring it into line with current policy
b) Further exploration on how best to adapt the existing guidance rather than completely re-work it.
c) A technical model
d) A step by step guide on the areas that create the most problems

The first three options can be ruled out on grounds of cost. Complete reworking and technical models are expensive, and option b) would require further research.

Therefore we **recommend** that the most appropriate way forward is to produce a step by step guide on the areas that cause the most problems for local authorities. The South East England Regional Assembly produced exactly that in connection with the previous, Bramley guidance[11].

The research also highlighted that waiting list data was not currently a robust source of information on local housing needs. However, it could be – if local authorities kept up to date waiting lists that reflected the level of need of applicants. Choice based lettings (CBL) would normally provide this – but some authorities, finding that they are only able to house those in priority need, have simply rejected all other applicants from their CBL web site. While this is understandable, it does not mean that there is no other housing need in the area, and a log of the numbers of other applicants would address the problem of estimating overall housing need. Therefore we **recommend** that those local authorities who retain a waiting list should keep it as up to date as possible. For CBL schemes, this would mean for example keeping a log of all those applicants in bands A, B and C but not D which is usually 'not in need' (most CBL schemes use a banding system to prioritise applicants).

[11] Cambridge Centre for Housing and Planning Research (2004) *Assessing Housing Needs in the South East: A Good Practice Guide*, SEERA, Guildford – available from http://www.southeastexcellence.co.uk/media/resources/Regional_Assembly_Housing_Needs.pdf