

From: Just Space Network  
To: James Gleeson, London Plan Team, City Hall  
27 February 2017

Dear James

### **Strategic Housing Market Analysis (SHMA)**

At the last (December) meeting of the Strategic Housing Market Partnership (SMP – formerly the working group on SHLAA/SHMA methodology) we were told that we should submit comments on the draft SHLAA methodology by 21 January (which we did) and were welcome to make submissions to you (no specific deadline stated) on the SHMA which was running on a later timetable. There was no SHMA methodology draft to comment on.

This document is the comment of the Just Space network on the methodology which should be used in the SHMA. It is possible that some of the groups in the network may also comment – i.e. LTF and LFCAS. Since the recent Housing White Paper envisages new national guidance being put out for consultation later this year and implemented by 2018 (with provision for localities to depart from the national norms where they can demonstrate the need to do so) we have assumed that London can do the kind of SHMA which London needs.

1. With the definitions of types of housing “product” in flux nationally and with the Mayor proposing new “products” (and mixes) in his drafts and policy statements to date, we consider that the SHMA must keep its forecasts of housing need and market demand **absolutely distinct** from any supply categories or “products”. The need/demand forecasts will represent the crucial yardstick against which possible mixes of “products” will be judged in assessing whether the next London Plan meets the Objectively Assessed Housing Needs (OAN) for the GLA area as a whole – and to do so for the 30-year perspective of the Plan.
2. The matching-up of proposed need against what might be on offer (existing stock, minus losses and conversions, plus new construction and changes of use etc) at various price/rent levels is a policy matter, not a technical matter and must be open to public consultation and scrutiny in the EiP along with all the other policy proposals of the Mayor. The SHMA should explore which needs could be met by various patterns of price and rent levels but should not contain recommendations.
3. Need/demand forecasts should relate to the distribution of London incomes, preferably using deciles throughout. Quartiles would be less illuminating. Where a single measure of level is essential, the average (mean) should **never** be used, and the median used instead – for incomes, for prices and for rents. There are two compelling reasons for this:
  - a. Incomes, prices and rents in London (and within most boroughs) are highly unequal and highly skewed, so means are misleadingly far above the medians, dragged up by the ultra-high top end.

- b. Only an approach through distribution of income will enable proposed supply plans to be tested at GL level and provide the necessary data to enable boroughs to produce their own compliant needs assessments and make their local plans in conformity with the NPPF. Without this, the London-wide SHMA would need to make estimates separately for each borough.
4. Where the affordability of housing is being considered, it is more important than ever before that income be considered with AND without benefits because of the uncertain and shrinking prospects for HB/LHA. Affordability should, as before, be judged against limits of 25% of gross household income and 30% of net household income.
5. As before, and as required by the national guidelines, the SHMA needs to pay attention to the needs of all household types, age groups (including especially those at various stages of older age) and equalities groups. The relevant headings are present in the previous (2013/14) SHMA and the household-size analysis is particularly good and thorough. Some of the other categories are inadequately dealt with and JustSpace would be very happy to help arrange consultations with relevant groups to contribute to the SHMA and the subsequent Housing and Spatial Strategies. The treatment of Gypsy and Traveller needs was missing since the previous Mayor deleted this issue from the London Plan and it should now be reinstated. There is an opportunity for the SHMA to set an example of good practice and methodological guidance for local authorities in responding to the provisions of the Housing and Planning Act requiring the assessment of accommodation needs for caravan and houseboat dwellers. Better evidence is also needed on specialist and supported housing for other groups facing multiple types of discrimination (e.g. shelters for victims of domestic violence, refugees and asylum seekers, care homes for older LGBT people etc.)
6. Finally we need to stress a factor which has always been of concern but is now much more critical: the need to estimate the shrinkage of the stock of housing let at social ("target") rents. It was always a challenge to estimate losses through Right to Buy and physical demolitions. Now there is also the need to estimate losses where councils and housing associations switch existing units from social to higher rents. The 2017 Housing White Paper appears to envisage new incentives which could lead to the accelerated shrinkage of the social rent sector or even to its eradication. So a range of forecasts will be needed.

Annex: Just Space wrote to Jennifer Peters 24 September 2013:

First of all, congratulations that a SHMA is at last underway.

Congratulations too on the decision to run versions with a variety of assumptions about HB: this is an essential feature of needs assessment and there will be no dissent about it.

Our greatest concern is that the study should examine the affordability of housing at all income levels. This is crucial given that so many London households are already unable to afford market rents in their localities or rents at 65% or 80% of local market levels. Whether or not - for political reasons - the term 'social rent' is retained, it is essential that the study shows what can and cannot be afforded by households at all income levels and across the range of household sizes. This point may have been made by others but Just Space would have been glad to hear some reassurances on this central point.

A second important point - on which I did hear some discussion but was not really left any the wiser - was on the use to be made of evidence which has come to hand since 2011. We can understand that you wish to construct a base year for forecasting purposes for which you have the least incomplete data and that this means using 2011. But that does not preclude you taking advantage of more recent data, indeed the NPPF (and common sense) require you to do so. For example we note that there have been valuable studies by FoL, Alan Holmans and London Councils.

Thirdly we are unclear about the handling of supply/need balances across the GLA boundary. Your working paper is strong on the need for cooperation between authorities within Greater London but evidently this is just as much an imperative with authorities outside, whose reluctance (in some cases) to meet even their own needs could throw out the London balance severely.

Our fourth main point is about the robustness of estimates of LOSSES of social-rented units. These losses arise through RtB, through stock transfer, through decanting and demolition, data for which we agree is poor and often long-delayed. In addition, we understand that someone on GLA Housing recently told the LTF that, for every "affordable" dwelling newly built in London, another is generated through previously social-rented units being switched to an "affordable rent". On this issue we consider further work is essential.

END

Response coordinated by Michael Edwards (m.edwards@ucl.ac.uk)