

## **Briefing Note and FAQs – Strategic Housing Market Assessment**

### **What is the Strategic Housing Market Assessment?**

The Strategic Housing Market Assessment (SHMA) is part of a range of background documents that will help inform the housing policies and proposals in our new Local Plan. It is an assessment of peoples' housing needs within our borough based on statistical evidence and it provides us with our objectively assessed housing need.

### **Why prepare a SHMA?**

We need to have detailed evidence to feed into the new Local Plan. Our current SHMA is dated 2009 so a new SHMA will ensure that the emerging Local Plan is based on up-to-date and robust information. It will help inform calculating the number of houses we need to plan for over the lifetime of the Local Plan.

The National Planning Policy Framework (NPPF) provides the national policy on planning for housing, business and other development and requires councils to identify the housing needs of an area and respond positively to wider opportunities for growth (paragraph 17). The NPPF requires us to use our evidence base to ensure that our Local Plan meets the full, objectively assessed needs for market and affordable homes in the housing market area, as far as is consistent with the policies set out in this Framework (paragraph 47).

### **What is the difference between this draft and the previous draft?**

We published a draft Guildford SHMA for a four-week engagement period on 27 January 2014. We received numerous comments during this period that have helped inform the updated draft Guildford SHMA. It has been prepared in accordance with the final [National Planning Practice Guidance](#). It also includes further work regarding students.

### **Was the SHMA independently reviewed?**

The draft Guildford SHMA was reviewed by independent consultants Edge Analytics. They evaluated its methodological robustness and commented on the key statistical outcomes of the report. Specifically, they reviewed:

- Conformity with the NPPF
- Methodological robustness
- Calculations and statistical analysis
- Strengths, weaknesses and key areas of challenge

### **What are the key findings?**

The draft SHMA finds that our objectively assessed housing need is for 650 and 780 homes per year. This reflects the affordability issues in Guildford coupled with the high level of affordable need. As required, it does not take into account any constraints to development such as capacity, environmental designations or infrastructure. As we progress the Local Plan it will be for us to balance this need with the level of housing growth that we feel we can sustainably accommodate. We will include this figure in our Local Plan as our annual housing requirement.

The guidance states that the latest household projections should form the starting point for assessing what our need is. Whilst there may be reasons to warrant an upward adjustment of this, the demographic figure is considered the minimum leaving no opportunity for a downward adjustment.

*Market signals:* The draft SHMA recommends that market signals, including the balance between demand and supply, indicate that an upward adjustment to the demographic figure may be required in order to improve affordability.

*Meeting affordable housing need:* The SHMA estimates that the net affordable housing need projected forward is 718 homes per year. This assumes that households will not spend more than 30 per cent of their gross income on housing costs. The SHMA recommends that our affordable housing need indicates that an upward adjustment may be required in order to improve supply.

*Providing sufficient homes to support employment growth:* The guidance also states that we must ensure that our housing growth enables sufficient labour supply to meet our forecast economic growth. The Spring 2013 Experian economic forecast for Guildford suggests a housing requirement of 570 homes per year. The demographic figure would therefore be sufficient to meet this level of economic growth.

### **How was the South East Plan housing figure derived compared to the SHMA housing figure?**

Under the previous planning system the regional plan set housing requirements for each council area and sub region. These were calculated primarily through past delivery rates and identified capacity. The final South East Plan increased the figure for Guildford from 322 to 422 per annum based on a requirement for a selective review of the Green Belt to the north east of Guildford. However the final figure was successfully challenged due to the inadequate assessment of reasonable alternatives.

Regional level planning has been removed and local planning authorities are now responsible for setting their own housing delivery target as set out in the National Planning Practice Guidance 2014.

### **What is a Housing Market Area?**

A housing market area is a geographical area in which people move between; when people look to buy or rent a home or work they are not constrained by administrative boundaries. The SHMA identifies our Housing Market Area (HMA) as consisting of Guildford, Waverley and Woking. However, it acknowledges the relatively strong linkages between parts of our HMA with adjoining authorities in adjacent HMAs such as Rushmoor, Surrey Heath and Elmbridge. These linkages will be explored as part of future work on duty to cooperate.

### **What next?**

We are continuing to work with Waverley and Woking borough councils to progress a joint West Surrey SHMA. This will assess housing needs over the entire housing market area. We expect to publish this over the summer.

As we progress the Local Plan it will be for us to balance our need with the level of housing growth that we feel we can sustainably accommodate. We will include this figure in our Local Plan as our annual housing requirement. As part of this process, we will also need to consider the extent to which any of our unmet need may be accommodated in the remainder of our Housing Market Area or adjoining Housing Market Area. We will also need to consider the extent to which any unmet need arising in the Housing Market Area may need to be accommodated in our borough. If we cannot meet the full housing needs of the Housing Market Area we will need robust evidence to justify this.