

**Market Engagement**

**Strategic Housing Market Assessment (SHMA)**

This process is not a procurement and participation or non-participation in it will give neither advantage or disadvantage to any organisation, should the Gloucestershire Local Authorities decide to proceed to procure the service.

Response Form for completion by potential service providers

Submission deadline: **17:00 hours Wednesday 01 March 2017**

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**Part A – Introduction**

**THIS IS NOT A CALL FOR COMPETITION**

**1.0 Introduction**

* 1. The seven local authorities in Gloucestershire – Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucester City Council, Gloucestershire County Council, Stroud District Council, Tewkesbury Borough Council (the Partnership) are seeking the options available from the market, to assist us with information to inform a specification which may lead to a procurement exercise to produce a Strategic Housing Market Assessment(s) (SHMA). The SHMA must be compliant with the National Planning Policy Framework (NPPF), comply with the Duty to Cooperate, and the requirements of the National Planning Practice Guidance (NPPG). The SHMA will help to inform the production and review of local plans and housing strategies by providing robust evidence of the housing needs in the area. Forest of Dean District Council is leading on this Market Engagement on behalf of the Partnership.

**2.0 Background**

2.1 Gloucestershire is a County with several different character areas:

* To the north there is the Vale of Gloucester which includes the towns of
* Cheltenham, Gloucester and Tewkesbury
* To the west there is the Forest of Dean with its principal towns of Cinderford, Coleford, Lydney and Newent.
* To the south there is the Vale of Berkeley with its towns of Dursley, Stonehouse and Stroud. The river Severn separates the western and southern areas
* To the east are the Cotswold Hills. The principal town is Cirencester, with a narrow valley that connects Cirencester to Stroud at its west.

2.2 The local authorities jointly published a Housing Market Assessment (HMA) in 2009. This was updated in 2010 following a Housing Needs Survey and was further updated in 2014. In addition to the previous SHMA’s the local authorities within the Gloucestershire housing market area have commissioned work either individually or jointly, on the scale of Objectively Assessed Need (OAN) in their areas. Each of the OAN reports can be found on the following links:

**Cotswold**

<http://www.cotswold.gov.uk/media/1392223/OAN-update-Mar-16.pdf>

**Cheltenham, Gloucester and Tewkesbury** - Joint Core Strategy Area

<http://www.gct-jcs.org/Documents/Examination-Document-Library-2/EXAM-119---JCS-OAN-Update-September-2015.pdf>

The JCS inspector changed the OAHN at examination and confirmed that through the interim findings.

<http://www.gct-jcs.org/Documents/Examination-Document-Library-3/EXAM-164---JCS-LEP-Adjusted-Employment-Led-OAN-.pdf>

**Forest of Dean**

<http://www.fdean.gov.uk/media/Assets/Allocations%20examiner/Submission%20Documents/EB001_FOD_OAN_Update_Report_-_final.pdf> and as updated,

The Allocations DPD inspector through the interim findings has raised some aspects of the Allocations DPD that require further clarification and may affect overall provision

http://www.fdean.gov.uk/media/Assets/Allocations%20examiner/Examination%20Docs/ED046\_Response\_to\_FoD\_Inspector\_on\_OAN\_Final.pdf

**Stroud**

<https://www.stroud.gov.uk/media/1742/oans_stroud_cotswold_and_forest_of_dean_with_appendices.pdf>

**Our Project Requirements**

The Gloucestershire local authorities in Gloucestershire need to produce a Strategic Housing Market Assessment(s) (SHMA). The SHMA must be compliant with the National Planning Policy Framework (NPPF), comply with the Duty to Cooperate, and the requirements of the National Planning Practice Guidance (NPPG).

**Our Project Outputs**

The project outputs are those required by the NPPF together with the National Planning Practice Guidance. The detailed outputs for each element of the brief are set out below.

**Reviewing and defining the Housing Market Areas**

The Partnership needs to know how organisations will review the housing market area(s) which include the six district local authorities and any neighbouring authorities as appropriate. Any assessment and re-definition of the housing market area should be based on the most up to date and robust information available which fully explores the link between housing and economic growth.

This should take into account:

• House prices and rates of change in house prices;

• Household migration and search patterns; and

• Contextual data (e.g. travel to work area boundaries, retail and school catchment areas).

The Partnership needs to know where there are choices to be made on assumptions/inputs used and the implications of those choices.

**Overall Housing Need**

Organisations will need to make recommendations for the overall housing need for each of the six local authorities and the HMA area. This should include consideration of the elements set out in the NPPG. These elements are set out in detail below.

**Demographic/Household projections**

The NPPG highlights that Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.

What approach is to be taken to critique the official published population? This will include commentary on the Office for National Statistics (ONS) 2014 based Sub National Population Projections and Department for Communities and Local Government (DCLG) 2014 Household Projections.

How will the Objectively Assessed Need work which has been undertaken by each of the local authorities previously, and is referred to in Background be incorporated?

Organisations will need to fully explain and justify any recommendation of any adjustments to be made to the overall level of housing provision based on the variant projections to reflect factors affecting local demography and household formation rates which are not captured in past trends.

In addition we must show how they will provide variant demographic projections for population, economically active population and households for each of the six local authorities and the HMA. Projections should be produced for each year up to 2036 for comparison with the national datasets and be presented in a clear and consistent manner to allow comparison when considering the outcomes.

**Employment trends**

How should organisations provide variant economic forecasts; take into account employment trend past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area when assessing need. It is expected that any assessment will also take account of plans proposed by the Gloucestershire Local Enterprise Partnership. Any proposal will need to be agreed with the other relevant local planning authorities under the duty to cooperate, otherwise failure to do so could mean that there could be an increase in unmet housing need.

How will organisations produce forecasts for each of the constituent areas and the HMA. These will need to take into account a number of key datasets. (e.g. ONS, BRES employment figures) in their latest form.

How organisations intend to make a fully explained and justified recommendation of any adjustments to be made to housing provision based on the economic forecasts, reflecting where the projected labour force supply is not aligned with future employment change.

**Market signals**

How organisations should examine the case for any adjustments in housing provision that may be appropriate in the light of market signals. This process should follow the advice in the NPPG. How we ensure an organisation works with local authority officers to compare indicators of longer term trends with other HMAs, similar areas and nationally; and identify divergence in these trends. Indicators may include: land prices; house prices; transactions/sales; rents; affordability; rate of development; and overcrowding.

How an organisation explains how we intend to make a fully explained and justified recommendation of any adjustments to be made to the overall level of housing provision where it could help deliver the required number of affordable homes.

**Affordable Homes**

How we achieve a fully explained and justified recommendation of how the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments.

How an organisation would justify any recommendation for an increase in the total housing figures included in the local plan, where it could help deliver the required number of affordable homes.

**Housing tenure, household type and size – housing needs of specific groups**

How we will address the needs for all types of housing. This should include a breakdown of the overall housing figure broken down by tenure, including the private rented sector, household type (singles, couples and families) and household size (including the need for single storey accommodation). They will also need to show how age profile and household mix relate to each other, and how this may change in the future.

How should we produce evidence of the need for certain types of housing and the needs of different groups this should include but not necessarily be limited to:

* affordable housing
* the private rented sector;
* Self-build and custom housebuilding;
* family housing
* housing for older people;
* households with specific needs;
* students
* wheelchair accommodation
* Military Personnel
* Gypsy & Traveller households who no longer meet the government definition of travelling households

In relation to older people, it is expected that we will also need to demonstrate how they will provide an understanding and analysis of the housing aspirations of older people aged 55+, and how future provision could be provided to meet these aspirations.

It is expected where relevant (i.e. wheelchair, older person accommodation etc.) that SHMA report will identify the need of different groups by property tenure, type and size. The report should also identify what type and level of adapted/ adaptable housing should be provided to help meet this need.

**Affordable housing need and starter homes**

How we will assess the need for affordable housing for each of the six local authorities and the HMA in line with the overall need for housing.

In particular, how we should provide evidence of how they have assessed the future requirement for affordable housing arising from backlog housing need, existing households falling into affordable housing need, and future need arising from newly forming households and net migration.

They should show how they will research new demand arising from:

* Changing profile of existing households, including the needs of specific groups;
* Census data/new household formation rates/economic and demographic scenarios;
* Net in-migration of households;
* Income levels of new households (stating source and methodology); and
* House price information including entry level for the Private Rented Sector (PRS), Help to Buy, market purchase, Shared Ownership and potentially Starter Homes (stating the source and methodology).

How we will include sensitivity testing of different inputs and assumptions which give rise to different household numbers and assess the impact on household incomes.

What data sources are needed and how they relate to local market conditions, following the promotion of the use of secondary data in the NPPG.

**Starter homes**

In assessing housing need it is recognised that the Government published the Housing and Planning Act 2016 (the Act) on 24 May 2016. The Act includes: the primary legislation for Starter Homes.

Clause 2 of the Housing and Planning Bill defines a starter home as a new dwelling only available for purchase by qualifying first-time buyers under the age of Forty years old and which is made available at price which is at least 20% less than its market value but which is below the price cap. A price cap of £250,000 outside Greater London and £450,000 in Greater London is specified in the Bill.

In December 2015, the Government published a consultation on further changes to national planning policy to amend the definition of affordable housing so it encompasses a fuller range of products that can support access to home ownership, including starter homes. The Government undertook a Starter Homes Technical Regulations’ consultation to introduce regulations to underpin the new statutory framework for starter homes and which proposes that starter homes would be required on all reasonably sized housing sites.

Whilst statutory framework for the requirement for starter homes to be provided on all reasonably sized housing sites the assessment of the required housing tenure, household type and size should include scenario testing on the level of starter homes likely to be required across each of the six local authorities and the HMA

**Affordability**

How will we justify a definition of affordability across all tenures based on entry level prices and a minimum residual income level, in the absence of a definition of affordability in the NPPG.

They should show how they will provide advice on the appropriate measures of residual income (i.e. so households have enough to live on after housing costs) and the impact this will have on the need for additional affordable homes to meet need.

They should show how they intend to prepare scenarios including tests based on applying different percentages of gross household income against housing costs. The commissioning authorities consider that the starting point for these tests should be housing costs at 25% of gross household income with additional testing being conducted, the appropriateness of which the consultant should advise. These could include, for example, proportions of 30% and 35%. It is considered that affordability will be consistent across any income regardless of tenure.

How should we provide evidence of the impact of different scenarios including being able to buy a home, the number able to access starter homes as well as shared ownership/shared equity products at an appropriate equity share purchase to maintain affordability and the number able to afford private rent at a given affordability ratio.

What methodology and sourcing of gross household income data and the elements will need to be taken into consideration in that calculation, including savings and the ability to raise a deposit, the receipt of benefits and the impact of welfare reform, having regard in particular to the Benefit Cap and the LHA cap for under 35’s. Total housing costs are assumed to include rent and/or mortgage payments and all service charges but exclude utilities and other household bills.

**The role of the Private Rented Sector in meeting future housing requirements**

How will we consider the current and future role of the private rented sector in the housing market? How will we ensure we provide in-depth analysis of the private rented sector including size, location by zone area if possible), who is living there, future need/demand for private rented housing: what household types will require the accommodation, and at what rents.

What test variant market and welfare reform scenarios and explain any assumptions made and limitations considered in relation to the private rental market. This needs to be a variable that can allow for future changes in the private rented sector in terms of availability and access.

**Outputs**

What reporting format is required to produce a report on the affordable housing requirement for each of the constituent areas and the HMA by property, tenure, type and size so that an appropriate affordable housing mix can be sought. The tenures should include:

* Social Rent (let at Target Rent).
* Affordable Rent (up to 80% of Market Rent, and identify appropriate percentages where Local Housing Allowance levels may be breached).
* Shared Ownership/Shared Equity (consultant to advise on appropriate equity shares and residual rent charge on the unsold equity by testing variant scenarios).

It is recognised that at the time of writing the brief starter homes are not officially designated as affordable housing. In order to understand the potential requirement for starter homes the report should identify housing requirement for starter homes and indicate how (in the event that starter homes are designated as affordable housing) this could potentially affect the appropriate affordable housing mix that can be sought.

It is expected that results and supporting information (where possible) will be broken down by zone levels (sub areas within each LA) within each the relevant local authority areas.

The Partnership would like to understand whether the affordable housing requirement, information and other requirements can be translated to zone levels and the additional cost of this element to be identified in their bid. It is anticipated that the zone levels will be similar to the areas identified in each local authority’s 2009 Housing Needs Assessment.

**Primary and Secondary Data**

One of the project’s key outputs will be a range of tools that enables the Gloucestershire partners to update and monitor the SHMA and carry out ad hoc analysis when required. To this end, it is envisaged that the assessment will mainly draw on secondary data sources that are subject to regular updating. However, it is recognised that some primary data may be required in order to meet the project objectives and ensure delivery of the required outputs.

Organisations would need to clearly identify any gaps in the required data sources and set out costed recommendations for addressing the gaps. Where primary data collection is recommended, organisations should include a proposed methodology including sample sizes and required/expected confidence levels.

**Methodology and Approach**

Organisations would need to provide the following

* Detail proposed methodologies, including data sources, for delivering the SHMA outputs required by this brief, including details of any organisations they propose to sub-contract work to, to deliver the brief;
* CV’s of anyone who will be involved in this piece of work including any sub-contractors;
* A charging schedule with details of how it relates to the named persons who will work on the project.
* Comments on the brief and suggestions to be considered in refining the brief (omissions, amendments etc.);
* Experience of producing Strategic Housing Market Assessments including case studies where the SHMA has successfully supported the adoption of a local plan; this should be supported two referees;
* A draft programme of work should be provided including a timetable (to fit the overall project timeline);
* Identification of any problems or constraints in the form of a risk assessment that may be experienced in undertaking the study and how these problems might be overcome. This should include details of the contractors professional indemnity and public liability cover; and
* Identification of how organisations will seek the views of relevant key stakeholders in order to establish a clear view of the local market conditions for housing demand, supply and pricing, as well as ensuring the achievement of the Duty to Cooperate with neighbouring authorities

**Estimated Project timeline if we progress to a tender exercise:**

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| --- | --- |
| Publish invitation to tender | March/April 2017 |
| Tender submission deadline | May 2017 |
| Contract award notice published | June 2017 |
| Inception meeting with the Steering Group | July 2017 |
| Production of market signals information, economic forecasts, economic forecasts interim household/demographic projections | October 2017 |
| Interim report | December 2017 |
| Steering Group meeting | January 2018 |
| Draft final report | February 2018 |
| Steering Group meeting | March 2018 |
| Final report, executive summary, together with housing numbers model and tool for updating and analysing housing market data. | April 2018 |
| Steering Group meeting | May 2018 |

**Market Engagement**

The Partnership wish to engage with suitably qualified and experienced organisations to help us understand any concerns regarding the detailed outputs of the above brief and whether there is any further aspects that should be taken into consideration to ensure that any future tender brief looks to provide the most robust SHMA possible.

Once the Early Market Engagement exercise is completed we may follow an open tender process which would be undertaken with full regard to our legal obligations and in accordance with our contract rules. Neither the intention nor the purpose of the Early Market Engagement exercise is to confer any advantage upon its participants in any future procurement process.

We welcome and appreciate your organisation’s desire to participate in the early market engagement exercise, but wish to stress that your involvement in the exercise will not carry any commercial advantage in any ensuing procurement process.

**Part B – Frequently asked questions and instructions to providers**

**1. What is the early market engagement process?**

The Partnership is undertaking an early market engagement exercise which will assist its approach to the future of the Service.

This early market engagement exercise is for the purpose of gathering expressions of interest, responses and ideas for the future procurement of a SHMA; it does not constitute a procurement process and participation does not guarantee or preclude any selection of a potential Service provider in any procurement process. Responses may be used in the planning and conduct of any procurement procedure. The Partnership may also approach and engage with others, such as independent experts.

**2. How does a potential Service provider get involved in the early market engagement process?**

Complete and submit a Response Form - Part C by **17:00 hours Wednesday 01 March 2017**

**3. Why has the Partnership issued a call for early market engagement at this stage and what is its intention?**

The Partnership is committed to following best practice so far as it applies to any procurement and, in particular, the principles of openness, non-discrimination, transparency and not distorting competition. Early market engagement, along with statutory consultation, is the first stage in taking forward the process of procuring a robust SHMA. It also allows the Partnership to prepare a specification for any future procurement and gauge the interest in the marketplace.

**4. If I do not reply to this call for early market engagement, is my organisation prevented from participating in any future procurement?**

No, the Partnership is not launching a call for competition at this stage and the call for market engagement does not constitute the start of a formal procurement process. Any potential Service provider expressing an interest, at this stage, will not be treated any more or less favourably than another.

**5. What is the deadline for submitting a Response Form for this early market engagement process and how do I submit?**

Response Form - Part C in pdf format of the early market engagement process must be submitted by email by **17:00 hours Wednesday 01 March 2017 to** [keith.chaplin@fdean.gov.uk](mailto:keith.chaplin@fdean.gov.uk)

The Council will review all responses, and then consider the appropriate next steps.

**6. Who should I contact with a question about the process and/or my response?**

Questions relating to this process and/or your response should be requested by email to [keith.chaplin@fdean.gov.uk](mailto:keith.chaplin@fdean.gov.uk)

**7. How can I get additional information?**

The Partnership is committed to ensuring openness, non-discrimination, equal opportunity and equality of treatment. All necessary background material and technical information is provided in this document and additional information cannot be supplied exclusively to individual respondents.

**8. Can the Partnership assure me that my response will remain confidential?**

The Partnership will keep Response Forms confidential unless otherwise agreed with the potential service provider concerned, but elements of the responses may form part of any procurement process or reports of the Partnership without being attributed to anybody.

**9. What happens at the end of the early market engagement process?**

Depending on the responses, the Partnership may refine the process of procurement for the commissioning of a Strategic Housing Market Assessment as appropriate.

**PART C**

**Response Form to be submitted by potential service providers -** Early Market engagement – Strategic Housing Market Assessment**.**

**Please return to** [**keith.chaplin@fdean.gov.uk**](mailto:keith.chaplin@fdean.gov.uk) **by 17:00 hours Wednesday 01 March 2017 in pdf format.**

**This process is not a procurement and participation or non-participation in it will give neither advantage or disadvantage to any organisation, should the Partnership decide to proceed to procure the service.**

**1. General Information**

**1.1 Full name, address and website**

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| --- | --- |
| Organisation name |  |
| Registered Office Address |  |
| Website |  |

**1.2 Main contact for correspondence with this questionnaire**

|  |  |
| --- | --- |
| Name |  |
| Position |  |
| Telephone number |  |
| Mobile phone number |  |
| Email address |  |

**1.3 Please tick the correct box to indicate trading status:**

|  |  |
| --- | --- |
| Public limited company |  |
| Limited company |  |
| Limited Liability Partnership |  |
| Other partnership |  |
| Sole trader |  |
| Third sector |  |
| Other (please state) |  |

# 2. Market Engagement Questions

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| **2.1** Do you consider that that the scope of the proposed brief (as highlighted in Part A) will ensure that the SHMA will meet the requirements of both the NPPF and National Planning Practice Guidance, as well as any other emerging issues that need to be considered by a robust SHMA? Please highlight any areas which you feel are not covered that should be included in a future brief?  [Maximum 300 words including any diagrams] |
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| **2.2** Do you consider that that the detailed outputs required for each element of the brief are appropriate to the brief and are achievable? How would you proceed in trying to meet the requirements of this brief?  [Maximum 300 words including any diagrams] |
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| **2.3** Relevant guidance promotes the use of secondary data where appropriate and feasible, Please highlight any aspects of the projects outputs that you consider will require primary data work and the reasons why?  [Maximum 300 words including any diagrams] |
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| **2.4** Do you consider that Methodology & Approach highlighted in Part A is the correct methodology and approach required by a consultant to ensure the production of a robust SHMA? Please highlight any areas that you feel are missing from proposed Methodology    [Maximum 300words including any diagrams] |
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| **2.5** Please highlight any aspects/issues that you believe may have to be taken into consideration in Methodology & Approach as a result of the anticipated Housing White paper? Please highlight how you would deal with any implications arising from the Housing White paper should the paper not be published prior to the commissioning of the SHMA?  [Maximum 300 words including any diagrams] |
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| **2.6** Do you consider that the timescales highlighted in Part A are achievable and realistic? Please highlight any issues that you consider will impact on the proposed timescales.  [Maximum 100 words including any diagrams] |
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| **2.7** Please indicate what you consider will be the approximate the cost of producing a SHMA based on the requirements highlighted in Part A, and if a procurement process goes ahead would this be attractive to your organisation.  [Maximum 100 words] |
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| **2.8** Would your organisation be capable of delivering all the aspects of the brief as a single supplier, or would you propose to bid as part of a consortium?  If you would propose to subcontract some of the work, which aspects of the work would these be and to what extent would they be subcontracted?  [Maximum 300 words including any diagrams] |
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| **2.9** Please use the space below to provide any further comments which are not covered by the above questions  [Maximum 300 words ] |
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