



## ***FULL COUNCIL REPORT***

Date Written	2 <sup>nd</sup> April 2024*
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Service Area	Housing
Exempt/Non Exempt	Non Exempt
Committee Date	17 <sup>th</sup> April 2024

## **Local Housing Market Assessment (LHMA)**

### **1.0 SUMMARY OF THE REPORT**

- 1.1 This report provides the background to the requirement placed on Local Authorities by Welsh Government to undertake a Local Housing Market Assessment (LHMA) every 5 years.
- 1.2 The Local Housing Market Assessments (LHMA) is the periodical review of housing needs, as a statutory duty as set out in Section 8 of the 1985 Housing Act.
- 1.3 The report seeks the approval from members to approve the LHMA (attached as Appendix 1) which should underpin our Local Development Plan as the seminal source of housing need information.

### **2.0 RECOMMENDATION that**

- 2.1 The Local Housing Market Assessment (LHMA) be approved.

### **3.0 INTRODUCTION AND BACKGROUND**

- 3.1 In March 2022, WG published a new methodology for the technical calculation of housing need across Wales. The new LHMA tool and accompanying guidance, which became operational on 31<sup>st</sup> March 2022, has been developed collaboratively by the Welsh Government and a small group of local authority experts along with significant engagement with local authorities. It is to be used as the only basis of evidence for the calculation of housing need in Wales from now on.
- 3.2 The tool had been prepared as a result of recommendations by the Independent Review of Affordable Housing Supply and will ensure the standardisation of housing need calculations across Wales. It is now a requirement of the Welsh Government that local authorities run the new model and accept ownership of the outputs as a corporate resource to inform policy development.

- 3.3 Undertaking a periodical review of housing needs is a statutory duty as set out in section 8 of the 1985 Housing Act. Since 2006 this review has been undertaken through LHMA's. Local authorities must rewrite their LHMA's every five years and refresh that LHMA once during that five-year period (between years two and three).
- 3.4 When local authorities produce a new LHMA or a refreshed LHMA, it must be submitted to Welsh Government for review and sign off. Local authorities can refresh an LHMA more frequently if required but these would not be reviewed and signed off by Welsh Government.
- 3.5 Planning Policy Wales and Technical Advice Note 2 make it clear that the LHMA is the seminal source of housing need information which should underpin Local Development Plans (LDPs). As such all LDPs will be based on the outputs of the new methodology.

## **4.0 CURRENT POSITION**

- 4.1 There have been several issues with differing versions of the WG tool which have, in turn, delayed the Authority's ability to complete the data population and analysis, to achieve a submission to WG by 31<sup>st</sup> March, however the Strategic Housing Team alongside our Principal Planning Officer, have worked to complete this urgently to inform future policy development.
- 4.2 The LHMA's are a crucial part of the evidence base for preparing Development Plans and local authorities' Local Housing Strategies. Whilst local authorities are no longer required to submit their Local Housing Strategies to Welsh Government, many still produce them to encompass their local housing policies.
- 4.3 From a land-use planning perspective, housing needs assessments provide the evidence base to support housing policies, including affordable housing policies, in development plans.
- 4.4 From a housing perspective, LHMA's provide evidence which forms the basis of the local authority Prospectus for Social Housing Grant and informs services such as integrated care support. LHMA's will be a key source document informing the local authority homelessness strategy. They should also be used to plan for the diverse needs of different people and communities, including ethnic minority people, disabled people and people of different ages to ensure homes meet those needs.
- 4.5 Further reasons for undertaking such assessments include their value to:
- Develop long-term views of housing need and demand.
  - Inform decision making on matters such as social housing allocation priorities, private sector renewal options and access to low-cost home ownership units.
  - Assessments can inform the development of housing policies on stock conversion, demolition and transfer in areas where the quality of the housing available is inadequate. Assessments are therefore key to investment decisions to:
    - Help local authorities consider local housing markets when major new developments are planned and when negotiating Section 106 agreements; and

- Aid an appreciation of how housing need translates into different sizes and types of affordable housing (eg. intermediate or social housing) so that local authorities can negotiate appropriate mixes on new sites.

- 4.6 The LHMA uses relatively complex methodology using several sources of grouped data which are referenced in the LHMA document. The tool developed by Welsh Government ensures all Welsh Local Authorities apply a consistent approach when calculating housing need now, and for the future.
- 4.7 The LHMA highlighted a need for 453 affordable homes per annum, given our existing development programme and projected existing re-lets, this equates to a net need of 114 additional affordable homes per year until 2027 across the whole of Merthyr Tydfil. For the remaining 10 years of the LHMA period, there is an estimated need of 11 affordable homes per annum.
- 4.8 In terms of market homes, the LHMA also estimates the need for 35 market homes per annum consisting of private rental and owner occupier properties. Further detail can be found in the full accompanying LHMA document.

## 5.0 NEXT STEPS

- 5.1 Following WG approval of the Local Housing Market Assessment (LHMA), the Authority will utilise the information to inform future development policy including the next Local Development Plan. The statutory review of the LDP commenced in January 2024. Work is currently underway preparing the 2024 Annual Monitoring Report and a Review Report which will likely recommend commencing work on a new LDP. A delivery agreement will then be produced in late 2024/early 2025 which will set out timescales for preparing the new LDP. A new LDP would be likely to cover the period 2025-2040 but would not formally replace the current LDP until the new plan is adopted (potentially 2028/29).
- 5.2 The LHMA will be reviewed and refreshed at a mid-point in the 5-year planning cycle (between years 2 and 3) to ensure data is up to date as areas of focus are directed at the greatest identified need to meet local demand.

## 6.0 INTEGRATED IMPACT ASSESSMENT

6.1

	Positive Impacts	Negative Impacts	Neutral
1. Merthyr Tydfil Well-being Objectives	0 of 4	0 of 4	4 of 4
2. Sustainable Development Principles	0 of 5	0 of 5	5 of 5
3. Protected Characteristics (including Welsh Language)	0 of 10	0 of 10	10 of 10
4. Socio-economic Disadvantage	2 of 6	0 of 6	4 of 6
5. Decarbonisation	0 of 6	0 of 6	6 of 6

<b>6. Biodiversity and the resilience of Ecosystems</b>	<b>Maintained</b>	<b>Enhanced</b>	<b>Reduced</b>
	1 of 1	0 of 1	0 of 1
<b>7. Consultation and Engagement</b>	<b>Undertaken</b>	<b>Due to be Undertaken</b>	<b>Not Required</b>
	0 of 1	0 of 1	1 of 1
<b>8. Data and Evidence</b>	<b>Yes</b>		<b>No</b>
	1 of 1		0 of 1
<b>Summary</b>			
<b>The main positive impacts are:</b>	The LHMA is to be used as the only basis of evidence for the calculation of housing need in Wales from now on. The LHMA is fundamental to underpin future housing policy and the development of the next Local Development Plan.		
<b>The main negative impacts are:</b>	No negative impacts have been identified.		

**ALYN OWEN**  
**DEPUTY CHIEF EXECUTIVE**

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**CABINET MEMBER FOR**  
**REGENERATION, HOUSING & PUBLIC**  
**PROTECTION**

<b>BACKGROUND PAPERS</b>		
<b>Title of Document(s)</b>	<b>Document(s) Date</b>	<b>Document Location</b>
<b>Does the report contain any issue that may impact the Council's Constitution?</b>		No

***Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.***