

Brief for Consultants

East Midlands Regional Spatial Strategy – Approach to Affordable Housing Contract: 428527

1. Aims & Objectives

Aims

- 1.1 The East Midlands Regional Assembly (EMRA) is seeking to commission consultants to formulate options for a regional approach to developing numerical affordable housing targets in light of Strategic Housing Market Area Assessments (SHMAAs) findings and a range of other sources detailed below. These will be used to inform the Partial Review of the East Midlands Regional Spatial Strategy (RSS), which will be launched in October 2008.
- 1.2 The approach should take into account the requirements of all relevant national policy, especially Planning Policy Statement 3 “Housing” (PPS3) Planning Policy Statement 11 “Regional Spatial Strategies” (PPS11), and the Housing Green Paper “Homes for the future: more affordable, more sustainable” (July 2007). It should also be based on the objectives of the emerging RSS, and have regard to published advice from the National Housing and Planning Advice Unit (NHPAU), Strategic Housing Market Area Assessments (SHMAAs) where completed across the region’s 11 Housing Market Areas (HMAs), and other relevant information. It will provide the basis for a regional database to be developed and maintained by Housing Information for the East Midlands (HI4EM) which will assist in future updating of SHMAAs.

Objectives

- 1.3 The approach will formulate options for a regional numerical affordable housing target, and related specific sub-regional and district level targets, consistent with the regional target for each of the region’s 11 HMAs. The targets should take account of the need to achieve an appropriate mix of housing, and should include targets for the provision of rural affordable housing.
- 1.4 These options will be expressed as potential numerical supply ranges , linking to the approach established by the NHPAU in its advice on overall regional housing provision ranges, to form the basis of targets as part of the options stage of the RSS (see section 2.10).
- 1.5 This will involve following the approach set out in PPS3, based on the key sources as listed in paragraph 33 of PPS3, in particular:

- Local and sub-regional evidence of need and demand, set out in SHMAAs where available and relevant information where these have not been completed
 - Advice from the NHPAU.
(See also Section 1.7 below)
- 1.6 Where existing SHMAA findings require updating to inform the approach to targets, the SHMAA Guidance Version 2 should be used in relation to calculating housing need and secondary data should be used based on the data items listed in the SHMAA guidance.
- 1.7 In developing targets based on the above approach, consideration will need to be given to the following:
- The Secretary of State’s East Midlands Regional Plan (RSS) Proposed Changes¹ issued on 22nd July 2008 (with particular regard to policies 13,14 & 15).
 - The NHPAU² target range for new housing provision for the region published in June 2008. In particular the consequences of these for RSS content, including policies necessary to secure its delivery via Local Development Documents (LDDs).
 - Any potential Eco-town locations within the region and the requirement for the RSS to specify affordable housing targets for Eco-towns (*the Eco-towns Consultation paper currently frames the requirement as between 30% and 50%*)
 - The delivery potential within the region’s growth areas (MKSM / Northamptonshire) and New Growth Points (the 3 Cities of Leicester, Nottingham and Derby; Grantham; Newark; Lincoln and Gainsborough).
 - The work of Rural Housing Enablers in the East Midlands region in relation to rural housing needs surveys and other relevant published information in relation to Rural Affordable Housing.
- 1.8 The affordable housing approach must link directly to the wider approach to housing provision and distribution, and consider economic implications. Issues around viability of achieving targets at a local level should also be considered (see also 4.2).
- 1.9 HI4EM will maintain a database for updating SHMAAs undertaken to date in the region using secondary data.

2. Background

About EMRA

¹ <http://goem-consult.limehouse.co.uk/portal>

² <http://www.communities.gov.uk/nhpau/keypublications/reports/meetinghousingrequirements/>

- 2.1 EMRA is one of eight assemblies in England outside London. It was launched in 1999 and comprises 111 Members, with 2/3 being representatives of all the region's Local Authorities, including the Peak National Park, and 1/3 nominations from the wider social, environmental and business community. EMRA has three main roles:
- Scrutiny of the East Midlands Development Agency (*emda*).
 - Co-ordination and integration of regional policies.
 - The regional housing, planning and transport body.
- 2.2 EMRA has three Regional Boards:
- Regional Scrutiny Board;
 - Regional Housing, Planning and Transport Joint Board;
 - Regional Improvement and Efficiency Partnership.
- 2.3 These boards are supported by the Housing, Environment, and Transport, groups, with membership from a range of county, unitary and district councils and other regional organisations and agencies.
- 2.4 Regional Assemblies will cease to exist from April 2010 as a result of the July 2007 Sub-National Review of Economic Development, and the Government proposes that the Regional Planning Body functions will transfer to *emda* the Regional Development Agency for the East Midlands. EMRA and *emda* have developed a "joint team" approach to the Partial Review of the RSS in the interim period with the aim of delivering a draft partially reviewed RSS to Government by April 2010.
- Partial Review of the Regional Spatial Strategy**
- 2.5 The current approved East Midlands RSS was published in June 2005. EMRA, in its role as the Regional Planning Body, published a draft revised RSS in 2006.
- 2.6 The role of the RSS is to provide a long term spatial planning strategy for the East Midlands for the period to 2026. This will cover:
- the scale and distribution of new housing
 - priorities for the environment, such as countryside and biodiversity protection, and;
 - transport, infrastructure, economic development, agriculture, minerals extraction and waste treatment and disposal.
- 2.7 The Government's RSS Proposed Changes, which respond to the findings of the Examination in Public held in summer 2007, changes in national policy and other representations, have now been published and call for a further Partial Review on specific policy areas to be carried out as soon as possible.

- 2.8 The Partial Review should cover the period 2006-2031 and will need to consider the following issues:
- Increased levels of housing provision responding to the new targets set by the Government in the Housing Green Paper, the latest household projections, and advice from the NHPAU;
 - Revised provision for affordable housing responding to updated information following the completion of Housing Market Assessments in all parts of the region;
 - Revision of housing provision figures in Northamptonshire;
 - A review of sustainable locations for development in the Nottingham HMA;
 - Consideration of any further New Growth Points and eco-town proposals for which the Government has indicated provisional acceptance;
 - A revision of the Regional Transport Strategy as recommended by the Panel;
 - A revision of policies related to the Lincolnshire coastal area following the completion of the coastal strategy recommended by the Panel; and
 - A review of renewable energy targets.
- 2.9 The Secretary of State would like the next review to be completed quickly and suggests that EMRA should begin work as soon as possible on the evidence base related to the above issues so that a draft Project Plan can be published for consultation soon after the issue of the current RSS Review³.

Provisional Timescale for the Partial Review of the RSS

- 2.10 The provisional timetable for the Partial Review of the RSS is as follows:

October 2008

- Draft Project Plan launch
- Draft Statement of Public Participation
- Draft SA/SEA Scoping Report
- Appropriate Assessment Screening Report

March 2009

- Options consultation paper(s)
- SA/SEA report on options
- Interim Appropriate Assessment

April 2010

³ East Midlands Regional Plan Schedule of Proposed Changes, pp15-16 – 22/07/08 <http://goem-consult.limehouse.co.uk/portal>

- Draft RSS submitted to SoS
- Final SA/SEA report
- Final AA report
- Pre-Submission Statement of Consultation

September 2011

- Adoption by SoS following EiP and consultation on proposed change

Glossary

SEA = Strategic Environmental Assessment
SA = Sustainability Appraisal
AA = Appropriate Assessment
SoS = Secretary of State
EiP = Examination in Public

Planning Policy Statement 3 “Housing” (PPS3)

- 2.11 Though consultants are expected to have regard to all aspects of PPS3 in relation to this study, these references are considered to be of particular importance to this study.
- 2.12 PPS3 states that RSS's should set out the regional approach to addressing affordable housing needs, including the affordable housing target for the region and each housing market area (para 28).
- 2.13 In providing for affordable housing in rural communities, where opportunities for delivering affordable housing tend to be more limited, the aim should be to deliver high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages. This requires planning at local and regional level adopting a positive and pro-active approach which is informed by evidence, with clear targets for the delivery of rural affordable housing (para 30).
- 2.14 The specific outcomes that the planning system should deliver are a mix of housing, both market and affordable, particularly in terms of tenure and price to support a wide variety of households in all areas, both urban and rural (para 10).
- 2.15 RSSs should set out the region's approach to achieving a good mix of housing (para 21).
- 2.16 In determining the local, sub-regional and regional level of housing provision, Local Planning Authorities and Regional Planning Bodies, working together, should take into account:

- Evidence of current and future levels of need for housing and affordability levels based upon:
 - Local and sub-regional evidence of need and demand, set out in SHMAs and other relevant market information such as long term house prices.
 - Advice from the NHPAU on the impact of the proposals for general affordability in the region.
 - The Government’s latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.
- Local and sub-regional evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments (SHLAAs) and drawing on other relevant information such as the National Land Use database and the register of surplus public sector land.
- The Government’s overall ambitions for affordability across the housing market including the need to improve affordability and increase housing supply.
- A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas.
- An assessment of the impact of development upon existing or planned infrastructure (para 33).

2.17 Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

Social rented housing is: *Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.*

Intermediate affordable housing is: *Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.’ These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing. The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, ‘low cost market’ housing, may not be considered, for planning purposes, as affordable housing. (Appendix B)*

Housing Market Areas

- 2.18 In 2005 EMRA commissioned DTZ Pbeda Consulting to identify the boundaries of sub-regional housing markets across the East Midlands. The study report entitled *Identifying the Sub-Regional Housing Markets of the East Midlands* is available at:
- <http://www.emra.gov.uk/regionalplan/documents.htm>
- 2.19 The study identified sub-regional housing markets wholly contained within the region and housing markets where the core lies outside the East Midlands Region. It recommended that Strategic Housing Market Area Assessments (SHMAAs) be carried out in each of these areas within a 3 year period, with the suggestion that they should be completed in less time if at all possible.
- 2.20 As a first step towards the process of developing HMAs for each sub region, the RHB and RPB commissioned sub-regional housing market profiles across the East Midlands. The report entitled *‘Housing in the East Midlands – Profile Information for the Housing Market Areas of the East Midlands’*, The Centre for Comparative Housing Research, along with the database can be found on the Intelligence East Midlands website at:
- <http://www.intelligenceeastmidlands.org.uk/details.asp?back=true&key=89137|0|3F810165991241|R|1016|256950932006588602734&parentkey=0>
- 2.21 Since then SHMAAs have been published for all areas except Leicester & Leicestershire, Peak and Derby whose studies are on-going.
- 2.22 The current draft RSS contains a policy containing affordable housing targets based on the Holmans Methodology as, at the time of publication, the SHMAA findings had not been published across the region. This approach was reviewed at the draft RSS Examination in Public in May - July 2007. The subsequent EiP Panel Report regarded these figures as interim pending the data derived from the SHMAAs. Copies of the completed SHMAAs are available from the links provided in Appendix 2.

3. Scope of the study

- 3.1 This is a two part project, where the appointed consultants will be expected to work alongside Hi4EM.

Consultants:

Part 1 – Development of approach to numerical affordable housing targets.

Part 2 – Formulation of options for affordable housing targets.

HI4EM:

Development of a regional database of secondary information for updating and maintaining SHMAAs. The work of HI4EM is being funded by the Regional Housing Group and is likely to commence in September 2008. A process will be agreed to ensure that the same core indicators are used in work by both consultants and HI4EM.

Note: meeting the housing needs of Gypsies & Travellers does not form part of this study.

4. Methodology

4.1 Part 1

To develop an approach to producing a supply range of affordable housing targets (see section 1.4 of this brief). This will involve a review of:

- The Government's proposed changes to the RSS (in particular policy 14).
- The recommendations of the Savills SHMA Evaluation Study.
<http://www.emra.gov.uk/publications/housing-planning-and-transport/housing2>
- The findings of the SHMAAs undertaken in the region.
- The work of NHPAU.

It should take account of the need to use secondary sources of data and ensure that the findings can be updated and maintained. It should include:

- an overall approach to meeting affordable housing needs.
- an approach to rural affordable housing, taking account of the special circumstances of designated landscapes, rural exception site policy and size of settlements.

- an approach to achieving an appropriate mix of housing.
- an approach to dealing with existing ‘shortfall’.

Additionally consultants should provide:

- an explanation as to how the approach will work alongside the Regional Housing Strategy⁴, the Regional Housing Investment Strategy⁵, local SHMAAs and Local Authority Housing Strategies Advice regarding cross regional linkages (in terms of affordable housing targets and approach to delivery of targets) to take into account sub-regional approaches across neighbouring regions (eg: Sheffield / Yorkshire and Humber, Peterborough / East of England).
- Explanation of how the approach will deal with the issues relating to the Peak District National Park. (The whole of the National Park is included within the Peak Sub Region SHMAAs, including areas outside of Derbyshire). This study will consequently inform the Joint Core Strategy process which are ongoing within the Derbyshire Dales, High Peak and Peak Sub Area.
- Commentary on any inclusion in each SHMAA report in regard to compiling evidence to support targets for ‘low cost market housing’ outside of affordable housing targets .
- An overview of where each local authority is in regard to their LDF process and affordable housing policies.

4.2 **Part 2**

Using the approach, recommend options for targets and taking into account policy considerations. To include

- Overall numerical affordable housing targets for the region and for each HMA *and District* including Rural Affordable Housing Targets.
- achieving an appropriate mix of household types.
- Rural affordable housing targets taking account of the special circumstances of designated landscapes, rural exception site policy and size of settlements.
- Targets set are to be expressed as percentages and numerical totals
- Targets to be calculated at a district level and then aggregated to SHMAA level.
- Targets to be set out in 5 year intervals (2001-6, 2006-11 etc) across the Plan period of 2001-2026.
- Advice on what will be deliverable and how we can express targets in a way which supports implementation. The use of Trajectories to express this is also expected, but with safeguards to ensure that delivery is not limited by the use of trajectories.

⁴ www.goem.gov.uk/goem/docs/191913/232488/288818/strategy

⁵ www.goem.gov.uk/goem/psc/housing/investmentinhousing/?a=42496

- Reference should also be made to viability of targets at a local level and other factors (eg: local market dynamics) affecting the role of HMAs and the wider housing market in the region.
- Production of final report encompassing part 1 and 2 (following comments and amendments as advised).

5. Outputs

5.1 Part 1

This will comprise:

- Production and presentation of a draft report setting out the intended approach.
- List of data sources which will be used by HI4EM to develop the regional HMA database), and liaison with HI4EM as they develop the database.
- Production of a revised report (following comments and amendments as advised through the Steering Group/Project Manager).

5.2 Part 2

- Production and presentation of a report.
- Production of a revised report (following comments and amendments as advised through the Steering Group/Project Manager).

5.3 General

- Consultants are also required to attend on the key meeting dates (outlined in the timetable below) and in total:
 - An Inception Meeting
 - Up to 3 Steering Group meetings (as required).
 - 2 attendances at Regional Housing Advisory Group.
 - 2 attendances at Regional Housing Planning and Transport Joint Board.
 - 1 attendance at Regional Housing Group (date to be confirmed).
 - Consultants are also expected to work closely with lead officers from HI4EM in relation to data issues and approach to developing the regional database.
 - Additional liaison may be necessary with NHPAU while developing the approach to targets.
- Plus
- Confirmation of willingness to attend an Examination in Public in due course.

6. Timetable

The research is required as soon as practical by Regional Assembly. The timetable will be as follows:

Consultant start date	by 19 th Sept 2008
Part 1 – Development of approach	Sept - Dec 2008
– Attendance at Inception Meeting	19 th Sept (a.m.)
– Attendance at Regional Housing Advisory Group	(Date TBC)
– List of data sources (in liason with Hi4EM) to develop the Regional HMA database	(Date to be agreed)
– Submission of draft report on approach	by 14 th Nov 2008
– Presentation of draft report to Regional Housing, Planning & Transport Joint Board	12 th Dec 2008
– Production of a revised report	2 nd Jan 2009
– Part 2 - Application of approach and options for target setting	Dec - Jan 2009
– Production of draft report	16 th Jan 2009
– Attendance at Regional Housing Advisory Group	(Date TBC)
– Submission of final overall report	30 th Jan 2009
– Presentation of final report to Regional Housing, Planning & Transport Joint Board	11 th March 2009

Payment Schedule

20% following attendance at Inception Meeting (19th September 2008)
 30% following production of draft Part 1 report (14th November 2008)
 50% following submission of final report (30th January 2009)

7. Tendering Arrangements

7.1 Timescales:

Submission of tenders by (12 noon)	12th Aug 2008
Interview date (for shortlisted consultants)	9 th Sept 2008
Inception meeting	19th Sept 2008 (a.m.)

7.2 Tendering will be via a competitive process. Prospective tenderers will be required to provide the following information:

- The total fixed cost for the contract (for both parts 1 & 2). Consultants are advised that quotes must be exclusive of VAT. The guideline price for the total contract is £25,000 (excl. VAT). (Tenders containing a

higher total cost price will be considered but should provide clear justification for costs). Consultants are to provide costs for attendance at all meetings. However cost estimates for attendance at the EiP is to remain separate from the total cost proposal.

- A breakdown of all staff and other costs for the contract, by staff days and hours on the project.
- A detailed description of how the brief will be delivered, including a proposed programme for the work according to the timescale.
- The names and roles of staff who will work on key tasks.
- The qualifications and experience of proposed personnel. Tenderers are expected to provide CVs for all proposed personnel and the amount of time each member of the team will spend on the work.
- The relevant experience of the contractor's project team, relating to contracts of a similar nature.

7.3 If consultants wish to purchase data from external sources, any proposed purchases should be clearly identified in the proposal. Consultants should identify data purchase requirements and with the price they would expect to pay. These costs should be listed separate to the overall total cost proposal.

7.4 Tenderers should provide sufficient information with their tender to assist with the tender evaluation based on the following criteria:

- Experience and capacity of the consortia
- A clear understanding of the aims of the study and appreciation of the issues
- Study approach
- Methodology
- Consultation Strategy
- Study Management
- The Project Manager
- The Study Team
- Work Programme
- Financial Submission

Tenderers will need to demonstrate that the proposed consultant has in-depth knowledge of National and Regional Planning Policy.

7.5 All information supplied in connection with this invitation to tender shall be treated as strictly confidential.

7.6 Note: see also *Invitation to Tender Letter* and *Instructions for Tenderers* for details of how to submit Tender Application.

8. Project Management (Steering Group)

8.1 The project will be steered by members drawn from:

- EMRA's Housing Advisory Group
- Lead officers from each Housing Market Area Partnership
- EMRA's Regional Housing Group Working Group

9. Contacts

(Project Manager)
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Additional contact:

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Appendix 1

Proposed Sub Areas and Housing Markets in the East Midlands

Sub area	Sub-regional housing market area	Name of Districts Within sub-Region
<i>Southern Sub-area</i>	West Northants	South Northamptonshire Daventry Northampton
	North Northants	Corby Kettering Wellingborough East Northamptonshire*
<i>Eastern Sub-area</i>	Coastal Lincolnshire	East Lindsey* Boston
	Central Lincolnshire	Lincoln West Lindsey* North Kesteven
	Peterborough (Partial)	South Holland South Kesteven* Rutland*
<i>Northern Sub-area</i>	Nottingham Outer	Newark and Sherwood* Ashfield* Mansfield
	Northern	North East Derbyshire* Chesterfield* Bolsover* Bassetlaw*
<i>Peak Sub-area</i>	Peak, Dales & Park	High Peak* Derbyshire Dales* Peak District National Park*
<i>Three Cities Sub-area</i>	Derby	Derby City South Derbyshire* Amber Valley
	Leicester & Leicestershire	Leicester Harborough* Blaby Oadby and Wigston Charnwood Hinkley and Bosworth Melton* North West Leicestershire
	Nottingham Core	Nottingham Rushcliffe Gedling Erewash* Broxtowe

* Denotes district that is likely to be under the influence of more than one HMA area

Source

Based on areas in “*Identifying the Sub-Regional housing markets in the East Midlands*” and “*Options for change - Review of the East Midlands Regional Plan to 2026*”

Appendix 2

SHMA Studies current position

SHMA Study	Current position
West Northamptonshire SHMA	Report published at: http://www.northampton.gov.uk/site/scripts/download_info.php?downloadID=616
North Northamptonshire SHMA	Report published at: http://www.east-northamptonshire.gov.uk/pp/Silver/viewSilver.asp?id=2126
Central Lincolnshire SHMA	Report published at: http://www.ourcityyourfuture.net/TemplateView.aspx?sec_id=2952&art_id=5827#SHMA
Coastal Lincolnshire SHMA	
Peterborough (Partial) SHMA	Report published at: www.peterborough.gov.uk/housing/marketassessment and www.peterborough.gov.uk/page-14110
Nottingham Outer SHMA	Report(s) published: Contact Rob Main (Newark & Sherwood District Council - rob.main@nsdc.info) (for Nottingham Outer Report) and http://www.bassetlaw.gov.uk/pdf/Northern%20SHMA_Final.pdf (for Northern Report)
Northern SHMA	
Peak, Dales & Park SHMA	Report at sign off stage
Derby SHMA	Inception meeting held June 2008. Local Housing Partnership being established to oversee SHMA and SHLAA
Leicester & Leicestershire SHMA	Draft report produced for Steering Group. Revision ongoing.
Nottingham Core SHMA	Report published at http://www.blinehousing.info/Nottingham_core-SHMA.htm

Appendix 3

Other useful sources of information

North Northants Core Spatial Strategy (available at

<http://www.nnjpu.org.uk/documents/docdetail.asp?docid=1068>)

Recent Developments in the Communities and Local Government Affordability Model (available at

<http://www.communities.gov.uk/documents/housing/pdf/affordabilitymodel.pdf>)

CIH/CLG Guidance on local/sub-regional housing strategies (pending)

Matthew Taylor Review on Rural Economy and Affordable Housing (accessible at:

<http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyimplementation/reformplanningsystem/matthewtaylorreview/>