Joint Local Housing Market Assessment 2014

Contextual Report

Wrexham County Borough Council and Flintshire County Council

Final Report

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1. Introduction

1.1 In 2014 Flintshire County Council (FCC) and Wrexham County Borough Council (WCBC) (the Councils) jointly commissioned arc[4] to undertake a Local Housing Market Assessment (LHMA) for both local authorities. This LHMA commission sets out to fully satisfy and accord with the requirements of both the Welsh Government's Local Housing Market Assessment Guidance (March 2006) and Getting Started with your Local Housing Market Assessment Step by Step Guide (March 2012). This joint commission has also been informed against the background of the draft Planning (Wales) Bill, with its focus on 'positive planning'.

1.2 This contextual report sets out:

- The background to the study, its aims, and its geography;
- The overarching policy context within which the research is positioned.
- The study methodology; and
- The headline findings from the individual LHMA reports

1.3 This report should be read in conjunction with the two Local Authority specific LHMA reports, which detail the findings of both the household survey of residents and the analysis of secondary data.

Why assess housing demand and housing need?

1.4 The Welsh Government through its 2006 LHMA guidance recognises that local housing assessments form a crucial part of the evidence base required when preparing both Development Plans and local housing strategies. This guidance was published in response to the policy objectives set out in Planning Policy Wales (2002) and the Ministerial Interim Planning Policy Statement (MIPPS) 01/2006 which stated that *"it is essential that local authorities understand their whole housing market and can develop sound and robust approaches to preparing Development Plans and local housing strategies*".

1.5 Further supplementary guidance on the practicalities and the required constituent methodological approach towards assessing local housing markets was produced by the Welsh Government in March 2012. In addition to the 2006 guidance, this step by step guide provides a further useful research framework or checklist to help local planning authorities correctly and accurately assess their future strategic housing requirements.

1.6 Most recently the importance of LHMAs is further reflected within para 9.1.4 of Planning Policy Wales (Edition 7 – July 2014) which further states that development plan policies should be based upon *"an up-to-date assessment of the full range of housing requirements across the plan area over the plan period. Local authority planning and housing staff should work in partnership with local stakeholders including private house-builders, to produce Local Housing Market Assessments*".

1.7 Housing market assessments therefore play a necessary role in directly informing the local decision making process and allocation of local resources by informing and supporting local housing and land use policies.

1.8 The evidence and information derived through LHMAs can directly and practically inform and shape decision making on local matters such as:

- The allocation of resources to address local housing priorities;
- The development of and improved access to intermediate housing options or alternative tenures;
- Stock options (including demolitions and / or tenure conversions);
- Land use planning to meet the future housing needs of the local population (the demand and need (or quantum) for new housing);
- Informing the right type of future housing (by type, size and tenure).

1.9 In this case the decision to jointly commission this LHMA was informed by the 2006 LHMA guidance itself which *"encourages authorities to work with adjoining authorities in assessing housing demand and need"*, as well as the more recent proposals to reform the Planning System in Wales.

1.10 Whilst this report provides no direct commentary or view on the collaboration or reorganisation of public services in Wales, given the level of current consultation and proposed reforms, it appears entirely appropriate and sensible to provide fully compliant research which can either be reported and utilised to support individual Local Development Plans and strategies or be combined and used to inform Joint Local Development Plans and / or regional Strategic Development Plans.

Background and aims

1.11 The Councils commissioned this LHMA to provide them with comprehensive and robust information on the local housing market and housing needs both across the study area and within its sub-areas. The requirement for a LHMA derives from both primary legislation (including the Housing Act 1985 and Local Government Act 2003) as well as Planning Policy Wales (Edition 7, July 2014) and Technical Advice Note 2 (Welsh Government, 2006).

1.12 Both Councils are preparing Local Development Plans; WCBC's emerging Local Development Plan will cover the period 2013 to 2028, whilst FCC's will run up to 2030. This LHMA is therefore a central part of the evidence base for both these Local Development Plan documents, and will help to inform their land allocations and development management policies. The LHMA evidence base will also be used to shape Local Housing Strategies and policies.

1.13 The LHMA has been carried out in accordance with Welsh Government Guidance and fulfils the identified aims of the project, which were to:

- Involve the use of secondary data and primary research to obtain an up to date, credible, and robust picture of the housing market;
- Provide housing market area analysis of housing need, demand and supply, and provide evidence of the future requirement for both market and affordable housing;

- Develop long-term views of housing demand and need of all tenures to inform local development documents and housing strategies;
- In relation to planning policies for affordable housing, provide an appreciation of how housing need translates into different sizes and types of affordable housing and mix of market housing so that appropriate mixes on new sites can be negotiated whilst remaining viable; and
- Provide the evidence base to support the Local Development Plans and to update the Delivery Plans of the Local Housing Strategies for each authority.

1.14 In keeping with good practice requirements (PPW Ed 7 Paras 2.2.1 and 9.2.2), the Flintshire and Wrexham LHMA has been produced in collaboration between the two local authorities in order to better understand the dynamics of and interactions between the wider housing market in this part of North East Wales.

1.15 This LHMA does not and cannot itself determine rigid policy conclusions, but instead provides a key piece of the evidence base required to develop and support a robust policy framework. The information contained within this LHMA should not therefore be considered in isolation, but instead as part of a wider evidence base to inform the development of future operational housing and planning policies.

1.16 In line with the requirements of Planning Policy Wales, sections of this report have been informed through consultation with a range of local stakeholders. These most notable include:

- Local Housing Associations;
- Local, regional and national house builders; and
- Local housing estate and lettings agents.

Definitions

1.17 This study uses the definitions for affordable housing as set out in the Local Housing Market Assessment Guide, which are as follows[1]:

- **Affordable housing** is housing provided to those whose needs are not met by the market. Affordable housing should:
  - Meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local house prices; and
  - Include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or staircasing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.

  This comprises two sub-categories: social rented housing and intermediate market housing.
- **Intermediate housing** is housing where prices or rents are above those of social rented housing but below market housing prices or rents. This can

[1]The Welsh Assembly Government Local Housing Market Assessment Guide 2006 Appendix G Definition of key terms and concepts

include equity sharing schemes (for example Homebuy). Intermediate housing differs from low cost market housing, which the Assembly Government does not consider to be affordable housing.

- **Shared equity** schemes provide housing that is available part to buy (usually at market value) and part to rent. It therefore provides housing that is less expensive than market housing, but requires less of a subsidy than social rented housing.
- **Social rented housing** is rented housing provided by local authorities and registered social landlords.
- **Specialised housing** refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).
- **Sub-market rented housing** is housing of an adequate standard that is provided to rent at below market cost, but above the cost of traditional social rented housing. It otherwise conforms to the same standards as social rented housing.

Geography

1.18 Map 1.1 illustrates the geographical context of Flintshire and Wrexham and their neighbouring authorities. Household survey data is available down to sub-area level and, and accordingly data is presented for the sub-areas as illustrated in Maps 1.2 and 1.3.

Overview of the Housing Market Area

1.19 The Local Housing Market Assessment Guidance produced by the Welsh Assembly Government in March 2006 recognises the importance of working together with a range of stakeholders to ensure a sound understanding of local housing markets. As such this guidance recommends that any housing market assessment should ideally be conducted jointly between two or three authorities especially where housing markets may cross administrative boundaries.

1.20 The approach within the Wales Spatial Plan 2008, the on-going work (and basis for such) of the Mersey Dee Alliance, the 2011 Simpson review, the more recent proposals to reform the planning system in Wales as well as the Commission on Public Service Governance and Delivery 2014, have all contributed towards the justification for a joint Strategic Housing Market Assessment.

1.21 The Wales Spatial Plan 2008 up-date recognises and reflects the Welsh Government's understanding of the local housing markets, economic characteristics and functional market boundaries nationally. It then describes six functional areas, one of which covers the North East Wales - Border and Coast spatial area. Each spatial sub-area has been defined as a reflection of the real operational linkages within daily activities for people living and working within an area.

1.22 North East Wales continues to make a very significant contribution to both the Welsh and UK economy with the prosperity of this area closely linked with that of North West England, in particular West Cheshire. These cross border links will remain crucial to the on-going economic success of the sub-area and so the future opportunities will focus upon harnessing its special characteristics, good quality travel and communication network and quality of environment.

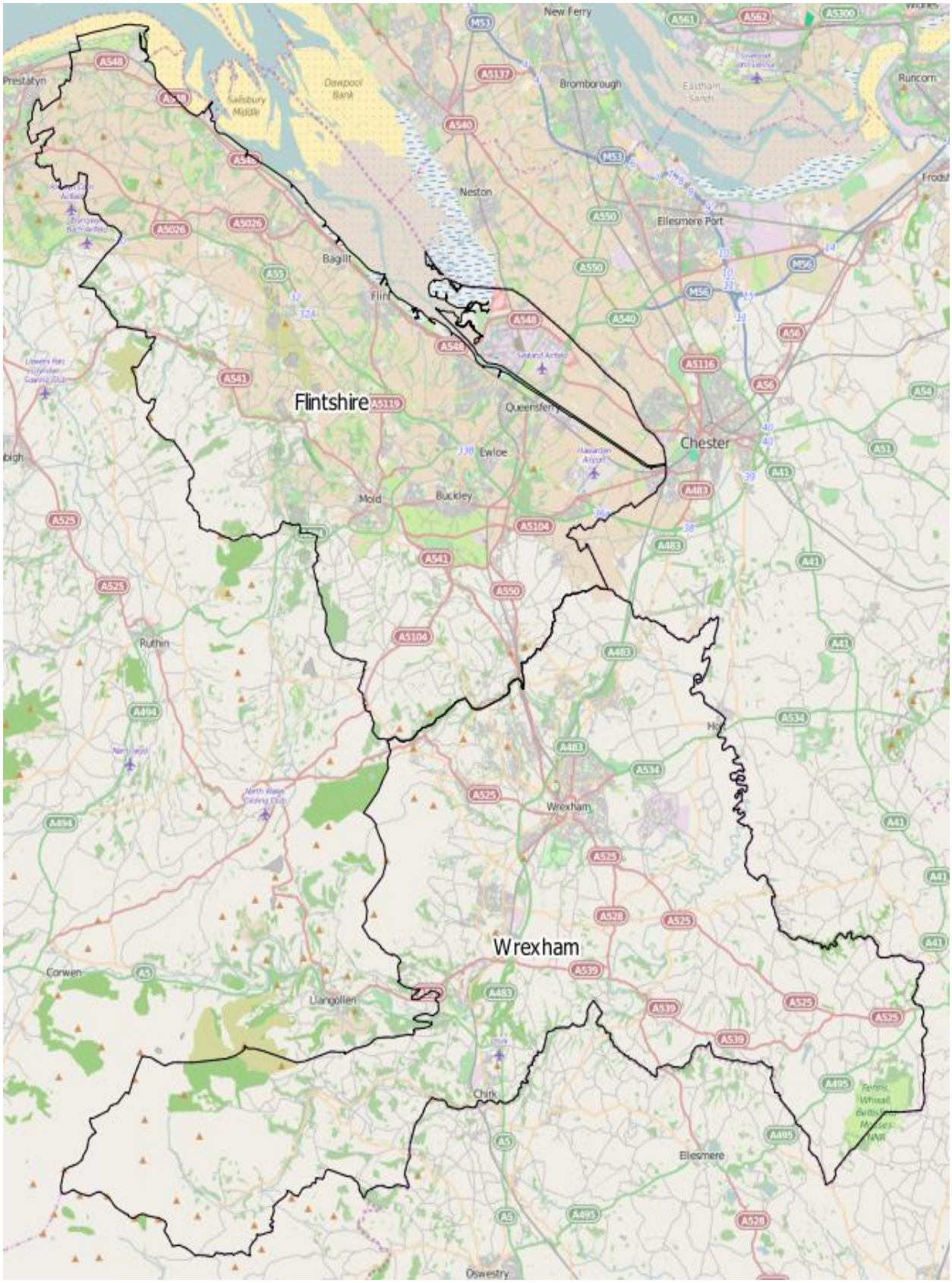
1.23 Whilst the Spatial Plan recognises that there is a cross border relationship for both Flintshire and Wrexham with both Conwy and Denbighshire, it also identifies these as being less influenced in relation to travel to work. Accordingly these areas align more closely with each other and westwards towards the North West Wales and Central Wales Spatial Plan Areas.

1.24 The housing market areas identified within WCBC's Local Housing Strategy 2013 – 2018 and FCC's Update of Housing Need, Demand and Affordability (July 2012) form the starting point for identifying the housing market areas for this study. The assessment sets out the differences between areas particularly in relation to affordability, tenure and house type mix.

1.25 The findings of this study also recognise previous housing market research and where relevant adjacent LHMAs to quantify and explain the interrelations. However, it is intended that this LHMA will replace all previous documents and provide a fresh analysis of the housing market.

1.26 The study defines the functional housing market boundaries taking into account patterns of relocation, travel to work patterns and areas of high and low housing demand. It also defines sub-market areas. The sub areas are illustrated in Maps 1.2 and 1.3 for Flintshire CC and Wrexham CB respectively.

Map 1.1 Flintshire and Wrexham Context



Map 1.2 Flintshire LHMA sub-areas

Flint and Coast HMA
1 - Bagillt East
2 - Bagillt West
3 - Ffynnongroyw
4 - Flint Castle
5 - Flint Coleshill
6 - Flint Oakenholt
7 - Flint Trelawny
8 - Greenfield
9 - Gronant
10 - Holywell Central
11 - Holywell East
12 - Holywell West
13 - Mostyn
14 - Trelawnyd and Gwaenysgor

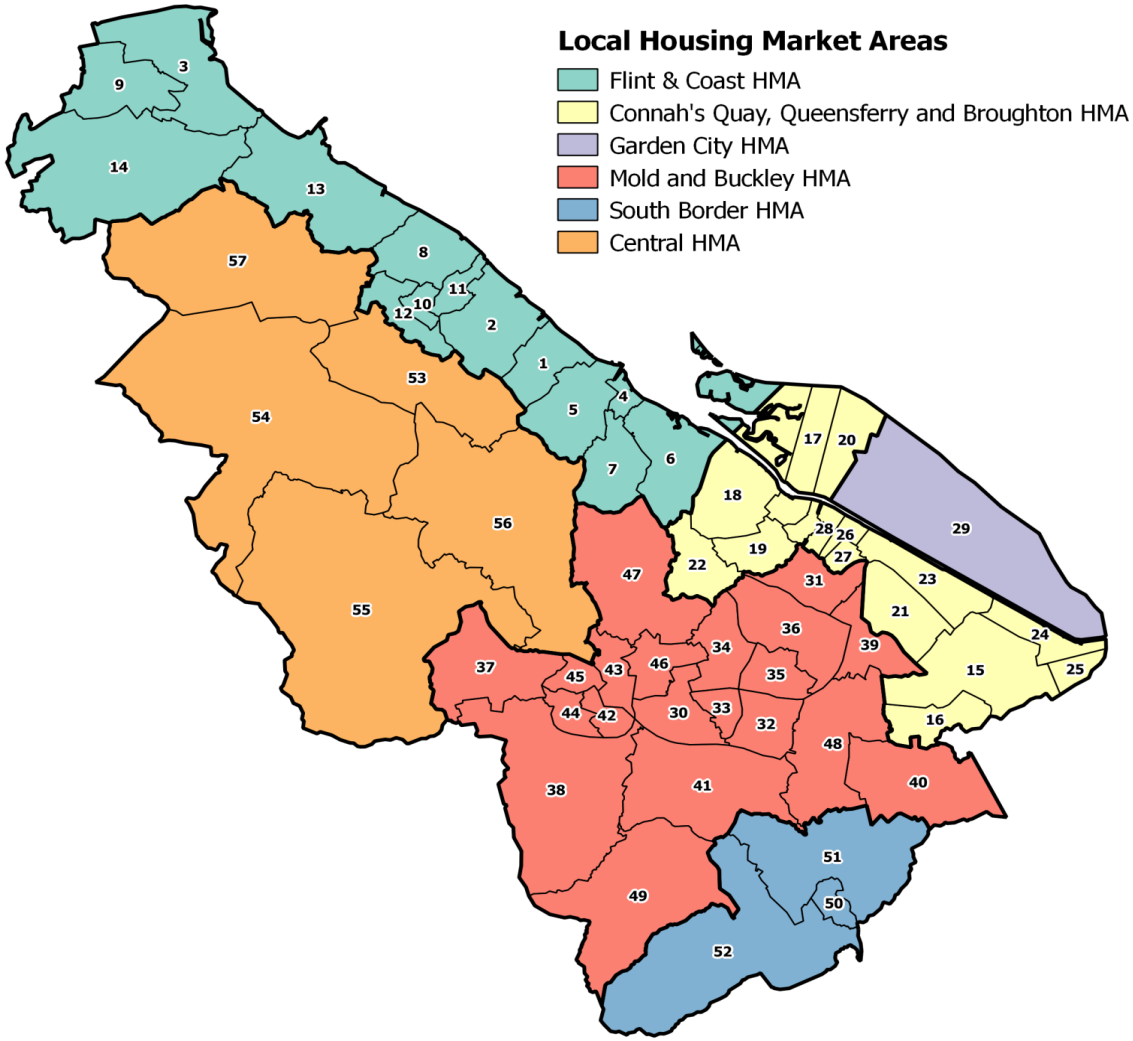
Connah's Quay, Queensferry and Broughton HMA
15 - Broughton North East
16 - Broughton South
17 - Connah's Quay Central
18 - Connah's Quay Golftyn
19 - Connah's Quay South
20 - Connah's Quay Wepre
21 - Mancot
22 - Northop Hall
23 - Queensferry
24 - Saltney Mold Junction
25 - Saltney Stonebridge
26 - Shotton East
27 - Shotton Higher
28 - Shotton West

Garden City HMA
29 - Sealand

Mold and Buckley HMA
30 - Argoed
31 - Aston
32 - Buckley Bistre East
33 - Buckley Bistre West
34 - Buckley Mountain
35 - Buckley Pentrobin
36 - Ewloe
37 - Gwernaffield
38 - Gwernymynydd
39 - Hawarden
40 - Higher Kinnerton
41 - Leeswood
42 - Mold Broncoed
43 - Mold East
44 - Mold South
45 - Mold West
46 - New Brighton
47 - Northop
48 - Penyffordd
49 - Treuddyn

South Border HMA
50 - Caergwrle
51 - Hope
52 - Llanfynydd

Central HMA
53 - Brynford
54 - Caerwys
55 - Cilcain
56 - Halkyn
57 - Whitford



Map 1.3 Wrexham LHMA sub-areas

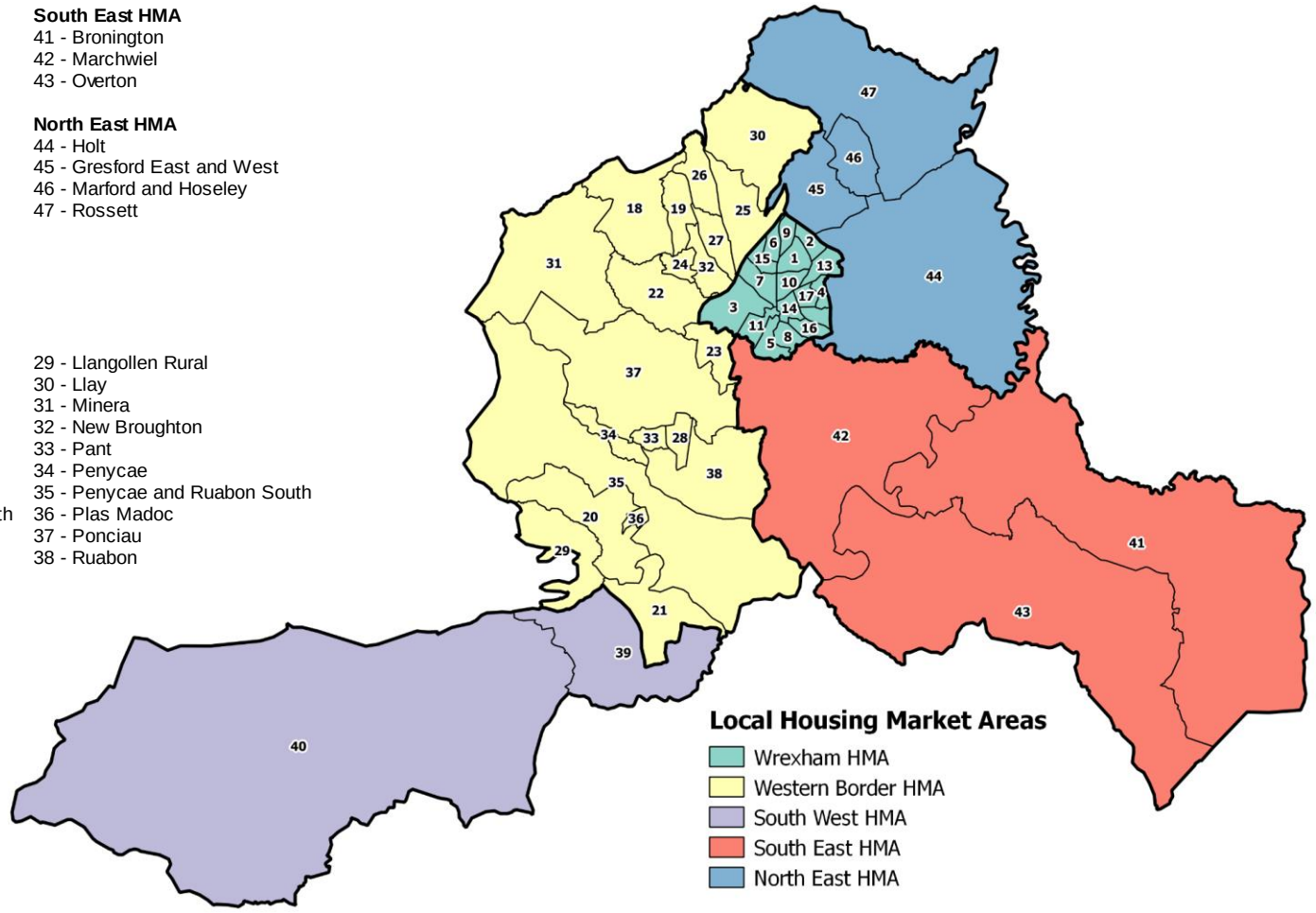
Wrexham HMA
1 - Acton
2 - Borras Park
3 - Brynyffynnon
4 - Cartrefle
5 - Erddig
6 - Garden Village
7 - Grosvenor
8 - Hermitage
9 - Little Acton
10 - Maesydre
11 - Offa
12 - Queensway
13 - Rhosnesni
14 - Smithfield
15 - Stansty
16 - Whitegate
17 - Wynnstay

Western Border HMA
18 - Brymbo
19 - Bryn Cefn
20 - Cefn
21 - Chirk North
22 - Coedpoeth
23 - Esclusham
24 - Gwenfro
25 - Gwersyllt East and South
26 - Gwersyllt North
27 - Gwersyllt West
28 - Johnstown
29 - Llangollen Rural
30 - Llay
31 - Minera
32 - New Broughton
33 - Pant
34 - Penycae
35 - Penycae and Ruabon South
36 - Plas Madoc
37 - Ponciau
38 - Ruabon

South West HMA
39 - Chirk South
40 - Dyffryn Ceiriog/Ceiriog Valley

South East HMA
41 - Bronington
42 - Marchwiel
43 - Overton

North East HMA
44 - Holt
45 - Gresford East and West
46 - Marford and Hoseley
47 - Rossett



2. Policy and strategic review

Introduction

2.1 Over the past ten years the strategic housing role of local authorities has evolved beyond focussing primarily on the delivery of social housing; it is now much more about working for the benefit of communities, through understanding, shaping and responding to wider housing markets and trends that impact upon local housing market areas. Local Housing Market Assessments have helped underpin this work, helping local authorities to understand:

- The housing needs and aspirations of their communities;
- Trends in the wider housing market, and how these impact locally;
- Actions needed to ensure a supply of affordable housing to meet local needs; and
- The requisite role of housing locally in supporting economic growth, as well as social and environmental well-being.

2.2 Evidence from LHMAs is therefore central in shaping and informing local strategic housing priorities.

2.3 In order to make effective decisions regarding strategic housing priorities for Flintshire and Wrexham, it is also important to understand the broader strategic context within which the authorities are operating.

National Housing Policy

2.4 The strategic approach to housing adopted by the Welsh Government is outlined in 'Improving Lives and Communities – Homes in Wales 2010'. This strategy seeks to:

- Provide more homes of the right type and offer more choice;
- Improve homes and communities, including the energy efficiency of new and existing homes; and
- Improve housing-related services and support, particularly for vulnerable people and people from minority groups.

2.5 Therefore the current Administration's Programme for Government focusses on three central priorities for housing:

- Increasing supply of new homes;
- Improving the quality of existing homes; and
- Tackling homelessness via prevention, advice and support.

Increasing supply

2.6 A lack of housing remains the ultimate challenge and root cause of most of the imbalances in the system such as increasing homelessness and affordability. It is a complex problem to solve – the shortage is a symptom of wider economic drivers that require a range of interventions through the planning system, making land available and securing access to sustainable funding. There have been a number of initiatives by Government and partners that should have an immediate impact including the Houses into Homes scheme launched in 2012 with a target of bringing 5,000 empty homes back into use.

2.7 Some initiatives are on a medium to longer timeline. For example, Welsh Government has made additional funding available over the next 30 years to support innovative approaches in funding new affordable and social housing. Given the constraints on public finances securing alternative investment options will be essential, and the Government is keen to consider alternative delivery approaches.

Improving Housing Quality

2.8 The Welsh Housing Quality Standard has been a priority for a number of years. The 2011 Wales Audit Office report found whilst there has been considerable improvement to the quality of council and Housing Association housing over the past few years, more needs to be done if tenants homes are to be brought up to decent standards.

2.9 For the handful of local authorities where stock transfer is not being taken forward, and this applies to both the stock holding local authorities of Flintshire and Wrexham, further significant investment in improvement works are required over the next five years in order to raise and meet quality standards. Alongside this challenge it is also interesting to note and observe the impact of any agreement with Treasury to exit the Housing Revenue Account Subsidy system.

A better private rented sector (PRS)

2.10 The private rented sector is seeing unprecedented growth, equalling social housing as a percentage of all homes in 2013, and projected to grow to one in five homes by 2020. It has been described as a ‘sector of extremes’ ranging from high quality, well managed properties to very poor quality where the experience is typically one of poor property conditions, bad management and insecurity of tenure. There is strong evidence also of exploitation by letting agents through unfair charges and penalties. The emergence of social letting agents run by local authorities and RSLs is one way of pushing up standards.

2.11 The sector has traditionally been more of a shock absorber, sitting between social housing and home ownership, rather than a sector of choice. Demand for the PRS continues to outstrip supply and rents are increasing. Welfare reform will inevitably impact on the character of the sector with more Houses in Multiple Occupation and shared housing in the PRS, particularly for young people, a likely outcome.

2.12 The Welsh Government’s intention to modernise and improve the sector was laid out in ‘Proposals for a Better Private Rented Sector in Wales’. This includes

advancing consumer protection, targeting the worst properties and providers, and expanding the 'policing' role of local authorities and standardising the tenancy contracts of tenants in the social and private rented sector.

Preventing homelessness and improving services and support

2.13 The distinct approach by Welsh Government to tackling homelessness through a greater emphasis on prevention and a commitment to ending family homelessness by 2019 is challenging in times of economic difficulty. Helping people find and keep a home and build the lives they aspire to depends on effective collaboration across a range of policy areas including homelessness, regeneration, health, housing, support and social care.

2.14 The Welsh Government continues to take a distinct approach to the key programme aimed at tackling these issues – Supporting People. Whilst in England and Scotland the programme has been dismantled and services are being cut as a result, Wales is establishing a new structure with a national, regional and local presence bringing together the people using, providing and commissioning services to ensure effective design and delivery. Measuring the impact of services will be essential if the Councils are to make best use of resources and understand value in its broader sense.

2.15 Local authorities, RSLs and housing related support providers will continue to be key agents in delivering services to vulnerable people but with fewer resources. Improved partnerships with agencies dealing with health and well-being, education and skills, poverty and exclusion, regeneration and jobs will be essential. Balancing sanctions and incentives is a neat trick and the default should still be co-production and voluntary engagement.

National Planning Policy

2.16 Planning Policy Wales is the land use planning policy for Wales and provides the policy framework for both Councils, the 7th Edition of which was published in July 2014.

2.17 The Welsh Government has also introduced the Planning (Wales) Bill ('Positive Planning: Planning for a Better Future') to improve the planning system in Wales. The Bill proposes a series of legislative changes to reform the planning system in Wales to ensure that it is *'fair, resilient and enables development.'*[2] The Bill has five key objectives:

- A modernised framework for the delivery of planning services – the Bill will allow planning applications to be made directly to Welsh Ministers in limited circumstances;
- Strengthening the plan led approach – the Bill will introduce a legal basis for the preparation of a National Development Framework and Strategic Development Plans;

[2] http://wales.gov.uk/topics/planning/legislation/planningbill-old/?lang=en

- Improved resilience – the Bill will allow the Welsh Ministers to direct local planning authorities to work together and for local planning authorities to be merged;
- Frontloading and improving the development management system – the Bill will introduce a statutory pre application procedure for defined categories of planning application; and
- Enabling effective enforcement and appeals – the Bill will make changes to enforcement procedures to secure prompt, meaningful action against breaches of planning control and increase the transparency and efficiency of the appeal system.

2.18 The Welsh Government feels that *'taken together with proposed changes to secondary legislation, policy and guidance, the Bill will support delivery of the homes, jobs and infrastructure that Wales requires, whilst providing opportunities to protect and enhance our most important built and natural environments and support the use of the Welsh language.'*[3]

The Bill both builds on and amends existing primary legislation, with the principal provisions covering:

- Development Planning;
- Applications for Welsh Ministers;
- Development management;
- Enforcement and appeals; and
- Town and village greens.

2.19 The Bill is progressing through the Assembly's legislative process with a view to receiving Royal Assent in summer this year (2015).

The future

2.20 The interdependence of the economic, housing and planning strategies is critical. A key outcome of the strategies must be to raise the average income level of residents to afford better homes and services. Achieving this involves assisting existing residents in accessing better paid employment opportunities, encouraging upwardly mobile young professionals/managers and families to remain in the area and attracting higher paid professional and managerial workers.

2.21 Underpinning this is the residential offer. If the majority of higher paid workers still continue to choose to live outside the local authority areas then it will be very difficult to secure a sustainable housing market and if existing residents cannot move through the housing ladder, finding appropriate housing as their economic circumstances change or through their life cycles, then they will look elsewhere, leaving the area.

2.22 The emerging Planning (Wales) Bill (currently at Stage 2 in the legislative process) is further set to influence policy and delivery by seeking to promote and improve

[3] http://wales.gov.uk/topics/planning/legislation/planningbill-old/?lang=en

collaboration between Local Authorities, including via the introduction of Strategic Development Plans (Regional) and the promotion of joint Local Development Plans. In recognition of and in response to the Welsh Government's desire to see a planning system which is capable of spanning local authority boundaries, this LHMA has been prepared to allow both interrogation and use at individual local authority level as well as on a combined basis. The establishment of this baseline data will therefore help inform any strategic level plans or strategies within and across the North Wales sub-region and / or help inform the development of a Joint Local Development Plan (as appropriate) for the two Councils.

Concluding comments

2.23 Whilst housing markets can often be said to be in a constant state of change, the recent economic background to this LHMA means that it has been undertaken at a time when access to, and the supply of, housing has been subject to a variety of unique pressures and trends. Locally the housing market has witnessed and remains subject to:

- An overall reduction in the level of housing delivery from peak market activity in 2007;
- On-going concerns over the economic viability of new housing delivery especially in lower value areas and / or where remediation and / or infrastructure costs are high;
- A reduction and likely future further reduction in the availability of Government grant / subsidy to support the delivery of new affordable housing units;
- Tighter regulation and restrictions on mortgage availability for new purchasers; and
- On-going challenges of bringing empty homes / properties back into residential use.

Moving forward the challenges and opportunities facing housing delivery and its allocation are likely to focus upon:

- Whether social / affordable housing is limited or targeted to those only in most housing need;
- The level and ambition of economic growth by each local authority and the now explicit and accepted links between such growth and the need for complementary levels of housing growth;
- Different delivery models for affordable housing including co-operatives, Local Authority new build, mutuals, more intermediate shared equity based products including Help-to-Buy Wales;
- The impact the above will have on the future role and offer from Housing Associations;
- The increased, and still rapidly expanding, local role of the Private Rented Sector; and
- The proactive use of publicly owned land to promote and improve housing delivery.

2.24 This section of the over-arching report considers the general national policy and strategic context within which this research needs to be positioned; the relevant local policy contexts being summarised in the individual Local Authority LHMA reports. A new policy framework for housing and planning is emerging. The Government's housing priorities have been established and set within the context of the National Housing Strategy (2010), fundamental changes to the benefit system, a changing role for social rented housing, and a need for future housing investment to support economic growth. Economic uncertainty, lack of job security and restricted mortgage lending exacerbate the challenges faced.

2.25 The importance of having robust and up-to-date information to help inform decision-making at local authority level is evermore essential. In a challenging economic climate, this LHMA provides an excellent range of material to inform policy debate, contribute to the delivery of a range of housing interventions, help inform and influence strategic responses, and shape local and sub-regional strategic housing priorities to inform future investment plans within the overarching priority of growing the economies of Flintshire and Wrexham.

3. Research methodology

LHMA Context

3.1 The LHMA Guide (March 2006) states that *"it is essential that local authorities understand their whole housing market"* and whilst this guide also accepts that such assessments are essentially a snapshot view, it never-the-less provides a framework which details the required essential standards of data and methodology which must be considered.

3.2 The 2006 and 2012 LHMA guides therefore provide a step by step approach which must be applied and followed in order to produce a robust and sound assessment. This approach includes identifying relevant data sources as well as outlining the methodological tools and styles which can be used. This recognises that there are a range of techniques available to a local housing partnership / authority which they can then follow including the use of primary and secondary data or a combination of both.

3.3 Recognised and requested within the original tender brief, this study provides a range of intelligence from both primary and secondary data sources and is therefore a comprehensive and robust evidence base. The research accords with relevant guidance and focuses upon the following themes:

- Defining local housing markets;
- Understanding and assessing the current local housing system;
- Assessing future housing market;
- Assessing housing need;
- Considering the requirements of particular household groups; and
- Bringing together a robust evidence base.

Study methodology

3.4 It is important to note that there is no single prescribed methodological approach to undertaking LHMAs, but rather a suite of tools and techniques contained within the relevant guidance. Therefore any one, or all, of these may be applied and used in order to assess the local housing market but advice and guidance generally maintains that the chosen approach must be proportionate.

3.5 In the case of the joint Flintshire and Wrexham 2015 LHMA, the selected approach was one which sought to obtain and access both primary and secondary data sources, in order to provide a balanced and comprehensive picture. The adopted methodology used information obtained from a household survey, on-line stakeholder survey, interviews with local estate and letting agents as well as the use of a vast array of secondary national and local data sources.

3.6 This multi-method approach therefore included:

- A sample survey of households across the combined area stratified by eleven sub-areas. A total of 27,865 households were contacted and 4,312

questionnaires were returned and used in data analysis. This represents a 15.5% response rate overall and the total number of questionnaires returned was well in excess of the 1,500 specified in Government guidance;

- An online stakeholder survey and interviews with key stakeholders including Local Housing and Planning Authority representatives, Registered Providers, Estate Agents, Lettings Agents, Developers, Supporting People representatives;
- A review of relevant secondary data including the 2001 and 2011 censuses, house price trends, lettings data, population and household projection statistics.

3.7 Both household survey data and secondary data is presented within the individual LHMA reports for the Flintshire Council area down to six constituent sub-areas, and for Wrexham down to five constituent sub-areas.

3.8 These sub-areas have been defined by both the Wrexham County Borough Council Housing Strategy 2013 – 2018 and the Flintshire County Council Local Housing Strategy (2012 – 2017 '*A Quality Home for Everyone*') and are consistent with the previous Housing Market sub-areas produced for both Councils in 2012 by Glyndwr University. Evidence collated for this LHMA again suggests that these boundaries still form the most appropriate internal Housing Market sub-areas.

3.9 The LHMA does not therefore provide information on housing demand or need at either administrative ward or Town and Community Council level, but is intended to form the strategic basis for determining the appropriate type and level of future housing for Wrexham County Borough Council, Flintshire County Council or across a combined Wrexham and Flintshire area.

3.10 This housing assessment provides an informed up-to-date position statement for housing need and demand. Figures calculated under this model should not however be used as a definitive measure of housing need or as an absolute target figure. Instead the model and its output is representative and reflective of any current level of imbalance within the local housing market(s) and so provides an indication of the scale, type, and tenure of housing required in order to seek to redress such imbalance.

3.11 The LHMA was overseen by a Housing Market Partnership comprising Local Authority officers from both Council's.

Baseline dwelling stock information and survey sample errors

3.12 Table A1 summarises total dwelling stock and the number of households contacted by survey area, achieved response rates and sample errors.

Weighting and grossing

3.13 In order to proceed with data analysis, it is critical that survey data is weighted to take into account non-response bias and grossed up to reflect the total number of households. Weighting for each survey area was based on:

- Tenure - the proportion of affordable (social rented and intermediate tenure) private rented sector and open market dwellings based on 2011 census data;

- Age – the age of Household Reference Person based on the proportions of household reference people aged under 65 and 65 or over by sub-area.

3.14 Ultimately, the survey element of the assessment is sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to the survey areas presented in Table A1. Furthermore, the survey findings are enhanced and corroborated through analysis of secondary data and stakeholder consultation.

3.15 Appendix B of the 2006 Local Housing Market Assessment Guide recognises that "*Approximately 1,500 responses should still allow a reasonable level of analysis*". This guidance further goes on to say that "*Because of the statutory duty of local authorities, the data from the survey needs to be sufficiently robust at the local authority level regardless of whether authorities are working in partnership at the sub-regional level. Joint surveys should attempt to obtain 1500 responses from each local authority*".

3.16 Table A1 shows that the total number of responses received for Flintshire was 2,437 and for Wrexham 1,875, both therefore exceeding the guidance. The survey was also broken down to allow reporting at sub-area level and again the approach adopted and responses received exceeded the response levels stated within the guidance which states that "*Even basic analysis at ward level will require at least 100 responses from each ward, preferably 200 so this may require a larger sample. Samples may vary between wards and it may be necessary to combine some wards in order to provide a valid sample size*".

Table A1 Household survey

Flintshire CC & Wrexham CBC	Households from the Census	Post Out	Response Rate	Sampling Error
Flintshire & Wrexham	**123,365**	**27,865**	**4,312 (15.5%)**	**+ / - 1.5%**
Flintshire CC	**Households from the Census**	**Post Out**	**Response Rate**	**Sampling Error**
Garden City	1,250	1,250	174 (13.9%)	+ / - 6.9%
Central	4,476	2,863	523 (18.3%	+ / - 4.0%
Connahs Quay / Queensferry	18,576	2,863	401 (14.0%)	+ / - 4.8%
Flint & Coast	14,001	2,863	385 (13.5%)	+ / - 4.9%
Mold & Buckley	23,309	2,863	537 (18.7%)	+ / - 4.2%
South Border	2,496	2,496	417 (16.7%)	+ / 4.4%
Flintshire CC	**64,108**	**15,189**	**2,437 (16%)**	**+ / - 1.9%**
Wrexham CBC	**Households from the Census**	**Post Out**	**Response Rate**	**Sampling Error**
North East	5,030	2,677	478 (17.8%)	+ / - 4.3%
South East	3,774	2,677	440 (16.4%)	+ / - 4.4%
South West	1,959	1,959	275 (14%)	+ / - 5.5%
Western Border	29,072	2,677	340 (12.7%)	+ / - 5.3%

Wrexham	19,422	2,677	342 (12.8%)	+ / - 5.3%
Wrexham CBC	**59,257**	**12,667**	**1,875 (14.8%)**	**+ / - 2.2%**

Secondary Data sources

3.17 To complement, supplement and augment the information and evidence from the household and primary surveys, the 2015 joint LHMA also accessed and utilised information from a number of robust secondary data sources, including:

Table A2 Secondary Data Sources

Secondary Data Sources	Data
Population	ONS 2011 Census / Stats Wales Population estimates
Household Dwellings	ONS 2011 Census; Council Tax
Household Projections / Forecasts	Stats Wales –2011 based, published 2014
National Health Service Central Register - Migration Data	3 years to June 2013
Migration origin - destination	ONS 2011 Census (due July 2014)
Travel to work	ONS 2011 Census (due July 2014)
Household Income	ONS - Annual Survey of Hours and Earnings (ASHE)
Local Authority Housing Statistics	3 - 5 years to 2013 / 14
House building statistics	Five years to 2013 / 14 - Council Data
Dwelling size / type	Valuation office agency dwelling stock (down to Lower Super Output Area) by size / type
Tenure	ONS 2011 Census Council / RP stock lists – Council Data
Land Registry	Address level sales data 1995 - 2013
Private sector rents	Zoopla data
Residential address list	Council Data – to include Council Tax band, vacant property identifiers, second home identifiers, tenure split, HB claimants, student properties
Housing Register Data	Council Data - Housing Waiting List / Choice Based Lettings on location / size / type / no. bidders / tenure preference
Stock Conditions Surveys	Council Data - Public and Private Sector
HMO Registration Data	Council Data – List of HMO addresses
New Build Data	Council Data – Completions by tenure / size / type / location JHLAS/ future supply by location

Understanding and assessing the current local housing system

3.18 Data from both primary and secondary sources are then reviewed in line with the requirements of the LHMA guidance, and in doing so the study considers the following required stages:

Stage 1 Factors affecting the current housing system – the socio economic context;

Stage 2 Assessing the current stock of housing;

Stage 3 Indicators of housing demand pressure and potential housing supply – the active market; and

Stage 4 Bringing the evidence together.

3.19 This section of the individual LHMA reports considers the nature of the current local housing system, highlighting the main drivers of change, key local issues and relates the findings back to the general policy context.

3.20 **Stage 1** looks at the factors affecting the current housing system, including the socio economic context, and considers:

- The impact of national and regional economic policy;
- Demographic structure (age profile, household type, ethnicity);
- Size and structure of the local labour force (employment sector, occupational structure);
- Local incomes;
- Information on housing history, including tenure, origin and reasons for moving; and
- The cost of buying and renting and how this has changed over the past five years.

3.21 **Stage 2** looks at and assesses the current stock of housing, and:

- Identifies the total number of dwellings in each Local Authority and how the stock is divided into occupied, vacant and second/holiday homes;
- Identifies the tenure, type and size profile of occupied stock;
- Reviews stock condition (by reference to household survey responses);
- Reviews the scale of Houses in Multiple Occupation and Communal Establishments;
- Considers factors affecting the current housing system – the socio economic context.

3.22 **Stage 3** looks at the indicators of housing demand pressure and potential housing supply, the active market by:

- Reviewing house price trends, broken down by type and location, including a review of lower quartile and median prices;
- Reviewing private rental prices and trends over time;

- Exploring the relative affordability of housing with reference to income multipliers and income to price ratios;
- Considering the degree of overcrowding and under-occupancy with reference to the 'bedroom standard model' which compares number of bedrooms available relative to the requirements of a household;
- Considering vacancy rates;
- Considering turnover of dwellings by tenure with reference to the length of residence the current household has lived in the dwelling (which in turn evidences the supply of housing);
- Analysing household growth and the extent to which it is being addressed through additional development;
- Exploring housing market demand by considering the extent to which households plan to move and their dwelling type and size aspirations and expectations;
- Comparing aspirations/expectations with the availability of existing dwelling stock to identify any mismatches in supply; and
- Exploring the requirement of specific household groups including older people, families, ethnic monitory groups and households containing someone with an illness/disability.

3.23 These three stages are then summarised in **Stage 4**: bringing the evidence together, which discusses the key factors influencing the current housing system, current stock and the indicators of housing demand and supply to assess the extent to which demand is being met and to identify the underlying trends that will affect future demand.

Assessing future change in household numbers

3.24 The latest Government population and household projections are used to identify the likely change in household numbers. These latest available projections are taken from the Welsh Government's own projections which are based upon assumptions on future births, deaths and rates of migration. In essence these Government produced figures provide a starting point to establish the level of future household growth over the lifetime of the LHMA and beyond to cover the Local Development Plan periods for each authority

3.25 It is important to note that the household projection figures presented within this over-arching report (and taken from the individual LHMA reports for both Flintshire and Wrexham) reflect those calculated by the Wales Sub-national Household Projections Working Group (WASHP). The overall annualised dwelling requirements within these reports have been calculated through the simple application of a dwelling to household ratio (in line with the Census 2011). As such, these dwelling requirement figures may vary from alternative projections provided through, for example, the POPGROUP model. The figures presented within these reports do not therefore include economic or "jobs led" growth scenarios or any other variants and as such they do not form a recommended or

endorsed estimate of required future dwelling numbers, but are provided for information only.

Assessing housing need

3.26 A comprehensive needs assessment model is presented in the LHMA guidance and this is adhered to in the individual Local Authority Assessments. In summary, this considers:

- Current Need;
- Available stock to offset need;
- Newly arising need;
- Supply of affordable units each year; to derive the
- Overall shortfall or surplus.

3.27 The document 'Getting Started with your LHMA' (2012) provides further detail of how elements of housing need can be assessed and these are reflected in our modelling.

3.28 The needs modelling was carried out at sub-area level and reports affordable requirements by property size, designation (general needs and older person) and recommends an appropriate tenure split between social rent and intermediate tenure. Tenure splits are further reported at District level (in line with standard practice) and figures are generated through the Welsh Government's needs assessment model, shown below.

Table A3 Needs assessment model	
Element and step in calculation	**Data sources**
C: CURRENT NEED	
1. Existing households in need of alternative accommodation	Household survey
2. plus current non-households in need of affordable housing	Household survey / homeless data
3. minus cases where they can afford to meet their needs in the market	Household survey income/equity/savings data applied to prevailing market prices and rents
4. equals Total current housing need	1+2-3
A: AVAILABLE STOCK TO OFFSET NEED	
5. Current occupiers of affordable housing in need	Household survey
6. plus surplus stock	Local Authority data on vacants
7. plus committed supply of new affordable units	Local Authority data
8. minus planned units to be taken out of management	Local Authority data
9. equals Total available stock to meet current need	5+6+7-8
10. equals TOTAL CURRENT NEED	4-9
11. times quota to progressively reduce level of current need	Policy judgement (usually between 5 and 10 years)
12. equals annual need to reduce level of current need	10x11
N: NEWLY ARISING NEED	
13. New household formation (gross each year)	Household survey
14. times proportion unable to buy or rent on open market	Household survey income/equity/ savings data of households who have formed in past 5 years applied to prevailing market prices and rents
15. plus existing household falling into need and unable to afford market housing	RP CORE DATA - moved in need and homeless
16. minus potential out-migrants unable to afford market housing	Household survey
17. plus in-migrants unable to afford market housing	Household survey
18. equals newly-arising need	(13x14)+15+16+17
19. net supply of social re-lets	LA/RP lettings data
20. plus supply of intermediate housing available for re-let or resale at sub-market prices	LA/RP sales data
21. equals total affordable supply	19+20
NET SHORTFALL OR SURPLUS	
22. Overall shortfall or surplus	12+18-21

Considering the requirements of particular household groups

3.29 The LHMA considers the housing requirements of people with particular housing needs or requirements (including housing for older people and other specialist housing) with reference to the household survey and from stakeholder discussions.

3.30 The role of intermediate tenure products is covered in the LHMA guidance and this is discussed in our review of affordable housing need and the options available to households.

3.31 Note that the LHMA does not assess the accommodation needs of Gypsies and Travellers. Given the specialist nature of this work this should be carried out as a separate commission.

Bringing together a robust evidence base

3.32 The LHMA provides a wealth of information which is systemically analysed in each of the Local Authorities individual LHMA reports. In bringing the evidence together, we have paid specific attention to the policy implications of research findings and suggest appropriate responses to the issues being raised.

3.33 In bringing the evidence together, the LHMA considers several stages:

- **Stage 1** reviews key drivers of the housing market and summarise key drivers and considers how these may change in the future with reference to changes in economic performance, economic activity and future house price changes.
- **Stage 2** assesses housing aspirations and choice and:
  - Assesses housing aspirations and choice by exploring the aspirations and expectations of households planning to move in the open market and how this compares with current dwelling availability;
  - Assesses overall market demand and affordable need and sets this within the context of future household growth;
  - Explores issues relating to low demand through an analysis of turnover rates and data on difficult to let properties provided by the Councils; and
  - Reviews the evidence of need for intermediate tenure dwellings.
- **Stage 3** brings together the projected future number of dwellings and future housing supply to identify the scale of additional housing that might be required over a Plan Period. This has helped us to develop long-term views of housing demand and need across all tenures to inform local development documents and housing strategies.

3.34 In summary, the analysis within each LHMA report provides housing market area analysis of housing need, demand and supply, and provides evidence of the future requirement for both market and affordable housing.

3.35 The work includes an appreciation of how housing need translates into different sizes and types of affordable housing and mix of market housing on new sites. However, further work to investigate the economic viability of proposals is required. In line with the 'Getting started with your LHMA' document, analysis

assesses the scope for a range of tenures including social rent and intermediate rent in additional to shared ownership/equity.

3.36 Ultimately the research provides an evidence base to support the Local Development Plans and to update the Delivery Plans of the Local Housing Strategies.

4. Joint LHMA Outputs

Housing Market Areas

4.1 Analysis of 2011 census migration data suggests that 67.3% of households move within the Flintshire County area and 63.1% of Household Reference People work within the Flintshire County area.

4.2 The same analysis of 2011 census migration data suggests that 70.5% of households move within the Wrexham area and 72.2% of household reference people work within the Wrexham area.

4.3 Wrexham County Borough can therefore be described as a self-contained housing market both in terms of migration and travel to work. This means that, on its own, it is considered to be an appropriate Housing Market Area for the purposes of Local Development Plan policy making.

4.4 Whilst recognising that both of these measures fall just short of the typical 70% threshold level, Flintshire County can be described as a broadly self-contained housing market. This description reflects the assessed and defined housing market areas within both neighbouring local authority areas of Cheshire West and Wrexham and the relationship between these two areas. Flintshire is therefore part of the wider functional economic areas including Wrexham and Cheshire West and Chester but experiences a high and consistent level of self containment.

4.5 For the purposes of Local Development Plan policy making and in keeping with good practice requirements (Planning Policy Wales Para 9.2.2), the Wrexham and Flintshire LHMA has been produced in collaboration between the two local authorities in order to better understand the dynamics of the wider housing market in this part of North East Wales.

4.6 Whilst there are obvious and important interactions with Cheshire West and Chester, the level of self-containment by household moves and travel to work both individually and for the combined areas of Flintshire and Wrexham, when taken alongside national guidance and regional economic evidence, further strengthens the rationale for undertaking this LHMA on a combined basis.

Understanding the current housing position

4.7 This LHMA study provides up to date information on the housing stock across and within both Council areas and each individual report details the how the stock profile varies by sub-area.

4.8 Analysis revealed that around three out of every four properties within both Flintshire and Wrexham Council areas are houses, and approximately two-thirds of all properties contain three or more bedrooms.

4.9 Whilst around 15% of the stock in Flintshire is social rented / affordable housing, in Wrexham the proportion is much higher at over 22%. In both Council areas there is a lower than average level of existing intermediate for sale affordable accommodation (i.e. shared ownership), potentially limiting choice in certain higher value sub-areas.

4.10 On the whole, residents are satisfied with the condition and state of repair of their homes. Typically owner-occupiers are the most satisfied and private renters the least.

4.11 Both Flintshire and Wrexham Council areas have witnessed a significant and sustained period of rapid house price growth in the early to mid 2000s. However, since then house prices have fallen and have only increased slightly in the past five years.

4.12 11.5% and 13.6% of all households rent privately in Flintshire and Wrexham respectively. Both areas therefore contain a lower than average level of private rented housing and this despite rapid growth in the sector since the 2001 Census. This growth is expected to continue and many expect this tenure to compete with social / affordable rent as the second most available tenure over the next 5 – 10 years.

Understanding the Future Housing Market

4.13 The LHMA has explored how the key drivers of the local market and underlying trends impact upon the structure of households and population moving forward. The key primary drivers influencing the current and future housing market have been assessed as:

- Demographic influence and change,
- Economic performance; and
- Quality, quantity, availability and affordability of dwelling stock.

4.14 In line with Government 2011-based population projections, Flintshire County is forecast to see a stable / relatively stagnant population, with Government 2011-based population projections suggesting population change of between -1,974 and +5,415 over the period 2011 to 2036.

4.15 By contrast the same Government 2011-based population projections reveal that Wrexham County Borough is forecast to see a significant increase of between 24,325 and 32,049 over the same 2011 to 2036 period.

4.16 For both areas these forecasts indicate that there will be significant growth in older age groups (65+ years) as well as growth in the proportion of smaller households.

4.17 Generally speaking, house prices have risen slightly since 2010. Affordability ratios have remained at around 5.7 - 6.0x (lower quartile income to lower quartile prices) as wages have also risen slightly.

4.18 The rate of new build housing (all tenures) has slowed since the economic recession and has remained at lower levels. This lower level of delivery is noticeable across the sub-region and with neighbouring LAs and is symptomatic of continuing caution and restriction towards finance and borrowing, and an underlying low level of confidence in the local economy.

4.19 Each individual LHMA report provides in detail a series of Housing Market Signals which can easily be updated and which can provide a useful insight as to the current status of the local housing market(s) and be used to monitor market trends over time.

Housing Need

4.20 The LHMA has directly and compliantly followed all of the requirements and steps in order to provide an assessment of housing need in accordance with the Local Housing Market Assessment Guide (Welsh Government - March 2006) and Getting Started with your Local Housing Market Assessment – A Step by Step Guide (Welsh Government - March 2012).

4.21 Analysis through the needs assessment model reveals that there is an annual shortfall of 246 affordable dwellings across Flintshire County and 157 affordable dwellings across Wrexham County Borough.

4.22 It is important to stress that housing assessments are essentially a snapshot in time and as such the figure calculated under this model should not be used as a definitive measure of housing need or as an absolute target figure. Instead the model and its output is representative and reflective of the current level of imbalance within the local housing market and so indicative of the scale, type and tenure of housing required in order to seek to redress such imbalance.

4.23 It is also important to note that this model operates on the principle that the calculated backlog of need is cleared within a five-year period.

4.24 The preferred affordable housing tenure split (based upon existing households in need and newly-forming households) for Flintshire is for 56% social / affordable rented and 44% intermediate tenure, whereas in Wrexham this changes to a need for 70% social/affordable rented and 30% intermediate tenure.

4.25 The LHMA shows a clear analytical need for smaller two-bedroom properties for both under and over 65s with some three-bedroom general needs (under 65s).

4.26 Around one third of all households in need across both Council areas can afford an intermediate affordable house priced at £100,000 or less (or the equivalent total housing costs).

Table A4 Housing Need Figures			
Element and step in calculation	**Flintshire**	**Wrexham**	**Total**
Total households >>>	64108	59257	123365
C. CURRENT NEED			
1. Existing households in need of alternative housing	6197	6617	12814
2. plus Current non-households in need	577	451	1028
3. minus cases where they can afford to meet their needs in the market	3120	2482	5602
4. equals Total current housing need	3654	4586	8240
A. AVAILABLE STOCK TO OFFSET NEED			
5. Current occupiers of affordable housing in need	818	1687	2505
6. plus Surplus stock	0	0	0
7. plus Committed supply of new affordable units	405	365	770
8 minus planned units to be taken out of management	0	0	0
9. equals Total available stock to meet current need	1223	2052	3275
10. equals Total Current Need	2431	2534	4965
11. times quota progressively to reduce level of current need	20%	20%	20%
12. equals Annual need to reduce level of current need	486	507	993
13. New household formation (gross p.a.)	268	353	621
14. times proportion unable to buy or rent in the market	158 (59%)	201 (57%)	359
15. plus existing households falling into need	101	197	298
16. minus potential out-migrants unable to afford market housing	2	22	24
17. plus in-migrants unable to afford market housing	17	71	88
18. equals newly-arising need	274	447	721
S. SUPPLY OF AFFORDABLE UNITS per year			
19. Net supply of social re-lets	514	797	1311
20. plus supply of intermediate housing available for re-let or resale at sub-market levels	0	0	0
21. equals Affordable supply	514	797	1311
NET SHORTFALL OR SURPLUS			
22. Overall shortfall or surplus (annual imbalance)	**246**	**157**	**403**

5. Joint Strategic Priorities

5.1 Whilst the findings of the LHMA demonstrate that there are some distinct market differences between the two local authority areas, there are also several common areas of relative strategic significance which may require appropriate future policy consideration.

5.2 The LHMA reports that there is a continuing need for affordable housing across both areas. The overall level of need within Flintshire is however slightly higher, reflective of a lower existing affordable housing stock base and therefore reduced accessibility to affordable tenures.

5.3 The majority of housing need is for social and affordable rented accommodation.

5.4 The level of intermediate affordable housing in both areas is comparatively and proportionately low (circa 0.5% of stock). The LHMA reveals that intermediate affordable housing for sale can be afforded by between 25% (Wrexham) and 37% (Flintshire) of all households in need when priced at or below £100,000.

5.5 The limited choice of existing intermediate for sale coupled with the continuing trend and aspiration to purchase accommodation by newly forming households and households in need, implies that this form of tenure when priced appropriately will help address un-met need.

5.6 The recognised and future demographic changes for both areas implies a continuing and expanding need for both support (in situ) and broadened housing choices for older households. Whilst around three quarters of older person households wish to remain in their own homes, many are prepared to, and would consider, alternative housing choices including more choice within the open market (particularly bungalows) as well as more limited need for specialist sheltered and extra care housing.

5.7 Local Housing Authorities should therefore consider approaches, mechanisms and policy tools which may help to encourage and promote wider choice within the general housing market. Down-sizing or moves to more appropriate accommodation (including level access / bungalow type housing) are clearly identified as forming a high area of current / future market demand activity.

5.8 The role and growth of the Private Rented Sector (PRS) across both areas is set to continue. Whilst the PRS is often associated with poor quality housing and / or management, the growth of the sector can be informed, shaped and managed through additional support and policy mechanisms to encourage high standards. This sector of the market is increasingly the sector of choice (albeit often through lack of alternative affordable choices) for many newly forming households or households under-going significant changes in circumstance. Local resources to support this sector of the market are therefore likely to become more important.

5.9 The financial viability of development sites remains a significant and important consideration for both areas. Whilst there are sub-areas and communities of relative high value which may be capable of supporting and delivering associated planning policy obligations (CIL / S106), there are also low value areas where delivery is likely to be much more difficult.

5.10 Whilst in the interim both Councils are likely to continue with their current policy-based approach, favouring the on-site delivery of social and affordable rented units, each Council should seek to ensure that an appropriate mix of housing "works" for residents and developers of both affordable and market housing.

5.11 On more marginal sites a more balanced and flexible approach towards site negotiations will be required (where justified) and the Councils should consider the use and implementation of a range affordable housing and market housing delivery mechanisms and solutions.

5.12 Where such approaches towards housing delivery are to be annotated through the development and introduction of new Supplementary Planning Documents, these documents should detail and list the range of delivery options available to ensure housing development. As well as the more traditional and tested approaches of on-site delivery and commuted sums, consideration should also be given towards approaches which may allow the substitution of house / unit types to promote housing for older people.

5.13 The LHMA reports for both Flintshire and Wrexham both provide a robust and up-to-date platform for the development of both planning and housing policy. These reports consider housing need and demand over an initial five year period and then beyond. As such and in line with the 2006 LHMA Guide, there should not be any further requirement to undertake a comprehensive review of these assessments (i.e. household survey exercise) for a 3 – 5 year period. However it is advisable that through the availability of regularly up-dated secondary data, these reports are periodically reviewed including on an annual basis.

5.14 Each individual LHMA report provides details on local "Market Signals" and through the review and up-dating of these it is possible for each Local Authority to refresh the housing needs assessment model as appropriate. A framework and mechanism for such periodic up-dating is further provided within a designated technical appendix for each separate LHMA report.