

The Central Norfolk Strategic Housing Market Assessment
Report by Planning Policy Officer

Summary:	The Central Norfolk Strategic Housing Market Assessment has identified the Objectively Assessed Housing Need for the Broads Authority. This is 274 dwellings between 2012 and 2036. Across Central Norfolk, the average requirement is for 26% affordable housing.
Recommendation:	That Members consider the draft Central Norfolk Strategic Housing Market Assessment, 2015, in so far as it relates to the Broads Authority and to authorise the Director of Planning and Resources, Chairman of Planning Committee and Chair of the Broads Authority to make any necessary minor amendments arising from the Norfolk Duty to Cooperate Forum, and or from the adoption process of the remaining commissioning bodies and accept this as part of the evidence base for the Local Plan.

1 Introduction

- 1.1 The purpose of this report is to update Members on progress and the emerging final results of the Central Norfolk Strategic Housing Market Assessment (CNSHMA). The report is based upon the final draft of the CNSHMA. The draft report has been discussed at the extraordinary meeting of the Duty to Co-operate Forum on the 9 September 2015. Any significant changes between the writing of this report and the finalised document will be verbally reported to a future Planning Committee.
- 1.2 This is the first time a formal quantitative need has been identified for the Broads. This report seeks to summarise the report and provide detail behind the findings. A link to the draft CNSHMA itself is included at the Appendices.

2 Background

- 2.1 The National Planning Policy Framework (NPPF) and the national Planning Practice Guidance (PPG) contain a presumption in favour of sustainable development. It states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the market area. Given that the Regional Spatial Strategies (which set housing targets) are now revoked Local Authorities are now required to objectively assess the housing needs for their area and plan to meet those needs in full.

- 2.2 The NPPF states that Local Planning authorities should “*prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries...*” (paragraph 159).
- 2.3 National Planning Practice Guidance (PPG), on the assessment of housing and economic development needs was published in March 2014 and updated in March 2015. In the updated March 2015 guidance the Government confirmed that wherever possible, local needs assessments should be informed by the latest available information and it went on to state that the 2012-2037 Household Projections (which were published on 27 February 2015), were considered the most up-to-date estimate of future household growth and hence should be used as the starting point for any assessment.

3 About the Central Norfolk Strategic Housing Market Area

- 3.1 Members will be aware that the duty to co-operate was introduced in 2011 by the Localism Act and is a legal obligation. The NPPF sets out an expectation that the public bodies will cooperate on issues with cross-boundary impacts, and in particular in relation to the strategic priorities such as “the homes and jobs needed in the area”.
- 3.2 Further to this, Opinion Research Services (ORS) was jointly commissioned (initially by five central Norfolk local authorities¹) through the Duty to Co-operate Forum to identify the functional Housing Market Areas (HMAs) covered by the local planning authorities and to prepare a Strategic Housing Market Assessment (SHMA) to establish the Objectively Assessed Need (OAN) for housing across the central Norfolk area. Following legal advice, the Broads Authority recently became a commissioning partner and is now part of the commissioning group.
- 3.3 The aim was to ensure that the study was fully compliant with the requirements of the NPPF, national PPG, the Planning Advisory Service (PAS) Technical Advice note (June 2014) and be mindful of emerging good practice and the outcomes from Planning Inspectorate examinations into Local Plans.
- 3.4 The Planning Practice Guidance sets out the definition of the Need for housing as the scale and mix of housing, and the range of tenures that is likely to be needed in the housing market area over the plan period and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand. In assessing the level of need the requirement is to calculate this objectively and not to apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.

¹ Norwich City, Broadland, Breckland, North Norfolk and South Norfolk, together with the Broads Authority.

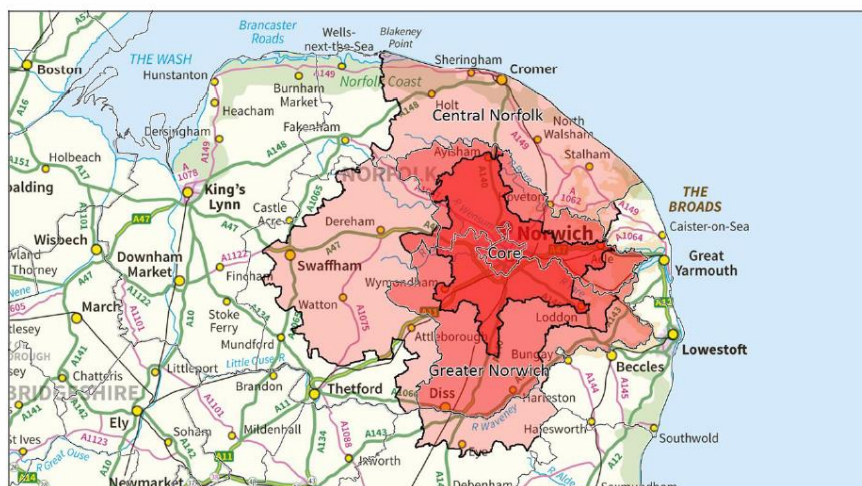
4 Calculating the Strategic Housing Market Assessment

4.1 The key methodology and findings are summarised below:

Identification of the Housing Market Area

- 4.2 The initial stage in the calculation of a Strategic Housing Market Assessment (SHMA) is the identification of the Housing Market Area.
- 4.3 Evidence shows that the functional Central Norfolk Housing Market Area (CNHMA) is not the same as the local authority boundaries. The functional linkages between where people live and work cut across the various local planning authority administrative boundaries of Breckland, Norwich, Broadland and South Norfolk authorities along with substantial parts of North Norfolk, the Broads Authority, together with some marginal interaction with other parts of Norfolk and Suffolk.
- 4.4 The study identified a three stage CNHMA, defined as a Core Area, a Greater Norwich Area and a Central Norfolk Area and these are shown in Figure 1. These are based on the relative strength of connectivity with the area around the City of Norwich itself. The report concludes that the CNHMA includes significant parts of the Broads. Typically, local housing market areas are generally areas with at least 65% self-containment (i.e. where most of those changing house without changing employment choose to stay). The consultants identified that 91% of workers that live in the CNHMA also worked in the CNHMA and that 93% of movers currently living in the CNHMA moved from another address inside the CNHMA.
- 4.5 The market area was assessed through patterns in the relationship between housing demand and supply across locations using a variety of sources and statistics from household migration, search patterns and travel to work data and labour market analysis.
- 4.6 The study makes reference to many of the settlements in the surrounding areas to Norwich and especially those to the west and south west of the district which have low levels of self-containment and are not able to strongly fall within any particular housing market. These settlements still have spatial relationships with other locations throughout the region but are combined to form the larger housing market area through reason of best-fit. Therefore, these form part of the wider study area. The extent of the CNHMA demonstrates that it is the most appropriate functional housing market for the district to align to and the consultants have concluded that the housing market area as identified is robust and forms the relevant basis for the identification of the OAN.

Figure 1: Housing Market Areas – Core, Greater Norwich and Central Norfolk



(Map copied from the ORS Central Norfolk SHMA)

Identification of the level of need

- 4.7 Having identified the geographic boundaries of the Housing Market Area, the assessment of the OAN then goes on to identify the total amount of housing need including by type, tenure and size. This is based on the analysis of a wide range of information collated from multiple sources. This includes:
 - a) Secondary data from local, regional and national sources
 - b) Existing policy and supporting documents
 - c) Stakeholder views
- 4.8 Following the updated national PPG issued on the 27th February 2015, the 2012 - 2037 Household Projections, published by the Department of Communities and Local Government (DCLG), February 2015, have been used as the most up to date estimate of future household growth as the starting point. These were then sensitivity tested against previous projections and more local assumptions in order to best reflect a wide range of underlying data and trend based assumptions so as to consider the appropriateness of projected growth rather than simplistically defer to the most recent/national data.
- 4.9 One key influence reflected by the study is the underlying assumed migration rates, which are often based on five year trends. This short term approach can have a significant effect on population projections. The study considers that the five year trend migration scenarios are unlikely to be robust for long term planning and in order to capture both the highs and lows they have adopted a ten year migration trend as the basis of the projections for the identification of the OAN.
- 4.10 In order to establish the OAN, there is a requirement to convert the projected population rise into household projections which will form part of the calculation of housing need by converting population into households. The consultants have given careful consideration to this area and reflected on the

advice contained in updated national PPG, earlier decisions by the Planning Inspectorate (including key cases such as the South Worcester Local Plan examination) and the Planning Advisory Service technical advice. They concluded that the 2012 based projections are the most robust to establish the projected number of additional households. It is important to note that Household Headship Rates² are applied across the existing population and therefore are a key part of the process of determining the OAN.

Market Signals

- 4.11 There are other factors that the SHMA needs to consider and these are set out in paragraph 17 of the NPPF which states that “plans should take account of market signals, such as land prices and housing affordability” and the national PPG identifies that “the housing need numbers suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”.
- 4.12 The market signals identified in the SHMA include land prices, house prices, rents, affordability and the rate of development. There is no guidance on how these market signals should be incorporated into the assessment however the study concludes that the probable consequence of affordability issues is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation.
- 4.13 Utilising census information the study concludes that there is a need to adjust planned housing growth in order to address the increase in concealed families over the last decade and factor in trends and future average household sizes. In relation to other market signals, when compared against the circumstances of similar demographic and economic areas the study found that the market signals were generally no worse than comparator areas. The national PPG states that where there is a “worsening trend in any of these indicators household projections should be adjusted to reflect appropriate market signals”.
- 4.14 There is no guidance as to what level of adjustment should be applied and the consultants have recommend that based on Local Plan examinations elsewhere, a 10% uplift should be applied as a reasonable signal in order to address the increased housing delivery required to account for concealed households and overcrowding.
- 4.15 In relation to affordable housing the study has undertaken significant work in reviewing the overall OAN for the Central Norfolk Area. The study analysed local authority data on homeless households, temporary accommodation, concealed families overcrowding, housing conditions, housing register data and welfare considerations. When these are considered alongside household

² Headship rates are the number of people who are counted as heads of households. Headship rates are important because they help determine how many households are forming that will need housing.

formation rates the study identifies that 25% of all newly forming households (including migrating into the area) are unable to afford their housing costs. When adjustments are made for out-migration, improved circumstances and market signals the SHMA finds that there is an annual affordable need of 26% of overall housing need (861 dwellings per year) across the Central Norfolk Housing Market Area. The study also conclude that central Norfolk could benefit from higher levels of affordable housing if it were shown that development would remain viable; however, the identified level across the five districts would cover both current and future projected needs for affordable housing. On that basis there would be no need to increase overall housing provision.

Employment

- 4.16 The performance of the labour market in future years is an important factor which affects demand for housing. In addition to the analysis of demographic projections there is a requirement to take into account employment trends so that there is a balance between future jobs and workers and market signals.
- 4.17 Local labour market analysis follows very similarly the national trends and predicts that the economic activity rates for older people will increase, mainly due to changes in state pension age, less generous pensions and increasing health. Female participation in the labour market is also expected to continue to rise while participation of the younger people in the work place is expected to be constant, reflecting the longer time in education balanced against the requirements for financial support.
- 4.18 The consultants conclude that there is a need to provide 38,400 extra workers locally whereas 42,300 extra workers would be needed to fill the available jobs. There is therefore a shortfall of 3,900 workers based on the increase in jobs that is currently forecast. In order to demonstrate a balance between future jobs and workers the SHMA has applied an uplift to the number of dwellings for central Norfolk which is distributed across the five authorities.

Identifying the need for the entire Broads Authority Executive Area

- 4.19 Members will have noted that the CNSHMA covers only Broads part of Norwich, North Norfolk, South Norfolk and Broadland, leaving the Broads parts of Waveney and Great Yarmouth outside of the CNSHMA. Clearly, this would result in an OAN Need which was incomplete.
- 4.20 It is accepted methodology in producing SHMAs that the OAN for the entire Local Planning Authority (LPA) area can be calculated as part of a SHMA whose direct Housing Market Area covers only part of the LPA area. On this basis, it is valid for the CNSHMA to calculate an OAN for the entire Broads Authority Executive Area.
- 4.21 It is important to note that the housing need of the Broads Authority is a part of the housing need of the constituent districts. That is to say, the Authority's

need does not add to the total need for the CNSHMA or the constituent districts, but forms a separable part of the District's complete need..

- 4.22 Having taken all of the above into account, the report then calculates the OAN for the entire Broads are, including those part of Great Yarmouth and Waveney which fall within the Broads Executive Area.
- 4.23 If the Broads had a typical age profile and migration patterns as the rest of Central Norfolk, it would be expected that its OAN to be around 1.0% of its existing dwelling stock per annum, which would represent a figure of around 30 dwelling per annum. However due to an older population in the Broads, there are less households formed and more deaths. The total need for the Broads Authority area between 2012 and 2036 is 274 dwellings. The following table sets this out for each of the constituent districts.

Figure 93: Projected Dwellings needed for the Broads by Local Authority (Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in the 2011 Census. Note: figures may not sum due to rounding)

	Breckland	Broadland	North Norfolk	Norwich	South Norfolk	Great Yarmouth	Waveney
ORS Model Using Long-term migration trends	0	44	62	3	35	58	51
Jobs led growth	0	48	67	3	38	63	55

Other Forms of Housing

- 4.24 Once overall need is established, this is then broken down by tenure, household type, (singles, couples and families and household size) and identifies the needs of differing groups such as the private rented sector, older people, those wishing to build their own homes and student accommodation as well as the needs of Gypsy and Traveller and Travelling Showpeople.
- 4.25 In relation to Gypsies and Travellers the SHMA confirms that these households form part of the household projections and therefore the need reported in the various Gypsy and Traveller and Travelling Showpeople Accommodation Needs Assessment completed by the constituent districts are a component part of the housing figures provided and are not additional to the figure identified in the CNSHMA.
- 4.26 The self build sector makes an important contribution to the housing supply nationally and the SHMA has sought to identify any such demand in using information from the Self BuildPortal's "Need a plot" database. This indicated that those looking for a site in central Norfolk remains low.
- 4.27 In considering the future housing needs for older people, there is a need to consider any specialist provision. The study considers that defining the future need for specialist housing for older people is a challenge with many different types of housing such as care homes, extra care and sheltered housing.

- 4.28 The study recognises that people living in retirement homes are considered as part of the communal establishment and are not included in the household projections. The study identifies a projected increase over those aged over 75 living in communal housing across the CNHMA of 4,551 but recommend that it does not necessarily follow that all the need should be provided as additional bed spaces in residential institutions. Furthermore, national policy is underpinned by the principle of sustaining people at home as long as possible, thereby avoiding expensive hospital and care home services. Therefore, despite the ageing population, the number of spaces in care homes and nursing homes may not increase.
- 4.29 ORS conclude that in relation to student accommodation, student housing is essentially a Norwich phenomena and the market is unlikely to change significantly.
- 4.30 The study undertakes an analysis of trends in the private rented sector and concludes that the private rented sector growth is below the national average in all of the local authorities with the exception of Norwich.
- 4.31 The study finds there is strong growth in the private rented sector and that the sector will continue to grow across all tenure options for an increasing proportion of local households.
- 4.32 Members will be aware that many Local Planning Authorities are currently experiencing a “backlog” in unmet need based on the Core Strategy housing target. This CNSHMA identifies all housing need from 2012 and should be used to “re-set the clock” and provide a new baseline assessment for all housing need going forward.

Particular parts of the CNSHMA of relevance to the Broads

- 4.33 Links to the full CNSHMA report are set out the end of this report. Members will find the section of the report covering the Broads Authority area, which discusses this in detail, can be found at paragraph 5.87 of Part 1 and Appendix C of Part 2.

5 Financial Implications

- 5.1 The Authority has contributed £5,000 to the production of the CNSHMA.
- 5.2 Officer time in interpreting the results as the Local Plan is produced and in determining resultant planning applications.

6 Next Steps

- 6.1 The other five commissioning partners are taking similar reports to their decision making bodies. Concurrently, officers are liaising with the consultants regarding minor amendments such as typographical errors. It is intended that following the final decision of the six partners, the study is published in final format.

- 6.2 Norfolk Authorities working together through the Norfolk Strategic Framework will lead on interpreting the results. If the Broads Authority (and indeed other authorities) cannot meet the identified need in their Local Planning Authority area, it is for discussions through the Duty to Co-operate process to identify where the need can be met, such as through the assistance of neighbouring authorities.

7 Conclusion

- 7.1 The housing need for the entire Broads Authority Executive Area has been calculated at 274 dwellings between 2012 and 2036.
- 7.2 The average affordable housing requirement across Central Norfolk is 26%.
- 7.3 This is the first time the Authority has a need or housing target identified. As the Local Plan is produced, the Authority will seek to understand how it can meet the identified need.

8 Links of Relevance

Executive Summary of the CNSHMA:

<http://democracy.breckland.gov.uk/documents/s36216/2015%2009%2011%20Central%20Norfolk%20Executive%20Summary.pdf>

Part 1 of the CNSHMA

<http://democracy.breckland.gov.uk/documents/s36214/2015%2009%2011%20Central%20Norfolk%20Draft%20report%20FINAL-Part%201.pdf>

Part 2 of the CNSHMA:

<http://democracy.breckland.gov.uk/documents/s36220/2015%2009%2011%20Central%20Norfolk%20Part%202.pdf>

Background papers: None

Author: Natalie Beal

Date of report: 23 September 2015

Appendices: None