

## BRECKLAND DISTRICT COUNCIL

**Report of:** Executive Member for Growth

**To:** Cabinet 22.09.2015

**Author:** Iain Withington, Planning Policy Team Leader

**Subject:** Draft Central Norfolk Strategic Housing Market Assessment 2015

**Purpose:** The purpose of this report is to update Members on the outputs of the draft Central Norfolk Strategic Housing Market Assessment 2015.

### **Recommendation(s):**

- 1) That Members endorse Option 1 which is to consider the draft Central Norfolk Strategic Housing Market Assessment, 2015, in so far as it relates to Breckland District and to authorise the Strategic Planning Manager in consultation with the Leader of the Council 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.

## **1.0 BACKGROUND**

### 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 draft version of the CNSHMA. The draft CNSHMA was discussed at the extraordinary meeting of the Duty to Co operate Forum on the 9<sup>th</sup> September 2015. Any significant changes between the writing of this report and the finalised document will be verbally reported at the cabinet meeting.
- 1.2 The National Planning Policy Framework (NPPF) and the national Planning Practice Guidance (PPG) contain a presumption in favour of sustainable development, and state 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 are now revoked Local Authorities are now required to objectively assess the development needs for their area and plan to meet those needs in full.
- 1.3 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.
- 1.4 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.
- 1.5 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”.

- 1.6 To that aim, Opinion Research Services (ORS) was jointly commissioned by five Central Norfolk local authorities<sup>1</sup> through the Duty to Co Operate Forum to identify the functional Housing Market Areas (HMA's) 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. 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
- 1.7 The national 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 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<sup>2</sup>.

### Strategic Housing Market Assessment - Results

- 1.8 Members will be updated with the key findings and approach by ORS at this meeting. The key methodology and findings are however summarised below:

#### Identification of the Housing Market Area

- 1.9 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 which help to define the housing market for Breckland cut across the various local planning authority administrative boundaries of Norwich, Broadland & 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. The study identified a three stage Central Norfolk Housing Market Area (CNHMA), based on the relative strength of connectivity with the area around the City of Norwich itself, concluding that the CNHMA includes significant parts of Breckland, including four out of the five market towns. 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.
- 1.10 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. 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

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

<sup>2</sup> national PPG ref ID 2a-004-20140306

consultants have concluded that the housing market area as identified is robust and forms the relevant basis for the identification of the Objectively Assessed Needs.

#### Identification of the level of need

- 1.11 The assessment of the Objectively Assessed Need (OAN) identifies the total amount of housing need including by type, tenure and size and 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
- 1.12 Following the updated national PPG issued on the 27<sup>th</sup> February 2015<sup>3</sup>, 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. 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 affect 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. The population of Breckland is projected to rise from 130,500 in 2011 to 153,100 by 2036, based on these scenarios.
- 1.13 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. There has been debate as to the appropriateness of certain sets of household representatives rates (HRR)<sup>4</sup> that should be used. The 2008 based projections or the interim 2011 projections which are only forward looking by 10 years or a blended rate between the two. 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 the South Worcester Local Plan examination and the Planning Advisory Service technical advice and 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 Rates are applied across the existing population and therefore are a key part of the process of determining the OAN.

#### Employment

- 1.14 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.
- 1.15 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

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<sup>3</sup> national PPG ID:2a-016-20150227

<sup>4</sup> HRR's are a demographic tool used to convert population into households and are based on those members of the population who can be classed as "household representative". The HRR's used are key to the establishment of the number of households and hence number of homes needed in the future.

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. Collectively the study projects that the economically active population is to increase by about 36,200 people between 2012 – 2036 or 1,500 additional workers each year from demographic trends alone, totalling 343,125<sup>5</sup>.

- 1.16 The most recent job growth forecast is through the outputs of the East of England Forecasting Model (EEFM) and the January 2015 baseline forecasts for total employment for the five Central Norfolk districts is an increase from 290,700 jobs in 2011 to 330,900 by 2031. These assumptions are based on lower population projections than the baseline used in the SHMA study, and are lower than the demographic trends identified by the consultants. They do not reflect the 10 year migration trend that ORS adopt or the reduction in unemployment benefit claimants, which increases the number of available workers by 7,000 over the period March 2012 to March 2015. Factoring these changes into the calculation the study projects that the number of available workers will increase to approximately 43,200 by 2036, (assuming steady unemployment) which is equivalent to 1,800 additional workers each year. Once in and out commuting and adjustments made for potential double-counting of those with 'double-jobs', the consultants conclude that without any uplift due to market signals the revised demographic projections show that there is a need to provide 38,400 extra workers locally where as 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.
- 1.17 In order to demonstrate a balance between future jobs and workers (as explained in paragraph 1.14 above) the SHMA has applied an uplift to the number of dwellings for central Norfolk which is distributed across the five authorities. This adjustment equates to an uplift of 685<sup>6</sup> dwellings for Breckland. .

#### Market Signals

- 1.18 The NPPF in paragraph 17 sets out 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*”.
- 1.19 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. 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*”<sup>7</sup>.
- 1.20 There is no guidance as to what level of adjustment should be applied and the consultants

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<sup>5</sup> CNSHMA table 54

<sup>6</sup> Fig 90 draft CNSHMA2015

<sup>7</sup> national PPG ID: 2a-019-20140306

have recommend that based on Local Plan examinations elsewhere<sup>8</sup>, 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.

- 1.21 In relation to affordable housing the study has undertaken significant work in reviewing the overall Objectively Assessed Need for the Central Norfolk Area. The study analysed local authority data on homeless households, temporary accommodation, concealed families over crowding, housing conditions, housing register data and welfare considerations. When these are considered alongside household 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 including the Norwich City Deal the SHMA finds that there is an annual affordable need of 26% of overall housing need across the Central 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. The study goes onto identify an individual district target for Breckland of 35.7%.

#### Other Forms of Housing

- 1.22 Once overall need is established the Council is required to break this down by tenure, household type, (singles, couples and families and household size) and identify 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.
- 1.23 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 Gypsy and Traveller and Travelling Showpeople Accommodation Needs Assessment (2013) are a component part of the housing figures provided and are not additional to the figure identified in the CNSHMA.
- 1.24 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 Build Portal's "Need a plot" database. This indicated that those looking for a site in central Norfolk remains low. However, the national PPG recognises that such data is unlikely on its own to provide reliable local information and the Council should consider further survey work and or setting up a local register of those wishing to build their own home, but concludes that it *"seems unlikely that self-build will make a significant contribution locally to meeting the housing need in its current form"*.<sup>9</sup>
- 1.25 In considering the future housing needs for older people, there is a need to consider any specialist provision. The national PPG states that that LPA's should count housing provided for older people, including residential institutions (Use Class C2) against their housing requirements. However, 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. The national PPG states that LPAs should set out clearly the approach taken to calculating the need for C2 housing as part of their OAN. The consultants conclude that calculations for residential institutions should sit outside the SHMA and the OAN.
- 1.26 The study recognises that people living in retirement homes are considered as part of the

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<sup>8</sup> Eastleigh Local Plan Examination

<sup>9</sup> CNSHMA part 2 paragraph 7.94

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.

- 1.27 The consultants advise that if the residential care bed spaces are not counted within the housing requirement then there is no need to include the increase in institutional population as part of the housing supply. Breckland currently do not include C2 use in its' housing land supply calculations and therefore the approach for no adjustment to the OAN is appropriate for Breckland. Never the less this restricts the potential to review this in future years. As the Council is required to plan for all needs it will be necessary for the Local Plan to develop an appropriate, flexible and permissive policy to ensure that any future need of elderly care can be met
- 1.28 ORS conclude that in relation to student accommodation, student housing is essentially a Norwich phenomena and the market is unlikely to change significantly.
- 1.29 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. The growth rate in this sector for Breckland was 5.8% between 2001 and 2011 census. 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.
- 1.30 Members will be aware that Breckland is currently experiencing a “backlog” in unmet need based on the Core Strategy housing target. This CNSHMA identifies all housing need from 2012 and according to the Panning Advisory Service Good Plan making Guide should be used to “re-set the clock” and provide a new baseline assessment for all housing need going forward as progress is made through the emerging single Local Plan.

## Conclusion

- 1.31 **The CNSHMA identifies that the objectively assessed need for Breckland is 597 dwellings per year or 14,335 dwellings between 2012–2036. Of this, 35.7% is identified as affordable need across the District.**

## 2.0 OPTIONS

- 2.1 There are two options available to members as follows:
- 2.2 Members note the content of this report, appendix and accompanying presentation. Subject to Members views no adjustment is proposed at this time in order to set the Housing Target of the Local Plan other than to align with the appropriate plan period.
- 2.3 **Option 1 - Consider the draft Central Norfolk Strategic Housing Market Assessment, 2015 in so far as it relates to Breckland District and to authorise the Strategic Planning Manager in consultation with the Leader of the Council 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.**

2.4 Option 2 – Members do not endorse the Central Norfolk SHMA as evidence to support the preparation of the emerging Local Plan in so far as it relates to Breckland.

### 3.0 REASONS FOR RECOMMENDATION(S)

3.1 It is recommended that the Council endorse recommendation 1 as set out above. This will see the study become part of the evidence base for the preparation of the Local Plan and provide the basis for setting the housing target for the emerging Local Plan.

3.2 Without agreement on the evidence base, further work would be required along with engagement with adjoining authorities under the Duty to Cooperate. This would result in significant further delay to the Council's Local Plan process and could affect the soundness of the Local Plan.

### 4.0 EXPECTED BENEFITS

The NPPF requires Local Authorities to prepare Local Plans and to be kept up to date. The study will be used to inform the drafting of policies and proposals within the district's emerging Local Plan.

### 5.0 IMPLICATIONS

#### 5.1 Carbon Footprint / Environmental Issues

5.1.1 It is the opinion of the report author that there are no immediate impacts. However the setting of the Housing Target will impact on the emerging spatial distribution for growth in the new Local Plan. The options will be appraised through a separate sustainability Appraisal.

#### 5.2 Constitution & Legal

5.2.1 There are no direct legal risks resulting from the contents of this report; however, local planning documents need to be prepared in accordance with relevant Local Planning Regulations and Acts of Parliament, having regard to relevant considerations and case-law.

#### 5.3 Contracts

5.3.1 It is the opinion of the report author that there are no implications.

#### 5.4 Corporate Priorities

This Local Plan aligns with the corporate priority: Supporting Breckland to develop and thrive; Providing the right services, at the right time and the right way; Developing the local economy to be vibrant with continued growth and Enabling stronger, more independent communities.

#### 5.5 Crime and Disorder

5.5.1 It is the opinion of the report author that there are no implications.

#### 5.6 Equality and Diversity / Human Rights

5.6.1 It is the opinion of the report author that there are no implications.

## 5.7 **Financial**

5.7.1 It is the opinion of the report author that there are no implications.

## 5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the report author that there are no implications.

## 5.9 **Risk Management**

5.9.1 Since the abolition of the Regional Plans, the Council has the primary responsibility for setting its own housing requirement and providing the right number of new homes is one of the most important challenges it faces. The setting of this target must be in the context of the NPPF and be based on current and future demographic trends, market trends and the needs of different groups in the community. This is both a technical and a policy issue. The judgement over what the future requirement is a strategic policy choice over what level of future housing is appropriate, taking account of different demographic, economic and housing need considerations and the assumptions underlying them. Every effort must be made to identify, meet and respond positively to the wider opportunities of growth. A failure to set a housing target that seeks to meet the objectively assessed needs of the district including any unmet requirements from neighbouring authorities where it is reasonable to do so, may not be considered sound.

5.9.2 If through future viability studies it is shown that the affordable housing percentage cannot be delivered due to viability reasons there may be a reason to increase the overall housing target in order to meet the future needs for affordable housing.

5.9.3 Although the previous SHMA did not separate a C2 target and the approach to date in calculating the housing land supply does not include a separate C2 figure the approach taken in the emerging 2015 SHMA of the non identification of a C2 target and adjustment to OAN continues to restrict the Council in its future options around the inclusion of C2 in any future annual land supply calculation. The failure to identify a target for C2 may impact on the Local Plan and its ability to demonstrate how it intends to meet that need.

5.9.4 There are potential risks of changes in national policy and revisions to national Planning Policy Guidance and their interpretation through examinations and judicial review that the emerging Local Plan must seek to align to which may affect this approach and the findings of the 2015 joint CNSHMA.

## 5.10 **Staffing**

5.10.1 It is the opinion of the report author that there are no implications.

## 5.11 **Stakeholders / Consultation / Timescales**

5.11.1 It is expected that the next key stage of the emerging Local Plan is the preferred options consultation which is expected to take place towards the end of 2015. The CNSHMA is a key evidence document that is required to inform the preparation of this consultation and the emerging Local Plan.



## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All wards in Breckland will be affected by the Local Plan.

## 7.0 **ACRONYMS**

7.1 Acronyms include:

- a. NPPF: National Planning Policy Framework
- b. PPG: national Planning Practice Guidance
- c. ORS: Opinion Research Services
- d. OAN: Objectively Assessed Need
- e. HMA: Housing Market Area
- f. CNHMA: Central Norfolk Housing Market Area
- g. CNSHMA: Central Norfolk Strategic Housing Market Assessment
- h. HRR: Household Representatives Rates
- i. LPA: Local Planning Authority

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Background papers:- [See The Committee Report Guide](#)

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### **Lead Contact Officer**

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### **Director / Officer who will be attending the Meeting**

Name and Post:                               Martin Pendlebury -Director of Planning & Business  
  Management (Capita)  
  Iain Withington – Planning Policy Team Leader (Capita)  
  Phil Mileham – Strategic Planning Manager

**Key Decision:**                                yes

**Exempt Decision:**                            No

**This report refers to a Mandatory Service**

### **Appendices attached to this report:**

Appendix A – Draft Central  
Norfolk Strategic Housing  
Market Assessment (part1)  
Appendix B – Executive  
Summary