

BRECKLAND DISTRICT COUNCIL

Report of the Executive Members Planning and Environmental Services and for Assets and Strategic Planning

To: Overview and Scrutiny Commission – 18th July 2013

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Subject: Strategic Housing Market Assessment 2013

Purpose: To present to Overview and Scrutiny Commission the Strategic Housing Market Assessment 2013. To highlight the role of the document in demonstrating the housing need in Breckland, and its role in progressing the current Local Plan programme and in assessing planning applications.

Recommendation(s):

It is recommended that Members endorse the document and permit it to proceed through the committee cycle towards adoption. The document will be used to shape the housing requirements and housing-related policies required by Breckland's emerging Local Plan.

1. BACKGROUND

1.1 In 2006/7, Fordham Research undertook a sub-regional Housing Market Assessment for the Rural East Anglia sub-region. Breckland Council was lead authority for this work, with King's Lynn and West Norfolk Borough Council, and North Norfolk District Council also partners. The Assessment was based on a primary Housing Needs Survey, and showed a significant need for affordable housing across all three partner authorities. In 2010, a brief secondary data update was undertaken in-house.

1.2 Assessing current and future housing need and demand is an important local authority function, as set out in legislation. The last assessment of the District's housing market was completed in 2007 through a joint Strategic Housing Market Assessment (SHMA) with Kings Lynn and West Norfolk and North Norfolk Councils. This is now at the end of its life and no longer provides sufficiently robust evidence to inform strategy, policy and planning decisions.

1.3 CONTEXT

1.4 Under the Localism Act 2011 and National Planning Policy Framework 2012 it is now the responsibility of Local Planning Authorities to prepare a Local Plan based on evidence relating to their area. Importantly, the overall housing numbers for the District are to be planned for at the local level rather than through the regional planning process. The Regional Plan for the East of England was formally revoked on 3 January 2013 and it is now for Breckland Council to determine a level of housing supply which it considers robust and necessary to meet the full housing need in its area.

1.5 The production of a Strategic Housing Market Assessment continues to be a requirement under the National Planning Policy Framework. This states that: *'Local planning authorities should have a clear understanding of housing requirements in their area. They should:*

"Prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing requirements, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:

- *meets household and population projections, taking account of migration and demographic change;*
- *addresses the need for all types of housing, including affordable housing, and the needs of different groups in the community; and*
- *caters for housing demand and the scale of housing supply necessary to meet this demand.'*

1.6 The value of strategic housing market assessments is in assisting policy and strategy development, decision making and resource allocation processes by:

- enabling local authorities to think spatially about the nature and influence of the housing markets in respect to their local area;
- providing robust evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing;
- providing evidence to inform policies about the level of housing required, including the need for different sizes and types of housing;
- supporting authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner occupied, private rented and affordable – and assessment of the key drivers and relationships within the housing market;
- drawing together the bulk of the evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer; and
- ensuring the most appropriate and cost-effective use of public funds.

1.7 The decision was made to concentrate the new Strategic Housing Market Assessment on Breckland. The ending of sub-regional working in Norfolk left limited possibilities for undertaking another survey as REAP. Enquiries to nearby authorities indicated that either no update was planned, or a secondary only update was planned. It was therefore decided to undertake the primary survey for Breckland. However, full consideration is given to the 'wider study area' – seven nearby councils with whom we have significant demographic links and similarities within the housing market – who are fully represented in the secondary data chapters.

1.8 **PURPOSE OF UNDERTAKING A SHMA**

1.9 Boosting the supply of housing is a key national objective in the National Planning Policy Framework. Consequently Local Plans must meet the full, objectively assessed needs for market and affordable housing in the housing market area. The delineation of housing market areas will be crucial, as should a District not be able to accommodate its own housing need within its administrative boundaries (perhaps due to environmental or infrastructure constraints) then the new Planning regime anticipates that neighbouring authorities within the same housing market area should accommodate the shortfall. The previous Regional Planning system identified a number of housing sub-regions; however, these may no longer be appropriate or practicable to take forward.

1.10 It is essential that local authorities achieve a good understanding of the local housing market to be able to ensure that housing is built that the community really needs and to bring about positive outcomes. The National Planning Policy Framework at paragraph 159 confirms that a Strategic Housing Market Assessment remains a key evidence document to inform sound plan production for future planning and balancing housing markets.

1.11 **SHMA METHODOLOGY**

1.12 The primary research was undertaken using a postal self-completion survey, with the district divided into ten sub-areas. A web completion option, via Survey Monkey, was also available. Publicity was given to the project both in Breckland Voice, and on the Breckland Council website. Considerable time was invested into ensuring the survey was as accessible and user

friendly as possible, whilst still obtaining the required data. Return postage was paid.

1.13 The questionnaire was sent to a 20% sample of households within Breckland, selected at random. The sample was stratified to ensure balance between areas – this ensured that 20% of every village received a questionnaire. A satisfactory and statistically significant number of responses were received from all ten sub-areas.

1.14 The Housing Market Assessment has been primarily produced in-house. An external contractor was used to carry out data validation and inputting, which is the most labour-intensive part of the process. Informal mentoring support was also given by several organisations, who have received acknowledgement in the report. Fundamentally, the draft document has been produced on a wholly new dataset. This includes both the primary and secondary data, as the analytical work fortuitously coincided with the release of 2011 Census data.

1.15 **THE EXISTING HOUSING MARKET IN BRECKLAND**

1.16 Breckland has seen an increase in population close to the national average between 2001 and 2011, with a rise of 7.5%. It has a higher mean age than The East of England, or England; however the average age is slightly lower than seen in the wider study area. Breckland residents are also more likely to be married than average. Both Breckland and the wider study area are ethnically homogenous areas, with over 90% of residents describing themselves as White British, compared to 80% nationally; however Breckland has one of the highest Gypsy and Traveller populations, as a proportion of total population, in the country.

1.17 Economically, recent years have seen low growth but also low interest rates. Breckland has an average level of employment and self employment, with higher than average levels of retired people, and lower than average unemployment and student population. However, the predominant economic groups in Breckland are lower paying groups such as agriculture, process operatives, and elementary occupations. There are lower than average levels of IT workers, financial services professionals, and other higher paying industries. The average income in Breckland was £21,000, although the average by area varied from £16,000 to £26,000. The average level of savings in Breckland was £12,000, and the average level of equity was £105,000.

1.18 Breckland had a slightly smaller social housing sector than seen in the wider study area – it was also smaller than seen in the region, or nationally. Breckland residents are more likely to own their home, and particularly more likely to own it outright – i.e. without a mortgage. Properties in Breckland are typically detached or semi-detached homes, with fewer terraces than regionally or nationally, and a great deal fewer flats. However, Breckland has a high percentage of dwellings in Council Tax bands A-C. Within Breckland's social housing stock, the predominant dwelling type was 3-bed houses, with 2-bed houses and 2-bed bungalows also prominent.

1.19 Breckland's housing market showed considerable variance in the costs of purchasing a property – the cheapest areas averaged £133 per week at the lowest quartile (top end of entry level), with the costliest at £203 per week. The more expensive areas tended to be in the east of the district. However, Breckland was more affordable than parts of the wider study area – North Norfolk and Broadland have large areas costing over £209 per week at the lowest quartile. Private rental costs in Breckland are slightly in excess of the cost of a lower quartile purchase, and a Homebuy purchase is cheaper than either. Breckland prices have fallen since their peak of £154 per week in 2008, and currently sit around the £147 per week mark, having recovered somewhat over the past couple of years. Affordability in Breckland is slightly worse – although only very marginally so – than in the wider study area, and very similar to those seen in the East of England.

1.20 Overcrowding is at a low level across all tenures in Breckland, and a particularly low level in

owner-occupation. Under-occupying, conversely, is at low levels in rented property, but nearly half of owner-occupied homes are under-occupied, with owners aged 55-64 most likely to under-occupy. Depending on the area, the average property in Breckland changes hands once every 20-50 years, with Mid-Forest having the lowest turnover – once every 51 years. By contrast, housing association properties change hands once every 13-14 years on average.

1.21 THE FUTURE HOUSING MARKET IN BRECKLAND

1.22 Breckland's population is projected to rise by another 9.5% by 2021 according to the Office for National Statistics. The East of England forecasting model shows a 10-11% rise by 2021, and a 19-21% rise by 2031, depending on which of their three models is used. Significant growth is also predicted for the sub-area from both sources. On household population, the Department for Communities and Local Government forecasting model predicts a rise of 6,000 households between 2011 and 2021, with steady increases throughout that period. This would lead to building around 850 properties per year. By contrast, the East of England forecasting model expects a rise of around 700 households per year on their most pessimistic model, rising to 760 if the most optimistic model is used. The most significant growth area will be in the elderly population, with a 29% rise forecast in the population aged over 65 in the period to 2021. For those aged over 85, the prediction is for a 44% rise.

1.23 Economic forecasts show an improving picture, with predictions of rising economic growth and earnings, and falling unemployment and inflation. However, the East of England forecasting model's most pessimistic forecast predicts a net loss of jobs in the years up to 2021, and minimal growth up to 2031. However, the most optimistic forecast shows significant growth of 350-450 jobs per year. At the same time, Breckland currently has one of the lowest GVA levels, a measure of what the occupants of an area add to the national economy. This is predicted to rise slowly over the next 20 years, and at a slower rate than seen in the wider study area, or the East of England. Breckland's main industries are predicted to remain retail, health and care, and construction, as they are now.

1.24 The forecasting tool 'How Many Homes' provides projections of what size of market housing will be required in the future, projected up to 2033. Currently, they project that 652 homes per year will be required across Breckland. Around 15-20 of these are projected to be bedsit or 1-bedroom, although it should be noted that this projection was last updated before the recent welfare changes. 78-158 homes are projected to be 2-bedroom, and 159-180 3-bedroom. A further 155-203 homes would be either large 2-beds or small 3-beds. 4-bed homes would account for a further 68-126 homes per year, and 5+ bedroom homes 64-132 homes per year. The differences are accounted for by variances in the prediction of people wishing to downsize, or alternatively, people wanting larger homes if economic circumstances improve.

1.25 Reliable predictions for the housing market and affordability are difficult to come by. The consensus among those brave enough seems to be for steady, rather than spectacular, growth, with minimal changes in affordability.

1.26 HOUSING NEED

1.27 Via a lengthy set of calculations specified in the CLG methodology, the need for affordable housing in Breckland is calculated. This involves taking into account the gross need, including homeless, overcrowded and concealed households. An estimate is also made of future housing need over the next five years, and a calculation made of what proportion will be able to meet their own needs in the market. Account is also taken of existing households who may fall into need.

1.28 Consideration is then given to the supply of affordable housing to meet the identified need, deducting surplus stock and demolitions, but including net new affordable units. Account is also

taken of needs by size, and choices within the market. When the calculations are completed, this shows an annual need of 398 units of affordable housing over the next five years. The table below shows the net need by size of property, and by sub-area. It can be seen that there exists a net need for all sizes of accommodation, in all areas, although the need is very marginal in certain rural sub-areas.

Property size	Net need for size of property
1 bed	53
2 bed	31
3 bed	26
4 bed	148
5+ bed	97

Sub-area	Net need in sub-area
Attleborough	61
Dereham	59
Swaffham	36
Thetford	25
Watton	13
Rural North West	2
Rural South West	1
Rural South East	77
Rural North East	66
Central	53

INITIAL ISSUES FOR THE LOCAL PLAN

- 1.29 The SHMA will form an important element of the evidence base for the Local Plan, alongside the employment growth studies and other housing evidence material also being produced as part of the Local Plan review.
- 1.30 The emerging SHMA highlights key issues for the Council to consider and will be used to inform the review of housing policy in Breckland on a range of issues, most notably mix, size and type of housing, housing density, local affordability, and the needs of particular groups. Policy options will be developed in the first instance through the Local Plan Working Group, and incorporated into the emerging Local Plan issues and options consultation document in Spring 2014.
- 1.31 Initial outputs for the Breckland SHMA demonstrate that a strong need for housing remains in Breckland. There exists, and is forecast to remain, an ongoing need for both market and affordable housing. This is for a variety of reasons – the principal reasons are net inward migration, inadequate housing accommodation and a backlog of delivery in housing supply.
- 1.32 Breckland shares a number of housing market characteristics with surrounding authorities, referred to in the document as the ‘wider study area’. This may give some choices over future housing delivery and this raises issues under the new Duty to Cooperate. However, it is manifestly clear that a rising population will fuel a need for further housing delivery, across the district. Within this growth, there is a marked increase in the population aged over 85, which creates issues around the provision of specialist housing, and the under-occupation of existing stock.
- 1.33 The use of housing development to support economic growth is an area for further work, including the recently commissioned Employment Growth Study. The indication at the time of preparing the SHMA is that the dominant economic sectors in Breckland are likely to decline, with economic growth strongest around the city hubs – particularly Norwich and Cambridge.

This may create housing issues and pressures for outward commuting at the eastern and south-western edges of the Breckland district respectively.

- 1.34 As outlined elsewhere in this report the need for affordable housing remains strong, including a need for 398 net new additional affordable housing units per annum, which is a satisfactory level to justify a 40-45% affordable housing requirement in Local Plan policy. Again, the evidence is felt sufficient to justify a split of 65% social rented, and 35% intermediate or shared equity, although there is scope to vary these figures a few percent either way, if the market is felt to justify it. However, the findings of the HMA will need to be tested as part of the wider viability work on the new Local Plan. Delivery of this level of housing will also need to look at new opportunities, which should include exceptions sites with a proportion of cross-subsiding market housing.
- 1.35 In accordance with the requirement of the NPPF to objectively assess the full housing needs of the area, including the demand for self-build, the work on the SHMA has shown that there is a reasonable interest in self-build. The ability to deliver on self-build is limited and it is not considered necessary to have a specific policy or allocation for self-build in the Local Plan. The scale of demand may be met by amendments to settlement boundaries to allow for windfall development or specific 'trial' sites on public sector land. This aspect will be monitored.
- 1.36 There is a clear need for specialist forms of housing, in particular for housing with care and older people's accommodation given the significant predicted rise in the Breckland population aged over 85. This accommodation will need to be viable for CIL; and also to have the potential to free up significant numbers of existing stock. Policy guidance will need to be developed for planning, including requirements on Lifetime Homes.

2. OPTIONS

2.1 Do Nothing

2.2 Not publishing an up-to-date SHMA and using it to develop the housing numbers and associated housing policies in the Local Plan will place the Plan at significant risk of being found unsound. Delays in publishing an up-to-date SHMA will have implications for the Local Plan timetable.

2.3 Consider how the SHMA findings will influence housing numbers and policy in the emerging Local Plan

2.4 It is recommended that the Overview and Scrutiny Commission agrees the content of this report which sets out the proposed approach, outputs and reporting for the latest SHMA, and permits it to continue through the committee cycle towards adoption by Full Council.

3. REASONS FOR RECOMMENDATION

3.1 It is recommended that the Overview and Scrutiny Commission agrees the report and considers the emerging implications arising from the draft SHMA for the Local Plan. The Rural East Anglia Partnership SHMA of 2006 (updated in 2010) needs to be replaced. In order that the Local Plan is robust and can stand up to scrutiny, it needs to be based on robust housing market and needs information, which is also required to support planning decisions.

4. EXPECTED BENEFITS

4.1 The expected benefits are set out in the report. The lack of up to date information could open up the future Local Plan to scrutiny and challenge. Robust and housing needs data is also urgently required to support the planning function and ensure that the Council can maximise the delivery of affordable housing and negotiate an appropriate mix of house sizes and tenures.

5.0 IMPLICATIONS

- a. **Legal:** The proposed recommendations minimise the legislative risks associated with doing nothing. An up-to-date SHMA will reduce the risk of the Local Plan being found unsound and will support robust planning decisions.
- b. **Risks:** The proposed recommendations minimise the legal, financial and process risks associated with doing nothing.
- c. **Financial:** The proposed recommendations respond to the need to have an up-to-date SHMA to inform the Local Plan as required by the NPPF. Failure to publish an up-to-date SHMA would expose the Council to significant abortive costs should the Local Plan be found unsound. A lack of up-to-date evidence and policy framework also increases the risk of planning appeals and associated costs.
- d. **Timescales:** Subject to comments by the various committees, the proposed programme is as follows:

CMT 24th June 2013

Portfolio Brief 8th July 2013

Overview and Scrutiny 18th July 2013

Cabinet & LPWG both 30th July 2013

Full Council 5th September 2013

This will accord with the Council's agreed timetable for the production of the Local Plan and consultation in Spring 2014.

- e. **Equality and Diversity:** The SHMA seeks to provide advice on the total housing needs across the District and addresses housing requirements for specific communities. The SHMA refers to the demographics for Gypsies and Travellers however this will be the subject of more detailed work in the Gypsy and Traveller Accommodation Assessment, which is presently underway.
- f. **Stakeholders / Consultation:** The SHMA methodology includes direct questionnaires to a statistically robust sample of the Breckland population. The work on the SHMA was notified to residents via Breckland Voice. Consultation was subsequently undertaken with all town and parish councils, all Breckland elected members and MPs. In addition, a wide variety of partner agencies, other local authorities, and key stakeholders were consulted. In total, consultation was undertaken with around 200 bodies or individuals. Changes were made to the document based on the comments received. The SHMA will also be published when the Local Plan is consulted on.
- g. **Contracts:** No implications.
- h. **Section 17, Crime & Disorder Act 1998:** No implications.

6. **WARDS/COMMUNITIES AFFECTED:** All wards.

Background papers:-

Strategic Housing Market Assessments – Practice Guidance Version 2 (CLG, 2007)

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Director/Officer who will be attending the Meeting:

David Spencer, Deputy Planning Manager, Breckland Council
James Heaton, Housing Enabling Officer, Breckland Council

Key Decision – No

Appendices attached to this report:

Appendix A - Final SHMA document