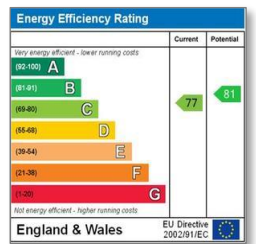




Greater Norwich Local Housing Needs Assessment

June 2021





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Executive Summary

Summary of key findings and conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by the Greater Norwich local authorities to prepare a Local Housing Needs Assessment. The study covers the area of Broadland District Council, Norwich City Council and South Norfolk District Council. The authorities wanted to understand more about the nature and make-up of current and future housing needs across Greater Norwich through all stages of life.

Government Policy

2. The Government published the original National Planning Policy Framework (the Original NPPF) in 2012¹. A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019² to incorporate a number of detailed changes. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.
3. The 2019 NPPF requires local planning authorities to inform strategic policy making with a local housing needs assessment. The Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure, which in turn is set by a Standard Method formula issued by MHCLG. As of December 2020, this gives a figure of 1,972 dwellings per annum for Greater Norwich. In addition, the LHNA explores the size, type and tenure of housing needed for a range of different groups in the community.

Establishing Current Unmet Need for Affordable Housing

4. To assess the current need for affordable housing, we initially calculated the number of households in Greater Norwich who are not suitably housed and who are unable to afford market housing. These include; all households that are currently homeless, those who currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in social or private rent, and people otherwise not counted who are in a reasonable preference category on the housing register.
5. Based on a detailed review of both the past trends and current estimates, our analysis has concluded that 2,476 households are currently living in unsuitable housing and are unable to afford their own housing across the three local authority areas. Of these households, 1,144 currently occupy affordable housing that does not meet the current householders’ needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

¹ [\[ARCHIVED CONTENT\] National Planning Policy Framework - Guidance - GOV.UK \(nationalarchives.gov.uk\)](#)

² [Title \(publishing.service.gov.uk\)](#)

6. There is, therefore, a net affordable housing need of 1,332 households (2,476 less 1,144 = 1,332). However, depending on property types and size of households in need, a higher number of new homes may be needed to ensure there is no overcrowding.

Future Need for Affordable Housing

7. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership.
8. The following table (Figure 1) summarises the overall impact for those who cannot afford market rents of:
- » new households adding to housing need,
 - » the households no longer present reducing housing need and
 - » the changes in circumstances impacting existing households.

Figure 1: Annual components of Household Growth 2018-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
BROADLAND				
Newly forming households	1,126	950	176	16%
Households migrating into the area	2,717	2,367	350	13%
All new households	3,842	3,316	526	14%
NORWICH				
Newly forming households	2,033	1,464	569	28%
Households migrating into the area	4,987	3,456	1,531	31%
All new households	7,020	4,920	2,100	30%
SOUTH NORFOLK				
Newly forming households	1,206	961	245	20%
Households migrating into the area	3,317	2,780	537	16%
All new households	4,524	3,741	782	17%
GREATER NORWICH				
Newly forming households	4,365	3,375	990	23%
Households migrating into the area	11,021	8,603	2,418	22%
All new households	15,386	11,977	3,408	22%

9. The ORS Model identifies 4,365 new households projected to form in Greater Norwich each year, of which 23% will be unable to afford their housing costs. This amounts to 990 households each year with the highest number of these being in Norwich.
10. The model also considers new households migrating to the area. The projection is for 11,021 households per annum of which 22% (2,418 households) will be unable to afford their housing costs.
11. **This results in a total of 3,408 new households in need of affordable housing.**

Needs of Households Aspiring to Homeownership

12. The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey³ suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
13. Based on an analysis of English Housing Survey and Greater Norwich level household data, we can estimate that there is a total of around 13,000 households currently resident in Greater Norwich who cannot afford to own their own home but would aspire to do so. 58% of these households are aged 15-34 with (74%) aged under 45.
14. In addition to the current need, it is also important to consider new households that are projected to form over the period 2018-2038. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 8,800 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 21,800 households who aspire to homeownership but who cannot afford to buy their own home over the period 2018-38, a net annual need of 1,090 per year.**
15. Figure 2 brings together the information on assessing the unmet need for affordable housing in 2018 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2018-38. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

³ [English Housing Survey - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Figure 2: Assessing total need for affordable housing 2018-2038 (Source: ORS Housing Model)

	Affordable Housing Need		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to home ownership	
BROADLAND			
Current housing need in 2018	243	2,677	2,920
Future housing need 2018-38	1,050	1,517	2,567
TOTAL HOUSING NEED	1,293	4,195	5,488
NORWICH			
Current housing need in 2018	699	6,977	7,676
Future housing need 2018-38	2,554	5,532	8,086
TOTAL HOUSING NEED	3,253	12,509	15,762
SOUTH NORFOLK			
Current housing need in 2018	390	3,342	3,732
Future housing need 2018-38	2,254	1,759	4,013
TOTAL HOUSING NEED	2,644	5,101	7,745
GREATER NORWICH			
Current housing need in 2018	1,332	12,996	14,328
Future housing need 2018-38	5,858	8,808	14,666
TOTAL HOUSING NEED	7,190	21,805	28,995

16. Neither the NPPF or PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided.
17. Given this context, we assessed affordability for households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent, those households with income that would be insufficient to afford 60% of newbuild prices at the lower quartile for the local area, and those households with savings of less than £5,000. After all these households have been discounted from the 21,805 previously identified there were only 2,817 households who:
 - » Aspire to homeownership but cannot afford to purchase on the open market;
 - » Have incomes sufficient to afford a property at 60% of market value;
 - » Have at least £5,000 in savings.

18. Figure 3 provides a breakdown of the total affordable housing on this basis.

Figure 3: Overall need for Affordable Housing 2018-38, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need		Planned Affordable Housing (Households)
	Households unable to afford	Households aspiring to home ownership	
BROADLAND			
1 bedroom	40	68	108
2 bedrooms	558	168	726
3 bedrooms	553	259	812
4+ bedrooms	142	54	196
TOTAL HOUSING NEED	1,293	549	1,842
NORWICH			
1 bedroom	450	496	946
2 bedrooms	948	579	1,527
3 bedrooms	1,402	450	1,852
4+ bedrooms	453	84	537
TOTAL HOUSING NEED	3,253	1,609	4,862
SOUTH NORFOLK			
1 bedroom	288	61	349
2 bedrooms	1,057	221	1,278
3 bedrooms	1,084	307	1,391
4+ bedrooms	215	70	285
TOTAL HOUSING NEED	2,644	659	3,303
GREATER NORWICH			
1 bedroom	778	625	1,403
2 bedrooms	2,563	968	3,531
3 bedrooms	3,039	1,016	4,055
4+ bedrooms	810	208	1,018
TOTAL HOUSING NEED	7,190	2,817	10,007

19. The LHNA therefore identifies an overall affordable housing need from 10,007 households over the 20-year period 2018-38 (500 per annum). This includes the needs from all households unable to afford to rent or own market housing and for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access an affordable homeownership product.

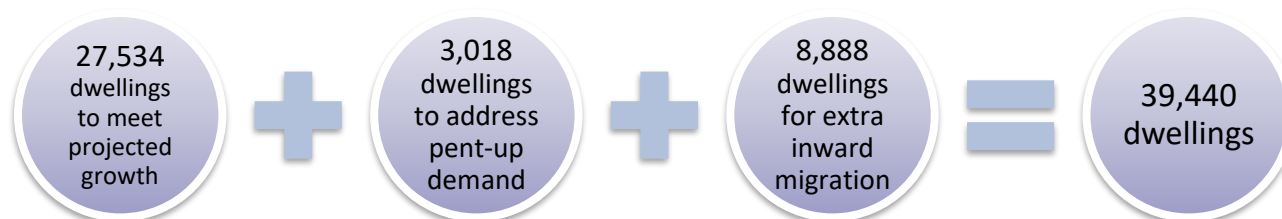
Local Housing Need

20. Using the process set out in the Planning Practice Guidance “Housing and economic needs assessment” (MHCLG⁴ – updated December 2020) the minimum annual Local Housing Need (LHN) figure for 2021 can be calculated to be 1,972 dwellings per annum for Greater Norwich.

⁴ [Housing and economic needs assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/92444/housing-and-economic-needs-assessment.pdf)

21. Until this point, we have been reporting household, not dwelling need. The local housing need of 1,972 dwellings per annum translates to 39,440 dwellings (1,972 x 20) across the twenty-year period. However, this is more than is needed to accommodate the projected population in Greater Norwich. This additional need is potentially made up from two elements:

- » Enabling more households to form⁵ (from the pent-up housing demand) = 3,018 dwellings;
- » Enabling more net inward migration⁶ = 8,888 dwellings.



22. Some of the 11,906 (3,018 + 8,888) extra dwellings to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers is calculated below.

Figure 4: Extra households beyond projected in Greater Norwich (LHN scenario): Affordable homeownership housing mix by household affordability 2020-2035 (Source: ORS Housing Model)

Greater Norwich 2018-38	All households aspiring to home ownership	Households able to afford market home ownership	Households aspire to home ownership but cannot afford to buy	MINUS households unable to afford 60% of newbuild LQ	Households able to afford 60% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	243	48	195	86	109	65	44
2 bedrooms	569	104	466	180	285	220	66
3 bedrooms	551	52	499	234	266	198	67
4+ bedrooms	112	6	106	65	41	28	14
TOTAL	1,476	210	1,265	565	701	510	191

23. Figure 4 shows that dwellings suitable for 191 extra households are needed to accommodate those that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold.
24. Figure 5 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 3,. Note that the 892 C2 dwellings is the result of applying the market vacancy rate the modelled growth in institutional households within the population projections. There is no assumption that this need must be provided as Class C2 dwellings.

⁵ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

⁶ Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration

Figure 5: Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Greater Norwich (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

GREATER NORWICH		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	730	61	682	1,473	958	2,431
	2+ bedrooms	683	140	414	1,237	1,464	2,701
House	1-2 bedrooms	1,429	501	637	2,567	3,638	6,205
	3 bedrooms	2,043	901	1,101	4,046	15,800	19,846
	4 bedrooms	465	186	183	834	5,101	5,935
	5+ bedrooms	117	46	42	205	1,226	1,430
DWELLINGS		5,467	1,835	3,058	10,360	28,188	38,548
C2 Dwellings						892	892
LHN		5,467	1,835	3,058	10,360	29,080	39,440

25. This current study has an affordable housing need figure of 518 dwellings per annum which is 26.3% of the overall need before the impact of right to buy/acquire and demolitions are considered. If we were to add the current rate of right to buy sales in Norwich of 152 units per annum and assume that these continue, the overall need for new affordable housing would rise to 670 per annum, or 34% of the total.

1. Introducing the Study

Background to the project

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by the Greater Norwich local authorities to prepare a Local Housing Needs Assessment. The study covers the area of Broadland District Council, Norwich City Council and South Norfolk District Council. The authorities wanted to understand more about the nature and make-up of current and future housing needs across Greater Norwich through all stages of life.
- 1.2 This study was primarily addressed by the use, and interrogation of, secondary data including population projections, house prices and local incomes. It also builds upon the work undertaken by ORS in the Central Norfolk Strategic Housing Market Assessment 2017.
- 1.3 This work adheres to the requirements of the new National Planning Policy Framework (NPPF) published in July 2018 (and updated in February 2019) and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment.
- 1.4 Within this report, reporting levels are primarily at the local authority and Greater Norwich (Broadland, Norwich and South Norfolk combined) level. Where Greater Norwich is referenced, it refers to that level of reporting. Where local authorities are referenced, reporting is at the local authority area.
- 1.5 The study also includes three other areas identified as part consultation for the Greater Norwich Local Plan (GNLP) 2018-38. These are:
 - » **Norwich Urban Area (NUA)** – a policy area which includes the whole of Norwich and those parts of Broadland and South Norfolk which are adjacent to Norwich. These include the Broadland parishes of Drayton, Hellesdon, Old Catton, Sprowston, Rackheath, Taverham, and Thorpe St. Andrew, and the South Norfolk parishes of Colney, Costessey, Cringleford, Easton and Trowse;
 - » **Rural Broadland**– the area of Broadland which is outside of the Norwich Urban Area.
 - » **Rural South Norfolk** –the area of South Norfolk which is outside of the Norwich Urban Area.

2. Government Policy

An overview of the National Planning Policy Framework

Summary

- 2.1 This report, and the recommendations within it, have been completed in accordance with the current Government policy. This is informed by the revised National Planning Policy Framework(NPPF) published in February 2019, and the associated Planning Practice Guidance (PPG).
- 2.2 The Government prescribed standard methodology has been used as the basis for this analysis. This determines some key factors including:
- » 2014-based household projections and affordability data are used as the basis for assessing need
 - » The standard method identifies a minimum number of homes – local authorities can set a higher number as part of their strategic planning
 - » The definition of affordable housing need now includes those who can afford market rent but have aspirations to buy and cannot afford to do so.
- 2.3 The remainder of this chapter provides more detail on Government Policy, the NPPF and the interpretation of policy.

Introduction

- 2.4 The Government published the National Planning Policy Framework(the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 2.5 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *“the full, objectively assessed needs for market and affordable housing in the housing market area”*. The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they *“should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”*.
- 2.6 A revised version of the National Planning Policy Framework(the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *“Government response to the technical consultation on updates to national planning policy and guidance”*.
- 2.7 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 60 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes

the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.

- 2.8 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the Revised NPPF, Paragraph 60 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].
- 2.9 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 2.10 Under the Original NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn't afford to do so. However, the latest PPG states that assessments must now include the needs of *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

The Standard Method for Local Housing Need Assessment

- 2.11 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need”*, but allowed for adjustment based on local factors: *“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.”* Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 2.12 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF⁷, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

- » [The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;](#)
- » [While, deviation from this starting point can be considered, the consultation proposals note that; *There should be very limited grounds for adopting an alternative method which results in a lower need;* and](#)

⁷ [Planning for the right homes in the right places: consultation proposals - GOV.UK \(www.gov.uk\)](#)

» The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

- 2.13 CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.
- 2.14 The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

When might it be appropriate to plan for a higher housing need figure than the standard method?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

PPG Reference ID: 2a-010-20190220

- 2.15 PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate. This assessment is produced in line with this approach. The housing need figure may change as the inputs are variable, it may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes while reviewing local plans.

Changes to the Standard Method

- 2.16 Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:
- » New affordability data released each year;
 - » New 2016-based and 2018 based sub-national population projections (SNPP); and
 - » New 2016-based and 2018 based household projections.
- 2.17 The national housing need produced using these new data is lower than previous estimates, falling short of the Governments stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the standard method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”⁸.
- 2.18 At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and*
- » *3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

- 2.19 The “**Government response to the technical consultation on updates to national planning policy and guidance**”⁹ was published on 19 February 2019. Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.
- 2.20 On this basis, it would appear that any deviation from the standard methodology should only be considered if exceptional circumstances can be demonstrated. Nevertheless, the revisions to PPG [ID 2a-015-20190220] clarify that an alternative approach that identifies a need higher than using the standard method will be considered sound, providing that it adequately reflects current and future demographic trends and market signals, given that it will have exceeded the minimum starting point. Any figure lower than that identified using the standard method will need to be justified through exceptional local circumstances.

⁸ [Technical consultation on updates to national planning policy and guidance \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/771111/technical_consultation_on_updates_to_national_planning_policy_and_guidance.pdf)

⁹ [Title \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/771111/government_response_to_the_technical_consultation_on_updates_to_national_planning_policy_and_guidance.pdf)

2.21 The Government's response goes on to say:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establishing a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government's aspirations for the housing market.

A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

- 2.22 The end of the 18-month period was August 2020 and at this point the Government consulted on a new standard method for LHN, but decided to leave the existing method in place.
- 2.23 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based and 2018-based projections, as stated in the consultation. However, the Government has also made it clear that the existence of the lower 2016-based and now 2018-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.
- 2.24 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections and continued in the 2018-based projections, the 2016-based and 2018-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.
- 2.25 This report therefore follows the standard method, using 2014-based household projections as the minimum LHN, before exploring the size, type and tenure of housing needed for the community.

Assessing Housing Needs

- 2.26 The Revised NPPF no longer requires local planning authorities to produce an SHMA to establish housing need for HMAs, but instead requires local planning authorities:

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) the agreed approach contributes to the objective of creating mixed and balanced communities

National Planning Policy Framework, February 2019

- ^{2.27} The new NPPF does not contain any explicit reference to SHMAs and housing needs are to be established at a local authority level. However, a Housing Needs Assessment must now be prepared which will establish a minimum Local Housing Need (LHN) figure using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the Housing Needs Assessment will need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the Original NPPF identified.

3. Local Housing Market

Housing trends and cost of housing in Greater Norwich

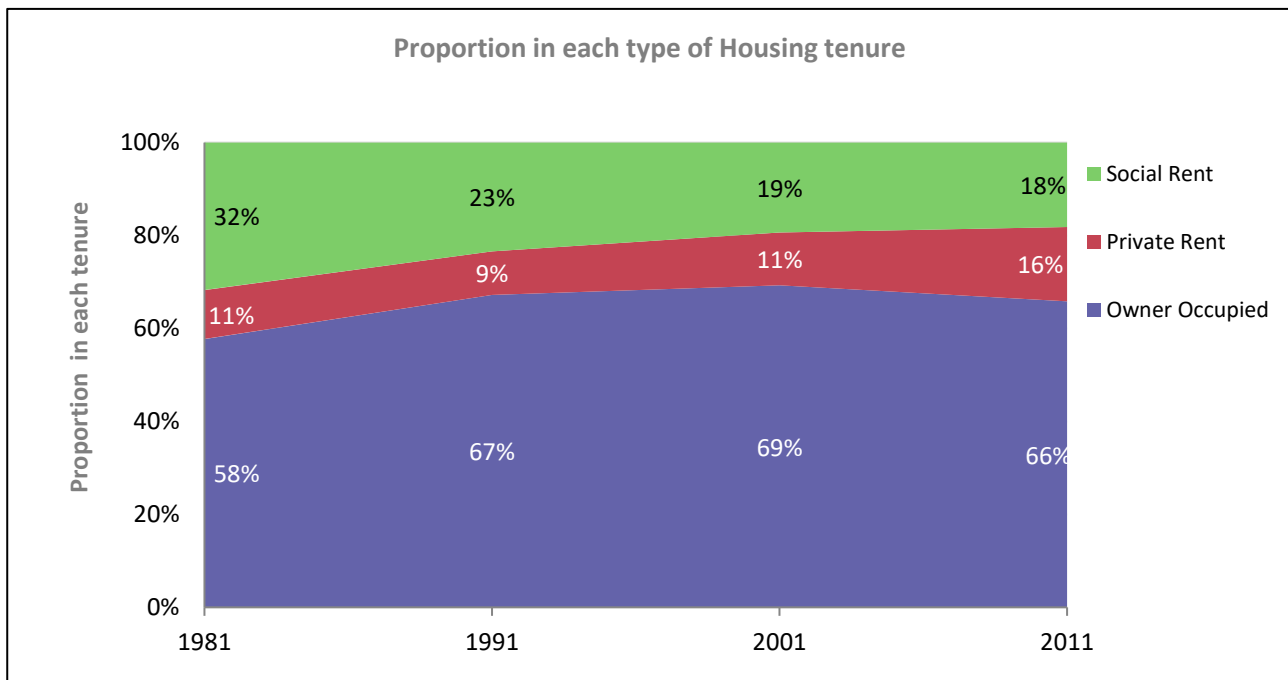
Introduction

- 3.1 This chapter explores the cost of housing in Greater Norwich and the incomes needed to rent or buy at market prices.
- 3.2 It highlights the potential income gaps and identify where and how people may fall into affordable housing need. This includes consideration of social and affordable rent and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies.

Housing Tenure Trends

- 3.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years.
- 3.4 The chart below shows how the most notable change has been the decline in the proportion of people in social rent across Greater Norwich, this has fallen during the period (from 32% to 18%). In contrast, private rent has seen a small growth. Between 1981 and 1991 there was a strong growth in owner occupiers, partly as a consequence of the introduction of right to buy policies. This peaked at 69% and is now falling slightly.

Figure 6: Housing tenure trends in Greater Norwich (1981 – 2011). Source: UK Census of Population



- 3.5 During the same period the actual volume of housing in Greater Norwich has risen from 116,500 to 166,500 households. Importantly, the volume of households in social rent has fallen from 36,938 to 30,234 households whilst other forms of tenure have increased in volume.

3.6 The table below provides the detailed data for the period.

Figure 7: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)

	Number of Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
BROADLAND							
Owner occupied	27,136	34,110	41,537	42,647	+6,974	+7,427	+1,110
Private rent	3,291	3,305	4,330	6,122	+14	+1,025	+1,792
Social rent	4,473	3,989	4,142	4,567	-484	+153	+425
TOTAL	34,900	41,404	50,009	53,336	+6,504	+8,605	+3,327
NORWICH							
Owner occupied	16,947	24,694	26,715	26,875	+7,747	+2,021	+160
Private rent	5,121	5,592	8,100	13,742	+471	+2,508	+5,642
Social rent	25,650	21,923	19,769	19,702	-3,727	-2,154	-67
TOTAL	47,718	52,209	54,584	60,319	+4,491	+2,375	+5,735
SOUTH NORFOLK							
Owner occupied	23,170	31,571	36,525	40,092	+8,401	+4,954	+3,567
Private rent	3,860	3,620	4,770	6,752	-240	+1,150	+1,982
Social rent	6,815	5,588	5,312	5,965	-1,227	-276	+653
TOTAL	33,845	40,779	46,607	52,809	+6,934	+5,828	+6,202
GREATER NORWICH							
Owner occupied	67,253	90,375	104,777	109,614	+23,122	+14,402	+4,837
Private rent	12,272	12,517	17,200	26,616	+245	+4,683	+9,416
Social rent	36,938	31,500	29,223	30,234	-5,438	-2,277	+1,011
TOTAL	+116,463	+134,392	+151,200	+166,464	+17,929	+16,808	+15,264

3.7 The growth in the private rented sector (PRS) in Greater Norwich is consistent with national trends, with the English Housing Survey (EHS) 2016-17 identifying 20% (4.7 million) households renting from a private landlord, much higher than the 13% recorded 10 years ago in 2006-07. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 29% buying with a mortgage, 19% private renting, and 16% social renting.

3.8 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

Planning Practice Guidance, ID 67-002-20190722

- 3.9 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices;
 - » Pensions reform: pension drawdowns invested in BTL property.
- 3.10 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032.¹⁰ On this basis, the number of households renting privately could double again over the next twenty years.
- 3.11 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.
- 3.12 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)¹¹:
- “The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating.” (paragraphs 4.152-154)*
- 3.13 The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 3.14 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply¹² (including the Build to Rent investment scheme¹³). The Government published *“Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities”* in March 2015¹⁴, and the Foreword by the Minister stated:

¹⁰ <http://news.rla.org.uk/rpi-rent-revolution/>

¹¹ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

¹² <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

¹³ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

“The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue.”

- 3.15 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property. The private rented sector makes an important contribution towards providing affordable housing options
- 3.16 It is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 3.17 The Housing and Planning Act 2016¹⁵ contains proposals to further the Government’s policy of encouraging home ownership through promoting Starter Homes. These Starter Homes are intended to provide affordable housing for first time buyers. Data from the English Housing Survey (discussed at Figure 41 and Figure 42 of this report) shows that many households residing in the private rented sector across the whole of England aspire to home ownership and if affordable Starter Homes could be provided for this group it would, potentially, reduce the size of the private rented sector.
- 3.18 However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes¹⁶.
- 3.19 The consultation for First Homes ran from February to May 2020 with a response from MHCLG published in April 2021 and indicates that they will be newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher. Planning Practice Guidance for First Homes was issued in May 2021 and will come into effect in June 2021, but there will be a 6 month transition period for Local Plans about to be submitted for examination such as that for Greater Norwich. First Homes will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will not own more than 70% of the property. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 3.20 There are many households residing in the private rented sector in Greater Norwich who aspire to home ownership and if affordable First Homes be provided for this group it would, potentially, reduce the size of the private rented sector. However, the funding for First Homes will be drawn from the same Section 106 funds which help to provide affordable rented homes. Developers would be expected to provide a proportion (minimum of 25%) of all affordable properties on larger new developments as First Homes, and thereby sell these at a discount of at least 30%. The local authority would allocate the sale of these properties through a waiting list of first-time buyers and key workers in the first instance; and the discount (30% or more) remains

¹⁵ [Housing and Planning Act 2016 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2016/24/contents)

¹⁶ <https://www.gov.uk/government/consultations/first-homes>

in perpetuity when the property is sold on the second-hand market. A Ministerial Statement delivered on 24th May 2021¹⁷ suggests that the GNLPA will not need to include provision for First Homes if it published before 28th June 2021 and submitted for Examination before 28th December.

- 3.21 By taking part of the funding for affordable rented across in to the First Homes scheme, this could reduce the supply of social rented or affordable rented homes. If this happens, then young households, for whom First Homes remain out of reach, will have few other options than to enter the private rented sector.

Cost of Renting

- 3.22 When considering renting in Greater Norwich it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Greater Norwich. This includes:

- » Median private rent;
- » Lower quartile private rent;
- » Local Housing Allowance (LHA) for Central Norfolk and Norwich BRMA¹⁸;
- » Affordable rent; based on average rents charged for existing dwellings.

- 3.23 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget. More recent changes introduced in April 2020 have uplifted the LHA rates during the Covid 19 pandemic, but the long-term status of these changes has yet to be confirmed.

- 3.24 Figure 8 sets out the median weekly rents for different property sizes in Greater Norwich together with the local housing allowances and the calculated affordable rent rates. The Central Norfolk and Norwich BRMA covers most of the Greater Norwich area. The small area of Greater Norwich which is excluded is not significant for the figures in Figure 8.

¹⁷ [Affordable Homes - Monday 24 May 2021 - Hansard - UK Parliament](#)

¹⁸ This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

Figure 8: Weekly rent thresholds in Greater Norwich (Source: Valuation Office Agency 2019-20; PRP 2020)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Central Norfolk and Norwich BRMA	Affordable Rent	Social Rent
BROADLAND					
1 bedroom	£126.49	£120.74	£113.92	£91.76	£76.18
2 bedrooms	£155.24	£143.74	£138.08	£108.66	£89.52
3 bedrooms	£178.23	£160.99	£163.40	£125.07	£98.43
4+ bedrooms	£235.73	£206.98	£218.63	£152.54	£112.64
NORWICH					
1 bedroom	£136.84	£120.74	£113.92	£91.49	£75.59
2 bedrooms	£159.84	£146.04	£138.08	£110.36	£88.57
3 bedrooms	£172.48	£155.24	£163.40	£121.76	£97.91
4+ bedrooms	£317.37	£229.98	£218.63	£156.13	£111.11
SOUTH NORFOLK					
1 bedroom	£126.49	£115.68	£113.92	£94.50	£74.40
2 bedrooms	£154.09	£137.99	£138.08	£110.88	£84.52
3 bedrooms	£182.83	£166.74	£163.40	£127.99	£94.46
4+ bedrooms	£235.73	£205.83	£218.63	£160.41	£109.50

- 3.25 Across all property sizes, the median private rent is higher than the maximum LHA in Greater Norwich.
- 3.26 Affordable rent is generally lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of affordable rent (where they were entitled to do so).
- 3.27 Households claiming out-of-work benefits are subject to a cap of £384 per week for lone parents and couples or £257 per week for single people. This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

Income Needed to Rent Housing

- 3.28 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)¹⁹ stated:

“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their gross household income” (page 42)

¹⁹ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 3.29 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that “care should be taken ... to include only those households who cannot afford to access suitable housing in the market” (ID 2a-024, emphasis added).
- 3.30 The English Housing Survey (EHS) 2015-16²⁰ provides information about the percentage of gross household income that households currently spend on their housing costs²¹:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.
- 3.31 The EHS thus demonstrates that many households, in both private and social rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 3.32 As an example, we can establish the income needed to rent a 1-bedroom property in Norwich in the private rented sector based on a 35% income multiplier:
- » The median weekly rent recorded was £136.84;
 - » Based on a 35% income multiplier, a weekly income of £390.71 would be needed which equates to a gross annual income of £20,400.
- 3.33 To rent the same property based on a 25% income multiplier would increase the gross income required to £28,500 per year whereas households with an annual income of £15,800 per year could afford the rent if 45% of their income was allocated to housing costs.
- 3.34 Figure 9 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent if 35% is spent on housing.

²⁰ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

²¹ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16”

Figure 9: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Greater Norwich (Source: ORS based on Valuation Office Agency data April 2019 to March 2020)

Annual Income £	Private Rent		Affordable Rent (PRP 2020)	Social Rent
	Median	Lower Quartile		
BROADLAND				
1 bedroom	£18,857	£18,000	£13,680	£11,357
2 bedrooms	£21,429	£23,143	£16,199	£13,346
3 bedrooms	£26,571	£24,000	£18,646	£14,674
4+ bedrooms	£35,143	£30,857	£22,741	£16,793
NORWICH				
1 bedroom	£20,400	£18,000	£13,639	£11,269
2 bedrooms	£23,829	£21,771	£16,453	£13,204
3 bedrooms	£25,714	£23,143	£18,152	£14,597
4+ bedrooms	£47,314	£34,286	£23,276	£16,564
SOUTH NORFOLK				
1 bedroom	£18,857	£17,246	£14,088	£11,092
2 bedrooms	£22,971	£20,571	£16,530	£12,600
3 bedrooms	£27,257	£24,857	£19,081	£14,082
4+ bedrooms	£35,143	£30,686	£23,914	£16,324

^{3.35} Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is “*housing that is too expensive compared to disposable income*” that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

^{3.36} Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 41.4% of their net income and would leave £189 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income and would leave £241 per week as disposable income to cover their other living expenses.

^{3.37} We should also consider the differing potential levels of housing benefit:

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.

- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).

- 3.38 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing.
- 3.39 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 10 sets out the incomes for housing benefit eligibility for different types of households.

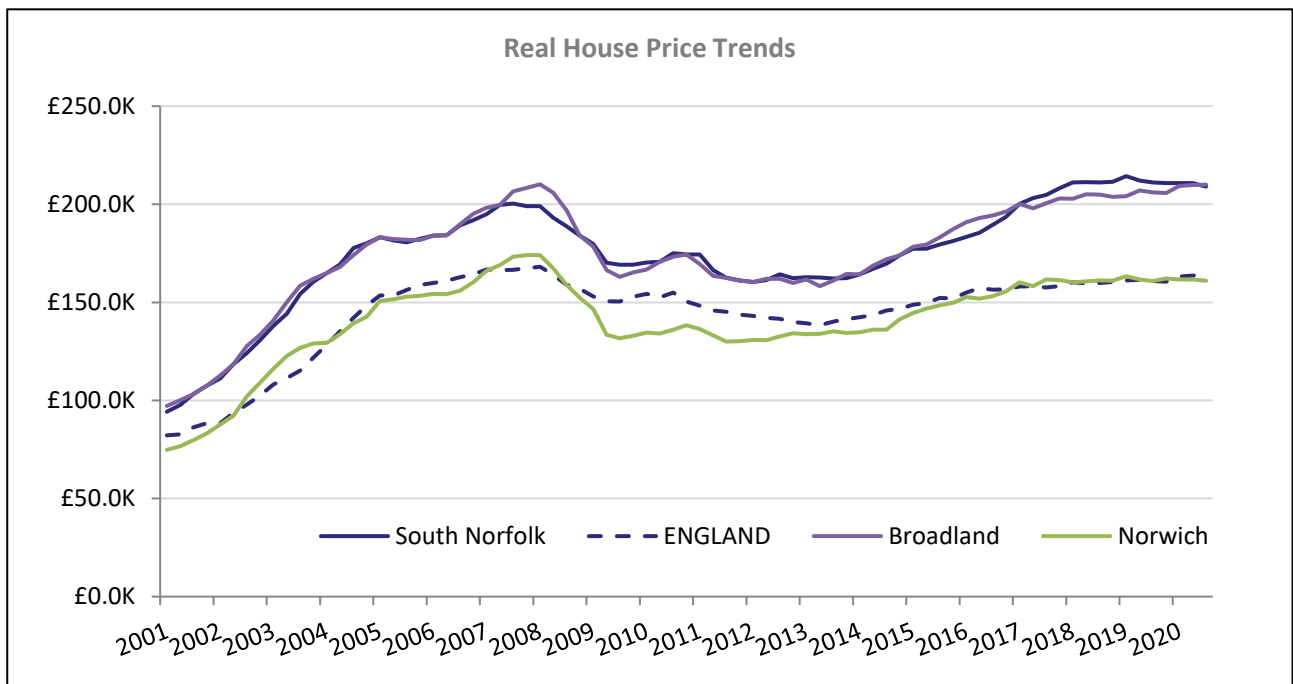
Figure 10: Maximum income for households in receipt of housing benefit support by household type
(Source: ORS based on Department for Work and Pensions data)

		Central Norfolk and Norwich BRMA
ROOM ONLY	Single person aged 16-24	£9,672
	Single person aged 25-34	£10,465
1 BEDROOM PROPERTIES	Single person aged 35+	£12,959
	Couple (both aged under 18)	£13,711
	Couple (one or both aged 18 or over)	£15,138
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£18,389
	Lone parent (aged 18 or over) with 2 children	£21,880
	Couple (aged 18 or over) with 1 child	£20,568
	Couple (aged 18 or over) with 2 children	£24,059

Cost of Home Ownership

- 3.40 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2020) are shown in Figure 11. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 3.41 Real house prices in Norwich have been similar to those in England as a whole, apart from a period in 2010-13 when they were lower. Broadland and South Norfolk have higher house prices, but have mirrored those in England as a whole.

Figure 11: Real House Price Trends: Lower Quartile Prices adjusted to 2020 values using CPI (Source: ONS; Bank of England)



- 3.42 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 12 shows lower quartile house prices in Greater Norwich by bedroom size.
- 3.43 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium, with the difference being most marked in percentage terms for one-bedroom dwellings in Broadland and South Norfolk.

Figure 12: Lower quartile prices (adjusted by CPI) (2018-20) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)

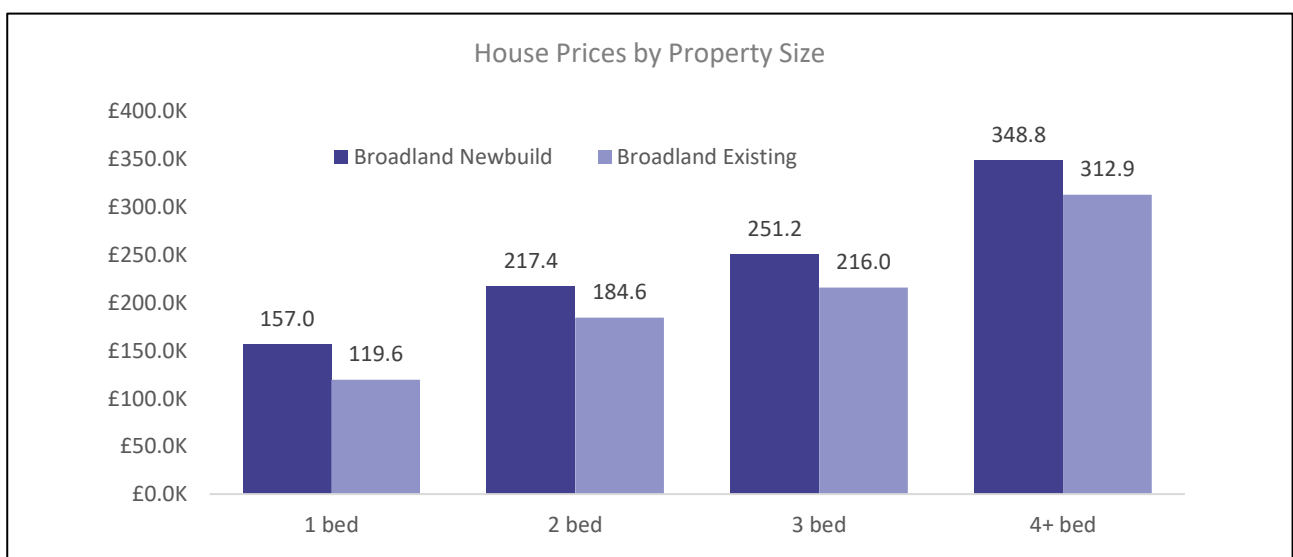


Figure 13: Lower quartile prices (adjusted by CPI) (2018-20) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)

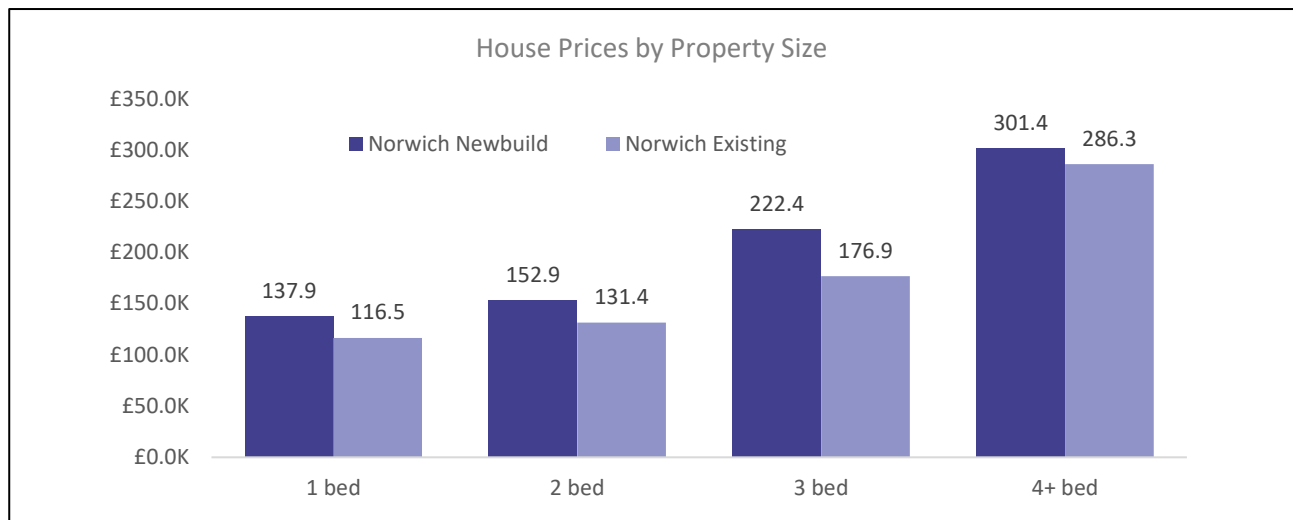
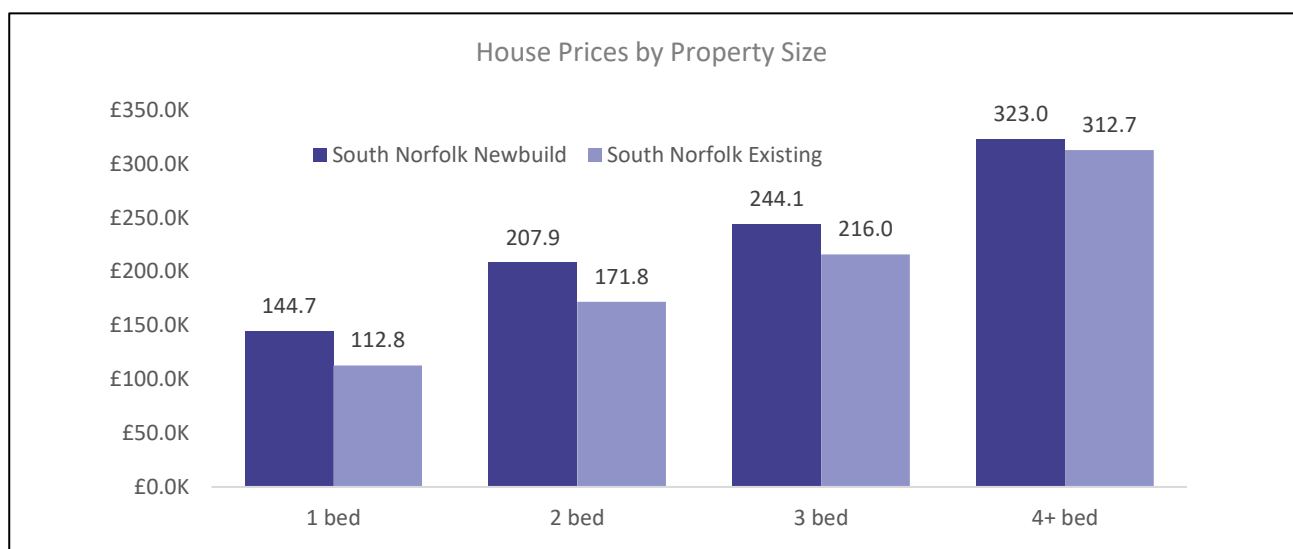


Figure 14: Lower quartile prices (adjusted by CPI) (2018-20) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



- 3.44 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.
- 3.45 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build estates. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

Identifying the Gap for Affordable Home Ownership

- 3.46 The NPPF encourages local authorities to widen opportunities for home ownership.
- 3.47 When identifying the need for Affordable Home Ownership (AHO) including potentially First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand

the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

- 3.48 Figure 15 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Greater Norwich which emphasises that owner occupation is much less affordable than renting.

Figure 15: Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices		Single Bedroom Properties	Two Bedroom Properties
BROADLAND			
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£40,400	£55,900
	Existing dwelling	£30,800	£47,500
Minimum income needed for rent to be less than 35% in Broadland	Median private rent	£18,900	£21,400
	Lower quartile private rent	£18,000	£23,100
	Affordable rent	£13,300	£15,800
	Social rent	£11,500	£13,500
Maximum income for Housing Benefit support in Broadland	Upper end of range	£15,100	£24,100
	Lower end of range	£13,000	£18,400
NORWICH			
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£35,500	£39,300
	Existing dwelling	£30,000	£33,800
Minimum income needed for rent to be less than 35% in Norwich	Median private rent	£20,400	£23,800
	Lower quartile private rent	£18,000	£21,800
	Affordable rent	£13,000	£15,700
	Social rent	£11,400	£13,300
Maximum income for Housing Benefit support in Norwich	Upper end of range	£15,100	£24,100
	Lower end of range	£13,000	£18,400
SOUTH NORFOLK			
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£37,200	£53,500
	Existing dwelling	£29,000	£44,200
Minimum income needed for rent to be less than 35% in South Norfolk	Median private rent	£18,900	£23,000
	Lower quartile private rent	£17,200	£20,600
	Affordable rent	£13,800	£16,400
	Social rent	£11,200	£12,700
Maximum income for Housing Benefit support in South Norfolk	Upper end of range	£15,100	£24,100
	Lower end of range	£13,000	£18,400

- 3.49 There is large income gap in all three local authorities between being able to afford market rent and being able to afford home ownership which, in theory, leaves a large gap for affordable home ownership housing products (AHO's). The gap is even wider for two-bedroom properties.

- 3.50 AHO products need to be aimed at this income gap, recognising that some households who could afford market rent would prefer to own their own home.

Low Cost Home Ownership

- 3.51 A range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership.
- 3.52 Figure 16 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:
- » 40% equity share purchased by the occupier;
 - » 10% of the equity purchased is available as a deposit;
 - » Mortgage costs based on a 30-year repayment mortgage at 4.0% interest;
 - » Rent based on 2.75% of the retained equity paid each year; and
 - » Service charge of £10 per week.
- 3.53 This calculation demonstrates that the weekly costs for shared ownership are lower than the equivalent median private rent for all property sizes except for 4+ bedrooms.

Figure 16: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
BROADLAND							
1 bedroom	£157,000	£62,800	£6,280	£62.68	£49.68	£10.00	£122.37
2 bedrooms	£217,400	£86,960	£8,696	£86.80	£68.79	£10.00	£165.59
3 bedrooms	£251,200	£100,480	£10,048	£100.30	£79.49	£10.00	£189.78
4+ bedrooms	£348,800	£139,520	£13,952	£139.26	£110.37	£10.00	£259.64
NORWICH							
1 bedroom	£137,900	£55,160	£5,516	£55.06	£43.64	£10.00	£108.70
2 bedrooms	£152,900	£61,160	£6,116	£61.05	£48.38	£10.00	£119.43
3 bedrooms	£222,400	£88,960	£8,896	£88.80	£70.38	£10.00	£169.17
4+ bedrooms	£301,400	£120,560	£12,056	£120.34	£95.37	£10.00	£225.71
SOUTH NORFOLK							
1 bedroom	£144,700	£57,880	£5,788	£57.77	£45.79	£10.00	£113.56
2 bedrooms	£207,900	£83,160	£8,316	£83.01	£65.79	£10.00	£158.79
3 bedrooms	£244,100	£97,640	£9,764	£97.46	£77.24	£10.00	£184.70
4+ bedrooms	£323,000	£129,200	£12,920	£128.96	£102.21	£10.00	£241.17

- 3.54 Figure 17 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. This model uses a 4% interest rate for modelling purposes, if rates are lower in the future then shared ownership will be more affordable, conversely higher rates make it less affordable. As can be seen only the lowest equity share on the larger properties proves to be marginally cheaper than paying the median market rent for the same size property.

Figure 17: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	Equity Share				
		10%	20%	30%	40%	50%
BROADLAND						
1 bedroom	£157,000	£100.19	£107.58	£114.97	£122.37	£129.76
2 bedrooms	£217,400	£134.89	£145.13	£155.36	£165.59	£175.83
3 bedrooms	£251,200	£154.31	£166.13	£177.96	£189.78	£201.61
4+ bedrooms	£348,800	£210.38	£226.80	£243.22	£259.64	£276.06
NORWICH						
1 bedroom	£137,900	£89.22	£95.71	£102.20	£108.70	£115.19
2 bedrooms	£152,900	£97.84	£105.04	£112.23	£119.43	£126.63
3 bedrooms	£222,400	£137.76	£148.23	£158.70	£169.17	£179.64
4+ bedrooms	£301,400	£183.15	£197.34	£211.52	£225.71	£239.90
SOUTH NORFOLK						
1 bedroom	£144,700	£74.57	£76.93	£79.29	£81.64	£84.00
2 bedrooms	£207,900	£101.80	£105.15	£108.50	£111.84	£115.19
3 bedrooms	£244,100	£119.28	£123.27	£127.25	£131.24	£135.23
4+ bedrooms	£323,000	£165.27	£170.94	£176.60	£182.27	£187.94

Summary of Housing Costs

^{3.55} This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 18 summarises these costs for each property size (all costs are adjusted to 2020 levels, using the most recent data available).

Figure 18: Comparison of weekly housing costs by property size (Source: Land Registry, VOA 2020. Note: Figures derived using population weighted average of Local Authority data)

	First Homes (70% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (PRP 2020)
BROADLAND					
1 bedroom	£103.14	£122.37	£126.49	£113.92	£91.76
2 bedrooms	£142.82	£165.59	£155.24	£138.08	£108.66
3 bedrooms	£165.02	£189.78	£178.23	£163.40	£125.07
4+ bedrooms	£229.14	£259.64	£235.73	£218.63	£152.54
NORWICH					
1 bedroom	£90.59	£108.70	£136.84	£113.92	£91.49
2 bedrooms	£100.44	£119.43	£159.84	£138.08	£110.36
3 bedrooms	£146.10	£169.17	£172.48	£163.40	£121.76
4+ bedrooms	£198.00	£225.71	£317.37	£218.63	£156.13
SOUTH NORFOLK					
1 bedroom	£95.06	£113.56	£126.49	£113.92	£94.50
2 bedrooms	£136.57	£158.79	£154.09	£138.08	£110.88
3 bedrooms	£160.36	£184.70	£182.83	£163.40	£127.99
4+ bedrooms	£212.19	£241.17	£235.73	£218.63	£160.41

4. Stakeholder Interviews

Introduction

- 4.1 This chapter presents the opinions of stakeholders. In depth video interviews were conducted with:
- » Four developers and land agents: FW Properties, Persimmon Homes, Scott Properties, and Taylor Wimpey.
 - » Five Registered Providers: Broadland, Clarion, Havebury, Orbit, and Saffron.
 - » Two Housing Options teams in Broadlands and South Norfolk, and Norwich
- 4.2 Four other developers and two RPs were unable to take part. These received an email invitation and at least one follow up email.
- 4.3 Interviews took between 30 and 40 minutes and were recorded with the interviewees permission to ensure they are reported accurately. All interviewees agreed for their comments to be reported.
- 4.4 There was a high level of awareness among stakeholders of the Greater Norwich Development Partnership (GNDP) and the Joint Greater Norwich Local Plan.

Summary of Stakeholder Views

- 4.5 Housing development has returned to normal levels after a short hiatus during the first pandemic lockdown. There is a healthy market for different tenures; sale, rent and shared ownership. There is a strong demand for bungalows. Shared ownership is becoming more common among older age groups alongside the traditional young families.
- 4.6 Demand is spread across all age groups with clear demand from young families and first time buyers for housing in the rural areas and flats in Norwich City. Affordability is a problem and consequently there is a need for affordable rented property.
- 4.7 There is mixed evidence about in-migration from urban centres of people looking for a change in lifestyle following lockdown. Some anecdotal evidence suggests there is in-migration, other evidence suggests no more than usual. It is likely this in-migration for a change of lifestyle is likely to be concentrated in older population.
- 4.8 There is some interest from developers in providing self-build plots subject to certain conditions.
- 4.9 There is little interest in First Homes, at least until more detail emerges.
- 4.10 Factors affecting viability for developers and RPs include the price of land, working on rural sites with the implications for infrastructure that entails, and meeting increasingly high standards, such as NDSS and zero carbon.
- 4.11 The balance of opinion was that it is possible, but difficult for GNLP to achieve a balanced housing market of market and affordable for sale and rent.

Scale and type of development

- 4.12 Stakeholders are developing, and managing in the case of RPs, significant number of homes in the Greater Norwich area or Norfolk.

*We've got about two and a half thousand in the area. Norwich is the biggest, about 1,800.
In terms of rented, we've about six and a half thousand, roughly.*

Registered Providers

- 4.13 Following a hiatus around March 2020, development activity has increased, often back to pre-pandemic levels and developers are looking to expand activity in the area over the next year to five years, sometimes "... looking for considerable expansion."

We've got just over 1,200 homes on active sites. We've also recently acquired a big site which is 4,000 homes. The work for that site was done last year.

Developer

- 4.14 RPs have a similar experience of development over the previous year. While some are catching up on delayed developments, RPs are also looking to expand in line with their previous business plans.

*We paused new site development then started tentatively. We paused our Section 106 acquisitions... [because] pretty much all the housebuilders paused their development.
We had a three month delay. We lost about 30 properties which have been pushed into this year.*

Registered Providers

- 4.15 There are some concerns about the risk of a shortage of materials and labour sourced from Europe.
- 4.16 RPs in the area are mostly taking on affordable housing provided through S106 agreements. The picture of in-house development, which includes affordable rent and home ownership along with build for market sale (to cross subsidise) is similar to the general experience; some developments are delayed but they are catching up at the same time as looking to expand in the future. Some RPs are developing Social Rented housing.

Customer needs and aspirations

- 4.17 Developers report that the majority of their customers are looking for three or four bedroom properties. There is also evidence of a strong demand for bungalows and there has been a demand for Help to Buy, suggesting that there could be a market for First Homes in the area. One developer suggested that a preference for three bedroom homes was leading people to skip a step in the housing ladder:

[Three bed properties are popular] People are going and stretching themselves for the largest house they can afford for their first home rather than going for a smaller property. They then cut out an extra move in the future when they don't have to pay the stamp duty.

Developer

- 4.18 Households buy in the area for several reasons; they may be from local families and wish to stay local, or they may have moved in to the area for work or to retire. There are some differences between Norwich City and the rural areas, while there is some cross over in the urban fringe. Reasons for living in the urban fringe are similar to reasons for living in the rural areas; larger family homes and greener surroundings, even if they are not entirely rural. There is mixed evidence around a potential increased in-migration from larger urban areas, but that in-migration may make a larger impact on the established part of the housing market. A large proportion of households moving out of London or other large urban areas after experiencing lockdown during the pandemic are likely to be looking for older houses as part of the change of lifestyle they are seeking:

Sales are brisk. A lot of that is people moving to this area. We might see more people moving here from more urban areas to take advantage of the lifestyle.

Registered Provider

I haven't seen any more [in-migration from urban areas] than normal. A lot of people who are looking to move out of London are probably in a different market to the mass housing market.

Developer

- 4.19 In general, the ideal development site has well-recognised characteristics; being accessible to transport for work and leisure, accessible schools, health and other facilities, and shops. Rural developments may be desirable for other reasons in Norfolk, notably by the fact of being in a rural setting.

The current market

- 4.20 The current market is invariably described as being very strong by developers and, as far as it is relevant, RPs. Both developers and RPs are more optimistic than a year previously, when the Covid infection rates and measures to control the pandemic were increasing. However, the hiatus in development was fairly short - a matter of 1-3 months – and development has largely recovered:

In this area it's a really healthy market. We are not struggling for demand, we are sold out in the later part of this year.

Developer

Open market sale has continued [to be strong]. It doesn't matter what it is, it's selling here at the moment; we have flats for sale and have had five bedroom barns on North Norfolk for sale.

Registered Provider

- 4.21 RPs have a similar experience of development over the previous year. While some are catching up on delayed developments, RPs are also looking to expand, generally at similar rates to before the pandemic.
- 4.22 As outlined in the short profile of customers, the demand is spread across all groups from local first time buyers to in-migrants, though there was little evidence that post-lockdown in-migrants are having a significant effect on the market. There is some suggestion that older people migrating in or back to Norfolk are a larger part of the market and this leads to a demand for bungalows. Some developers are responding to the demand for bungalows, including in villages. It was not possible to quantify this demand from the interviews.

- 4.23 There is clear demand from young families and first time buyers for housing in the rural areas, though it appears that this demand is more likely to be met in the urban fringe (this interim conclusion is yet to be confirmed).
- 4.24 There is a clear demand for flats in Norwich City, including one bedroom for use by the Housing Options team. Stakeholders suggest that there is little demand for flats in rural areas. It is unclear whether there is a demand in the urban fringe. Stakeholders did not express a more detailed view, but it may be that there is higher demand for flats close to the hospital, to UEA and to Norwich Research Park.
- 4.25 There is a demand for supported housing to address needs of some Housing Options clients combined with the well-rehearsed difficulties of where to place such housing and ensuring that support is provided.

Tenures development

- 4.26 In general, RPs spoke more about tenure development than developers did. RPs in the area lean heavily to providing affordable rented and shared ownership housing, with only one interviewed developing homes for market sale to fund the development of affordable housing. There is some development of extra care but little or no sheltered housing being developed.:

We're doing some social rented properties, extra care social rent and older persons shared ownership – leasehold. [But] we've been a little bit cautious of extra care development in the long term view. It's something that we want to focus on, but we've had a lot of vacancies in our current stock and [more] stock coming on board.

Registered Provider

- 4.27 There is high demand for Affordable Rented and shared ownership:

Rented [properties], we let the same day that we complete.

We ran out of shared ownership stock last year – Corona Virus year. We had our best year ever on shared ownership.

Registered Provider

- 4.28 While young families are a key market for shared ownership, the type of households looking for shared ownership may have shifted to include older households:

The last two years, shared ownership has come of age in Norfolk because of affordability. [Customers] are across the board; younger families, divorce issues, endowment policy issues. We're doing some over 55s shared ownership.

Registered Provider

- 4.29 In general developers are building family homes, mostly of three and four bedrooms, though there is a smaller but active level of development of bungalows for older people. No specialist developers of older persons housing were interviewed, but McCarthy Stone are active in building retirement housing in Greater Norwich and have recently completed a scheme in Norwich with planning permission for more dwellings (mainly bungalows) as phase 2 of the site. In addition they have planning permission for 46 flats in Harleston.

- 4.30 No developers have self-build plots on current sites, but there is some interest in providing self build plots with some restrictions, such as a design code and outline design for the exterior. Some are looking to provide plots where there is a proven need, where the plots do not detract from other provision and subject to practical site considerations such as safety:

We are considering a small number where we have delivered the max number of homes permitted and still have land left .

... where there is a proven need and it can be managed in a safe manner, ideally with an independent access

Developers

- 4.31 Developers identified several factors which are necessary to make self-build work; self-builders having access to the required finance and sufficient knowledge along with appropriate planning controls. Conversely, causes of failure were identified as; poor quality work, inadequate experience, neighbour issues, failure to manage Health and Safety, poor quality design and lack of regard to the environment.

- 4.32 One developer noted that self-build schemes can suffer from being focussed on profit rather than providing affordable housing:

People use it as a money making scheme rather than it making houses affordable for people to get on the ladder

Developer

- 4.33 One developer said that *the GNLP's aim to have 5% of all dwellings as self-build/custom is very excessive and should be re-considered.*

- 4.34 Developers are waiting for more detail before committing to First Homes, but there are concerns that First Homes will affect the competitiveness of sites, which suggests that First Homes will impact viability:

[We are not developing First Homes] at the moment. It has been discussed but there isn't a huge level of detail out there. If we were buying the site and the outline planning permission said a proportion had to be First Homes we would be more than willing to [build them]. We wouldn't if we were buying the site on the open market, it makes it less competitive.

Developer

- 4.35 Registered Providers are not looking to be involved in First Homes and are concerned how the tenure will affect the delivery of Affordable Rented and shared ownership:

First Homes; it's discounted market sale and not something we wish to be in because it's got the potential of knocking rented and shared ownership out of Section 106. If we need to fill it we will do it, but it's not a tenure that is [appealing] to us.

Registered Provider

- 4.36 There is some interest in Rent to Buy, but only tentative interest:

We'll probably do some Rent to buy in the future..

Registered Provider

- 4.37 None of the developers or RPs who were interviewed have permissions or land holdings in the area that they are not bringing forward.

Viability

- 4.38 Some developers suggested that the key factor for viability is the price of land and that is one reason making it more difficult to develop in Norwich City. Some said that Norfolk offers opportunities to purchase land for less than in other areas; parts of Cambridgeshire for example.
- 4.39 Other factors affecting viability are well known such as the requirement to provide infrastructure, affordable housing and so on along with the increasing costs of standards such as the NDSS without necessarily getting a return on those costs. One developer noted that the combination of rural locations, infrastructure costs and standards could lead to a reduction in affordable housing:

It's a viable area but there are a couple of challenges. Off the beaten track it can be difficult to attract contractors because there's so much work in easily accessible locations.

A lot of projects in the area have had a lot of infrastructure to make the scheme sustainable and so the amount of affordable has been lower. The cost isn't lower than other areas, but the sales price is less than in Cambridgeshire [for example].

We are seeing the NDSS appear. You're building more property but not getting any more revenue for it. That will affect viability.

Developers

- 4.40 It was suggested that it would be beneficial for local authorities to lobby the Government to apply standards consistently across the Country:

As a house builder, we're geared up to Government standards, when we have to work to local standards it slows us down and it comes with a cost. Local authorities, if they want to raise those standards would be better lobbying Government.

Developer

- 4.41 RPs who develop in-house report that it is increasingly difficult to make developments viable because of several factors including changes to standards such as building regulations and net zero carbon emissions. While RPs generally support the improvement in standards, they inevitably have an effect on cost, and this has the potential to affect the number of homes delivered. Another potential issue is simply land values which may be exacerbated by Government policy encouraging home ownership:

It's becoming less viable. We've got a lot of ground water and other issues, then changes in building regs, then if we're going to get to net zero, it all adds cost. We might have to drop the number we're building to counteract the cost – that may come, it's not definite.

With the focus on home ownership, land owners are expecting land values to increase and that is going to be an issue.

Registered Providers

Achieving a balanced market

- 4.42 The general opinion was that it is possible, though not simple, for the GNDP to develop a balanced housing market of market for sale, PRS, affordable for sale and affordable for rent.
- 4.43 There were some concerns about the effects of Government Policy on achieving a balanced market because of the considerable focus on home ownership over rented accommodation and the reliance on Section 106 to deliver affordable homes. Some RPs noted that home ownership is not affordable for the many local people being on low incomes and the Government focus on increasing home ownership options does not necessarily help low income households:

Government increasing those products is not really helping [low income households]. It's either forcing them to get into home ownership where they don't want to and it's not the best thing for them, or because they're building more home ownership product there is less rented product to go round, and that's one of the biggest barriers for us.

Registered Provider

- 4.44 Developers viewed the GNDP positively, notably finding staff responsive and the processes minimised delays in development.

Other groups

- 4.45 The Housing Options teams along with some RPs stressed that there is a need for housing for vulnerable people such the homeless, people with mental health problems and other. The standard development process fails these groups, though some suitable flats for individual tenancies with support can be provided through RP and market development.

5. Demographic Projections

The baseline for establishing housing need

Introduction

- 5.1 This chapter uses the available population projections for Greater Norwich to explain the predicted growth of households during the plan period.

Official Household Projections

- 5.2 Planning Practice Guidance revised in February 2019 identifies that the 2014-based Household Projections provide the baseline for determining the minimum Local Housing Needs figure.

Why are 2014-based household projections used as the baseline for the standard method?

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.

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- 5.3 The first step in analysing housing needs must therefore be to identify the household projection for Greater Norwich which is used as the basis for this report. Figure 19 sets out a range of the various household projections from both CLG and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach.

Figure 19: Household projections 2021-31 (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

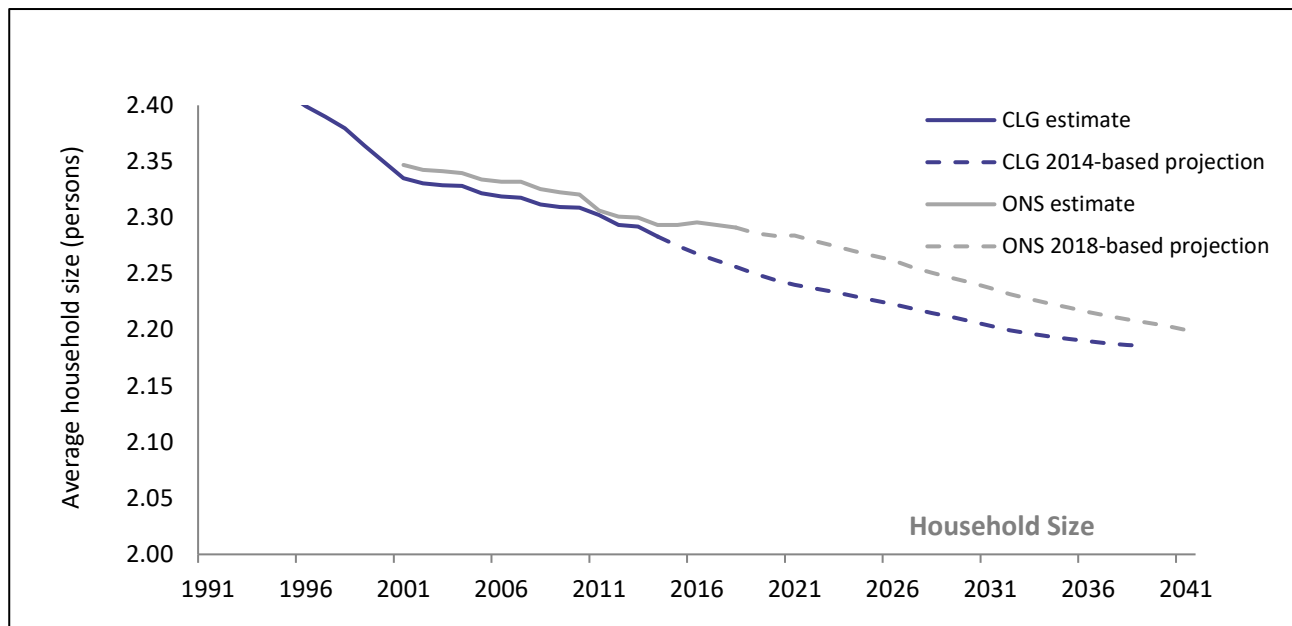
	Migration trends	Change in Households 2021-2031	
		10-year change	Annual average
BROADLAND			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+3,898	+390
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+3,466	+347
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+5,173	+517
10 year migration projection: 2018-based population and ONS 2018-based HH formation	2008-18	+3,437	+344
NORWICH			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+5,056	+506
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+3,586	+359
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+2,981	+298
10 year migration projection: 2018-based population and ONS 2018-based HH formation	2008-18	+3,396	+340
SOUTH NORWICH			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+6,699	+670
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+6,489	+649
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+9,219	+922
10 year migration projection: 2018-based population and ONS 2018-based HH formation	2008-18	+6,546	+655

- 5.4 The 2016 and 2018 based household projections are shown for information only with potential implications for future revisions to the Planning Practice Guidance. We would note that the ONS changed the methodology used for calculating mid-year population estimates in 2016 and it is this data which has been used to underwrite the 2018 based population and household projections. The 2018 based population projection, which underwrite the 2018 based household projections, contain only 2 years' worth of migration data (2016-2018). At a national level they show a slight reduction on the figures in the 2016 based population projections, but at a local authority level the outcome is much more variable. In Greater Norwich, the rate of projected growth in population is much higher in Broadland and South Norfolk in the 2018 based projections than it is in the 2016 based projections, However, the opposite is the case in Norwich where the 2018 based projections show a lower rate of population growth. However, this is driven by only 2 years' worth of data, so across the whole of England we are placing very little weight on the 2018 based population and household projections on their own.

Projected Household Size

- 5.5 The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 20) divides the population in the area by the associated household projection.

Figure 20: Average household size estimates and projections for Greater Norwich for the period 1991-2041 (Source: CLG 2014 based projections; ONS 2016 is 2018-based projections)



- 5.6 As the chart shows, average household sizes have steadily declined and are projected to continue falling in future. This can largely be ascribed to an ageing population, given that older persons tend to live in smaller households (typically single persons or couples without children).
- 5.7 The ONS projection suggests that household sizes will remain larger than previously projected by CLG. This is principally due to household sizes not having declined as quickly in the period 2014-2018 as was projected in the 2014 based household projections.

Population and Household Projections for Affordable Housing Need

- 5.8 Although the LHN figures (discussed in more detail in Chapter 8) are informed by the trend-based household projections, the affordability adjustment means that the LHN figure is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 5.9 Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected using past trends alone. In assessing the appropriate mix of housing, it is necessary to establish demographic projections to align with the number of homes identified by the standard method.
- 5.10 The demographic projections for this LHNA are based on the latest official projections and cover the 20-year period 2018-2038. They are informed by the latest ONS mid-year estimates,²² and take account of the most up-to-date fertility and mortality rates and the latest migration trends. This yields a household growth over the period 2018-2038 of 25,669 households across the three local authorities which is then reconciled with the LHN dwelling figure in Chapter 8.

²² The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

Projected Population Age Profile

5.11 Based upon a projected household growth of 25,669, Figure 21 to Figure 23 Show the age profile of the population in each of the three local authorities in 2018 and 2038. In Broadland, more than 100% of the total net projected population growth is from those aged 65 years or older, with a fall in the number of people in younger age bands. In Norwich and South Norfolk more than 50% of the projected population growth comes from those who are aged 65 years or older This is a particularly important consideration when establishing the types of housing required and the need for housing specifically for older people.

Figure 21: Population projections 2018-38 by 5-year age cohort for Broadland (Source: 2019 MYE adjusted ONS sub-national projections 2018)

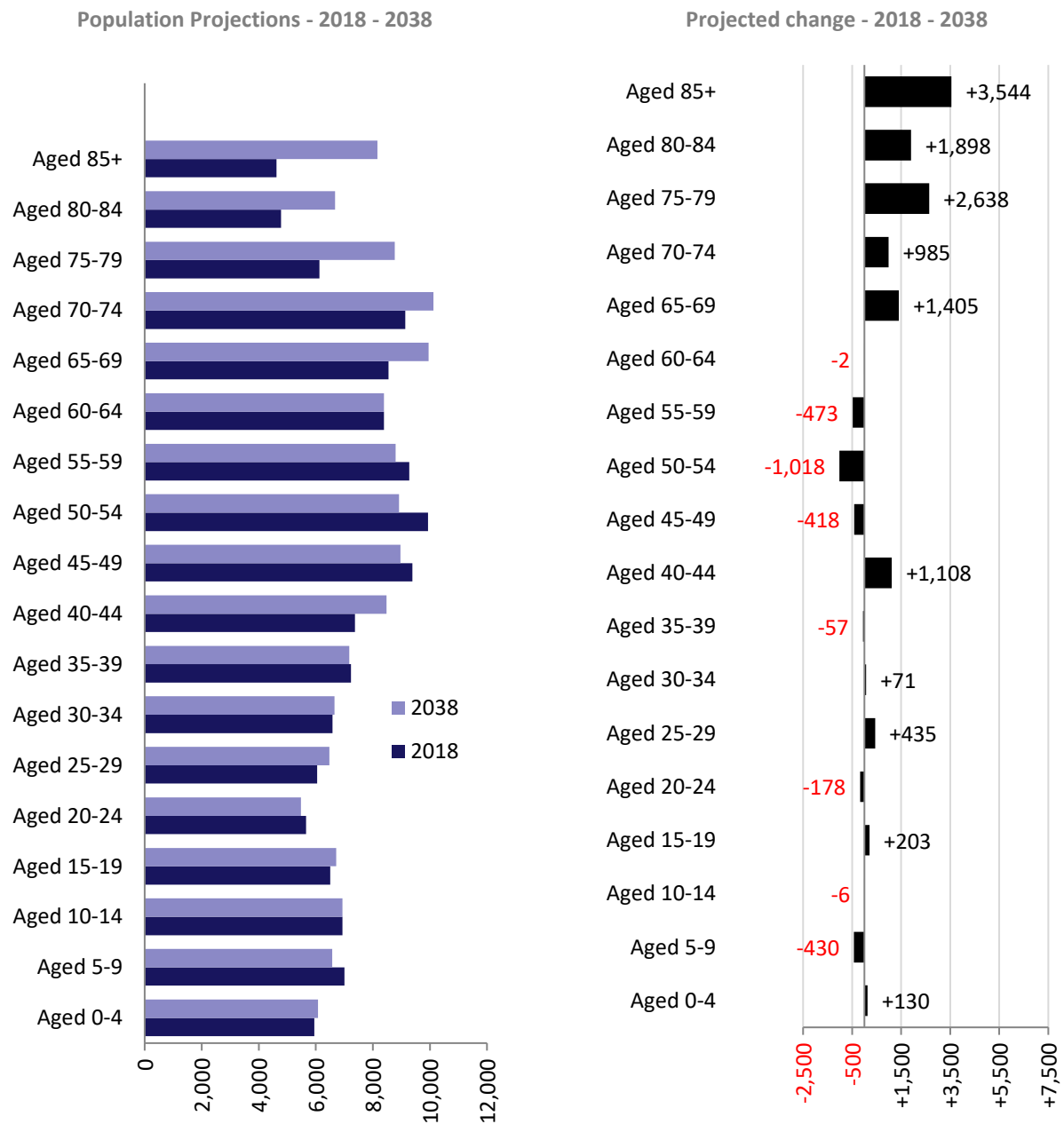


Figure 22: Population projections 2018-38 by 5-year age cohort for Norwich (Source: 2019 MYE adjusted ONS sub-national projections 2018)

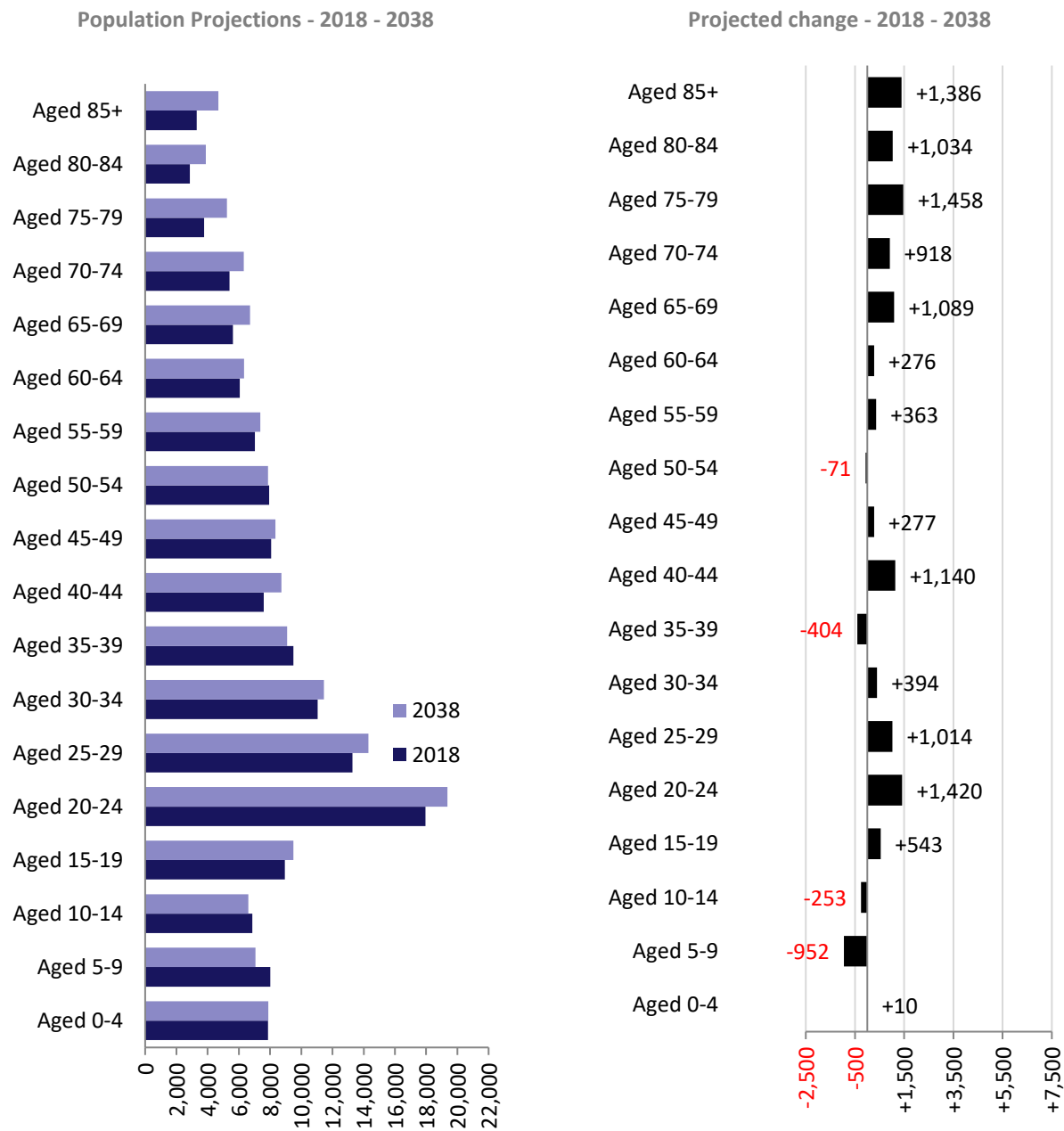
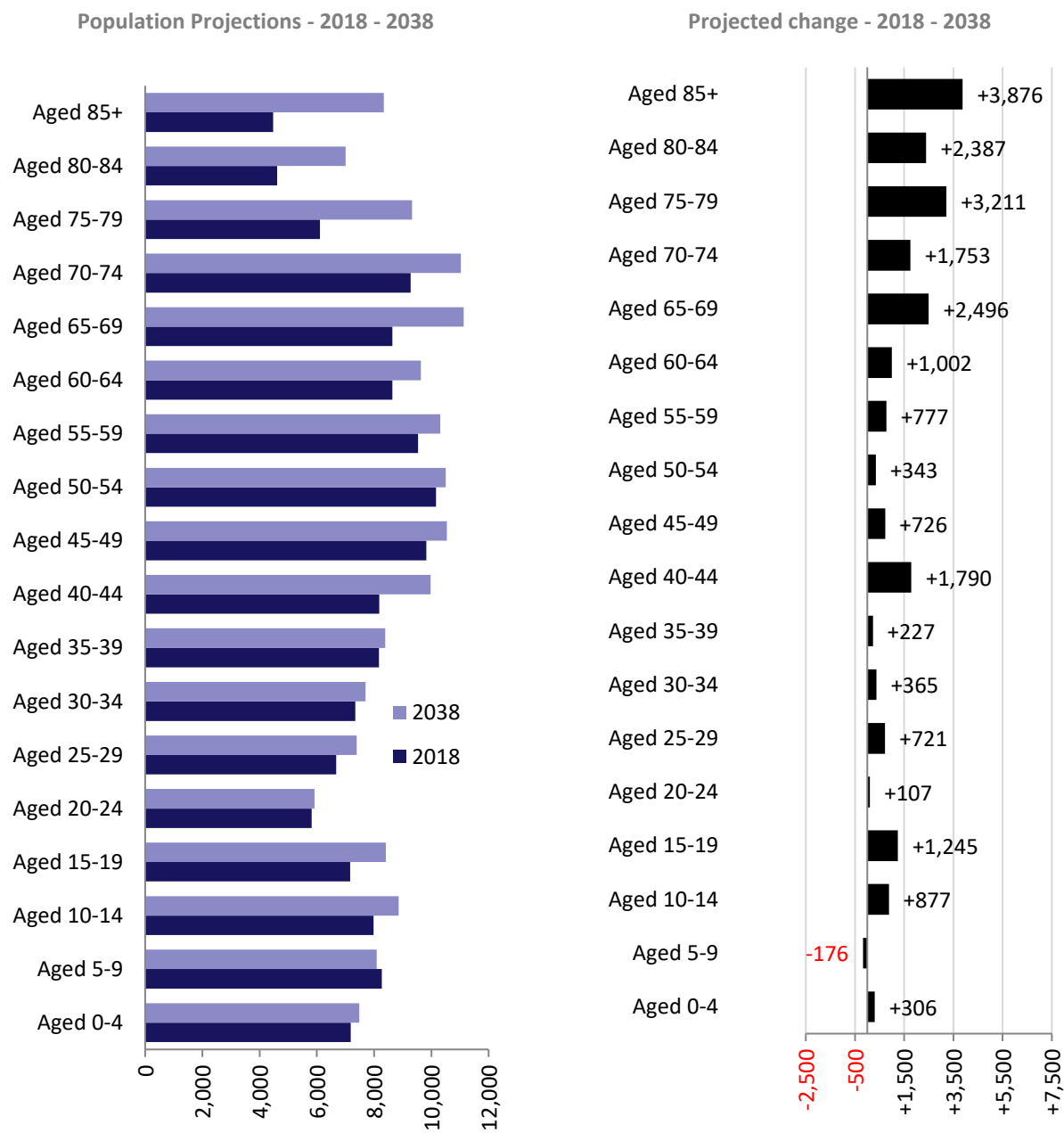


Figure 23: Population projections 2018-38 by 5-year age cohort for South Norfolk (Source: 2019 MYE adjusted ONS sub-national projections 2018)



Household Projections by Age

- 5.12 An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section, figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 24: Total projected households in Greater Norwich for 2018 and 2038 (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
BROADLAND									
2018	900	4,700	7,700	11,300	10,100	10,100	7,700	3,300	55,700
2038	800	4,700	8,300	10,400	9,700	11,300	10,900	5,900	62,200
CHANGE	-100	+100	+600	-800	-300	+1,200	+3,200	+2,600	+6,500
NORWICH									
2018	5,100	12,100	11,000	11,000	8,700	7,100	5,000	2,600	62,600
2038	5,500	12,800	11,700	11,200	9,100	8,300	6,900	3,700	69,300
CHANGE	+300	+700	+700	+200	+500	+1,200	+1,900	+1,100	+6,700
SOUTH NORFOLK									
2018	1,200	5,600	8,700	11,800	10,500	10,100	7,700	3,400	59,000
2038	1,200	6,000	9,900	12,400	11,400	12,300	11,700	6,500	71,500
CHANGE	+0	+400	+1,200	+700	+1,000	+2,200	+4,000	+3,100	+12,500

- 5.13 The table shows an overall increase of 25,700 households over the 20-year period 2018-2038 with 20,500 of this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 20-year period.
- 5.14 It is important to consider household growth in relation to age cohorts. Figure 25 shows the projected number of households in each cohort, showing their age in both 2018 and 2038. Clearly, no household representatives are aged under 5 (in 2018), but children aged under 5 in 2018, or born before 2023, will be aged 15-24 in 2038, and thus will be potentially heads of a household.

Figure 25: Total projected households for 2018 and 2038 by age cohort of household representative (Note: Figures may not sum due to rounding)

Age in 2018	Age of Household Representative								TOTAL
	<5	5-14	15-24	25-34	35-44	45-54	55-64	65+	
Age in 2038	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
BROADLAND									
2018	-	-	900	4,700	7,700	11,300	10,100	21,100	55,700
2038	800	4,700	8,300	10,400	9,700	11,300	10,900	5,900	62,200
CHANGE	+800	+4,700	+7,500	+5,800	+2,100	+100	+900	-15,300	+6,500
NORWICH									
2018	-	-	5,100	12,100	11,000	11,000	8,700	14,700	62,600
2038	5,500	12,800	11,700	11,200	9,100	8,300	6,900	3,700	69,300
CHANGE	+5,500	+12,800	+6,600	-900	-1,900	-2,700	-1,800	-11,000	+6,700
SOUTH NORFOLK									
2018	-	-	1,200	5,600	8,700	11,800	10,500	21,300	59,000
2038	1,200	6,000	9,900	12,400	11,400	12,300	11,700	6,500	71,500
CHANGE	+1,200	+6,000	+8,700	+6,800	+2,700	+500	+1,300	-14,800	+12,500

- 5.15 For example, In Broadland there were 4,700 households aged 25-34 in 2018 and these same households would be aged 45-54 in 2038. The trend-based projection identified that the total number of households aged 45-54 in 2038 would be 10,400. The projection shows, an extra 5,800²³ households: partly due to new household formations and partly due to net migration.
- 5.16 Based on the cohort analysis, around 66,700 extra households will be formed over the 20-year period 2018-38 by those who will be aged under 85 in 2038. These extra households are offset against a reduction of 41,100 households aged 85 or over. Most of this reduction is due to household dissolution following death (although some may be due to net migration).
- 5.17 Whilst the overall volume increase in households is largely due to a growing older population most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

- 5.18 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.
- 5.19 Figure 26 shows the household numbers and net change for Greater Norwich from 2018 to 2038 separated out by the age of the household representative person (HRP).

²³ The 10,400 and 4,700 are rounded; the projection shows an additional 5,800, **not** 5,700 as might be expected at first sight (10,400-4,700=5,700)

Figure 26: Total projected change in households for 2018 and 2038 and change by household type and age of household representative (Note: Figures rounded to nearest 10; total figures rounded to nearest 100. All calculations based on unrounded data. Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
BROADLAND									
Single person	+0	+10	+150	-120	-420	-70	+440	+1,560	+1,600
Couple without children	-100	-190	-560	-1,350	-260	+1,090	+1,570	+840	+1,000
Families with child(ren)	+50	+170	+1,110	+600	+450	+0	+30	+0	+2,400
Other households	-20	+90	-60	+50	-90	+180	+1,180	+180	+1,500
TOTAL	-100	+100	+600	-800	-300	+1,200	+3,200	+2,600	+6,500
NORWICH									
Single person	-360	+390	+470	+560	+230	+210	+930	+810	+3,300
Couple without children	-120	-30	-140	-1,400	-650	+450	+730	+300	-900
Families with child(ren)	-150	-500	+480	+1,300	+640	+120	+130	+60	+2,100
Other households	+960	+790	-120	-220	+250	+470	+100	-50	+2,200
TOTAL	+300	+700	+700	+200	+500	+1,200	+1,900	+1,100	+6,700
SOUTH NORFOLK									
Single person	+70	+80	+90	+70	-90	-40	+260	+2,170	+2,600
Couple without children	-90	-470	-450	-1,010	+440	+2,090	+1,930	+730	+3,200
Families with child(ren)	+20	+800	+1,590	+1,690	+660	+90	+60	+0	+4,900
Other households	+20	+30	-50	-80	+0	+0	+1,730	+160	+1,800
TOTAL CHANGE	+0	+400	+1,200	+700	+1,000	+2,200	+4,000	+3,100	+12,500

5.20 In summary over the 20-year period:

- » Single person households are over 25% of the overall household growth. This includes 6,200 with a household representative aged over 75, while younger households are projected to decline to grow by around 1,300 with this growth concentrated in Norwich;
- » Families with dependent children make up over a third of the overall household growth: an increase of 9,400 households;
- » Couples without dependent children are projected to increase by 3,300 households, but with a fall in Norwich and all the increase occurring with a household representative aged over 65;
- » The increase in "Other" households represents 5,500 households.²⁴

5.21 More than 60% of the household growth is for households of single people or couples aged over 65 suggesting homes meeting older persons requirements are a priority. At this stage we are only considering the growth in households; the need for specialist older persons housing is considered later.

²⁴ Other Households can be defined as: "multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults"

6. Jobs and Workers

Alignment of Future Jobs Growth with Resident Workers

Considering the basis for Adjusting the Local Housing Need

- 6.1 Whilst PPG sets out a standard approach for establishing local housing need [ID 2a-004-20190220], this is a minimum figure and the PPG also provides examples of a number of circumstances where it may be more appropriate to use a higher figure for plan-making [ID 2a-010-20190220].

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

Planning Practice Guidance, ID 2a-010-20190220

- 6.2 The PPG is clear that only in exceptional circumstances should an alternative to the standard method that results in a lower figure should be used [ID 2a-015-20190220]; therefore, preparing plans that have the flexibility within the land supply to deliver a greater number of new homes than the current LHN will help to ensure that fluctuations in the LHN in future years are more likely to be accommodated without changes being needed, given that the housing requirement is only fixed for 2 years from the point at which plans are submitted.
- 6.3 When considering the factors that could justify an uplift to the LHN, one of the most important is ensuring that the number of new homes takes account of changes that are anticipated in the local economy as well as population trends. This section therefore looks at whether a housing number that is higher than the LHN may to be considered, and what alternative figure may be justified for the next steps of plan preparation.

Ultimately, it will be for Greater Norwich to determine the extent of any increase when establishing the housing requirement. This will involve evidence-based judgements over a range of different factors.

Central Norfolk SHMA 2017

- 6.4 The Central Norfolk SHMA 2017²⁵ considered the issue of the balance of jobs and workers in detail. This includes data for the 5 local authorities. This found that the number of available workers would increase by around 42,200 over the 21-year period 2015-36 (without any further reduction in unemployment), equivalent to an average of around 2,010 additional workers each year. Most of this growth was projected to occur in Greater Norwich rather than Breckland or North Norfolk.
- 6.5 However, the study also considered the impact of commuting and people who have more than one job. When these factors were properly considered, the demographic projections would provide 36,300 extra workers locally and that generated a surplus of local workers.
- 6.6 Greater Norwich has a City Deal in place which seeks to achieve a higher rate of growth in the area. At the time of the SHMA this would have generated a shortfall in workers against the higher jobs target and this necessitated a modelled need for more homes. The City Deal has now been in place for some time and the evidence supporting the specific commitments in it is now somewhat dated, so we have not specifically modelled the City Deal generated needs. However, we note both that the current LHN generates an excess of economically active people (see para 6.11) and that the draft GNLP allocates significantly more dwellings than the current LHN, providing further opportunities to support higher jobs growth.

Future Labour Force Growth

- 6.7 For this study we have calculated the additional number of economically active workers who are projected to arise from the population growth associated with the LHN and this produced a figure of an additional 33,675 over the 20-year period as set out in Figure 27. This is the equivalent figure to the 42,200 for the 5 local authorities in Central Norfolk over the period 2015-36 in the Central Norfolk SHMA 2017. The figure was calculated by considering the projected growth in population by age and adjusting the current rates of economic activity in line with those projected by the Office for Budget Responsibility who allow for a growth in projected rates in the future due to changes in the pension age and increases in female participation in the labour market. By 2038 there will be 185,557 workers residing in Greater Norwich including those who commute elsewhere, and 192,194 people working in Greater Norwich including in-commuters.

Figure 27: Economically Active Population Growth 2018-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Economically Active Population Growth
Broadland	5,657
Norwich	12,122
South Norfolk	15,896
Greater Norwich	33,675

- 6.8 For this study, we have assumed that there will be no change in unemployment numbers in Greater Norwich, and we have assumed the same levels of commuting as the Central Norfolk SHMA 2017, which are that 14.6%

²⁵ [Home | Strategic Housing Market Assessment \(north-norfolk.gov.uk\)](#)

of workers living in greater Norwich will out-commute and 17.6% of workers will commute in to Greater Norwich to work. We have also assumed that 4.5% of workers in greater Norwich hold more than one jobs.

- 6.9 On this basis, of the 33,675 additional economically active persons, in Greater Norwich, 14.6% will work elsewhere, which equates to 5,012 persons. This in turn will leave 28,753 persons available to work in the area.
- 6.10 The draft GNLP sets out a target of creating 33,000 additional jobs. For this study we have assumed
- » A double jobbing rate of 4.5%, which would leave 31,515 economically active persons to fill 33,000 jobs;
 - » An in-commuting rate of 17.6%, so this would leave 25,980 locally based workers needed to fill the jobs target;
- 6.11 We have modelled a supply of 28,753 available, hence there is enough supply for the planned target of 33,000 jobs growth over the plan period, will a surplus of 2,773 economically active persons. These workers could help to accommodate a higher rate of jobs growth in Greater Norwich or could be associated with lower rates of in-commuting, so fewer workers need to commute into Greater Norwich.
- 6.12 Therefore, the evidence in this current report is therefore that there has been no significant change in the number of economically active persons projected to be in Greater Norwich over the next 20 years when compared with the Central Norfolk SHMA 2017. Therefore, there is no evidence that there will be a shortfall in the number of available workers to fill future jobs that would require a higher number of dwellings to be provided; based on jobs and workers, there are no economic reasons requiring a greater number of homes in Greater Norwich.

7. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

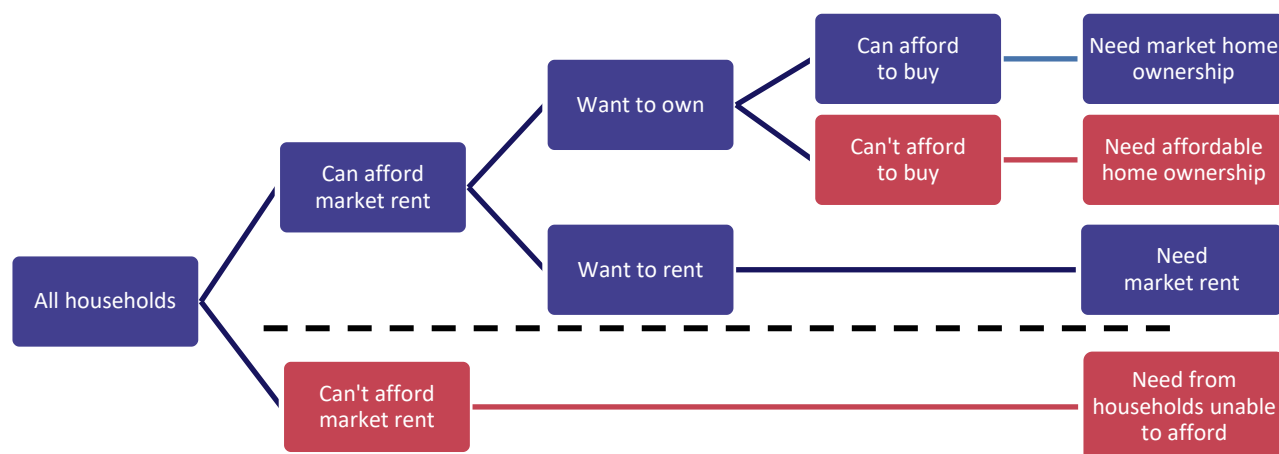
- 7.1 This section represents a technical exercise to comply with the requirements of the NPPF and the PPG. Demographic projections provide the basis for identifying the housing needs for all types of housing, including both market and affordable housing.
- 7.2 The definition of affordable housing was changed by the new National Planning Policy Framework (2018), with a specific emphasis now placed on affordable homeownership. Annex 2 of the Framework now defines affordable housing as being:

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

National Planning Policy Framework 2018, Annex 2

- 7.3 To reflect this change, relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [PPG ID 2a-020-20190220].
- 7.4 The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 28: Establishing the need for market and affordable housing



- 7.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed.

Assessing Affordable Housing Needs

- 7.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 7.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 7.8 The PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 7.9 The affordability percentages for Greater Norwich in Figure 29 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 29: Assessing affordability by household type and age – percentage unable to afford market housing (Source: Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
BROADLAND						
Single person household	25%	9%	13%	16%	15%	15%
Couple family with no dependent children	7%	3%	5%	6%	4%	6%
Couple family with 1 or more dependent children	42%	16%	8%	6%	6%	20%
Lone parent family with 1 or more dependent children	62%	50%	33%	27%	24%	44%
Other household type	31%	10%	17%	13%	11%	6%
NORWICH						
Single person household	40%	26%	37%	41%	45%	50%
Couple family with no dependent children	14%	8%	16%	25%	21%	32%
Couple family with 1 or more dependent children	63%	45%	30%	25%	26%	22%
Lone parent family with 1 or more dependent children	79%	81%	65%	53%	57%	78%
Other household type	9%	11%	29%	38%	33%	30%
SOUTH NORFOLK						
Single person household	33%	14%	16%	18%	16%	23%
Couple family with no dependent children	13%	5%	6%	6%	4%	8%
Couple family with 1 or more dependent children	49%	20%	8%	6%	7%	16%
Lone parent family with 1 or more dependent children	70%	59%	34%	24%	33%	31%
Other household type	20%	17%	19%	15%	13%	10%
GREATER NORWICH						
Single person household	36%	21%	27%	29%	29%	29%
Couple family with no dependent children	13%	6%	11%	10%	8%	12%
Couple family with 1 or more dependent children	56%	28%	14%	11%	13%	20%
Lone parent family with 1 or more dependent children	73%	67%	46%	36%	42%	62%
Other household type	10%	11%	25%	23%	23%	13%

Current Unmet Needs of Households Unable to Afford

^{7.10} Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*

- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (February 2019), ID 2a-020-20190220

- 7.11 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 7.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2018.
- 7.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Greater Norwich.
- 7.14 **Concealed families** are an important part of unmet housing need. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family member, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).
- 7.15 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 7.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.

7.17 Figure 30 to Figure 32 sets out the assessment of current affordable housing need for the three local authority areas:

Figure 30: Assessing current unmet gross need for affordable housing in Broadland (Source: ORS Housing Model)

Broadland	Affordable Housing			Current unmet Housing Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns 2018]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	2		2	2
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	24		24	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	3	3	0	
Households accepted as homeless but without temporary accommodation provided	3		3	3
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	129		129	129
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	85		85	
Households living in overcrowded social rented housing	148	148	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG Local Authority Housing Statistics 2018]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	0	0	0	
People who need to move to a particular locality in the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	0	
TOTAL	394	151	243	134

Figure 31: Assessing current unmet gross need for affordable housing in Norwich (Source: ORS Housing Model)

Norwich	Affordable Housing			Current unmet Housing Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns 2018]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	3		3	3
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	10		10	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	9	9	0	
Households accepted as homeless but without temporary accommodation provided	16		16	16
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	146		146	146
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	332		332	
Households living in overcrowded social rented housing	713	713	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG Local Authority Housing Statistics 2018]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	213	21	192	
People who need to move to a particular locality in the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	0	
TOTAL	1,442	743	699	165

Figure 32: Assessing current unmet gross need for affordable housing in South Norfolk (Source: ORS Housing Model)

South Norfolk	Affordable Housing			Current unmet Housing Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns 2018]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	1		1	1
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	4		4	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	8	8	0	
Households accepted as homeless but without temporary accommodation provided	0		0	0
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	120		120	120
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	100		100	
Households living in overcrowded social rented housing	226	226	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG Local Authority Housing Statistics 2018]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	181	16	165	
People who need to move to a particular locality in the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	0	
TOTAL	640	250	390	121

- 7.18 Based on a detailed review of both the past trends and current estimates, our analysis has concluded that 2,476 households are currently living in unsuitable housing and are unable to afford their own housing across the three local authority areas. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.
- 7.19 Of these households, 1,144 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
- 7.20 There is, therefore, a net affordable housing need of 1,332 households (2,476 less 1,144 = 1,332). However, depending on property types and size of households in need, a higher number of new homes *may* be needed to ensure there is no overcrowding.
- 7.21 Providing the net affordable housing need for 912 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 912 households (1,332 less the 420 households which are homeless or concealed and thus do not release dwellings).

Projected Future Need of Households Unable to Afford

- 7.22 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “*gross annual estimate*” (ID 2a-021) suggesting that “*the total need for affordable housing should be converted into annual flows*” (ID 2a-024).
- 7.23 Figure 33 to Figure 35 show the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 33: Annual change in household numbers in each age cohort by age of HRP in Broadland (Source: ORS Housing Model)

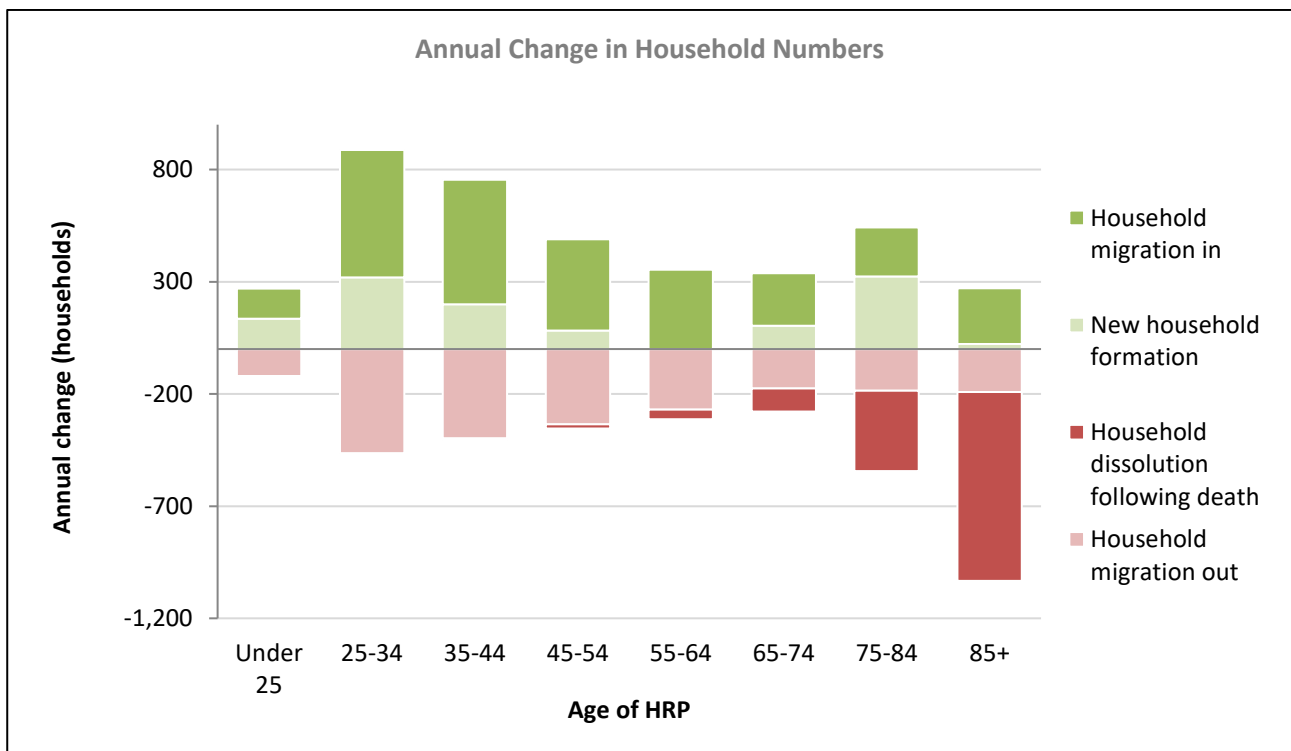


Figure 34: Annual change in household numbers in each age cohort by age of HRP in Norwich (Source: ORS Housing Model)

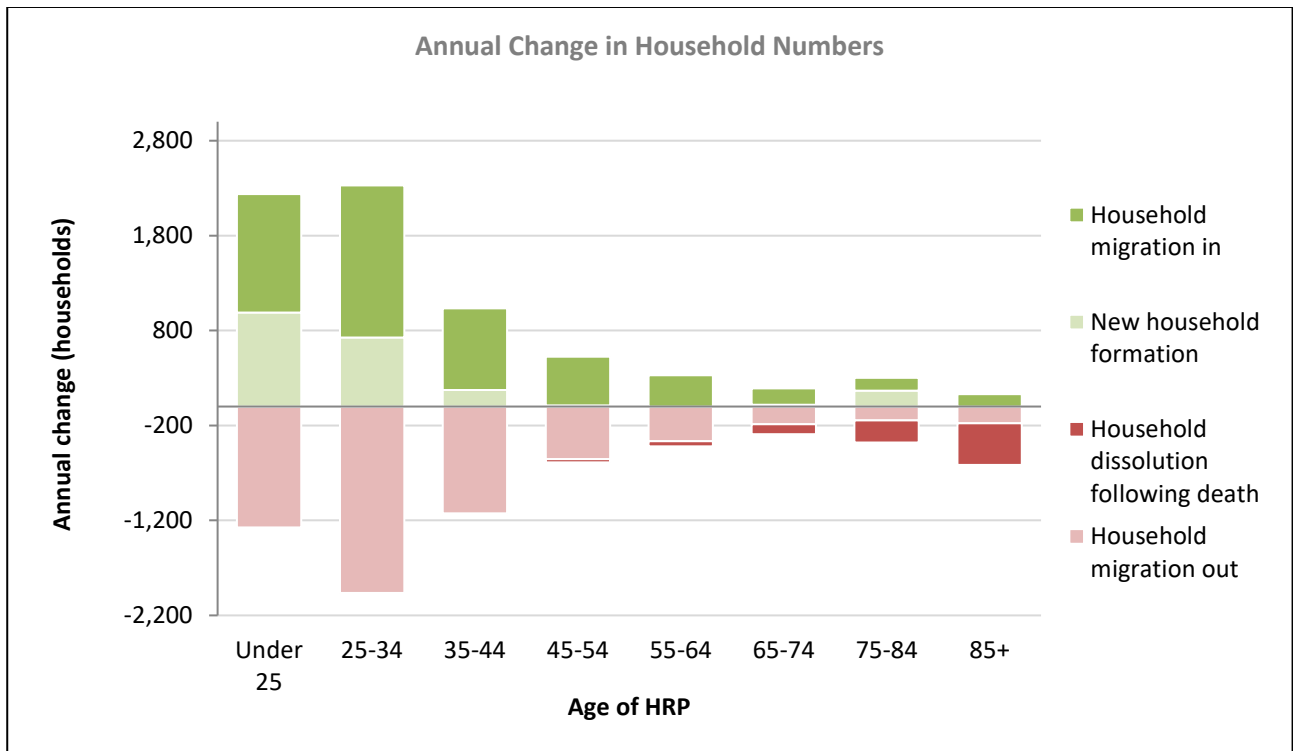
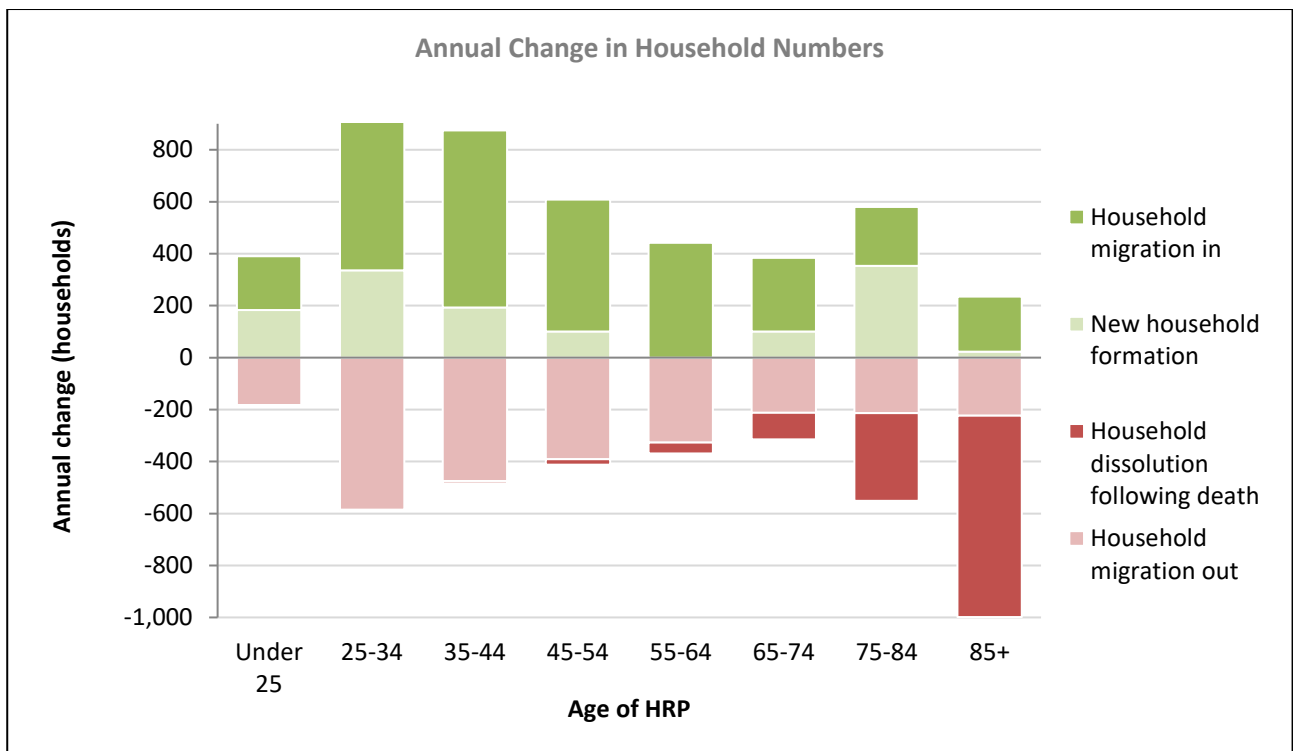


Figure 35: Annual change in household numbers in each age cohort by age of HRP in South Norfolk (Source: ORS Housing Model)



^{7.24} Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of household.

Figure 36: Annual components of Household Growth 2018-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
BROADLAND				
Newly forming households	1,126	950	176	16%
Households migrating into the area	2,717	2,367	350	13%
All new households	3,842	3,316	526	14%
NORWICH				
Newly forming households	2,033	1,464	569	28%
Households migrating into the area	4,987	3,456	1,531	31%
All new households	7,020	4,920	2,100	30%
SOUTH NORFOLK				
Newly forming households	1,206	961	245	20%
Households migrating into the area	3,317	2,780	537	16%
All new households	4,524	3,741	782	17%
GREATER NORWICH				
Newly forming households	4,365	3,375	990	23%
Households migrating into the area	11,021	8,603	2,418	22%
All new households	15,386	11,977	3,408	22%

- 7.25 The ORS Model identifies 4,365 new households projected to form in Greater Norwich each year, of which 23% will be unable to afford their housing costs. This amounts to 990 households each year with the highest number of these being in Norwich.
- 7.26 The model also considers new households migrating to the area. The projection is for 11,021 households per annum of which 22% (2,418 households) will be unable to afford their housing costs.
- 7.27 **This results in a total of 3,408 new households in need of affordable housing.** (Figure 36).

Figure 37: Annual components of Household Growth 2018-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
BROADLAND				
Household dissolutions following death	1,374	1,221	153	11%
Households migrating <u>out</u> of the area	2,143	1,863	280	13%
All households no longer present	3,516	3,084	433	12%
NORWICH				
Household dissolutions following death	891	502	388	44%
Households migrating <u>out</u> of the area	5,797	4,000	1,796	31%
All households no longer present	6,687	4,503	2,185	33%
SOUTH NORFOLK				
Household dissolutions following death	1,290	1,077	213	17%
Households migrating <u>out</u> of the area	2,609	2,178	431	17%
All households no longer present	3,899	3,255	644	17%
GREATER NORWICH				
Household dissolutions following death	3,555	2,800	754	21%
Households migrating out of the area	10,549	8,041	2,507	24%
All households no longer present	14,102	10,842	3,262	23%

- 7.28 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).
- 7.29 The model identifies 3,555 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright however, 754 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing.
- 7.30 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 10,549 households will migrate out of the area each year, including 2,507 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 7.31 **Altogether, there are 3,262 households who will vacate affordable dwellings or will no longer be waiting for a home. (Figure 37).**

Figure 38: Annual components of Household Growth 2018-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
BROADLAND				
Existing households falling into need	-	-105	+105	100%
Existing households climbing out of need	-	+146	-146	0%
Change in existing households	-	+41	-41	-
NORWICH				
Existing households falling into need	-	-462	+462	100%
Existing households climbing out of need	-	+250	-250	0%
Change in existing households	-	-212	+212	-
SOUTH NORFOLK				
Existing households falling into need	-	-171	+171	100%
Existing households climbing out of need	-	+197	-197	0%
Change in existing households	-	+26	-26	-
GREATER NORWICH				
Existing households falling into need	-	-738	738	100
Existing households climbing out of need	-	+593	-593	0
Change in existing households	-	-145	+145	-

7.32 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Greater Norwich will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 738 established households will fall into need in Greater Norwich each year.

7.33 However, established households’ circumstances can also improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

7.34 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 593 households will improve such that they become able to afford their housing costs having previously being unable to afford.

7.35 Therefore, considering the changing needs of existing households overall, **there is a net increase of 145 existing households needing affordable housing each year.** (Figure 38).

7.36 The following table (Figure 39) summarises the overall impact of:

- » new households adding to housing need;

- » the households no longer present reducing housing need; and
- » the changes in circumstances impacting existing households.

Figure 39: Annual components of Household Growth 2018-38 (Source: ORS Housing Model)

		All households	Households able to afford housing costs	Households unable to afford housing costs
BROADLAND				
All new households		3,842	3,316	526
All households no longer present		3,516	3,084	433
Change in existing households		-	+41	-41
Future affordable housing need 2018-38	Annual average	+326	+274	+53
	20-year Total	+6,522	+5,472	+1,050
NORWICH				
All new households		7,020	4,920	2,100
All households no longer present		6,687	4,503	2,185
Change in existing households		-	-212	212
Future affordable housing need 2018-38	Annual average	+333	+205	+128
	20-year Total	+6,657	+4,104	+2,554
SOUTH NORFOLK				
All new households		4,524	3,741	782
All households no longer present		3,899	3,255	644
Change in existing households		-	+26	-26
Future affordable housing need 2018-38	Annual average	+624	+512	+113
	20-year Total	+12,490	+10,235	+2,254
GREATER NORWICH				
All new households		15,386	11,977	3,408
All households no longer present		14,102	10,842	3,262
Change in existing households			-145	145
Future affordable housing need 2018-38	Annual average	1,283	991	294
	20-year Total	25,669	19,811	5,858

^{7.37} Overall reviewing the contribution of each element amounts to an additional 294 households needing affordable housing each year over the 20-year period 2018-38.

Needs of Households Aspiring to Homeownership

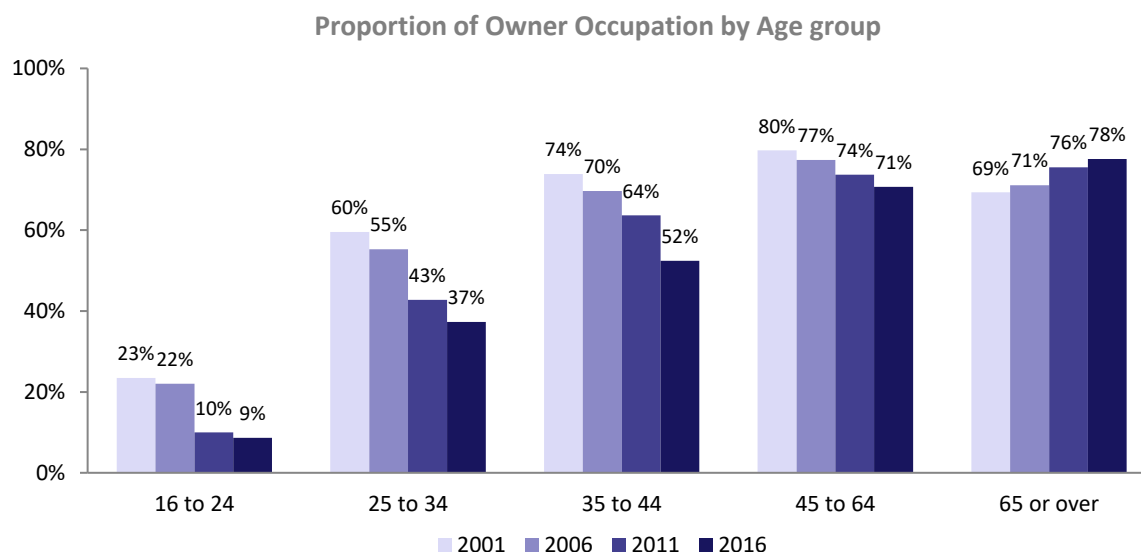
Home Ownership Trends

^{7.38} The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006

to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.

- 7.39 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 40).

Figure 40: Percentage of Owner Occupiers in England by Age Group 2001-2016 (Source: English Housing Survey)



Establishing the number of households aspiring to home ownership

- 7.40 English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to homeownership.

Figure 41: Long-term aspirations (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan				
	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

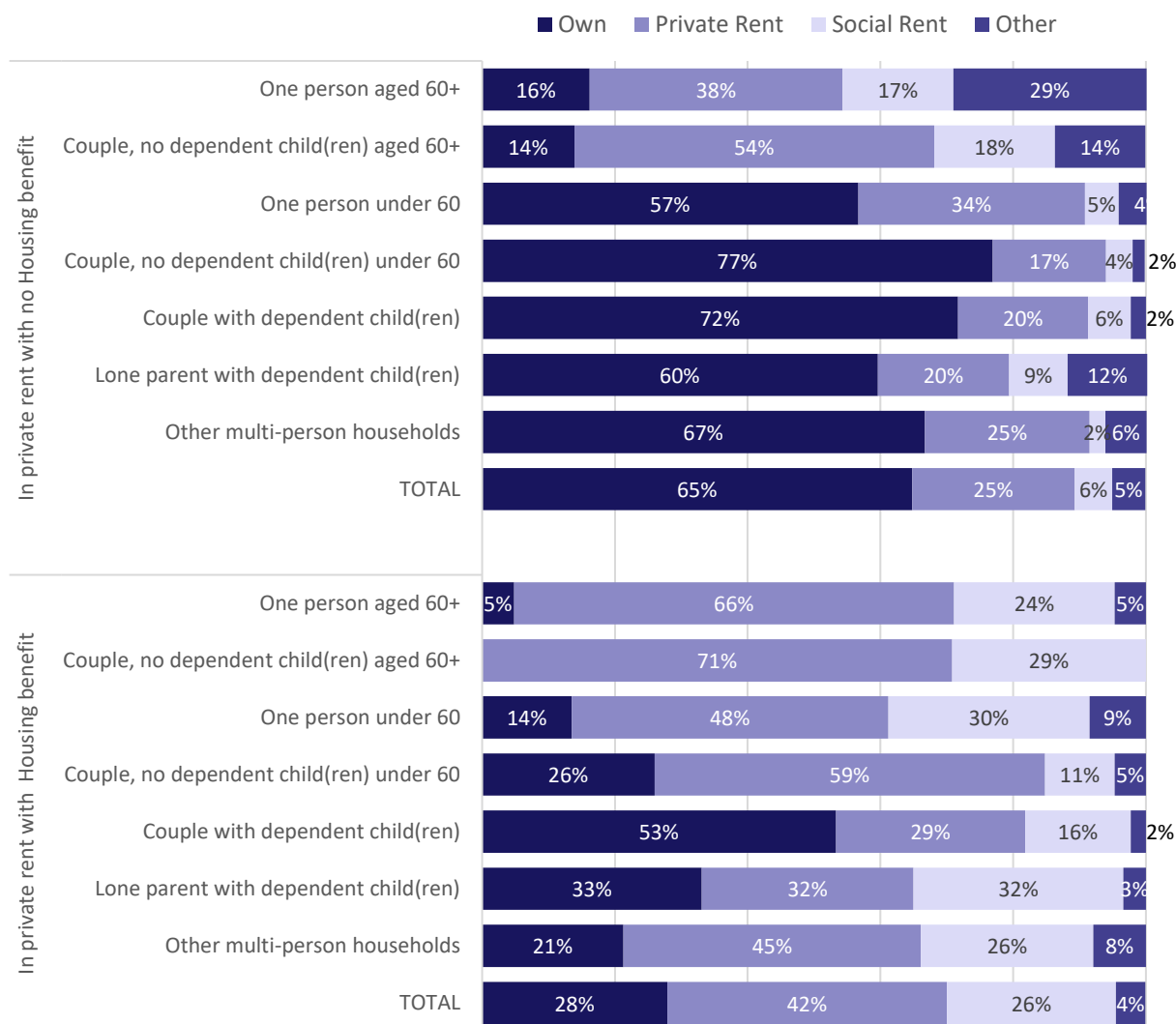
- 7.41 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- 7.42 The following chart (Figure 42) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- 7.43 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with an HRP

over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).

7.44 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 42: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
 (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in private rented sector



Additional Need for Affordable Homeownership

- ^{7.45} Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS 2013-14²⁶, Figure 43 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need.

Figure 43: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative						TOTAL
	15-24	25-34	35-44	45-54	55-64	65+	
BROADLAND							
Single person	115	241	191	95	44	58	744
Couple without children	113	397	66	181	98	50	904
Families with child(ren)	17	383	372	144	0	0	916
Other households	4	50	19	31	9	0	114
Total	249	1,070	649	450	151	108	2,677
<i>Percentage of households</i>	9%	40%	24%	17%	6%	4%	100%
NORWICH							
Single person	332	971	657	209	71	32	2272
Couple without children	577	1176	265	108	63	25	2214
Families with child(ren)	51	371	503	146	0	0	1072
Other households	457	834	68	37	23	0	1419
Total	1,416	3,353	1,494	500	157	57	6,977
<i>Percentage of households</i>	20%	48%	21%	7%	2%	1%	100%
SOUTH NORFOLK							
Single person	138	325	258	123	67	71	983
Couple without children	73	355	126	207	130	83	974
Families with child(ren)	40	498	540	183	0	0	1262
Other households	35	37	15	22	15	0	124
Total	286	1,216	939	535	212	154	3,342
<i>Percentage of households</i>	9%	36%	28%	16%	6%	5%	100%

- ^{7.46} Based on this analysis, we can estimate that there is a total of nearly 13,000 households currently resident in Greater Norwich who cannot afford to own their own home but would aspire to do so. 58% of these households are aged 15-34 with (74%) aged under 45.

- ^{7.47} As previously reported (Figure 7), Census data identified 17,200 households renting privately in 2001 compared to 26,616 households in 2011 – an increase of around 9,416 households over the decade, equivalent to an average of 942 households per year. Much of this growth has occurred in households with housing benefit support who are much less likely to aspire to home ownership, as shown in Figure 42, but many of the household are also paying their own rent. More recent EHS data shows that the private rented sector has continued to grow over the years since the Census. On this basis, the number of households

²⁶ [EHS Households 2013-14.pdf \(publishing.service.gov.uk\)](#)

identified as currently renting privately that aspire to homeownership is consistent with growth of the private rented sector over a 16-17 year period.

7.48 In addition to the current need, it is also important to consider new households that are projected to form over the period 2018-2038. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 8,808 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 21,805 households who aspire to homeownership but who cannot afford to buy their own home over the period 2018-38, a net annual need of 1,090 per year.**

7.49 As noted earlier in Chapter 2, the government have recently completed a consultation on a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 21,805 households who aspire to homeownership in Greater Norwich sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

Identifying the Overall Affordable Housing Need

7.50 Figure 44 brings together the information on assessing the unmet need for affordable housing in 2018 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2018-38. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 44: Assessing total need for affordable housing 2018-2038 (Source: ORS Housing Model)

	Affordable Housing Need		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to home ownership	
BROADLAND			
Current housing need in 2018	243	2,677	2,920
Future housing need 2018-38	1,050	1,517	2,567
TOTAL HOUSING NEED	1,293	4,195	5,488
NORWICH			
Current housing need in 2018	699	6,977	7,676
Future housing need 2018-38	2,554	5,532	8,086
TOTAL HOUSING NEED	3,253	12,509	15,762
SOUTH NORFOLK			
Current housing need in 2018	390	3,342	3,732
Future housing need 2018-38	2,254	1,759	4,013
TOTAL HOUSING NEED	2,644	5,101	7,745
GREATER NORWICH			
Current housing need in 2018	1,332	12,996	14,328
Future housing need 2018-38	5,858	8,808	14,666
TOTAL HOUSING NEED	7,190	21,805	28,995

7.51 On this basis, we can conclude that the overall need for affordable housing would comprise a total of 28,995 households over the 20-year period 2018-2038, equivalent to an average of 1,450 per annum.

- 7.52 This represents 74% of the annual growth of 1,972 households identified as the Local Housing Need. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 7.53 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG February 2019 states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore, the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

Planning Practice Guidance, ID 2a-017-20190220

- 7.54 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent. But these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.

- 7.55 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider

the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, it is unlikely that housing would be delivered at values below 60% of newbuild prices.²⁷ While 70% of market house prices is the maximum price suggested for a First Home in the consultation, a larger discount can be applied. However, if too large a discount is applied then this will significantly affect the viability of many schemes and lead to a reduction in the level of affordable housing which can be provided. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 40% on open market prices for properties which are compatible with the First Homes scheme.

- ^{7.56} Given this context, Figure 45 identifies those households with income that would be insufficient to afford 60% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- ^{7.57} Of the 21,805 households who can afford to rent but who aspire to homeownership, there would be 3,090 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 8,336 households with insufficient income to have a realistic prospect of being able to afford at 60% of open market values (Figure 45). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 7,563 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area. While it could be argued that some of these households could afford schemes such as Rent to Buy, where lower rents are provided to assist households to save and then move to shared ownership, these typically have higher rents than private rents in the second hand housing market so offer little opportunity to save.

²⁷ Developers will typically receive 50-60% of open market value when delivering Affordable Rented units

Figure 45: Affordable homeownership housing mix by household affordability 2018-2038 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 60% of newbuild LQ	Households able to afford 60% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
BROADLAND							
1 bedroom	356	71	285	116	169	101	68
2 bedrooms	1,449	212	1,237	555	682	514	168
3 bedrooms	1,953	178	1,775	812	963	703	259
4+ bedrooms	437	20	417	255	161	108	54
TOTAL	4,195	481	3,714	1,739	1,975	1,427	549
NORWICH							
1 bedroom	2,722	534	2,188	991	1,197	701	496
2 bedrooms	5,068	1,008	4,060	1,473	2,587	2,008	579
3 bedrooms	3,989	364	3,625	1,768	1,857	1,407	450
4+ bedrooms	730	36	694	435	259	175	84
TOTAL	12,509	1,941	10,568	4,668	5,899	4,290	1,609
SOUTH NORFOLK							
1 bedroom	373	83	291	106	185	124	61
2 bedrooms	1,869	296	1,572	643	930	709	221
3 bedrooms	2,326	246	2,080	900	1,180	873	307
4+ bedrooms	532	43	489	280	209	139	70
TOTAL	5,101	668	4,433	1,929	2,504	1,846	659
GREATER NORWICH							
1 bedroom	3,451	688	2,764	1,213	1,551	926	625
2 bedrooms	8,386	1,516	6,869	2,671	4,199	3,231	968
3 bedrooms	8,268	788	7,480	3,480	4,000	2,983	1,016
4+ bedrooms	1,699	99	1,600	970	629	422	208
TOTAL	21,805	3,090	18,715	8,336	10,378	7,563	2,817

^{7.58} On this basis, 2,817 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than 15% of the total that was originally identified. The figure should be seen as a minimum for households who can realistically access affordable to own products and potentially other households could also afford schemes such as Shared Ownership or Rent to Buy if suitable products could be developed.

7.59 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 2,817 households likely to form an effective demand (i.e., those able to afford the various products that will potentially be available) in addition to the 7,190 households unable to afford to rent or own market housing. Figure 46 provides a breakdown of the affordable housing need on this basis.

Figure 46: Overall need for Affordable Housing 2018-38, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need		Planned Affordable Housing (Households)
	Households unable to afford	Households aspiring to home ownership	
BROADLAND			
1 bedroom	40	68	108
2 bedrooms	558	168	726
3 bedrooms	553	259	812
4+ bedrooms	142	54	196
TOTAL HOUSING NEED	1,293	549	1,842
NORWICH			
1 bedroom	450	496	946
2 bedrooms	948	579	1,527
3 bedrooms	1,402	450	1,852
4+ bedrooms	453	84	537
TOTAL HOUSING NEED	3,253	1,609	4,862
SOUTH NORFOLK			
1 bedroom	288	61	349
2 bedrooms	1,057	221	1,278
3 bedrooms	1,084	307	1,391
4+ bedrooms	215	70	285
TOTAL HOUSING NEED	2,644	659	3,303
GREATER NORWICH			
1 bedroom	778	625	1,403
2 bedrooms	2,563	968	3,531
3 bedrooms	3,039	1,016	4,055
4+ bedrooms	810	208	1,018
TOTAL HOUSING NEED	7,190	2,817	10,007

7.60 The LHNA identifies an overall affordable housing need from 10,007 households over the 20-year period 2018-38 (500 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provide for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access an affordable homeownership product.

7.61 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Future Policy on Housing Benefit in the Private Rented Sector

- 7.62 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control.
- 7.63 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 7.64 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 7.65 PPG (both the current version and the previous version) states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level.
- 7.66 It is well-established that housing need should be established leaving aside policy considerations,²⁸ so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the SHMA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households rented privately in receipt of housing benefit as a policy aspiration. That wouldn't change the need, but it could influence the affordable housing policy target.

Establishing the Affordable Housing Policy Target

- 7.67 To establish the appropriate policy target, it will be necessary to take account of the overall housing supply to be included in the plan and establish which sites would not be subject to the affordable housing policy – predominantly small sites below the threshold (including any allowance for future windfall), but also conversions and any other sites that would be exempt. It would also be necessary to make allowance for any completions within the plan period and housing on sites with existing permissions, both in terms of the overall number of homes and any affordable housing that this includes.
- 7.68 The information on supply would need to be considered alongside any Duty-to-Cooperate discussions and/or agreements relating to meeting unmet needs. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would also increase the number of affordable dwellings needed by

²⁸ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

an equivalent amount. Over the last 5 years, right to buy sales in Norwich have ran at around 38 per quarter on average, or around 152 dwellings we annum²⁹. Broadland and South Norfolk have both transferred their stock to a register provider, so they see much fewer sales through right to acquire. It is only when right to buy sales have been considered that it is then possible to consider how the number of homes identified within the affordable housing need can be delivered on qualifying sites to establish the relevant percentage and this issue is considered in paragraph 8.24. The policy target would need to be higher than the identified percentage as some qualifying sites will not deliver at the policy target due to their specific constraints.

- ^{7.69} The affordable housing policy target would need to be considered in the context of economic viability. Local viability assessments are likely to determine the actual affordable housing target (as a proportion of market housing sites) and should help in providing a view on the deliverability of such a tenure mix, based upon local market evidence.
- ^{7.70} If the identified policy target is higher than the maximum identified by the viability work it would have to be reduced, which is likely to result in unmet affordable housing need. Given this position, the Council would need to consider whether an uplift to the LHN could be justified when establishing the housing requirement. However, as the LHN itself already incorporates a significant uplift beyond the household projection-based housing need, a further uplift to market housing may prove difficult to sustain. On this basis, whilst an uplift might be appropriate, it would be necessary to fully understand the impact of any proposed increase on other aspects of the plan (such as employment growth) to ensure consistency. It would also be important to ensure that there was clearly identified demand for the additional market housing and that this could be sustained over the longer-term plan period; and where there was uncertainty, it may be more appropriate to consider any uplift being identified as additional supply to provide flexibility within the plan rather than increasing the housing requirement and associated target.
- ^{7.71} The appropriate balance between rented affordable housing and affordable home ownership will also need to be considered in the context of economic viability; though it will be important to ensure that the identified affordable housing need for households unable to afford is met in full. It will also be necessary to consider the target for affordable home ownership in the context of the Government's target of at least 10% of new housing to be provided in this way, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

²⁹ MHCLG Live Table 691

8. Overall Housing Need

Local Housing Need based on the Standard Method

Introduction

- 8.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for 2019 can be established as follows:

Figure 47: Establishing the minimum LHN figure for Greater Norwich (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

	BROADLAND	NORWICH	SOUTH NORFOLK
Step 1: Setting the baseline			
Total households 2021	57,133	66,288	60,439
Total households 2031	61,031	71,344	67,138
10-year change 2021-2031	3,898	5,056	6,699
Annual average	390	506	670
Step 2: An adjustment to take account of affordability			
Median workplace-based affordability ratio	8.54	6.95	8.85
Adjustment factor	28.4%	18.4%	30.3%
Affordability uplift	111	93	203
Uncapped housing need	500	599	873
Step 3: Capping the increase			
Adoption date of most recent Local Plan	Jan 2014	Jan 2014	Jan 2014
Annual requirement	706	477	929
Annual requirement with 40% uplift applied	988	668	1,301
Household projection with 40% uplift applied	546	708	938
Local Housing Need	500	599	873

- 8.2 Based on these calculations, the minimum Local Housing Need figure is 1,972 dwellings per annum for greater Norwich. This translates to 39,440 dwellings (1,972 x 20) across the twenty-year period.
- 8.3 The housing needs figures are potentially capped at a maximum uplift of 40% above either the current housing requirement for plans adopted in the past 5 years (Cap A), or 40% above whichever is the higher of the current housing requirement or 10 year average household projection (Cap B). Since the uncapped

housing need figure is lower than both Cap A and Cap B the capping policy will have no influence in Greater Norwich at this stage.

Establishing the Housing Target

- 8.4 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

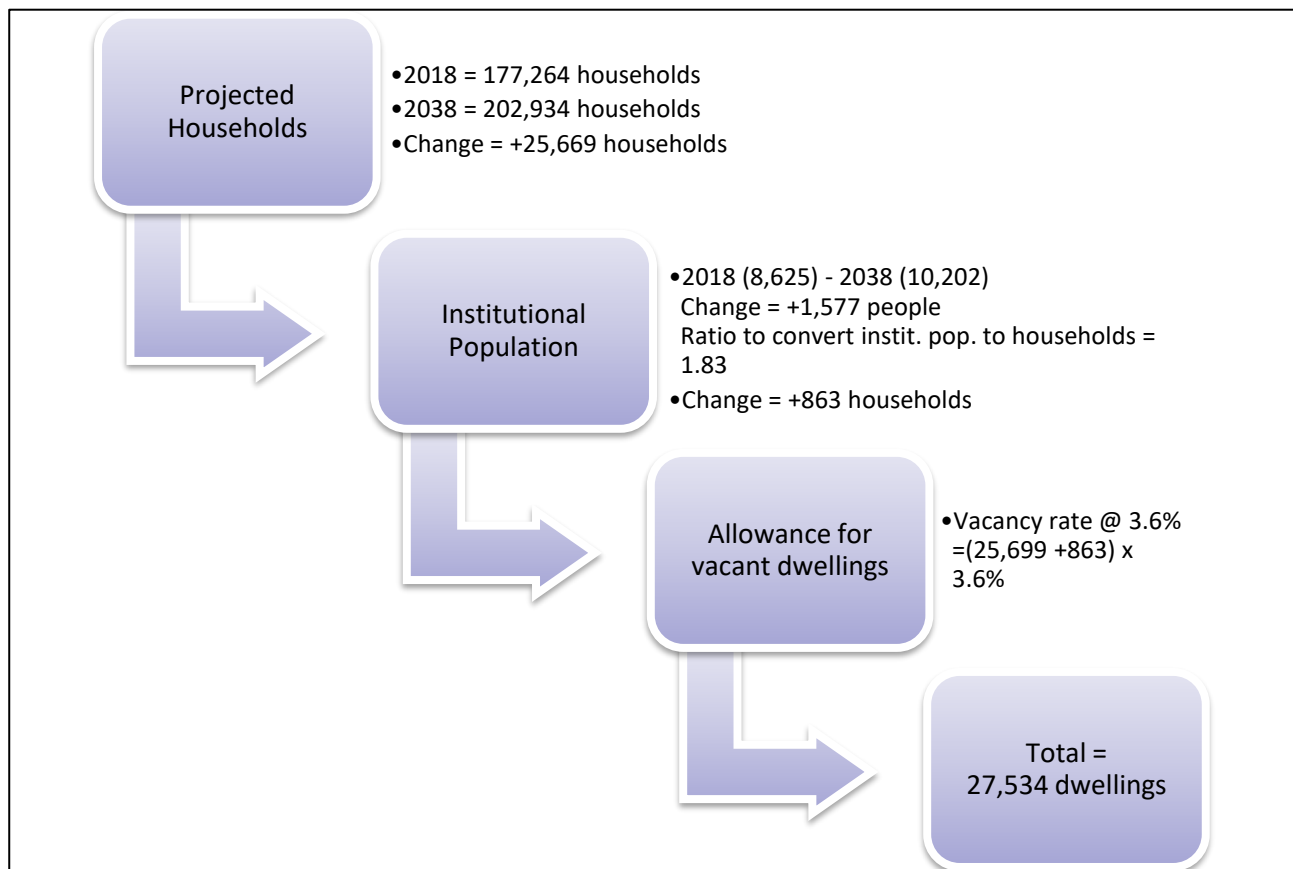
Planning Practice Guidance, ID 2a-001-20190220

- 8.5 In determining the local plan housing target, it will be necessary for the local authority to consider whether, or not, the LHN could be met within the area, taking account of any constraints on land availability. Where local authorities are unable to meet their LHN in full, it will be necessary for them to engage with neighbouring authorities through the Duty to Cooperate discussion. This should establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas.

Disaggregating the minimum Local Housing Need figure

- 8.6 As noted in Chapter 4, although the LHN figures are informed by the trend-based household projections, the affordability adjustment means that the LHN figure is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation. Therefore, the number of households considered in the calculation of the need for affordable housing requires to be reconciled with the overall LHN figure.
- 8.7 Figure 48 sets out the separate elements that will contribute to the LHN. These include:
- » Households growth over the 20-year plan period calculated on trend-based projections;
 - » Institutional population growth over the 20-year plan period needing communal accommodation;
 - » Dwellings without a usually resident household (either vacant homes or second homes);
 - » Additional dwellings to respond to pent-up housing market pressure.

Figure 48: Elements of housing need for Greater Norwich (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

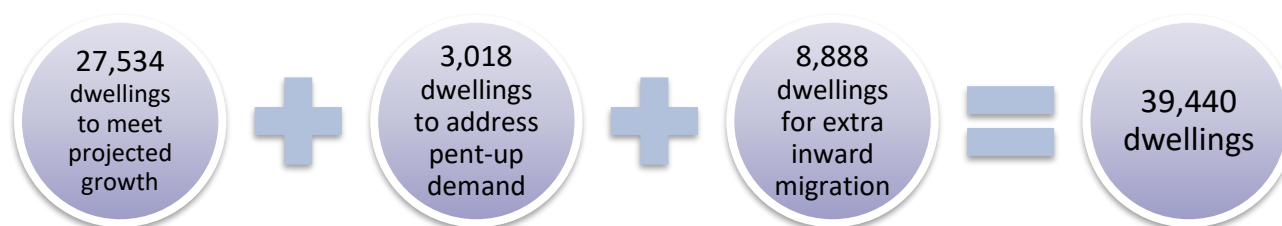


- 8.8 At this point in our reporting we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.
- 8.9 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 26,562. However, if we assume 3.6%³⁰ of dwellings will be unoccupied at any one time this means that a total of 27,534 dwellings are required.
- 8.10 The local housing need has already been identified as 1,972 dwellings per annum, which translates to 39,440 dwellings (1,972 x 20) across the twenty-year period. This leaves a difference between the housing need figure of 39,440 dwellings and the population projected need of 27,534 dwellings.
- 8.11 This additional need is potentially made up from two elements:
- » Enabling more households to form³¹ (from the pent-up housing demand) = 3,018 dwellings;
 - » Enabling more net inward migration³² = 8,888 dwellings.

³⁰ Based on 2011 Census data at a local authority level

³¹ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

³² Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration



- 8.12 These 39,440 overall dwellings can be separated into market and affordable housing. A component of affordable housing as outlined in Chapter 5 is affordable home ownership for those that aspire to own. Some of the 11,906 (3,018 + 8,888) extra dwellings to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers calculated in Chapter 5 is calculated below. It will also be the case that if the housing requirement for Greater Norwich is set higher than the LHN, this will generate further affordable housing need.

Figure 49: Extra households beyond projected in Greater Norwich (LHN scenario): Affordable homeownership housing mix by household affordability 2020-2035 (Source: ORS Housing Model)

Greater Norwich 2018-38	All households aspiring to home ownership	Households able to afford market home ownership	Households aspire to home ownership but cannot afford to buy	MINUS households unable to afford 60% of newbuild LQ	Households able to afford 60% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	243	48	195	86	109	65	44
2 bedrooms	569	104	466	180	285	220	66
3 bedrooms	551	52	499	234	266	198	67
4+ bedrooms	112	6	106	65	41	28	14
TOTAL	1,476	210	1,265	565	701	510	191

- 8.13 Figure 49 applies the same calculation to the extra residents as was presented in Figure 45 for households that formed projected growth. Extra dwellings are needed to accommodate the 191 households that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold.
- 8.14 The previous analysis (Figure 45) identified 2,817 households that could afford an affordable homeownership option and had savings of £5,000 or more. Combining this with the 191 extra households identified, this totals 3,008 households that will aspire to homeownership and have the financial means. Application of the affordable vacancy rate (just under 2%)³³ yields 3,058 affordable homeownership dwellings (Figure 50).

³³ Based on 2011 Census data at a local authority level

Figure 50: Summary of households likely to be able to access affordable home ownership in Greater Norwich LHN scenario
(Source ORS Housing Model, Census)

GREATER NORWICH 2018-38	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Total	Dwellings
1 bedroom	625	44	669	682
2 bedrooms	967	66	1,033	1,051
3 bedrooms	1,017	67	1,084	1,101
4+ bedrooms	208	14	221	225
TOTAL	2,817	191	3,008	3,058

Size and Tenure Mix based Upon LHN

- 8.15 Figure 51 to Figure 57 show the identified need for housing for each area by tenure and size mix. These include the outputs for the Norwich Urban Area and the rural areas of Broadland and South Norfolk. These were calculated based upon the overall need for each local authority and trends in household growth for the rural and urban areas.
- 8.16 It is important to note that the figures for each area include affordable housing for those unable to afford market housing, which in turn is broken down into: those households who are able to afford Affordable Rent without housing benefit, and; those who can only afford Social Rent which may be with or without housing benefit support. In practice the rents for Affordable Rent can also be covered by housing benefit, so these two tenures can be seen as interchangeable in this respect. Which of the two is delivered is often based upon a mixture of policy decisions and viability.
- 8.17 We would also note that paragraph 64 of the NPPF states that, 'Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups'. The percentage in the current model is 7.8%. In practice not all sites will deliver affordable housing and it is also the case that if suitable schemes can be developed, more households aspire to home ownership.
- 8.18 The figures also contain market needs which represents the need for Class C2 bedspaces converted to dwellings. The Class C2 figure is outlined in Figure 48 which considers the projected growth in those in Class C2 in the population and household projections. It is important to note that we are not assuming that the equivalent of 892 dwellings in Greater Norwich are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent of 892 dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered then 892 more Class C3 dwellings will be required. If Class C2 bedspaces are delivered they can be counted at a ratio of 1.8 bedspaces equals 1 dwelling in the LHN figures.
- 8.19 In terms of the size mix, we have separated the data in to flats and houses, so 1-2 bedroom houses are a combination of bungalows and smaller houses. It is also possible to deliver some of the need for flats as small houses, or vice versa.

8.20 The model also relates to the period 2018-38, so completions for 2018/19 and 2019/20 have already been calculated. In total Greater Norwich delivered 2,779 dwellings in 2018/19 including 724 affordable units and 2,001 dwellings in 2019/20 including 643 affordable units as reported in the Regulation 19 draft of the plan (these figures do not include PBSA or C2 accommodation). Therefore, affordable housing completions are meeting the gross need for affordable housing, but any right to buy sales should be deducted from these figures to give a net outcome and these are currently running at 152 per annum.

Figure 51: Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Greater Norwich (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

GREATER NORWICH		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	730	61	682	1,473	958	2,431
	2+ bedrooms	683	140	414	1,237	1,464	2,701
House	1-2 bedrooms	1,429	501	637	2,567	3,638	6,205
	3 bedrooms	2,043	901	1,101	4,046	15,800	19,846
	4 bedrooms	465	186	183	834	5,101	5,935
	5+ bedrooms	117	46	42	205	1,226	1,430
DWELLINGS		5,467	1,835	3,058	10,360	28,188	38,548
C2 Dwellings						892	892
LHN		5,467	1,835	3,058	10,360	29,080	39,440
LHN per year		273	92	153	518	1,454	1,972
% of total LHN		14%	5%	8%	26%	74%	100%

Figure 52 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Broadland (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

BROADLAND		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	39	2	73	114	155	269
	2+ bedrooms	15	6	13	33	120	153
House	1-2 bedrooms	397	148	170	715	1,357	2,072
	3 bedrooms	373	183	281	837	4,444	5,281
	4 bedrooms	82	37	49	168	1,319	1,487
	5+ bedrooms	17	8	10	34	258	292
DWELLINGS		922	383	595	1,900	7,653	9,553
C2 Dwellings		-	-	-	-	447	447
LHN		922	383	595	1,900	8,100	10,000
LHN per year		46	19	30	95	405	500
% of total LHN		9%	4%	6%	19%	81%	100%

Figure 53 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Norwich (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORWICH		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	427	32	544	1,003	601	1,604
	2+ bedrooms	590	98	370	1,058	1,088	2,146
House	1-2 bedrooms	370	50	264	684	850	1,534
	3 bedrooms	988	312	494	1,793	3,513	5,307
	4 bedrooms	264	94	76	434	607	1,040
	5+ bedrooms	72	26	16	114	109	223
DWELLINGS		2,712	611	1,763	5,086	6,768	11,854
C2 Dwellings		-	-	-	-	126	126
LHN		2,712	611	1,763	5,086	6,894	11,980
LHN per year		136	31	88	254	345	599
% of total LHN		23%	5%	15%	42%	58%	100%

Figure 54 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for South Norfolk (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

SOUTH NORFOLK		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	264	27	65	356	202	559
	2+ bedrooms	78	36	31	146	256	401
House	1-2 bedrooms	662	303	203	1,167	1,432	2,599
	3 bedrooms	682	407	326	1,415	7,843	9,258
	4 bedrooms	119	55	59	232	3,176	3,408
	5+ bedrooms	28	13	16	57	859	916
DWELLINGS		1,833	841	700	3,374	13,767	17,141
C2 Dwellings		-	-	-	-	319	319
LHN		1,833	841	700	3,374	14,086	17,460
LHN per year		92	42	35	169	704	873
% of total LHN		10%	5%	4%	19%	81%	100%

Figure 55 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Greater Norwich Urban Area (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

GREATER NORWICH URBAN AREA		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	499	38	566	1,104	663	1,767
	2+ bedrooms	609	107	382	1,098	1,199	2,297
House	1-2 bedrooms	655	165	364	1,184	1,597	2,781
	3 bedrooms	1246	449	664	2,359	6,985	9,345
	4 bedrooms	334	125	111	570	2,014	2,584
	5+ bedrooms	87	32	24	144	455	599
DWELLINGS		3,431	917	2,110	6,458	12,915	19,373
C2 Dwellings		-	-	-	-	341	341
LHN		3,431	917	2,110	6,458	13,256	19,714
LHN per year		172	46	106	323	663	986
% of total LHN		17%	5%	11%	33%	67%	100%

Figure 56 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Rural Broadland (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

RURAL BROADLAND		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	19	1	67	88	160	247
	2+ bedrooms	8	3	9	21	94	115
House	1-2 bedrooms	219	82	127	428	1120	1548
	3 bedrooms	219	107	198	524	3195	3719
	4 bedrooms	40	18	31	89	865	954
	5+ bedrooms	8	4	6	18	169	187
DWELLINGS		514	215	438	1,167	5,603	6,770
C2 Dwellings		-	-	-	-	327	327
LHN		514	215	438	1,167	5,930	7,097
LHN per year		26	11	22	58	297	355
% of total LHN		7%	3%	6%	16%	84%	100%

Figure 57 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Rural South Norfolk (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

RURAL SOUTH NORFOLK		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	212	22	49	282	135	417
	2+ bedrooms	65	30	23	119	171	290
House	1-2 bedrooms	555	254	146	955	922	1877
	3 bedrooms	578	345	239	1162	5620	6782
	4 bedrooms	91	42	41	174	2222	2396
	5+ bedrooms	21	10	11	42	601	644
DWELLINGS		1,522	704	508	2,734	9,672	12,406
C2 Dwellings		-	-	-	-	224	224
LHN		1,522	704	508	2,734	9,896	12,630
LHN per year		76	35	25	137	495	632
% of total LHN		12%	6%	4%	22%	78%	100%

Comparison with the 2017 SHMA Update

8.21 It is possible to compare Central Norfolk SHMA 2017 with the figures set out above. Figure 83 of the SHMA 2017 (reproduced here as Figure 58) set out the size and tenure mix for the period 2015-36 for Greater Norwich.

Figure 58: Housing mix of OAN for market and affordable housing: policy-off, excluding the City Deal (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	1,285	2,725	4,011
	2+ bedrooms	1,352	1,404	2,756
House	2 bedrooms	3,227	2,863	6,090
	3 bedrooms	16,393	3,238	19,632
	4 bedrooms	4,982	661	5,642
	5+ bedrooms	1,215	140	1,355
TOTAL		28,456	11,080	39,486

8.22 The SHMA 2017 assumed an overall annual housing growth rate of 1,880 dwellings per annum compared to the current LHN of 1,972 dwellings per annum. Therefore, any percentage figures are from a larger total number of dwelling. It is also the case the standard method redistribute needs across the area, so in the SHMA 2017 the need for Broadland was 390 dwellings per annum, the need for Norwich was 724 dwellings per annum and the needs for South Norfolk were 765 dwellings per annum. Therefore, the standard method increase the overall need for Broadland and South Norfolk, but reduces it in Norwich. This means that affordable housing needs in Norwich will also reduce of fewer households are assumed to be living in the area.

- 8.23 The SHMA 2017 found an affordable housing need of 11,080 dwellings or 528 per year which covered the need for affordable to rent and shared ownership properties, but did not included the impact of right to buy sales. This represents 28.1% of the overall need.
- 8.24 This current study has an affordable housing need figure of 518 dwellings per annum for Greater Norwich as a whole, which is 26.3% of the overall need before the impact of right to buy/acquire and demolitions are considered. If we were to add the current rate of right to buy sales in Norwich of 152 units per annum and assume that these continue, the overall need for new affordable housing would rise to 670 per annum, or 34% of the total housing need for Greater Norwich as a whole. However, this includes the additional need from those who aspire to own, but who can afford to meet their own private rents. Shared ownership need is contained within the households who aspire to own. Therefore, the figures are not directly comparable, but clearly there is a high degree of consistency with the previous findings, but the overall needs figures have dropped slightly in recent years, particularly for 1 bedroom affordable properties, which were mainly to be found in Norwich in the 2017 SHMA. The movement of the overall need from Norwich to Broadland and South Norfolk by the standard method sees a lower need for a 1 bed properties when compared to the SHMA 2017.

9. Needs of Different Groups

An exploration of need for target groups

Introduction

- 9.1 Paragraph 61 of the Revised NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers the specific groups in turn. However, the needs of families with children and those who rent their homes have already been considered within earlier chapters and are therefore not repeated.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

Revised NPPF, paragraph 61

Housing for Older People

- 9.2 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.³⁴
- 9.3 Given this context, PPG recognises the importance of providing housing for older people. Additional PPG “Housing for older and disabled people” was published on 26th June 2019, which states³⁵:

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.

Planning Practice Guidance, ID 63-004-20190626

- 9.4 It is important to plan housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people.

³⁴ ONS 2016-based sub-national population projections

³⁵ [Housing for older and disabled people - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/811111/Housing_for_older_and_disabled_people_-_GOV.UK_(www.gov.uk).pdf)

- 9.5 Norfolk County Council and its local and planning authorities commissioned Three Dragon and ORS to produce a report examining the need for older person and adapted housing. The 'Study of Retirement Housing Demand and Planning Issues 2021,' is due to be published in the spring of 2021. The main findings in relation to older person accommodation need are set out for the period 2020 to 2041 and are reproduced here as Figure 59.
- 9.6 This shows a strong need for extra care in all three Greater Norwich authorities, amounting to a total of 960 units over 21 years. For sheltered housing, the existing stock to rent in all three authorities is technically higher than is required to meet the need, but there are shortages of sheltered to own properties amounting to 1,822 dwellings.

Figure 59: Demand for specialist retirement housing – districts 2020 and 2041 (Source: Three Dragons. Note: Figures may not sum exactly due to arithmetic rounding)

	Breckland			Broadland			Great Yarmouth			KLWN	
	2020	2041		2020	2041		2020	2041		2020	2041
Demand											
ECT rent	61	201	ECT rent	30	113	ECT rent	35	138	ECT rent	56	196
ECT SO	83	129	ECT SO	86	135	ECT SO	143	202	ECT SO	79	119
ECT sale	385	595	ECT sale	372	583	ECT sale	181	256	ECT sale	392	591
Total ECT	529	925	Total ECT	488	831	Total ECT	359	596	Total ECT	527	906
Shelt rent	-27	399	Shelt rent	-280	-31	Shelt rent	-777	-472	Shelt rent	-550	-128
Shelt SO	241	361	Shelt SO	226	356	Shelt SO	390	540	Shelt SO	215	322
Shelt sale	1110	1667	Shelt sale	978	1537	Shelt sale	494	684	Shelt sale	1068	1597
Total Shelt	1,324	2,427	Total Shelt	924	1,862	Total Shelt	107	752	Total Shelt	733	1,791
Total	1,853	3,352	Total	1,412	2,693	Total	466	1,348	Total	1,260	2,697

	Norwich			North Norfolk			South Norfolk			Norfolk total	
	2020	2041		2020	2041		2020	2041		2020	2041
ECT rent	-73	27	ECT rent	51	197	ECT rent	-85	10	ECT rent	75	882
ECT SO	64	103	ECT SO	58	88	ECT SO	52	87	ECT SO	565	863
ECT sale	96	155	ECT sale	336	509	ECT sale	432	721	ECT sale	2,194	3,410
Total ECT	87	285	Total ECT	445	794	Total ECT	399	818	Total ECT	2,834	5,155
Shelt rent	-1470	-1157	Shelt rent	-213	221	Shelt rent	-412	-117	Shelt rent	-3,729	-1,285
Shelt SO	62	166	Shelt SO	119	196	Shelt SO	137	230	Shelt SO	1,390	2,171
Shelt sale	94	249	Shelt sale	686	1130	Shelt sale	1136	1917	Shelt sale	5,566	8,781
Total Shelt	-1,314	-742	Total Shelt	592	1,547	Total Shelt	861	2,030	Total Shelt	3,227	9,667
Total	-1,227	-457	Total	1,037	2,341	Total	1,260	2,848	Total	6,061	14,822

Housing for People with Disabilities

- 9.7 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).³⁶
- 9.8 Three standards are covered:
- » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties;
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes;
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

³⁶ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

- 9.9 In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.
- 9.10 Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance, ID 56-007-20150327

- 9.11 The ‘Study of Retirement Housing Demand and Planning Issues 2021,’ assessed the need for adapted homes for each local authority area in Norfolk. The figures for Greater Norwich are contained in Table 3.7 of the report, which is reproduced here as Figure 60. The data shows that at least 11,557 more adapted homes are needed in Greater Norwich by 2041, but that this figure could be as high as 29,284 dwellings. We would also note that a recently completed government consultation was undertaken on the possibility of mandating that all newbuild properties should be built to M4(2) standards.

Figure 60: Households with a long-term illness or disability in Norfolk in 2016-36 by Local Authority by effect on housing need
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Households where an existing illness or disability affects their housing need and need to move in 2016	Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	Maximum need for adapted housing 2016-36 (households)	Less households living in dwellings adaptable to M4(1) standard	Minimum need for adapted housing 2016-36 (households)
Broadland	391	9,061	9,453	6,389	3,064
Norwich	615	8,790	9,405	4,318	5,087
South Norfolk	419	10,007	10,426	7,020	3,406
TOTAL	1,425	27,858	29,284	17,727	11,557

Housing for Wheelchair Users

- 9.12 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-

(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;

(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

- 9.13 On this basis, in establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

- 9.14 Table 3.13 of, ‘Study of Retirement Housing Demand and Planning Issues 2021’, is reproduced here as Figure 61. This shows a need for 685 wheelchair adapted homes for those aged under 75 years and 2,550 for those aged 75 years or more. These households are also included in the data for those who require homes to be adapted to M4(2) standard and also show a very strong overlap with the need for older person’s accommodation.

Figure 61: Households needing Wheelchair Adapted Housing in Greater Norwich in 2016-36 by Local Authority by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Households aged under 75			Households aged 75 and over			Total
	2016	2036	Net change 2016-36	2016	2036	Net change 2016-36	
Broadland	1,088	1,208	120	736	1,361	625	745
Norwich	1,523	1,830	307	808	1,228	420	727
South Norfolk	1,154	1,412	258	786	1,607	821	1,078
TOTAL	3,765	4,450	685	2,330	4,196	1,866	2,550

Student Housing

- 9.15 PPG includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... They will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.

Planning Practice Guidance, ID 2a-017-20190220

- 9.16 The key Higher Education Providers (HEP) in Greater Norwich is the University of East Anglia which has seen a considerable growth in its purpose-built student accommodation since the time of the SHMA 2017. The University has a campus in Norwich and a total of over 18,000 students, with around 90% of UK national students being full time (academic year 2019-20) and the remainder being part time. The Norwich area also

contains the Norwich University of the Arts which has 1,900 full-time students, City College with 11,000 full and part-time students and Easton College with 300 students. There are currently approximately 5,800 PBSA bed spaces in Norwich City; approximately 4,350 are on the UEA campus, the remainder are situated in various locations around the City; 305 bed spaces in the City are specifically for NUA. There are approximately 2,500 further bed spaces with planning consent that have either started or will start soon. Of these 401 bed spaces are on the UEA campus, and 100 are on NUA campus. The remainder are privately provided schemes located around the City. When these are complete, well over half of all students will be able to live in purpose-built accommodation.

- 9.17 In establishing the LHN students are included in the trend-based analysis in the household projections; therefore the needs of student households are counted as part of the overall OAN. Full-time student numbers have grown by around 2,200 over the period 2009-14 at University of East Anglia and Norwich University of the Arts, so have grown on average by around 440 students per annum. This is the time period for migration which underwrites the 2014 based population and household projections, which in turn underwrites the LHN. This implicitly implies that the demographic projections assume that student numbers in Greater Norwich will continue to rise by 440 per annum for the 20 years from 2018 onwards.
- 9.18 At the time of the 2011 Census, there were a total of 1,471 all student households in Central Norfolk (almost all in Norwich) each containing at least 2 students and no one who was not a student. These contained a total of 6,143 people. There were another 781 students living on their own, again primarily in Norwich. Therefore, there were 6,824 students in households only containing students and a total of 2,252 of these households. Therefore, the average household size for a student household in the 2011 Census in Central Norfolk was just over 3 students per household. This calculation does not count any students living in parental homes or as part of other household types, because these students would not be vacating a dwelling if they were to move to a student hall of residence.
- 9.19 The household projections assume that the number of students living in communal establishments (including university halls of residence and student housing provided by private sector providers) remains constant over the Plan period 2018-38. This follows the standard approach set out by CLG that the number of people in communal housing is held constant with the exception of the population aged over 75 years. Therefore, in summary, the population and household projections used in this study assume that student numbers grow by around 440 per annum each year and that there is no increase in student bedspaces, so all students will occupy dwellings.
- 9.20 However, if more student bedspaces continue to be provided in Greater Norwich then this will reduce the need for other forms of housing. In terms of the supply of student accommodation a local planning authority to be able to count student accommodation as part of the land supply calculation. The Housing Delivery Test Measurement Rule Book³⁷ states at paragraph 10 that, '*The national average number of students in student only households is 2.5*'. On this basis, local authorities are allowed to count each 2.5 student bedspaces delivered as being the equivalent of 1 dwelling in their LHN. Local authorities are not allowed to use a local multiplier in place of the 2.5 student bedspaces being equivalent to 1 dwelling.

Service Families

- 9.21 Paragraph 61 of the Revised NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families. Local planning authorities should:

³⁷ [Housing Delivery Test \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes

National Planning Policy Framework February 2019, Paragraph 61

- 9.22 Figure 62 below show breakdowns of total deployment of military personnel in Greater Norwich in 2011:

Figure 62: Greater Norwich residents employed in the Armed Forces (Source: 2011 Census)

	Broadland	Norwich	South Norwich
Usual residents employed in the Armed Forces			
Living in a household	215	170	179
Living in a communal establishment	40	11	1
TOTAL	255	181	180

- 9.23 There is no evidence of a change in the number of armed forces personal in Greater Norwich since this time, so the impact of services families in the area is likely to be minimal.

People Wishing to Build their Own Homes

- 9.24 Planning practice guidance requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

- 9.25 Over half of the population (53%) say that they would consider building their own home³⁸ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK³⁹, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 9.26 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report "The current state of the self-build housing market" (2001) showed how the sector in the UK had moved

³⁸ Building Societies Association Survey of 2,051 UK consumers 2011

³⁹ Self-build and custom build housing (England) House of Commons Brief Paper March 2017

away from those unable to afford mainstream housing towards those who want an individual property or a particular location.

9.27 “Laying the Foundations – a Housing Strategy for England” (HM Government, 2011)⁴⁰ redefined self-build as ‘Custom Build’ and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. “Build-it-yourself? Understanding the changing landscape of the UK self-build market” (University of York, 2013)⁴¹ subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build ‘Vanguards’ in 2014 to test how the ‘Right to Build’ could work in practice in a range of different circumstances. Individual local authorities produced their own reviews of their experiences⁴², but no detailed review of all 11 Vanguards was produced.

9.28 In the Budget 2014, the Government announced an intention to consult on creating a new ‘Right to Build’, giving ‘Custom Builders’ a right to a plot from councils. The Self-Build and Custom Housebuilding Act⁴³ 2015 places a duty on local planning authorities to:

- » Keep a register (and publicise this) of eligible prospective ‘custom’ and self-build individuals, community groups and developers;
- » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

9.29 The 2015 Act was amended by the Housing and Planning Act 2016⁴⁴ which placed a duty on local planning authorities to provide serviced sites which have planning permission that allows for self-build or custom housebuilding:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority’s area arising in each base period.

Housing and Planning Act 2016 Section 2(a)(2)

February 2021 Policy Update

9.30 In February 2021 the Government updated Planning Practice Guidance in the form of - Self-build and custom housebuilding⁴⁵. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

⁴⁰ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

⁴¹ [Build It Yourself? Understanding the changing landscape of the UK self-build market - Research Database, The University of York](#)

⁴² [Right to Build Vanguard.pdf](#) and [Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf](#) (cambridgeshireinsight.org.uk)

⁴³ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

⁴⁴ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

⁴⁵ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](#)

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016)

Self-build and Custom Housebuilding Regulations 2016

Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Guidance

Paragraph: 016 Reference ID: 57-016-20210208

- 9.31 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 9.32 Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and is unlikely to fully reflect the demand for self-build and custom housebuilding.
- 9.33 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Guidance

Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Guidance

Paragraph: 023 Reference ID: 57-023-20210208

- 9.34 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 9.35 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Self-build and Custom Housebuilding Guidance

Paragraph: 011 Reference ID: 57-011-20210208

9.36 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

April 2021 Self and Custom Build Action Plan

9.37 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.⁴⁶ This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.
- » **Expertise/knowledge gap:** The National Custom and Self Build Association’s (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

⁴⁶ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94422/self-and-custom-build-action-plan)

Evidence for Greater Norwich

- 9.38 All three councils in Greater Norwich have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including self-build and custom housebuilding registers. Both Broadland and Norwich Councils have divided the register into 2 parts with only those with a defined local connection to be included on 'Part 1'. They have both also introduced an annual fee to be on the register. The requirement to provide enough serviced plots to meet the demand shown on the register only applies to Part 1, but both Part 1 and 2 can be used to assess the general level of demand to inform decisions of the Councils.
- 9.39 Figure 63 shows that as of October 2020, there were very few households in the registers of Broadland and Norwich, reflecting in part the impact of the need to register and pay a fee annually. However, there will also be a range of reasons for households leaving the register and we cannot assume that all of these households have left because of the fee or alternatively because had their needs met for self-build and custom housebuilding in Greater Norwich or elsewhere. Registers can also exaggerate need by double counting of applicants registering on more than one council register. This is unlikely to be a significant factor in Greater Norwich because of the low numbers registered on Broadland and Norwich registers (7 in total at October 2019/20).

Figure 63: Self-build and Custom Housebuilding Register and Plot Provision (Source: MHCLG and Local Authority Data. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016- Oct 2017	Oct 2017- Oct 2018	Oct 2018- Oct 2019	Oct 2019- Oct 2020
Register Applicants for Broadland					
Total applicants on the register	35	30	5	3	3
Supply of Serviced Plots for Broadland					
Number of new plots granted planning permission	*	60	81	61	65
Register Applicants for Norwich					
Total applicants on the register	36	78	80	1	4
Supply of Serviced Plots for Norwich					
Number of new plots granted planning permission		38	5	17	*
Register Applicants for South Norfolk					
Total applicants on the register	112	156	107	109	101
Supply of Serviced Plots for South Norfolk					
Number of new plots granted planning permission		108	112	103	70

- 9.40 Between 2016 and October 2020, sufficient applications were granted planning permission for developments of a self-build and custom housebuilding dwellings. In practice it is likely that even more properties were granted planning permission because some sites not explicitly submitted as self-build and custom housebuilding applications provide potential opportunities. In Broadland site of 1-4 plots are counted as being part of the self-build and custom housebuilding supply, while South Norfolk seek to count all self-build and custom householding plots as part of the planning application process. However, in practice it is likely that at least some properties on other sites, in Broadland and South Norfolk in particular, will also fall within the definition of being self-build and custom housebuilding.

Future Need for Self-build and Custom Housebuilding

- 9.41 As highlighted above, all three councils are currently providing sufficient single dwelling plots to comply with its requirement to meet the needs of those on Part 1 of its own self-build and custom housebuilding register. This has been achieved without any designated policy requirement for either allocated sites for serviced plots, or a requirement for a proportion of plots on larger sites to be made available.
- 9.42 In practice it is possible that the self-build and custom housebuilding register is under-estimating demand for plots in Greater Norwich and also that the number being delivered is being under-estimated in Broadland and Norwich as only small sites granted planning permission are counted. Some buyers on larger sites will also be customising their dwellings and some conversions will involve the eventual occupier of the property.
- 9.43 Taking the figure of 10% of all dwellings which is viewed as reflecting the upper level of current provision nationally, this would equate to nearly 200 dwellings per annum under the current standard method Local Housing Need. These figures are consistent with the current provision of self-build and custom housebuilding and at the present time the evidence from the register does not justify such a high target.
- 9.44 We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in Greater Norwich. It is likely to be much higher than the total number of single dwellings plots counted, and this information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.
- 9.45 We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites. There is less evidence that those with lower budgets are having their needs met. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable to own dwellings where they can be heavily involved in the building of their final property.
- 9.46 It is for these two groups that Greater Norwich could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing, and could both be encouraged with the provision of small and larger sites.
- 9.47 Meanwhile, the Greater Norwich authorities could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing, but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

Essential Local Workers

- 9.48 Annex 2 of the Revised NPPF also includes the needs of essential local workers:

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

- 9.49 It is notable that the definition provided by the revised NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.
- 9.50 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers.

Gypsies and Travellers

- 9.51 The Greater Norwich local authorities, along with the rest of Norfolk commissioned a separate Norfolk Caravans and Houseboats Accommodation Needs Assessment (ANA) including for Gypsies, Travellers and Travelling Show people Report in 2017 and this study is being updated in 2021⁴⁷
- 9.52 In general terms, the need for those households assessed who did not meet the planning definition of a Traveller will need to be addressed as part of general housing need and through separate Local Plan Housing Policies. This approach is specifically referenced in the revised National Planning Policy Framework (February 2019). Paragraph 60 of the NPPF sets out that in determining the minimum number of homes needed, strategic plans should be based upon a local housing need assessment conducted using the standard method in national planning guidance. Paragraph 61 then states that [emphasis added]:

*61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, **travellers**²⁵, people who rent their homes and people wishing to commission or build their own homes²⁶).*

2019 NPPF - para 61

- 9.53 Footnote 25 to this section states that:

²⁵Planning Policy for Traveller Sites sets out how travellers' housing needs should be assessed for those covered by the definition in Annex 1 of that document.

2019 NPPF - footnote 25

- 9.54 The findings of the need for households that did not meet the PPTS planning definition of a Traveller should be considered as part of future housing mix and type within the context of overall housing need in Greater Norwich.
- 9.55 This approach is supported in a recent Appeal Decision Notice in Central Bedfordshire (APP/P0240/C/18/3213822 - Land at Kingswood Nursery, Dunstable Road), in which the Inspector concluded in Paragraph 31:

⁴⁷ [reg.18_norfolk_final_ana_.pdf\(gnlp.org.uk\)](#)

31. It seems to me that this wording makes clear that it is only those meeting that definition that should be included in an assessment of need for 'planning definition' travellers and that gypsies who have ceased travelling should be counted and provided for elsewhere and this is the approach proposed in the emerging LP. This does not, of course mean that these gypsies should be allocated 'bricks and mortar' type housing. They will also need a suitable supply of caravan sites to meet their needs.

Appeal Decision APP/P0240/C/18/3213822 – Para 31

Appendix A

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; "family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"⁴⁸.

A Dwelling as a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained, but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: "the proportion of people in each age group and household type who are the 'head' of a household"⁴⁹

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

⁴⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁴⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

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).

Acronyms and Initials

AHC	Affordable Housing Commission
AHO	Affordable Homeownership
BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
CPI	Consumer Prices Index
DFG	Disable Facilities Grant
DWP	Department of Work and Pensions
EHS	English Housing Survey
HB	Housing Benefit
HMA	Housing Market Area
HPSSA	House Price Statistics for Small Areas
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long-Term Illness
LPA	Local Planning Authority
LQ	Lower Quartile
LRR	Local Reference Rent
LSE	Leasehold Schemes for the Elderly
MHCLG	Ministry for Housing, Communities and Local Government
MSOA	Middle-layer Super Output Area
NDSS	National Planning Policy Framework
OAN	Objectively Assessed [Housing] Need
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
PPTS	Planning Policy for Traveller Sites
PRS	Private Rental Sector
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

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