Greater Norwich Development Partnership

Topic Paper Homes and Housing

Joint Core Strategy for Broadland, Norwich and South Norwich

Addressing the Judgment of Mr Justice Ouseley in Heard v Broadland District Council, South Norfolk District Council and Norwich City Council

August 2012

Jobs, homes, prosperity for local people

Norwich City Council · South Norfolk Council · Norfolk County Council · Broads Authority

Contents

1. Summary

1.1. This topic paper expands on evidence considered by the constituent authorities of the GNDP and supports the dwelling provision in Policy 4 of the Joint Core Strategy (JCS). It is an updated version of the paper requested and accepted by Inspectors at the first JCS examination[1]. It has been revised to include new data releases from ONS (section 8 - population projections), CLG (section 9 – household projections), the East of England Forecasting Model (section 10) and Local Planning Authorities (section 12 – increased supply). The release of the 2011 Census may have further implications.

1.2. The JCS requires allocations to be made to ensure that at least 36,820 new homes can be delivered between 2008 and 2026. The locational policies of the JCS provide flexibility to identify allocations between 36,820 and 37,750 dwellings.

1.3. Forecasting the need for new housing is not an exact science and the sources of evidence identified in this paper provide a range of potential needs. The values at the lower end of the range are more likely to underestimate need and would not respond to the Government's commitment to increase housing supply. The upper end are based on projections of past demographic trends that may be unrealistic and suggest levels of growth that are untenable in terms of infrastructure requirements, environmental impact and evidence of the market's ability to deliver. JCS provision falls well within the indicated range and because it is limited to allocated land and takes no account of future windfall development it provides a sufficient flexibility to deliver on all reasonable requirements.

2. Introduction

2.1. This Topic Paper outlines a range of evidence supporting the housing targets in the adopted Joint Core Strategy demonstrating that they still remain valid in light of the Government's continued commitment to revoke the East of England Plan.

3. Background

3.1. The JCS was adopted in March 2011. A legal challenge to the adoption of the JCS was received on 3 May 2011 from Stephen Heard, Chairman of Stop Norwich Urbanisation. High Court Judge Mr Justice Ouseley made his judgment on 24 February 2012 (REF) and published his final order (REF) on 25 April 2012.

3.2. Mr Justice Ouseley found that parts of the Joint Core Strategy concerning the Broadland part of the Norwich Policy Area, including the North East Growth Triangle (a total of 9,000 dwellings) should be remitted for further consideration and that a new Sustainability Appraisal for these issues be prepared

3.3. Broadland District Council, Norwich City Council and South Norfolk Council, together with Norfolk County Council have continued to work together as the Greater Norwich Development Partnership (GNDP). The Partnership has undertaken further work to reconsider the remitted parts of the JCS.

3.4. The levels of housing provision required by the JCS both for the area as a whole and for the Norwich Policy Area, were not remitted and remain adopted. Consequently, the order does not require the reconsideration of housing provision. Nevertheless, this paper demonstrates why the adopted housing totals in the JCS continue to provide a sound context for the re-submission of the remitted parts of the strategy.

[1] Available on the GNDP website http://www.gndp.org.uk/our-work/joint-core-strategy/evidence-base/ Topic Paper EIP70

4. Government Policy

4.1. As part of the definition of the presumption in favour of sustainable development the NPPF requires that:

"Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless … any adverse impacts of doing so would significantly and demonstrably outweigh the benefits"

4.2. The core planning principles of the National Planning Policy Framework (paragraph 17) require planning to:

"proactively drive and support sustainable economic development to deliver the homes … and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing … needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability"

4.3. To deliver sustainable development the NPPF seeks "To boost significantly the supply of housing". To achieve this "local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area" (paragraph 47).

4.4. Paragraph 159 requires local planning authorities to have a clear understanding of housing needs in their area. 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. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:
  - meets household and population projections, taking account of migration and demographic change;
  - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
  - caters for housing demand and the scale of housing supply necessary to meet this demand;
- prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.

4.5 The remainder of this paper demonstrates how the authorities have taken account of various measures of housing need. It also demonstrates that the JCS seeks to boost significantly housing supply, supports economic growth potential and has sufficient flexibility to deal with rapid change.

5. The East of England Plan

5.1. Although it is still the Government's intention to revoke the East of England Plan, at the time of writing it remains in force. Moreover, the evidence that supports it and the local authorities' position on it will remain relevant even after revocation.

5.2. The housing targets in the adopted East of England Plan to 2026 were accepted by all the GNDP authorities subject to the provision of the necessary supporting infrastructure and jobs. For the period 2008-2026 the East of England Plan target, taking into account past completions 2001-2008, was a **minimum of 35,660 dwellings** (or 1,980 per annum).

5.3. To ensure the East of England Plan to 2026 was met, and to provide the opportunity for local choice and flexibility to meet housing need in more rural parts of the area, the GNDP partners decided to increase the provision in the JCS slightly above that required by the East of England Plan. Consequently, the JCS provision is **36,820 – 37,750 dwellings** (or 2,050 to 2,100 per annum).

5.4. Prior to the the decision to revoke regional strategies, a review of the East of England Plan was underway which included housing provision as put forward by constituent local authorities. For the GNDP area provision equating to 2,100 dwellings per annum was proposed. This is equivalent to the top end of JCS provision over the 18 years 2008 to 2026. However, it should be noted that the review was for the period 2011-2031, with no requirement to address any backlog, and the GNDP proposals were made in the context of constrained delivery in much of the rest of Norfolk. More significantly they were absolutely conditional on the provision of supporting infrastructure and in particular the Norwich Northern Distributor Road.

6. Local and sub-regional evidence of need and demand

6.1. The Strategic Housing Market Assessment (SHMA) for the GNDP area estimates a housing requirement over a period of five years. The original study (REF) was for the period 2006-2011 and this has been revised and updated for the period 2009-2014 (REF).

6.2. The revised study identifies a total need for housing of 2,132 per annum of which 925 would be affordable. This includes the dwellings required to meet any backlog in affordable housing need at the start of the period plus newly arising need. The backlog identified in the initial study has not been met in the intervening period. In order to use the SHMA data to indicate need over the JCS period it is necessary to take out the affordable backlog, extrapolate the remaining annualised need over the JCS period and then add the backlog back in. This indicates a need for **34,500 dwellings**. However, this is likely to be an underestimate, as the SHMA analysis takes no account of demographic trends after 2011 and does not include a reasonable allowance for unoccupied dwellings. Moreover the proportion of affordable housing would need to be around 37% of total housing and this is extremely unlikely to be achieved as it significantly exceeds the proportion sought by Policy 4 of the JCS.

6.3. Policy 4 seeks a maximum of 33% affordable housing to be provided on market sites. If an average of 33% affordable housing could be achieved across all sites, a total of **38,650 dwellings** would be needed to address the projected need for affordable housing. Policy 4 applies lower rates to smaller sites and also recognises that the affordable housing contribution on any site can be reduced to take account of viability. This will reduce the overall proportion of affordable housing from market sites below the 33% average. While some sites will come forward for 100% affordable housing, such as rural 'exceptions' sites, this cannot be expected to redress the balance. Therefore, total growth would need to exceed 38,650 dwellings to fully meet the identified need for affordable housing. For example, if the proportion of affordable housing achieved were to be 5 percentage points lower at 28% (and this is a historically high figure) then a total of **45,500 dwellings** would be required.

6.4. The level of affordable housing need in the area is strongly influence by need arising from Norwich. It is particularly important, therefore, that a high proportion of total provision is targeted on the Norwich Policy Area.

6.5. A long-term analysis of house prices has not been undertaken, as it would not be expected to be useful given the current economic climate and issues with the housing market. However the impact of house prices in relation to household incomes has formed part of both the original SHMA and the 2009 update.

7. NHPAU advice

7.1. While the NHPAU has now been disbanded, its evidence, although somewhat out of date, is still available via the DCLG website. It projected requirements for the GNDP area for the JCS time frame (2008-2026) range between 43,100 and 53,800 dwellings.

7.2. The lower requirement is derived from 2006-based demographic projections and provides for household growth but does not include housing for existing hidden households. The upper requirement reflects the level of supply considered by the NHPAU to be required to stabilise the affordability of market housing. With the demise of the NHPAU there is no authoritative analysis of how the affordability issue has been affected by the downward pressure on house prices in the current market.

7.3. Because this evidence is considered to be out of date it has not been included in the final evidence comparison table (Table 1).

8. The Government's latest population projections

8.1. The latest ONS population projections are 2010-based. These projections are largely derived from trends over the previous 5 years and show what would happen in terms of population growth if these trends were to be continued forward.

8.2. ONS projections for the GNDP area suggest a total population of around 430,000 people at 2026 resulting from a growth of 60,100 people from 2008. The dwelling requirement resulting from this population depends on occupancy rates which have tended to decline over time, in part reflecting falling average household size. Between 1991 and 2001, the occupancy rate fell in all three districts. Across the area as a whole occupancy fell by 0.09 people per dwelling to an average of 2.24 in 2001. It is possible to calculate an occupancy rate for 2008 but there are question marks around the derived dwelling stock and its compatibility with the Census (unfortunately different measures of current stock vary significantly). Assuming that dwelling stock is the sum of that recorded in the 2001 Census plus subsequent net completions, the 2008 occupancy rate for the GNDP area as a whole appears to have fallen to 2.20 people per dwelling or a pro rata decline of 0.06 people per dwelling per decade (0.04 people per dwelling 2001-2008). There is some evidence nationally to show that migration from the EU Accession Countries post 2004 has slowed this downward trend with some international migrants living at considerably higher occupancy rates than current averages. In addition, the recent economic climate has also made it more difficult for people to access finance and therefore constrained some households from moving into their own homes. It is unclear if and when a return to a more pronounced downward trend will occur. However, it must be noted that these situations, may not be considered to be socially acceptable by all those affected. If the occupancy rate for the GNDP area as a whole were to continue falling at the 2001-2008 rate for the period 2008-2026 the increased population implies a requirement for an additional **37,700 dwellings**. If the fall in occupancy rates follows the average fall between 1991 and 2008 (17 years, almost the same period as the JCS) occupancy rates would fall at 0.08 people per dwelling per decade (0.13 people 1991-2008) and the dwelling requirement would be **40,950 dwellings**. Alternatively, if rates were to fall at the 1991-2001rate the requirement would be for **43,250 dwellings**.

9. Household projections

9.1. The latest CLG household projections are 2008-based. These projections are largely derived from trends over the previous 5 years and show what would happen in terms of household growth if these trends were to be continued forward.

9.2. CLG 2008-based household projections indicate that between 2008 and 2026 there will be an additional **44,000 households** in the GNDP area.

9.3. Generally there are more dwellings in an area than households. In order to assess how many dwellings might be needed to accommodate the projected increase in households the relationship between the two measures at the time of the 2001 Census can be used. At this time there were approximately 3.7% more dwellings than households in the GNDP area. If this is applied to the above then the projected increase in households would require an additional **45,650 dwellings**.

9.4. This estimate of housing need may now be considered to be too high as these household projections are based on ONS 2008 mid-year estimates which have since been revised downward in the indicative mid-year estimates for Norwich.

10. Dwelling requirement to support the local economy

10.1. The East of England Forecasting Model (EEFM) is a genuine forecasting tool. It is grounded in models of the international and national economy and uses local intelligence on economic structure, output, employment, population and housing to forecast each variable. The dwelling forecast maintains current occupancy ratios in the context of economically driven increases in population. The most recent forecast undertaken in Spring 2012 suggests an additional **43,000 dwellings** will be needed between 2008 and 2026 to support the growth potential of the local economy.

11. Strategic Housing Land Availability Assessment (SHLAA)

11.1. The GNDP SHLAA Stage 8 report suggests that total constrained supply could be **42,000 dwellings** up to and beyond 2024. The GNDP target is below this constrained supply, allowing some capacity for growth provision in later plans. Moreover, many of the constraints indicated in the SHLAA can be overcome.

11.2. The SHLAA site threshold outside of the built-up area is one hectare, which effectively excludes garden land. Similarly the SHLAA has a density assumption of 30 dwellings per hectare and this is believed to still be a realistic density in the Greater Norwich area.

11.3. In the built-up area the SHLAA assumed the density of development would be 100 dwellings per hectare in the city centre and 50 dwellings per hectare in the rest of the city. The average densities for the city as a whole were about 90 dwellings per hectare between 2007 and 2010. The City's Site Allocation DPD pre-submission publication is expected in August 2012 and will demonstrate that 3,000 dwellings can be achieved in the City Council area therefore demonstrating the ability to accommodate the level of growth set out in the Joint Core Strategy.

11.4. In urban areas outside the built-up area of Norwich the assumption of 40 dwellings per hectare is also considered to be a reasonable assumption for an average density.

12. Increased supply

12.1. Net completions in the 10 years 2001-2011 average 1,596 dwellings per annum. If delivery continues at this rate then **28,750 dwellings** would be completed between 2008 and 2026.

12.2. The Government are expecting the planning system to deliver higher rates of development. In this context past completions should be seen as a minimum to deliver. Recent completions represent the market's ability to deliver during difficult economic times but in a period in which all three Local Planning Authorities adopted up-to-date Local Plans in which they made significant housing allocations. Despite challenging economic times completions 2001-2011 indicate the scale of the challenge if significantly higher rates of development are to be achieved in the longer term.

13. The role of windfall development

13.1. JCS provision is intended to be delivered through allocations so windfall development after allocations are identified will be additional. Reasonable assumptions about windfall development have been included in key evidence supporting the JCS. Delivery of close to 5,000 additional dwellings is illustrated (but not included in the totals) in the JCS trajectory for the GNDP area as a whole. This is quite conservative compared to windfall development rates previously experienced but may be reasonable in a planning system which is intended to positively allocate sites to meet need. The potential for windfall development will also be influenced by the extent of 'development boundaries' in site specific allocations DPDs and the protection of sites for non-housing uses, as well as by development management policies relating to issues such as density, conversions and redevelopments etc. Consequently, allocations to meet the JCS provision plus windfalls could deliver in the region of **42,000 dwellings**. This amount of development is very similar to all but the highest estimates of need. Clearly windfall development will not be delivered as additional development if there is no market demand – the sites may still come forward but there would be a consequent reduction in rates of delivery on allocations. Consequently, windfall development provides sufficient flexibility to address uncertainty arising from the wide range of assessments of need.

14. Housing trajectory and deliverability

14.1. The critical element of meeting the JCS housing trajectory over the plan period as a whole will be strong delivery on newly allocated sites.

14.2. Past trends indicate that, in reasonable market conditions, both Broadland and South Norfolk can deliver significant levels of growth through the release of greenfield sites for development.

14.3. Evidence from Norwich and South Norfolk indicates a strong likelihood that delivery on new allocations sites can be achieved in accordance with the predictions for the adopted JCS Policy, which underpin the JCS Housing Trajectory

14.4. Despite the slow down in site specific work in Broadland resulting from the High Court Order, and the potential for a slow down in South Norfolk, the combination of sites which are being prepared in parallel with the Site Allocations and pragmatic stances of the relevant authorities indicate that there is a good chance that sites can come forwards in an appropriate timescale to meet the JCS Housing Trajectory.

14.5. Taking account of this rationale, the JCS Housing Trajectory remains appropriate.

15. Conclusion

15.1. All the illustrated rates are dependent on the market's ability to deliver and the timely provision of essential infrastructure.

15.2. Evidence supporting the JCS demonstrates that growth in excess of that being provided for would increase significantly the likely environmental consequences of development and potentially run into even greater infrastructure constraints. There is also little or no evidence that the market could deliver higher rates of growth. A lower level of development could be artificially constraining housing delivery, with consequent impacts on economic development and housing affordability and wider 'knock-on' effects that this would have.

15.3. It can therefore be concluded that JCS provision is entirely appropriate and necessary to deliver on all reasonable estimates of need.

Table 1: Comparison of JCS provision and dwelling requirement derived from a range of sources

Source of estimate	Dwellings needed	Note:
Continuation of past completions	28,750	Based on completion rates 2001-2011
SHMA with affordable at 37%	34,500	Takes no account of demographic trends after 2011 and does not include and allowance for unoccupied dwellings. Meeting affordable need would require and unachievable proportion of total dwellings
JCS provision	**36,820 – 37,750**	**Not including potential windfall development**
ONS population projection	37,700	2010-based. Occupancy rates falling at 2001-2008 rates
SHMA with affordable at 33%	38,650	Total dwellings to deliver affordable need if 33% is affordable
ONS population projection	40,950	2010-based. Occupancy rates falling at 1999-2008 rates
JCS plus windfall	**42,000**	**JCS provisions plus windfall**
EEFM	43,000	Requirement to support local economic growth potential. Derived from Spring 2012 baseline economic forecast
ONS population projection	43,250	2010-based. Occupancy rates falling at 1991-2001 rates
SHMA with affordable at 28%	45,500	Total dwellings to deliver affordable need if 28% is affordable (illustrative assumption)
Household projections	45,650	CLG 2008 based, converted to dwellings to allow for household/dwelling ratio

Appendix 1 – Local and Sub-Regional Evidence

SHMA Calculation Updated

Total requirement per annum*	2,132	a
Less affordable backlog** (annual)	300	b
Total arising requirement per annum	1,832	a-b
Multiply by JCS period years	18	c
Total requirement over JCS period	32,976	c x (a-b)
Add back in affordable backlog total	1,500	d
Total requirement including backlog	34,476	c x (a-b) + 5b

Affordable Housing Element

Housing need per annum including backlog*	925	a
Less affordable backlog** (annual)	300	b
Affordable need arising per year	625	a-b
Multiply by JCS period years	18	c
Affordable need arising over JCS period	11,250	c x (a-b)
Add back in affordable backlog total	1,500	d
Affordable need arising including backlog	12,750	c x (a-b) + d

* Greater Norwich Housing Market Assessment UPDATE November 2009, page 20
** Affordable backlog was 1,403 in 2006; estimated at 1,500 in 2009

Affordable Housing Delivery Rates

Affordable need arising in JCS period, including backlog	12,750
If this forms 33% of completions, total completions would need to be	38,636
If this forms 28% of completions, total completions would need to be	45,536

34,476 dwellings according to Strategic Housing Market Assessment methodology, extrapolated over 18 years

38,636 dwellings to meet affordable need, assuming 33% of completions are for affordable dwellings

45,536 dwellings to meet affordable need, assuming 28% of completions are for affordable dwellings

Appendix 2 – ONS Population Projections

GNDP Indicative Population Estimate 2008	GNDP Population Projection 2026 (2010 based)	Increase in Population
369,900	430,000	60,100

GNDP:	Population	Dwellings	Occupancy
1991 Census	329,799	141,585	2.33
2001 Census	350,773	156,745	2.24
Net completions 01-08		11,758	
2008 Indicative Estimate	369,900	168,503	2.20
Occupancy Rate Scenarios			
2026 Projection	430,000	206,180	2.09
2026 Projection	430,000	209,429	2.05
2026 Projection	430,000	211,765	2.03

	a) 2001-2008 rate of falling occupancy	b) 1991-2008 rate of falling occupancy	c) 1991-2001 rate of falling occupancy
Dwellings Based On:	2.09	2.05	2.03
Less 2008 Stock	168,503	168,503	168,503
Additional Homes Needed	37,677	40,926	43,262

37,677 dwellings to house growing population at falling rates of occupation (01-08)

40,926 dwellings to house growing population at falling rates of occupation (91-08)

43,262 dwellings to house growing population at falling rates of occupation (91-01)

Appendix 3 – CLG Household Projections

CLG 2008-based Estimate Households	165,000	a
CLG 2008-based 2026 Projection Households	209,000	b
Difference Over 18 Years	44,000	b-a

Relationship between households and dwellings at census

2001 Census	Households	Dwellings	% Difference
GNDP	151,198	156,745	3.7%

Household/dwelling relationship applied to projections

	Households	% Difference	Dwellings
CLG 2008	44,000	3.7%	45,628

45,628 dwellings to accommodate increased households, 2008-based projections

Appendix 4 – Increased Supply

	Completions 2001-2011 (Financial Year)	Annual Average	Projected Completions 2008-2026
Broadland	2,870	287	5,166
Norwich	6,787	679	12,222
South Norfolk	6,300	630	11,340
GNDP	15,957	1,596	28,728

28,728 dwellings taking account of historic annual completion rates

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