

Breckland Local Plan Examination

Matter 3:

Housing: the objectively assessed need for housing and the housing requirement

(Policy HOU 01)

Breckland District Council Hearing Statement

March 2018



Issues - OAN

3.1: Is the Objectively Assessed Need (OAN) figure of 612 dwellings per annum (dpa) as identified in the Strategic Housing Market Assessment (SHMA) justified?

1. It is the Council's view that the OAN figure of 612 dwellings per annum as set out within the Central Norfolk Strategic Housing Market Assessment (CNSHMA) (LP/H/1) (at paragraphs 5.3 to 5.5) is justified.
2. The Council would wish to submit the 2016 Central Norfolk Strategic Housing Market Assessment into the evidence base (LP/H/9 and LP/H10). The findings of this study were subsequently updated by the 2017 CNSHMA (LP/H/1). Chapter 2 of the 2016 CNSHMA sets out how the housing market area was defined and shows the functional linkages between settlements are defined.
3. The CNSHMA is a significant outcome from the Norfolk-wide Duty to Co-operate Forum. As set out within the Duty to Co-operate statement (LP/S/18), the Council is not expected to unmet need from adjacent Local Authorities.
4. The use of the then-emerging CNSHMA for the OAN received support from a number of key stakeholders in the Issues and Options Consultation, including adjoining authorities, parish councils and Norfolk County Council, as well as receiving one of the highest number of responses (50) in that consultation. The use of the OAN identified by the published CNSHMA was then subject to consultation at Regulation 18 Preferred Directions (LP/S/8), where it was explained that the OAN identified through the CNSHMA represented the most up to date and robust evidence base on which to plan for residential growth in the District (LP/S/8, paragraph 3.13). The updated CNSHMA was included within the Regulation 19 Pre-Submission Local Plan (LP/S/1). Both documents have been subject to sustainability appraisal which has considered alternative approaches to the calculation of OAN (LP/S/3 page 145-156 and LP/S/10 page 316-327)
5. It was necessary to update the CNSHMA between the Regulation 18 Preferred Directions and the Regulation 19 Pre-Submission Publication to reflect the most recent Government projections, including the 2014 sub-national population projections. However it should be noted that the broad approach and methodology for the calculation of OAN remains as previously consulted on at Regulation 18.

6. Breckland represents the first of the Central Norfolk authorities to progress to a full Local Plan examination using the CNSHMA. The methodology has however been considered through a number of section 78 appeals within Central Norfolk, the most notable of which occurred in North Norfolk (APP/Y2620/W/16/3150860, decision letter 5 July 2017) where the Inspector stated that North Norfolk's reliance on the CNSHMA represented a '*pragmatic, robust and convincing approach to its assessment of its OAN.*' (paragraph 28).
7. As set out above, the full objectively assessed need for Breckland is set out within figure 95 on page 125 of the CNSHMA LP/H/1) . Further underlying information in relation is contained within the 2016 CNSHMA part 2 report, which Council propose to submit into the evidence base..

3.2: Does the SHMA methodological approach to establishing the OAN follow the advice set out in the Planning Practice Guidance (PPG) (under the heading 'Methodology: assessing housing need')?

8. The CNSHMA has been carried out in accordance with the PPG's methodology for assessing housing need. The CNSHMA considers the DCLG household projections (CNSHMA Chapter 2) as the starting point and assesses local evidence in determining trends and adjustments for the local market. In accordance with the PPG methodology adjustments have been made to the assessment to have regard to market signals including land and house prices, rent, affordability, overcrowding and concealed households (CNSHMA Chapter 4, captured at Figure 78, page 90). Further analysis of the impact of employment trends is considered on pages 92-94. The full objectively assessed need including adjustments is contained within Figure 80, page 95.

3.3: The OAN is based on applying a 10 year migration trend (2005 to 2015) to the ONS 2014-based sub-national population projections. Why is this more appropriate than the 'starting point' estimate provided by the latest Government household projections? What is the difference from the 2014 based projections?

9. The CNSHMA discusses this issue at paragraph 2.9 onwards (page 14). It recognises (paragraph 2.9) that the DCLG household projections are the starting point for assessment of housing need (in accordance with PPG paragraph: 015

Reference ID: 2a-015-20140306) but also that the PPG suggests that plan makers may consider sensitivity testing, specific to their local circumstances. (Paragraph: 017 Reference ID: 2a-017-20140306). The PPG states that relevant issues can include migration and demographic structure. The CNSHMA notes that as demographic projections are trend-based, a critical issue is the period over which the trends are based, and the CNSHMA contains reasoned and evidence-based consideration of the reliability of the five-year trend period used for the DCLG household projections (the DCLG household projections are based on the Office for National Statistics' population projections, which use a five-year trend period), as against a longer, ten-year trend period. The CNSHMA concludes, with justification, that five-year trend migration scenarios are less reliable, due to their potential to roll-forward short-term trends that are unduly high or low (paragraph 2.15), hence it also includes projections based on long-term trends, whilst recognising that no one scenario will provide a definitive assessment of future population (paragraph 2.16).

10. The latest DCLG household projection is based on the ONS 2014 population projection is based on a five year migration trend and as such is subject to cyclical trends. The 2014 projections are based on the five year period 2009-2014 Therefore it is considered appropriate to have regard to a longer migration trend.
11. For Breckland, the difference between the use of the 2014 projections and the 10 year migration trend is set out on pages 19 and 20 of the SHMA. The 2014 projections indicate that Breckland's population will increase to 153,700 (153,678 rounded) by 2036. This compares to the 10 year migration trend which indicates a population in 2036 of 154,100 (154,146 rounded). The difference for Breckland is relatively modest (400). The difference for the whole of the HMA is set out within Figure 37 on page 37 of the CNSHMA and shows larger differences for other local authorities in Central Norfolk.

3.4: An uplift has been added to the OAN to take account of concealed families and homeless households. How has the figure of 42 dpa (approx. 1.5% uplift) been arrived at and is it justified?

12. This is discussed at Section 3 of the CNSMHA. As set out in paragraph 3.56 of the CNSHMA, an uplift to the OAN for overall housing is necessary, as concealed families are not included in the CLG household projections.

13. The uplift to the OAN for concealed families and homeless households has been arrived at having regard to the following datasets:

- Homeless Households – Households accepted as homeless and in priority need. Source CLG P1E returns March 2006 to March 2016 (see Figure 47).
- Concealed Households – Census (2001 and 2011) (see Figure 48), along with data for Sharing Households and Multi-Adult Households (see Figures 39 and 50).
- Overcrowding – Census (2001 and 2011) (see Figure 51) and trends analysed with the English Housing Survey Data (see Figures 52 to 54).

14. From these, the CNSHMA derived a figure of 895 households not counted by the household projections (see Figure 58 for the detail, and note the judgment reached regarding concealed households with a representative aged under 55 years). The figure was uplifted by 0.74% to reflect transactional vacancies within affordable housing, bringing the total to 902 (see paragraph 3.60). A more general vacancy rate was included market housing brings the total to 953 dwellings. Across the housing market area an allowance of 953 dwellings has been added to the overall OAN to account for concealed families and homeless households who are not captured by the household projections. The breakdown of this figure by local authority area is shown within Figure 80. The uplift as set out above 953 dwellings is equivalent to 1.5% of the OAN.

15. The CNSHMA has not sought to rely on a single dataset to consider concealed and homeless households which may distort figures. The use of a range of national datasets is considered to represent a justified approach.

3.5: A further uplift of 8.5% has been added to reflect market signals (to improve affordability). How has this figure been arrived at and is it justified? Is the uplift sufficient to address affordability issues?

16. In relation to market signals the national Planning Practice Guidance states that the household projections should be adjusted to reflect appropriate market signals. Stating that relevant signals may include: Land and House Prices, Rents, Affordability, Rate of Development and Overcrowding. The CNSHMA includes an uplift of 10% to reflect this. It should be noted that a reduction of 1.5% (953

dwelling) has occurred in relation to suppressed household formation rates: concealed families and homeless households to avoid double counting. This leads to a total uplift for market signals of 8.5%.

17. The CNSHMA provides further details on the approach to market signals on pages 90-92. This can be summarised as:

- House Prices: These are slightly higher than the national average.
- Rents: The average private rent is lower than the average for England.
- Affordability: The ratio between lower quartile house price and lower quartile earnings is higher in Central Norfolk than in England as a whole. The affordability ratio has also worsened since 2010.
- Rate of Development: The increase in the housing stock over a 10 year period has in Central Norfolk been 20% higher than England.
- Overcrowding: The census occupancy rates suggest that 4.1% of households in Central Norfolk are overcrowded, which is lower than the England average.

18. The approach to uplift has had regard to other comparator areas in England, and the accepted approach at their Local Plan examinations, this is set out in paragraph 4.69 and includes;

- Cheshire East – 3%
- Luton and Central Bedfordshire – 10%;
- Stevenage and North Hertfordshire – 10%;
- Buckinghamshire – 15%; and
- Camden – 20%;

19. As such the approach is considered to be justified when considered against the uplifts assessed for comparator areas and also against a series of adopted Local Plans.

20. Affordable housing is included as a segment of the overarching OAN for Central Norfolk (including Breckland). Chapter 3 of the CNSHMA sets out the level of need for affordable housing. As part of the OAN, an uplift in relation to affordable housing has been applied for suppressed household formation rates. An additional uplift beyond this would increase the level of development beyond projected increases in households in Central Norfolk. The Duty to Co-Operate Statement (LP/S/18) and the

Norfolk Strategic Framework (LP/S/28) show that each local authority is committed to meeting the full requirements of its own OAN. Therefore to increase the OAN further to address affordability issues would be beyond the required level of household growth needed within either Central Norfolk or Breckland.

3.6: Is it justified and consistent with the PPG methodology to subtract the uplift from concealed families and homeless households from the market signals uplift?

21. It is the Council's opinion that this is justified and consistent with the PPG methodology. When considering concealed families and homeless households, this was also considered as part of establishing the need for affordable housing and an adjustment was made to the overall housing figure to have regard for this. The CNSHMA goes into this in further detail in section 3. Therefore the subtraction from the market signals uplift prevents double counting for these households, which would have the result of distorting the level of need for the District (see also response to 3.5 above).

3.7: Does the SHMA take into account any accrued housing shortfall before 2011? If so, how?

22. The Planning Advisory Service Good Plan Making Guide¹ identifies that the SHMA should “re-set the clock” and provide a new baseline assessment of all housing need. However, the SHMA must take account of ‘backlog’: any unmet need for housing that exists at the start of the plan period.

“Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be ‘double counting’. Make sure however that the Strategic Housing Market Assessment takes account of ‘backlog’ which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope.”
(page 49)

¹ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

23. The Council agrees with this approach, and has applied it. Paragraphs 5.3 to 5.5 on pages 124 and 125 of the Central Norfolk Strategic Housing Market Assessment 2017 (“the CNSHMA”) set out the approach to backlog taken for Breckland and the housing requirement. Paragraph 5.4 sets out that the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of the new plan period. Therefore it is not necessary to consider accrued shortfall prior to 2011 as this has already been incorporated through the use of the household projections.

24. In relation to this issue, it is important to consider the link between past under-provision and market signals. Market signal indicators reflect past trends and will therefore be influenced by recent housing supply, so any under-provision is likely to have had an effect. If current housing delivery was keeping pace with household growth (with the necessary allowance for vacant and second homes) then the market signals should indicate less imbalance in the housing market, which would impact on the need for any uplift. The CNSHMA includes a combined 10% uplift (which 10% includes concealed families and homeless households as explained in response to 3.5 above) in response to market signal pressures in the area.

25. In summary:

- Market signals indicate that there is some imbalance in the housing market of Central Norfolk based on past rates of housing delivery, so higher rates of housing delivery will need to be achieved over the next Plan period covering 2011-36 to respond to this imbalance.
- Any under-provision before 2011 will represent an unmet need for housing at the start of the new Plan period, so higher rates of housing delivery will need to be achieved over the Plan period to address this backlog.
- Both of these adjustments are a response to past and current rates of housing delivery and the impact of under provision; so they are not cumulative and therefore the market signal adjustment already considered within the OAN figures also considers any backlog of need before 2011.

3.8: Does the OAN provide enough new homes to cater for those likely to take up the new jobs expected in Breckland over the Plan period?

26. The East of England Forecasting Model (EEFM) has been used alongside the CNSHMA projections on dwelling increases to consider jobs growth for each of the

local authorities within Central Norfolk (see the Central Norfolk Strategic Housing Market Assessment 2017 (“the CNSHMA”) at pages 92-94). The CNSHMA indicates that the number of workers within Central Norfolk will increase by 42,200 up to 2036 paragraph 4.80 page 93. This equates to 2,010 additional workers per annum.

27. The CNSHMA has had regard to the level of in and out commuting within the HMA and also differences between full and part time workers and those undertaking more than one job. The demographic projections from the 10 year migration trend show a higher increase in jobs than suggested through the EEFM (paragraph 4.82 page 94). As the OAN is based on the demographic projections (which includes a higher number of workers than the EEFM), it is considered that the OAN will provide sufficient new dwellings to cater for the new jobs expected in Breckland over the plan period.

3.9: What relevance can be afforded to the Local Plan Experts Group recommendations and the Government’s consultation planning for the right homes in the right places standard methodology?

28. It is the Council’s opinion that very limited relevance or weight can be afforded to either the Local Plan Experts Group or the Government’s standardised methodology in relation to the Local Plan, as the relevant current methodology for the calculation of OAN is included within the Planning Practice Guidance.

29. In relation to the Local Plan Expert Group’s recommendations on OAN, the Government’s later consultation on a standardised methodology would suggest a move away from this approach.

30. In relation to the Government’s consultation “The right homes in the right places”, the Government has now (March 2018) responded to that consultation, indicating that it considers its proposed approach to assessing local housing need is the most appropriate method that ‘meets the three key principles of being simple, realistic and based on publicly available data’. But what is most important in relation to this Local Plan (in the Council’s view) is the Government’s confirmation in its response to Question 6 that transitional arrangements will apply ‘In the revised Framework, we are proposing to introduce transitional arrangements to allow plans to be examined against the old framework, where they are submitted for examination within six

months of the revised Framework's final publication'. This is confirmed in Annex 1: Implementation to the revised Framework presently under consultation.

31. That is consistent with what was set out in the consultation on "The right homes in the right places", in terms of transitional measures for authorities who either had a recently adopted Local Plan or (as in Breckland's case) had made significant progress on the production of a new Local Plan. Through the submission of the Breckland Local Plan to the Secretary of State on 30th of November 2017, Breckland Council has met the requirement of the transitional arrangements which allowed for authorities submitting Local Plans prior to the 31st March 2018 to continuing progressing with their existing approach to OAN.

Issues – Housing Requirement

3.10: Should the housing requirement be amended to reflect the 'City Deal', which plans for an additional 13,000 additional jobs?

32. The City Deal relates solely to the Greater Norwich authorities of Broadland, Norwich City, and South Norfolk Councils. Whilst the housing implications of the City Deal are included within the Central Norfolk Strategic Housing Market Assessment 2017 ("the CNSHMA") (LP/H/1) this does not include the wider housing market area of Breckland or North Norfolk. The implication of the City Deal and the need for additional workers and dwellings is set out in further detail on pages 129-131 of the CNSHMA.
33. As set out earlier, as part of the calculation of objectively assessed need the CNSHMA includes an uplift for market signals of 8.5% (the full figure is 10% once concealed families/homeless households are included). The uplift includes consideration for job growth as set out within the East of England Forecasting Model (EEFM). It is therefore not considered necessary to amend the housing requirement further to reflect the Greater Norwich City Deal.

3.11: Are Broadland, Norwich, South Norfolk seeking to meet the additional need for housing as a result of the 'City Deal' in full?

34. Yes. As set out within the Norfolk Strategic Planning Framework (LP/S/28) at agreement 13, in addition to their own OAN, Broadland, Norwich City, and South

Norfolk Councils will seek to deliver an additional supply of 5,228 homes within the Greater Norwich Local Plan to ensure the housing needs from the City Deal are met in full (see page 43 of LP/S/28).