

Central Norfolk Strategic Housing Market Assessment update 2017 – note of findings

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As members will be aware, the Central Norfolk Strategic Housing Market Assessment (SHMA) (covering Breckland, Broadland, Norwich City, South Norfolk and North Norfolk Councils plus the Broads Authority) has been updated in response to the release of updated 2014-based population and household projections. The study has now been completed and this note provides Members with a note of key findings. A copy of the full 2017 SHMA can be found via the following link:

http://democracy.breckland.gov.uk/documents/s44081/Appendix%20A%20Central%20Norfolk%20FINAL.pdf?bcsi_scan_7cc39e168ee5a1b0=Y6SzetnGb1vPC+ihGD7rnCFniHAHAAAjCrAA==&bcsi_scan_filename=Appendix%20A%20Central%20Norfolk%20FINAL.pdf

The 2017 study followed the same methodology as the previous iteration which uses demographic projections as the starting point, then makes adjustments based on local circumstances and applies market signals before determining objectively assessed housing need (OAN) figures for the Housing Market area (HMA) and component authorities. The latest SHMA re-bases the study to 2015 taking into account the latest demographic projections.

The SHMA also provides 'policy on' scenarios where there is a need to consider setting a housing target above the objectively assessed housing need figures for particular reasons.

The SHMA reports that the 2014 population projections are marginally higher to 2036 across the HMA than the previous projections (around 5,000 people). Further, the baseline number of households across the 5 local authorities is projected to increase by an average of 2,468 per annum over the period 2015-36.

In addition to the demographic projections, the SHMA has updated the market signals that are applied to the baseline starting point. In particular, the market signals relating to house prices in Central Norfolk were found to be above comparator areas. This leads to a need to set the OAN above demographic projections. The SHMA has regard to the strength of the signal, as well as levels that have been applied in similar circumstances elsewhere. The SHMA therefore applies a 10% uplift above demographic projections in response to those market signals. Tables 1 and 2 of this note show the components of the objectively assessed housing need figures.

Of particular interest, the 2017 SHMA provides greater clarification on the position regarding student accommodation. The latest iteration confirms that student accommodation is taken into account in the calculation of the OAN, and can therefore be counted towards housing supply. The SHMA considers this should be at a ratio of 3 student bedspaces = 1 dwelling.

Table 1 of this note shows that the Full Objectively Assessed Need for Housing in Central Norfolk to be 60,339 dwellings over the 21-year period 2015-36, equivalent to an average of 2,873 dwellings per year. This includes the Objectively Assessed Need for Affordable Housing for 17,450 dwellings over the same period, equivalent to an average of 830 per year.

Table 2 provides the OAN figures by individual local authority.

Members will note that the Broads Authority has a separate calculation of its OAN which is included as table 4 of this note.

Table 1: Objectively Assessed Housing Need 2015-36

		Core	NPA	Greater Norwich	The Broads	Central Norfolk Functional HMA	5 LA Total
Demographic starting point: CLG household projections 2015-36		25,660	25,380	32,823	-	47,043	51,707
Baseline household projections taking account of local circumstances		26,968	26,675	34,501	195	47,479	51,835
Allowance for transactional vacancies and second homes: based on dwellings without a usually resident household		1,144	1,137	1,396	66	2,655	3,019
Dwellings		28,112	27,812	35,897	261	50,134	54,854
Adjustment for suppressed household formation rates: concealed families and homeless households		355 + 14 = 370	344 + 14 = 358	439 + 17 = 456	9 + 3 = 12	779 + 49 = 827	895 + 58 = 953
Baseline housing need based on demographic projections		28,482	28,170	36,353	273	50,961	55,807
Further adjustments needed...	In response to balancing jobs and workers:	0	0	0	0	0	0
	In response to market signals	2,811 – 370 = 2,441	2781 – 358 = 2,423	3,589 – 456 = 3,133	26 – 12 = 14	5,013 – 827 = 4,185	5,485 – 953 = 4,532
Combined impact of the identified adjustments		2,441	2,423	3,133	14	4,185	4,532
Full Objectively Assessed Need for Housing 2015-36		30,923	30,593	39,486	287	55,146	60,339

Table 2: Objectively Assessed Housing Need 2015-36 by Local Authority

		Breckland	Broadland	North Norfolk	Norwich	South Norfolk	Total for the 5 LAs
Demographic starting point: CLG household projections 2015-36		10,744	7,964	8,140	10,824	14,035	51,707
Baseline household projections taking account of local circumstances		10,588	7,254	6,746	13,120	14,127	51,835
Allowance for transactional vacancies and second homes: based on dwellings without a usually resident household		568	210	1,055	702	484	3,019
Dwellings		11,156	7,464	7,801	13,822	14,611	54,854
Adjustment for suppressed household formation rates: concealed families and homeless households		294 + 16 = 310	165 + 5 = 170	162 + 25 = 187	147 + 8 = 155	127 + 4 = 131	895 + 58 = 953
Baseline housing need based on demographic projections		11,466	7,634	7,988	13,977	14,742	55,807
Further adjustments needed...	In response to balancing jobs and workers:	0	0	0	0	0	0
	In response to market signals	1,116 – 310 = 806	746 – 170 = 576	780 – 187 = 593	1,382 – 155 = 1,227	1,461 – 131 = 1,330	5,485 – 953 = 4,532
Combined impact of the identified adjustments		806	576	593	1,227	1,330	4,532
Full Objectively Assessed Need for Housing 2015-36		12,272	8,210	8,581	15,204	16,072	60,339

One notable change from the previous iteration of the SHMA is the consideration of Greater Norwich City deal. The 2016 SHMA included this as part of the OAN; however, in the 2017 update the SHMA clarifies the City Deals as an aspirational target for additional jobs and housing growth above that already planned for through the Greater Norwich Joint Core Strategy.

The 2017 SHMA now reflects the Greater Norwich City Deal as a positive 'policy on' scenario with an accompanying housing target which would need to be set above the OAN. This is illustrated in Table 3 of this note. This 'policy on' scenario would require the Greater Norwich Authorities to plan for an additional 5,228 homes to ensure sufficient workers would be available to support the City Deals economic aspirations.

Table 3: Policy On - Projected Dwellings including City Deals

		Breckland	Broadland	North Norfolk	Norwich	South Norfolk	Total for the 5 LAs
Demographic starting point: CLG household projections 2015-36		10,744	7,964	8,140	10,824	14,035	51,707
Baseline household projections taking account of local circumstances		10,588	7,254	6,746	13,120	14,127	51,835
Allowance for transactional vacancies and second homes: based on dwellings without a usually resident household		568	210	1,055	702	484	3,019
Dwellings		11,156	7,464	7,801	13,822	14,611	54,854
Adjustment for suppressed household formation rates: concealed families and homeless households		294 + 16 = 310	165 + 5 = 170	162 + 25 = 187	147 + 8 = 155	127 + 4 = 131	953
Baseline housing need based on demographic projections		11,466	7,634	7,988	13,977	14,742	55,807
Further adjustments needed...	In response to balancing jobs and workers (due to the City Deal):	570	2,591	574	3,097	2,673	9,505
	In response to market signals	1,116 – 310 = 806	746 – 170 = 576	780 – 187 = 593	1,382 – 155 = 1,227	1,461 – 131 = 1,330	4,532
Combined impact of the identified adjustments		806	2,591	593	3,097	2,673	9,760
Total Projected Dwellings required 2015-36 (including response to City Deal)		12,272	10,225	8,581	17,074	17,415	65,567

Table 4: Projected Dwellings needed for the Broads by Local Authority Including the Policy-on City Deal (Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in the 2011 Census. Note: figures may not sum due to rounding)

	Breckland	Broadland	North Norfolk	Norwich	South Norfolk	Great Yarmouth	Waveney
ORS Model Using Long-term migration trends	0	50	70	3	40	66	57
Jobs led growth	0	55	76	4	43	66	57