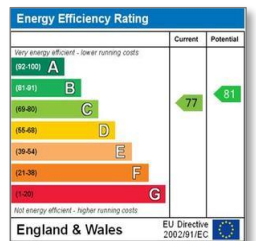




North Norfolk Local Housing Needs Assessment 2019

Report of Findings

November 2019





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1. North Norfolk Housing Needs

Introduction

- 1.1 In 2015, Opinion Research Services (ORS) was jointly commissioned by the Central Norfolk local authorities (Norwich City, Broadland, Breckland, North Norfolk and South Norfolk, together with the Broads Authority Executive Area) to identify the functional Housing Market Areas (HMAs) covered by the five local authorities, in particular to establish the extent of the Central Norfolk HMA. Subsequently, ORS prepared a Strategic Housing Market Assessment (SHMA) to establish the Objectively Assessed Need (OAN) for housing across the Central Norfolk area. This study was updated in 2017.
- 1.2 This study reviews the housing needs for North Norfolk District Council. Since the time of the publication of the 2017 Central Norfolk SHMA there have been significant changes in data and Government policy, as set out below, which require that the Housing Needs for North Norfolk are re-considered.

Central Norfolk SHMA 2017

- 1.3 The Central Norfolk Strategic Housing Market Assessment 2017 at Figure 80 identified the housing needs for each local authority. This table has been reproduced below as Figure 1. This calculated an objectively Assessed Need for North Norfolk on 8,581 dwellings over the period 2015-2036, or an average of 409 dwellings per annum.

Figure 1: Projected households and dwellings over the 21-year period 2015-36: policy-off, excluding the 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	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

Government Policy Updates

- 1.4 The Government published the original National Policy Planning Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.5 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”*.
- 1.6 A revised version of the National Policy Planning 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”*.
- 1.7 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.

The Standard Method for Local Housing Need Assessment

- 1.8 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 adjustments such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 1.9 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, 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
- » 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.

- 1.10 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.
- 1.11 The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies or adjustments which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure if this reflects growth potential, or unmet need from elsewhere. This is confirmed by the PPG on housing and economic needs assessment, which states:

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;*

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.

Paragraph: 010 Reference ID: 2a-010-20190220

Changes to the Standard Method

- 1.12 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 in March 2018 which relates to 2017;
 - » New 2016-based sub-national population projections (SNPP) released in May 2018;
 - » A new methodology for calculating household projections released by the Office for National Statistics in June 2018; and
 - » New 2016-based household projections released in September 2018.
- 1.13 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*”.
- 1.14 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.

1.15 Following on from this general context, the consultation asked the following specific questions:

Question 1

Do you agree that planning practice guidance should be amended to specify that 2014- based projections will provide the demographic baseline for the standard method for a time limited period?

Question 2

Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

1.16 After considering the consultation responses received, the “Government response to the technical consultation on updates to national planning policy and guidance” was published on 19 February 2019.

1.17 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 and this leaves the Local Housing Need for North Norfolk at 553 dwellings per annum, as opposed to the 409 dwellings per annum in the Central Norfolk SHMA 2017.

Government response to Question 1

Having taken the responses into account, the Government considers that its proposed approach to providing the demographic baseline for the standard method is the most appropriate approach for providing stability and certainty to the planning system in the short-term. This decision has been taken in the context that the standard method does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process. Local planning authorities may decide that exceptional circumstances justify the use of an alternative method, but they will need to identify these reasons and can expect them to be tested by the Planning Inspectorate during the examination of their plans. Local authorities may also not be able to meet their identified housing need in full, for example because of land constraints (such as Green Belt) in their area and it may be that need is better met elsewhere. The proposed approach does not change this.

1.18 As this makes clear, deviation from the standard methodology will only be considered if exceptional circumstances can be demonstrated.

1.19 The 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 establish 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.

- 1.20 The end of the 18-month period that the Government cites (August 2020) will be shortly after the release of the 2018-based Sub National Population Projections which are scheduled to be published in March 2020, and likely to coincide with the publication of the associated 2018-based Household Projections.¹
- 1.21 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based projections, as stated in the consultation: *“the Government is clear that this does not mean that it doubts the methodological basis of the 2016-based household projections.”* (From the Question 1 response).
- 1.22 However, in its response to Question 2, the Government has made it clear that the existence of the lower 2016-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.

Government response to Question 2

Taking into account these responses, the Government continues to think that the 2016-based household projections should not be used as a reason to justify lower housing need. We understand respondents' concerns about not using the latest evidence, but for the reasons set out in the consultation document we consider the consultation proposals to be the most appropriate approach in the short-term. We are specifying in planning guidance that using the 2016-based household projections will not be considered to be an exceptional circumstance that justifies identifying minimum need levels lower than those identified by the standard method.

- 1.23 Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections, the 2016-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.
- 1.24 It is also notable that the ONS published variant outputs for the 2016-based sub-national population projections in April 2019, and has recently consulted users on possible variants to the household projections. It seems likely that comparable variant scenarios will be included as part of the 2018-based projections which will enable the Government to propose an alternative scenario when the standard method is fully revised.
- 1.25 This implies that for Local Plans the standard method forms the basis for considered housing needs, but alternatives can be considered in exceptional circumstances. However, for planning appeals, where the need to demonstrate a 5 year housing land supply is frequently important, this is not the case. Instead, the Housing Delivery Test Measurement Rule Book July 2018 states that:

¹ National population projections are published every two years, with the 2018-based projections expected to be released around October 2019. Sub National Population Projections usually follow approximately 6 months later, and household projections later that same year. The 2016-based SNPP was released in May 2018, and the 2016-based household projections were released in September 2018.

What housing requirement figure should authorities use when calculating their 5 year housing land supply?

Housing requirement figures identified in adopted strategic housing policies should be used for calculating the 5 year housing land supply figure where:

the plan was adopted in the last 5 years, or

the strategic housing policies have been reviewed within the last 5 years and found not to need updating.

In other circumstances the 5 year housing land supply will be measured against the area's local housing need calculated using the standard method.

Paragraph: 005 Reference ID: 68-005-20190722

Revision date: 22 July 2019

- 1.26 Therefore, when planning appeals for authorities such as North Norfolk, without an adopted recent Local Plan, are considering housing needs there is no flexibility in considering alternative figures even if there are exceptional circumstances. Therefore, it is perfectly possible for a local authority to see a Local Plan under examination using one housing needs figure, while having to defend planning appeals using an alternative figure.

Previous Planning Appeals

- 1.27 The housing needs of North Norfolk have previously been considered at a series of planning appeals. In the Appeal Ref: APP/Y2620/W/16/3150860 Land at Creake Road and Moor Lane, Sculthorpe, Fakenham NR21 9QJ the inspector concluded that:

20. The Council's up-to-date evidence base in this case consists of the 2014-based DCLG Household Projections and associated 2014-based sub-national population projections; the 2016 Central Norfolk Strategic Housing Market Assessment (SHMA); and the 2017 draft SHMA update. The parties agree that, as a starting point, the Household Projections result in unadjusted annual figures for North Norfolk of 449 additional dwellings from 2012 and 446 from 2014. Both parties agree that, based on current forecasts for employment, there is no need for a further adjustment for economic factors, although a 10% market signals uplift is appropriate, resulting in a working DCLG Household Projections OAN of 493 dwellings per annum (dpa).

21. The 2016 Central Norfolk SHMA concludes that, in the 24 year period 2012-2036, the OAN for the North Norfolk part of the joint Housing Market Area will be met if around 10,000 new houses are provided. To date about 2,050 have been built, producing an OAN of about 418 dpa (rounded to 420). Using the 2014 housing and population projections as a starting point, the 2017 update similarly adjusts for the locally specific migration trend for the 10 year period 2005-2015 and concludes that the OAN for North Norfolk remains at about 420 dpa. Accordingly, for this appeal, based on its up-to-date SHMA, the Council considers its demographic OAN to be 420 dpa.

22. The appellant's calculations result in an OAN of 529 dpa (rounded to 530). This wide discrepancy in estimated OANs results from a fundamental difference between the parties as to how to treat Unattributable Population Change (UPC) and migration estimates. The appellant also considers that the clarifications and changes to Guidance and OAN methodology proposed by the Local Plans Expert Group (LPEG) are relevant to the calculations.

23. *There is no dispute between the parties that there is an over-estimation of local population increase. While the Office of National Statistics (ONS) mid-year estimates indicated an estimated growth in the population of North Norfolk between 2001 and 2011 of around 6,000 persons, it actually grew by 3,200 persons. That is a significant discrepancy. This over-estimate of population change affected subsequent population projections so that the 2012 and 2014 DCLG projections perpetuate the discrepancy.*

24. *The appellant argues that ONS figures are statistically robust and can be relied on. However, Guidance 017 allows a more nuanced approach, encouraging plan makers to consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections, including migration levels.*

25. *It is agreed that the likely causes of UPC are problems with the 2001 and 2011 censuses and problems with migration estimates. In responding to questions about the statistical disparities between the 2011 census and mid-year estimates, the ONS considers it's North Norfolk data to be very robust and does not consider it necessary to make adjustments to it's population data. The Council's interrogation of local data has not identified any evidence of a problem with either census, indicating that the over-estimation of international migration is the most likely cause of UPC in North Norfolk. Migration rates are crucial to the calculation of OAN. Framework 159 makes it clear that, in identifying the scale and mix of housing that the local population is likely to need over the plan period, the Council's SHMA should take account of migration and demographic change.*

26. *The migration rates used in the 2016 SHMA and the 2017 update reflect the actual migration trends in the 10 years from 2005-2015, rather than the ONS's projections which proved to be about 2,000 persons too high. I agree with the Council that this is a large discrepancy which it would be wrong not to take into account. The Council adjusted the DCLG OAN estimate downwards to reflect the identified UPC. I consider that the Council is right to take the view that DCLG projections should be reduced where justified by local evidence and local judgement. Furthermore, while the outcome of the Brexit negotiations is uncertain, it is not likely to result in an increase in migration rates. The appellant's reliance on the inaccurate population projections and over-estimated migration rates explains their higher estimate of OAN.*

27. *LPEG's standard methodology recommendations were not endorsed by the recent Housing White Paper and DCLG's commitment to consult on a standard methodology cannot be taken to mean the LPEG methodology. There is no certainty as to whether LPEG's recommendations will be accepted so, as things stand, they carry no real weight as a consideration in the calculation of OAN. 28. I therefore consider that the Council has taken a pragmatic, robust and convincing approach to the assessment of its OAN of 420 dpa and that in this appeal that is the appropriate figure on which to base its housing requirement.*

^{1.28} Therefore, it was concluded that 2014 based CLG household projections were not a robust basis for the underwriting the OAN for North Norfolk because of problems shown with Unattributable Population Change (UPC). UPC is the difference between assumed migration to North Norfolk between 2001 and 2011 and actual migration as measured in the change in population between 2001 and 2011 after natural change has been deducted. The scale of the UPC for North Norfolk indicated very serious problems with the 2014 based population projections which underwrite the 2014 based households projections. These are the same projections which underwrite the Standard Method figure of 553 dwellings per annum.

- 1.29 It is therefore sensible to consider alternative Local Housing Needs figures for North Norfolk. However, the Housing Delivery Test Measurement Rule Book indicate that this can only be done for the Local Plan and not in relation to planning appeals.
- 1.30 However, a recent planning appeal in Central Bedfordshire considered similar issues around the 2014 based population projections containing errors which overstate the likely population growth. In this case, *Appeal A Ref: APP/P0240/W/18/3206495 Land west of New Road, Clifton SG17 5JH June 2019*, the inspector concluded that:

55. The Council contends that the MYEs for its area historically have been inaccurate because their migration component has inflated the population estimates within its area by around 7,200 people. In that regard it has been submitted that the MYEs suggest that between 2011 and 2015 Central Bedfordshire's population grew by 18,400 people compared with estimates for the period between 2001 and 2011 which indicated the population increased by 21,600. Applying the MYEs in the Council's area, the population increase between 2011 and 2015 was equivalent to 85% of the total growth for the preceding ten years¹⁴?. To sense check the accuracy of the MYEs the Council has reviewed other administrative data sources, ie the patient register, school census and pension records, and found those data sources do not support the level of population growth identified by the MYEs. The Council further contends that the house building rates between 2011 and 2015 do not support the rate of population growth indicated by the MYEs for this period.

56. At the hearing Mr Lee, on the Council's behalf, commented that out of the several hundred local authorities in England there are a very small number for which the MYEs appear to be significantly over estimating migration growth. In that regard Mr Lee referred to two councils, Central Bedfordshire and Aylesbury Vale, of the fifty or so that his consultancy has acted for that are exhibiting MYEs that are significantly affected by inaccurate migration data inputs. Mr Lee referred to this being a "quite exceptional" occurrence, with the situation in Central Bedfordshire being an "extreme outlier" in terms of the accuracy of the MYEs.

57. Prior to the most recent revisions to the Framework and the PPG being published, the Government undertook a technical consultation and the Council made representations to the Government. However, given the very specific concerns that the Council has about the use of the MYEs in its area and the consequences of their use when the SM is applied, I consider it unsurprising that the Government did not introduce caveats into the Framework and the PPG to address statistical errors affecting a very small number of Councils. I consider therefore the absence of any caveats in the national policy and guidance to address the Council's very particular concerns about the reliability of the MYEs and the household projections founded on them, does not diminish the concern that the Council has put to me. In this regard the SM's application in the Council's area generates a LHN figure that instinctively does not feel right. That is because to achieve the LHN derived through the SM's application the housing stock in Central Bedfordshire would need to grow by the order of 20% between 2019 and 2029?.

58. Given that the use of the SM yields a LHN figure that seems doubtful, I consider this is an instance when reliance on the SM favoured in the national policy and guidance would be misplaced. So while the Framework and the PPG are important material considerations, I consider the inaccuracy of the MYEs, and associated implications for the 2014 household projections for Central Bedfordshire, is also an important material consideration. Accordingly, for the purposes

of the determination of these appeals, I consider that the weight attributable to the SM to derive a LHN should be greatly reduced.

59. The appellant has put to me that should I reach a finding that the 'text book' three step SM set out in the PPG17 should not be applied for the purposes of establishing the LHN in this instance, then a mix and match (hybrid) approach could be adopted. The hybrid application of the SM could entail at step 1 the use of the 2016 household projections in substitution for the 2014 household projections or applying the SHMA figure of 1,600 to SM's second and third steps. However, calculating the LHN on a hybrid basis would not follow a tried and test methodology and would introduce the kind of uncertainty in calculating the 5yrHLS that the Government has sought to avoid through the SM's introduction. I am therefore disinclined to accept that a hybrid approach to SM's application would be appropriate.

60. My attention has been drawn to a recent appeal decision concerning a site in Tendring District Council's (TDC) area¹⁸, with TDC being concerned about the accuracy of the MYEs and the implications that has for the application of the SM. However, in relation to the Tendring case the appellant did not challenge TDC's contention that there was statistical error affecting the SM's use. The case put to the Tendring Inspector with respect to establishing the LHN appears to be different to the one made to me. I therefore consider that the Tendring decision has little bearing on my consideration of the appeals before me.

61. That leaves the LHN figure of 1,600 dwellings per annum that the Council has identified through the preparation of its SHMA. While that housing requirement figure has been calculated using a methodology no longer favoured by the Government, it is based on the application of a previously tried and tested methodology. Given the evidence put to me, I therefore consider that a requirement of 1,600 dwellings per year represents a reasonable level of LHN to be used in connection with the determination of the appeals before me. My finding in this regard, as was put to me on the Council's behalf at the hearing, is consistent with the approach taken by a number of Inspectors who have determined other recent appeals in the Council's area. I feel I should stress that my use of a LHN figure of 1,600 dwellings per year should not be taken as having any bearing on the consideration of the housing requirement for Central Bedfordshire that is being undertaken as part of the eLP's examination.

^{1.31} Therefore, the inspector concluded that the population figures for Central Bedfordshire, as set out in the Mid Year population estimates, are deeply flawed and it would not be rational to utilise them. While the issue in Central Bedfordshire relates to the current population estimates and not past migration, the issues with the 2014 based population projections containing errors is not constrained only to Central Bedfordshire. This means that if exceptional circumstances can be shown then alternative population and household projections should be considered at planning appeals as well as in Local Plans.

^{1.32} We would note that this case has been subject to an application for a judicial review, but has been deemed by two judges to not be arguable. Based on the papers submitted by the appellant, Mr Justice Cranston refused permission to bring the case. The arguments were then considered at an oral hearing by Mrs Justice Lang, who again refused permission to bring the case.

^{1.33} We will now consider if exceptional circumstances do exist in North Norfolk.

Official Population and Household Projections

- 1.34 Planning Practice Guidance revised in February 2019 identifies that 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.

Planning Practice Guidance, ID 2a-005-20190220

- 1.35 Given this context, Figure 2 sets out the 2014-based household projections. However, household projections can vary considerably at a local level which introduces a risk to the LHN figure. Therefore, Figure 2 also sets out the previous household projections that CLG produced for the area together with the 2016-based ONS household projections, including the associated outputs from the sensitivity analysis undertaken.

Figure 2: Household projections 2015-36 (Source: CLG, ORS; Note: All figures presented unrounded for transparency)

	Migration trends	Total households		
		2015	2036	Change 2015-36
CLG Household Projections				
2014-based projection: 2014-based population and CLG 2014-based household formation	2009-14	47,531	55,671	+8,140
2012-based projection: 2012-based population and CLG 2012-based household formation	2007-12	47,400	55,244	+7,844
ONS 2016-based Household Projections				
Principal projection: 2016-based population and ONS 2016-based household formation	2011-15	47,109	53,688	+6,579
Sensitivity analysis 1: 2014-based population and ONS 2016-based household formation	2009-14	47,159	55,245	+8,086
Sensitivity analysis 2: 2016-based population and CLG 2014-based household formation	2011-15	47,367	53,958	+6,591

- 1.36 The CLG 2014-based household projections identify a growth of 8,140 households over the 21-year period 2015-2036 which is notably higher than the ONS 2016-based projections which identified the growth of 6,579 households. The 2016-based figures show less growth due entirely to lower population projections: sensitivity analysis 2 shows that the latest population figures reduces the growth to 6,591 households using 2016 based population and 2014 household formations.

Projected Population Age Profile

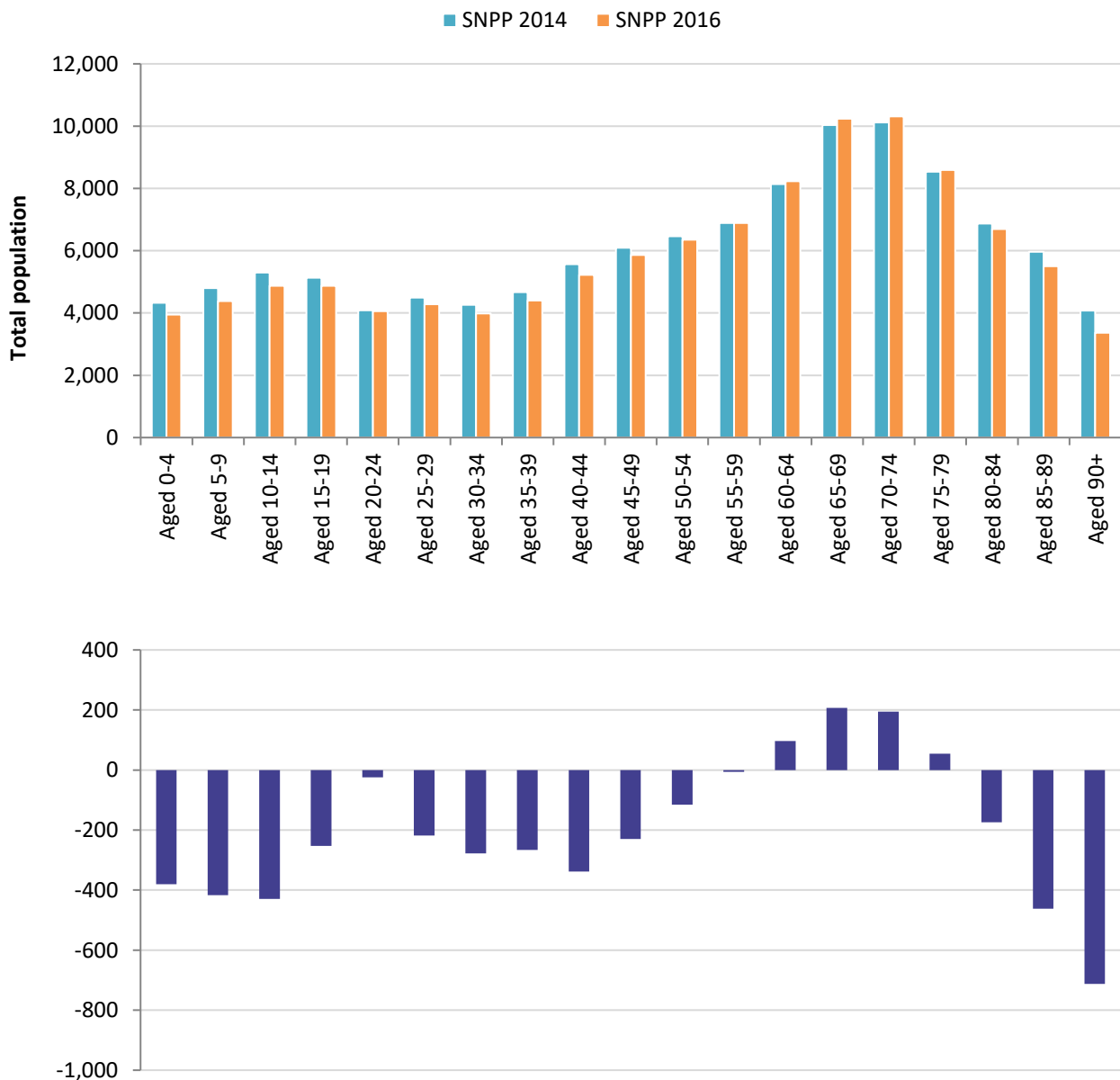
- 1.37 Figure 3 shows the projected change in population by 5-year age band for 2036 from the 2014 based and 2016 based ONS population projections.
- 1.38 The overall difference in population is projected to be 3,750 persons lower in 2036 in the 2016 based projections as opposed to the 2014 based projections. There are a number of factors in this change. In total

the 2016 based projections assume that there will be 1,500 fewer children in 2036 than the 2014 based projections reflecting the ONS lowering projected fertility rates.

1.39 The 2016 based projections also see a projected lower number of adults aged 25 years to 60 years of 1,450. This will reflect lower migration to the area in the 2016 based SNPP compared to the 2014 based SNPP, but it must be remembered that the 2014 based SNPP contained legacy UPC related issues which over inflated their migration estimates.

1.40 Finally, the 2016 based SNPP project that there will be 1,350 fewer persons aged 75 years and over in North Norfolk in 2036 compared with the 2014 based SNPP. This reflects changing assumptions around mortality rates with the ONS now assuming that life expectancy will continue to grow, but at a lower rate. This reduction is particularly important because many of the people aged 75 years and over will occupy a dwelling on their own, so a lower projected number will see an increase in the amount of the existing dwelling stock available for other households to occupy.

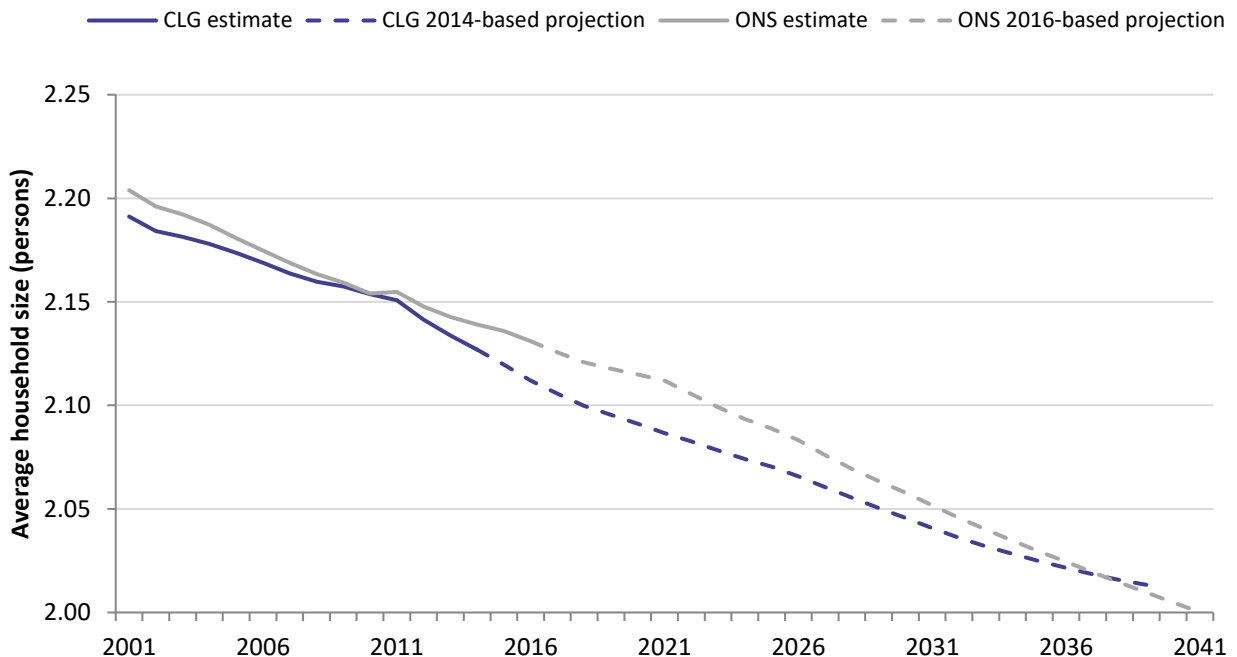
Figure 3: North Norfolk population projections 2036 by 5-year age cohort (Source: ONS SNPP 2014-based and 2016 based)



Projected Household Size

- 1.41 When considering household projections, it is often helpful to review changes to the average household size. Household size is a product of the population and household projections and not a variable used to create them. The data set out in Figure 4 divides the household population by the associated household projection.

Figure 4: Average household size estimates and projections for the period 1991-2041 (Source: CLG estimates 1991-2011 and CLG 2014 based Household Projections; ONS 2016 is 2016-based SNPP with 2016-based CLG rates)



- 1.42 As can be seen average household sizes have steadily declined in North Norfolk and are projected to continue to fall in the 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 living in the household). There is no indication that any past suppressed household formation has been projected forward.
- 1.43 The ONS projection suggests that household sizes will reduce more slowly than previously projected by CLG. These larger household sizes are driven by fewer older single person households.

Local Housing Need based on current method

- 1.44 The Revised NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.
- 1.45 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 North Norfolk in 2018 can be established as follows:

Step 1 – Setting the baseline

- » The PPG states that the CLG 2014-based household projections should be used to set the baseline household growth for the local authority area over a 10-year period.
- » These projections identify 49,118 households for North Norfolk in the current year (2019) increasing to 53,154 households over the 10-year period to 2029.

- » This yields an overall increase of 4,036 households over 10 years, equivalent to a projected average annual household growth of 404 households per year.

Step 2 – An adjustment to take account of affordability

- » The most recent ONS median workplace-based affordability ratio is 9.94 for North Norfolk, which is the ratio for the previous calendar year (2018).
- » The adjustment factor can therefore be derived as follows:

$$\text{Adjustment factor} = \left(\frac{9.94 - 4}{4} \right) \times 0.25 = 1.485 \times 0.25 = 37.1\%$$

- » Applying an uplift of 37.1% to the annual household growth of 406 households per year yields an annual housing need of 553 dwellings.

Step 3 – Capping the level of any increase

- » The most recent strategic policies for housing were adopted in September 2008; more than 5 years ago and therefore the local housing need figure is not capped at 40% above the average annual housing requirement figure set out in the existing policies.
- » The average annual housing requirement figure set out in the North Norfolk Local Plan (Part 1) is 400 per year.
- » A cap at 40% above this number would be 560 per year.
- » As the annual housing need (553) is lower than this, the increase is not capped.
- » **The minimum Local Housing Needs figure for North Norfolk in 2019 is 553 dwellings per year.**

1.46 Figure 5 sets out the separate elements that will contribute to the LHN.

Figure 5: Elements of Housing Need Using CLG 2014 Based Projections (Source: CLG, ORS; Note: All figures presented unrounded for transparency)

Element of Housing Need (CLG 2014 based)	Calculation	Equivalent Housing Need (dwellings)
Projected household growth over the 10-year period 2019-2029	53,154 – 49,118 = 4,036 households	4,036
Market forces uplift 37.1%	4,036 x 37.1% = 1,497 households	1,497
Standard Method calculation Target	4,036+1,497 = 5,533	5,533
Annual average target	5,533 / 10 = 553 households	553

1.47 Figure 6 repeats this calculation using the ONS 2016 based household projections. This would provide for a Local Housing Need in North Norfolk of 456 dwellings per annum. It again should be stressed that the reason for this reduction is entirely down to changes in migration assumptions and mortality rates in the 2016 based SNPP and not household representative rates.

Figure 6: Elements of Housing Need Using 2016 Based ONS Projections (Source: ONS, ORS; Note: All figures presented unrounded for transparency)

Element of Housing Need (ONS 2016 based)	Calculation	Equivalent Housing Need (dwellings)
Projected household growth over the 10-year period 2019-2029	$51,486 - 49,158 =$ 3,328 households	3,328
Market forces uplift 37.1%	$3,328 \times 37.1\% =$ 1,235 households	1,235
Standard Method calculation Target	$3,328 + 1,235 = 4,562$	4,562
Annual average target	$4,562 / 10 =$ 456 households	456

Summary

- 1.48 The MHCLG Standard Method for Local Housing Need for North Norfolk currently yields a figure of 553 dwellings per annum. Within Planning Practice Guidance, this figure can be challenged downwards in a Local Plan if there is exceptional evidence to do so, but cannot be challenged at all when considering the 5 year land supply figures in a planning appeal.
- 1.49 However, a recent appeal in Central Bedfordshire showed that this dichotomy between evidence for a Local Plan and evidence for a planning appeal can't be justified because it implies accepting housing needs figures for a planning appeal which the evidence indicates are wrong.
- 1.50 The question then becomes, are there exceptional circumstances in North Norfolk to justify moving away from the Standard Method Local Housing Need figure? In summary:
- » Previous planning appeals in North Norfolk have accepted that there are problems with the 2014 based household projections for the area, most notably because of problems relating to Unattributable Population Change between the 2001 Census and 2011 Census still having a residual impact;
 - » The difference between the 2014 based and 2016 based household projections is entirely down to lower population projections for North Norfolk and not changes to headship rates which has the household projections for other local authorities fall;
 - » The change in household projections is driven by a combination of projected falling birth rates, lower migration and lower growth in life expectancy;
 - » The falling birth rates have no real impact on housing needs as the children won't be old enough to form households by 2036;
 - » The falling migration can be seen as a correction to the problems with Unattributable Population Change in the 2014 based population projections;
 - » The lower increase in life expectancy reflects national trends and represents the most up to date evidence from the ONS.
- 1.51 On this basis, the 2016 based ONS population and household projections form a more realistic basis for considering household growth in North Norfolk than the 2014 based ONS population projection and 2014 based CLG household projections. The difference between the figures is not a change in household headship rates driven by suppressed household formation, but instead due to improvements in the ONS's population

projection. On this basis there would appear to be exceptional circumstances to move away from the Standard Methodology Local Housing Need figure of 553 dwellings per annum to the 2016 based figure of 456 dwellings per annum.

Appendix A

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