

North Norfolk District Council

# **Background Paper 1**

## **Approach to Setting the Housing Requirement**

A non-technical guide which explains the approach that North Norfolk District Council is taking to set a housing target in the new North Norfolk Local Plan 2016-2036

Published to support the submission version of the Local Plan

Background Paper 1	Approach to Setting the Housing Requirement
National Legislation and Guidance	<ul style="list-style-type: none"> <li>• National Planning Policy Framework (NPPF) (Revised July 2021)</li> <li>• Housing White Paper, Feb 2017</li> <li>• National Planning Policy Framework 2021</li> <li>• National Planning Practice Guidance</li> <li>• Housing Delivery Test Rule Book</li> <li>• Gypsy and Traveller Guidance</li> <li>• Localism Act 2011</li> <li>• Town and Country Planning Acts</li> </ul>
Related Evidence	<ul style="list-style-type: none"> <li>• Central Norfolk Strategic Housing Market Assessment, 2016 &amp; 2017</li> <li>• Housing Needs Assessment 2019</li> <li>• Annual Statements of Five Year Land Supply &amp; Housing Land Availability</li> <li>• Housing &amp; Economic Land Availability Assessment (HELAA) Part 1, 2017</li> <li>• National Population and Household Projections, 2014, 2016, and 2018 base.</li> <li>• East of England Forecasting Model (EEFM)</li> <li>• North Norfolk Viability Assessment 2018 and 2022 update</li> <li>• Gypsy, Traveller and Caravan Needs Assessment 2018</li> <li>• 2011 and 2021 Census</li> </ul>

North Norfolk District Council  
 Planning Policy Team

01263 516318

[planningpolicy@north-norfolk.gov.uk](mailto:planningpolicy@north-norfolk.gov.uk)

Planning Policy

North Norfolk District Council

Holt Road, Cromer NR27 9EN

[www.north-norfolk.gov.uk/localplan](http://www.north-norfolk.gov.uk/localplan)

**All documents can be made available in  
 Braille, audio, large print or in other languages.**

## Contents

1. Purpose .....	1
2. Context & Summary .....	2
3. Establishing how many new homes are likely to be required .....	6
4. Stage 1 - Establishing the demographic starting point .....	8
5. Stage 2 - Applying an 'Affordability Uplift' .....	11
6. Stage 3 - Applying a cap .....	12
7. Stage 4 - Setting a draft housing target .....	13

## Appendices

Appendix A - Policy HOU 1 Delivering Sufficient Homes .....	18
---	----

[BLANK PAGE]

## 1. Purpose

- 1.1 This is one of a number of background papers which have been published to help explain and justify various aspects of the North Norfolk Local Plan which is being prepared by North Norfolk District Council. It relates mainly to **Policy HOU1 'Delivering Sufficient Homes'** of the Plan which sets a housing delivery target and explains how the Council has arrived at the proposed target. The Policy is included as **Appendix A**. This paper deals solely with the quantity of homes required rather than types of homes and distribution. It is not the purpose of this document to repeat all of the evidence that the Council has relied upon when preparing the Plan. This evidence is separately published and is available on the Council's web site in a document library. However, where appropriate this document refers to the source of evidence and provides a brief summary or explanation of how the evidence has been considered.

## 2. Context & Summary

- 2.1. North Norfolk is a rural district and is the least densely populated area in the East of England with a population of around 103,000 people (reported resident population in the 2021 Census (provisional release)). The population is amongst the oldest in the country, is projected to become older, and births each year are broadly matched by the number of recorded deaths. Population increase is therefore mainly the result of inward migration with many moving to the area to retire. New homes are required for a projected increase in population and other factors relating to how existing homes are used such as average household sizes, increasing longevity, and the number of second and holiday homes. There is a substantial need for affordable homes with over 2,000 households typically on the Local Authority waiting list.
- 2.2. Delivering sufficient homes for both those seeking to purchase, those in need of affordable accommodation and those in need of specialist types of accommodation, such as elderly persons, are central to the Plan (Strategic Objective 3) which aims to provide for all of the housing needs of the likely population of the district over the period 2016 to 2036.
- 2.3. During the course of Plan preparation the method for establishing housing need has changed. Population and household figures produced by the Office for National Statistics with a base date of 2014, 2016 and 2018 provide trend-based projections of likely need and the 2011 and 2021 Census outputs report the size of the usually resident population on the day of the Census. The Authority monitors the rates of new dwelling permissions, the number of dwellings under construction and dwelling completions each year. Using these and other sources of evidence, such as housing waiting lists, allows the Authority to set a robust housing target which reflects local circumstances. As part of Plan preparation, a Strategic Housing Market Assessment (SHMA)<sup>1</sup> and a Housing Needs Assessment<sup>2</sup> have been prepared by the Authority to establish how many new homes are likely to be required.
- 2.4. The housing strategy in the new Local Plan has been positively prepared in order to promote and deliver the quantity and type of housing growth in the district which the evidence indicates is likely to be required. The Plan properly takes account of the social, environmental and economic characteristics of North Norfolk as a whole, and the individual communities within the area, to determine if the need for new homes can be delivered in a sustainable way.
- 2.5. The national planning policy framework requires that Local Plans provide for sufficient homes over a defined plan period with 'sufficient' being determined by an objective assessment of what is likely to be required. The Framework and associated national guidance include a standard methodology for determining a minimum requirement with downward deviations from this standardised approach only permitted in *exceptional circumstances*. The Authority does not follow some aspects of the

---

<sup>1</sup> Central Norfolk Strategic Housing Market Assessment 2017, Opinion Research Services (ORS)

<sup>2</sup> North Norfolk Local Housing Needs Assessment 2019, Opinion Research Services (ORS)

standard national approach and the reasons for this are explained in this paper and the associated evidence. At the beginning of 2023 government commenced a consultation on changes to the NPPF and sought opinions on retaining the standardised methodology but amending the Framework to make clear that the methodology was to be an *advisory starting point* rather than an approach to be followed in all but *exceptional* circumstances. North Norfolk made representations as part of the consultation supporting this proposed change.

2.6. There are three significant aspects of the Plan which influence the number of homes that need to be planned for, namely:

- the period covered by the Plan which is 2016-2036. This represents the total number of years covered by the Plan. Because the Plan period commenced in 2016 account needs to be taken of the number of dwellings already provided in the district since that time.
- the approach to establishing the *minimum* number of homes that are required to meet needs over the Plan period, and
- the Plan's strategy and proposals for delivering more than that minimum (delivery buffers and flexibility).

2.7. **Policy HOU1** of the Plan includes a minimum housing target of **9,600** new dwellings to be provided over the period 2016 -2036 at a variable rate averaging approximately **480** net new dwellings per year. This figure is derived from nationally produced population and household projections published by the Office for National Statistics (ONS) and represents the number of homes required to meet the housing needs of a changing population. The figure is *inclusive* of an affordability uplift which is required by the standard national methodology which in the case of North Norfolk adds around a 31% uplift to the number of homes required to meet the needs derived from expected population growth alone. Rather than plan to meet this minimum requirement the Plan includes a delivery strategy which is designed to provide for around **12,096** new homes. This higher than minimum number is intended to extend choice, provide flexibility, increase the 'yield' of affordable homes and improve the likelihood that the minimum target will be achieved. It also reflects the probability that a proportion of growth planned on larger development sites, particularly at Fakenham and North Walsham, may not be delivered by 2036 so would not address identified needs during the period covered by the Plan. This will also ensure that the Plan can provide certainty in relation to the location of growth for at least 15 years as required in the Framework.

**Figure 1 - Summary Housing Requirement 2016-2036**

Annual number of new homes projected to be needed to address population change (ONS 2016 based Household Projections)	Demographic starting point plus affordability uplift*.	Minimum annual target set in Plan inclusive of additional 5% buffer	Planned delivery included in Local Plan 2016 -2036
347	456 per annum	480 per annum	530 per annum

\* affordability uplift applied in accordance with standard methodology based on 2020 affordability ratio.

- 2.8. Over the period 2001 to 2021 existing adopted Plans in the District delivered 8,078 new dwellings at an average rate of around 400 per year. In the five years since the start of the plan period in 2016, this annual dwelling completion rate had increased to around 480 net new dwellings per year reflecting the availability and delivery of larger development sites in the District. By 2021, which is the base date used in Policy HOU1, a total of 2,422 new homes, or just over 25% of the minimum requirement over the total plan period, had already been built. The new Plan provides for at least 480 dwellings per year and the opportunity to deliver around 530 units per year. In order for this target to be met, the Plan includes policies which will allow for the continued delivery of homes in Selected Settlements, re-use of existing buildings, a strategy to deliver affordable homes and for those in need of specialist accommodation and identifies (allocates) new development sites in each of the **Growth Settlements** identified in the Plan. These sources of housing supply and expected delivery rates are included within the Plans Housing Trajectory.
- 2.9. The Council considers that the strategy is deliverable. The Site Allocations identified within the Plan will ensure that sufficient homes can be built and each is ‘deliverable’ within the meaning of the National Planning Policy Framework. Each of the proposed allocations has been tested for its suitability, they are available for development, and each has a realistic prospect of being developed within the period specified within the Plan. The strategy will ensure that at any given time throughout the plan period there will be sufficient deliverable sites available to meet at least the minimum requirement for the subsequent five years. Elements of the larger allocations at North Walsham and Fakenham are expected to continue to deliver growth beyond 2036.
- 2.10. The strategy has been tested to ensure that it is viable, and that development will produce a reasonable return for landowners, a competitive profit for developers, and a package of reasonable contributions such as affordable homes and infrastructure improvements which are necessary to ensure that development is acceptable in land use terms and is sustainable.
- 2.11. A separate minimum target of 2,000 homes has been set for the delivery of affordable homes. This represents the number of affordable homes required to provide homes

for those already in high levels of need together with new needs expected to arise over the Plan period as identified in the Strategic Housing Market Assessment.

2.12. The North Norfolk Local Plan seeks to address in full the need for new homes in North Norfolk including that part of the District covered by the Broads Authority<sup>3</sup> and consequently there is no current requirement to reach agreement with others to accommodate the Districts needs elsewhere. Similarly, the adjacent authorities are preparing their own Local Plans to address their specific needs in full. Formal agreements in this respect and a Statement of Common Ground have been prepared with adjacent authorities<sup>4</sup> to ensure that strategically important cross boundary issues, including the delivery of sufficient homes, have been properly taken into account in preparing Plans across Norfolk.

---

<sup>3</sup> The Broads Local Plan also addresses the Objectively Assessed Need for the North Norfolk part of the Broads so that the needs for this area are addressed twice. However, the total need figure for the Broads area is small at around 90 dwellings so no reduction is made for this in the North Norfolk Local Plan.

<sup>4</sup> Norfolk Strategic Planning Framework and Statement of Common Ground 2018.

### 3. Establishing how many new homes are likely to be required

3.1. The way in which housing need (the requirement) is to be established is prescribed in the National Planning Policy Framework. This requires that each planning authority applies a standardised national housing need methodology which when applied will ensure that the country as a whole is able to deliver around 300,000 new homes per year. The standardised approach has three stages:

- **Stage 1 - The demographic starting point**

Establish the likely household growth over the plan period using centrally produced Household Projections published by the Office for National Statistics. The methodology is subject to periodic review but currently requires that projections for the period commencing 2014 onwards are used (the 2014 based Projections).

- **Stage 2 - The affordability uplift**

Adjust the result of Stage 1 by applying a multiplying factor derived from the ratio between local incomes and local house prices. This *affordability ratio* is published annually by the Office of National Statistics so the figure is subject to annual fluctuations based on the latest published ratios – the higher the ratio the greater the uplift that is required.

- **Stage 3 - Apply a Cap**

Where the results of Stages 1 and 2 produce very high results a cap may be applied to the result to ensure that requirements remain realistic. Although the affordability uplift is very substantial in North Norfolk it does not exceed the maximum 40% uplift allowed for in the standard methodology, so no cap is applied.

3.2. The approach using the current<sup>5</sup> standard national methodology included within the National Planning Policy Framework produces a requirement in Stage 1 of **402** dwellings per annum. This figure represents the annual number of new homes projected to be required to meet the needs of the expected population, referred to as the demographic starting point. In Stage 2 the process adds a substantial<sup>6</sup> 'affordability uplift' to the predicted demographic growth rates derived in Stage 1 increasing the requirement to **543** dwellings per annum.

3.3. The size of this uplift is determined by the standard national methodology and is substantial in North Norfolk reflecting a high affordability ratio. The affordability ratio compares lower quartile house prices with lower quartile household incomes to produce a measure of housing affordability. In North Norfolk, those on average incomes would typically require between eight and ten times income to purchase a lower quartile priced property. Although this ratio is high and the resulting uplift in household requirements is large, it does not exceed the figure (40%) above which the standard methodology allows for a cap to be applied in Stage 3. It is nevertheless necessary to consider if the uplift is large enough and if there are good reasons for setting a higher target in order to address local issues not reflected in the ONS projections. Similarly, it is necessary to consider if the figure produced by the

---

<sup>5</sup> Based on mid 2014 Household Projections and 2018 based affordability ratio

<sup>6</sup> The size of this uplift will vary each year dependent upon the published affordability ratio.

methodology is too high and would result in unacceptable impacts in North Norfolk. In this paper we describe this as **Stage 4** - converting Objectively Assessed Need into a draft housing target.

- 3.4. However, the evidence<sup>7</sup> indicates that for North Norfolk the 2014 based ONS projections which are required to be used in the standard methodology are not a reliable starting point for establishing future need. These project forward a rate of growth which later evidence demonstrates did not occur. Consequently, the Council uses an alternative starting point, namely the 2016 based national household projections, whilst continuing to apply the remaining aspects of the national standard methodology. This alternative produces a minimum Local Housing Need figure of **456** dwellings per year. The Plan sets a minimum target slightly above this figure at **480** dwellings per year to include a 5% delivery buffer as required by the NPPF.

**Figure 2 - Summary method for setting the housing target.**

Stage	Description
<b>Stage 1</b>	Establish the number of dwellings (households) projected to be required in the District (347 dwellings).
<b>Stage 2</b>	Apply an affordability uplift required by the standard national housing need methodology (456 dwellings rounded to 480 in Plan to include a 5% delivery buffer).
<b>Stage 3</b>	Apply a cap if the uplift results in an increase of more than 40% above demographic growth requirements established in Stage 1. (No cap is applied in North Norfolk).
<b>Stage 4</b>	Consider if further adjustment is required, either upwards or downwards, to take account of a range of local evidence (sustainability considerations, duty to co-operate agreements, growth ambitions)

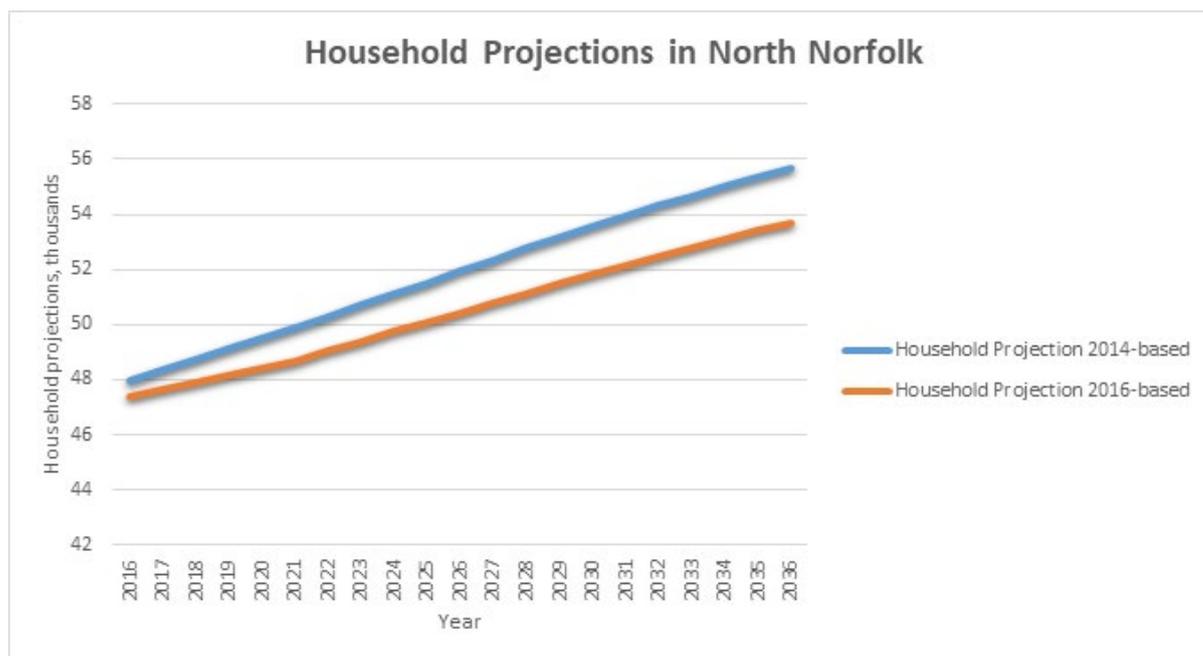
<sup>7</sup> Summarised in the SHMA Update – Local Housing Needs Assessment 2019  
<https://www.north-norfolk.gov.uk/media/5528/shma-local-housing-needs-assessment-2019.pdf>

## 4. Stage 1 - Establishing the demographic starting point

- 4.1. This section explains why the Authority does not use the 2014 based household projections for establishing the housing requirement but instead uses the 2016 based projections.
- 4.2. The National Planning Policy Framework 2021 (para 61) states that local authorities are expected to plan for the delivery of *sufficient* homes. To achieve this the NPPF requires that each planning authority produces a Plan which will provided for all of the homes which are likely to be required over the specified plan period (2016-2036). The total number of dwellings required is referred to as Objectively Assessed Need, or OAN, and represents both the demand and need for all types of new dwellings including affordable homes, homes for the gypsy and traveller community, students and other types of permanently occupied dwellings. Government policy is clear that addressing OAN should be regarded as a *minimum* requirement and Local Authorities may set higher housing targets if there are sound local reasons for doing so. Similarly, lower targets should only be set in exceptional circumstances.
- 4.3. The NPPF states:

*‘To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.’*
- 4.4. The starting point for housing needs assessment is the nationally produced population and household projections which are published by the Office of National Statistics (ONS) on a bi-annual basis. These projections provide figures for each local authority area and carry forward previous trends in household growth to provide an indication of how many new households might form in an area if those trends were to continue. These trends should not be treated as a proxy for the number of dwellings which should be planned for, as previous trends may not continue. Nevertheless, they are regarded by government as the first key stage in deriving local targets. They take into account many local variables including birth rates, death rates, fertility rates, migration trends, the age profile of the population, and household sizes to project how the population is likely to change and how households will form in the future.
- 4.5. Currently, the national standard methodology requires the use of the 2014 based Household Projections which are derived from the 2014 based Population Projections.
- 4.6. In the 2014 based projections for North Norfolk household growth between 2018 and 2028 is projected to be an average of **402** households per year. The later 2016 and 2018 based projections show a significantly lower projection at around **347** dwellings.

**Figure 2 - Recent ONS National Projections of household growth in North Norfolk**



- 4.7. Official household projections can vary considerably at a local level. This introduces a risk to the LHN figure. When these variations are then subject to the remaining requirements of the standard methodology, which involves the addition of a percentage increase to the demographically derived figure, the resulting housing requirement changes significantly. It is therefore critically important to establish the most robust demographic starting point for establishing future need. For example, using the 2014 based projection required in the standard national methodology produces an annual requirement of around 550- 600 dwellings per year (depending on the size of the affordability uplift applied), whilst the comparable figure produced using the 2016 based projection is around 460 dwellings per annum. Over the entire period covered by the Plan this difference amounts to some 2,000 plus dwellings.
- 4.8. 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 either the ONS 2016-based projections which identified a growth of 6,579 households over the same period, or the 2018 based projection. The 2016 and 2018-based figures show less expected growth due entirely to lower population projections with the slightly higher figure in 2018 produced by the use of a very short (2 years), and uncharacteristically high, migration trend. There are a number of factors in the reduced expectations in the more up to date projections.
- the 2016/18 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.
  - The later projections also see a lower number of adults aged 25 years to 60 years of 1,450. This reflects 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 errors (unattributable population change – UPC) which over inflated their migration estimates.
  - 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 lengthen, but at a slower 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.

- 4.9. The differences in the official Population and Household Projections for the District are not small, or insignificant, and the impacts on the resulting housing requirement are substantial. It would be wrong to embed and carry forward the errors in the 2014 Projections particularly as these errors are magnified by the proportionate uplifts applied in stage 2 of the standard methodology. The result of such an approach would fail to accurately reflect likely future needs in the District.
- 4.10. Given that the 2014 Population and Household Projections for the District are wrong the question arises as to what alternative demographically derived figures should be used for the District. At the time of preparing the Regulation 18 consultation version of the Plan the 2016 based Household Projections were available. These showed a slower rate of growth in North Norfolk which can be attributed to lower than expected birth rates, a slowing in the increase in longevity, and lower rates of inward migration. These matters were considered in detail in the 2019 Local Housing Needs Assessment which concluded that the 2016 based projection largely corrected the recognised errors in the 2014 based figures and therefore represented a more robust starting point for the needs calculation.

## 5. Stage 2 - Applying an 'Affordability Uplift'

- 5.1. In Stage 2 of the standard methodology the results of Stage 1 (the demographic starting point) are adjusted to take account of the local affordability of homes. The way that this adjustment is applied is prescribed in the standard approach as follows:
- Use the most recent median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level.
  - For each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent. No adjustment is applied where the ratio is 4 or below. Where an adjustment is to be made, the precise formula is:

$$\text{Adjustment factor} = \left( \frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

- 5.2. In North Norfolk this equation produces an adjustment factor of 0.31 and an OAN requirement of 457 dwellings per annum as follows:

### Figure 3 - Applying an Affordability adjustment

Latest published affordability ratio is 9.07 – 4 = 5.07

5.07 divided by 4 = 1.26

1.26 multiplied by 0.25 = 0.31

347 Dwellings (Stage 1 household growth) X 0.31 (Stage 2 adjustment factor) = 457

Plus a 5% delivery buffer = 480 dwellings

## 6. Stage 3 - Applying a cap

6.1. The standard methodology indicates that a cap on OAN may only be considered where the results of Stage 2 produce more than a 40% increase in the Stage 1 result. In the case of North Norfolk this increase is 31%, so no cap is applied. The OAN requirement derived using the 2016 based household projections is therefore 457 dwellings per annum.

## 7. Stage 4 - Setting a draft housing target

7.1. The purpose of setting a housing target in the Local Plan is to ensure that enough homes are built to meet projected needs. Stage 1 of the standard methodology produces an indication of the likely number of homes that will be required if previous trends in household formation continue taking account of those factors which are known to impact on household formation rates. The uplift which is applied at Stage 2 of the methodology is intended to help address issues of local dwelling affordability together with concerns that household formation rates may have been previously suppressed by an absence of suitable housing supply. The main reason for the introduction of a standard national approach was to reduce (eliminate) the need for subsequent local adjustment of the results. Even so, it is important to 'sense check' the results of the methodology and consider if OAN, established via the standard methodology, represents a sensible starting point to determine a housing target for the Plan. In this regard the Council has considered the following factors:

- The needs arising in the wider housing market area and how these are being addressed by adjacent authorities.
- The local impacts of second home ownership rates on the availability of homes
- The need for affordable housing.
- The housing needs of the expected workforce.
- The impacts of growth on the District and whether the requirement can be addressed in a sustainable way.
- The deliverability of the requirement.

7.2. In respect of some of these considerations the case, or otherwise, for any further increase in the housing target above OAN should be considered in the context of the 31% addition already made to projected household formation rates in Stage 2 of the standard methodology. This addition, although expressly made as a measure to help address dwelling affordability, produces a requirement for more homes than population projections alone would indicate are necessary. This uplift will not only serve to help address the delivery of affordable homes but will also address other requirements. For example, an upward adjustment made to assist with dwelling affordability will also serve to address the potential needs of a growing workforce (if the workforce was expected to grow at a rate faster than trend) and also help to mitigate the impacts of second home ownership in the District. Because the uplift made at Stage 2 of the calculation is very large, and increases the demographic based requirement by in excess of 30%, **the Council has concluded that there is no need, or justification, for making further upward adjustments to the housing target beyond that already made as part of the standard methodology.**

## **Duty to Co-operate - The Wider Housing Market Area**

- 7.3. Prior to adoption of the standard national methodology which produces need figures based on the administrative boundaries of District Councils, housing needs assessments were produced for larger Housing Market Areas (HMAs). North Norfolk is part of a large defined HMA comprising the District and much of Broadland, South Norfolk, and Norwich City Council areas. This Central Norfolk Housing Market Area is one of three such defined areas covering the County of Norfolk, the remainder being covered by Kings Lynn and West Norfolk, and Yarmouth and Waveney HMAs for which separate assessments have been completed.
- 7.4. A Central Norfolk Strategic Housing Market Assessment was commissioned jointly by the partner Authorities and published in 2017 as part of the Duty to Co-operate. This identified the housing needs for the entire HMA as well as for separate geographies within the HMA, including for each of the constituent planning authority areas. It identified the housing need (OAN) for each Planning Authority area making appropriate adjustments to Household Projections to take account of a range of local considerations including migration patterns, affordable housing need, jobs growth forecasts, and second homes rates. As with the standard methodology it is based on the 2014 National Household Projections. For North Norfolk the Assessment produces housing need figures of around **410** dwellings per year inclusive of an affordability uplift.
- 7.5. All Authorities in the County have reviewed the local impacts of the new national standard methodology and are currently producing Local Plans to address their own identified needs (a joint Plan is being prepared by Norwich, South Norfolk and Broadland District Council's for the Greater Norwich Area). A Norfolk Strategic Planning Framework and Statement of Common Ground has been prepared in which agreements have been reached committing the Authorities to at least address their own needs. Whilst further reviews of the standard methodology (pending) may change this position, it is not currently expected that North Norfolk's Local Plan will need to address housing requirements arising from elsewhere, or vice-versa.

## **The impact of second home ownership rates on the Housing Target**

- 7.6. The result of applying the three stage standard methodology is to produce a figure which represents the objectively assessed need for new permanently occupied homes, namely, a minimum of 453 net new dwellings per annum. However, a proportion of the existing housing stock, and in all likelihood, some of the new homes that are built, are either recorded as long term vacant (empty for more than six consecutive months) or are used as second or holiday homes. This means they are not available as permanently occupied dwellings and as a result do not contribute towards addressing the need for permanently occupied homes.
- 7.7. At any given time, between 8% and 11% of dwellings in North Norfolk are not available as permanent dwellings, although this figure is much higher in many of the coastal communities between Sheringham and Wells. Consequently, it is necessary to

consider if it is desirable to increase the housing target upwards to account for this. The Council has concluded that given the 31% increase added in Stage 2 of the standard methodology, which is much greater than the 11% second and vacant homes figure, it is not necessary to make a further upwards adjustment to account for this factor.

### The local need for affordable homes

- 7.8. The Council considers that the draft target should be sufficient to make a meaningful contribution towards addressing the need for affordable homes in the District. The need for affordable homes is established in a separate process from establishing overall need and is a composite part of the overall total. This is explained in more detail in the Strategic Housing Market Assessment 2017. There is a direct relationship between the overall housing target and the quantity of affordable homes which it is realistic to expect to be delivered. This is because affordable housing policy requirements, and hence the rate of delivery, are expressed as a proportion of the total number of dwellings built on qualifying sites. For example, in the Draft Plan it is proposed that in the west of the District a scheme of 150 dwellings would be required to deliver 35% affordable homes. Such a scheme could reasonably be expected to deliver 53 affordable dwellings (150 x 35% = 53).
- 7.9. The Council has profiled the likely affordable housing delivery arising as a result of the policies in the Draft Plan. This shows that based on the proposed distribution of development, the size of sites, and which sites would be expected to provide affordable dwellings, and making a reasonable allowance for the delivery on rural exceptions and windfall developments, the Council can expect the strategy to deliver approximately 2,325 affordable dwellings over the Plan period.

**Table 2 - Potential Affordable Housing Delivery**

Source of Affordable Dwellings	Methodology	Number of affordable homes
Estimated affordable housing yield on proposed allocation sites in Affordable Housing Zone 1 (west of District)	Calculated at 35% of all dwellings on qualifying sites in accordance with Policy HO1	1,200
Estimated affordable housing yield on proposed allocation sites in Affordable Housing Zone 2 (east of District)	Calculated at 15% of all dwellings on qualifying sites in accordance with Policy HO1	700
Allowance for affordable homes on rural exceptions developments and windfalls	Allowance made of just 25 per year for remainder of plan period. (17 years). Actual delivery expected to be higher.	425
<b>Total</b>		<b>2,325</b>

7.10. As the Local Plan housing strategy will provide for a significant proportion of affordable homes the delivery of which will address the assessed needs for such accommodation there is no need to adjust the housing target.

### **The housing needs of the projected workforce**

7.11. Prior to the introduction of the standard methodology it was often the case that Local Authorities would make upward adjustments to housing targets to ensure that there were sufficient homes in an area to accommodate a growing workforce. Failure to make such adjustments risked constraining jobs growth, or increasing commuting distances, as a consequence of insufficient homes being built locally. This would be particularly the case where authorities include jobs growth targets in Local Plans where target rates of job creation exceed 'business as usual'; as business as usual growth would already be adequately reflected in the trend based national household projections.

7.12. Whilst the population of the District is projected to grow over the Plan period this growth will mainly be as a consequence of inward migration of those seeking to retire to the area. Whilst the policies of the Draft Local Plan aim to strengthen and broaden the local economy the Plan does not set a specific jobs growth target, and forecasts indicate that economic activity rates are likely to remain broadly constant. Consequently, there is no evidence which would suggest that the number of homes planned for the District is likely to hold back economic growth.

### **Deliverability**

7.13. The Council is concerned about the deliverability of higher targets particularly when these are expressed as an annual average requirement. This approach fails to take account of the wide range of factors which influence the delivery of new homes. For example, in 2012 there was a large supply of suitable and consented development sites and the annual requirement for new dwellings was 400. Despite the availability of land, only 178 dwellings were completed in that year, and the target was missed in a number of the subsequent years mainly as a consequence of the economic downturn. Hence, for reasons almost entirely outside of the influence of the local authority, completion targets were not achieved. Hitting the suggested draft target in the new Plan will require the consistent delivery of around 480 dwellings per annum.

### **Commitment**

7.14. On the date of Plan adoption there will be a number of dwellings which are under construction and others which will have planning permission but where development is yet to commence. The number of dwellings in this category varies from one year to the next dependent upon build out rates and numbers of permissions granted. It is highly likely that by 2020 the large urban extension in the current Local Plan at Fakenham (900 dwellings) will have planning permission. The Council estimates that

around **1,500** dwellings could have planning permission in early 2020 inclusive of those which will already be under construction.

### Windfall Allowance

- 7.15. In a large rural District such as North Norfolk a significant proportion of all new housing development is delivered on windfall sites. These are sites which are not formally allocated in the Local Plan but can nevertheless come forwards via adopted policies. This would include small scale infills within adopted development boundaries, dwellings provided via the conversion, change of use and intensification of use of existing buildings including barn conversions and dwelling subdivisions, and dwellings delivered on rural exceptions sites as part of the Councils affordable housing strategy.
- 7.16. The published Five Year Land Supply Statements include detailed assessments of the likely contribution that windfall development can be expected to make and conclude that around 135 dwellings per year (about 50% of historical rates) could be delivered.
- 7.17. The Council therefore concludes that this source could provide a further **2,295** dwellings in the 17 years remaining in the plan period.

### New Allocations

- 7.18. The remainder of the requirement is provided for on the draft allocations included in the Local Plan (Parts 1 and 2). The Council proposes that approximately **4,690** dwellings will be provided on the allocated sites over the remainder of the plan period to 2036.

**Table 3. Sources of Housing Supply 2016-2036**

Source	Built	Commitment	Windfalls	Allocations	Totals
<b>Number of dwellings</b>	2,061	1,500- 2,000	2,160	4,500-5,000	10,176 -11,200

## Appendix A - Policy HOU 1 Delivering Sufficient Homes

### Policy HOU 1

#### Delivering Sufficient Homes

1. The Council will aim to deliver a minimum of 9,600 new homes over the plan period 2016-2036. As part of this total a minimum of 2,000 affordable dwellings will be provided. To achieve this specific development sites suitable for not less than 4,900 new dwellings are allocated.
2. Development will be permitted in accordance with the adopted settlement hierarchy and the table below. If during the plan period the Council is unable to demonstrate a Five Year Land Supply it will apply a presumption in favour of sustainable development to proposals.

Settlement Hierarchy	Settlement / Location	Dwellings with Planning Permission (at 31/03/21)	Dwelling Completions (01/04/2016 - 31/03/2021)	Dwellings provided on Allocated Sites inclusive of specialist elderly accommodation	Elderly Persons Accommodation on allocated sites as required in Policy HOU2 at ratio of 1.5:1	Total
<b>Large Growth Towns</b> (51.3%)	North Walsham	39	449	2,150	373	3,011
	Fakenham	1,016	335	750	67	2,168
	Cromer	194	151	572	107	1,024
<b>Small Growth Towns</b> (16.2%)	Holt	194	327	207	40	768
	Hoveton	56	5	120	40	221
	Sheringham	191	141	133		465
	Stalham	54	101	150		305
	Wells-next-the-Sea	37	89	70		196
<b>Large Growth Villages</b> (3.4%)	Blakeney	16	20	30		66
	Briston & Melton Constable	82	50	65		197
	Ludham	11	2	35		48
	Mundesley	13	59	30		102
<b>Small Growth Villages</b> (7.6%)	Villages named in Policy SS1 'Spatial Strategy'	172	294	452 <sup>(1)</sup>		918
<b>Remainder of District</b> (5.9%)	All remaining settlements and countryside	318	399	0		717
<b>Windfall Development (2021-2036)</b> 15.6%	Across entire District					1,890
<b>Totals</b>		<b>2,393</b>	<b>2,422</b>	<b>4,764</b>	<b>644</b>	<b>12,096</b>

Table 5 Completed & Planned New Growth by Settlement (2016-2036)

1. Delivered through Policy SS 1 'Spatial Strategy'

