

Home Builders Federation

Matter 3

NORTH NORFOLK LOCAL PLAN EXAMINATION

Matter 3: Delivering Sufficient Homes (Policy HOU1)

Issue: Whether the plan is justified, positively prepared and consistent with national policy in relation to the overall provision of housing.

3.1 Attention is drawn to the report 'The Possible Impact of Second and Holiday Homes in North Norfolk' (Document E4). Should the prevalence of second and/or holiday homes in North Norfolk have any bearing on the quantity of housing that should be provided in the district over the plan period, and if so, how? Would occupancy restrictions be justified on new market housing in some areas or some circumstances? Should a policy be included in the plan on the basis that controls on the change of use to second or holiday homes may be introduced in future?

No comment.

3.2 Is the approach in Policy HOU1 of counting elderly persons accommodation on allocated sites 'at a ratio of each 1.5 units ... being equivalent to a single dwelling' (paragraph 7.1.11) justified and consistent with national policy? Should this just refer to Use Class C2 (residential institutions) with specialist elderly persons accommodation in Use Class C3 (dwelling houses) counted individually? Can the Council itemise how the numbers in the column are made up?

The Housing Delivery Test (HDT) takes account of communal accommodation through the use of a ratio in the same manner as the council is proposing. The ratio used in the HDT for communal housing is 1.8. This ratio is used as an assessment as to how many homes might be freed up from the delivery of communal accommodation such as specialist accommodation for older people. It recognises that in some cases those



moving into specialist accommodation free up housing, but this will not be the case for all such accommodation. Therefore, the use of such a ratio is consistent with the approach to assessing housing delivery in HDT. The Council will however need to ensure that the 1.5 ratio used is justified on the basis of evidence locally.

3.3 Is the Council's bespoke variation to the standard method for calculating local housing need, using the 2016 based household projections and arriving at a figure of 480 dwellings per annum (dpa), 9,600 dwellings over a 20-year plan period, justified and consistent with national policy? Is it based on realistic assumptions of demographic growth? Is there robust evidence of exceptional local circumstances that might justify the alternative approach, and how unique are these to North Norfolk?

The Council's approach is neither justified nor consistent with national policy. Paragraph 61 of the NPPF establishes that in exceptional circumstances an alternative approach to the standard method can be used. This is clarified in paragraph 2a-015 of PPG which states:

"Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.

Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method."

The Government has continued with the use of the 2014-based projections despite criticism and concerns that these do not reflect more recent projections of household growth. It should also be recognised that the latest NPPF published in December and its supporting guidance continues to require their use. The HBF is aware that the

projections are now dated but it is clear that they reflect the government's aims and objectives with regard to boosting the supply of housing across the country.

With regard to the Council's position on unidentified population change the HBF do not question the discrepancy but whether the discrepancy is sufficiently substantial as to render the level of growth proposed by the standard method to be unreasonable. It is recognised that the 2016-based projections result in lower household growth across the country, with only 11 authorities across the whole of the London, the South East and East of England regions seeing a greater level of household growth within the 2016-based projections compared the 2014-based iteration. North Norfolk is no exception with the difference in annual household growth between 2021 and 2031 of the two projections being a fall of 56 households. It is notable that the average change across the East of England between the two projections for this ten-year period is 90 households. This suggests that the change is neither exceptional nor an indication that the use of the 2014-based projections, as required by national policy, is unreasonable and goes beyond the stated aim in paragraph 60 of the NPPF to significantly boost the supply of housing.

3.4 Should the standard method based on 2014 based household projections and the affordability uplift at the publication of the submission version of the plan be used, giving 531 dpa or 10,610 dwellings over a 20 year plan period? Should a more recent affordability uplift figure be used? Should the ratio to be published in March 2024 be taken into account? What are the likely future trends in relation to house prices and average earnings locally?

Taking the penultimate question first, the ratio to be published in 2024 should not be taken into account. Planning Practice Guidance (PPG) states at paragraph 2a-008 that whilst the changes to the inputs should be taken into account it goes on to state in the same paragraph that the housing need calculated using standard method can be relied upon for a period of 2 years from the time the plan is submitted. Therefore, the Council does not need to take into account changes to the inputs now the plan has been submitted and at examination.

With regard to the what the standard method should be, the HBF set out the level of housing need using the 2014-based household projections and using the affordability ratio based on the ratio for 2020 which was published in March 2021 and was the most

up to date data at the time. This also reflected the Council’s use of the 2020 ratios in its own assessment using the 2016 based household projections as set out in paragraph 7.1.4 of the submitted local plan.

As for the data that should be used when using the standard method, PPG states at paragraph 2a-006 the most recent median-work placed based affordability ratios should be used with 2a-008 requiring Council’s to take account of changes until the plan is submitted. This would suggest that, given the plan was submitted in May 2023, the use of the latest affordability ratios published in March 2023 could be used when calculating local housing needs assessment using the standard method.

It should also be noted that when calculating the standard method, the baseline growth used is the 10 year average with PPG stating that the current year should be used as the starting point from which to consider growth over that period. Therefore, when the Council calculated this for the submission local plan this would have been the period 2021 to 2031. However, since the plan was submitted over a year after the regulation 19 consultation the calculation of the standard method would need to take into account a different base period. Given the standard method has been designed to take into account under supply in previous years the use of the most recent data would indicate that the plan is rebased to the year in which the LHNA was calculated. The table below sets out the different LHNA arising from the different base periods and using affordability ratios at the end of the year preceding the base period¹. So, for example, if the base period starts in 2021 the 2020 affordability ratio was used.

Table 1: LHNA for different base periods

Base period	Annual average growth (2014 based HHP)	Affordability ratio	Affordability uplift.	Cap applied	LHNA (dpa)
2021-31	403	9.14	1.32	No	533
2022-32	401	11.61	1.48	Yes ²	562
2023-33	396	10.64	1.42	Yes ³	560

¹ The ratios are all taken from the ONS Work Place Based Affordability Ratios published in March 2023.

² Cap set at 40% above annual average annual household growth.

³ Capped at 40% above average annual housing requirement in existing relevant policies (400 dpa in Core Strategy Policy SS3)

The HBF cannot comment on the potential trends for house prices and average earnings in North Norfolk. What is evident from the current evidence is that affordability is a concern and that a supply side response is necessary to not only increase the supply of market housing but also the supply of affordable homes across the Borough.

3.5 How much weight, if any, should be given to the reasoning behind Section 78 appeal decisions which support the Council's approach? Which decisions are relevant?

No weight should be attached to the appeal decisions. With regard to the first appeal referenced in the Council's Local Housing Needs Assessment (LHNA) it should be noted that this decision was based on the 2012 NPPF and its supporting guidance. The standard method that is required by the current NPPF is a different approach to setting housing needs and as such limited weight should be attached to this decision. With regard to the second case highlighted in the LHNA this relates to Central Bedfordshire where the situation is significantly different to that seen in North Norfolk. The local housing needs assessment using the standard method when this appeal decision was made resulted in a housing need of 2,423 dpa compared the Council's assessment of housing need of 1,600 dpa. This is significantly higher than the difference, both in totality and proportionately, between NNDC's assessment of housing need and that arrived at using standard method. As such no weight should be attached to both these decisions.

3.6 If there are exceptional circumstances justifying use of a non-standard approach, should the 2018 based projections be used as more up to date than the 2016 based projections? What should the dpa figure be then? If the 2016 rather than 2018 based projections are to be used, what would be the justification for this?

Logic would suggest that if the use an alternate set of projections is justified then the 2018 based projections would be the more appropriate set of projections to use given that they are the most recent set of projections available to the Council and were available at the point of submission. However, as with all projections there are difficulties in that this data set is based on only two years of migration data and as such provides a limited trend data from which to accurately predict future growth. However, as stated above the HBF do not consider there to be the exceptional circumstances present to support the use of an alternative approach to assessing housing needs.

3.7 Would it be appropriate to increase the housing need figure for the district to take account of economic growth strategies, infrastructure improvements, to address the need for more affordable housing or to provide for the unmet needs of neighbouring local authorities?

No comment.

3.8 Are there national policies that protect areas or assets of particular importance in the district that provide a strong reason for reducing the overall provision of housing in the plan below the housing need figure (NPPF paragraph 11b)? If so, is this conclusion supported by the Housing Land Availability Assessment, and have discussions taken place with neighbouring authorities to seek to address the unmet needs?

No.

3.9 Given the local housing need figure for the plan period, however assessed, what level of housing provision should be made in the plan to take account of unforeseen circumstances such as allocations or planning permissions not being implemented, or completions on allocated sites being slower than currently anticipated? On the basis of the Council's local housing need figure of 9,600 dwellings, is the provision of 10,968 dwellings for 2016-36 or 10,633 for 2020-40 appropriate? (Updated HOU1 figures in EX006)

There is no hard and fast rule as to the level of housing supply that is necessary to ensure that needs are met in full. In general, the HBF recommend that a buffer of at least 10% is required to take account of unforeseen circumstances that may delay the delivery of key sites. If the housing requirement remains at 480 dpa, 9,600 homes over the plan period, then the buffer between 2020 and 2040 will be just 3% and offer very little room for error should development not come forward as expected.

3.10 Given the updated monitoring figures in EX006, if the local housing need is assessed as 10,610 dwellings or some other figure, what level of provision would be appropriate for 2016-36 or 2020-40?

Meeting needs in full on the basis of the standard method at the point at which the local plan was published would see a shortfall of around 38 dwellings per annum for the plan period 2020 and 2040, based on the supply expectation in the revised housing trajectory. The NPPF states that as minimum that housing needs must be met in full. However, the tests of soundness in paragraph 35 also require local plans to be deliverable over the plan period. To achieve this the plan must be flexible and take into account the inherent uncertainties with regard to bringing forward new development. As set out above the HBF consider a 10% buffer to offer an appropriate level of flexibility appropriate and consider that the council should be identifying sufficient site and land to deliver around 12,000 homes over the plan period.

3.11 Should the number of dwellings with deliverable planning permission at 31.3.23 in Policy HOU1 be reduced to take account of potential non-implementation? If so, by how much?

No comment.

3.12 How has the contribution of future windfall sites been calculated? What is the evidence for the past level of delivery from windfall sites? Should the past contribution be discounted by 50% (paragraph 7.1.7) or some other figure? Why?

The HBF is concerned that there may be double counting with regard to windfall. The Council include windfall from 2024/25 and we would suggest that much of the windfall expected to come forward in the first two to three years after adoption will already have permission and is already accounted for in the housing trajectory. To ensure there is no double counting during this period the council should not include any windfalls in the trajectory until 2026/27 at the earliest.

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