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# North Norfolk Local Plan

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Local Plan Examination  
Hearings Statement relating to:  
Matter 3: Delivering Sufficient Homes

On behalf of:  
Pigeon Investment Management Ltd



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### **Matter 3: Delivering Sufficient Homes**

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Appendix 1: North Norfolk Local Plan Assessment of Identified Local Housing Need (Savills, March 2022)

Bound separately.

Appendix 2: Calculation of the Standard Method LHN

## Matter 3: Delivering Sufficient Homes

**NB1** All references to the NPPF in this Statement (unless explicitly noted) are to the September 2023 version of the Framework, as paragraph 230 of the latest, December 2023, version of the Framework sets out that (emphasis added): “*The policies in this Framework (published on 19 December 2023) will apply for the purpose of examining plans, where those plans reach regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 (presubmission) stage after 19 March 2024. Plans that reach pre-submission consultation on or before this date will be examined under the relevant previous version of the Framework ...*” However, it should be noted that, on adoption of the Plan, the December 2023 version of the Framework will take effect.

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

The MIQs precede Questions 3.3 to 3.12 with the following note:

*Attention is drawn to the Inspector’s initial questions in a letter dated 26 June 2023 (EXAM 002) and the Council’s substantive reply with updated housing monitoring information dated 27 September 2023 (EXAM 006). The updated housing monitoring information as at April 2023 should be used when preparing hearing statements.*

**Question 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?**

No – it is neither justified, nor consistent with national policy.

To be clear, national policy as set out in the NPPF (September 2023)<sup>1</sup> states (para. 61) (emphasis added):

*“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. ...”*

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<sup>1</sup> Paragraph 230 of the latest version of the NPPF explains (emphasis added): “*The policies in this [December 2023 version of the] Framework ... will apply for the purpose of examining plans, where those plans reach regulation 19 ... stage after 19 March 2024. Plans that reach pre-submission consultation on or before this date will be examined under the relevant previous version [September 2023 version] of the Framework ...*”

The Council has not used the Standard Method for calculating Local Housing Need (LHN) as set out in national policy.

It might claim that it has used a 'bespoke variation' of the Standard Method, but in reality it has departed from the method set out in national policy and used an 'alternative approach'.

National policy only allows the use of an 'alternative approach' where this is justified by 'exceptional circumstances'. If 'exceptional circumstances' do not exist then the use of an 'alternative approach' is not consistent with national policy.

It is thus incumbent on the Council to demonstrate that there are 'exceptional circumstances' that justify a departure from the Standard Method.

### The Council's Proposed Approach to Establishing Housing Need

At paragraph 1.4 of Examination Document EX007 ('Five-Year Supply of Housing Land 2023 – 2028', September 2023) (as also appended to Document EX006) the Council references a 'Housing Background Paper' stating:

*"In preparing this statement the Council has resolved not to follow the national standard methodology to establish how many homes are likely to be required in the future. The reasons for this are outlined in a Housing Background Paper which is separately published on the Local Authority's web site ([Home | 4: Evidence base and supporting documents \(north-norfolk.gov.uk\)](#)). ..."*

It is not clear as to which 'Housing Background Paper' the Council is referring in Document EX007 – the link provided does not work and there is no document with such a title.

Background Paper C1 ('Background Paper 1 Approach to Setting the Housing Requirement', undated but referred to on the Examination webpage as being published in May 2023) considers how the identified housing need figure should be translated into a housing requirement (also erroneously referred to as a 'housing target'). This document does not set out the reasons why the Council has not followed the Standard Method and thus it is presumed that this is not the 'Housing Background Paper' that is being referred to.

Evidence base document E1 ('North Norfolk Local Housing Needs Assessment 2019 Report of Findings', November 2019 (referred to on the Examination webpage as 'North Norfolk Strategic Housing Market Assessment Update – Local Housing Needs')) does set out the reasons why the Council has not followed the Standard Method and thus it is presumed that this is the 'Housing Background Paper' that is being referred to.

### Exceptional Circumstances

The draft Local Plan itself (Document A1) explains (para. 7.1.4) (emphasis added):

*"The current standard national methodology is based on Office for National Statistics (ONS) projections with a 2014 start date. The Authority does not consider that these 2014 based projections accurately reflect likely future growth rates in the District because they project forward higher rates of annual growth than were subsequently shown to have actually occurred. The Office of National Statistics published revised projections with a base date of 2016 and the Council considers these to be a more robust basis for establishing the future requirement for homes in the District.<sup>39</sup> ..."*

Footnote 39 is a reference to the 'North Norfolk Strategic Housing Market Assessment, Opinion Research Services, 2019'; as noted above, this is evidence base document E1 ('North Norfolk Local Housing Needs Assessment 2019 Report of Findings', November 2019).

Document EX007 similarly states (paragraph 1.4) (emphasis added):

*"... In short, the Authority considers that the 2014 based Household Projections, which form the foundation of the standard methodology, project forward a rate of growth which has been shown not to have occurred. These flawed projections are therefore an unreliable basis upon which to establish future requirements. Instead, the Authority uses the 2016 based Household Projections as the starting point for applying the remainder of the standard methodology as these are considered to be a more reliable basis for establishing future needs."*

Evidence base document E1 concludes (para. 1.51) (emphasis added):

*"... 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. ..."*

However, that the 2016-based household projections might represent a "more robust basis" or a "more reliable basis" for establishing housing need does not represent 'exceptional circumstances' that justify a departure from the Standard Method.

The Standard Method is not intended to produce an accurate calculation of the housing need in any district – it is intended to provide an easy and quick-to-use national standard method. It is likely that alternative methods or household projections might produce 'more robust' or more reliable' or 'more accurate' calculations in many LPA areas; however national policy only allows for a departure from the Standard Method where there are *exceptional* circumstances.

Document E1 continues (also para. 1.51):

*"... The difference between the figures is ... due to improvements in the ONS's population projection. On this basis there would appear to be exceptional circumstances ..."*

This conclusion is subjective.

Savills undertook a detailed analysis of this document in March 2022 (see Appendix 1 hereto), which was included by our client as part of its submissions to the Regulation 19 Pre-Submission consultation. The conclusions reached in this analysis (see Section 4) are not replicated here for brevity, but will be referred to as necessary during the Examination Hearing session.

Overall, it was concluded that there are no exceptional circumstances that justify a departure from the Standard Method and the 2014-based household projections.

### Summary

As such, it is considered that the Council's approach is neither justified nor consistent with national policy.

**Question 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 [2020 ratio – 9.14], giving 531 dpa or 10,610 dwellings over a 20 year plan period? ...**

No.

PPG explains (ID: 2a-008-20190220) (emphasis added):

*“When should strategic policy-making authorities assess their housing need figure for policy-making purposes?”*

*Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process. This number should be kept under review and revised where appropriate.*

*The housing need figure generated using the standard method may change as the inputs are variable and this should be taken into consideration by strategic policy-making authorities.*

*However, local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted ... for examination.”*

Whilst stating that LPAs should “... calculate their local housing need figure at the start of the plan-making process ...” the guidance above is just as explicit in stating that LPAs should also keep this figure “... under review and revised ...”. In short, LPAs should keep the calculation up to date.

The only point when a Standard Method LHN figure can be relied on for a longer period without the need for an update is from the point that a draft Local Plan is submitted for examination. Until that point it should be kept up-to-date.

The Local Plan was submitted on 11<sup>th</sup> May 2023 and on the basis of the lattermost part of the above guidance, the calculation of the Standard Method LHN can thus be relied upon until 11<sup>th</sup> May 2025. However, this assumes that the calculation was correct at the point of submission.

On the basis of the first part of the above guidance, the Standard Method LHN figure should have been most recently recalculated in March 2023, on the publication of the 2022 Affordability Ratios.

This calculation should have been based on the projected average annual increase in households between 2023 and 2033 (see Appendix 2 hereto and PPG ID: 2a-004-20201216).

Had this calculation been undertaken by the Council then, notwithstanding that Savills disagrees with the use of the 2016 household projections, the Council would have arrived at a housing need figure of 482 dpa (see Appendix 2 hereto, Table App1, Column 7), not 457 dpa.

**... Should a more recent affordability uplift figure be used [2021 ratio – 11.61, or 2022 ratio – 10.64]? ...**

Yes.

See above.



**... Should the ratio to be published in March 2024 be taken into account? ...**

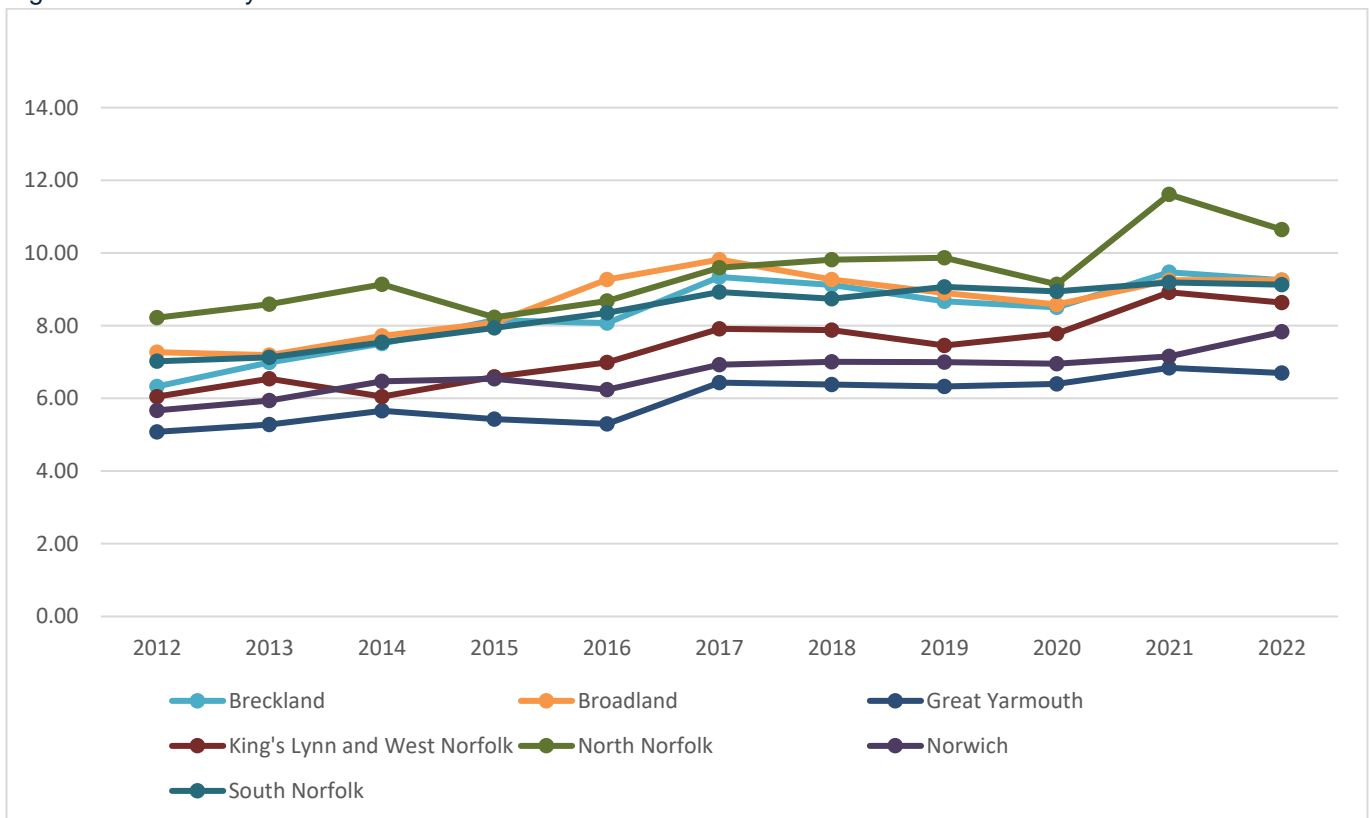
Not necessarily.

With reference to our discussion above regarding the first part of this question, as the Local Plan was submitted on 11<sup>th</sup> May 2023, the calculation of the Standard Method LHN can thus be relied upon until 11<sup>th</sup> May 2025. Only if the Plan remains unadopted at that date might it be necessary to take into account a more up-to-date affordability ratio, which by then will be the 2024 ratio as is scheduled to be published in March 2025.

**... What are the likely future trends in relation to house prices and average earnings locally?**

Considering the published affordability ratios as a reasonable reflection of the relationship between median house prices and median earnings, a look back over the past decade across all of Norfolk shows a relatively consistent steady upward trend – i.e. worsening of affordability, as shown in Figure 1 below.

Figure 1: Affordability Ratios Across Norfolk



Across the county the affordability ratio in North Norfolk is, generally, the greatest. It would be reasonable to view the 2020 ratio (published 2021) of 9.07 (as used in the Regulation 19 draft Local Plan, and Examination Document EX007) as somewhat ‘off-trend’ and lower than would have been expected, and likewise the 2021 ratio (published in 2022) of 11.61 as higher than would be expected. The 2022 ratio (published 2023) of 10.64 would appear to be broadly back on trend.

**Question 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?**

None (see Appendix 1, paragraph 2.64 to 2.76).

**Question 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? ...**

Yes (see Appendix 1, paragraph 2.52 to 2.62).

**... What should the dpa figure be then? ...**

Notwithstanding that Savills disagrees with the use of the 2018 household projections, these result in a housing need figure of 560 dpa (see Appendix 2 hereto, Table App1, Column 8), not 457 dpa.

**... If the 2016 rather than 2018 based projections are to be used, what would be the justification for this?**

There is no justification for doing so.

**Question 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)? ...**

No.

**... 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 comment.

**Question 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? ...**

The Council has not published any information on the number of homes that are permitted, but not delivered – i.e. the 'non-implementation' rate. However, it is inevitable that some sites on which permission is granted will not be developed. As a consequence, it is generally agreed that planned housing supply should include a 'buffer' of at least 5% and ideally at least 10% above the minimum housing requirement, to provide flexibility and ensure that the LPA is able to facilitate the delivery of the housing needed.



**... 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.)**

Savills does not agree that the housing need is 9,600 dwellings.

**Question 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?**

The (capped) Standard Method LHN figure is 560 dpa (see Appendix 2, Table App1, Column 6). Over 20 years, this equates to a total housing need of 11,200 dwellings (ibid). This figure is applicable to either plan period.

Adopting the approach taken by the Council in the preparation of the Local Plan, and adding a 5% buffer to the need to arrive at the housing requirement (i.e. the difference between 457 and 480 dpa), would result in a housing requirement of 588 dpa and a total housing need over a 20-year plan period of 11,760 dwellings. Again, this figure is applicable to either plan period

**Question 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?**

**Question 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?**

At paragraph A1.12 Examination Document EX007 sets out the Council's 'estimate' of the future supply of housing on windfall sites, equating to a total of 135 dpa. The Council describes this as being based on a cautious approach, which our client supports.

However, as we will discuss in more detail in relation to Matter 7 (Question 7.2), it is considered that the projected delivery from windfall sites should be deleted from Years 2 and 3 of the 5YHLS 5-year period (i.e. from 2024/25 and 2025/26).



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## Appendices

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Appendix 1: North Norfolk Local Plan Assessment of Identified Local Housing Need (Savills, March 2022)

Bound separately.

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## Appendix 2: Calculation of the Standard Method LHN

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## Appendix 2: Calculation of the Standard Method LHN

**NB App1** For all figures and calculations, please refer to Table App1, which follows the discussion below.

### The 10-Year Period

The first step in calculating the Standard Method LHN is to establish the baseline. The PPG explains (ID: 2a-004-20201216):

*“... Using [the 2014-based household] projections, calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period). ...”*

With the draft Local Plan being submitted on 11<sup>th</sup> May 2023, the 10-year period used should thus be 2023-2033. The Council’s approach as to the 10-year period appears to be varied – see Table App1, Rows A1 to C2.

In short, the first step in calculating the Standard Method Local Housing Need figure for the purposes of the draft Local Plan at Examination, should be the establishing of the baseline projected average annual household growth over a 10-year period, with the current year (year that the Plan was submitted) (2023) being used as the starting point from which to calculate growth over that period.

In summary, the 10-year period used should be 2023-2033.

### Affordability Ratio

The second step in calculating the Standard Method LHN is to take into account affordability. The PPG explains (ID: 2a-004-20201216) the process for / formula to be used in translating the published ‘affordability ratio’ into the Standard Method ‘adjustment factor’.

It explains:

*“The most recent median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level, should be used.”*

With the draft Local Plan being submitted on 11<sup>th</sup> May 2023, the most recent affordability ratio was that published on 22<sup>nd</sup> March 2023, which is a figure of 10.64 (despite being published in 2023, this is the 2022 affordability ratio).

Applying the formula set out in the PPG, this results in an ‘adjustment factor’ of 1.415.

Again, the Council’s approach as to the 10-year period appears to be varied – see Table App1, Rows H1 and H2

In short, the second step in calculating the Standard Method Local Housing Need figure for the purposes of the draft Local Plan at Examination, should be the establishing of the Standard Method ‘adjustment factor’ based on the latest published ‘affordability ratio’.

In summary, the latest (2022) ‘affordability ratio’ (as published in 2023) should be used.

### Cap

The third step in calculating the Standard Method LHN is the potential application of a 'cap'. The PPG explains (ID: 2a-004-20201216)

*“Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:*

*a. the projected household growth for the area over the 10 year period identified in step 1; or*

*b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).”*

The average annual housing requirement set out in the most recently adopted strategic policies (the North Norfolk Core Strategy, June 2008) was 400 dpa.

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# North Norfolk Local Plan Examination

## Hearings Statement, Matter 3: Delivering Sufficient Homes



Table App1: Comparison of Housing Need Calculations

		NN LHNA	R19 LP	C1	EX007	MIQs Q3.4	SM LHN (2014 HHPs)	Bespoke (2016 HHPs)	Bespoke (2018 HHPs)
		Nov 19	Jan 22	May 23	Sep 23	Nov 23	Apr 23	Apr 23	Apr 23
<b>Column</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
A1	2018 Households (2016 projections)			Para. 4.6					
A2	2028 Households (2016 projections)			Para. 4.6					
B1	2019 Households (2016 projections)	49,158							
B2	2029 Households (2016 projections)	51,486							
C1	2021 Households (2016 projections)		See EX006		Para. 2.3				
C2	2031 Households (2016 projections)		See EX006		Para. 2.3				
D1	2023 Households (2016 projections)							49,394	
D2	2033 Households (2016 projections)							52,799	
E1	2023 Households (2018 projections)								50,105
E2	2033 Households (2018 projections)								54,289
F1	2023 Households (2014 projections)						<b>50,709</b>		
F2	2033 Households (2014 projections)						<b>54,672</b>		
G1	10-year growth in households	3,328					<b>3,963</b>	3,405	4,185
G2	Average annual increase (households)	332.8		'347'	'347'		<b>396.3</b>	340.5	418.5

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# North Norfolk Local Plan Examination

## Hearings Statement, Matter 3: Delivering Sufficient Homes



Table App1: Comparison of Housing Need Calculations / Continued ...

		NN LHNA	R19 LP	C1	EX007	MIQs Q3.4	SM LHN (2014 HHPs)	Bespoke (2016 HHPs)	Bespoke (2018 HHPs)
		Nov 19	Jan 22	May 23	Sep 23	Nov 23	Apr 23	Apr 23	Apr 23
Column		1	2	3	4	5	6	7	8
<b>Step 2: Affordability Ratio / Factor</b>									
H1	2018 Ratio (published 2019)	9.94							
H2	2020 Ratio (published 2021)		9.07	9.07	9.07				
H3	2021 Ratio (published 2022)					11.61			
H4	2022 Ratio (published 2023)						<b>10.64</b>	10.64	10.64
I	Resulting Affordability Factor	1.371		'1.31'	1.316875	1.475625	<b>1.415</b>	1.415	1.415
J	Average annual increase (households) x Affordability Factor	'456' [.2]		'457'	'457'		<b>560.7645</b>	481.8075	592.1775
<b>Step 3: Cap</b>									
K	Most recently adopted housing requirement	400			400		<b>400</b>	400	400
L1	Most recently adopted housing requirement + 40%	560			560		<b>560</b>	560	560
L2	Average annual increase (households) + 40%	465.92		485.8	485.8		<b>554.82</b>	476.7	585.9
M1	Cap applicable at (highest of L1 and L2)	560		485.8	560		<b>560</b>	560	560
M2	Cap applicable	N		N	N		<b>Y</b>	N	Y

Cont.../



Table App1: Comparison of Housing Need Calculations / Continued ...

		NN LHNA	R19 LP	C1	EX007	MIQs Q3.4	SM LHN (2014 HHPs)	Bespoke (2016 HHPs)	Bespoke (2018 HHPs)
		Nov 19	Jan 22	May 23	Sep 23	Nov 23	Apr 23	Apr 23	Apr 23
Column		1	2	3	4	5	6	7	8
<b>Step 3: Standard Method Local Housing Need</b>									
N1	SM LHN (highest of J or M1 rounded up)	456		457	457		560	482	560
N2	Total Housing Need (20 years)						11,200	9,640	11,200
O1	Housing Requirement (incl. 5% buffer) (dpa)		480	480	457 / 480 (see Table p4)		588	506	588
O2	Housing Requirement (incl. 5% buffer) (total)		9,600	9,600	9,600		11,760	10,120	11,760
Q	Consistent with NPPF	x	x	x	x		✓	x	x

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