

<b>Report to</b>	Sustainable development panel	<b>Item</b>
	17 October 2018	
<b>Report of</b>	Director of regeneration and development	<b>4</b>
<b>Subject</b>	Update on Strategic Planning and Housing Delivery Issues	

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### **Purpose**

To update members on several issues relating to strategic planning and housing delivery, in particular the Norfolk Strategic Planning Framework, a revised housing need figure for Norwich, and the forthcoming Housing Delivery Test.

### **Recommendation**

To note the contents of this report.

### **Corporate and service priorities**

The report helps to meet the corporate priority a prosperous and vibrant city, a safe, clean and low carbon city, and a healthy city with good housing.

### **Financial implications**

None

**Ward/s:** All Wards

**Cabinet member:** Councillor Stonard - Sustainable and inclusive growth

### **Contact officers**

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### **Background documents**

None

# Report

## Introduction

1. This report provides an update to members on several matters relating to strategic planning and housing delivery.
2. The government published the revised National Planning Policy Framework (NPPF) in July 2018, which replaces the 2012 NPPF and provides the framework for the preparation of local plans and planning decision-making.
3. The revised NPPF promotes strategic planning by strengthening the requirement for joint working across boundaries and supports the delivery of development in general and housing in particular. This includes the introduction of a standard methodology to assess housing need and a Housing Delivery Test.

## Norfolk Strategic Planning Framework

4. Earlier this year the Norfolk Strategic Planning Framework (NSPF) was endorsed by all of Norfolk's local authorities. The purpose of the approved NSPF is to demonstrate compliance with the duty to co-operate, agree shared objectives and strategic priorities to improve outcomes for Norfolk and inform the preparation of future local plans, to work towards the establishment of a shared evidence base, and to maximise the opportunities to secure external funding to delivery against agreed objectives.
5. The document is available at the link below:  
  
<https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/partnerships/strategic-member-forum/latest-endorsed-version-of-the-norfolk-strategic-planning-framework.pdf?la=en>
6. The NSPF will be updated in 2018-19 to ensure that the document meets the new requirements of the NPPF, particularly:
  - it meets the requirements set out for the Statement of Common Ground (SCG); and
  - it is updated to assess the impacts of the new housing methodology on the housing section and the ability of each authority to meet its own housing needs (see below, paragraph 18).
7. It is anticipated that public consultation on the revised NSPF will take place in early 2019, and the document will be finalised and endorsed by all Norfolk authorities by July 2019.
8. Following that the NSPF will be reviewed regularly as the Duty to Co-operate requires authorities to work together in 'an ongoing and meaningful way' and Statement of Common Ground must 'reflect the most up to date position in terms of joint working across the area'.

9. For information, ongoing work being undertaken by the NSPF steering group includes completing the commitments set out in the currently endorsed document which include: providing shared guidance on the roll out of the 5G network; updating the Health Protocol; updating the utilities section; provide more detailed information regarding elderly housing needs; production of a Norfolk wide Green Infrastructure Strategy; and review of the section on delivery issues.

### **Introduction of standard methodology for assessing housing needs**

10. The 2018 National Planning Policy Framework introduced a new standard methodology for assessing housing needs. The backdrop to this is the Housing White Paper (March 2017) which argued that the existing approach to assessing housing need was too complex. This in turn was a response to a recommendation by the Local Plan expert group for a simple mechanism for establishing housing need. The detail of a proposed new methodology was included in the Government consultation on 'Planning for the Right Homes in the Right Places' which ran from September to November 2017. The city council submitted a response to this consultation and raised a number of concerns about the methodology as proposed (in particular that it was a crude approach to assessing need, and not guaranteed to increase delivery). The methodology now introduced in the revised NPPF is essentially the same as that proposed in the original consultation.
11. The new methodology replaces the previous planning practice guidance on housing needs based on evidence in strategic housing market assessments, which often resulted in lengthy debates about housing need at local plan examinations and delays in the plan making process. The new 'standard' method uses household projections over a 10 year period as a starting point and applies a percentage uplift depending on the level of affordability pressures in a locality, to ensure that more homes are delivered in locations where affordability is worst. It should be noted that the resultant need figure (or 'Objectively Assessed Need' – OAN) is intended to be a minimum figure which local planning authorities can increase as required.
12. The Office for National Statistics (ONS) published its new Household Projections on 20 September 2018. These project lower levels of growth as compared to previous years due to changes by ONS about some of its underlying assumptions about birth and death rates and migration. In addition ONS has adopted a new methodology for projecting household formation rates which is based on just two historic points (2001 and 2011) rather than using trends back to 1971.
13. For England as a whole the new methodology identifies housing need of 214,000 per annum, which is 56,800 units per annum less than under the previous method (a reduction of around 20% from the previous housing need figure of 270,800), and 86,000 less than the Government's stated delivery target of 300,000 homes per annum. The new housing need figures for the Norfolk authorities are set out in Table 1 below. Norwich's need has reduced by 32% under the new methodology to 409 units per annum (to put that in context the current local plan requirement is 477 pa and delivery over the past 3 years has averaged 349). The need for the Greater Norwich authorities as a whole (Norwich, Broadland and South Norfolk) has reduced by around 14%.

	<b>Local housing need Sept 2017</b>	<b>Local Housing Need Sept 2018</b>	<b>2017-18 change</b>
Breckland	680	770	13%
Broadland	528	451	-15%
Great Yarmouth	338	242	-28%
King's Lynn and West Norfolk	525	469	-11%
North Norfolk	511	438	-14%
Norwich	602	409	-32%
South Norfolk	922	895	-3%
<b>Total</b>	<b>4106</b>	<b>3674</b>	<b>-11%</b>

**Table 1: Local housing need figures**

14. For comparative purposes, Table 2 below sets out the objectively assessed need established in the Central Norfolk Strategic Housing Market Assessment (SHMA, 2017) for the Greater Norwich authorities<sup>1</sup>. Norwich's objectively assessed need in the SHMA, at 724 units per annum, is considerably greater than the figures set out in Table 1 above. Affordable housing need identified in the SHMA is also shown; this is likely to reduce with the application of the new methodology.

	<b>Objectively assessed need Total 2015-36</b>	<b>Objectively assessed need Per annum</b>	<b>Affordable housing need Total 2015-36</b>	<b>Affordable housing need Per annum</b>
Norwich	15,204	724	5,828	277
Broadland	8,210	391	2,007	96
South Norfolk	16,072	765	3,195	152
<b>Greater Norwich total</b>	<b>39,486</b>	<b>1,880</b>	<b>11,030</b>	<b>525</b>

**Table 2: Housing need for Greater Norwich based on the SHMA**

15. A study by [Lichfields](#) on the new household projections notes that the new ONS methodology for projecting household formation rates is now projecting forward

<sup>1</sup> Central Norfolk SHMA (2017), figure 83.

trends that Government policy is explicitly trying to reverse, raising the question as to whether they are fit for purpose for planning for housing need. For example, the projections show minimal or negative figures for Oxford and Cambridge over the 10 year period used in the standard method which might imply no need for housing in these areas with acute housing shortages. The Lichfields study also notes that there is an inconsistency in how communal establishments such as care homes are treated as they are excluded from the household projections but are included within the housing need figure.

16. The government response document to the revised NPPF did note that revised population projections were likely to lead to the minimum need numbers generated by the method being subject to a significant reduction in the household projections, once the figures were released. The government's Chief Planner has advised that government would consider adjusting the method after the household projections were released and consult on the specific details of any change at that time.
17. Although the introduction in the NPPF of the new standard methodology for assessing housing needs will have implications for both the NSPF and local plans in Norfolk by imposing a different level and distribution of housing across the county than was anticipated in the 2018 NSPF, it is too early to start thinking about reducing housing targets in local plans such as the Greater Norwich Local Plan. The Government has clearly signalled that it intends to modify the methodology to ensure that it delivers the national target of around 300,000 units of housing per annum. The Government's 300,000 target is around 40% higher than the national housing need derived from the 2018 household projections. If a further revision to the methodology is to address this shortfall, when applied locally it is likely to require housing allocations at a higher level than currently anticipated in the GNLP (the current proposals include allocations for 7,200 new dwellings, 1500 of which would be in Norwich). The final level of housing need for the GNLP will inform the housing 5 year land supply calculation in due course.
18. The Government is expected to consult on changes to the standard methodology in late 2018/early 2019. As referred to above (paragraph 6), as part of the process of revising the Norfolk Strategic Planning Framework, the NSPF steering group will write to each Norfolk local planning authority to inquire about their ability to meet their own housing needs. This is likely to take place in the near future under the current OAN figure in order not to extend the NSPF timetable.

## **Housing delivery test**

19. Another new requirement for local authorities introduced through the revised NPPF is the Housing Delivery Test. For the first time, this requires local authorities not only to look forward at their housing land supply, but also to look back over what their policies have delivered. Where the Housing Delivery Test (HDT) indicates that delivery has fallen below specified housing targets over the previous 3 years, the authority will be required to produce an action plan to assess the causes of under-delivery and identify actions to increase delivery in future years.

20. The council's response to the consultation on the draft NPPF earlier this year was very critical of the proposed Housing Delivery Test, in particular the fact that it would penalise councils for the failure to build enough houses but did not acknowledge that it is the house-building industry that is not delivering, and stressed the need for greater intervention in the housing market alongside revisions to the planning system.
21. The HDT will apply from the day following the publication of the Housing Delivery Test results in November 2018. The Housing Delivery Test Measurement Rule Book specifies that the number of net homes delivered must be calculated over a rolling three year period with adjustments for net student and other communal accommodation. In 2018, delivery of less than 25% of the housing requirements over the previous 3 years invokes the presumption in favour of sustainable development. The threshold target increases to 45% in 2019 and 75% in 2020.
22. The most recent housing completions data for Norwich is set out below in Table 3, and includes student and other communal accommodation. (The inclusion of student accommodation is not currently able to be taken account of in the Five Year Land Supply statement as the housing target set out in the adopted Joint Core Strategy did not include an allowance for student accommodation. This will change in future years as the new standard methodology (as revised) will be introduced for plans over 5 years' since adoption.)
23. The inclusion of student communal accommodation in the HDT (at a ratio of 2.5 units of student accommodation to 1 unit of housing) significantly boosts Norwich's performance on housing delivery, contributing an additional 342 dwelling equivalents towards the city's total HDT delivery figure of 1418 over the previous 3 years (99% of the total local plan requirement for that period).
24. Moving forward, as there are 3,500 units of purpose built student accommodation (PBSA) in the planning pipeline (705 units under construction, 1109 with planning consent, 302 pending planning approval, 404 subject to appeal, and at 980 at pre-application stage) the council can expect a continuing significant contribution to housing delivery from PBSA over the next few years, dependant on planning decision-making. Those units of PBSA currently under construction would equate to 282 units of housing, while the overall pipeline figure of 3,500 units of PBSA if implemented would equate to 1,400 units of housing. Whilst this contribution is welcomed in terms of boosting housing land supply, it should be noted that new student housing will not address the significant levels of need for market and affordable housing set out in the SHMA.

Year	Dwelling completions	Additional student beds	Dwelling equivalent at 1 per 2.5 beds	Additional other communal beds	Dwelling equivalent at 1 per 8 beds	Total HDT delivery figure inc additions	Local plan requirement p.a.
2015-16	365	228	91	210	26	482	477
2016-17	445	514	205	0	0	650	477
2017-18	237	117	46	15	2	285	477
	<b>1047</b>	<b>859</b>	<b>342</b>	<b>225</b>	<b>28</b>	<b>1418</b>	<b>1431</b>

**Table 3: Housing Delivery for Norwich 2015-18**

25. Based on this evidence Norwich is likely to pass the Housing Delivery Test when it is introduced in November. Looking forward however, from 2019 the HDT will be judged against the OAN rather than the housing requirement (the JCS will then be considered out-of-date as it will be over 5 years since its adoption) , which is currently relatively low as judged against the current standard methodology but, as noted above, is likely to change.
26. The HDT Rule Book allows for the test to be applied to joint plans where the housing requirement is set out in a joint plan (such as the Joint Core Strategy). The position on the Housing Delivery Test for the Greater Norwich authorities as a whole is that they will meet the test on a joint basis for 2018, with 127% of the housing requirement (6376 units of housing delivery over the past 3 years against a joint requirement of 5003).
27. The Greater Norwich authorities have informed MHCLG of their intention to take a joint approach to HDT calculation. This approach is considered to be consistent with the Joint Core Strategy and emerging Greater Norwich Local Plan's strategic focus on delivery and the broader ambition to ensure that Greater Norwich achieves its economic potential.

## Conclusions

28. This report has focused particularly on the introduction of a new standard methodology for assessing housing need and the Housing Delivery Test, and their implications for Norwich and the other Greater Norwich authorities in terms of housing delivery.
29. As currently calculated the implications of the OAN and Housing Delivery Test may appear relatively benign for Norwich and Greater Norwich but this is likely to change significantly when the revised standard methodology is introduced. In

focusing on the technical operation and numerical outcomes of the standard methodology and HDT, it is easy to lose sight of the importance of delivering homes to meet objectively assessed needs in Norwich. The HDT methodology in particular, which includes the contribution made from student and other communal accommodation to housing delivery, tends to mask the relatively low levels of delivery of housing (both market and affordable) in recent years.