

## 7 Emerging Issues

### 7.1 Overview

- 7.1.1 In this chapter, we identify the main issues emerging from the Housing Market Assessment.
- 7.1.2 In section 7.2, we provide the headline findings from the assessment. This provides the background to a more detailed analysis of emerging issues in section 7.3.

### 7.2 Headline Findings from the Housing Market Assessment

- 7.2.1 Falling household sizes and migration drive the requirement for additional housing in the sub-region.
- 7.2.2 In the last 10 to 15 years, increasing proportions of young adults setting up home were the main cause of falling average household sizes. In the next 10 years, average household sizes are likely to continue to fall. However, the cause will be increasing numbers of pensioner households. Norwich – unlike the rest of Norfolk and the rest of the sub-region – will not experience an aging population.
- 7.2.3 Migration also increases the housing requirement. Inward migrants include students, people moving for work, and people retiring or preparing to retire to the area. Continued growth in employment is an important factor affecting migration.
- 7.2.4 Migrants are often better able to afford market housing than newly forming households. Attempting to limit inward migration by restricting housing supply is not likely to be effective. Instead, a limited supply of housing is more likely to increase housing need amongst existing and newly forming households
- 7.2.5 The three Greater Norwich districts, using information from developers, predict a potential 13,500 new homes in the five-years 2006 to 2011.
- 7.2.6 The Opinion Research Services' Study of Housing Need and Stock Condition identifies a requirement for nearly 10,000 additional homes in the same five years 2006 to 2011. So, there is potential for the market to deliver more housing than the identified requirement. The market might respond in a number of ways...
- Developers may slow the pace of new housing delivery if they feel the market is 'over supplied.'
  - The extra supply may make market housing cheaper and allow some additional households to access market housing.
  - Additional households from other parts of the UK, attracted by the available homes, may migrate to the Greater Norwich region.
- We feel that the first option is the most likely outcome.
- 7.2.7 Too few of the new homes will be affordable rented homes.

The large and buoyant private rented sector is a positive factor in the local housing market. The sector...

- Provides homes for 4,000 households receiving housing benefit/local housing allowance. In the absence of the private sector, these households would need affordable rented housing.
- Provides an affordable market option for many other households who cannot afford or choose not to buy a home.

7.2.8 In the next 10 years, households made up of older people will increase both in numbers and as a proportion of all households. However, Norwich City will not experience a growth in the population of older people.

7.2.9 Across the sub-region, the proportion of families with dependent children will fall. The number of families with dependent children will remain constant.

## **7.3 Emerging Issues**

### **Chapter 1 – Current Housing Markets**

7.3.1 Population growth and the reduction in average household sizes drive the changes in the housing requirement. Household sizes have fallen and this is mainly due to the increasing proportions of young adults who form households. Increasing proportions of pensioners were not an important factor in falling average household sizes in the period to 2006. (But note that older people will form an increasing part of the population in the post 2006 period – see Future Housing Markets).

7.3.2 Manufacturing has declined as a sector. Financial intermediation and retailing have increased in importance. This has focused more employment in the City of Norwich. As a result people are travelling further to their work. Can anything be done to reduce travel to work distances?

7.3.3 The housing stock in Norwich is more likely to be in the social rented or private rented sector and less likely to be owner-occupied than in the other two Greater Norwich districts. The housing stock in Norwich is more likely to be a flat or small terraced property. The relative scarcity of larger properties with gardens for sale within Norwich City may be adding to the trend for families and older people to leave the city. Is this a problem? If the answer is yes what could be done?

7.3.4 The market rented sector provides a supply of housing with rents less than the monthly mortgage payment on an equivalent property. As a result the private rented market mitigates problems of affordability in the market. Will the private rented sector continue to perform this role?

7.3.5 Affordability in both the sales and private rented markets is getting worse. Will an increasing supply of housing reverse the trends?

### **Chapter 2 – Future Housing Markets**

7.3.6 There will be significant increases in populations in Norwich and South Norfolk as a result of the amount of new property being built.

- 7.3.7 Pensioner households will form an increasing proportion of the households in Broadland and South Norfolk Districts. The proportion of families with dependent children will fall. Is more housing required that is suited to the needs of older people?
- 7.3.8 In Norwich the increasing proportion of young adults might affect household types in a number of ways. The most likely outcomes are either more young single/couple households and/or more households containing groups of unrelated adults. However, if affordability remains a problem it is possible that increasing numbers of young adults will live in overcrowded housing or become homeless. What can be done to address the housing needs of young people?
- 7.3.9 On past trends in-migration will be the major cause of population growth. Most migration is from other districts in the East, the Southeast and London. The largest numbers of migrants move into Norwich. However, Norwich has a net loss of population to Broadland and South Norfolk.
- 7.3.10 Greater Norwich is attractive to migrants from nearby areas because of high levels of employment and high rates of job growth. The Greater Norwich area also has a relatively good supply of housing.
- 7.3.11 The local economy is growing strongly and has good prospects of continued growth. However, growth depends upon adequate housing for the additional workforce.

### **Chapter 3 – Trends in Housing Market Areas**

- 7.3.12 Large numbers of people commute from the housing market in which they live into the Norwich housing market.
- 7.3.13 The Norwich housing market is polarising – Norwich City attracts mainly young people but loses families and older people to the suburbs. One of the consequences is the ‘aging’ of the areas of the Norwich housing market outside the city boundary.
- 7.3.14 The commuting and migration patterns may be a consequence of the shortage of suitable housing within the City of Norwich. However, qualitative evidence from estate agents suggests that village locations and properties with large gardens attract many households. So, it is not just the size and type of the property that is important. Is there any way to prevent the ‘polarisation’ of the Norwich Housing Market?

### **Chapter 4 – Housing Requirement and Housing Supply**

- 7.3.15 We project shortages of affordable rented housing. Is there anything more that can be done to address the shortage of affordable housing?
- 7.3.16 The potential housing supply assumes that developers complete the number of homes included in the housing trajectories of each district council. Members of the HMA project reference group have questioned the level of delivery. In particular, the ‘over supply’ of new flats within Norwich City might slow the pace of new development.
- Will developers slow the pace of development?
  - Will people move into the sub-region to buy the available properties?

- Will the potential supply of housing reduce market prices and as a result allow some existing households in need to afford market homes?
- 7.3.17 In Norwich City new housing post March 2006 will contain more flats and fewer houses. Most of these flats will be small – one and two-bedroom homes.
- 7.3.18 We project shortages of market housing in Broadland district.

### **Chapter 5 – Housing Requirements of Specific Household Groups**

- 7.3.19 The sub-region has a diverse range of black and minority ethnic groups. The evidence suggests that most BME groups have similar requirements to the population as a whole. However, local authorities, housing associations and others need to raise awareness amongst BME groups of housing and housing support services available to those with housing need.
- 7.3.20 There is evidence that migrant workers face housing problems. In particular migrant workers often share poor quality private rented housing. There are relatively few migrant workers in the Greater Norwich sub-region compared to other parts of Norfolk. Nevertheless this is an important issue for some migrant workers living within Greater Norwich.
- 7.3.21 Older people will make up an increasing proportion of the population of Greater Norwich. By 2021 people over the age of 60 will form nearly 35% of the population of Broadland and South Norfolk Districts. In Norwich City the proportion of older people (about 20% over the age of 60) will not change significantly.
- 7.3.22 A large proportion of the Norfolk Supporting People budget provides services for older people. Most of these services help the minority of the older population that live in sheltered housing. Is this the best use of resources?
- 7.3.23 Moving to a bungalow is a popular option for many older people. However, the option is often not affordable because of the high relative price of bungalows. Two bedroom bungalows are often more expensive than three bedroom houses.
- 7.3.24 Within Greater Norwich there are close to 400 bed-spaces in hostels. These hostels provide housing with support. People supported include offenders, young homeless people and people with mental health problems. People who no longer need a supported hostel place find it difficult to secure 'move on' housing. As a result hostel spaces do not become available for people who need housing with support. A review led by Supporting People and Norwich City Council plans to address this problem.
- 7.3.25 There is a shortage of authorised sites for Gypsies and Travellers within the sub-region.
- 7.3.26 In Norfolk there are nearly 700 people with learning difficulties living with a carer aged 65 or older. Most will need to move into independent housing with support. This need may become urgent.

### **Chapter 6 – The Role of the Various Tenures**

- 7.3.27 The private rented sector provides homes for 19,500 households in the sub-region. The private rented sector represents 12.5% of the housing in the sub-region.

- 7.3.28 There are concentrations of privately rented housing in Norwich City. Students, contract workers and young single people/couples create demand for rented housing. The student market represents 20% of private sector rented tenancies in Norwich City. If student numbers continue to increase, can the sector cope?
- 7.3.29 The cost of market rented housing is usually cheaper than purchasing a similar property. The private rented sector, as a result, provides a market housing option for people who cannot afford to buy a home. What would increase the supply of more private rented housing?
- 7.3.30 Across the sub-region nearly 4,000 households in receipt of housing benefit/local housing allowance rent homes in the private sector. This sector of the rented market operates semi-independently from other parts of the rented market.
- 7.3.31 In the main, intermediate housing products provide choice for households who can afford to rent but not buy in the market. Intermediate housing tends to be as costly as similar market rented property. Can anything be done to help make intermediate housing products affordable to more households in housing need?
- 7.3.32 Low cost market housing on new developments and incentive packages offered by developers reduce housing costs for prospective purchasers. However, the costs are still likely to be higher than the alternatives of market rent or the purchase of a resale property. Can low cost market housing contribute to meeting housing need?