

GREATER NORWICH HOUSING MARKET ASSESSMENT FINAL REPORT – WORKING DOCUMENT

- 1 You will be aware that we have previously made representations to the Greater Norwich Housing Market Assessment (GNHMA) with respect to factors delaying site completion and general problems in the planning/development process adversely affecting the housing market. This letter sets out representations made on behalf of our Clients, Pelham Homes Ltd, on published chapters within the GNHMA Final Report (September 2007). Although Chapter 6 (The Role of Various Tenures) and Chapter 7 (Emerging Issues) are not yet available, we intend to comment on them when they are published later this year.

Chapter 1 – Current Housing Markets

- 2 It is accepted that often the market rented sector provides a supply of housing with rents less than the mortgage on an equivalent property. As a result the private rented market mitigates problems of affordability in the market. Recent developments, particularly in Norwich, have been focused primarily on one and two bedroom flats that are generally purchased by investors for the rental market. There would already appear to be an oversupply of this dwelling type and we do not envisage the rented sector demand will continue to grow at the current rate. For this reason we strongly believe the focus of development should shift from one and two bedroom flats to larger three and four bedroom family homes, although there could be a market for larger apartments with three or four bedrooms in Norwich.
- 3 We have reservations about the accuracy of housing completion data in Broadland District. From discussions with the Broadland District Council and Norfolk County Council we are aware that much of the data they have collated is either inaccurate or missing. We would urge clarification of all Broadland data particularly that related to dwelling completions 2001-2006.
- 4 The level of social rented housing in South Norfolk, for example, has remained constant since 2001 and has actually fallen since 1991. Currently around 11-12% of the housing stock is social rented. Meanwhile, house prices have risen substantially in the District, such that the house price to income ratio is now c.7.5, well above the affordability level for many households living there. This appears to demonstrate increasing demand for intermediate housing, and low cost home ownership products in particular.

Chapter 2 – Future Housing Markets

- 5 There needs to be clarification on how population projections based on dwelling growth correspond with ONS figures. At present there is an acknowledgement within the GNHMA that the projections *'do not exactly correspond with ONS figures'*. Whilst it is recognised that predicting future housing markets is not an exact science, it is unacceptable to use two sets of figures that do not correspond with one another. Consequently there needs to be some clarity on this matter.

- 6 The GNHMA states that within Norwich there is an increasing proportion of young adults affecting demand for household types. The most likely outcomes of this characteristic are either more young single/couple households and/or more households containing groups of unrelated adults. Whilst this factor is an issue that needs to be considered, it is of note that existing developments and recent consents in Norwich have mainly been for one and two bedroom flats. Consequently, it is predictable there will be an oversupply of flats in Norwich over the next plan period irrespective of the increase in young households and there are clear signs from house builders that the market in flat sales is sluggish. As flats have made up the Norwich housing market in recent years, it must be recognised that residential completions in Norwich will slow down as the transformation to other markets takes time.

Chapter 3 – Trends in Housing Market Areas

- 7 We agree with the finding that a large number of people commute from the housing market in which they live into the Norwich housing market and that there is a polarisation of the Norwich housing market with the city losing older people and consequently causing aging of the market outside of the city boundary. We believe this has much to do with the limited choice of dwelling type within the city and suggest that a wider range, including more family houses, are proposed over the next plan period.

Chapter 4 – Housing Requirement and Housing Supply

- 8 There is a major issue with the development of flats in the assessment area. Norwich City will see more flats and fewer houses being completed of which most will be one and two bedroom. As mentioned in paragraph 6, sales in flats are already slowing down.
- 9 The GNHMA states there is a projected surplus of housing in the GNHM concentrated in the market sector and acknowledges there is a severe shortage of affordable housing across the region. We have recently undertaken a comprehensive Housing Land Availability Study that shows there is not a surplus in market housing within the GNHM and in fact there will be an under supply over the next five years. We accept that there is a shortage of affordable housing and this will have to be dealt with through appropriate planning consents for sites that can contribute affordable housing in the short/medium term.
- 10 Past experience suggests that in South Norfolk, for example, affordable housing completions have been well below identified demand for some years. The Council's Annual Monitoring Report for 2005/06 shows that 32 affordable homes were completed in the year. In the past 5 years, the Council's data shows that only between 117 and 156 affordable homes were built in total. This compares with projections of nearly 1,000 affordable homes for the next 5 years. The difference between the past 5 years and the trajectory for the next 5 years is so great that the projections must be considered with considerable scepticism. Indeed, the housing completions projections for 2006/07 have already failed to meet the target, according to our findings. If so, the delivery of large numbers of affordable homes to be provided by Pelham Homes in Wymondham will make a considerable contribution to the shortfall of need that has been experienced recently.
- 11 The table in Section 4.2.2 of this Chapter shows a requirement for "upper and middle intermediate" of 9.3% and 15.6% for "lower intermediate and social". Our interpretation of these figures is that the lower intermediate represents c.3.2% of the total demand, with social rented comprising c.12.4%. This means that demand for intermediate housing would be 50% and social rented housing 50% in terms of total affordable housing demand, according to our own analyses

- 11 Our Housing Land Availability Study suggests there is likely to be a 1800 dwelling shortfall when viewed in the context of a five year supply in the period ending march 2011. Emerging East of England Plan Policy H1 together with its supporting text requires a minimum level of housing with no upper limit, we believe that the statements contained in the GNHMA do not fully meet the demands of Policy H1. In a setting a target provision it must exceed the minimum stated figure because it is this figure which determines the level of housing to be provided and the baseline figure for any Land Availability Assessment (LAA). It follows that in using a minimum requirement figure for any LAA it is only possible to determine whether or not the absolute minimum is achievable, such an approach we suggest is unacceptable and fails to satisfy Regional and National Government Policy. In addition there is a requirement to make up shortfalls that have occurred in the already expended plan period (2001-2006) as soon as possible. We interpret this shortfall recovery as being within the next five year period. This must be taken into account when calculating the true housing land supply figures. This issue is not addressed correctly in the GNHMA statement.
- 12 Further to the above we feel that Local Planning Authorities (LPA's) must collate and publish correct information on housing land supply data. It has become apparent that on many occasions LPA's have been proved wrong at appeal on their housing projections. If they were correct in the first place, fewer applications would end up at unnecessary appeals. Unfortunately this has been an ongoing problem in the GNHM over a period of at least 20 years.
- 13 The East of England Regional Spatial Strategy states that Norwich will be a regional focus for development for housing and should provide for minimum of 33,000 net additional dwellings in the Norwich Policy Area in the period 2001-2021. Further to this, it is widely accepted that 60,000 houses will be required in the GNHM before 2031. We do not therefore consider it would be acceptable to slow the rate of development based on the housing supply analysis undertaken. In fact we suggest that it would be wise to meet as much of the requirement as possible in the early stages of the plan period, so as to ease pressure in the later stages. It should be reiterated that RSS housing projections are minimum figures that may rise.
- 14 It is essential that the GNHMA uses a deliverability profile when analysing when housing projects will commence and ultimately be completed. There needs to be a clear and concise set of rules used to assess projections for each site. The assumptions should show relevant time scales applied to each aspect of the planning and implementation process. The profile should ultimately show that from the point of submitting an outline planning application and receiving consent, it will be 4-5 years before the first dwellings are completed. It is these profiles that will result in delivery because they will set milestones of achievement capable of monitoring compared with the current procedure which relies upon nothing more than a snapshot incapable of being tested through milestone monitoring.
- 15 The amalgamation of three planning authorities and the forming of the Greater Norwich Housing Partnership for the Norwich Policy Area and the production of a GNHMA is not as new as is being implied. Neither are the findings of the GNHMA. The fact is that most of the work was in the past carried out at County Council level all we see here is in effect re-branding. We consider it has been apparent for some 30 years where the housing market is and what it has achieved. The Norwich Policy Area was formed as part of the evolution of the very first Approved Structure Plan c30 years ago. Its area was marginally increased during the early 90's. As a consequence of Structure Plan Policies development over the past 30 plus years has fallen generally in line with the geographical position, but not the quantity, of planned allocations resulting in the market areas now identified. What has consistently failed is achievement of target completions set within Approved Plans

and it is well recorded in numerous appeal decision letters going back to the early 80's that there has never been an adequate supply of housing land when formally and impartially tested against the criteria set down in Government Circulars and Planning Guidance. In all cases the test has been measured against the Norwich Policy Area as a whole and against Local Plan Policy. Indeed past joint land availability studies have been based on the Norwich Policy Area. The current evidence on supply is unreliable and the forecasts projected are not supported by robust sound evidence based considerations.

- 16 An area that we do not feel has been considered in enough detail within the GNHMA are the factors that delay site starts and ultimately housing completions. The GNHMA needs to look in more detail at the true extent of the problems and form appropriate mitigation procedures to bring forward developments more quickly. Once this subject has been addressed the issue of whether market forces will be able to deliver the necessary infrastructure should be analysed.

Chapter 5 – Housing Requirements of Specific Household Groups

- 17 The GNHMA states there is evidence that migrant workers face housing problems, and in particular, often share poor quality private rented housing. Norfolk is a 'hot spot' for migrant workers and due to the types of industry within the locality we do not envisage this trend will slow down in the future. Consequently, it is crucial that the housing needs of migrant workers in Greater Norwich are taken into consideration. The GNMHA and housing supply analysis must predict and project the extra housing required. If this issue is not identified at this stage, the problem will grow and will inevitably lead to wider socio-economic problems.

- 18 The GNHMA states that 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. However, in Norwich City the proportion of older people will not significantly change.

- 19 The housing market must respond to the increase in population of older people by initially providing policy supporting accommodation for the elderly and ultimately identifying sustainable sites that can accommodate the requirements of elderly housing.

Conclusions

- 20 There are too many flats planned to be built in Norwich. Flats are traditionally the way of achieving viability, however, it takes time to change the housing market and this will slow down the overall effective build rate.

- 21 There is a need for two, three and four bedroom family houses in all areas of the GNHM.

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The assessment has not looked at the impact of allocating three large sites close to one another on expected completion rates i.e. North of the Tud (Queens Hill) and Lodge Farm Costessey and North of the A11 Cringleford. Here we refer to the complexities of split infrastructure provision and Highway Agency Directions resulting in delays in excess of 10 years to effect first completions.

- 23 With the above in mind, we believe Wymondham and North East Norwich should be the earliest releases. There is clear evidence that early delivery is achievable compared with other propositions that are acknowledged as being fraught with complex issues that will take some considerable time to resolve in order to allow

development to proceed. The planning system needs to respond positively now and in order to do so it must release areas already identified as being capable of accommodating development immediately in order to achieve the minimum requirement of the emerging East of England Plan.

- 24 While it may be convenient to call the NPA one market, in terms of choice and demand there are bound to be sub-markets within this area i.e. Market town locations and east and west Norwich. This has not been considered in the study.
- 25 The GNHMA must use a deliverability profile when analysing when housing projects will be completed.

We trust these comments are helpful.

Yours sincerely

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