



Greater Norwich Local Housing Needs Assessment

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Executive Summary

Summary of key findings and conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by the Greater Norwich local authorities to prepare a Local Housing Needs Assessment. The study covers the area of Broadland District Council, Norwich City Council and South Norfolk District Council. The authorities wanted to understand more about the nature and make-up of current and future housing needs across Greater Norwich through all stages of life.

Government Policy

2. The Government published the original National Planning Policy Framework (the Original NPPF) in 2012¹. A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019² to incorporate a number of detailed changes. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.
3. The 2019 NPPF requires local planning authorities to inform strategic policy making with a local housing needs assessment. The Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure, which in turn is set by a Standard Method formula issued by MHCLG. As of December 2020, this gives a figure of 1,972 dwellings per annum for Greater Norwich. In addition, the LHNA explores the size, type and tenure of housing needed for a range of different groups in the community.

Establishing Current Unmet Need for Affordable Housing

4. To assess the current need for affordable housing, we initially calculated the number of households in Greater Norwich who are not suitably housed and who are unable to afford market housing. These include; all households that are currently homeless, those who currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in social or private rent, and people otherwise not counted who are in a reasonable preference category on the housing register.

¹ [\[ARCHIVED CONTENT\] National Planning Policy Framework - Guidance - GOV.UK \(nationalarchives.gov.uk\)](#)

² [Title \(publishing.service.gov.uk\)](#)

5. Based on a detailed review of both the past trends and current estimates, our analysis has concluded that 2,476 households are currently living in unsuitable housing and are unable to afford their own housing across the three local authority areas. Of these households, 1,144 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
6. There is, therefore, a net affordable housing need of 1,332 households (2,476 less 1,144 = 1,332). However, depending on property types and size of households in need, a higher number of new homes may be needed to ensure there is no overcrowding.

Future Need for Affordable Housing

7. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership.
8. The following table (Figure 1) summarises the overall impact for those who cannot afford market rents of:
 - » new households adding to housing need,
 - » the households no longer present reducing housing need and
 - » the changes in circumstances impacting existing households.

Figure 1: Annual components of Household Growth 2018-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
BROADLAND				
Newly forming households	1,126	950	176	16%
Households migrating into the area	2,717	2,367	350	13%
All new households	3,842	3,316	526	14%
NORWICH				
Newly forming households	2,033	1,464	569	28%
Households migrating into the area	4,987	3,456	1,531	31%
All new households	7,020	4,920	2,100	30%
SOUTH NORFOLK				

Newly forming households	1,206	961	245	20%
Households migrating into the area	3,317	2,780	537	16%
All new households	4,524	3,741	782	17%
GREATER NORWICH				
Newly forming households	4,365	3,375	990	23%
Households migrating into the area	11,021	8,603	2,418	22%
All new households	15,386	11,977	3,408	22%

9. The ORS Model identifies 4,365 new households projected to form in Greater Norwich each year, of which 23% will be unable to afford their housing costs. This amounts to 990 households each year with the highest number of these being in Norwich.
10. The model also considers new households migrating to the area. The projection is for 11,021 households per annum of which 22% (2,418 households) will be unable to afford their housing costs.
11. **This results in a total of 3,408 new households in need of affordable housing.**

Needs of Households Aspiring to Homeownership

12. The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey³ suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
13. Based on an analysis of English Housing Survey and Greater Norwich level household data, we can estimate that there is a total of around 13,000 households currently resident in Greater Norwich who cannot afford to own their own home but would aspire to do so. 58% of these households are aged 15-34 with (74%) aged under 45.
14. In addition to the current need, it is also important to consider new households that are projected to form over the period 2018-2038. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 8,800 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 21,800 households who aspire to homeownership but who cannot**

³ [English Housing Survey - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

afford to buy their own home over the period 2018-38, a net annual need of 1,090 per year.

15. Figure 2 brings together the information on assessing the unmet need for affordable housing in 2018 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2018-38. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 2: Assessing total need for affordable housing 2018-2038 (Source: ORS Housing Model)

	Affordable Housing Need		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to home ownership	
BROADLAND			
Current housing need in 2018	243	2,677	2,920
Future housing need 2018-38	1,050	1,517	2,567
TOTAL HOUSING NEED	1,293	4,195	5,488
NORWICH			
Current housing need in 2018	699	6,977	7,676
Future housing need 2018-38	2,554	5,532	8,086
TOTAL HOUSING NEED	3,253	12,509	15,762
SOUTH NORFOLK			
Current housing need in 2018	390	3,342	3,732
Future housing need 2018-38	2,254	1,759	4,013
TOTAL HOUSING NEED	2,644	5,101	7,745
GREATER NORWICH			
Current housing need in 2018	1,332	12,996	14,328
Future housing need 2018-38	5,858	8,808	14,666
TOTAL HOUSING NEED	7,190	21,805	28,995

16. Neither the NPPF or PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided.
17. Given this context, we assessed affordability for households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent, those households with income that would be insufficient to afford 60% of newbuild prices at the lower quartile for the local area, and those households with savings of less than

£5,000. After all these households have been discounted from the 21,805 previously identified there were only 2,817 households who:

- » Aspire to homeownership but cannot afford to purchase on the open market;
- » Have incomes sufficient to afford a property at 60% of market value;
- » Have at least £5,000 in savings.

18. Figure 3 provides a breakdown of the total affordable housing on this basis.

Figure 3: Overall need for Affordable Housing 2018-38, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

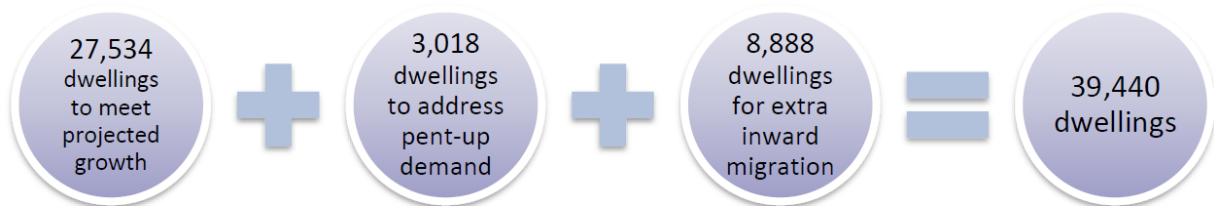
	Affordable Housing Need		Planned Affordable Housing (Households)
	Households unable to afford	Households aspiring to home ownership	
BROADLAND			
1 bedroom	40	68	108
2 bedrooms	558	168	726
3 bedrooms	553	259	812
4+ bedrooms	142	54	196
TOTAL HOUSING NEED	1,293	549	1,842
NORWICH			
1 bedroom	450	496	946
2 bedrooms	948	579	1,527
3 bedrooms	1,402	450	1,852
4+ bedrooms	453	84	537
TOTAL HOUSING NEED	3,253	1,609	4,862
SOUTH NORFOLK			
1 bedroom	288	61	349
2 bedrooms	1,057	221	1,278
3 bedrooms	1,084	307	1,391
4+ bedrooms	215	70	285
TOTAL HOUSING NEED	2,644	659	3,303
GREATER NORWICH			
1 bedroom	778	625	1,403
2 bedrooms	2,563	968	3,531
3 bedrooms	3,039	1,016	4,055
4+ bedrooms	810	208	1,018
TOTAL HOUSING NEED	7,190	2,817	10,007

19. The LHNA therefore identifies an overall affordable housing need from 10,007 households over the 20-year period 2018-38 (500 per annum). This includes the needs from all households unable to afford to rent or own market housing and for those households who

aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access an affordable homeownership product.

Local Housing Need

20. Using the process set out in the Planning Practice Guidance “Housing and economic needs assessment” (MHCLG⁴ – updated December 2020) the minimum annual Local Housing Need (LHN) figure for 2021 can be calculated to be 1,972 dwellings per annum for Greater Norwich.
21. Until this point, we have been reporting household, not dwelling need. The local housing need of 1,972 dwellings per annum translates to 39,440 dwellings (1,972 x 20) across the twenty-year period. However, this is more than is needed to accommodate the projected population in Greater Norwich. This additional need is potentially made up from two elements:
- » Enabling more households to form⁵ (from the pent-up housing demand) = 3,018 dwellings;
 - » Enabling more net inward migration⁶ = 8,888 dwellings.



22. Some of the 11,906 (3,018 + 8,888) extra dwellings to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers is calculated below.

⁴ [Housing and economic needs assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/housing-and-economic-needs-assessment)

⁵ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

⁶ Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration

Figure 4: Extra households beyond projected in Greater Norwich (LHN scenario): Affordable homeownership housing mix by household affordability 2020-2035 (Source: ORS Housing Model)

Greater Norwich 2018-38	All households aspiring to home ownership	Households able to afford market home ownership	Households aspire to home ownership but cannot afford to buy	MINUS households unable to afford 60% of newbuild LQ	Households able to afford 60% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	243	48	195	86	109	65	44
2 bedrooms	569	104	466	180	285	220	66
3 bedrooms	551	52	499	234	266	198	67
4+ bedrooms	112	6	106	65	41	28	14
TOTAL	1,476	210	1,265	565	701	510	191

23. Figure 4 shows that dwellings suitable for 191 extra households are needed to accommodate those that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold.

24. Figure 5 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 3,. Note that the 892 C2 dwellings is the result of applying the market vacancy rate the modelled growth in institutional households within the population projections. There is no assumption that this need must be provided as Class C2 dwellings.

Figure 5: Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size for Greater Norwich (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

GREATER NORWICH		Affordable Housing			Total Affordable Housing	Total Market Housing	Total
		Households Unable to Afford		Aspiring to Home Ownership			
		Social rent	Affordable Rent				
Flat	1 bedroom	730	61	682	1,473	958	2,431
	2+ bedrooms	683	140	414	1,237	1,464	2,701

House	1-2 bedrooms	1,429	501	637	2,567	3,638	6,205
	3 bedrooms	2,043	901	1,101	4,046	15,800	19,846
	4 bedrooms	465	186	183	834	5,101	5,935
	5+ bedrooms	117	46	42	205	1,226	1,430
DWELLINGS		5,467	1,835	3,058	10,360	28,188	38,548
C2 Dwellings						892	892
LHN		5,467	1,835	3,058	10,360	29,080	39,440

25. This current study has an affordable housing need figure of 518 dwellings per annum which is 26.3% of the overall need before the impact of right to buy/acquire and demolitions are considered. If we were to add the current rate of right to buy sales in Norwich of 152 units per annum and assume that these continue, the overall need for new affordable housing would rise to 670 per annum, or 34% of the total.