

## **Executive Summary**

### ***The Norfolk Coast Area of Outstanding Natural Beauty***

- 1 The Norfolk Coast Area of Outstanding Natural Beauty or AONB is one of 41 AONBs in the country. It covers 453 square kilometres with 90.8 kms of coastline and includes 68 parishes (wholly or partly within it). The AONB lies mainly within the administrative areas of the Borough Council of King's Lynn and West Norfolk and North Norfolk District Council with a small part in Great Yarmouth Borough Council. It is home to about 40,000 people.
- 2 A Management Plan covering 2004 to 2009 was produced in 2004 by the Norfolk Coast Partnership. The aims of the Partnership's Management Plan are to provide sustainable management of the AONB and to include conserving and enhancing its natural beauty.

### ***Purpose of the study***

- 3 The Norfolk Coast Partnership commissioned a study that would enable the Partnership to respond to one of the actions set out in the Norfolk Coast Area of Outstanding Natural Beauty (or AONB) Management Plan<sup>1</sup> to:  
*"Identify blocks to meeting local housing needs and implement methods to meet housing needs specific to the AONB."*
- 4 The objectives of the study were to:
  - Identify the specific issues and constraints for affordable housing which reflect its AONB status;
  - Identify possible solutions to the provision of affordable housing (and where further consideration may be needed);
  - Provide an assessment of the scale and nature of the affordable housing issues within the AONB.
- 5 This report describes how the housing market operates both within the AONB and its surrounding area; examines the need for and provision of affordable housing; considers the policy tools and mechanisms that are available to support the provision of affordable housing; and makes recommendations for improvement that the Partnership could take forward in collaboration with other stakeholders.

### ***How we carried out the work***

- 6 We worked with a steering group of Partnership members to develop the project, and used a mixture of desk- based analysis of reports and data and personal and telephone interviews to gather our information.
- 7 We spoke to representatives of housing and planning departments in the relevant local authorities; housing associations, developers and estate agents; parish and district councillors; local parish representatives; the Rural

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<sup>1</sup> Norfolk Coast Area of Outstanding Natural Beauty Management Plan 2004 -2009, Norfolk Coast Partnership, March 2004.

Housing Enabler for Norfolk; and representatives of the Housing Corporation and the Countryside Agency.

### ***What is affordable housing?***

- 8 Affordable housing is non-market housing, at prices below market values and which can include social rented housing and intermediate housing. Social rented housing is owned by local authorities and registered social landlords<sup>2</sup> and is available for those in housing need at rents which reflect national guidelines. Intermediate housing is housing at prices or rents above those of social rent but below market prices or rents and is designed for people whose income is too high for them to qualify for social rented housing, but too low to buy on the open market. Products include sub-market renting, low-cost home ownership and shared ownership

### ***The housing situation***

- 9 The AONB contains some of the most sparsely settled areas in the East of England.
- 10 While the proportion of housing that is owner occupied is similar to that in the district council areas, the proportion of properties owned outright in the AONB is higher; the proportion of social rented housing is lower and the proportion of private rented is higher than in the district council areas.
- 11 The make-up of the current housing stock in the AONB is skewed towards detached and semi detached homes, with limited availability of cheaper “entry level” housing such as terraced property or flats which might suit the needs of first-time buyers.
- 12 House prices are high generally in north Norfolk and particularly in the AONB where the average 'entry level' price is £158,000. Estate agents confirm the buoyant prices throughout the coastal area of north Norfolk, with cheaper prices inland. But even here housing is mostly beyond the reach of first-time buyers - for example, the cheapest new development in Fakenham is still £90,000.
- 13 Average household incomes in the AONB are £28,000 per annum but 40% of household incomes are under £20,000 a year. Given the high house prices, most households will struggle to buy their home. The study found that, in the worst case, 84% of households could not afford to purchase an average price terrace house<sup>3</sup>. Although this figure will exaggerate the true position (many of the 84% will already be owner occupiers and many new purchasers would be able to purchase because they have more equity available than we assumed), the overall scale of the affordability problem is clear.
- 14 A number of housing needs studies have been carried out in individual villages across the county. These have confirmed the generally high level of need for affordable housing and have shown that a high percentage of need is from single people, quite likely reflecting the general lack of smaller accommodation.

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<sup>2</sup> Under the Housing Act 2004, other organisations can provide social rented housing provided they meet certain criteria.

<sup>3</sup> This assumes the household makes a 5% deposit and a 3.5 mortgage multiplier.

- 15 Whilst smaller, “entry level” housing is both in short supply and much sought after, smaller “cottage-style” properties fit the aspirations of the second homes market and estate agents report that prices for cottages have increased significantly over recent years and more than for four bedroom or larger houses.
- 16 The study paid particular attention to the second homes market. By local authority North Norfolk and King’s Lynn & West Norfolk have the highest proportion of second homes in the East of England (at 8% and 4% respectively) but second homes are an even more important phenomenon in the AONB where 15% of homes are not occupied by permanent residents.
- 17 However, the impact of second homes is not uniform across the AONB –with some distinct “hotspots” emerging. Comparison of information from the 2001 census and the North Norfolk 2005 Council Tax database shows some difference in detail. But sources reveal that a third and over of homes are second homes in Brancaster, Brancaster Staithe, Cley next the Sea, Blakeney and Happisburgh. In North Norfolk, there are 2.26 times the proportion of second homes inside the AONB than in the rest of district.
- 18 People looking for second homes have been a key source of demand over the past 15-20 years. The estate agents and developers told us that the demand is driven by people buying from the South East and London and that a large proportion of second home buyers are in their forties or early fifties.
- 19 The AONB is also under pressure from in-migration but over half of the in-migrants (54%) in recent years are local movers from North Norfolk and King's Lynn and West Norfolk council areas and most other in-migrants come from elsewhere in the East of England. The study has found that the net gain from London and the South East is only about 10% of all movers.
- 20 The population of the AONB is ageing and there has been an increase in the 45-64 age group and a loss in the 16-29 age group. These trends are typical for north Norfolk but are more marked in the AONB.
- 21 In summary the housing market in the AONB is characterised by high prices and a limited supply of housing, which is fuelled by demand coming from the second homes market. “Entry level” housing is particularly in short supply. This, coupled with the relatively low incomes of people employed locally, means that there is a need for low cost or affordable housing to meet the needs of local communities. The problems faced in the AONB are not unique and the factors driving the housing market are very similar to other parts of north Norfolk. But the affordability problems faced in the AONB are much more acute and the supply of entry level housing available to local households is much more constrained.

### ***Keeping communities vibrant- a place to live not a museum piece***

- 22 The study included case studies of four parishes that had identified a need for affordable housing, two inside AONB. The two AONB parishes had an older population with over half of all households containing at least one person of pensionable age; significantly higher average house prices; second homes representing around 3 in 10 properties; higher proportions of private renting, suggesting relatively high levels of holiday lets.
- 23 Many of the parish contacts we spoke to were particularly concerned about the loss of economically active younger people.

- 24 Much of the local employment is relatively low paid and therefore “affordability” of housing is a key concern. However, this does not necessarily mean that new affordable housing provision should be all “social rented”. Many young economically active households can afford more than social rent and aspire to home ownership. They often have to leave their home community to find housing they can afford to buy. Choice, of type, tenure and cost, of locally available housing is important.
- 25 One of the issues faced with the development of affordable housing in rural areas is the time it takes to develop suitable schemes. By the time schemes have been completed often those with the most urgent need, or those most able to exercise choice have moved elsewhere and are lost to the community.

### ***Policies which shape the provision of affordable housing***

- 26 What happens at the local level is influenced by national, regional and local housing and planning policies and guidance.
- 27 **Nationally**, Government policy recognises the importance of making adequate housing provision in rural areas to meet the needs of local people and to contribute to the delivery of sustainable communities. This has to be balanced with the need to protect the rural environment through control of new housebuilding in the open countryside.
- 28 The use of “exception sites” is critical to the delivery of rural housing. These are small sites solely for affordable housing on land adjoining existing small rural communities, which would not otherwise be released for general market housing. In the past, exception sites have not been planned ahead and could only be made available on an ad hoc basis (as 'windfall sites') when the need for affordable housing and a suitable site is identified. Government policy changed in January<sup>4</sup>. These sites can now be “allocated” in the local development framework, in addition to those coming through as “windfall” exception sites. The affordable housing provided on such sites would meet local needs in perpetuity.
- 29 **Regionally**, guidance is being updated through the Regional Spatial Plan (the draft East of England Plan) and the Regional Housing Strategy. Policies for affordable housing provision in rural areas are being developed although these are likely to focus more on a number of local service centres, a policy being promoted through the Regional Spatial Strategy.
- 30 At the local level, the policy framework is set out in the currently adopted plans for North Norfolk and King’s Lynn and West Norfolk. These provide for the development of affordable housing on exception sites in small settlements (i.e. below 3,000 population) and the provision of affordable housing on mixed tenure schemes. In King's Lynn and West Norfolk, in small settlements, the Council can only seek affordable dwellings on sites above 25 or more dwellings. In North Norfolk, in the 10 main settlements, affordable housing can also be sought on sites above 25 dwellings. In 77 other 'selected villages' on development of over 4 dwellings, the balance should be for affordable housing.
- 31 The authorities are in the process of replacing their local plans with Local Development Frameworks (LDFs) and the results of this study will help inform the new LDFs.

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<sup>4</sup> Sustainable Communities in Rural Areas, Office of the Deputy Prime Minister, 2005

## ***How affordable housing is provided***

### **NEED AGREED PARA ON DELIVERY TO DATE AND FUTURE PIPELINE**

- 32 The role of the Rural Housing Enabler (RHE) and work of the Rural Housing Trust has been significant in Norfolk in recent years. The RHE works with local parishes and communities to identify local housing needs and suitable sites for development; subsequently working with housing associations to bring schemes forward. The RHE has been successful in developing a pipeline of potential schemes. To date, 24 parishes in the AONB have been contacted but there are another 40 parishes where there has been no contact yet. As momentum in identifying need and potential schemes in AONB villages gathers pace, the emerging difficulty is the ability to provide the necessary public subsidy to support development of affordable housing.
- 33 Land for exception sites may come from public sources such as district or parish councils, or from local landowners who may want to capitalise on their asset and provide a contribution to the local community. There is some concern that “allocating” exception sites may lead to an increase in “hope value” and slow down the rate at which development sites could come forward.
- 34 Affordable housing schemes that have been developed in the AONB have been focused on providing social rented housing for those in greatest housing need. Whilst intermediate housing has been provided in some schemes, numbers have been small. Registered Social Landlords (RSLs) see the potential use of intermediate housing as a way of gaining more financial flexibility to deliver affordable housing on exception and other sites where affordable housing is provided. A mix of intermediate and social housing would reduce the need for grant. However, while people may aspire to low cost home ownership, providers are keen to ensure that they can be afforded and are wary of “setting people up to fail”.
- 35 Whilst RSLs active in north Norfolk are very familiar with providing affordable housing in rural areas, local housebuilders (and the major landowners) are much less familiar with the process. The major regional and national housebuilders tend to concentrate on larger scale urban developments whilst smaller local housebuilders, according to the developers and estate agents we interviewed, avoid developments which involve affordable housing. Hence, the North Norfolk Council policy for its 77 'selected villages' has resulted in few schemes over 4 dwellings (which would mean the inclusion of affordable housing).
- 36 Through the Key Worker Living Programme, the Government is providing help to key workers to take up low cost home ownership and to provide intermediate rented housing. Norfolk is included in the programme but, to date, this opportunity does not seem to have been actively pursued in north Norfolk and in the AONB. Definitions of key workers eligible for assistance through the Key Worker Living Programme have been narrowly targeted, but the developing RHS may be able to provide a more tailored regional approach.

### ***Tensions between targeting local need and maintaining sustainable and vibrant village communities***

- 37 Most parishes we spoke to were concerned that any affordable housing provided should meet local needs. These are usually quite tightly drawn and

implemented through local authority lettings policies and legal agreements (Section 106 agreements) which accompany planning consents.

- 38 Whilst meeting local needs is an understandable concern, there may be wider housing requirements which need to be addressed to help maintain mixed and sustainable rural communities. These needs include young economically active households who earn too much to qualify for social rented housing and/or have already left their 'home parish' to find affordable housing elsewhere (many of whom keep their jobs in or around their 'home parish.')
- Then there is the link between provision of affordable housing and the economic life of rural communities. There are important local jobs (e.g. those running village post offices and retail facilities) but which may be difficult to fill because potential in-migrant workers cannot find an affordable home and are not eligible for any affordable housing which is provided.
- 39 Meeting these sorts of needs would require new affordable housing provided to have more balance between social rented and intermediate housing. This would also help with funding. The danger for the AONB if the current approach to affordable housing is maintained is that the area develops a 'dumbbell' housing market - with high price market housing attractive to wealthier (and older) in-migrants and second home owners and a smattering of social rented housing to cater for those in greatest housing need and with the lowest incomes. Households in the middle (and this will include many young economically active households) will be excluded.

### ***Are there lessons to be learnt from the experience of others?***

- 40 Finally, the study considered approaches to rural housing from elsewhere in the country, including the National Parks. These areas face similar market pressures to the AONB and are areas of strict restraint. Most other rural areas adopt a similar basic to delivery of affordable housing to those found in north Norfolk, with a heavy reliance on rural exceptions sites. Innovation in policy and implementation focused on three main areas:
- Restricting occupancy of market housing to those with a local connection. (This may superficially seem attractive but could be over-stated if the number of market homes to be built is very small);
  - Increasing the supply of affordable housing through purchase of street properties and conversion of vacant commercial space;
  - Alternative funding and development mechanisms including the use of Joint Venture Companies and the Private Finance Initiative (which requires a fairly substantial development programme).

### ***Recommendations for action***

- 41 An affordable housing strategy should be drawn up for the AONB. The strategy will deal with the incompatibility of restricting new development whilst meeting the need for new affordable housing and also attempting more balanced housing markets. The main components of the strategy should be:
- An evidence base that incorporates the findings of this study, the region's rural data collection study and future housing market analysis;
  - Further consideration of the potential role of the large estates within the AONB;

- A consideration of whether the housing allocations numbers within the current draft Regional Spatial Strategy will allow the districts to meet affordable housing needs;
  - The development of shared sustainability criteria for the AONB to target future development;
  - A pro-active approach to exception sites including identified villages where there will be allocated exception sites (these to be selected on the basis, for example, of local house prices, the strength of the second homes market, evidence of local needs and site availability);
  - Positive encouragement of a range of intermediate and social rented housing which could be, for example, on the basis of a 50/50 split (depending on local need);
  - Where other sites come forward within villages, the existing north Norfolk approach to development over a certain number of dwellings should be retained but strengthened so that smaller schemes are included e.g. sites with more than 2 dwellings;
  - A review of opportunities to develop allocated sites within local service centres as criteria for these are established. These sites should be considered for potential as mixed tenure sites;
  - A review of allocation cascades to include consideration of whether they should positively allow for non-local residents - in order to meet wider community sustainability objectives;
  - A review of the potential for the purchase of existing properties for use as affordable housing and conversion of vacant commercial space.
  - Arrangements for monitoring and reporting to feed into the Region's Annual Monitoring Report.
- 42 The strategy should be drawn up in partnership with the local community, housing associations active in the area, local housebuilders and landowners (including representatives of the large estates). Complementary policies which take the strategy forward should be embedded in the relevant Local Development Frameworks (LDFs) with the option of developing a joint supplementary planning document between King's Lynn and West Norfolk and North Norfolk (and Great Yarmouth) councils.
- 43 A local rural housing steering group should be set up to manage production and implementation of the strategy. The group should involve the local authorities (housing and planning officers), housebuilders, RSLs, Housing Corporation, the RHE and possibly including potential funders. The role of the group would be to develop a co-ordinated policy approach between the two main local authorities (and with Great Yarmouth) and to 'manage' the pipeline of exception sites (and other opportunities that come along) and co-ordinate funding (from whatever source). The other key role of the steering group would be to inform and educate housebuilders (and landowners) about the policies operating in the area. Operationally this could include the designation of specific planning officers to look after 'small rural sites applications' as well as establishing a regular forum for housebuilders and landowners to discuss issues of mutual concern with the steering group.
- 44 The economics of development needs to be better understood and the need for subsidy clearly identified. This could be managed through the rural

steering group, bringing in advice from housing associations and housebuilders. The local valuer needs to be actively involved in the process.

- 45 The activities of the RHE should be extended and additional resources brought in. We recommend that a dedicated AONB RHE is appointed (possibly on a part time basis), working to the existing RHE day to day, with their strategic direction and overall work programme set by the steering group. Funding of the AONB RHE could be shared by the Norfolk Coast Partnership and the housing associations active in the area.