RURAL EAST ANGLIA PARTNERSHIP

North Norfolk Housing Needs Study

Final Report

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fordham RESEARCH

Table of Contents

1. Introduction 1

Introduction 1
Report contents 1
Affordable housing requirement model 2
Balancing Housing Markets Model 4
Summary 5

SECTION A: METHODOLOGY 6

2. Data collection 8

Introduction 8
Base household figures and weighting procedures 8
Sub-areas 9
Summary 11

3. The local housing market 12

Introduction 12
National, HMA-wide and local picture 12
Prices in adjoining areas 13
Survey of estate and letting agents 14
Appropriate price level for the affordability test 15
Affordable housing 17
House price information used to assess local affordability 17
Annual cycle of moves 19
Summary 21

4. Financial information and affordability 22

Introduction 22
Household income 22
Household Savings and Equity 23
Household characteristics and income 23
Assessing affordability 25
Summary 26

SECTION B: ASSESSING HOUSING NEED 27

5. Current need 29

Introduction 29
STAGE 1: Current need (gross) 29
Unsuitable Housing 29
Unsuitably housed households in housing need 31
Affordability 31
Homeless households 32
Total current need 33
STAGE 2: Available stock to offset need 33
Occupied stock 34
Vacant stock 34
Committed supply 34
Planned removal of dwellings from stock 35
Total current stock 35

The net current need 35
Summary 36
6. Future need 37
Introduction 37
STAGE 3: Newly arising need 37
Newly forming households 37
Existing households falling into need 38
Total newly arising need 39
The future supply of affordable housing 39
Annual supply of social rented housing 39
Annual supply of intermediate housing 41
Total future supply 41
Summary 42
7. The needs assessment model 43
Introduction 43
Findings in context 44
Size of affordable housing required 45
Locations of affordable housing required 46
Types of households in need 46
Status of intermediate housing 46
The private rented sector 46
Implications for affordable housing policy 46
Summary 46
SECTION C: MODELLING THE MARKET 46
8. Balancing housing markets 46
Introduction 46
General explanation 46
Methodology for assessing demand from newly forming and existing households 46
The model outputs 46
Overall results 46
Locations of market demand 46
A constrained model 46
Result implications 46
Summary 46
SECTION D: THE NEEDS OF PARTICULAR GROUPS 46
9. Gypsies and Travellers 46
10. Households with support needs 46
Introduction 46
Special Needs: data coverage 46
Special needs groups: overview 46
Characteristics of special needs households 46
Requirements of special needs households 46
Analysis of specific groups 46
Care & repair and staying put schemes 46
Summary 46
11. Older person households 46
Introduction 46

The older person population 46
Characteristics of older person households 46
Dwelling characteristics 46
Older person households and the housing needs assessment model 46
Summary 46
12. Overcrowding and under-occupation 46
Introduction 46
Overcrowding and under-occupation 46
Household characteristics 46
Income levels 46
Moving intentions of under-occupying households 46
Summary 46
GLOSSARY ..... Error! Bookmark not defined.
Appendix A1 Affordable housing policy 46
Appendix A2 Further property price information 46
Introduction 46
Reasons for housing market study 46
Background to housing market analysis 46
Government guidance on the study of housing markets 46
The need for primary data 46
Estate agents survey: Methodology 46
Land Registry data 46
Comparing prices in neighbouring areas 46
Appendix A3 Supporting information 46
Non-response and missing data 46
Weighting data 46
Appendix A4 Survey questionnaire 46

1. Introduction

Introduction

1.1 This report was produced for North Norfolk District Council as part of a wider study involving the councils of North Norfolk, King's Lynn & West Norfolk and Breckland which comprise the Rural East Anglia housing market area. A survey was carried out across the housing market area which collected information on a range of topics including household composition, household moves, housing preferences, and financial capacity. This enabled an analysis of the wider housing market area in a strategic housing market assessment for Rural East Anglia as well as the production of individual housing needs surveys for the three constituent Councils.

1.2 This report has therefore been produced alongside equivalent reports in King's Lynn & West Norfolk and Breckland as well as a housing market assessment for Rural East Anglia. The housing market assessment contains a detailed analysis of the wider housing market and an understanding of how the housing market in Rural East Anglia functions. This survey complements the housing market assessment by providing a comprehensive localized assessment of housing need across all tenures in North Norfolk District Council. The information produced in this report will help inform the Council's housing policy.

Report contents

1.3 The main outputs of this report are the assessment of the overall requirement for affordable housing following the latest Department of Communities and Local Government (CLG) guidance and an assessment of the in-balance across all tenures using our balancing housing markets (BHM) methodology.

1.4 In presenting the results of both the affordable housing requirement model and the BHM this report is able to cast some considerable light on the housing situation in North Norfolk. The two methods are quite complementary. The affordable housing requirement model looks predominantly at trend data whilst the BHM studies households' future aspirations, expectations and affordability.

1.5 The two methods taken together provide detail on certain crucial matters, such as the types of affordable housing which can meet housing need and suggested affordable housing policy responses (such as target and threshold levels).

1.6 Section A of the report describes the information required to complete these models. It explains the methodology used to collect both the primary and secondary data required as well as the crucial affordability assessment.

1.7 Section B presents the outputs of the affordable housing requirement model and the implications of these results for affordable housing policy in the District.

1.8 Section C describes in detail the methodology of the balancing housing markets model before presenting the overall imbalance across the whole market.

1.9 Section D presents the situation of particular sub-sections of the household population that may be suitable for council intervention and the nature of the intervention required.

1.10 The remainder of this chapter presents a full explanation of the purpose of the two models and introduces some key concepts crucial to their understanding.

Affordable housing requirement model

1.11 The basis for carrying out housing needs assessments was standardised by the publication of *Local Housing Needs Assessment: A Guide to Good Practice* by the Department of Transport, Local Government and the Regions in July 2000. The methodology described in this document has been reviewed as part of the ongoing process of drafting PPS3.

1.12 The final version of PPS3 was published in November 2006 during the production of the first draft of this housing needs survey and accompanying strategic housing market assessment. The reports have been updated to ensure that they include all of the outputs required from these processes by PPS3. The final guidance detailing how to complete a strategic housing market assessment that accompanies PPS3 however was only published in April 2006 as the reports were close to being finalised. This housing needs survey and the accompanying strategic housing market assessment have therefore been produced to be compliant with the previous draft practice guidance for completing housing market assessments published by the CLG in December 2005, although they do contain any additional information required in the final guidance and reference to any substantial changes in methodology.

1.13 The practice guidance contained a chapter that described the updated methodology for assessing housing need or *'current and future need'* as it is was described. The assessment of housing need in this report is compliant with this structure. The equivalent chapter in the final guidance recommends a similar approach to that of the guidance, although note is made in this report to any differences.

1.14 An assessment of housing need is required for the Council to understand the extent of affordable housing required and to enable the Council to secure the provision of this housing.

1.15 The chapter within the practice guidance on current and future housing need outlines the steps used to calculate the extent of housing need and the overall affordable housing requirement. However, before these steps are discussed it is necessary to define two crucial terms.

(i) Definition of housing need

1.16 The definition of housing need controls which households are defined as being in need, and indirectly affects what constitutes affordable housing. Affordable housing is, in principle, designed to address the identified housing need. PPS3 clearly defines housing need:

PPS3	*'The quantity of housing required for households who are unable to access suitable housing without financial assistance.* [Planning Policy Statement 3 (page 27)]

(ii) Definition of affordable housing

1.17 PPS3 defines affordable housing as:

PPS3	*'Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:* *- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.* *- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision'.* [Planning Policy Statement 3 (page 25)]

1.18 PPS3 also defines the two types of affordable housing:

PPS3	*'**Social rented housing**: rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime, the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'* And '***Intermediate housing:** housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent.'* [Planning Policy Statement 3 (page 25)]

1.19 For the purpose of this report the definition of intermediate housing is refined further within the guidelines stated above to maximise its ability to meet housing need. This is discussed further in Chapter 7.

1.20 A 19-step procedure is set out in the practice guide across four distinct stages. This is aimed at producing an estimate of the net need for new affordable housing. Thus the practice guide is very much geared to the requirements of planning for clear indications of the affordable housing requirement. The following table reproduces the stages of the assessment.

Table 1.1 Steps required for the calculation of the affordable housing requirement
Stage and step in calculation
STAGE 1: CURRENT NEED (Gross)
1.1 Current occupiers of affordable housing in need 1.2 plus Households from other tenures in need 1.3 plus Households without self-contained accommodation 1.4 equals Total current housing need (gross)
STAGE 2: AVAILABLE STOCK TO OFFSET NEED
2.1 Current occupiers of affordable housing in need 2.2 plus Surplus stock 2.3 plus Committed supply of new affordable units 2.4 minus Units to be taken out of management 2.5 equals Total stock available to meet current need 2.6 equals Total current unmet housing need 2.7 times annual quota for the reduction of current need 2.8 equals annual requirement of units to reduce current need
STAGE 3: NEWLY ARISING NEED
3.1 New household formation (gross per year) 3.2 times Proportion of new households unable to buy or rent in the market 3.3 plus Existing households falling into need 3.4 equals Total newly arising housing need (gross per year)
STAGE 4: FUTURE SUPPLY OF AFFORDABLE UNITS
4.1 Annual supply of social re-lets (net) 4.2 plus Annual supply of intermediate housing available for re-let or resale at sub-market levels 4.3 equals Annual supply of affordable units
NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS
Overall shortfall or surplus

Source: CLG December 2006 Housing Market Assessment: Practice Guidance

1.21 It is clear that PPS3 provides a coherent definition of housing need, and the practice guide provides a great deal of advice on how to calculate it. This report has been prepared in accordance with both PPS3 and the practice guide. Any additional requirements resulting from the publication of the final guide have also been included.

Balancing Housing Markets Model

1.22 Planning Policy Statement 3 (PPS3) states that one of the key objectives of government is *'to address any shortfalls in the supply of market housing'*. The Balancing Housing Markets Model provides the information necessary for Council's to identify any shortfalls and enables *'Local Planning Authorities to plan for the full range of market housing'* as is stated in PPS3.

1.23 Whilst the practice guidance for housing market assessments also acknowledges the need for the whole housing market to be understood, unlike with the affordable housing requirement calculation, no particular guidance is provided on how this should best be done. Fordham Research has therefore created an innovative methodology that provides the desired outputs.

1.24 The model, which was originally designed in response to the Balancing the Housing Market component of the Comprehensive Performance Assessment conducted by the Audit Commission, assesses the extent to which housing markets are balanced and suggests the directions the Council might take to approach a more balanced condition. This Balancing Housing Market methodology (an Adapted Gross Flows approach) shows exactly what shortages and surpluses exist and are likely to persist in the medium term according to size of dwelling and tenure in relation to the expectations and affordability of would-be movers. The expectations of households are determined by a direct question in the survey and are different from their assessed needs.

1.25 Whilst one of the outputs of the BHM model is an estimate of the shortfall of affordable housing this should not be taken as an estimate of the absolute need for such housing. The affordable housing requirement model provides this estimate as it follows the latest guidance on how this should be calculated. The BHM runs a range of scenarios that assess various affordability ratios based on prevailing local practices and produces a smaller affordable housing demand than the affordable housing requirement model as it recognises that in current conditions many households will have to pay a greater proportion of their income on their housing costs than is recommended by guidance. The BHM model is particularly useful at ascertaining what shortages exist in the private sector market and can help to guide councils in securing an appropriate mix of market housing on new housing developments.

Summary

1.26 Housing Needs Assessments have become, over the past decade, a standard requirement for local authorities across Britain. The publication of guidance on how to assess current and future housing needs within the *'Housing Market Assessment: Draft Practice Guidance'* by CLG in December 2005 provides the updated methodology for completing such assessments. They are designed to underpin housing and planning strategies by providing relevant data for them.

1.27 In addition to focussing on the need for affordable housing, this study addresses housing requirements across all housing tenures. This is with a view to producing information, which will assist policy making in relation to both housing and planning policy.

SECTION A: METHODOLOGY

This section starts by giving a brief description of data collection and then moves on to outline the affordability assessments used in estimating the affordable housing requirement. The two crucial types of information required for these assessments are current market housing 'entry-level' prices and households' financial information.

It is important to note that the data in some of the tables in this report may not necessarily add up to the totals presented, or alternatively some of the percentage figures may not sum to 100%. This is due to the rounding of the survey data during the analysis.

2. Data collection

Introduction

2.1 The primary data was collected via postal questionnaires. The samples for the survey were drawn, at random, from the Council Tax Register covering all areas and tenures groups in the District. In total 1,604 postal questionnaires were returned. However some 56 of these returns were from households visiting their second home in the District, and as they are not part of the permanent household population they have been excluded from the analysis in this housing needs survey. It is worth noting however that the responses from second home owners in the area are discussed in the housing market assessment for Rural East Anglia. Overall 1,548 postal questionnaires were therefore returned from the resident household population. The number of responses provides sufficient data to allow complete, accurate and detailed analysis of needs across the District and geographical breakdowns for ten broad sub-areas.

2.2 Prior to analysis, data must be weighted in order to take account of any measurable bias. The procedure for this is presented in the following sections.

Base household figures and weighting procedures

2.3 Firstly, the total number of households is estimated. This is necessary in order to gross up the data to represent the entire household population. A number of different sources were consulted, primarily the Council's Housing Strategy Statistical Appendix (HSSA) (2006) and 2001 Census results. Using this information, the base household figure for North Norfolk was estimated as follows:

- Total number of households = 46,000

2.4 The table below shows an estimate of the current tenure split in North Norfolk along with the sample achieved in each group. The data shows that around 74% of households were owner occupiers with 13% in the social rented sector and around 13% in the private rented sector. The private rented sector includes those living in tied accommodation and those living in accommodation owned by relatives or friends.

2.5 Figures for individual tenure groups have come from studying a range of sources (including survey data) to provide a best estimate of the total number of households resident in each sector. The figures in the table for RSL households relate to the occupied stock in these tenures recorded by the HSSA (total stock excluding vacants). The remaining tenure distribution is based on what was recorded across the market housing stock by the Census, but taking into account the fact that the Census recorded more households as living rent free than was actually the case. The overall total household estimate is based on section F of the HSSA.

Table 2.1 Number of households in each tenure group

Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	20,215	43.9%	779	50.3%
Owner-occupied (with mortgage)	14,103	30.7%	397	25.6%
RSL	5,955	12.9%	186	12.0%
Private rented	5,727	12.5%	186	12.0%
TOTAL	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

2.6 Survey data was weighted to match the tenure profile shown above. An important aspect of preparing data for analysis is 'weighting' it. As can be seen from the table above, social survey responses never exactly match the estimated population totals. As a result it is necessary to 'rebalance' the data to correctly represent the population being analysed.

2.7 Data was also weighted to be in line with the estimated number of households in each of various groups:

- Ten sub-areas (from Council Tax Register)
- Council Tax Band (from Council Tax Register)
- Number of people in household (2001 Census)
- Household type (2001 Census)
- Accommodation type (2001 Census)
- Car ownership (2001 Census)

Sub-areas

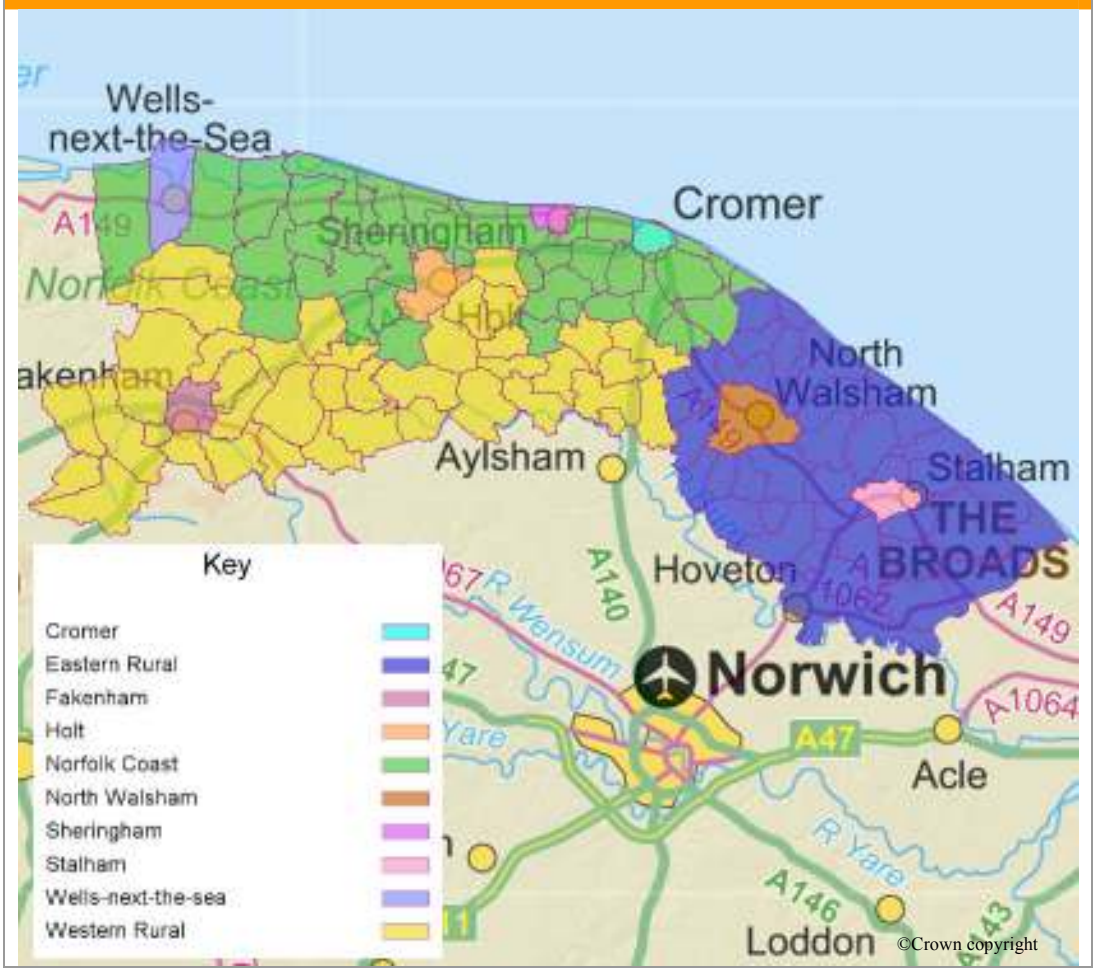
2.8 Sampling for the survey was such that results are statistically significant for each of ten sub-areas in the District. The table below shows the wards appearing in each sub area. It should be noted that the sub-area boundaries are not conterminous with the ward boundaries so there are some wards which appear in more than one sub-area. The sub-areas are in fact based on parish boundaries. The following figure illustrates the distribution of sub-areas across the District

Table 2.2 Sub-areas and ward groupings

Area	Ward names
Stalham	part of Stalham & Sutton
North Walsham	North Walsham (N & W)
Cromer	Cromer Town (& Suffield Park)
Sheringham	Sheringham (North & South)
Holt	Holt
Fakenham	Lancaster (North & South)
Wells-next-the-Sea	part of Priory
Norfolk Coast	Glaven Valley, High Heath, Chaucer, The Runtons, Poppyland, Roughton part of Priory
Eastern Rural	Worstead, Scottow, Gaunt, Mundesley, Happisburgh, Hoveton, St Benet, Waterside, part of Stalham & Sutton, Waxham
Western Rural	Walsingham, The Raynhams, Wensum, Astley, Briston, Corpusty, Erpingham

Source: North Norfolk 2006 Housing Needs Survey

Map 2.1 Sub Areas



Summary

2.9 The Housing Needs Assessment included a survey carried out on a random sample of households in the North Norfolk District Council area. Data was collected via postal questionnaires providing a total sample of 1,548 resident households, which is sufficient data to allow reliable analysis of housing need in accordance with CLG guidance. The survey data was grossed up to an estimated total of households and weighted according to key characteristics so as to be representative of the District's household population. In total it is estimated that there were 46,000 applicable resident households at the time of the survey.

3. The local housing market

Introduction

3.1 This chapter sets out the results of an analysis of housing market prices and rents in North Norfolk. Information was collected from two sources:

- Land Registry
- Survey of local estate and letting agents

3.2 Land registry information provides the context for the property price situation in North Norfolk and then a sequence of analysis based on information collected from estate/letting agents leads to figures that show the minimum price/rent of housing for a range of dwelling sizes.

National, Housing Market Area (HMA)-wide and local picture

3.3 The table below shows average prices in the 3rd quarter of 2006 for each of England and Wales, Rural East Anglia and North Norfolk. The table shows that average prices in North Norfolk are around 94% of the average for England & Wales and higher than the average for Rural East Anglia.

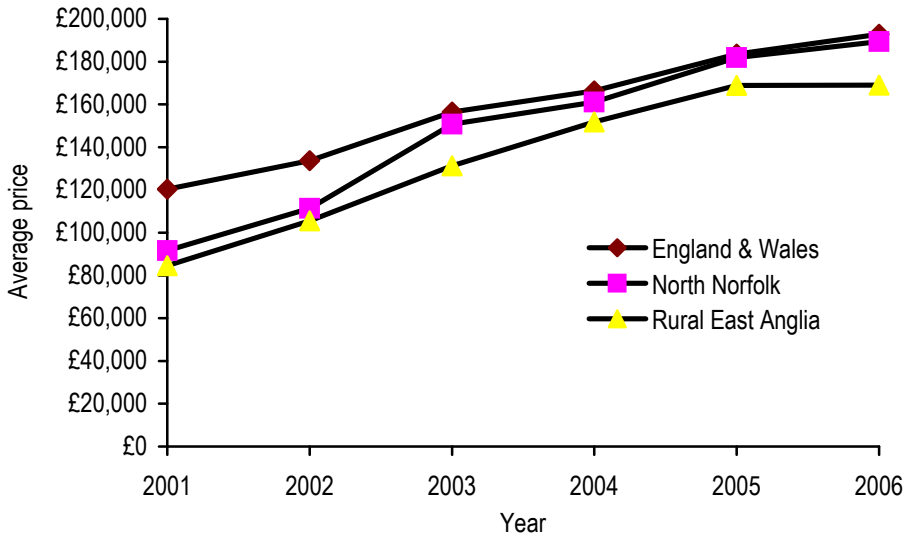
Table 3.1 Land Registry average prices (2nd quarter 2006)

Area	Average price	As % of E & W
England & Wales	£199,184	100.0%
Rural East Anglia	£172,051	86.4%
North Norfolk	£186,607	93.7%

Source: Land Registry – 2006

3.4 Information from the Land Registry shows that between the 1st quarter of 2001 and the 1st quarter of 2006 average property prices in England and Wales rose by 60.1%. For Rural East Anglia the increase was 106.8% whilst for North Norfolk the figure was 100.0%.

Figure 3.1 Land Registry price changes 2001 - 2006 (1st quarters)



Source: Land Registry 2001 – 2006

3.5 The table below shows average property prices for the District for each dwelling type (from Land Registry data). This data is compared with information for the whole housing market area. The volume of sales by type is also included for both areas.

Table 3.2 Land Registry average prices and sales (1st quarter 2006)

Dwelling type	North Norfolk		Rural East Anglia	
	Average price	% of sales	Average price	% of sales
Detached	£237,120	43.9%	£221,757	42.9%
Semi-detached	£158,390	25.3%	£148,835	27.4%
Terraced	£148,348	20.6%	£126,765	22.4%
Flat/maisonette	£116,201	10.1%	£106,291	7.3%
All dwellings	£186,607	100.0%	£172,051	100.0%

Source: Land Registry – 2006

3.6 The largest volume of sales in the District was for detached houses (43.9%) with an average price of £237,120. The average prices of all types of dwelling types in North Norfolk are higher than the average for Rural East Anglia. Sales across the housing market area show a lower proportion of detached houses and flats and a higher proportion of semi-detached and terraced houses.

Prices in adjoining areas

3.7 As the table below demonstrates, all of the local authorities around North Norfolk have prices below the average for England and Wales. When compared with neighbouring Local Authority areas North Norfolk has the highest average prices.

Table 3.3 Price levels in North Norfolk and adjoining areas (2nd quarter 2006)

Council area	% of England & Wales
North Norfolk	**93.7%**

Broadland	93.5%
King's Lynn & West Norfolk	84.1%
Breckland	83.6%
Great Yarmouth	65.7%

Source: Land Registry – 2006

Survey of estate and letting agents

3.8 During September 2006 a number of estate and letting agencies were contacted in order to obtain detailed information about the local housing market across the North Norfolk area. Agents were contacted across the District in order to capture localised variations. Further information on the housing market topography and the price of housing in the local area was obtained from internet searches. A detailed account of the methodology is provided in Appendix A2.

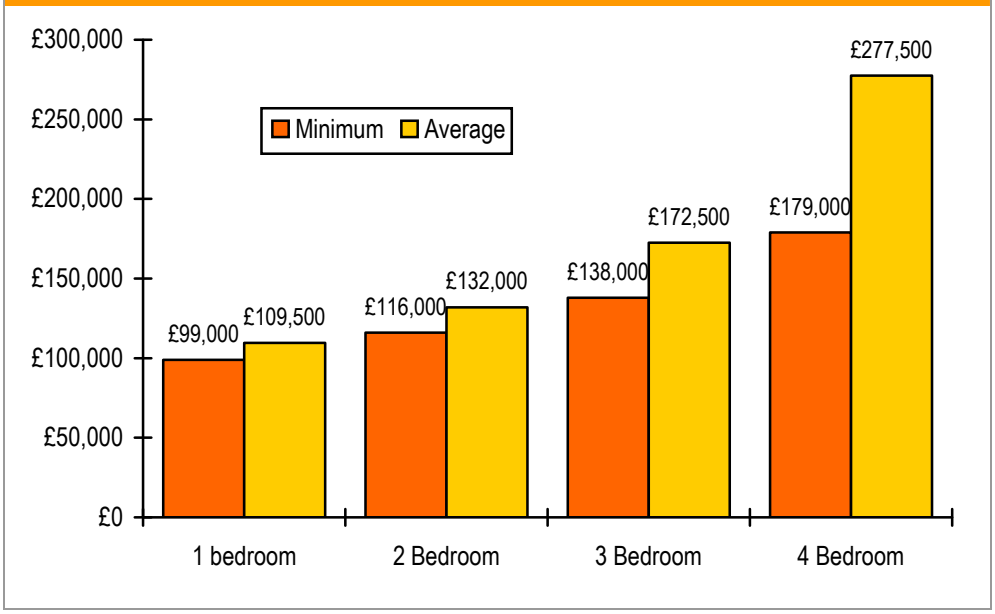
3.9 Average and minimum property prices were collected for a range of property sizes and tenures. The research also informed as to the main features of the current market in North Norfolk, a summary of which are presented below.

3.10 The research showed that there were noticeable variations in the prices of properties across the District. House prices were perceived to be more expensive in the North West corner of the District, than in the rest of the District. The North West corner of the District forms a separate housing market with the North of King's Lynn & West Norfolk Borough centred around Hunstanton, Wells-on-Sea and the Area of Natural Beauty. Estate agents reported that the housing market is distorted by the relatively large number of people that want to own a second home in the area. This is known as the 'Western Coastal' housing market.

3.11 Property prices were identified for different sized accommodation (in terms of bedrooms) at two-levels – minimum and average. These results are presented in the figure below. The minimum price recorded equates to the cheapest cost of housing in good repair of which there is a reasonable supply.

3.12 The figure shows that estimated entry-level prices ranged from £99,000 for a one bedroom property up to £179,000 for four bedrooms. Average prices were generally around 20% higher than the minimums.

Figure 3.2 Property prices in areas of North Norfolk



Source: Survey of Estate and Lettings Agents (2006)

3.13 Average and minimum rents were also collected from agents and the internet. The analysis showed that there are relatively few properties available for rent in the Western Coastal area, so only one District-wide market was identified for private rent. The results of this analysis are shown in the table below. Minimum monthly rents varied from £425 (one bed) to £625 (three beds) with average rents around 10-20% more expensive than this. Rental properties with four or more bedrooms were in short supply therefore a price hasn't been included for such properties.

Table 3.4 Minimum and average private rents in North Norfolk

Property size	Minimum rent (monthly)	Average rent (monthly)
1 bedroom	£425	£470
2 bedrooms	£485	£580
3 bedrooms	£625	£740

Source: Survey of Estate and Lettings Agents (2006)

Appropriate price level for the affordability test

3.14 Having established minimum and average prices in each of the four size categories it is necessary to decide what price level is the most appropriate to use for assessing whether or not a household is able to access the housing market. It is necessary to consider two aspects:

- The appropriate measure of price (e.g. minimum or average prices/costs)
- How to deal with a situation where price variations have been identified within the Council area

3.15 On the first point, we use the minimum prices collected in the estate agents survey, since these have been designed to represent the 'entry level' into the housing market. For consistency we will also use minimum private rental costs as part of the affordability test.

3.16 A key issue in deciding the appropriate price assumptions to use in assessing overall District-wide affordability is whether a household that could afford market priced housing by moving a reasonable distance should be assessed as being in housing need. In this case the term 'reasonable distance' is taken to mean 'within the housing market'. Our analysis of the minimum and average property prices in the District showed that there were two distinct owner-occupied markets in operation in the District with noticeable price variation between the Western Coastal area centred around Wells-on-the-Sea (to the North West) and the remainder of the District. The results appear to indicate that whilst there are local variations, the Western Coastal area to the North West of the District is noticeably more expensive than the remaining area.

3.17 Consequently when calculating the appropriate prices for the assessment of affordability, it was felt that two separate sets of prices should be applied in the two parts of the District. The division, which has been based on wards, is shown in the below map. There are however relatively few properties available to rent in the Western Coastal area so only one District-wide market was identified for private rent.

Figure 3.3 North Norfolk Housing Market Areas

Source: North Norfolk 2006 Housing Needs Survey

Affordable housing

3.18 To complete the housing cost profile in the local market it is necessary to present information on the cost of affordable housing. The cost of social rented properties by dwelling size can be obtained from CORE and these are presented in the table below.

3.19 For at least a decade there has been recognition that 'affordable housing' could refer to tenures other than social rented housing. By 2000 the gap between social rent and market entry (whether rented or purchased) was so wide in London that the term 'intermediate' housing was coined in the London Plan to describe a new sector of the housing market. The definition referred to housing that is cheaper than market entry but available to those who can afford more than a social rent.

3.20 In 2006 Fordham Research added the refinement of 'usefully affordable housing'. This term refers to the midpoint between social rent and the market. The reason for this is that commercial considerations mean that house builders will offer as affordable housing what is cheapest for them. That is often above market entry level. Where an intermediate housing product is produced at a cost below market entry level, whilst it is 'technically affordable', the cost is normally only fractionally below the market and accessible for very few, if any, of those households in housing need who can afford the 'intermediate range'. The mid point in the range ensures that a reasonable proportion of those unable to access the entry-level market costs can afford the price in question.

3.21 The table below shows our estimates of the minimum cost of market housing in the District, and new social rent levels. The estimated cost of intermediate housing is also presented. The outgoings for private rented housing have been used for all sizes for the minimum price of market housing as these are cheaper than those for owner-occupation (in terms of outgoings), with the exception of four bedroom properties of which there is very little private rented supply.

Table 3.5 The cost of affordable housing

Size requirement	Social rent (£/week)*	Intermediate housing	Entry-level market housing (£/week)**
1 bedroom	£54	£76	£98
2 bedrooms	£63	£87	£112
3 bedrooms	£69	£107	£144
4+ bedrooms	£76	£174	£273

Sources: *CORE Data **Survey of Estate and Letting Agents in North Norfolk 2006

House price information used to assess local affordability

3.22 The following table shows the entry level costs for renting and buying (Market Entry) as obtained by a combination of internet searches and telephone and personal surveys of sales and letting agents across the area. The minimum price recorded equates to the cheapest cost of housing in good repair of which there is a reasonable supply.

Table 3.6 Comparative outgoings by tenure

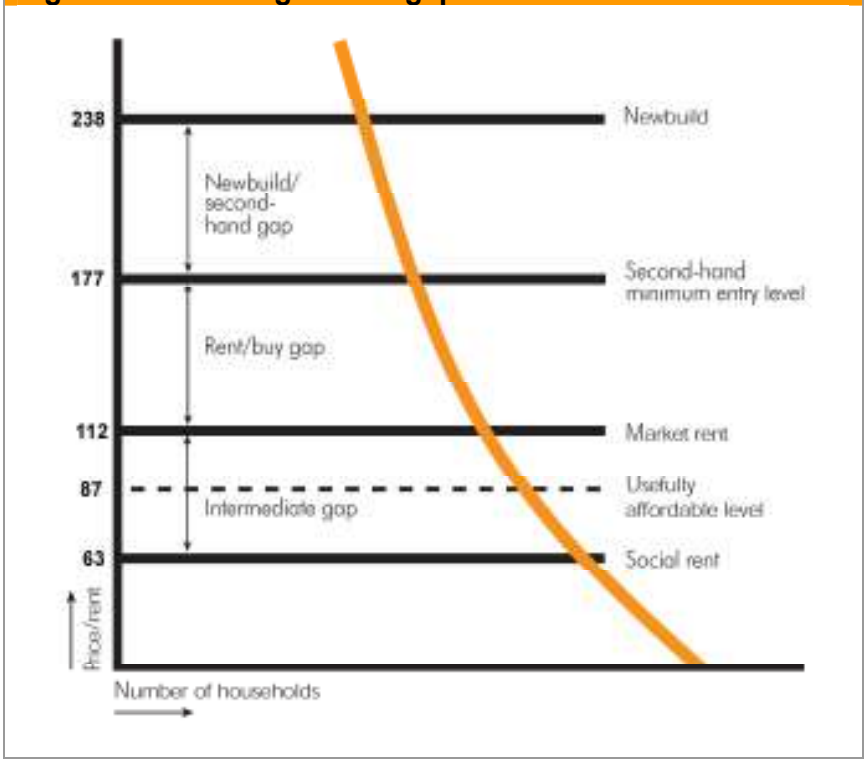
	Social rent	Intermediate	Min private rent	Min price sale	Min price sale
	£ weekly	£ weekly	£ weekly	£ weekly	£ price
Western Coastal					
1 bed	54	76	98	202	133,000
2 bed	63	87	112	222	146,000
3 bed	69	107	144	263	173,000
4 bed	76	208	-	341	224,000
Remainder of District					
1 bed	54	76	98	150	99,000
2 bed	63	87	112	177	116,000
3 bed	69	107	144	210	138,000
4 bed	76	174	-	273	179,000

Note: Outgoings for purchase options assume variable rate 25 yr repayment mortgage. With interest only payments outgoings would reduce by approx 20% though benefits of ownership would be lost as the property would not be owned outright at the end of the mortgage term.

Source: Survey of Estate and Lettings Agents (2006)

3.23 The diagram below indicates how these prices relate to the various gaps in the local housing market. The figure is based on the cost of two bedroom accommodation in the remainder of the District.

Figure 3.3: Housing market gaps in North Norfolk



Source: North Norfolk 2006 Housing Needs Survey
N.B. This is an average for 2 bed dwellings across the District: full data is provided in the table above

Annual cycle of moves

3.24 The last section of this chapter considers the current flow of households across the District. Fordham Research has developed the concept of the *'annual cycle of moves'*. This involves looking at the past few years of reported moves to arrive at a 'standardised' annual cycle. This provides a more reliable guide to the current patterns of movement than any specific year would. The cycle has three principal components:

i) Moves within the District

ii) Moves out of the District

iii) Moves into the District

3.25 The purpose of the calculation, which is illustrated below, is to indicate the character of the movements in a District. The flows of movers can be distinguished in as much detail as the data and the graphical display will allow.

3.26 The main distinctions used here are between:

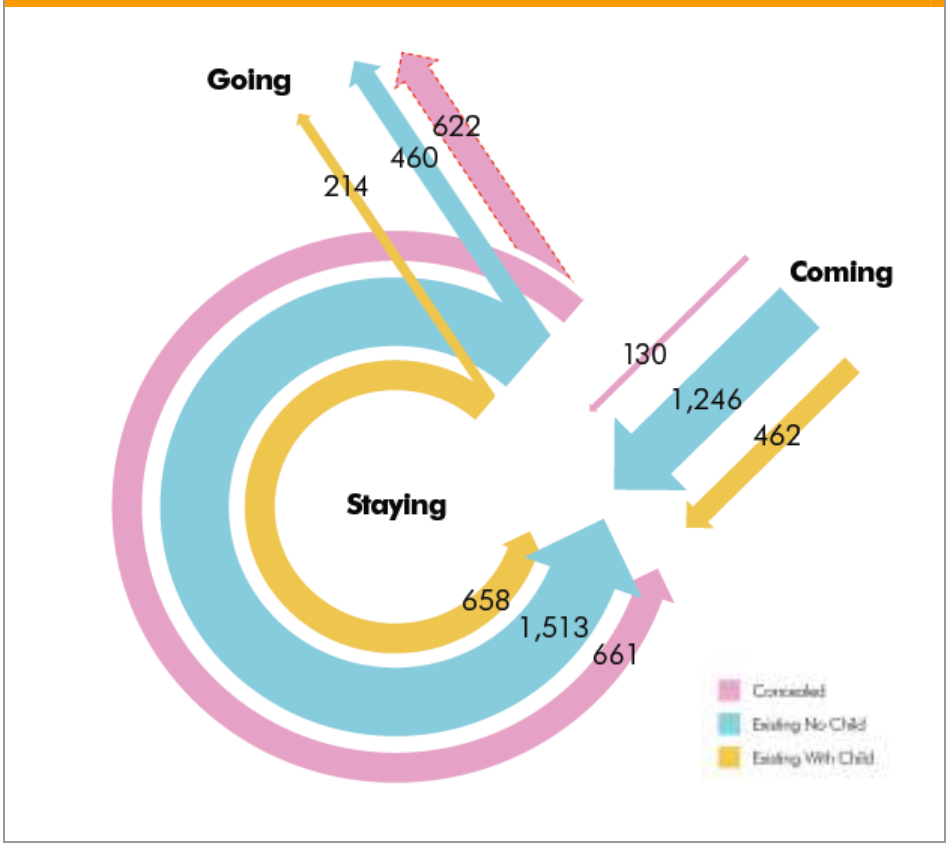
i) Concealed households (typically young adults) 'revealing' themselves by moving into their first independent home

ii) Existing households with children

iii) Existing households without children

3.27 The following diagrams show the annual cycle of moves for the North Norfolk District. It represents an attempt to depict key elements of the dynamics of the District's housing market, through the key types of households involved.

Figure 3.4 Annual cycle of moves



Source: North Norfolk 2006 Housing Needs Survey

3.28 The following table summarises the flows into and out of the housing market area:

Table 3.7 Movements into & out of Rural East Anglia

	Moving within	Moving out	Moving in	Net movement
Existing households no children	1,513	460	1,246	786
Existing households with children	658	214	462	249
Newly forming households	661	622	130	-492
Total	2,833	1,296	1,838	542

Source: North Norfolk 2006 Housing Needs Survey

3.29 There are some striking features of these movements:

Table 3.8: Features of household movements

Type of household	*Nature of flows*
Existing: no children	The biggest flows, both within and in/out. There is a large inflow of these households.
Existing: with children	Smaller flows than recorded for households without children. Again a notable net inflow of households.
Newly forming	Large net outflow of households, particularly as a percentage of moves within this group. Many of these households will be going to university or to continue studying, others maybe going to seek a wider variety of job opportunities.

Source: North Norfolk 2006 Housing Needs Survey

Summary

3.30 An analysis of the local housing market is a crucial step in any housing study. In this report information was drawn from both the Land Registry and local estate/letting agents to provide the context for local property prices/rents.

3.31 House prices in the District are 94% of the national average, which is higher than the average for Rural East Anglia. At the same time, prices in the District have exactly doubled in the last six years.

3.32 The estate agent survey suggested that minimum prices ranged from £99,000 for a one bedroom property rising to £179,000 for a four bedroom property.

3.33 Minimum market rents ranged from £425 per month for a one bedroom property to £625 for a three bedroom property.

3.34 There were found to be noticeable variations in house prices between the North West and the remainder of the District. House prices in the North West were found to be more expensive, therefore two separate sets of prices will be applied in the two housing markets for the assessment of affordability.

3.35 As is common across the country, there is now a big gap between entry level private rental and entry level purchase prices: for a two bed property the private rental figure is only about 70% of the entry level purchase price. At the other end of the spectrum, what is known as the 'intermediate' gap, between social rent and private rent, is also very wide now. Social rents are about £63 per week for a two-bed property, as against about £112 for private rent. These gaps put great pressure especially upon newly forming households and those wishing to buy.

3.36 The *'annual cycle of moves'* shows a net inflow of existing households with and without children and a net outflow of newly forming households.

4. Financial information and affordability

Introduction

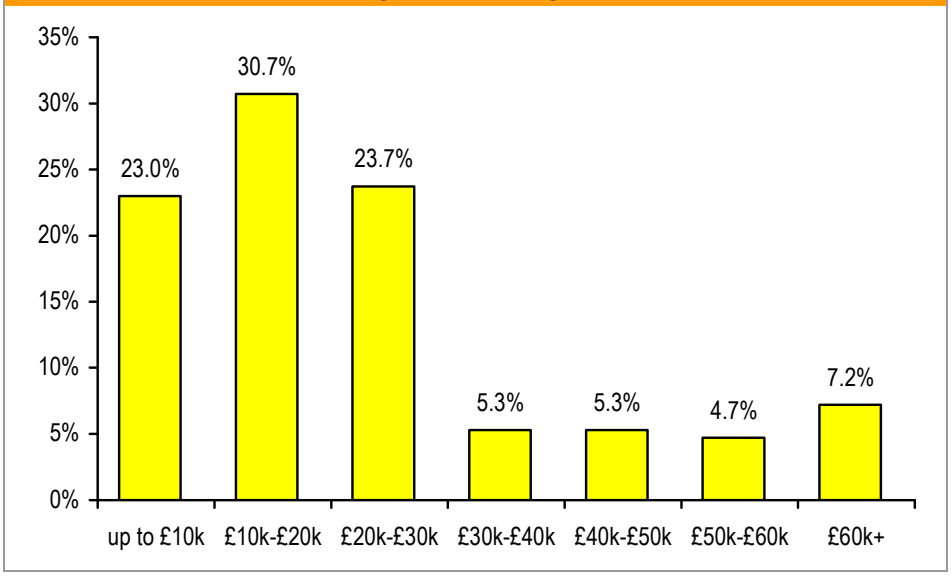
4.1 The previous chapter studied the local housing market. The results from that chapter are brought together with household financial information to make an assessment of affordability for each individual household. The issue of affordability is crucial in assessing both current and future housing need in the Council area.

4.2 Having set out the financial information collected in the survey the section continues by concentrating on the methodology behind the assessment of affordability. To complete an accurate assessment of affordability, the survey collected information regarding household's gross earned income (including benefits), savings and equity levels to establish a household's financial capacity.

Household income

4.3 The response to the survey income question was good with 80.6% of respondents answering this question. Survey results for household income in North Norfolk estimate the average (mean) gross income level (crucial for the assessment of affordability) to be £24,287 per annum. The median income is noticeably lower than the mean (at £18,578 per annum). The figure below shows the distribution of income in the District.

Figure 4.1 Distribution of annual gross household income
(including non-housing benefits)



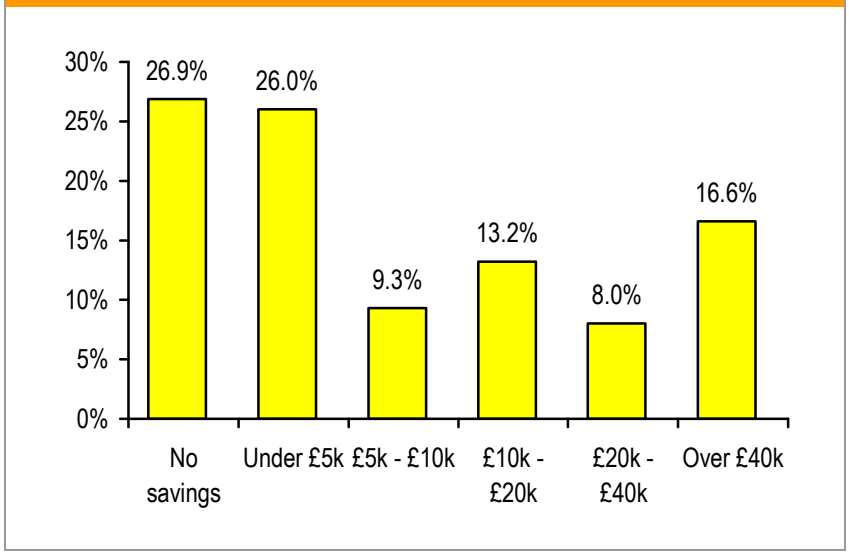
Source: North Norfolk 2006 Housing Needs Survey

Household Savings and Equity

4.4 The response to the survey savings question was also good with 77.2% of respondents answering this question. The average (mean) level of household savings in North Norfolk is £33,776 however this is skewed by relatively few households with very high savings. In comparison the median figure is just £4,227. The figure below shows the distribution of savings in the District.

4.5 An estimated 52.9% of households had less than £5,000 in savings whilst 16.6% had savings of over £40,000. Households with no savings also include those in debt.

Figure 4.2 Household savings



Source: North Norfolk 2006 Housing Needs Survey

4.6 The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner occupier groups together (with and without mortgages) the average (mean) amount of equity was estimated to be £172,378 (median of £167,666).

Household characteristics and income

4.7 The table below shows average income, savings and equity by tenure. As might be expected, the households with the lowest average incomes (and savings) are those in the social rented sector. Whilst owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage, this group contains many older people who are not working but have redeemed their mortgages. These households therefore have much higher levels of savings and equity.

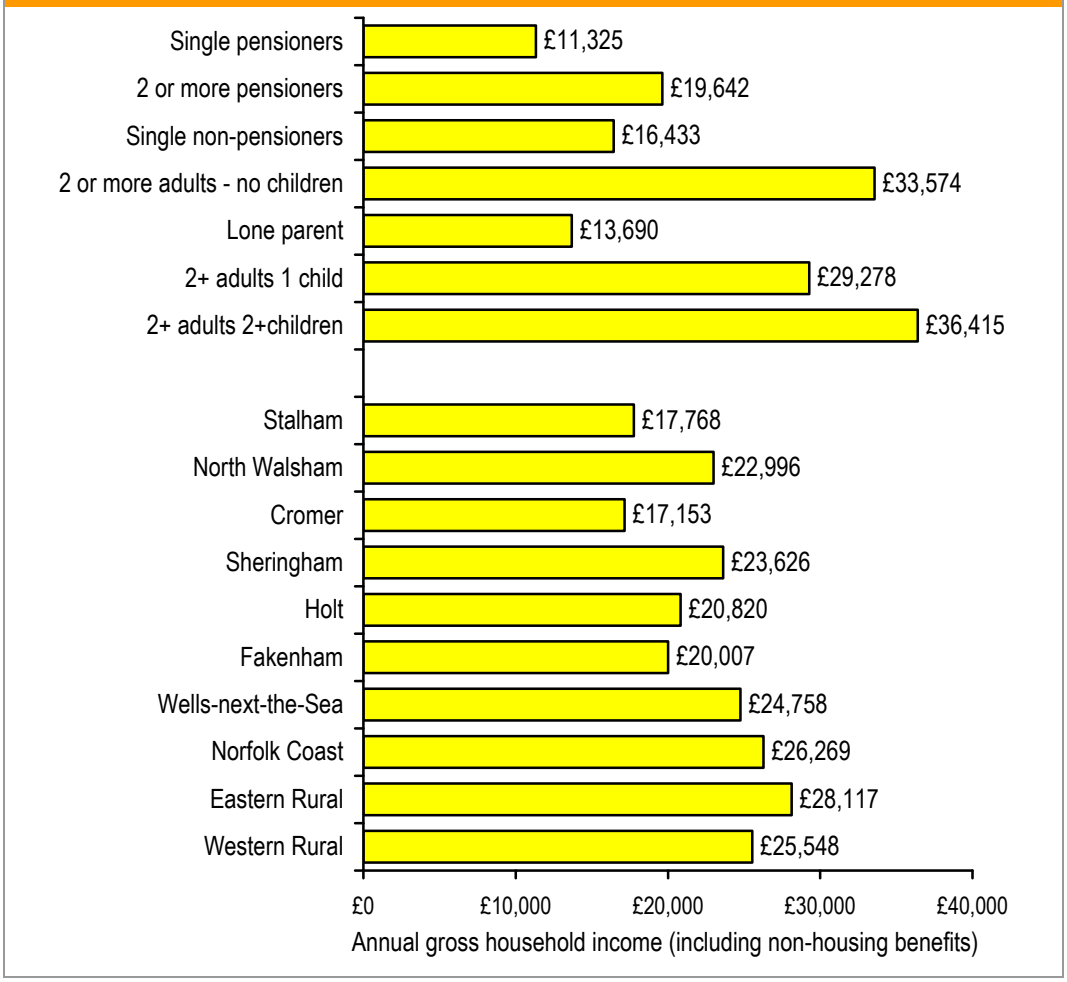
Table 4.1 Financial information by tenure

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£22,750	£60,611	£207,767
Owner-occupied (with mortgage)	£35,265	£18,240	£121,654
RSL	£10,469	£1,841	-
Private rented	£17,048	£10,520	-
AVERAGE	£24,287	£33,776	£172,378

Source: North Norfolk 2006 Housing Needs Survey

4.8 The figure below looks at income levels by household type and sub-area. Single pensioner and lone parent households show average incomes considerably below the District average. All non-pensioner household groups with two or more adults show average incomes above the District average. By sub-area it is clear that significant differences exist. The highest average income is estimated to be in Eastern Rural at £28,117 per annum, the lowest being in Cromer at £17,153 per annum.

Figure 4.3 Income and household type and sub-area



Source: North Norfolk 2006 Housing Needs Survey

Assessing affordability

4.9 All households were tested for their ability to afford either a mortgage or private rented housing in the local area. These two measures were then combined to estimate households unable to afford either form of private sector housing. The general methodology and results are presented below.

(i) Mortgage affordability

4.10 The definition of mortgage affordability is shown below:

Mortgage affordability: A household containing one person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement. A household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.

4.11 The mortgage requirement is based on taking the level of savings and any equity away from the estimated property price and then checking the income level of the household in relation to the likely amount of mortgage remaining. This ensures that the complete financial capacity of a household is assessed. The income multiples used for the affordability test are those recommended in the CLG guidance (although it is worth noting that the balancing housing market model goes onto consider the affect of other income multiples). Income from housing related benefits is not included in the affordability calculation. A worked example of the mortgage affordability test is shown below:

A household containing a couple with one child would require, at minimum, a two bedroom property. The minimum cost of such a property in North Norfolk is estimated to be £116,000. If the couple have £10,000 in savings then they would require a gross household income of £36,552 ((£116,000-£10,000) divided by 2.9) if both adults were in employment or £30,286 ((£116,000-£10,000) divided by 3.5) if one person is in employment.

CLG Guide	*'A household is considered likely to be able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household, or 2.9 times the household income for dual income households.'* [Housing Market Assessment: Draft Practice Guidance (page 36)]

(ii) Private rental affordability

4.12 The definition of private rental affordability is shown below:

Private rental affordability: A household is unable to afford private rented housing if renting privately would take up more than 25% of its gross household income (excluding housing benefits).

4.13 Again, the income multiples used for the affordability test are those recommended in the CLG guidance (although it is worth noting that the balancing housing market model goes on to consider the affect of other income multiples). A worked example of the rental affordability test is shown below:

A household containing a couple with no children will require at minimum a one bedroom property. The minimum weekly rental for this is £98. This means that the household must have a weekly gross income of at least £392 (£98 ÷ 0.25) to be able to afford the property.

(iii) Combined affordability

4.14 It is important to assess the numbers who cannot afford either of the above options. This is the measure of combined affordability, which is defined below:

Combined affordability:

A household containing one person in employment is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost of the mortgage requirement. A household containing more than one person in employment is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.

AND

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income.

4.15 This combined affordability measure will be used to assess affordability in the Basic Needs Assessment Model. It is worth briefly noting the affordability of local households. The table below shows affordability by tenure. The table shows that of all households in the District, 23.0% are unable to afford market housing (if they were to move home now). The differences by tenure are substantial. In total almost 95% of social and almost three-quarters of private tenants are unable to afford. These figures compare with 2.1% of all owner-occupiers.

Table 4.2 Affordability and tenure

Tenure	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	20	20,214	0.1%
Owner-occupied (with mortgage)	685	14,103	4.9%
RSL	5,633	5,955	94.6%
Private rented	4,240	5,727	74.0%
TOTAL	10,578	45,999	23.0%

Source: North Norfolk 2006 Housing Needs Survey

Summary

4.16 The collection of financial information is a fundamental part of any assessment of housing need. The survey estimates that mean annual gross household income (including non-housing benefits) in North Norfolk is £24,287. The average conceals wide variations among different tenure groups with households in social rented housing showing average incomes significantly below the District average.

4.17 Having collected detailed information on the local housing market and the financial situation of households it is important to use appropriate affordability measures to assess their ability to afford market priced housing in North Norfolk. A combined affordability test is used to assess whether they can afford to either buy or rent a property of a suitable size.

SECTION B: ASSESSING HOUSING NEED

The table below sets out the outline housing needs assessment model from the CLG draft Housing Market Assessments guide of December 2005. There are four broad analytical stages which lead to an overall estimate of the net shortfall (or surplus) of affordable housing. The model is essentially a development of the model used in previous guidance (of July 2000) and is therefore consistent with general practice in housing needs assessments over the past few years.

Outline of housing needs assessment model
CURRENT NEED
Minus
AVAILABLE STOCK
Plus
NEWLY ARISING NEED
Minus
FUTURE SUPPLY OF AFFORDABLE UNITS
Equals
NET SHORTFALL (OR SURPLUS) of affordable units

Source: CLG December 2006 Housing Market Assessment: Practice Guidance

Within each of the four broad stages set out in the table above there are a number of detailed calculations (19 in total) many of which themselves have a number of components. This section presents details of how each of these nineteen detailed steps is calculated using locally available data calculation for North Norfolk.

The next chapter covers the first two stages, which informs as to the extent of the level of need and affordable housing supply. The following chapter deals with the latter two stages, which present information on the flow of need and affordable housing supply. These two chapters transparently illustrate how each of the figures is derived and highlight the totals that are used at each of the nineteen detailed steps. The section finishes with a summary of the overall annual shortfall or surplus of affordable housing and a brief discussion of the implications for affordable housing policy and about the types of housing that might meet any need identified.

5. Current need

Introduction

5.1 This chapter of the report assesses the first two stages of the needs assessment model – Current Need. This begins with an assessment of housing suitability and affordability and also considers homeless households before arriving at a total current need estimate (gross). An assessment of the stock available to offset this need follows, which then enables the net current need estimate to be calculated.

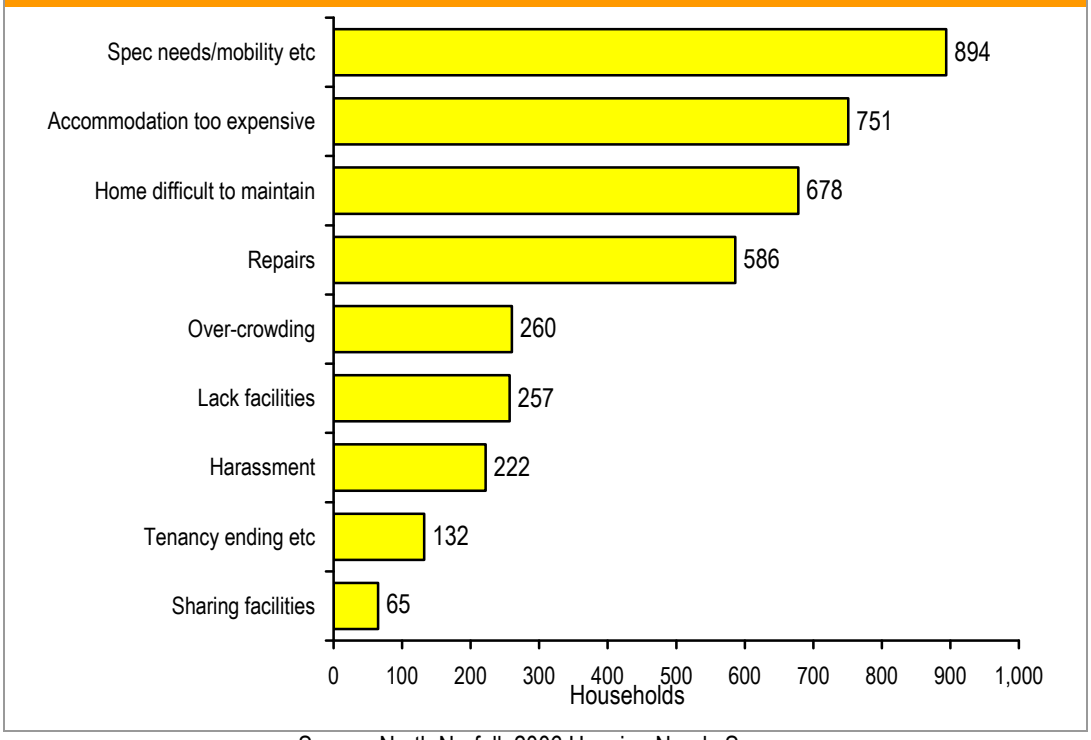
STAGE 1: Current need (gross)

Unsuitable Housing

5.2 A key element of housing need is an assessment of the suitability of a household's current housing. The CLG guide sets out a series of nine criteria for unsuitable housing. In this report we have studied all nine of the categories set out in the guide. It is estimated that a total of 2,808 households are living in unsuitable housing. This represents 6.1% of all households in the District.

5.3 The figure below shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main reason for unsuitable housing is special needs and/or mobility problems, followed by accommodation being too expensive.

Figure 5.1 Summary of unsuitable housing categories



Source: North Norfolk 2006 Housing Needs Survey

5.4 The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in private rented accommodation are most likely to be in unsuitable housing. Overall some 17.6% of households in private rented accommodation are estimated to be living in unsuitable housing. This compares with 2.9% of households in the owner-occupied (with mortgage) tenure.

Table 5.1 Unsuitable housing and tenure

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in District	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Owner-occupied (no mortgage)	1,012	19,202	20,214	5.0%	36.1%
Owner-occupied (with mortgage)	414	13,689	14,103	2.9%	14.7%
RSL	373	5,582	5,955	6.3%	13.3%
Private rented	1,008	4,719	5,727	17.6%	35.9%
TOTAL	2,808	43,192	46,000	6.1%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

5.5 The table below shows the unsuitable housing categories by tenure. The table indicates that 76.7% of households in accommodation that is too expensive are resident in private rented accommodation. The table also shows that some 68.5% of households with mobility/health problems are owner-occupiers as are 59.1% of households that have difficulty maintaining their home. It is important to note that the sample of households in all of these categories of unsuitable housing is small so the results of the tenure profile should be treated with caution

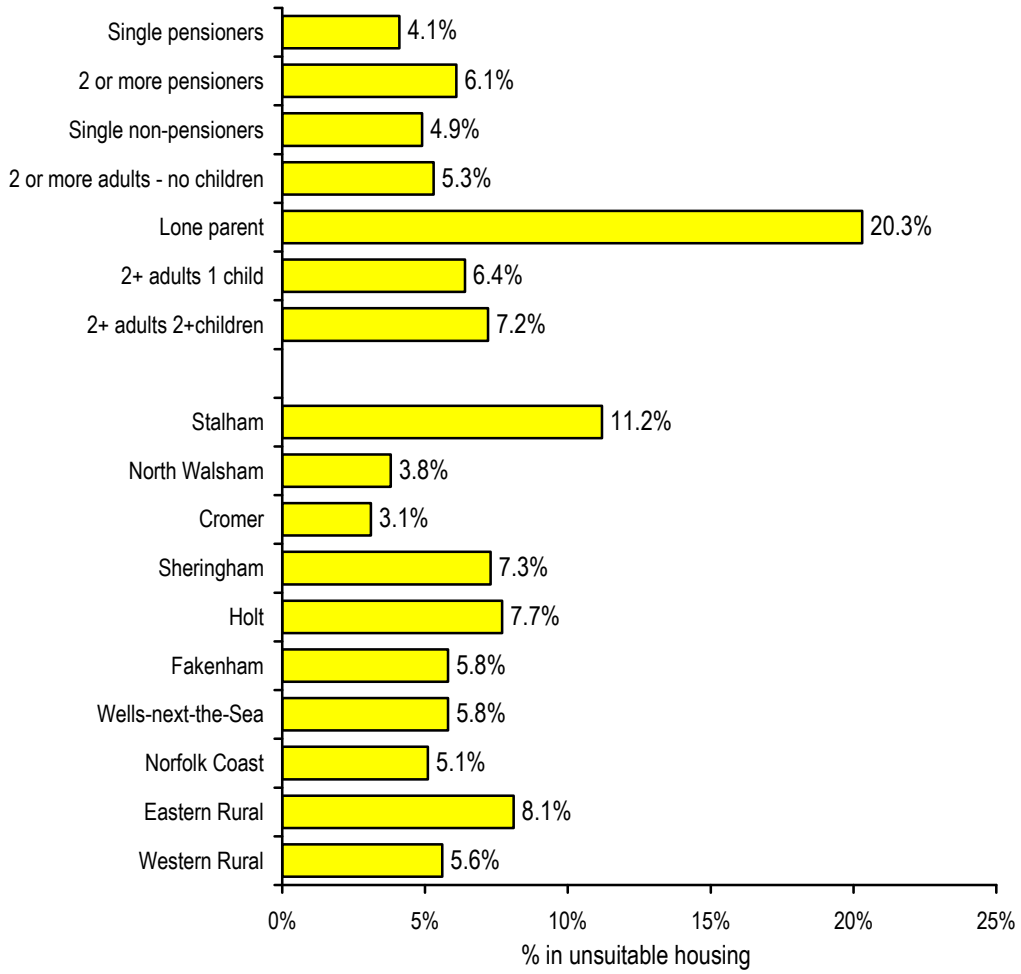
Table 5.2 Unsuitable housing categories and tenure

Unsuitable housing categories	Tenure				
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	RSL	Private rented	TOTAL
Tenancy ending/temporary accommodation	0	0	0	132	132
Accommodation too expensive	0	175	0	576	751
Over-crowding	0	138	20	102	260
Difficulty maintaining home	239	162	91	186	678
Sharing facilities	0	0	0	65	65
Spec needs/mobility etc	536	77	107	175	895
Lacking facilities	116	0	0	141	257
Disrepair	334	97	104	51	586
Harassment	72	68	66	17	223

Source: North Norfolk 2006 Housing Needs Survey

5.6 The figure below shows the proportion of households living in unsuitable housing by household type and ward. The data shows that lone parent households are particularly likely to be in unsuitable housing. Single pensioner households showed the lowest levels of unsuitable housing. By sub-area there are also some significant differences. Levels of unsuitable housing vary from 3.1% in Cromer to 11.2% in Stalham.

Figure 5.2 Unsuitable housing and household characteristics



Source: North Norfolk 2006 Housing Needs Survey

Unsuitably housed households in housing need

5.7 The survey has highlighted that 2,808 households are in unsuitable housing. However it is most probable that some of the unsuitability can be resolved in the households' current accommodation. Households living in housing deemed unsuitable for the following reasons were not considered to have an in-situ solution: end of tenancy, accommodation too expensive, overcrowding, sharing facilities, harassment.

5.8 The survey data therefore estimates that of the 2,808 households in unsuitable housing, 1,312 (or 46.7%) do not have an in-situ solution and therefore require a move to alternative accommodation.

Affordability

5.9 Using the affordability methodology set out in Chapter 4 it is estimated that there are 664 existing households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation). This represents 1.4% of all existing households in the District.

5.10 The table below shows the tenure of the 664 households currently estimated to be in housing need. The results show that private rented tenants are most likely to be in housing need – 8.7% of households in the private rented sector are in housing need. Of all households in need, 75.0% currently live in private rented accommodation and 16.0% in social rented housing.

Table 5.3 Housing need and tenure

Tenure	Housing need				
	In need	Not in need	Number of h'holds in District	% of total h'holds in need	% of those in need
Owner-occupied (no mortgage)	20	20,194	20,214	0.1%	3.0%
Owner-occupied (with mortgage)	40	14,063	14,103	0.3%	6.0%
RSL	106	5,849	5,955	1.8%	16.0%
Private rented	498	5,229	5,727	8.7%	75.0%
TOTAL	664	45,335	46,000	1.4%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

5.11 For the purposes of the housing needs assessment table, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need.

STEP 1.1 – Current occupiers of affordable housing in need – 106

STEP 1.2 – Households from other tenures in need– 558

Homeless households

5.12 The Housing Needs Assessment is a 'snapshot' survey that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of backlog need. The guide also suggests that households sharing facilities should be included here. However, as such households have been included at steps 1.1 and 1.2 they are not included here (to avoid double counting).

5.13 To assess the number of homeless households we have used information contained in the Council's P1(E) Homeless returns. The main source of information used is Section E6: Homeless households accommodated by your authority at the end of the quarter. The important point about this information is the note underneath. "*This should be a 'snapshot' of the numbers in accommodation on the last day of the quarter, not the numbers taking up accommodation during the quarter.*" This is important given the snapshot nature of the survey. Data compiled from the September 2006 P1(E) form is shown in the table below.

Table 5.4 Homeless households accommodated by authority at September 2006 (Section E6, P1(E) form)	
Category	Quarter ending 30/09/06
Bed and breakfast	0
Other nightly paid	8
Hostel	0
Private sector accommodation leased by authority	31
Private sector accommodation leased by RSLs	1
Directly with a private sector landlord	0
Within Council's own stock	11
RSL stock on assured shorthold tenancies	26
Other	0
TOTAL	77

Source: North Norfolk Council September 2006 P1(E) from

5.14 Not all of the categories in the above table are added to our assessment of existing and potential households in need. This is because, in theory, they will be part of our sample for the Housing Needs Assessment. For example, households housed in private sector accommodation should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the sample was drawn. After considering the various categories, we have concluded that there are three which should be included as part of the homeless element. These have been underlined in the table above.

STEP 1.3 – households without self-contained accommodation – 8

Total current need

5.15 Having been through a number of detailed steps in order to assess the current need in North Norfolk, the table below summarises the first stage of the overall assessment of housing need as set out by the CLG. Step 1.4 is the sum of the previous number of households identified in steps 1.1 to 1.3.

Table 5.5 Stage one of the needs assessment table for North Norfolk		
Stage and step in calculation	Notes	Output
STAGE 1: CURRENT NEED (Gross)		
1.1 Current occupiers of affordable housing in need		106
1.2 plus Households from other tenures in need		558
1.3 plus Households without self-contained accommodation		8
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	672

Source: North Norfolk 2006 Housing Needs Survey

STEP 1.4 – total current housing needs (gross) – 672

STAGE 2: Available stock to offset need

5.16 The next stage, Stage 2, considers the stock available to offset the current need. This includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Occupied stock

5.17 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. The figure to be used within this step is therefore the same as found in Step 1.1 above.

STEP 2.1 – current occupiers of affordable housing in need – 106

Vacant stock

5.18 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The CLG guide suggests that if the vacancy rate in the affordable stock is in excess of 3% then these should be considered as surplus stock which can be included within the supply to offset needs. North Norfolk records a vacancy rate in the social rented sector of 1.4%, which is considered a low frictional vacancy rate and there is no scope to bring vacant homes back into use.

STEP 2.2 – surplus stock – 0

Committed supply

5.19 The CLG guide recommends that this part of the assessment includes 'new social rented and intermediate housing which are committed to be built over the period of the assessment'. For the purposes of analysis we have taken HSSA data showing the number of planned and proposed affordable units for the period 2006-2008 as a guide to new provision. These figures are then annualised and multiplied by five to make an estimate of the likely supply over the next five years (see step 2.7 for rationale behind a five year period).

5.20 The table below shows the information contained on the HSSA form on planned affordable housing provision in North Norfolk over the next two years.

Table 5.6 Planned provision of affordable housing

	2006/7	2007/8	Average
LA dwellings	0	0	0
RSL rented dwellings	80	66	73
Social rented subtotal	80	66	73
RSL shared ownership dwellings	35	9	22
Affordable 'other' private sector dwellings	0	0	0
Intermediate sub-total	35	9	22
TOTAL AFFORDABLE HOUSING	115	75	95

Source: North Norfolk Council 2006 HSSA form

5.21 Overall the 2006 HSSA data suggests that there are an average of 95 affordable dwellings planned each year. Over a five year period these would amount to a supply of 475 units of affordable housing.

STEP 2.3 – committed supply of new affordable units – 475

Planned removal of dwellings from stock

5.22 The guide states that this stage 'involves estimating the numbers of social rented or intermediate units that will be taken out of management'. The main component of this step will be properties which are expected to be demolished (or replacement schemes that lead to net losses of stock). The Council have indicated that in North Norfolk there are no units planned for demolition.

STEP 2.4 – units to be taken out of management – 0

Total current stock

5.23 Having been through a number of detailed stages in order to assess the total available stock to offset need in North Norfolk, the total stock available to meet current needs is therefore the sum of steps 2.1 to 2.3 minus step 2.4.

Table 5.7 Stage two of the detailed needs assessment table for North Norfolk

Stage and step in calculation	Notes	Output
STAGE 2: AVAILABLE STOCK TO OFFSET NEED		
2.1 Current occupiers of affordable housing in need		106
2.2 plus Surplus stock		0
2.3 plus Committed supply of new affordable units		475
2.4 minus Units to be taken out of management		0
2.5 equals Total stock available to meet current need	2.1+2.2+2.3+2.4	581

Source: North Norfolk 2006 Housing Needs Survey

STEP 2.5 – total stock available to meet current need – 581

The net current need

5.24 The overall net current need is calculated by subtracting the total available stock to offset need (step 2.5) from the total number of households in current need (step 1.4).

STEP 2.6 – total current unmet housing need – 91

5.25 The CLG Guide recommends that current need is eliminated over a five-year period, hence it is necessary to divide this figure by five to produce an annual requirement or surplus.

STEP 2.7 – quota to reduce levels of need – 20%

5.26 The final step is the number of affordable units that are required each year to address levels of unmet housing need

STEP 2.8 – annual requirement of units to reduce current need – 18

5.27 The table below completes stage two of the model using this information.

Table 5.8 Stage two of the detailed needs assessment table for North Norfolk		
2.6 equals Total current unmet housing need	1.4–2.5	91
2.7 times annual quota for the reduction of current need		20.0%
2.8 equals annual requirement of units to reduce current need	2.6×2.7	18

Source: North Norfolk 2006 Housing Needs Survey

Summary

5.28 This chapter reported on the components contributing to the current need element of the needs assessment model. In total it is estimated that 672 existing households are in housing need. The total stock available to offset this need is 581 dwellings, resulting in a (net) need for 91 dwellings. Dividing this figure by five reveals an annual requirement of units to reduce current need of 18.

6. Future need

Introduction

6.1 This chapter of the report assesses the second two stages of the needs assessment model – Future Need. This begins with an assessment of the two components of newly arising need, followed by an analysis of the likely supply of affordable housing available to meet this need from the social rented and intermediate housing sectors. The following sections deal these points in detail.

STAGE 3: Newly arising need

6.2 This is split, as per CLG Guidance, into two main categories; newly forming households and existing households falling into need

Newly forming households

6.3 This step requires an estimate of the number of new households likely to form per annum in the future. This is obtained from the survey. For the purposes of the projection of housing need from this group of households we have used information about past trends in households forming for the first time (over the past two years). The method used is in line with advice given in the 2000 Guide to housing needs assessments and is considered to be most robust as we are able to accurately profile the financial and household situation of newly forming households.

6.4 The table below shows details of the derivation of new household formation. The figures used include newly forming households who form from households currently living in the Council area and in-migrant households (newly forming only). Additional in-migrating existing households are included in step 3.3 below. In addition it is worth noting that some newly forming households will be expected to out-migrate (and do not therefore need to be considered as part of this assessment).

Table 6.1 Derivation of newly forming households

Aspect of calculation	Number	Sub-total
Number of households moving in past two years	9,342	
Minus households NOT forming in previous move	-7,695	1,647
ESTIMATE OF NEWLY FORMING HOUSEHOLDS	1,647	
ANNUAL ESTIMATE OF NEWLY FORMING HOUSEHOLDS	824	

Source: North Norfolk 2006 Housing Needs Survey

STEP 3.1 – new household formation – 824

6.5 This step assesses the proportion of newly forming households who are unable to access market housing without the need for some form of subsidy. Again this information is based on the past trend data about households who have recently formed in the Council area. In assessing affordability we assume that households who have been able to secure owner-occupied housing can afford the market and that households accessing tied accommodation do not require affordable housing.

6.6 The standard affordability test (see Chapter 4) is then applied to the remaining households to test their ability to afford market housing. This takes account of the full range of financial information along with property price/rent data and information about household's size requirements. This is presented in the table below.

Table 6.2 Derivation of newly arising need from new household formation

Aspect of calculation	Total
ANNUAL ESTIMATE OF NEWLY FORMING HOUSEHOLDS	824
Times proportion unable to afford	60.2%
ANNUAL ESTIMATE OF NEWLY ARISING NEED	495

Source: North Norfolk 2006 Housing Needs Survey

STEP 3.2 – proportion of newly forming households unable to buy or rent in the market – 60.2%

Existing households falling into need

6.7 This step calculates the number of existing households who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the last two years and affordability. A household will fall into need if it has to move home and is unable to afford to do this within the market sector (examples of such a move will be because of the end of a tenancy agreement).

6.8 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of 'transfers' and so the additional needs arising from within the social rented stock will be net zero.

6.9 The data again excludes households moving to owner-occupation because these households at the time of the move (which is when we are interested in) could afford market housing whilst households moving to tied accommodation are also excluded. Each of the remaining households is tested for their ability to afford market housing using the standard affordability test set out in Chapter 4. The full calculation is illustrated in the table below.

Table 6.3 Derivation of Newly Arising Need from existing households

Aspect of calculation	Number	Sub-total
Number of households moving in past two years	9,342	
Minus households forming in previous move	-1,647	7,695
Minus households transferring within the social rented sector	-419	7,276
Times proportion unable to afford	20.6%	
ESTIMATE OF NEWLY ARISING NEED	1,499	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	750	

Source: North Norfolk 2006 Housing Needs Survey

STEP 3.3 – existing households falling into need – 750

Total newly arising need

6.10 The figures from each of the above steps can now be inserted into the summary table of stage three of the needs assessment model, presented below. Step 3.4 is calculated by multiplying steps 3.1 and 3.2 and adding the result to step 3.3.

Table 6.4 Detailed needs assessment table for North Norfolk

Stage and step in calculation	Notes	Output
STAGE 3: NEWLY ARISING NEED		
3.1 New household formation (gross per year)		824
3.2 times Proportion of new households unable to buy of rent in the market		60.2%
3.3 plus Existing households falling into need		750
3.4 equals Total newly arising housing need (gross per year)	(3.1×3.2)+3.3	1,245

Source: North Norfolk 2006 Housing Needs Survey

STEP 3.4 – total newly arising housing need (gross per year) – 1,245

The future supply of affordable housing

6.11 There will be a flow of affordable housing to meet this need. The future supply of affordable units comes from two sources, re-lets within the social rented stock and re-lets within the intermediate stock.

Annual supply of social rented housing

6.12 Step 4.1 of the model is an estimate of likely future re-lets from the social rented stock. The guidance suggest that this should be based on past trend data which can be taken as a prediction for the future. The guide also suggests the use of a three year average. However in this instance we have looked at trend data for the past two years only. This is done simply to allow consistency with the projected needs section (stage three) where figures were all calculated on an annual basis based on trends over the past two years.

6.13 The best source of information on lettings within the Council rented sector is the HSSA. The table below presents the figures for the supply of lettings (re-lets) from Council-owned stock over the past two years contained within the 2006 HSSA. The average number of lettings over the two-year period was 200 per annum.

Table 6.5 Analysis of past housing supply – (council rented sector)

Source of supply	2004/05	2005/06	Average
LA lettings through mobility arrangements	1	0	1
LA lettings to new secure tenants	236	154	195
LA lettings to new tenants on an introductory tenancy	0	0	0
LA lettings to new tenants on other tenancies	27	14	20
(Exclude transfers from RSL)	(18)	(14)	(16)
LA TOTAL EXCLUDING TRANSFERS	246	154	200

Source: North Norfolk Council 2006 HSSA form

6.14 It is important to note however that the category 'LA lettings to new tenants on other tenancies' relates to the use of the Council stock to house households in temporary accommodation. Households accommodated within this category will either be transferred into permanent social rented accommodation (a move which would be recorded as a transfer within the social rented stock and therefore would be excluded from this calculation) or if the household is found to be intentionally homeless they will not move into permanent social rented accommodation. As there is no information available on the number of households within this category that produce each of these outcomes, it means that the figure recorded in the table above is likely to be an overestimate of the supply of social rented dwellings via this route as some of the households will not have moved into permanent social rented accommodation. This method however ensures that the final affordable housing requirement figure produced is a minimum estimate.

6.15 For the RSL stock we can again look at HSSA information. Additionally, CORE data provides an indication of the number of lettings in the RSL sector. The table below shows the number of lettings (excluding RSL to RSL transfers) from each of these sources over the past three years. The average for the two-year period from both sources together is 177 per annum.

Table 6.6 Analysis of past housing supply – (RSL sector)

	2004/05	2005/06	Average
HSSA data	204	215	210
CORE data	170	116	143
AVERAGE	189	166	177

Source: North Norfolk Council 2006 HSSA form & CORE data

6.16 It should be noted that for the period 2004 to 2006 HSSA data shows that an average of 43 households transferred from Council to RSL dwellings within the District per annum. The estimated future supply of lettings from the social rented sector overall is therefore the sum of the average supply of re-lets within the Council stock and the average supply of re-lets in the RSL sector minus the average number of households transferring from Council to RSL dwellings (200+177-43).

STEP 4.1 – annual supply of social re-lets (net) – 334

Annual supply of intermediate housing

6.17 In most local authorities the amount of shared ownership available in the stock is fairly limited (as is the case in North Norfolk). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.

6.18 Therefore we include an estimate of the number of shared ownership units that become available each year. Information from the Housing Corporation suggests that there are around 64 shared ownership units in the District, whilst the housing needs assessment data estimates 213. The average of these two figures is 139. For the purposes of this analysis it is assumed that the turnover of shared ownership accommodation is roughly the same as found in the social rented sector. This is estimated as being 5.5%. The number of re-lets within the intermediate housing stock is calculated by applying this re-let rate to the estimate of the intermediate housing stock.

STEP 4.2 – annual supply of intermediate housing – 8

Total future supply

6.19 Step 4.3 brings together the data from the previous two steps to provide an estimate of the overall supply of affordable housing expected in the future. This is presented in the table below.

Table 6.7 Detailed needs assessment table for North Norfolk

Stage and step in calculation	Notes	Output
STAGE 4: FUTURE SUPPLY OF AFFORDABLE UNITS		
4.1 Annual supply of social re-lets (net)		334
4.2 plus Annual supply of intermediate housing available for re-let or resale at sub-market levels		8
4.3 equals Annual supply of affordable units	4.1+4.2	342

Source: North Norfolk 2006 Housing Needs Survey

STEP 4.3 – annual supply of affordable housing units – 342

Summary

6.20 This chapter estimates the number of households in newly arising need, comprised of newly forming and existing households, and the likely future supply of affordable housing from both the social rented and intermediate sectors. The annual estimate for the number of households in newly arising need is 1,245. The annual estimate of future affordable housing supply is 342 units.

7. The needs assessment model

Introduction

7.1 The table on the following page shows the final figures in CLG's needs assessment model. This brings together the four key elements that have been calculated in the preceding chapters, namely; the Current Need, Available Stock to offset need, Newly Arising Need and the Future Supply of Affordable Units. The overall output from these four analytical stages represents the estimated net affordable housing requirement across the District.

Table 7.1 Detailed needs assessment table for North Norfolk

Stage and step in calculation	Notes	Output
STAGE 1: CURRENT NEED (Gross)		
1.1 Current occupiers of affordable housing in need		106
1.2 plus Households from other tenures in need		558
1.3 plus Households without self-contained accommodation		8
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	672
STAGE 2: AVAILABLE STOCK TO OFFSET NEED		
2.1 Current occupiers of affordable housing in need		106
2.2 plus Surplus stock		0
2.3 plus Committed supply of new affordable units		475
2.4 minus Units to be taken out of management		0
2.5 equals Total stock available to meet current need	2.1+2.2+2.3-2.4	581
2.6 equals Total current unmet housing need	1.4–2.5	91
2.7 times annual quota for the reduction of current need		20.0%
2.8 equals annual requirement of units to reduce current need	2.6×2.7	18
STAGE 3: NEWLY ARISING NEED		
3.1 New household formation (gross per year)		824
3.2 times Proportion of new households unable to buy of rent in the market		60.2%
3.3 plus Existing households falling into need		750
3.4 equals Total newly arising housing need (gross per year)	(3.1×3.2)+3.3	1,245
STAGE 4: FUTURE SUPPLY OF AFFORDABLE UNITS		
4.1 Annual supply of social re-lets (net)		334
4.2 plus Annual supply of intermediate housing available for re-let or resale at sub-market levels		8
4.3 equals Annual supply of affordable units	4.1+4.2	342
NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS		
Overall shortfall or surplus	2.8+3.4–4.3	921

Source: North Norfolk 2006 Housing Needs Survey

7.2 This model indicates that there is an annual requirement for 921 affordable housing units per year in North Norfolk.

7.3 The final strategic housing market assessment guidance, proposes a slightly different approach to calculating the affordable housing requirement than the guidance. It uses the same information but it orders the calculation in a different way. It presents the two needs stages first and then all the supply information as a final stage whilst the guidance considered the stock of need and supply as the initial two stages followed by the flow of need and supply as the latter two stages. The table below shows how the results presented above fit into the model proposed in the final guidance.

Table 7.2 Detailed needs assessment table for North Norfolk- following final guidance approach

Stage and step in calculation	Notes	Output
STAGE 1: CURRENT NEED (Gross)		
1.1 Households without self-contained accommodation		8
1.2 Current occupiers of affordable housing in need		106
1.3 plus Households from other tenures in need		558
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	672
STAGE 2: FUTURE NEED		
2.1 New household formation (gross per year)		824
2.2 times Proportion of new households unable to buy of rent in the market		60.2%
2.3 plus Existing households falling into need		750
2.4 equals Total newly arising housing need (gross per year)	(2.1×2.2)+2.3	**1,245**
STAGE 3: AFFORDABLE HOUSING SUPPLY		
3.1 Current occupiers of affordable housing in need		106
3.2 plus Surplus stock		0
3.3 plus Committed supply of new affordable units		475
3.4 minus Units to be taken out of management		0
3.5 equals Total stock available to meet current need	3.1+3.2+3.3-3.4	581
3.6 Annual supply of social re-lets (net)		334
3.7 plus Annual supply of intermediate housing available for re-let or resale at sub-market levels		8
3.8 equals Annual supply of affordable units	3.6+3.7	**342**
NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS		
Total current unmet housing need	1.4–3.5	91
Times annual quota for the reduction of current need		20.0%
Equals annual requirement of units to reduce current need		**18**
Overall shortfall or surplus	**18+1,245-342**	921

Source: North Norfolk 2006 Housing Needs Survey

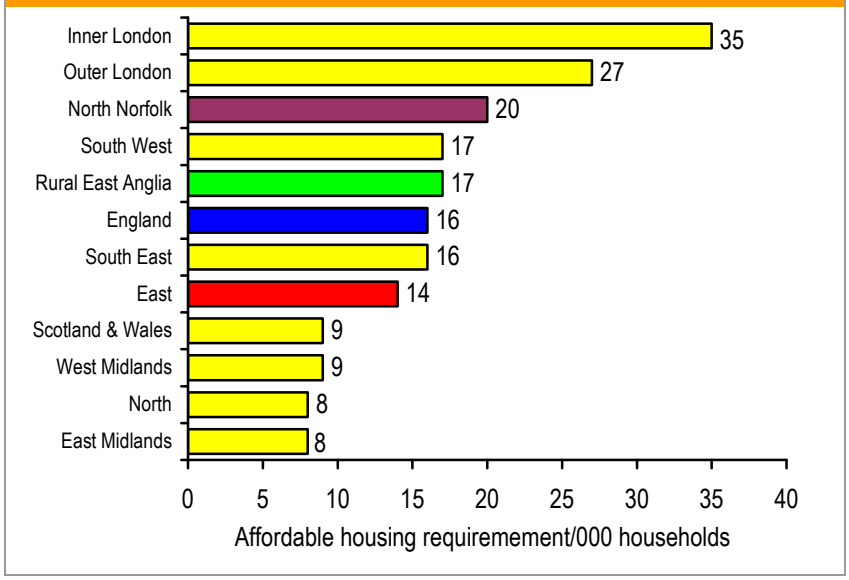
7.4 This model produces the same annual requirement for 921 affordable housing units per year

Findings in context

7.5 The net shortfall of 921 can be related to the Fordham Research Affordable Housing Index, which is the result of standardising the finding by dividing it by the number of thousands of households:

921/46 = 20

Figure 7.1 Typical levels of need for new affordable housing



Source: North Norfolk 2006 Housing Needs Survey

7.6 This Index figure is higher than the national average (of 16) and also higher than the average for the Rural East Anglia.

Size of affordable housing required

7.7 Overall the survey suggests a shortfall of affordable housing in the District. However, it is also important to look at what type of shortfalls exists within the current stock of affordable housing. This section looks at any mismatches between the need for affordable housing and the supply for different sizes and types of accommodation. This is done through looking at past patterns.

7.8 The size and type of accommodation required by households in need is balanced against the size and type of accommodation secured by those who have recently moved into affordable accommodation. This information is derived from the survey. It is assumed that the profile of bedroom requirements for homeless households is identical to that of other households in current need. The size and type of accommodation required is a sustainable measure that reflects the number of people in a household and the household type and ensures the accommodation is suitable for the household over a period of time.

7.9 This analysis is shown in the table below which indicates that there are shortfalls for all accommodation types. The largest shortfall is for one bedroom flats however, the shortage relative to supply is greatest for four or more bedroom houses where it is estimated that none of the need can be met.

Table 7.3 Net need for affordable housing by size and type

Accommodation type	Need	Supply	TOTAL	% of net shortfall	Supply as % of need
1 bedroom flat	561	92	469	50.9%	16.5%
2 bedroom flat	99	21	78	8.5%	21.0%
2 bedroom house	438	249	189	20.6%	56.8%
3 bedroom house	187	96	91	9.9%	51.4%
4+ bedroom house	94	0	94	10.2%	0.0%
TOTAL	1,379	458	921	100.0%	33.2%

Source: North Norfolk 2006 Housing Needs Survey

Locations of affordable housing required

7.10 In addition we can look at the distribution of housing need in different parts of the Council area. In line with other analysis we have used the sub-areas described in Chapter 2. Again it has been assumed that homeless households have been split pro-rata with the number of households in each area. The estimates of supply in each area are based on information from the Council on the location of re-lets and nominations over the past two years. The table below shows the result of this analysis.

Table 7.4 Geographical distribution of affordable housing requirements in North Norfolk (following CLG guide)

Sub-area	Gross annual need	Gross annual supply	Net annual need	% of net shortfall	Supply as % of need
Stalham	65	16	49	5.3%	24.7%
North Walsham	137	84	53	5.8%	61.3%
Cromer	189	30	159	17.3%	15.8%
Sheringham	60	22	37	4.0%	37.3%
Holt	55	33	23	2.4%	59.1%
Fakenham	116	73	43	4.6%	63.1%
Wells-next-the-Sea	53	20	33	3.6%	37.0%
Norfolk Coast	110	46	64	7.0%	41.7%
Eastern Rural	423	87	335	36.4%	20.7%
Western Rural	172	47	125	13.6%	27.3%
Total	1,379	458	921	100.0%	33.2%

Source: North Norfolk 2006 Housing Needs Survey

7.11 The table shows that all sub-areas show an annual requirement for affordable housing. The overall net need is highest in Eastern Rural, which accounts for over a third of the net need in the Council area. The shortage relative to supply is most severe in Cromer.

Types of households in need

7.12 The below table gives a breakdown of gross households in need, by household type. The table shows that around a tenth of lone parent households are in housing need compared to 0.9% of single pensioner households. Single non-pensioner households comprise over 30% of all households in need.

Table 7.5 Need requirement by household type					
Household type	Need requirement				
	In need	Not in need	Total Number of h'holds	% of h'hold type in need	As a % of those in need
Single pensioners	79	8,437	8,516	0.9%	5.8%
2 or more pensioners	136	7,528	7,664	1.8%	9.8%
Single non-pensioners	436	4,717	5,153	8.5%	31.6%
2 or more adults - no kids	253	14,304	14,557	1.7%	18.3%
Lone parent 1 child	111	900	1,011	11.0%	8.1%
Lone parent 2+children	86	924	1,010	8.5%	6.2%
2+ adults 1 child	173	3,391	3,564	4.9%	12.6%
2+ adults 2+children	104	4,421	4,525	2.3%	7.6%
Total	1,379	44,621	46,000	3.0%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Status of intermediate housing

7.13 We can take the data produced by the model to make an estimate of how much need can theoretically be met through intermediate housing. The table below shows an estimate of the numbers able to afford such housing. In all cases figures are based on survey data although a number of assumptions have been made. Firstly, it is assumed that all homeless households will require social rented housing, secondly households in need currently living in the social rented sector are not included in figures for intermediate housing unless they have expressed a desire to move out of the social rented sector and are able to afford intermediate housing.

7.14 All figures in the table are on an annual basis (i.e. the current need and available stock figures have been divided by five).

Table 7.6 Social rented and intermediate housing requirements in North Norfolk (following CLG guide) () indicates a surplus			
	Social rented	Intermediate housing	Total
Current need	103	31	134
Available stock	94	22	116
Newly arising need	1,048	198	1,245
Future supply	334	8	342
Net shortfall or surplus	722	199	921
% of net shortfall	78.4%	21.6%	100.0%
Gross annual need	1,151	229	1,379
Gross annual supply	428	30	458
Net annual need	722	199	921

Source: North Norfolk 2006 Housing Needs Survey

7.15 The table shows that of the total gross need for affordable housing (1,379 per annum) only 229 households (16.6%) can afford intermediate housing. The table also shows that the vast majority of affordable supply comes from the social rented sector (93.4% of supply) meaning that it is more likely that a household requiring social rent will have their needs met than one who can afford intermediate housing. Overall 21.6% of the net requirement is for intermediate housing.

7.16 Further detail can be provided on the size of the affordable housing demand. The table below shows the estimated breakdown of additional affordable housing requirements by size and type of housing per annum. The figures are for gross need. The size requirement is based on the same standard used in Table 7.3.

Table 7.7 Amount of annual requirement for each type of affordable housing (all tenures)

Accommodation type	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom flat	103	458	561
2 bedroom flat	39	60	99
2 bedroom house	76	362	438
3 bedroom house	0	187	187
4+ bedroom house	11	83	94
TOTAL	229	1,151	1,379

Source: North Norfolk 2006 Housing Needs Survey

7.17 It is necessary to deduct the supply of affordable housing from these figures. As with the previous analysis this has been split by social rented and intermediate housing. This information is derived from the survey.

Table 7.8 Annual supply for each type of affordable housing

Accommodation type	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom flat	4	88	92
2 bedroom flat	7	14	21
2 bedroom house	12	237	249
3 bedroom house	7	89	96
4+ bedroom house	0	0	0
TOTAL	30	428	458

Source: North Norfolk 2006 Housing Needs Survey

7.18 The following table therefore estimates the net requirements for each type of affordable housing by size and type. The table shows that in both sectors the greatest net requirement is for one bedroom flats. The table also indicates that 41.0% of the net requirement for two bedroom flats is for intermediate housing as is 33.9% of the net requirement for two bedroom houses.

Table 7.9 Net annual need for each type of affordable housing			
Accommodation type	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom flat	99	370	469
2 bedroom flat	32	46	78
2 bedroom house	64	125	189
3 bedroom house	-7	98	91
4+ bedroom house	11	83	94
TOTAL	199	722	921

Source: North Norfolk 2006 Housing Needs Survey

The private rented sector

7.19 The final strategic housing market assessment guidance indicates that the number of households in the private rented sector on housing benefit should be recorded. Overall in North Norfolk the survey data suggests that 1,593 private tenants (27.8%) are in receipt of housing benefit. The table below shows the size and type of accommodation these households reside in. The table indicates that over two-thirds of these households live in accommodation with one or two bedrooms.

Table 7.10 Number of housing benefit supported private rented tenants (by size and type of accommodation)		
Accommodation type	Number of households	Percentage of households
1 bedroom flat	253	15.9%
2 bedroom flat	267	16.7%
2 bedroom house	573	36.0%
3 bedroom house	435	27.3%
4+ bedroom house	65	4.1%
TOTAL	1,593	100.0%

Source: North Norfolk 2006 Housing Needs Survey

7.20 This however does not reflect the likely supply of such housing in the future. To make this estimate we have looked at the number of households who have moved to a housing benefit supported private tenancy over the past two years

7.21 Overall, 2,774 households have moved to a private rented dwelling over the past two years, of which, 542 (19.5%) are supported by housing benefit. Therefore the estimated supply of private rented accommodation which is being used to meet affordable needs is 542 over two years (or 271 per annum).

7.22 The table below shows the size and type of private rented accommodation supported by housing benefits available for let each year. As can be seen the majority of housing benefit supported private rented lets are one or two bedroom properties.

Table 7.11 Annual supply of housing benefit supported private rented dwellings (by size and type of accommodation)		
Accommodation type	Number of dwellings	Percentage of dwellings
1 bedroom flat	52	19.3%
2 bedroom flat	48	17.9%
2 bedroom house	121	44.5%
3 bedroom house	50	18.3%
4+ bedroom house	0	0.0%
TOTAL	271	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Implications for affordable housing policy

7.23 Appendix A1 details the key features of current CLG Affordable Housing policy. The main implications for affordable housing policy are the choice of an appropriate percentage target and the site size threshold. Both are discussed below.

Percentage target

7.24 The table below shows an estimate of the likely suggested percentage target from following the CLG method.

Table 7.9 Calculation of affordable housing target: following CLG methodology	
Element	Dwellings (per annum)
Affordable housing requirement	921
Minus affordable supply from non S106 sites*	-64
EQUALS	857
Projected building rate †	400
Minus sites below threshold (estimated)	-100
Minus affordable supply from non S106 sites*	-64
EQUALS	236
Therefore Target is	857/236
EQUALS	363%

**Information from HSSA on the number of affordable dwellings built in 2005/06*
† Annual build rate as documented in draft RSS

Source: North Norfolk 2006 Housing Needs Survey

7.25 Given the results of this table it is clear that at the general level, any target would be justified. As the annual affordable housing requirement exceeds the level of supply of all new housing (as demonstrated in the table above) it is necessary to maximise the supply of affordable housing.

7.26 Guidance suggests that rural sites should be treated differently from urban ones (para 30 of PPS3) therefore it is appropriate to have separate targets for different parts of the District. A target of 45% would seem most appropriate on non-rural sites and a target of 50% most appropriate on rural sites.

7.27 These targets are applied to allocated and windfall sites where viability permits. The question of how and where to meet the housing needs problem is a strategic one for the Council.

7.28 In terms of the target for intermediate housing, the survey data indicates that this should form a fifth of the overall target for affordable housing as long as it is priced at the usefully affordable point: halfway between a social rent level and market entry. If it is not possible to produce intermediate housing priced at the usefully affordable point then that need will have to be met via social rented housing.

Threshold site size

7.29 The national indicative threshold stipulated by PPS3 is 15 dwellings/ha. However PPS3 acknowledges that lower minimum thresholds can be set, including in rural areas. Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size and so a threshold below the recommended level of 15 dwellings/ha could seriously be considered on non-rural sites and a threshold of two or three dwellings in rural areas would be justified on rural sites.

Summary

7.30 The Housing Needs Assessment in North Norfolk followed the guidance from CLG. This includes estimates of current need, available stock to offset need, newly arising need and future supply of affordable units in order to estimate the current surplus or shortfall of affordable housing in North Norfolk. Using this model it is estimated that for the next five years there will be a shortfall of 921 affordable housing units per annum in the District.

7.31 As the annual affordable housing requirement exceeds the level of supply of all new housing it is necessary to maximise the supply of affordable housing. Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size.

7.32 There is also potential for intermediate housing to meet up to 20% of the net requirement for affordable housing if it is priced at the usefully affordable point. If it is not possible to produce intermediate housing priced at the usefully affordable point then that need will have to be met via social rented housing.

SECTION C: MODELLING THE MARKET

The previous section focused exclusively on *housing need* and the requirement for affordable housing. However, in order to fully develop informed housing policies, Local Authorities are also interested in *housing demand* across all tenures. This section thus considers the broader housing market in North Norfolk. The model presented in this section considers the extent to which the entire housing market is balanced and assist the Local Planning Authority determine the mix of housing most appropriate in the future as recommended in PPS3:

PPS3	*'Local Planning Authorities should set out in Local development Documents the likely overall proportions of households that require market or affordable housing'* [Paragraph 22]

8. Balancing housing markets

Introduction

8.1 A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. The notion has been brought into prominence by the work of the Audit Commission in assessing councils' performance (Comprehensive Performance Assessment (CPA) of District authorities).

8.2 The drafting of PPS3 has gone further by moving the requirements of housing analysis away from only the affordable sector toward a more holistic approach assessing the entire market. The BHM model provides an important output in enabling the Council to monitor the housing market and understand where they may help rebalance the market.

8.3 This chapter outlines and applies a BHM analysis; data concerning supply and demand within different tenures allows a consideration of the extent to which the local housing market in North Norfolk is balanced.

8.4 Whilst one of the outputs of the BHM model is an estimate of the shortfall of affordable housing, this should not be taken as an estimate of the absolute need for such housing. This is provided in the previous section, which follows the prescribed government guidance on how to calculate such a figure. Unlike the affordable housing requirement model followed in the previous chapter, there is only very general guidance provided for a BHM analysis. The next subsection summarises our approach.

General explanation

8.5 The Housing Market Assessment Manual published by ODPM in 2004 set out an emerging framework to better understand the supply-demand dynamics of the housing market. At the core of the suggested framework is an understanding of the dynamics between demand and supply. As the Manual suggested:

> *'A key consideration in analysing the housing market at sub-regional and local level is to identify the extent to which there are imbalances in the demand for and supply of housing. The balance between dwelling stock and number of households seeking that housing is – in broad terms – what defines the existence of low or high demand' (Page 63).*

8.6 This emphasis on understanding the dynamics of the whole housing market has continued through to the publication of the final Practice Guidance for Strategic Housing Market Assessments in March 2007. A whole chapter in this document has its core requirement to:

> *'Derive estimates of the scale of future housing demand across the whole housing market' (Page 35).*

8.7 It is this element of the framework that analysis of data collected within the survey is of particular relevance. No approach is presented in the Strategic Housing Market Assessments Guidance that enables the results required under PPS3 to be produced, but Fordham Research has developed an approach based on an adapted gross flows methodology. This is termed the balancing housing market analysis and presents information on the imbalances between the main housing sectors (owner-occupied, private rented, intermediate and social rented housing) by property type and size.

8.8 In essence it balances the likely demand from three sources:

- Newly forming households
- In-migrant households
- Existing households moving within the area

8.9 With the supply from three sources:

- Household dissolution
- Out-migrant households
- Existing households moving within the area

8.10 This leads to an imbalance between the demands of moving households against the supply of dwellings likely to become available. Information on the nature of the dwellings supplied and demanded is collected within the postal survey. The balancing housing market methodology is based principally on household's future intentions, with the exception of in-migrant households which must be based on past trend information. Information is collected from households that need and or would like to move in the next two years about their expected location, the size and type of home they expect, their expected tenure and the tenure, type and size of their current home. The financial information collected in the survey is used to inform household's affordability assessments.

8.11 The six stages in detail are:

- ***Stage 1. Supply from household dissolution:*** Assessing the size, type and tenure of dwellings likely to become available from household dissolution (using national mortality rates).

- ***Stage 2. Supply from out-migrant households:*** Assessing the size, type and tenure of existing households that expect to move out of the housing market area are going to make available.

- ***Stage 3. Supply from existing households:*** Assessing the size, type and tenure of dwellings existing households that expect to move elsewhere in the housing market area are going to make available.

- ***Stage 4. Demand from in-migrant households:*** Assessing the size, type and tenure of accommodation secured by households that recently moved into the housing market area. Information on the household's current financial capacity is used to assess whether any of these moves would have resulted in a different current tenure where they to have taken place now.

- ***Stage 5. Demand from newly forming households:*** Assessing whether concealed households that expect to move elsewhere in the housing market area can afford their expected tenure, type and size of accommodation using the methodology described below.

- ***Stage 6. Demand from existing households:*** Assessing whether existing households that expect to move elsewhere in the housing market area can afford their expected tenure, type and size of accommodation using the methodology described below.

Methodology for assessing demand from newly forming and existing households

8.12 The following table outlines the methodology used to initially assess the tenure demand from these households. The first affordability test used is that recommended in the practice guidance and described in Chapter 4.

Table 8.1 Information used to determine appropriate tenure household will require

Tenure expectation	*Able to afford market housing?*	*Able to afford intermediate housing?*	*Outcome*
Owner-occupation	Yes	NA	Owner-occupation
	No	Yes	Intermediate housing
		No	Social rented
Private rent	Yes	NA	Private rented
	No	NA	Social rented
Intermediate housing	Yes	NA	Owner-occupation
	No	Yes	Intermediate housing
		No	Social rented
Social rented	Yes	NA	Private rented
	No	Yes	Intermediate housing
		No	Social rented

Source: North Norfolk 2006 Housing Needs Survey

8.13 A model based solely on the affordability test recommended by the Guidance would produce results that would imply major restructuring of the requirement would be required. In reality the supply of housing available for households to move into affects their choices and there is substantial evidence that households are currently paying more than a quarter of their income on rent or are able to obtain mortgages at higher income multiples than 2.9/3.5. Therefore the demand from households is re-assessed using the same methodology described in the table above but using a range of different affordability scenarios. Account is also made of how the role of the private rented sector in housing those that would otherwise be in affordable housing (those on housing benefit).

8.14 The production of results based on different scenarios becomes an iterative process which is continued until the average variance of the difference between the proportional distribution of demand and supply is less than 2%. This is chosen because the Council are limited in their ability to modify the market and at 2% the results highlight the imbalances that require the most acute action and identify the balance of new housing the Council should pursue over the next few years.

The model outputs

8.15 The following tables show the detailed analysis for the six components contributing to the Balancing Housing Markets analysis.

Demand from newly forming households

8.16 The first table shows an estimate of the housing requirements of potential households. The table is based on the number of potential households who need or expect to form over the next two years within the District along with estimates about affordability and stated size requirement. Any potential households who would expect to move out of the District are excluded from this analysis. Figures are annualised.

8.17 The table shows that, as might be expected, the demand from potential households is principally for one and two bedroom dwellings. The table also shows that 16.5% of potential households are likely to require affordable accommodation, as they are unable to afford their preferred tenure in the market. Some 24.0% of potential households are likely to become owner-occupiers and 59.5% are likely to move into private rented accommodation. The data suggests that potential households moving to owner-occupation are likely to require a larger home than potential housing moving into the private rented sector.

Table 8.2 Demand I: Household formation by tenure and accommodation type/size

Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	32	33	55	25	5	149
Private rented	207	67	46	52	0	371
Intermediate	0	0	13	0	0	13
Social rented	57	19	14	0	0	90
TOTAL	296	119	127	76	5	622

Source: North Norfolk 2006 Housing Needs Survey

Demand from in-migrant households

8.18 The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the District over the past two years (in terms of affordability and size/type of accommodation secured). Figures are again annualised.

8.19 The table indicates that some 64.9% of the demand from in-migrant households is for three and four bedroom houses. The table also indicates that over two-thirds (76.7%) of in-migrant households are likely to move to an owner-occupied property. In addition 19.5% of in-migrant households require a private rented home. The remaining 3.8% of in-migrant households require affordable accommodation.

Table 8.3 Demand II: Demand from in-migrants by tenure and accommodation type/size

Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	32	12	396	798	348	1,586
Private rented	68	86	118	121	10	404
Intermediate	0	0	0	0	0	0
Social rented	0	0	14	64	0	79
TOTAL	100	98	528	984	358	2,069

Source: North Norfolk 2006 Housing Needs Survey

Demand from existing households

8.20 The table below shows estimated future demand from existing households moving within the District. The figures are based on what tenure and type of accommodation households would expect to move to in the future (next two years) along with considerations of affordability. Figures are again annualised.

8.21 The table shows that existing households are most likely to require a two or three bedroom house. With regard to the tenure requirement, the data suggests that the private rented sector is not a common tenure of choice for established households already living in the District. Existing households currently in the private rented sector predominantly want to move to owner-occupation. Whilst many of these households will be able to afford this aspiration, some will not be able to and will remain in this tenure. Households currently resident in either owner-occupied accommodation or affordable housing are likely to want to remain in their current tenure, but move to a larger property.

Table 8.4 Demand III: Demand from existing households by tenure and accommodation type/size

Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	61	79	524	526	103	1,292
Private rented	93	56	242	153	0	544
Intermediate	0	0	53	24	0	77
Social rented	54	41	212	108	26	440
TOTAL	208	176	1,031	811	128	2,352

Source: North Norfolk 2006 Housing Needs Survey

Total demand

8.22 The table below is an overall summary of the demand situation and is calculated as the sum of the three previous tables.

Table 8.5 Demand IV: Total demand by tenure and accommodation type/size						
Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	125	124	974	1,348	455	3,026
Private rented	368	209	406	326	10	1,319
Intermediate	0	0	66	24	0	90
Social rented	111	60	240	172	26	608
TOTAL	603	393	1,686	1,870	491	5,043

Source: North Norfolk 2006 Housing Needs Survey

Supply from household dissolution

8.23 The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year.

8.24 The data indicates that just 9.7% of dwellings are likely to become available in North Norfolk as a result of household dissolution are within the private rented sector. In comparison, 74.0% of dwellings are within the owner-occupied sector and 16.3% will be within the social rented sector. This reflects the accommodation profile of older people in the housing market area. The table also indicates that the properties becoming available in the owner-occupied sector are likely to be two or three bedroom houses, whilst the affordable accommodation will predominantly comprise one bedroom flats and two bedroom houses.

Table 8.6 Supply I: Supply from household dissolution						
Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	23	16	210	183	64	496
Private rented	23	5	16	20	1	65
Intermediate	0	0	0	0	0	0
Social rented	45	8	41	14	1	109
TOTAL	91	29	267	217	66	670

Source: North Norfolk 2006 Housing Needs Survey

Supply from out-migrating households

8.25 The table below shows an estimate of the supply of housing that would be released when households who would expect to move out of the District do so. For example a household out-migrating from a four bedroom owner-occupied house is assumed to free-up a four bedroom owner-occupied house for use by another household. The data is annualised and based on moves over the next two years.

8.26 The table shows that 57.3% of dwellings likely to become available each year as a result of out-migration are owner-occupied properties. Over 80% of these owner-occupied properties contain three or more bedrooms. This is likely to be older households in which children have move out that intend to either move to a property in a more spacious environment or downsize. There is relatively little out-migration from households in affordable housing.

Table 8.7 Supply II: Supply from out-migrant households

Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	7	28	42	307	89	472
Private rented	49	61	56	62	28	255
Intermediate	0	0	0	0	0	0
Social rented	25	0	30	43	0	98
TOTAL	81	88	128	412	116	824

Source: North Norfolk 2006 Housing Needs Survey

Supply from existing households

8.27 The table below shows estimated future supply from existing households. As with the above data the figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation. Figures are annualised from data for two years.

8.28 The table below shows that the supply of private rented accommodation from existing households is higher than the demand for this tenure recorded in table 8.3. This supply is likely to be from households that were previously potential households and moved into this sector for their first home that now wish to move to owner-occupation.

Table 8.8 Supply III: Supply from existing households

Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	61	68	339	527	330	1,325
Private rented	124	184	143	296	44	790
Intermediate	0	0	0	0	0	0
Social rented	57	22	63	97	0	238
TOTAL	242	274	545	919	373	2,352

Source: North Norfolk 2006 Housing Needs Survey

Total supply

8.29 The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure and accommodation type/size.

Table 8.9 Supply IV: Total supply by tenure and accommodation type/size						
Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	91	112	591	1,017	482	2,292
Private rented	196	250	215	378	72	1,109
Intermediate	0	0	0	0	0	0
Social rented	127	30	134	153	1	445
TOTAL	413	391	940	1,548	555	3,846

Source: North Norfolk 2006 Housing Needs Survey

Overall results

8.30 The table below shows the overall annual shortfall and is calculated by subtracting the total supply from the total demand.

Table 8.10 Total annual shortfall or surplus (unconstrained model)						
Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	34	13	383	331	-27	734
Private rented	173	-41	191	-52	-62	210
Intermediate	0	0	66	24	0	90
Social rented	-16	30	106	19	25	163
TOTAL	190	2	746	323	-64	1,197

Source: North Norfolk 2006 Housing Needs Survey

8.31 A number of conclusions can be drawn from this analysis:

i) Overall 61.4% of the demand is for owner-occupied property, 17.5% will be for private rented accommodation, 7.5% intermediate housing and 13.6% social rented dwelling.

ii) The BHM methodology suggests a shortfall of social rented housing of all sizes with the exception of one bedroom flats, of which there is a surplus. The largest shortfall for social rented housing is for two bedroom houses.

iii) The model indicates that there is a notable shortfall of two bedroom intermediate houses, a small shortfall of three bedroom homes and no imbalance for flats and four bedroom dwellings.

iv) Overall, the data shows a notable shortfall in the owner-occupied sector. In terms of size requirements, the information suggests that in the owner-occupied sector the main shortage is for two and three bedroom houses and there is a surplus of four bedroom properties.

v) The model indicates that there is a notable shortfall of one bedroom flats and two bedroom houses in the private rented sector and a surplus of three and four bedroom houses and two bedroom flats.

Locations of market demand

8.32 It is possible to use the BHM model to estimate the distribution of market demand across the Council area. The two market tenures – owner occupation and private rented can be summed and the location of households requiring these tenures within the model can be compared to the location of households supplying these tenures. It is important to note that the locations identified are where the demand and supply arise and not necessarily where the demand will or should be met. In line with other analysis the geography used are the sub-areas described in Chapter 2.

Table 8.11 Geographical distribution of market housing demand/supply in North Norfolk

Sub-area	Annual demand	Annual supply	Net demand
Stalham	81	111	-30
North Walsham	498	403	95
Cromer	310	404	-94
Sheringham	364	307	58
Holt	95	149	-54
Fakenham	418	305	113
Wells-next-the-Sea	143	82	61
Norfolk Coast	554	400	154
Eastern Rural	1,265	801	463
Western Rural	617	439	178
Total	4,346	3,401	945

Source: North Norfolk 2006 Housing Needs Survey

8.33 The table shows that all sub-areas with the exception of Cromer, Holt and Stalham show an annual net demand for market housing. The overall net demand is highest in Eastern Rural.

A constrained model

8.34 The results presented so far in the chapter are a product of an unconstrained BHM model. This means that it assumes all demand will be met regardless of the intended supply of new housing. In reality the amount of new housing to be provided is restricted and it is appropriate to consider the results of the model when it is constrained to the current draft RSS total. To do this the size of the in-migrant population is limited. This ensures that the requirements of the local population are met first since these are the greatest priority for the Council. The results of a BHM constrained to the RSS target of 400 are presented in the table below.

Table 8.12 Total annual shortfall or surplus (constrained model)

Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	22	8	231	24	-161	123
Private rented	146	-74	146	-98	-66	54
Intermediate	0	0	66	24	0	90
Social rented	-16	30	100	-5	25	133
TOTAL	152	-36	543	-56	-202	400

Source: North Norfolk 2006 Housing Needs Survey

8.35 As the in-migrant households are generally wealthier, the process of reducing the size of this population reduces the demand for market housing, particularly owner-occupation, much more significantly than the demand for affordable accommodation. The constrained model shows overall 30.8% of the demand is for owner-occupied property, 13.5% will be for private rented accommodation, 22.5% intermediate housing and 33.2% a social rented dwelling. Affordable housing therefore accounts for 55.5% of demand rather than 21.1% in the unconstrained model. The demand for three bedroom houses is also significantly reduced although much of the demand for two bedroom houses is retained.

Result implications

8.36 The CLG's affordable housing requirement model indicated a housing need that would support a very high target for affordable housing in North Norfolk. The constrained BHM model, which prioritises the requirements of local households within the planned RSS new build figure, indicates that the targets proposed in Chapter 7 of 45% on non-rural sites and 50% on rural sites are appropriate even when the role of the private rented sector in meeting housing need and different housing cost to income ratios are considered. It is important to note however that the more robust methodology of the CLG model means that this provides a more accurate estimate of the annual need requirement.

8.37 The unconstrained BHM model indicates that the market could sustain growth beyond the RSS target by approximately 800 extra homes. The nature of the additional growth in the unconstrained model (wealthy in-migrant households) means that growth beyond the RSS target would principally be for larger market houses.

Summary

8.38 The Balancing Housing Markets methodology is an innovative methodology used to identify imbalances across the whole housing market likely to exist in the short to medium term. It uses information obtained from the primary survey on households moving expectations and financial capacity and creates a number of scenarios to identify the imbalances that require the most acute action.

8.39 The BHM assessment, which considers all sources of growth and balances this against the likely supply of housing, found that there is a shortage of all tenures in North Norfolk. The findings of the BHM model support the adoption of affordable housing targets of 45% on non-rural sites and 50% on rural sites. Within the owner-occupied sector there is a notable shortfalls of two bedroom houses.

SECTION D: THE NEEDS OF PARTICULAR GROUPS

This section addresses particular client groups that may have very specific housing requirements. Although such groups do not necessarily represent households in need as defined by the CLG Guide, it is important for the Council to have detailed information on them in order to inform specific policies and service provision.

For example, the frail elderly may not be in housing need in the sense of not being able to afford market housing, but many of them are liable to require extra care in the future, whether directly, or via aids and adaptations in the home.

This section covers the following groups:

- Gypsies
- Households with support needs
- Older person households

The section also features a chapter looking at the incidence of overcrowding and under-occupation amongst different groups of households in the District.

9. Gypsies and Travellers

9.1 The Housing Act 2004 requires local housing authorities to include Gypsies and Travellers in accommodation needs assessments. To comply with this requirement a Gypsy and Traveller Accommodation Needs Assessment was completed by all the local authorities in Norfolk. This used face-to-face interviews to survey the requirements of the community with the final draft published in November. The overwhelming majority (98%) of those interviewed said there was a need for more short-term stopping places in Norfolk. Of those Gypsies and Travellers who still travelled, almost half normally stopped on the roadside. The report however was based on a small sample of Gypsies and Travellers and just two families in North Norfolk were interviewed. It does not provide information on unauthorised incursions or make recommendations on site provision.

9.2 In the case of North Norfolk, available secondary data (including records of past incursions and Caravan Counts) suggests a need for transit pitch provision in the District. This is based on a number of unauthorised encampments in the district that occur every summer. The most recent Caravan Count (July 2006) shows that all Gypsies and Travellers in North Norfolk were on unauthorised encampments – 16 caravans in total, with only five on sites that are tolerated by the Council. In contrast none were recorded in January 2006. Moreover the Council's record of past incursions shows that encampments are most likely to appear in summer months for relatively short periods of time on council-owned land. Again, this points to the need for short-term transit provision in the District when Gypsies and Travellers can stay for a few months, rather than residential sites where Gypsies and Travellers would live all year round.

10. Households with support needs

Introduction

10.1 Supporting People is a national policy initiative designed to secure a more co-ordinated approach to the provision of services to certain groups. There are groups that may, because of their condition or vulnerability, have requirements for specialised forms of housing provision, or else require support services in order to continue living an independent life in their existing home. The initiative seeks to co-ordinate the provision of individual services by housing, social services and health providers, and to produce a more unified basis for the allocation of the available funding.

10.2 Information collected through the survey enables us to identify the principal client groups who have special requirements of this kind. It is therefore possible to provide some guidance on their needs and requirements.

10.3 Some special needs are uncommon, while others are numerous. The accuracy of each figure will of course vary according to the size of the group involved and it should be noted that the range of groups covered by the survey is not fully inclusive. There are, for example, many groups for which it would not be possible to obtain results through the questionnaire type approach (either due to the small numbers or because of the nature of the special need). Examples of groups not specifically covered include drug/alcohol problems and women fleeing domestic violence.

10.4 It should also be noted that the finding of a household with a special need does not necessarily mean that the household needs to move to alternative accommodation. In many cases the special need can be catered for within the household's current home whilst for others the issue may be the need for support rather than any specific type of accommodation. These issues are discussed in the data that follows.

Special Needs: data coverage

10.5 The survey looked at whether household members fell into one or more of a range of primary client groups. Whilst these represent the larger client groups covered in Supporting People Strategy, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.

10.6 The groups covered were:

- Frail elderly
- Persons with a physical disability
- Persons with a learning difficulty
- Persons with a mental health problem
- Those with a severe sensory disability
- Other need

10.7 Each person with a special need could respond to as many of the above categories as is applicable. This means that we can differentiate between households that have more than one person with a special need and those that have people with multiple special needs.

Special needs groups: overview

10.8 Overall there are an estimated 10,360 households in the North Norfolk district council area with one or more members in an identified special needs group. This represents 22.5% of all households, which is higher than the average Fordham Research has found nationally (13-14%). The table below shows the numbers of households with different types of special needs. The numbers of households in each category exceed the total number of special needs households because people can have more than one category of special need.

10.9 'Physically disabled' is the predominant group. There are 6,215 households with a physically disabled household member. The next largest group is 'frail elderly', with 5,061 households having a member in this category. These two categories represent 60.0% and 48.9% of all special needs households respectively.

Table 10.1 Special needs categories

Category	Number of households	% of all households	% of special needs households
Frail elderly	5,061	11.0%	48.9%
Physical disability	6,215	13.5%	60.0%
Learning difficulty	562	1.2%	5.4%
Mental health problem	1,643	3.6%	15.9%
Severe sensory disability	644	1.4%	6.2%
Other	1,282	2.8%	12.4%

Source: North Norfolk 2006 Housing Needs Survey

10.10 In addition to the above information we are able to look at the number of people in each household with a special need and also households containing persons with multiple special needs. The results for these are shown below:

Table 10.2 Number of people with special needs

	Households	% of households
No people with special needs	35,640	77.5%
One person with special needs	8,878	19.3%
Two persons with special needs	1,377	3.0%
Three or more persons with special needs	105	0.2%
TOTAL	46,000	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Table 10.3 Households with special needs		
	Households	% of households
No people with special needs	35,640	77.5%
Single special need only	6,629	14.4%
Multiple special needs	3,731	8.1%
TOTAL	46,000	100.0%

Source: North Norfolk 2006 Housing Needs Survey

10.11 The two tables above show that the majority of special needs households (85.7%) only contain one person with a special need and that the majority of households with a special needs member do not have multiple special needs (64.0%). However, some 1,482 households in North Norfolk are estimated to have two or more people with a special need whilst an estimated 3,731 households contain someone with multiple needs.

Characteristics of special needs households

10.12 The tables below show the characteristics of special needs households in terms of household size, age, tenure and unsuitable housing.

Table 10.4 Size of special needs households					
Number of persons in household	Special needs	No special needs	Number of households	% of total households with special needs	% of those with a special need
One	4,491	9,179	13,670	32.9%	43.3%
Two	4,272	15,117	19,389	22.0%	41.2%
Three	735	5,257	5,992	12.3%	7.1%
Four	527	4,288	4,815	10.9%	5.1%
Five	237	1,399	1,636	14.5%	2.3%
Six or more	98	400	498	19.7%	0.9%
TOTAL	10,360	35,640	46,000	22.5%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

10.13 The table above shows that households with special need members are likely to be small, comprised of one or two persons. Special needs households are also more likely to contain older persons.

Table 10.5 Special needs households with and without older people					
Age group	Special needs	No special needs	Number of households	% of total households with special needs	% of those with a special need
No older people	2,976	23,032	26,008	11.4%	28.7%
Both older & non older people	1,091	2,722	3,813	28.6%	10.5%
Older people only	6,293	9,887	16,180	38.9%	60.7%
TOTAL	10,360	35,640	46,000	22.5%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

10.14 As the table below shows, special needs households are more likely to be living in social rented housing. Some 34.6% of RSL households contain a special needs member. Additionally, 26.7% of owner-occupied (no mortgage) households contain a special needs member.

Table 10.6 Special needs households and tenure

Tenure	Special needs	No special needs	Number of households	% of total households with special needs	% of those with a special need
Owner-occupied (no mortgage)	5,398	14,817	20,215	26.7%	52.1%
Owner-occupied (with mortgage)	1,807	12,297	14,104	12.8%	17.4%
RSL	2,062	3,893	5,955	34.6%	19.9%
Private rented	1,093	4,634	5,727	19.1%	10.6%
TOTAL	10,360	35,640	46,000	22.5%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

10.15 The table below indicates that special needs households are more than twice as likely to be living in unsuitable housing as non-special needs households. Some 12.0% of all special needs households are living in unsuitable housing, which compares with 6.1% of all households and 4.4% of all non-special needs households.

Table 10.7 Special needs households and unsuitable housing

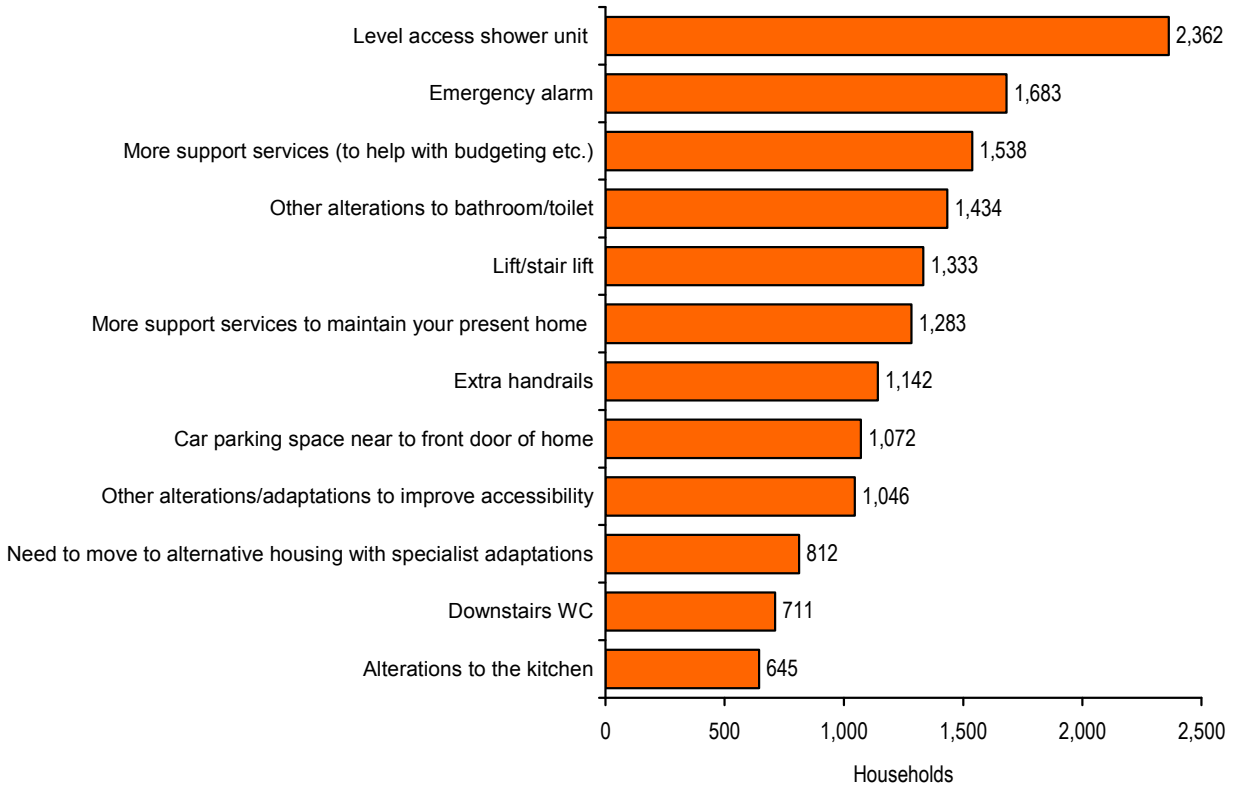
Special needs	In unsuitable housing	Not in unsuitable housing	Number of household s	% of total households in unsuitable housing	% of those in unsuitable housing
Special needs	1,242	9,118	10,360	12.0%	44.2%
No special needs	1,566	34,074	35,640	4.4%	55.8%
TOTAL	2,808	43,192	46,000	6.1%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Requirements of special needs households

10.16 Those households with a member with special needs were asked to indicate if there was a need for improvements to their current accommodation and/or services. The responses are detailed in the figure below:

Figure 10.1 Special needs households: improvements to accommodation & services



Source: North Norfolk 2006 Housing Needs Survey

10.17 The results show requirements for a wide range of adaptations and improvements across the special needs households. The most commonly-sought improvements needed were:

- Shower Unit (2,362 households – 22.8% of all special needs households)
- Emergency alarm (1,683 households – 16.2% of all special needs households)
- More support services (1,538 households – 14.8% of all special needs households)

Analysis of specific groups

10.18 The analysis that follows below concentrates on differences between different groups of households with special needs.

10.19 The table below shows some characteristics by special needs group. The table shows a number of interesting findings. The data shows that 53.4% of frail elderly households are also single person households. On the other hand over half (61.2%) of households containing someone with a learning difficulty contained four or more people. Relatively few households containing someone with a mental health problem contained older persons.

10.20 By tenure the results show that all special needs groups are more likely than non-special needs households to live in social rented housing. Almost two-thirds of frail elderly households live in the owner occupied (no mortgage) sector. Households containing someone with a mental health problem are more likely than average to be living in private rented accommodation.

Table 10.8 Characteristics of special needs households by special needs group

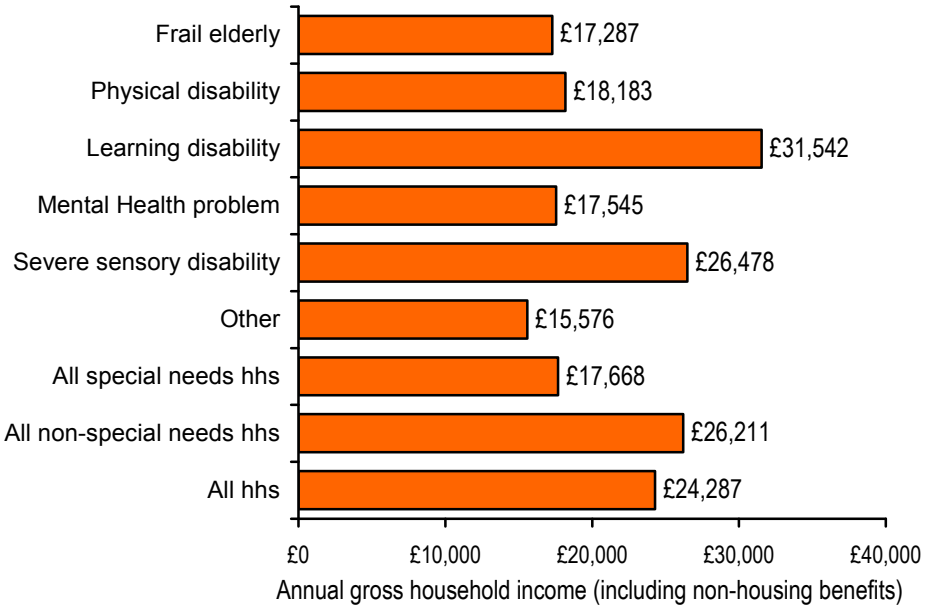
	Frail elderly	Physical disability	Learning difficulty	Mental Health problem	Severe sensory disability	Other	All special needs hhs	All non-special needs hhs	All hhs
Household size									
One	53.4%	40.7%	6.2%	40.0%	35.6%	35.7%	43.3%	25.8%	29.7%
Two	39.0%	44.1%	20.3%	31.2%	27.4%	38.1%	41.2%	42.4%	42.2%
Three	5.5%	5.6%	12.3%	9.1%	17.3%	15.5%	7.1%	14.8%	13.0%
Four	0.9%	5.2%	40.1%	12.4%	19.8%	4.8%	5.1%	12.0%	10.5%
Five	0.5%	2.8%	3.6%	1.3%	0.0%	1.5%	2.3%	3.9%	3.6%
Six or more	0.8%	1.6%	17.5%	6.0%	0.0%	4.4%	0.9%	1.1%	1.1%
Age of household members									
No older people	2.4%*	30.5%	53.4%	62.9%	51.6%	24.7%	28.7%	64.6%	56.5%
Both older & non older people	12.4%	11.2%	29.5%	8.1%	15.7%	23.6%	10.5%	7.6%	8.3%
Older people only	85.2%	58.3%	17.1%	29.0%	32.8%	51.7%	60.7%	27.7%	35.2%
Tenure									
Owner-occupied (no mortgage)	65.1%	52.4%	18.4%	33.0%	19.7%	55.9%	52.1%	41.6%	43.9%
Owner-occupied (with mortgage)	12.9%	17.2%	45.3%	17.9%	27.5%	22.2%	17.4%	34.5%	30.7%
Council/RSL	16.8%	21.1%	30.5%	27.3%	44.3%	18.5%	19.9%	10.9%	12.9%
Private rented	5.1%	9.4%	5.9%	21.8%	8.5%	3.4%	10.6%	13.0%	12.4%

** Some respondents may have classified themselves or another member of their household as being frail even if they are not an older person.*

Source: North Norfolk 2006 Housing Needs Survey

10.21 The figure below shows income levels for each category of special needs household. Also shown is the figure for non-special needs households. The average income of all households in the District was estimated at £24,287 per annum (gross income including non-housing benefits). The figure shows that all special needs groups have average income levels noticeably below both the District average and the average for non-special needs households with the exception of learning difficulty and severe sensory disability households, which record incomes higher than the District average.

Figure 10.2 Income and special needs groups



Source: North Norfolk 2006 Housing Needs Survey

10.22 Finally we can look at levels of unsuitable housing by special needs group. The table below shows the proportion of each group estimated to be living in unsuitable housing. Households containing someone with a severe sensory disability are the most likely to be in unsuitable housing (28.3%); this compares to a North Norfolk average of 6.1% and an average of 4.4% for non special needs households.

Table 10.9 Proportion of special needs groups living in unsuitable housing

Special needs group	% of households
Frail elderly	10.2%
Physical disability	14.1%
Learning difficulty	26.2%
Mental Health problem	17.1%
Severe sensory disability	28.3%
Other	13.3%
All special needs households	12.0%
All non-special needs households	4.4%
All households	6.1%

Source: North Norfolk 2006 Housing Needs Survey

Care & repair and staying put schemes

10.23 This section studies special needs households who have stated experiencing difficulty in maintaining their home. The results are shown in the table below and are split between owner-occupiers and tenants. The table clearly shows that special needs households are more likely than other households in the housing market area to have problems with maintaining their homes.

10.24 Of all households with a problem or serious problem, a total of 30.5% have special needs. Almost 80% of these are owners.

Table 10.10 Special needs households and difficulty maintaining home

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
Special needs – owner-occupied	5,429	75.4%	1,775	24.6%	7,204	100.0%
Special needs – tenants	2,709	85.8%	447	14.2%	3,156	100.0%
All special needs households	8,138	78.6%	2,222	21.4%	10,360	100.0%
All households	38,703	84.1%	7,296	15.9%	46,000	100.0%

Source: North Norfolk 2006 Housing Needs Survey

10.25 The evidence of the tables above is that there is certainly some scope for 'staying put' or 'care and repair' schemes in the housing market area. A total of 7,296 households state a problem with maintaining their homes – of these 2,222 are special needs households with an estimated 1,775 living in the owner-occupied sector.

Summary

10.26 Information from the survey on special needs groups can be of assistance to authorities when contributing to detailed Supporting People Strategies. Some 22.5% of all the housing market area's households (10,306) contain special needs members. 'Physically disabled' is the largest category with special needs. There are 6,215 households containing a 'physically disabled' person and a further 5,061 with household members who are 'frail elderly'.

10.27 Special needs households in the North Norfolk area are generally smaller than average for the District and are disproportionately made up of older persons only. Special needs households are more likely than households overall to be in unsuitable housing.

10.28 Special needs households in general stated a requirement for a wide range of adaptations and improvements to the home. Shower units and an emergency alarms were most commonly required.

10.29 Finally, the survey suggested there was scope for 'care & repair' and 'staying put' schemes.

11. Older person households

Introduction

11.1 Data was collected in the survey with regard to the characteristics of households with older persons. This chapter looks at the general characteristics of older person households and details some additional survey findings about such households.

11.2 Older people are defined as those over the state pension eligibility age (currently 65 for men, 60 for women). For the purpose of this chapter, households have been divided into three categories:

- Households without older persons
- Households with both older and non-older persons
- Households with only older persons

The older person population

11.3 Just over a third of all households in North Norfolk contain only older people (35.2%) and a further 8.3% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Table 11.1 Older person households

Categories	Number of households	% of all households
Households without older persons	26,008	56.5%
Households with both older and non-older persons	3,813	8.3%
Households with older persons only	16,180	35.2%
TOTAL	46,000	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Characteristics of older person households

11.4 The number of occupants in older person households is shown in the table below. The data suggests that all households containing older persons only are comprised of one or two persons only. Over half of all single person households are older person households.

Table 11.2 Size of older person only households					
Number of persons in household	Age group				
	Older persons only	Other h'holds	Number of h'holds	% of total h'holds with older persons	% of those with older persons
One	8,516	5,153	13,669	62.3%	52.6%
Two	7,664	11,726	19,390	39.5%	47.4%
Three	0	5,992	5,992	0.0%	0.0%
Four	0	4,815	4,815	0.0%	0.0%
Five	0	1,635	1,635	0.0%	0.0%
Six or more	0	498	498	0.0%	0.0%
TOTAL	16,180	29,820	46,000	35.2%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

11.5 The table below shows the housing tenures of households with older persons. Over three-quarters of older person only households are owner-occupiers. The overwhelming majority of these do not have a mortgage. This finding suggests that the potential for equity release schemes in North Norfolk is quite high.

11.6 Another significant finding is the relatively high proportion of social rented accommodation containing older people only. Some 43.4% of RSL dwellings contain only older people. Further analysis reveals that some 558 of the 2,585 older person only households resident in an RSL dwelling live in sheltered housing. This represents 21.6% of all older person only households resident in the tenure. This may have implications for the future supply of specialised social rented accommodation.

Table 11.3 Older person only households and tenure					
Tenure	Age group				
	Older persons only	Other house-holds	Total hhs	% with older persons	% of older person hhs
Owner-occupied (no mortgage)	11,672	8,543	20,215	57.7%	72.1%
Owner-occupied (with mortgage)	983	13,120	14,103	7.0%	6.1%
RSL	2,585	3,370	5,955	43.4%	16.0%
Private rented	940	4,787	5,727	16.4%	5.8%
TOTAL	16,180	29,820	46,000	35.2%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

11.7 The table below shows the geographical distribution of older person only households. All three local authorities have a fairly similar proportion of older person only households with the rate highest in North Norfolk (35.2%) and lowest in Breckland (27.9%).

Table 11.4 Older person only households and sub-area					
Local Authority	Age group				
	Older persons only	Other house-holds	Total hhs	% with older persons	% of older person hhs
Breckland	14,815	38,225	53,040	27.9%	29.5%
Kings Lynn & WN	19,193	44,157	63,350	30.3%	38.2%
North Norfolk	16,180	29,820	46,000	35.2%	32.2%
TOTAL	50,188	112,202	162,390	30.9%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Dwelling characteristics

11.8 The table below shows the type of accommodation that older person only households reside in. The data indicates that older person only households are more likely than non-older person households in the North Norfolk District Council area to be living in a detached bungalow and are less likely to be living in a terraced house.

Table 11.5 Type of accommodation by older person only households		
Dwelling type	% of older person households	% of non-older person households
Detached house*	20.7%	26.2%
Detached bungalow*	35.7%	14.4%
Semi-detached house	12.4%	27.1%
Semi-detached bungalow	12.2%	4.5%
Terraced house	6.6%	18.5%
Terraced bungalow	2.5%	0.9%
Flat/maisonettes	9.9%	8.4%
TOTAL	100.0%	26.2%

* Includes mobile homes

Source: North Norfolk 2006 Housing Needs Survey

11.9 The table below shows that older person only households are more likely than non-older person households in the North Norfolk district council area to be living in one and two bedroom properties. However, the results also show that 51.3% of all older person households are in three or four bedroom dwellings. Given that previous information has shown that all older person only households are comprised of only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older households chose to move into suitable smaller units.

Table 11.6 Size of dwellings (number of bedrooms) for older person only households		
Number of bedrooms	% of older person households	% of non-older person households
1 bedroom	8.3%	6.6%
2 bedrooms	40.5%	24.3%
3 bedrooms	37.3%	44.7%
4+ bedrooms	14.0%	24.5%
TOTAL	100.0%	100.0%

Source: North Norfolk 2006 Housing Needs Survey

11.10 This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (3+ bedroom) properties are in the owner-occupied sector there are over 750 properties in the social rented sector which may therefore present some opportunity to reduce under-occupation.

Table 11.7 Older person only households size of accommodation and tenure

Tenure	Size of accommodation				
	1 bed	2 bed	3 bed	4+ bed	TOTAL
Owner-occupied (no mortgage)	412	4,451	4,690	2,120	11,673
Owner-occupied (with mortgage)	72	429	394	89	984
Council/RSL	682	1,141	748	14	2,585
Private rented	170	527	205	38	940
TOTAL	1,336	6,548	6,037	2,261	16,182

Source: North Norfolk 2006 Housing Needs Survey

Older person households and the housing needs assessment model

11.11 Some 5.0% of all older person only households (814 households) in the North Norfolk area live in unsuitable housing, as defined by the CLG guidance. This figure is lower than the figure of 6.1% for all households.

11.12 In addition we can look at older persons needs using the housing needs assessment model. Following this method it suggests that there is an annual need to provide accommodation for 215 older person households; further data suggests a supply to such households in the region of 132 units per annum. Therefore the housing needs assessment model suggests a requirement of affordable housing of 83 dwellings per annum for older person households.

11.13 The Council currently has a relatively high proportion of its social rented stock designated as older person's accommodation. As the housing needs assessment model indicates that there is an ongoing need for affordable housing for older people, the Council may want to retain this stock as designated for older persons.

Summary

11.14 Some 35.2% of households in the North Norfolk area contain older persons only, and a further 8.3% contain a mix of both older and non-older persons. Older person only households are only comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that over 40% of social rented accommodation houses older people only.

11.15 Older person households contribute notably to the overall net need for additional affordable housing; therefore the Council may want to retain its designated older persons stock.

12. Overcrowding and under-occupation

Introduction

12.1 This chapter briefly studies the extent of overcrowding and under-occupation of households living in each individual tenure group. The standards used to check for overcrowding/under-occupation were as follows:

- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be over-crowded.
- **Under-occupation:** households with more than one spare bedroom are deemed to be under-occupied.

Overcrowding and under-occupation

12.2 The table below shows a comparison between the numbers of bedrooms in each home against the number of bedrooms required for all households.

Table 12.1 Overcrowding and under-occupation

Number of bedrooms required	Number of bedrooms in home				
	1	2	3	4+	TOTAL
1 bedroom	3,228	10,567	11,909	4,996	30,700
2 bedrooms	82	3,100	4,670	2,354	10,206
3 bedrooms	0	44	2,730	1,656	4,430
4+ bedrooms	0	69	45	550	664
TOTAL	3,310	13,780	19,354	9,556	46,000

KEY: Overcrowded households Under-occupied households

Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

Source: North Norfolk 2006 Housing Needs Survey

12.3 The estimated number of overcrowded and under-occupied households is as follows:

- **Overcrowded:** 0.6% of households = 260 households
- **Under-occupied:** 43.4% of households = 19,946 households

Household characteristics

12.4 The figure below shows levels of overcrowding and under-occupation by various household characteristics. The figure shows some clear differences between different household groups.

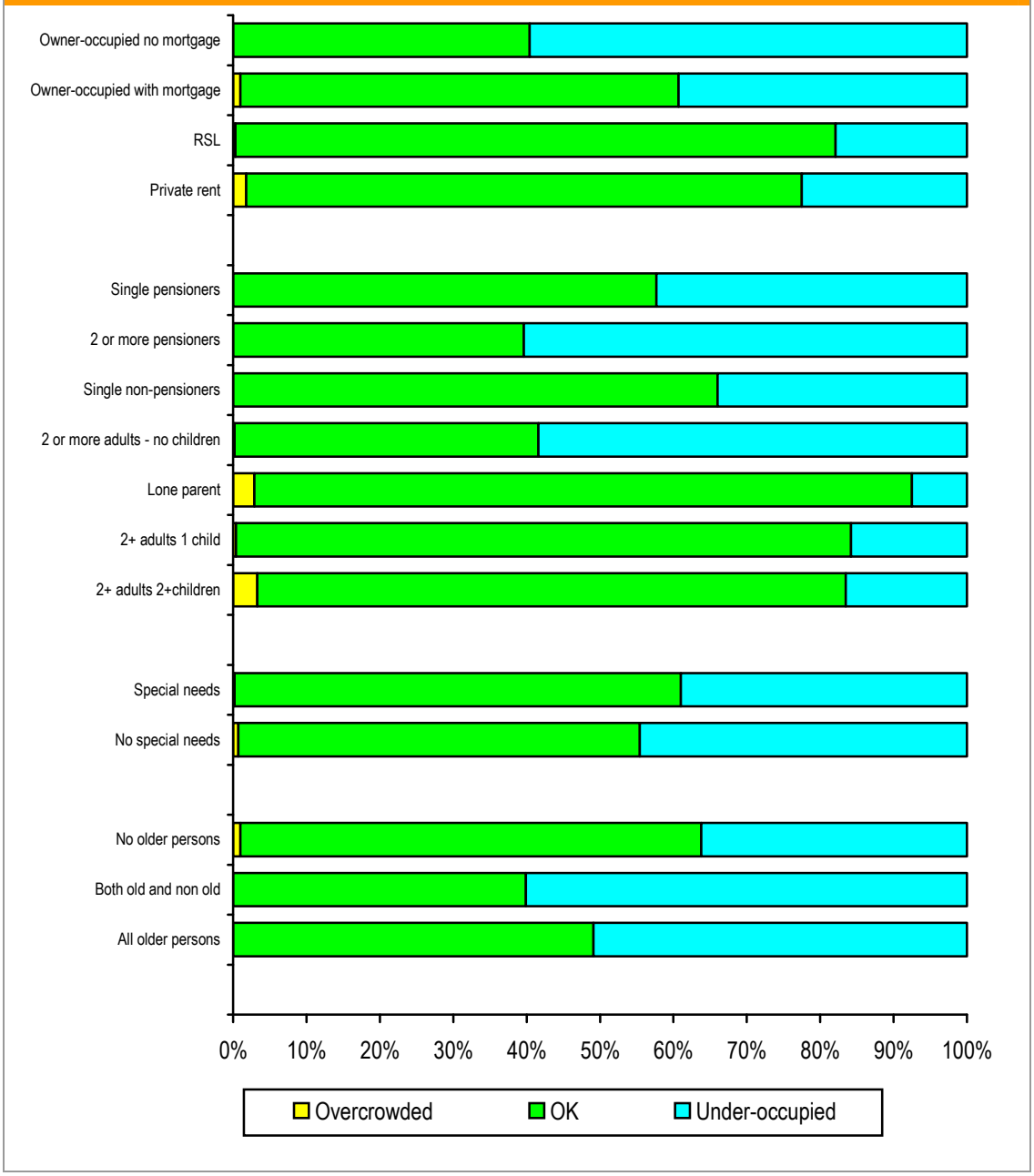
12.5 In terms of tenure, the figure shows that owner-occupiers are most likely to be under-occupying dwellings; this is particularly true for those with no mortgage. RSL households are least likely to be under-occupied and private rented households are most likely to be overcrowded.

12.6 Household type analysis suggests that households with two or more adults and two or more children have the highest rates of overcrowding. Lone parent households display the lowest levels of under-occupation. Households containing two or more pensioners are most likely to be under-occupying.

12.7 The data also shows that special needs households are both less likely to be under-occupied and less likely to be overcrowded than non-special needs households.

12.8 The data shows that households containing no older persons are more likely to be overcrowded than other households.

Figure 12.1 Household characteristics and overcrowding/under-occupation



Source: North Norfolk 2006 Housing Needs Survey

12.9 In addition to the above figure it is of use to consider the household types and tenure of those households under-occupying. This will give some indication of the scope for measures to reduce under-occupancy (particularly in the social rented sector). The table below shows this analysis.

Table 12.2 Under-occupation by household type and tenure					
Household type	Tenure				
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	RSL	Private rented	Total
Single pensioner	3,079	81	320	125	3,605
2 or more pensioners	3,716	401	409	106	4,632
Single non-pensioner	730	552	104	367	1,753
2 or more adults, no children	4,244	3,453	216	585	8,498
Lone parent	0	48	15	87	150
2+ adults, 1 child	154	409	0	0	563
2+ adults, 2+ children	128	596	0	22	746
TOTAL	12,051	5,540	1,064	1,292	19,946

Source: North Norfolk 2006 Housing Needs Survey

12.10 The table shows that there are a significant number of pensioner households under-occupying in the owner-occupied (no mortgage) sector. Of all under-occupying households in the social rented sector, 68.5% contained pensioners only and very few contained children.

Income levels

12.11 The figure below shows the income levels of households who are overcrowded or under-occupied. The data shows that overcrowded households have the highest average household income (at £31,884). However if these figures are adjusted depending on the number of persons in the households this trend is reversed. Overcrowded households have an average income per person of only £6,772; this figure rises to £14,866 for households who are under-occupying.

Table 12.3 Overcrowding/under-occupancy and income			
Overcrowded/under-occupied	Average gross annual income	Average number of persons in households	Average income per person
Overcrowded	£31,884	4.7	£6,772
Neither overcrowded nor under-occupied	£20,449	2.4	£8,697
Under-occupied	£29,151	2.0	£14,866
TOTAL	£24,287	2.2	£11,063

Source: North Norfolk 2006 Housing Needs Survey

Moving intentions of under-occupying households

12.12 Finally this section looks at any moving intentions of overcrowded and under-occupied households. The table below shows the number and proportion of households in each group who need or expect to move home within the next two years.

12.13 The analysis suggests that overcrowded households are most likely to need/expect to move. In total an estimated 13.8% of overcrowded households need or expect to move within the next two years, this compares with 10.6% of households who currently under-occupy their dwelling, suggesting a similar propensity to move.

Table 12.4 Moving intentions of overcrowded and under-occupying households			
Overcrowded/under-occupied	Number need/expect to move	Total h'holds	% needing/ expecting to move
Overcrowded	36	260	13.8%
Neither overcrowded nor under-occupied	4,209	25,794	16.3%
Under-occupied	2,107	19,946	10.6%
TOTAL	6,352	46,000	13.8%

Source: North Norfolk 2006 Housing Needs Survey

Summary

12.14 This brief chapter looked at overcrowding and under-occupation. The results suggest that 0.6% of all households are overcrowded and 43.4% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; whilst the private rented sector has the highest level of overcrowding.

12.15 Overcrowded households tend to have low incomes (per person) than other households.

Glossary

[This Glossary aims to define terms used in the report. Where there is an existing definition (e.g. in Government Guidance) references is made to it. Otherwise the terms are defined simply in the way used in the report]

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

Affordable housing

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

Annual need

The combination of the net future need plus an allowance to deal progressively with part of the net current need.

Average

The term 'average' when used in this report is taken to be a mean value unless otherwise stated.

Balanced Housing Market model

A model developed by Fordham Research which examines the supply and demand for different types and sizes of housing across different areas and for specific groups.

Bedroom standard

The bedroom standard is that used by the General Household Survey, and is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents even though they may not be in use as such.

Concealed household

A household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing.

Current need

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

Demand

This refers to market demand. In principle anyone who has any financial capacity at all can 'demand' something, in other words want to acquire it and be prepared to pay for it. The question is whether they can pay enough actually to obtain it. Thus many households who are unable fully to afford market housing to buy do aspire to buy it. The word 'demand' is therefore used in two senses in this report:

> 'demand' when used in the general text refers to the ordinary understand of 'wanting' something that has a market price
>
> 'demand' when associated with numbers (as in the Balancing Housing Markets model) refers to expressed demand: the numbers of people who can actually afford the type of housing in question

In relation to (expressed) demand mention should be made of the private rented sector where typically there are not only households who can afford to rent at market prices, but also others who are unable to access affordable housing but who are able to access the private rented sector due to the subsidy of Housing Benefit. Such households do not have a demand in the sense used here, as they can only access the private rented sector with a subsidy.

Disaggregation

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the District.

Financial capacity

This is defined as household income+savings+equity (the value of the property owned by owner occupiers, typically the family home, net of mortgage. This provides an indication, when put on a capital basis, of the amount which the household could afford to pay for housing. Since equity is now a substantial part of the overall financial capacity of the large fraction of owner occupiers it is essential to use this measure rather than the old price/income ratio to measure the activity of a housing market.

Forecast

Either of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

Grossing-up

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

Headship rates

Measures the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

Household

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

Household formation

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs).

(A) household living within another household

Is a household living as part of another household of which they are neither the head or the partner of the head.

Households sharing

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this constitute 5 one-person households).

Housing demand

The quantity of housing that households are willing and able to buy or rent.

Housing Market Area

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay. In the local context the Council areas of Breckland, North Norfolk and North Norfolk have been designed as a housing market area, although sub-markets exist within this boundary.

Housing need

Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Housing Register

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing Registers, often called Waiting Lists, may include not only people with general needs but people with support needs or requiring access because of special circumstances, including homelessness.

Housing size

Measured in terms of the number of bedrooms, habitable rooms or floorspace. This guidance uses the number of bedrooms.

Housing type

Refers to the type of dwelling, for example, flat, house, specialist accommodation.

Income

Income means gross household income unless otherwise qualified

Intermediate Housing

PPS3 defines intermediate housing as 'housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'

Lending multiplier

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Lower quartile

The value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Market housing/low cost market housing

This is defined by CLG as anything not affordable. In the Housing Gaps Figure: anything above market entry. CLG has not defined 'low cost market' other than that it falls within the market range. Since this is very wide, it is not very helpful. The most useful kind of low cost market would be that which falls into the rent/buy gap on the Housing Gaps Figure. Shared ownership would provide a partial equity solution for those unable to afford second hand entry level purchase, for example.

Mean

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

Median

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

Migration

The movement of people between geographical areas primarily defined in this context as local authority Districts. The rate of migration is usually measured as an annual number of households, living in the District at a point in time, who are not resident in that District one year earlier.

Net need

The difference between need and the expected supply of available affordable housing units (e.g. from the re-letting of existing social rented dwellings).

Newly arising need

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

Non-self-contained accommodation

Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

Overcrowding

An overcrowded dwelling is one which is below the bedroom standard. (See 'Bedroom Standard' above).

Primary data

Information that is collected from a bespoke data collection exercise (e.g. surveys, focus groups or interviews) and analysed to produce a new set of findings.

Potential households

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head nor the partner of the head and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation rather than continuing to live with their 'host' household.

Projection

Either of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Random sample

A sample in which each member of the population has an equal chance of selection.

Relets

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

Rounding error

Totals in tables may differ by small amounts (typically one) due to the fact that fractions have been added together differently. Thus a table total may say 2011, and if the individual cell figures are added the total may come to 2012. This is quite normal and is a result of the computer additions made. Figures should never be taken to be absolutely accurate. No such state exists. The figures in this document are robust estimates not absolutely precise ones. The usual practice is to use the stated total (in the above case 201a) rather than the figure of 2012 to which the individual figures sum. That is because the total will have resulted from a rounding after all the fractions are taken fully into account.

Sample survey

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

Sampling frame

The complete list of addresses or other population units within the survey area which are the subject of the survey.

Secondary data

Existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared equity schemes

Provide housing that is available part to buy (usually at market value) and part to rent.

SHMA (Strategic Housing Market Assessment)

SHMA drives from government guidance suggesting that the 'evidence base' required for the good planning of an area should be the product of a process rather than a technical exercise.

Social rented housing

PPS3 defines social rented housing as 'rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime, the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'

Special Needs

Relating to people who have specific needs: such as those associated with a disability.

Stratified sample

A sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics based, for example, on sub-areas and applying a different sampling fraction to each sub-sector.

Specialised housing

Refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Under-occupation

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

Unsuitably housed households

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason

Definitions

ABI - Annual Business Inquiry
BME - Black and Minority Ethnic
CBL - Choice Based Lettings
CORE - The Continuous Recording System (Housing association and local authority lettings/new tenants)
DETR - Department of the Environment, Transport and the Regions
GIS - Geographical Information Systems
HMO - Households in Multiple Occupation
HSSA - The Housing Strategy Statistical Appendix
IMD - Indices of Multiple Deprivation
LA - Local Authority
LCHO - Low Cost Home Ownership
LDF - Local Development Framework
NeSS - Neighbourhood Statistics Service
NHSCR - National Health Service Central Register
NOMIS - National On-line Manpower Information System
NROSH - National Register of Social Housing
ODPM - Office of the Deputy Prime Minister
ONS - Office for National Statistics
PPS - Planning Policy Statement
RSL - Registered Social Landlord
RSR - Regulatory and Statistical Return (Housing Corporation)
RTB - Right to Buy
SEH - Survey of English Housing
TTWA - Travel to Work Area

Appendix A1 Affordable housing policy

A1.1 Planning Policy Statement 3 (PPS3) was published during the drafting process for the Housing Needs Assessment report. PPS3 contains a number of key features, and some of them have a direct impact on the work to be carried in this report. In this section some key features are summarised:

- A. In para 11 is listed a set of key concepts, of which one is *'evidence-based policy approach'*. This is new, in that it clearly requires policy approaches to be rooted in the sort of analysis undertaken in this report.

- B. In para 22 of the PPS a much more detailed specification is set out for what the evidence base produced should yield:

  'based on the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

  (i) the likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing

  (ii) The likely profile of household types requiring market housing e.g. multi-person, including families and children (x %), single persons (y %), couples (z %)

  (iii) The size and type of affordable housing required'

- C. The PPS is much more prescriptive on the detail of housing market demand, and on what developers should propose. In para 23 it says:

  'Developers should put forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to sustain mixed communities'.

- D. Under the heading of 'market housing' (not 'affordable housing') the PPS says (para 26):

  '*LPAs must plan for the full range of market housing. In particular, they should take account of the need to deliver low-cost market housing as part of the housing mix.'*

- E. Para 29 says, among other things, that there should be a general minimum threshold for affordable housing sites of 15, but that LPAs can set lower targets *'where viable and practicable'*.

A1.2 This amounts to a considerable improvement in the focus of the work carried out in this report but does not fundamentally alter the nature of the analysis undertaken. The only change is a policy one, in that a target for low cost market housing can now be set within the overall market housing allocation.

Appendix A2 Further property price information

Introduction

A2.1 This chapter provides further detail in support of the housing market analysis set out in Chapter 5. It contains information on prices obtained from the analysis of Land Registry property price data, and explains the methodology and approach used in our survey of local estate agents.

A2.2 The estate agent survey is a key step in assessing minimum and average property prices in North Norfolk but only provides limited information concerning price difference within the District, and does not shed light on the prices relative to other Local Authorities in the region.

A2.3 We can look at the wider context of prices in the surrounding areas, and also the differences between areas within North Norfolk, using information available from the Land Registry. This data is valuable in giving further background to the local housing market, although it does not displace the need for the estate agent information.

Reasons for housing market study

A2.4 The level of market prices and rents is a key factor in this study for two main reasons:

i) Market prices and rents indicate the cost of market housing in North Norfolk. A major reason for government interest in prices is to address the needs of households that cannot afford this cost. Hence the existence of social rented housing and shared ownership, which represent partial ownership. Thus it is important to establish the entry levels to both home ownership and private renting.

ii) The price/rent information indicates the contours of the housing market in North Norfolk. This is important for the Council when considering not only the level of subsidy required to produce new social rented and other non-market priced housing, but also the degree to which it should attempt to manage the new-build market in accordance with government guidance.

A2.5 This chapter is devoted to identifying the first of the above elements: the cost of housing.

Background to housing market analysis

A2.6 As a preliminary to the present phase of the work it is desirable to draw attention to some key features of housing markets:

i) **Housing markets are quite complex.** Housing markets can be defined, at the larger scale, by such features as journey to work areas. In the case of free-standing market towns these may appear as fairly neat circular areas. In most of Britain, however, the high density of population means that housing market areas overlap.

In the extreme case of London, its market area extends for some purposes as far away as York, Milton Keynes, Bristol and the South Coast. At the same time there are well defined market areas within London (east v west; north v south of the river).

ii) **Property prices vary within market areas.** Depending on the attractiveness of the area, property prices may vary considerably within a few miles or even, in large cities, within a few hundred yards. This is due to the history of the area and the nature of the housing stock. These variations are important from the point of view of housing cost analysis, which underpins the study of subsidised forms of housing. It is important to know what the entry level costs of housing are. These can only be established by close study of detailed local price variations.

iii) **New build is only a small fraction of the market.** In almost all parts of Britain, new build is a small fraction of the total housing market. The majority of all sales and lettings are second-hand. The important point to note in this is that second-hand housing is normally much cheaper than new build. Only at the luxury end of the market is this not true. Thus entry level housing will normally be second-hand.

A2.7 Although Government guidance refers to some forms of new build as 'affordable' very little new build is anything like as affordable as existing second-hand housing.

A2.8 These features of the housing market are worth bearing in mind when considering the detailed evidence produced in the following subsections of this chapter.

Government guidance on the study of housing markets

A2.9 The Guide makes several references to market studies:

CLG Guide	*'The relevance of data on private sector housing costs stems primarily from the role of such data in facilitating analyses of affordability, which are central to most local housing needs assessment models. The essential feature of such models is that they measure the extent to which a given group of households can afford to meet their housing needs through the private market. Generally, most attention is focused on the price of properties for sale. However, some models also take account of private sector rent levels'.* [Section 7.3 (page 94)] *'Typically, local authorities can draw on two or three sources of house price information. These include; direct contacts with local estate agents; county-wide monitoring by county councils; local or regional data available in published or unpublished form from the major national mortgage lenders (particularly Halifax and Nationwide); and data from the Land Registry'.* [Section 7.3 (page 95)] *'An alternative approach to defining current threshold prices is to derive appropriate figures in consultation with local estate agents. Although it appears more subjective, this latter approach has a number of advantages. Firstly, it enables properties in poor condition to be screened out. Secondly, it is better able to reflect the whole market rather than being limited to the market share of the mortgage lender concerned. Lastly and most importantly, the properties can be specified in terms of size and type, matched to particular household types'.* [Section 4.3 (page 58)]

A2.10 These extracts say, in summary:

i) Housing market information is essential to the assessment of affordability.

ii) There are various secondary and primary sources for such information.

iii) There are some advantages to the primary data route: obtaining information directly from estate agents, since that reflects the true entry cost of housing, and is not particular to one mortgage source.

A2.11 The best route to meeting these requirements is a combination of secondary data (the Land Registry, which covers all transactions) and estate agents survey.

A2.12 In keeping with comments above, we concentrate upon price variations rather than the study of the whole market. This is because in terms of affordability of local housing, the important factor is its price, not its location relative to wider housing markets.

The need for primary data

A2.13 There are four main reasons why Land Registry data cannot be used to calculate prices for use in the affordability model. These are:

i) The information can only usefully give a guide to average prices. For a Housing Needs Survey we take the view that it is necessary to estimate the minimum price for which dwellings in satisfactory condition are available.

ii) No information is available about the condition of the dwellings whose price is being obtained. Clearly a property which needs major repairs is unlikely to be suitable for a first-time buyer with a limited budget, even if the initial price is relatively low.

iii) A more serious limitation of this source is that records are kept by property type (i.e. detached, semi-detached, terraced, flat) and not in terms of the numbers of bedrooms. This information is, in our view, essential to provide an accurate assessment of need.

iv) The Land Registry data cannot produce information about rental levels, which again ought really to be considered in carrying out a satisfactory analysis of affordability. There may be a small, but significant, number of households who cannot afford to buy market housing but who could afford suitable private rented housing. The affordability of such households cannot be adequately considered using only sale price information.

A2.14 Despite these drawbacks the information available is certainly of interest to give some feel to the local context of property prices, and more specifically to provide comparison between prices in different areas.

Estate agents survey: Methodology

A2.15 The methodology employed to find purchase and rental prices takes the following steps:

i) We establish the names and telephone numbers of local estate agents. This includes well known national estate agents as well as those operating specifically in the local area (allowing for good comparative measures of smaller and larger agencies). The estate agents selected are intended to be those dealing primarily with housing at the lower end of the market (e.g. not specialist agencies dealing with up-market properties)

ii) These are then contacted by telephone and asked to give a brief overview of the housing market in the District - including highlighting areas of more and less expensive housing

iii) The questioning takes a very simple form (this tends to improve efficiency without jeopardising results - people often lose interest when asked a series of detailed questions and quality of response is diminished). All agents are asked 'in their opinion'

> *'What is the minimum and average price for a one bedroom dwelling in good condition (i.e. not needing any major repair) and with a reasonable supply (not one off properties occasionally coming onto the market)?'*

iv) This process is repeated for 2, 3 & 4 bedroom dwellings

v) The same questions are then asked about private rented accommodation

vi) Once several estate and letting agencies have been contacted, the results are tabulated and averages calculated to give an accurate estimation of minimum and average purchase and rental prices in the District. Any outlying values are removed from calculations.

vii) The estimated purchase and rental prices are then inserted into the analysis to estimate the numbers able to afford a dwelling depending on the minimum number of bedrooms that the household requires.

Land Registry data

A2.16 The Land Registry compiles information on all residential land transactions. Analysis of this data is made available for recent quarterly periods, for geographical areas including Council areas, and more highly disaggregated data postcode areas, and by four main dwelling types.

A2.17 This data is thus very versatile, and can potentially provide a valuable picture of housing market behaviour in quite specific detail. However, an eye needs to be kept on the size of sample when using disaggregated data for smaller areas and/or periods.

A2.18 We used the data to provide several useful views of the housing market in and around North Norfolk. These are considered below.

Comparing prices in neighbouring areas

A2.19 The Land Registry data can be used to show how prices in North Norfolk compared to those in nearby and adjoining local authority areas. The table below shows average sale prices for the Local Authorities adjoining North Norfolk (from the most recent quarter available from the Land Registry).

Table A2.1 Average property prices by Local Authority (2nd quarter 2006)
(number of sales in brackets)

Property type	Broadland	King's Lynn And West Norfolk	Breckland	Great Yarmouth	North Norfolk
Detached	£226,799 (331)	£218,716 (377)	£213,371 (425)	£178,934 (152)	£242,589 (277)
Semi–detached	£162,915 (283)	£144,735 (259)	£147,521 (253)	£140,669 (135)	£157,844 (154)
Terraced	£147,577 (132)	£121,922 (215)	£121,439 (195)	£104,566 (256)	£150,475 (134)
Flat/ maisonette	£117,053 (26)	£107,375 (83)	£95,448 (58)	£74,327 (34)	£126,798 (65)
Overall average	£186,138 (772)	£166,025 (934)	£168,874 (931)	£130,822 (577)	£190,334 (630)

Source: Land Registry (2006)

A2.20 The overall average price figures for each local authority show that there is a degree of variation amongst the prices in the area. North Norfolk displays the highest average price at £190,334.

Appendix A3 Supporting information

Non-response and missing data

A3.1 Missing data is a feature of all housing surveys: mainly due to a respondent's refusal to answer a particular question (e.g. income). For all missing data in the survey imputation procedures were applied. In general, throughout the survey the level of missing data was minimal. The main exception to this was in relation to financial information, where there was an appreciable (although typical) level of non-response.

A3.2 Non-response can cause a number of problems:

- The sample size is effectively reduced so that applying the calculated weight will not give estimates for the whole population
- Variables which are derived from the combination of a number of responses each of which may be affected by item non-response (e.g. collecting both respondent and their partners income separately) may exhibit high levels of non-response
- If the amount of non-response substantially varies across sub-groups of the population this may lead to a bias of the results

A3.3 To overcome these problems missing data was 'imputed'. Imputation involves substituting for the missing value, a value given by a suitably defined 'similar' household, where the definition of similar varies depending on the actual item being imputed.

A3.4 The specific method used was to divide the sample into sub-groups based on relevant characteristics and then 'Probability Match' where a value selected from those with a similar predicted value was imputed. The main sub-groups used were tenure, location, household size and age of respondent.

Weighting data

A3.5 The survey data was weighted to estimated profiles of households based on various secondary sources of information. The tables below show the final estimates of the number of households in each group (for seven different variables) along with the number of actual survey responses (data for tenure can be found in Chapter 2). Although in some cases it is clear that the proportion of survey responses is close to the 'expected' situation there are others where it is clear that the weighting of data was necessary to ensure that the results as presented are reflective of the household population of North Norfolk.

Table A3.1 Accommodation type profile				
Accommodation type	Estimated households	% of households	Number of returns	% of returns
Detached house/bungalow	21,236	46.2%	762	49.2%
Semi-detached house/bungalow	13,394	29.1%	414	26.7%
Terraced house/bungalow	7,263	15.8%	205	13.2%
Flat	4,107	8.9%	167	10.8%
TOTAL	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Table A3.2 Car ownership				
Cars owned	Estimated households	% of households	Number of returns	% of returns
None	8,306	18.1%	235	15.2%
One	22,661	49.3%	769	49.7%
Two	11,839	25.7%	434	28.0%
Three or more	3,194	6.9%	110	7.1%
TOTAL	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Table A3.3 Household type profile				
Household type	Estimated households	% of households	Number of returns	% of returns
Single pensioner	8,516	18.5%	308	19.9%
2 or more pensioners	7,664	16.7%	339	21.9%
Single non-pensioner	5,153	11.2%	165	10.7%
Other households	24,667	53.6%	736	47.5%
TOTAL	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Table A3.4 Sub-area profile				
Sub-area	Estimated households	% of households	Number of returns	% of returns
Stalham	1,300	2.8%	117	7.6%
North Walsham	5,547	12.1%	161	10.4%
Cromer	3,880	8.4%	155	10.0%
Sheringham	3,525	7.7%	159	10.3%
Holt	1,764	3.8%	112	7.2%
Fakenham	3,481	7.6%	134	8.7%
Wells-next-the-Sea	1,182	2.6%	107	6.9%
Norfolk Coast	6,831	14.9%	183	11.8%
Eastern Rural	11,385	24.8%	221	14.3%
Western Rural	7,104	15.4%	199	12.9%
Total	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Table A3.5 Household size				
Number of people in household	Estimated households	% of households	Number of returns	% of returns
One	13,669	29.7%	473	30.6%
Two	19,390	42.2%	726	46.9%
Three	5,992	13.0%	154	9.9%
Four	4,815	10.5%	135	8.7%
Five	1,635	3.6%	49	3.2%
Six or more	498	1.1%	11	0.7%
TOTAL	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Table A3.6 Council tax band				
Council tax band	Estimated households	% of households	Number of returns	% of returns
A	8,811	19.2%	266	17.2%
B	11,145	24.2%	396	25.6%
C	8,892	19.3%	310	20.0%
D	6,827	14.8%	288	18.6%
E or lower	10,326	22.4%	288	18.6%
TOTAL	46,000	100.0%	1,548	100.0%

Source: North Norfolk 2006 Housing Needs Survey

Appendix A4 Survey questionnaire