



Strategic Housing Market Assessment - UPDATE

June 2014

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1. Introduction

Summary

- i. This study provides an update of the original SHMA undertaken in King's Lynn & West Norfolk in 2006 (finalised in 2007). It is required because the economic downturn has had a significant impact on housing and planning objectives and new National Planning policy has recently been published. In addition the Coalition Government have made a range of changes to the housing sector, including the introduction of Affordable Rent - the scope of which needs to be established. The report will assess the local impact and the appropriate response within the current market conditions and new policy landscape.
- ii. The study will meet the requirements of paragraph 159 of the National Planning Policy framework and adhere to the approach set out in the Strategic Housing Market Assessment – Practice Guidance.

Purpose

- 1.1 A Strategic Housing Market Assessment (SHMA) was originally published for King's Lynn & West Norfolk (in collaboration with Breckland and North Norfolk Councils) in April 2007 based on data collected in September and October 2006. This SHMA robustly examined the local housing market, identifying both the level of housing need and the nature of housing demand in the Borough and suggested an appropriate policy response. The report met the requirements of Planning Policy Statement 3 (PPS3) and also Planning Policy Statement 12 (PPS12).
- 1.2 New National Planning Policy was published in March 2012 setting out slightly altered requirements of an SHMA. This, allied to the age of the existing SHMA, prompted the Council to commission this new report. In addition, the economic downturn has caused a notable change in market conditions since the publication of the previous SHMA report which means it is useful to re-assess its findings.
- 1.3 This new SHMA report is also timely because the Coalition Government have made a range of changes to the housing sector since the previous SHMA. The most notable for the purposes of this study is Affordable Rent. This new social tenure is the main object of planned future housing investment by the HCA (Homes and Communities Agency) so this report will establish its potential in King's Lynn & West Norfolk. The impact of other changes, including the new LHA (Local Housing Allowance) cap, will also be comprehensively addressed in this report. The implications of the Montague Review will also be considered.
- 1.4 This SHMA report will assess the appropriate response within the current market conditions and new policy landscape. This is done by direct examination of the secondary data and



through analysis of an updated household survey dataset. The new dataset is created by applying the secondary data changes recorded to the existing primary data. This report will present the results in accordance with the latest Government guidance.

Government guidance

- 1.5 National Planning Policy is now the National Planning Policy framework (NPPF). Paragraph 159 of the NPPF (March 2012) sets out the role of this SHMA.

Local planning authorities should have a clear understanding of housing requirements in their area. They should:

- *Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:*

- *meets household and population projections, taking account of migration and demographic change*

- *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and*

- *caters for housing demand and the scale of housing supply necessary to meet this demand (para 28)*

- 1.6 Whilst the NPPF outlines how an SHMA fits into the wider housing policy framework, the detailed Practice Guidance (Strategic Housing Market Assessment Practice Guidance, August 2007) provides an indication as to how an SHMA should be undertaken and what topics should be covered. The Practice Guidance provides details about the whole process of conducting a SHMA and, importantly, sets out a comprehensive model for the assessment of affordable housing need.
- 1.7 Towards the end of process of producing this SHMA update the National Planning Practice Guidance (NPPG) was published (March 2014). This includes new guidance on the preparation of a SHMA. This update is consistent with the NPPG.

Study area

- 1.8 This study concentrates on the housing market within King's Lynn & West Norfolk Borough. Whilst the administrative boundary is not completely contiguous with the boundary of the housing markets in action in the area, the overlap with other areas is minimal (mainly Wisbeach to the West and Swaffham and Fakenham to the East) and the self-containment level for the Borough of over 70% recorded in the most recent detailed travel-to-work and migration data available suggests it is appropriate to characterise the Borough as a housing market. Although the 2011 Census results on migration and travel-to-work to be published in the Autumn of 2014 will provide updated data on the level of self-containment, the views of local estate and letting agents (set out in more detail in chapter 5 of the report) indicate that the housing market boundary has not altered markedly. Figure 1.1 shows the Borough of King's Lynn & West Norfolk and the neighbourhoods within it.

Report coverage

1.9 The previous SHMA presented a large range of data on the housing market and related subjects, whereas, in accordance with the brief provided by the Council, this SHMA report will be focused on the areas of interest to the Council and the consequences of the planning and housing reforms. This report is therefore limited to:

- Examination of the latest data on the labour market and the resident population.
- A profile of the housing stock in King's Lynn & West Norfolk and the changes that have occurred to it, including the notable growth of the private rented sector which is examined in more detail.
- Analysis of the current local housing market, the demand for different types of housing and the cost of accommodation in the Borough.
- Consideration of the current financial capacity of households and their ability to afford market housing.
- Production of outputs for the housing needs assessment model in accordance with the Practice Guidance approach, including the extent of housing need within specific groups of the population.
- Examination of the potential Intermediate Rent to meet housing need and an assessment of what level it should be most suitably set at.
- Production of an analysis of the entire housing market within the balancing housing markets model, which will identify the amount and nature of housing required in King's Lynn & West Norfolk. The model also examines the requirement for specific accommodation to ensure the aging population is suitably accommodated.
- A summary of the policy implications these findings within the requirements of NPPF.

Figure 1.1 King's Lynn & West Norfolk Borough

WEST NORFOLK NEIGHBOURHOODS

Ref	Ward
1	Airfield
2	Burnham
3	Clenchwarton
4	Denton
5	Hilgay with Denver
6	Dersingham
7	Docking
8	Downham Old Town
9	East Downham
10	Emneth with Outwell
11	Fairstead
12	Gayton
13	Gaywood Chase
14	Gaywood North Bank
15	Grimston
16	Heacham
17	Hunstanton
18	Mershe Lande
19	Brancaster
20	North Downham
21	North Lynn
22	North Wootton
23	Old Gaywood
24	Rudham
25	St Lawrence
26	St Margarets with St Nicholas
27	Snettisham
28	South and West Lynn
29	South Downham
30	South Wootton
31	Spellowfields
32	Springwood
33	Priory
34	Upwell and Delph
35	Valley Hill
36	Walpole
37	Walton
38	Watlington
39	West Winch
40	Wiggenhall
41	Wimbotsham with Fincham
42	Wissey



Dotted lines indicate Parish Boundries.

Neighbourhood	Wards	2004 Population	Colour
Hunstanton & Burnham Neighbourhood	7	26,252	Blue
Dersingham & Gayton Neighbourhood	5	11,015	Green
Terrington Neighbourhood	7	18,361	Red
The Woottons	2	6,474	Lime
King's Lynn North	2	9,513	Cyan
Gaywood, Fairstead and Reffley	5	21,151	Pink
South & West Lynn	1	4,178	Yellow
Watlington Neighbourhood	5	16,591	Purple
Downham Market Neighbourhood	8	26,405	Mustard
	42	139,940	



Source: King's Lynn & West Norfolk Borough Council

2. Methodology

Summary

- i. The analysis of the local housing market presented in the original report was based on a household survey of 1,538 households in King's Lynn & West Norfolk. For the purpose of this report, this household dataset has been updated through two processes: re-weighting the data and updating the financial profile. This provides an accurate profile of all households in King's Lynn & West Norfolk as of January 2013.

Introduction

- 2.1 In addition to documenting the changes that have been recorded in King's Lynn & West Norfolk since the 2007 SHMA, a new analysis of the housing market has been facilitated by the creation of an updated household dataset.
- 2.2 A household survey was completed across King's Lynn & West Norfolk Borough in September and October 2006 using postal questionnaires. The survey was drawn, at random, from the Council Tax Register covering all areas and tenure groups in King's Lynn & West Norfolk Borough. A total sample of 1,538 was achieved.
- 2.3 The primary data has been updated using two measures – re-weighting the data to take account of the latest information on the structure of households in King's Lynn & West Norfolk Borough and updating the financial profile of households to reflect the changes recorded since the previous SHMA. This chapter will describe the approach used for these two processes.

Re-weighting the dataset

- 2.4 The previous SHMA estimated that there were a total of 63,350 households in King's Lynn & West Norfolk as of late-2006. This figure was largely derived from the Council's 2006 HSSA return, the Council Tax register and the 2001 Census. The publication of the initial 2011 Census results have shown that household growth since the previous Census has been much lower than was indicated by all of the household estimates published between 2001 and 2011 and that across the country the number of households resident is notably lower than had been projected¹.
- 2.5 Using the 2011 Census household total for King's Lynn & West Norfolk and uplifting it by the change indicated for the Borough in the latest household projections (adjusted to reflect that

¹ Across England the number of households recorded by the 2011 Census is 350,000 lower than the 2008-based household projections indicated for 2011.

household growth has been slower than projections have previously suggested), it is estimated that the household population in King's Lynn & West Norfolk at January 2013, the base date of this SHMA report, is 63,880. The dataset has therefore been reweighted to this total.

- 2.6 The data also has to be weighted by a number of variables so that the profile is representative of the characteristics of the household population. The variables used to weight the data are listed below.

Tenure	Council Tax Band
Household type	Car ownership
Age of resident population	Accommodation type
Employment profile of resident population	Number of bedrooms
Sub-area	

- 2.7 Table 2.1 shows an estimate of the current tenure split in King's Lynn & West Norfolk Borough along with the tenure distribution recorded in the previous SHMA report. The data shows that 68.7% of households are owner-occupiers with 14.6% in the social rented sector and 16.7% resident in private rented accommodation.

Tenure	2013		2006	
	Total number of households	% of households	Total number of households	% of households
Owner-occupied (no mortgage)	25,213	39.5%	24,483	38.6%
Owner-occupied (with mortgage)	18,641	29.2%	22,819	36.0%
Social rented	9,331	14.6%	8,731	13.8%
Private rented	10,694	16.7%	7,317	11.6%
Total	63,880	100.0%	63,350	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 2.8 In comparison with 2006, the proportion of households in the private rented sector has increased notably from 11.6% to 16.7%. The proportion of owner-occupiers with a mortgage has decreased markedly (from 36.0% to 29.2%), while the proportion of households owning their house outright has increased slightly (38.6% to 39.5%) as has the proportion of social rented households (13.8% to 14.6%).

Updating the financial profile

- 2.9 As the original survey data has to be updated from its late-2006 base, it has been necessary to make an estimate of the likely change in income levels since this time (and indeed changes in savings and equity). The principle of updating the financial profile is not to update the situation of the particular household that responded to the initial questionnaire, but to present an accurate representation for an equivalent household that exists currently.



Households' financial information was updated via an indexing approach, as there are time-series secondary data available at a local level that record changes in the relevant variables. A separate method was used for the three variables that were updated – income, savings and equity.

- 2.10 The Annual Survey of Hours and Earnings (ASHE) was used to update the earned income of households with an employed member. The change recorded by ASHE over the last six and a quarter years was applied to the dataset to generate a profile for January 2013. As ASHE provides values at a range of points on the earnings distribution, it is possible to update income depending on the change recorded for the particular quartile the original household income of 2006 was in.
- 2.11 Since 2006 lower quartile incomes were estimated to have increased by 6.7%, median incomes have increased by 23.3% and upper quartile incomes have grown by 21.6%. These increases have been applied to the survey data to bring it up to a January 2013 base. Whilst these increases may appear large in the current economic climate, the ASHE data shows that the majority of the rise occurred between 2006 and 2009, before earnings fell in 2010 and then recovered to 2009 levels by 2012. The incomes of retired households were assumed to increase with inflation (Consumer Price index, CPI), while the income of benefit dependent households was assumed to follow the trend in overall spending on non-housing related benefits (excluding those benefits not linked to unemployment) per claimant in King's Lynn & West Norfolk.
- 2.12 In the absence of any secondary data on the average level of savings in the UK, savings were updated according to inflation (CPI). This indicated an increase of 21.4% over the last six and a quarter years. This increase has been applied to the survey data to bring it up to a January 2013 base. Whilst this increase may appear large, analysis by the Office of National Statistics (ONS) on the proportion of income that households use for savings indicates that households are saving over two times as much of their income (proportionally) in the last two years than they were in the two years prior to the previous study (2006) .
- 2.13 For affordability purposes it is also important to consider changes in household equity. The Land Registry provides the best source of information on the value of property at a local level, with data on the price of all home sales for every quarter of the year. Analysis of Land Registry data suggests that overall, median house prices within King's Lynn & West Norfolk have increased by 4.9% over the past six and a quarter years. As the Land Registry presents data for a range of points on the price distribution, it is possible to update the value of owner-occupied homes by the change in prices recorded for the appropriate price level.
- 2.14 These figures have been applied to survey data about property values – this in turn has enabled us to make an estimate of likely equity levels. For example, a household living in a house worth £100,000 and with £50,000 of equity (in 2006) would now be assumed to be living in a house worth £104,900 and with £52,450 of equity.



3. Socio-economic profile

Summary

- i. Various secondary data sources were reviewed as part of the updating process. The recent Census indicates that in 2011 the population of the Borough was 147,451 and that since 2001 the population has increased by 8.9%. The size of the household population, has increased at a slower rate between 2001 and 2011 (8.0%).
- ii. King's Lynn & West Norfolk contains a lower proportion of the population that are working age than is found regionally and nationally, principally because there is a larger than average proportion of people of pensionable age in the Borough. The Black, Asian and Minority Ethnic population of King's Lynn & West Norfolk Borough is just 2.8% of the total population.
- iii. There has been a notable growth in part-time employment in King's Lynn & West Norfolk over the last ten years, whilst the number of people in full-time employment has risen more modestly.
- iv. King's Lynn & West Norfolk continues to have the capacity to undergo continued economic growth, with the proportion of economically active residents that are unemployed having increased from 1.9% at the time of the previous SHMA to 3.2% currently, however unemployment in the Borough has stabilised over the last 12 months.
- v. King's Lynn & West Norfolk contains proportionally fewer residents working in managerial jobs than is found regionally and nationally. The Borough also contains a higher than average level of working-age residents without any qualifications.
- vi. The mean earned income for employees in King's Lynn & West Norfolk in 2012 is £26,437, lower than the equivalent figures for the East region and England.

Introduction

- 3.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. The most recent data available on these topics at the time of the 2007 report was generally from 2005. This chapter uses information that has been published since to document the current socio-economic profile in King's Lynn & West

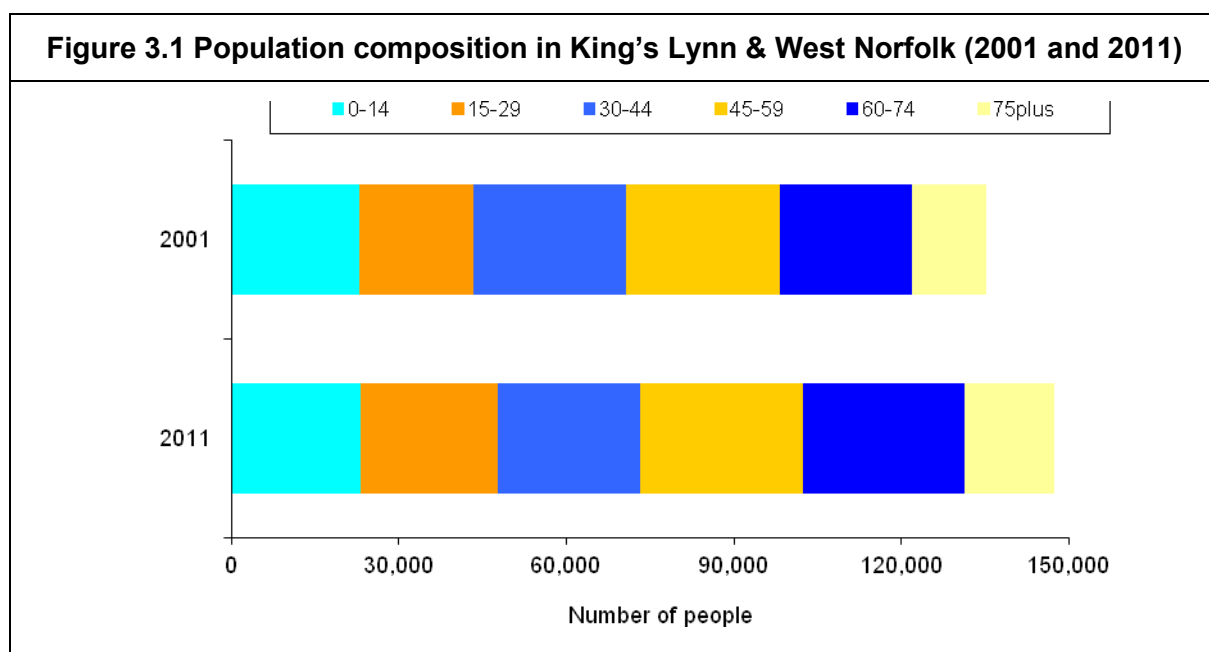
Norfolk and how it has changed. The information presented compares the circumstances in the Borough to the regional and national situation where possible.

Demography

- 3.2 The 2007 report described the nature of the population in King's Lynn & West Norfolk Borough using the latest information available at the time, principally the ONS 2003 mid-year population estimates. The recently released 2011 Census data provides a comprehensive profile of the population of King's Lynn & West Norfolk and how it has changed since the previous Census.

Population

- 3.3 The Census indicates that the resident population in King's Lynn & West Norfolk in 2011 was 147,451 and that since 2001 the population had increased by 8.9%, over 12,000 people. In comparison the population of the East region increased by 7.9% between the 2001 and 2011 Census, whilst the population of England increased by 8.9%. Figure 3.1 illustrates the age composition of the population in King's Lynn & West Norfolk in 2001 and 2011 according to the Census. It shows that since 2001 the number of people aged 60 or over has markedly increased as has population of the Borough aged 15 to 29. In contrast the number of people aged between 30-44 has decreased notably.



Source: 2001 & 2011 Census

- 3.4 The 2011 Census figures also indicate that King's Lynn & West Norfolk contains a lower proportion of the population that are of working age than is found regionally and nationally: 60.2% in King's Lynn & West Norfolk compared to 63.5% in the East region and 64.8% across England. This is principally because there are a larger than average proportion of people of pensionable age in the Borough (23.0% in King's Lynn & West Norfolk compared to 17.5% in the East region and 16.3% in England).

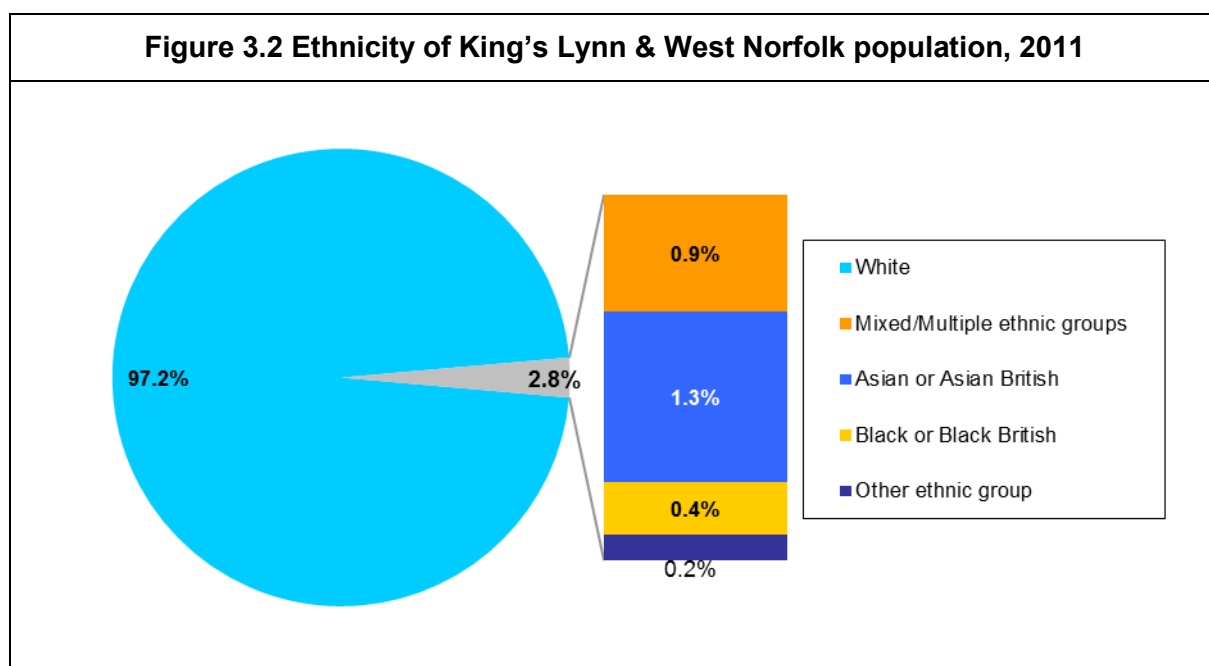
3.5 The 2011 Census indicates that the population density in King's Lynn & West Norfolk is 103 people per km², an increase from 95 people per km² in 2001. The 2011 figure for England is 407 people per km². The figure for the East region is not currently available.

3.6 Some 21.3% of the resident population in King's Lynn & West Norfolk have a long-term health problem or disability, compared to 16.7% of residents in the East region and 17.6% of people across England. This reflects the older than average profile of the population.

Ethnicity

3.7 According to the 2011 Census, the proportion of Black, Asian and Minority Ethnic (BAME) (non-White) groups in King's Lynn & West Norfolk Borough was 1.3%, lower than the figure recorded for the East region (4.9%) and the national average (9.1%). The 2011 Census suggests that the BAME population of King's Lynn & West Norfolk Borough has increased to 2.8% of the total population, but remains notably smaller than the regional and national figures (9.1% in the East and 14.5% in England). This amounts to an increase of around 2,200 people (an increase of 122.7%) in BAME groups between 2001 and 2011.

3.8 Figure 3.2 presents the ethnicity of the population in the Borough in 2011. The 'Asian or Asian British' represents the largest BAME group in King's Lynn & West Norfolk Borough (1.3% of total population).

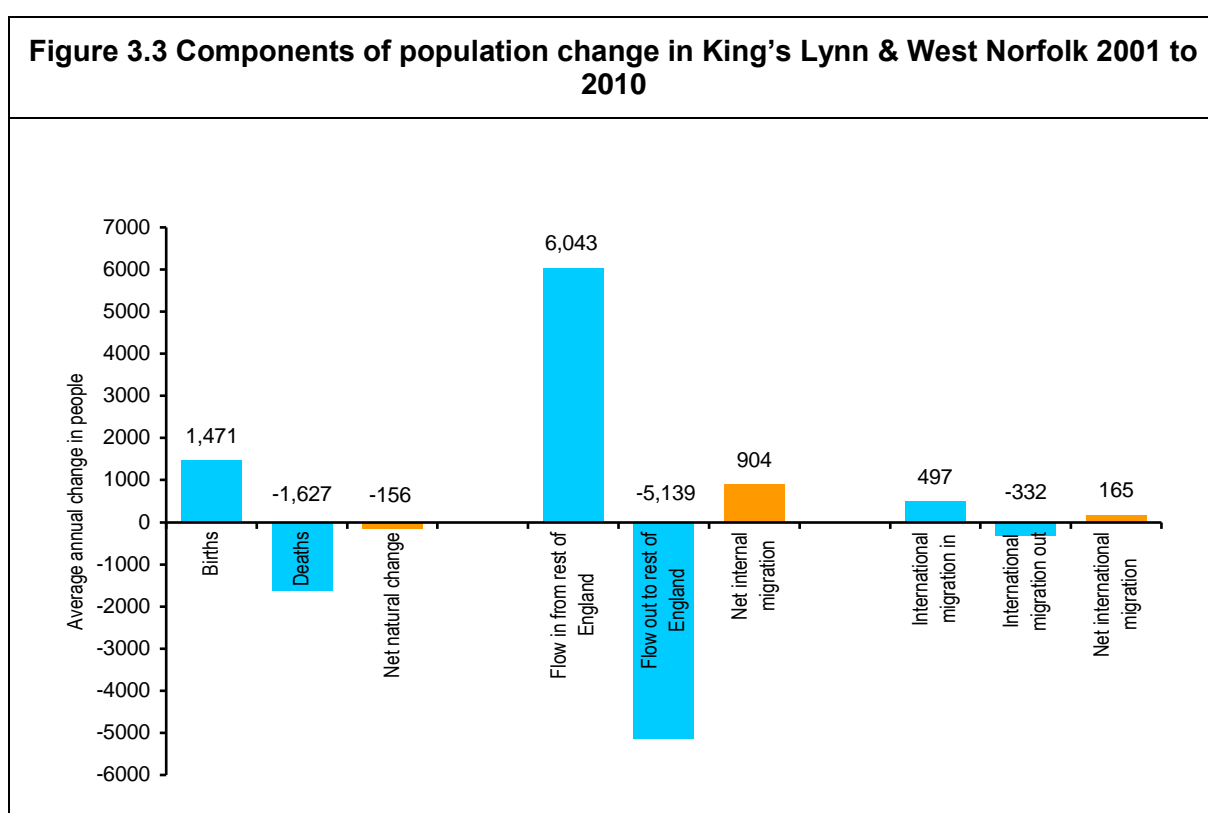


Source: 2011 Census

3.9 The biggest change to the ethnicity of the population between the two Census has been the increase in the 'White Other' population. In 2001 just 2.1% of the population were classified as 'White Other', whereas in 2011 this had risen to 4.5%. This amounts to an increase of around 3,800 'White Other' people (an increase of 136.1%) between 2001 and 2011. This reflects the significant in-migration of East Europeans to the Borough, that have moved to work in the local area.



- 3.10 The Census reveals that just 1.2% of the population of King's Lynn & West Norfolk in 2011 had been resident in the UK for less than two years, compared to 1.5% in the East region and 1.8% across England. The overwhelming majority of the population of the Borough have resided in the UK for over 5 years (including those born in the UK); 97.1% in King's Lynn & West Norfolk compared to 96.7% in the East and 96.0% in England.
- 3.11 Figure 3.3 presents further detail on the components of population change in King's Lynn & West Norfolk between 2001 and 2010. It indicates that an average of 6,043 people moved into the Borough each year from elsewhere in England, whilst 5,139 people moved from King's Lynn & West Norfolk to elsewhere in the country. This equates to a net growth of 904 people per year from internal migration. The Figure shows that net internal migration was the largest component of population growth followed by net international migration. The net natural change from the existing population was negative.



Source: ONS components of change for England and Wales - annual tables for 1991-2 to 2009-10

Number of households

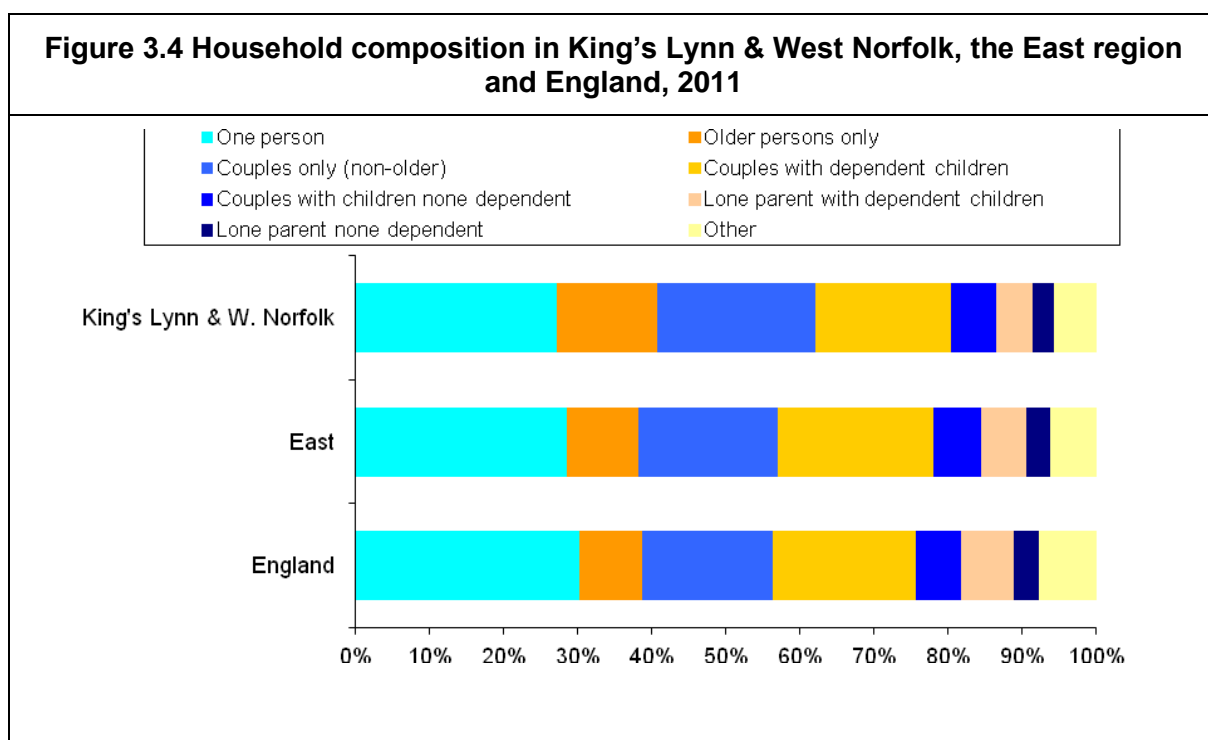
- 3.12 The 2011 Census revealed that the household population in King's Lynn & West Norfolk has increased by 8.0% since 2001, a slower rate than regionally (8.6%) but higher than the national figure (7.9%). As the population has increased at a faster rate than the number of resident households between 2001 and 2011, this implies that the average size of households in King's Lynn & West Norfolk is increasing as is illustrated in Table 3.1. This is notably different to the gradual reduction in household size that had been projected as occurring over the last decade.

Table 3.1 Change in average household size, 2001 to 2011		
	2001	2011
Population	135,345	147,451
Households	58,338	62,977
Average household size	2.32	2.34

Source: 2001 & 2011 Census

3.13 It is interesting to note that this average household size of 2.34 compares to an average of 2.8 bedrooms per household in the Borough according to the 2011 Census. The 2011 Census also indicates that 2.8% of households in King's Lynn & West Norfolk had fewer bedrooms than they required (compared to 3.6% across the East region and 4.8% nationally), whilst 77.0% have at least one bedroom more than they require (as opposed to 72.2% in the East and 68.7% across England).

3.14 Figure 3.4 compares the household composition in King's Lynn & West Norfolk in 2011 with that recorded for the East region and England. The data indicates that older persons only households constitute 13.5% of all households in the Borough compared to 9.6% in the region and 8.4% nationally. The Figure also shows that over a quarter (27.2%) of households in King's Lynn & West Norfolk contain only one person, lower than the regional and national figures.



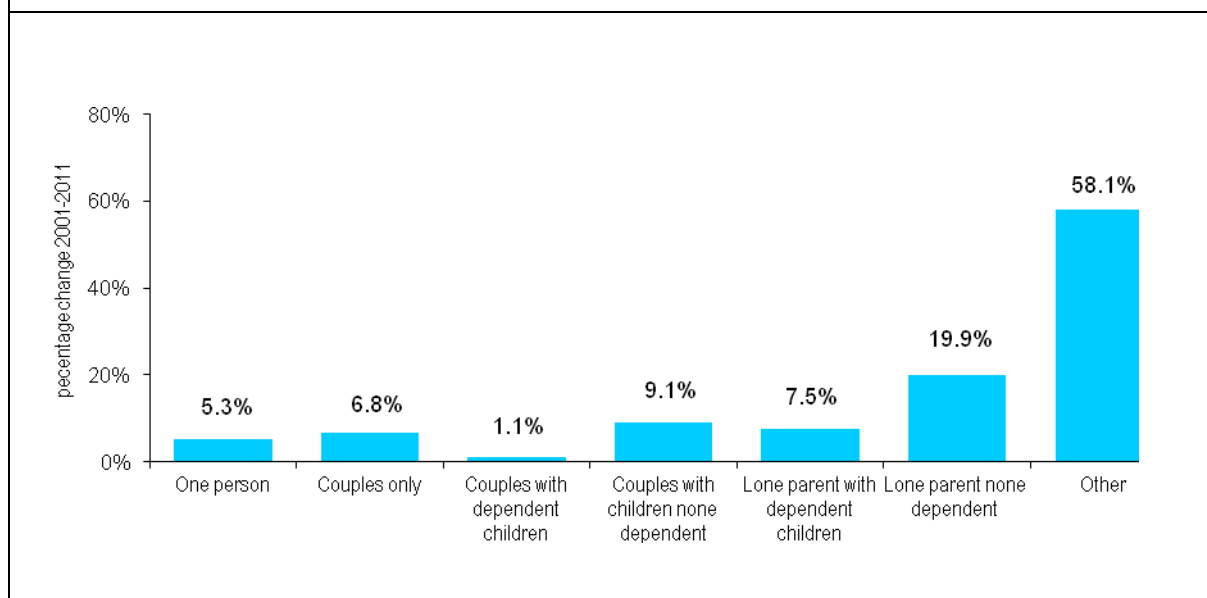
Source: 2011 Census

3.16 Figure 3.5 shows the change recorded between the 2001 and 2011 Census for the different household groups in King's Lynn & West Norfolk. The figure shows that 'other' households have increased the most (although from a very low base), followed by lone parent



households with no dependent children. Other household groups include multi-generational families, but mainly households containing non family members, such as households sharing. It is interesting to note that couples with only non-dependent children have increased at a far greater rate than couples with dependent children. This suggests that household formation rates amongst young adults may have reduced.

Figure 3.5 Change in household types resident in King's Lynn & West Norfolk 2001 to 2011



Source: 2001 & 2011 Census

- 3.17 Table 3.2 shows the distribution of households in King's Lynn & West Norfolk across Experian's Mosaic Public Sector citizen classification as recorded in 2011. The equivalent information is presented for Norfolk as a whole for comparison. The table shows that the biggest groups within King's Lynn & West Norfolk are 'residents of small and mid-sized towns with strong local roots' and 'active elderly people living in pleasant retirement locations'. Compared to the County-wide figures, there is a relatively small number of 'young, well-educated city dwellers' and 'residents with sufficient incomes in right-to-buy social houses'.

<i>Classification</i>	<i>King's Lynn & West Norfolk</i>	<i>Norfolk</i>
Group A: Residents of isolated rural communities	14.1%	11.7%
Group B: Residents of small and mid-sized towns with strong local roots	26.5%	22.8%
Group C: Wealthy people living in the most sought after neighbourhoods	0.1%	0.5%
Group D: Successful professionals living in suburban or semi-rural homes	4.7%	6.0%
Group E: Middle income families living in moderate suburban semis	3.2%	4.4%
Group F: Couples with young children in comfortable modern housing	2.9%	3.4%
Group G: Young, well-educated city dwellers	1.9%	5.1%
Group H: Couples and young singles in small modern starter homes	3.6%	4.1%
Group I: Lower income workers in urban terraces in often diverse areas	3.3%	4.3%
Group J: Owner occupiers in older-style housing in ex-industrial areas	5.6%	6.8%
Group K: Residents with sufficient incomes in right-to-buy social houses	3.3%	5.8%
Group L: Active elderly people living in pleasant retirement locations	19.2%	12.8%
Group M: Elderly people reliant on state support	5.5%	6.5%
Group N: Young people renting flats in high density social housing	1.4%	2.6%
Group O: Families in low-rise social housing with high levels of benefit need	4.9%	3.4%
Group U: Unclassified	0.0%	0.0%
Total	100.0%	100.0%

Source: Experian; via Norfolk Insight, 2011

Economy

- 3.18 Chapter 9 of the main 2007 SHMA report considered the economic context in King's Lynn & West Norfolk. It recorded a relatively low-skilled resident workforce which earn below average incomes. Considerable data has been published since, which enables a detailed profile of the current local economy to be presented.

Employment in King's Lynn & West Norfolk Borough

- 3.19 The latest data available on the economy in King's Lynn & West Norfolk indicates that there is notable capacity to undergo growth. NOMIS² data on 'job density' (this is a measure of the number of jobs per person of working age) for 2010 shows that there are 0.76 jobs per working age person in the Borough. This is slightly higher than the East region (0.75) but lower than England as a whole (0.78). The figure of 0.76 represents an increase from the 0.71 recorded in 2006 before the start of the economic downturn.
- 3.20 Measured by the Annual Business Inquiry (ABI) there were 50,300 employee jobs in King's Lynn & West Norfolk in 2008. This is a 2.0% increase on the level recorded before the economic downturn (in 2006). This increase recorded for the Borough compares to an

² NOMIS is a website provided by the Office of National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk

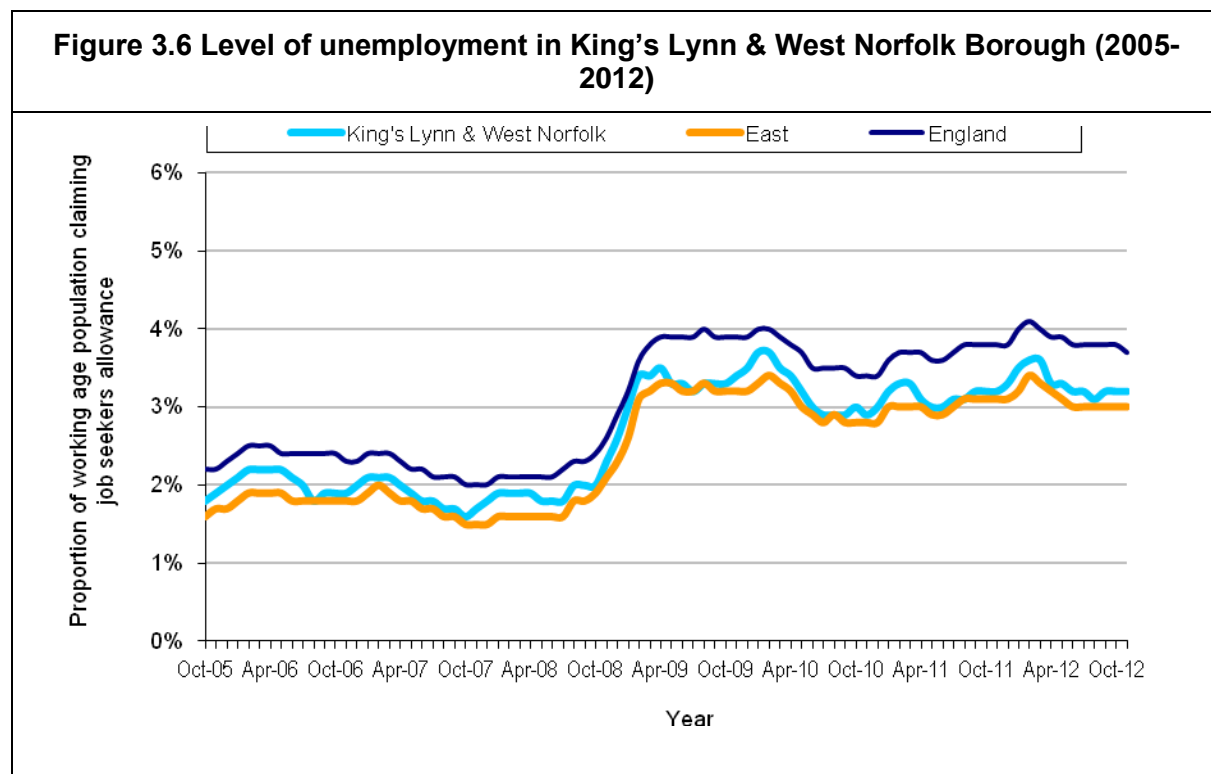
increase of 0.5% for the region and an increase of 1.2% nationally over the same time period. The East of England Forecasting Model, produced by Oxford Economics in August 2013 to model the employment and housing requirements of all authorities in the East of England up to 2031, estimates that the number of employee jobs in 2008 in King's Lynn & West Norfolk was 51,500 and that this dropped through to 2012 (to 49,800).

- 3.21 Data is also available from the ONS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 3.22 ONS indicates that the number of VAT registered businesses at the end of 2010 in the Borough was 4,820; this is a similar level to that recorded in 2006 before the economic downturn, but represents a decrease from the high of 5,035 businesses recorded in 2008. It is worth noting that the number of enterprises that have closed in King's Lynn & West Norfolk has exceeded the number that have opened for the three most recent years (2008-2010) with the opposite true for the four years up to (and including) 2007.

Employment profile of residents in the Borough

- 3.23 Although the overall economic performance of King's Lynn & West Norfolk provides important context, an understanding of the affect of the economic climate on the resident population is more crucial to this study.
- 3.24 The Census provides an overview of the employment situation in King's Lynn & West Norfolk in 2011. It shows that of all residents in work (excluding those that are also students), 16.8% are self-employed, with 59.5% full-time employees and 23.7% part-time employees. The levels of part-time employment and self-employment are above both the regional (16.2% and 22.1% respectively) and national averages (15.7% and 22.1%). Since the 2001 Census the number of part-time employees in King's Lynn & West Norfolk has increased by 25.5%, whilst the number of full-time employees has risen by 6.1%. The number of self-employed residents has increased by 16.0%. Overall there were 65,459 residents working in King's Lynn & West Norfolk at the time of the Census (excluding full-time students also working).
- 3.25 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a very up-to-date measure of the level of unemployment of residents in an area. Figure 3.6 shows the change in the proportion of the working age population claiming Job Seekers Allowance in King's Lynn & West Norfolk since January 2007. The Figure indicates that the King's Lynn & West Norfolk unemployment level has been similar to the level for the East region but below the national average. All three areas experienced a substantial increase in Job Seekers Allowance claimants in the autumn of 2008 due to the economic downturn.
- 3.26 In the six years since the last SHMA report, unemployment in King's Lynn & West Norfolk has increased by 69.6% (as opposed to 85.9% regionally and 74.4% nationally). However, whilst unemployment has decreased in the last twelve months in the East region (by 3.3%)

and England as a whole (by 1.9%), in King's Lynn & West Norfolk it recorded a slight increase (0.7%).



- 3.27 It is worth noting that King's Lynn & West Norfolk has a relatively large proportion of young people unemployed; 8.7% of 18 to 24 year olds in the Borough are unemployed compared to 6.0% at the regional level and 6.9% nationally. The level of long-term unemployed residents (more than 12 months unemployed) however is at an average level (0.9% of the working age population, compared to 0.8% in the East region and 1.0% for England).
- 3.28 The Census presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As Table 3.3 illustrates, some 33.3% of employed residents in King's Lynn & West Norfolk work in groups 1 to 3, and this is considerably lower than the equivalent figure for both the East region and England. King's Lynn & West Norfolk has a notably larger proportion of the workforce in the other occupation groups than is found regionally and nationally.
- 3.29 The Table also shows that since the 2001 Census there has been a considerable increase in the number of people resident in King's Lynn & West Norfolk Borough employed within groups 6 to 7 and a smaller increase in the number employed within groups 1 to 3.
- 3.30 The Annual Population Survey also publishes estimates for the number of working residents in each of these nine groups. The final column in the table shows the change in the size of the groups in King's Lynn & West Norfolk between the start of the economic downturn and

currently (June 2007 to June 2012) according to the Annual Population Survey. This suggests that since the downturn there has been a growth in people employed within groups 1 to 3 in King's Lynn & West Norfolk and a fall in those employed within groups 6 to 7.

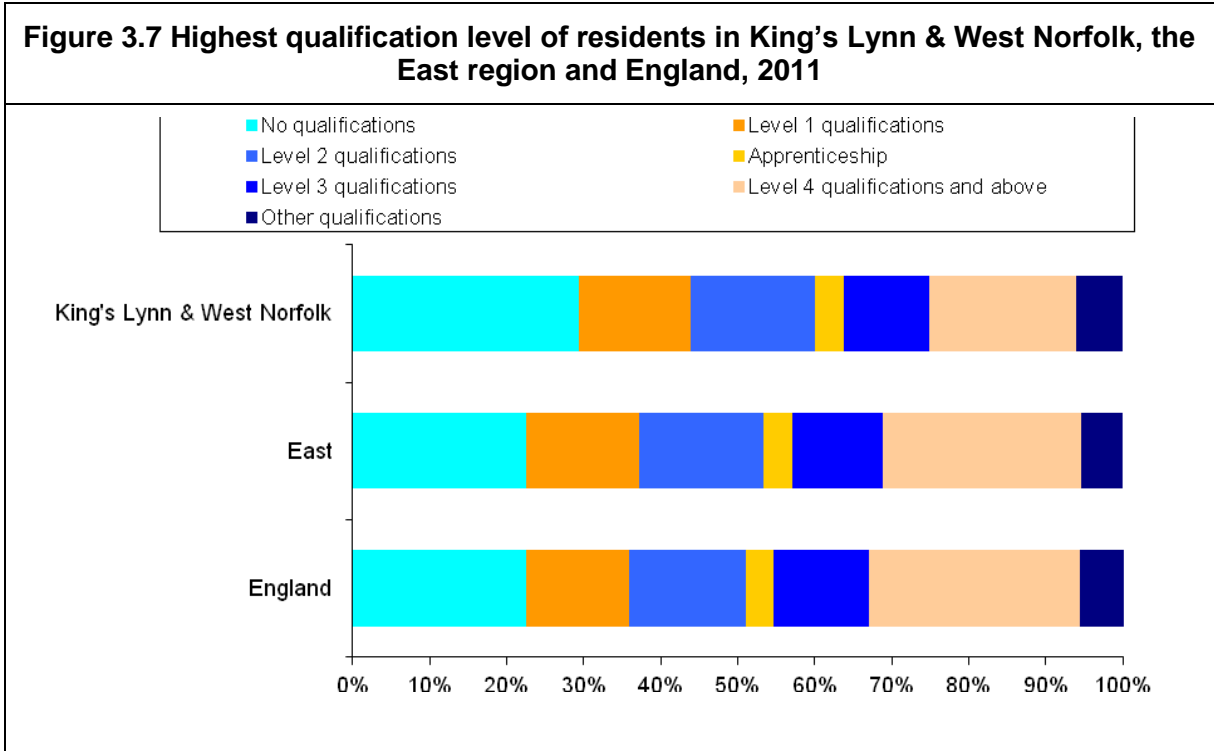
Table 3.3 Occupation structure					
<i>Occupation Groups</i>	<i>King's Lynn & West Norfolk 2011</i>	<i>East 2011</i>	<i>England 2011</i>	<i>Change in # of people employed in King's Lynn & West Norfolk since 2001</i>	<i>Change in # of people employed in King's Lynn & West Norfolk 2007-2012*</i>
Group 1-3: Senior, Professional or Technical	33.3%	40.9%	41.1%	14.4%	14.2%
Group 4-5: Administrative, skilled trades	24.8%	23.9%	22.8%	7.8%	-8.0%
Group 6-7: Personal service, Customer service and Sales	18.2%	17.2%	17.7%	39.5%	-15.8%
Group 8-9: Machine operatives, Elementary occupations	23.6%	18.0%	18.3%	-2.7%	7.4%
Total	100.0%	100.0%	100.0%	11.7%	1.7%

Source: 2001 & 2011 Census, *Annual Population Survey

- 3.31 Analysis of the 2011 Census data indicates that the agriculture, forestry & fishing, wholesale & retail trade and manufacturing industries are relatively large employers for residents in King's Lynn & West Norfolk compared to the national average. The opposite is true for the information & communication, financial & insurance activities and professional, scientific & technical activities sectors. Comparison with the 2001 Census data indicates that the economy in King's Lynn & West Norfolk has become more diverse over the last ten years in response to the decrease in the relative importance of the manufacturing sector.

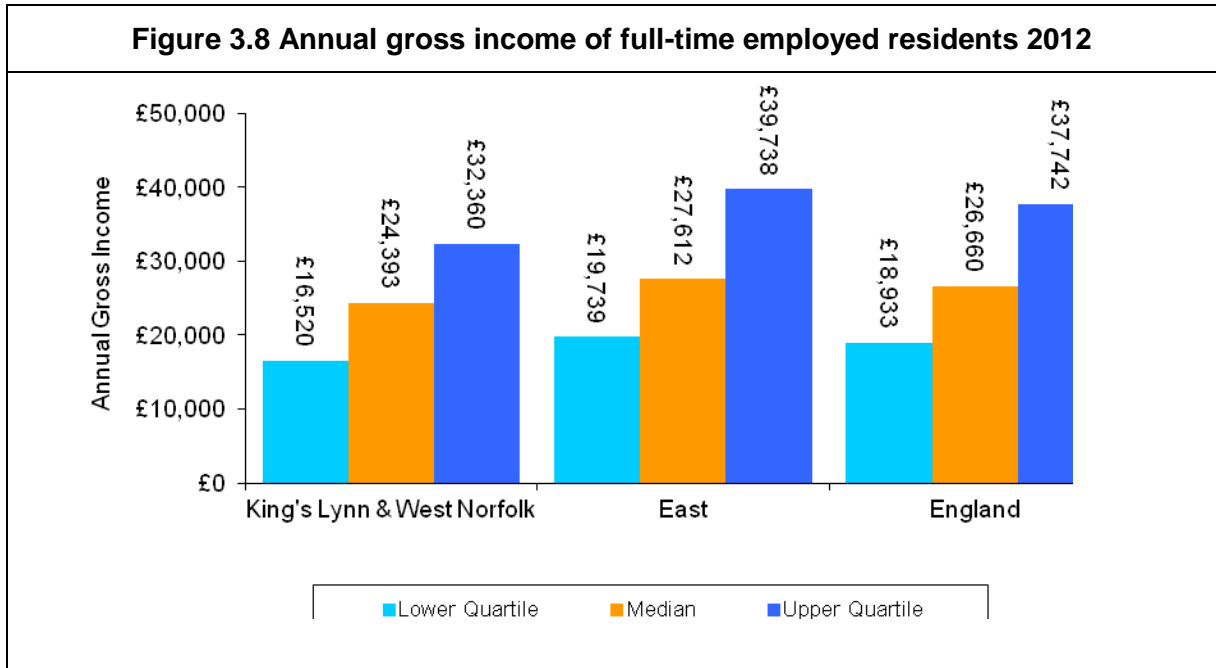
Qualifications

- 3.32 An important factor in the ability of any economy to grow is the level of skill of the workforce. Figure 3.7 shows the highest qualification level of the working-age residents of King's Lynn & West Norfolk, compared to the regional and national equivalents as recorded in the 2011 Census. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-level) and Level 4 the highest (undergraduate degree or higher).
- 3.33 The data indicates that some 29.3% of working-age residents in the Borough have no qualifications, significantly higher than the figure for the East region and England (both 22.5%). King's Lynn & West Norfolk also has fewer residents with Level 4 or higher qualifications. It is important to note however that the proportion of working-age residents in King's Lynn & West Norfolk without qualifications has reduced since the 2001 Census and the proportion with Level 4 or higher qualifications has increased notably (from 12.9% in 2001 to 19.1% in 2011).



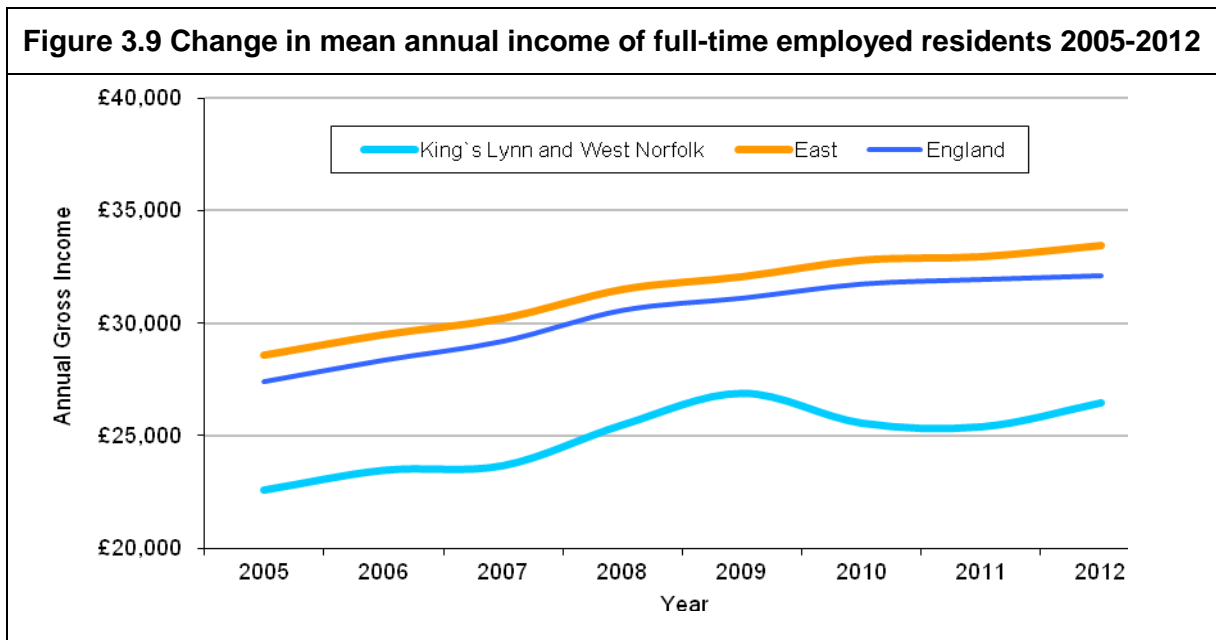
Income

3.34 Income has a crucial effect on the level of choice a household has when determining their future accommodation. The mean earned income for full-time employees resident in King's Lynn & West Norfolk Borough in 2012 was £26,437, according to the ONS Annual Survey of Hours and Earnings, notably lower than both the East region (at £33,441) and England (£32,089). It is important to note that these figures assess individual incomes rather than household incomes. As Figure 3.8 overleaf shows, at all points on the distribution annual gross income in King's Lynn & West Norfolk Borough is notably lower than the equivalent in the East region and England, although the pattern is most pronounced for higher income workers.



Source: ONS Annual Survey of Hours and Earnings (2012)

3.35 Figure 3.9 shows the change in the mean income of full-time employees resident in King's Lynn & West Norfolk, the East region and England since 2005. King's Lynn & West Norfolk Borough has recorded exactly the same increase since 2005 as the East region and England (17.0%).



Source: ONS Annual Survey of Hours and Earnings (2008-2012)

3.36 ONS have produced estimates of the proportion of households in poverty in 2008 for each middle-super output area (MSOA) in England and Wales, although these are classed as experimental statistics and should be treated with caution. The lowest figure recorded for the MSOAs in King's Lynn & West Norfolk is 10.4% of households in poverty and the highest is 34.8%. In comparison the median figure across England and Wales is 19.9%. Overall of the



19 MSOAs in King's Lynn & West Norfolk, ten recorded a higher percentage than the national median, and nine had a lower figure. This suggests that households in poverty are an issue in the Borough.

- 3.37 In addition in December 2012 the CLG published data tracking economic and child income deprivation at neighbourhood level in England between 1999 and 2009. This showed that of the 326 authorities in England, King's Lynn & West Norfolk was ranked the 128th worst for child income deprivation in 2009.





4. The housing stock

Summary

- i. The recent Census indicates that in 2011 there were 73,962 dwellings in the Borough and that since 2001 the dwelling stock had increased by 17.0%, although much of this increase is a result in the notable rise in caravans/mobile homes in the Borough.
- ii. King's Lynn & West Norfolk contains a higher than average number of homes with no usual residents in, principally vacant properties and second homes.
- iii. The most common property type in the Borough is detached houses, followed by semi-detached and terraced houses. Only 9.1% of dwellings are flats, lower than the figures for the region (16.7%) and the England as a whole (22.1%).
- iv. The size of the private rented sector increased by over 60% in the Borough between 2001 and 2011. This substantial growth matches regional and national trends. Much of the growth of the private rented sector in King's Lynn & West Norfolk, has been from prosperous households unable to access home ownership, but also an increase in young adults and migrant households has increased demand in the sector.
- v. There is an increasing proportion of households with children resident in the private rented sector in the Borough, with pensioner households becoming less significant. Households in the sector have a broad range of incomes.

Introduction

- 4.1 Analysis of the stock of housing allows a broad assessment of the range of properties currently within the Borough. A range of data sources, including the 2011 Census, will be used to provide an overview of the housing stock in King's Lynn & West Norfolk and how it has changed. The profile of dwellings in King's Lynn & West Norfolk will be compared to the regional and national situation where possible. The biggest change to the dwelling stock recorded is in the tenure profile, most notably the growth of private rented accommodation. The growth of this sector and the changing profile of households resident in it will be examined at a national level using recently published research, and also at a local level based on Borough-wide data and the opinions of letting agents operating in King's Lynn & West Norfolk. The demand for private rented housing will be examined alongside the cost of this tenure in the following chapter.

Dwelling stock

- 4.2 The Census indicates that there were 73,962 dwellings in King's Lynn & West Norfolk in 2011 and that since 2001 the number of dwellings has increased by 17.0%, over 10,700 properties. In comparison the dwelling stock in the East region increased by 9.7% between the 2001 and 2011 Census, whilst the dwelling stock of England increased by 8.3%.
- 4.3 According to the Census there were 11,039 homes with no usual residents in King's Lynn & West Norfolk in 2011. This represents 14.9% of all of the accommodation available for residence in the Borough a figure much higher than average; in the East of England 4.4% of all available accommodation has no usual resident household, whilst in England the figure is 4.3%. The proportion of accommodation with no usual resident household in King's Lynn & West Norfolk has increased markedly since 2001, when a figure of 7.8% was recorded.
- 4.4 The 2011 Census clarifies that homes with no usual residence include second homes, vacant dwellings and short-term residents/visitors at the accommodation on the night of the Census. Information from the Council's 2011 Housing Strategy Statistical Appendix (HSSA) submission suggests that the number of vacant properties in King's Lynn & West Norfolk as of 1st April 2011 was 2,741. This suggests that the number of second homes in the Borough is in the region of 8,000-8,300 (around 11.2% of all accommodation in King's Lynn & West Norfolk). The same approach suggests that around 2.2% of all accommodation in the East of England is second homes as is 1.4% of all accommodation nationally.
- 4.5 The vacancy rate in 2011 in King's Lynn & West Norfolk was estimated to be 4.1%³, compared to 2.3% across the region and 2.9% nationally. The figure for the Borough in 2011 was notably higher than the regional and national equivalents, however it should be noted that the most recent available information from the Council (December 2013) indicates that the number of vacant properties in the Borough has fallen to 849⁴ dwellings, a vacancy rate of 1.3%. The data also reveals that 385 of these dwellings have been vacant for over two years, 220 for 1-2 years and 244 for less than a year. The reduction in empty homes that the Council has recorded has been most marked in long-term empty dwellings (those empty for more than two years).
- 4.6 According to the Council's 2012 ELASH (English Local Authority Statistics on Housing, the replacement of the HSSA) return, there are an estimated 209 Houses in Multiple Occupation (HMOs) in King's Lynn & West Norfolk, of which 32 are estimated to require a mandatory licence. There are 3,543 dwellings in the Borough that have a Category 1 Hazard (as assessed within the Health and Housing Safety Rating System).

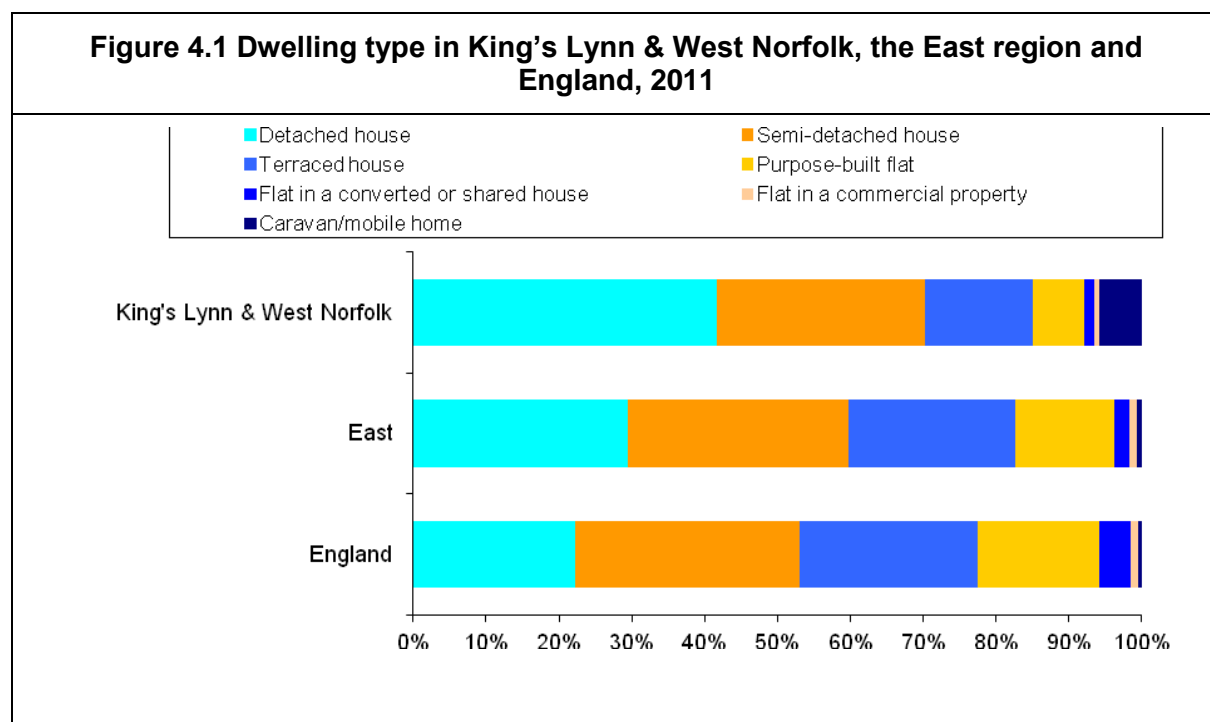
Accommodation profile

- 4.7 Figure 4.1 compares the type of accommodation in King's Lynn & West Norfolk in 2011 with that recorded for the East region and England. King's Lynn & West Norfolk contains more

³ Any homes not available to be occupied permanently, such as second homes, are excluded from the total stock figure, when calculating the vacancy rate.

⁴ 810 (1.13%) as at 1st June 2014

detached houses and fewer terraced properties than the regional and national averages. Only 9.1% of dwellings are flats, lower than the figures for the region (16.7%) and the England as a whole (22.1%). Although small in number, caravans/mobile homes make up a much higher proportion of the housing stock in King's Lynn & West Norfolk than in the East region or England. The most common property type in the Borough is detached houses, followed by semi-detached and terraced houses.



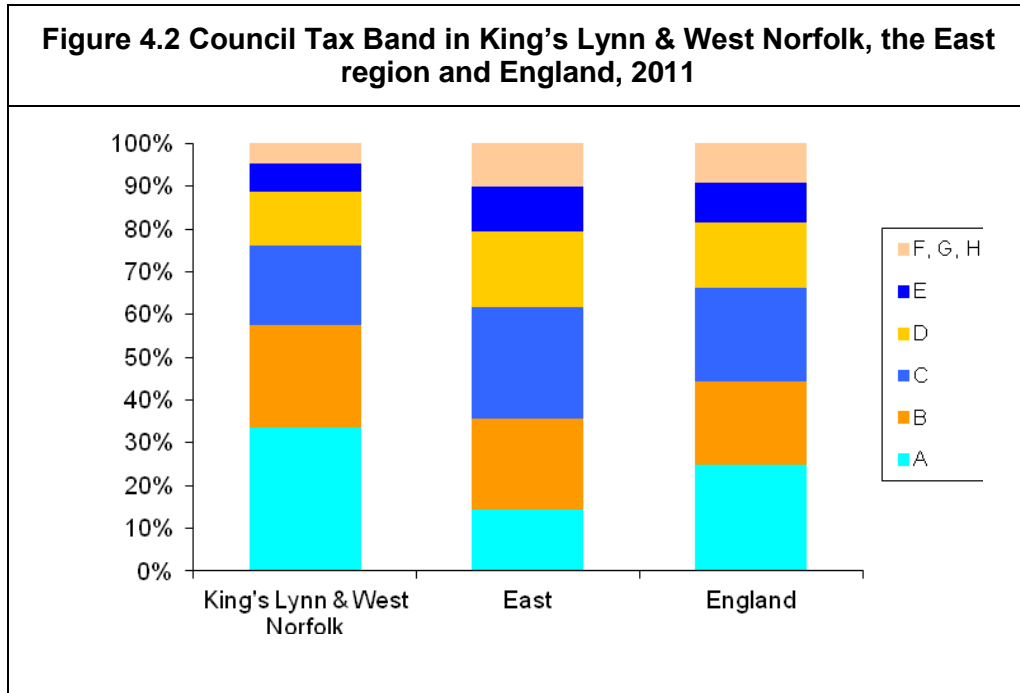
Source: 2011 Census

- 4.8 Since 2001 the number of purpose built flats has increased by 35.5%, although they remain just 7.1% of the total dwelling stock. The number of caravans has risen remarkably with almost six times as many recorded in 2011 than in 2001. This increase in caravans accounts for almost 3,600 of the total additional dwellings recorded in the Borough. The change in the number of houses has been less notable; the number of detached houses has increased by 10.1%, semi-detached houses by 9.6% and terraced houses by 10.6%.
- 4.9 Table 4.1 compares the size of accommodation (in terms of bedrooms) in King's Lynn & West Norfolk, the East Region and England. The Table indicates that the Borough has a smaller proportion of small (one or fewer bedrooms) properties than the East region and England as a whole. The Table also indicates that 19.8% of dwellings in King's Lynn & West Norfolk contain four or more bedrooms compared to 21.9% across the region and 19.0% nationally. Overall three bedroom homes are most common in King's Lynn & West Norfolk followed by two bedroom dwellings.

Table 4.1 Size of dwelling stock in King's Lynn & West Norfolk, the East region and England, 2011			
<i>Property size</i>	<i>King's Lynn & West Norfolk</i>	<i>East</i>	<i>England</i>
No bedrooms	0.2%	0.2%	0.2%
1 bedroom	7.4%	10.4%	11.8%
2 bedrooms	29.4%	26.2%	27.9%
3 bedrooms	43.4%	41.4%	41.2%
4 bedrooms	15.4%	16.8%	14.4%
5 or more bedrooms	4.4%	5.1%	4.6%
Total	100.0%	100.0%	100.0%

Source: 2011 Census

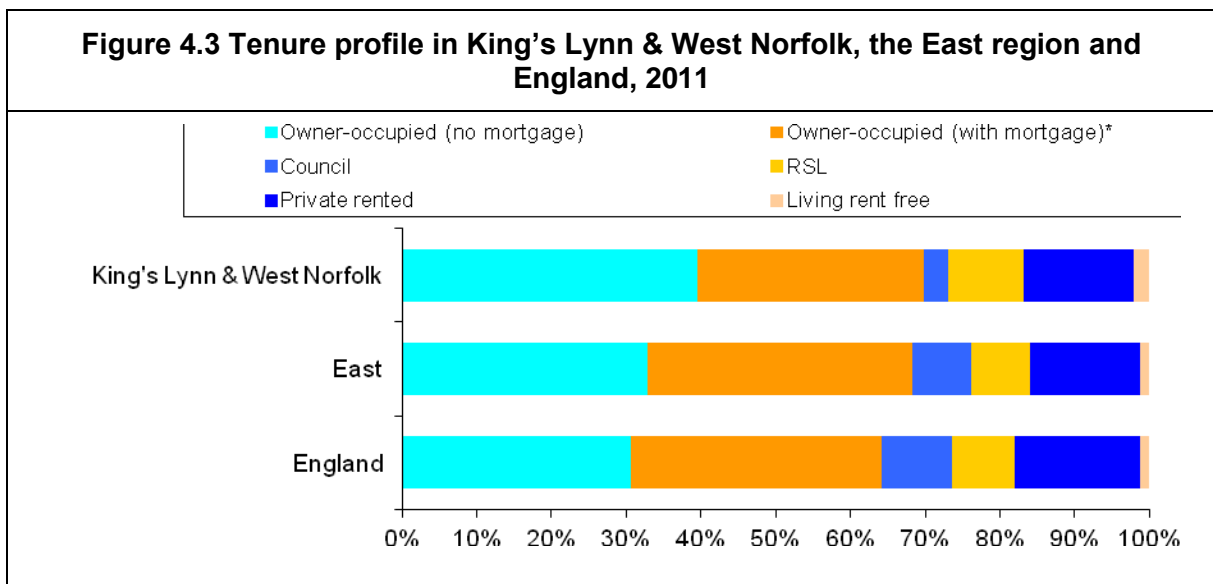
- 4.10 The number of bedrooms in a property was not collected in the 2001 Census, however both the 2001 and 2011 Census recorded the total number of rooms in a dwelling. A comparison of the figures for King's Lynn & West Norfolk shows that the number of larger dwellings has recorded the greatest rise; between 2001 and 2011 the number of properties with 8 or more rooms increased by 34.6% and the number of properties with 7 rooms rose by 27.3%. In contrast the number of homes with four rooms declined as did the number of dwellings with five rooms. There was also a notable increase in the number of smaller dwellings, with the number of properties with three rooms increasing by 12.4%.
- 4.11 A good indication of the quality and price structure of the housing stock is the distribution of dwellings by Council Tax Band. Figure 4.2 presents the latest Valuation Office Agency data on the Council Tax band of properties in King's Lynn & West Norfolk in comparison to the East region and England. The Figure shows that King's Lynn & West Norfolk has a higher proportion of dwellings in Band A than both the region and England as a whole, reflecting the lower value of the stock in the Borough. Some 57.5% of dwellings in King's Lynn & West Norfolk are classified within Band A or Band B, compared to 35.7% across the region and 44.4% nationally.



Source: Valuation office Agency; via Norfolk Insight, 2011

Tenure

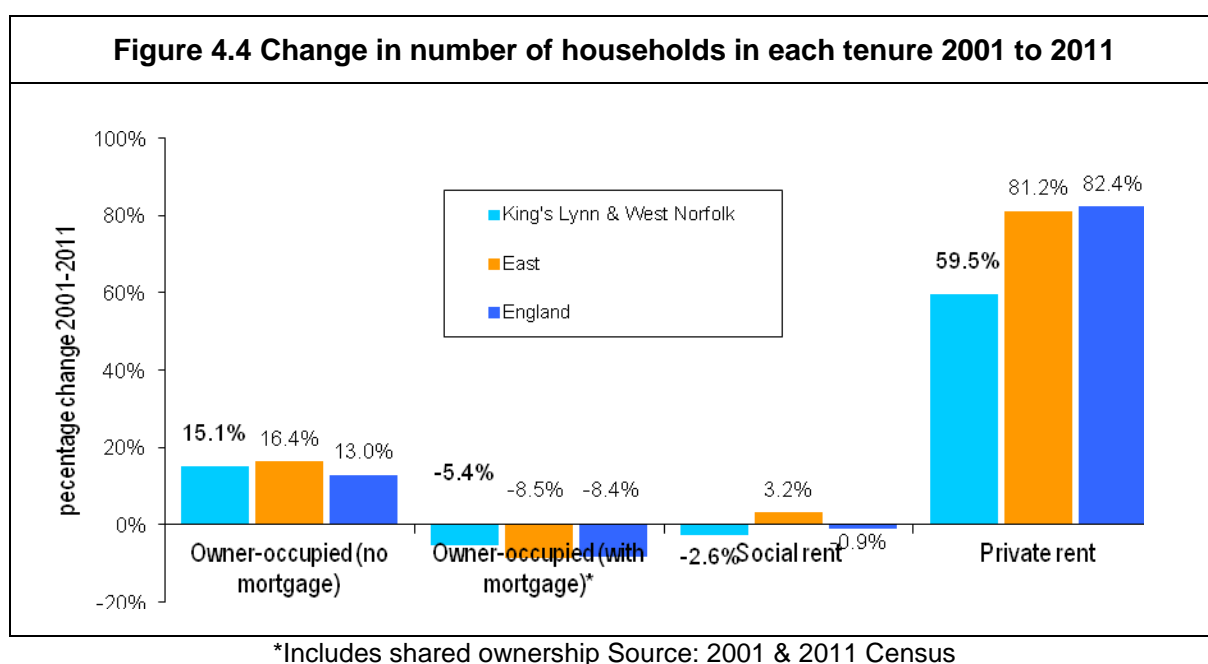
4.12 Figure 4.3 compares the tenure of households in King's Lynn & West Norfolk in 2011 with that recorded for the East region and England. The data indicates that households in the Borough are more likely to be owner-occupiers without a mortgage and less likely to be owner-occupiers with a mortgage than households across the region and all households in England. The proportion of households in King's Lynn & West Norfolk resident in the social rented sector is lower than in the East region and across England as a whole, whilst the size of the private rented sector is smaller than the national average and equal to the regional average.



*Includes shared ownership. Source: 2011 Census



- 4.13 Figure 4.4 shows the change in the size of each tenure between the 2001 and 2011 Census. The Figure shows that in King's Lynn & West Norfolk, the East region and England as a whole the private rented sector has increased dramatically, although the growth of 60% in the Borough is lower than that recorded in the other areas. The number of owner-occupiers with no mortgage has also recorded an increase in all three areas, whilst owner-occupiers with a mortgage have decreased. The social rented sector has shown the smallest change, reducing by 2.6% in King's Lynn & West Norfolk – the impact of Right-to-Buy reduced the stock in the early part of the Century, but additional social rented homes has kept up with Right-to-Buy losses of stock more recently (with only an average of 13 affordable homes lost to Right-to-Buy each year between 2008/09 and 2012/13).



The private rented sector

- 4.14 This growth in the private rented sector alongside the related availabilities of other tenures has had a notable impact on housing market dynamics and the decisions made by households within the housing market. The report 'Who Lives in the Private Rented Sector' published in January 2013 by the British and Social Housing Foundation (BSHF) will be used to describe the drivers behind the growth of the tenure nationally and the consequent changing nature of households within it, whilst the updated household survey dataset and the views of local letting agents will be used to illuminate the situation in King's Lynn & West Norfolk.

The growth of the private rented sector

- 4.15 The BSHF report notes that the growth in the private rented sector at the start of this century was caused by the availability of buy-to-let mortgages allied to rising house prices which led to the sector being considered a good investment. The economic downturn from mid-2007 onwards changed these conditions but the private rented sector continued to grow, although for different reasons in different parts of the country. In more prosperous areas, the growth

has been driven by the inaccessibility of owner-occupation due to both high house prices and unfavourable mortgage lending criteria. In less prosperous areas, growth has resulted from the limited supply of social rented housing, with households being forced into the private rented sector instead. In addition, across the country, demand for the tenure has increased from households choosing to live in the sector due to its' greater flexibility during this period of economic uncertainty.

- 4.16 King's Lynn & West Norfolk can be considered a more prosperous area and much of the growth recorded in the private rented sector in the Borough has been from employed households. According to the Census, 60.8% of household heads in the private rented sector were in employment in King's Lynn & West Norfolk in 2001. The updated household survey dataset suggests that the figure for the tenure currently is 66.3%. Demand for the sector has also increased in King's Lynn & West Norfolk due to the growth in household groups that typically look to reside in the tenure – young adults and migrant households.
- 4.17 As described in paragraph 3.3, the Census revealed that the number of people aged between 15-29 in the Borough increased by over 3,000 between 2001 and 2011, resulting in additional demand for private rented accommodation. Discussions with letting agents reflected that much of the increased caseload over the last few years was a consequence of more demand from young people sharing, but also from couples who do not yet wish to buy. It was noted however that in a significant number of cases, lettings to these groups are set up online and that the landlords will deal direct with the tenant rather than through an agency.
- 4.18 In addition King's Lynn & West Norfolk has seen a notable influx of migrant workers, as noted in paragraph 3.9. Many of these people have moved from abroad to work in the local agriculture sector and seek cheap private rented accommodation to reduce the costs on their earned income. The majority of these workers seek to share the accommodation with others and often choose to live in technically overcrowded conditions to reduce the cost. Larger and HMO properties in adequate condition are often sought after by this group. Much of the supply of this accommodation is informal, rather than through established agents.

Profile of households in the sector

- 4.19 As the BSHF reports notes the size of the growth of the private rented tenure 'means that the sector is now housing new types of household that it did not previously house in any significant quantity'. The BSHF report also documents the nature of this change in households in the sector, which is summarised below:
- Despite the ageing of the broader population, the proportion of younger households in the private rented sector is increasing.
 - Whilst single person households and households containing two adults and no children comprise over 60% of the sector, this proportion has decreased since the turn of the Century. There has been a significant growth in the number of households with children in the sector and they are over-represented in this tenure relative to their

frequency in the wider population – around 15% of households with children live in the private rented sector.

- Households from across the income spectrum reside in the tenure, although there is a slight over-representation of the lower income groups.
- Affordability in the private rented sector is an increasingly important issue, with rents rising faster than earnings. Nearly 40% of households spend over 30% of their income on housing and more than 15% spend over half their income on housing.

4.20 A comparison of the profile of households in the private rented sector in King's Lynn & West Norfolk in 2001 as recorded by the Census, to the profile of households in the tenure now according to the updated household survey dataset, reveals that the proportion of pensioner households and single non-pensioner households in the tenure has decreased, whilst the proportion of multi-adult households without children and households with children has increased.

4.21 The updated household survey dataset indicates that compared to the other tenures households in the private rented sector are on average younger (with a median age of household heads of 39, as opposed to 47 in the owner-occupied with mortgage sector, 57 for social rented households and 67 in the owner-occupied no mortgage sector). The overall household profile within the tenure is relatively balanced, although lone parents are disproportionately likely to reside in private rented accommodation and pensioner households disproportionately unlikely to.

4.22 Data from the 2011 Census indicates that the average household size of 2.44 people in the private rented sector in King's Lynn & West Norfolk is slightly higher than that recorded in the tenure across the East region (2.35) and for England as a whole (2.37), suggesting a greater proportion of larger households.

4.23 The updated household survey dataset suggests that there is a broad range of incomes amongst households in the private rented sector in King's Lynn & West Norfolk and whilst incomes in the £15,000 to £25,000 range are most common (37.9% of households) there are a notable number of households with incomes in excess of £40,000 (13.5% of households).

The nature of the benefit-supported private rented sector

4.24 The BSHF report, using figures from the Family Resources Survey, estimates that in 2009/10 around a quarter of private tenants were in receipt of Housing Benefit; although it is acknowledged that this is likely to be a slight underestimate as the Family Resources Survey under-reports the claiming of Housing Benefit. In King's Lynn & West Norfolk in 2013 just over a quarter (25.7%) of households in the private rented sector are supported by Housing Benefit or Local Housing Allowance (known hereafter as benefit-supported tenants), a very similar figure. This represents 2,750 households in total (although it includes cases where just the shared room rate is paid, in which case the whole household may not be in receipt of Local Housing Allowance).

4.25 The BSHF report notes that within the benefit-supported private rented sector nationwide:



- There are fewer younger households than the private rented sector as a whole, however the largest growth has been from the 16-24 year old age group.
- There are more households with children than the private rented sector as a whole, and they constitute over half of all households in the sector – a figure that is continuing to grow. Single parent households are particularly likely to reside in this accommodation.
- The majority of households are not in work (an average of 78% over the last decade), however over 90% of new Housing Benefit claimants in the last two years are in work.
- Households are more likely to reside in their home for longer periods; 43% having lived in their home for three or more years, compared to 31% of all private tenants.

4.26 Table 4.2 compares benefit-support households in the private rented sector in King's Lynn & West Norfolk with households resident in the tenure in the Borough without this benefit, using data from the updated household survey dataset. The Table shows that the benefit-supported sector is much more likely to contain pensioner households and lone parent households than the non-benefit-supported sector. The average age of households in the benefit-supported sector is consequently older at 53 – which also reflects that fewer younger households try to access the benefit-supported sector even if they may be entitled to.

4.27 There is a dramatic difference in the employment profile of these households, with 28.6% of those in the benefit-supported sector containing an employed person in the household, compared to over 78.1% of households in the non-benefit-supported sector. This affects the household income recorded, with the median income for households in the benefit-supported private rented sector around a third of the figure for households in the non-benefit-supported sector.

Table 4.2 Comparison of households within the private rented sector			
	<i>Benefit-supported</i>	<i>Not benefit supported</i>	<i>All private rented households</i>
<i>Household type</i>			
Single pensioners	23.6%	5.8%	10.1%
2 or more pensioners	25.7%	7.4%	11.8%
Single non-pensioners	6.1%	25.2%	20.6%
2 or more adults, no children	16.5%	37.5%	32.5%
Lone parent	17.0%	4.5%	7.5%
2+ adults 1 child	4.2%	8.4%	7.4%
2+ adults 2+ children	6.8%	11.3%	10.2%
Total	100.0%	100.0%	100.0%
<i>Median age of household head</i>	53	36	39
<i>Whether employed person in household</i>			
Yes	28.6%	78.1%	66.3%
No	71.4%	21.9%	33.7%
Total	100.0%	100.0%	100.0%
<i>Median household income</i>	£8,736	£23,712	£17,723

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

5. The housing market

Summary

- i. According to data from the Land Registry, the mean house price in King's Lynn & West Norfolk in the third quarter of 2012 was £171,125. Data shows that since the previous report prices have risen slightly and property sales have fallen markedly.
- ii. The housing markets in operation in King's Lynn & West Norfolk Borough were re-examined and four price markets identified. The Northern Rural price market is the most expensive part of the Borough and the King's Lynn price market the cheapest.
- iii. The cost of housing by size was re-assessed for all tenures in the Borough. Entry-level prices in King's Lynn & West Norfolk range from £68,400 for a one bedroom home in the King's Lynn price market up to £205,700 for a four bedroom property in the Northern Rural price market. Entry-level rents in King's Lynn & West Norfolk range from £410 per month for a one bedroom home in the King's Lynn price market up to £800 per month for a four bedroom property in the Northern Rural price market.
- iv. An analysis of the gaps between each tenure shows that there is a very large income gap between the social rented sector and market rent. This indicates that intermediate housing priced within this gap could potentially be useful for a number of households in King's Lynn & West Norfolk. The significant gap between market entry rents and market entry purchase indicates notable potential demand for part-ownership products for households in this gap.

Introduction

- 5.1 An effective SHMA is founded on a thorough understanding of local housing – what it costs, how this varies and what direction the market is heading. This chapter initially describes the changes in the housing market that have been recorded in King's Lynn & West Norfolk, Norfolk and England since the previous SHMA. It then goes on to use a range of evidence to examine the nature of the demand for housing in the Borough to identify what housing should be a priority. The chapter subsequently assesses the entry-level costs of housing in King's Lynn & West Norfolk Borough, to document how this has changed since the previous SHMA

report. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist.

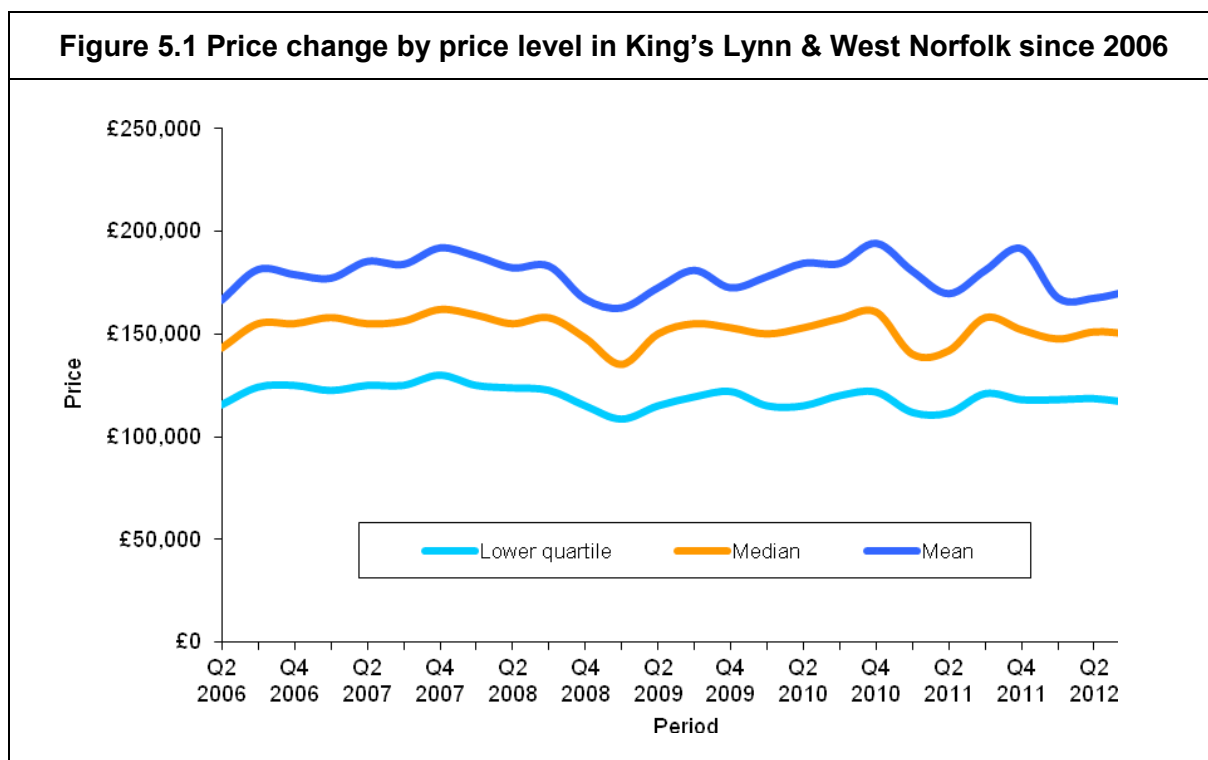
The situation in King's Lynn & West Norfolk Borough

- 5.2 The most recent house price data available at the time of the previous SHMA report was from the second quarter of 2006. The Land Registry has now published data for the third quarter of 2012. It is therefore possible to assess the changes recorded in King's Lynn & West Norfolk Borough over this period, alongside national equivalents.
- 5.3 Table 5.1 shows the change in average prices between the second quarter of 2006 and the third quarter of 2012 for England, Norfolk and King's Lynn & West Norfolk. The Table shows that between 2006 and 2012 average prices increased at a slower rate in King's Lynn & West Norfolk than they have nationally and across the County. Overall properties in King's Lynn & West Norfolk are on average cheaper than those in Norfolk as a whole and England.

Table 5.1 Change in average property prices			
<i>Area</i>	<i>Average price Apr- Jun 2006</i>	<i>Average price Jul- Sep 2012</i>	<i>Percentage change recorded 2006-2012</i>
King's Lynn & West Norfolk	£166,503	£171,125	2.8%
Norfolk	£170,388	£185,672	9.0%
England	£202,688	£253,816	25.2%

Source: Land Registry via CLG

- 5.4 Figure 5.1 shows price change by property price level since the second quarter of 2006. The Figure shows that prices at all levels follow the same pattern of seasonal peaks and troughs. Median prices have increased the most over the last six and a quarter years (by 4.9%) and lower quartile prices the least (0.9%).

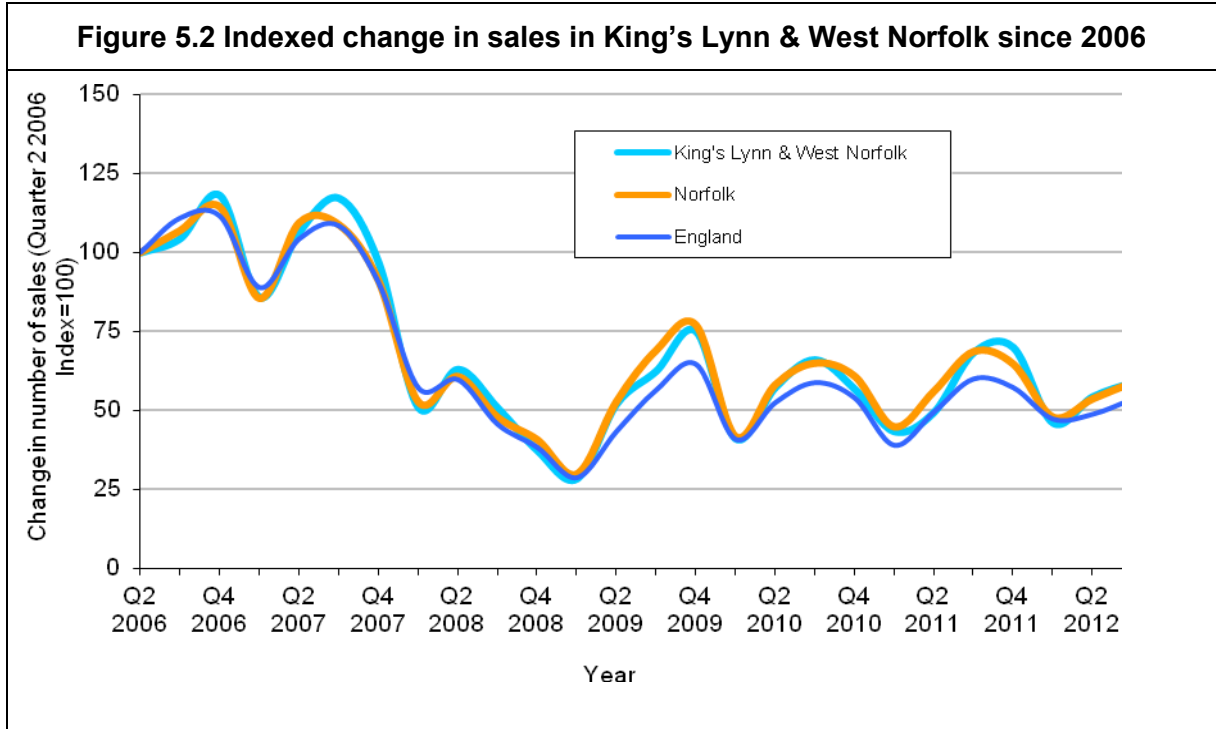


- 5.5 Table 5.2 shows the change in the number of property sales between the second quarter of 2006 and the third quarter of 2012. The Table indicates that property sales have notably decreased since the high levels recorded at the time of the previous SHMA (pre the economic downturn). King's Lynn & West Norfolk Borough records the level of sales decreasing by 41.1% during this period, the same as the County as a whole, whilst nationally sales levels fell by almost 46.4%.

Area	Number of sales Apr- Jun 2006	Number of sales Jul- Sep 2012	Percentage change recorded 2006-2012
King's Lynn & West Norfolk	919	541	-41.1%
Norfolk	5,347	3,149	-41.1%
England	303,787	162,688	-46.4%

Source: Land Registry via CLG

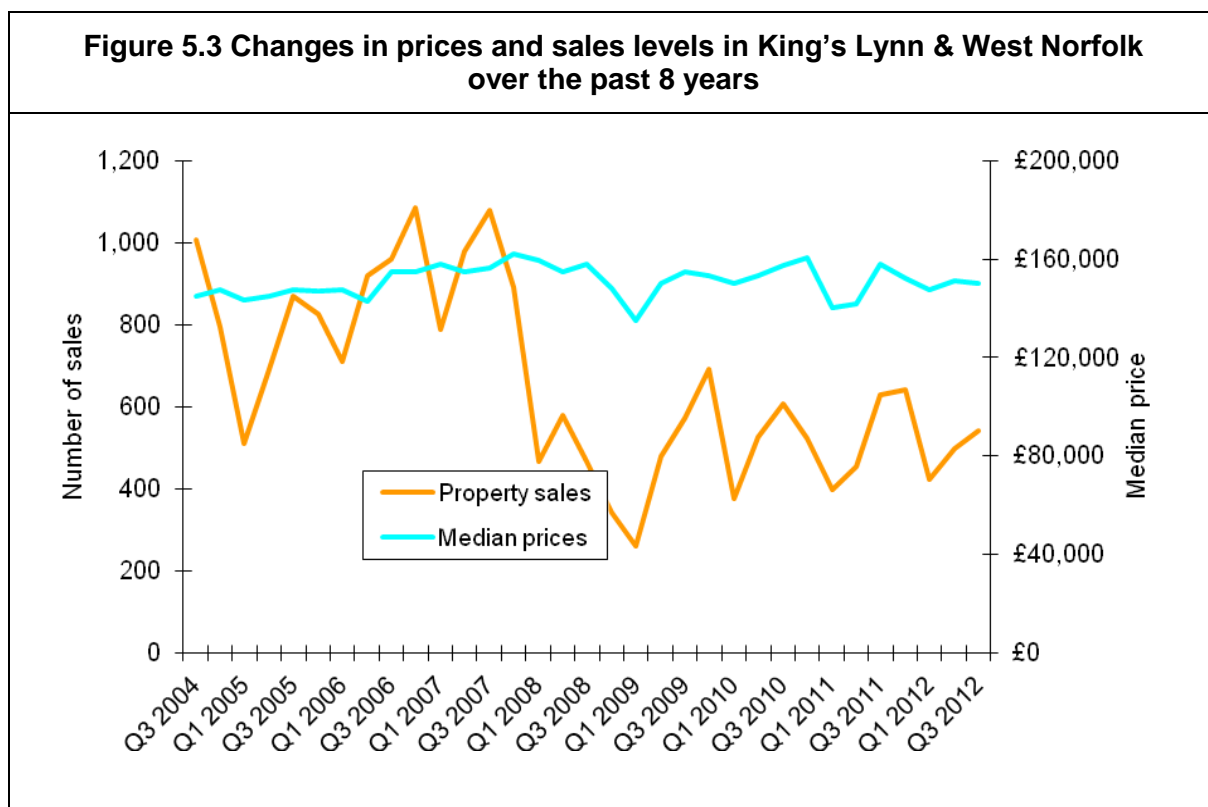
- 5.6 Figure 5.2 shows the indexed change in the number of property sales since the second quarter of 2006 for King's Lynn & West Norfolk, Norfolk and England. The Figure suggests that in King's Lynn & West Norfolk the pattern follows that recorded for Norfolk and England and, despite seasonal fluctuations, sales levels are much lower now than they were before the economic downturn.



Source: Land Registry via CLG

5.7 It is useful to briefly review housing market activity over a longer period to consider the influences on property price changes. Figure 5.3 shows the variation in median prices and property sales levels since 2004. The data suggests that property prices remained relatively stable over the last eight years despite property sales declining dramatically for part of that period (Summer 2007 to Summer 2009).





Source: Land Registry via CLG

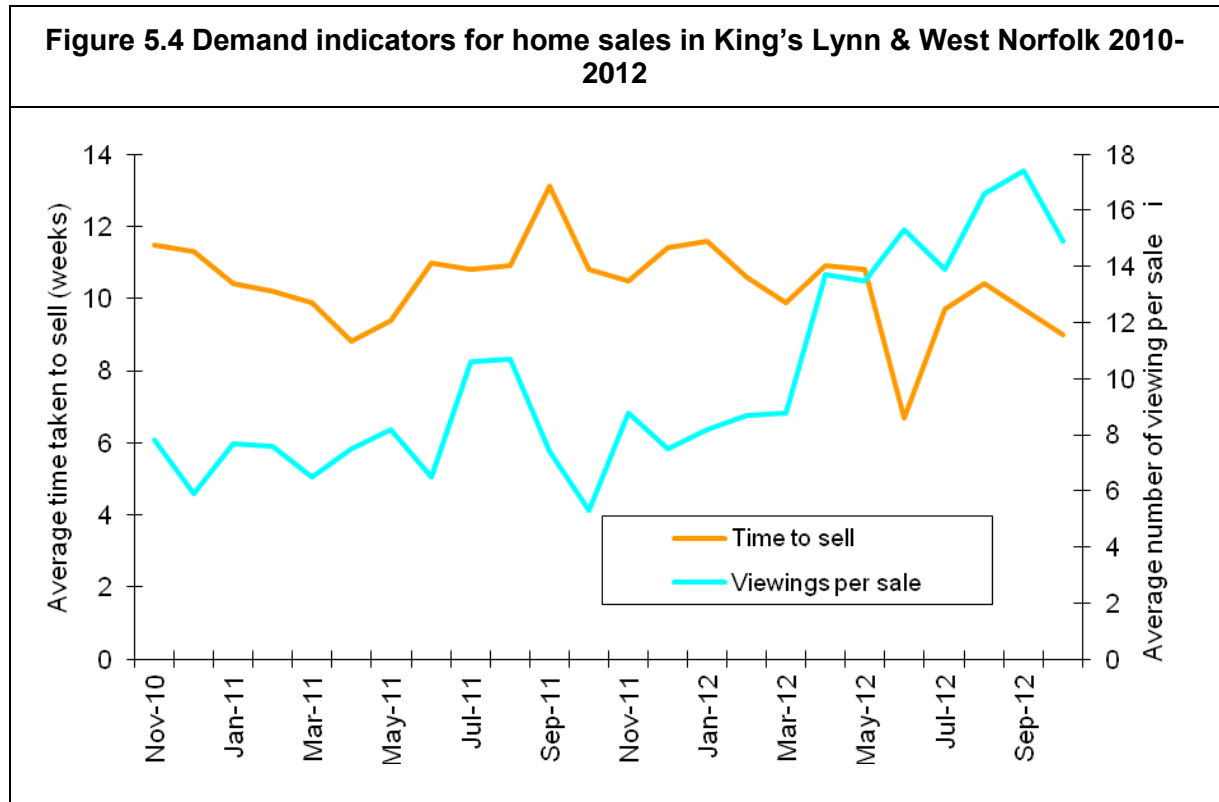
Housing demand in King's Lynn & West Norfolk

- 5.8 A range of data sources have been used to ascertain the relative pressure that each of the main broad tenures are under in King's Lynn & West Norfolk, which direction the market is going and which properties are in greatest demand.

Home ownership

- 5.9 Hometrack collects a range of data on property sales, the most instructive will be used to inform the relative demand for homes to purchase within King's Lynn & West Norfolk. The available evidence suggests that demand in the Borough is similar to the regional level; properties take on average 9 weeks to sell, compared to 10 weeks across the region, properties achieve on average 93.5% of their asking price, compared to the regional average of 93.8% and overall turnover is at 2% of the private housing stock turning over and 2.1% across the region.
- 5.10 Hometrack also provides data that shows how demand has fluctuated within the Borough. Figure 5.4 compares the average time taken to sell a property in King's Lynn & West Norfolk to the average number of viewings of a property per sale over the last two years. The data suggests that whilst the number of viewings per sale has increased in the last six months, the time taken to sell the property has reduced slightly. This suggests that the number of households considering buying a home may be increasing (or more households are viewing a larger number of properties), but the pressure for properties is remaining largely consistent. An analysis of the trend in the proportion of asking price achieved, again suggests pressure

for properties is largely unchanged over the last two years (the figure has only fluctuated slightly between a high of 95.1% and a low of 91.8%).



Source: Hometrack

5.11 An analysis of the type of dwellings sold in King's Lynn & West Norfolk over the last five years does not reveal any notable change in the property types in demand. It is interesting to note however that the reduced production of new market houses for sale within the Borough since the market downturn can be distinguished in the data – in 2008 sales of new build properties constituted 14.2% of all sales in the Borough, whereas in 2012 the figure was just 3.4%. Finally a comparison of the value of properties sold in 2006 and 2011 indicates that since the market downturn a greater proportion of sales have been for cheaper (less than £100,000) and more expensive (in excess of £300,000) properties, with mid-priced properties forming a smaller portion of the market.

Private rent

5.12 An important Part of this Strategic Housing Market Assessment is a review of the private rented sector. Reforms to the benefit system with the introduction of Universal Credit and the capping of Local Housing Allowance (LHA) will have a direct impact on the sector. To enable a greater understanding of the sector, we have carried out telephone interviews with agents who let and / or manage residential property in the Borough. The interviews were structured working through a pre-prepared questionnaire. Of the agents contacted 14 were happy to assist in completing the questionnaire. This survey was carried out in December 2012 and whilst the survey was relatively small it provides useful qualitative information.



- 5.13 All agents were asked if they had seen any difference in rents over the last 2 years. In the Huntstanton area agents indicated that rents had increased, whilst in King's Lynn the responses ranged from some having increased through to some being stable. Agents in Downham Market reported the greatest variety from a slight increase through to a decrease, with one commenting that there was a good sizable supply of empty property. Another agent in this area noted a significant decrease in the rents on larger properties. These wide variety of responses suggests that the market at the time of the survey was is still in a state of flux, although it remains clear that demand is strongest in the north of the Borough and weakest in Downham Market.
- 5.14 Agents were asked whether it was getting easier to find tenants for properties. Again in Huntstanton agents in indicated a strong market with lettings becoming easier. In King's Lynn around half of agents thought it was becoming easier to find tenants for a property with the other half indicating that the situation had not changed. There seemed to be consensus however that the speed of letting was dependent on the type of property. In Downham Market around half of agents thought it was becoming easier to find tenants for a property and reported a shortage of properties to meet demand, whilst the other half of agents suggesting that it was becoming harder to find tenants as there was less disposable income for rents.
- 5.15 Agents were asked for what type of property was there most demand. Across the Borough there was consensus with all agents indicating that a 2-3 bed property was most in demand. One bedroom flats were also sought after in King's Lynn, whilst bungalows were more difficult to let in the north of the Borough.
- 5.16 Agents were asked about the length of tenancies they currently offer and whether there was demand for longer terms. Agents indicated that the majority of lettings are for a minimum of 6 months or a minimum of 12 months term with most then continuing a rolling tenancy, subject to two months' notice, after the initial term expires. Agents identified little preference for longer term lets from landlords, at least initially and until the tenant was better known in terms of ability to pay the rent and look after the property. It was also pointed out that most let property is subject to a mortgage prohibiting it being let out for more than a year. Whilst agents responded that there would be a demand from a minority of tenants for longer length tenancy agreements – even up to a few years, they were unable to comment further as they have little experience of longer lets.
- 5.17 The interview moved on to discuss the LHA with the agents and their client landlords attitudes to it. Agents were asked the proportion of tenants in receipt of LHA, and then their landlords opinions of LHA. The proportion of tenants in receipt of LHA was small. The different agents reported different levels from a maximum of 40% down to just 5%. This may be due to the type of property that the agent specialised in rather than the locality.
- 5.18 The agents operating in King's Lynn & West Norfolk commented that the unease over letting a house to a benefit-supported tenant that was prevalent a few years ago, had reduced although there were still some landlords uninterested in the sector, viewing it as too risky financially with a range of ways money could be lost . It was also noted that some landlords have mortgages which specifically prohibit letting to LHA benefit-supported tenants.

- 5.19 The more cautious landlords required very good references before they would consider taking on benefit-supported tenants. Some landlords were also uncomfortable with the cashflow discrepancy in the sector, with LHA being paid four weekly, in arrears, whereas a normal tenancy is paid monthly, in advance. If the landlord has a mortgage on the property, then incoming payments which fit outgoing payments would make life easier
- 5.20 Landlords do relay their experiences to each other, which means that if anyone had had a problem with LHA, then that would influence many other local landlords' opinions of LHA. Agents also mentioned that, with a shortage of properties, agents and landlords could afford to be choosy as to the type of tenant chosen.
- 5.21 It was also pointed out that the difference in the LHA cap within King's Lynn & West Norfolk, due to two different Broad Rental Market Areas covering the Borough, does not reflect the true market values
- 5.22 The agents identified a number of ways that the LHA system could be improved by the Council to make the sector more affective and more attractive to landlords. The suggestions were as follows. It is important to note that many of these suggestions are beyond the Council's control or influence – instead being covered by national 'rules and regulations':
- The LHA should be paid to the landlord direct as was the case under the old system.
 - The payment system should be simplified and brought it into line with the regular advance payment required from regular tenants.
 - Have the LHA in place before the tenant signs the tenancy agreement, in the same way that a purchaser will have a mortgage agreement in principle before they start buying a house.
 - Adjusting the scheme so that landlords are not penalised down the line (usually because of clawback from incorrect claims), which would make it easier for landlords to budget and increase their stock of LHA property.
 - The deposit for LHA should be paid, in full, to the agent, at the beginning of a tenancy, as a regular tenancy would. This would give landlords more security.
 - Regular communication about rent payments so that the Council are alerted more quickly when arrears arise rather than allowing them to be built up.
 - Greater clarity of the LHA system from the council and a faster response to tenant applications – it often takes 8 -10 weeks which puts everyone in arrears. If tenants do not respond quickly to the council then their claim should be closed down, with the agent being notified.
 - Provide more flexibility to allow landlords to issue notices to quit, which would be supported by the Council, rather than needing an expensive court order to remove tenants.
 - To allay any fears that the condition of the property would not be acceptable at the end of the tenancy. the Council should underwrite any dilapidations.

- It might be more efficient for the Council to hold a list of all available LHA property across the Borough, rather than asking the tenants to find their own property.

Affordable accommodation

- 5.23 Analysis of the West Norfolk Homechoice⁵ data of the Housing Register provides information on the demand for affordable accommodation in King's Lynn & West Norfolk. The West Norfolk Homechoice data indicates that as of 1st December 2013 there were a total of 3,584 households on the Housing Register, comprising 2,599 new applicants and 985 existing RSL tenants seeking a transfer. Of the 2,599 new applicants on the register, only 2 are in the Emergency need band, 7% are in High need band, 20.3% are in Medium need band and 72.7% are in Low need band.
- 5.24 The number of households on the Housing Register has risen annually between April 2009 and April 2013 suggesting demand for affordable accommodation is increasing (although the most recent peak figure was recorded in 2008). The average number of bids per property advertised recorded a notable increase between 2008 to 2012, rising from 21.18 to 52.23, although the figure has fallen more recently to 43.42 in April 2013 and 35.45 in August 2013.
- 5.25 Further analysis of the West Norfolk Homechoice data provides detail on the relative demand for affordable housing in the different sub-areas of the Borough. Table 5.3 sets out the constituent wards of each of the ten sub-areas in the Borough.

<i>Sub-area</i>	<i>Ward names</i>
South East	Denton, Hilgay with Denver, Wimbotsham with Fincham, Wissey
South West	Emneth with Outwell, Upwell and Delph
Downham Market	Downham Market
West	Clenchwarton, Emneth with Outwell, Mershe Lande, St Lawrence, Spellowfields, Walpole, Walton, Wiggshall
Airfield	Airfield, Watlington, West Winch, Wimbotsham with Fincham, Wissey
East	Gayton, Grimston, Priory, Valley Hill, West Winch
King's Lynn & the Woottons	North Wootton, South Wootton, King's Lynn
West Coast	Dersingham, Snettisham, South Wootton, Valley Hill
North East	Burnham, Docking, Heacham, Hunstanton, Brancaster, Rudham, Snettisham,
Hunstanton	Hunstanton

Source: KLWNBC

- 5.26 Table 5.4 presents a range of information on the demand for lettings available in 2011-12. The second column shows the average number of bids received for each property let in the sub-area. The third column shows the total number of bids as a proportion of the resident

⁵ West Norfolk Homechoice keeps a record of all households on the housing register and their level of need. It also indicates the number of 'bids' made for each affordable letting within Kings' Lynn & West Norfolk, the relative need of the successful applicant and how long they have been on the register within their need band.

population of the sub-area. These two measures provide an indication of the relative demand for affordable housing within the sub-area. The next three columns show the need band that the successful applicant for each property was in. The final two columns indicate the average length of time successful households have been within that band on the register (in terms of weeks). These columns indicate the relative efficiency of affordable housing supply in the sub-area.

- 5.27 It is important to note that households are able to bid for more than one property and that the number of bids received will also be affected by the property size. The size of affordable housing lettings within the sub-areas of Hunstanton and West Coast are particularly atypical to the Borough average.
- 5.28 The Table shows that affordable homes advertised in the King's Lynn & the Woottons sub-area received on average the highest number of bids, followed by properties in the Hunstanton sub-area. These areas therefore have the greatest demand. Affordable homes in the South West sub-area received on average the lowest number of bids. The number of bids per resident household population was highest in the King's Lynn & the Woottons sub-area followed by the Downham Market, suggesting demand is most acute in these areas. The number of bids per resident household population was lowest in the South West sub-area.
- 5.29 The data suggests supply is least responsive in Airfield as affordable housing houses few households outside the high need band and households in need in this sub-area record the highest average length of time before they are successful.

Sub-area	Average number of bids per advertised property	Total number of bids per household population	Housing need band successful bidder in			Number of weeks in band before successful bid	
			High	Medium	Low	High	Medium
South East	27.6	22.0%	19.0%	52.4%	28.6%	6.1	31.6
South West	19.0	3.4%	60.0%	40.0%	0.0%	4.7	44.5
Downham Market	50.7	66.1%	70.9%	27.3%	1.8%	9.7	71.5
West	47.1	25.4%	52.2%	45.7%	2.2%	7.6	54.8
Airfield	45.6	12.8%	84.6%	15.4%	0.0%	23.9	94.5
East	44.0	14.1%	100.0%	0.0%	0.0%	8.9	-
King's Lynn & the Woottons	73.9	161.6%	74.5%	20.8%	4.7%	12.8	66.3
West Coast	28.7	5.6%	22.2%	77.8%	0.0%	2.0	67.4
North East	34.0	13.6%	58.1%	16.1%	25.8%	18.2	23.0
Hunstanton	60.6	14.2%	71.4%	28.6%	0.0%	19.4	19.5

Source: King's Lynn & West Norfolk Borough Council West Norfolk Homechoice data, 2011-12

- 5.30 As with demand for location, analysis of the West Norfolk Homechoice data provides further detail on the relative demand for different size affordable housing. Table 5.5 presents a range of information on the demand for lettings available in 2011-12. The second column shows the average number of bids received for each property let in the sub-area. The third column shows the proportion of all bids for each dwellings size. The next three columns show the need band that the successful applicant for each property was in. The final two columns indicate the average length of time successful households have been within that band on the register (in terms of weeks).

Size of home	Average number of bids per advertised property	Proportion of total bids	Housing need band successful bidder in			Number of weeks in band before successful bid	
			High	Medium	Low	High	Medium
Bedsit	39.6	0.9%	11.1%	88.9%	0.0%	1.0	16.0
One bedroom	91.4	30.9%	64.7%	30.8%	4.5%	10.3	37.3
Two bedrooms	64.4	42.8%	83.9%	13.8%	2.3%	14.7	40.9
Three bedrooms	46.5	23.6%	51.2%	34.2%	14.6%	9.9	83.0
Four+ bedrooms	24.0	1.7%	71.4%	28.6%	0.0%	11.0	85.7

Source: King's Lynn & West Norfolk Borough Council West Norfolk Homechoice data, 2011-12

- 5.31 The Table shows that overall 42.8% of bids were for two bedroom homes, 30.9% for one bedroom dwellings, 23.6% for three bedroom properties, 1.7% for four bedroom accommodation and 0.9% for studios. One bedroom affordable homes advertised received on average the highest number of bids, followed by two bedroom properties. This suggests that these size affordable homes are in greatest demand.
- 5.32 The data suggests the supply of four bedroom affordable housing is least responsive to demand as affordable housing houses few households outside the high need band and households in need requiring this size home record a high average length of time before they are successful.

The cost of housing

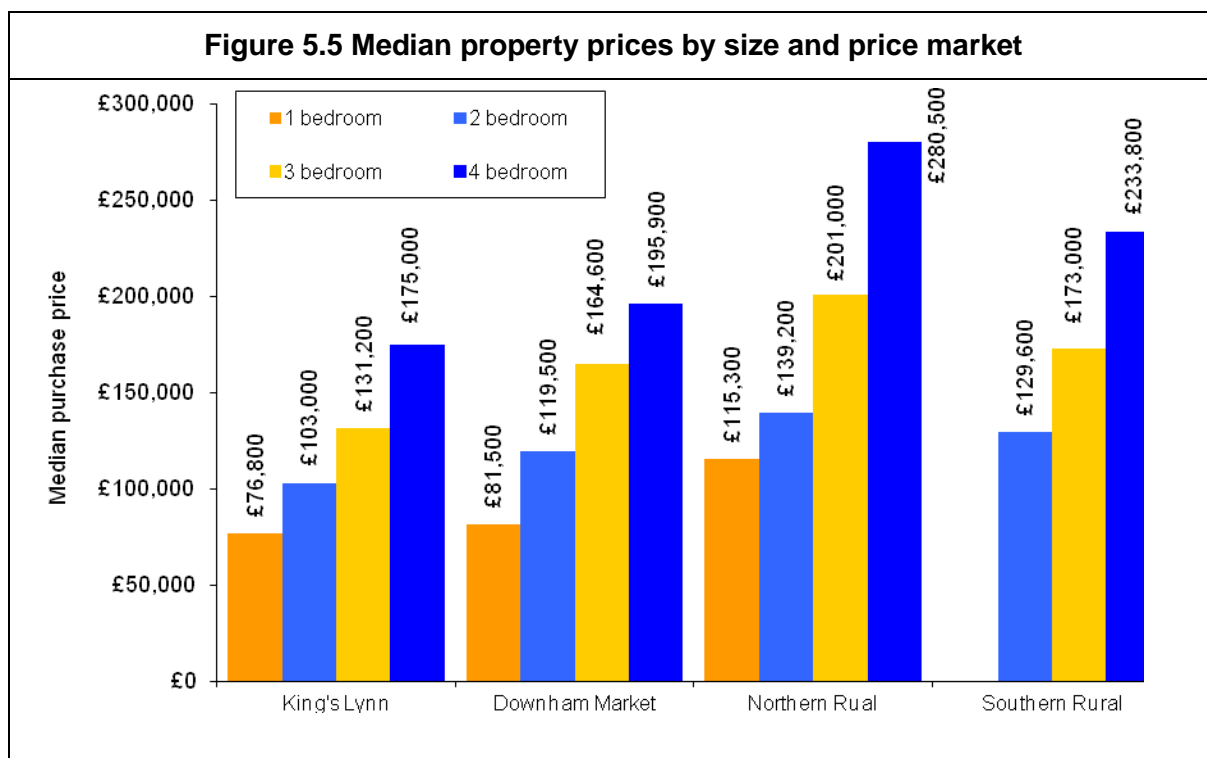
- 5.33 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household as determined by the bedroom standard. As part of this study we have therefore undertaken a new price survey to assess the current cost of housing in the Borough. This has involved both reviewing the different price markets within King's Lynn & West Norfolk identified in the previous SHMA report and establishing the entry-level cost of housing by number of bedrooms in each price market that exists.

Sub-markets

- 5.34 The previous SHMA report identified two price markets within King's Lynn & West Norfolk, based on ward boundaries; Western Coastal and Remainder of the Borough. Variations in prices and market rents have been re-assessed to see if the housing market in King's Lynn & West Norfolk is still divided in the same way as in 2006. The new analysis of the housing market indicated that four price markets exist currently; King's Lynn, Downham Market, the Northern rural area, and the Southern rural area. This differentiation of the Borough is supported by data from Hometrack which maps price variation across King's Lynn & West Norfolk.

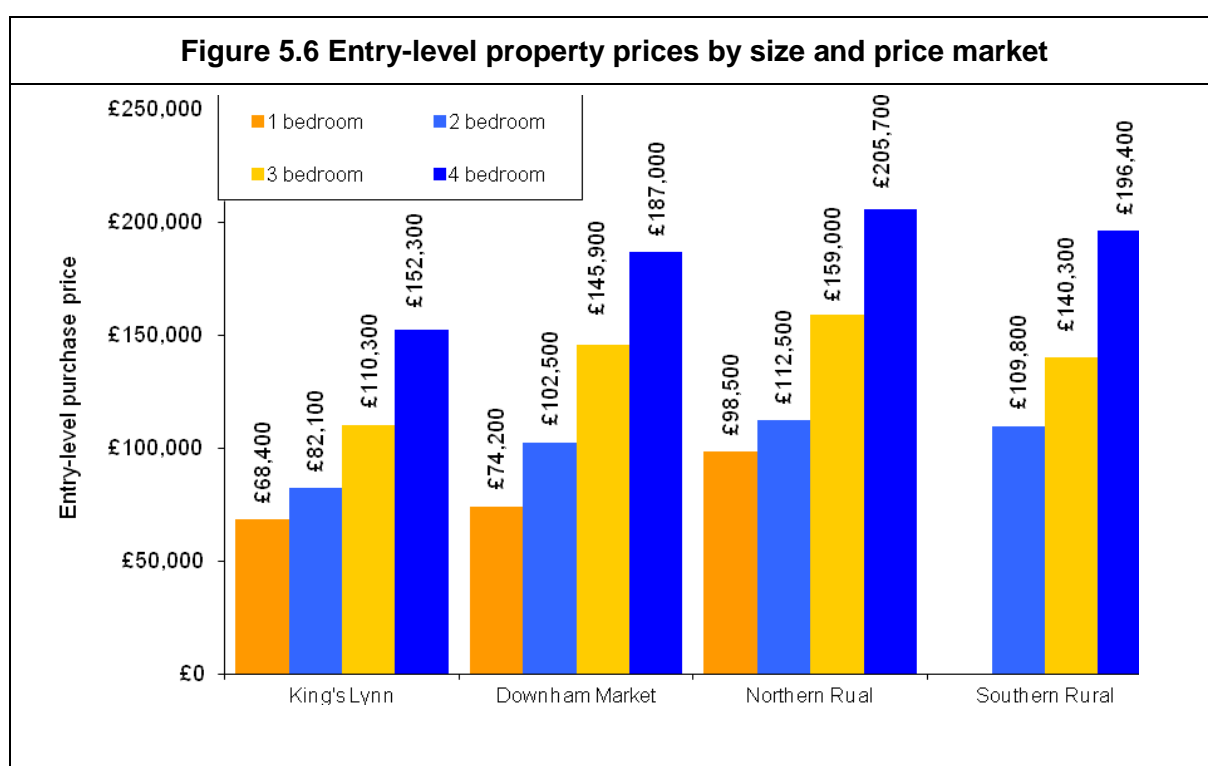
Home ownership

- 5.35 Median property prices by number of bedrooms were obtained in each of these four price markets via an online search of properties advertised for sale during January 2013. The results of this online price survey are presented in Figure 5.5. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 6.5% lower as indicated by Hometrack data on the Borough). One bedroom properties for purchase were found to be in very short supply in the Southern rural price market, therefore prices have not been presented for this dwelling size.
- 5.36 Figure 5.5 shows that the price increase for each property size is quite consistent across all the market areas (about 25 to 40% more for a larger property within the same market area), however the difference is more notable for three and four bedroom properties because the absolute amounts are larger. Overall prices are highest in the Northern Rural price market and lowest in the King's Lynn price market.



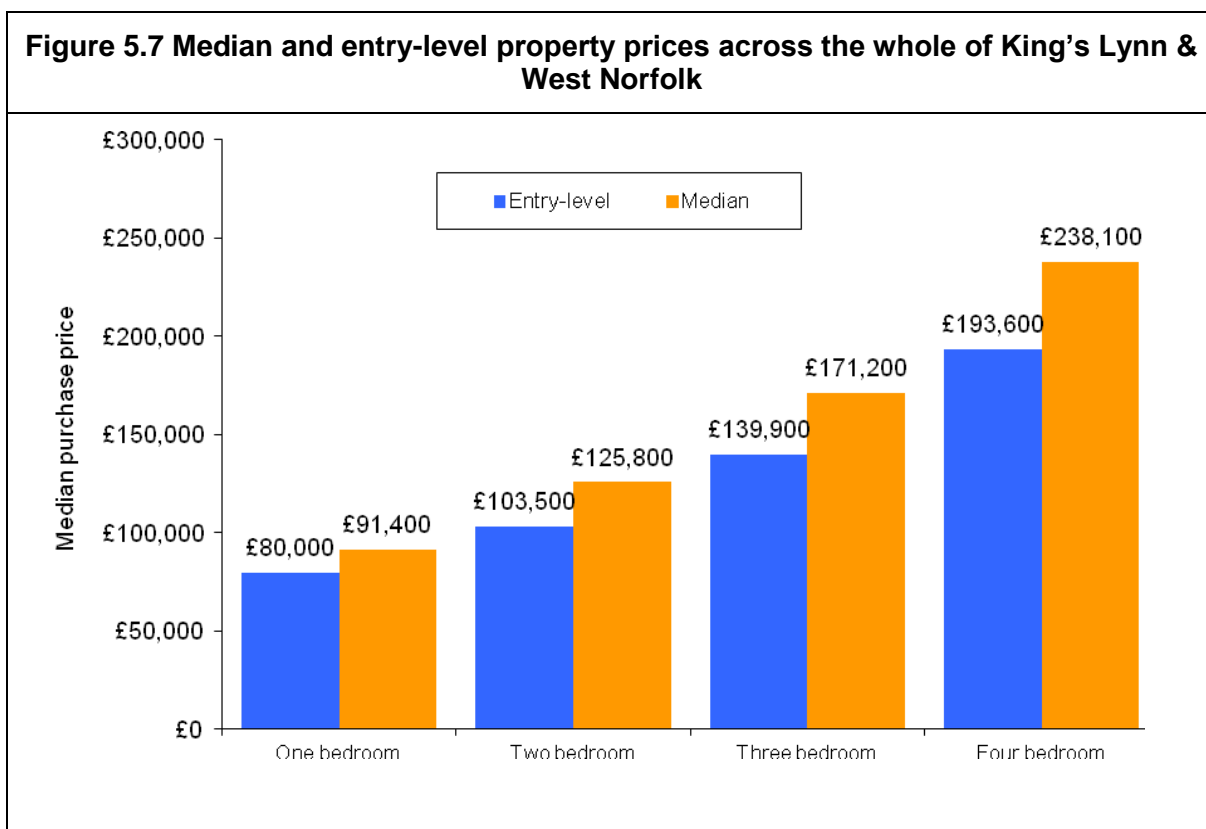
Source: Online estate agents survey January 2013

- 5.37 The online survey also collected information at different points of the price distribution. Entry-level property prices for each price market area are presented in Figure 5.6 below. In accordance with the Practice Guidance (and to replicate the approach used in the previous report), entry-level prices are based on lower quartile prices.
- 5.38 The Figure indicates that entry-level prices in King's Lynn & West Norfolk Borough range from around £68,400 for a one bedroom home in the King's Lynn price market up to £205,700 for a four bedroom property in the Northern Rural price market. In terms of market availability the analysis showed that three bedroom properties are most commonly available to purchase in all price markets. One bedroom properties for purchase were found to be in relatively short supply across the Southern Rural price market, therefore two bedroom dwellings are considered to be the smallest property found to be widely available in this area and form the market entry point for owner-occupation.



Source: Online estate agents survey January 2013

- 5.39 The analysis so far has considered price data by price market; however it is useful to also present this information for the Borough as a whole, particularly as this more easily permits comparison with the prices recorded in the previous SHMA. Figure 5.7 therefore shows median and entry-level property prices by number of bedrooms across King's Lynn & West Norfolk. The Figure indicates that borough-wide entry-level prices in King's Lynn & West Norfolk range from £80,000 for a one bedroom home up to £193,600 for a four bedroom property. Entry-level prices are based on the lower quartile figure in accordance with the Practice Guidance. Median prices are generally around 15-20% higher than entry-level prices. The Borough-wide average prices are comparable with the prices recorded by Hometrack.



Source: Online estate agents survey January 2013

- 5.40 Table 5.6 shows how the Borough-wide entry-level prices have changed between 2006 and 2013. It indicates that three and four bedroom entry-level prices have increased notably whilst two bedroom prices have risen more slowly and one bedroom prices have fallen slightly.

Table 5.6 Change in entry-level prices across the whole of King's Lynn & West Norfolk 2006 to 2013

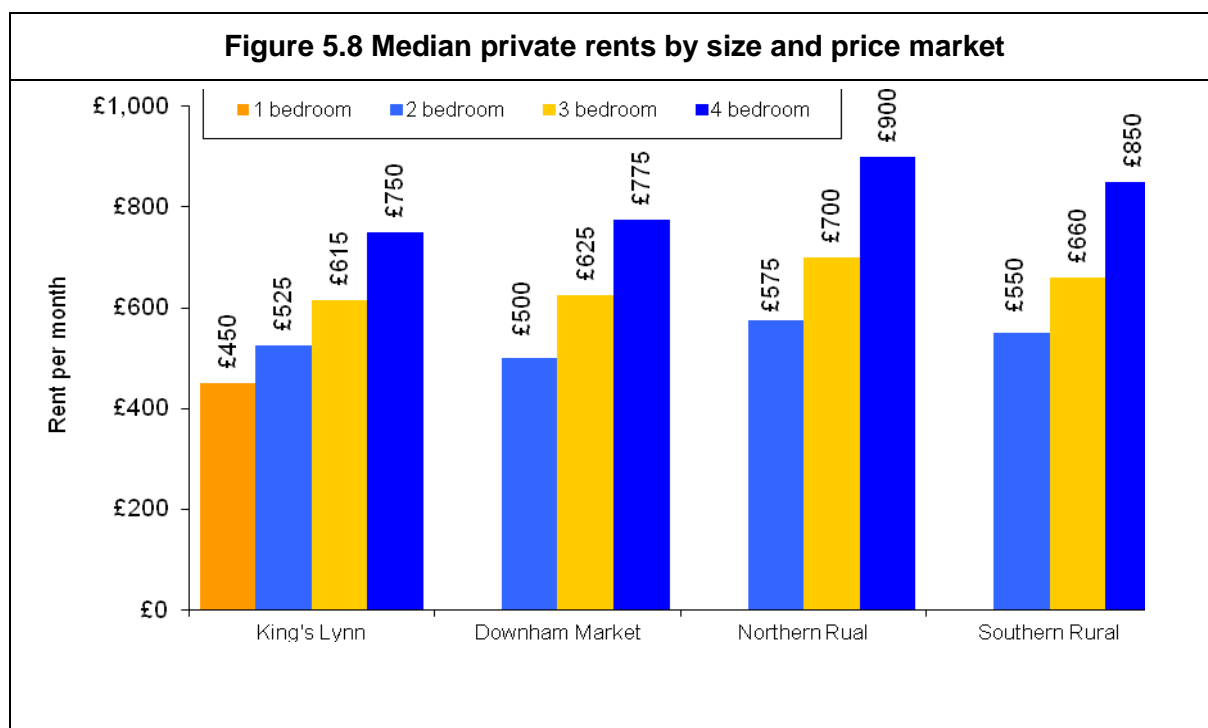
Accommodation size	2006	2013	Change
One bedroom	£82,500	£80,000	-3.0%
Two bedroom	£97,000	£103,500	6.7%
Three bedroom	£117,000	£139,900	19.6%
Four bedroom	£161,500	£193,600	19.9%

Source: Online survey of property prices 2006 and 2013

Private rent

- 5.41 The interviews with letting agents revealed that the principle factor determining the rent of a unit is not its general location, but the condition and situation of the property. The rental market tends to operate very locally with some of the agents just covering very small areas. It was notable that agents working in Kings Lynn were unable to comment on average prices in Downham Market, and vice versa.

- 5.42 Agents noted that the northern rural area of the Borough was expensive because although parts of the area are not affluent, the coastal region attracts very wealthy in-migrants to the area. It was also highlighted that rural properties were more expensive because they were generally larger in size, with bigger gardens. The southern rural area of the Borough was thought to be more affordable, although prices rise closer to Ely and Cambridge with their good transport links.
- 5.43 Rents vary greatly across the Borough from a low of £375 per month for a flat above a shop in Outwell to £2,500 per month for a five bedroom house at Southery. There are properties of all sizes and types available – although there are very few 1 bedroom units available outside Kings Lynn town.
- 5.44 The median price for private rented accommodation by property size and price market is presented in Figure 5.8. As before, the Northern Rural price market is the most expensive, with the King's Lynn price market cheapest, although two bedroom rented homes are cheapest in the Downham Market price market. The Figure shows that the price increase for each property size is quite consistent across all the market areas (about 20 to 25% more for a larger property within the same market area), The relative price increase for a larger property in the private rented sector are smaller than for home ownership.

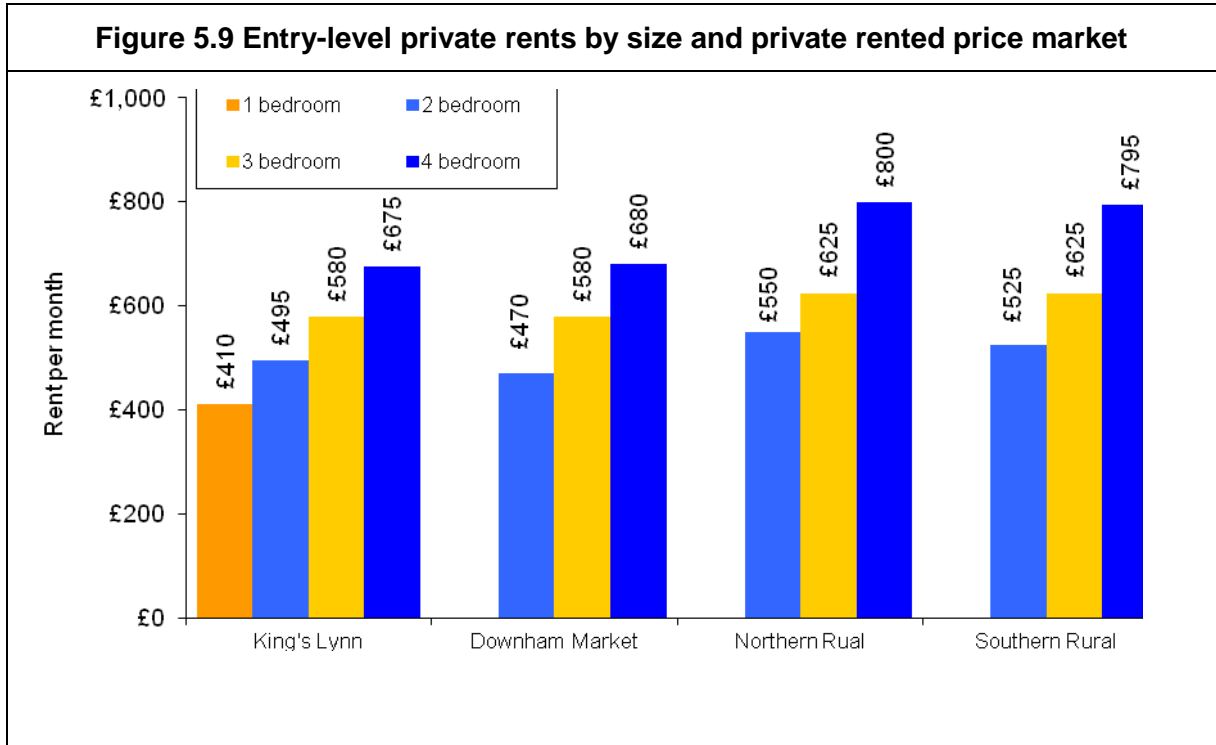


Source: Online letting agents survey January 2013

Entry-level rents

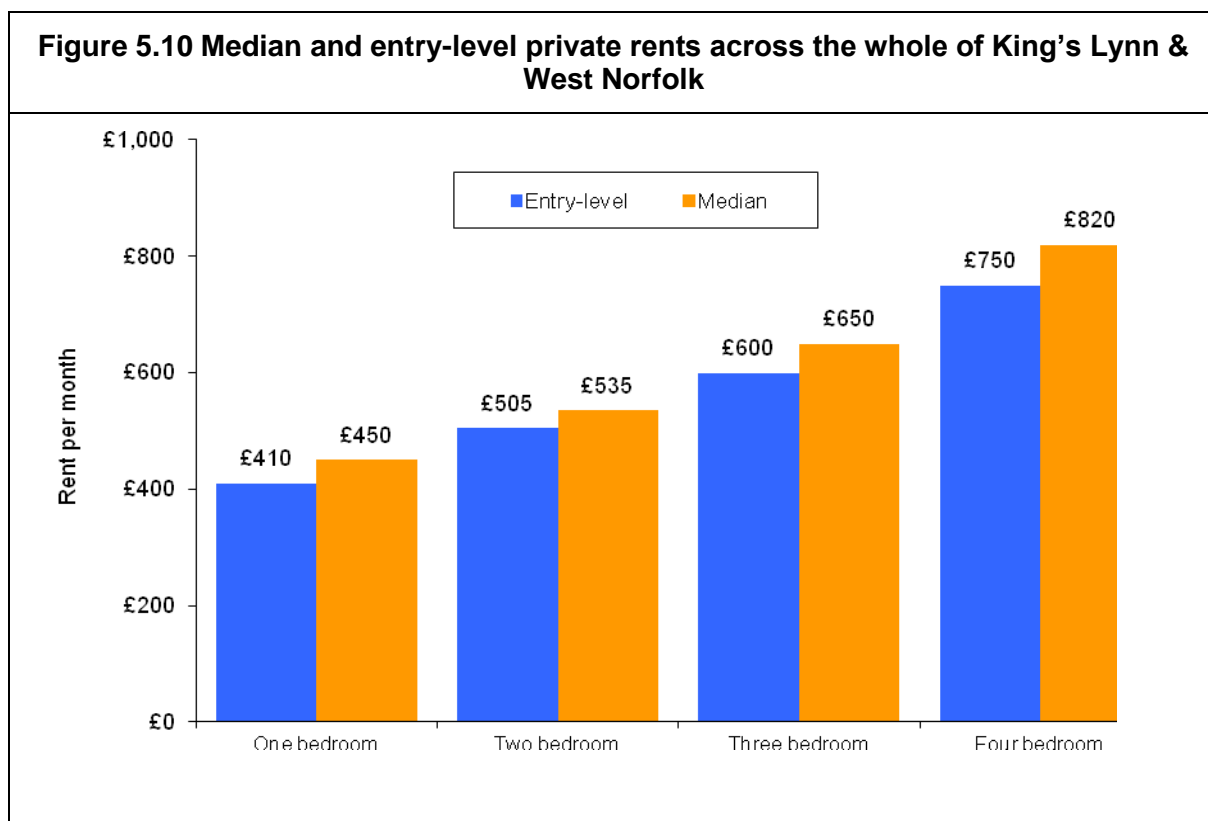
- 5.45 The entry-level price for private rented accommodation by property size and price market is presented in Figure 5.9. The Figure indicates that entry-level rents in King's Lynn & West Norfolk range from £410 per month for a one bedroom home in the King's Lynn price market up to £800 per month for a four bedroom property in the Northern Rural price market. Entry-level rents are based on the lower quartile figure in accordance with the Practice Guidance.

5.46 The profile of properties available is somewhat different to that for purchase, with a greater proportion of two bedroom homes available to rent and fewer four bedroom properties. The supply of one bedroom properties to rent was deemed insufficient outside of the King's Lynn price market: therefore two bedroom dwellings are considered to be the smallest property found to be widely available in the other price markets and form the market entry point for private renting.



Source: Online letting agents survey January 2013

5.47 Figure 5.10 shows median and entry-level market rents by number of bedrooms across King's Lynn & West Norfolk. The Figure indicates that entry-level rents in King's Lynn & West Norfolk range from £410 per month for a one bedroom home up to £750 per month for a four bedroom property. Median rents are generally around 5-10% higher than entry-level rents. The Borough-wide average rents are comparable with the rents recorded by Hometrack.



Source: Online letting agents survey January 2013

- 5.48 Table 5.7 shows how the Borough-wide entry-level rents have changed between 2006 and 2013. It indicates that entry-level rents have increased slightly for all property size except four bedroom accommodation where they are unchanged.

Table 5.7 Change in entry-level rents across the whole of King's Lynn & West Norfolk 2006 to 2013

Accommodation size	2006	2013	Change
One bedroom	£400	£410	2.8%
Two bedroom	£475	£505	5.9%
Three bedroom	£575	£600	4.1%
Four bedroom	£750	£750	0.0%

Source: Online survey of rental values 2006 and 2013

Social rents

- 5.49 The cost of social rented accommodation by dwelling size in King's Lynn & West Norfolk can be obtained from CORE data. Table 5.8 illustrates the rental cost for lettings to social rented properties in King's Lynn & West Norfolk Borough in 2011-12 compared with the costs in the previous SHMA. It can be seen that social rents have increased at a faster rate than private sector rents between 2006 and 2012. Despite this, costs are significantly below those for private rented housing, indicating a significant potential gap between the social rented and market sectors.

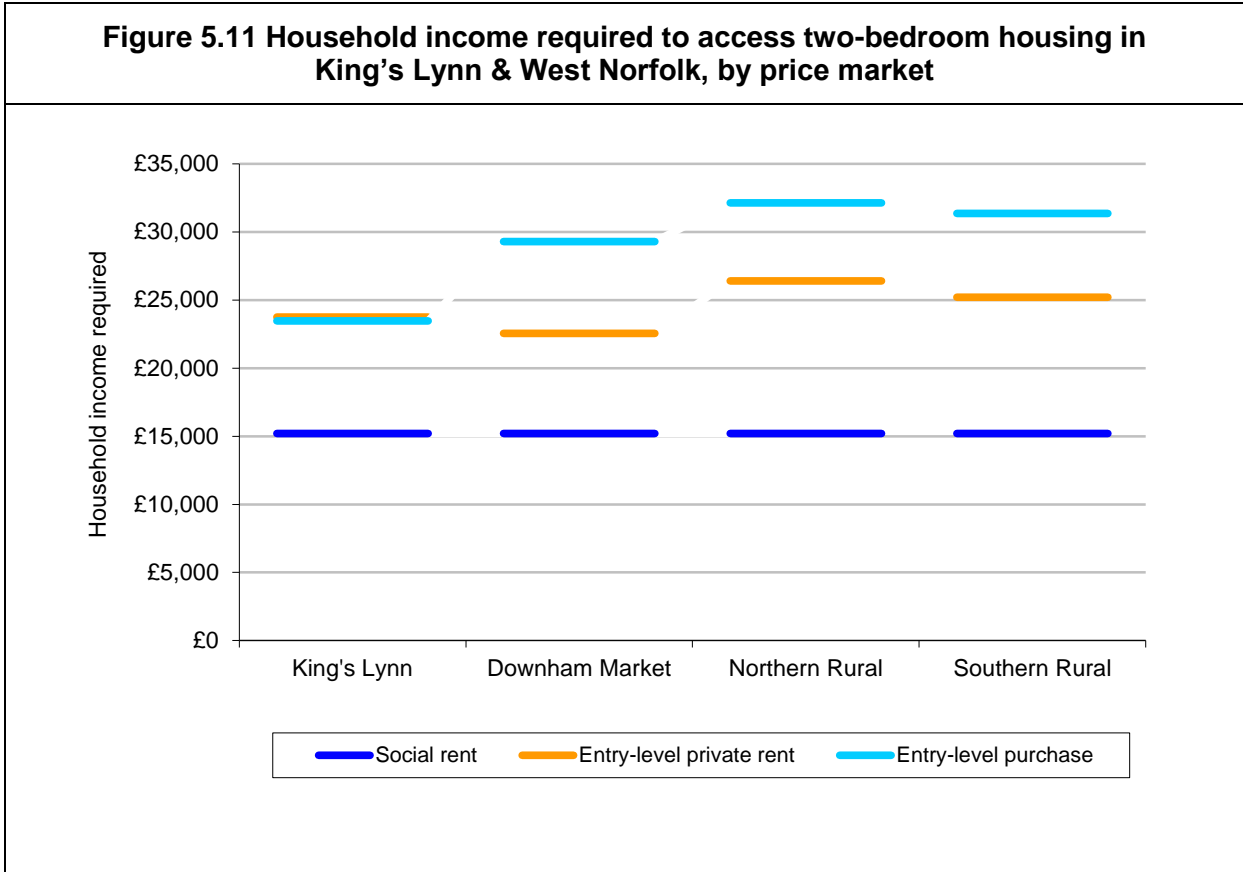
Bedrooms	2006	2012	Change
1 bed	£230	£280	21.7%
2 bed	£264	£317	19.8%
3 bed	£286	£365	27.8%
4+ bed	£308	£410	33.1%

Source: CORE LA Area Lettings Report 2005/06 & 2011/2012

Analysis of housing market 'gaps'

- 5.50 Housing market gaps analysis has been developed to allow easy comparisons of the costs of the tenure range. Figure 5.11 below shows the housing ladder that exists for two bedroom properties in each price market in King's Lynn & West Norfolk. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them. To do this, we have divided the entry-level property price by 3.5 to get an income figure⁶ and multiplied the annual rent by four to produce a comparable figure. This latter step was carried out for both social and market rents. This is in accordance with the affordability criteria set out in the Practice Guidance.
- 5.51 The Figure shows a comparison of the likely income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps, the easier it is for a household to ascend the ladder.
- 5.52 The Figure indicates that in all price markets, the gap between social rent and market rent is larger than the gap between market rent and entry-level home ownership. In the King's Lynn price market, the income required to purchase two bedroom entry-level accommodation is lower than that required for two bedroom entry-level private rent. However the requirement for a significant deposit to access a mortgage may mean that households with sufficient income to theoretically purchase a home may be forced to rent anyway. The gaps within the Northern Rural price market are particularly large; an additional £11,000 per year is required to access a two bedroom private rented home over the cost of a two bedroom social rented property, with a further £6,000 required to move to an owner-occupied home.

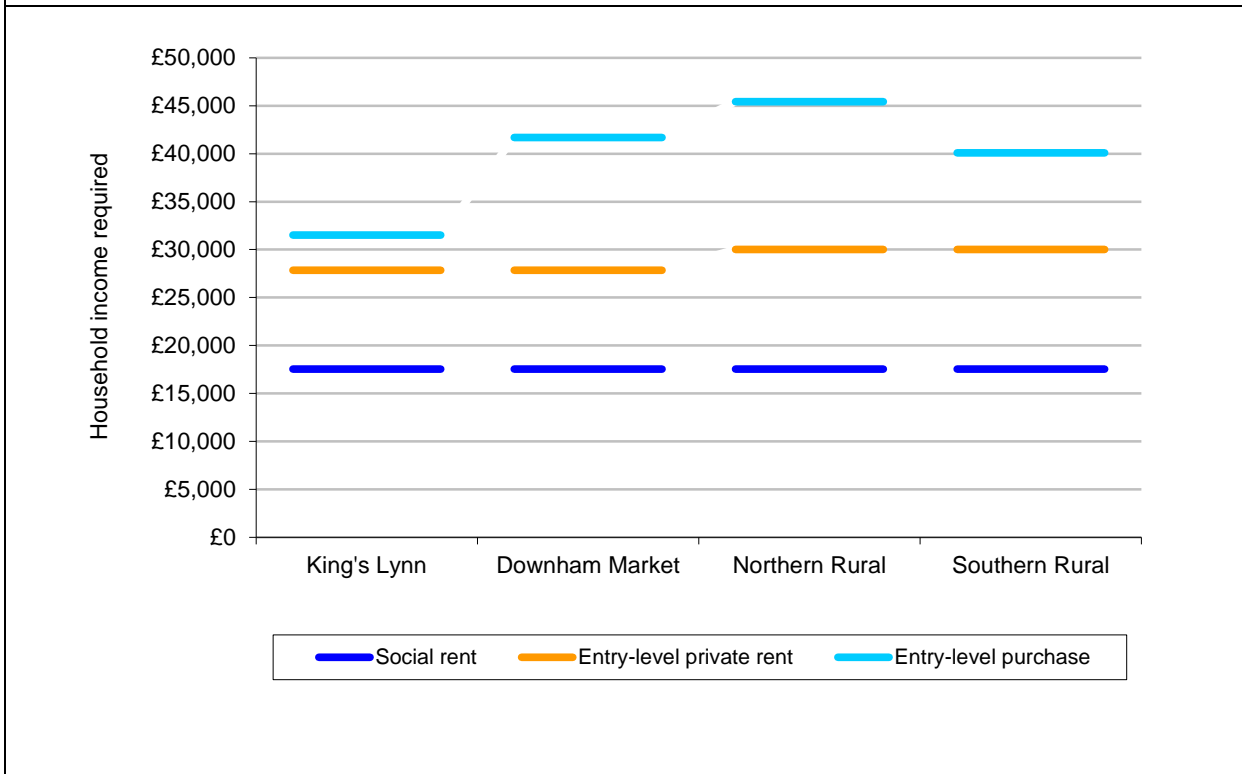
⁶ The income required to own is therefore not dependent on the interest rate associated with the mortgage, but reflects the lending criteria of banks and building societies.



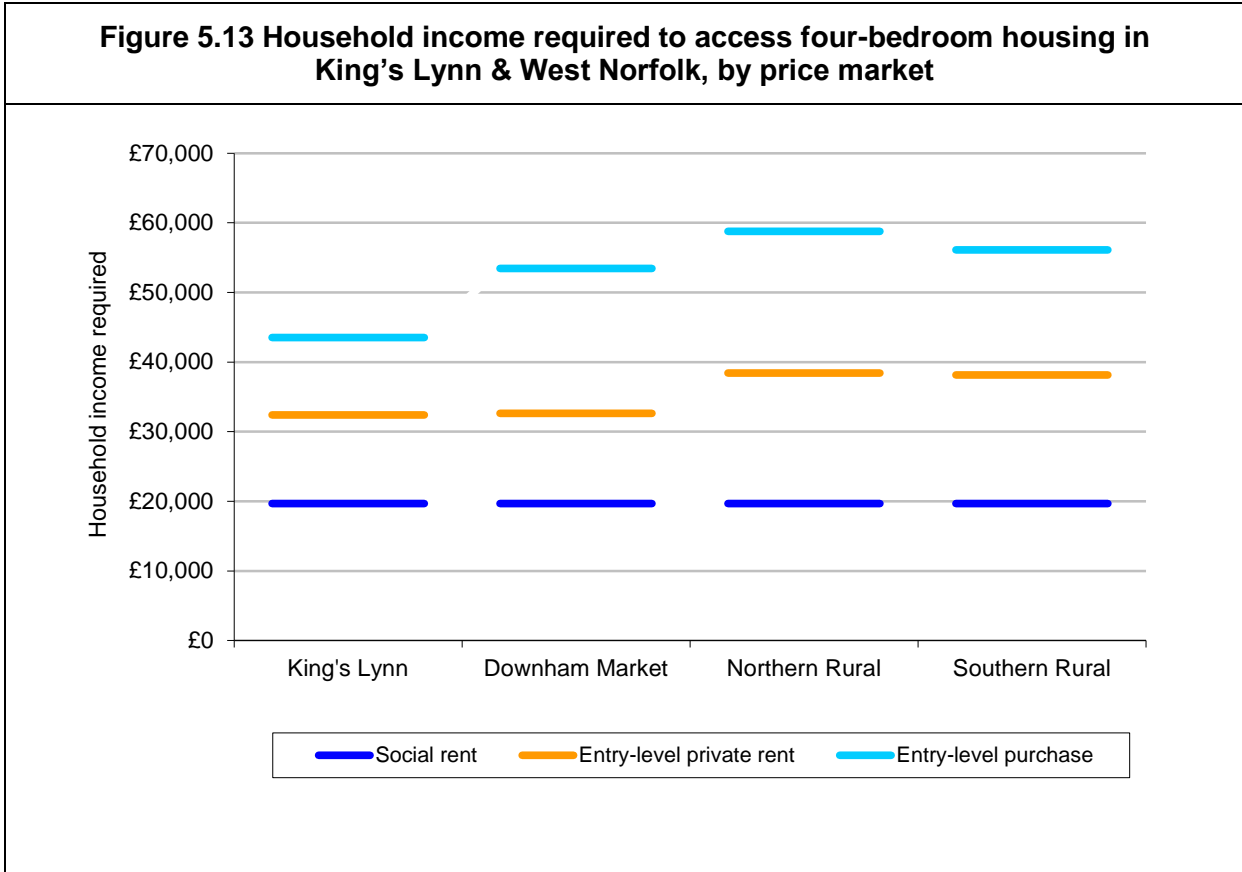
Source: Online estate and letting agents survey January 2013; CORE LA Area Lettings Report 2011/2012

5.53 Figures 5.12 and 5.13 show the equivalent information for three and four bedroom homes. It is clear that as the property size increases, so do the gaps between the cost of the tenures – to move from a four bedroom social rented home in the Northern Rural price market to one in the private rented sector would require an additional £19,000, and a further £20,000 would be required to purchase a four bedroom property in the area.

Figure 5.12 Household income required to access three-bedroom housing in King's Lynn & West Norfolk, by price market



Source: Online estate and letting agents survey January 2013; CORE LA Area Lettings Report 2011/2012



Source: Online estate and letting agents survey January 2013; CORE LA Area Lettings Report 2011/2012

5.54 Table 5.9 shows the size of the gaps in each of the price market areas in King's Lynn & West Norfolk. The Table indicates, for example, that two bedroom market entry rents in the Downham Market price market are 48.4% higher (in terms of income required) than the cost of social rented accommodation. The very large gap recorded between social rents and market entry rents in all price markets indicates that intermediate housing could potentially be useful for a large number of households in King's Lynn & West Norfolk. The significant gap between market entry rents and market entry purchase indicates notable potential demand for part-ownership products for households in this gap.

Table 5.9 Scale of key housing market gaps in King's Lynn & West Norfolk		
One bedroom		
<i>Price-market</i>	<i>Social rent/market rent</i>	<i>Rent/buy gap</i>
Kings' Lynn	68.2%	95.0%
Downham Market	-	-
Northern Rural	-	-
Southern Rural	-	-
Two bedroom		
<i>Price-market</i>	<i>Social rent/market rent</i>	<i>Rent/buy gap</i>
Kings' Lynn	56.3%	-1.3%
Downham Market	48.4%	29.8%
Northern Rural	73.6%	21.8%
Southern Rural	65.7%	24.5%
Three bedroom		
<i>Price-market</i>	<i>Social rent/market rent</i>	<i>Rent/buy gap</i>
Kings' Lynn	58.7%	13.2%
Downham Market	58.7%	49.7%
Northern Rural	71.0%	51.4%
Southern Rural	71.0%	33.6%
Four bedroom		
<i>Price-market</i>	<i>Social rent/market rent</i>	<i>Rent/buy gap</i>
Kings' Lynn	64.8%	34.3%
Downham Market	66.0%	63.7%
Northern Rural	95.3%	53.1%
Southern Rural	94.1%	47.1%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

6. Financial information

Summary

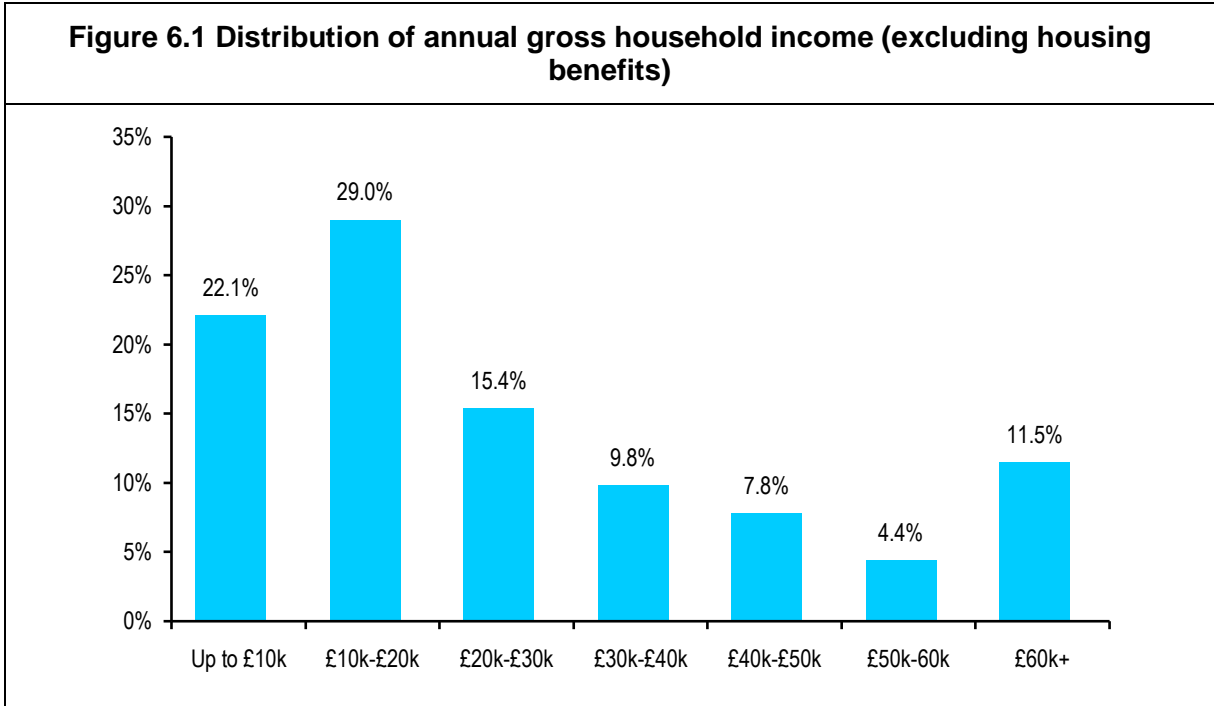
- i. The updated survey estimates that the median annual gross household income (including non-housing benefits) in King's Lynn & West Norfolk is £19,175. This is an increase of 8.3% since the previous SHMA report in 2007. Since 2007 the median savings levels have increased by 24.9% whilst the median equity amongst owner-occupiers has increased by 12.9%.
- ii. Based on the affordability criteria set out in the Practice Guidance (Strategic Housing Market Assessment Practice Guidance, August 2007), some 25.9% of all households in King's Lynn & West Norfolk are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 23.2% in 2007 from the previous SHMA report.

Introduction

- 6.1 Chapter 2 of this report describes how the financial profile of each household within the primary dataset has been updated. This chapter presents the current financial situation of households in King's Lynn & West Norfolk derived from the updated dataset. The chapter considers each of the elements that constitute financial capacity. These results are then combined with the analysis of the local housing market, presented in the previous chapter, to make an assessment of affordability for households in King's Lynn & West Norfolk.

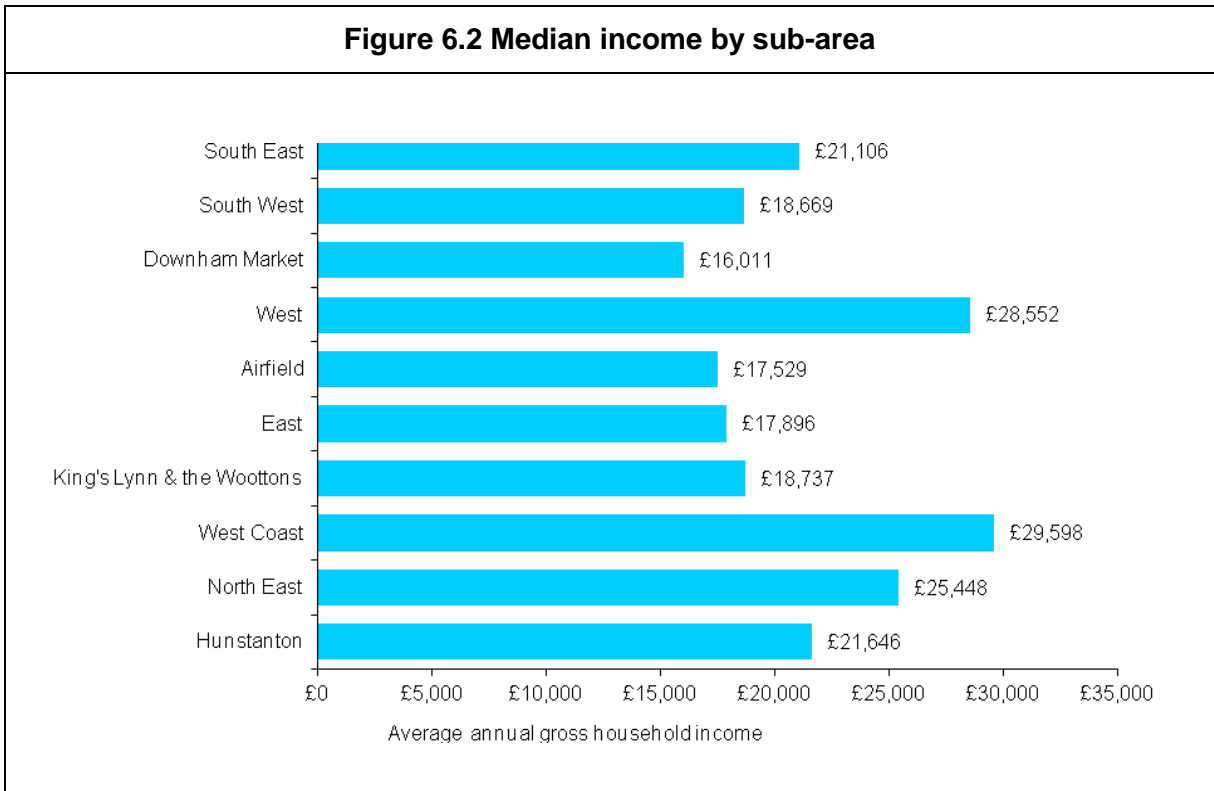
Household income

- 6.2 The updated dataset estimates that the mean annual gross household income excluding housing benefits (but including all other income sources) in King's Lynn & West Norfolk is £28,658, which is an increase of 18.7% since the previous SHMA report in 2007. The median household income is noticeably lower at £19,175 (an increase of 8.3%). Data from CACI indicates that the mean household income across Great Britain in 2011 was £36,010, however it should be noted that this figure includes housing benefit, so is not directly comparable.
- 6.3 Figure 6.1 shows the distribution of income in the Borough. It is clear that there is a significant range of incomes, with 51.1% of households having an income of less than £20,000, and 11.5% of households having an income in excess of £60,000.



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

6.4 Figure 6.2 shows how median household income varies by sub-area in King's Lynn & West Norfolk. The data shows that the West Coast and West sub-areas record the highest median household income and the Downham Market sub-area the lowest.



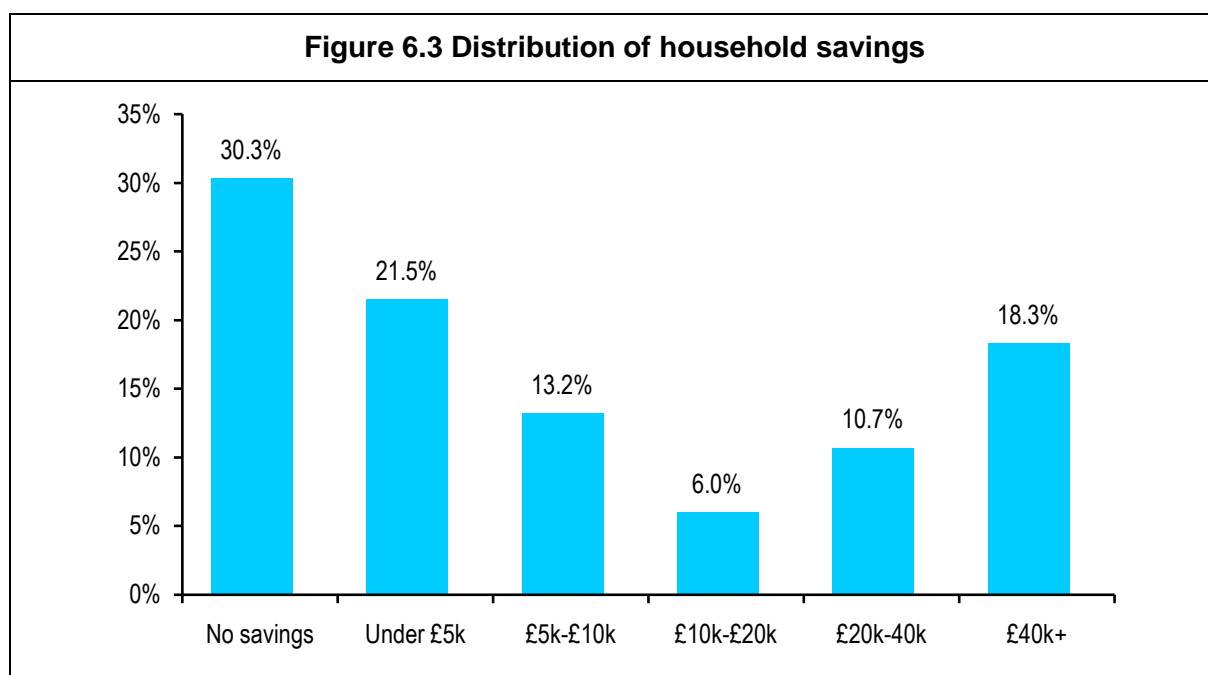
Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013



- 6.5 Further analysis shows that 65.0% of households with incomes less than £20,000 contain no household members that are in employment (this includes pensioner-only households). An additional 11.0% of households with an income less than £20,000 contain only people employed in part-time roles and a further 9.2% comprise single person households (likely to have relatively little benefit income to supplement their earned income). Households where the household reference person is in employment have a mean income of around £38,591 (median of £30,644).

Household savings and equity

- 6.6 The mean level of household savings in King's Lynn & West Norfolk in 2013 is £39,255, which is an increase of 32.8% from the figure recorded in 2007. The median figure for household savings is currently £4,262 (an increase of 24.9%). These increases correspond with national trends discussed in chapter 2. It is important to note however that whilst these average figures have increased notably (in percentage terms) this is a consequence of higher income households saving a greater proportion of their income and having relatively higher savings levels in 2013 than in 2007. Over half of households have savings of less than £4,242 and almost a third have no savings or are in debt. Figure 6.3 shows the distribution of savings in King's Lynn & West Norfolk. Households with no savings also include those in debt.



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 6.7 According to the updated household survey dataset, the mean amount of equity that all owner-occupiers (both those with and without mortgages) have in their property is estimated to be £159,692 currently⁷. This is an increase of 8.4% since 2007. The median level of equity is £150,368 (an increase of 12.9%).

⁷ Chapter 2 provides further explanation on how the level of equity held by households was updated.

Financial capacity of King's Lynn & West Norfolk Borough's households

- 6.8 Financial capacity is the term created to define the capitalised amount of money a household potentially has available to move home. It takes account of all the resources that a household has available and is calculated as: income (x3.5) + savings + equity. The income is multiplied by 3.5 as this is the typical multiplier used to assess a household's ability to purchase a home and is the approach suggested in the Practice Guidance.
- 6.9 Table 6.1 provides the median financial capacity figures by tenure. The data shows that owners without a mortgage (often retired) have a greater overall financial capacity than those (typically younger) with a mortgage, but the latter have much higher incomes. Both have a far greater financial capacity than households in the rented sector. It is clear that the financial capacity of social renters will prohibit the majority from being able to consider buying a home or renting privately within King's Lynn & West Norfolk; however other affordable tenures may be suitable for some of these households.

<i>Tenure</i>	<i>Median annual gross household income</i>	<i>Median savings</i>	<i>Median equity</i>	<i>Financial capacity</i>
Owner-occupied (no mortgage)	£17,925	£26,436	£193,755	£282,926
Owner-occupied (with mortgage)	£36,122	£2,676	£89,578	£218,681
Social rented	£7,752	£341	-	£27,474
Private rented	£17,723	£836	-	£62,866
Average	£19,175	£4,262	£150,368	£221,742

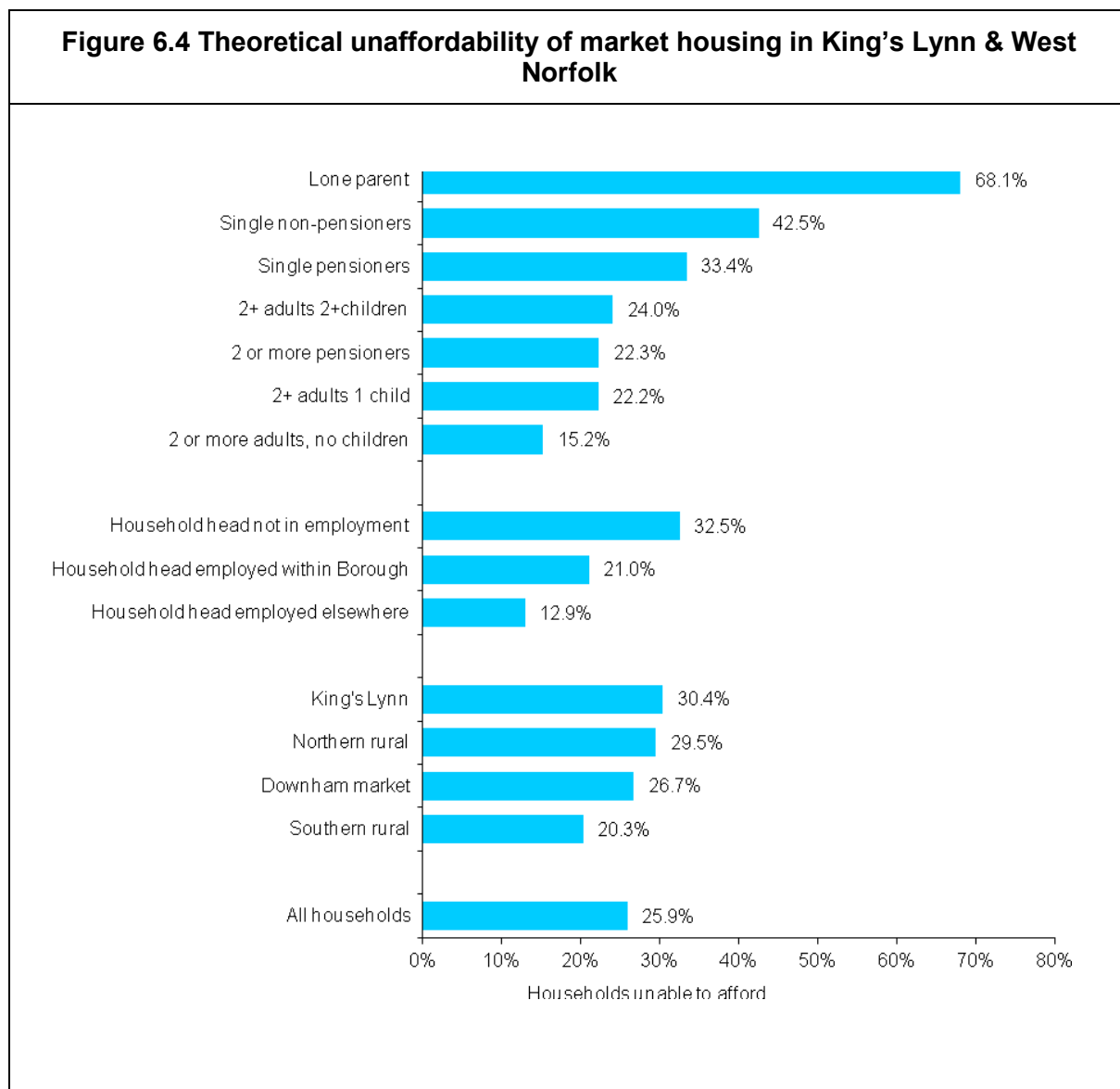
Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Theoretical affordability of market housing

- 6.10 This information on the financial capacity of households alongside data on the cost of entry-level housing in King's Lynn & West Norfolk can be used to examine the ability of households to afford housing locally, based on the affordability criteria set out in the Practice Guidance (and presented in the Glossary).
- 6.11 Figure 6.4 shows the current affordability of households by household type, location of employment of household head and price area within the Borough. This is theoretical affordability of households, as the analysis considers all households in the Borough and does not take into account their intention of moving.
- 6.12 The data indicates that 68.1% of lone parent households in the Borough would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford. Households that contain two or more adults and no children are most likely to be able to afford market housing in King's Lynn & West Norfolk.
- 6.13 Some 21.0% of households headed by someone employed in King's Lynn & West Norfolk would be unable to afford market housing in the Borough (if they were to move now), compared to 12.9% of

households headed by someone employed outside of King's Lynn & West Norfolk. The figure shows that households located in the Southern rural price area are most likely to be able to afford market housing in their price area, with households in King's Lynn least likely.

6.14 Overall, some 25.9% of all households in King's Lynn & West Norfolk Borough are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 23.2% in 2007 SHMA report.



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013



7. Housing need

Summary

- i. A key element of housing need is an assessment of the suitability of a household's current housing. It is estimated that a total of 6,262 households are living in unsuitable housing. This represents 9.8% of all households in King's Lynn & West Norfolk.
- ii. Following the steps of the needs assessment model specified by the Practice Guidance results in a net need estimate of 1,494 affordable dwellings per year in King's Lynn & West Norfolk. A range of dwelling sizes are needed, with two bedroom properties in particularly large demand currently as a consequence of Housing Benefit now being paid for the number of bedrooms required rather than the number in the home – with under-occupying households consequently looking to downsize.
- iii. Factoring higher affordability thresholds households in the private rented sector pay in current market conditions and the supply of private rented accommodation (via LHA) to house those requiring affordable housing, the need for new affordable units reduces to 294 per year – however changes to the administration of LHA mean that it is unlikely to continue to support households in need within the private rented sector to the same level; around 750 households living in the sector in the Borough have seen the benefit they receive toward their rent drop.

Introduction

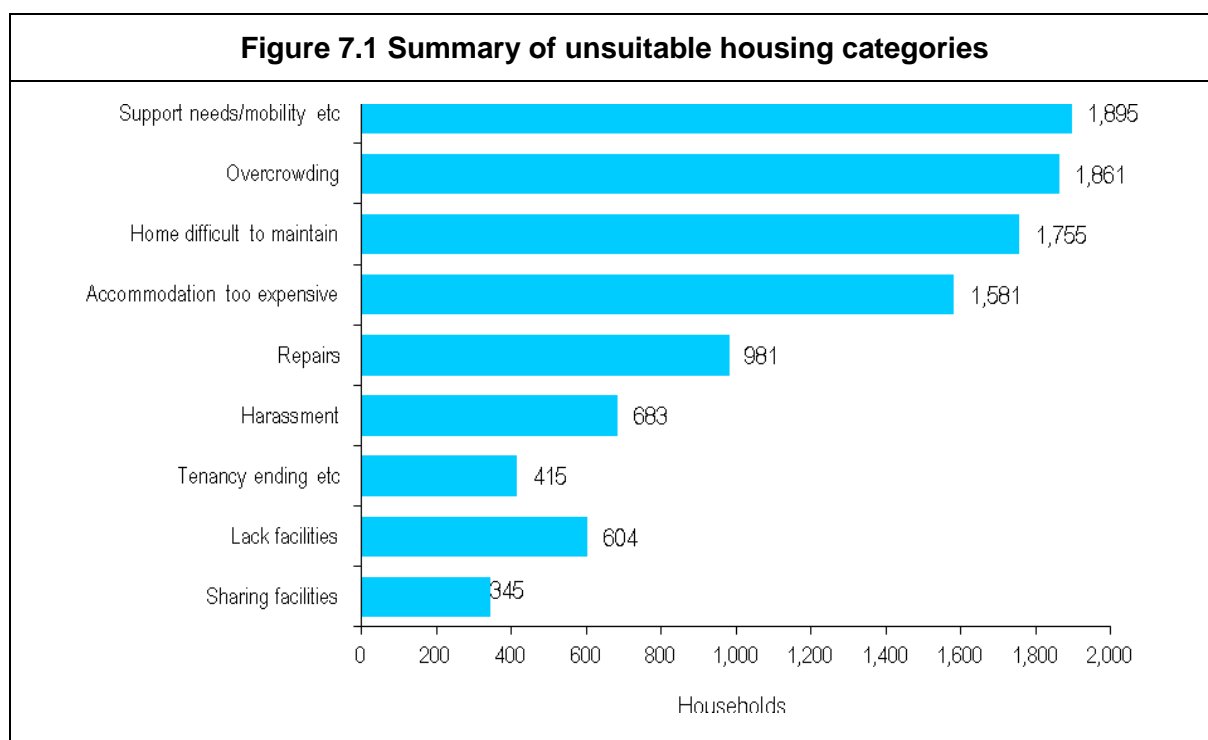
- 7.1 Housing need is a term first used in the mid-1990s to help provide a means-tested estimate of the requirement for affordable housing in an area. The Practice Guidance (August 2007) defines housing need as *'the quantity of housing required for households who are unable to access suitable housing without financial assistance.'*
- 7.2 This chapter presents the results of the three broad stages of the needs assessment model. Within each of the three stages there are a number of detailed calculations (16 in total) many of which themselves have a number of components. This chapter presents details of how each of these 16 detailed steps is calculated using locally available data for King's Lynn & West Norfolk. An annual estimate of housing need is calculated from these 16 steps and the location and size of accommodation most appropriate to meet this need is discussed.

Stage 1: Current need (Steps 1.1-1.4)

- 7.3 The first stage of the model assesses 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).

Unsuitable housing

- 7.4 A key element of housing need is an assessment of the suitability of a household's current housing. The Practice Guidance sets out a series of nine criteria for unsuitable housing, which have been used in this report (and are listed in Figure 7.1 below). The household survey dataset collected information on the presence of these criteria. The household survey dataset indicates that a total of 6,262 households are living in unsuitable housing (the figures suggested by the household survey dataset for each of these criteria were cross-checked against the latest secondary data where available). This represents 9.8% of all households in King's Lynn & West Norfolk.
- 7.5 Figure 7.1 shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main cause of unsuitable housing is the dwelling being unsuitable for the household due to their support needs or mobility issues⁸, followed by overcrowding. It is worth noting that overcrowding was the fourth most common cause of unsuitable housing in the previous SHMA in 2007. Further detail on overcrowded (and under-occupied households) is presented in Appendix A1.



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013. N.B. Households can have more than one reason for unsuitability, hence figures add up to more than 6,262

⁸ It should be noted that the estimate of the number of households with support needs or mobility issues is self-defined and the Council have continued to invest in adaptations to allow households to remain in their own home.

- 7.6 Table 7.1 shows unsuitable housing by tenure. The data suggests that households living in rented accommodation are particularly likely to be in unsuitable housing.

Table 7.1 Unsuitable housing and tenure					
<i>Tenure</i>	<i>Unsuitable housing</i>				
	<i>In unsuitable housing</i>	<i>Not in unsuitable housing</i>	<i>Number of h'holds in King's Lynn & West Norfolk</i>	<i>% of tenure in unsuitable housing</i>	<i>% of all unsuitable housing</i>
Owner-occupied (no mortgage)	986	24,227	25,213	3.9%	15.7%
Owner-occupied (with mortgage)	1,377	17,265	18,641	7.4%	22.0%
Social rented	1,881	7,450	9,331	20.2%	30.0%
Private rented	2,019	8,676	10,694	18.9%	32.2%
Total	6,262	57,618	63,880	9.8%	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

'In-situ' solutions

- 7.7 The survey has highlighted that 6,262 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.
- 7.8 The survey data therefore estimates that of the 6,262 households in unsuitable housing, 3,471 (or 55.4%) do not have an in-situ solution and therefore require a move to alternative accommodation.

Affordability

- 7.9 Each of these 3,471 households in unsuitable housing and requiring a move to alternative accommodation is tested for their ability to afford market accommodation of an appropriate size within the price market that they reside (the cost of which is set out in chapter 5) using the information on their particular financial circumstances. Using the affordability criteria set out in the Practice Guidance, it is calculated that overall 67.5% (2,344 households) are unable to afford market housing.
- 7.10 The 2,344 households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation) are considered to be in housing need. This represents 3.7% of all existing households in King's Lynn & West Norfolk.
- 7.11 Table 7.2 shows the tenure of the 2,344 households currently estimated to be in housing need. The results show that social and private rented tenants are most likely to be in housing need (because households in unsuitable housing in these tenures are least likely to be able to afford alternative market accommodation). Of all households in need 55.5% currently live in private rented accommodation and 43.6% in a social rented home.

Table 7.2 Housing need and tenure					
<i>Tenure</i>	<i>Housing need</i>				
	<i>In need</i>	<i>Not in need</i>	<i>Number of h'holds in King's Lynn & West Norfolk</i>	<i>% of tenure in need</i>	<i>% of all housing need</i>
Owner-occupied (no mortgage)	0	25,213	25,213	0.0%	0.0%
Owner-occupied (with mortgage)*	23	18,619	18,641	0.1%	1.0%
Social rented	1,021	8,310	9,331	10.9%	43.6%
Private rented	1,301	9,394	10,694	12.2%	55.5%
Total	2,344	61,536	63,880	3.7%	100.0%

*Includes shared ownership households

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 7.12 For the purposes of the housing needs assessment, 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. It is estimated that some 1,021 households in need currently live in affordable housing (as set out in Table 7.2 above). Further analysis of the household survey dataset reveals that the principle causes of unsuitable housing amongst those in the social rented sector and unable to afford the required move to alternative market housing are overcrowding (42.1% of the 1,021 households) and harassment (41.7% of the 1,021 households).

Homeless households

- 7.13 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 current need.
- 7.14 To assess the number of homeless households we have used information contained in the Council's P1(E) return. The main source of information used is Section E6 which shows the number of households accommodated by the 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 placed in accommodation during the quarter." This is important given the snapshot nature of the survey. Data compiled from the third quarter of 2012 is shown in Table 7.3.

<i>Category</i>	<i>No.</i>
<u>Bed and breakfast</u>	<u>1</u>
<u>Other nightly paid</u>	<u>0</u>
<u>Hostel</u>	<u>2</u>
Private sector accommodation leased by authority	0
Private sector accommodation leased by RSLs	0
Directly with a private sector landlord	0
Within Council's own stock	0
Within RSL stock	20
Other	0
Total	23

Source: King's Lynn & West Norfolk Borough Council P1(E) return (Quarter 3 2012)

7.15 Not all of the categories in the above Table are added to our assessment of existing households in need. This is because, in theory, they will be part of our household survey sample. For example, households housed within the RSL stock should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the household survey dataset sample was drawn. After considering the various categories, we have concluded that there are three (underlined) which should be included as part of the homeless element, due to not forming part of the original Council Tax file. Therefore, of the 23 homeless households in temporary accommodation, 3 will be counted as additional need for the purpose of the housing needs assessment.

Total current need

7.16 Table 7.4 summarises the first stage of the overall assessment of housing need as set out by the Practice Guidance. The data shows that there are an estimated 2,347 households in current need in King's Lynn & West Norfolk.

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
1.1 Homeless households and those in temporary accommodation	7.15		3
1.2 Overcrowding and concealed households	7.10	Two steps taken together	2,344
1.3 Other groups			
1.4 equals Total current housing need (gross)	7.16	1.1+1.2+1.3	2,347

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Stage 2: Future need (Steps 2.1-2.4)

7.17 In addition to Current Need, there will also be Future Need. This forms the second stage of the housing needs assessment model. This is split, as per the Practice Guidance, into two main categories. These are as follows:

- new household formation (× proportion unable to buy or rent in market)
- existing households falling into need.

Need from newly forming households

7.18 The estimate of the number of newly forming households in need of affordable housing is calculated from the update survey dataset and is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of future need.

7.19 Table 7.5 shows details of the derivation of new household formation. The Table begins by establishing the number of newly forming households over the past two years.

Table 7.5 Derivation of newly arising need from new household formation		
<i>Aspect of calculation</i>	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years	11,304	
Minus households NOT forming in previous move	-8,392	2,912
TOTAL APPLICABLE MOVES	2,912	
ANNUAL TOTAL APPLICABLE MOVES	1,456	
Minus households able to afford market housing (50.6%)	-737	719
ANNUAL ESTIMATE OF NEWLY ARISING NEED	719	

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

7.22 The Table above shows that an estimated 2,912 households were newly formed within the Borough over the past two years, which equates to 1,456 households per annum. This represents a household formation rate of 2.3% and compares to a headship rate of 2.1% recorded nationally by the English Housing Survey. To validate this household formation rate in King's Lynn & West Norfolk an alternative estimate has been calculated from secondary data sources⁹, which indicates an average 1,396 households will form each year over the next five years. The similarity of this figure to the one derived from the household survey dataset emphasises its validity.

⁹ The headship rate for each 5 year age cohort between the ages 15 and 44 was calculated using information in the Census on the number of people and number of household heads within each age cohort in King's Lynn & West Norfolk. This headship rate was then applied to the 2011-based mid-term population projections. This identified the projected number of households likely to form in the Borough between 2013 and 2018.

7.23 Each newly forming household that is potentially in need is tested for their ability to afford market accommodation of an appropriate size using the information on their particular financial circumstances. The household survey dataset estimates that 49.4% of these households are unable to afford market housing without some form of subsidy in King's Lynn & West Norfolk. Overall therefore, there is a future need from 719 newly forming households per year. Whilst a figure of half of newly forming households being unable to afford market accommodation may appear large, this will include households that pay more than a quarter of their gross income on their rent/mortgage (above the level indicated in the Practice Guidance); this will be discussed in greater detail at the end of the chapter.

Existing households falling into need

7.24 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). This is calculated from the household survey dataset and is based on an assessment of the ability to afford of existing households who have moved home within the last two years. A household will fall into need if it has to move home and is unable to afford to do this within the private sector (examples of such a move would be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim Local Housing Allowance or spend more than a quarter of their gross income on housing (which is above the level indicated in the Practice Guidance), which is considered unaffordable (or indeed a combination of both).

7.25 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.

7.26 Table 7.6 shows the derivation of existing households falling into need.

Table 7.6 Derivation of newly arising need from existing households		
<i>Aspect of calculation</i>	<i>Number</i>	<i>Sub-total</i>
Number of households moving in past two years		11,304
Minus households forming in previous move	-2,912	8,392
Minus households transferring within affordable housing	-435	7,957
TOTAL APPLICABLE MOVES		7,957
Minus households able to afford market housing (68.7%)	-5,468	2,489
ESTIMATE OF NEWLY ARISING NEED		2,489
ANNUAL ESTIMATE OF NEWLY ARISING NEED		1,244

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 7.27 The Table above shows that a total of 8,392 existing households moved in the last two years. Removing households transferring within affordable housing leaves 7,957 households who are potentially in need. The affordability test is applied to each of these 7,957 households. It is estimated that 2,489 of these households are unable to afford market housing (31.3%). Annualised this is 1,244 households per year.

Total future need

- 7.28 The data from the two steps described above can now be put into the needs assessment model as illustrated in Table 7.7. It indicates that future need will arise from a total of 1,963 households per annum.

Table 7.7 Future need (per annum)			
<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Number</i>
2.1 New household formation (gross per year)	7.20		1,456
2.2 Proportion of new households unable to buy or rent in the market	7.21	leaves 719	49.4%
2.3 Existing households falling into need	7.25		1,244
2.4 Total newly arising housing need (gross per year)	7.26	2.1×2.2+2.3	1,963

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Stage 3: Available stock to offset need (Steps 3.1-3.8)

- 7.29 The supply of affordable housing to meet housing need comprises the third stage of the housing needs assessment model. The affordable housing supply stage is split between existing stock that is available to offset the current need and the likely future level of supply.

Available stock to offset current need

- 7.30 The stock available to offset the current need 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.

Current occupiers of affordable housing in need

- 7.31 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. As established when calculating current need (paragraph 7.12), there are 1,021 households currently in need already living in affordable housing.

Surplus stock

- 7.32 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The Practice Guidance suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. King's Lynn &

West Norfolk records a vacancy rate in the affordable sector of 0.7%. As the vacancy rate in King's Lynn & West Norfolk is lower than the 3% benchmark, no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing.

Committed supply of new affordable units

- 7.33 The Practice Guidance 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 King's Lynn & West Norfolk Council data on the number of affordable units granted planning permission currently (including those under construction). This indicates that there is currently planning permission for 215 affordable dwellings in King's Lynn & West Norfolk.

Planned units to be taken out of management

- 7.34 The Practice Guidance states that this step '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 there will be a net loss of 18 affordable units as a consequence of refurbishment works on a large maisonette scheme (over 300 units). The number of affordable dwellings expected to be 'taken out of management' within this stage of the model is therefore 18. It is worth noting that there are also two sheltered housing schemes currently vacant containing 45 units that are being reviewed as to their future purpose.

Total available stock to meet current need

- 7.35 Having been through a number of detailed stages in order to assess the total available stock to offset current need in King's Lynn & West Norfolk, we shall now bring together all pieces of data to complete this part of the needs assessment model. This is presented in the Table 7.8. The data shows that there are an estimated 1,218 properties available to offset the current need in King's Lynn & West Norfolk.

Table 7.8 Current supply of affordable housing			
<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
3.1 Affordable dwellings occupied by households in need	7.29		1,021
3.2 Surplus stock	7.30		0
3.3 Committed supply of affordable housing	7.31		215
3.4 Units to be taken out of management	7.32		18
3.5 Total affordable housing stock available	7.33	3.1+3.2+3.3-3.4	1,218

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Future supply of affordable housing

- 7.36 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector.

The future supply of social rented housing

- 7.37 This is an estimate of likely future re-lets from the social rented stock (excluding transfers within the social rented sector). The Practice Guidance suggests that the estimate should be based on past trend data which can be taken as a prediction for the future. To enable consistency with the future need section (Stage 2), we have looked at trend data for the past two years.
- 7.38 CORE data provides an indication of the number of lettings in the RSL sector. Table 7.9 shows the number of social rented lettings in King's Lynn & West Norfolk over the last two years (excluding transfers and exchanges). The average number of lettings (excluding transfers but including nominations) across the social rented sector over the two-year period was 692 per annum.

Table 7.9 Analysis of past housing supply (social rented sector)			
<i>Source of supply</i>	<i>2010/2011</i>	<i>2011/2012</i>	<i>Average</i>
General needs lettings excluding transfers	419	582	501
Supported lettings excluding transfers	208	174	191
All social rented lettings excluding transfers	627	756	692

Source: CORE LA Area Lettings Report 2010/2011 & 2011/2012;

Supply of intermediate housing

- 7.39 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in King's Lynn & West 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.
- 7.40 Therefore we include an estimate of the number of intermediate units that become available each year. Based on information supplied by the Council on the number of resales of intermediate housing in the Borough in the last two years, it is estimated that around 3 units of intermediate housing will become available to meet housing needs from the existing stock of such housing.

Annual future supply of affordable housing

- 7.41 This step is the sum of the previous two. The total future supply is estimated to be 695, comprised of 692 units of social re-lets and 3 units of intermediate housing. This is shown in Table 7.10.

<i>Step</i>	<i>Paragraph reference</i>	<i>Notes</i>	<i>Output</i>
3.6. Annual supply of social re-lets (net)	7.36		692
3.7. Annual supply of intermediate housing available for re-let or resale at sub-market levels	7.38		3
3.8. Annual supply of affordable housing	7.39	3.6+3.7	695

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Estimate of net annual housing need

- 7.42 The 16 steps detailed above (set across the three broad stages) are brought together in the housing needs assessment model as set out in Table 7.11.

Stage and step in calculation	<i>Paragraph reference</i>	<i>Notes</i>	<i>Number</i>
STAGE 1: CURRENT NEED (Gross)			
1.1 Homeless households and those in temporary accommodation	7.15		3
1.2 Overcrowding and concealed households	7.10	Two steps taken together	2,344
1.3 Other groups			
1.4 Total current housing need (gross)	7.16	1.1+1.2+1.3	2,347
STAGE 2: FUTURE NEED			
2.1 New household formation (gross per year)	7.20		1,456
2.2 Proportion of new households unable to buy or rent in the market	7.21	leaves 719	49.4%
2.3 Existing households falling into need	7.25		1,244
2.4 Total newly arising housing need (gross per year)	7.26	2.1×2.2+2.3	1,963
STAGE 3: AFFORDABLE HOUSING SUPPLY			
<i>Current supply</i>			
3.1 Affordable dwellings occupied by households in need	7.29		1,021
3.2 Surplus stock	7.30		0
3.3 Committed supply of affordable housing	7.31		215
3.4 Units to be taken out of management	7.32		18
3.5 Total affordable housing stock available	7.33	3.1+3.2+3.3-3.4	1,218
<i>Future supply</i>			
3.6 Annual supply of social relets (net)	7.36		692
3.7 Annual supply of intermediate housing available for relet or resale at sub-market levels	7.38		3
3.8 Annual supply of affordable housing	7.39	3.6+3.7	695

Source: King's Lynn & West Norfolk Strategic Housing Market Assessment; various secondary sources

- 7.43 The Practice Guidance states that these figures need to be annualised to establish an overall estimate of net housing need. The first step in this process is to calculate the net current need. This is derived by subtracting the estimated total stock of affordable housing available (step 3.5) from the gross current need (step 1.4). This produces a net current need figure of 1,129 (2,347-1,218).
- 7.44 The second step is to convert this net current need figure into an annual flow. The Practice Guidance acknowledges that this current need can be addressed over any length of time although a period of less than five years should be avoided. For the purposes of this study the quota of five years proposed in the Practice Guidance will be used. Therefore to annualise the net current need figure, it will be divided by five. This calculation results in a net annual quota of 226 (1,129 /5) households who should have their needs addressed.
- 7.45 The final step is to sum the net annual quota of households who should have their needs addressed with the total newly arising housing need (step 2.4) and subtract the future annual supply of affordable housing (step 3.8). This leads to an annual need estimate of 1,494 (226+1,963-695). These figures are summarised in Table 7.12 below.

Table 7.12 Summary of needs assessment model		
<i>Element</i>		<i>Number</i>
Current need	(Step 1.4)/5	470
Current supply	(Step 3.5)/5	244
Net current need		226
Future need	(Step 2.4)	1,963
Future supply	(Step 3.8)	695
Net future need		1,268
Total net annual need		1,494
Total gross annual need		2,433
Total gross annual supply		939
Total net annual need		1,494

Source: King's Lynn & West Norfolk Strategic Housing Market Assessment; various secondary sources

- 7.46 The annual requirement of 1,494 affordable units per year in King's Lynn & West Norfolk represents a notable increase from the equivalent figure of 797 calculated in the 2007 Strategic Housing Market Assessment. This increase is partly because unemployment has risen and income for those that are benefit dependent has decreased. So whilst prices and rents in the Borough have increased at a slower rate than local earned incomes over the last six years, affordability for non-employed households has worsened. In addition the number of these non-employed households has increased. Need has also increased because there has been a big growth in the private rented sector and the proportion of moves involving this tenure has also increased. Many households moving into private rented accommodation are either paying more than 25% of their income on rent or accessing the sector via LHA – both of which would cause them to be in need according to the model. So whilst a high number of

additional affordable housing units have been delivered (766 in the Borough between April 2007 and April 2013) and helped meet local need, the changing tenure profile of market accommodation available (including the much stricter criteria for accessing a mortgage) has brought greater numbers of households into need.

Types of households in need

- 7.47 Table 7.13 gives a breakdown of gross annual households in need (both current and future), by household type. The Table shows that some 13.1% of lone parents are in housing need compared to 0.8% of single pensioner households. Overall, single non-pensioner households comprise 29.3% of all households in need and other multi-adult households with no children a further 17.7% of households in housing need.
- 7.48 It should be noted that 332 single non-pensioner households are aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they may be eligible for Local Housing Allowance (introduced properly in para 7.58) to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to.

Table 7.13 Total annual need (both current and future) by household type					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Single pensioners	70	8,981	9,050	0.8%	2.9%
2 or more pensioners	244	8,488	8,732	2.8%	10.0%
Single non-pensioners	713	7,628	8,341	8.6%	29.3%
More than one adult, no children	431	22,838	23,269	1.9%	17.7%
Lone parent	335	2,219	2,554	13.1%	13.8%
2+ adults 1 child	379	4,996	5,374	7.0%	15.6%
2+ adults 2+ children	260	6,298	6,558	4.0%	10.7%
Total	2,432	61,448	63,880	3.8%	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 7.49 Table 7.14 shows the ethnicity of all households in need (both current and future). The Table shows that some 18.2% of 'Black, Asian and Minority Ethnic' (BAME) households are in housing need compared to 3.5% of 'White' households. However, 'White' households still constitute 90.2% of all households in housing need.

<i>Broad ethnic group</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
White	2,195	60,375	62,570	3.5%	90.2%
BAME	238	1,072	1,310	18.2%	9.8%
Total	2,432	61,448	63,880	3.8%	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 7.50 Table 7.15 shows the number of households containing someone with a support need in total housing need. It should be noted that the existence of the support need is self-defined rather than externally assessed. The Table shows that households containing a support needs person are as likely to be in housing need than households where no support needs person is present.

<i>Support needs household</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
Contains someone with support need	609	15,349	15,958	3.8%	25.0%
Nobody with support need present	1,823	46,099	47,922	3.8%	74.9%
Total	2,432	61,448	63,880	3.8%	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Locations of affordable accommodation required

- 7.51 Table 7.16 shows the distribution of housing need in different parts of the Council area. The supply distribution is derived from the location of affordable housing lettings in the Borough in 2011-12 as set out in the Council's 'West Norfolk Homechoice' summary. The last column shows the likelihood of households in need being housed in affordable accommodation. This is calculated by dividing the estimated supply of affordable accommodation in the sub-area by the derived need in that sub-area. The lower the figure produced, the less likely households are to be housed from the affordable housing supply.

Table 7.16 Geographical distribution of housing need					
<i>Sub-area</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
South East	74	63	12	0.8%	84.4%
South West	233	7	225	14.9%	3.2%
Downham Market	129	82	47	3.1%	63.5%
West	238	69	170	11.2%	28.7%
Airfield	54	19	34	2.3%	36.2%
East	0	21	-21	0.0%	-
King's Lynn & the Woottons	1,147	608	539	35.6%	53.0%
West Coast	181	13	167	11.0%	7.4%
North East	338	46	291	19.2%	13.7%
Hunstanton	39	10	29	1.9%	26.7%
Total	2,433	939	1,494	100.0%	38.6%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

7.52 The table suggests that there is a net need for affordable housing in all sub-areas except East, with by far the largest requirement is in the King's Lynn & the Woottons sub-area (where over a third of the total net need is located). The other sub-areas with a notably large net need are the North East and South West. The final column shows that households in need in the South West and West sub-areas are least likely to be housed from the existing supply of affordable housing.

Type of accommodation required

7.53 Tables 7.13 shows that there are a notable number of households in housing need that are pensioners, whilst Table 7.15 shows a considerable number of household in housing need have a support need. it is likely that some of the households in these groups will require specialist accommodation. Table 7.17 shows the type of accommodation required by households in housing need in King's Lynn & West Norfolk. The supply of supported housing is set out in Table 7.9. The last column presents the supply as a percentage of need. The Table suggests that 94.4% of the net need is for general needs homes and 5.6% is for supported housing. The final column shows that the need relative to supply is the greatest for general needs accommodation.

Type of property	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
General needs	2,157	748	1,410	94.4%	34.7%
Supported	275	191	84	5.6%	69.5%
Total	2,432	939	1,493	100.0%	38.6%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Size of accommodation required

7.54 Analysis of the 275 households in need requiring affordable supported accommodation reveals that 83.6% require a one bedroom dwelling, 12.7% a two bedroom unit and 3.7% a three bedroom dwelling. Table 7.18 shows the size of property required by the 2,157 households in housing need and requiring general needs accommodation in King's Lynn & West Norfolk. The supply distribution is derived from the size of affordable housing lettings in the Borough in 2011-12 as set out in the Council's 'West Norfolk Homechoice' summary. The last column presents the supply as a percentage of need.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	904	169	736	52.2%	18.6%
Two bedrooms	751	310	441	31.3%	41.3%
Three bedrooms	309	236	72	5.1%	76.5%
Four or more bedrooms	194	33	161	11.4%	17.1%
Total	2,157	748	1,409	100.0%	34.7%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

7.61 The Table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and four bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by one bedroom dwellings. Households in need requiring three bedroom accommodation are most likely to have their need met from the current supply. It should be noted however that the supply distribution has changed as a consequence of the changes to the payment of Housing Benefit¹⁰ (HB) in the social rented sector introduced in April 2013, which is now based on the number of bedrooms required rather than the number of bedrooms occupied. This has had the consequence of dramatically increasing the need for two bedroom affordable accommodation (and also two bedroom market dwellings) with

¹⁰ Housing Benefit has only been changed to Local Housing Allowance within the private rented sector.

larger properties becoming more widely available. The Council have seen the number of bids for two bedroom social rented houses increase dramatically and the situation is exacerbated by the regeneration and refurbishment of Hillington Square which contains a notable number of two bedroom units.

- 7.62 Part of the requirement for one bedroom homes comes from single person households (couples living on their own are also suitable occupants of this size home). As described in para 7.46 above, 332 of the single person households in housing need each year are deemed suitable for shared housing. Given the extreme pressure for affordable housing in King's Lynn & West Norfolk, it is very likely that these households will be required to move into shared accommodation. It is useful therefore to profile the size of affordable accommodation required, excluding these households. This is presented in Table 7.19. The Table suggests that the largest net need is for two bedroom homes, followed by one bedroom accommodation.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	572	169	404	37.5%	29.4%
Two bedrooms	751	310	441	40.9%	41.3%
Three bedrooms	309	236	72	6.7%	76.5%
Four or more bedrooms	194	33	161	14.9%	17.1%
Total	1,826	748	1,078	100.0%	40.9%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Sensitivity analysis

- 7.63 The housing needs assessment model requirement of 1,494 additional affordable homes per year does not equate logically with the planned additional 660 new homes per year in the Borough between 2001 and 2026 as set out in the Council's 2011 Core Strategy. This is because the CLG needs assessment model is a technical exercise that calculates the requirement for affordable housing based on the idealised ambition of removing housing need over a five year period, however it does not account for the functioning of the local housing market currently and the reality that there is a limit on the capacity of the Council to meet defined housing need. This brief section considers the impact of changing two of the assumptions used in the model that do not reflect how the market operates.

Affordability threshold

- 7.64 The housing needs assessment model assesses the number of households in need based on the affordability assumptions required by the Practice Guidance. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered. Table 7.20 presents the model results where households were considered able to afford

market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. The affordability assumptions for home ownership remain unchanged. Although there are not many recently published SHMAs amongst the neighbouring authorities, recently published SHMAs in similar authorities elsewhere in the country have typically used 30-35% in their final assessment of housing need.

Table 7.20 Impact of different affordability assumptions on affordable housing requirement in King's Lynn & West Norfolk				
	<i>Rent payable constitutes no more than:</i>			
	<i>25% of gross household income</i>	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Backlog need (annual)	470	435	371	352
Backlog supply (annual)	244	234	210	210
Net backlog need (annual)	226	202	161	142
Future need (annual)	1,963	1,690	1,344	889
Future supply (annual)	695	695	695	695
Net future need (annual)	1,268	995	649	194
Total net annual need	1,494	1,197	810	336
Total gross annual need	2,433	2,126	1,715	1,241
Total gross annual supply	939	929	905	905
Total net annual need	1,494	1,197	810	336

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 7.65 The Table indicates that the number of households in need would decrease from 1,494 to 1,197 if 30% of gross household income could be spent on rent. This would decrease further to 810 if 35% of income could be spent on rent and to 336 if the affordability assumption was changed to 40%.

Local Housing Allowance

- 7.66 Local Housing Allowance (LHA) is the replacement of Housing Benefit in the private rented sector. It is designed to make up the shortfall in people's ability to pay for the housing they need. LHA may represent 100% or some lower percentage of the overall rent paid. LHA-supported tenancies in the private rented sector are not considered a formal supply step within the housing needs assessment model, it is of interest to note that, according to survey data, there are an estimated 517 LHA-supported homes within the private rented sector that become available for letting each year (based on survey data on past trends). This figure represents a turnover of around a fifth of all LHA-supported homes within the private rented sector in King's Lynn & West Norfolk. Thus if the benefit-supported private rented sector were viewed as a supply solution to the need for affordable housing in King's Lynn & West Norfolk, the needs figure would reduce to 977 per annum.

Adjusted model outputs

- 7.67 Table 7.21 examines the combined effect of changing the affordability assumptions used and including the supply of private rented accommodation via LHA, on the net annual requirement for affordable housing. If the affordability threshold used was adjusted to 35% of gross income on rent, which better reflects the prevailing market conditions in King's Lynn & West Norfolk, then there would be 683 fewer households in gross need each year. If the private rented sector via LHA is considered to represent a supply to meet the housing need then the gross annual supply increases by 517 dwellings. The impact of changing both of these assumptions is that the need for new affordable units reduces to 294 per year.

Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	2,433	-683	1,749
Total gross annual supply	939	+517	1,455
Total net annual need	1,494	-	294

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 7.68 The figure of 1,494 remains the overall need figure, because it is calculated in accordance with the approach set out in the Practice Guidance and is therefore comparable with historical estimates and figures derived elsewhere. The figure of 294 does reflect the affordable housing pressure experienced in current market conditions and more accurately portrays the reality of the situation in King's Lynn & West Norfolk currently.

Local Housing Allowance – a caveat

- 7.69 Recent changes to the administration of LHA will impact on the capacity of the private rented sector via LHA to continue to meet housing need in King's Lynn & West Norfolk. Although notionally set at the 30th percentile of properties available on the market, a comparison of the LHA cap with private rented sector rents presented in Tables 8.3 to 8.6 suggest that it is lower than this level and closer to the 15th percentile of properties.
- 7.70 What this means is that many households in the private rented sector via LHA will not get the same level of financial support towards their rent as they had previously (when the cap was not set at 30% and the benefit could cover up to the whole rent).
- 7.71 Analysis of (anonymised) data on the 2,750¹¹ households in the private rented sector supported by LHA in King's Lynn & West Norfolk reveals that 74.2% have rents higher than the LHA level that applies to the resident household¹², with a further 3.8% recording rents at the LHA cap level. Generally the fewer bedrooms required by the household, the less likely

¹¹ The whole sector rather than the 517 households moving in the sector referenced above.

¹² LHA is administered based on the bedroom requirements of the household rather than the number of bedrooms in the property they occupy

the LHA cap level is to be above the rent paid by the household; households receiving the shared room rate are most likely to have a rent greater than the LHA cap and households receiving the four or more bedroom rate least likely.

- 7.72 The fact that the LHA cap is below the rent paid is only likely to have a dramatic impact on households that receive the full LHA cap allowance; households where the benefit received is only a partial amount of the full cap are likely to have been used to contributing to their rental cost under the previous system. Further analysis reveals that of the 1,899 households living in accommodation where their rent is greater than the LHA level that applies to them, 781 (41.1%) receive the full LHA cap. It is these households that are most likely to have experienced a drop in the benefit-level received and will require alternative income sources to continue to live in their home. The data indicates that the average difference between the rent paid by these households and the LHA cap is £21.69 per week. The data also indicates that over a third (34.6%) of these 781 households are in receipt of the two bedroom rate, 31.5% are in receipt of the one bedroom rate, 21.5% in receipt of the shared room rate, 10.6% the three bedroom rate and 1.7% the four bedroom rate. This implies it is likely to be couples and couples/lone parents with one or two children most affected.
- 7.73 It is worth noting as of April 2013 the payment of Housing Benefit¹³ (HB) in the social rented sector will be on the number of bedrooms required rather than the number of bedrooms occupied (the removal of the 'spare room subsidy'). Households in the social rented sector receiving HB that are under-occupying their home will have a reduction in the level of HB received. As of 1st December 2013 there were 1061 households affected, with 907 facing a deduction in their HB of 14% and 154 a deduction by 25%. Of these 1,061 households, 907 were under-occupying by one bedroom, 146 by two bedroom and 8 by three bedrooms.
- 7.74 Discretionary Housing Payments (DHP) have been introduced to help people in rented accommodation in receipt of LHA or Housing Benefit that are struggling to meet the cost of the rent, by topping up their current subsidy. This is only available to the household for a limited amount of time. King's Lynn & West Norfolk Council have received 490 applications for DHP between April and December 2013, of which 332 were allowed and 158 refused. Only 15 of the successful applications were made for reasons not related to welfare reform, with the removal of the spare room subsidy cited in 225 instances, the LHA reforms in 13 instances and a combination of impacts in 13 cases as well as 3 other welfare related cases. The large number of applications highlights the impact of the welfare reforms on housing locally.

In addition, since April, 44 existing social housing tenants have applied to the Housing Register citing welfare reforms and the HB reductions as their main reason for wishing to move; one household is under-occupying by three bedrooms, 12 by two bedrooms and 31 by one bedroom. The result of this has been a marked increase in the demand for two bedroom family accommodation in both the social and private rented sectors. The Council are monitoring the supply of this accommodation closely.

¹³ Housing Benefit has only been changed to Local Housing Allowance within the private rented sector.

8. Affordable Rent: scope in King's Lynn & West Norfolk

Summary

- i. The Affordable Rent tenure has been introduced within the affordable sector. Affordable Rent will be based on the open market value of each property. This chapter examines the ability of Affordable Rent to meet housing need based at different levels.
- ii. Relatively few households on the Register could afford Affordable Rent at 80% of the median market rent. The most practical level to set Affordable Rent to meet substantial need is at 70%.

Introduction

- 8.1 Affordable Rent is a new tenure in the affordable sector, distinct from the social rented tenure and traditional intermediate options. It's introduction is likely to have an affect on the wider housing market and a significant impact on the affordable sector. This chapter aims to provide the information necessary for the Council to ensure the introduction is as successful as possible – the most important issue to determine is the level at which Affordable Rent should be set.
- 8.2 The chapter will begin by setting out the policy context surrounding Affordable Rent and its impact on social rent. It then moves on to look at Affordable Rent in King's Lynn & West Norfolk and calculate its potential cost. This is followed by an analysis of the affordability of these various options for households likely to move to this type of housing.

Affordable Rent: a new tenure

- 8.3 In '2011-15 Affordable Homes Programme – Framework' published by the Homes and Communities Agency (HCA) in 2011, Grant Shapps, the Minister said:

'[T]he money must go further. So we are introducing new flexibilities for providers on using existing assets, and a new offer on rents. The objective of these flexibilities, including the new Affordable Rent product, is to enable providers to deliver up to 150,000 new affordable homes' (Ministerial Foreword).

- 8.4 This statement is amplified in various ways in the Framework document. The key facts are as follows:
 - Affordable Rents can be set at 'up to 80% of open market rental value'
 - It is formally defined as a social tenure (paragraph 3.20)



- It is intended to be made available to those on the Housing Register.

8.5 Paragraph 3.24 says that accommodation which becomes Affordable Rent must 'be permanently available for letting'. This does not prevent 'staircasing' up to ownership – but does prevent switching to the social rent structure in the future.

8.6 The Framework also indicates that the same procedures for allocating social rented homes should be used for Affordable Rent:

3.20 Allocations and nominations processes for Affordable Rent homes are expected to mirror the existing frameworks for social rented housing. Providers will be under the same statutory and regulatory obligations when allocating Affordable Rent homes as they are when allocating properties for social rent.

8.7 The conditions under which an Affordable Rent below 80% may be set are addressed in the following two paragraphs quoted from the Framework document.

3.10 While offers which include Affordable Rent for new supply and/or conversions at less than 80% of market rents will be considered, it is expected that providers utilise the flexibility to charge rents of up to 80% of market rents to maximise financial capacity. The HCA would need to understand how any proposal to charge lower rents would help to meet particular housing needs, deliver value for money for the taxpayer and generate the capacity required to deliver new supply aspirations.

3.11 There may be specific circumstances where it is appropriate to set rents at less than 80% of market rents. For example, providers may wish to charge a lower rent where a rent at 80% of market rent would exceed or be close to the relevant Local Housing Allowance (LHA) cap, or if the local rented market was considered to be particularly weak or fragile (for example on an existing estate where there may be few market rented properties). The HCA would wish to explore with providers the rationale for considering rents at less than 80% of market rents. In all cases, an Affordable Rent should be no lower than the rent calculated based on the current target rent regime. In cases where an Affordable Rent would otherwise be lower than the target rent for a property, the target rent will constitute a 'floor' for the rent to be charged.

8.8 Paragraph 3.10 emphasises the need to maximise the amount of affordable housing created for each pound of money spent:

'it is expected that providers utilise the flexibility to charge rents of up to 80% of market rents to maximise financial capacity'

8.9 Taken by itself, this would suggest that there is in fact very little flexibility: the HCA wants to see rents at 80% because that way there will be more money than if they are set below 80%.

8.10 But paragraph 3.11 softens this message:

'There may be special circumstances where it is appropriate to set rents at less than 80% of market rents....The HCA would wish to explore with providers the rationale for considering rents at less than 80% of market rents'

The impact on social rents

8.11 It is made clear in the Framework that existing social rented units can be re-let as Affordable Rent when they become vacant. Indeed this will be a major source of new Affordable Rent units.



1.3 Affordable Rent will form the principal element of the new supply offer. At the same time, new flexibilities will allow a proportion of social rent properties to be made available at re-let at an Affordable Rent, with the additional capacity generated from those re-lets applied to support delivery of new supply.

2.11 In the new model there will be four broad funding streams which contribute to the development of new supply:

i) the additional borrowing capacity that can be generated from the conversion of social rent properties to Affordable Rent (or other tenures) at re-let, as well as borrowing capacity generated by the net rental income stream of the new properties developed;

2.17 Providers are invited to consider offering conversion to Affordable Rent of existing committed social rent schemes begun under the 2008-11 National Affordable Housing Programme (NAHP) which will achieve practical completion in the new programme period. We encourage such proposals as a way of generating additional financial capacity for new development in a way that can offer certainty of volume, rent, location and timing. This will not lead to recovery of existing funding, but will generate additional financial capacity for the delivery of new supply.

- 8.12 The analysis in this chapter does not address the question of the level of conversion of re-lets of social rented units, since it is mainly focussed upon the financial implications of this tenure, and the degree to which it can assist in meeting housing need.

Framing the price within local subsidy levels

- 8.13 There is an interaction between the subsidy towards rent available for potential occupants and Affordable Rent: at the most basic level there is no point in setting an Affordable Rent when nobody could afford it, either because they did not have the income or could not obtain sufficient subsidy to pay the rent due to the new caps. Therefore the Tennant Services Authority (now part of the Homes and Communities Agency) expects Registered Providers to take account of the wider situation in setting those rents, including the relevant Local Housing Allowance for the Broad Rental Market Area in which the property is located.

Understanding the private rented sector in King's Lynn & West Norfolk

- 8.14 Affordable Rent will be based on the open market value of each property. For all affordable properties, the market price will be inferred from values in the private rented sector (PRS). Therefore the PRS needs to be understood. The section considers the breadth of the private rented market for each property size in King's Lynn & West Norfolk. Table 8.1 shows the cost at the key points of the rental distribution, as recorded during the price survey described in Chapter 5.
- 8.15 It can be seen from the figures in the table that in all price markets each property size operates in largely distinct markets, as there is minimal overlap within the inter-quartile ranges of the adjacent property size. For all property sizes, the extremes of each market overlap notably with the next size of dwelling. For example, in all price markets a household in a high quality two-bed dwelling could live in a median priced three-bed property at the same rent, but they would have to accept a noticeable drop in quality.

Table 8.1 Private sector rent level in King's Lynn & West Norfolk (cost per month)				
King's Lynn price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£380	£425	£465	£525
Lower Quartile	£410	£495	£580	£675
Median	£450	£525	£615	£750
Upper Quartile	£465	£600	£700	£775
Maximum	£525	£825	£850	£850
Inter-quartile range	£55	£105	£120	£100
% difference between quartiles	13.4%	21.2%	20.7%	14.8%
Downham Market price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	-	£375	£495	£650
Lower Quartile	-	£470	£580	£680
Median	-	£500	£625	£775
Upper Quartile	-	£535	£685	£890
Maximum	-	£625	£750	£950
Inter-quartile range	-	£65	£105	£210
% difference between quartiles	-	13.8%	18.1%	30.9%
Northern Rural price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	-	£460	£600	£700
Lower Quartile	-	£550	£625	£800
Median	-	£575	£700	£900
Upper Quartile	-	£615	£775	£1,150
Maximum	-	£975	£800	£1,300
Inter-quartile range	-	£65	£150	£350
% difference between quartiles	-	11.8%	24.0%	43.8%
Southern Rural price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	-	£475	£575	£750
Lower Quartile	-	£525	£625	£795
Median	-	£550	£660	£850
Upper Quartile	-	£575	£700	£995
Maximum	-	£675	£750	£1,100
Inter-quartile range	-	£50	£75	£200
% difference between quartiles	-	9.5%	12.0%	25.2%

Source: Online letting agents survey January 2013

Estimating the Affordable Rent

- 8.16 For the purposes of policy analysis it is important to model the likely levels of Affordable Rent, and their impact on local households. But to do that requires some approximation: we cannot analyse every PRS dwelling in King's Lynn & West Norfolk. We have considered various forms of averaging to derive a median market rent, from which the Affordable Rent at 80% could be calculated. The most effective, we believe, is to take the median from the middle range of observed rents. This avoids both the worst PRS dwellings and the luxury ones. We believe that the middle market gives the best indication of the true price of the sector. That is what has been used as the basis for the Affordable Rents set out in Table 8.2.

Table 8.2 Affordable Rent ranges for King's Lynn & West Norfolk (cost per month)				
King's Lynn market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	£328	£396	£464	£540
Median	£360	£420	£492	£600
Maximum	£372	£480	£560	£620
Range	£44	£84	£96	£80
Downham Market price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	-	£376	£464	£544
Median	-	£400	£500	£620
Maximum	-	£428	£548	£712
Range	-	£52	£84	£168
Northern Rural price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	-	£440	£500	£640
Median	-	£460	£560	£720
Maximum	-	£492	£620	£920
Range	-	£52	£120	£280
Southern Rural price market				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Minimum	-	£420	£500	£636
Median	-	£440	£528	£680
Maximum	-	£460	£560	£796
Range	-	£40	£60	£160

Source: Online letting agents survey January 2013

- 8.17 Two trends of Affordable Rent levels in King's Lynn & West Norfolk can be seen in the table above:



- Generally, as bedroom size increases, the range of possible Affordable Rents increases.
- The costs of Affordable Rent will be highest in the Northern Rural price market and lowest in the Downham Market and King's Lynn price markets.

Affordable Rents compared to open market rents

- 8.18 Table 8.3 to 8.6 compare the observed ranges of rent in the PRS with the Affordable Rents shown in the previous section for comparison. Social rent and LHA levels are also included. The tables show that social rent levels in King's Lynn & West Norfolk are consistently below the entire range of rates for Affordable Rent products and the gap between social rent and Affordable Rent increases with property size.
- 8.19 King's Lynn & West Norfolk is located in two Broad Rental Market Areas (BRMA); the majority of the Borough is within the King's Lynn BRMA, with a small portion of households in the south of the Borough in the Bury St Edmunds BRMA. The LHA cap for both applicable BRMAs, as set by the Valuation Office Agency is also included in the tables. This is based on the 30th percentile of open market rents. In most markets the LHA rates are above the median and often above the maximum Affordable Rent level.
- 8.20 In King's Lynn & West Norfolk, the Bury St Edmunds BRMA LHA cap is above the maximum Affordable Rent for all property sizes, whilst the King's Lynn BRMA LHA cap is above the maximum Affordable Rent for one, three and four bedroom homes in the King's Lynn price market and two and three bedroom properties in the Downham Market price market. For other properties, if the intended households for Affordable Rent homes require the entire rent to be covered by subsidy, the properties available should be drawn from the lower-middle end of the market, in which case the rent level would be below the LHA cap.
- 8.21 For four bedroom properties in the Downham Market, Northern Rural and Southern Rural price markets, there is an overlap between the maximum Affordable Rent rate and the entry level private rent. If, in these instances, high end properties were made available as Affordable Rent products, they would offer the chance for households to move into a high quality property at below open-market rents; however, there would still be suitable cheaper properties available in the open market.
- 8.22 In terms of providing an Affordable Rent product that is above the social rent level but suitably below the entry-level market rent, the tables suggest that the most suitable properties to be made available for Affordable Rent would be ones equivalent to those in the 'lower-middle' section of the open market.

Table 8.3 Rent levels by tenure – King's Lynn price market (cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	£410	£495	£580	£675
Median	£450	£525	£615	£750
Upper Quartile	£465	£600	£700	£775
Affordable Rent				
Minimum (80% of lower quartile)	£328	£396	£464	£540
Median (80% of median)	£360	£420	£492	£600
Maximum (80% of upper quartile)	£372	£480	£560	£620
Social rent				
Typical rent*	£280	£317	£365	£410
LHA cap				
King's Lynn BRMA **	£390	£475	£575	£700

Source: Online estate agents survey January 2013, * CORE LA Area Lettings Report 2011/2012, ** Valuation Office Agency, January 2013

Table 8.4 Rent levels by tenure – Downham Market price market (cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	-	£470	£580	£680
Median	-	£500	£625	£775
Upper Quartile	-	£535	£685	£890
Affordable Rent				
Minimum (80% of lower quartile)	-	£376	£464	£544
Median (80% of median)	-	£400	£500	£620
Maximum (80% of upper quartile)	-	£428	£548	£712
Social rent				
Typical rent*	£280	£317	£365	£410
LHA cap				
King's Lynn BRMA **	£390	£475	£575	£700

Source: Online estate agents survey January 2013, * CORE LA Area Lettings Report 2011/2012, ** Valuation Office Agency, January 2013

Table 8.5 Rent levels by tenure – Northern Rural price market (cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	-	£550	£625	£800
Median	-	£575	£700	£900
Upper Quartile	-	£615	£775	£1,150
Affordable Rent				
Minimum (80% of lower quartile)	-	£440	£500	£640
Median (80% of median)	-	£460	£560	£720
Maximum (80% of upper quartile)	-	£492	£620	£920
Social rent				
Typical rent*	£280	£317	£365	£410
LHA cap				
King's Lynn BRMA **	£390	£475	£575	£700

Source: Online estate agents survey January 2013, * CORE LA Area Lettings Report 2011/2012, ** Valuation Office Agency, January 2013

Table 8.6 Rent levels by tenure – Southern Rural price market (cost per month)				
<i>House size</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
PRS				
Lower Quartile	-	£525	£625	£795
Median	-	£550	£660	£850
Upper Quartile	-	£575	£700	£995
Affordable Rent				
Minimum (80% of lower quartile)	-	£420	£500	£636
Median (80% of median)	-	£440	£528	£680
Maximum (80% of upper quartile)	-	£460	£560	£796
Social rent				
Typical rent*	£280	£317	£365	£410
LHA cap				
Bury St Edmunds BRMA **	£425	£525	£625	£900

Source: Online estate agents survey January 2013, * CORE LA Area Lettings Report 2011/2012, ** Valuation Office Agency, January 2013

Rent levels

- 8.23 Having established how Affordable Rent at 80% should be positioned in the market, it is important to consider the cost of other potential Affordable Rent options below the maximum of 80%. The analysis here also considers alternative levels of Affordable Rent (70%, 66% and 60% of the median of the market) to understand how lowering rents impacts affordability. The costs of renting at these various levels are presented in Table 8.7.



- 8.24 As can be seen in Table 8.7, the 60% Affordable Rent rate is lower than the social rent level for one and two bedroom homes in the King's Lynn price market and for two bedroom dwellings in The Downham Market price market. As a result, when the affordability of different levels of Affordable Rent is tested below, we do not test these options. As the aim of Affordable Rent is to generate a greater income for registered providers (RPs) to supply more affordable developments, charging these levels would generate less income, and not comply with the conditions of the HCA Affordable Housing Programme 2011. The figure in bold in the table below represent the Affordable rent levels above the LHA cap that applies.
- 8.25 A limited number of Affordable Rent units are currently available in King's Lynn & West Norfolk (220 as at April 2013 according to the latest Council data). The Table also indicates the current Affordable Rent charged on these properties. The Table shows that the current Affordable Rent levels charged are below the cost of entry-level rent for all property sizes. The Affordable Rent currently charged is generally between the 70% and 80% Affordable Rent levels calculated.

Table 8.7 Monthly rental figures of different Affordable Rent levels – by property size				
<i>Bedrooms</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
King's Lynn price market				
Lower Quartile Private Rents	£410	£495	£580	£675
Affordable Rent at 80%	£360	£420	£492	£600
Affordable Rent at 70%	£315	£368	£431	£525
Affordable Rent at 65%	£293	£341	£400	£488
Affordable Rent at 60%	£270	£315	£369	£450
<i>Social rent*</i>	£280	£317	£365	£410
Downham Market price market				
Lower Quartile Private Rents	-	£470	£580	£680
Affordable Rent at 80%	-	£400	£500	£620
Affordable Rent at 70%	-	£350	£438	£543
Affordable Rent at 65%	-	£325	£406	£504
Affordable Rent at 60%	-	£300	£375	£465
<i>Social rent*</i>	£280	£317	£365	£410
Northern Rural price market				
Lower Quartile Private Rents	-	£550	£625	£800
Affordable Rent at 80%	-	£460	£560	£720
Affordable Rent at 70%	-	£403	£490	£630
Affordable Rent at 65%	-	£374	£455	£585
Affordable Rent at 60%	-	£345	£420	£540
<i>Social rent*</i>	£280	£317	£365	£410
Southern Rural price market				
Lower Quartile Private Rents	-	£525	£625	£795
Affordable Rent at 80%	-	£440	£528	£680
Affordable Rent at 70%	-	£385	£462	£595
Affordable Rent at 65%	-	£358	£429	£553
Affordable Rent at 60%	-	£330	£396	£510
<i>Social rent*</i>	£280	£317	£365	£410
Current Affordable Rent in King's Lynn & West Norfolk				
Current Affordable Rent**	£333	£445	£501	£574
Applicable LHA caps				
Bury St Edmunds BRMA ***	£425	£525	£625	£900
King's Lynn BRMA ***	£390	£475	£575	£700

Bold figures are those over the LHA cap, italic figures are those below social rent.

Source: Online estate agents survey January 2013, * CORE LA Area Lettings Report 2011/2012, **King's Lynn & West Norfolk Council data on Affordable Rents 2012/13, *** Valuation Office Agency, January 2013

Affordability of Affordable Rent

- 8.26 Affordable Rent is designed to reduce Housing Registers, and to accommodate households in housing need. We therefore analyse both households on the Register and households in need¹⁴, the latter to provide context.
- 8.27 In carrying out the affordability assessment we have used the standard '25% of gross income on housing' test as set out in the Practice Guidance, rather than a higher one. This is because for households accessing lower cost housing, paying anything higher than 25% of income on the rent leaves very little to live upon (whereas as the cost of market housing is higher, greater incomes are required to access it and it can be considered reasonable for households to pay a greater proportion of their income).

Affordability of Affordable Rent for households in housing need

- 8.28 Table 8.8 illustrates how many households in defined housing need (as derived from the updated household survey dataset as set out in chapter 7), regardless of whether they are on the Housing Register are able to afford different levels of Affordable Rent. It shows that of the 2,432 households in gross need each year, 12.7%, some 309 households, could afford Affordable Rent at 80%. A further 190 households in need could be housed in Affordable Rented accommodation were the level lowered to 70% of private rent values and an additional 233 households would be suitable for Affordable Rent set at 65%.
- 8.29 The largest group of households in need are those unable to afford any accommodation without support from Housing Benefit. The data in Tables 8.3 to 8.6 shows that the LHA cap should be above the expected Affordable Rent levels in the majority of cases. Therefore households unable to afford could be housed in Affordable Rent properties at 80% with the support of subsidy.

Table 8.8 Affordability of households in need (annual)		
	<i>Households in need</i>	<i>% of households in need</i>
Affordable Rent at 80%	309	12.7%
Affordable Rent at 70%	190	7.8%
Affordable Rent at 65%	233	9.6%
Affordable Rent at 60%	45	1.8%
Social rent	52	2.1%
Need subsidy	1,603	65.9%
Total number of households	2,432	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

¹⁴ Whilst only households in need on the Council's Housing Register would be considered for an affordable home, within the household survey dataset those that are on the Housing Register and those that are in housing need (as defined in para 7.1 and set out in Table 7.11) are derived separately. There is overlap between these two groups, however.

- 8.30 Table 8.9 splits the figures shown in the table above by bedroom size. It shows that Affordable Rent at 80% would be most suitable for households in need of two bedroom accommodation, almost a third of households in need requiring two bedroom accommodation could afford Affordable Rent at 80%. Over a tenth of households in need requiring a four bedroom home could afford Affordable Rent at 70%. As could over 15% of households in need requiring one bedroom accommodation. Affordable Rent at 65% would be particularly useful for households in need requiring a one bedroom home.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
Affordable Rent at 80%	0.0%	32.0%	4.4%	0.0%
Affordable Rent at 70%	15.2%	0.0%	0.0%	10.4%
Affordable Rent at 65%	18.6%	1.3%	0.0%	0.0%
Affordable Rent at 60%	0.0%	4.8%	0.0%	0.0%
Social rent	2.8%	0.0%	8.7%	0.0%
Need Subsidy	63.4%	61.9%	86.8%	89.6%
Total number of households	1,134 (100%)	686 (100%)	419 (100%)	194 (100%)

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 8.31 Table 8.10 shows the current price market of households in need able to afford various Affordable Rent products. It indicates that Affordable Rent at 80% would be most suitable for households in need in the Southern Rural price market and would also be very useful in the Northern Rural price market. Affordable Rent at 70% and 65% would be most suitable for households in need in the King's Lynn price market. It is important to note that a balance will need to be struck taking the viability of development into account. Lower Affordable Rent has a lower value than Affordable rent at a higher amount which can adversely impact of scheme deliverability.

	<i>King's Lynn</i>	<i>Downham Market</i>	<i>Northern Rural</i>	<i>Southern Rural</i>
Affordable Rent at 80%	0.8%	0.0%	14.2%	36.8%
Affordable Rent at 70%	13.5%	0.0%	3.6%	2.6%
Affordable Rent at 65%	17.9%	0.0%	2.7%	2.1%
Affordable Rent at 60%	3.9%	0.0%	0.0%	0.0%
Social rent	0.0%	0.0%	4.1%	4.8%
Need Subsidy	63.9%	100.0%	75.4%	53.8%
Total number of households	1,147 (100%)	128 (100%)	588 (100%)	599 (100%)

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Households on the Register, including those in need

- 8.32 This sub-section repeats the above analysis, but this time considers households on the Housing Register. Table 8.11 shows how many households on the Housing Register in King's Lynn & West Norfolk are able to afford different levels of Affordable Rent. This is based on the profile of those on the register within the updated household survey dataset adjusted to the total number of households on the Housing Register as at December 2013, as indicated by the Council. It includes all households on the Housing Register at the time of the original survey, including those currently residing in market accommodation, although it is acknowledged that the Council reviewed their Housing Register in July 2013 and altered the qualification criteria, so that the profile of households on the Register may be slightly different now. The table below shows that, theoretically, just over a quarter of households on the Housing Register are able to afford suitable accommodation in the open market and some 13.9% of households on the Housing Register are able to afford Affordable Rent at 80%, however if Affordable Rent is set at the level of 65%, then almost 900 households would be able to afford it (including households able to afford higher levels).

Table 8.11 Affordability of households on the Housing Register (all bands)		
	<i>Households on Register</i>	<i>% of households on Register</i>
<i>Market housing (entry-level)</i>	919	25.6%
Affordable Rent at 80%	500	13.9%
Affordable Rent at 70%	169	4.7%
Affordable Rent at 65%	216	6.0%
Affordable Rent at 60%	111	3.1%
Social rent	97	2.7%
Need Subsidy	1,573	43.9%
Total number of households	3,584	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 8.33 Table 8.12 splits the figures in the table above by bedroom size. In terms of households on the Housing Register, Affordable Rent at the 80% level is most suitable for households requiring two and three bedroom accommodation. Affordable Rent at the 70% and 65% level would principally be suitable for households on the Housing Register requiring a one bedroom home.

	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>
<i>Market housing (entry-level)</i>	25.9%	27.1%	22.6%	0.0%
Affordable Rent at 80%	2.6%	33.1%	10.0%	0.0%
Affordable Rent at 70%	8.7%	0.0%	0.0%	0.0%
Affordable Rent at 65%	10.1%	1.7%	0.0%	0.0%
Affordable Rent at 60%	0.0%	8.9%	0.0%	0.0%
Social rent	0.9%	0.0%	23.0%	0.0%
Need Subsidy	51.8%	29.3%	44.4%	100.0%
Total number of households	1,929 (100%)	1,254 (100%)	349 (100%)	52 (100%)

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 8.34 Table 8.13 shows the current price market of households on the Housing Register able to afford various Affordable Rent products. It indicates that Affordable Rent at the 80% level would only be useful in the Northern Rural and Southern Rural price market, whilst Affordable Rent at 70% would only be useful in the King's Lynn price market.

	<i>King's Lynn</i>	<i>Downham Market</i>	<i>Northern Rural</i>	<i>Southern Rural</i>
<i>Market housing (entry-level)-</i>	36.8%	37.8%	11.4%	17.7%
Affordable Rent at 80%	0.0%	0.0%	9.0%	35.8%
Affordable Rent at 70%	11.3%	0.0%	0.0%	0.0%
Affordable Rent at 65%	11.3%	0.0%	0.0%	3.8%
Affordable Rent at 60%	5.0%	0.0%	5.5%	0.0%
Social rent	0.0%	0.0%	0.0%	7.9%
Need Subsidy	35.7%	62.2%	74.1%	34.9%
Total number of households	1,499 (100%)	197 (100%)	655 (100%)	1,233 (100%)

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

- 8.35 Although income data for all households on the Housing Register is not readily available, the Council have provided a sample of the income profile based on 292 households on the Housing Register. The broad income band of these households is indicated, but not the household composition or location of the household. To make an assessment of the suitability of these households for Affordable Rent, prices based on the Borough-wide two bedroom entry-level private rent have been used. The analysis of the income levels of these 292 households, suggests that 17.1% would be suitable for Affordable rent at 80%, 7.5% for Affordable Rent at 70% and 27.4% for Affordable Rent at 60% (the income banding was not small enough to distinguish between the suitability of 65% and 60% Affordable Rent).

Overlap with Shared ownership

- 8.36 This analysis has examined the affordability of Affordable Rent at a range of levels to try and demonstrate the need for it in King's Lynn & West Norfolk. However it should be noted that shared ownership accommodation is an alternative affordable product aimed at the same group of households - those able to afford more than social rents, but unable to afford market accommodation. It is likely that some households able to afford Affordable Rent would also be suitable for shared ownership.
- 8.37 Table 8.14 presents the estimated costs of shared ownership housing in King's Lynn & West Norfolk. It is important to note that there were few shared ownership properties available in King's Lynn & West Norfolk at the time of the estate agent survey, although more recent data provided by the Council shows that these figures are accurate of the situation in the Borough more generally. The monthly costs of the most commonly available equity shares offered are also shown. The monthly costs are based on an interest rate of 5.69% paid on the equity share owned and rent payable at 2.5% on the remaining equity.
- 8.38 These costs have been produced just to allow a broad comparison with the Affordable Rent levels presented in Table 8.7. It is clear that there is a potential overlap between the two products, particularly between shared ownership with a 50% equity share and Affordable Rent at 70%, but also shared ownership homes with a 80% share and Affordable Rent at 80% for one and two bedroom properties.

	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
Open market value	£91,000	£108,000	£145,000	£205,000
Monthly cost of shared ownership with a 50% equity share	£311	£369	£495	£700
Monthly cost of shared ownership with a 80% equity share	£383	£455	£610	£863

Source: Online estate agents survey January 2013

- 8.39 However, due to requiring an equity purchase element, it is likely that households accessing shared ownership property will require a deposit of some sort. Analysis of households in need able to afford Affordable Rent (at any level) suggests that just 10.9% (85 households) have got at least £3,000 in savings available to them (the minimum level likely to be required). Similarly, of households on the Housing register able to afford Affordable Rent (at any level), only 8.8% (88 households) have got £3,000 in savings available to them. This suggests that the requirement for Affordable Rent evidenced in this analysis is mainly a requirement exclusively for Affordable Rent. However, there will be some households suitable for the more expensive Affordable Rent products (70% and 80%) that may also be able to afford a shared ownership home in King's Lynn & West Norfolk.

What is the need for Affordable Rent?

- 8.40 Table 8.15 draws on the data in Tables 8.8 and 8.11 to show the total number of households that could afford Affordable Rent at different levels (excluding those able to afford market accommodation). This allows us to consider how suitable different levels of Affordable Rent would be in King's Lynn & West Norfolk.
- 8.41 Affordable Rent at 80% can be afforded by almost 40% of households in need potentially suitable for Affordable Rent, and by over half of households on the Housing Register. Affordable Rent at 70% could be afforded by some 64.3% of all households in need potentially suitable for Affordable Rent, whilst 67.2% of households on the Housing Register potentially suitable for Affordable Rent could afford it. If Affordable Rent were priced at 65%, some 94.2% of households in housing need potentially suitable for Affordable Rent would be able to afford it as would 88.8% of equivalent households on the Housing Register. Using these figures, the most sensible rate at which to set Affordable Rent is: 70%.

Table 8.15 Total number of households able to afford different affordable products		
<i>Product type</i>	<i>Households in need (annual)</i>	<i>Households on register</i>
Affordable Rent at 80%	309	500
Affordable Rent at 70%	190	169
Affordable Rent at 65%	233	216
Affordable Rent at 60%	45	111
Total	777	995

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment, 2013

Generating new affordable dwellings vs. meeting need

- 8.42 One of the key aims of the Coalition Government's policy on affordable housing is to make the Homes and Communities Agency's (HCA) much reduced budget go further (the HCA's budget has declined from over £8.4 billion to less than £2.5 billion). The hope and objective of Affordable Rents is that by charging higher rents, the affordable housing developers would require less grant and subsidy and thus the development of affordable housing would therefore fund itself. The theory being, that if the developer could charge a higher rent, then they can borrow more money to finance the construction of more affordable units. Thus Affordable Rent is expected to yield almost 1.5 times the number of new affordable units as compared with social renting.
- 8.43 Affordable Rents will be able to be granted for more than just newbuild properties. Some of the re-lets will be able to be at Affordable Rents rather than social rents - the extra income from the re-lets going to fund further development.
- 8.44 However there is a trade-off. Although it is desirable, in order to meet housing need, that the Affordable Rent level should be set below 80%, this means that the rent flow available to the housing association or developer to secure additional borrowing or funding is shrunk.

- 8.45 It is clear that Affordable Rent requires a subsidy – but less subsidy than social rent. The analysis in this chapter showed that it should be set at 70% if it is to draw a large number of households requiring affordable housing. The way in which this can be funded is by converting social re-lets into Affordable Rent relets. This report does not seek to determine what the appropriate course of action is, but merely to present evidence to inform it.





9. Improving market balance over the longer term

Summary

- i. The NPPF requires each Council to assess the need for housing. To obtain an accurate and realistic figure for the objectively assessed need in King's Lynn & West Norfolk we have derived a population and household projections using components of the pre-existing nationally published projections to best reflect the situation in King's Lynn & West Norfolk. This approach has produced an objectively assessed need of 690 homes per year in King's Lynn & West Norfolk (between 2013 and 2028).
- ii. The population projections for King's Lynn & West Norfolk suggest there will be significant increases in particular age cohorts, particularly those aged 90 or over. In addition, the household projections indicate there will be large increases in the number of lone parent and couple with other adult households.
- iii. In terms of the accommodation required to provide housing market balance over the long-term, the model which is based on secondary data in combination with the household survey data and considers a range of factors including the adequacy of current housing, suggests that of the new housing required up to 2028 (10,336 dwellings in total), 67% should be market dwellings, 6% shared ownership, 21% Affordable Rent and 6% new social rented dwellings.

Introduction

- 9.1 The previous SHMA report contained a Balancing Housing Markets (BHM) analysis that identified the amount and type of additional accommodation required across the market to meet future demand over the short-term. This SHMA report does not replicate this analysis but instead considers what accommodation is required to provide housing market balance over the long-term.
- 9.2 This approach is appropriate for two reasons. Firstly, it allows the population and household projections to be incorporated into the model which, as set out in Paragraph 159 of the NPPF (presented in chapter 1), need to be considered within an SHMA's assessment of the scale and mix of future housing required in an area. Secondly, the use of a long-term timescale corresponds better with the time frame used by planners – there is a lag in the planning system, which means that it is not possible to respond immediately to imbalances between



the nature of accommodation required and the stock currently available. It is therefore appropriate to consider the intervention required to the housing stock over the long-term to enable future action to be planned effectively.

- 9.3 Although there is not a housing market model in the Practice Guidance, there is comment on the importance of studying mix and balance in National Planning Policy. The following extract from paragraph 50 of the National Planning Policy Framework indicates the importance of a housing market model with this purpose:

‘To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community..;*
- *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand’*

- 9.4 This chapter describes a model (the LTBHM) that uses secondary data in combination with the household survey dataset to compare the current housing stock against the stock of housing required in the future. The purpose of this model is to identify the new accommodation required to adequately house the future population in the Borough and ensure that the housing market is balanced.

- 9.5 This chapter initially presents a calculation for the Objectively Assessed Need in King's Lynn & West Norfolk. This demographic projection sets out the predicted changes in both the population size and composition. These projections are then used within the model to identify the adjustment required to provide a sufficient range of accommodation to adequately house each household type and balance the housing stock, culminating in suggested profiles for new housing in terms of tenure and dwelling size.

Objectively Assessed Need

- 9.6 Whilst the Council have a published Core Strategy and are not necessarily looking to review their figure for planned new housing in the Borough, the NPPF is clear that an SHMA should address the issue of the level of Objectively Assessed Need in a locality. The need for housing is now derived locally rather than being a top down process. As set out in paragraph 152 of the NPPF this objectively assessed need ‘meets household and population projections, taking account of migration and demographic change’.

- 9.7 Paragraph 152 implies that nationally derived population and household projections are the starting point for determining objectively assessed need (and this position has been supported by Planning Inspector's at a number of recent Inquiries). In the past the Office of National Statistics publishes 25-year population projections at a Local Authority level every two years, which are then converted into household projections by DCLG in the following six months. However, the release of the initial 2011 Census data (in summer 2012) suggested that the most recent set of population projections (2010-based published in Spring 2012) were inaccurate and the associated 2010-based household projections were never completed for publication. This means that the most recent full population and household

projections are the 2008-based ones published in Spring and Autumn 2010 (generally known as the 2008 Projections). In April 2013 CLG issued fresh 'Interim' household projections (2011-based), using the equivalent population projections released in September 2012 by ONS. Whilst these are available at a Local Authority level they only consider a 10-year period.

9.8 This means that there are three sets of national projections that need to be considered:

- The 2008-based full population and household projections
- The 2010-based population projections (without the associated household equivalent)
- The 2011-based Interim population and household projections

9.9 Each of these projections uses the same broad methodology¹⁵; they are trend based and the components of future population change within a Local Authority (the levels of births, deaths and migration flows) are based mainly on those observed in the Council area in the four-five years previous to the base-date of the projections, the only difference being that the 2011-based Interim projections used the trend data that fed into the 2010-based projections, but reconfigured the starting point to the 2011 population estimates which were adjusted in light of the Census results. The assumption used means that the projections are business-as-usual scenarios: in effect, they assume that the drivers of demand will be the same in the future as they were in the past. The projections do not take account of potential future changes, such as the viability of development, the availability of mortgage and development finance, the wider state of the economy as well as constraints such as land supply.

9.10 Whilst the 2008-based projections were based almost entirely on trends recorded before the housing market downturn (which started in Autumn 2007), the more recent projections are based on trends recorded between 2006 and 2010, the majority of which time the market has been working under more restricted circumstances. This means the operation of the housing market during the recession has formed a substantial component of the trend used to project the future and the reduced delivery of new accommodation and altered migration flows recorded during this recession period form part of the future norm. The biggest affect of these altered conditions, as revealed by the much larger than expected average household size recorded in the 2011 Census (2.40 across England as opposed to 2.34 suggested for 2011 by the 2008-based projections), is that many people who would otherwise form new households have been forced to live longer with their parents or share homes. This is, at least in part, because there is now limited credit available for them to buy homes and in most parts of the country the growth of the private rented sector has not kept up with the increased demand meaning rents are rising faster than incomes which forces more people to live in shared accommodation rather than as an individual household within the tenure.

9.11 Whilst it may be unsuitable to base long-term projections on a period of continued economic prosperity, there is a notable danger in basing them on a period of recession, when the housing market has been dramatically modified. Although no set of projections is based

¹⁵ Although the 2010-based figures introduced new assumptions on national trends in fertility, mortality and international migration.

exclusively on either a pre or post-recession period, it is important to acknowledge the different conditions that feed into the figures that result.

- 9.12 Table 9.1 sets out the projected annual household growth for King's Lynn & West Norfolk and the neighbouring Councils from the two projection sets discussed above, which have a household component. The 2008-based figures show the average annual change in households in the 20-year period up to 2028. The 2011-based figures show the average annual change in households in the 10-year period up to 2021. Table 9.1 also indicates the current housing target.

<i>Local Authority area</i>	<i>Current housing target (per annum)</i>	<i>2008-based projected household growth (per annum)</i>	<i>2011-based projected household growth (per annum)</i>
King's Lynn & West Norfolk	660	750	585
North Norfolk	475	600	465
Breckland	764	850	680
Forest Heath	370	350	285
East Cambridgeshire	356	600	795
Fenland	550	700	690
Total	3,175	3,850	3,500

Source: King's Lynn & West Norfolk Borough Council Local Development Framework - Core Strategy Adopted Version, July 2011; North Norfolk Core Strategy, 2008; Breckland Council Adopted Core Strategy and Development Control Policies Development Plan Document, December 2009; Forest Heath Council Core Strategy Development Plan Document, May 2010; East Cambridgeshire District Council Core Strategy Development Plan Document, October 2009; Fenland Council Core Strategy Further Consultation Draft, July 2012; ONS 2008-based household projections; CLG 2011-based Interim household projections

- 9.13 In all of the Council areas, except East Cambridgeshire, the 2008-based projection has the highest annual household growth figure, with the 2011-based projections lower. In King's Lynn & West Norfolk, the projected annual household growth from the 2008-based and the 2011-based projections is fairly close, with the 2011 figure around 20% lower than the 2008 one. It is also clear from Table 9.1 that King's Lynn & West Norfolk and its neighbours have combined housing targets that are substantially less than the household growth identified in the 2008-based household projections, but similar to the 2011-based projection.
- 9.14 To determine which figures most accurately reflect the objectively assessed need it is useful to note the recent advice from the West Northamptonshire Inspector (April 2013), that the starting point should be the 'What Homes Where Toolkit'. This is a website¹⁶ that has been set up by a group of professional bodies, trade associations and charities with an interest in planning for housing. It uses the 2008-based housing projections by local authority to provide a baseline of evidence which, together with an understanding of the local area, should

¹⁶ <http://www.howmanyhomes.org/>

enable the Council to form a view of the number and type of homes that should be planned for. In addition the 2008-based projections have the advantage of being full official projections (as opposed to the 2010-based ones which do not have a household component) and also published to a time-line that extends suitably far for strategic planning of new housing development (unlike the 2011-based projections which are limited to 2021). The 2008-based projections can therefore be viewed as the suitable starting point for determining the objectively assessed need in King's Lynn & West Norfolk.

- 9.15 Whilst the 2008-based projections contain the most favourable economic conditions within the trend used to generate the future projection, it is important to note that the 2011 Census results indicate that they are inaccurate of the current situation. Table 9.2 below compares the population and household total in 2011 according to the Census with that projected for 2011 in the 2008-based projections. The results show that in King's Lynn & West Norfolk the population in 2011 was around 1,250 people higher than that the 2008-based estimate for the year with the household total around 1,300 lower. The average household size is consequently notably different (2.27 compared to 2.34 in reality) Whilst some of the difference between the estimates are a consequence of behaviour change resulting from the economic downturn, it is clear that the population growth set out in the 2008-based projections was an overestimate. This suggests that the 2008-based projections should be viewed as the absolute upper-boundary of objectively assessed need and the further derivation of the figure should be downwards from this point.

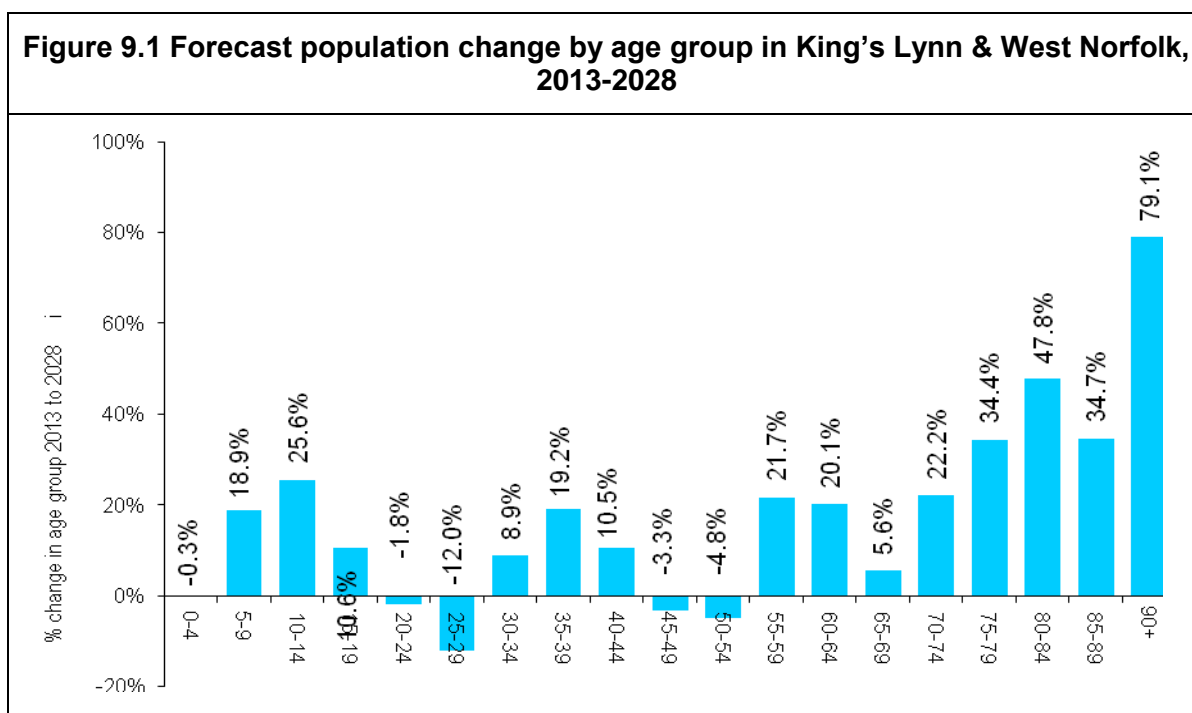
Table 9.2 Population and household in King's Lynn & West Norfolk, 2011		
	<i>2008-based projs</i>	<i>Census</i>
Population	146,200	147,451
Households	64,400	62,977
Average household size	2.27	2.34

Source: ONS 2008-based household and population projections, 2011 Census

- 9.16 To derive an accurate figure for objectively assessed need, we have therefore considered the various projections published and determined as to how they could be adjusted to best reflect the likely conditions in King's Lynn & West Norfolk. We have determined that for the projections for King's Lynn & West Norfolk would best be based on:
- Mortality and fertility rates from the 2010-based projections, as they are based on the latest results on current life expectancy and the fertility rate has been adjusted to reflect the current upsurge in births that has been recorded in the past few years (which is now projected to continue for a few years before returning to a normal level).
 - The 2008-based migration flows as they better show the nature of normal migration flows in the Borough (due to including a smaller proportion of the economic downturn). However the net inflow of people moving into the Borough from outside the country, of 170 people per year recorded in 2008-based projections, was based

on a time when there was a significant immigration of Eastern European economic migrants. This was a temporary trend and it not appropriate to assume it will continue. We have therefore scaled the inflow from international migrants recorded in 2008-based projections down by 15% (there is still net inflow from international migration however). The components of growth of the 2011-based interim population projections for King's Lynn & West Norfolk indicate that this is a suitable assumption, as they show that international migration into the Borough is expected to be at typical historical levels in the future.

- 9.17 We have gone on to create population projections up to 2028 (as the Council have planned for growth over 15 years within their Core Strategy) using the age and gender profile of the King's Lynn & West Norfolk population recorded in the 2011 Census as the starting point and applying these fertility rates, mortality rates and trends in migration flows. These population projections suggests the population will rise by 19,300 people over the 15 years between 2013 and 2028 (a 13.1% increase).
- 9.18 The projections allow for data to be broken down by five year age cohort. Figure 9.1 shows the projected change within each age cohort between 2013 and 2028 The population projection data indicates that there will be reductions in certain age groups (45-54 years olds and 15-29 year olds) but the majority of cohorts are predicted to grow, albeit moderately. The exception is the number of older people, which is projected to grow quite notably; with the number of people aged 90 or over expected to increase by almost 80% by 2028.



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.19 To convert the population projections into household equivalents we have used headship rates (for different household types) per age band of the population. We have taken an average of these figures recorded within the 2008-based and 2011-based projections to best reflect current social changes (better represented in the 2011-based projections), but also



normal wider-economic conditions (better represented in the 2011-based projections). The resultant projections indicate that in King's Lynn & West Norfolk the household population will increase by 10,336 between 2013 and 2028 (a growth of 16.2% compared with 8.0% between 2001 and 2011 as recorded by the Census). The projections suggest that the number of households is set to increase at a faster rate than the population, therefore it is anticipated that the average household size will decrease from 2.31 to 2.25 persons over the next 15 years.

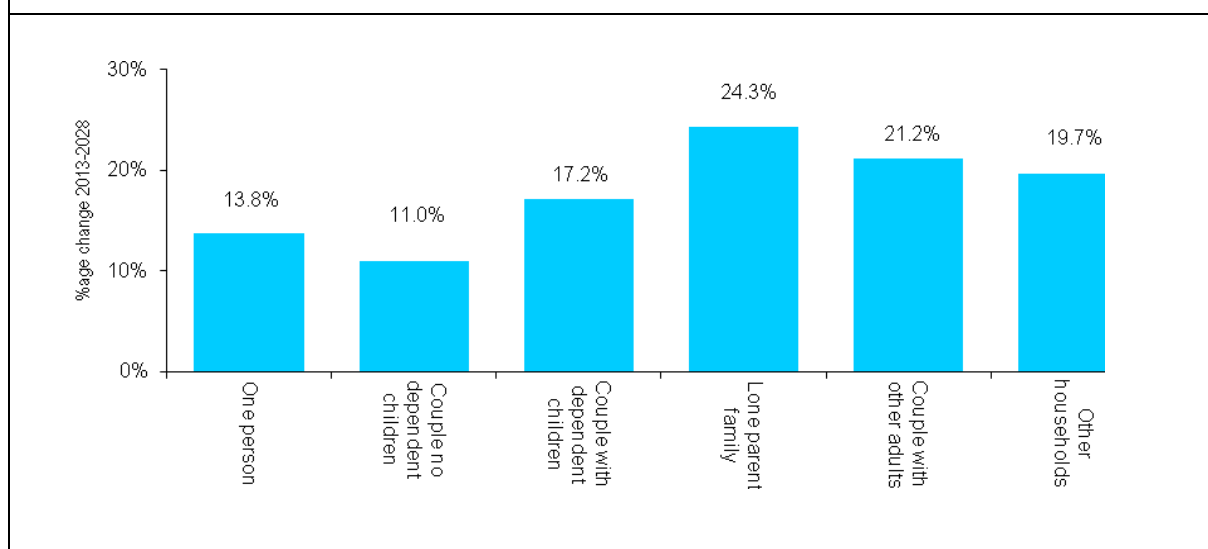
Table 9.3 Change in King's Lynn & West Norfolk population, households and household size, 2013 – 2028

	2013	2028	% change
Population	147,563	166,845	+13.1%
Households	63,880	74,216	+16.2%
Average household size	2.31	2.25	

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.20 The household projections for King's Lynn & West Norfolk suggest that the structure of households is likely to change over time. Whilst the Table above suggests that the overall number of households is expected to increase by 16.2%, Figure 9.2 shows that this increase is not uniform across different household groups. Lone parent households are anticipated to increase by 24.3% and couple with other adult households to rise by 21.2%.

Figure 9.2 Summary change in King's Lynn & West Norfolk household structure, 2013 – 2028



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.21 The total growth indicated by these projections equates to 690 households per year. Oxford Economics¹⁷ have produced a household growth estimate as part of their economic (jobs) led projections for the authorities in the East of England. These projections suggest that in King's

¹⁷ Oxford Economics, East of England Forecasting Model, Autumn 2013

Lynn & West Norfolk growth between 2013 and 2028 will be around 670 to 690 households per year¹⁸ The similarity of this range to the figure we have produced, helps substantiate the figure.

- 9.22 The projections identify household growth of 690 households per year. As this is derived using the most suitable elements of recently published national data, we feel that this figure best reflects the objectively assessed need in King's Lynn & West Norfolk. This is a pragmatic approach pending the publication of fresh long-term projections by CLG. It seeks to correct the understated headship rates in the 2008 projections and also reflect that whilst migration is still the main driver of the local housing market, the trend of net international immigration is not as great as has been assumed in previous projections. These new projections also have the advantage of resetting the baseline of the population to the figures from the 2011 Census (which were different to those projected in the Borough by DCLG).
- 9.23 These population and household projections have been applied to the household survey dataset to provide an estimated household profile for 15 years' time. Before the accommodation requirements of the future population are calculated, it is important to describe the approach used to create an accommodation profile adequate for each of these household types.

Adequacy of the housing stock

- 9.24 For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of King's Lynn & West Norfolk. This is determined through response to the household survey.
- 9.25 A household is considered currently adequately housed unless the household has indicated that they need to move home now because the accommodation is inadequate for the household. This is ascertained from the reason cited for the household moving. Households whose moves are caused by the accommodation size, cost, form and services available within it being currently unsuitable for the resident, are considered to be inadequately housed and to require alternative accommodation. The tenure and size of dwelling these households expect to achieve when they move are presumed to represent the nature of the accommodation that they require.
- 9.26 Some further adjustments are also made to remove over the long-term any undesirable elements of market imbalance that exist currently:
- Households that are overcrowded are assumed to require a property large enough for overcrowding not to take place.

¹⁸ Oxford Economics have also produced a scenario that uses a flat occupation ratio (rather than one that presumes household size will continue to fall) which indicates that household growth in King's Lynn & West Norfolk will be between 570 and 590 households per year from 2013 to 2028. However as this assumption is unlikely to be accurate for the 15-year period these projections are given less prominence than the baseline ones.

- Households in the social rented stock in receipt of Housing Benefit that under-occupy their home are assumed to require a dwelling with no spare bedrooms (to reflect the changes being introduced in April 2013 as discussed in para 7.64).
- Households resident in the private rented sector without Local Housing Allowance who identified that the cost of their current housing was a severe problem are assigned to a tenure that they can afford according to the Practice Guidance affordability test.

9.27 Table 9.4 shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The Table shows that some 9.8% of households are classified as inadequately housed currently. Lone parent households are least likely to reside in adequate accommodation, whilst households with two or more adults and no children are least likely to be inadequately housed. This analysis was facilitated by the updated household survey dataset (which has been made into an accurate representation of the 2013 population using the process set out in chapter 2 and then triangulated against key local secondary data).

<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Single pensioners	1,302	9,050	14.4%
2 or more pensioners	615	8,732	7.0%
Single non-pensioners	1,452	8,341	17.4%
More than one adult, no children	1,096	23,269	4.7%
Lone parent	556	2,554	21.8%
2+ adults, 1 child	456	5,374	8.5%
2+ adults, 2+ children	789	6,558	12.0%
Total	6,266	63,880	9.8%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

9.28 Table 9.5 shows the proportion of households in each tenure currently requiring alternative accommodation in order to be adequately housed. The Table shows that social rented households are least likely to reside in adequate accommodation (partly reflecting that under-occupation in this sector is being addressed), whilst owner-occupiers with no mortgage are least likely to be inadequately housed.

<i>Tenure</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Owner-occupied (no mortgage)	433	25,213	1.7%
Owner-occupied (with mortgage)	562	18,641	3.0%
Social rented	3,957	9,331	42.4%
Private rented	1,314	10,694	12.3%
Total	6,266	63,880	9.8%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

9.29 Some further adjustments are also made to use the affordable stock and any housing subsidy paid most economically (this adjustment also allows the introduction of Affordable Rent to be assessed):

- Households resident in the private rented sector on Local Housing Allowance (LHA) that can afford shared ownership or Affordable Rented accommodation are assumed to require this, to ensure that the stock is being most appropriately and efficiently used. The cost of Affordable Rented accommodation is based at 70% Affordable Rent. Shared ownership is deemed suitable for those able to afford a home with a 50% share and with £3,000 of capital, although it is acknowledged that there have been local schemes whereby different equity shares are purchased, 50% is the most common in King's Lynn & West Norfolk.
- Households in social rented accommodation that can afford market, shared ownership or Affordable Rented accommodation are assumed to require this to ensure that the stock is being most appropriately and efficiently used.

9.30 Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of suitable accommodation for each household type is applied to the household population in 15 years' time. The model therefore assumes that the pattern of accommodation required by each household type remains constant. It therefore assumes that the LHA supported private rented sector will be available at a similar level to today; the consequence of that not being the case are discussed in para 9.40.

Tenure of housing required

9.31 Table 9.6 shows the tenure profile of households resident in King's Lynn & West Norfolk currently. The table indicates that over 80% of households are resident in market accommodation (without the aid of LHA), 0.3% live in a shared ownership home, 4.5% live in a social rented property (without the aid of HB) and 14.1% live in rented accommodation with the aid of benefit (HB or LHA).

<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	51,785	81.1%
Shared ownership	205	0.3%
Social rented	2,906	4.5%
Benefit supported (both private and social rented)	8,984	14.1%
Total	63,880	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.32 The tenure of Affordable Rent has been introduced and the distinction in the affordable sector will be between those able to afford Affordable Rent (or shared ownership) and those requiring subsidy for their housing costs (those needing LHA or HB to live in the rented sector). Taking this into account, Table 9.7 shows the ideal tenure profile for the Borough in 15 years' time (if all households are to be adequately housed and the affordable stock is to be used most efficiently). The data shows that in 2028 the housing stock should comprise 79.1% market dwellings, 1.1% shared ownership properties, 3.0% Affordable Rented homes and 16.8% dwellings occupied with the support of benefit.

<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	58,720	79.1%
Shared Ownership	797	1.1%
Affordable Rent	2,202	3.0%
Benefit supported (both private and social rented)	12,497	16.8%
Total	74,216	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.33 Table 9.8 shows the tenure profile required by households resident in King's Lynn & West Norfolk in 15 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 67.1% of new housing should be in the market sector, 5.7% should be shared ownership properties and 21.3% Affordable Rent. It is assumed that the current LHA supported private rented homes and the social rented stock will principally house households unable to afford Affordable Rent, including those requiring benefit. However the model indicates that an additional 607 homes will be required for these households. It is suggested that these new dwellings be social rented accommodation. These additional social rented dwellings constitute 5.9% of the total new homes required in King's Lynn & West Norfolk.

Table 9.8 Tenure of new accommodation required in King's Lynn & West Norfolk over the next 15 years

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2028</i>	<i>Change required</i>	<i>% of change required</i>
Market	51,785	58,720	6,935	67.1%
Shared ownership	205	797	592	5.7%
Affordable Rent*	0	2,202	2,202	21.3%
Social rented	2,906	12,497	607	5.9%
Benefit supported	8,984			
Total	63,880	74,216	10,336	100.0%

*It should be noted that there are a very limited number of Affordable Rented units already in King's Lynn & West Norfolk (220 as at April 2013 according to Council data), however for the purpose of this model the stock is presumed to be 0.

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.34 The relatively large requirement for Affordable Rent (2,202 new dwellings over the next 15 years) is because the LTBHM considers all households in the affordable sector currently regardless of whether they are in housing need or on the Housing Register, this is because the model does not attempt to rehouse the current population, but ensure equivalent future households are most appropriately accommodated – it is therefore suitable to consider all households in the affordable sector so that the entire stock is most efficiently used in 2028. The Council have provided (anonymised) data on 641 households that have moved into the ex-Council RSL stock in the Borough since April 2011. This data contains the household's income level (and sources of this income) and provides an indication of the composition of the household, so a bedroom requirement can be assumed. Testing the income levels of these households against the cost of Affordable Rent at 70% for the bedroom size they require (based on the Borough-wide median private rents), suggests that over a quarter of these households (29.3%) would be suitable for Affordable Rent. This supports the relatively high requirement for this tenure identified within the LTBHM model, although it should be acknowledged that it is based on a limited number of households that have moved into the LSVT stock recently.
- 9.35 The LTBHM model is able to also provide detail on the size of new dwellings required within each of these tenures. This is shown in the section below.

Size of housing required within each tenure

- 9.36 Table 9.9 presents the size of market accommodation required in King's Lynn & West Norfolk in 15 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The Table shows that some 34.3% of new market dwellings should be three bedroom properties, with 31.1% containing four or more bedrooms 27.1% having two bedrooms and 7.5% having one bedroom.

Table 9.9 Size of new market accommodation required in King's Lynn & West Norfolk over the next 15 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2028</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	3,296	3,814	518	7.5%
Two bedrooms	12,086	13,965	1,878	27.1%
Three bedrooms	22,643	25,024	2,382	34.3%
Four or more bedrooms	13,760	15,916	2,156	31.1%
Total	51,785	58,720	6,935	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.37 This analysis can be repeated for shared ownership housing and is presented in Table 9.10. The data indicates that of the 592 shared ownership dwellings required within the Borough, 35.6% should be two bedroom properties with a further 29.3% one bedroom accommodation. Just under a fifth should have four or more bedrooms and 16.6% should have three bedrooms.

Table 9.10 Size of new shared ownership accommodation required in King's Lynn & West Norfolk over the next 15 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2028</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	28	201	173	29.3%
Two bedrooms	85	296	211	35.6%
Three bedrooms	76	174	98	16.6%
Four or more bedrooms	16	126	110	18.5%
Total	205	797	592	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.38 Table 9.11 shows the size of accommodation required in the Affordable Rented sector (based at 70% of market median rents); as there is very little of this tenure in existence, it will almost all be new. The Table shows that of the 2,202 additional Affordable Rented units required within King's Lynn & West Norfolk over the next 15 years, the majority (69.5%) should be one and two bedroom properties.

<i>Dwelling size</i>	<i>Size profile 2028</i>	<i>% of change required</i>
One bedroom	675	30.6%
Two bedrooms	856	38.9%
Three bedrooms	571	25.9%
Four or more bedrooms	101	4.6%
Total	2,202	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.39 Table 9.12 presents the size of social rented/LHA supported private rented accommodation required in King's Lynn & West Norfolk in 15 years' time in comparison to the size profile recorded in the social rented and LHA supported private rented sector currently. The implied additional housing required is also presented. It is assumed that the current LHA supported private rented sector stock will continue to be available to this group of households in the future and will form an 'alternative affordable housing' supply. It is presumed that all of the additional housing required for this group will be social rented. The Table shows that 33.0% of the new social rented housing required should contain two bedrooms, 32.5% four or more bedrooms, 22.8% should have one bedroom and 11.6% should have a single bedroom.

<i>Dwelling size</i>	<i>Current size profile (social rented and LHA private rented)</i>	<i>Size profile 2028 (social rented and LHA private rented)</i>	<i>Change required (new social rented dwellings only)</i>	<i>% of change required</i>
One bedroom	3,400	3,539	138	22.8%
Two bedrooms	4,505	4,705	201	33.0%
Three bedrooms	3,817	3,888	71	11.6%
Four or more bedrooms	168	365	197	32.5%
Total	11,890	12,497	607	100.0%

Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013

- 9.40 It should be noted that if the amount of LHA supported private rented sector homes reduces as a consequence of the introduction of the LHA caps and the accommodation reverts to 'standard' market accommodation, then the reverted dwellings should be deducted from the total market requirement and dwellings of equivalent size be added to the social rented requirement.
- 9.41 It is also worth noting that 523 of the total 3,539 one bedroom social rented/LHA supported private rented homes required in 2028, are required by single person households deemed suitable for the shared room rate (aged 35 or under). If this policy is still in place in 2028, then the figure of 523 could be deducted from the one bedroom total and an equivalent figure



added to the two or three bedroom requirement of the same sector (262 two bedroom homes, presuming two people sharing, or 175 three bedroom homes presuming three people sharing for example.)

Future specialist housing required

- 9.42 As was noted earlier in the chapter, there is projected to be a notable growth in the number of older people in the Borough over the next fifteen years. This demographic change is likely to have an impact on the housing market. As this group is disproportionately likely to require specialist accommodation (housing with care, sheltered accommodation and supported accommodation), it is useful to estimate the likely future requirement for this accommodation (arising from older person households).
- 9.43 The LTBHM model estimates that in 2028 around 2,974 households will require specialist accommodation. The figure is an estimate because it is likely that if past trends continue the health of the future older population will be better than currently. As a result the demand pattern for this accommodation may change in the future. This figure of 2,974 represents only 4.0% of the total household population in the Borough in 2028. Evidence suggests that the majority of older person households are likely to want to remain in normal residential accommodation, although there may be a significant additional requirement for adaptations or support services to allow these households to live independently.
- 9.44 Further analysis of these 2,974 households indicates that some 64.4% are likely to be able to secure this specialist accommodation within the market sector, with the remaining 35.6% requiring an affordable tenure. This equates to a requirement for 1,059 affordable specialist units in 2028. The current affordable stock of specialist housing in King's Lynn and West Norfolk is 70 housing with care units, 777 sheltered homes and 20 supported homes. This suggests there is a deficit of 192 specialist homes for older people in the Borough between 2013 and 2028. This figure has been derived by subtracting the current stock as advised by the Council from the future demand for this accommodation identified in the LTBHM model (looking at the requirements for this accommodation of current households and projecting this forward to the future population).
- 9.45 The model indicates that 69.4% of the households expected to require specialist housing in 2028 will contain only one person, and almost all of the remainder will contain two people. The model also suggests that over a quarter of these households will reside in the North East sub-area and a fifth will be located in the King's Lynn & the Wootons sub-area.

Trends in the requirement of specialised housing as modelled from Census data

- 9.46 The amount of detailed information that the updated household survey dataset is able to present on the requirements for specialist housing arising from the ageing population is limited, however as this is an area of particular interest of the Council, we have attempted to provide further evidence of the likely scale of demand by using Census data. The Census does not collect information on the number of people in all forms of older persons accommodation but does collect data on the number of people in communal establishments. Communal establishments are a broad range of specialist accommodation including



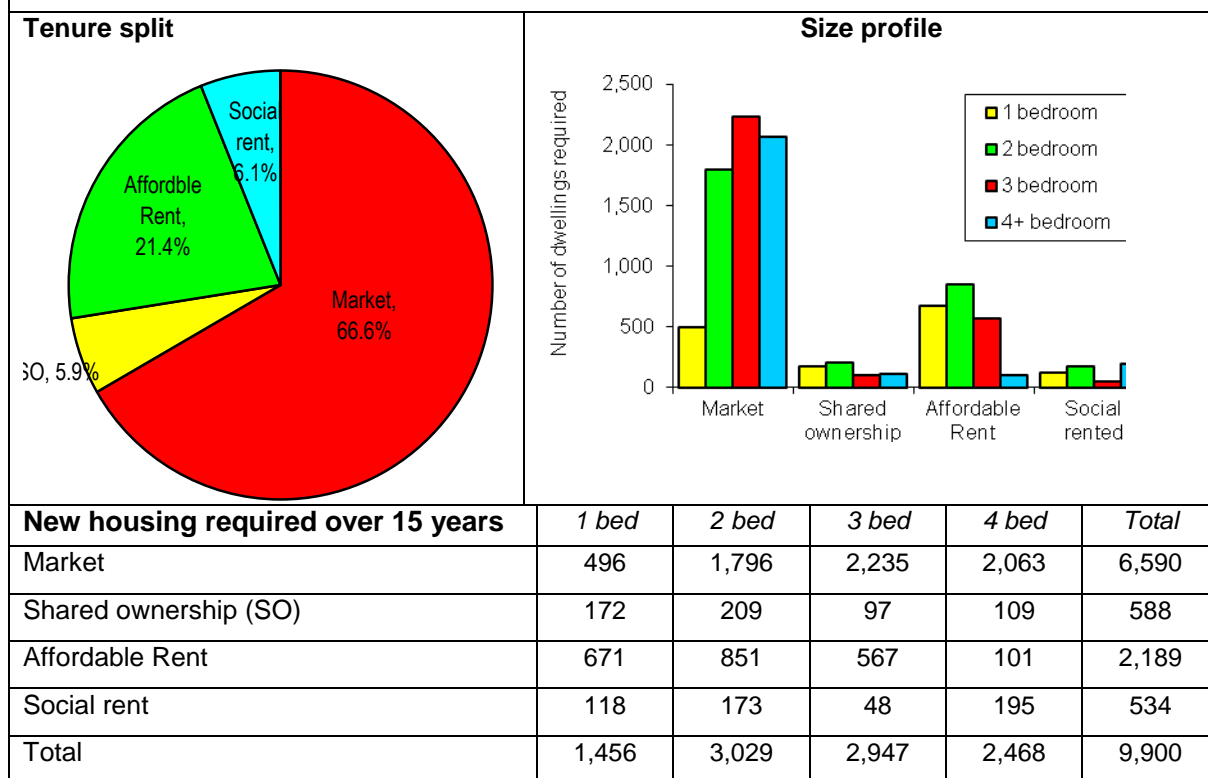
hospitals, some Ministry of Defence accommodation and also care and nursing homes. The majority of older people in communal establishments are in care and nursing homes. A comparison of the results from the 2001 and 2011 Census for the rate at which older people (those aged 65 or over in this instance) reside in communal establishments in King's Lynn & West Norfolk can therefore be used to show the broader trend for how demand for specialist accommodation has changed in the Borough. This analysis tries to reflect the changing demography in King's Lynn & West Norfolk (both the increase in the older population but the improved health of those older now).

- 9.47 The 2011 Census indicated that 899 people aged 65 or over live in communal establishments in King's Lynn & West Norfolk, representing 2.7% of all people 65 years or older in the Borough. The number of older people in communal establishments in King's Lynn & West Norfolk has grown by 6.3% between 2001 and 2011, but the proportion of the age group in this accommodation has fallen (reflecting a broadly healthier older population). If it is presumed the rate of occupation of this accommodation for each 5 year age band over 65 continues to change in the way it did in King's Lynn & West Norfolk between 2001 and 2011, through to 2028, it is estimated that demand will increase by 24.7% beyond the level recorded in 2011 (using the projections set out at the start of this chapter).
- 9.48 It is clear therefore that although improved health is likely to mean that the requirement for specialist older occupation will not increase lineally as the older population rises, the fact that the older population is growing markedly will mean that the demand for this accommodation will still grow notably. It is important to note that this analysis is demonstrative of the potential future demand for particular types of older persons accommodation, focusing on the more acute end of the scale, and the wider demand will be larger than this. It may be necessary for the Council to undertake further specific research to gather more detailed evidence of the impact of the ageing population on the requirement for specialist accommodation.

Alternative growth scenarios

- 9.49 Within their Core Strategy the Council set out that housing growth of 660 new dwellings per year should be pursued between 2011 and 2026. The LTBHM can produce alternative outputs to show the nature of housing required within this growth level. This is presented in Figure 9.3.
- 9.50 The results indicate that some 66.6% of new housing should be market accommodation, with 21.4% Affordable Rent, 6.1% social rent and 5.9% shared ownership. The proportion of new dwellings that should be market is slightly reduced from the base scenario, however the affordable tenures are all slightly more prominent. The majority of market accommodation required is again for two, three and four bedroom dwellings. Within the affordable sector the size profile is very similar to the base scenario.

Figure 9.3 Profile of new accommodation required based on Core Strategy growth (660 dwellings per year) derived from LTBHM model



Source: King's Lynn & West Norfolk Borough Strategic Housing Market Assessment Update, 2013



10. Policy implications of the results

Introduction

- 10.1 Both the NPPF and the Practice Guidance are clear that the ultimate aim of a Strategic Housing Market Assessment is to provide robust evidence that will inform local housing strategy and planning policies. This report will set out a series of suggestions about possible policy responses in light of the findings of this SHMA, set in the context of the NPPF requirements.
- 10.2 In King's Lynn & West Norfolk the Core Strategy was published in July 2011. This final chapter will describe the housing related policies in the Core Strategy and determine whether they are supported by the evidence set out in this SHMA. There are two housing policies within the Core Strategy that are required to be reviewed; the size of the planned growth in dwellings across the Borough and the tenure of new housing to be pursued. Both of these will be appraised separately. The chapter also presents some further policy suggestions evidenced by this SHMA that do not relate to existing Core Strategy policies.

Overall scale of housing growth

- 10.3 'Policy CS09 – Housing' in the Core Strategy states that it is intended that the dwelling stock will increase by approximately 16,500 dwellings over the 25-year period (2001 to 2026). This equates to an average annual increase of 660 homes per year. However the Appeal Decision¹⁹ published in October 2012 indicated within paragraph 12 that:

'The Council will need to re-visit its housing provision in the light of more recent household projections, and to keep its housing supply in line with the evidence base in the future, but it has demonstrated that there is currently in excess of a deliverable 5 year housing land supply, and so the CS policies are not out of date. Furthermore, the degree of conflict between the CS and the requirements in paragraph 47 of the Framework is limited, and having regard to paragraph 214 of the Framework, I give full weight to the CS.'

- 10.4 The Objectively Assessed Need in the Borough (calculated in chapter 9) fulfils this requirement and it indicates that 10,336 new dwellings are required in the 15 year period between 2013 and 2028, equating to almost 690 new homes per annum. The target is therefore meeting the vast majority (95.7%) of the Objectively Assessed Need.
- 10.5 Whilst the household and population projections are an important consideration when determining future dwelling growth in an area (and are a required component of an SHMA assessment of market demand according to paragraph 59 of the NPPF), the Council also has to take into account a range of other factors. These include the availability of suitable sites for housing development, the number of vacant properties available to help meet future demand, the environmental impact of potential development, how future housing development will impact on other infrastructure, how it corresponds to other priorities in the

¹⁹ Appeal Decision by C A Newmarch BA(Hons) MRICS MRTPI. Decision date: 12 November 2012. Appeal Ref: APP/V2635/A/12/2175128. Fosters Sports Ground, Main Road, Clenchwarton, King's Lynn, Norfolk

Borough as well as the views of the public. The projections therefore inform the total growth proposed, but do not determine it.

- 10.6 It is also material to consider what has been delivered in King's Lynn & West Norfolk over recent years. Table 10.1 shows the total new home completions as reported in the Council's Annual Monitoring Report and the total number of sales as reported by the Land Registry. It is clear that the total number of sales has declined notably since the peak of the market, although the level of completions has not been markedly affected (with the exception of 2009/10). As the final row in table 10.1 illustrates, new build completions have become an increasing proportion of the overall market.

	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012
Completions	683	637	1,100	575	314	560	624
Total Sales	2,101	2,381	2,141	931	1,150	1,268	1,283
New build completions as a proportion of total sales	32.5%	26.8%	51.4%	61.8%	27.3%	44.2%	48.6%

Source: King's Lynn & West Norfolk Council's Annual Monitoring Report and Land Registry

- 10.7 The Core Strategy target of 660 is similar to the delivery level achieved in all but two years since 2005, which suggests that it is a realistic target. The fact that it is higher than the level achieved in recent years is in line with paragraph 154 of the NPPF that says that 'Local Plans should be aspirational but realistic'. Overall the target of 660 new homes per year remains appropriate in King's Lynn & West Norfolk and is in line with the Objectively Assessed Need for Housing as identified earlier in this report. The Council are therefore not required to review this figure as the current policy will deliver a balanced outcome for the Borough.

Market/affordable tenure split

- 10.8 Policy CS09 indicates that '*the overall target for affordable housing in the Borough during the plan period will be related to the ability to deliver in the market conditions that prevail at the time a planning application is made. At the present time the percentage which will be sought for affordable housing provision on qualifying sites is: 15% within the built up area of Kings Lynn and 20% in all other areas*'.
- 10.9 Whilst this report has not considered the deliverability of affordable housing it does provide evidence as to the level of affordable housing that is required to meet housing need currently and ensure a sufficient supply exists to meet the requirements of the future population. The level of housing need in the Borough, as set out in chapter 7, is very high at 1,494 affordable homes per year. This represents 225% of the total planned additional dwellings in the Borough each year, however it could be reduced by the continued use of the benefit-supported private rented sector as 'alternative affordable housing'.

- 10.10 The LTBHM model indicates that around 27% of the housing required over the next 15 years in the Borough should be affordable. This evidence suggests that a higher proportion of new housing as affordable than is currently indicated in the Core Strategy would be preferable, however it is acknowledged that the current target is based on the evidence of what is viable in the Borough.

Other issues

Affordable Rent

- 10.11 This is the new social tenure, set at 80% of median market rent, or lower if there is evidence to justify it. If the Affordable Rent were set at 80% of median market rent, it would be affordable for relatively few households in housing need. But if it were set at 70% of market rent, it would be affordable for 479 households in housing need each year.
- 10.12 Affordable Rent can be achieved either by newbuild or by conversion of social re-lets. The latter is obviously cheaper and can be used to cross-subsidise newbuild. There is a considerable range of evidence in the report as to the impact of different Affordable Rent levels, however the current cost of Affordable Rent in the Borough (set out in Table 8.7) seems to be appropriate and affordable, particularly as it is at a lower level relative to market costs for larger dwellings where the intermediate gap is greater. Current Affordable rents are around 75% of median market rents for one and two bedroom homes and 70% for three and four bedroom dwellings. The Council need to monitor the level of Affordable Rents in the Borough in the future to ensure that they continue to be affordable to households in need.

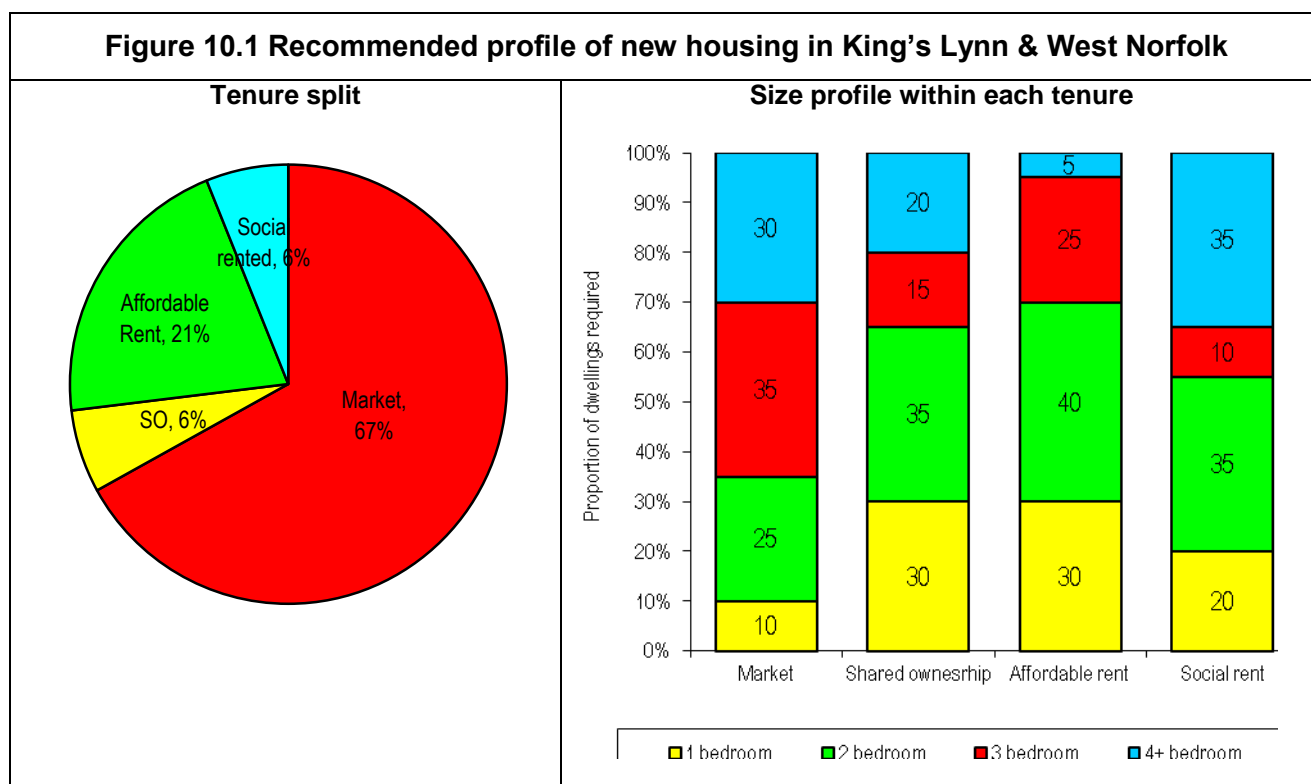
Mix of affordable housing required

- 10.13 Policy CS09 of the Core Strategy indicates that affordable housing within King's Lynn and West Norfolk should be split 70% social rented and 30% shared ownership or other forms of intermediate tenure, including intermediate rented. Since the evidence for the Core Strategy was compiled Affordable Rent has been introduced. This SHMA report has been able to examine the potential intermediate sector in more detail as a consequence.
- 10.14 Analysis of the affordability of households in need in Chapter 8 suggests that just 32.0% of households could afford Affordable Rented accommodation, with the vast majority of households in need requiring subsidy for any form of affordable accommodation. As Affordable Rent set at 70% market median rents is below the LHA cap, it would be possible to house households requiring subsidy within this accommodation.
- 10.15 The LTBHM model based on the Core Strategy level of growth in the Borough, suggests that 66.1% of new affordable housing could be Affordable Rent, 17.7% shared ownership and 16.1% social rent. The larger proportional requirement for Affordable Rent within the LTBHM model reflects that in fifteen years households that can afford it, will be housed in the Affordable Rented sector, rather than resident in the social rented sector, as they are likely to be currently.

10.16 It is clear that there is latent potential demand for this form of accommodation and because of the low level of existing stock, new Affordable Rent accommodation should be a priority over the short-term. It is therefore recommended that the proportions set out in the LTBHM Core Strategy level growth scenario, as set out in Figure 10.1, are pursued. This is just a recommendation; it is up to the Council to determine policy.

Affordable and market dwelling size mix

10.17 The housing needs assessment model indicates that a range of dwellings sizes are needed within the affordable sector, with one bedroom homes most commonly required. The LTBHM model provides considerable detail on the dwelling size mix within each tenure in King's Lynn & West Norfolk. These results are summarised in Figure 10.1.



Source: King's Lynn & West Norfolk Strategic Housing Market Assessment, 2013

10.18 The Core Strategy indicates that proposals for housing should reflect the housing requirement set out in the most up-to-date Strategic Housing Market Assessment with particular regard to size, type and tenure of dwellings. As this SHMA supersedes the previous report the dwelling mix set out in Figure 10.1 should be used as the base for what is required.

Developing market rented accommodation

10.19 The Montague Review²⁰ indicates that to attract greater large-scale institutional investment into new homes for private rent the Government should 'encourage local authorities to make

²⁰ Review of the barriers to institutional investment in private rented homes, published by the CLG in September 2012



more positive use of existing opportunities under the planning system to promote private rented schemes, by reaffirming its commitment to release public land for build to let projects and through providing carefully targeted financial support to the sector with a view to leveraging in additional private capital' (paragraph 11). The Montague Review also acknowledges that Councils can effectively introduce and manage these private rented schemes themselves.

- 10.20 The evidence of the demand for private rented accommodation in King's Lynn & West Norfolk set out in chapters 4 and 5 and for LHA-supported private rented homes within chapter 9, suggests that the sector is likely to continue to grow and that as long as appropriate properties are developed (principally two and three bedroom homes) the scheme will be suitable in the Borough. The particularly acute pressure for two bedroom family homes in the private rented sector currently experienced in the Borough as a consequence of the welfare reforms supports this initiative.
- 10.21 The rapid growth of the private rented sector recorded in King's Lynn & West Norfolk between the 2001 and 2011 has continued and the private rented sector is increasingly housing a wider diversity of households including more households unable to secure full market accommodation.

The SHMA as an 'evidence base'

- 10.22 These findings form part of the 'evidence base' for policy, but do not form policy in itself. It is a policy issue for the Council to decide what types of affordable housing to build. The Council will want to consider its priorities in the light of the evidence, but will not in any way be dictated by it. It is recommended that the outputs from this report should also be viewed alongside the latest other information on the Council's housing and planning priorities.
- 10.23 Paragraph 50 of the NPPF says that ' planning authorities should: plan for a mix of housing based on current and future demographic trends, market trends and the needs...'. It will be necessary for the Council to monitor its housing supply relative to future population projections released by ONS and future household projections released by DCLG. As and when further projections are released we would recommend that the Council gives consideration to refreshing the this study.
- 10.24 The housing market is in a period of change. Following the fall in prices of the 2007/2008 and the subsequent period of relative stagnation there prices now appear to be rising. We recommend that this study is reviewed relatively soon and certainly within the next three years.



Glossary

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 standard lending multipliers (3.5 times income) and considers any capital the household may have (existing equity or savings) to discount from the purchase price of the home. Rental affordability is defined as the rent being less than a proportion of a household's gross income (25% of gross income is used as the baseline).

Affordable housing

NPPF defines affordable housing as *'Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.'*

Affordable Rent

NPPF defines Affordable Rent as *'housing that is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).'*

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.

Bedroom standard

The bedroom standard 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 (affordable)

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.

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 price market within King's Lynn & West Norfolk.

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.

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).

Household living within another household

Is a household living as part of another household of which they are neither the head nor 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 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.



Housing Need (Objectively Assessed)

See also below. The NPPF requires local planning authorities to meet the full objectively assessed needs for housing. It uses the term 'need' throughout the document, however, as this term is usually (historically) associated with affordable housing. It is more useful to think of it as demand, or more accurately the objectively assessed requirement. The NPPG defines need as:

Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand. (NPPG ID: 2a-003-20140306)

Prior to the publication of the NPPF 'housing need' was a phrase that was applied only to affordable housing, following the publication of the NPPF it is now also used in relation to the Objectively Assessed Need for all housing.

Housing need (Affordable)

See also above. Housing need is defined as the number of households lacking their own housing, or living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some financial assistance. Prior to the publication of the NPPF 'housing need' was a phrase that was applied only to affordable housing, following the publication of the NPPF it now to the Objectively Assessed Need for all housing.

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 floor space. This report uses the number of bedrooms.

Income

Income means gross household income unless otherwise qualified

Intermediate housing

NPPF defines intermediate housing as '*homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.*'

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 is 3.5 times income.

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.



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 the local authority Borough area. The rate of migration is usually measured as an annual number of households, living in King's Lynn & West Norfolk at a point in time, who are not resident in King's Lynn & West Norfolk 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-selfcontained 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.

Re-lets

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 2011) 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 ownership schemes

Housing that is available to buy a proportion of (usually at market value). There is the option for the other part to be rented.

SHMA (Strategic Housing Market Assessment)

SHMA derives 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

NPPF defines social rented housing as housing '*Social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime.*'

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 housing that has been specially designed for a particular client group to meet their particular needs (such as accommodation that is accessible to people with a physical disability, extracare housing where care services are provided on site, hostels, refuges or group homes) or housing specifically designated for particular groups (such as older people, people with physical disabilities, learning difficulties or mental health issues). This is characterised as housing that includes special design features and/or access to support to assist people to live independently for as long as possible in their own home.

Support needs

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

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.



Appendix A1. Overcrowded households

- A1.1 Table A1.1 provide further detail on the nature of households in overcrowded accommodation in King's Lynn & West Norfolk as well as households that under-occupy their home. It is worth noting that a household is defined as overcrowded if the number of bedroom the household requires according to the bedroom standard (which takes account of the age, gender and relationship of all household members) is greater than the number of bedrooms in the home, a household is classified as okay if the number of bedrooms required is equal to the number of bedrooms in the home or there is a single spare bedroom and a household is considered under-occupied if there are two or more spare bedrooms.
- A1.2 Table A1.1 shows that social rented households are most likely to be overcrowded as are households containing two or more adults and children. Overcrowding is more common in households with a working age household head than those headed by someone over 60.
- A1.3 Finally households containing someone employed are more likely to be overcrowded than households where no one is working. The median income of overcrowded households is lower than under-occupied and 'okay' households.
- A1.4 Owner-occupiers with no mortgage are most likely to under-occupy their homes as are households containing two or more pensioners. Households without an employed household member are more likely to be under-occupied than households where someone is working.

Table A1.1 Characteristics of overcrowded households				
	<i>Overcrowded</i>	<i>Okay</i>	<i>Under-occupied</i>	<i>Total</i>
<i>Tenure</i>				
Owner-occupied (no mortgage)	0.8%	43.0%	56.2%	100.0%
Owner-occupied (with mortgage)	2.6%	57.0%	40.5%	100.0%
Social rented	9.2%	76.7%	14.1%	100.0%
Private rented	3.2%	77.0%	19.8%	100.0%
<i>Household type</i>				
Single pensioners	0.0%	69.0%	31.0%	100.0%
2 or more pensioners	0.0%	38.5%	61.5%	100.0%
Single non-pensioners	0.0%	68.0%	32.0%	100.0%
2 or more adults, no children	1.6%	49.4%	49.0%	100.0%
Lone parent	7.3%	74.5%	18.1%	100.0%
2+ adults 1 child	8.7%	73.1%	18.2%	100.0%
2+ adults 2+ children	13.0%	64.7%	22.3%	100.0%
<i>Age of household head</i>				
35 and under	6.6%	78.2%	15.2%	100.0%
36-60	4.0%	58.8%	37.2%	100.0%
61 and over	0.6%	49.5%	49.9%	100.0%

<i>Whether employed person in household</i>				
No	2.7%	51.4%	45.9%	100.0%
Yes	3.1%	62.6%	34.3%	100.0%
<i>Overall</i>	2.9%	61.6%	35.6%	100.0%
<i>Median household income</i>	£13,633	£17,496	£25,180	£19,175

Source: King's Lynn & West Norfolk Strategic Housing Market Assessment, 2013

HDH Planning and Development Ltd is a specialist planning consultancy providing evidence to support planning authorities, land owners and developers.

The firm is led by Simon Drummond-Hay who is a Chartered Surveyor, Associate of Chartered Institute of Housing and senior development professional with a wide experience of both development and professional practice. The firm is regulated by the RICS.

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- Community Infrastructure Levy (CIL) testing
- District wide and site specific Viability Analysis
- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)

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