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Our ref 41888/SPM/CR/12892809v1
Your ref

Dear Sir/Madam

Warrington Local Plan Review: Scope and Contents

The following sets out the comments of Orica Europe Ltd [Orica] on the *Warrington Local Plan Review Scope and Contents* document, which was issued by the Council for consultation on 24th October 2016.

Orica welcomes the opportunity to provide further comments on Warrington's Local Plan Review, in particular from the perspective of addressing future housing needs. Orica is keen to work with WBC to achieve an adopted Local Plan for Warrington that fully meets the need for housing across the Borough and which also enables the Council to sustainably meet its economic ambitions.

In this regard, we submit the following comments to the specific questions posed in the consultation document. The comments are supported by a detailed technical report which is appended to this letter and which provides further analysis of Warrington's future housing requirement and the level of supply necessary to meet that need in full.

Orica will continue to engage in the Local Plan Review process and will provide further detailed commentary in future consultations. Further site-specific representations have been made by Orica separately.

Q1: Do you have any comments to make about the Council's evidence base?

The National Planning Policy Framework [the Framework] requires that local authorities "*should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area*" [§158].

In this regard, Orica has reviewed the evidence base and is broadly satisfied that it is in accordance with the requirements of the Framework in that it incorporates a Strategic Housing Market Assessment [SHMA], Urban Capacity Statement, Green Belt Assessment and an Economic Development Needs Assessment. The Council confirms that it is in the process of



updating its Multimodal Transport Model and Strategic Flood Risk Assessment, which will feed into the broader assessment of development options, which is appropriate.

However clearly there will be other elements of this evidence base that will require updating prior to the Local Plan Examination in Public (particularly the SHMA given the subsequent release of the 2014-based household projections). Orica also notes that WBC is currently undertaking a 'Call for Sites' exercise and expects that an updated Strategic Housing Land Availability Assessment [SHLAA] will be forthcoming.

Q2: Do you consider the assessment of Housing Needs to be appropriate?

The Framework requires that LPAs prepare a SHMA in order to assess the full housing need for their area [§159]. The evidence base comprises the Mid-Mersey SHMA, published in January 2016, and an Addendum published in October 2016. The Addendum focuses solely on alternative growth assumptions for Warrington derived from the Local Enterprise Partnership [LEP] devolution proposals.

The SHMA identifies an OAN of 839 dpa, whilst the Addendum suggests that to align with a higher level of economic growth (+28,520 jobs 2014-37) a figure of 984 dpa would be appropriate. The Local Plan Review refers to both figures, but states that to ensure a balance between homes and jobs it will be necessary to increase the minimum supply of homes to around 1,000 per annum.

Orica welcomes the Council's recognition that to support economic growth sustainably there is a need to increase the level of housing provided in the Borough above the demographic OAN.

NLP has undertaken a review in the light of new evidence that has emerged in the intervening period. This includes the LEP devolution proposals which underpin the Council's new housing requirement.

The key points to emerge from this analysis on Warrington Borough's housing need are as follows:

- Warrington clearly functions as a standalone HMA and should look to meet its full housing within its own local authority boundaries.
- The SHMA's modelling has over-estimated the likely impact of the 2014 MYE and made an unjustifiable UPC adjustment to the modelling. Both measures artificially suppress the housing need identified.
- The SHMA conflates the supply-side market signals adjustment with demand side adjustments to household formation rates which are distinct steps in Practice Guidance.
- The application of unrealistic economic activity growth rates over-estimates the extent to which the local economy can sustain high levels of job growth without higher levels of net in-migration.
- There is a misalignment between the Council's now preferred employment-led LEP projection of 28,520 new jobs (which underpins the housing requirement of 1,000 dpa) and the level of employment land provided. The 381 ha target is more than double the amount that could be justified on the basis of the LEP devolution proposal approach.



- Although the latest 2014-based household projections are around 10% lower than the 2012-based equivalents that underpinned the SHMA analysis, this is due primarily to a fall in the underpinning population projections, rather than any significant change to household formation rates. On this basis it would be less likely to affect any employment-driven housing requirement, which would not be constrained to the 2014-based SNPP at the outset. For this reason it is considered that the latest projections in isolation would not justify WBC departing from the 1,000 dpa employment-led target.
- The SHMA's market signals uplift, at just 2.3%, is insufficient to address the signs of housing market stress currently exhibited in the Borough. On the basis of NLP's own analysis of the Practice Guidance's 6 key market signals, and the emerging LPEG approach, NLP considers that a 10% uplift should be applied to the demographic baseline in the Warrington context.
- The 2016 SHMA identifies a need for 220 affordable dpa in Warrington Borough over the period 2014-2037. Whilst NLP has some reservations concerning this figure, at an average delivery rate of 25% this would suggest a need for **880 dpa** to be provided overall.
- 1,147 dpa represents the level of housing growth necessary to provide a sufficiently large labour force to support the Experian job growth forecasts for the Borough. Warrington Borough has experienced very high levels of job growth over the past few years. Were this level of growth to continue, this would require an even higher dwelling need, of up to 1,367 dpa. This would suggest an employment-led range of housing need between 1,147 dpa and 1,367 dpa.
- The level of job growth associated with the Council's preferred option (the LEP devolution proposal) would indicate a level of housing need somewhere in between these two extremes. It is NLP's view that a figure of **at least 1,200 dpa**, rather than the 1,000 dpa suggested in the 2016 SHMA Update, would be the minimum level of housing growth needed to sustainably accommodate this level of job growth, using realistic economic activity growth rates.
- NLP considers that a suitable housing OAN range for Warrington Borough would therefore be in the order of **880-1,200 dpa**, with greater weight attached to the higher end of the range in order to align with the Borough's stated job growth objectives.

Q3: Do you consider the assessment of Employment Land Needs to be appropriate?

No comment, other than there appears to be a misalignment between the level of employment land identified in the Local Plan Review (381 ha) and the level that could be sustained by the 1,000 dpa housing requirement (276 ha).

Q4: Do you consider the alignment of Housing Needs and Jobs Growth to be appropriate?

Orica considers that it is wholly appropriate that WBC seeks to align both housing need and jobs growth and that such an approach is in accordance with the requirements set out in the Framework [§158].

Orica also welcomes the incorporation of a new employment-based scenario within the October 2016 SHMA Addendum. The Addendum model is based upon the LEP devolution proposals which seek to generate some 1,240 jobs per annum. The SHMA Addendum has translated this into a requirement of 984 dpa, subsequently rounded up to 1,000 dpa within the *Local Plan Review Scope and Contents* document.



Orica acknowledges that the use of the LEP devolution proposals for modelling future housing needs is appropriate as this features in both the housing and employment strategies. However, Orica considers that the LEP devolution proposals should be treated with an air of caution, as the scenario projects job growth at a rate that is below historic long term trends:

“The long term trend in the Borough has shown an average employment growth of 1,573 over the 23 year period 1992-2014. If the same rate of growth was projected from 2016-2037 employment would have increased to 170,975, representing an increase of 36,175”¹ (Mickledore October 2016).

Perhaps an even more fundamental concern than the overall level of job growth that the Council is planning for is the manner by which it has been factored into GL Hearn’s PopGroup model to generate an equivalent housing need.

Whilst this is considered in further detail in the Technical Report appended to this letter, we are concerned that GL Hearn has used what appear to be extremely optimistic economic activity growth rates for Warrington Borough. For example, to expect the economic activity rate for males aged between 35-49 to increase by 8 percentage points, from an already high rate of 89%, to 97% by 2037 is unrealistic; similarly, an increase of 12% for females in the same age category, resulting in a virtually full employment rate of 98%, does not accord with what might reasonably be expected to happen. This suggests that almost all families with children in Warrington will have both parents (aged between 25 and 49) in work. In contrast, across the country as a whole, the OBR forecasts that the proportion of economically active residents (both male and female) will actually decline in the 30-44 age bracket, and hence more workers will be required to support the same number of jobs.

Furthermore it is NLP’s view that the economic activity rates published by the forecasting agencies cannot be applied outside of each specific model, since they are influenced by all of the assumptions made about population, jobs, unemployment and commuting rates within the model. A more appropriate approach might have been the application of fixed economic activity rates based upon the local economic context and robust assumptions about future change, supported by external data sources such as OBR.

The application of unrealistic economic activity rates within both the SHMA and SHMA Addendum, under-estimates the level of net in-migration that would be required to sustain the local economy at the desired level and hence underplays the true level of housing need to reach a desired economic objective.

Q5: Do you consider the assessment of land supply to be appropriate?

On behalf of Orica, NLP has reviewed WBC’s 5-year housing land supply evidence in detail, with the findings appended to this letter. Having regard to the review of the 5 year housing land supply we consider that:

- There has been a shortfall in the number of new dwellings provided during the period 2014-2016 in the order of 1,282 dwellings (against a target of 1,000 dpa).
- Overall it is considered that a 5% buffer should be applied to the requirement and backlog in accordance with the Framework [§47] and Practice Guidance.

¹ Mickledore (October 2016): *Analysis – A review of economic forecasts and housing numbers*, page 5



- The 5 year supply incorporates a windfall allowance of 64 for each year. NLP considers that for the first two years it is not unreasonable to assume that the Council would already have identified the vast majority of sites likely to come forward and are unlikely to be completely unforeseen opportunities. Consequently NLP considers that two years' worth of windfall allowance should be discounted from the supply.
- NLP notes that the Council has failed to make an allowance for lapse rates. NLP considers it to be appropriate to apply a 10% discount on deliverable sites with planning permission and a 15% discount of deliverable sites without planning permission. Such an approach would be in accordance with established case law.

With these caveats in mind, Table 1 indicates that, based on the Council's approach and their data assumptions, Warrington Borough would appear to have around 2.9 years forward supply of sites.

Table 1: 5-Year Land Supply Scenario Outcomes

Five Year Supply of Deliverable Housing Land	Council (assumed) five year housing land supply position	NLP five year housing land supply position	
		@880 dpa OAN	@1,200 dpa OAN
Total Housing Requirement (OAN = 2016/17 – 2020/21)	5 x 1,000 dpa = 5,000	4,400	6,000
Shortfall (2014-16= 1,282 dwellings delivered)	718	478	1,118
5% buffer (to requirement and backlog)	286	244	356
Housing Supply Required 2016/17 – 2020/21	6,004	5,122	7,474
Sites with Planning Permission	1,330	1,197	
Sites without Planning Permission	1,884	1,601	
Supply based on windfall allowance	320	192	
Deliverable Supply	3,534	2,863	
Surplus of Deliverable supply over supply required	-2,470	-2,259	-4,611
Number of Years Supply (expressed as Years of Residual Requirement)	2.94	2.79	1.92

Source: NLP analysis

Applying NLP's OAN range, incorporating a lapse rate and discounting two-years' worth of windfall allowance, would reduce this 5-year supply of housing land supply still further, to between 1.9 and 2.8 years depending upon the scale of housing need identified.

As such, NLP considers that even under the most optimistic assumptions and using the lowest housing OAN, Warrington Borough Council cannot demonstrate a defensible five year housing land supply position at the current time.

Q6: Do you consider that Green Belt land will need to be released to deliver the identified growth?

Orica agrees with the statement within the *Local Plan Review Scope and Contents* document [§2.20] that it will be essential that WBC releases substantial areas of land from the Green Belt if Warrington is to meet its own needs for housing and employment development.



Provision will also need to be made for the release of safeguarded land to provide the Plan with the necessary flexibility going forward (see Q8 below).

Q7: Do you consider the three identified Strategic matters being the appropriate initial focus of the Local Plan Review?

Having regard to the elements of the Local Plan quashed in the High Court, Orica considers that the scope of the three strategic matters is sufficient for the initial focus of the Local Plan Review.

Q8: Do you agree that further land will need to be removed from the Green Belt and Safeguarded for future development needs beyond the Plan period?

The Framework [§85] provides guidance to local authorities on the process of defining Green Belt boundaries, the following are of particular relevance:

“where necessary identify in their plans areas of safeguarded land between the urban area and the Green Belt in order to meet longer term development needs stretching well beyond the plan period; and

Satisfy themselves that Green Belt boundaries will not need to be altered at the end of the development plan period.”

Orica considers that in order for the Plan to accord with the requirements of the Framework, it will be necessary for WBC to ensure that sufficient land is released from the Green Belt to accommodate future development beyond the 20-year Plan period.

Q9: Do you consider it is appropriate to include Minerals and Waste and Gypsy Traveller needs in the scope of the proposed Local Plan Review?

No comment.

Q10: Do you consider the Sustainability Appraisal Scoping Report to be appropriate?

No comment - see separate site-specific representations.

Q11: Do you consider the Spatial Distribution and Site Assessment Process at Appendix 2 to be appropriate?

No comment – see separate site-specific representations.

Q12: Do you agree with the assessment of Local Plan Policies at Appendix 1?

No comment.

Q13: Do you consider the proposed 20 year Local Plan period to be appropriate?

The Framework [§157] requires that Local Plans should “*be drawn up over an appropriate time scale, preferably a 15-year time horizon....*” Orica therefore considers that the proposed Plan period of 20 years accords with the Framework and is therefore appropriate.

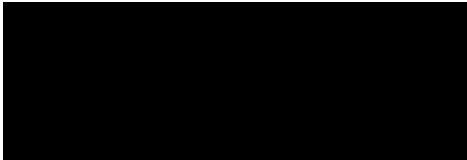


Q14: Having read this document, is there anything else you feel we should include within the 'Preferred Option' consultation draft. Which you will be able to comment on at the next stage of consultation?

No comment. See separate site-specific representations.

We trust that the above concerns will be given full and proper consideration by the Council. If you require anything further at this stage please do not hesitate to contact me.

Yours faithfully



Colin Robinson
Planning Director

Copy
Orica Europe Ltd.



Nathaniel Lichfield
& Partners

Planning. Design. Economics.

Appendix 1: Technical Paper on Meeting Warrington's Housing Needs



Nathaniel Lichfield
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Planning. Design. Economics.

**Warrington Local Plan Review: Scope
& Contents Document**

**Assessment of Housing Requirement
and Supply**

Orica Europe Ltd
5 December 2016

41888/SPM/CR

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1.0 Introduction

- 1.1 This Technical Report on Housing Issues has been prepared by Nathaniel Lichfield & Partners [NLP] on behalf of Orica Europe Ltd [Orica]. It analyses the objective assessment of housing need (both market and affordable) for Warrington Borough, the extent to which the Borough can demonstrate a 5-year housing land supply and the likely overall housing requirement.
- 1.2 It accompanies representations made to Warrington Borough Council's [WBC's] *Local Plan Review: Scope and Contents* document (October 2016). The Local Plan Review relates to a 20-year period ending in 2037.
- 1.3 The Local Plan Core Strategy [WLPCS] was adopted in 2014, setting a housing requirement of 10,500 (500 dwellings per annum [dpa]) between 2006 and 2027. However, following the adoption of the WLPCS there was a successful High Court Challenge that resulted in the removal of the housing policies from the Local Plan.
- 1.4 As a consequence, the Council's overall housing requirement was overturned and a new Strategic Housing Market Assessment [SHMA] commissioned for the wider Mid-Mersey HMA including the Boroughs of St Helens and Halton. This document, published in January 2016¹, identified a housing need of 839 dwellings per annum [dpa], (inclusive of 220 affordable units) for Warrington Borough over the period 2014 to 2037. A subsequent Addendum, published in October 2016², provides an additional scenario based on alternative growth options derived from the Local Enterprise Partnership's [LEP] devolution proposals. This projects a growth of 31,000 new jobs from 2015 to 2040 (+28,520 net additional jobs over the SHMA period to 2037). As a result, this gives a revised housing need of **984 dpa** for this additional scenario.
- 1.5 The Council considers this number of jobs to be 'realistic' based on a comparison with past trends and the level of employment land identified in the Economic Development Needs Assessment [EDNA], which was published in October 2016³ and identified a requirement for 381 hectares of employment land over the next 21 years based on the LEP devolution deal scenario:
- "As the SHMA was based on a baseline forecast of employment growth, it has been necessary to revisit the housing need figure to ensure it is in line with the increase in job numbers envisaged. To ensure a balance between homes and jobs, it will be necessary to increase the minimum supply of homes to around 1,000 per annum"⁴*
- 1.6 In reviewing its evidence base WBC found that it is unable to accommodate all of its development needs within its existing urban area and/or on greenfield sites beyond the Green Belt. WBC concludes that sufficient Green Belt land

¹GL Hearn (January 2016): Mid Mersey Strategic Housing Market Assessment for Halton, Warrington and St Helens Councils.

²GL Hearn (October 2016) Mid Mersey SHMA, Addendum for Warrington

³BE Group (October 2016) Economic Development Needs Study for Warrington Borough Council

⁴WBC (October 2016): Local Plan Review Scope and Contents Document, §2.13

releases are needed to deliver a further 5,000 homes and 261 hectares of employment land over the next 20 years.

1.7 In this regard, the *Local Plan Review: Scope and Contents* document focuses on three strategic matters which WBC believes will have a significant impact on the future planning strategy for the area. These are:

- 1 The provision of land and level of housing development that can be accommodated within Warrington, taking into account Objectively Assessed Needs [OAN];
- 2 The provision of land for economic development and a growing local economy taking into account OAN; and,
- 3 Ensuring the timely delivery of new and improved physical and social infrastructure required to meet the needs of new development and mitigate the impacts on existing communities.

1.8 This Technical Report focuses on Strategic Matter 1 and assesses the level of housing required within Warrington during the plan period, the assessment of supply to address that need and other matters including the alignment with the Council's ambitious economic growth strategy.

Context

1.9 The Framework outlines a two-step approach to setting housing requirements in Local Plans. Firstly, to define the full objectively assessed need [OAN] for development and then secondly, to set this against any adverse impacts or constraints which would mean that need might not be met. This is enshrined in the approach set out in the Framework [§14] which sets out the presumption in favour of sustainable development:

"For plan-making this means that:

- *LPAs should positively seek opportunities to meet the development needs of their area;*
- *Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:*
 - *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or*
 - *specific policies in this Framework indicate development should be restricted."*

1.10 The Framework goes on to set out that in order to 'boost significantly' the supply of housing, LPAs should:

"use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the framework..." [§47]

- 1.11 The first Framework then sets out that in evidencing housing needs:
“LPAs should have a clear understanding of housing needs in their area. They should:
- *prepare a SHMA 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 need 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...; and*
 - *caters for housing demand and the scale of housing supply necessary to meet this demand...”* [§159]
- 1.12 Furthermore, the core planning principles set out in the Framework [§17] indicate that a planned level of housing to meet objectively assessed needs must respond positively to wider opportunities for growth and should take account of market signals, including housing affordability.
- 1.13 The Framework is supplemented by the Practice Guidance which was published as an online tool in March 2014. The Practice Guidance provides an overarching framework for considering housing needs, but also acknowledges that:
“There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need”⁵.
- 1.14 The Guidance states that household projections published by CLG should provide the starting point estimate of overall housing need⁶. Housing need, as suggested by household projections, should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Relevant signals may include land prices, house prices, rents, affordability (the ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing), rate of development and, overcrowding⁷.
- 1.15 In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be⁸.

⁵ 2a-005-20140306

⁶ 2a-015-20140306

⁷ 2a-019-20140306

⁸ 2a-020-20140306

- 1.16 The Guidance recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period⁹.
- 1.17 Although the Practice Guidance notes that demographic trends should be applied as a starting point when assessing the OAN, it goes on to state that consideration should also be given to the likely change in job numbers. This supports the importance that the Framework [§158] places on the economy and the requirement to “ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals”. A failure to take account of economic considerations in the determination of the OAN would be inconsistent with this policy emphasis.
- 1.18 The Inspector at the Fairford Inquiry¹⁰ recognised the role of economic factors in the assessment of the OAN for Cotswold District:
- “The Council has not provided a figure for OAN which takes account of employment trends. The Council argues that the advice in the PPG does not require local planning authorities to increase their figure for OAN to reflect employment considerations, but only to consider how the location of new housing or infrastructure development could help address the problems arising from such considerations. I disagree. In my view, the PPG requires employment trends to be reflected in the OAN, as they are likely to affect the need for housing. They are not “policy on” considerations but part of the elements that go towards reaching a “policy off” OAN, before the application of policy considerations. There is no evidence that the Council’s figures reflect employment considerations” [IR. §19].*
- 1.19 This view reflects the position expressed by the Inspector (and confirmed by the Secretary of State) in the Pulley Lane Inquiries in Droitwich Spa¹¹. The Inspector’s report (which was accepted by the SoS) states that:
- “The Council’s case that “unvarnished” means arriving at a figure which doesn’t take into account migration or economic considerations is neither consistent with the (Gallagher) judgment, nor is it consistent with planning practice for deriving a figure for objectively assessed need to which constraint policies are then applied. Plainly the Council’s approach is incorrect. Clearly, where the judgement refers to ‘unvarnished’ figures (paragraph 29) it means environmental or other policy constraints. There is nothing in the judgement which suggests that it is not perfectly proper to take into account migration, economic considerations, second homes and vacancies”. [IR. §8.45]*

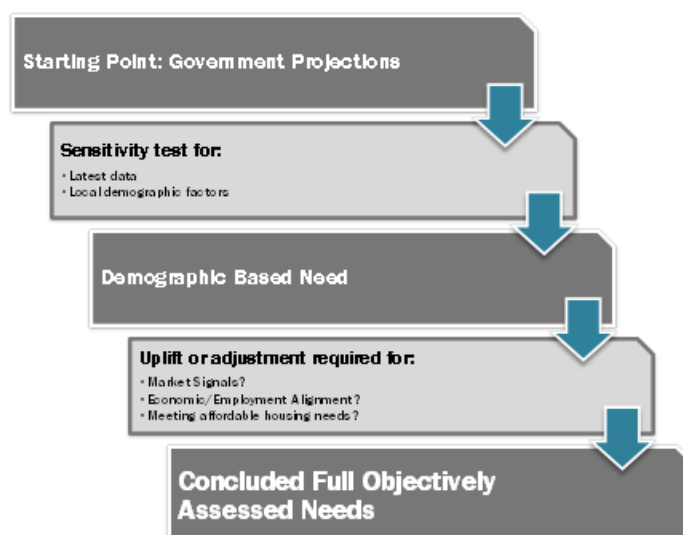
⁹ibid

¹⁰ Land South of Cirencester Road, Fairford (PINS Ref No: APP/F1610/A/14/2213318) (22 September 2014).

¹¹ Land at Pulley Lane, Newland Road and Primsland Way, Droitwich Spa (APP/H1840/A/13/2199085) and Land north of Pulley Lane, Newland Road and Primsland Way, Droitwich Spa (PINS Ref No: APP/H1840/A/13/2199426) (2 July 2014).

- 1.20 The Practice Guidance concludes by suggesting that the total need for affordable housing should be identified and converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.
- 1.21 The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments:
- “An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”¹²*
- 1.22 It is against this policy context that the housing need for Warrington must be considered. The Framework and the Practice Guidance set out a logical process for undertaking a full objective assessment of needs. This approach is summarised in Figure 1.1.

Figure 1.1 The Framework and Practice Guidance Approach to Objectively Assessing Housing Needs



Source: NLP based upon the Framework/ Practice Guidance

Local Plan Experts Group Report to CLG (2016)

- 1.23 The Local Plan Expert Group [LPEG], in its Report to the Secretary of State for Communities and Local Government in March 2016, recommended various changes to the Practice Guidance with the remit of considering how local plan-making could be made more efficient and effective.
- 1.24 Although very limited weight can be given to the LPEG approach given that it is not policy or endorsed by Government, it is at least helpful in seeking to understand the general ‘direction of travel’ of defining OAHN and what an appropriate response might be to define the influence of market signals and

¹²ID: 2a-029-20140306

affordable housing needs.

- 1.25 LPEG recommends changes to the preparation of SHMAs and determination of OAHN. It proposes the following changes in approach:
- a If they wish, plan makers should continue to be able to plan for further growth beyond FOAHN by considering a “*policy on*” alignment with job growth in setting their housing requirement where this is greater than housing need, but this should not be part of OAHN;
 - b It places more emphasis on market signals (concentrating on the relationship between median quartile house prices and lower quartile rental values and wages) and provides guidance on the level of uplift to apply (0-25%), based on the scale of affordability pressure;
 - c It provides clear guidance on how to respond to affordable housing need – but without suggesting that the OAHN should be increased to meet the affordable housing need in full;
 - d Where the total number of homes that would be necessary to meet affordable housing need is greater than the adjusted demographic-led OAHN, then this figure should be uplifted by a further 10%. The 10% uplift is intended to provide a streamline approach that removes judgement and debate from the process of setting OAHN (as opposed to what might be the most accurate under current Practice Guidance);
 - e It requires consideration of both the SNPP and 10-year trends in the assessment of the starting point requirement and states that the higher figure should be applied;
 - f It specifically states that Unattributable Population Change¹³ and other adjustments should not be applied unless there are exceptional reasons to do so; and,
 - g It requires consideration to be given to an uplift in household formation rates – increasing the 25-44 cohorts to make up half the difference with the 2008-based projections.
- 1.26 Applying the LPEG approach should be treated with caution at this stage given that it is not policy nor endorsed by Government and, in of itself, it will only be justified once/if the Practice Guidance is updated. It must also be seen in the context of the whole LPEG methodology and its purpose.

Report Structure

- 1.27 This report is set out as follows:
- **Section 2.0** – This section provides an overview and critique of WBC’s housing need evidence.

¹³ Unattributable Population Change (UPC) is the population change between the 2001 and 2011 Censuses which cannot be attributed to births, deaths or migration. It is either a result of the mis-recording of migration or the mis-recording of one (or both) Censuses.

- **Section 3.0** – This section sets out NLP’s objective assessment of housing need for the Borough, based upon the latest government projections, economic factors, market signals and affordable housing needs.
- **Section 4.0** – This section analyses whether Warrington Borough can demonstrate a five-year housing land supply and assesses the long term requirements for the Borough.
- **Section 5.0** – This section set out our conclusions on Warrington’s housing OAN and supply considerations.

2.0 **Review and Critique of Warrington’s Housing Need Evidence**

Warrington Borough Council’s Housing Requirement

2.1 The Warrington Local Plan Core Strategy [WLPCS], adopted in July 2014, sets out the Council’s vision, aims and strategy for the Borough, including the overarching planning policies that will guide growth during the period to 2027.

2.2 However, in February 2015 the High Court¹⁴ quashed parts of the Warrington Local Plan Core Strategy, specifically:

- 1 Policy W1 and Policy CS2, and specifically to “*delivering sufficient land for housing to accommodate an annual average of 500 dwellings (net of clearance) between 2006 and March 2027, and a minimum of 10,500 over the whole period*”¹⁵; and,
- 2 Paragraph 6.38 relating to the delivery of “*1,100 new homes as a sustainable urban extension to West Warrington.*”

2.3 The Council has reviewed its housing OAN as a result of this decision.

2.4 The WLPCS acknowledges that, partly on the back of economic success and changes in demographics, an increased supply of future new homes is required, as there is a significant shortfall of affordable homes within the Borough:

“The most recent SHMA suggests that over 400 additional new affordable homes need to be provided in the borough each year, with supply simply unable to keep pace with demand. The major reason affordable need is high is that the average house price is between 5 and 6 times average household incomes. This trend is not however unique to Warrington with the neighbouring Mid Mersey authorities of Halton and St. Helens also recording similar levels.” [§2.23]

2.5 To address this, Policy SN2 (which remains extant despite the High Court judgement) of the WLPCS seeks to significantly boost the supply of affordable housing ensuring that all developments which incorporate open market housing and with a capacity of 5 or more dwellings make provision for affordable housing on the following basis:

- 20% on a previously developed or greenfield site between 5 and 14 dwellings regardless of its location within the borough;
- 20% on a previously developed site of 15 or more dwellings within Inner Warrington inclusive of the Town Centre;
- 30% on a previously developed site of 15 or more dwellings where that site is located outside of Town Centre and Inner Warrington;

¹⁴ [2015] EWHC 370 (Admin)

¹⁵ High Court Judgement Order, Appendix (Available online at:

https://www.warrington.gov.uk/download/downloads/id/8613/local_core_plan_strategy_court_order_feb_2015.pdf)

- 30% on a greenfield site of 15 or more dwellings regardless of its location within the borough.

Mid Mersey SHMA 2016

- 2.6 The Mid-Mersey SHMA, undertaken by GL Hearn in association with JG Consulting, was published in January 2016. It provides an overview of the objectively assessed need for market and affordable housing in the three Mid-Mersey Boroughs of Warrington, Halton and St Helens, which the SHMA considers to form a self-contained Housing Market Area [HMA].
- 2.7 Whilst recognising that there are overlaps within the HMAs, with Warrington having (for example) a relationship with Cheshire West and Chester in particular, it was GL Hearn’s view that “*the triangulation of the sources strongly supports defining a Mid-Mersey HMA based on Warrington, St Helens and Halton Boroughs*” [§2.120]
- 2.8 The SHMA uses the 2012-based CLG Sub-National Household Projections [SNHP] and the ONS 2012-based Sub-National Population Projections [SNPP] to underpin its work. The document concluded that at HMA level the 2012-based SNPP were sound, although this under-estimated population growth in Halton and over-estimated population growth in St Helens, based on past trends. It was considered that this may also reflect the ‘unattributable’ component of population change. The latest MYE and UPC adjustment were considered to provide a more equitable distribution of growth.

Table 2.1 Summary of Demographic Calculations (dwellings per annum, 2014-2037)

	Warrington	Halton	St Helens	Mid-Mersey
Scenario 1 – 2012-based SNPP	840	233	466	1,539
Scenario 2 –SNPP Incorporating 2013 and 2014 MYE	732	261	468	1,462
Scenario 3 – Implications of UPC	779	515	269	1,563
Scenario 4 – SNPP Incorporating MYE and UPC	755	388	369	1,512

Source: 2016 Mid Mersey SHMA January 2016

- 2.9 As for the 2012-based SNHP, these were also considered to be ‘*reasonably sound*’, although the 25-34 age group “*does potentially show some degree of suppression in the past (although there is no evidence that a continuation of a suppressed trend is being projected forward.*” [page 82]
- 2.10 The SHMA subsequently ran a number of economic-led projections in PopGroup, using projections from Oxford Economics [OE] (June 2015) and, for Warrington and St Helens, Cambridge Econometrics (April 2015 for St Helens, and the earlier Cheshire and Warrington Economic Model for Warrington). The analysis indicated that there would be a need to adjust upwards the housing need from the demographic-led projections using either baseline economic forecast.

Table 2.2 Summary of Demographic Calculations (dwellings per annum, 2014-2037)

2014-37	Warrington		Halton		St Helens		Mid-Mersey	
	Job growth	Dpa	Job growth	Dpa	Job growth	Dpa	Job growth	Dpa
Experian Scenario	22,613	820	4,952	444	1,909	325	29,474	1,589
CE/CWEM	17,705	700	-	-	5,124	445	-	1,709

Source: 2016 Mid-Mersey SHMA January 2016

- 2.11 The report concluded that in demographic terms the projection linked to more recent migration data, and with an adjustment for UPC was considered to be the most robust projection to inform the OAN in the HMA (and the individual authorities), i.e. Scenario 4. As regards the economic scenarios the range, of between 1,512 dpa and 1,710 dpa overall, is summarised in Table 2.3.

Table 2.3 Economic Uplift from the Demographic Baseline

	Warrington	Halton	St Helens	Mid-Mersey
Economic-based	820	444	445	1,710
Demographic OAN (Scenario 4)	755	388	369	1,512

Source: 2016 Mid-Mersey SHMA January 2016 and Addendum October 2016

- 2.12 The SHMA also set out an analysis of affordable housing needs for the three LPAs, based on secondary sources including the 2011 Census, and followed the Basic Needs Assessment Model. The findings are summarised in Table 2.4. This suggests that the annual affordable housing need for Warrington Borough is 220 dpa, more than half the overall Mid-Mersey need. The Mid-Mersey figure is significantly lower than the 2011 SHMA, which identified a net need of 2,519.

Table 2.4 Estimated level of affordable housing need per annum (2014-2037)

	Current Need	Newly Forming Households	Existing Households falling into Need	Total Need	Supply	Total Need
Warrington	61	830	386	1,277	1,057	220
Halton	43	458	426	928	809	119
St Helens	61	713	701	1,475	1,379	96
Mid-Mersey	165	2,001	1,513	3,680	3,244	436

Source: 2016 Mid-Mersey SHMA

- 2.13 The 2016 SHMA concluded that, as the affordable need as a percentage of the Demographic based projections would be 51% for Halton, 21% for St Helens, 26% for Warrington and 28% across the sub-region as a whole:

“There is therefore no strong evidence that an uplift to the OAN is needed on the basis of affordable housing need. However, any uplift to the OAN above the demographic baseline would still potentially result in additional affordable provision through increased developer contribution etc.” [§7.98]

- 2.14 The SHMA also reviewed housing market signals to test whether this could justify an upward adjustment to planned housing numbers as per the

requirements of the Practice Guidance¹⁶.

- 2.15 The analysis recognised that Warrington house prices are above the regional average, and that housing delivery has fallen since 2008. In particular:

“Looking at wider evidence, there are some signs of affordability pressures, with the evidence suggesting that over the 2001-2011 period the number of people renting increased, as did house sharing and levels of overcrowding (except St Helens). The evidence however is inconsistent and provides only a modest case for considering an adjustment to housing provision relative to the demographic projections.” [page 138]

- 2.16 The SHMA concluded that overall there are some affordability pressures in the HMA, and that due to increases in shared ownership and to meet the needs of concealed and homeless households some upward adjustment could be required. GL Hearn judged that this should be based on an uplift to headship rates for people aged 25-34 towards the 2008-based SNHP. This would increase the housing OAN by 46 dwellings annually across the HMA and 19dpa in Warrington.

Table 2.5 Mid-Mersey OAN Calculations

	Demographic Scenario 4				Employment Led Preferred Scenario			
	N	Uplift	% Uplift	OAN	N	Uplift	% Uplift	OAN
Warrington	755	19	2.5%	774	820	19	2.3%	839
Halton	388	21	5.5%	410	444	22	5.0%	466
St Helens	369	5	1.5%	374	445	6	1.2%	451
Mid-Mersey	1,512	46	3.0%	1,558	1,710	47	2.7%	1,756

Source: 2016 Mid-Mersey SHMA

- 2.17 The SHMA therefore concluded that the OAN is 1,756 dpa across the Mid-Mersey HMA, of which 466 dpa would be located in Halton, 451 dpa in St Helens and **839 dpa in Warrington**.

- 2.18 WBC’s Local Plan Review Scope and Contents Document [§2.6] recognises this 839 dpa figure as the Borough’s OAN (with an additional 62 care home bedspaces annually). However it rightly recognises that this is only the starting point for identifying the Borough’s housing requirement.

Mid-Mersey SHMA Addendum

- 2.19 The October 2016 Addendum considers the implications for housing provision in response to the LEP devolution proposals. The proposals project job growth of 31,000 during the period 2015-2040, at approximately 1,240 per annum. This equates to 28,520 new jobs during the period 2014-2037.
- 2.20 GL Hearn’s latest analysis, uses the same assumptions as before regarding the 2012-based SNHP headship rates, double jobbing (which discounts the number of jobs by 3.1%), holding the commuting ratio stable at 0.88 and adjusting the economic activity rate as before to take into account changes to

¹⁶ID: 2a-020-20140306

the pensionable age and other potential improvements. This has the effect of requiring an increase in the resident workforce of 24,245.

2.21 The modelling results in a revised employment-led requirement of **984 dpa**. This represents a significant increase on both the Experian and Cambridge Econometrics/CWEM scenarios within the January 2016 SHMA document.

2.22 As summarised in Table 2.6, the three employment-led scenarios now project job growth between 17,705 and 28,520 during the Plan period, a variance of 10,815. It results in an OAN range of between 700 dpa to 984 dpa, a variance of 284 dpa, with the latest projections being at the very top end of the range.

Table 2.6 Summary of Employment Led Calculations (dwellings per annum, 2014-2037)

2014-37	Warrington			
	Job growth	Dpa	2.3% Uplift	Total
Experian Scenario	22,613	820	19	839
CE/CWEM	17,705	700	16	716
LEP Scenario	28,520	984	25	1,009

Source: 2016 Mid-Mersey SHMA January 2016 and Addendum October 2016

2.23 WBC states in the Local Plan Review Scope and Contents document [§2.13] that it is their intention to progress the review utilising a housing need in line with the LEP job growth ambitions, *“increasing the minimum supply of homes to around 1,000 per annum.”*

2.24 WBC acknowledges that the requirement will be subject to further refinement which reflects *“more recent demographic population and household projections which have been released following the publication of the SHMA.”* [§2.13]

Critique

Definition of the Housing Market Area

2.25 The Mid-Mersey SHMA (January 2016) defines the three local authorities of Halton, St Helens and Warrington as a self-contained HMA. It states that the data about household and population moves suggests that Mid-Mersey has a relatively high level of self-containment although the evidence points to higher levels of in-migration into Warrington.

2.26 However, data for travel to work patterns is less clear cut, reflecting the area’s strong transport links and strategic accessibility which support longer distance commuting patterns including to both the Liverpool and Manchester City Regions. There is also some evidence of an increase in commuting since 2001.

- 2.27 NLP disagrees with the assertion that the three Mid-Mersey Authorities form a self-contained HMA. It is considered that Warrington Borough in itself represents a self-contained HMA, and indeed has a stronger relationship with parts of Cheshire than it does with either St Helens or Halton, for the following reasons:
- 1 Migration flows suggest that far from comprising a wider HMA, all three authorities display high levels of self-containment and could be considered separate HMAs in their own right.
 - 2 Two separate LEP areas cover the three districts – the Liverpool City Region LEP covers Halton and St Helens; whilst Warrington is included in the Cheshire and Warrington LEP. The strong economic relationships between Warrington and the two Cheshire authorities were not explored sufficiently by GL Hearn.
 - 3 The contextual house price and rental data which has also been used in an attempt to link the three districts together clearly demonstrates that Warrington operates in a very different market to both St Helens and Halton, and has significantly higher house prices and rental costs.
 - 4 Commuting flows do not suggest that the three districts represent a self-contained HMA – indeed, quite the opposite. For example, Tables 7 and 8 of the SHMA indicate that movements between Halton and St Helens are much lower than other comparator areas.
 - 5 The SHMA recognises [§2.115] that Warrington has different dynamics, primarily due to high house prices in Lymm, with both migration and TTWA trends identifying a degree of self-containment which meets or exceeds expected thresholds for HMAs.
- 2.28 The information clearly points towards Warrington being a self-contained HMA in its own right, as it exceeds the CLG thresholds on both commuting and migratory self-containment and is located in a completely separate LEP area to St Helens and Halton. Whilst recognising that there are linkages between the three authorities, all three have strong migratory and commuting relationships with other authorities in the sub-region that have not been properly explored, such as Warrington’s relationship with Cheshire; St. Helens’ and Wigan; and Halton with Cheshire West & Chester and Liverpool.
- 2.29 On this basis, it would be more appropriate to identify and deliver housing targets within their own individual district boundaries. A failure to do so could mean that there is a disconnect between where housing is provided, and where it is needed the most. Increasing the housing requirement in Halton or St Helens will not meet Warrington’s housing OAN.
- 2.30 We therefore consider that Warrington Council needs to meet its full OAN within its own Local Authority boundary and not rely on Halton and St. Helens to cater for a significant portion of the need.

Demographic Factors

- 2.31 The SHMA ran a series of demographic scenarios, taking the 2012-based SNPP and equivalent SNHP as the initial starting point, which was appropriate at the time. However, since then the 2014-based SNPP and equivalent SNHP have been released. Whilst both the 2014-based SNPP and SNHP are lower than the previous iterations, they will nevertheless need to be taken into account in future housing OAN updates for the Borough ahead of the Local Plan EIP in 2018.
- 2.32 Sensitivity tests are applied analysing the implications of Unattributable Population Change [UPC] and the Mid-Year population estimates for 2013 and 2014. Since the time of the original SHMA the 2015 Mid-Year population estimates have been released, which indicate that Warrington Borough's population has now risen to 207,695 (slightly below the 207,800 forecast in the 2014-based SNPP for this year).
- 2.33 The preferred scenario (4) simply takes the midpoint between the UPC Scenario (2) and 2014 MYE (3) to come to a population growth figure of 44,464 between 2014 and 2037, which appears somewhat simplistic.
- 2.34 Whilst we agree that an adjustment to modelling to take into account the 2013 and 2014 MYE is entirely reasonable, the impact that this appears to have on GL Hearn's model appears out of all proportion to the change in population reported. For Warrington, the 2014 MYE population is some 181 lower than was projected in the 2012 SNPP for that year. We agree that an adjustment needs to be made. However, GL Hearn does not outline why, following their re-based 2014 population figure, the 2037 population for Warrington under this key scenario will rise to just 229,997, a level of growth that is 5,401 lower than the 2012-based SNPP would suggest. This has a profound impact on the housing OAN and we are concerned that GL Hearn are placing undue weight on two years' worth of data and distorting the housing OAN accordingly.
- 2.35 The SHMA recognises that:
- "The SNPP looks to be a sound projection with regard to population growth in the HMA. However, the analysis does highlight some concerns in relation to Halton (too low in relation to past trends) and St Helens (too high). This may to some degree reflect the 'unattributable' component of population change within ONS population data for the 2001-11 period."* [§4.26]
- 2.36 This appears a reasonable compromise for St Helens and Halton in this instance. However, GL Hearn is also suggesting that the 2012-based SNPP for Warrington appears sound (indeed according to Figure 23 of the SHMA, the SNPP for WBC is virtually identical to past trends). However, by taking forward Scenario 4 for Warrington, the SHMA is assuming a much lower level of population growth for this Borough, by just 24,687 residents 2014-2037, compared to 28,970 under the 2012-based SNPP. There is therefore a clear danger that the demographic housing OAN for Warrington at least could underestimate the Borough's growth potential.

2.37 This appears to be tacitly accepted by WBC in its choice of the 984 dpa employment-led figure as its housing requirement (rounded to 1,000 dpa).

Unattributable Population Change

2.38 GL Hearn's preferred demographic scenario (4) comprises a blend of Scenario 2, which makes adjustments for the MYE, and Scenario 3, which makes an adjustment for UPC. The incorporation of an allowance for UPC reduces the net population growth in Warrington from 28,970 based on the 2012-based SNPP (2014-2037) to 25,804, a reduction of 3,166 (Table 23 of the 2016 SHMA).

2.39 We query whether this reduction should have been applied to Warrington. ONS decided not to adjust its 2012-based SNPP, so that the UPC is excluded from the past migration flows which the projections carry forward. ONS has provided further information¹⁷ on the potential causes of unattributable population change in local authorities. Whilst the precise cause of UPC cannot be certainly identified, it indicates that for Warrington the cause is potentially related to issues in the recording of migration as well as mis-recording of the population at the time of the 2001 Census.

2.40 In the case of Warrington, UPC is very modest, and negative, i.e. there were fewer people (104) recorded at the 2011 Census than expected based on rolled forward estimates. The ONS data presents very limited evidence and justification for adopting UPC adjustments within the demographic modelling, other than to suggest that UPC is more likely to be due to:

- 1 Under-estimate of female internal migration 20-24 and males 30-34;
- 2 Under-estimate of male and female internal migration 25-29;
- 3 Under-estimate of immigration of females 30-34;
- 4 The relative size of international emigration flows for males and females aged 25-29, and also females aged 30-34;
- 5 The statistical process of rolling forward from 2001 had an impact on estimates for females aged 55-59 and 65-69.

2.41 As such, whilst it is likely that some of the UPC can be accounted for by internal and international migration errors, at least part of the error was due to inaccurate recording in the 2001 Census, which will have had no effect on either the 2012- or 2014-based SNPP.

2.42 In addition, both the 2012- and 2014-based SNPPs are based on trends (in births, deaths and migration) observed over the 5-6 preceding years, and ONS' report on UPC states that migration errors will likely have a bigger impact in the early 2000s due to improvements in estimating migration over time. Hence the two latest SNPPs draw trends from a period where methods of estimation were improved (rather than the early 2000s) and likely to remain a robust and suitable basis for projecting population growth. Furthermore, the error margin

¹⁷ <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/population-and-migration/population-statistics-research-unit-psru/latest-publications-from-the-population-statistics-research-unit/index.html>

was very small for Warrington Borough.

- 2.43 On this basis we would question whether the substantial adjustment made in GL Hearn’s modelling to allow for UPC for Warrington Borough is justified.

Market Signals and Headship Rates

- 2.44 The Practice Guidance requires that the housing need figure as derived by the household projections be adjusted to take into account market signals. It indicates that comparisons should be made against the national average, the housing market area and other similar areas, in terms of both absolute levels and rates of change. Worsening trends in any market signal would justify an uplift on the demographic-led needs¹⁸. In addition, the Practice Guidance highlights the need to look at longer terms trends and the potential volatility in some indicators¹⁹.
- 2.45 The Practice Guidance also sets out that “...*plan-makers should not attempt to estimate the precise impact of an increase...rather they should increase planning supply by an amount that, on reasonable assumptions...could be expected to improve affordability...*”¹⁹
- 2.46 This clearly distinguishes between the demographic-led need for housing (generated by population and household growth) and the market signals uplift which is primarily a supply response over and above the level of demographic need to help address negatively performing market signals, such as worsening affordability.
- 2.47 The SHMA (Section 8) examines a range of market signals as set out in the Practice Guidance, comparing Warrington, Halton and St Helens to the North West and England. This can be summarised as follows:
- 1 **Land Prices** – no analysis has been presented; however there is a lack of readily available data in this indicator and as such it is reasonable to exclude this from the analysis;
 - 2 **House Prices** – the SHMA compares median house prices over the period 1996-2007 (Figure 40) and secondly over the period 2008-2012 (Figure 41). The SHMA states that based on 2013/14 data, the average (median) house price in Warrington was £156,500 compared to £120,000 for St Helens and £122,000 for Halton. The data consistently shows that Warrington experiences house prices that are higher than either of the two Mid-Mersey comparators, across all house types;
 - 3 **Rents** – the SHMA presents rental costs between 2011 and 2014 and given the limitations on data this is a reasonable assessment. Again, Warrington’s private rental levels are significantly above the comparator areas, with a median rate of £525, which is above Halton (£500), St Helens (£450) and the North West as a whole (£500). Furthermore, growth rates in Warrington over the past four years outstrip the other two

¹⁸ ID 2a-019-20140306

¹⁹ ID 2a-020-20140306

comparators (+2.9%, compared to +1% in Halton and a fall of 5.3% in St Helens).

- 4 **Affordability** – the SHMA acknowledges the affordability issues faced within Warrington Borough, noting that the Borough “*has the highest affordability ratio (at just under 6-times earnings) in the HMA with Halton the lowest (4.15). Arguably market house prices in St Helens and Halton are manageable compared to the National figures but are still more than 4-times the lower quartile household incomes*” [§8.29].
- 5 **Rates of Development** – the Practice Guidance is clear that historic rates of development should be benchmarked against the planned level of supply over a meaningful period. In this instance, whilst net housing completions over the last decade are reviewed in the SHMA, there is no assessment against the achievement of a particular target. It does recognise that there has been a significant decline in overall completions post-recession: “*the reduction in new build properties and lack of mortgage availability is likely to have directly influenced demand and therefore house prices and household formation rates*” [§8.39].
- 6 **Overcrowding** – the Practice Guidance indicates that a range of signals demonstrate unmet need for housing in an area, including indicators on overcrowding, concealed/sharing households and homelessness²⁰. The SHMA market signals analysis is limited in that it does not consider any homelessness indicators. In terms of overcrowding, the SHMA highlights that the HMA has seen an increase between 2001 and 2011, albeit at a lower level than nationally.

- 2.48 The SHMA concludes (§8.42 onwards) that, based on the market signals analysis, there are some signs of affordability pressures, although this is inconsistent and provides only a modest case for considering an adjustment to housing provision relative to the demographic-led projections.
- 2.49 The Practice Guidance is clear that any market signals uplift should be made on the demographic-led *needs* as an additional *supply* response which could help improve affordability²¹, and further goes on to clarify that:
“...plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions...could be expected to improve affordability...” [NLP emphasis].
- 2.50 However, the SHMA instead considers that by making an adjustment to the headship rates of younger cohorts, this then forms the ‘market signals uplift’ (stated in §8.134). This uplift figure (totalling just 46 additional dpa across the three Mid-Mersey authorities, of which 19 dpa relates to Warrington Borough) represents a 3.0% uplift on the starting point overall, and 2.3% for Warrington.

²⁰ ID 2a-019-20140306

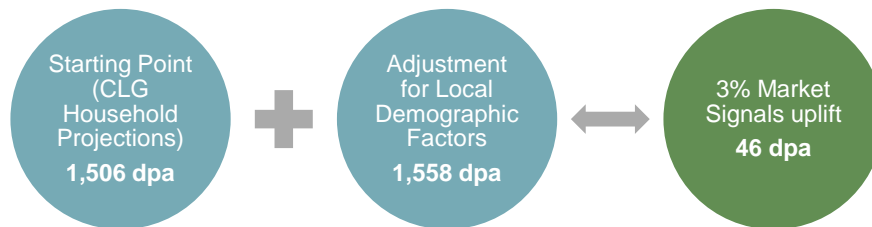
²¹ ID 2a-020-20140306

2.51 The SHMA states that this uplift:

“...could be argued to be modest and is some way below the sort of levels that have been suggested by some Inspectors at Local Plan inquiries...” [§8.138]

2.52 We welcome the fact that GL Hearn has sought to overcome some of these issues through the use of an uplift to the demographic starting point. However, the approach adopted in the SHMA is contrary to the Practice Guidance in a number of ways. The Practice Guidance is clear that the precise impacts of market signals uplift should not be explored. The SHMA has attempted to estimate the precise impact of improving affordability through modelling increased household formation rates in younger age groups. In doing so, the SHMA fails to distinguish between the demographic-led needs of the three authorities and the supply response which is represented by a market signals uplift. By encompassing the two aspects together, the market signals uplift is conflated. The approach utilised in the SHMA is set out in Figure 2.1.

Figure 2.1 GL Hearn Approach to Account for Market Signals



Source: NLP based on GL Hearn, using figures from GL Hearn 2016 Mid-Mersey SHMA

2.53 The Practice Guidance is also clear that:

*“...the more significant the affordability constraints...and the stronger the other indicators of high demand... the larger the improvement in affordability needed and, therefore the larger the additional supply response should be.”*²²

2.54 Whilst it is not clear cut from the Practice Guidance how an upwards adjustment should be calculated, some recent Local Plan Inspector's findings have given an indication as to what might be an appropriate uplift. The Inspector's Report into the Eastleigh Borough Local Plan²³ provides an interpretation of the Practice Guidance in terms of a reasonable uplift on demographic-led needs in light of market signals:

“It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself.” [§40 to §41]

2.55 The Eastleigh Inspector has ultimately concluded that a modest uplift of 10% is a reasonable proxy for quantifying an increase from purely demographic based needs to take account of 'modest' negatively performing market signals. This is more than 4-times the level applied to Warrington Borough's OAN in the

²² ID 2a-020-20140306

²³ http://www.eastleigh.gov.uk/pdf/ppi_Inspectorsreport12Feb15.pdf

2016 Mid-Mersey SHMA.

2.56 Furthermore, as we shall demonstrate in Section 3.0 of this note, the Local Plan Expert Group [LPEG], in its Report to the Communities Secretary and to the Minister of Housing and Planning (March 2016), recommended various changes to the Practice Guidance concerning the assessment of housing market signals. Our analysis suggests that if the findings of the LPEG report are accepted, a 10% market signals uplift would be required for Warrington.

2.57 Other key points are as follows:

- 1 Warrington's uplift equates to just 19 dpa, or 2.3%, whilst St Helens has just 5 dpa added to its OAN in the SHMA. Such levels of uplift are likely to do little to address the housing issues prevalent in both districts, and particularly in southern and eastern parts of Warrington Borough, which the SHMA notes as having generally higher housing costs, for both purchasing and renting, than the wider comparators [§8.122]. The approach used by GL Hearn increases Halton's OAN by 5.5%, more than double the level identified for Warrington despite the latter exhibiting more severe adverse market signals.
- 2 The Practice Guidance is clear that comparator areas should include districts within the same strategic HMA, and/or similar economic areas. However the SHMA only uses 'wider comparators', specifically the North West region and England and Wales. Given the strong linkages and housing market commonalities between Mid-Mersey and neighbouring authorities in Greater Manchester, Cheshire, Lancashire and the rest of Merseyside, we consider that it is essential to use these areas as comparators in the first instance to test whether a more comprehensive adjustment for worsening market signals could be justified.
- 3 The approach taken appears to only accelerate headship rates to 2025, whereupon the rates decline again to 2033 (see Figure 49 of the SHMA). A steeper acceleration up to 2037 may have been appropriate to partially catch up to the 2008-based SNHP headship rates for these age cohorts, given that these could be argued to represent a better fit with longer term trends.
- 4 The impact of recessionary factors (such as reduced supply and mortgage availability) has disproportionately affected household formation amongst younger age groups (i.e. males and females aged 15-34). Furthermore, research by NHPAU found that cohorts who are less able to access home ownership early in their housing career due to 'boom' or recession factors impacting on affordability are nevertheless able to 'catch up' – 80% of the gap at age 30 is 'caught up' by the age of 40. There is every reason to believe that this finding is broadly analogous to household formation, and supports the resumption to long term trends and increased household formation as the 'pent up' demand (particularly in younger age groups) is released.

Therefore, this would be an appropriate assumption to make when adjusting the demographic baseline modelling in any case, given the

likelihood of a continued economic recovery and the Government's very clearly stated intention to significantly boost the number of Starter Homes across the country, which is intended to increase the number of first time buyers under the age of 40 who are able to get on the property ladder. If so, then an additional uplift on top of GL Hearn's headship rate assumption would be justified in this instance to address worsening housing market signals.

2.58 In summary, the fundamental shortcoming associated with adopting the approach set out in the SHMA regarding market signals means it generates a conclusion that is not robust. Whilst we welcome the fact that GL Hearn recognises that some form of market uplift is required:

- 1 The SHMA conflates market signals with adjustments to headship rates when the Practice Guidance indicates these are separate steps in separate parts of the process; headship rates adjustments in ID 2a-015 and market signals adjustment in ID 2a-020;
- 2 The market signals adjustment within OAN is an increase in **supply** in response to a number of indicators; this is a separate element to the demographic-led housing **need** identified;
- 3 The Practice Guidance indicates that *"the housing need number suggested by "...(the starting point) should be adjusted to reflect appropriate market signals".²⁴* It is therefore clear that it is necessary to increase supply over and above the demographic-led need in the population to address the supply-side imbalance, hence this should not be considered a demand-side adjustment as advocated by GL Hearn. This was also highlighted within the Barker Review²⁵, which indicated that to address house price increases, supply side increases were needed (over and above the needs generated by population growth);
- 4 The Practice Guidance also indicates that *"...plan makers should not attempt to estimate the precise impact of an increase in planned housing supply...²⁶"* hence the approach adopted in the SHMA does not comply with the Practice Guidance in this aspect. The SHMA models the impact of an increase in household formation in younger age groups returning to their 2001 level and determines that this would result in improved affordability.
- 5 The scale of increase, at just 3.0% overall and 2.3% for Warrington, is totally insufficient to rebalance the local housing market. The approach taken results in the perverse outcome whereby Halton's housing OAN uplift is more than twice the rate applied to Warrington, despite the latter Borough exhibiting far clearer indicators of market stress.

2.59 The SHMA approach fundamentally fails to address market signals in any proper manner, nor in the way advocated by the Practice Guidance or recent Inspectors. The SHMA underplays the market signals pressures within the

²⁴ID2a-019-20140306

²⁵Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs. Kate Barker, March 2004

²⁶ID2a-019-20140306

three authorities and Warrington Borough in particular and does not make an appropriate uplift to help address the affordability issues.

Economic Activity Rates and Job Growth

- 2.60 With regards to considering the need to uplift a housing figure to take account of the economic potential of the local authority, the Framework sets out the following:
- “The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system.”* [§19] (NLP emphasis)
- 2.61 The Practice Guidance requires that assessments of likely job growth are made, looking at past trends in job growth and/or economic forecasts, whilst also considering the growth in working age population²⁷. The potential job growth should be considered in the context of potential unsustainable commuting patterns and as such plan-makers should consider how the location of new housing could help address this²⁷.
- 2.62 In terms of making an assessment of the likely growth in job numbers, the January 2016 SHMA uses a combination of data sources and concludes that the most appropriate forecasts to use are the Oxford Economics [OE] growth projections for Halton (+215 jobs per annum) and Warrington (983 jobs per annum), and Cambridge Econometrics [CE] for St Helens (223 jobs per annum) to align with the dataset informing that Borough’s Employment Land Review [ELR].
- 2.63 The October 2016 SHMA Addendum considers an alternative economic scenario based upon the LEP Devolution proposals which projects job growth of 28,520 during the Plan period (1,240 per annum). This sits well above the OE growth projections, but is still below projections based on historic job growth figures that have been achieved in Warrington in the recent past.
- 2.64 We welcome GL Hearn’s use of econometric modelling to inform the OAN in this instance, and the use of the most positive forecasts apparently available to them, taking into account the LEP devolution growth. However, even a growth rate of +1,240 annually may appear modest in the context of Warrington Borough, given that over the 23-year period 1992-2014 the Borough has shown average employment growth of 1,573, some 27% higher than GL Hearn has allowed for.
- 2.65 We therefore consider that the Council should plan for a higher rate of growth than even the LEP’s 1,240 annually that has been taken forward in the emerging Local Plan.
- 2.66 Furthermore, it is also unclear from the SHMA and the subsequent Addendum how the level of job growth planned for aligns with the employment land OAN

²⁷ ID2a-018-20140306

in the Warrington ELR. For example, the Council’s recent Economic Development Needs Study (October 2016)²⁸ modelled a series of scenarios, including a ‘*Sensitivity Test Two – LEP Devolution Bid*’, which targeted a level of job growth that aligns with the SHMA Addendum’s revised housing need of 984 dpa. However, the Study calculated that the level of job growth under this preferred scenario would justify an employment land target of just 136.88 ha, compared to a Past Take Up target of 380.9 ha.

2.67 As the Local Plan Review Scope and Contents Document subsequently takes forward the employment land OAN figure of 381 ha, presumably this would sustain a level of job growth far in excess of (and perhaps more than double) the level proposed in the LEP devolution scenario which underpins the housing requirement of 1,000 dpa. **There is therefore a disconnect between the employment land evidence and housing evidence which could lead to unsustainable outcomes.**

2.68 Regarding economic activity rates, the SHMA confirms that the modelling has used the figures provided by OE and overlaid these onto the demographic projections and Census data. The resultant employment rate for over 16s is illustrated in Figure 33 of the SHMA and shows a significant increase for Warrington Borough in particular up to 2021, before it begins to fall slightly. Similar patterns are apparent for both Halton and St Helens, albeit of a lower magnitude.

2.69 The precise figures are provided in Table 43 of the SHMA and appear to be extremely optimistic for Warrington Borough in particular, as reproduced in Table 2.7. It is noted that the same method of calculation is utilised for the LEP scenario in the SHMA Addendum should therefore be treated with a similar level of caution.

Table 2.7 Economic Activity Rates for Warrington Borough

	Age	2014	2037	+/-
Males	16-24	56.7%	61.5%	4.8%
	25-34	85.0%	92.5%	7.5%
	35-49	88.8%	97.2%	8.4%
	50-64	76.0%	86.2%	10.2%
	65+	14.0%	16.5%	2.5%
Females	16-24	61.2%	66.4%	5.2%
	25-34	84.1%	96.0%	11.9%
	35-49	86.5%	98.4%	11.9%
	50-64	67.5%	81.2%	13.7%
	65+	9.6%	11.7%	2.1%

Source: 2016 Mid-Mersey SHMA / OE

2.70 To expect the economic activity rate for males aged between 35-49 to increase by 8 percentage points, from an already high rate of 89%, to 97% by 2037 is unrealistic; similarly, an increase of 12 percentage points for females in the same age category, resulting in a virtually full employment rate of 98%, does not accord with what might reasonably expected to happen. This suggests that

²⁸BE Group / Mickledore (October 2016): Economic Development Needs Study for Warrington Borough Council

almost all families with children in Warrington will have both parents (aged between 25 and 49) in work. The increase in the economic activity rate for the 50-64 age cohorts is also very high for both males and females, at 10.2% and 13.7% respectively.

2.71 By way of comparison, the Office for Budget Responsibility [OBR] has published age and sex-specific economic activity rate projections to 2060 for the UK as a whole. These rates are reproduced in Table 2.8. Whilst caution should be taken when comparing these economic activity rates with the employment rates in Table 2.7, they nevertheless indicate a very different direction of change than suggested by OE/GL Hearn. For example, across the country as a whole, OBR suggests that the proportion of economically active residents (both male and female) will actually decline in the 30-44 age bracket.

Table 2.8 UK OBR Economic Activity Rates

	Male			Female		
	2014	2037	+/-	2014	2037	+/-
16-19	-	49.6%	-	-	48.6%	-
20-24	78.9%	80.7%	1.8%	70.9%	70.1%	-0.8%
25-29	92.1%	89.4%	-2.7%	77.4%	74.8%	-2.6%
30-34	93.7%	90.7%	-3%	78.4%	74.6%	-3.8%
35-39	93.6%	89.9%	-3.7%	79.3%	77.4%	-1.9%
40-44	92.8%	88.4%	-4.4%	80.7%	80.6%	-0.1%
45-49	92.0%	87.7%	-4.3%	83.1%	83.5%	0.4%
50-54	89.2%	86.3%	-2.9%	80.4%	80.9%	0.5%
55-59	81.8%	80.4%	-1.4%	70.5%	74.5%	4.0%
60-64	59.3%	67.7%	8.4%	41.2%	60.9%	19.7%
65-69	25.8%	38.5%	12.7%	16.9%	34.5%	17.6%
70-74	12.3%	14.2%	1.9%	7.1%	12.6%	5.5%
75-89	4.4%	5.7%	1.3%	1.9%	4.6%	2.7%

Source: OBR 2015

2.72 Furthermore it is NLP's view that the economic activity rates published by the forecasting agencies cannot be applied outside of each specific model, since they are influenced by all of the assumptions made about population, jobs, unemployment and commuting rates within the model. A more appropriate approach might have been the application of fixed economic activity rates based upon the local economic context and robust assumptions about future change, supported by external data sources such as OBR.

Affordable Housing

2.73 The SHMA concludes that the need for affordable homes is just 436 dpa across the Mid-Mersey area. This is surprising given that parts of Warrington in particular have some of the highest house prices in northern England. Furthermore, this level of affordable housing need is well below the levels previously identified by GL Hearn and JGC in their 2011 Mid-Mersey SHMA. Halton's net annual requirement appears to have fallen from 891 dpa previously to 119 dpa now; St Helens, from 1,225 dpa to just 96 dpa; and Warrington from 477 dpa to 220 dpa.

- 2.74 It is recognised that the 2016 SHMA has annualised the requirement, whilst the 2011 SHMA aims to address the net current need over the first five years. However, whilst this explains some of the difference, the net backlog need totals only 792 across Mid-Mersey in the 2011 SHMA, hence spreading this out over 23 years rather than just five would not, on its own, explain the very significant difference (or why St Helen's need, for example, has fallen by 92% in 4 years).
- 2.75 Furthermore it would have been helpful if the SHMA had incorporated Housing Register data into the modelling work, even if this was just as a sensitivity test. Whilst recognising that there can be issues over the quality and consistency of Housing Register data, it nevertheless provides an important indication of the overall level of need in an area and is referenced as such in the Practice Guidance. For example, for Warrington Borough, the 2014/15 Local Authority Housing Statistics Dataset suggests that as of 1st April 2015, there were 2,454 households on the housing waiting list. This is some way above the 1,411 gross backlog need estimated by GL Hearn for the Borough (Table 55).
- 2.76 Higher levels of backlog need suggest a higher level of affordable need, which risks under-estimating the true scale of affordability issues in the districts, and may justify a further uplift to the housing OAN.

Summary

- 2.77 This section has highlighted that there are a number of issues within the SHMA and subsequent Addendum in assessing housing need and as such the conclusion is unfortunately not a sound and policy-compliant assessment. The key shortcomings of the Council's Housing Need evidence base are as follows:
- a A failure to recognise the clear evidence that Warrington functions as a standalone HMA, with relationships to the neighbouring Cheshire authorities that are at least as strong as with St Helens and/or Halton;
 - b A failure to explain why, following a modest adjustment of -181 to Warrington's 2014 base population following the release of the 2014 MYE, this scenario results in a level of population growth some 5,400 lower than the 2012-based SNPP projects, which has a profound impact on the demographic OAN;
 - c An unjustified adjustment for UPC in Warrington Borough, which has had the effect of suppressing the demographic projection;
 - d Conflating the market signals uplift with the necessary adjustment to headship rates in spite of recent Inspector's reports and the market signals pressure within Warrington Borough which indicate there is significant upward pressure on the housing numbers to help address affordability issues;
 - e Applying a rate of uplift for Halton Borough that is more than double the uplift for Warrington Borough, despite the latter area exhibiting more severe and worsening housing market signals;
 - f The application of unrealistic economic activity rates within both the

SHMA and SHMA Addendum, which under-estimates the level of net in-migration that would be required to sustain the local economy at the desired level;

- g The misalignment between the Council's now preferred employment-led LEP projection of 28,520 new jobs, which underpins the housing requirement of 1,000 dpa, and the level of employment land provided. The 381 ha target is more than double the amount that could be justified on the basis of the LEP devolution proposal approach;
- h Whilst the employment-led approach to defining the housing requirement is to be welcomed, NLP considers that the level of job growth proposed is still below the rate of growth that has been achieved in recent years and hence the Council is not 'doing everything it can' to boost economic growth as required by the Framework.

3.0

Assessing Housing Needs

The New Demographic Starting Point

3.1

The Practice Guidance states that up-to-date household projections published by the CLG should provide the starting point estimate of overall housing need. The Practice Guidance goes on to state that “*plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates*”²⁹.

3.2

It is accepted that since GL Hearn’s modelling was undertaken, more up-to-date population and household projections have been released by ONS and CLG respectively. As summarised in Table 3.1, over the period 2014-2037 the latest 2014-based SNHP project an average annual household growth of 730 in Warrington. This is around 10% below the 2012-based SNHP.

Table 3.1 Household Growth for Warrington Borough

	2014-based Household Projections				2014-2037 annual H’Hold Growth		2013-2033 annual H’Hold Growth	
	2014	2037	2014-2037	Annual H’holds	2014-SNHP	2012-SNHP	2014-SNHP	2008-SNHP
Warrington*	87,947	104,736	16,789	730	730	813	770	800

Source: CLG 2008/2012/2014-based Household Projections

*Note – the time periods have been changed to align across the various SNHPs

Note: It is important to note that each of these household projections are based on their respective population projections. Hence applying household headship rates to different populations, (such as applying the 2011-based headship rates to the 2012-based population as in the previous update report) will result in a different household growth figure than those presented above.

3.3

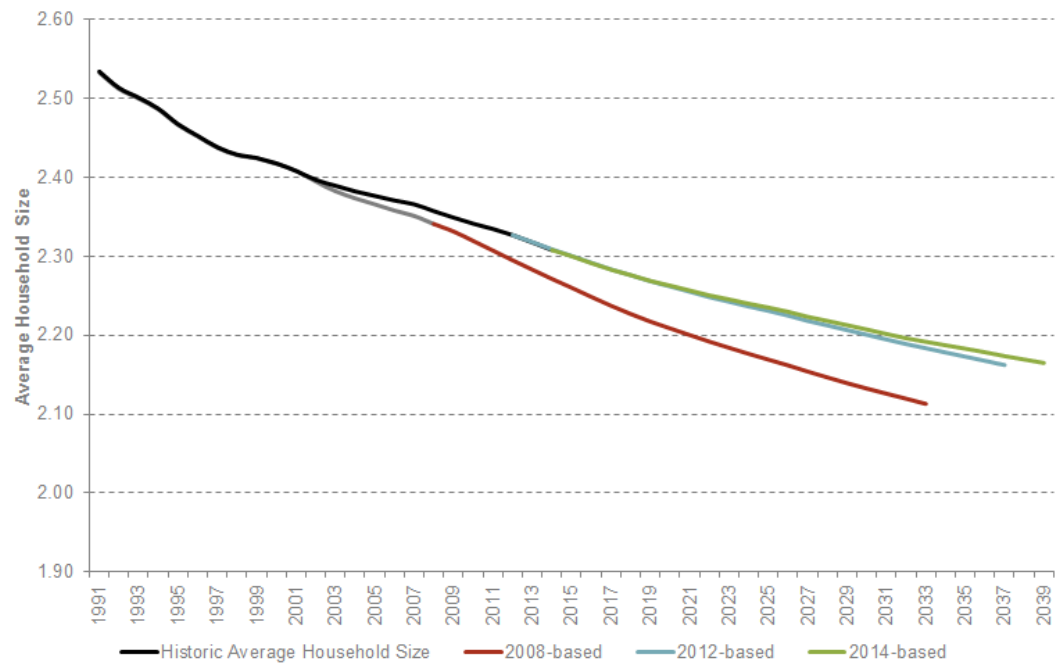
It is considered that the prime reason behind the fall in the household growth rate relates to the decline in population growth upon which the household projections are based. The 2014-based SNPP is around 13% lower than the 2012-based SNPP.

3.4

Figure 3.1 illustrates the average household size for the three most recent sets of household projections for Warrington Borough. This indicates that the 2008-based projections had the steepest rate of change, with the latest 2014-based projections being almost identical to the previous 2012-based SNHP.

²⁹ ID 2a-015-20140306

Figure 3.1 Average Household Size in Warrington Borough

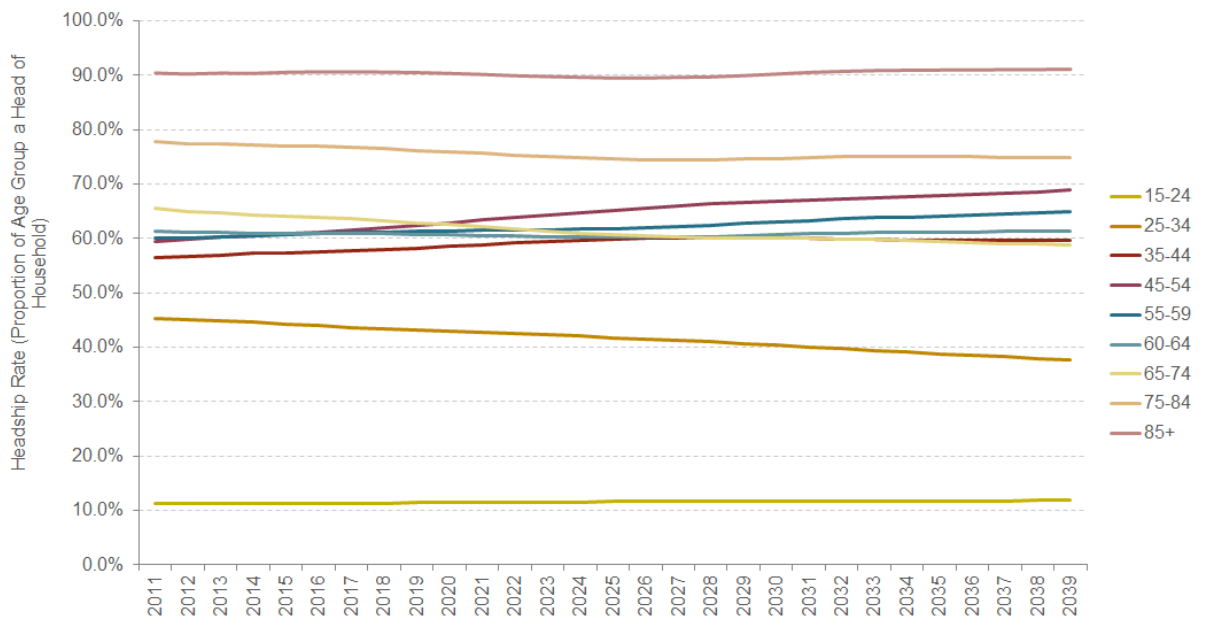


Source: CLG 2008/2012/2014-based Household Projections

3.5

The household projections project forwards constrained levels of household formation. In order to assess how many new houses will actually be required in Warrington Borough over the Local Plan period (2015-2037), it is appropriate to consider the extent to which household formation rates might be expected to increase in the future. The 2014-based SNHP anticipates different levels of change in headship rates for different age cohorts, as set out in Figure 3.2.

Figure 3.2 Change in headship rate by age cohort – 2014-based SNHP



Source: CLG 2014-based Sub-National Household Projections for Warrington Borough

- 3.6 The different household formation rates by age cohort reflects the fact that very few people aged between 15 and 24 are likely to be able to establish their own households and that the 25 to 34 age cohort is similarly (and increasingly) likely to face pressures in establishing households. The projection suggests that headship rates amongst 25-34 year olds are likely to decrease significantly over the plan period. By contrast, the headship rate is likely to be very high amongst older people (noting that these figures do not include those that live within institutions such as nursing homes).
- 3.7 Research by NHPAU³⁰ found that cohorts who are less able to access home ownership earlier in their housing career due to 'boom' or 'recession' factors impacting on affordability are nevertheless able to 'catch-up' – 80% of the gap at the age of 30 is 'caught-up' by the age of 40. There is therefore every reason to believe this finding is broadly analogous to household formation, and supports the resumption of long term trends.
- 3.8 In summary, we accept that were GL Hearn to use the latest 2014-based SNPP and 2014-based SNHP, this would result in a fall in the demographic starting point to **754 dpa** including a suitable allowance for vacancy/second homes (2014-2037).
- 3.9 Whilst this is below the 839 dpa identified as the OAN in the SHMA/emerging Local Plan, clearly this does not include any uplift for accelerated headship rates market signals, affordable housing or economic growth needs.
- 3.10 As regards the former, the analysis set out above demonstrates that the major differential underpinning the lower growth rate in the 2014-based SNHP is weaker population growth, rather than any shift in household formation. Indeed the headship rate analysis indicated that there was very little difference between the 2012-based SNHP and the 2014-based iteration, and the same considerations concerning suppressed household formation rates amongst the younger age cohorts still apply.
- 3.11 Whilst we have not undertaken the modelling necessary to determine the extent of uplift necessary, a previous analysis we undertook in support of an application at Peel Hall on behalf of Satnam Group in 2016 resulted in an uplift of around 5% to the demographic starting point as a result of accelerating household formation rates in the 15-34 age group. A similar increase to the 754 dpa 2012-based SNHP figure would suggest a figure somewhere in the region of **792 dpa** would represent a reasonable adjustment before any further uplift as applied to reflect worsening housing market signals.
- 3.12 It should be noted that this overview has not analysed the long term migration rates, which were slightly higher than the 2012-based SNPP suggested. This could result in a further adjustment to the demographic starting point once the latest migration data has been appraised.

³⁰ NHPAU (2010) How do Housing Price Booms and Busts Affect Home Ownership for Different Birth Cohorts?

Market Signals

- 3.13 In line with the Practice Guidance, the evidence on market signals provided in Appendix 1 indicates that an upward adjustment on the demographic-led starting point may be required in Warrington. House prices, land prices, rents and affordability indicate potential problems within the Borough compared to England and comparator areas; however the Borough has performed better in terms of other indicators and in particular has delivered relatively high levels of housing since 2003/04.
- 3.14 From using the latest available data (as of November 2016), we agree with the conclusion of the 2016 SHMA that some uplift to the demographic starting point is required:
- “Overall, the analysis of market signals points to some affordability pressures in the HMA although not as bad as that seen in the wider comparators. However, due to the increases in shared ownership and to meet the needs of concealed and homeless households some upward adjustment to assessment of housing need may be required” [§8.124]*
- 3.15 However, whilst we recognise that the extent of any uplift is necessary an area of professional judgement, it is considered that the uplift of 2.3% applied in the 2016 SHMA to Warrington’s demographic starting point is insufficient, particularly when this is contrasted with the 5.1% uplift GL Hearn apply to the Halton figure where housing affordability pressures are manifestly lower.
- 3.16 Recent Inspector’s examination findings have suggested an uplift of 10% is appropriate³¹, with the Inspector into the Eastleigh Core Strategy specifically concluding:
- “It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself.”³²*
- 3.17 Furthermore, the Local Plan Expert Group [LPEG], in its Report to the Communities Secretary and to the Minister of Housing and Planning (March 2016), recommended various changes to the Practice Guidance concerning the assessment of housing market signals. Instead of analysing six key market signals and considering whether an uplift is justified as the current Practice Guidance states, the LPEG recommends examining just two indicators:
- 1 **House price affordability** – the ratio of median quartile house prices to median earnings (‘The House Price Ratio’); and,
 - 2 **Rental affordability** – lower quartile rental costs as a percent of lower quartile earnings (‘The Rental Affordability Ratio’).

³¹ Examination of the Uttlesford Local Plan, Inspector’s Conclusion, 22 December 2014

³² Eastleigh Borough Local Plan Inspector’s Report February 2015 (Paragraphs 39, 40 and 41)
http://www.eastleigh.gov.uk/pdf/ppi_Inspectorsreport12Feb15.pdf

- 3.18 Whilst the LPEG report remains at the consultation stage and has no formal weight, it is a useful indicator of the general direction of travel this area of debate is likely to take. The data alluded to in the LPEG is not yet published by CLG, but based on NLP's own figures, it is calculated that the 3-year average HPR for Warrington would be 5.71, whilst the equivalent 3-year average RAR would equate to 25.6%. These figures are currently only indicative and may change if CLG agree to publish these figures themselves.
- 3.19 **Nevertheless if the findings of the LPEG report are accepted, a 10% market signals uplift would be required for Warrington.**
- 3.20 In conclusion, the latest evidence would suggest that the scale of market signal pressure in Warrington is "modest" and, as such, a reasonable market signal uplift to the demographic baseline might be considered to be 10%.
- By way of illustration, a 10% uplift on the 792 dpa adjusted demographic 'starting point' would equal total housing need of **871 dpa**.

Economic and Employment Trends

- 3.21 With regards to considering the need to uplift a housing figure to take account of the economic potential of the local authority, the Framework sets out the following.
- "The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system." [§19] (NLP emphasis)*
- 3.22 The Practice Guidance requires that assessments of likely job growth are made, looking at past trends in job growth and/or economic forecasts, whilst also considering the growth in working age population³³. The potential job growth should be considered in the context of potential unsustainable commuting patterns and as such plan-makers should consider how the location of new housing could help address this³³.
- 3.23 Although there are a complex set of issues involved in matching labour markets (with different occupational groups having a greater or lesser propensity to travel to work), there are some simple metrics which can explore the basis alignment of employment, demographic and housing change, notably the amount of housing needed to sustain a labour force, assuming certain characteristics of commuting and employment levels.
- 3.24 Ensuring a sufficient supply of homes within easy access of employment represents a central facet of any efficiently functioning economy and can help to minimise housing pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). If the objective of employment growth is to be realised then it will generally need to be supported by an

³³ ID 2a-018-20140306

adequate supply of suitable housing.

- 3.25 As set out above, a previous analysis NLP undertook (in support of an application at Peel Hall on behalf of Satnam Group in 2016) involved modelling three employment-led scenarios, based on Experian job growth forecasts (974 job growth annually 2014-37, equal to 1,147 dpa); Job Stabilisation (586 dpa) and Past Trends Job Growth (1,386 jobs annually 2014-37, equal to 1,367 dpa). The 1,147 dpa aligning with the Experian job growth projections was previously taken forward by NLP to inform the upper end of the OAN range.
- 3.26 However, the latest LEP devolution proposal indicates an increase of 1,240 additional jobs per year for the period 2014-2037. GL Hearn considers that this would result in a housing need in the order of 984 dpa. Whilst we welcome the fact that WBC has sought to use this employment-led scenario to help define its housing requirement figure of 1,000 dpa, the comparison of the various scenarios in Table 3.2, using what we consider to be more realistic assumptions concerning economic activity rates in particular, would suggest that the actual level of housing need necessary to sustain 1,240 jobs annually would be significantly higher.
- 3.27 Although the relationship is not strictly linear, the Table would suggest that this figure is likely to be somewhere between 1,200 dpa and 1,300 dpa.

Table 3.2 Warrington Employment-led Scenarios

	Annual Net Job Growth 2014-2037	DPA
Job Stabilisation	0	586 dpa
Experian Job Forecasts	+974	1,147 dpa
LEP Devolution Proposal	+1,240	TBC
Past Trends Job Growth	+1,386	1,367 dpa

Source: NLP 2016

Other Issues

- 3.28 The Practice Guidance states that, with regard to taking into account affordable housing needs:
- “The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”³⁴*
- 3.29 As noted above, the inclusion of affordable housing needs in OAHN calculations is particularly prescient in this instance, given that it was the subject of the recent (19th February 2015) High Court Decision between

³⁴ ID 2a-029-20140306

Satnam Millennium Ltd vs Warrington Borough Council³⁵ which set out the requirements of an OAHN to cater for affordable housing needs in its calculation. The decision found that the adopted OAHN figure proposed in Warrington's Local Plan was not in compliance with policy because "*the assessed need was never expressed or included as part of the OAN.*" [§43]

- 3.30 The decision found that the "proper exercise" had not been undertaken, namely:
- "(a) having identified the OAN for affordable housing, that should then be considered in the context of its likely delivery as a proportion of mixed market/affordable housing development; an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes;*
- (b) the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in NPPF, paragraphs 14 and 47."* [43]
- 3.31 As such, calculations of affordable housing need must be considered in the conclusions of objectively assessed housing need.
- 3.32 The 2016 SHMA identifies a need for **220 affordable dwellings per annum** in Warrington Borough over the period 2014-2037. Whilst NLP has some reservations concerning this figure, for the purposes of this assessment we have used this to calculate whether an uplift to the overall OAN would be justified.
- 3.33 Policy SN2 of the WLPCS seeks to significantly boost the supply of affordable housing by ensuring that all developments which incorporate open market housing and with a capacity of 5 or more dwellings make provision for affordable housing. This is on the basis of 20% for brownfield sites with between 5 and 14 dwellings, or sites of 15 or more dwellings within Inner Warrington; and 30% for sites with 15 or more dwellings everywhere else in the Borough. NLP accepts that this policy is subject to major review as part of the Local Plan Review process, but considers that the overall thresholds are unlikely to vary significantly.
- 3.34 Taking a mid-point in this range - 25% - would suggest that in order to deliver 220 affordable dwellings annually, at least **880 dpa** would need to be provided overall.
- 3.35 This figure is slightly higher than the suggested demographic starting point (adjusted for market signals), of 871 dpa; but below the Experian Job Growth Scenario (1,147 dpa) and, in all likelihood, the LEP devolution proposal scenario. It is, however, above the 1,000 dpa identified as the current housing requirement by WBC in its emerging Local Plan.
- 3.36 On this basis, a very modest further uplift to the OAN to fully address affordable housing needs may be necessary in this instance at the bottom end of the range, to 880 dpa.

³⁵ 2015] EWHC 370 (Admin) Case No: CO/4055/2014 <http://www.bailii.org/ew/cases/EWHC/Admin/2015/370.html>

Full Objectively Assessed Needs

- 3.37 On the basis of the above analysis, and in the light of the clear need (as set out in the Practice guidance) for an uplift above the demographic baseline to account for market signals and economic growth, there is no basis for considering objectively assessed needs within the Borough would be as low as the 839 dpa set out in the 2016 SHMA and the emerging Local Plan. This is in spite of the latest household projections being around 10% lower than their predecessors.
- 3.38 Whilst the 1,000 dpa requirement is a step in the right direction, even here it is considered that this makes insufficient allowance for the full, sustainable economic growth of Warrington Borough.
- 3.39 However, the scale of objectively assessed need is a judgement and various considerations are necessary before a final housing OAN range is arrived at. NLP considers these to be as follows:
- 1 730 hpa equates to the 2014-based household projections, rising to 754 dpa if a suitable allowance is made for vacant/second homes. This would further increase to **792 dpa** if a modest allowance is made to accelerate household formation rates in the younger age cohorts. This is considered to represent the adjusted demographic starting point for identifying housing OAN in Warrington Borough. It should be noted that neither the PCU option nor the long term migration projections have been modelled and we reserve the right to undertake this work at a later stage in the Local Plan process.
 - 2 Given the evidence concerning worsening market signals in Warrington Borough, it is considered that the SHMA's very modest upwards adjustment, of 2.5% is insufficient and a more realistic (although still relatively modest) uplift in the order of **10%** would be required. This would increase the demographic-led OAN up to **871 dpa**.
 - 3 The scale of affordable housing needs (based on GL Hearn's identified affordable housing OAN), once considered as a proportion of market housing delivery, would require a very modest uplift to the estimates of total need, to **880 dpa**. This is above the 839 dpa which both the emerging Local Plan and the 2016 SHMA consider to be the appropriate level of housing OAN for Warrington Borough.
 - 4 **1,147 dpa** represents the level of housing growth necessary to provide a sufficiently large labour force to support the Experian job growth forecasts for the Borough, assuming the commuting rates remain constant.
 - 5 Warrington Borough has experienced very high levels of job growth over the past few years. Were this level of growth to continue, this would require an even higher dwelling need, of up to **1,367 dpa**.
 - 6 This would suggest an employment-led range of housing need between 1,147 dpa and 1,367 dpa. The level of job growth associated with the Council's preferred option (the LEP devolution proposal) would indicate a

level of housing need somewhere in between these two extremes. It is NLP's view that a figure of **at least 1,200 dpa**, rather than the 1,000 dpa suggested in the 2016 SHMA Update, would be the minimum level of housing growth needed to sustainably accommodate this level of job growth, using realistic economic activity growth rates.

3.40

On balance, NLP considers that a suitable housing OAN range for Warrington Borough would be in the order of **880 dpa – 1,200 dpa**, with greater weight to be attached to the higher end of the range in order to align with the Borough's stated job growth objectives and the approach taken in the 2016 Mid-Mersey SHMA Update.

4.0 Housing Land Supply

Introduction

4.1 The Framework³⁶ stresses the Government's intention to significantly boost the supply of housing. As a consequence, the focus of national policy is to ensure the delivery of housing and in that context the Framework advises that only deliverable sites should be included within the 5-year supply.

4.2 To be considered deliverable:

"...sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans."
[Footnote 11]

4.3 The Practice Guidance³⁷ provides further clarification and notes that deliverable sites for housing could include those that are allocated for housing in the development plan and sites with planning permission (outline or full that have yet to be implemented) unless there is clear evidence that schemes will not be implemented within 5-years. It goes on to state that:

"...planning permission or allocation in a development plan is not a prerequisite for a site being deliverable in terms of the five-year supply. Local planning authorities will need to provide robust, up to date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out. If there are no significant constraints (e.g. infrastructure) to overcome such as infrastructure sites not allocated within a development plan or without planning permission can be considered capable of being delivered within a five-year timeframe."³⁸

4.4 Therefore, when assessing a 5-year housing land supply position, it is important to be cautious in relation to the likelihood of sites delivering, and the scale of that delivery. This is because the purpose of the assessment is to provide a realistic view of whether there is sufficient land available to meet the community's need for housing.

4.5 The Council's evidence on this matter is set out in the Warrington SHLAA and the Mid Mersey SHMA (both published in January 2016), the SHMA Addendum, A Review of Economic Forecasts and Housing Numbers, the Urban Capacity Statement (all published in October 2016) and WBC's latest Annual Monitoring Report (to 31 March 2016).

³⁶Framework - §47 - §49 and Footnotes 11 & 12

³⁷ID:3-031-20140306

³⁸3-031-20140306

- 4.6 This Section sets out an initial review of the robustness of the Council's assessment of its deliverable housing land supply, and considers the extent to which a 5-year forward supply of housing land can be readily identified.

5-Year Land Requirement

- 4.7 Warrington Borough Council's most recently published housing land supply position is set out in its 2016 AMR.
- 4.8 The AMR states that for the 5-year period of 2016 to 2021 it has a deliverable housing land supply of 3,494 new dwellings, including windfalls. This equates to 699 dpa.
- 4.9 The SHLAA and the 2016 AMR have not produced a straightforward summary of how it calculated its five year housing land supply position (as it did in recent Annual Monitoring Reports, notably in 2014). Nevertheless, and without specifying the number of years supply it considers to be deliverable in the Borough, it concludes that:

"Through undertaking this work it is becoming increasingly apparent that the Council is not currently able to identify sufficient land to meet its likely housing need in accordance with the requirements of the National Planning Policy Framework. This means that the Council will need to undertake a more fundamental review of the Plan than envisaged in the current LDS (April 2015) with further work required to enable the Council to assess the options for and implications of meeting its housing need in full³⁹." [§4.2]

- 4.10 In the absence of clarity from the Council the remainder of this Section sets out the various components of the 5-year land supply calculation as summarised in the SHLAA; whether NLP considers these to be appropriate in the light of the Framework and Practice Guidance and their interpretation in recent appeal decisions; and what a reasonable position may be regarding Warrington's actual 5-year land supply position.

Step 1: Appropriate Housing Requirement

- 4.11 The calculation of a 5-year housing land supply requirement must be compliant with the Framework:

"Identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land." [§47]

³⁹ Warrington Borough Council (January 2016): Strategic Housing Land Assessment

Housing Requirement Figure

- 4.12 The precise housing requirement figure used by WBC in calculating the 5-year housing land supply in its 2016 SHLAA is not specified; however, paragraphs 4.1 and 4.2 of that document refer to the fact that in light of the housing OAN established in the 2016 Mid-Mersey SHMA, the Council cannot identify sufficient land to meet its likely housing need in full.
- 4.13 Paragraph 11.40 of the 2016 SHMA states that the OAN for Warrington Borough over the period 2014-2037 is 839 dpa (based on the Economic Scenario). It is therefore presumed that this is the figure that WBC has assessed its 5-year housing land supply against.
- 4.14 Whilst it is recognised that the SHMA's 839 dpa figure has not been independently tested, clearly the 500 dpa figure that formerly underpinned Policy CS2 the Borough's WLPCS has now been quashed following the February 2015 High Court⁴⁰ judgement, hence it is entirely right that the Council has tested its supply against a higher OAN figure; however, WBC's emerging Local Plan goes on to specify that to ensure a balance between homes and jobs it will be necessary to increase the minimum supply of homes to around 1,000 per annum. It then specifies that this will be the level of housing need that the Council intends to take forward through the review of the Local Plan
- 4.15 However, as set out in Section 3.0, NLP has some concerns regarding the robustness of both the 839 dpa OAN figure and the 1,000 dpa housing requirement in the emerging Local Plan. As set out in Section 3.0, based on similar assumptions concerning employment growth, our modelling suggests that an appropriate OAN range would be in the order of **880 dpa – 1,200 dpa**, with greater weight to be attached to the employment-led projection informing the top end of that range.
- 4.16 NLP has modelled three scenarios – the emerging Local Plan requirement of 1,000 dpa, and our own OAN range of 880 dpa and 1,200 dpa – to set against Warrington Borough's 5-year land supply.

5% or 20% Buffer

- 4.17 The Practice Guidance states that:
- 'the assessment of a local delivery record is likely to be more robust if a longer term view is taken, since this is likely to take account of the peaks and troughs of the housing market cycle'⁴¹.*
- 4.18 WBC's 2016 SHLAA has provided completions data for the period 2009/10 to 2014/15, as set out in Table 4.1; completions data for 2015/16 is provided in the 2016 AMR. This indicates that Warrington has delivered 4,137 dwellings over the past 7 years, at a rate of 591 dpa.

⁴⁰[2015] EWHC 370 (Admin)

⁴¹ID: 03-035-20140306

Table 4.1 Warrington Housing Completions 2009/10 - 2015/16

Year	Net Housing Completions
2009/10	388
2010/11	527
2011/12	600
2012/13	647
2013/14	693
2014/15	687
2015/16	595
TOTAL	4,137 (591 dpa)

Source: WBC 2016 SHLAA, Table 3.8 and WBC AMR 2016 HOU1

- 4.19 WBC has not attempted to test whether there is an historical case of undersupply to consider in the land supply calculation. However, given the level of delivery, NLP does not take the view for now that there is an historical case of undersupply to consider in Warrington. Therefore NLP are of the view that the application of a **5% buffer** is appropriate, although we may seek to review this position in the future if/when WBC confirm the point at which the 1,000 dpa target would apply (as this has clearly not been achieved at any point since the recession).

Backlog (past undersupply)

- 4.20 The Practice Guidance sets out that the relevant test for considering backlog within a five year land supply assessment is whether the rate of development shows that actual supply fell below planned supply. Planned supply, in this context, will have been the relevant adopted housing requirement for the period against which past supply is being assessed.
- 4.21 The cumulative completions show that the Council has over-delivered when set against the North West Regional Spatial Strategy target of 380 dpa (2003-2021) and the WLPCS requirement of 500 dpa. However, both figures are now respectively out of date and/or quashed. The 2016 SHMA has identified a new housing OAN that relates specifically to the time period 2014-2037. In this instance therefore, it is considered that only backlog against the housing OAN for 2014/15 and 2015/16 should be taken into account. A total of **1,282 dwellings** have been delivered during these two years with **687 dwellings** delivered in 2014/15 and **585 dwellings** in 2015/16.
- 4.22 Depending upon whether the Council's OAN figure of 1,000 dpa is used, or whether NLP's range of 880 dpa to 1,200 dpa is applied, **the backlog for these two years would be 478, 718 or 1,118 dwellings.**

Step 2: Components of Supply

- 4.23 The Framework states the following in respect of what constitutes a 'specific deliverable site' (i.e. a site that can be delivered within five years):
- "To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that*

housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.” [Footnote 11]

- 4.24 In this regard, WBC has set out three components of housing land supply which it considers will come forward over the next five years. This comprises ‘Sites with Planning Permission’; ‘Sites without Planning Permission’; and ‘Windfall Sites’. The Council considers that from these sources, a supply of 3,494 dwellings could be delivered over the next 5-years (Table 4.2).

Table 4.2 Five Year “Deliverable” Housing Supply

Components of Supply (2016-2021)	LPA
Sites with planning permission	1,330
Sites without planning permission	1,844
Windfall	320
Total	3,494

Source: Warrington Borough Council Planning Policy Team

- 4.25 The delivery rate of these sites for the individual years (exclusive of windfall) is summarised in Table 4.3.

Table 4.3 HLS – Deliverable Housing Land Supply

	No of Sites	2016/17	2017/18	2018/19	2019/20	2020/21	Total
PDL	150	325	466	473	434	628	2,326
PDL/GF	5	0	12	35	8	5	60
GF	47	41	105	182	200	260	788
Total	202	366	583	690	642	893	3,174

Source: Warrington Borough Council AMR 2016 Table 5.1

Sites with Planning Permission

- 4.26 It is now a standard approach⁴² that sites with planning permission should be included in the supply (unless there is a good reason to exclude them) whereas sites without planning permission should be excluded (unless there is a good reason to include them). This interpretation is entirely logical as the absence of a planning permission is a clear impediment to development, which is contrary to the test that land should be available now.
- 4.27 NLP has not undertaken a detailed inspection of the Council’s identified five year housing land supply.
- 4.28 Of the 538 sites assessed, 148 were considered deliverable and had a valid planning permission as of 1st April 2016. These are deemed capable of delivering 1,330 dwellings over the next five years, as set out in Table 4.4.

⁴²3-031-20140306

Table 4.4 HLS - Sites with Planning Permission

	No of Sites	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Total	148	366	460	240	135	129	1,330

Source: Warrington Borough Council Planning Policy Team

Sites without Planning Permission

- 4.29 In making their assessment of likely supply of sites without planning permission within the SHLAA, the Council had regard to the following significant sites, which they anticipated to be capable of delivering 770 dwellings during the period 2015 to 2020.

Table 4.5 Key Achievable Sites without Planning Permission

Site	SHLAA Ref	Area (Ha)	Total Capacity	5 Year Supply Capacity
Peel Hall	1,506	59.5	1,480	150
Land at Pewterspear Green	1,650	7.5	185	132
Lingley Mere	2,134	5.7	200	150
Omega	2,135	75	972	338
Total		147.7	2,837	770

Source: Warrington Borough Council SHLAA

- 4.30 Whilst it may not have a direct impact on the projected five year housing land availability assessment, NLP would like to note that the total capacity of the site at Peel Hall is now likely to be in the order of 1,200 (as set out in the planning application now submitted), and not the 1,480 stated by the Council. A similar point would also apply to other strategic sites, such as the HCA-owned site at Pewterspear Green, off Henbury Gardens (SHLAA ref: 1650) which we understand (from the current planning application that has recently been submitted) is also likely to deliver fewer dwellings over the next five years than has been suggested in the SHLAA. NLP are therefore of the opinion that the identified capacity for sites without planning consent should be viewed with a degree of caution.
- 4.31 The updated review of the 5 year supply for 2016/21 following the publication of the 2016 AMR indicates an increasing reliance on sites without planning permission. Of the 538 sites assessed, the Council anticipate that 1,844 dwellings can be delivered on 54 sites without planning permission during the period 2016 -2021.

Table 4.6 HLS - Sites without Planning Permission

	No of Sites	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Total	54	0	123	450	507	764	1,844

Source: Warrington Borough Council Planning Policy Team (NLP Analysis)

Build Rates

- 4.32 The SHLAA methodology applies a variety of build rates across the different site sizes identified. Where up-to-date information regarding build rates has been provided by developers and/or landowners, this has been utilised.

- 4.33 Where this has not been available the build rates published in Table 2.2 of the SHLAA have been employed, namely:
- a **Sites with fewer than 50 dwellings: 20 dwellings built per annum;**
 - b **Sites containing 50 – 150 dwellings: 35 dwellings built per annum;**
 - c **Sites with more than 150 dwellings: 55 dwellings built per annum.**
- 4.34 We welcome the use of individual site circumstances where possible to provide the most accurate assessment of delivery. We also consider that the application of standard rates is acceptable in principle.
- 4.35 However, we disagree with some of the assumptions applied to derive the standard delivery rates. The Council has assumed a standard delivery rate of 20 dpa on all sites less than 50. We consider that a delivery rate of 20 dpa on site of less than 50 is ambitious and should be reduced downwards in order to reflect the nature of the companies that deliver this size of site and the consequently low delivery rates.
- 4.36 A standard build rate of 15 dpa for sites between 30-50 units is considered a more reasonable average for sites of this size. We would also advocate creating a separate category for smaller sites of less than 30 units as the delivery on these sites is likely to be slower given the capacity of the smaller developers which usually pursue these sites.
- 4.37 It is highly unlikely that a site of 20 units would be built out in a single year by a small developer.
- 4.38 WBC advocates the use of a standard build rate of 35 dpa for sites with a capacity of between 50 and 150 units. Again, it is considered that 35 dpa for this range is not appropriate and we would advocate that two alternative ranges are adopted.
- 4.39 Sites should be categorised into sites with capacity for 51-100 units and 101-250 units. From our experience, the standard build rate applied to sites with a capacity of 51-100 units should be 25 dpa. For sites between 101-250 units in size, the build rate should be 30-35 dpa. This is because sites of 51-100 units are built out at a slightly slower rate than larger sites and it is important for the Council to adopt a conservative approach to ensure their delivery trajectory is not over inflated.
- 4.40 Furthermore, most sites with a capacity of less than 250 units are build out by one developer and it is accepted that the HBF usually suggest that 0.5-0.8 dwellings per week (25 dpa-42 dpa) approximates to a reasonable delivery rate (per outlet). As such, a standard delivery rate of 30/35 dpa on such sites is conservative and appropriate.
- 4.41 Following on from this, WBC should revise their upper site size limit from 150 to 250 units. It is considered more likely that sites of 250+ units could be built out by a number of developers/outlets but should be assessed on a site-by-site basis. The Council assumes a delivery of 55 dpa on sites over 150 units but we consider this to be excessive as a standardised rule of thumb. In general,

on sites between 150 and 250 units there will be a single developer and delivery is unlikely to reach 55 dpa. On sites over 250 units, delivery of 55 dpa should only be considered appropriate where there are at least 2 developers (or outlets).

Lead in Times

- 4.42 With regard to lead in times, the 2016 SHLAA assumes that sites below 150 units with full planning permission will start delivering units after 1.5 years; sites with outline permission after 2 years; and sites without permission after 2.5 years. Larger sites with outline permission are projected to start delivering units after 3 years; and those without permission, after 4 years.
- 4.43 It is considered that the lead in times as proposed would be appropriate for all sites of less than 50 units. However, we would advocate that an additional 6 months is added to each category for all larger sites between 50 and 150 and the table in the SHLAA should be amended in line with Table 4.7.

Table 4.7 Recommended Site Lead in Times

Site Size	Site Status			
	Under Construction	Full Permission / Reserved Matters	Outline Permission	Sites without Permission
Less than 50	None	1.5 years	2 years	2.5 years
50 - 150	None	2 years	2.5 years	3 years

- 4.44 It is considered that on larger sites over 50 units there are generally more complex issues to overcome which cause delays. For example, delays in the planning process (e.g. the approval of reserved matters and discharges of planning conditions) as well as the time taken to implement development (e.g. marketing land and completing land purchase; preparing detailed design for infrastructure; mobilising statutory utilities; and, commencing development) are particularly prevalent on larger sites. As such, a 'one size fits all' approach is inappropriate and there should be a differentiation between site sizes to make allowances for larger sites which come forward at a slower pace.
- 4.45 The lead in time proposed for larger sites is not reliable; does not accurately reflect the time take for the majority of sites to start delivering; and is consequently not appropriate for use as a standard average for calculating deliverable supply.
- 4.46 We also express a degree of caution in relation to applying a standard lead in time for all sites without planning permission. The Framework [Footnote 11] is clear that to be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. In addition, the Planning Practice Guidance⁴³ notes that allocation in a development plan is not a prerequisite for a site being deliverable in terms of the five year supply.

⁴³ID: 03-031-20140306

4.47 Clear evidence is therefore required to justify the inclusion of sites without permission in the five year supply, including a demonstration that the site is viable and a commitment from a developer that the site can be brought forward within five years.

4.48 The timescales for a site coming forward are very dependent on a number of factors such as the developer’s commitment to the site and infrastructure requirements as an example. The standard lead in times should only be applied to sites where developers are actively pursuing development on the site and preparing the necessary planning application. The standard lead in time should not be applied universally and a degree of pragmatism and realism should be applied. Sites where developers have shown limited commitment should be pushed back in the delivery trajectory accordingly.

Windfall Allowance

4.49 The Framework [§48] sets out the following with regards to windfall:

“LPAs may make an allowance for windfall sites in the five-year supply if they have compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply. Any allowance should be realistic having regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends, and should not include residential gardens”.

4.50 The windfalls figure has been applied in the calculation as set out in the 2016 SHLAA as follows:

“In terms of deriving an allowance from the analysis to employ future projections, the average across the 2009/10 to 2014/15 monitoring periods has been derived and employed. This equates to a forward windfall allowance of 64 dpa to be added to the deliverable supply”. [§3.24]

Table 4.8 Summary of Annual Windfall Sites

Year	No of Units
2009/2010	18
2010/2011	53
2011/2012	27
2012/2013	65
2013/2014	83
2014/2015	139
Total	385
Annual Average	64

Source: Warrington Borough Council 2016 SHLAA Appendix 7

Note: no windfall figure is available for 2015/16

4.51 With regards to the application of the windfalls figure in the calculation, windfalls are ultimately future small site planning permissions. The Council has included the windfall figure in all five years of its five year supply calculation.

4.52 On balance NLP considers that the inclusion of a windfall allowance in this

instance is acceptable for the latter three years of the calculation. However for the first two years it is not unreasonable to assume that the Council would already have identified the vast majority of sites likely come forward, given that it has made an allowance for small sites with/without planning permission in years 1 and 2.

- 4.53 As these are unlikely to be completely unforeseen, it is recommended that for the first two years the windfall allowance should be zero, rather than the 64 dpa allowance made in the SHLAA 2016. This would still allow for a windfall provision of 192 dwellings in the latter three years of the assessment period.

Lapse Rates

- 4.54 From an assessment of the SHLAA it does not appear to make any kind of allowance for lapse rates in the Council's calculation of housing supply in Warrington over the next five years. The inclusion of a lapse rate for planning permissions which have been approved in the context of the requirements of the Framework has been established in the High Court judgment between Cotswold District Council and the SOS for CLG. The judgment sets out that the inclusion of a lapse rate is reasonable.

“Secondly, the inspector did not err in her interpretation and application of footnote 11 to paragraph 47 of the Framework. That deals with whether there is a supply of specific deliverable sites sufficient to provide five years housing. The footnote says that sites with planning permission should be considered deliverable until permission expires unless there is clear evidence that schemes will not implemented. The inspector specifically referred to footnote 11. She noted that the Council had agreed that planning permissions would lapse before implementation in relation to small sites at a rate of 15 a year based on Council records. The inspector inferred that a lapse rate would apply in relation to large sites too. In the absence of other evidence, she concluded that the application of a 10% lapse rate was reasonable. That was essentially a matter for judgment of the inspector (whose reasoning the Secretary of State adopted). She directed herself to the terms of the footnote. She had evidence about the lapse rate for certain sites and drew reasonable conclusions from that evidence and the problems that arise in relation to construction and funding.” [§71] NLP emphasis

- 4.55 As set out above, NLP considers that a lapse rate percentage should be included as part of the supply calculation. This could be utilised more effectively should there be a step change in the number of planning permissions approved from one year to the next.
- 4.56 A lapse rate should ideally be calculated by following specific planning applications through to their expiry date, whereby any applications which are allowed to expire become part of the lapse rate.
- 4.57 NLP suggest that in the case of Warrington Borough, and in line with the Judgement quoted above, a 10% lapse rate for the deliverable sites with planning permission would be reasonable. However, as there is a greater risk

that sites without planning permission will not come forward as planned, a higher discount should be applied, and that in this instance a figure of 15% would be appropriate to apply. This would reduce the deliverable supply as follows:

- Deliverable sites with planning permission: 1,330 units, discounted by 10% = 1,197 dwellings;
- Deliverable sites without planning permission: 1,884 units, discounted by 15% = 1,601 dwellings.

Conclusions

- 4.58 Based upon the analysis in Section 4.0, Table 4.9 provides a summary comparison of Warrington's presumed five year housing land supply against NLP's version, which amends the housing OAN position, introduces a lapse rate and discounts the first two-years' windfall supply only.
- 4.59 This calculation should not be interpreted as an acceptance on NLP's part that we agree with the Council's assumptions concerning the deliverability of their forward supply. We have not undertaken a detailed analysis of deliverability and reserve the right to do so at a later stage in the process.
- 4.60 Furthermore, and as stated above, we also disagree with many of the SHLAA's assumptions concerning build rates and lead in times, and we would again reserve the right to revisit this assessment at a later date when further information has become available.
- 4.61 With these caveats in mind, Table 4.9 indicates that, based on the Council's approach and their data assumptions, Warrington Borough would appear to have around 2.9 years forward supply of sites. This under-supply of deliverable sites is tacitly accepted in the SHLAA in paragraph 4.2.
- 4.62 Applying NLP's OAN range, incorporating a lapse rate and discounting two-years' worth of windfall allowance, would reduce this 5-year supply of housing land supply still further, to between 1.9 and 2.8 years depending upon the scale of housing need identified.
- 4.63 As such, NLP considers that even under the most optimistic assumptions and using the lowest housing OAN, Warrington Borough Council cannot demonstrate a defensible five year housing land supply position at the current time.

Table 4.9 5-Year Land Supply Scenario Outcomes

Five Year Supply of Deliverable Housing Land	Council (assumed) five year housing land supply position	NLP five year housing land supply position	
		@880 dpa OAN	@1,200 dpa OAN
Total Housing Requirement (OAN = 2016/17 – 2020/21)	5 x 1,000 dpa = 5,000	4,400	6,000
Shortfall (2014-16= 1,282 dwellings delivered)	718	478	1,118
5% buffer (to requirement and backlog)	286	244	356
Housing Supply Required 2016/17 – 2020/21	6,004	5,122	7,474
Sites with Planning Permission	1,330	1,197	
Sites without Planning Permission	1,884	1,601	
Supply based on windfall allowance	320	192	
Deliverable Supply	3,534	2,863	
Surplus of Deliverable supply over supply required	-2,470	-2,259	-4,611
Number of Years Supply (expressed as Years of Residual Requirement)	2.94	2.79	1.92

Source: NLP analysis

Long Term Housing Requirement and Supply

4.64

Moving beyond the 5-year housing land supply, the Urban Capacity Statement published in October 2016 sets out the components of future supply over the next 15 years and beyond, which is summarised in Table 4.10. NLP notes that the SHLAA calculations do not include planning applications received after 31 March 2016.

Table 4.10 Existing Identified Housing Supply

	No of Units
SHLAA Sites	10,806
Masterplan Sites (excluding SHLAA Sites)	3,460
Windfall (Year 1 to 15)	960
Total Capacity	15,226

Source: WBC Urban Capacity Statement October 2016

4.65

The 2016 AMR sets out the projected completions for the next 15 years which are summarised in Table 4.11. The AMR uses a base date of 31st March 2016.

Table 4.11 Projected Completions (15 year period)

	0-5 Year Supply	6-10 Years	11-15 Years
PDL	2,326	2,185	1,843
PDL/GF	60	140	29
GF	788	1,282	676
Windfall	320	320	320
Total	3,494	3,927	2,868

Source: WBC Annual Monitoring Report 2016

4.66 WBC indicates within its *Local Plan Review Scope and Contents* document [§2.20] that in order to meet development needs they will need to release a sufficient volume of land from the Green Belt to deliver approximately 5,000 homes. Having regard to the existing identified supply, it is fair to suggest that WBC anticipates a requirement to deliver a minimum of 20,226 new homes during the Plan period. This broadly reflects their intention to provide a minimum supply of 1,000 new homes per annum within the Scope and Contents document [§2.13].

4.67 The future housing requirement beyond the initial 5 year supply, i.e. the 16 year period from 2012 to 2037 (summarised in Table 4.12) ranges from 14,080 to 19,200.

Table 4.12 Housing Supply Requirement 2021 to 2037

	Council Housing Requirement	NLP Lower OAN	NLP Upper OAN
Annual Requirement	1,000	880	1,200
16 Requirement (2021/22-2036/37)	16,000	14,080	19,200

Source: NLP Analysis

4.68 Based upon the analysis above, Table 4.13 provides a summary comparison of Warrington's overall housing requirement for Plan period 2014-2037 based on the OAN Scenarios and 5 year housing land supply contained within Table 4.9.

4.69 The figures suggest that Warrington should seek to provide sufficient land to accommodate between **18,245 and 25,507** new dwellings. The long term requirements as calculated for the LEP Scenario (21,631) and the lower end of the NLP analysis (20,837) broadly reflect the numbers indicated by WBC within the Urban Capacity Statement and Scope and Contents Document. The upper end of the NLP analysis (25,507) suggests a requirement somewhat greater than the LEP scenario, however NLP considers that the economic activity rates utilised within the calculations represent a more realistic growth in population to meet the job growth ambitions. NLP therefore suggests that the overall housing requirement for Warrington during the period 2014-2037 lies between 21,631 and 25,507.

Table 4.13 Total Housing Requirement for period 2017-2037

	Council Housing Requirement	NLP Lower OAN	NLP Upper OAN
Base Annual Requirement	1,000	880	1,200
5 Year Requirement (inc Backlog and 5% Buffer)	6,004	5,122	7,474
16 Requirement (2021-2037)	16,000	14,080	19,200
Total Requirement for Plan Period 2017/2037	22,004	19,202	26,674

Source: WBC Urban Capacity Study October 2016 and NLP Analysis

5.0 Conclusion

5.1 This report has critiqued the approach taken in identifying the objective assessment of housing need for Warrington that has underpinned the housing OAN and subsequent employment-led requirement in its *Local Plan Review Scope and Contents* document, and provided a new analysis using alternative assumptions and data inputs. NLP has utilised a range of scenarios (as well as market signals analysis) to conclude on an objective assessment of need in compliance with the Framework and Practice Guidance.

5.2 NLP has also analysed the Council's housing land supply evidence contained within the 2016 SHLAA and subsequent AMR. Whilst recognising that they cannot demonstrate a 5-year land supply, the Council has neglected to specify the precise level of under-supply. NLP has sought to rectify this by providing an estimate of the number of years of deliverable housing supply available in Warrington, applying the Council's methodology and also our own.

5.3 In summary:

- 1 Warrington clearly functions as a standalone HMA and should look to meet its full housing need within its own local authority boundaries;
- 2 The SHMA's modelling has over-estimated the likely impact of the 2014 MYE and made an unjustifiable UPC adjustment to the modelling. Both measures artificially suppress the housing need identified;
- 3 The SHMA conflates that supply-side market signals adjustment with demand-side adjustments to household formation rates which are distinct steps in the Practice Guidance;
- 4 NLP considers that a 10% rather than 2.3% market signals uplift applied in the 2016 SHMA would be more appropriate in the Warrington context;
- 5 The application of unrealistic economic activity growth rates over-estimates the extent to which the local economy can sustain high levels of job growth without higher levels of net in-migration;
- 6 NLP considers that a suitable housing OAN range for Warrington Borough would be in the order of **880 dpa – 1,200 dpa**, with greater weight to be attached to the higher end of the range in order to align with the Borough's stated job growth objectives. This reflects the LEP Devolution proposals within the SHMA Addendum, albeit with more realistic economic activity rate growth assumptions;
- 7 Based on WBC's approach and its data assumptions in the SHLAA, Warrington Borough has a maximum of 2.9 years forward supply of sites. That the Borough cannot demonstrate a 5-year housing land supply is recognised by WBC in the SHLAA;
- 8 Applying NLP's OAN range, incorporating a lapse rate and discounting two-years' worth of windfall allowance, would reduce this 5-year housing

land supply still further, to between 1.9 and 2.8 years depending upon the scale of housing need identified.

- 9 Having regard to the level of undersupply during 2014/15 and 2015/16, WBC preferred job growth ambitions in line with LEP Devolution proposals and NLP's recommended OAN range of between 880 and 1,200 dpa; NLP recommend that WBC seeks to provide sufficient land to accommodate between **19,202** and **26,674** new dwellings during the Plan period, with a greater weight to be attached to the upper end of the range.
- 10 Based upon the existing identified housing supply (15,226) and NLP's recommended overall housing requirement, WBC would need to release a sufficient volume of land from the Green Belt to deliver between **3,976** and **11,448** new homes. However, this range would only address the housing need over the Plan period, and hence to provide sufficient flexibility to the forward supply there would need to be further safeguarded land allocated in addition to the figures quoted above.

Appendix 1 Market Signals Analysis

Introduction

The Framework sets out the central land-use planning principles that should underpin both plan-making and decision taking. It outlines twelve core principles of planning that should be taking account of, including the role of market signals in effectively informing planning decisions:

“Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.” [§17]

The Practice Guidance indicates that once an assessment of need based upon household projections is established, this should be adjusted to reflect appropriate market signals and indicators of the balance between demand and supply of housing.

The Guidance explicitly sets out six market signals:

- 1 Land Prices;
- 2 House Prices;
- 3 Rents;
- 4 Affordability;
- 5 Rate of development; and,
- 6 Overcrowding/Homelessness

It goes on to state that appropriate comparison of these should be carried out with an upward adjustment made where such market signals indicate an imbalance between supply and demand, and a need to increase housing to meet demand and tackle affordability issues is identified:

“This includes comparison with longer terms trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally. Divergence under any of these circumstances will require upwards adjustment to planned housing numbers compared to those solely on household projections...

In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.⁴⁴”

The Practice Guidance sets out a clear and logical ‘test’ for the circumstances in which objectively assessed needs (including meeting housing demand) will be in excess of demographic projections.

⁴⁴ID 2a-020-20140306

In the context of the Framework and the Practice Guidance, the housing market signals have been reviewed to assess the extent to which they indicate a supply and demand imbalance in Warrington and therefore indicating that upward adjustments should be made on the demographic-led needs identified.

Where available, data relating to the regional North West market has been utilised as a comparator. Elsewhere data relates to the county of Merseyside.

Land Prices

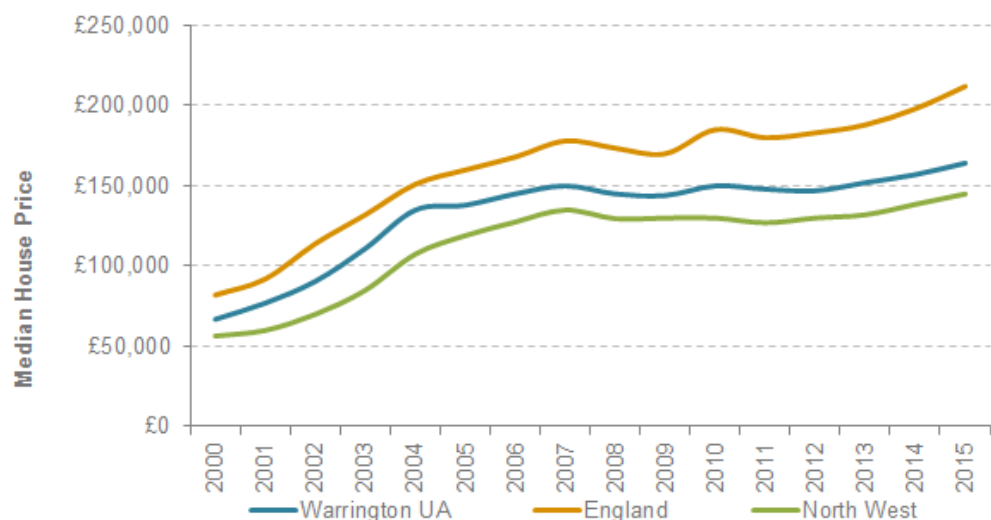
There is limited data available for Land Prices within Warrington Borough. Figures indicate that during 2014 sites with planning permission within Warrington achieved an average of £1.269 m per hectare against the national average of £1.96m per hectare (excluding London).

House Prices

The Practice Guidance identifies that longer terms changes in house prices may indicate an imbalance between the demand and supply of housing. It suggests using mix-adjusted house prices; however, these are not available at the Local/Unitary Authority level, hence price paid data is deemed the best indicator for house prices. CLG publish series data on district level median house prices from 1996 to 2012, and for 2013 and 2014 Land Registry 'Price Paid' Data has been used.

Figure A.1 and Table A.1 show average (median) house prices across Warrington, the North West and England over the last 15 years. In recent years Warrington's house prices have gradually increased in line with national and regional rates of increase, but remain above the regional average.

Figure A.1 Average (Median) House Price – 2000 to 2015



Source: CLG Live Table 586/Land Registry

Table A.1 Average (Median) House Price - 2000 to 2015

	2000	2015	% Change	Absolute Change
Warrington	£66,950	£164,175	145%	+ £97,225
England	£82,000	£212,000	159%	+ £130,000
North West	£56,500	£144,950	157%	+ £88,450

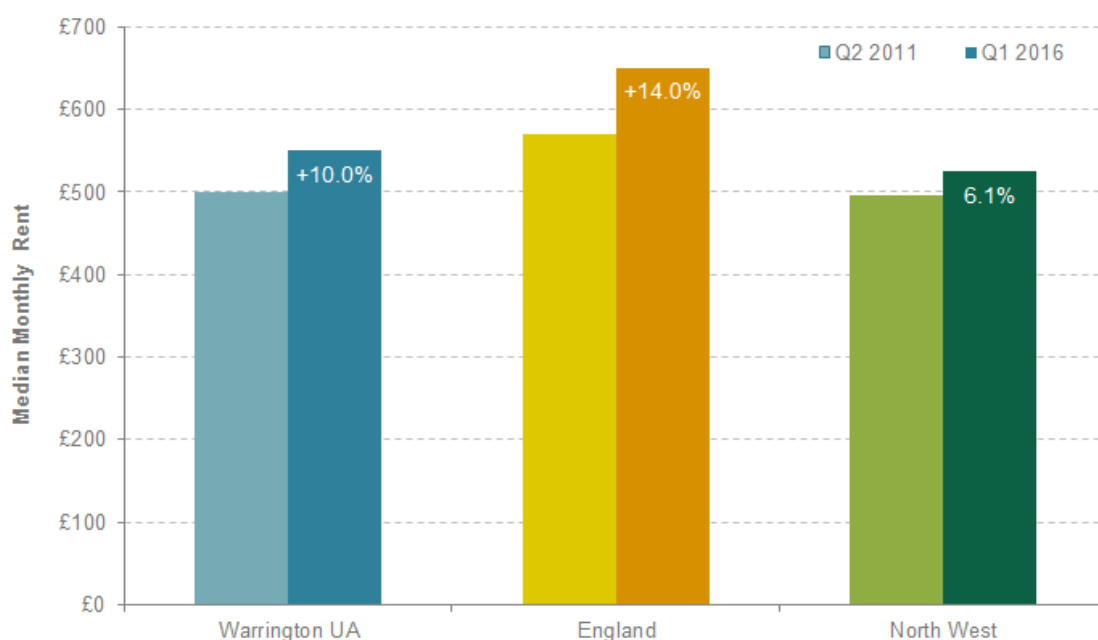
Source: CLG Live Table 586/Land Registry

In terms of rates of change over the past 15 years, Warrington, at 145%, has seen a rate of change below the national and regional rates of 159% and 157% respectively. Average house prices in Warrington increased by £97,225 over the 15 year period. In contrast, whilst the North West average increased by 157%, it was a lower absolute increase of £88,450. This demonstrates the strength of the Warrington housing market in comparison with the wider region.

Rents

Increasing rental costs are another indicator of housing market stress. Series data for rents from the VOA are only available from Q2 2011 to Q1 2016; however trends in rental costs are still clear. The average (median) monthly rents for all dwellings in each area are shown in Figure A.2 and Table A.2. As of 2016, average monthly rents in Warrington are below the England average although they are increasing at a faster rate. Average monthly rents in Warrington and Merseyside in 2011 were broadly comparable but in the intervening years they have started to diverge. Warrington's average monthly rents increased by 10% whilst the North West increased by 6.1% and the Merseyside equivalent actually decreased by 0.7%.

Figure A.2 Average (Median Monthly Rent and Change - Q2 2011 to Q1 2016)



Source: VOA Private Rental Market Statistics

Table A.2 Average (Median Monthly Rent and Change - Q2 2011 to Q1 2016)

	Q2 2011	Q2 2016	% Change	Absolute Change
Warrington	£500	£550	14%	+£50
England	£570	£650	5.3%	+£80
North West	£495	£525	6.1%	+£30

Source: VOA Private Rental Market Statistics

Affordability

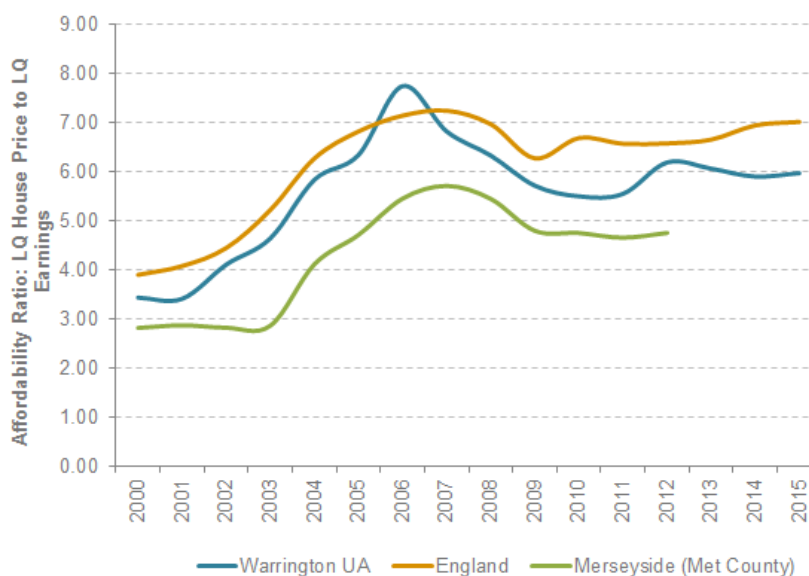
The Practice Guidance identifies that assessing affordability involves comparing the cost of housing against households' ability to pay. The relevant indicators are lower quartile [LQ] house prices and LQ earnings which together form an affordability ratio which can be tracked over time.

The affordability ratio across the Warrington, Merseyside and England is shown in Figure A.3 and Table A.3. A similar pattern materialises as with house prices, with Warrington being below the national average but above the Merseyside, Halton and St Helen's averages.

In 2000 Warrington's affordability ratio was 3.44, which was below the national rate of 3.91 and St Helens (3.86) but significantly higher than Halton (2.54). However, the ratio rose rapidly to the extent that it actually exceeded the national average in 2006, peaking at 7.75 compared to 7.15 nationally. Following the onset of the recession, the ratio fell to a low of 5.50 in 2009, and has fluctuated since that time.

In terms of increase over the last 15 years, Warrington's ratio has increased by 74%, which is broadly in line with the rate of growth in Halton and above that of St Helens, albeit the Borough was starting (and ending) at a much higher base.

Figure A.3 Affordability Ratio 2000-2015



Source: CLG Live Table 576/Land Registry/ASHE

Table A.3 Affordability Ratio 2000-2015

	2000	2015	% Change	Absolute Change
Warrington	3.44	5.98	74%	2.54
England	3.91	7.02	80%	3.11
Merseyside	2.82	n/a	n/a	n/a
Halton	2.54	4.44	75%	1.9
St Helens	3.86	4.86	26%	1.0

Source: CLG Live Table 576/Land Registry/ASHE

Rate of Development

The rate of development is a supply-orientated indicator of past delivery and the extent to which it has kept pace with planned supply. In assessing the likelihood of under delivery of a plan, the Practice Guidance sets out that a comparison of completions against the relevant requirement in the corresponding period should be undertaken. It may also be an indicator of any 'backlog' of unmet needs; however, this is based on the assumption that these requirements were a reasonable and objective assessment of development need for that period.

According to the Council's recent evidence base document on economic forecasts and housing numbers⁴⁵, over the period 2003 to 2016 the average annual completions figure for Warrington Borough was 840 dwellings, a figure comfortably in excess of the North West Regional Strategy⁴⁶ target of 380 (net of clearance).

Overcrowding and Homelessness

Overcrowding, shared household and homelessness are further indicators that there are unmet needs in an area. The Practice Guidance indicates that "... *overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate unmet need for housing ... [long term increases] might be a signal to consider increasing planned housing numbers...*"⁴⁷ The Censuses provide data on overcrowded households and concealed families (also a proxy for sharing households), and data on homelessness can be obtained from CLG.

Overcrowded households are identified by the Census as households with fewer rooms [or bedrooms] than required, based on a standard formula based on the number of people in a household and their relationship. Table A.4 shows the change in the percent of household who were overcrowded at the time of the 2001 and 2011 Censuses. Nationally, there has been an increase from 7.1% to 8.7% in 2011, an increase of 23%. Across Warrington, the

⁴⁵ Micklethorpe (October 2016): Analysis – A review of economic forecasts and housing numbers

⁴⁶ GO-NW (September 2008): North West of England Regional Spatial Strategy to 2021 (Table 7.1)

⁴⁷ ID 2a-020-20140306

increase has been 5.3% over the same period, with 4.5% of households being classified as overcrowded.

Table A.4 Overcrowding

	Overcrowded Households		Change in %	Change in Percentage Points
	2001	2011		
Warrington	4.3%	4.5%	+5.3%	+0.23
England	7.1%	8.7%	+22.7%	+1.6

Source: Census 2001/2011

Concealed families occur when the household is comprised of more than one family; in the Census, each family is assigned a 'family reference person'; where the family reference person is not the household reference person, this family is considered to be 'concealed'. An example of a concealed family is a couple (with or without children) living in a parent's home.

Nationally, the rate of concealed families rose by 59% over the ten years 2001 to 2011, to 1.85%. Table A.5 indicates that the rate of concealed families also increased in Warrington, but at a lower rate of 28%.

Table A.5 Concealed Families (as % of all families) 2001 and 2011

	Concealed Families (as % of all families)		Change in %	Change in Percentage Points
	2001	2011		
Warrington	0.87%	1.12%	28.21%	+0.25
England	1.16%	1.85%	59.18%	+0.69

Source: Census 2001/2011

CLG provides data on the number of households in each Local Authority which are accepted as homeless and in 'priority need' as well as households in temporary accommodation. The rate of households in priority need (which includes those with dependent children or vulnerable households) is presented in Table A.6.

Table A.6 Households in Priority Need 2004/05 to 2014/15

	Households in Priority Need (per 1,000 households)		Change in %	Change in Percentage Points
	2004/05	2014/15		
Warrington	~	0.98	~	~
England	5.73	2.40	-58%	-3.3

Source: CLG Live Table 784/P1e Returns

Nationally, the number of households (per 1,000) who are homeless and in priority need has declined by almost 60% from 5.73 to 2.4 over the last ten years. Insufficient information is available for Warrington to derive the same percentage change but the proportion of households in Priority Need in

2014/15 is lower than the national average and the same can be said for the number of households in temporary accommodation (Table A.7).

Table A.7 Households in Temporary Accommodation 2004/05 to 2014/15

	Households in Temporary Accommodation (per 1,000 households)		Change in %	Change in Percentage Points
	2004/05	2014/15		
Warrington	~	0.22	~	~
England	4.79	2.85	-40.5%	-1.94

Source: CLG Live Table 784/P1e Returns

Comparison of Market Signals

In addition to assessing market signals within Warrington, the Practice Guidance states that:

“Appropriate comparisons of Indicators should be made. This includes comparisons with longer term trends (both in absolute level and rates of change) in the: housing market area; similar demographic and economic areas; and nationally...”⁴⁸

Therefore, for the purposes of this assessment, Warrington has been compared to neighbouring authorities and other authorities within the North West which may have housing market links with Warrington and may constitute the wider, strategic, housing market area. The intention of comparing these areas with Warrington is to provide a range of benchmark centres which will either compete economically with Warrington or are similar in geographic, economic and demographic factors.

Table A.8 and Table A.9 demonstrate how Warrington Borough ranks in terms of the indicators. A higher ranking in these tables indicates a worse performing market signals, and vice versa.

⁴⁸ID 2a-020-20140306

Table A.8 Warrington Market Signals Comparator Table - Cost of Housing

Rank	House Prices			Affordability			Rents		
	Median (2015)	% Change (2000-2015)	Absolute Change (2000-2015)	Ratio (2015)	% Change (2000-2015)	Absolute Change (2000-2015)	Median (Q1 2016)	% Change (Q2 2011-Q1 2016)	Absolute Change (Q2 2011-Q1 2016)
1	Trafford	Trafford	Trafford	Trafford	Trafford	Trafford	Trafford	Stockport	Trafford
2	England	Liverpool	England	Cheshire West and Chester UA	Stockport	Stockport	England	Trafford	Stockport
3	Cheshire East UA	England	Cheshire East UA	England	Liverpool	England	Stockport	England	England
4	Stockport	Wigan	Stockport	Cheshire East UA	Wigan	Warrington UA	Cheshire West and Chester UA	Warrington UA	Warrington UA
5	Cheshire West and Chester UA	Stockport	Cheshire West and Chester UA	Stockport	England	Wigan	Cheshire East UA	Cheshire West and Chester UA	Cheshire West and Chester UA
6	Warrington UA	Warrington UA	Warrington UA	Warrington UA	Halton UA	Liverpool	Warrington UA	Cheshire East UA	Cheshire East UA
7	Halton UA	St Helens	Liverpool	St Helens	Warrington UA	Halton UA	Knowsley	Halton UA	Halton UA
8	Wigan	Cheshire West and Chester UA	Wigan	Wigan	Knowsley	Knowsley	Halton UA	St Helens	St Helens
9	Liverpool	Cheshire East UA	Halton UA	Knowsley	St Helens	St Helens	St Helens	Wigan	Wigan
10	St Helens	Halton UA	St Helens	Halton UA			Wigan	Knowsley	Knowsley
11	Knowsley	Knowsley	Knowsley	Liverpool			Liverpool	Liverpool	Liverpool

Table A.9 Warrington Market Signals Comparator Table – Overcrowding and Homelessness

Rank	Concealed Families			Households in Temporary Accommodation			Land Prices	
	Concealed Families, % (2011)	Change (%) (2001-2011)	Change (percentage points) (2001-2011)	Households in Temporary Accommodation, per 1,000 Households (2014/15)	% Change (2004/05-2014/15)	Absolute Change (2004/05-2014/15)	Bulk Residential (£/Ha) (2014)	Change (%) (~)
1	Knowsley	Stockport	England	England	Knowsley	Knowsley	England	St Helens
2	England	England	Stockport	Trafford	England	Stockport	Cheshire West and Chester UA	
3	Liverpool	Cheshire East UA	Knowsley	Halton UA	Stockport	Wigan	Cheshire East UA	
4	Trafford	Cheshire West and Chester UA	Liverpool	Stockport	Trafford	Halton UA	Trafford	
5	Stockport	Wigan	Trafford	Cheshire West and Chester UA	Halton UA	Trafford	Halton UA	
6	Halton UA	Trafford	Halton UA	Liverpool	Wigan	Liverpool	Stockport	
7	St Helens	Halton UA	Cheshire East UA	Knowsley	Liverpool	Cheshire East UA	Wigan	
8	Wigan	Liverpool	Wigan	Warrington UA	Cheshire West and Chester UA	Cheshire West and Chester UA	St Helens	
9	Cheshire West and Chester UA	Knowsley	Cheshire West and Chester UA	Cheshire East UA	Cheshire East UA	St Helens	Warrington UA	
10	Warrington UA	Warrington UA	St Helens	St Helens	St Helens	England	Liverpool	
11	Cheshire East UA	St Helens	Warrington UA	Wigan			Knowsley	



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