GL Hearn
Part of Capita Real Estate

Liverpool City Region Strategic Housing & Employment Land Market Assessment (SHELMA)

Consultation Draft Report

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8 HOUSING AND ECONOMIC GROWTH

8.1 In this section consideration is given to economic growth and how this may influence the level and distribution of housing need within the two housing market areas.

8.2 The SHELMA uses the economics forecast scenarios prepared by Oxford Economics, specifically:

- Baseline Scenario – a trend-based scenario which assumes that historical relationships between performance locally and at a regional/ national level hold true moving forwards; and
- Growth Scenario – a more aspirational scenario which models the impacts of faster growth across key growth sectors across the Liverpool City Region combined with development/ regeneration projects and proposals in individual authorities.

8.3 The relationship between economic growth and housing need is complex, influenced by a number of factors including:

- The inter-relationship between jobs and people, recognising that some people hold down more than one job;
- Levels of economic participation, with employment rates a function of a number of factors including the availability of jobs and skills;
- Commuting patterns and ratios, which can influence the balance between residents in employment and jobs in an area. These are influenced by transport connections, investment, the availability of employment opportunities and earnings levels.

8.4 The complexity of these factors, coupled with the inevitable uncertainties associated with predicting long-term economic performance, makes accurate modelling of the numbers of homes needed to support future economic growth inherently difficult to accurately predict. However Planning Practice Guidance requires consideration of the relationship between jobs growth and housing need.

8.5 The starting point for considering what housing provision may be required to support economic growth is the expected growth in employment. Table 32 shows the total jobs growth envisaged in the Baseline and Growth Scenarios.

Table 32: Total Employment Growth – 2012-37

	Baseline Scenario	Growth Scenario	Differential
Halton	3,800	12,400	8,600
St Helens	3,200	17,100	13,900
Warrington	27,900	28,800	900
Mid Mersey HMA	**34,900**	**58,300**	**23,400**
Knowsley	9,000	12,300	3,300
Liverpool	28,700	67,600	38,900
Sefton	2,500	6,500	4,000
West Lancashire	6,000	6,800	800
Wirral	5,800	11,400	5,600
Liverpool HMA	**52,000**	**104,600**	**52,600**

Source: Oxford Economics

The basis of the forecasts and Strategic B8 allocations

8.6 The economic-led housing need is based on the labour demand scenarios (Baseline and Growth Scenarios). It is a demand-based model which taken account of sectoral structure and past performance in the Baseline Scenario; and in the case of the Growth Scenario, planned and potential development/ regeneration projects and enhanced performance of LEP target sectors. This means that there are elements of the Growth Scenario which are influenced by policy-based factors.

8.7 The Growth Scenario takes into account existing available land/ sites for strategic B8 development, as well as proposals such as the Parkside Strategic Rail Freight Interchange and other preferred option sites in the case of St Helens district. However GL Hearn has not sought to prejudge future decisions regarding the allocation of further land and where this spatially is located. Given the sub-regional/ regional nature of demand in this sector, and the degree to which growth will be to some degree 'supply-led' at a local authority level (with employment growth taking place in authorities which allocate land at commercially attractive locations). These factors may in the future affect the spatial distribution of growth within the FEMA in sectors such as land transport, warehousing and postal, wholesale etc.

8.8 For the purposes of the SHELMA, it is however necessary to draw conclusions on objectively-assessed housing need at this point. This has therefore been driven by existing concentrations and past growth by sector, together with the understanding of current major sites with development potential, and proposed/ potential sites within St Helens Borough.

8.9 GL Hearn considers that the Oxford Economics Growth Scenario captures the overall scale of demand which is expected to arise from enhanced demand for large-scale B8 warehouse development. Section 12 sets out the methodology for calculating the additional 'Strategic B8' floorspace need across the LCR. This comprises two components – a replacement build of 952,000 sq m, and a growth build of 638,000 sq m. The "growth build" element will result in around 8,000 additional permanent FTE jobs across the LCR by 2037 (based on a typical density of 80 sq.m per FTE job). Through replacement build it is reasonable to expect some productivity improvements and increased efficiencies which may influence job counts.

8.10 The Baseline Scenario shows a loss of 1,500 FTE jobs in the Transport, Warehouse and Postal sector across the LCR by 2037[19], while the Growth Scenario shows a growth of 7,750 FTE jobs. This means the Growth Scenario forecasts an additional 9,250 FTE jobs above the baseline in this sector.

[19] Note this will include some activities beyond those taking place in larger warehousing units

8.11 The Growth Scenario forecast includes a sufficient level of jobs growth, at LCR level, to support the number of jobs expected to arise from the 'Strategic B8' growth. Furthermore, the Growth Scenario forecasts a significant growth in Transport, Warehouse and Postal jobs will be in St Helens taking account of potential future allocations. This aligns with the site supply analysis, which shows that St Helens has the largest quantum of suitable land for 'Strategic B8' development.

8.12 Once policy decisions have been made regarding the distribution of further allocations for strategic B8 development, it may be necessary to further consider or review the distribution of housing need. This is considered further in Section 12.

Calculating the Housing Need to Support Economic Growth

8.13 The Oxford Economics model forecasts people-based employment by comparing the difference between their modelled employment estimates for 2011 with information from the 2011 Census on the number of people working in an area. A detailed interrogation of this data however reveals that their modelling assumptions show a variance between people-based and workplace-based employment. This variance ranges from 10% below the level of jobs in Warrington, to 3% above the level of jobs in Wirral. Against this context, GL Hearn consider that an alternative source should also be used to relate jobs to people; and we have instead sought to measure 'double jobbing' – the proportion of people with more than one job – using data from the Annual Population Survey. We have averaged data over the 2004-16 period to take account of the higher error margin associated with individual years' data at local authority level. The table below sets out the assumed levels of double jobbing.

Table 33: Double Jobbing

	% Double Jobbing
Halton	2.5%
St Helens	2.7%
Warrington	3.1%
Knowsley	2.2%
Liverpool	2.7%
Sefton	3.3%
West Lancashire	3.4%
Wirral	3.2%

8.14 The growth in labour supply which is necessary to support employment growth is also influenced by commuting patterns. The SHELMA analysis points to notable commuting interactions between local authorities across the City Region. There is clear potential over the 25 year period for commuting patterns between authorities to change, influenced by transport investment; and locations of housing and employment growth. Indeed the longer-term trend is of increasing commuting distances.

8.15 It should be noted that the Oxford Economics model includes assumptions on changes in commuting dynamics, influenced by trends and what the model expects the balance between labour demand and supply to be in different areas. The reality is that it may be entirely reasonable to expect an area which sees stronger growth in labour supply (than labour demand) to see an increase in net out-commuting (and visa-versa). Moreover major employment centres typically draw in labour from surrounding areas.

8.16 Changes in commuting dynamics however have potential cross-boundary implications (in that if one authority assumes that net out-commuting falls, this would impact on other authorities). Therefore, the standard modelling approach in technical assessments such as this is to assume that the 'commuting ratio' is held constant. This is to ensure the assessment is undertaken on a policy-off basis. This means that the balance between the number of people living and working in an area remains constant. Table 34 shows the current commuting ratio, based on 2011 Census data.

Table 34: Commuting Ratios

	Work in area	Live in area	Commuting ratio
Halton	57,638	57,771	1.00
Knowsley	57,469	61,932	1.08
Liverpool	236,934	197,457	0.83
Sefton	103,528	122,709	1.19
St Helens	65,252	78,862	1.21
Warrington	115,466	101,235	0.88
West Lancashire	49,881	52,045	1.04
Wirral	112,947	140,681	1.25

Source: 2011 Census

8.17 Applying the double jobbing and commuting ratios to the forecast employment growth (shown in Table 32) results in the following expected changes in the resident workforce over the 2012-37 period:

Table 35: Expected Changes in Resident Workforce, 2014-37

	Baseline		Growth Scenario	
	Additional jobs 2014-37	Change in resident workforce	Additional jobs 2014-37	Change in resident workforce
Halton	4,608	4,502	13,273	12,970
Knowsley	3,149	3,317	6,498	6,846
Liverpool	23,231	18,842	62,106	50,373
Sefton	-1,349	-1,545	2,655	3,041
St Helens	4,630	5,443	18,546	21,803
Warrington	21,687	18,418	22,747	19,318
West Lancashire	3,274	3,302	4,076	4,111

Wirral	2,430	2,930	8,073	9,735
Mid-Mersey HMA	30,925	28,363	54,566	54,091
Liverpool HMA	30,734	26,846	83,407	74,105
Total	61,659	55,209	137,974	128,196

8.18 Next it is necessary to consider expected changes in the employment rate and economic participation.

Economic Participation Assumptions for the Baseline Scenario

8.19 The Baseline forecast assumes 'business as usual' and thus it is reasonable to expect limited changes in economic participation in this scenario; which sees relatively modest employment growth relative to regional/ national trends. We have therefore modelled changes to employment rates which take account of the expected impact of increasing state pension ages over the forecast period along with some modest changes in other age groups. The detailed modelling assumptions are set out in Appendix C.

8.20 These show small changes to the economically active population aged up to about 55 (including reductions in activity rates for people aged 16-24 – partly linked to compulsory education to age 18). Older age groups are modelled to see more notable increases in activity, which is linked to pensionable age changes as well as a general trend for people to work longer (linked to improving health and a general reduction in people's pension availability). The rates of change for economic activity are based on data provided by Experian at a national level, which has been modelled locally based on activity rate data shown in the 2011 Census.

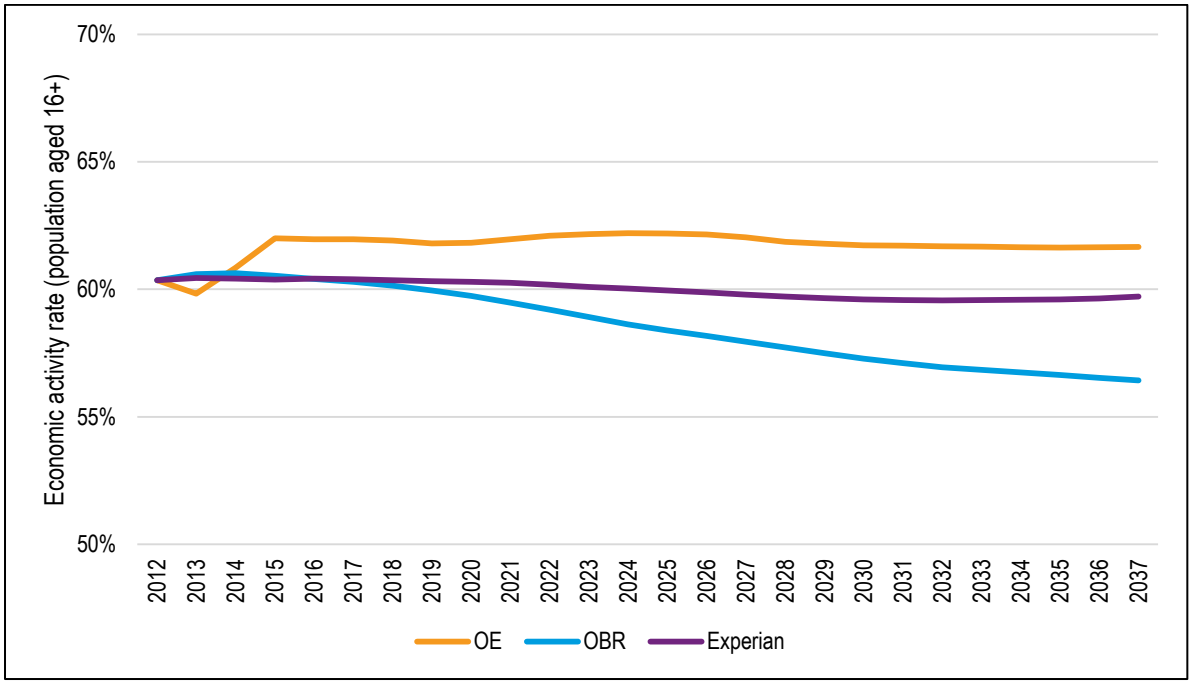
8.21 It is considered that the activity rate changes forecast by Experian are fairly realistic when set against other factors (such as projected population growth and job forecasts at a national level). Additional charts in the Appendix show a comparison of the assumed activity rates in LCR with alternatives from Oxford Economics (OE) and the Office for Budget Responsibility (OBR). It can be seen that the modelled rates typically sit somewhere in between these alternatives, reinforcing them as realistic in a local context.

8.22 Figure 48 shows a comparison of the activity rate modelled herein based on our (Experian linked) assumptions, to those from OE and also OBR. It should be noted that the OE figures are based on an employment rate that has been rebased (in 2012) to be consistent with estimated economic activity rates for the same period. The general trend will therefore hold true and a reasonable comparison can be made.

8.23 Overall, the economic activity rates assumed in the Baseline Scenario show a very slight decline from 2012 to 2037 – this is due to demographic change and an increasing proportion of older

people in the population. Whilst, the activity rates of older people are forecast to increase; it remains the case that these will remain below those seen in other (younger) age groups.

Figure 48: Changes to Economic Activity Rates (Population Aged 16+) – Liverpool City Region (2012-37) – Baseline Scenario



Source: Oxford Economics, OBR and Experian (rebased using 2011 Census data)

Economic Participation Assumptions in the Growth Scenario

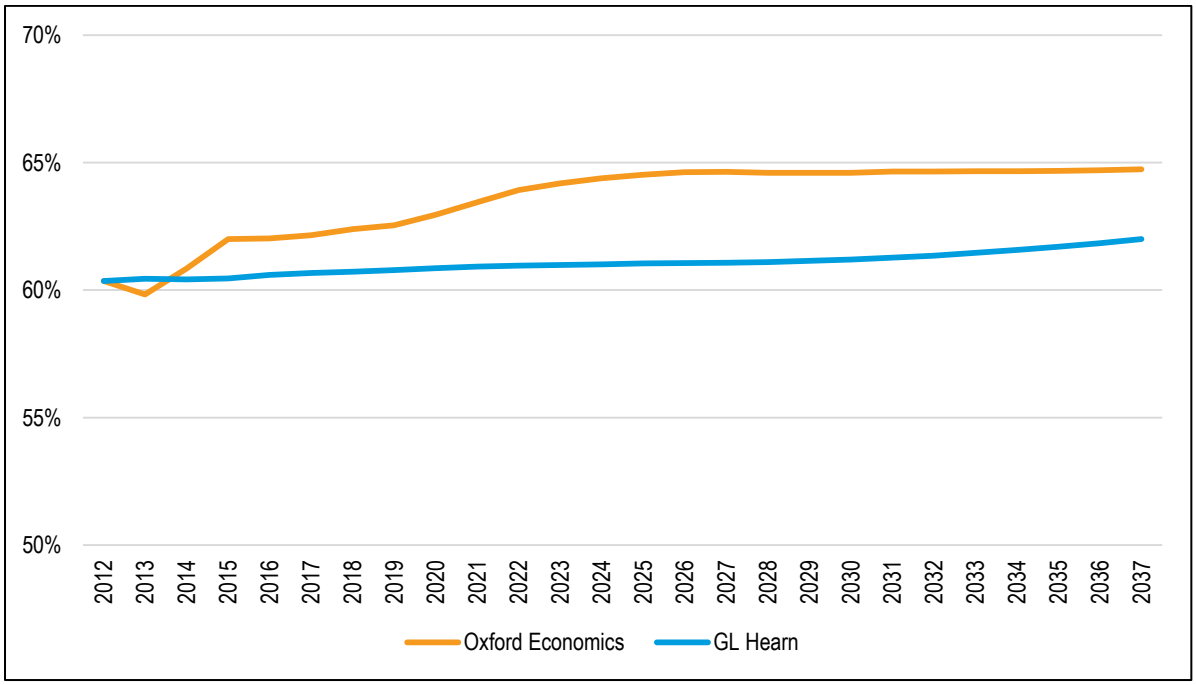
8.24 As set out in Section 4, an analysis of the City Region's economy shows relative low employment rates compared to most wider benchmarks and comparable areas.

8.25 GL Hearn has assessed Oxford Economics' assumptions (which assume notably stronger improvements in economic participation in the Growth Scenario than the Baseline) and undertaken further analysis of the potential for improvements in employment rates. Within the two HMAs, all areas besides Warrington have an employment rate which is below the national average. The greatest scope for improvement in the employment rate, as identified is in Liverpool and Knowsley. The modelling for the Growth Scenario therefore assumes that the economic activity rate increases above the baseline position and rises to half of the difference between the current rate and the national average rate by the end of the forecast period. The detailed modelling assumptions are set out in Appendix C.

8.26 Figure 49 shows how the economic activity rate (expressed as a rate of the total population aged 16+) is forecast to increase in this scenario. A comparison is also made with figures provided by Oxford Economics (note there is no equivalent data from OBR). For the whole of the City Region it

can be seen that the assumptions used see some increase in the overall activity rate, although by 2037 the figure is still 2.7 percentage points below the figure within Oxford Economics own forecasts.

Figure 49: Changes to Economic Activity Rates – Liverpool City Region (2012-37) – Scenario uplift



Housing Need to Support Economic Growth

8.27 To calculate the housing need necessary to support employment growth, the employment rate changes envisaged are inputted and migration adjusted (either upwards or downwards) to support the necessary growth in labour supply. This recognises that both in- and out-migration of working-age people can be influenced by the availability of employment.

8.28 The results are shown in Table 36. This applies adjusted headship rate identified in the demographic analysis in the previous section. This shows the number of dwellings required across the two HMAs to support the Baseline Scenario is 4,015 dpa. The Growth Scenario suggests a need across the two HMAs of 6,122 dpa.

Table 36: Projected Economic-Driven Housing Need (Dwellings per Annum, 2012-37)

	Baseline Scenario	Growth Scenario
Halton	326	565
Knowsley	271	373
Liverpool	862	1,791
Sefton	454	587
St Helens	397	855
Warrington	949	973
West Lancashire	221	241
Wirral	536	737
Mid Mersey HMA	1,671	2,393
Liverpool HMA	2,343	3,729
City Region (+Warrington+West Lancs)	4,015	6,122

8.29 Table 37 provides a comparison between the demographic-based dwelling requirement and the economic-led dwelling requirement. In all local authorities and across both HMAs the economic-led housing need in the Growth Scenario is greater than the demographic-based need. The economic-led need in the Baseline Scenario is higher than the demographic need in Halton, Warrington and West Lancashire.

Table 37: Comparison Between the Demographic-Based and the Economic-Led Dwelling Requirement (DPA, 2012-37)

	Headship Assumptions	2014-based SNPP	Baseline Scenario	Growth Scenario
Halton	Adjusted headship	254	326	565
Knowsley	2014-headship	280	271	373
Liverpool	2014-headship	1,739	862	1,791
Sefton	2014-headship	540	454	587
St Helens	2014-headship	416	397	855
Warrington	2014-headship	762	949	973
West Lancashire	Adjusted headship	200	221	241
Wirral	2014-headship	664	536	737
Mid Mersey HMA		1,432	1,671	2,393
Liverpool HMA		3,152	2,343	3,729
City Region (+WL)		4,584	4,015	6,122

Housing and Economic Growth – Key Points

- To support the Baseline Economic Growth Scenario would imply a need for 2,343 homes pa across the Liverpool HMA, which is below the trend-based (2014-based) demographic projections. It would imply a need for 1,671 homes pa in the Mid Mersey HMA, which is 17% greater than the trend-based demographic projections. This is modelled assuming the commuting ratio remains constant and the employment rate 16+ falls modestly from 60.4% to 59.7% between 2012-37.

- At a local authority level, the Baseline Economic Growth Scenario points to a higher level of housing need relative to the trend-based (2014-based) demographic projections in Halton, Warrington and West Lancashire.

- The Growth Scenario results in a higher level of housing need in all areas, with a need for 2,393 dpa in the Mid Mersey HMA and 3,729 dpa in the Liverpool HMA (2012-37). This takes account of enhanced sector performance, planned/ potential development and regeneration projects; and assumes that half of the difference in economic participation between local authorities and that nationally is made up over the period to 2037.

9 AFFORDABILITY AND HOUSING MARKET SIGNALS

9.1 Planning Practice Guidance (PPG) on *Housing and Economic Development Needs Assessments* sets out that the "market signals" should be considered to provide information on housing demand, and the balance between supply and demand for market housing. The PPG outlines that:

> *"The housing need number suggested by household projections (the starting point) 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. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."*

9.2 Relevant market signals are identified in the PPG, and are considered in this section. In addition consideration is given to the need for affordable housing, drawing on existing affordable housing needs evidence and recognising that there is a clear relationship between the affordability of market housing and the need for affordable housing.

9.3 The analysis is geared at understanding housing market dynamics and considering if there is a case for adjustment to overall housing provision to improve affordability. Its focus therefore necessarily differs from how previous SHMA and related studies may have considered these issues.

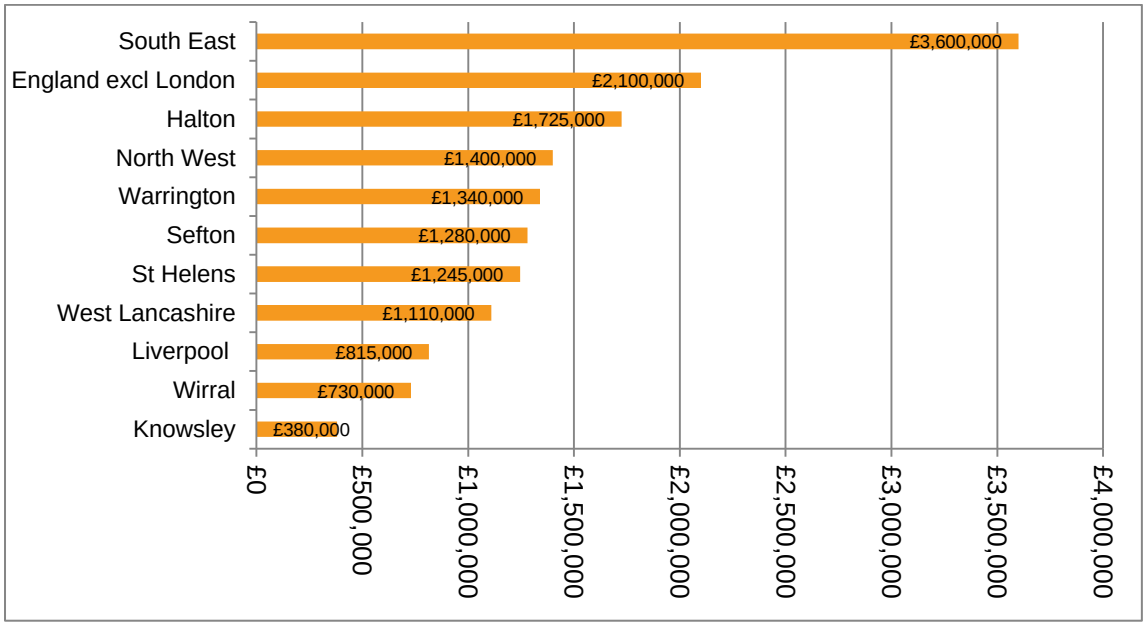
Land Values

9.4 CLG's publication *Land Value estimates for Policy Appraisal* (Dec 2015) provide estimates of residential land values (post planning permission) for local authorities in England. Land value premiums provide direct intelligence on areas where there is a shortage of residential land.

9.5 As Figure 50 shows, land values across the local authorities in both housing market areas are substantially below the national average. Residential land values in Liverpool are for instance 61% below the national average (excluding London).

9.6 Halton is the only local authority where land values exceed the North West average (by 23%). However there will be many areas within the region where land values exceed the average, and values in Halton are 18% below the national average (excluding London).

Figure 50: Residential Land Values per Hectare, Dec 2015



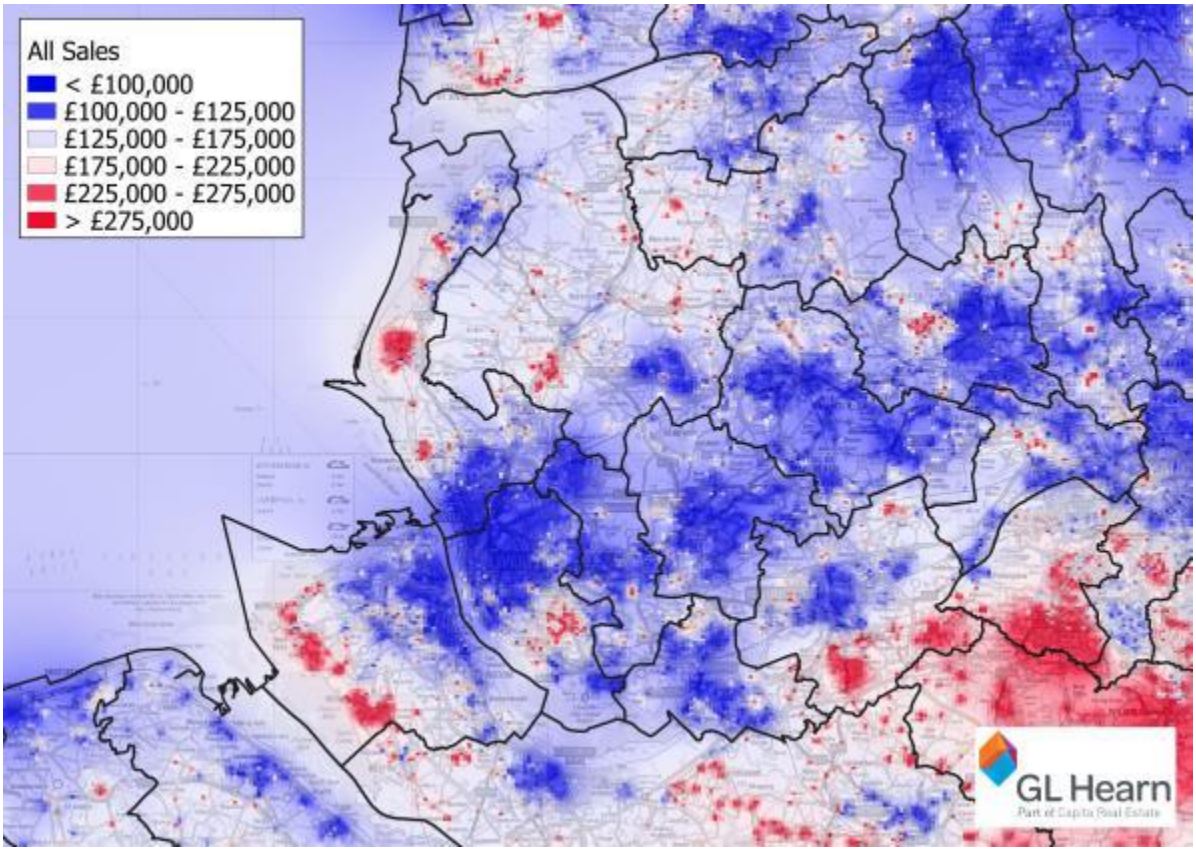
Source: CLG Land Values for Policy Appraisal

House Price and Sales Trends

9.7 House prices provide information on the relative demand for housing in different areas. Figure 51 profiles median house prices in 2015. It illustrates a band of relatively low house prices stretching along the M62 Corridor, and highlights that house prices across most of the main towns in both the Liverpool and Mid Mersey HMAs fall below £125,000.

9.8 Within the Liverpool HMA, there are areas of higher house prices (> £175,000) on the western side of Wirral; in Crosby, Formby and parts of Southport within Sefton; in Ormskirk and some rural parts of West Lancashire; and in some neighbourhoods within South Liverpool. However within each of these authorities, there are areas of both higher and lower house prices.

Figure 51: Median House Price Heat Map, 2015



Source: GLH Analysis of HMLR Price Paid Data

9.9 Median house prices across the Liverpool HMA are 33% below the national average and 3% below the North West average. In the Mid Mersey HMA, prices are 32% below the national average, and 1% below the regional average.

9.10 An analysis of median house prices at a local authority level indicates that it is in West Lancashire, Warrington, Sefton and Wirral where prices are above the North West average, and only in West Lancashire to any significant degree. Median house prices in Liverpool, Knowsley and St Helens are more than 15% below the regional average.

9.11 Lower quartile (LQ) house prices across all of the authorities considered are below the national average. LQ prices are above the regional average in West Lancashire (28% higher), Warrington (19% higher), and to a lesser extent Sefton and Wirral, as shown in Table 38.

Table 38: Median and Lower Quartile House Prices, 2015

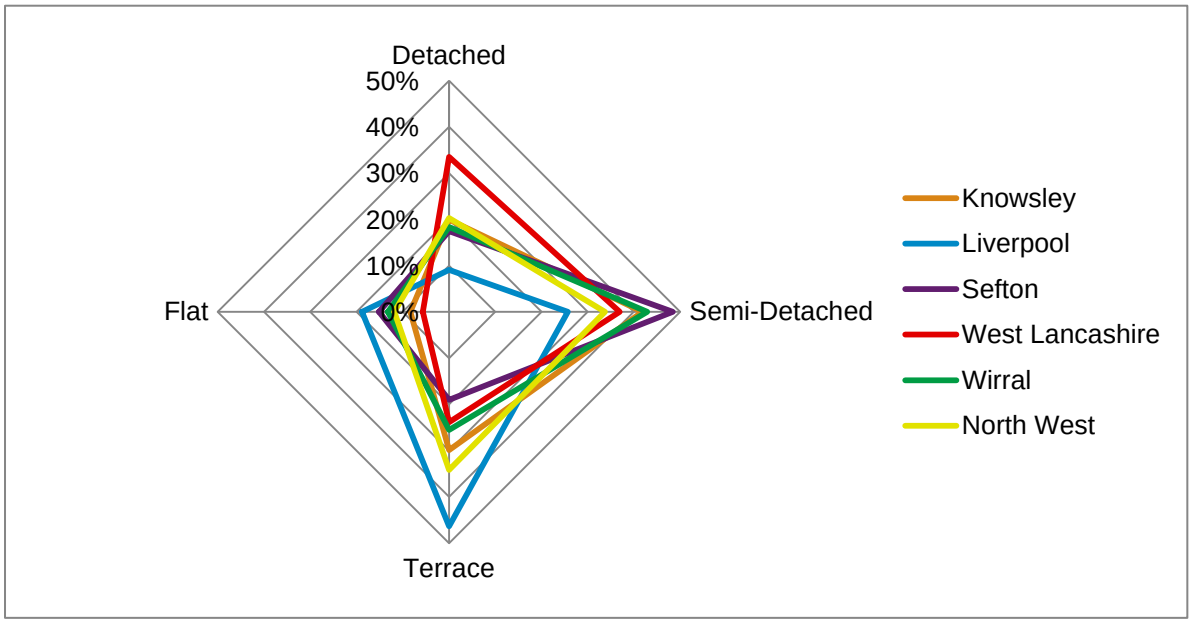
	Median, 2015	Differential to North West	Lower Quartile, 2015	Differential to North West
Halton	£127,000	-9%	£86,375	-11%
St Helens	£117,000	-16%	£78,000	-20%
Warrington	£160,000	14%	£115,000	19%
Mid Mersey HMA	£139,046	-1%		
Knowsley	£115,000	-18%	£79,000	-19%
Liverpool	£118,250	-16%	£77,000	-21%
Sefton	£148,250	6%	£110,000	13%
West Lancashire	£167,000	19%	£123,750	28%
Wirral	£142,500	2%	£104,000	7%
Liverpool HMA	£135,499	-3%		
North West	£140,000	0%	£97,000	0%
England and Wales	£203,500	45%	£135,000	39%

Source: GLH Analysis of HM Land Registry Price Paid Data

9.12 Median house prices are influenced by the stock mix and mix of homes sold in different areas: it is reasonable to expect higher average house prices in an area with a greater concentration of larger properties.

9.13 Within the Liverpool HMA, the lower median house price in Liverpool is influenced in part by a higher concentration of terraced and flatted properties (as is common in cities). In contrast, West Lancashire sees a higher proportion of detached sales which make up more than a third of sales.

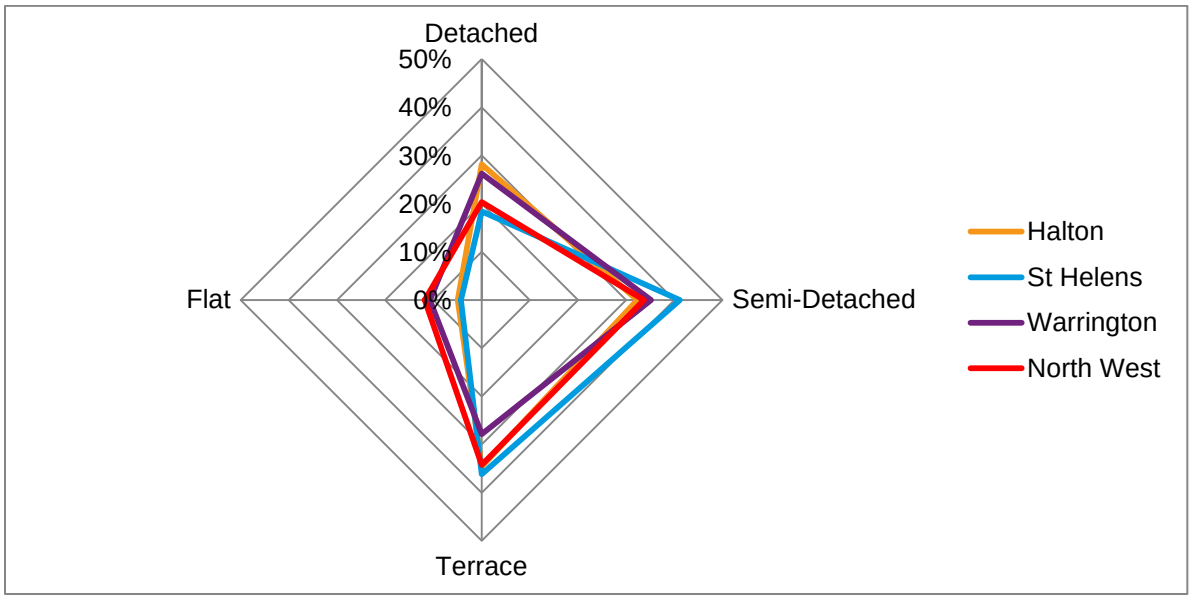
Figure 52: Mix of Properties Sold – Liverpool HMA, 2015



Source: GLH Analysis of HM Land Registry Price Paid Data

9.14 Within the Mid Mersey HMA, both Halton and Warrington show an above average representation of detached and semi-detached sales. In Halton, this is due to a particularly high proportion of new build sales skewing the figures for detached and semi-detached sales higher. In Warrington, it reflects the higher proportion of these house types in the Borough. St Helens has the highest proportion of semi-detached sales.

Figure 53: Mix of Properties Sold- Mid Mersey HMA, 2015



Source: GLH Analysis of HM Land Registry Price Paid Data

9.15 The analysis highlights that above average median house prices (relative to the north west) in West Lancashire and Warrington reflect the housing mix in these areas, which have a high proportion of detached (and to a lesser extent semi-detached) sales in relative terms.

9.16 House price changes have also been analysed. The PPG outlines that long-term changes in house prices may indicate an imbalance between housing supply and demand. GL Hearn have assessed house price changes over various time periods, considering absolute and relative changes as the PPG advises.

9.17 In considering changes in house prices it is important to recognise the impact of macro-economic factors, and thus it is relevant to consider trends over the last five years (2010-2015) as these can differ from longer-term trends.

9.18 Table 39 provides an analysis of absolute changes in house prices. Looking over the past 10 or 15 years, house price growth across all authorities has been below the national average. It has been above the North West average in Sefton, Wirral and West Lancashire over a 15 year period, but not to a substantive degree; however these authorities have seen strong recent house price growth. Halton has seen above average house price growth relative to the North West over the past five years.

Table 39: Absolute Changes in House Prices per Year

	1 Year	5 Year	10 Year	15 Year
Knowsley	-£3,000	£0	-£300	£4,028
Liverpool	-£2,500	£200	£350	£4,337
Sefton	£10,700	£2,990	£1,970	£6,113
Wirral	£8,950	£2,790	£2,395	£6,197
West Lancashire	£7,974	£4,000	£2,300	£6,333
Halton	£5,000	£3,004	£1,100	£4,816
Warrington	£0	£800	£2,000	£5,750
St Helens	-£792	£0	£450	£4,047
North West	£3,005	£2,010	£2,000	£5,533
England & Wales	£12,000	£5,400	£4,700	£8,300

Source: GLH Analysis of HM Land Registry Price Paid Data

9.19 The rate of growth in percentage terms is shown below. Price growth over the last five or ten years in comparative terms has been relatively weak in many areas, in all cases falling below that seen nationally. Looking at the long-term trend over 10 or 15 years shows that it is only in Wirral that rates of house price growth have exceeded that seen at a national or regional level.

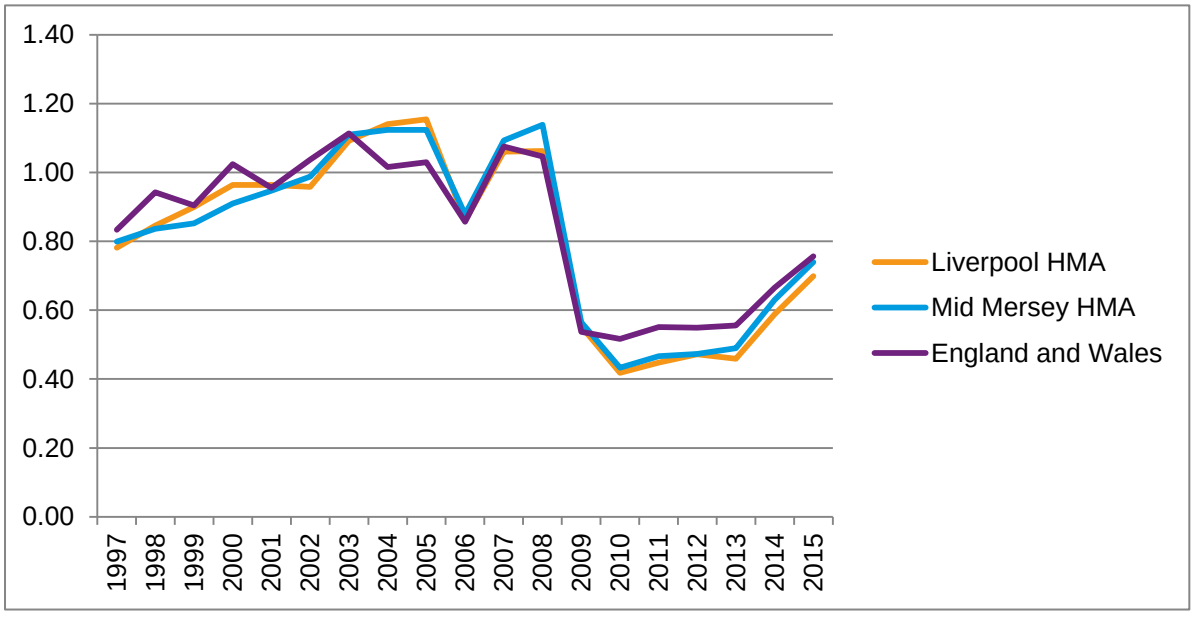
Table 40: % Growth in House Prices per Year (CAGR)

	1 Year	5 Year	10 Year	15 Year
Knowsley	-2.6%	0.0%	-0.3%	5.3%
Liverpool	-2.1%	0.2%	0.3%	5.7%
Sefton	7.4%	2.0%	1.4%	6.1%
Wirral	6.4%	2.0%	1.8%	6.7%
West Lancashire	5.1%	2.6%	1.5%	5.9%
Halton	4.2%	2.6%	0.9%	5.9%
Warrington	0.0%	0.5%	1.4%	5.6%
St Helens	-0.7%	0.0%	0.4%	5.1%
North West	2.2%	1.5%	1.6%	6.2%
England & Wales	6.2%	2.8%	2.6%	6.3%

Source: GLH Analysis of HM Land Registry Price Paid Data

9.20 Sales data provides information on effective demand for market housing. Figure 54 shows sales trends benchmarked relative to average sales over the pre-recession decade (1998-2007). It highlights that in both HMAs, sales volumes dropped dramatically between 2008-9 on the onset of the credit crunch; and that it was not until 2013 that a substantive recovery set in. This is influenced by macro-economic factors. Whilst sales recovered strongly during the 2013-15 period, they remain 30% below the pre-recession average in the Liverpool HMA and 26% below in the Mid Mersey HMA relative to 24% nationally. This continues to point to effective market demand remaining below long-term trends.

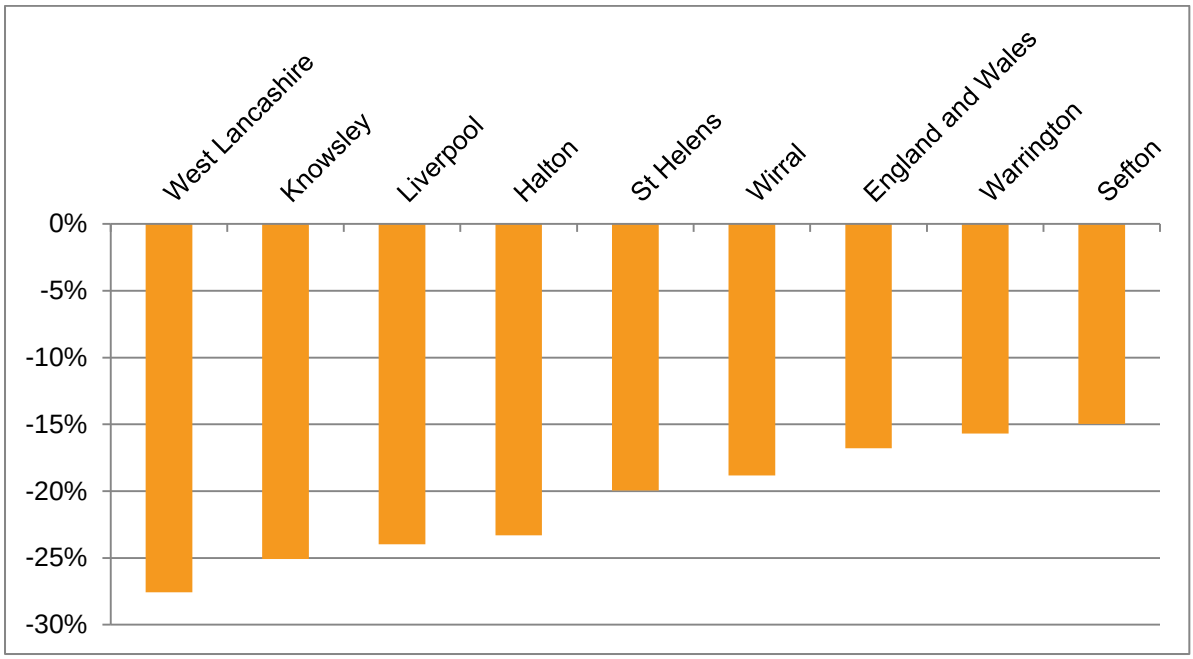
Figure 54: Sales Trends, 1997 – 2015



Source: GLH Analysis of HMLR Price Paid Data / CLG Housing Statistics

9.21 The position for individual local authorities is shown below. Sales in 2015 were a substantial 28% below pre-recession levels in West Lancashire, and 25% below in Knowsley. Only Sefton and Warrington have shown a stronger relative recovery in sales than the position nationally. In general there is a correlation between those authorities which have seen stronger recent house price growth and a stronger recovery in sales. West Lancashire is however an exception to this.

Figure 55: Sales in 2015 relative to Pre-Recession Average



Source: GLH Analysis of HMLR Price Paid Data

Trends in Private Rents

9.22 Across most of the authorities in the two HMAs, private rental levels per calendar month (PCM) are below the North West average; and in all cases rents levels are below the national average. The exceptions are West Lancashire and Warrington, where rents are a modest £25 PCM above the regional average (a 5% differential).

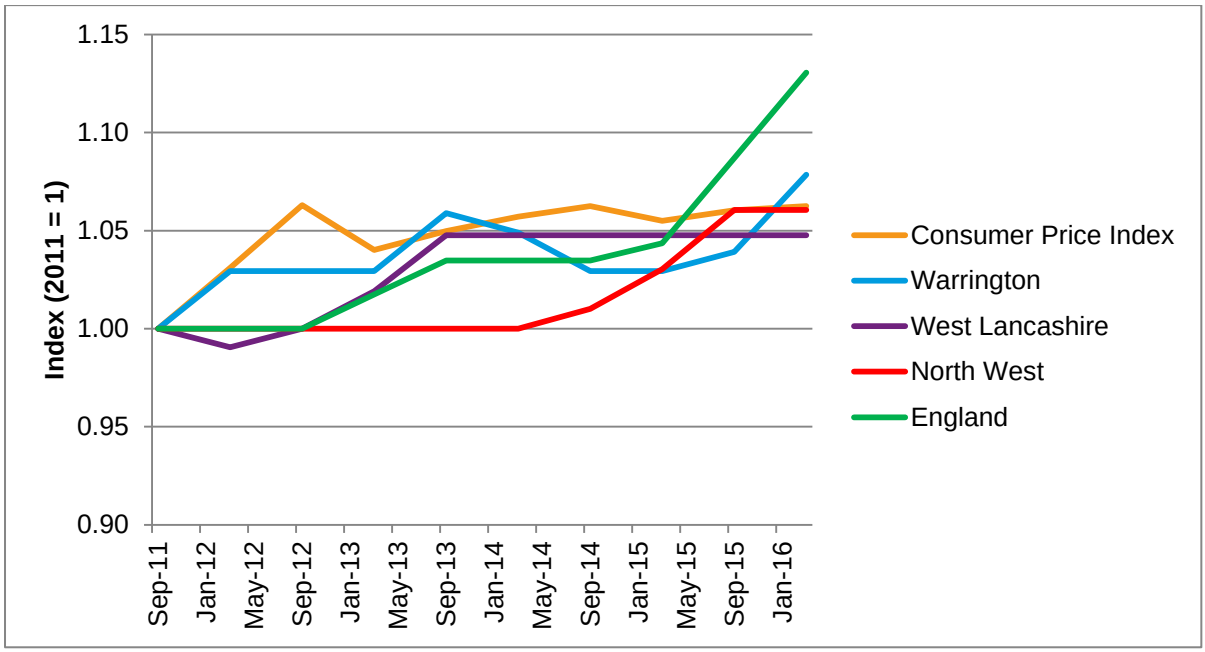
9.23 The trend in rents across much of the Liverpool HMA, and in particular in the City, has been downwards over the period since 2001. Rental growth in nominal terms has been seen in West Lancashire and Warrington, but it is only Warrington that has seen growth in real terms. Rental growth where it has been seen has been below growth rates seen nationally.

Table 41: Rental Cost and Trends

	Median Rent, Year to March 2016	Differential vs. NW	Price Growth PA 2011-16
Knowsley	£525	£0	-0.8%
Liverpool	£450	-£75	-2.1%
Sefton	£525	£0	-0.8%
West Lancashire	£550	£25	1.0%
Wirral	£500	-£25	-1.1%
Halton	£500	-£25	0.2%
St Helens	£475	-£50	0.0%
Warrington	£550	£25	1.7%
North West	£525	£0	1.3%
England	£650	£125	2.8%

Source: GLH Analysis of VOA Private Rental Market Statistics

Figure 56: Rental Trends in Selected Authorities



Source: GLH Analysis of VOA Private Rental Market Statistics

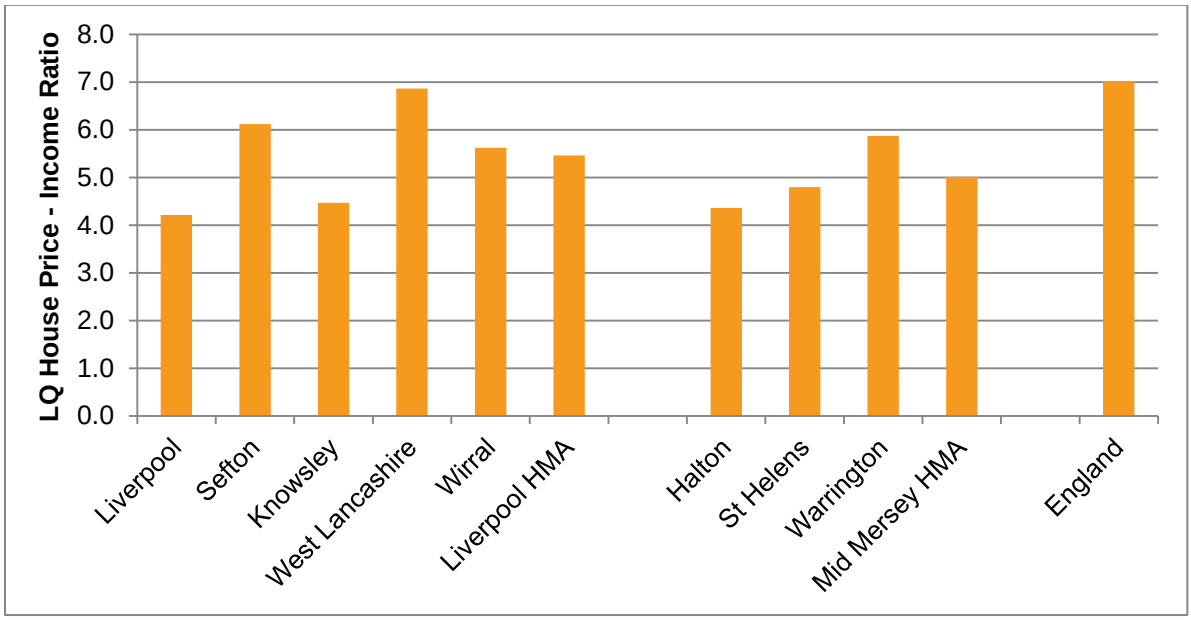
Affordability

9.24 The PPG sets out that the ratio of lower quartile house prices to lower quartile incomes can be used to assess the affordability of housing. The ratio provides an indication of the relative ability of younger households to be able to get on the housing ladder. It should be borne in mind that the ratio is relatively simplistic; households' actual ability to afford to buy will be influenced by their

ability to maintain mortgage repayments (influenced by interest rates) as well as their ability to obtain mortgage finance, including available savings which can be put towards a deposit.

9.25 As Figure 57 indicates, the lower quartile affordability ratio in 2015 in both HMAs (and in all of their constituent authorities) is below the national average of 7.0. Within the Liverpool HMA, the ratio is below 5.0 in Liverpool and Knowsley, and is highest in West Lancashire at 6.9. In the Mid Mersey HMA, the ratio is below 5.0 in both Halton and St Helens, and stands at 5.9 in Warrington.

Figure 57: Lower Quartile Affordability Ratio, 2015



Source: CLG Housing Statistics

9.26 Table 42 analyses how the lower quartile house price to income ratio has changed, and also shows the median ratio. Over the previous five years (2010-15), the ratio has improved in Sefton and remained at a similar level across the other authorities and both HMAs. The ten year change points to affordability improving marginally across both HMAs. However the fifteen year change shows a growth in the affordability ratio across all authorities. For all periods, the affordability ratio across England has increased at a higher rate than either of the HMAs.

Table 42: Changes in Lower Quartile Affordability Ratio

	Median Ratio	LQ Ratio	5 Year Change	10 Year Change	15 Year Change
Liverpool	4.64	4.21	0.4	0.3	1.9
Sefton	6.14	6.12	-0.8	-0.4	2.3
Knowsley	4.55	4.47	0.2	-0.6	1.4
West Lancashire	6.63	6.86	0.1	-0.1	3.1
Wirral	5.46	5.63	-0.3	0.5	2.6
Liverpool HMA	5.49	5.46	-0.1	-0.1	2.3
Halton	4.50	4.36	0.1	-0.6	1.8
St Helens	5.18	4.80	0.0	-0.2	2.1
Warrington	6.12	5.87	0.4	-0.5	2.4
Mid Mersey HMA	5.27	5.01	0.1	-0.4	2.1
England	7.49	7.02	0.3	0.2	3.1

Source: GLH Analysis of CLG Housing Statistics

Overcrowding

9.27 Table 43 shows the number of overcrowded households in each area. That is, households which currently live in a property with fewer rooms than required for the members of the household. With the exception of Liverpool, all authorities had a lower overcrowding rate than either the North West average (6.2%) or the national average (8.5%) in 2011.

9.28 The table also shows the change in the proportion of overcrowded households since 2001. Halton, Knowsley, and St. Helens have seen a reduction in the proportion of overcrowded households during this period, while Sefton and West Lancashire have seen zero change. Wirral has seen a modest growth of 0.3 percentage points (pp) while Liverpool has seen a growth of 2.1 pp. By comparison the North West has seen a growth of 0.8 pp over this period while the UK has seen a growth of 1.pp.

Table 43: Overcrowded Households

	Overcrowded Households 2011	Overcrowded Households 2011	Overcrowded Households 2001	Overcrowded Households 2001	Change 2001-11
Halton	2,638	4.9%	2,515	5.2%	-0.3%
Knowsley	3,642	5.9%	4,392	7.3%	-1.3%
Liverpool	20,032	9.7%	14,191	7.6%	2.1%
Sefton	5,701	4.8%	5,593	4.8%	0.0%
St Helens	3,102	4.1%	3,493	4.8%	-0.7%
West Lancs	1,577	3.5%	1,514	3.5%	0.0%
Wirral	5,503	3.9%	4,878	3.7%	0.3%
North West	187,816	6.2%	152,248	5.4%	0.8%
England and Wales	1,995,860	8.5%	1,510,422	7.0%	1.6%

Source: Census 2011 and 2001

9.29 Table 44 shows the number of concealed households in each area. This shows that Knowsley (2.20%) is the only area with a level of concealed housing above the regional (1.62%) or national (1.84%) averages in 2011. Also shown is the percentage point change in concealed households between 2001 and 2011. This shows the percentage point increase in all areas is lower than either the North West (0.50%) or England and Wales (0.68%) growth over this period.

Table 44: Concealed Households

	Concealed Households 2011	Concealed Households 2011	Concealed Households 2001	Change 2001-11
Halton	537	1.45%	1.07%	0.38%
Knowsley	846	2.02%	1.56%	0.46%
Liverpool	2,076	1.78%	1.34%	0.44%
Sefton	1,174	1.49%	1.20%	0.29%
St Helens	660	1.26%	0.99%	0.27%
West Lancashire	470	1.44%	1.04%	0.41%
Wirral	1,302	1.42%	0.93%	0.49%
North West	32,128	1.62%	1.11%	0.50%
England and Wales	289,295	1.84%	1.16%	0.68%

Source: Census 2011 and 2001

Rates of Development

9.30 Planning Practice Guidance outlines that the rate of development should be considered, with a meaningful period used to assess housing supply. If this historic rate of development shows that actual supply fell below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.

9.31 The last recession had a particular impact on housing supply, both at a national and local level. GL Hearn consider in this context that a meaningful period would need to include periods of both stronger and weaker housing market conditions (based on national dynamics), and have therefore sought to assess trends over the period since 2002. It should however be borne in mind that in the early 2000s there was evidence of low demand and market failure in parts of the Liverpool HMA.

9.32 Moreover it is important to recognise the context through which housing targets were derived. Historically housing targets have been set out through the Regional Spatial Strategy which sought to promote urban renaissance, and in doing so directed growth to the re-use of brownfield land in the urban cores within the region.

9.33 Over the period since 2002, there has been a 5% over-delivery within the Mid Mersey HMA; but a 32% under-delivery in the Liverpool HMA driven by low delivery within Knowsley, Liverpool, Sefton and Wirral (all of which contained areas of low demand designated for housing market renewal). It is important to note that the data in Table 45 shows net completions and is impacted by high

number of demolitions, particularly in Knowsley, Liverpool, and Sefton, resulting from the Housing Market Renewal Initiative.

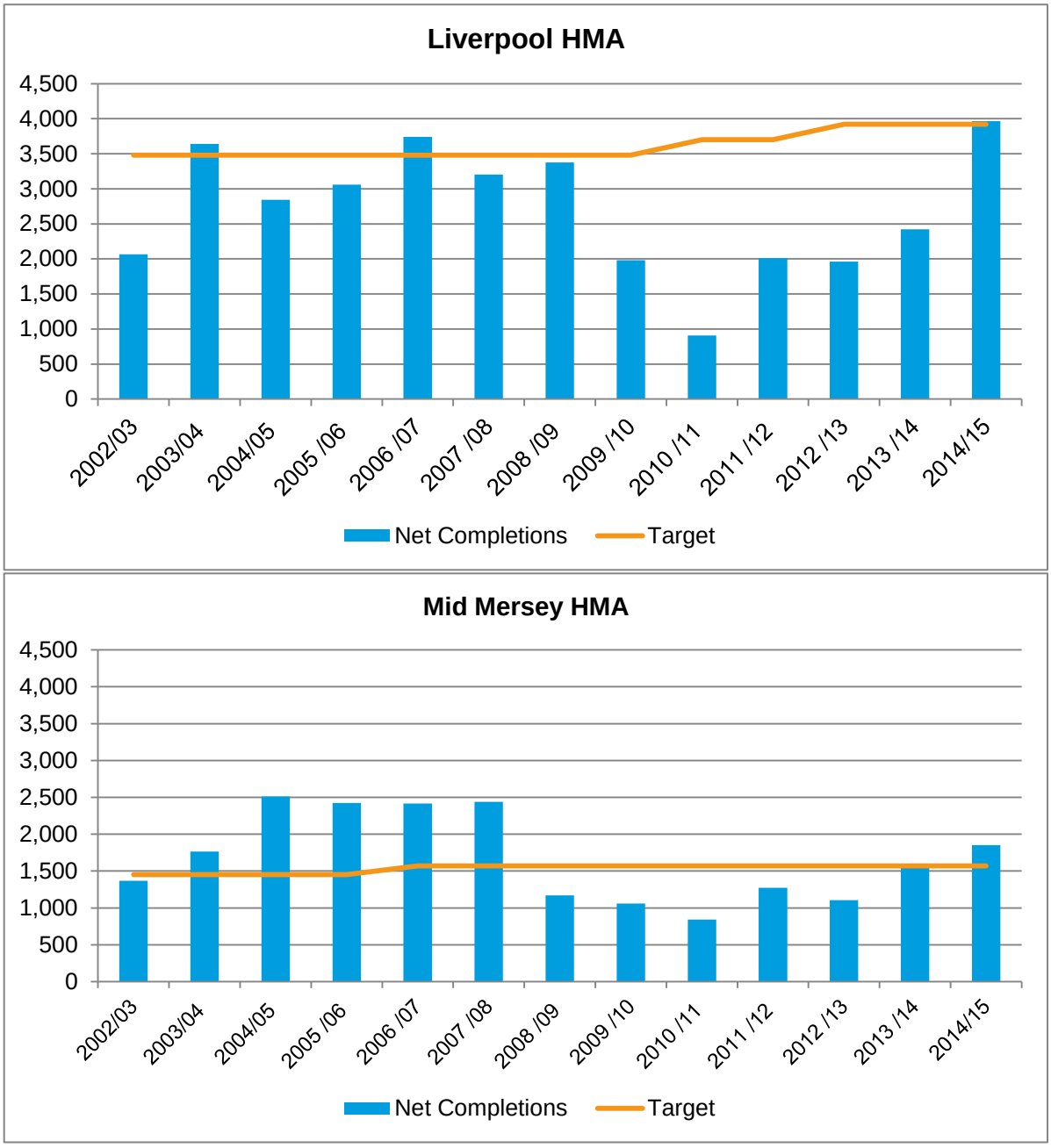
Table 45: Housing Delivery related to Targets, 2002-2015

	Net Completions	Housing Requirement	% Over/ Under Delivery
Liverpool	16,432	26,007	-37%
Wirral	4,780	6,500	-26%
Knowsley	3,144	5,630	-44%
West Lancashire	3,412	3,906	-13%
Sefton	5,256	6,500	-19%
Liverpool HMA	33,018	48,543	-32%
St Helens	5,658	7,410	-24%
Halton	4,581	6,590	-30%
Warrington	10,751	6,020	79%
Mid Mersey HMA	20,990	20,020	5%

Source: GLH Analysis of Annual Monitoring Reports

9.34 Figure 58 plots the housing delivery trends in each of the HMAs. The influence of the recession and credit crunch on housing delivery between 2008-13 is self-evident. These is a clear correlation between the trend in housing completions shown with the overall housing sales trends; which strongly suggests that demand-side rather than supply-side factors drove the reduction in housing delivery (given that new-build sales typically make up less than 10% of total sales).

Figure 58: Housing Delivery Trend



Source: GLH Analysis of Annual Monitoring Reports

Market Signals – Key Points

- Land values across the City Region are below the national average, with only Halton exceeding the north west average. Median prices across the main towns fall below £125,000, and overall across both HMAs prices are on average a third below the national average – a significant differential.
- Lower quartile (entry level) house prices are below the national average, and only significant above the North West average in West Lancashire and Warrington. Relative to incomes, lower quartile prices are below the national average in both HMAs. They are highest in West Lancashire at 6.9 in 2015.
- House price growth has exceeded the regional average in the longer-term in West Lancashire, Wirral and Sefton in absolute terms; but in proportional terms only in the Wirral. Growth in all areas has fallen below the national average.
- Rents are relatively low relative to national benchmarks, with no particularly high cost rental areas relative to the regional average. Rental growth since 2011 in all areas has been below regional/ national benchmarks.
- Whilst there is evidence of under-delivery of housing, this is principally 2008-13, which correlates to a national slump in housing delivery influenced by macro-economic factors which saw demand fall.

Affordable Housing Need

9.35 The SHELMA Report has not specifically assessed the need for affordable housing. However affordable housing needs evidence is a consideration in drawing conclusions on the overall objectively assessed housing need.

9.36 The need for affordable housing is dealt with separately in the PPG, with guidance provided on how this is assessed alongside information on how needs for different types of housing should be assessed. The Guidance states that affordable need should be calculated by "*adding together the current unmet housing need and the projected future housing need [for affordable housing] and then subtracting this from the current supply of affordable housing stock.*"[20] It is important to recognise the following with regard to assessing affordable need:

- Firstly, it clearly includes existing households – the types of households identified as having a current need include those with insecurity of tenure, overcrowded households, those lacking facilities or with a social/physical impairment which cannot be met *in situ*. This includes households across a range of tenures who are in need
- Secondly, it clearly includes supply-side factors – with the estimate of need expected to be compared against the current total affordable housing supply and committed supply of affordable housing, and future supply taking account of relets.

[20] ID 2a-022-20140306

9.37 This is in contrast to other parts of the methodology where supply-side factors are left aside, and the focus is on *net* growth in households/ dwellings. This is an important consideration when the assessed affordable need is compared against demographic projections.

9.38 The PPG identifies that the affordable housing need should be identified as an annual flow, and that:

> *"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 to deliver the required number of affordable homes."*[21]

9.39 GL Hearn recognise that there has been some debate over the last couple of years so over whether affordable housing need is thus a component of the OAN, or that there is a separate requirement in setting policy to consider adjusting upwards the housing requirement to boost affordable housing delivery. The appropriate approach has been confirmed by the High Court in *Kings Lynn & West Norfolk vs. SSCLG & Elm Park Holdings Ltd.*[22] In this judgement, Mr Justice Dove notes the "ingredients" involved in assessing the full OAN, and that this necessitated considering a range of relevant data for which there is no one set methodology and which will involve elements of judgement. He went on to outline how the need for affordable housing should be considered in drawing conclusions on the OAN:

> *"31 In terms of the first element of the assessment in the first of the sub-bullet points in paragraph 159, namely meeting household and population projections taking account of migration and demographic change, the PPG illustrates that this is a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgment about trends and the interpretation and application of the empirical material available.*
>
> *These judgments will arise for instance in relation to whether, for example, adjustments for local demography or household formation rates are required (see paragraph ID 2a-014–20140306), and the extent and nature of adjustments for market signals (see paragraph ID 2aa-018–20140306). Judgment will further be involved in taking account of economic projections in undertaking this exercise.*
>
> *32 At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the*

[21] ID 2a-029-20140306
[22] *Kings Lynn & West Norfolk vs. SSCLG & Elm Park Holdings Ltd* [2015] EWHC 2464 (Admin)

need for affordable housing as well as different forms of housing required to meet the needs of all parts of the community. Again, the PPG provides guidance as to how this stage of the assessment should be conducted, including in some detail how the gross unmet need for affordable housing should be calculated. The Framework makes clear these needs should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed. It is no doubt for this reason that the PPG observes at paragraph ID 2a-208–20140306 as follows:

"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 total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."

33 This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA "addresses" these needs in determining the FOAN. They should have an important influence increasing the derived FOAN since they are significant factors in providing for housing needs within an area."

9.40 It seems clear from this that the expectation is that it may be necessary, based on the affordable needs evidence to *consider* an adjustment to enhance the delivery of affordable housing, but that this does not need to be necessarily done in a mechanical way whereby the affordable need on its own dictates the OAN figure. Nonetheless it is clear that affordable housing need may result in upwards adjustments to the OAN, but with consideration given to the overall deliverability of housing.

9.41 Table 46 summarises the current affordable housing needs evidence. Specific figures should be treated with some caution because of differences in methodological assumptions used in how they are derived, and different dates of assessment. Figures are thus not necessarily directly comparable.

9.42 The table provides an indication of the potential proportion of housing that could be delivered as affordable housing. This is a broad-brush assumption which has been made for indicative purposes only based on a review of current policy requirements. With these assumptions the analysis shows

that an uplift of 17% would be needed to meet the affordable need in the Mid Mersey HMA from the demographic based need (but an uplift of 87% for Halton); with an uplift of 196% required for the Liverpool HMA (with figures of 800% for West Lancashire, 463% for Knowsley and 168% for Sefton). The affordable housing needs evidence suggests that an uplift from the demographic need (based on the 2014-based Household Projections) would be justified in all areas besides St Helens.

9.43 Substantial uplifts are clearly unreasonable, and what must be borne in mind is that additional households are required to occupy homes; and it is really only concealed and homeless households which overall will be additional. Moreover any adjustments made from the demographic starting point – either to headship rates, to address market signals or to support economic growth – will deliver additional market and affordable housing.

Table 46: Indicative Housing provision to meet the Affordable Housing Need

Local Authority	Affordable housing need (pa)	Potential AH Delivery	Housing required to meet affordable need (pa)	Source of Needs Evidence
Halton	119	25%	476	Mid Mersey SHMA January 2016, GL Hearn
Liverpool	386	(20%)	(1,930)	Liverpool SHMA June 2016; GL Hearn
St Helens	96	30%	320	Mid Mersey SHMA January 2016, GL Hearn
Warrington	220	25%	880	Mid Mersey SHMA January 2016, GL Hearn
Sefton	434	30%	1,447	Review of the Objectively Assessed Need for Housing, July 2015, Nathaniel Lichfield and Partners
Knowsley	315	20%	1575	Strategic Housing Market Assessment, January 2010, David Couttie Associates
West Lancashire	540	30%	1,800	West Lancashire Strategic Housing Market Assessment, May 2009, Nevin Leather Associates
Wirral	1034	40%	2,585	Wirral SHMA 2016

[Note. Liverpool does not have an affordable housing target. GLH has made a broad assumption on potential delivery through Registered Provider-led development schemes and regeneration schemes]

Implications of Housing Market Signals

9.44 Overall the analysis of market signals shows a variance in housing market dynamics, house prices, and affordability pressures across the City Region. The price of market housing has increased over recent years, however the evidence suggests that there has not been a corresponding worsening in affordability in either the Liverpool HMA or Mid Mersey HMA. Compared to elsewhere in the Country, affordability pressures in the City Region are modest.

9.45 The analysis of the housing market signals set out in this section suggests that it would be appropriate to consider an uplift to improve affordability in Sefton, West Lancashire, and Wirral.

Conversely, the market signals show that affordability pressures are relatively less acute in the authorities of Halton, Knowsley, Liverpool, and St Helens compared to elsewhere in the City Region, and compared to regional or national levels.

9.46 In line with the approach outlined in the PPG it is appropriate to consider an upward adjustment to the demographic starting point in some authorities in order to reflect the housing market signals and to enhance affordable housing delivery. There is some debate as to whether a market signals adjustment should be made relative to the demographic need, or whether it should be applied on top of adjustments to support economic growth. The argument in favour of the former is that it is intending to 'oversupply' housing in order to improve affordability; whilst in respect of the latter, it is that households are required to live in additional homes and that additional housing above the demographic starting point would potentially support additional workforce growth.

9.47 The PPG sets out that the scale of such an adjustment should be *"a level that is reasonable"*. SHMAs around the country have generally applied adjustments to improve affordability of up to 20%, We are aware of only one exception to this, in Cambridge (where a 30% adjustment has been recommended).

9.48 Over the last few years or so different Government Planning Inspectors have taken a range of views on this matter, including:

- Mendip (October 2014) – *'these findings indicate that trends in Mendip sit fairly comfortably alongside county, regional and national trends and do not, therefore, justify an upward adjustment of the housing numbers that came out of the housing projection'*
- Eastleigh (November 2014) – *'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'*.
- Uttlesford (December 2014) – *'While evidence on some of these topics is patchy. Taking them in the round and without discussing them in detail here, I consider that an uplift of at least 10% would be a reasonable and proportionate increase in the circumstances of Uttlesford'*
- Stratford-on-Avon (March 2015) – Despite the area show strong evidence of strong affordability pressures the inspector concluded that *'On balance I conclude, despite the SHMA's finding that there is a case for an uplift, that an upward adjustment in housing numbers has not been justified in terms of market signals in the District'.*
- Crawley (May 2015) – Despite the Council themselves seeking to make a market signals adjustment the inspector concluded that he was *'not convinced that the market signals uplift is justified by the evidence, for the various indicators reveal a situation in Crawley which is not as severe as in other North West Sussex authorities, and one that has not worsened in recent years'*.
- Cornwall (June 2015) – The same Inspector as the Eastleigh Local Plan inquiry suggested that *'National guidance is that a worsening trend in any relevant market signal should result in an uplift. But for the reasons given below I do not consider that I should require such an uplift to be made for Cornwall at this time'*

9.49 On the basis of the housing market signals considered in this section we consider that it is appropriate to apply an affordability uplift of 10% in Sefton, West Lancashire, and Wirral. In methodological terms we have sought to be consistent to existing SHMA studies in Sefton and Wirral.

9.50 In considering the scale of adjustment, and the authorities to which it is applied, it should be borne in mind that in proportional terms Sefton and Wirral see the lowest upwards adjustments from the demographic need to support economic growth. West Lancashire sees a higher adjustment (22%) to support economic growth, but potentially warrants an additional adjustment given that it is the authority within the two HMAs with the highest lower quartile house price-to-income ratio and shows very high levels of affordable housing need.

10 SPECIALIST HOUSING NEEDS

10.1 This section moves on to consider housing needs associated with a selected number of groups within the population, or distinct market segments, where these are influenced by the demographic analysis in this report (and therefore need to be considered to provide a consistent evidence base). The analysis therefore focuses on assessing housing needs associated with older persons – including specialist housing needs and registered care.

10.2 In addition, given the Government's agenda to promote self- and custom-build development, consideration is given to the need for this form of development as this is a gap in a number of instances in local authorities' existing evidence bases. An explanation is provided relating to where evidence regarding student housing needs and needs of gypsies and travellers can be found.

10.3 The SHELMA should be read alongside local housing needs/ market assessment which provide locally-specific evidence on the mix of housing, and affordable housing need, in different parts of the City Region.

Older Persons' Housing Needs

10.4 In the Liverpool City Region (as in many areas) a growing older person population is likely to have some impact on the future need and demand for homes. The PPG (2a-021) recognises the need to provide housing for older people as part of achieving a good mix of housing. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

10.5 Factors influencing the housing needs of older persons include:

- A rising population of older people – which is a key influence on housing need;
- Many older households are equity rich and are able to exercise housing choice;
- An increased diversity of specialist housing to reflect different levels of care/ support needs; and
- A move away from residential institutions towards providing care support in someone's home through adaptation and visiting support.

10.6 Where projections are used to look at future changes to the older person population, the analysis uses the 2014-based SNPP (as published). This is mainly to allow for comparative analysis across areas (including regional and national comparisons) and it should be noted that figures would not be expected to change substantially if a different projection were to be used – this is because the number of older people is less variable when modelling assumptions are changed; this is due to changes being focussed on migration, which in turn is more concentrated amongst younger age groups (notably people of 'working-age' and their associated children).

Current Population of Older People

10.7 The table overleaf provides baseline population data about older persons and compared this with other areas. The data has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards. The data shows, when compared with both the region and England, that the study area has a similar proportion of older persons. There are however notable differences between areas, with the population aged 65 and over being 15% in Liverpool, and rising to 23% in Sefton.

Table 47: Older Person Population (2015)

		Under 65	65-74	75-84	85+	Total	Total 65+
Halton	Popn	104,989	12,727	6,600	2,212	126,528	21,539
	% of popn	83.0%	10.1%	5.2%	1.7%	100.0%	17.0%
Knowsley	Popn	122,587	12,940	8,813	2,891	147,231	24,644
	% of popn	83.3%	8.8%	6.0%	2.0%	100.0%	16.7%
Liverpool	Popn	408,541	37,361	24,075	8,603	478,580	70,039
	% of popn	85.4%	7.8%	5.0%	1.8%	100.0%	14.6%
Sefton	Popn	211,898	31,680	21,583	8,546	273,707	61,809
	% of popn	77.4%	11.6%	7.9%	3.1%	100.0%	22.6%
St Helens	Popn	142,228	20,049	11,562	3,773	177,612	35,384
	% of popn	80.1%	11.3%	6.5%	2.1%	100.0%	19.9%
Warrington	Popn	170,819	20,886	11,898	4,092	207,695	36,876
	% of popn	82.2%	10.1%	5.7%	2.0%	100.0%	17.8%
West Lancashire	Popn	88,932	13,306	7,724	2,780	112,742	23,810
	% of popn	78.9%	11.8%	6.9%	2.5%	100.0%	21.1%
Wirral	Popn	253,893	36,046	21,838	9,123	320,900	67,007
	% of popn	79.1%	11.2%	6.8%	2.8%	100.0%	20.9%
Mid-Mersey HMA	Popn	418,036	53,662	30,060	10,077	511,835	93,799
	% of popn	81.7%	10.5%	5.9%	2.0%	100.0%	18.3%
Liverpool HMA	Popn	1,085,851	131,333	84,033	31,943	1,333,160	247,309
	% of popn	81.4%	9.9%	6.3%	2.4%	100.0%	18.6%
Study area (LCR+)	Popn	1,503,887	184,995	114,093	42,020	1,844,995	341,108
	% of popn	81.5%	10.0%	6.2%	2.3%	100.0%	18.5%
North West		81.9%	10.0%	5.9%	2.3%	100.0%	18.1%
England		82.3%	9.6%	5.7%	2.4%	100.0%	17.7%

Source: ONS 2015 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

10.8 As well as providing a baseline position for the proportion of older persons we can use population projections to provide an indication of how the numbers might change in the future compared with other areas. The information presented below uses data from the 2014-based SNPP and looks over the 2012-37 period to be consistent with projections developed in this report.

10.9 The data shows that the study area (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over projected to increase by 52% over the 25-years to 2037; this compares with overall population growth of 7% and a modest decrease in the Under 65 population.

10.10 The projected growth in the population aged 65 and over is slightly lower than that projected for other areas although differences are not substantial. When looking at individual local authorities the data shows the strongest growth in older people to be projected to be in Warrington with the lowest growth seen in Sefton – the differences are in part due to different levels of overall projected population growth, as well as being influenced by the current population profile in each location.

Table 48: Projected Change in Population of Older Persons (2012 to 2037)

	Under 65	65-74	75-84	85+	Total	Total 65+
Halton	-7.7%	39.3%	85.0%	184.2%	4.3%	69.4%
Knowsley	-6.2%	45.0%	50.4%	125.5%	3.8%	55.7%
Liverpool	5.8%	35.1%	44.8%	95.4%	11.5%	45.7%
Sefton	-8.3%	25.3%	44.4%	117.6%	3.1%	44.5%
St Helens	-3.5%	25.4%	58.1%	164.4%	6.7%	50.9%
Warrington	2.7%	44.4%	83.6%	173.0%	14.1%	71.3%
West Lancashire	-6.4%	20.7%	56.6%	175.6%	4.7%	49.8%
Wirral	-7.0%	28.2%	51.5%	113.7%	3.8%	47.8%
Mid-Mersey HMA	-2.1%	36.1%	74.0%	172.3%	9.1%	63.1%
Liverpool HMA	-2.4%	30.4%	48.1%	116.0%	6.5%	47.3%
Study area (LCR+)	-2.3%	32.0%	54.6%	129.7%	7.2%	51.6%
North West	-1.1%	34.2%	58.5%	130.1%	8.5%	54.3%
England	7.6%	44.5%	66.7%	137.9%	17.2%	64.4%

Source: ONS (2014-based SNPP and mid-year population estimates)

Health Related Population Projections

10.11 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis has looked at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used. This provides prevalence rates for different disabilities by age and sex. For the purposes of this report, analysis has focussed on estimates of the number of people with dementia and mobility problems.

10.12 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

10.13 Table 49 shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 85%) along with an 68% increase in the number with mobility problems.

Table 49: Estimated Population Change for range of Health Issues (2012 to 2037)

	Type of illness/disability	2012	2037	Change	% increase
Halton	Dementia	1,228	2,677	1,449	118%
	Mobility problems	3,374	6,572	3,198	95%
Knowlsey	Dementia	1,581	2,836	1,254	79%
	Mobility problems	4,259	7,097	2,838	67%
Liverpool	Dementia	4,577	7,534	2,957	65%
	Mobility problems	12,206	18,889	6,683	55%
Sefton	Dementia	4,256	7,510	3,254	76%
	Mobility problems	11,099	17,733	6,634	60%
St Helens	Dementia	2,087	4,123	2,036	98%
	Mobility problems	5,720	9,974	4,254	74%
Warrington	Dementia	2,172	4,732	2,559	118%
	Mobility problems	5,930	11,492	5,562	94%
West Lancashire	Dementia	1,412	2,885	1,473	104%
	Mobility problems	3,832	6,819	2,988	78%
Wirral	Dementia	4,533	8,022	3,489	77%
	Mobility problems	11,795	19,168	7,372	63%
Mid-Mersey HMA	Dementia	5,488	11,532	6,044	110%
	Mobility problems	15,024	28,038	13,014	87%
Liverpool HMA	Dementia	16,359	28,787	12,428	76%
	Mobility problems	43,190	69,706	26,515	61%
Study area (LCR+)	Dementia	21,847	40,319	18,472	85%
	Mobility problems	58,214	97,744	39,530	68%

Source: Data from POPPI and demographic projections

Indicative Need for Specialist Housing for Older Persons

10.14 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current Stock of Specialist Housing

10.15 The table overleaf shows the current supply (stock) of specialist housing for older people. This is split between sheltered housing (which contains two categories) and extra-care housing; analysis is also provided of the tenure of the housing (split between market and affordable). The categories of specialist housing are defined as:

- *Sheltered housing:* Schemes/properties are included where some form of scheme manager (warden) service is provided on site on a regular basis but where no registered personal care is provided. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be included in sheltered stats. In most cases schemes will also include traditional shared facilities - a residents' lounge and possibly laundry and garden.
- *Enhanced sheltered housing.* Schemes/properties are included where service provision is higher than for sheltered housing but below extra care level. Typically, there may be 24/7 staffing cover, at least one daily meal will be provided and there may be additional shared facilities. In the table overleaf these are included within the Sheltered category.
- *Extra care housing:* Schemes/properties are included where care (registered personal care) is available on site 24/7.

10.16 At present it is estimated that there are just over 19,700 units of specialist accommodation across the study area; this is equivalent to 126 units per 1,000 people aged 75 and over (ranging from 79 per 1,000 in Halton up to 170 per 1,000 in West Lancashire). The analysis shows a significantly higher proportion of the stock is in the affordable than the market sector (81% vs. 19%).

Table 50: Current Supply (Stock) of Specialist Housing for Older People

	Type of Housing	Market	Affordable	Total	Supply per 1,000 aged 75+
Halton	Sheltered	48	555	603	68
	Extra-Care	0	97	97	11
	Total	48	652	700	79
Knowsley	Sheltered	146	1,013	1,159	99
	Extra-Care	0	179	179	15
	Total	146	1,192	1,338	114
Liverpool	Sheltered	390	3,093	3,483	107
	Extra-Care	33	315	348	11
	Total	423	3,408	3,831	117
Sefton	Sheltered	1,256	2,803	4,059	135
	Extra-Care	62	33	95	3
	Total	1,318	2,836	4,154	138
St Helens	Sheltered	55	1,326	1,381	90
	Extra-Care	206	189	395	26
	Total	261	1,515	1,776	116
Warrington	Sheltered	447	644	1,091	68
	Extra-Care	0	475	475	30
	Total	447	1,119	1,566	98
West Lancashire	Sheltered	158	1,518	1,676	160
	Extra-Care	0	111	111	11
	Total	158	1,629	1,787	170
Wirral	Sheltered	982	3,389	4,371	141
	Extra-Care	0	203	203	7
	Total	982	3,592	4,574	148
Mid-Mersey HMA	Sheltered	550	2,525	3,075	77
	Extra-Care	206	761	967	24
	Total	756	3,286	4,042	101
Liverpool HMA	Sheltered	2,932	11,816	14,748	127
	Extra-Care	95	841	936	8
	Total	3,027	12,657	15,684	135
Study area (LCR+)	Sheltered	3,482	14,341	17,823	114
	Extra-Care	301	1,602	1,903	12
	Total	3,783	15,943	19,726	126

Source: Housing LIN

Projected Future Need for Specialist Housing

10.17 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years. In projecting forward (at a national level) the Housing LIN works on the basis of a requirement for 125 sheltered housing units per 1,000 population, 20 enhanced sheltered units and 25 Extra-care units.

10.18 Table 51 below shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 18,840 units – 754 per annum in the 2012-37 period. This is around 16% of the total need identified in the demographic modelling linked to the 2014-based household projections (although the proportion would be lower if a projection with higher household growth were to be used).

10.19 The figures provided about the number and proportion of homes that might need to be specifically for older persons should be treated as indicative of potential need and not some sort of delivery target. In reality, the ability for such housing to be provided will also be influenced by the ability for this to be financed by the Councils.

Table 51: Projected need for Specialist Housing for Older People (2012-37)

	Population aged 75+ (2012)	Population aged 75+ (2037)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)	Per annum need (2012-37)
Halton	8,392	17,583	9,191	1,562	62
Knowsley	11,414	19,087	7,673	1,304	52
Liverpool	31,957	50,328	18,371	3,123	125
Sefton	29,063	47,752	18,689	3,177	127
St Helens	14,295	26,358	12,063	2,051	82
Warrington	14,471	30,045	15,574	2,648	106
West Lancashire	9,622	18,004	8,382	1,425	57
Wirral	30,104	50,983	20,879	3,549	142
Mid-Mersey HMA	37,158	73,986	36,828	6,261	250
Liverpool HMA	112,160	186,154	73,994	12,579	503
Study area (LCR+)	149,318	260,139	110,821	18,840	754

Source: Derived from demographic projections and Housing LIN

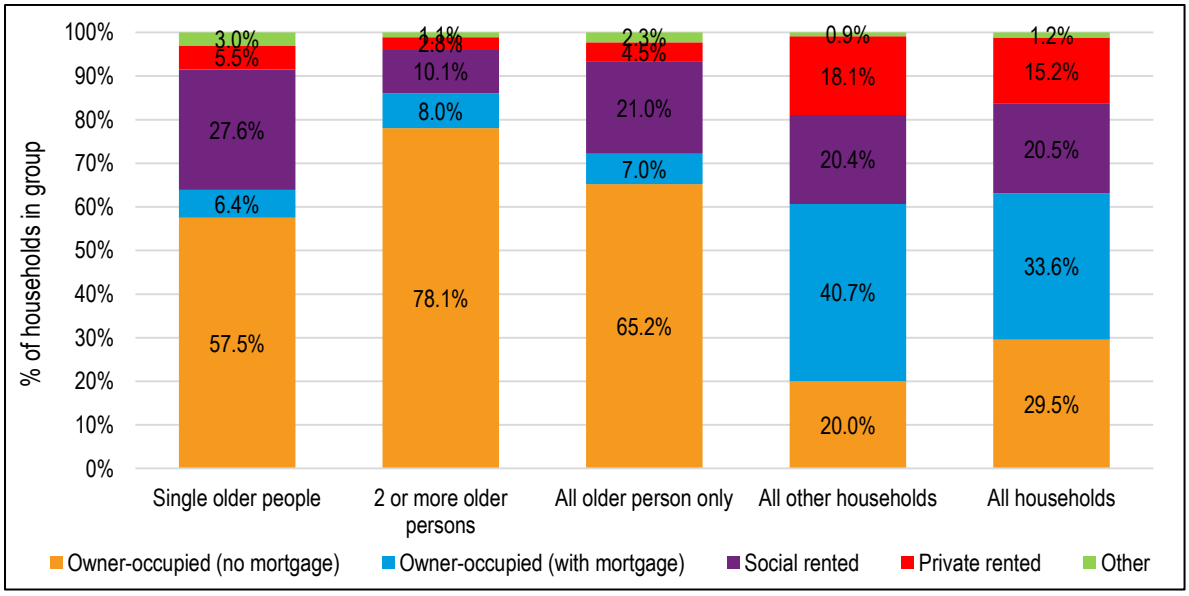
Types and Tenures of Specialist Housing

10.20 Figure 59 shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (65%) and are also slightly more likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (4% compared with 15% of all households in the study area).

10.21 There are however notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

10.22 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.

Figure 59: Tenure of Older Person Households – study area (2011)

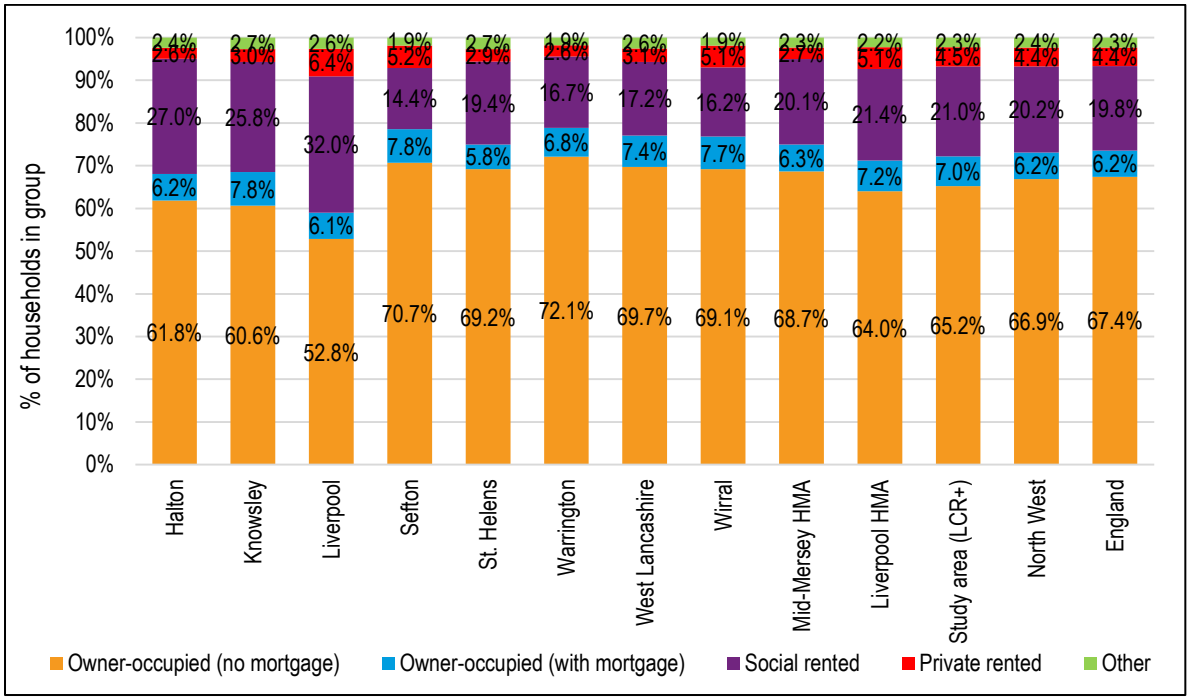


Source: 2011 Census

10.23 For individual local authorities (data in Figure 60) the tenure profile of older persons shows some differences, although it is clear in all locations that outright ownership is the main tenure group – the proportion of older person households who are outright owners varies from 53% in Liverpool, up to 72% in Warrington. The data shown is for all older person households (i.e. combining single person

households and those with two or more older people). Data has also been provided for the North West region and England for comparative purposes.

Figure 60: Tenure of Older Person Households – by local authority (2011)



Source: 2011 Census

10.24 The analysis therefore shows that the current profile of older person households is significantly biased towards outright ownership, with the current supply having a notably higher proportion of affordable homes. Housing LIN suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market.[23] The higher proportion in the market reflects the fact that the majority of older person households are currently owner-occupiers (as is the case in the study area). This general split is arguably reasonable although local considerations might mean that a different mix is considered appropriate for individual local authorities (or HMAs).

10.25 The analysis is not specific about the types of specialist housing that might be required; decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available (for example noting that at present the dominant type of housing is traditional sheltered accommodation). There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.

[23] See: http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

10.26 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

10.27 Our experience when carrying out stakeholder work as part of other commissions typically identifies a demand for bungalows. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however providing an element of bungalows should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

10.28 In summary, for the purposes of analysis, a number of assumptions have been taken from Housing LIN to estimate how much specialist provision might be needed in the future (and to some extent what types). The analysis should however be considered as indicative and interpreted with the following considerations:

- The analysis takes no account of whether or not there is a shortfall (or surplus) of specialist housing at the base date of 2012;
- Locally, the figure of 170 per 1,000 may be considered too high given that life expectancy and general health may improve in the future;
- The national tenure split of 40% affordable housing may not be appropriate in all locations within the study area.
- Whilst the analysis is split between sheltered, enhanced sheltered and extra-care housing in the same proportions as shown nationally, it may be the case that there will over time be a shift away from conventional sheltered housing to reflect the demand profile in the sector and a possible requirement for higher levels of care as the population ages.

Registered Care Housing

10.29 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 15,600 spaces in nursing and residential care homes in the study area. Registered care housing is defined in two categories as set out below:

- *Residential care:* Where a care homes is registered to provide residential (personal) care only, all beds are allocated to residential care.

- *Nursing care:* Where a care homes is registered to provide nursing care all beds are allocated to nursing care, although in practice not all residents might be in need of or receiving nursing care.

10.30 The current supply of registered care bedspaces is shown in Table 52 below.

Table 52: Current Supply (Stock) of Registered Care Bedspaces

	Residential care	Nursing care	Registered care total
Halton	474	328	802
Knowsley	446	675	1,121
Liverpool	1,207	2,128	3,335
Sefton	1,673	1,542	3,215
St Helens	662	520	1,182
Warrington	540	1,156	1,696
West Lancashire	514	574	1,088
Wirral	1,167	1,994	3,161
Mid-Mersey HMA	1,676	2,004	3,680
Liverpool HMA	5,007	6,913	11,920
Study area (LCR+)	6,683	8,917	15,600

Source: Housing LIN

10.31 Given new models of provision (including Extra-care housing) it may be the case that an increase in this number would not be required (although this would also be assuming that the Councils would (and could) fund the care and housing related support required to operate extra care housing). There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

10.32 As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of the demographic modelling which indicates an increase of 8,954 people living in institutions over the 2012-37 period (358 per annum). These figures are important to note if the Councils intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation. They are modelled in a consistent way to the OAN for C3 dwellings, but are separate from this.

Table 53: Potential Need for Residential Care Housing

	Institutional population aged 75+ (2012)	Institutional population aged 75+ (2037)	Change in institutional population aged 75+	Per annum 'need' (2012-37)
Halton	507	1,100	593	24
Knowsley	624	1,134	510	20
Liverpool	1,981	3,267	1,286	51
Sefton	2,433	4,222	1,789	72
St Helens	795	1,620	825	33
Warrington	1,174	2,523	1,349	54
West Lancashire	935	1,913	978	39
Wirral	2,228	3,853	1,625	65
Mid-Mersey HMA	2,476	5,243	2,767	111
Liverpool HMA	8,201	14,389	6,188	248
Study area (LCR+)	10,678	19,632	8,954	358

Source: Derived from demographic projections

Older Persons' Housing Needs – Key Points

- Within the overall need for housing there will potentially be a need to provide some specialist (supported) housing. This is particularly in response to an ageing population and the higher levels of disability experience by older persons.
- At present the population of older people in the study area is broadly similar to that seen in other areas – some 18% of people were aged 65 and over in 2015. Over the 2012-37 period the number of people aged 65 and over is projected to increase by 52% with a higher (130%) increase in the number of people aged 85 and over.
- This demographic change would be likely to see an increase in the number of people with specific disabilities (e.g. dementia and mobility problems) as well as a general increase in the numbers with a long-term health problem or disability.
- The analysis identifies over the 2012-37 period that there may be a need for 754 specialist units of accommodation for older people (generally considered to be sheltered or extra-care housing) per annum. Such provision would be within a C3 use class and would therefore be part of the objective assessment of need.
- Additionally, the analysis highlights a potential need for an additional 358 registered care bedspaces per annum for older people (aged 75 and over) in the 2012-37 period. As these would be in use class C2, they would be in addition to the estimates of housing need from demographic modelling.

Student Housing

10.33 Student housing needs will arise principally from growth in student numbers. The household projections herein, and therefore the calculations of OAN derived from these, assume that all population growth in age groups under 75 is within the 'household population.' The projections, in line with the CLG Household Projections Model, assumes the population under 75 living in institutions (which includes prisons, student halls or residence, boarding schools, nursing/ care homes etc.) remains constant in absolute terms. This means there is no demographically projected growth in the student population living within institutions such as halls of residence or purpose-built student accommodation.

10.34 The main universities within the City Region are:

- Liverpool Hope University
- Liverpool John Moores University
- University of Liverpool
- Edge Hill University

10.35 The first three above are based in Liverpool, with Edge Hill based in Ormskirk, West Lancashire. In addition, Liverpool hosts the Liverpool Institute of Performing Arts.

10.36 Accordingly, the student needs are focussed in the authorities of Liverpool and West Lancashire. Both authorities continually liaise with the universities to identify the need for student accommodation at a local authority level. It is therefore not considered appropriate or necessary to consider the need for student housing at a sub-regional level. It is recommended that student housing needs should continue to be identified by the authorities of Liverpool and West Lancashire through their Local Plans preparation.

Self/ Custom Build

10.37 Housing needs evidence need to investigate the contribution that self-build makes toward the local supply. *Laying the Foundations – a Housing Strategy for England 2010* sets out that only one in 10 new homes in Britain were custom built – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development[24] as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom homebuilders.

[24] Self-build is generally considered to refer to situations where a household individually organises and designs the construction of their own home. With custom-build development, a household would work with a specialist developer to design their home.

10.38 Government aspires to make self-build a 'mainstream housing option' by making funding available to support self- and custom-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

10.39 Local authorities are now required to establish and maintain a register of those interested in building or commissioning their own home. This was introduced by the Self- and Custom Homebuilding Act 2015. Council registers show that there is a relatively low level of demand for custom build across the Liverpool City Region and the two HMAs. As such this is not considered to be a strategic issue, and therefore better addressed at a local authority level, rather than in this SHELMA.

10.40 Data on the availability of plots is held on the Buildstore website, which maintains a register of those wishing to build a custom or self-build property as well as a register of plots available for this type of development. As of August 2016, there are 680 people registered on the Custom Build register within the seven local authorities. Halton has the greatest number of people on the custom build register with 317 registrations.

Table 54: People Registered on Custom Build and Plotsearch Registers

Local Authority	Custom Build Register
Halton	317
Knowsley	70
Liverpool	61
Sefton	47
St. Helens	74
West Lancashire	24
Wirral	87
Total	**680**

Source: Buildstore, 2016

10.41 Buildstore's registers are an online resource, registration is free and unrestricted. Accordingly, the above data should be treated with caution and may over represent the true need for self/custom build. For example, several of the Councils' own self build registers contain a considerably smaller number of records.

10.42 Table 55 provides information of the available supply of self-build locations in the City Region and the number of plots within these locations, as recorded on the Buildstore online database[25]. This shows that over half (22 out of 38) of the self-build plots in the City Region are in Wirral, at 14

[25] We are also aware of a small number of self-build sites not recorded on Buildstore so the figures represent a minimum.

locations within the Borough. There are also a small number of plots available in Liverpool (9), Sefton (6), and a single plot in St Helens.

Table 55: Availability of Custom/Self-Build Plots (August 2016)

Local Authority	Town	Locations	Plots
Liverpool	Liverpool	8	9
Sefton	Southport	4	6
St Helens	St. Helens	1	1
Wirral	Prenton	4	5
Wirral	Wallasey	1	1
Wirral	Wirral (other)	9	16
Total		**27**	**38**

Source: Buildstore, 2016

10.43 From a development point of view, key issues with this market are associated with skills and risk: whilst there may be a notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

10.44 We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build.

Gypsy and Travellers

10.45 The Department for Communities and Local Government (DCLG) published an updated planning policy for traveller sites in August 2015. This set out how local planning authorities should make their own assessment of need for the purposes of planning. It amends section 8 of the Housing Act 1985 to require local housing authorities to consider the needs of people residing in or resorting to their district with respect to the provision of sites on which caravans can be stationed or places on inland waterways where houseboats can be moored.

10.46 Assessments of Gypsy and Traveller needs have been undertaken by the Merseyside & West Lancashire Gypsy and Traveller Accommodation Assessment (August 2014)[26], and the Cheshire Gypsy and Traveller Accommodation Assessment (March 2014) for Halton.

10.47 The need for moorings for houseboats will be individually assessed at a local authority level and each authority should individually assess what proportion of their OAN should be met by appropriate provision as part of their Local Plan preparation process.

[26] Knowsley Council, Liverpool Council, Sefton Council, St Helens Council, West Lancashire Borough Council, and Wirral Council.

14 DRAFT CONCLUSIONS

14.1 This report provides analysis of issues related to:

- Review and identify the Housing Market Area and Functional Economic Market Area geographies;
- Identify the Objectively Assessed Need (OAN) for housing over the period 2012 - 2037 across the City Region and set out an approach to distribute the City Region OAN to each of the local authorities;
- Consider the scale and distribution of economic growth across the City Region, taking account of past trends and baseline forecasts; as well as committed investment projects which may influence the scale/ distribution of growth – including Superport, Atlantic Gateway, and improved rail connectivity;
- Model the need for employment land across the City Region, taking account of the economic data and commercial market dynamics and the expansion of the Port of Liverpool; providing outputs on employment land needs at a local authority level where relevant based on demand-side considerations.

Housing and Functional Economic Market Areas

14.2 In advance of the preparation of the SHELMA, GL Hearn has undertaken an assessment of the relevant Housing Market Area (HMA) and Functional Economic Market Area (FEMA) boundaries in the Liverpool City Region. This is set out in the report *Defining the Housing Market Area and Functional Economic Market Area.*

14.3 In drawing conclusions on HMA boundaries, the report assesses up-to-date data on house prices, migration flows, and commuting flows, as well as reviewing existing studies on the subject. The HMA analysis is focussed on the definition of HMAs at a strategic level, reflecting the sub-regional scope of the SHELMA.

14.4 The migration and commuting patterns data indicates strong migration and commuting inter-relationships between Knowsley and Liverpool, Liverpool and Sefton, and Liverpool and Wirral and to Sefton and West Lancashire. There is also a strong case for the grouping of St Helens and Halton along with Warrington. St. Helens, Halton and Warrington together have a high self-containment rate.

14.5 The analysis broadly confirms the conclusions of the 2007 Liverpool City Region Housing Strategy as well as the 2016 Liverpool SHMA and 2016 Mid Mersey SHMA. These identify a HMA which, based on the best fit to local authority boundaries, comprises Liverpool, Sefton, Wirral, Knowsley and West Lancashire – the 'Central LCR HMA'; Halton and St. Helens form a separate HMA with Warrington – the 'Mid Mersey HMA'. There is a degree of overlap between these two HMAs as well as with surrounding areas, as is the case with all HMAs.

14.6 In drawing conclusions on the FEMA boundaries the report draws on the commuting and migration data as well as taking account of LEP geographies, travel to work and housing market areas, administrative geographies, flows of goods, catchment areas for shopping and services, and the transport network.

14.7 On the balance of evidence, our analysis suggests the definition of a Functional Economic Market Area (FEMA) which covers Halton, Knowsley, Liverpool, Sefton, St Helens, West Lancashire, and Wirral.

14.8 GL Hearn recognises that in many cases housing market and functional economic market areas are coterminous, and that there can be practical benefits associated with aligning the two. However, in undertaking this assessment for the LCR, GL Hearn consider that there is a strong basis for defining non-coterminous HMAs and FEMA.

Liverpool City Region's Economy

14.9 Across the Liverpool Functional Economic Market Area there were a total of 720,000 jobs in 2014. The local authority with the greatest number of total jobs is Liverpool with 258,000 – equivalent to 36% of the FEMA total, and considerably more than any other single authority area. This highlights the City's role as an economic centre for the wider FEMA. Wirral and Sefton are the authorities with the next highest number of jobs with 112,000 (16%) and 102,000 (14%) jobs respectively. The remaining four local authorities all have lower numbers of jobs: 68,000 jobs (9%) in St. Helens; 67,000 jobs (9%) in Knowsley; 60,000 jobs (8%) in Halton; and 53,000 jobs (7%) in West Lancashire.

14.10 The sectors with the largest numbers of total jobs across the FEMA are Human health and social work (124,700 jobs) and Wholesale and retail trade (108,900 jobs). There are also considerable number of jobs in Education (66,500 jobs) and Manufacturing (62,000). Location quotient analysis shows the FEMA has a relatively high number of jobs in the public sector compared to North West and UK levels. The FEMA also has a higher proportion of jobs in Transport and storage than the regional or national figures.

14.11 Since 1991 there has been considerable growth in the number of jobs in the health and education sectors as well as the professional and business support sectors. During this period there has seen considerable net losses of jobs in the manufacturing and financial and insurance sectors. However, the short term (5 year) trend shows strong growth in some manufacturing sub-sectors such as the manufacture of motor vehicles, pharmaceuticals, plastics, and other non-metal products.

14.12 Across the FEMA, the employment rate among working age persons (aged 16 to 64) is 68%. This is below the North West rate of 71% and the national rate of 74%. Within the FEMA, Halton has the

highest employment rate at 75%. Sefton (73%) and West Lancashire (72%) also have employment rates marginally above the North West average. The lowest employment rates in the FEMA are in Liverpool (61%). Whilst GL Hearn would expect some difference in employment rates between more urban and rural areas, a comparison with LEP areas focused on metropolitan areas in the North and Midlands points to a clear potential for higher employment rates to be supported.

14.13 GL Hearn's analysis would suggest that there is potential for the employment rate to increase in all of the local authorities in the City Region through increasing both the number of available jobs and the density of employment (and before any allowance is made for pensionable age changes and wider trends towards increased economic participation).

Future Economic Growth Potential

14.14 To estimate the future economic growth potential in the FEMA we have drawn on economic forecasts produced by Oxford Economics and Liverpool City Region Local Enterprise Partnership (LEP). We consider two scenarios:

- A Baseline Scenario; and
- A Growth Scenario.

14.15 The Baseline Scenario is based on Oxford Economics' baseline model. The Growth Scenario is based on additional information provided by the Liverpool City Region LEP and each of the FEMA local authorities. Liverpool City Region LEP provided Oxford Economics with a set of growth ambitions and targets, centred on a number of sectors that have been identified as having significant growth potential. In addition, local authority officials responsible for regeneration in each local authority provided details on future development proposals for each respective area. The jobs growth of the Baseline and Growth Scenarios is shown in the table below.

Table 71: Total Employment Jobs Growth – 2012-37

	Baseline Scenario	Growth Scenario	Difference
Halton	3,800	12,400	8,600
Knowsley	9,000	12,300	3,300
Liverpool	28,700	67,600	38,900
Sefton	2,500	6,500	4,000
St. Helens	3,200	17,100	13,900
Wirral	5,800	11,400	5,600
West Lancashire	6,000	6,800	800
FEMA	**58,900**	**134,100**	**75,200**

Trend-Based Demographic Projections

14.16 Demographic-based housing need essentially contains two components. Firstly, there are population projections. ONS publishes population projections every two years (the subnational population projections (SNPP)) as well as providing an annual estimate of population change (by

age and sex) – the mid-year population estimates (MYE). Secondly, population figures are converted into estimates of the number of households by CLG in their household projections (again issued every two years).

Population Projections

14.17 The latest population projections are the 2014-based Subnational Population Projections (SNPP), published by ONS on the 29th May 2016. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. The new SNPP are largely based on trends in the 2009-14 period (2008-14 for international migration trends).

14.18 GL Hearn's interrogation of the SNPP concludes that the 2014-based SNPP is a sound population projection in terms of the methodology employed by ONS. It is however limited by the fact that it is based on short-term trends (i.e. trends over the past 5-6 years). The 2014-based SNPP has been rebased to take account of the 2015 ONS Mid-Year Population Estimates, meaning it is not necessary to project population growth 2014-15. Post 2015, this latter projection uses the birth and death rates in the SNPP along with the actual levels of migration.

14.19 The 2014-based SNPP rebased for MYE shows that the population of the study area is projected to increase by about 135,700 (7.4%) from 2012 to 2037. The growth rate is slightly higher in the Mid Mersey HMA (9.0%) compared to 6.8% growth in the Liverpool HMA.

14.20 To provide a sensitivity analysis, two longer-term migration trend scenarios have been modelled, considering trends over the 14-year period to 2015 (i.e. 2001-15) and over the past 10-years (2005-15). Both of these figures are lower than either of the 2014- SNPP based scenarios: The 10-year migration scenario shows that the population of the study area is projected to increase by about 116,000 (6.4%) by 2037. The 14-year migration scenario shows that the population is projected to increase by about 104,700 (5.7%) by 2037.

14.21 As well as looking at migration, the analysis can consider the impact of Unattributable Population Change (UPC). UPC is an adjustment made by ONS to mid-year population estimates where Census data has suggested that population growth had either been over- or under-estimated in the inter-Census years.

14.22 The 10-year migration scenario with UPC adjustment shows that the population of the study area is projected to increase by about 152,200 (8.3%) by 2037, while the 14-year migration scenario with UPC adjustment shows that the population is projected to increase by about 150,800 (8.3%) by 2037. Given the uncertainties about UPC, it is better to express any needs as a range of outputs

from no UPC adjustment to a 100% UPC allowance. Alternatively, and for the purposes of comparison a midpoint between these figures can be considered. The midpoint of the two 10-year based projections is population growth of 7.3% (across the LCR), whilst the 14-year projections show a figure of 7.0%. These compare with figures in the SNPP 7.2%-7.4% depending on whether or not the MYE is included.

14.23 On balance, the various projections all point towards a similar level of population growth across the City Region (something in the range of 7.0%-7.4%).

Household Formation

14.24 The latest Household Projections (2014-based) were published by CLG on the 12th July 2016. It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell slightly over the 2001-11 decade. The projections however anticipate that household formation rates for this age group will increase moving forwards. The 2014-based household projections also expect household formation rates amongst older age groups to fall over time. Given improving life expectancy this looks to be reasonable.

14.25 The headship rates in the 2014-based CLG household projections should not be used uncritically. When looking specifically at data for Liverpool City Region, it is clear that the only age group where household formation fell between 2001-11 was for people aged 25-34. However moving forward from 2011, the rate remains fairly flat. However, it is not clear if the changes in the rates are due to market factors or due to the change in ethnic structure reflective of international migration.

14.26 A detailed interrogation of household formation rates suggests that for Halton and West Lancashire there is local evidence that more positive household formation amongst those aged 25-34 and 35-44 would be a reasonable planning assumption.

Demographic-based Housing Need

14.27 Demographic-based housing need can be calculated using the outputs in terms of housing need using the headship rates discussed above and the full range of demographic scenarios developed. To convert households into dwellings the data includes an uplift to take account of vacant / second homes. This results in the projected demographic-based housing needs shown in Table 72.

Table 72: Projected housing need – range of demographic based scenarios – by local authority (all figures per annum)

		2014-based SNPP	2014-based SNPP (+MYE)	10-year migration	14-year migration	10-year migration (+UPC)	14-year migration (+UPC)
Halton	2014-headship	234	**235**	237	221	386	394
	Adjusted headship	254	**254**	257	241	408	416
Knowsley	2014-headship	266	**280**	321	300	211	180
Liverpool	2014-headship	1,680	**1,739**	1,338	1,429	1,955	2,184
Sefton	2014-headship	534	**540**	509	442	458	375
St. Helens	2014-headship	415	**416**	390	368	281	245
Warrington	2014-headship	765	**762**	834	745	802	711
West Lancashire	2014-headship	169	**175**	196	220	145	168
	Adjusted headship	193	**200**	221	246	170	193
Wirral	2014-headship	673	**664**	592	515	836	819
Mid-Mersey HMA	Adjusted headship	1,434	**1,432**	1,480	1,354	1,490	1,372
Liverpool HMA	Adjusted headship	3,346	**3,423**	2,981	2,932	3,630	3,751
Total	Adjusted headship	4,780	**4,855**	4,462	4,286	5,121	5,123

14.28 Consideration of the different projections suggests that the 2014-based SNPP rebased using the 2015 MYE is the most reasonable projection of housing need. This suggests a demographic-based need for 1,432 dwellings per annum in the Mid-Mersey HMA and for 3,423 dwellings per annum in the Liverpool HMA.

Housing and Economic Growth

14.29 The starting point for considering what housing provision may be required to support economic growth is the expected growth in employment using the Baseline and Growth Scenarios. This then factors in 'double jobbing' (the proportion of people with more than one job) and commuting ratios in order to identify the expected changes in the resident workforce over the 2012-37 period.

14.30 The next step is calculating the number of dwellings which would be required to support the expected growth in the resident workforce. To consider this GL Hearn has undertaken further analysis of the potential for improvements in employment rates. Within the two HMAs, all areas besides Warrington have an employment rate which is below the national average. The greatest scope for improvement in the employment rate, as identified is in Liverpool and Knowsley. The modelling for the Growth Scenario therefore assumes improvements in the economic activity rate over the forecast period.

14.31 Taking these factors together produces the following economic-led housing need figures:

Table 73: Projected Economic-Driven Housing Need (Dwellings per Annum, 2012-37)

	Baseline Scenario	Growth Scenario
Halton	326	565
Knowsley	271	373
Liverpool	862	1,791
Sefton	454	587
St Helens	397	855
Warrington	949	973
West Lancashire	221	241
Wirral	536	737
Mid Mersey HMA	1,671	2,393
Liverpool HMA	2,343	3,729
City Region (+Warrington+West Lancs)	4,015	6,122

14.32 At a HMA level, the quantum of housing required to support the Baseline Economic Growth Scenario would imply a need for 2,343 homes per annum across the Liverpool HMA, which is below the trend-based (2014-based) demographic projections. In the Mid Mersey HMA the Baseline Economic Growth Scenario would imply a need for 1,671 homes per annum, which is 17% greater than the trend-based demographic projections for the HMA. This is modelled assuming the commuting ratio remains constant, and the employment rate 16+ falls modestly from 60.4% to 59.7% between 2012-37.

14.33 At a local authority level, the Baseline Economic Growth Scenario points to a higher level of housing need relative to the trend-based (2014-based) demographic projections in Halton, Warrington and West Lancashire.

14.34 The Growth Scenario results in a higher level of housing need in both HMAs, with a need for 2,393 dpa in the Mid Mersey HMA and 3,729 dpa in the Liverpool HMA (2012-37). At a local authority level, the Growth Scenario also results in a higher level of housing need in each authority area. This takes account of enhanced sector performance, planned/ potential development and regeneration projects; and assumes that half of the difference in economic participation between local authorities and that nationally is made up over the period to 2037.

Affordability and Housing Market Signals

14.35 The SHELMA provides analysis of housing market dynamics and considering if there is a case for adjustment to overall housing provision to improve affordability. This includes a review of land values; house prices and sales trends; trends in the private rental sector; affordability ratios; overcrowding; and rates of development:

- Land values across the City Region are below the national average, with only Halton exceeding the north west average. Median prices across the main towns fall below £125,000, and overall across both HMAs prices are on average a third below the national average – a significant differential.
- Lower quartile (entry level) house prices are below the national average, and only significant above the North West average in West Lancashire and Warrington. Relative to incomes, lower quartile prices are below the national average in both HMAs. They are highest in West Lancashire at 6.9 in 2015.
- House price growth has exceeded the regional average in the longer-term in West Lancashire, Wirral and Sefton in absolute terms; but in proportional terms only in the Wirral. Growth in all areas has fallen below the national average.
- Rents are relatively low relative to national benchmarks, with no particularly high cost rental areas relative to the regional average. Rental growth since 2011 in all areas has been below regional/ national benchmarks.
- Whilst there is evidence of under-delivery of housing, this is principally 2008-13, which correlates to a national slump in housing delivery influenced by macro-economic factors which saw demand fall.

14.36 The SHELMA has not specifically assessed the need for affordable housing. However affordable housing needs evidence is a consideration in drawing conclusions on the overall objectively assessed housing need.

14.37 Based on the affordable needs evidence it is necessary to consider an adjustment to enhance the delivery of affordable housing, but that this does not need to be necessarily done in a mechanical way whereby the affordable need on its own dictates the OAN figure. Nonetheless it is clear that affordable housing need may result in upwards adjustments to the OAN, but with consideration given to the overall deliverability of housing.

14.38 The analysis concludes that substantial uplifts to the OAN figures are clearly unreasonable, and what must be borne in mind is that additional households are required to occupy homes; and it is really only concealed and homeless households which overall will be additional. Moreover any adjustments made from the demographic starting point – either to headship rates, to address market signals or to support economic growth – will deliver additional market and affordable housing.

14.39 On the basis of the affordability and housing market it is considered that it is appropriate to apply an affordability uplift of 10% in Sefton, West Lancashire, and Wirral.

Calculating Objectively Assessed Housing Need (OAN)

14.40 Table 74 sets out the draft conclusions on OAN at local authority and HMA level. The OAN figure for each local authority is calculated by considering which is higher of the demographic-based housing need figure or the economic-led housing need figures.

14.41 In Halton, Warrington, and West Lancashire the Economic Baseline suggests a higher housing need than suggested by the demographic-based modelling. In these authorities it is appropriate therefore to consider the housing need resulting from the Economic Baseline Scenario as the minimum basis for calculation of OAN.

14.42 In Knowsley, Liverpool, Sefton, St Helens, and Wirral the demographic-based housing need figure is higher than that suggested by the Economic Baseline Scenario. In these authorities it is appropriate therefore to consider the demographic modelling as the minimum basis for calculation of OAN.

14.43 Drawing these factors together results in the OAN for housing at a local authority and HMA level shown in Table 74.

14.44 Also shown in Table 74 is the dwelling requirement resulting from the Economic Growth Scenario. For all authorities this is higher than either the Economic Baseline or demographic modelling. The Growth Scenario reflects jobs growth which could result from development projects and policies which are expected to be implemented over the study period. For some local authorities it may be appropriate to plan for the additional growth of the Growth Scenario. However, it is important to recognise that this scenario represents a level of economic growth which is above trend, and in some areas – particularly St Helens and Liverpool – it takes account of site options or potential policy interventions.

14.45 Accordingly, the OAN figures are calculated based on the demographic based need with an uplift where appropriate to support the economic growth shown in the Baseline Scenario. The OAN figures shown in Table 74 should be treated as minimum figures.

14.46 The affordability evidence suggests that it is appropriate to apply an uplift in some local authority areas to improve affordability. An affordability uplift of 10% of the demographic-based need figure has been applied in Sefton, West Lancashire, and Wirral.

Table 74: Objectively Assessed Housing Need

		Demographic Based Need	Economic Baseline Scenario	Economic Growth Scenario	Afford-ability Uplift	OAN
Halton	Adjusted headship	254	**326**	565	0	**326**
Knowsley	2014-headship	**280**	271	373	0	**280**
Liverpool	2014-headship	**1,739**	862	1,791	0	**1,739**
Sefton	2014-headship	**540**	454	587	**54**	**594**
St Helens	2014-headship	**416**	397	855	0	**416**
Warrington	2014-headship	762	**949**	973	0	**949**
West Lancashire	Adjusted headship	200	**221**	241	**20**	**241**
Wirral	2014-headship	**664**	536	737	**66**	**730**
Mid Mersey HMA						**1,691**
Liverpool HMA						**3,584**

Older Persons' Housing Needs

14.47 In the Liverpool City Region (as in many areas) a growing older person population is likely to have some impact on the future need and demand for homes. Factors influencing the housing needs of older persons include:

- A rising population of older people – which is a key influence on housing need;
- Many older households are equity rich and are able to exercise housing choice;
- An increased diversity of specialist housing to reflect different levels of care/ support needs; and
- A move away from residential institutions towards providing care support in someone's home through adaptation and visiting support.

14.48 Future changes in the population of older persons are considered using data from the 2014-based SNPP and looks over the 2012-37 period to be consistent with projections developed in this report. The data shows that the study area (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over projected to increase by 52% over the 25-years to 2037; this compares with overall population growth of 7% and a modest decrease in the Under 65 population.

14.49 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

14.50 The analysis identifies over the 2012-37 period that there may be a need for 754 specialist units of accommodation for older people (generally considered to be sheltered or extra-care housing) per annum. Such provision would be within a C3 use class and would therefore be part of the objective assessment of need.

14.51 Additionally, the analysis highlights a potential need for an additional 358 registered care bedspaces per annum for older people (aged 75 and over) in the 2012-37 period. As these would be in use class C2, they would be in addition to the estimates of housing need from demographic modelling.

Need For Employment Land

14.52 The SHELMA considers demand for employment land and floorspace over the plan period from 2012-37 based on the following basis:

Figure 68: Components of Employment Land Need

B1a	• Labour Demand Scenarios • Completions Trend
B1b	• Labour Demand Scenarios • Completions Trend
B1c	• Labour Demand Scenarios • Completions Trend
B2	• Labour Demand Scenarios • Completions Trend
'Small scale' B8	• Completions Trend
'Large scale' B8	• Model based on freight throughput and replacement demand
Margin	• Completions Trend

14.53 The analysis of 'demand' for employment land therefore does not take account of any supply-side factors such as existing employment land allocations or commitments.

Labour Demand Scenarios

14.54 The labour demand scenario estimates the land which would be required to support projected jobs growth. This is based on econometric forecasts produced by Oxford Economics and Liverpool City Region LEP. Two forecasts have been considered:

- Baseline Scenario; and
- Growth Scenario.

14.55 To these figures we have applied standard employment densities and plot ratios to identify the overall land requirements to support the net jobs growth. In identifying how much land to allocate for development, we have included a 'margin' in addition to the labour demand based figures above in order to provide for some flexibility.

14.56 An alternative forecast approach has been considered, based on projecting forward past gross completions of employment floorspace development. The completions trend includes B1, B2, and small scale B8 developments. Large scale B8 developments have been stripped out as these are considered separately. The employment land requirement resulting from an extrapolation of the past completions trend is shown below. This identifies a requirement at FEMA level for 235.7ha for B1; 437.3ha for B2 uses; and 118.2ha for small scale B8 uses.

14.57 These approaches identify a need for B1 development of between 160 ha (in the baseline labour demand scenario) to 236 ha (based on past completions) across the FEMA. The Growth Scenario sits at the higher end of this range (232 ha) and in particular models significant stronger office floorspace demand in Liverpool. Delivery of this will to some degree be influenced by the availability of suitable land in/ around Liverpool City Centre, and potentially public-sector support for development.

14.58 For B2 industrial floorspace, a need for 140 – 155 ha is identified in the labour demand scenarios, and a significant 437 ha based on past completions across the FEMA. This is an assessment of gross requirements to meet modern business needs, and does not necessarily imply that poorer quality older industrial sites will meet these needs. Local employment land studies consider the quality of existing sites/ allocations.

14.59 A need for 118 ha of land across the FEMA capable of accommodating small-scale B8 warehouse/ distribution development in units of under 9,000 sq.m is identified (i.e. sites of less than c. 2.5 ha).

Table 75: Employment Land Requirements (Excluding Strategic B8) by Authority, 2012-37

	Baseline Scenario		Growth Scenario		Completions Trend		
	B1	B2	B1	B2	B1	B2	Small Scale B8
Halton	28.1	20.9	39.8	21.1	63.0	62.3	26.2
Knowsley	24.4	33.0	26.8	33.0	20.7	88.0	15.7
Liverpool	39.7	29.4	70.0	29.4	79.2	117.8	12.7
Sefton	14.2	6.1	18.4	6.1	24.2	15.0	9.5
St Helens	11.6	13.7	28.8	27.3	6.3	44.8	10.3
Wirral	27.6	29.1	33.8	30.1	26.1	89.0	14.5
West Lancs	14.5	7.7	14.9	7.7	16.3	20.4	29.2
FEMA	**160.1**	**139.8**	**232.5**	**154.8**	**235.7**	**437.3**	**118.2**

14.60 These figures need to be treated with some caution given they build in a degree of policy aspirations in respect of future sectoral performance and the delivery of potential strategic sites.

14.61 In addition to providing for the demand for new employment land, there will inevitably be losses of existing employment land to other uses where existing sites are no longer suitable or commercially attractive to support continued employment uses. Local authorities should therefore continue to identify any such sites and provide a suitable level of land to replace these losses.

14.62 In identifying the overall requirements for employment land, the need for 'Strategic B8' will need to be added to the above figures. Additionally, the local authorities may wish to consider identifying additional employment land to support commodities storage and to support inward investment opportunities.

Need for Large Scale B8 Warehousing Development

14.63 A 'large scale' warehouse is defined as an individual unit over 9,000 square metres or approximately 100,000 square feet, this being the standard recognised definition within the commercial property sector.

14.64 The approach to forecasting future warehouse new-build takes into account the fact that demand for new-build warehousing is a combination of two factors, namely:

- The requirement to continually replace existing warehouse capacity which is 'life expired' (replacement build); and
- The need for additional floor space to handle long-term growth in traffic volumes (growth build).

14.65 For the Growth Build calculation, two sets of traffic forecasts were produced for the strategy, namely:

- *Do-minimum* – reflecting recent underlying economic growth alongside minimal investment in transport infrastructure (nothing beyond that already committed) and no other public sector interventions; and
- *Do-something/ Transport for the North Strategy* – reflecting the consultant's strategy, which also reflects the results of an extensive consultation exercise with the freight and logistics industry in the north of England and the public sector. This included substantial transport infrastructure investment (e.g. up-front provision of rail freight capacity), improved connectivity to ports and a substantial growth in rail/water connected distribution facilities across the north of England, alongside other public sector interventions, such as a more favourable planning environment.

14.66 By combining the 'replacement build' and 'growth build' elements, the total gross warehouse new-build requirement can be calculated. This is shown in the table below together with the associated land requirements (on the basis that the floor space of a warehouse represents 40% of the total plot footprint).

Table 76: Forecast Large Scale B8 Requirement to 2037

	Do Minimum 2037	FTN Strategy 2037
Replacement build (000s sq m)	952	952
Growth Build (000s sq m)	281	638
Land Required (ha)	**308**	**397**

Where will Large-Scale B8 Growth occur?

14.67 At this stage GL Hearn and MDS Transmodal have not disaggregated the large scale B8 need at a local authority level, nor do we consider it appropriate to do so. The market for large-scale warehouse/ distribution development is sub-regional in nature, and growth at a local level is typically supply-driven – it is influenced by the availability of land at attractive locations. This is, to a large extent, the distribution of growth at a more local level is therefore a supply-led issue.

14.68 GL Hearn have undertaken a Strategic Sites Assessment of the potential land supply for large scale (5+ ha) B8 development. The Strategic Sites Assessment considers the availability of land; the suitability of sites to accommodate large-scale B8 development, including their market attractiveness; and issues affecting the deliverability of B8 development, including infrastructure.

14.69 Consideration was given to site characteristics, including site size, available land/ plots, shape and topography; to access to the strategic road network and rail network, labour force and public transport connectivity, as well as local access and internal circulation (for existing sites). Neighbouring activities were considered including local services, as well as uses which could limit the potential for 24 hour operation. Planning status, land ownership and infrastructure requirements were considered. Relative accessibility, as well as network capacity issues on the road and rail networks, was also addressed.

14.70 The findings of the Strategic Sites Assessment (which focuses on land capable of accommodating strategic B8 development) are included in a report which sits alongside this SHELMA document. It is presented separately as it deals with supply, as opposed to need.

14.71 There are policy choices for the local authorities to make regarding additional sites to allocate to meet the need for large-scale B8 development. There are various considerations which need to feed into this including

Need for Other Specialist Employment Land

Land Requirements for Commodities Storage

14.72 MDS Tranmodal have reviewed land requirements for commodities storage, based on the latest Mersey Port Masterplan (June 2011). This includes forecasts for cargo handling by the Port to 2020 and 2030 by commodity.

14.73 The commodities forecasts presented within the Mersey Ports Masterplan identify a need for around 340 ha of land to 2030. This includes land for Port-related logistics (113 ha) which will overlap with the demand forecasts for B8 warehouse development. The TfN Strategy Scenario in particular includes an assumption of growth in warehousing at rail and water-connected sites.

14.74 The plan designates particular areas for development in the future, however there is still a 12% gap in the overall land requirement if needs for port-related logistics are to be met in/ close to the Port, meaning that there are still 105 acres of unidentified land. This is equivalent to around 42.5 hectares. This will not however necessarily be additional to the wider modelling undertaken (in particular for strategic B8 development).

Inward Investment Sites

14.75 There are potential opportunities to attract inward investment into the City Region from footloose firms considering location or relocation across a national or international area of search. Some, if not most, of the specific needs which might arise will be able to be met through the 'regular' employment land supply. However potential requirements for larger scale single occupier sites will be less easily accommodated.

14.76 Opportunities for major inward investment do not come along often; however to capture such opportunities against competition from elsewhere in the UK and internationally, it is obviously important to have suitable 'shovel ready' land where development can take place. There are clearly wider considerations from costs of goods and labour to incentives, trade barriers etc.

14.77 Consideration could potentially be given to identifying a large site (40+ ha) at a prime location which could accommodate a major inward investment, however if this is to be retained for this purpose it is likely to need to be in public sector ownership.