

Warrington Borough Council,
Planning Policy and Programmes,
New Town House,
Buttermarket Street,
Warrington,
Cheshire, WA1 2NH

05/12/2016

Dear Sir / Madam,

Warrington Local Plan Review: Scope and Contents

1. Thank you for consulting with the Home Builders Federation (HBF) on Warrington Local Plan Review: Scope and Contents document.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. We would like to submit the following comments to selected questions posed in the consultation document. This provides our initial thoughts upon the review of the Local Plan. A more detailed appraisal will be provided at subsequent stages of the plan preparation process.
4. The HBF is keen to work with the Council in order to achieve an adopted local plan which enables an increase in the rate of house building across Warrington. In this context we have identified a number of areas where we have concerns and it is considered that the plan would benefit from modifications or further evidence prior to the next stage of consultation. The following comments are provided based upon our substantial experience of local plan examinations across the country.

Question 1: Do you have any comments to make about the Council's evidence base?

5. The range of evidence generally appears appropriate. It is, however, likely that elements of the evidence base will require updating prior to the final submission of the Local Plan for examination, including the assessment of housing needs.
6. In addition to the evidence identified the HBF would expect a report which illustrates how the Council has worked with neighbouring authorities under the Duty to Co-

operate. The report should not only identify meetings and discussions held but also identify actions and how these have influenced plan preparation. The importance of identified actions resulting from fulfilment of the duty is clearly articulated within the National Planning Practice Guidance (PPG). The PPG states “...it is unlikely that this (the duty) can be satisfied by consultation alone...” and that “...inspectors will assess the outcomes of the co-operation and not just whether local planning authorities have approached others...”.

7. The NPPF requires “...a continuous process of engagement from initial thinking to implementation” (paragraph 181). It is therefore essential that engagement over cross-boundary issues such as housing are addressed early and considered through the evidence gathering phases. This is particularly important given that the 2016 Strategic Housing Market Assessment (SHMA) identifies Warrington is part of a wider Mid-Mersey housing market area (2016 SHMA, paragraph 2.120).
8. Furthermore, Warrington is part of the Cheshire and Warrington Local Enterprise Partnership and sits between Greater Manchester and Liverpool City Regions. Both of which are understood to be progressing City-region plans. These and other city region-wide studies and strategies will need to be fed into the local plan and appropriate actions included.

Question 2: Do you consider the assessment of Housing Needs to be appropriate?

9. The evidence in relation to the housing need is primarily set out within the January 2016 GL Hearn report entitled ‘Mid-Mersey Strategic Housing Market Assessment’ a further October 2016 ‘SHMA Addendum’ is also provided for Warrington which considers the impact of increased job growth (hereafter referred to as the 2016 SHMA and SHMA Addendum respectively).
10. The 2016 SHMA concludes that the objectively assessed housing needs across the Mid-Mersey Housing Market Area to be 1,756 dwellings per annum (dpa). The identified disaggregated need for Warrington is 839dpa. The 2016 SHMA Addendum identifies a higher requirement of 984dpa due to increased job prospects based upon the Local Enterprise Partnership’s (LEP) devolution proposal which aims to create 31,000 additional jobs in the Borough from 2015 to 2040 (this is discussed in greater detail against question 4 below).

11. Since the publication of the 2016 SHMA the 2014 based sub-national population and household projections have been published. It is recognised that over the period 2014 to 2037 these indicate a slight reduction in housing need over the plan period. The PPG (ID 2a-015) identifies that the most recent household projections, provided by CLG, should be used to provide the 'starting point' for establishing the OAN. The PPG goes on to consider that the CLG household projections may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. Considering the demographics of Warrington and previous household formation rates, particularly amongst younger age cohorts, an adjustment to household formation rates is considered appropriate in this case.
12. The study does make some adjustment to the household formation rates. These are, however, applied to the market signals uplift rather than separately within the demographic projections. The rate of uplift applied in Warrington appears small at just an additional 19dpa.
13. The method for applying an adjustment to the household formation rates as part of the market signals uplift appears at odds with the PPG. The PPG provides a distinction between adjustments for household formation rates from any market signals uplift. The PPG question '*What is the starting point to establish the need for housing?*' (ID 2a-015) is clear that the household projections plus such adjustments for issues such as household formation and the effects of under-delivery on migration represent the demographic starting point. A market signals uplift is clearly made after this starting point. The PPG clearly separates the two issues and states;
- “The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals,..” (PPG ID 2a-019)
14. This separation is also agreed by the Local Plan Expert Group (LPEG). In its recommendations to Government¹, for a standard methodology for OAN, it notes that adjustments to household formation rates in younger age groups and for worsening market signals are separate and both are required (Flowchart Steps A & B in Appendix 6).

¹ Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

15. The 2016 SHMA does not apply any further uplift to take account of the market signals identified within the PPG (ID 2a-019). The HBF agrees with much of the analysis across the Mid-Mersey HMA which suggests that a significant market uplift is not necessary. It is, however, notable that Warrington consistently performs worse than its Mid-Mersey counterparts and the North West average across a wide range of indicators, including lower quartile affordability, rents and median house prices. It is therefore considered that further uplifts to the demographic starting point are justified within Warrington based upon these key market signals.
16. The 2016 SHMA correctly seeks to align economic and housing needs, this is generally supported. The baseline economic position for Warrington is based upon two separate economic forecasts emanating from Oxford Economics and the Cheshire and Warrington Economic Model (CWEM), which identify differing levels of growth for the area. In coming to a view upon how this translates into the housing requirement the 2016 SHMA utilises assumptions with regards to economic activity rates. The assumptions surrounding economic activity rates are often the source of significant debate at local plan examinations. Indeed the PAS guidance '*Objectively Assessed Need and Housing Targets*' identifies large increases in economic activity rates to be a risky strategy which will have a negative effect upon the identified housing need. The 2016 SHMA does not provide sensitivity testing of these assumptions to ascertain whether they are overly optimistic.
17. In conclusion the HBF considers that the 839dpa OAN figure is likely to sit towards the lower end of an acceptable range. Our reasoning for this conclusion, based upon the evidence provided by the Council, is due to the minimal uplift to household formation rates, lack of other market signals uplifts and the assumptions relating to economic activity rates. The HBF does, however, agree with paragraph 2.7 of the consultation document in that the OAN only provides the starting point for the housing requirement and other considerations are necessary which may either lift or reduce the amount of housing required to be delivered by the plan.

Question 4: Do you consider the alignment of Housing Needs and Job's Growth to be appropriate?

18. The HBF is supportive of the plan seeking to align job growth and housing needs. This approach is considered consistent with the NPPF (paragraph 158) and PPG (ID 2a-018). The 2016 SHMA Addendum considers the impact of the LEP devolution proposal to create 31,000 additional jobs in the Borough from 2015 to 2040. It is understood this would equate to 28,520 additional jobs over the SHMA

period to 2037. It is noted that the Council consider this level of economic growth to be achievable based upon past history (Local Plan Review: Scope and Content, paragraph 2.12). Given that the figure of 31,000 additional jobs has been used as part of the LEP devolution deal it is considered appropriate to consider the implications of this level of growth upon the housing requirement. It is, however, notable that this level of job creation is less than that achieved over the period 1992 to 2014 (Mickledore (2016): A review of economic forecasts and housing numbers). Jobs growth over this period equalled an average 1,573 jobs per annum compared to 1,240 jobs per annum under the LEP devolution proposal. Given this higher rate of job creation in the past further scenarios considering higher levels of jobs growth could be considered.

19. The 2016 SHMA Addendum identifies that the LEP devolution proposed level of jobs growth would increase the housing requirement to 982dpa, this is rounded up to a minimum net requirement of 1,000dpa. The calculation of the jobs growth scenario is based upon the same assumptions used within the OAN calculation and therefore whilst we are supportive of aligning employment and housing strategies we consider that it is likely to sit towards the lower end of an acceptable range.

Question 5: Do you consider the assessment of Land Supply to be appropriate?

20. The HBF does not wish to comment upon the acceptability or otherwise of individual sites within the supply, at this stage. It is, however, noted that the Council is reliant upon a 64dpa windfall allowance and does not appear to have applied any discount to extant planning permissions.
21. In terms of the windfall allowance this appears to be based solely upon historic completions from this source between 2009/10 and 2014/15. This indicates an average of 64 dwellings from windfalls each year. It is, however, notable that the delivery from windfalls is skewed by the final two monitoring years which delivered 139 and 83 windfall dwellings respectively. If these two years are removed the average rate drops to 41dpa. It is also notable that the windfall allowance has been applied from year 1. This is likely to create an element of double counting as many of the windfall sites which will deliver in years 1 to 3 will already need to benefit from planning permission to be completed in this period. The HBF therefore recommends that a discount is applied to the first few years and further consideration is given to the impact of the final two monitoring years upon average windfall delivery.

22. Whilst historic completions provide a useful context the NPPF, paragraph 48, requires an assessment of whether they will continue to provide a reliable source of supply in the future. This element of the assessment is currently absent from the '*2016 Urban Capacity Study*' and *2015 Strategic Housing Land Availability Assessment* (SHLAA). In determining future windfall supply it is important to consider the likelihood of continued delivery from different elements of the supply. This assessment should be made in the context of a new plan with new allocations and the more comprehensive assessment included within the SHLAA. Whilst it would appear appropriate to include a small sites allowance, as these are not captured by the SHLAA, larger sites are likely to reduce significantly. It is therefore recommended that further analysis be undertaken of the sources of windfall supply and consideration given to their likely delivery over the plan period.
23. It is unclear from the SHLAA and Urban Capacity Study whether any discount has been applied to sites already benefitting from planning permission. The Council will be aware that sites may not be developed for a wide range of reasons, this often leads to a lapse rate in planning permissions. A lapse rate is commonly applied to the supply in the examination of local plans. Ideally the scale of any lapse rate should be determined locally. In the absence of local information a common approach, which has been accepted at a number of planning appeals, is to provide a 10% deduction in unimplemented housing permissions (see appeals at Rothley APP/X2410/A/13/2196928 and Honeybourne APP/H1840/A/12/2171339). It is recommended that this issue be given further consideration.
24. The HBF also consider it prudent that the plan contain a buffer of sites to counter any under or none delivery from allocations or windfalls. The reasons for the inclusion of such a buffer are two-fold. Firstly the NPPF is clear that plans should be positively prepared, aspirational and significantly boost housing supply. In this regard the housing requirements set within the plan should be viewed as a minimum requirement, this interpretation is consistent with numerous inspectors' decisions following local plan examination. Therefore if the plan is to achieve its housing requirement as a minimum, it stands to reason that additional sites are required to enable the plan requirements to be surpassed. Secondly, it is inevitable, due to a variety of reasons, some sites will either under-perform or fail to deliver during the plan period. A buffer of sites will therefore provide greater opportunities for the plan to deliver its housing requirement. Such an approach is recommended within the LPEG report to Government.

Question 6: Do you consider that Green Belt land will need to be released to deliver the identified growth?

25. Yes, it is clear from the available evidence that if Warrington is to meet its own needs for housing and employment it will need to consider releasing land from the Green Belt.

Question 7: Do you consider the three identified Strategic matters being the appropriate initial focus of the Local Plan review?

26. The three strategic matters are considered appropriate, presuming this includes aligning the housing requirement with the economic aspirations discussed in question 4.

Question 8: Do you agree that further land will need to be removed from the Green Belt and Safeguarded for future development needs beyond the Plan period?

27. Yes, the NPPF (paragraph 85) identifies that where necessary Local Plans should provide safeguarded land to meet longer term development needs stretching “...well beyond the plan period...” and that local authorities should satisfy themselves that Green Belt boundaries “...will not need to be altered at the end of the development plan period...”. The NPPF (paragraph 157) also advocates a 15 year time horizon for Local Plans. It would therefore appear appropriate to ensure that the Green Belt boundaries are capable of enduring until at least 15 years beyond the end of the plan period.
28. This will not only provide a robust long-term Green Belt boundary but will also provide certainty for residents and developers alike in terms of likely growth locations beyond the end of the plan period. It is recommended that the Council carefully consider the amount of land required to ensure that Green Belt boundaries will not be required to be further amended upon the review of this Local Plan.

Question 13: Do you consider the proposed 20 year Local Plan period to be appropriate?

29. Yes, this is considered appropriate and should provide a 15 year time horizon, post adoption, in conformity with NPPF paragraph 157.

Information

30. I trust that the Council find the foregoing comments useful as it continues to review its Local Plan. I would be happy to discuss these comments further if required. I would also like to be kept informed of future consultations upon the Local Plan or other planning documents.

Yours sincerely,

MJ Good

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