

Warrington Local Plan Examination

Matters Statements

MATTER 4 – HOUSING NEED AND THE HOUSING REQUIREMENT

JULY 2022

Matter 4 – Housing need and the housing requirement

Issue

Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to housing need and the housing requirement.

Relevant Policies

DEV1, DEV2.

(NB. Examination Library reference numbers are provided in brackets after each document referred to in the Matters Statement)

Questions

1. Has the calculation of Local Housing Need (816 homes per annum) been undertaken appropriately using the standard method and correct inputs?

- 1.1 Yes. The Local Housing Need (816 homes per annum) is based on the standard methodology as set out in planning practice guidance (NPPF: Paragraph 60 and PPG: Paragraph. 004 Reference ID. 2a-004-20201216). The calculations are set out in more detail in the Local Housing Needs Assessment 2021 (H2) and are summarised as follows:

Step 1 – Setting the baseline

2014 Household Projections	
2021	94,062
2031	101,207
Change in households	7,145
Per annum change	715

Step 2 – Adjustment to take account of affordability

Affordability Uplift	
Per annum change (Step 1)	715
Affordability ratio (2020)	6.27
Adjustment factor $((6.27-4)/4 \times 0.25)$	14.2%
Total Need (per annum)	816

Step 3 – Capping the level of any increase

Not required in Warrington

Result: Total housing need is 816 dwellings per annum.

2. Should the housing need figure be higher than the minimum Local Housing Need figure of 816 homes per annum? Do any of the circumstances set out in paragraph 10 of the housing and economic needs assessment chapter of the PPG (or any other relevant circumstances) apply in Warrington?

2.1 No, it is not considered appropriate for a higher figure to be applied in Warrington.

2.2 The previous draft plan (Proposed Submission Version Local Plan 2019) target included an uplift to ensure the number of homes being planned matched the number of jobs anticipated to be created through the Council's economic aspirations, as reflected in the Local Enterprise Partnership's Strategic Economic Plan. Through the update of the Economic Development Needs Assessment 2021 (EC2), and having regard for the implications of Brexit and the Covid-19 pandemic, the Council no longer considers this scale of jobs growth to be realistic and is confident that a housing target of 816 will result in a sufficient increase in working age population to support the probable number of additional jobs that are likely to be created in Warrington over the Plan Period.

2.3 The Council can confirm that none of the circumstances set out in paragraph 10 of the housing and economic needs assessment chapter of the PPG apply in Warrington. There are no specific growth strategies in place in Warrington, no strategic infrastructure improvements that are likely to drive an increase in the homes needed locally and no issues on unmet need from neighbouring authorities.

2.4 Setting the housing requirement of the Plan to the minimum requirement under the Government's methodology therefore has the potential to meet Warrington's future housing needs and support its continued economic growth, whilst minimising the impact on the Borough's Green Belt compared to the previous proposed target.

3. The Local Housing Needs Assessment Update 2021 concludes that 816 homes per annum will provide an increase in working age population sufficient to support the number of additional jobs likely to be created over the plan period. Are the assumptions and calculations which support this analysis robust and is the conclusion justified?

3.1 The Council is confident that a housing requirement of 816 homes per annum – in line with the Government's housing methodology - will result in an increase in working age population sufficient to support the number of additional jobs that are likely to be created in Warrington over the Plan Period.

3.2 This is confirmed in the Local Housing Needs Assessment 2021 (H2) (Section 6) in which an additional stage of work has been undertaken to confirm the number of jobs that can be supported by the standard method figure. This was carried out jointly between the Council's housing need consultant (GL Hearn) and economic needs consultant (BE Group).

- 3.3 GL Hearn analysed the latest Oxford Economics (OE) and Cambridge Econometrics (CE) employment forecasts over the plan period to provide a starting point to understand the number of new homes that would be needed to support jobs growth.
- 3.4 In analysing the forecasts it was found that there were wide differences in outcomes between the OE and CE forecasts. Whereas OE (using a base year of 2021) put forward an increase of 12,319 jobs to 2038, CE forecast 17,391 jobs.
- 3.5 With reference to the findings put forward in the Economic Development Needs Assessment (EDNA), the Local Housing Needs Assessment study concludes that the CE forecasts are too optimistic while the OE forecasts are unduly pessimistic.
- 3.6 Therefore the LHNA arrives at a “mid-point” forecast employment growth of 14,855 over the plan period between 2021 and 2038.
- 3.7 Taking account of likely changes to the economically active population, commuting patterns, double jobbing and unemployment, it has been estimated that between 696 and 765 new homes each year are required to support a jobs growth of 14,855.
- 3.8 GL Hearn then calculate how many jobs a housing requirement of 816 home per annum could support. Given current commuting patterns and estimates about double jobbing, it is estimated that just over 18,300 additional jobs could be supported by growth in the housing supply in line with the standard method-based housing need figure of 816dpa. This falls to 16,100 if commuting is assumed to be on a 1:1 ratio for new jobs.
- 3.9 Given that robust forecasts of employment growth are well within the level of increase that would be supported by the delivery of 816dpa there is no justification to further increase the housing requirement to support employment growth in Warrington over the Plan Period.
- 3.10 This was further expanded upon in the Local Housing Needs Assessment Addendum 2022 (H1) and reinforced in the Warrington Economic Development Needs Assessment Addendum 2022(EC1) which were produced to respond to specific comments received through the consultation process.
- 3.11 The Council’s approach is therefore considered to be robust and fully justified.

4. What is the relationship, if any, between the housing need figure of 816 homes per annum and the amount of employment being provided for i.e. approx. 316ha?

- 4.1 There is not a direct relationship between the housing need figure and the amount of employment land being provided for. It is not possible to align jobs targets, based on forecasts which also inform the UPSVLP 2021 housing target, with the employment land target, which is based on a forward projection of past take up. From the employment side the difference reflects the fact that businesses will seek

to grow their operations, generating needs for premises and land, for a range of reasons, many of which are unrelated to the number of people they employ. For example, businesses may require more accommodation to house automated equipment, greater storage space or simply the desire for a more modern premises or to relocate to a better trading market. In the warehouse sector, automation is reducing jobs densities whilst changing working practices in the office sector are similarly reducing densities.

- 4.2 For this same reason, it is not viable to project forward past jobs growth as a method of forecasting future employment growth and, from that, housing needs. Changing working practices and an evolving economy mean that employment trends of the future will differ from those of the past.
- 4.3 Rather the Council considers that its employment land provision is fully justified and that its housing requirement reflects the extent of new development that would be needed to accommodate the likely, resultant jobs growth.
- 4.4 The Council’s position is fully detailed in the Warrington Economic Development Needs Assessment 2021 (EC2) and is further re-enforced through the EDNA Addendum 2022 (EC1) - see Point 1 and Point 2 in Table 3, page 7 - prepared in response to key issues raised from the Updated PSVLP consultation.
- 5. What are the implications of this amount of employment land in terms of jobs growth? Is it possible/reasonable to estimate the number of jobs likely to be created from this amount of employment land using past trends, evidence from recent proposed and permitted schemes in Warrington and the wider region or analysis in the Economic Development Needs Assessment 2021 (noting that it estimates the amount of land needed for projected jobs growth using both Oxford Economics and Cambridge Econometrics models)?**
- 5.1 The EDNA 2021 Refresh (EC2) concluded the Oxford and Cambridge Economic forecasts cannot be used as a basis for forecasting for the Objectively Assessed Need for employment land, without more analysis. As was discussed above, in the response to Question 4, this is because increasing employment is only one of many reasons businesses may seek additional employment land and premises. It does not imply the jobs forecasts are themselves inaccurate and not suitable for other uses, including in assessments of housing need, with proper analysis and consideration of the issues they raise.
- 5.2 Table 43 of the EDNA (2021) (EC2) calculates the land need based on employment change for the period from 1996-2020 and compares it to the actual land take-up during that period.

Table 43 – Employment Land Take-Up/Employment Change Comparison 1996-2020 (Oxford Economics)

Employment Change	Total Jobs	Land (Ha)
Growth	55,000	149.58

Employment Change	Total Jobs	Land (Ha)
Decline	(6,650)	(79.13)
Net growth / (loss)	48,350	70.5
Historic land take-up	-	341.29 (196.79 less omega)

Source: Oxford Economics, WBC, BE Group, Mickledore 2021

- 5.3 As can be seen from Table 43, converting the 48,350 jobs the Borough gained over 1996-2020 into a floorspace and then land requirement, only gives a net employment land total of 70.5 ha or 20.7 percent of the 341.29 ha of employment land take up actually recorded over that same period.
- 5.4 From the analysis set out above it is possible to conclude that only a modest proportion of the recent employment land gain in the Borough, and equally the land the Borough will need in the future, is/will be specifically the result of a growing labour force. By the same logic, any attempt to calculate the future jobs increase, in Warrington, from amount of employment land required for the future would vastly overestimate the number of jobs which could be generated.
- 6. Does the scale of employment land provision justify an increase in the housing need figure?**
- 6.1 No. The Council does not consider that the scale of employment land provision justifies an increase in the housing need figure. The alignment of Economic Growth and Housing Need is fully explored in Section 6 of the Warrington Local Housing Needs Assessment 2021 (H2).
- 6.2 In assessing the Plan's housing requirement, the Council has used the Oxford and Cambridge forecasts which are considered to provide a more accurate basis to establish future jobs growth, than the amount of employment land, as they are most up to date and allow for contemporary economic issues such as Brexit and the Covid-19 Pandemic.
- 6.3 In addition, as set out above in responses to Questions 4 and 5, there is not a direct relationship between the housing need figure and the amount of employment land being provided for.
- 6.4 The Council is therefore confident that setting the housing requirement of the Plan to the minimum housing need figure under the Government's methodology will meet Warrington's future housing needs and support its continued economic growth.
- 6.5 The Council is also confident that it has correctly established its objectively assessed need for employment land and that overall the Plan provides a balanced strategy for meeting Warrington's future housing and employment land needs.

7. Notwithstanding the above, is the housing requirement of 816 homes per annum justified? Should it be higher or lower than this and if so to what level and on what basis?

- 7.1 The Council considers that the housing requirement of 816 homes per annum is justified and will meet Warrington's needs over the plan period. The Council does not consider that there is a case for increasing the housing requirement to support employment growth for the reasons set out above. The Council also does not consider the housing requirement should be lower, as justified in the response to Matter 3 (paragraphs 3.4 to 3.9).
- 7.2 In preparing the Updated PSVLP, the Council considered whether it should increase its housing target in order to increase the supply of affordable housing in accordance with the Government's Planning Practice Guidance. This is detailed in paragraphs 5.18 to 5.32 of the Development Options and Site Assessment Technical Report September 2021 (O1)
- 7.3 The Council considers that the proposed Local Plan Housing target of 816 homes per annum is likely to deliver around 204 affordable homes per annum from eligible market housing led developments. This is below the identified need of 433 affordable homes per annum as established in the Local Housing Need Assessment 2021 (H2).
- 7.4 It is considered unreasonable for the Council to deliver the full affordable housing requirement through its affordable housing policy applied to eligible market housing led developments. This would require the housing target to more than double and from the SA/SEA process and previous consultations it is apparent that this would result in unacceptable environmental harm and would be unrealistic in terms of delivery.
- 7.5 The Council considered whether it should apply a smaller uplift to the headline housing target. However in reviewing the Plan's housing requirement, the Council has concerns about the realism of sustaining a higher level of housing growth over the Plan period and the additional Green Belt land which would need to be released. Further, a higher housing target could result in issues of market saturation and / or result in a higher level of out-commuting given the increase in working age population would be proportionally higher to the number of jobs forecast to be created over the Plan period.
- 7.6 The PPG recognises that the need for particular groups, including those in need of affordable housing, may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.

- 7.7 From the Local Housing Needs Assessment (2021) it can be seen that a large proportion of the net affordable requirement is from existing households. Further, it is apparent that the increase in affordable housing need over time is primarily due to the reduction in re-lets from available properties, rather than an increase in gross affordable need.
- 7.8 The Council notes that the Government's standard method already includes an uplift above basic demographic need to address issues of affordability. By providing a flexibility in land supply and a longer term supply of homes beyond the Plan Period, there is also the potential for further delivery should the housing market be able to deliver at a higher rate.
- 7.9 Given concerns raised during the Regulation 19 consultation around viability of housing delivery in the Town Centre and Inner Warrington, the Council has undertaken an addendum to its Local Plan Viability Assessment (V1) which demonstrates credible scenarios in more detail where affordable housing can be delivered in these location.
- 7.10 There are also other sources of affordable housing supply, including developments by Registered Providers and the Council's Housing Company which are likely to deliver a much higher proportion of affordable housing.
- 7.11 For example, Torus are bringing forward a number of affordable housing schemes in the Town Centre with grant funding from Homes England. Torus are also using grant funding to deliver additional affordable homes on private development sites, over and above those secured through S106.
- 7.12 Having carefully considered all these factors, the Council does not consider it is appropriate uplift to its proposed housing target of 816 in order to deliver additional affordable homes.

8. What is the basis for the stepped housing requirement (678 homes per annum rising to 870 per annum from 2026)? Why were the particular time periods and annual averages chosen? Is the approach justified?

- 8.1 The Plan proposes a stepped trajectory as it is recognised that the Main Development Areas will have relatively long lead in times. This is supported by the PPG in such instances (Housing Supply and Delivery: para 021). The Spatial Strategy ensures additional small and medium sizes sites will come forward from the proposed Green Belt release in the outlying settlements and at Thelwall Heys early in the Plan Period in addition to the continued provision from existing sources in the wider urban area.
- 8.2 The housing requirement, as defined in the Updated Proposed Submission Version Local Plan 2021, over the first 5 years will be 678 dwellings per annum. This will match deliverable supply over this period when the 20% buffer is added. The

requirement over the remaining 13 years of the Plan, will increase to 870 dwellings per annum. This will ensure the overall requirement of 14,688 is met.

8.3 The time periods chosen reflect the lead in times for delivery of the Main Development Areas which are not anticipated to be delivered within the first 5 years of the plan.

8.4 In light of the detail above, the Council considers that the stepped housing requirement is appropriate and justified.

9. Should the Local Plan set housing requirements for designated neighbourhood areas in light of paragraph 66 of the NPPF?

9.1 Designated neighbourhood areas in the Borough include Appleton Thorn (which has a made Neighbourhood Plan), Grappenhall, Stretton and Lymm. Having considered each of these areas, having regard for the scale of development proposed and the need for the release of land in the Green Belt, the Council considers it is most appropriate that the housing requirement is set strategically at a Borough-wide level to ensure Warrington's overall housing needs are met. As such, the Plan does not set housing requirements for designated neighbourhood areas.