

EiP Statement

Warrington Updated Proposed Submission

Version Local Plan 2021-2038

Homes Builders Consortium

Representor ID UPSVLP 0410

Our ref 64052/01/RCA/CRo

Date 22nd July 2022

Subject Matter 4 – Housing need and the housing requirement

1.0 Introduction

- 1.1 Lichfields is instructed by a Consortium of leading developers and housebuilders, namely Ashall Property, Barratt Developments (Barratt Homes and David Wilson Homes), Metacre Ltd, Satnam Developments and Story Homes [the Consortium], to make representations on its behalf to the Warrington Updated Proposed Submission Version Local Plan 2021 to 2038 [WUPSVLP] (September 2021).
- 1.2 This Written Statement has been prepared in response to the Matters, Issues and Questions raised by the Inspector for the Matter 4 Examination in Public [EiP] hearing session on the housing need and the housing requirement.
- 1.3 Separate representations have been submitted on behalf of the Consortium in respect of Matters 3,6a,6c,8 and 9.
- 1.4 This Statement should be read in conjunction with the Consortium’s response to these other Matters, as well as its previous submissions on the Local Plan [Representator ID UPSVLP 0140]. Members of the Consortium have also prepared separate Written Statements to the Matters that are of interest to them individually, but not collectively to the Consortium.
- 1.5 The ultimate objective of the Consortium is to see the adoption of a sound and aspirational development plan for Warrington, which provides suitable land in sustainable locations to ensure that sufficient housing land is available to meet all types of future housing needs throughout the plan period. The Consortium is of the opinion that the soundness issues can be addressed through main modifications amendments to the policies and the introduction of additional sustainable Green Belt allocations to meet housing need.
- 1.6 In light of the Inspector’s specific issues and questions, this Statement expands upon the Consortium’s previous representations made throughout the Local Plan preparation process. Where relevant, the comments made are assessed against the tests of soundness

established by the National Planning Policy Framework [NPPF] and the National Planning Policy Practice Guidance [PPG].

2.0 Issues and Questions

Q1: Has the calculation of Local Housing Need (816 homes per annum) been undertaken appropriately using the standard method and correct inputs?

2.1 Yes. 816 dpa accords with the minimum LHN derived from the standard methodology as of October 2021. However, as of July 2022, this figure increased to 828 dpa.

Q2: 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?

2.2 Yes.

2.3 The LHN target derived from the standard methodology [SM2] represents only the minimum starting point. There are exceptional circumstances that justify increasing the overall housing need including the misalignment with the Plan's high employment land target and affordable housing need. The solution is to increase the housing requirement so that it aligns more closely with the Council's economic growth aspirations.

2.4 The PPG sets out circumstances whereby an area's actual need will be higher than SM2, including growth strategies for the area that are likely to be deliverable and strategic infrastructure improvements that are likely to drive an increase in the homes needed locally¹. Both apply to Warrington.

2.5 For example, Warrington's Town Deal ambitions were boosted by the provision of £22.1 million funding in October 2020, whilst WBC obtained funding for seven key projects that are intended - in the Council's own words - to unleash the Town Centre's potential. These projects include the creation of a health and wellbeing hub in the town centre, to improve quality of life and increase accessibility to healthcare services; a new bus depot, to provide the stimulus for land to deliver new housing; and a digital enterprise hub.

2.6 The Council also claims that it is committed to delivering the Western Link Relief Road. The DfT conditionally awarded the Council £142.5 million to be put towards delivering the £212 million scheme, which (if the Council manages to address the substantial funding gap, which is far from guaranteed) would help to reduce congestion and mitigate the adverse impact of further development in Warrington. It is precisely this type of strategic infrastructure investment that the PPG suggests is likely to boost housing needs.

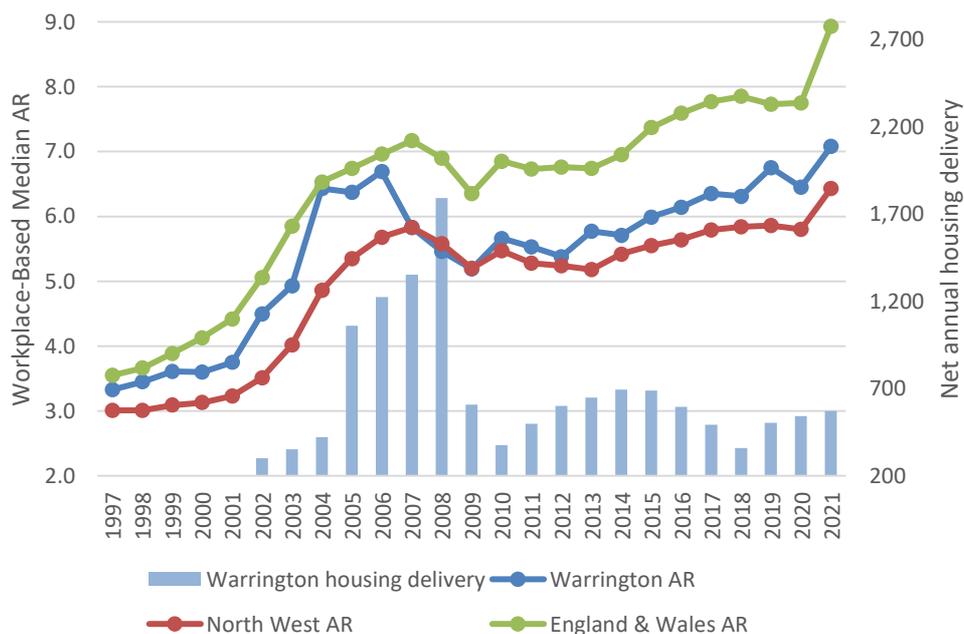
2.7 One point of justification by GL Hearn for reverting down to 816 dpa from the 945 dpa in their previous HNA is that it is "*now too high and not reflective of an achievable level of housing delivery.*"²

¹ PPG Paragraph: 010 Reference ID: 2a-010-20201216

² GL Hearn (2021): Warrington Local Housing Need Assessment 2021, paragraph 6.6

- 2.8 In recent years housing delivery across Warrington has been very disappointing. The Borough currently fails the Housing Delivery Test [HDT] by some margin (57%), resulting in the presumption in favour of sustainable development now applying.
- 2.9 The GL Hearn Developer Rebuttal seeks to justify a low target on the basis of past failures to deliver, and considers that exceeding 816 dpa would be over-ambitious based on past trends, as “*the period from 2003-2007 shows an abnormal level of housing delivery*” [paragraph 2.49].
- 2.10 Given the size of the Borough, the Council should be delivering much more. The Government retains its ambition to deliver 300,000 homes p.a. This would equate to 1.21% of all existing dwellings as of 2021³. To achieve this national target, and with each district using a 1.2% benchmark as its ‘fair share’⁴, **Warrington would have to deliver 1,129 dpa**. This is 38% above the SM2 figure but is broadly in line with the 1,207 dpa the Borough averaged between 2004/05 and 2008/09. This was not abnormal; it should be the ‘norm’.

Figure 2.1 Workplace-based Median AR and Annual Housing Delivery in Warrington Borough



Source: DLUHC 2022 Information on the ratio of house price to workplace-based earnings (lower quartile and median)

- 2.11 Market signals are clearly showing signs of stress. Despite GL Hearn’s commentary in its Developer Rebuttal, Warrington’s affordability ratio [AR] is worsening, suggesting that it is becoming increasingly difficult for local residents to get on the housing ladder. **The median AR for Warrington was 7.08 in 2021, the highest it has ever been.** Although it still lags behind the national rate, it has pulled away from the NW’s ARs. Recognising that there is likely to be a lag in the extent to which housing supply alleviates

³ DLUHC (2022): Table 100: Number of Dwellings by Tenure and District, England: 2021. England has a total of 24,873,321 dwellings in 2021, whilst Warrington has 93,631

⁴ Recognising that some urbanised unconstrained districts should deliver more, and others with significant environmental constraints, less

(or exacerbates) price growth, once housing delivery dropped off a cliff in 2009, Warrington’s AR has gradually increased since 2012.

Table 2.1 Affordability Ratios for Warrington Borough and Comparator Areas, 2021

	Ratio of median house price to median gross annual workplace-based earnings		Ratio of LQ house price to LQ gross annual workplace-based earnings	
	2021	% Change, 2001-2021	2021	% Change, 2001-2021
Warrington Borough	7.08	89%	6.73	105%
North West	6.43	99%	6.11	112%
England and Wales	8.93	102%	7.85	96%

Source: ONS (2022) / Information on the ratio of house price to workplace-based earnings (lower quartile and median)

Q3: 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?

2.12 No.

2.13 It is essential that sufficient housing is provided to accommodate an increase in the workforce. The employment and economic growth assumptions used in the evidence base should be based on robust, realistic and transparent assumptions.

Accelerated household formation rates

2.14 The 2019 LHNA report rightly adjusted household formation rates to reflect younger resident’s inability to access the suppressed housing market: “as otherwise, local residents in these younger age groups would not be able to form in the way in which they would perhaps like or had done so historically” [paragraph 3.54].

2.15 This ‘part return to trend’ scenario resulted in an uplifted housing requirement from 907 dpa to 945 dpa, the figure taken forward by WBC in its 2019 WLP. Whilst GL Hearn justifies this approach in its 2019 report, it has not done this in its 2021 update. The Developer Rebuttal suggests that this is because the 2018 SNPP shows only a modest decline, but the fact remains that escalating house prices and worsening affordability issues are making it increasingly difficult for young adults to form a household. A policy response is necessary.

Unemployment

2.16 The 2021 update assumes a ‘latent labour supply’ of 4,101 residents can be factored into the workforce between 2021-2038, aligning with the 4,101 jobs supposedly ‘lost’ due to the pandemic between 2019-2021. This essentially assumes all 4,101 people will return to the workforce and can be netted-off the job targets. This has a significant impact on

suppressing the housing need target as it assumes there is no need to provide any new homes for these c.4,000 people. This approach is fundamentally flawed.

2.17 The Developer Rebuttal refers to the 'Alternative Claimant Count' [ACC] to show that between February and May 2020 there was an additional 3,942 claimants in Warrington, which has gradually dropped to the point at which it remains 1,115 greater than pre-Pandemic. However, it is important to note that these new ACC statistics are not unemployment statistics.

2.18 As the ONS states⁵:

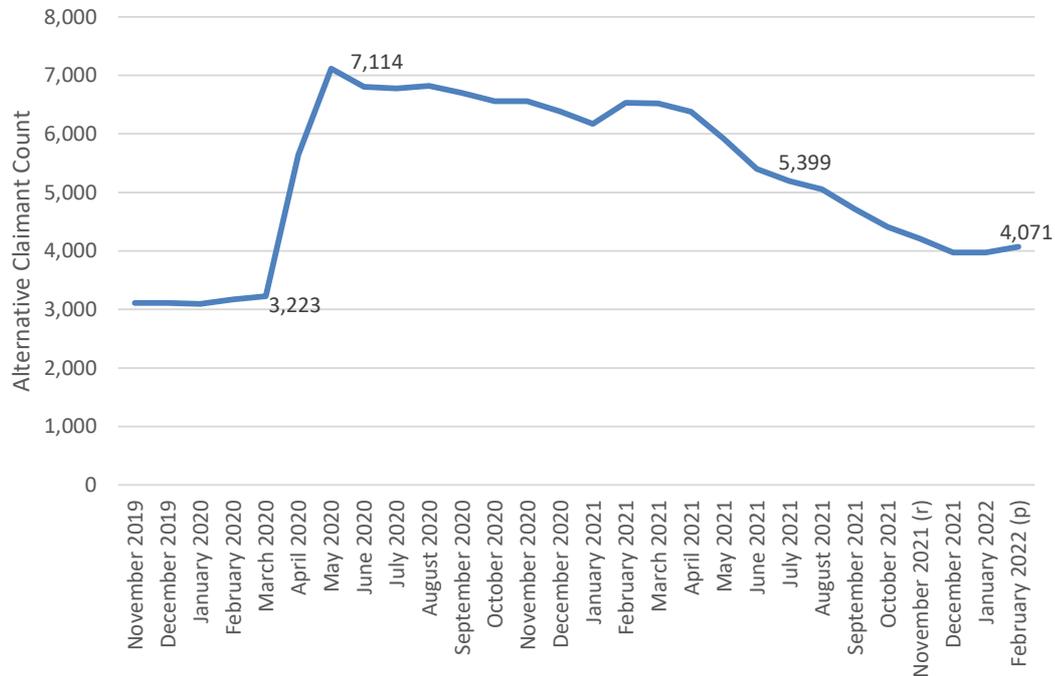
“As with the Claimant Count, these new statistics do not measure unemployment, as defined by the International Labour Organisation. They measure the number of people claiming unemployment-related benefits. This will not cover all of the people who meet the ILO definition, which is measured using the Labour Force Survey [LFS].”

2.19 Furthermore, ONS adds that in certain circumstances it may be possible to work and claim unemployment related benefits. These are generally claimants working part time or with very low earnings. It also includes 'additional claimants' - partners of claimants, and people who previously would have only received Housing Benefit or Child Tax Credits.

2.20 This is part of the reason why it is misleading to suggest that the ACC can be used to justify a latent labour supply of 4,101 residents. For example, a person living in Warrington might be in employment, but only on a low income. They may also be claiming ACC and therefore included in the figures. However, they may get a better paying job and stop claiming ACC. They would fall out of the ACC calculations, but the net job gain to Warrington may be zero, because they have left one role simply to move to another.

⁵ ONS (2020): Alternative Claimant Count statistics: background information and methodology, Updated 13 October 2020

Figure 2.2 Alternative Claimant Count and Modelled Unemployment in Warrington Borough



Source: Department for Work and Pensions data from Stat-Xplore (July 2022) / NOMIS ONS Annual Population Survey - All people - Economically active - Unemployed (Model Based)

- 2.21 GL Hearn has over-estimated the impact as they have included people turning to the benefit system as additional support during the pandemic even though they may not necessarily have lost their job at that time.
- 2.22 Official statistics produced by ONS⁶ indicates that unemployment in Warrington increased from 3,400 in March 2020 to a peak of 4,200 in June 2021 before falling back to 3,800 by December 2021. There is simply not a reservoir of 4,000 unemployed residents.
- 2.23 If GL Hearn was to keep unemployment rates broadly constant (or even with a reasonable reduction from a 2021 peak) and exclude the 'latent labour supply' adjustment, we would almost certainly find that the Borough's housing need associated with its job targets is significantly higher.

Simple demographics

- 2.24 At its most basic level, GL Hearn's work is questionable. The study is asking us to accept that the baseline 2014-based SNPP can support between 16,069 and 18,328 jobs, incorporating an increase of 11,592 economically active residents, despite the number of Warrington residents aged 18-66 actually decreasing by 284.
- 2.25 Their assumptions suggest that either economic activity rates are going to have to increase dramatically, or that far more older residents of retirement age will stay in work. Whilst a

⁶ The Labour Force Survey, which specifically includes people who meet the international definition of unemployment specified by the International Labour Organisation

modest adjustment to this effect is reasonable, the sheer scale of GL Hearn’s adjustment does not appear credible.

Q4: 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?

and

Q5: 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)?

- 2.26 The 316 ha employment land target does not align with either the OE or the CE projections. If the majority of this land comes forward for development by 2038 it will undoubtedly accommodate far higher levels of employment than could be sustained by 816 dpa.
- 2.27 The UPSVLP is not planning for a level of employment growth commensurate with either the OE or CE projections. It is clearly planning to accommodate “316.26 hectares of employment land to support both local and wider strategic employment needs”, as set out in Policy DEV4.
- 2.28 As evidenced within WBC’s EDNA (2021), WBC is planning for a level of employment land growth (at 316.26 ha) that in the past sustained 2,015 jobs annually⁷ – a figure 87% higher than the 1,078 p.a. job growth the 816 dpa SM2 housing target equates to. If the 1:1 commuting pattern is applied, then the number of jobs falls from 1,078 to 945 per annum, an even greater discrepancy.
- 2.29 Table 44 of the EDNA summarises the employment land growth that the much lower OE and CE baselines can sustain:
- OE Baseline: 12,319 net job growth equates to a need for 62.24 ha of employment land;
 - CE Baseline: 17,391 jobs growth equates to a need for 60.12 ha of employment land (due to greater non-B Class jobs growth).
- 2.30 Unhelpfully, BE Group’s EDNA Update did not model the employment land implications of either the 816 dpa SM2 target or the mid-point OE/CE jobs growth figure of 14,855.
- 2.31 **Nevertheless, the Council’s employment land and housing targets are fundamentally misaligned. According to GL Hearn, the housing target of 816 dpa can sustain between 16,069 and 18,328 jobs; however, the UPSVLP’s**

⁷ Reference to BE Group’s “Economic Development Needs Assessment Refresh” [EDNA] (August 2021) indicates that the 316 ha need is based on historic (24 years) take up from 1996/97-2019/20 of 14.22 ha per annum, including Omega (see Table 20 of the EDNA), an adjustment for displacement (+17.64 ha) and a 3 year buffer (14.22 x 3 = 42.66 ha). Table 43 of that report confirms that over that same time period, the Borough grew by 48,350 jobs, or 2,015 annually. This equated to an employment land take up of 341.29 ha.

employment land target of 316.26 ha is likely to generate at least 34,255 jobs (@2,015 per annum over 17 years).

- 2.32 The BE Group EDNA rebuttal produced for WBC in February 2022 contests these points⁸ by stating that “*jobs growth and employment land take up are not strongly related at all*” [paragraph 2.12].
- 2.33 This contrasts with the PPG⁹, which explicitly requires the use of job forecasts to calculate employment land needs. This is a very widespread technique used to calculate employment land requirements and has been used in this way for decades, including by GL Hearn in its own ELRs elsewhere¹⁰.
- 2.34 BE Group’s response suggests that based on the two OE/CE job forecasts there is a need for between 60.12 ha and 62.24 ha. So, of the 316 ha allocated, as a best case, 254 ha (or 80%) will not be directly related to jobs growth but will instead be based on automation and other uncertainties. This cannot be correct/desirable.
- 2.35 Many of the uncertainties set out in BE Group’s rebuttal (page 8) to justify discounting the jobs forecasts would equally apply to dampening-down the amount of land required based on past take up too (i.e. higher-density office use, office hot-desking, working from home, uncertainty of growth, Brexit, Pandemic etc).

Q6: Does the scale of employment land provision justify an increase in the housing need figure?

- 2.36 Yes.
- 2.37 The Council’s employment land and housing targets are fundamentally misaligned. According to GL Hearn, the housing target of 816 dpa can sustain between 16,069 and 18,328 jobs; however, the UPSVLP’s employment land target of 316.26 ha is likely to generate at least 34,255 jobs (@2,015 per annum).
- 2.38 The UPSVLP gives the impression that LAs must go with the SM2 figure for LHN, and that only in very exceptional circumstances can a departure be permitted¹¹.
- 2.39 However, the PPG clearly “**supports ambitious authorities who want to plan for growth.**”¹²
- 2.40 To address the clear employment land / housing misalignment, WBC should plan for a much higher level of housing growth that is more closely aligned with past trend job growth

⁸BE Group (2021) EDNA: “*It is not possible to align jobs targets, based on forecasts which also inform the UPSVLP housing target, with the employment land target, which is based on a forward projection of past take up. This is because 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*” paragraph 2.11

⁹ See, for example, PPG paragraph 2a-027-20190220, “*How can market signals be used to forecast future need*” and 2a-030-20190220 “*How can employment land requirements be derived?*”

¹⁰ In its own Developer Rebuttal on housing issues, GL Hearn states that it is “*in agreement with the arguments put forward*” by BE Group regarding why employment land need is an unreliable basis on which to produce jobs growth forecasts. This is surprising, given that numerous GL Hearn ELRs across the country are underpinned by job growth forecasts identifying employment land needs, including in its *Liverpool City Region [LCR] Strategic Housing & Employment Land Market Assessment* (2017) which actually includes Warrington Borough alongside other districts in the LCR in its Economic-Driven Housing Need calculations.

¹¹ Appendix 1, Council response to issues raised from representors, page 393

¹² PPG 2a-010-20201216

and their employment land ambitions, otherwise we will see increased in-commuting and a worsening housing market crisis.

Q7: 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?

- 2.41 No, it should be higher.
- 2.42 If WBC is to plan robustly for economic growth, then **a housing requirement of 1,015 dpa is the minimum it should be planning for.** This is based on our detailed technical assessment¹³ and is more closely in line with the 945 dpa target proposed in the March 2019 WLP which addressed economic growth prospects.
- 2.43 1,015 dpa aligns with the mid-point OE/CE economic growth over 18 years, adjusted to account for accelerated household formation rates. Turley’s figure (1,057 dpa) is similar to our own despite being undertaken using different methodologies and inputs.
- 2.44 The 316 ha of employment land aligns with a level of job growth equal to around 34,255; the actual housing target that could accommodate this level of job growth ranges from 1,545-1,592 dpa.
- 2.45 However, WBC has only delivered this number of dwellings on one occasion over the past 19 years. It would seem a step too far to expect WBC to consistently meet a target of almost 1,600 dpa.
- 2.46 **Our view is that a target of around 1,015 dpa should be taken forward in the UPSVLP,** which aligns with the mid-point economic growth, adjusted for PCC rates. Given that this does not align fully with the Council’s very ambitious employment land target, this figure could legitimately be increased (which would more closely align with the affordable housing need of 423 dpa, which at 30%, would equate to 1,410 dpa). 1,015 dpa would meet over 70% of the total affordable housing need if 30% of all units came forward as social housing.
- 2.47 The Developer Rebuttal argues that uplifting the housing number to address affordable housing was considered unnecessary. We consider that this is not the case, as GL Hearn has conflated the affordability uplift in the SM2 with affordable housing need [paragraph 2.6]; it suggests that the use of PRS can meet needs [paragraph 2.4] whilst High Court judgements have clearly said this should not be the case due to the inherent insecurity of this tenure; and that many of those in need already live in accommodation which would be available to others if they moved [paragraph 2.3]. Whilst it is true that it could free up an existing property, there has to be a home for them to move into in the first place – if supply has stagnated, or if it is the wrong type, size or location, then the whole system will seize up.
- 2.48 GL Hearn concludes that as the SM2 figure is already 14% above the base need, this “*would provide additional affordable housing*”, which is potentially correct, but undermines its arguments that increasing the overall target is unnecessary to boost affordable housing provision.

¹³ This modelling is set out in detail in Section 4 of Lichfields’ accompanying Housing Needs Technical Paper – Appendix 1

Q8: 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?

- 2.49 There is no rationale for reducing the requirement in the first 5 years aside from manipulating the figures to be able to demonstrate a 5YHLS upon adoption. WBC justifies the approach due to the number of strategic sites taking longer to deliver units. However, the Council is also advocating that 535 dwellings will be delivered from these sites in the first 5 years. There are considerable housing issues in Warrington which will be further exacerbated by the Council's approach which is the antithesis of positive plan preparation.
- 2.50 Phasing should be identified on the basis of need and not on the basis of the minimum level necessary to pass future 5YHLS tests. WBC has consistently under-delivered housing in recent years as exemplified by WBC having the fifth lowest HDT measurement in northern England.
- 2.51 Table 7.2 of the UPSVLP sets out that for the first 4-year tranche to 2025, just 8,732 dpa would be delivered against an LHN of 10,305 dpa. This is a shortfall of 1,573 dpa (6,292 homes in total). This approach is at odds with the Government's requirement to deliver the homes that are needed as soon as possible. Thousands of Warrington households are in acute housing need now. They cannot wait ten years or more for housing to be delivered. This will result in rapidly increasing house prices, worsening affordability, homelessness and poverty. The need for new housing is now.
- 2.52 The buffer should instead be brought forward to ensure that a sufficient supply of land comes forward for development in the early years. The lack of supply needs to be urgently addressed by the inclusion of additional greenfield and Green Belt sites, with the Plan Period extended.