

Warrington Local Plan

Preferred Development Option Consultation

Representations on Housing Matters

Satnam Millennium Limited

September 2017

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41640/03/MW/BOC
14664060v4

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1.0 Introduction

- 1.1 These representations have been prepared by Lichfields on behalf of Satnam Millennium Limited [Satnam]. They form part of Satnam’s response to the Warrington Local Plan [WLP] Preferred Development Option Consultation covering OAHN, housing land supply and affordable housing and are submitted to Warrington Borough Council [WBC] for consideration in the formulation of its new Local Plan for the Borough.
- 1.2 It is important to state, at the outset, that Satnam welcomes the efforts being made by Warrington Borough Council thus far in the preparation of a new and sound Local Plan. These representations seek to provide constructive advice and suggestions to WBC in the formulation of the WLP to ensure it is sound and based on an appropriate and up to date evidence base.
- 1.3 Satnam has reviewed the WLP and the associated evidence base including the Mid-Mersey SHMA Update – Warrington Addendum (May 2017) and welcomes its preparation. In particular, several tweaks to the methodologically approach to calculating Objectively Assessed Housing Need [OAHN] are supported. The SHMA Update focuses specifically on the OAHN for Warrington Borough and seeks to align with work being undertaken for authorities within the Liverpool City Region on the SHELMA. It is our understanding that the publication of the SHELMA has been delayed and there is no definitive timetable for its release. The SHMA Update is based upon the most recent demographic evidence including the 2014 SNPP and considers economic growth as well as the latest data on market signals and the need for affordable housing.
- 1.4 There representations are submitted primarily in the context of Satnam’s interest at Peel Hall (SHLAA Ref 1506), located to the south of the M62 and east of the A49. As such, these representations are primarily focused on housing matters and specifically those elements of the Local Plan and associated evidence base which relate to housing and economic growth. In particular, three issues are addressed:
- 1 The soundness of the Housing OAN;
 - 2 The adequacy of the housing supply position; and,
 - 3 The need for affordable housing.
- 1.5 By way of context, an outline planning application for a new residential neighbourhood, comprising: up to 1,200 residential units; retail units; a public house; employment facilities and a primary school was submitted to the Council by Satnam in July 2016 (LPA Ref: 2016/28492). This application was subsequently refused planning permission in February 2017 and is currently the subject of a planning appeal which will be heard at a Public Inquiry in early 2018.
- 1.6 Satnam fully supports the inclusion of the Peel Hall site in the Council’s 2017 SHLAA (SHLAA Ref 1506) and its inclusion within the identified developable capacity of the Wider Urban Area (Table 11: Overall Development Trajectory: Housing, WLP). In particular, Satnam fully endorses the Council’s opinion that the site can deliver residential development in the first 5 years (2017-2022) of the Local Plan. The developer considers that the site is suitable, available and achievable for residential development at the earliest possible stage and there are no impediments to delivery once planning permission has been approved. The Council’s acceptance of this position is welcomed.

2.0 Critique of the Housing OAN

Introduction

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

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

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

2.3 The Council has resolved to prepare a new Local Plan, rather than seek to alter the Core Strategy to resolve the issues raised by the High Court. As part of the formulation of the evidence base for the new Local Plan, the Council has commenced reviewing its OAHN.

Context

2.4 The Framework¹ outlines a two-step approach to setting housing requirements in Local Plans. Firstly, to define the full objectively assessed need [OAN] for development and then secondly, to set this against any adverse impacts or constraints which would mean that need might not be met.

2.5 The Framework² goes on to set out that in order to 'boost significantly' the supply of housing, LPAs should:

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

2.6 The Framework³ then sets out that in evidencing housing needs:

"LPAs should have a clear understanding of housing needs in their area. They should:

- *prepare a SHMA to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
 - *meets household and population projections, taking account of migration and demographic change;*
 - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community...; and*

¹ Framework - §14

² Framework - §47

³ Framework - §159

- *caters for housing demand and the scale of housing supply necessary to meet this demand...*"

- 2.7 Furthermore, the core planning principles, set out in the Framework⁴, indicate that a planned level of housing to meet objectively assessed needs must respond positively to wider opportunities for growth and should take account of market signals, including housing affordability.
- 2.8 The Framework is supplemented by the Practice Guidance which provides an overarching framework for considering housing needs, but also acknowledges that:
- "There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need."*⁵
- 2.9 The Guidance⁶ states that household projections published by CLG should provide the starting point estimate of overall housing need. Housing need, as suggested by household projections, should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Relevant signals may include land prices, house prices, rents, affordability (the ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing), rate of development and, overcrowding.⁷
- 2.10 In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.⁸
- 2.11 The Guidance⁹ recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.
- 2.12 Although the Practice Guidance¹⁰ notes that demographic trends should be applied as a starting point when assessing the OAHN, it goes on to state that consideration should also be given to the likely change in job numbers. This supports the importance that the Framework¹¹ places on the economy and the requirement to *"ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals"*. A failure to take account of economic considerations in the determination of the OAN would be inconsistent with this policy emphasis.
- 2.13 The Inspector at the Fairford Inquiry¹² recognised the role of economic factors in the assessment of the OAN for Cotswold District:

"The Council has not provided a figure for OAN which takes account of employment trends. The Council argues that the advice in the PPG does not require local planning

⁴ Framework - §17

⁵ Practice Guidance - ID:2a-005-20140306

⁶ Practice Guidance - ID:2a-015-20140306

⁷ Practice Guidance - ID:2a-019-20140306

⁸ Practice Guidance - ID:2a-020-20140306

⁹ Ibid

¹⁰ Practice Guidance - ID: 2a-015-20140306

¹¹ Framework - §158

¹² Land South of Cirencester Road, Fairford (PINS Ref No: APP/F1610/A/14/2213318) (22 September 2014).

authorities to increase their figure for OAN to reflect employment considerations, but only to consider how the location of new housing or infrastructure development could help address the problems arising from such considerations. I disagree. In my view, the PPG requires employment trends to be reflected in the OAN, as they are likely to affect the need for housing. They are not "policy on" considerations but part of the elements that go towards reaching a "policy off" OAN, before the application of policy considerations. There is no evidence that the Council's figures reflect employment considerations."
[IR. §19]

- 2.14 This view reflects the position expressed by the Inspector (and confirmed by the Secretary of State) in the Pulley Lane Inquiries in Droitwich Spa¹³. The Inspector's report (which was accepted by the SoS) states that:

"The Council's case that "unvarnished" means arriving at a figure which doesn't take into account migration or economic considerations is neither consistent with the (Gallagher) judgment, nor is it consistent with planning practice for deriving a figure for objectively assessed need to which constraint policies are then applied. Plainly the Council's approach is incorrect. Clearly, where the judgement refers to 'unvarnished' figures (paragraph 29) it means environmental or other policy constraints. There is nothing in the judgement which suggests that it is not perfectly proper to take into account migration, economic considerations, second homes and vacancies". [IR. §8.45]

- 2.15 The Practice Guidance¹⁴ concludes by suggesting that the total need for affordable housing should be identified and converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.

- 2.16 The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments:

"An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."¹⁵

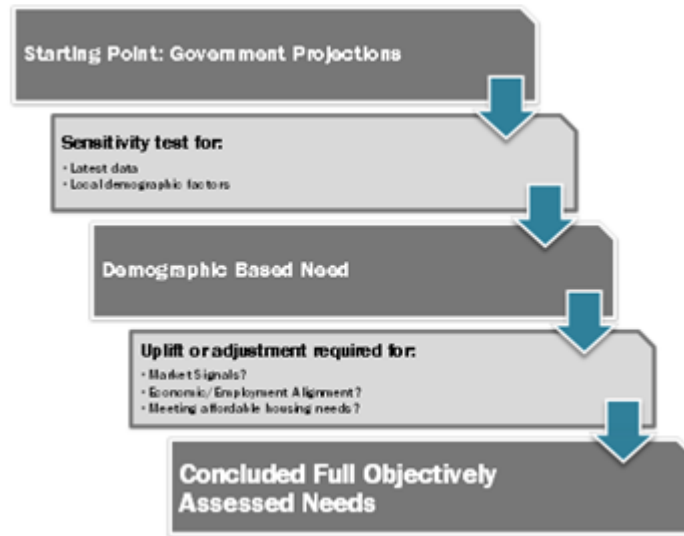
- 2.17 It is against this policy context that the housing need for Warrington must be considered. The Framework and the Practice Guidance set out a logical process for undertaking a full objective assessment of needs. This approach is summarised in Figure 2.1.

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

¹⁴ Practice Guidance - ID: 2a-029-20140306

¹⁵ ID: 2a-029-20140306

Figure 2.1 The Framework and Practice Guidance Approach to Objectively Assessing Housing Needs



Source: Lichfields based upon the Framework/Practice Guidance

Definition of the Housing Market Area

- 2.18 The Mid-Mersey SHMA (January 2016) defines the three local authorities of Halton, St Helens and Warrington as a self-contained HMA. Satnam disagrees with the assertion that the three Mid-Mersey Authorities form a self-contained HMA. It is considered that Warrington Borough in itself represents a self-contained HMA, and indeed has a stronger relationship with parts of Cheshire than it does with either St Helens or Halton.
- 2.19 We have reviewed GL Hearn’s ‘Review of Representations on OAN’ (May 2017) document and consider that it does not adequately demonstrate that Warrington should be considered part of a HMA with Halton and St Helens. The justification provided primarily focuses on refuting the connection between Warrington and Cheshire (Cheshire West and Chester and Cheshire East) rather than demonstrating an intrinsic relationship between Warrington, Halton and St Helens. An argument can be made that Halton and St Helens have close housing linkages and could be coupled together as part of an HMA but Warrington’s connection to both is much less obvious and demonstrable. Satnam is of the opinion, and considers that GL Hearn has not adequately demonstrated to the contrary, that Warrington Borough represents a standalone self-contained HMA for the reasons previously mentioned and reiterated below:
- 1 Migration flows suggest that Warrington displays a high level of self-containment and could be considered separate HMAs in its own right.
 - 2 Two separate LEP areas cover the three districts - the Liverpool City Region LEP covers Halton and St Helens; whilst Warrington is included in the Cheshire and Warrington LEP.
 - 3 The contextual house price and rental data which has also been used in an attempt to link the three districts together clearly demonstrates that Warrington operates in a very different market to both St Helens and Halton, and has significantly higher house prices and rental costs. Figure 1: Median House Prices (2016) in GL Hearn’s ‘Review of Representations on OAN’ demonstrates significantly higher house prices in Lymm when compared with the rest of Warrington, St Helens and Halton, but also the higher house prices in Warrington when compared to St Helens and Halton. The latest data from the Land Registry (June 2017) indicates that the average house price in Warrington (£178,297) is £52,905 higher than in St Helens and £45,515 higher than in Halton. Furthermore,

Lymm accounts for only 5% of the total number of households in Warrington Borough¹⁶. As such, the higher house prices experienced here would be unlikely to disproportionately skew the overall figures in Warrington.

- 2.20 The information clearly points towards Warrington being a self-contained HMA in its own right, as it exceeds the CLG thresholds on both commuting and migratory self-containment, is located in a separate LEP area to St Helens and Halton, and has very different housing market signals than those experienced in St Helens and Halton. Whilst recognising that there are linkages between the three authorities, all three have strong migratory and commuting relationships with other authorities in the sub-region, such as Warrington's relationship with Cheshire; St. Helens' and Wigan; and Halton with Cheshire West & Chester and Liverpool.
- 2.21 On this basis, it is imperative that all of Warrington's identified housing requirement is delivered within the Borough boundaries. A failure to do so could mean that there is a disconnect between where housing is provided, and where it is needed the most. Increasing the housing requirement in Halton or St Helens will not meet Warrington's OAHN.
- 2.22 Satnam support Warrington's proposals to cater for its own housing need within the authority area.

Calculation of the OAHN

Demographic Modelling

- 2.23 Satnam welcomes the SHMA Updates' use of the latest data sets in particular the 2014 Sub-National Population Projections [SNPP], the Sub-National Household Projections [SNHP] and the Mid-Year Population Estimates [MYE]. Furthermore, Satnam agrees with GL Hearn's revised methodology which does not seek to adjust the most recent SNPP to take account of Unattributable Population Change [UPC] but some concerns remain.

Partial Catch-Up

- 2.24 In demographic modelling, Satnam advocates an approach of partially accelerating headship rates to 2037. It is widely acknowledged that recessionary factors (such as reduced supply and mortgage availability) have disproportionately affected household formation amongst younger age groups. Research by NHPAU found that cohorts who are less able to access home ownership early in their housing career due to 'boom' or recession factors impacting on affordability are nevertheless able to 'catch up' – 80% of the gap at age 30 is 'caught up' by the age of 40. There is every reason to believe that this finding is broadly analogous to household formation, and supports the resumption to long term trends and increased household formation as the 'pent up' demand (particularly in younger age groups) is released. GL Hearn disagrees with our justification for partial acceleration of headship rates because the NHPAU research is looking at levels of home ownership rather than household formation and *'these are difference and the percentages are therefore not transferable'*.¹⁷
- 2.25 Satnam advocates the use of Partial Catch Up [PCU] in demographic modelling. The PCU methodology uses 2017 as the starting point and increases headship rates to make up 50% of the difference between the 2014-based and 2008-based household projections to 2033 amongst the

¹⁶ Census 2011 – Lymm Ward

¹⁷ Warrington Local Plan: Review of Representations on OAN, May 2017, §4.13

15-34 year olds. This approach has been endorsed by a number of Planning Inspectors recently included at a recent Planning Appeal at Dunsville, Doncaster¹⁸ where the Inspector stated:

“...the PPG recognises that household projections are based on an estimate of need and may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. Recent trends in Doncaster of falling rates in household formation and a slowing in the decline of household size supports this approach. I therefore consider that a PCU as applied by the appellant is appropriate to take account of the needs of these younger people.”

2.26 Satnam disagrees with this reasoning in relation to the application of the partial acceleration of headship rates. The principal point relating to pent up demand still exists and, although GL Hearn correctly point out that home ownership rates and household formation are not identical terms, they are not mutually exclusive to each other and a correlation does exist. Furthermore, the GL Hearn OAN still does not make the requisite allowance to accelerate headship rates for people aged 15-34.

Long Term Migration

2.27 Satnam welcomes GL Hearn’s testing of the various migration scenarios¹⁹ but does not agree with the conclusion to disregard the 10-year migration scenario. Satnam considers that a 10 year long term migration trends scenario is the most appropriate method for accounting for migration as the longer term trend eliminates the impact of any anomalies in recent years as a result of the economic downturn and conversely does not overly rely on recent migration statistics which could be influenced by strong economic performance. GL Hearn’s justification for discounting the 10-year migration scenario is not robust²⁰ and Warrington’s OAHN should be derived on its own merits and not influenced by sensitivity scenarios in St Helens and Halton. Satnam would advocate that the demographic based need is not 738dpa and the 10 year migration scenario should form the basis for Warrington’s OAHN before other necessary adjustment are made.

Market Signals

2.28 The core planning principles set out in the Framework²¹ indicate that a planned level of housing to meet objectively assessed needs must respond positively to wider opportunities for growth and should take account of market signals, including housing affordability.

2.29 The Framework is supplemented by the Practice Guidance which provides an overarching framework for considering housing needs, but also acknowledges that:

“There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need.”²²

2.30 The Guidance²³ states that household projections published by CLG should provide the starting point estimate of overall housing need. Housing need, as suggested by household projections, should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Relevant signals may include land

¹⁸ APP/F4410/W/16/3158500 – Land of Westminster Drive, Dunsville, Doncaster, South Yorkshire

¹⁹ SHMA Update - Table 12

²⁰ SHMA Update - §2.53

²¹ Framework - §17

²² Practice Guidance - ID:2a-005-20140306

²³ Practice Guidance - ID:2a-015-20140306

prices, house prices, rents, affordability (the ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing), rate of development and, overcrowding²⁴.

- 2.31 In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be²⁵.
- 2.32 The Guidance²⁶ recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.
- 2.33 As part of the Mid Mersey SHMA Update – Warrington Addendum (2017), GL Hearn re-evaluates the HMA’s market signals and reports that:
- 1 Land values in Warrington are below the national average and median prices across the HMA are akin to those seen regionally although Warrington (and in particular Lymm) is notably higher; and,
 - 2 Lower quartile house prices across the HMA are below the national average and only above the North West average in Warrington. Lower Quartile house prices are highest in Warrington at 5.9 in 2015.
- 2.34 GL Hearn’s approach to market signals is flawed. The methodology should focus on whether the market signals for Warrington are worsening and compare them with comparator local authorities as well as the regional and national average rather than solely comparing the current situation with the regional and national average is not appropriate. If market signals have worsened considerably over the past number of years, an uplift should be applied irregardless of whether the current situation experienced in Warrington is solely better or worse than just the national average. An uplift is required where market signals are portraying signs of stress for example increased house prices, worsening of the affordability ration and increasing rental levels are all indicators.
- 2.35 To fully understand the current situation in the housing market and to provide reasoned justification for an uplift, we have undertaken an updated assessment of the housing market signals outlined in the Practice Guidance. The Practice Guidance²⁷ is clear that:

“...a worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.”

House Prices

- 2.36 The Practice Guidance states that longer term changes in house prices may suggest an imbalance between the demand for and supply of housing. Whilst absolute house prices are relevant, it is also the rate of change of house price that has to be carefully considered to identify housing market pressures. Median house price data obtained from CLG (2016) sets out that

²⁴ Practice Guidance - ID: 2a-019-20140306

²⁵ Practice Guidance - ID:2a-020-20140306

²⁶ *ibid*

²⁷ *ibid*

house prices have increased across Warrington by 178% compared to the 1999 median house price.

- 2.37 In absolute terms, median house prices in 2016 in Warrington were £167,000, which is significantly above the Warrington, Halton and St Helens average and the North West average (£149,950). The significant house price growth over the period since 1999 demonstrates that the housing market in Warrington is under stress and accordingly an uplift should be applied.

Rents

- 2.38 As with house prices, high and increasing rents are a further signal of stress in the housing market. Worsening housing market signals are apparent when comparing rates of change in private rental prices between the second quarter of 2011 and the first quarter of 2017. The median rents have increased over this time period by 15%. The national average increase over the same time period is 18.4% but to put the Warrington figure in perspective, for the same time period, Merseyside experienced a monthly rent contraction of 0.7%. Furthermore, for the same time period, Halton and St Helens have experienced a significantly lower rental price, 9.2% and 4.2% respectively. The comparison of the increases in Warrington compared to Merseyside, Halton and St Helens is a further indication of worsening housing market stresses.

Affordability

- 2.39 The Practice Guidance indicates that assessing affordability includes comparing the cost of housing with households' ability to pay; the relevant indicators being lower quartile house prices and lower quartile earnings, which together form an affordability ratio. This can be tracked over time and takes into account variations in earning between areas when assessing the affordability of housing.
- 2.40 The affordability ratio for both resident-based and workplace-based affordability has slightly worsened over the period 2011 – 2016 in Warrington from 5.8 to 6.1 for resident-based affordability and 5.9 to 6.1 for workplace-based affordability. Although the Warrington average is slightly below the national average for resident-based and workplace-based affordability (7.2 and 7.7 respectively), it is significantly higher than the Halton (4.7 and 4.7) and the St Helens (4.4 and 5) average.

Overcrowding and Concealed Households

- 2.41 The Guidance²⁸ states that indicators on:

"...overcrowding, concealed and sharing households, homelessness and the number in temporary accommodation demonstrate unmet need for housing. Longer term increases in the number of such household may be a signal to consider increasing planned housing numbers..."

- 2.42 The Census measures overcrowding based on a standard formula. This analyses the relationship between members of a households (as well as the number of people in that household) to determine the number of rooms they require. At the national level, affordability issues in recent years, as well as a shortfall in housing supply, have meant that people are either willing to accept sub-optimal living conditions (e.g. living in a smaller home to manage costs) or are forced into accepting such housing outcomes (e.g. are priced out of the market and have to share with friends/family).

²⁸ Practice Guidance - ID:2a-019-20140306

2.43 Data from the 2011 Census shows that overcrowding in Warrington is at 4.5% and has risen by 0.2% since 2001. These figures compare to an overcrowding rate nationally of 8.7%. In terms of concealed households, an increase of 0.2% has also been experienced with a rate of 1.1% being experienced in Warrington in 2011.

Local Plan Expert Group

2.44 The Local Plan Expert Group [LPEG], in its Report to the Communities Secretary and to the Minister of Housing and Planning (March 2016), recommended various changes to the Practice Guidance concerning the assessment of housing market signals. Instead of analysing six key market signals and considering whether an uplift is justified as the current Practice Guidance states, the LPEG recommends examining just two indicators:

- 1 House price affordability - the ratio of median quartile house prices to median earnings ('The House Price Ratio'); and,
- 2 Rental affordability - lower quartile rental costs as a percent of lower quartile earnings (The Rental Affordability Ratio').

2.45 Whilst the LPEG has no formal weight, it is a useful indicator of the general direction of travel this area of debate is likely to take. The data alluded to in the LPEG is not yet published by CLG, but based on Satnam's own figures, it is calculated that the 3-year average HPR for Warrington would be 5.71, whilst the equivalent 3-year average RAR would equate to 25.6%. These figures are currently only indicative and may change if CLG agree to publish these figures themselves.

2.46 Nevertheless if the findings of the LPEG report are accepted, a 10% market signals uplift would be required for Warrington.

Conclusions on Market Signals

2.47 The above assessment of housing market signals in Warrington has evidenced a varying degree of housing market pressures through a number of indicators. Worsening market signals are being experienced in Warrington, and although they may be worsening at a rate slightly slower than the national average in some instances, evidence has been presented to demonstrate that they are worsening. The Practice Guidance is very clear that if a worsening trend is experienced in any indicator, an upward adjustment must be applied.

2.48 As such, it can be confirmed that the housing market in Warrington is under stress and an appropriate uplift should be apportioned. Satnam considers that GL Hearn's proposed 2.3% uplift would do little to substantively improve affordability and the latest evidence would suggest that the scale of market signal pressure in Warrington is "modest" and, as such, a reasonable market signal uplift to the demographic baseline might be considered to be 10%. Using the 10 year migration scenario as the base demographic need, this would result in a housing requirement of **at least 902 dpa** although we consider that further adjustments are also necessary.

Past Jobs and Devolution Deal

2.49 Satnam welcomes GL Hearn's aspiration to align the housing requirement with job growth to ensure sustainable development over the course of the plan period. The October 2016 SHMA and the SHMA Update (May 2017) consider a number of economically driven housing needs scenarios. Satnam considers that the use of the LEP Devolution Scenario, although an improvement on the previous iteration of the SHMA, over the Past Trends Scenario is a flawed approach as it sat well below the historic job growth figures for Warrington and is essentially planning for an economic contraction rather than a continuation of Warrington's strong

economic performance. Applying the Devolution Deal growth rate appears modest in the contest of Warrington’s long terms average annual employment growth of 1,573, some 27% above that the scenario advocated by GL Hearn.

- 2.50 Satnam are of the view that the Council should plan for a higher rate of growth than the LEP Devolution Deal (1,240 annually) that has been taken forward in the emerging Local Plan. GL Hearn justify their approach for advocating a lower employment growth figure than that which was previously achieved in the borough due to the ‘*exceptional delivery of Omega*’. Satnam would argue that the identified employment land requirement could deliver significantly more jobs than is currently being planned for in the GL Hearn modelling.
- 2.51 Satnam also have concerns in relation to the unclear nature of the SHMA and subsequent Addendum on how the level of job growth planned for aligns with the employment land OAN in the Warrington ELR. The Council’s recent Economic Development Needs Study (October 2016) modelled a series of scenarios including a ‘*Sensitivity Test Two – LEP Devolution Bid*’, which targeted a level of job growth that aligns with the previously advocated housing need of 984dpa. The study calculated that the level of job growth under this preferred scenario would justify an employment land target of just 136.88ha compared to the Past Take Up of 380.9ha. It is considered that this represents a weak attempt to link the ELR OAN with housing OAN which could again suggest a higher level of housing need above and beyond that identified in the SHMA Update and beyond the 1,332 dpa identified in the Past Trend scenario.
- 2.52 Satnam acknowledges that the derivation of housing need from employment land targets is a complex issue and as the GL Hearn Review of Representations on OAN points out, not all of employment land need will be associated with job growth. However, the disparity between preferred scenario employment land target of 136.88ha and the employment land OAN figure of 381ha is excessive and it can only concluded that an employment land OAN figure of 381ha would sustain a level of job growth far in excess of the level proposed in the LEP devolution scenario which underpins the housing requirement of 1,113dpa. Therefore, Satnam’s issues with the previous iteration of the SHMA have not been appropriately address and we maintain that there is a disconnect between the employment land evidence and housing evidence which could lead to unsustainable outcomes including increased inward commuting and an exacerbation of the issues being experienced in the housing market.

Economic Activity Rates

- 2.53 Regarding economic activity rates, the SHMA Update (May 2017) adopts a different approach to the previous iteration of the report. The Update has tested the economic activity rates from three different sources in Warrington from Experian, Oxford Economics [OE] and the Office for Budget Responsibility [OBR] using the Oxford Economics Scenario²⁹. The Report sets out that, having tested the three approaches, the activity rate changes forecast by Experian are the most realistic when set against other factors. This represents a departure from the previous SHMA which used the OE rates.
- 2.54 Despite the revised methodological approach applied in the SHMA Update (May 2017), Satnam maintain its objection to the approach. Satnam considers that the economic activity rates published by the forecasting houses cannot be applied outside of their specific model, since they are influenced by all of the assumptions made about population, jobs, unemployment and commuting rates within the model. A more appropriate and robust approach would be the application of fixed economic activity rates based upon the local economic context and robust

²⁹ SHMA Update - Figure 2

assumptions about future change, supported by external data sources such as OBR. This may have the effect of increasing the housing requirement to meet the requisite job target.

Affordable Housing

- 2.55 Satnam consider that there is a significant existing affordable housing need in Warrington and this is backed up by the SHMA Update. It is imperative that this affordable housing need is met as soon as possible. Although we don't agree with GL Hearn's approach to calculating the annual affordable housing requirement, the SHMA Update³⁰ outlines that the level of housing required to meet affordable need (per annum) is 920 assuming an affordable housing delivery rate of 25%. However, the calculations in the SHMA Update are incorrect and have not been updated appropriately to take account of the increased annual 'net need' from 230 to 288. The actual housing requirement to meet affordable need (per annum) is 1,152 which is above the proposed economic growth scenario housing requirement for Warrington of 1,113 dpa. As such, Satnam would advocate that the very lowest housing requirement pursued in Warrington is **at least 1,152 dpa** to ensure the affordable housing need to addressed.

Conclusions on Housing OAN

- 2.56 Satnam welcomes the changes in which GL Hearn has made to their methodology for calculating OAHN in Warrington but considers that the methodology still contains a number of flaws. Satnam does not consider that Halton, St Helens and Warrington represent an appropriate Housing Market Area. It is considered that Warrington represents a standalone HMA and evidence has been presented in this representation to demonstrate this.
- 2.57 Satnam consider that GL Hearn's assertion that the demographic based need of 738dpa and the OAN of 955dpa is flawed and not appropriate. The Demographic Based Need for Warrington should incorporate the 10 year long term migration trend, a partial catch up rate, appropriate economic activity rates and include an appropriate uplift for market signals including affordable housing need. As such, the minimum OAN for Warrington should be **at least 1,152dpa** to account for the affordable housing needs in Warrington. It is important to point out that we consider that the affordable housing needs of Warrington are actually higher and reserve the right to calculate the precise figure at a later stage in the Plan preparation.
- 2.58 The SHMA Update advocates that the housing requirement should align with the Devolution Deal Scenario but Satnam consider that this is inappropriate and a more appropriate housing requirement would be one that aligns with the Past Employment Trends Scenario of 1,332 dpa. To pursue a housing requirement below 1,332 dpa would essentially be pursuing an economic growth target below that achieved over the past number of years. As such, the upper end of the housing requirement range in Warrington should be **at least 1,332dpa**, although we also consider that the economic activity rates used by GL Hearn are flawed and this could increase the housing requirement further.

³⁰ SHMA Update - Table 30: Indicative Housing Provision to meet the Affordable Housing Need

3.0 **Analysis of the Forward Supply of Housing**

Introduction

3.1 The Framework³¹ stresses the Government's intention to significantly boost the supply of housing. As a consequence, the focus of national policy is to ensure the delivery of housing and in that context the Framework advises that only deliverable sites should be included within the 5-year supply. To be considered deliverable:

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

3.2 The Practice Guidance³² provides further clarification and notes that deliverable sites for housing could include those that are allocated for housing in the development plan and sites with planning permission (outline or full that have yet to be implemented) unless there is clear evidence that schemes will not be implemented within 5-years. It goes on to state that:

"...planning permission or allocation in a development plan is not a prerequisite for a site being deliverable in terms of the five-year supply. Local planning authorities will need to provide robust, up to date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out. If there are no significant constraints (e.g. infrastructure) to overcome such as infrastructure sites not allocated within a development plan or without planning permission can be considered capable of being delivered within a five-year timeframe."³³

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

3.4 The Council's evidence on this matter is set out in the new Warrington SHLAA (July 2017) and Urban Capacity Study (July 2017). This section of our representations sets out an initial review of the robustness of the Council's assessment of its deliverable housing land supply, and considers the extent to which a 5-year supply of housing land can be readily identified.

Peel Hall

3.5 As the Council will be aware, Satnam submitted a planning application (LPA Ref: 2016/28492) for the development of up to 1,200 residential units and associated facilities at a site known as Peel Hall in July 2016. The application was subsequently refused in February 2017 and is currently the subject of a planning appeal which will be heard at Inquiry in early 2018.

³¹ Framework - §§47-49 and Footnotes 11 & 12

³² Practice Guidance - ID:3-031-20140306

³³ Practice Guidance - ID:3-031-20140306

- 3.6 Satnam continues to maintain that the proposed development at the site is wholly suitable and represents sustainable development. Satnam welcomes the inclusion of the site within the Council's SHLAA and agrees with the assertions within that the site can deliver 135 units within the first 5 years (2017-22) with commencement expected onsite in 2019/20.
- 3.7 The Peel Hall site is not located within the designated Warrington Green Belt, is located within the existing urban area and the site is considered to be suitable, available and achievable. Furthermore, upon receipt of a planning permission on the site, Satnam will be marketing the site and based on our knowledge of the market it is considered that the site can easily deliver 110 units per annum once fully operational.

Housing Supply

- 3.8 The Council's evidence on housing supply is set out in the Warrington SHLAA 2017, the Urban Capacity Study and the Warrington Local Plan. This section of our representation sets out an initial review of the robustness of the Council's assessment of its deliverable housing land supply, and considers the extent to which a 5-year forward supply of housing land can be readily identified.
- 3.9 The calculation of a 5-year housing land supply requirement must be compliant with the Framework³⁴ and:

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

Housing Requirement Figure

- 3.10 The Council consider that the housing requirement of 1,113dpa as set out in the SHMA Update 2017 is the appropriate housing requirement for Warrington. Setting aside our issues with the housing requirement and assuming it will be found sound at examination, the Council requires a housing land supply of 24,220 units (including 5% flexibility and backlog since 2015) over the next 20 years.
- 3.11 Satnam consider that the Council's housing requirement is flawed and a more appropriate housing requirement would like between 1,152 and 1,332 dpa which would result in a housing requirement of 25,470 and 29,628 units (including 5% flexibility and backlog since 2015).

5% or 20% Buffer

- 3.12 The Practice Guidance³⁵ states that:

"...the assessment of a local delivery record is likely to be more robust if a longer term view is taken, since this is likely to take account of the peaks and troughs of the housing market cycle."

³⁴ Framework - §47

³⁵ Practice Guidance – ID: 3-033-20150327

- 3.13 WBC's 2017 SHLAA has provided completions data for the period 2009/10 to 2016/17. This indicates that Warrington has delivered 4,629 dwellings over the past 8 years, at a rate of 579 dpa.

Table 3.1 Warrington Housing Completions 2009/10 - 2016/17

Year	Net Housing Completions	Housing Requirement	Over/Under Delivery
2009/10	388	420	-32
2010/11	527	420	107
2011/12	600	420	180
2012/13	647	420	227
2013/14	693	420	273
2014/15	687	1,113	-426
2015/16	595	1,113	-518
2016/17	492	1,113	-621
Total	4,629 (579dpa)	5,439 (680 dpa)	-810

Source: WBC SHLAA 2017 / Lichfields Analysis

- 3.14 WBC has not attempted to test whether there is an historical case of under-supply to consider in the land supply calculation. Table 3.1 demonstrates that WBC has delivered against their housing requirement of 420 dpa in 4 of the 5 years between 2009/10 and 2013/14. However, for the three most recent monitoring years WBC has failed to deliver against its (higher) housing target of 1,113 dpa (by some 1,565 units).
- 3.15 Whilst for the purposes of this report we have used the 5% buffer based on the long term trend, clearly the situation is worsening. As such, Satnam is of the view that WBC is moving towards a position of 'persistent under-delivery', whereby a 20% buffer will need to be applied to its housing land requirements. Satnam considers that this position should therefore be kept under review further to the publication of the next monitoring year's net housing delivery figure which may provide further evidence to demonstrate the need for a 20% buffer being applied.

Backlog (past undersupply)

- 3.16 The Practice Guidance³⁶ sets out that the relevant test for considering backlog within a five year land supply assessment is whether the rate of development shows that actual supply fell below planned supply. Planned supply, in this context, will have been the relevant adopted housing requirement for the period against which past supply is being assessed.
- 3.17 The cumulative completions show that the Council has over-delivered when set against the North West Regional Spatial Strategy target of 380 dpa (2003-2021) and the WLPCS requirement of 500 dpa. However, both figures are now respectively out of date and/or quashed. The 2017 SHMA Update has identified a new OAHN that relates specifically to the time period 2015-2037. In this instance therefore, it is considered that only backlog against the housing OAHN for 2015/16 and 2016/17 should be taken into account. A total of **1,087 dwellings** have been delivered during these two years with **595 dwellings** delivered in 2015/16 and **492 dwellings** in 2016/17.

³⁶ Practice Guidance – ID: 3-035-20140306

3.18 Depending upon whether the Council's OAHN figure of 1,113 dpa is used, or whether Satnam's range of 1,152 dpa to 1,332 dpa is applied, the backlog for these two years would be **1,139, 1,217 or 1,577 dwellings**. However, when considering backlog, WBC use their claimed OAHN figure of 955dpa rather than their housing requirement figure (1,113dpa) as the basis of their calculations. We consider that this approach is flawed and backlog should be considered against the housing requirement figure for the plan period.

Components of Supply

3.19 The Framework³⁷ states the following in respect of what constitutes a 'specific deliverable site' (i.e. a site that can be delivered within five years):

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

3.20 In this regard, WBC has set out three components of housing land supply which it considers will come forward over the next five years. This comprises 'Large Sites with Planning Permission'; 'Large Sites without Planning Permission'; and 'Small Sites Allowance'. The Council considers that from these sources, a supply of 2,674 dwellings could be delivered over the next 5-years (SHLAA 2017 - Table 3.7).

3.21 The delivery rate of these sites for the individual years (exclusive of windfall) is summarised in Table 3.2.

Table 3.2 Deliverable Supply of Housing Land

	17/18	18/19	19/20	20/21	21/22	Total	Total as %
PDL	184	141	253	459	355	1392	62.2%
GF	37	87	187	256	247	814	36.4%
PDL/GF	10	5	10	8	0	33	1.5%
Total	231	233	450	723	602	2239	100%

Source: Warrington SHLAA 2017

3.22 The Preferred Option Local Plan (Table 11) sets out an Overall Housing Trajectory for housing over the course of the Plan period. This indicates that 4,638 units can be delivered over the course of the first 5 years of the plan from sites within the urban area and on Green Belt sites.

Sites with Planning Permission

3.23 It is now a standard approach³⁸ that sites with planning permission should be included in the supply (unless there is a good reason to exclude them) whereas sites without planning permission should be excluded (unless there is a good reason to include them). This

³⁷ Framework – Footnote 11

³⁸ Practice Guidance – ID:3-031-20140306

interpretation is entirely logical as the absence of a planning permission is a clear impediment to development, which is contrary to the test that land should be available now.

3.24 Satnam has not undertaken a detailed interrogation of the Council's identified five year housing land supply. That said, the SHLAA 2017 concludes that 40 sites are considered deliverable and had a valid planning permission as of 1st April 2017. These are deemed capable of delivering 1,433 dwellings over the next five years, as set out in Table 3.3.

Table 3.3 HLS - Sites with Planning Permission

	17/18	18/19	19/20	20/21	21/22	Total
Total	214	160	262	450	347	1433

Source: Warrington SHLAA 2017

Sites without Planning Permission

3.25 In making their assessment of likely supply of sites without planning permission within the SHLAA 2017, the Council had regard to the following sites without permission, which they anticipated to be capable of delivering 806 dwellings during the period 2017 to 2022.

Table 3.4 HLS - Sites without Planning Permission

	17/18	18/19	19/20	20/21	21/22	Total
Total	17	73	188	273	255	806

Source: Warrington SHLAA 2017

Build Rates

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

3.27 Where this has not been available the build rates published in Table 2.3 of the SHLAA have been employed, namely:

- 1 Sites with fewer than 50 dwellings: 20 dwellings built per annum;
- 2 Sites containing 50 - 150 dwellings: 35 dwellings built per annum; and,
- 3 Sites with more than 150 dwellings: 55 dwellings built per annum.

3.28 We welcome the use of individual site circumstances where possible to provide the most accurate assessment of delivery. We also consider that the application of standard rates is acceptable in principle.

3.29 However, we disagree with some of the assumptions applied to derive the standard delivery rates. The Council has assumed a standard delivery rate of 20 dpa on all sites less than 50 dwellings. We consider that a delivery rate of 20 dpa on site of less than 50 dwellings is ambitious and should be reduced downwards in order to reflect the nature of the companies that deliver this size of site and the consequently low delivery rates.

3.30 A standard build rate of 15 dpa for sites between 30-50 units is considered a more reasonable average for sites of this size. We would also advocate creating a separate category for smaller sites of less than 20 units as the delivery on these sites is likely to be slower given the capacity of the smaller developers which usually pursue these sites. This is also important given the increasing emphasis that the Government are placing on smaller housebuilders to deliver

housing. It is highly unlikely that a site of 20 units would be built out in a single year by a small developer.

- 3.31 WBC advocates the use of a standard build rate of 35 dpa for sites with a capacity of between 50 and 150 units. Again, it is considered that 35 dpa for this range is not appropriate and we would advocate that two alternative ranges are adopted.
- 3.32 Sites should be categorised into sites with capacity for 51-100 units and 101-250 units. From our experience, the standard build rate applied to sites with a capacity of 51-100 units should be 25 dpa. For sites between 101-250 units in size, the build rate should be 30-35 dpa. This is because sites of 51-100 units are built out at a slightly slower rate than larger sites and it is important for the Council to adopt a conservative approach to ensure their delivery trajectory is not over inflated.
- 3.33 Furthermore, most sites with a capacity of less than 250 units are build out by one developer and it is accepted that the HBF usually suggest that 0.5-0.8 dwellings per week (25 dpa-42 dpa) approximates to a reasonable delivery rate (per outlet). As such, a standard delivery rate of 30/35 dpa on such sites is conservative and appropriate.
- 3.34 Following on from this, WBC should revise their upper site size limit from 150 to 250 units. It is considered more likely that sites of 250+ units could be built out by a number of developers / outlets but should be assessed on a site-by-site basis. The Council assumes a delivery of 55 dpa on sites over 150 units but we consider this to be excessive as a standardised rule of thumb. In general, on sites between 150 and 250 units there will be a single developer and delivery is unlikely to reach 55 dpa. On sites between 250 and 500 units, delivery of 55 dpa should only be considered appropriate where there are at least 2 developers (or outlets). For sites over 500 units, there will generally be at least 2 developers and often 3 operating a number of outlets simultaneously. Market intelligence may be used to justify higher delivery rates on sites of sufficient scale (i.e. over 500 units) once operational.
- 3.35 Furthermore, in terms of the methodological assumptions applied to Green Belt sites, the Council have assumed an average net site area of 75% and an average density of 30 dwellings per hectare. Satnam would support the Council's density assumption of 30 dwelling per hectare on these Green Belt sites but would express concern in relation to the net site area assumption of 75%. In our experience, for sites up to approximately 500 units, a more conservative 70% net site area assumption should be applied given the quantum of infrastructure and open space provision which will be necessary in these strategic sites. For sites over 500 units, the net developable site area may be closer to 60% when adequate provisions for additional amenity space, onsite school provision and local services are accounted for. This revision could also affect the claimed deliverable supply.

Lead in Times

- 3.36 With regard to lead in times, the 2017 SHLAA assumes that sites below 150 units with full planning permission will start delivering units after 1.5 years; sites with outline permission after 2 years; and sites without permission after 2.5 years. Larger sites with outline permission are projected to start delivering units after 3 years; and those without permission, after 4 years.
- 3.37 It is considered that the lead in times as proposed would be appropriate for all sites of less than 50 units. However, we would advocate that an additional 6 months is added to each category for all larger sites between 50 and 150 and the table in the SHLAA should be amended in line with Table 3.5.

Table 3.5 Recommended Site Lead in Times

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

- 3.38 It is considered that on larger sites over 50 units there are generally more complex issues to overcome which cause delays. For example, delays in the planning process (e.g. the approval of reserved matters and discharges of planning conditions) as well as the time taken to implement development (e.g. marketing land and completing land purchase; preparing detailed design for infrastructure; mobilising statutory utilities; and, commencing development) are particularly prevalent on larger sites. As such, a 'one size fits all' approach is inappropriate and there should be a differentiation between site sizes to make allowances for larger sites which come forward at a slower pace.
- 3.39 The lead in time proposed for larger sites is not reliable; does not accurately reflect the time take for the majority of sites to start delivering; and is consequently not appropriate for use as a standard average for calculating deliverable supply.
- 3.40 We also express a degree of caution in relation to applying a standard lead in time for all sites without planning permission. The Framework³⁹ is clear that to be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. In addition, the Planning Practice Guidance⁴⁰ notes that allocation in a development plan is not a prerequisite for a site being deliverable in terms of the five year supply.
- 3.41 Clear evidence is therefore required to justify the inclusion of sites without permission in the five year supply, including a demonstration that the site is viable and a commitment from a developer that the site can be brought forward within five years.
- 3.42 The timescales for a site coming forward are very dependent on a number of factors such as the developer's commitment to the site and infrastructure requirements as an example. The standard lead in times should only be applied to sites where developers are actively pursuing development on the site and preparing the necessary planning application. The standard lead in time should not be applied universally and a degree of pragmatism and realism should be applied. Sites where developers have shown limited commitment should be pushed back in the delivery trajectory accordingly.

Lapse Rates

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

³⁹ Framework - Footnote 11

⁴⁰ Practice Guidance - ID: 03-031-20140306

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

3.44 As set out above, Satnam considers that a lapse rate percentage should be included as part of the supply calculation. This could be utilised more effectively should there be a step change in the number of planning permissions approved from one year to the next.

3.45 A lapse rate should ideally be calculated by following specific planning applications through to their expiry date, whereby any applications which are allowed to expire become part of the lapse rate.

3.46 Satnam suggests that in the case of Warrington Borough, and in line with the Judgement quoted above, a 10% lapse rate for the deliverable sites with planning permission would be reasonable. However, as there is a greater risk that sites without planning permission will not come forward as planned, a higher discount should be applied, and that in this instance a figure of 15% would be appropriate to apply. This would reduce the deliverable supply as follows:

- 1 Deliverable sites with planning permission: 1,433 units, discounted by 10% = 1,290 dwellings; and,
- 2 Deliverable sites without planning permission: 806 units, discounted by 15% = 685 dwellings.

Fiddlers Ferry

3.47 The WLP outlines the development potential of the Fiddlers Ferry Power Station which may become available for redevelopment towards the end of the Plan period. WBC has rightly not included the site within the development trajectory. Although the Power Station may become redundant over the course of the plan period, there are no definitive plans for its closure as of yet. Furthermore, the redevelopment of this site is likely to be an extremely complex process involving a significant decommissioning and remediation phases for the site before it can be deemed suitable for residential development.

Conclusions

3.48 Based upon the analysis in Section 3.0, Table 3.6 provides a summary comparison of Warrington's presumed five year housing land supply against Satnam's version, which amends the housing OAN position.

3.49 This calculation should not be interpreted as an acceptance on Satnam's part that we agree with the Council's assumptions concerning the deliverability of their forward supply. We have not

undertaken a detailed analysis of deliverability and reserve the right to do so at a later stage in the process.

3.50 Furthermore, and as stated above, we also disagree with many of the SHLAA's assumptions concerning build rates and lead in times, and we would again reserve the right to revisit this assessment at a later date when further information has become available.

3.51 With these caveats in mind, Table 3.6 indicates that, based on the Council's approach and their data assumptions, Warrington Borough would appear to have around 1.9 years forward supply of sites. Applying Satnam's OAHN range, incorporating a lapse rate, would reduce this 5-year supply of housing land supply still further, to between 1.64 and 1.39 years depending upon the scale of housing need identified.

3.52 As such, Satnam considers that even under the most optimistic assumptions and using the lowest housing OAN, Warrington Borough Council cannot demonstrate a defensible five year housing land supply position at the current time and should explore every avenue available to increase the supply of housing in the short term.

Table 3.6 5-Year Land Supply Scenario (SHLAA 2017)

Five Year Supply of Deliverable Housing Land	Council (SHLAA) five year housing land supply position	Satnam five year housing land supply position	
		@1,152 dpa OAN	@1,332 dpa OAN
Total Housing Requirement (2017-22)	5 x 1,113 dpa = 5,565	5,760	6,660
Shortfall (2015-17 = 1,087 dwellings delivered)	1,139	1,217	1,577
5% buffer (to requirement and backlog)	335	349	412
Housing Supply Required	7,039	7,326	8,649
Sites with Planning Permission	1,433	1,290	1,290
Sites without Planning Permission	806	685	685
Small Sites Allowance	435	435	435
Deliverable Supply	2,674	2,410	
Surplus of Deliverable supply over supply required	-4,365	-4,916	-6,239
Number of Years Supply (Expressed as Years of Residual Requirement)	1.9	1.64	1.39

Source: Satnam Analysis

3.53 For completeness, Satnam has also calculated the 5-year housing land supply position assuming the supply set out in the Development Trajectory contained in the Local Plan. At the outset, Satnam would like to set out that we do not agree that the figures contained in Table 11 of the Local Plan as they do not all constitute deliverable sites in the context of the Framework. Nevertheless, the analysis set out in Table 3.7 also indicates that Warrington cannot demonstrate a deliverable 5-year supply of housing land even assuming the housing requirement advocated in the SHMA Update.

Table 3.7 5-Year Land Supply Scenario (Local Plan)

Five Year Supply of Deliverable Housing Land	Council (SHLAA) five year housing land supply position	Satnam five year housing land supply position	
		@1,152 dpa OAN	@1,332 dpa OAN
Total Housing Requirement (2017-22)	5 x 1,113 dpa = 5,565	5,760	6,660
Shortfall (2015-17 = 1,087 dwellings delivered)	1,139	1,217	1,577
5% buffer (to requirement and backlog)	335	349	412
Housing Supply Required	7,039	7,326	8,649
Sites in Urban Area	4,298	4,298	4,298
Site in Green Belt	340	340	340
Claimed Supply	4,638	4,638	
Surplus of Deliverable supply over supply required	-2,401	-2,688	-4,011
Number of Years Supply (Expressed as Years of Residual Requirement)	3.29	3.16	2.68

Source: Satnam Analysis

Long Term Housing Requirement and Supply

3-54

Moving beyond the 5-year housing land supply, the Preferred Option Local Plan sets out the components of future supply over the next 20 years, which is summarised in Table 3.8. The Preferred Option Local Plan indicates that a significant quantum of development is expected to take place in the city centre, on the waterfront and in the Green Belt. We have not undertaken a detailed analysis of the sites and reserve the right to undertake this analysis as the Local Plan progresses.

Table 3.8 Identified Housing Supply

	0-5	6-10	11-15	16-20	Total
City Centre	980	1,629	569	348	3,526
Wider Urban Area	1,560	2,271	1,038	0	4,869
Waterfront	728	795	1,790	719	4,032
Garden City Suburb	406	496	48	0	950
Garden City Suburb (GB)	0	2,114	2,096	2,114	6,324
South West Extension (GB)	0	610	610	611	1,831
Outlying Settlement	148	51	40	0	239
Outlying Settlement (GB)	340	850	0	0	1,190
Other	41	10	22	0	73
Small Sites Allowance	435	435	435	435	1,740
Total	4,638	9,261	6,648	4,227	24,774

Source: Satnam Analysis

3.55 Table 3.9 seeks to compare the future housing requirement over the plan period to 2037 against the Council’s claimed supply. As the analysis indicates, the Council are providing very little headroom to alleviate any issues associated with their identified sites. Given the complex nature of large site delivery and flood risk issues associated with the waterfront development, it is requested that an additional headroom allowance, over the 5% flexibility assumed by the Council, is factored in the Council’s identified sites. If Satnam’s OAHN range is factored into the calculation, it indicates that WBC has a shortfall of 635 units and 4,775 units depending on either end of our OAHN range.

Table 3.9 Housing Requirement v Supply 2015-2037

	Council’s Position (1,113 dpa)	Satnam Position 1 (1,152 dpa)	Satnam Position 2 (1,332 dpa)
Housing Target 2017-2037	22,260	23,040	26,640
Flexibility at 5%	1,113	1,152	1,332
Backlog (from 2015 OAN)	847	1,217	1,577
Total Requirement	24,220	25,409	29,549
Claimed Supply	24,774	24,774	24,774
Under/Over Delivery	+554	-635	-4,775

Source: Satnam Analysis

3.56 The figures suggest that Warrington should seek to provide sufficient land to accommodate between 24,220 assuming the Council’s housing requirement or 29,549 units assuming the upper end of Satnam’s OAHN range. If a housing requirement slightly higher than the Council’s claimed requirement is identified or if the deliverability of any of the sites included in the Council’s trajectory cannot deliver for whatever reason, WBC run the risk of not being able to demonstrate a suitable supply of housing land over the plan period.

4.0 Affordable Housing

Introduction

4.1 The Practice Guidance⁴¹ states that the total need for affordable housing should be identified and converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow. The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments:

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

4.2 It is against this policy context that the housing need for Warrington must be considered.

Affordable Housing Requirement

4.3 The SHMA Update (2017) does not conduct a full assessment of affordable housing need and instead provides just a selected update to key variables where new information is available. The general methodology remains unaltered and the SHMA Update updates the following variables:

- 1 Housing costs;
- 2 Income data;
- 3 Estimates of the number of newly forming households; and
- 4 Estimates of the supply of affordable housing from relets.

4.4 The SHMA concludes that the net need for affordable homes is 288 units. This is surprising given that parts of Warrington have some of the highest house prices in northern England. Furthermore, this level of affordable housing need is well below the levels previously identified by GL Hearn and JGC in their 2011 Mid-Mersey SHMA. Warrington's net annual requirement has fallen from 477 units to 288 units.

4.5 It is recognised that the SHMA Update 2017 has annualised the requirement, whilst the 2011 SHMA aimed to address the need current need over the first five years. It is considered that the annualising of the current affordable housing need over the plan period is inappropriate as it is not seeking to alleviate the current needs as soon as possible. GL Hearn indicates that addressing the current need over the first 5 years would take the overall affordable housing need to 441dpa but reject this approach because of *"the revocation of the guidance and the contents of the PPG which does not stipulate over which period this need should be met."*⁴² However, Satnam disagrees with this approach.

4.6 Satnam also considers that it would be helpful and informative if the SHMA Update incorporated analysis of the Housing Register data into the modelling work, even as a sensitivity test. GL Hearn dismiss the use of the Housing Register data as a sensitivity because it is *"difficult to have confidence that the register is able to define an underlying need"*⁴³. Satnam disagrees with this assertion and considers that the Housing Register data provides an important indication of the overall level of need in an area and is referenced as such in the

⁴¹ Practice Guidance - ID: 2a-029-20140306

⁴² Warrington Local Plan: Review of Representations on OAN, May 2017 §6.6

⁴³ Mid Mersey SHMA Update – Warrington Addendum, May 2017 §7.36

Practice Guidance. For example for Warrington Borough, the 2014/15 Local Authority Housing Statistics Dataset suggests that as of 1st April 2015, there were 2,454 households on the housing waiting list.

- 4.7 Higher levels of backlog need suggest a higher level of affordable need, which risks under-estimating the true scale of affordability issues in the district and may justify a further uplift to the housing OAN.
- 4.8 The SHMA Update concludes that the overall need for affordable housing is 288 units per annum over the 21 years to 2037. This represents an annual increase of 58 units per annum over the plan period from the previous iteration of the SHMA.
- 4.9 The SHMA Update (Table 30: Indicative Housing Provision to meet the Affordable Housing Need) outlines that the level of housing required to meet affordable need is 920 dpa assuming an affordable housing delivery rate of 25%. However, this is incorrect and has not been updated appropriately. The actual housing requirement to meet affordable need (per annum) is 1,152 which is above the proposed OAN for Warrington of 1,113 dpa.
- 4.10 Notwithstanding the aforementioned calculation issue as outlined above and the resulting implications, the SHMA Update does correctly recognise that there is a considerable need for affordable housing provision in Warrington. Furthermore, it recommends that the Council should seek to maximise the delivery of affordable housing in the Borough.

Peel Hall

- 4.11 Satnam disagrees with some elements of the affordable housing calculations adopted by GL Hearn in Warrington and consider that this may significantly underplay the true affordable housing need in the Borough. However, even setting this to one side, it is clear that it is a very significant issue which needs to be considered and addresses at the earliest possible opportunity. Satnam recognises the considerable affordable housing issues currently being experienced in Warrington and as part of their proposed development on the Peel Hall site, has committed to the early delivery of at least 25% affordable housing provision on the site. This would result in the delivery of **at least 300 much needed affordable housing units** of an appropriate size, mix and tenure to meet local needs.

Conclusion

- 4.12 Satnam consider that the SHMA Update does not fully address all our concerns in relation to affordable housing which were set out in our earlier representations. As such, we maintain our objection to the methodology within the SHMA and in particular the calculation of actual affordable housing requirement to meet affordable need. When a correct calculation is applied to the annual affordable housing requirement, it results in an annual housing requirement of 1,152 units which is above the OAN identified in the SHMA Update. As such, Satnam considers that the OAN for Warrington should be increased to take account of this need.
- 4.13 Notwithstanding the aforementioned issue, it is generally accepted that there is considerable need for the provision of additional affordable housing in Warrington. The Peel Hall site can deliver an affordable housing requirement of 25% and can deliver affordable housing throughout the early phases of the development to help address the significant unmet need.

5.0 Conclusion

- 5.1 This report has critiqued that Council’s proposed OAHN, analysed the forward supply of housing and assessed the level of affordable housing need in the Warrington Borough. The Council’s evidence base has been reviewed and potential areas of concern have been highlighted that will need to be addressed to ensure the new Local Plan is found sound at Examination and based on a robust technical evidence base.
- 5.2 Satnam welcomes the efforts being made by WBC to update their evidence and to pursue an employment led OAN that aligns with its likely economic growth. Satnam would also like to support the Council’s assertions within the SHLAA and the Preferred Option Local Plan which assumes that the Peel Hall site can commence delivery of units within the first 5 years. Satnam considers that the site is wholly suitable for residential development and development of the site will commence shortly after permission is granted on the site. As set out in this report and acknowledged in the Council’s evidence base, there is a considerable need for the provision of affordable housing in Warrington. Satnam considers that the site can deliver a high proportion of affordable housing on the site, at least meeting the requisite policy provision. The provision of a high proportion of affordable housing in the early parts of the plan should weigh in favour of the development of the site.
- 5.3 However, Satnam have a number of concerns with the emerging Local Plan and its associated evidence base. The concerns primarily centre on the calculation of the OAHN, the forward supply of housing and the affordable housing need in Warrington. In summary:
- 1 The evidence base does not adequately demonstrate that Warrington should be considered as part of HMA with Halton and St Helens;
 - 2 Recessionary factors have disproportionately affected household formation amongst younger age groups. As such, a partial catch up should be applied to the headship rates for residents aged 15-34;
 - 3 Satnam supports the alignment of Warrington’s housing requirement to an economically driven target but considers that the Past Trends scenario is a more appropriate target as to pursue anything less would essentially be planning for economic contraction;
 - 4 Satnam considers there to be a disparity between the housing requirement and the proposed employment land requirement. Although deriving a housing requirement from employment land targets is not an exact science, the employment land OAN figure of 381ha is more than double the employment land requirement associated with the LEP Devolution Scenario;
 - 5 Despite the revised methodological approach applied in the SHMA Update, Satnam maintains an objection and consider that the economic activity rates published by the forecasting houses cannot be applied outside of their specific models.
 - 6 WBC cannot demonstrate a 5-Year supply of housing land;
 - 7 Additional land should be identified in the Local Plan in the even that a proportion of the identified supply does not materialise as envisaged. This could be particularly pertinent on the larger strategic sites which can take significantly longer than usual to commence delivery;
 - 8 The SHMA Update identifies a considerable affordable housing requirement in Warrington. Notwithstanding, Satnam considers that the actual affordable housing need is considerably higher than acknowledged in the SHMA Update.

