



# THE HOME BUILDERS FEDERATION

Date: 24<sup>th</sup> September 2015

Consultee ID: 755911

Matter: 1

## CHESHIRE EAST LOCAL PLAN STRATEGY EXAMINATION RESUMED HEARINGS

### Matter 1 – Housing Requirements

1. The HBF would like to submit the following further comments in respect of Matter 1.

***The Council proposes to adopt a revised housing requirement figure of 36,000 dwellings (2010-2030), rather than the previous figure of 27,000 dwellings. Key issue: Does the revised assessment of housing need represent a soundly based, objective assessment of housing need for Cheshire East, taking account of the relevant demographic, housing and economic factors; how will the amended Plan meet the full objectively assessed need for market and affordable housing in the relevant housing market area; does it fully address the Inspector's concerns in his Interim Views, and is it positively prepared, effective, fully justified and consistent with the latest national guidance, particularly in terms of:***

- a. Housing Need, including the revised objective assessment of housing need;***
2. Whilst the upwards revision from 1,350dpa to 1,800dpa of the identified objectively assessment of housing need (OAHN) is welcomed, it is still considered to fall short of the full objectively assessed housing needs of the area. Our reasoning for this conclusion is set out in response to the detailed questions below.
    - b. Demographic factors, including the latest population and household projections, and assumptions and adjustments made for migration, future trends in household formation, household representative rates and vacancies/second homes;***
  3. The HBF agree with the *Housing Development Study* (ref: PS E033) that the 2012 based sub-national household projections (2012 SNHP) should be used as a starting point for determining the OAHN of Cheshire East and that sensitivity testing should be undertaken to take account of local evidence. This is consistent with the National Planning Practice Guidance (PPG). The 2012 SNHP identify a starting point of 950dpa over the period 2012 to 2037, over the plan period (2010 to 2030) a higher starting point of 1,050dpa is identified. This is recognised within the study at paragraph 5.21.

4. Paragraphs 5.23 and 5.24 of the *Housing Development Study* identify that the 2012 SNHP were based upon the previous 5 years migratory trends and that;

*‘Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low.’ (paragraph 5.23)*

5. The study considers a longer term 10 year migration trend for the period 2001 to 2011. The HBF agrees that the short-term migration trends evident within the 2012 SNHP are unlikely to be as robust as a longer-term trend due to the impacts of the recession. These impacts are likely to subdue the household projections over the plan period. In this regard the approach taken within the study is generally supported.
6. The report does, however, fail to consider the impact of other influences upon migration and whether these have constrained growth in the past. Prior to the adoption of the Regional Spatial Strategy for the North West (NWRSS) Cheshire East was subject to restrictive planning policies to restrain growth. These restrictions were not lifted until 2008 in response to the NWRSS. Therefore the 10 year period for the long-term migration scenario identified by the *Housing Development Study* is in all but three years directly affected by the moratorium. This restricted supply will inevitably have impacted upon migration rates and led to a subdued net rate over the 10 year period.
7. Furthermore it is notable that the 27<sup>th</sup> August 2015 quarterly update of migration produced by the Office of National Statistics (ONS) identifies that net migration hit a level of 330,000 in the year to March 2015, the highest ever recorded. This lends weight to the many claims that migration has been significantly under-estimated in recent years. This increase in migration and concerns over previous estimates will have an impact upon the housing requirement for Cheshire East, which has not been adequately considered.
8. Whilst the HBF generally agrees with the methodology employed by the study the dwelling requirement of 1,339dpa identified under this scenario (paragraph 5.24) should be viewed as a constrained scenario. The HBF, therefore, does not consider this to be an adequate reflection of the baseline demographic starting point.

***c. Housing factors, including the relevant housing market area, market signals and the need for affordable housing and accommodation for the elderly and students;***

- **Market Signals**
9. The *Housing Development Study* (ref: PS E033) considers the full range of market signals identified within the PPG (ID 2a-019) these are also assessed against the comparator areas of Cheshire West and Chester, North Somerset, Wiltshire and East Riding of Yorkshire. The PPG does advocate the use of comparator areas (ID 2a-020), however, the choice of areas utilised in the study are not fully justified despite concerns raised during the workshop sessions on 19<sup>th</sup> May (see page 14, PS E028). The use of distant

comparator areas is not necessarily useful as they operate in completely different market conditions, particularly North Somerset and Wiltshire. When the closer comparators of Cheshire West and Chester and East Riding of Yorkshire are considered it is notable that Cheshire East performs comparatively worse on all signals with the exception of 'Rate of Development' and 'Overcrowded Households' (figure 56 *Housing Development Study*).

10. The use of North Somerset and Wiltshire are considered to skew the results and lead the HBF to dispute the conclusion within paragraph 5.54 of the study that;

*'On the whole, market signals do not indicate any need for an upward adjustment to the housing number ...'*

11. The above conclusion also ignores other elements of advice contained within the PPG which indicate that a worsening of any signal within the housing market area should give rise to an upward adjustment of the housing need calculation.

*'Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: **housing market area**; similar demographic and economic areas; and nationally. **A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.** Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes and trends.'* (PPG ID 2a-020; our emphasis)

12. Given that the averages for rents and overcrowding have worsened over the last 5 years and rates of development have been low the HBF consider an uplift is required. Indeed if a longer period than the 5 years is considered then all other indicators have worsened (see figures 50 to 55 *Housing Development Study*). The use of five years within the report is confusing given that, in terms of migration, it argues for longer term (10 year) trends to be considered. The HBF consider that a similar period should also be applied to market signals.

13. The HBF does agree with paragraphs 5.55 and 5.56 of the study which states increases are required to take account of the growth in concealed households and C2 usage which otherwise would not be counted. In conclusion the 1,466dpa requirement (paragraph 5.56) identified in the study to account for market signals is considered too low as it does not take full account of the requirement to uplift based upon worsening trends.

14. It is also notable that the *Housing Development Study* identifies that Cheshire East is split between two Housing Market Areas (paragraphs 2.11, 2.14, 2.29 and 2.30) one to the south linked to Stoke-on-Trent and one to the north linked to Greater Manchester. Yet there is no analysis of market signals

within these two distinct areas, rather just at the local authority level. The HBF consider that severe market signals in the north of the area are being masked by the current approach.

- **Affordable Housing**

15. The *Housing Development Study* (ref: PS E033) considers affordable housing need in section 4. This section concludes there is a need of just 355 affordable dwellings per annum. This is a significant reduction upon the previous study which identified a requirement of 1,401 per annum (2013 SHMA, ref: BE 001) and earlier 2010 SHMA which identified an annual need of 1,243 (2010 SHMA, ref: BE 002). The *Housing Development Study* does not seek to explain nor reconcile these considerable differences. It is also unclear whether the Council is reliant upon the new evidence or the previous SHMA. If it is reliant upon a requirement of 355 affordable dwellings per annum this should signal a reduction in the affordable housing requirements from new dwellings as it relates to approximately 20% of the proposed housing requirement.

16. The *Housing Development Study* places considerable emphasis upon the Private Rented Sector in assisting Cheshire East to achieve its affordable housing needs. This is inappropriate. The NPPF definition of affordable housing does not include the Private Rented Sector and as such this should not be considered a source of supply to overcome the affordable housing needs of the area.

***d. Economic factors, including employment trends, future economic activity rates, economic growth rates and jobs growth, unemployment, commuting and cross-boundary employment flows;***

17. In accordance with the PPG the *Housing Development Study* (ref: PS E033) considers employment trends, utilising a figure of 0.7% employment growth per annum. This figure is based upon the Ekosgen report *Alignment of Economic, Employment & Housing Strategy* (ref: PS E032) which concludes that this figure is consistent with the previous performance of the Cheshire East economy and in line with the economic ambitions of the Council. The HBF dispute this conclusion.

18. The Ekosgen report considers past employment growth over two periods 1998 to 2008 and 2009 to 2013. The reason for this split is 1998 to 2008 was a period of economic growth and 2009 to 2013 was a period of recovery from the recession. The annual employment growth rates experienced within Cheshire East over these two periods were 1.1% and 0.6% respectively. The study reduces the overall employment rate within the period 1998 to 2008 by 0.3% to take account of a reduction in self-employment (based upon the Annual Population Survey). This reduction for self-employment is not adequately justified. Analysis of the figures, based upon the Annual Population Survey does suggest a fall in the rate between 2000 and 2008. This data does not, however, accurately match the period under consideration 1998 to 2008, it is two years fewer and as such it is not justified

simply to reduce the overall figure due to the fact that the starting point is unknown. Furthermore between 2009 and 2013 the self-employment rate increased providing an additional 1,400 jobs this does not appear to be included within the 2009 to 2013 period.

19. The sub-division of the overall period 1998 to 2013 also masks the overall rate of jobs growth over the full period. This equates to 20,900 jobs between 1998 and 2013 or an average growth rate of 0.9%. This is the past rate which the HBF consider to be the most statistically robust.
20. When considering future projections the Ekosgen report considers two different models. The Cheshire and Warrington Economic Model (CWEM) and Oxford Economics. The CWEM model identifies an annual jobs growth rate of 0.7%, compared to the Oxford Economics projection of 0.9%. The Ekosgen report favours the CWEM model as the Oxford Economics model is considered overly optimistic. The HBF disputes this conclusion and notes a number of flaws with the CWEM model.
21. The CWEM model does not cover the full plan period and only provides a projection up to 2025, the remaining five years are simply extrapolated. Therefore the accuracy of the remaining five years are questionable. In comparison the Oxford model covers the full plan period, which provides a more consistent baseline against which to assess future trends.
22. The Oxford model also more closely aligns with past rates of employment growth 0.9% over the period 1998 to 2013, the CWEM model indicates a rate of employment growth which is forecast to be at the national average. This is despite the strong performance of the Cheshire East economy over recent years where it has surpassed national rates of employment growth.
23. It should also be noted that the economic projections are only baseline projections. Whilst the Ekosgen report considers a number of projects these do not appear to be specifically taken into account within the projections. Therefore if these regional and national projects, such as the Northern Powerhouse and High Speed Rail, are fully considered it is likely that the employment growth potential of Cheshire East would outstrip either of the projections.
24. The HBF therefore conclude that the identified OAN of 1,894dpa (figure 57, *Housing Development Study*) is inadequate. This figure is later reduced to 1,800dpa, we discuss this in more detail against part f below.

***e. Housing supply, including existing and future 5, 10 & 15-year housing land supply, past provision of housing and the need for a 5/20% buffer, delivery of market and affordable housing, and the housing trajectory;***

25. The Council has, in recent Section 78 appeals, acknowledged that it does not currently have a five year supply of housing land and that a 20% buffer is required, in accordance with paragraph 47 of the NPPF, based upon past provision (Appeal Refs: Clay Lane, Haslington, Crewe

APP/R0660/A/14/2226935, Padgbury Lane, Congleton  
APP/R0660/A/14/2221324, APP/R0660/A/14/2221325, Rope Lane,  
Shavington, Crewe APP/R0660/A/14/2227068).

26. The HBF is not aware that the Council will be able to identify a five year supply upon adoption of the Local Plan Strategy which will mean its housing policies are automatically rendered out of date. To overcome this issue it is strongly recommended that additional sites are brought forward through this plan to assist in bolstering the overall supply. The HBF is aware of significant developer interest within Cheshire East which given the correct conditions and sufficient sites could assist the Council in achieving and maintaining a five year supply. The recent upturn in development levels in neighbouring Cheshire West and Chester following the adoption of its plan bear testimony to this potential.

***f. Housing requirement figure, including the relationship with the economic strategy;***

27. The housing requirement figure within the *Housing Development Study* (ref: PS E033) is identified as 1,800dpa. Notwithstanding our concerns over the derivation of the OAN, detailed above, we consider this reduction unjustified. The study suggests this reduction of 94dpa or 1,880 dwellings over the plan period is justified because it would be reliant upon unprecedented levels of migration. Whilst the HBF agree that the levels of migration identified in paragraph 5.89 are higher than previously recorded within the study this must be put into context. As noted in our response to part b, above, there was a restraint policy upon housing growth in operation over much of the period against which previous rates of migration have been assessed. This includes the period 2002 to 2007 when the highest sustained rates of net migration were achieved and the highest recorded period since 2001 (2006-07) was achieved. If such restraint policies were not in place it is highly plausible that net migration would have been significantly higher.
28. The study also suggests that a net 400 increase in in-commuting would align the housing requirement (1800dpa) with the employment rate. This figure is simply referred to as being '*reasonable*'. No justification for how such a figure has been derived, how it will be achieved or maintained is provided. This is therefore considered unjustified and inherently unsustainable.

***g. Cross-boundary implications and the Duty to Co-operate, including relationship with, and implications for, other housing market areas, and engagement and consultation with other local authorities, stakeholders and interested parties;***

29. The HBF consider this a matter for the Council to address. It is, however, worth noting that we attended the stakeholder workshops held on 4<sup>th</sup> August 2015. Whilst these workshops were useful in informing participants upon the evidence base it appears the Council has placed little weight upon the views expressed at the sessions.

30. In terms of the Duty to Co-operate and the changes to the plan it remains unclear, at the time of writing, whether the Council can adequately demonstrate it has discharged its obligations under the duty.

***h. Implications for the submitted Local Plan Strategy, including meeting the full objectively assessed need for market and affordable housing.***

31. The HBF does not consider that the identified OAN is soundly based due to the reasons identified above and as such it is recommended that the plan be withdrawn.

**Matthew Good**  
**Planning Manager – Local Plans**  
Email: [matthew.good@hbf.co.uk](mailto:matthew.good@hbf.co.uk)  
Tel: 07972774229