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**Sent by Email only**

Dear Sir / Madam,

## **Greater Manchester Spatial Framework Strategic Options**

1. Thank you for consulting the Home Builders Federation (HBF) on the Greater Manchester Spatial Framework Strategic Options consultation.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. These comments are made in our capacity as both a representative body for the house building industry as well as a key member of the *Housing the Powerhouse* campaign. We would like to submit the following comments to selected questions posed within the consultation document.

### **Overview**

4. The HBF is supportive of creating a joint local plan which aims to identify the housing and employment needs across Greater Manchester. The aims and ambitions of the GMSF are also supported. It is considered that the GMSF provides a once in a generation opportunity to plan positively for the growth of Greater Manchester and enhance its role not only within the North West of England but within the UK and Europe. Unfortunately at present the aims and ambitions of the GMSF do not appear to be reflected within the growth options and evidence base which are the subject of this consultation.
5. The HBF and our members, together with members of the *Housing the Powerhouse* campaign are keen to work with the GMCA to provide a plan which not only increases the rates of house building within Greater

Manchester but also facilitates economic growth to ensure that the region claims its rightful place as a city of European significance at the heart of a thriving Northern Powerhouse. Unfortunately to date the opportunity for meaningful engagement has been largely restricted to specific periods of consultation upon the GMSF document. Given that the industry will be challenged with delivering significant elements of the aims and ambition of the GMSF greater engagement is not only necessary but fundamental to ensuring success of the plan. The HBF is keen to explore with the GMCA how this engagement could occur.

### **Question 1: Have we identified the scope of the GMSF appropriately?**

6. The consultation document, paragraphs 1.19 and 1.20 provides very limited information upon the scope of the GMSF. The NPPF, paragraphs 156 and 157, provide guidance upon the required content of plans.
7. Whilst the intention for the plan to set out the scale and distribution of housing and employment growth across the conurbation for the next 20 years is supported it is imperative that the GMSF provide sufficient strategic direction for lower order documents, produced by the individual local authorities. In this regard the HBF considers that the document should not only set development targets for individual housing market areas but also consider the different housing needs across each area.
8. The inclusion of strategic sites is also supported. It is, however, equally important that the GMSF provides guidance upon the broad locations for growth across the whole of Greater Manchester, this should also include any necessary alterations to the Green Belt boundary. Such an approach will assist the development industry to identify and work with the relevant Councils to bring forward development at the earliest possible opportunity, rather than waiting several years for lower order plans produced by individual authorities to be put in place. This will also enable such development opportunities to be fully co-ordinated with infrastructure provision.
9. The principles advocated above could also assist the Greater Manchester authorities in fulfilling the Government's requirement to have a published local plan in place by 2017.

### **Question 3: Do you agree with the Greater Manchester Vision and Ambition?**

10. The HBF provides strong support for the Greater Manchester Vision and Ambition. The vision and ambition rightly seek to place Greater Manchester

at the heart of the Northern Powerhouse and become a world leading region. This will undoubtedly be challenging but it is achievable providing the plan seeks to meet this ambition through the provision of a positive and ambitious framework for growth and does not attempt to stifle growth by unduly limiting the potential of the region. It is also equally important that the development industry is fully engaged in this process.

11. Unfortunately the consultation document and supporting evidence base documents lack this ambition. There is no substantive analysis of what becoming a world leading city requires. Instead the approach towards identifying levels of housing and employment land requirements are overly influenced by past, outdated growth trends and assume only modest levels of growth in jobs, investment and population. This runs counter to the positive statements in the opening sections of the consultation document, which note;

*‘Our ambition is for Greater Manchester to become a financially self-sustaining city, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global city’ (paragraph 1.4), and*

*‘We are seeking to fundamentally tackle this issue, **by focusing on game-changing investment in growth and...**’ (paragraph 1.10).*

12. The underpinning evidence largely reflects past growth rates with modest uplifts, which will not create *‘game-changing investment’* nor will it deliver the key aspirations of the Government’s pro-growth agendas including the Northern Powerhouse within which Greater Manchester’s is anticipated to play a key role. There is no real consideration of the impact of forthcoming investment such as High Speed Rail or how to narrow the gap between the North of England and London and the South East. These issues and others are discussed in greater detail against our comments upon other questions and the evidence base documents.

13. The HBF is also disappointed to note that further engagement with the house-building industry has not yet occurred despite assurances this would occur during 2015. The industry will have a significant role to play in the delivery of the GMSF and it is therefore important that it is provided the opportunity to debate the development of this important document to ensure it is based upon solid foundations. Given our role within the housebuilding industry and our membership of the *Housing the Powerhouse* campaign the HBF should play a central role within this engagement strategy.

#### **Question 4: Have we identified the key economic issues the GMSF should address?**

14. Whilst the economic indicators identified are considered appropriate there is no consideration of the economic role which house building can and should play within the economic success of Greater Manchester. The amount, type and location of new housing provided over the plan period will be a key consideration when companies are seeking to invest within Greater Manchester. To attract business the plan will need to deliver a wide range of housing which meets the needs of its workforce, this will inevitably include family and aspirational housing. The CBI's *Homes For Growth* report (2014) identified that the housing crisis is a major threat to the competitiveness of business. Two thirds of businesses feel housing costs have a negative impact on the recruitment of staff at entry level and households across the UK are losing out on £3.2bn a year due to soaring rents and mortgage payments, money which could otherwise be spent in local economies. The lack of housing ambition within the GMSF risks creating a situation developing in Greater Manchester where companies struggle to recruit and retain talented graduates and more senior employees, negatively impacting on the overall attractiveness of the region and potentially resulting in investment going elsewhere.
15. The HBF has recently undertaken a study upon the economic impact of house building entitled '*The economic footprint of UK house building*' this report can be accessed via our website at [www.hbf.co.uk](http://www.hbf.co.uk). This report is also supplemented by a regional report which highlights the benefits provided to individual local authorities and Greater Manchester over the previous year. Furthermore research undertaken on behalf of the *Housing the Powerhouse* campaign highlights that failure to build enough new homes means £4.6bn less GVA growth and £1.7bn less spending on retail and leisure in Greater Manchester every year (Barton Willmore report for Housing the Powerhouse, June 2015). This would be a significant economic loss which should not be overlooked.
16. The HBF strongly recommend that the housing growth ambitions of the GMSF be raised, to enable businesses in Greater Manchester to be competitive in attracting and retaining talented workers.

### **Question 6: Have we identified the key issues for residents that the GMSF should address?**

17. The issues identified within section 3 of the consultation document are considered to generally cover the main issues which should be addressed. In terms of housing paragraphs 3.46 to 3.50 identify three sub-issues. These are meeting needs, type and mix and affordability. Whilst it is considered that these three sub-issues are essential components for the GMSF the current evidence base falls somewhat short on all three areas. In particular

background paper 3 '*Objectively Assessed Housing Need*' provides only one page of discussion upon affordable housing and affordable housing needs. Background paper 3 (paragraph 11.6) simply states that it is currently unclear as to what the impact of the new starter homes duty will be, and the extent to which local authorities will be able to require rather than simply encourage the provision of affordable housing for rent or shared ownership in order to meet their identified needs.

18. Without such analysis it is impossible to identify what the level of housing need may be and what uplift may be required. This critical flaw in the evidence base is contrary not only to the PPG but also to recent High Court judgements. It is also clear that district level SHMA work has and continues to identify affordable housing needs. For example the recently published Wigan SHMA (draft, October 2015) identifies an affordable housing need for up to 366 affordable dwellings to be provided per year based upon their assessment of objectively assessed needs of 1,066 dwellings per annum (dpa) between 2012 and 2026.
19. In terms of additional issues to be considered in relation to housing the economic aspirations of the area must be a key component. Whilst it is noted that the GMSF aims to increase economic activity rates (paragraph 3.41) there will be a need to attract new business and a new skilled workforce if Greater Manchester is to truly become a '*world leading region*'. This will require the GMSF to consider the type of housing not only required to meet existing shortages but also to fulfil its economic potential. The HBF consider it essential that the implications of the GMCA ambition combined with the Governments expectations for the '*Northern Powerhouse*' must be fully integrated into the housing debate.

### **Question 9: Which option would you prefer and why?**

20. The HBF prefers option 3, our reasoning for this is outlined against the three options below. At this stage the HBF has focused upon housing issues.

#### **Option 1**

21. This option would provide 152,800 net additional dwellings over the plan period (2014 to 2035), or equivalent to 7,300dpa (net). This, it is acknowledged (paragraph 4.10), would provide 30% less than the suggested OAN and a 20% decrease in past rates of employment floor space provision.
22. Whilst the HBF disputes the OAN figure (see our response to question 16 below) and considers it to under-estimate need it is clear that such an approach would either require neighbouring authorities to assist GM in

meeting its objectively assessed needs through the duty to co-operate or mean that Greater Manchester was planning to fail.

23. The HBF is unaware that any neighbour of Greater Manchester are considering assisting meeting their needs. Indeed the emerging plans of neighbours such as Cheshire East, Calderdale, Kirklees and Rossendale are all seeking to solely meet their own needs and not any overspill from Greater Manchester or indeed any other authority area.
24. Given that Option 1 would lead to a decline in the economy of Greater Manchester its inclusion is questioned. This is acknowledged within paragraph 4.14 of the consultation document which identifies option 1 would lead '*...to a gradual decline in the economy*'. Clearly such an option would not meet the aspiration of the plan, nor would it meet the aspirations of Government either through the NPPF requirements to plan positively, support economic growth and boost significantly housing supply, or those embodied within the Northern Powerhouse.
25. The HBF therefore do not consider Option 1 to be a realistic option worthy of any further consideration.

## Option 2

26. This option is the identified preferred option. It is suggested that it would meet the OAN for housing over the plan period, equating to 217,350 net additional dwellings or an average requirement for 10,350dpa (net). It is also suggested this option would represent a 40% increase upon past development rates (2004 to 2014). The HBF has a number of significant concerns with this option and the portrayal that it represents the OAN for housing for GM over the plan period.
27. Firstly, as discussed within our response to question 6 (paragraphs 16 to 18) above and in greater detail against question 16 below (paragraphs 59 to 82) the evidence base upon which the GMSF OAN is founded is unsound and not fit for purpose. There is a desperate need for a comprehensive SHMA which explores the full needs of the area. Fundamentally we consider that the existing evidence underplays the needs of the area making sweeping judgements upon market signals, economic activity rates, headship rates and includes no consideration of affordable housing needs. This latter point in particular is clearly contrary to the NPPF which states;

*'...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..'* (our emphasis, NPPF paragraph 47).

28. Without this key piece of information the GMSF cannot suggest that a requirement for 10,350dpa would meet the OAN for housing of Greater Manchester to do so is unsound and contrary to recent High Court judgements.

29. The 40% increase upon net additional housing additions is also considered misleading. Whilst the data may be accurate, based upon the data within the DCLG live tables, these figures do not represent need and the average delivery rates are heavily influenced by the economic recession. The cumulative figures per annum from DCLG live table 122 are set out below;

Year	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Greater Manchester	<b>8,080</b>	<b>8,880</b>	<b>12,220</b>	<b>14,850</b>	<b>8,140</b>	<b>4,750</b>	<b>4,130</b>	<b>3,390</b>	<b>5,350</b>	<b>4,160</b>	<b>5,420</b>
Bolton	560	890	1,060	1,300	660	500	460	530	340	330	470
Bury	750	940	380	410	300	230	280	220	270	270	540
Manchester	3,300	3,010	4,900	5,470	2,220	1,820	880	870	2,230	610	890
Oldham	30	150	210	330	320	-160	-10	10	250	330	490
Rochdale	130	480	220	510	470	130	280	450	450	270	310
Salford	600	520	1,840	2,720	1,670	600	570	150	550	840	980
Stockport	260	340	650	480	180	60	40	200	380	370	430
Tameside	460	760	640	870	730	330	460	410	550	400	400
Trafford	620	560	590	810	350	280	260	200	110	150	380
Wigan	1,360	1,220	1,740	1,930	1,240	960	910	360	220	600	530

Source: DCLG Live Tables, Table 122 (accessed 04/01/16)

**These cells contain imputed data - this data should not be seen as an estimate for the individual authority but is given on an authority basis to allow custom totals to be constructed**

30. As can be seen the average requirement has varied significantly over the period 2004/5 to 2014/15, with a high of 14,850 (2007/8) and a low of 3,390 (2012/13). Indeed if the first five years are considered 2004/5 to 2008/9 the average level of additional net dwellings over this period for GM are 10,434 per year which is higher than the proposed level of delivery. However, even during this period GM was losing pace on London and the South East. It is also useful to note that the growth aspirations, equate to an increase in housing of approximately 0.8% per year across GM. This is lower than other Northern Powerhouse cities such as Leeds (1.3%), Bradford (1.2%) and Sheffield (1%) and lower than the 2012 national average household projections for England (0.9%) produced by the DCLG. Therefore, the figures quoted do not represent the significant increase in delivery suggested and indeed would be below the national average. This does not appear to align with the ambition to narrow the gap between Greater Manchester and the national average or indeed London and the South East.

31. Furthermore the delivery figures quoted above and the suggested increase should not be confused with needs. The delivery figures will and continue to be influenced by past policy choices including the moratorium upon housing imposed within parts of the North West. The key issue for consideration is

that all Greater Manchester authorities have failed to meet their housing requirements over recent years, meaning that unmet needs have accrued. This unmet demand has led to increasing affordability pressures and a lack of choice, quality and competition in the housing market. This is evidenced by the fact that 27% of all adults aged 20-34 are still living with their parents (Shelter 2014 - *The Clipped Wing Generation*). The lack of delivery has also tempered household projections going forward and restricted household formation rates. As discussed in greater detail against question 16, the previous 5 years housing delivery rates, which are significantly lower than the preceding five years, have a significant bearing upon the DCLG household projections. The fact, therefore, that Option 2, unhelpfully referred to as 'Objectively Assessed Need' (OAN), only stands marginally above this recession influenced figure is a cause for concern. This is particularly worrying given the significant investment in infrastructure planned across the north of England and particularly GM, including HS2.

32. It is unclear how the GMSF preferred option has taken account of opportunities presented by major investment in transport infrastructure, or the growth potential in sectors such as logistics, creative industries, science and technology and advanced manufacturing. Work to inform this is understood to have been commissioned but is not yet available. These sectors present major opportunities for high value jobs and investment and maximising their potential should be at the heart of the GMSF.

33. The HBF does not support Option 2. It is not considered to represent the OAN, and is founded upon a flawed evidence base. This option would continue the problems of under-delivery associated with the past and would not meet either the ambitions of the plan, nor the *Northern Powerhouse*. Furthermore the likely outcome would to increase affordability pressures and a provide lack of family homes to meet a growing population's needs and aspirations. The HBF is aware of other studies, submitted to this consultation, which identify an OAN of 13,000 to 14,000dpa. Once the implications of the *Northern Powerhouse* is included the housing requirement is in excess of 15,000dpa. These studies are considered to provide a more robust analysis of the housing need and requirements of the area.

### Option 3

34. The HBF favours option 3 which seeks to increase economic growth and is considered the only option which would truly meet the aims and ambitions of the plan. Paragraph 4.24 of the consultation document recognises this fact suggesting that whilst such a growth rate would be challenging it '*..could potentially transform Greater Manchester's future, supporting greater prosperity for residents and businesses, significant investment in new infrastructure, and more opportunities for young people both in terms of jobs*



*and housing*'. This is exactly the type of transformation sought through the *Northern Powerhouse* and indeed required to make Greater Manchester a city which can truly compete with other European cities.

35. Option 3 was not prepared by the GMCA; it was put forward by representatives of the development industry and business community. It is based on work by leading economic, demographic and planning experts. Option 3 is dismissed summarily as being unachievable and likely to cause significant harm. This conclusion is reached without serious consideration of the benefits or evidence of the alleged harm. The dismissive consideration of this option raises questions about the GMSF commitment to play a leading role in the Northern Powerhouse and to deliver transformational growth.

**Question 10: Are there any other growth options that you think we should consider?**

36. Yes, the HBF consider a range of alternative growth options must be considered. This should include employment led growth scenarios which take full account of planned infrastructure investment and the implications of the *Northern Powerhouse* as well as scenarios which vary headship rates. These new growth options should be based upon a thorough understanding of the OAN as their starting point. In this regard the HBF is aware of submissions made by NLP and Turley on behalf of their clients which are considered to provide a more robust analysis. Further work upon options should be undertaken as part of a detailed SHMA which also considers affordable housing needs.

**Question 11: Are there any other advantages or disadvantages of each option that should be highlighted?**

37. Each of the options, together with any other option considered, should be subject to a thorough sustainability appraisal. This appraisal should look at a wide range of issues, including social, economic and environmental considerations. The need to deliver affordable housing and the health benefits associated with providing the correct amount and type of housing should form part of this assessment. The GMCA will be aware that the HBF provided comments upon the *GMSF Integrated Assessment Scoping Report*, dated 1<sup>st</sup> September 2015. These comments remain valid and as such are not repeated here.

**Question 12: Are there any other important constraints and opportunities that we should take into account when identifying and assessing new sites for housing and employment floorspace?**

38. The assessment of constraints and opportunities is considered to cover the majority of the key strategic issues, although there will inevitably be other constraints and opportunities associated with individual sites. The HBF would like to comment upon a number of separate issues contained within this section, which do not necessarily fit neatly into any of the questions, these are outlined below

### **Existing supply**

39. A key point which has been missed relates to deliverability of the existing supply of sites. The consultation document (paragraph 5.14) identifies a supply of 152,800 dwellings (2014 to 2035). Other than identifying that this is based upon data supplied by the 10 Greater Manchester authorities it is unclear how this supply has been determined or whether the assumptions used by the 10 authorities are consistent and compatible with each other. Background paper 3 acknowledges that whilst the supply is considered developable and deliverable the methodology utilised for the calculation varies between districts.

40. The GMSF takes the data at face value and does not apply any overview of deliverability. For example, for Trafford, the 9,900 supply identified in Table 5 of the consultation document roughly aligns with the 9,756 potential supply identified in the Council's 2013 SHLAA (January 2014). Of this figure, only 4,493 were considered to be deliverable within five years, whilst 6,598 were 'outside the planning process' at the time the SHLAA was undertaken. The recently published 2015 Wigan SHLAA identifies a total capacity of 18,646 dwellings 2015 to 2030. This stands nearly 4,000 dwellings below the identified supply within Table 5 of the consultation document. It is also notable that a significant proportion of this supply is, like Trafford, based upon sites currently outside of the planning process. If Trafford and Wigan are typical of the approaches taken by the other Greater Manchester authorities in compiling the supply figures underpinning the GMSF, we would have strong concerns as to their deliverability and realism.

41. It is also apparent from figure 8 of the consultation document that a large proportion of supply is located within the city centre market and a heavy reliance on sites in weaker value areas. This may raise questions over whether the market will be able to develop sites viably, and what level of planning contributions can be achieved on such sites. Furthermore, since the full range of housing needs have not been assessed through a Strategic Housing Market Assessment (SHMA), there is no basis to consider whether the identified supply matches with identified needs and market demand.

42. The HBF therefore recommend that a comprehensive Greater Manchester wide SHLAA is required which provides a robust and credible analysis of delivery. This should provide a common methodology and set of assumptions for all districts. The SHLAA should also provide an analysis of the results of the 'call for sites' process. A commercial assessment of the development opportunities on the identified supply of 152,800 homes is also required. The house building industry is well placed to provide this advice and as such greater engagement, which so far has been lacking, is essential to inform this assessment. This will not only provide transparency but also enable a thorough analysis of the data to be undertaken by interested parties.

### **Housing type and density**

43. Paragraph 5.19 the consultation document makes the rather bold statement that around two thirds of growth will be within single person households and as such it may be appropriate for a significant proportion of the supply to be in the form of apartments. This statement cannot be verified without a thorough assessment of need across Greater Manchester through a comprehensive SHMA.

44. Whilst apartments will undoubtedly form part of the housing needs over the plan period this statement takes no account of whether there will be a need to diversify the housing offer to attract families to work in Greater Manchester, retain existing working families or the aspiration of younger persons to start a family. The consultation document appears to assume that Greater Manchester will continue to lose families whose head of household is aged 30 or above. This statement is also made despite contrary evidence from many sources including the *Manchester Independent Economic Review* which shows that there is a dire need to address the current limitations of Greater Manchester's housing stock by providing more family homes. This is essential if the region is to retain and attract more of the labour force that will drive the economy.

### **Green Belt**

45. Paragraph 5.23 identifies that a review of existing Green Belt boundaries is likely to be required. It is also noted that consultants are currently being commissioned to undertake a Green Belt assessment. The HBF supports this acknowledgement and concurs that the current, albeit limited, evidence identifies that such an assessment will be a critical component of the GMSF. The existing evidence clearly points towards the need to review the Green Belt boundaries and as such we recommend this is dealt with early in the process to ensure that the plan can be successfully delivered.

## Health

46. The HBF agrees with paragraph 5.33 of the consultation document that health is a key issue which needs to be addressed within the GMSF. However, the discussion completely overlooks the health problems associated with a lack of appropriate housing provision. Shelter, amongst others, have published numerous reports upon the wide ranging health implications of a lack of housing or inappropriate housing. These issues should be considered within the health section to ensure it is a balanced consideration of all health issues.

### **Question 15: If new housing needs to be provided outside the existing urban area, do you have a preference for new settlements, a small number of major urban extensions, or a larger number of smaller urban extensions?**

47. The HBF does not wish to comment upon the acceptability or otherwise of the potential options for growth outside of the existing urban area. Each will have its advantages and disadvantages. It is, however, important that whichever method or combination is chosen it is deliverable and capable of providing the annual quantum of dwellings required each year. This will require numerous outlets to be operating at the same time across a wide cross section of the market.

48. The HBF is aware of a strong latent demand for new homes across Greater Manchester which is not being met as a result of the mismatch between demand and supply. Many of the UK's largest house-builders have the appetite, resource and demand to deliver significantly more housing in Greater Manchester. The GMSF provides the opportunity to attract new investment in house-building and as a result not only deliver the homes that Greater Manchester needs but also create thousands of construction jobs and provide apprenticeships and training programmes.

### **Question 16: Do you have any comments about the background papers supporting the growth options?**

49. The HBF would like to make the following comments upon the background papers.

#### **Strategic Options Background Paper 1: Area of Assessment**

50. *Background paper 1: Area of Assessment* provides a significant amount of data in an attempt to justify Greater Manchester as a single housing market area (HMA). Given the geographical size of Greater Manchester and the fact

its outer boundaries are typified by open countryside separating it from other towns it is perhaps unsurprising that it scores highly as a self-contained HMA. This point is not lost on the study and indeed is discussed on a number of occasions. Yet the background paper continues to advocate a large single HMA.

51. The size of the HMA does, however, mask substantial differences between the various parts of Greater Manchester. For example the data identifies very little commonality between the northern districts, particularly Oldham and Rochdale, with those in the south of Greater Manchester such as Trafford and Stockport. This is apparent not only in terms of migrant movement but also house prices and commuting. Indeed the background paper acknowledges at paragraphs 5.96 and 5.206 that the northern districts generally show high levels of self-containment. The single Greater Manchester HMA also runs counter to more detailed work within district SHMAs such as the recent Rochdale and Wigan SHMAs both of which identify that the districts are self-contained and functioning HMAs and the Oldham SHMA (2010) which recognises Oldham as part of a larger SHMA area covering the North East of Greater Manchester. The Oldham SHMA accords with previous work undertaken at the Greater Manchester level which identified four distinct HMAs (*AGMA 2010; Greater Manchester Strategic Housing Market Assessment*). The earlier AGMA SHMA work is discredited within the background paper as being overly complex and providing arbitrary boundaries. Whilst boundary issues may be apparent the HBF consider it provides a better reflection of the actual market within Greater Manchester compared to a single HMA.
52. The suggestion that the whole of the area acts as a single HMA ignores the reality that many people want to stay in areas they are familiar with, around friends and family. Crucially the current strategy risks an over focus on the potential of the 'Regional Centre' (Manchester and Salford city centres and immediate surroundings) to deliver new homes, which may only cater for certain demographic and economic needs. Not meeting needs where they arise could also place additional pressures upon infrastructure by increasing commuting rates. Furthermore the analysis of Greater Manchester as a single market area will mask market signals at sub-regional and district level, particularly within the south, and may lead to needs not being met where they are required.
53. The HBF recommend that whilst Greater Manchester may be used as a strategic HMA lower level assessment at district or combined district level are required. These will assist in understanding the specific housing needs within these areas. This approach, in our opinion, better reflects the reality of the housing market in Greater Manchester.

## **Strategic Options Background Paper 2: Economic Development Needs**

## Assessment

54. This background paper considers a range of economic scenarios and implications for growth. It is also noted that further more detailed analysis in the form of '*Deep Dives*' will be undertaken to provide further granularity and understanding of the economic issues and opportunities across Greater Manchester. The HBF is encouraged by this additional work and recommend further consideration be given to the opportunities to accelerate growth rates in sectors such as logistics and creative industries to ascertain their potential impact upon the economy. This could be done alongside a more comprehensive assessment of issues around the environment, transport and public services. This would enable the GMSF to be a comprehensive spatial plan in order to fully inform lower tier plans produced by individual local authorities.
55. The five tested scenarios are based upon a range of economic growth rates of between 2.5% per annum (baseline scenario) to 3.3% per annum (accelerated growth higher scenario). The option which most closely aligns with the GMCAs assessment of OAN for housing would provide a growth rate of 2.8% per annum. Whilst this is above the projected baseline it still would not narrow the gap between the north of England and the South East. For example the Greater London area has a baseline forecast of 3.0% per annum over the plan period (paragraphs S8 and 4.23 of Background document 2).
56. The 2013 GMCA Better Together document identifies an ambition for Greater Manchester to be '*one of Europe's premier city regions*' and to '*compete on the international stage for investment, trade and ideas*'. However, a growth rate lower than Greater London would simply mean that the region would continue to fall behind London and the South East. Indeed simply matching the predicted growth rate of Greater London will not close this existing gap. This low growth rate is suggested despite the recent economic performance of Greater Manchester which in 2013 experienced the highest growth rate (4.6%) of any comparable area in England (*New Economy 2015; Manchester Monitor March*), surpassing London (4.0%) and Birmingham (4.3%). Given this recent economic performance and the fact it will continue to widen the gap between the region and London the HBF considers a rate of just 2.8% lacks ambition. It also risks Greater Manchester declining in relative terms.
57. The background document and scenarios also only provide cursory consideration of the economic impacts of significant infrastructure projects such as High Speed 2. This is currently scheduled to reach the city in 2033, however if the Northern Transport Strategy is successful this may be delivered much earlier. The background study (paragraphs 4.14 to 4.16)

suggest that ‘*Game Changers*’ have occurred in the past and are therefore already accounted for within the projections. Whilst the HBF recognises that significant investment and projects, such as MediaCityUK, have occurred and will influence the economic projections it is also true to say that the projections have also been diluted by the recent economic recession.

58. This statement about ‘game changers’ within the background study also appears at odds with the ambition of the GMSF which is to provide ‘*..game-changing investment in growth*’ (GMSF Strategic Options Consultation paper, paragraph 1.10) and to become ‘*..one of Europe’s premier city regions*’ (GMCA Better Together). The *Northern Powerhouse* also seeks to change the fortunes of northern economies and sees Manchester as playing a key role. Furthermore the proposed scale of infrastructure investment including HS2 has not been seen in north for many decades and as such could not feasibly be implicit within any projection based solely upon past rates. It also must be recognised that despite the gap between Greater Manchester and the UK average has increased over recent years and therefore over-reliance upon past projections will simply perpetuate this into the future.

59. The HBF therefore considers that the current GMSF proposals are too hampered by past trends. The growth potential of the region and investment being sought provide a realistic opportunity for a more ambitious rate of economic growth to be planned. It is recommended that an independent assessment should be commissioned to fully address the economic potential and growth of Greater Manchester. Once this work is complete it should be fed into the assessment of housing need.

### **Strategic Options Background Paper 3: Objectively Assessed Housing Need**

60. The HBF has a number of significant concerns with ‘*Background paper 3: Objectively Assessed Housing Need*’ our concerns are based upon our extensive knowledge of this issue having been involved in numerous local plan examinations across the country. Our comments are broken down into the essential elements of assessing OAN as described by the PPG, PAS as well as recent case law. The options upon which the GMSF Strategic Growth Options document is consulting are discussed in greater detail against question 9 above (paragraphs 19 to 34). The following comments should be considered in conjunction with these comments. We do, however, provide additional information with regards to Option 3 and the suggested conflicts with the recent HBF publication, *North West Regional Report: Economic Footprint of Housing*, described at paragraph 7.29 of background paper 3.

## **Demographics**

61. The housing need modelling work set out in background paper 3 considers a significant number of different scenarios. These are all based upon headship rates derived from either the 2012-based Sub-National Household Projections (SNHP), or the 2008-based equivalents. The background paper concludes that the 2012-based SNHP headship rates are ‘..likely to provide a good estimate of future household formation’ (paragraph 6.41), and uses this approach to define the housing OAN. Whilst the HBF supports the use of the 2012 SNHP, this should be the starting point and consideration given to whether other factors suggest a need to deviate away from the 2012 SNHP.
62. The 2012 SNHP are driven by three key elements; natural change (births and deaths), migration (international and national) and headship rates. The OAN background paper only considers the 2008 and 2012 headship rates. The conclusion that the 2012 rates are deemed to be the most appropriate must be considered in the context that the 2012 SNHP has been heavily influenced by the preceding five years which were characterised by a period of recession. This is likely to have had a dampening effect upon the 2012 SNHP. Paragraphs 6.13 to 6.15 of the 2015 PAS guidance *Objectively Assessed Need and Housing Targets: Technical advice note* recognises this point and therefore suggests that alternative scenarios are tested.
63. The impact of the recession is notable in the fact that the headship rates deviate away from their pre-recession trend leading to depressed household formation going forward. By utilising the 2012 headship rates this reduces the overall OAN figure significantly and continues to apply a recessionary effect upon household formation across Greater Manchester. To overcome this issue a full or partial catch-up to the 2008 headship rates should have been considered in more detail.
64. This issue of headship rates is particularly important within the 25 to 34 year old age group, which will have the highest propensity to form households and take-up jobs. This group were particularly hard-hit by the recession and as such the household representation rates are likely to have been significantly depressed. A significant rise in this age group to take-up the new jobs provided within Greater Manchester will inevitably lead to higher rates of household formation than has been projected within the 2012 SNHP. Furthermore the Government is actively encouraging younger families to become home owners through schemes such as Help to Buy and Starter Homes.
65. The HBF recommend further consideration be given increasing the household formation rates across all age cohorts but particularly the 25 to 34 age group. This should be fed into the OAN calculation.



66. In terms of migration the background paper notes that there has been a long-term trend of losing working age population to other areas representing approximately 5,000 persons per annum. The background paper justifies a continuation of this trend by comparing Greater Manchester to London, stating;

*‘This comparison suggests that the age distribution of Greater Manchester’s net migration is not unusual for a major city, and is not inconsistent with delivering high levels of economic growth. In particular, the outflows of people aged over 30 and under 15 are similar to those seen in London. Districts outside the large conurbations are likely to be reliant on such migration to replenish their populations, particularly given the outflows of people in their late teens and early 20s that some of them see, as shown above in relation to the districts surrounding Greater Manchester. If those outflows from the conurbations were reduced then some other districts could struggle to maintain their populations and economic functions....’* (paragraph 10.12).

67. These economically active persons are, however, required to ensure that Greater Manchester can achieve its desired economic success. This is also diametrically opposite to the long-standing GMCA ambition to retain this age group within the area and ensure mixed balanced sustainable communities are achieved. It is also clear that the provision of significant new employment opportunities are likely to mean that many within this age group would wish to stay within Greater Manchester. Therefore, it is considered that the OAN should factor in the retention of this age group and ensure their needs are met in full.

68. Scenario (8a) incorporates a consideration of 10-year international migration flows. This leads to an uplift of approximately 10% compared to the 2012-based sub-national population projections (SNPP). This scenario which is identified as the preferred scenario includes a higher rate of international migration over the plan period than recently assumed within the ONS projections. This is supported given that the levels of international migration have been found to be significantly greater than previously assumed. Within scenario 8a this increased period of international migration are used until 2019, after which they are assumed to revert to ONS levels by 2023.

69. The background paper justifies this return on the assumption that current perceptions of a strong UK economy relative to other parts of the EU are unlikely to be permanent, whilst Government policy interventions are anticipated to have taken effect by this time. The former of these two

assumptions appears negative and is contrary to the Government's growth agenda, furthermore whilst Government policy interventions may play a role the timing and scale of this is unknown. The scale and timing of the reduction therefore appear rather arbitrary and require further explanation and consideration.

70. The background paper whilst considering Unattributable Population Change (UPC) makes no allowance for it suggesting that to do so would likely lead to an overestimate of future population growth. UPC by its nature is results from data uncertainties, however, it is clear that population within Greater Manchester has grown significantly over recent years and exceeded growth estimates. This under-estimate which is manifested as UPC is most likely due to an under-count against international migration. Given that UPC was a significant element of the growth the decision to exclude UPC from the OAN calculations is considered flawed and lacks justification.

## Economic

71. The NPPF and PPG are clear that economic and housing strategies must be closely aligned (paragraph 158 and ID 2a-018 respectively). Our comments in relation to the economic growth rates considered within the various scenarios is dealt with against background document 2 above, and as such is not repeated here. We do, however, have further concerns with the integration of these scenarios with the assessment of housing need and the assumptions utilised.

72. In terms of integration of the economic scenarios with the housing modelling work undertaken through PopGroup the housing outputs from the economic scenarios are not modelled using PopGroup, including the preferred scenario 8a. This inevitably leads to inconsistencies in the way that the various scenarios and OAN range are determined. It is also notable that the 2015 PAS guidance *Objectively Assessed Need and Housing Targets: Technical advice note* identifies a number of flaws with reliance upon economic models for assessing OAN. It is therefore recommended that for consistency and transparency all economic scenarios are subject to PopGroup modelling.

73. The HBF would also like to see further information upon the assumptions utilised for economic activity and commuting. Whilst it is recognised that the Oxford Economics scenarios include an increase in economic activity rates to the national average by 2020 it remains unclear how both of these rates have influenced the overall OAN. These assumptions inherent within the '*Accelerated Growth Scenarios*' apply policy considerations to labour force behaviour, as such these scenarios, including 8(a), cannot be viewed to be reflective of the OAN but rather are a policy-on position.

74. The 2015 PAS guidance on OAN also advises against over-optimistic assumptions in relation to economic activity rates. It is therefore considered that the commuting and economic activity assumptions for all of the scenarios are clearly expressed and justified by evidence and divorced from the OAN position.

## **Market Signals**

75. The PPG, paragraph 2a-019, identifies a series of market signals which should be considered. These include land prices, house prices, rents, affordability, rates of development and overcrowding. According to the PPG a worsening trend in any indicator requires an upward adjustment to planned housing numbers compared to ones based solely on household projections (paragraph 2a-020).

76. Section 8 of background paper 3 provides a detailed analysis of the various market signals. The analysis concludes in paragraph 8.121 that;

*‘At this stage it is considered that there is insufficient evidence to justify an uplift in the housing requirements of any districts in Greater Manchester compared to their projected/forecast need’.*

77. The HBF disagree with this conclusion on a number of counts firstly the study recognises that areas to the south, such as Trafford and Stockport consistently perform poorly in relation to market signals. Yet this is masked in the overall evaluation by better performing areas elsewhere with Greater Manchester. The poor market signals with Trafford and Stockport, particularly in relation to house price increases and affordability, indicate an existing stress within the market which needs to be rebalanced.

78. It is also clear that the levels of overcrowding and concealed families have worsened between the last two censuses. It is also notable that under all types Greater Manchester is either equal to or worse than the national average. Paragraph 8.118 of background paper 3 attributes this to a lack of larger properties in particular areas rather than supply. This assumption is justified solely upon ethnicity without further explanation or justification. The HBF consider that even if such assumptions hold true this does not negate the need to consider an adjustment to account for a lack of supply of larger properties within these areas. As noted within paragraph 44, above, the *Manchester Independent Economic Review* also identified a dire need to address the current limitations of Greater Manchester’s housing stock by providing more family homes.

79. In terms of rates of development whilst the economic downturn undoubtedly had an impact upon dwelling completions the plain facts are that the Greater Manchester authorities under-delivered against their relevant housing requirements for a significant period of time and as such this under-delivery will have affected the household projections and formation rates going forward.
80. The HBF therefore considers that an uplift in the housing requirement can be justified.

### **Affordable Housing**

81. The issue of affordable housing need is not adequately addressed either within the background paper or the *GMSF Strategic Growth Options* consultation document. This is a fundamental flaw in the evidence base and one which must be urgently addressed. The HBF is unclear how the background paper and consultation document can make an informed assessment of the housing OAN without this important piece of the evidence base. This would be contrary to the NPPF, PPG and recent High Court judgements.
82. To rectify this it is essential that a full SHMA be undertaken, to include affordable and other types of housing demand and need, to understand what the OAN should be.

### **Options**

83. Section 7 of the background document considers the various housing scenarios, and considers the options put forward within the *GMSF Strategic Options* consultation document. Within this section the scenario put forward by the *Housing the Powerhouse* campaign, which is option 3 within the consultation document, is discussed.
84. The background paper attempts to compare the figures within the 2015 *HBF North West Regional Report: Economic Footprint of Housing* figures with option 3 in an attempt to discredit the option. The HBF economic footprint paper is not an assessment of OAN and is not portrayed as such. The report simply seeks to identify what the economic impact of house building has been within each region and individual local authorities. It also considers what additional economic benefits could have been accrued had the region or individual local authority sought to meet the average rate of household growth identified from the DCLG lives tables over the period 2014 to 2023. This obviously is not and was never intended to be a technical assessment of OAN.

85. Paragraph 7.29 refers to the *Housing the Powerhouse* figure of 16,000dpa. This figure is based upon robust evidence utilising a recognised methodology undertaken by Barton Willmore. The background paper incorrectly dismisses this report due to incorrect reference to the HBF economic footprint report. These issues could easily have been resolved through dialogue and engagement either with the HBF or other members of the *Housing the Powerhouse* campaign.
86. The HBF is aware of other studies being undertaken which indicate an OAN closer to that suggested within the Barton Willmore study. These studies, provided by NLP and Turley, suggest a baseline OAN of around 13,000 to 14,000 dpa. Once the implications of growth required to make the *Northern Powerhouse* a reality are considered these increase the housing requirement to in excess of 15,000dpa. The HBF has reviewed both of these additional documents and consider them to be robustly prepared and more consistent with national guidance and recent case law upon the derivation of the OAN.

## Conclusion

87. It is considered that the current background paper, whilst providing a significant amount of data and information, is severely lacking in a number of areas and does not compromise a suitable evidence base for plan making. The inference that the OAN for Greater Manchester is 10,350dpa is therefore considered unsound and fundamentally flawed. The HBF also consider that the document lacks ambition and questions a number of the assumptions, particularly those concerning economic growth rates. In this regard it is considered that more ambitious growth assumptions be considered and that a full and comprehensive SHMA be produced which considers the needs for all types of housing across Greater Manchester over the plan period. It is imperative that the GMCA addresses these shortcomings in the evidence base and engages positively and fully with industry and stakeholders before proceeding to the formal plan making stages.

## Information

88. The HBF is keen to remain involved in the GMSF process and as such wish be kept informed of the next stage of consultation upon this document. I am happy to discuss further any of the comments made within this representation.
85. The HBF would also be pleased to facilitate further engagement with the house building industry in the development of the GMSF.

Yours sincerely,

MJ Good

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