

Date: 26th August 2016

Consultee ID: 755911

Matter: 2

CHESHIRE EAST LOCAL PLAN STRATEGY – PROPOSED CHANGES

Matter 2: Planning for Growth – Overall Development Strategy (Policy PG1)

1. The following hearing statement is made for and on behalf of the Home Builders Federation in regard to the Cheshire East Local Plan Strategy: Proposed Changes document (hereafter referred to as the *Proposed Changes* document). This statement responds to selected questions set out within the Inspector's *Matters and Issues* document (examination ref: PC A008).
2. The following responses should be read in conjunction with our comments upon the submission version of the Local Plan (dated 25th April 2014), original examination hearing statements (dated 20th August 2014), resumed examination hearing statements (dated 24th September 2015) and '*Proposed Changes*' document (dated 19th April 2016). The HBF has also expressed a desire to attend the proposed changes examination hearing sessions.

Key issue: Is the Overall Development Strategy for Cheshire East, including the revised housing and employment land requirements, soundly based, effective, locally distinctive and justified by robust, proportionate and credible evidence, particularly in terms of delivering the proposed amount of housing and employment development, and is it positively prepared and consistent with national policy?

2.1 The Case for Growth

a. Does the revised Plan reflect the Case for Growth and the Strategic Priorities set out in the Plan?

3. The revised plan broadly reflects the Case for Growth and the Strategic Priorities set out in the Plan. It should, however, be noted that the HBF still has concerns regarding the housing requirement and numerous policies identified within the revised plan. These are discussed in greater detail within our comments upon the '*Proposed Changes*' document and against the relevant matters and issues highlighted by the Inspector.

b. Should the revised Plan include a specific commitment to early review, and should it cover a longer period than 2010-2030?

4. The HBF considers the plan should provide a specific commitment to an early review, where justified.
5. Within our comments upon the '*Proposed Changes*' document (paragraphs 47 – 50) we set out the justification for such an approach as well as the amendments to Policy PG1 considered necessary to make the plan sound. We also highlight housing delivery and significant infrastructure provision such as the delivery of High Speed Rail (HS2) to be key triggers for a review.
6. The NPPF is clear that plans should be flexible and allow rapid responses to changing circumstances (paragraph 22). Without a clear mechanism to address any

future shortfalls in housing delivery or the implications of HS2 the plan would not be able to react positively to changing circumstances. The plan as proposed does not include any certainty that the Council would instigate a review to address these issues.

7. The benefit of a review would be to allow the Council opportunities to bolster its supply of deliverable sites. This could be through the reconsideration of omission sites, new opportunities or the release of safeguarded land. Without such a mechanism under-delivery would be likely to continue. The HBF therefore concludes that for the plan to be effective it should set out clear triggers which would require a full or partial review of the plan.
8. The NPPF, paragraph 157, indicates that plans should be drawn up over an appropriate timeframe with a preference for 15 year time horizon. The plan clearly would not achieve this preference with adoption unlikely to occur before 2017. An end date of 2032 would therefore be preferable and would ensure that the plan is consistent with national guidance.
9. An increase to the time horizon would require appropriate amendments to the overall housing requirement and the provision of additional allocations. Whilst the HBF does not wish to promote specific sites it is noted that additional sites could be provided through sites currently allocated as safeguarded land or from the pool of omission sites, due to be discussed under matter 6.

2.2 Employment Strategy

a. The revised Plan proposes to provide a minimum of 380ha of employment land (2010-2030) to support the growth of the local economy. Are there any new issues or new evidence to suggest that the basis and justification for this scale and location of employment land is unsound or inconsistent with the latest national policy and guidance, including future rates of economic growth, the various economic scenarios and forecasts, and the aim to provide 31,400 new jobs?

10. The HBF welcomes the amendments identified within the 'Proposed Changes' document for a more ambitious employment growth of 31,400 new jobs over the plan period, this represents an employment growth rate of 0.7% per annum. We do, however, remain of the opinion that this employment growth rate is conservative.
11. The 0.7% growth rate figure is based upon the Ekosgen report *Alignment of Economic, Employment & Housing Strategy* (examination ref: PS E032) which concludes it is consistent with the previous performance of the Cheshire East economy and in line with the economic ambitions of the Council. The HBF made comment upon this within our Matter 1 resumed examination hearing statement (examination ref: RM1.004), suggesting that higher figures have been achieved in the past and are projected to occur in the future. These comments are still considered valid.
12. It should also be considered that Cheshire East is a member of the Cheshire and Warrington Local Enterprise Partnership (LEP). It is joined by Warrington Borough Council and Cheshire West and Chester Council. The Cheshire and Warrington LEP's Strategic Economic Plan (SEP) includes a target of 75,000 new jobs between 2013 and 2030. This equates to 4,412 jobs annually. Within the Ekosgen report (examination ref: PS E032), which supports the 0.7% employment growth rate, it is stated Cheshire East's current share of employment across the LEP area represents 39% of the total. A 39% share of the 75,000 new jobs would

equate to 29,000 new jobs by 2030. This is slightly below the 31,400 proposed, therefore it is argued that Cheshire East is in conformity with the LEP target.

13. Whilst at face value this may appear to be correct the HBF point out that the target is not apportioned in any such manner. It is also clear that Cheshire East has a strong track record of employment growth, in excess of 0.7%, and has significant potential to build upon this. The adopted Local Plan (Part One) of Cheshire West and Chester includes provision for 1,100dpa over the plan period (2010-2030). The Council's evidence base suggests this provides for 13,700 jobs or 685 annually. Warrington Borough Council are currently reviewing their housing OAN (2016 Mid-Mersey SHMA) and identify an annual need of 820dpa. This equates to 22,613 net additional jobs over the plan period (2014 and 2037) or an annual average of 983.

Local Authority	Annual jobs growth
Cheshire East	1,570
Cheshire West and Chester	685
Warrington	983
Total	3,238

14. The above table illustrates that the combined job creation totals across the three LEP authorities is 1,174 short of the annual growth target. Therefore whilst the HBF is not suggesting Cheshire East should seek to meet all of this deficit it is clear that the Council and Ekosgen are incorrect in suggesting that Cheshire East's jobs growth is fully aligned with that of the LEP. Furthermore, whilst over a longer timescale, the Cheshire and Warrington Devolution Growth Deal Bid suggested a higher growth rate of 127,000 new jobs by 2040.

15. The HBF also previously provided commentary upon the economic models of Oxford Econometrics and Experian. It is noted that more recent projections (May 2015) from each of these respected forecasting houses anticipate higher levels of jobs growth in Cheshire East. Oxford Econometrics anticipate a growth rate of 1.31% and Experian 1.29% annually. These closely aligned figures also correlate with past rates of growth in Cheshire East and add weight to the argument that a 0.7% growth rate is conservative.

16. In conclusion, whilst the increased rate of jobs growth from 13,400 to 31,400 is welcomed, the level of 0.7% is considered subdued given past trends, future opportunities and more recent modelling. It is also clear that to meet the ambitions of the LEP Cheshire East will need to play a more significant economic role within the area.

2.3 Housing Strategy

a. The revised Plan proposes to provide at least 36,000 homes at an average of 1,800/year (2010-2030). Are there any new issues or new evidence to suggest that the basis and justification for this increased level of housing requirement is unsound or inconsistent with the latest national guidance in the NPPF (¶ 14, 17,

47-55; 159) and PPG (ID: 2a/3), including the demographic assessment of housing need (including migration), housing factors (including market signals, housing market areas and the need for affordable housing and other specialist accommodation), economic factors (including economic growth rate, commuting assumptions and alignment with the economic strategy), the effect of restrictive policies and other relevant factors?

17. The HBF welcomes the increased housing requirement, however as stated within our comments upon the 'Proposed Changes' document and response to Matter 1 resumed examination hearing sessions (examination ref: RM1.004) we consider the overall housing requirement flawed.

18. Since these previous comments the 2014-based Household Projections have been released, these are discussed in greater detail against part b below. The HBF also refer to more recent economic forecast, discussed in relation to matter 2.2a, above, as well as further information upon market signals.

19. In terms of market signals it is notable that the updated work upon the 2014-based Household Projections, undertaken by ORS (examination ref: PC B032) does not provide an update upon market signals, which are an integral part of the OAN calculation. Since the publication of the ORS report two of the critical market signals, house prices and affordability show a marked worsening within Cheshire East.

20. In terms of house prices between June 2015 and June 2016, average prices rose from £191,330 to £211,985. This represents an increase of 10.8%. This stands above the national average and most of the comparator areas used within the ORS study (examination ref: PS E033).

Local Authority	% Annual Price Change
Cheshire East	10.8
Cheshire West and Chester	8.2
East Riding of Yorkshire	6.2
North Somerset	12.5
Wiltshire	9.3
England	9.3

Source: ONS UK House Price Index England: June 2016

21. The affordability of properties has also worsened within Cheshire East. The ratio of lower quartile house price to lower quartile earning has risen from 6.8 to 7.01 between 2013 and 2015. These worsening market signals add weight to our previous comments (Matter 1 resumed examination statement, ref: RM1.004) that a market signals uplift should be provided.

b. Do the latest DCLG 2014-based Household Projections have any significant implications for the current objectively assessed housing need in the revised Plan?

22. The 2014-based Household Projections are lower for Cheshire East than their 2012 counterparts, identifying a starting position of 940dpa over the plan period (2010 to 2030) compared to 1,050dpa from the 2012-based projections. The HBF consider this reduction is likely to be due to the continued suppression of both household formation rates and migration within the area and is a consequence of poor supply and continued influence of the recession in the years preceding 2014. This conclusion is borne out by the work undertaken by ORS on the 2014-based Household Projections (examination ref: PC B032). The ORS report identifies that

across England Household Representative Rates (HRRs) do not vary significantly between the 2012 and 2014-based Household Projections. However in Cheshire East there is a marked change with much lower HRRs in the 2014-based household projections compared to their 2012 counterparts. This difference creates a reduction of approximately 4.5% across the mid-trend scenarios in the ORS study. The Inspector will be aware that the HBF previously argued for amendments to the HRRs within the ORS report (paragraphs 10-14 HBF comments upon the '*Proposed Changes*' document), we re-assert this due to the issues discussed above.

23. The Council (paragraph 5 examination ref: PC B032) acknowledge that other changes are likely to have occurred which will affect the OAN. The HBF point towards the additional market signals analysis included in response to part 'a' above as well as a continued failure to meet the housing requirements of the area. Furthermore at paragraph 6 the Council conclude that due to the fact the change is less than 5%, the PPG advice that OAN assessments are not automatically rendered out of date upon the publication of new household projections (PPG ID 2a-016), and these 'other factors' a change is not required. The HBF support this stance, albeit that in conformity with our previous comments a higher housing requirement is considered necessary.

c. Has the latest assessment of housing need considered the relationship with neighbouring housing market areas and the cross-boundary implications of the increased amount and location of new housing proposed, including Greater Manchester, Cheshire West & Chester and The Potteries/North Staffordshire?

24. The HBF notes the updated *Duty to Co-operate Statement of Compliance* (examination ref: PC B036). This statement does not identify any significant direct cross-boundary implications for the increased amount and location of housing. It is, however, noted that there are outstanding cross-boundary highway and transportation concerns and issues which require resolution or further mitigation. These principally concern Staffordshire County Council and Stockport Metropolitan Borough Council.

25. The 89dpa reduction placed upon the OAN due to '*unprecedented levels of migration*' within the 2015 *Housing Development Study* (2015 ORS study) (examination ref: PS E033) will not assist these highway concerns. This reduction of the OAN will lead to a net average increase of 400 additional commuters entering Cheshire East every year, or 8,000 over the plan period (paragraph 5.91, 2015 ORS study). Our comments upon the '*Proposed Changes*' document (paragraphs 19-20) and Matter 1 resumed examination hearing statement (paragraphs 27-28) highlight that this reduction is not justified nor its implications addressed. It is, however, clear that this additional in-commuting will place additional strains on the cross-boundary highway network.

26. The increase in the amount of in-commuting does not appear to be specifically addressed in the cross-boundary discussions. The HBF is also not aware that this is explicitly considered within the plans of neighbouring authorities. This is considered a failing. In line with our previous comments we considered that a more sustainable and justified approach would be to provide sufficient housing to meet the full OAN within the boundaries of Cheshire East. This would require an increase in the housing requirement from an average of 1,800dpa to 1,894dpa.

d. How does the revised Plan ensure a current and continuing 5-year supply of housing land over the period of the Plan, in order to fully and effectively deliver the proposed amount of housing within the Plan period, with sufficient flexibility,

including existing commitments, future provision proposed in the Local Plan Strategy and other subsequent plans, allowance for windfalls, balance between brownfield and greenfield sites, provision identified in the latest SHLAA and Housing Topic Paper, and the revised housing trajectory?

27. Paragraph 3.3 of the August 2016 'Housing Supply and Delivery Topic Paper' (examination ref: PC B037) identifies 5,595 homes were completed between the start of the plan period and 31st March 2016. This represents a shortfall of 5,205 dwellings against the proposed plan requirement.

28. A further 17,329 dwellings are identified as commitments, with 11,662 indicated as being deliverable in the plan period (table 4.4 PC B037). Table 4 does, however, appear to assume that all permissions, be they full, outline or awaiting section 106 will be built out in full over the plan period. This is not necessarily the case and sites may deliver less than anticipated due to a wide range of reasons, not least due to speculative applications undertaken for valuation purposes. It is common practice to discount the level of commitments to ensure that it provides a more realistic level of delivery.

29. The Council's methodology for calculating its five year requirement is discussed in greater detail below (issue e). Using the data provided, the proposed housing requirement and our preferred methodology the five year requirement is set out below.

a	Housing requirement (5 years)	9,000
b	Under-delivery (@ 31 st March 2016)	5,205
c	20% buffer (applied to a+b)	2,841
d	Five year requirement (a+b+c)	17,046

30. The five year supply is 5,384 units short of the identified deliverable commitments. Table 4.2 of the topic paper identifies the updated trajectory which suggests that once other strategic sites are included an additional 3,783 units can be added to the five year supply (6,408 (table 4.2) – 2, 535 (table 4.4)). This creates an overall supply of 15,535 dwellings, 1,511 short of the five year supply requirement. The realistic lack of supply may actually be worse, due to the reasons identified in paragraph 28 above. Furthermore the justification for the inclusion of the additional 3,783 dwellings from strategic sites which are not existing commitments is unclear. Whilst the HBF has not undertaken a thorough assessment of all elements of the supply it appears unlikely that these additional 3,783 dwellings will fulfil the requirements of footnote 11, NPPF paragraph 47.

31. Whichever supply calculation is correct it indicates that the Council cannot demonstrate a five year housing land supply. To address this it is recommended that additional sites which can deliver early in the plan period be considered.

32. In terms of overall supply, the plan provides a total supply (2010-2030) of 38,352 dwellings, or 6.5% flexibility above the plan requirement (table 7.4, PC B037). This flexibility buffer is welcomed but is not considered sufficient to ensure that the plan will deliver its full needs. We consider that a 20% buffer across the whole plan is required. Our reasoning for this conclusion is the continued failure of the Council to deliver its housing requirement. This suggests greater flexibility and choice is required to account for any under-delivery from individual sites.

33. The recent Local Plan Expert Group report to Government discusses the issues with maintaining a five year land supply within chapter 11. The report recommends a 20% buffer of reserve sites be provided to ensure that the plan can maintain a five year supply and respond flexibly and rapidly to change. The HBF agrees with this stance and concludes that given the recent delivery problems within Cheshire East it would be prudent to provide this buffer of reserve sites from the outset of the plan.

e. Is the approach to addressing the need for a 5/20% buffer to 5-year housing land supply, as required by the NPPF (¶ 47) to significantly boost housing supply, and addressing the previous under-supply of housing appropriate, fully justified, effective, soundly based and consistent with the latest national policy guidance?

34. Paragraph 4.4 of the August 2016 *'Housing Supply and Delivery Topic Paper'* (examination ref: PC B037) indicates that a 20% buffer is required due to persistent under-delivery. The HBF agree with this assessment. We do not, however, agree that the buffer should only be applied to requirement and not the shortfall, as set out within paragraph 4.5 of the topic paper. Our reasoning is the plan identifies an annual need over the plan period. This need will inevitably increase if the Council under-delivers. The reasoning behind the inclusion of the buffer within the NPPF is to meet the needs that exist as well as providing a buffer. It therefore stands to reason the 20% must be applied to both the requirement and under-delivery as this represents the need. We set out a significant number of examples which support our conclusions within our response to the 'Proposed Changes' document (paragraphs 55-56).

35. The Council seeks to apply a *'Sedgepool'* methodology to deal with the accrued under-delivery (section 4, *Housing Supply and Delivery Topic Paper*). This method would seek to meet the under-delivery within the first 8 years of the plan period (paragraphs 4.27 & 4.28 PC B037), rather than the first 5 as set out within the PPG (ID 3-035). Whilst preferable to the *'Liverpool'* method of spreading the under-supply over the full plan period, it is not considered to be justified.

36. The HBF preference is the *'Sedgefield'* method to deal with under-delivery. This ensures unmet needs are dealt with as soon as possible. To plan to delay meeting these needs in full for a further 3 years is failing those families and individuals who desperately need both market and affordable housing. The *'Sedgepool'* method is also not considered consistent with either the NPPF or PPG. Further commentary upon this issue is included within our response to the *'Proposed Changes'* document (paragraphs 57-59).

37. To address the five year supply issue and ensure the plan is sound at adoption the HBF recommends the inclusion of further allocations, which are capable of delivering in the first five years. Whilst the HBF does not wish to promote specific sites this could be made up from existing pools of 'omission sites', 'safeguarded land' or sites proposed for inclusion in the Site Allocations document. The comments and suggested problems at 4.19 and 4.20 of the *'Housing Supply and Delivery Topic Paper'* are noted. This includes the need for an additional 80 sites and additional provision of 12,000 homes over and above the plan requirement. These potential problems are, however, based upon some very loose assumptions around site size and delivery. The HBF contend that discussions with the relevant land owners and developers regarding site sizes and delivery rates of individual sites would yield a much clearer picture upon which to assess the implications of meeting the need within the next five years. This is unlikely to result in the dire consequences outlined by the Council.

Yours sincerely,

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